

# United We Thrive Divided We Fall



Joint Forum- Fall 2023 Rumsfeld CAMCA Fellows Presentation

November 1, 2023

# Presentation overview

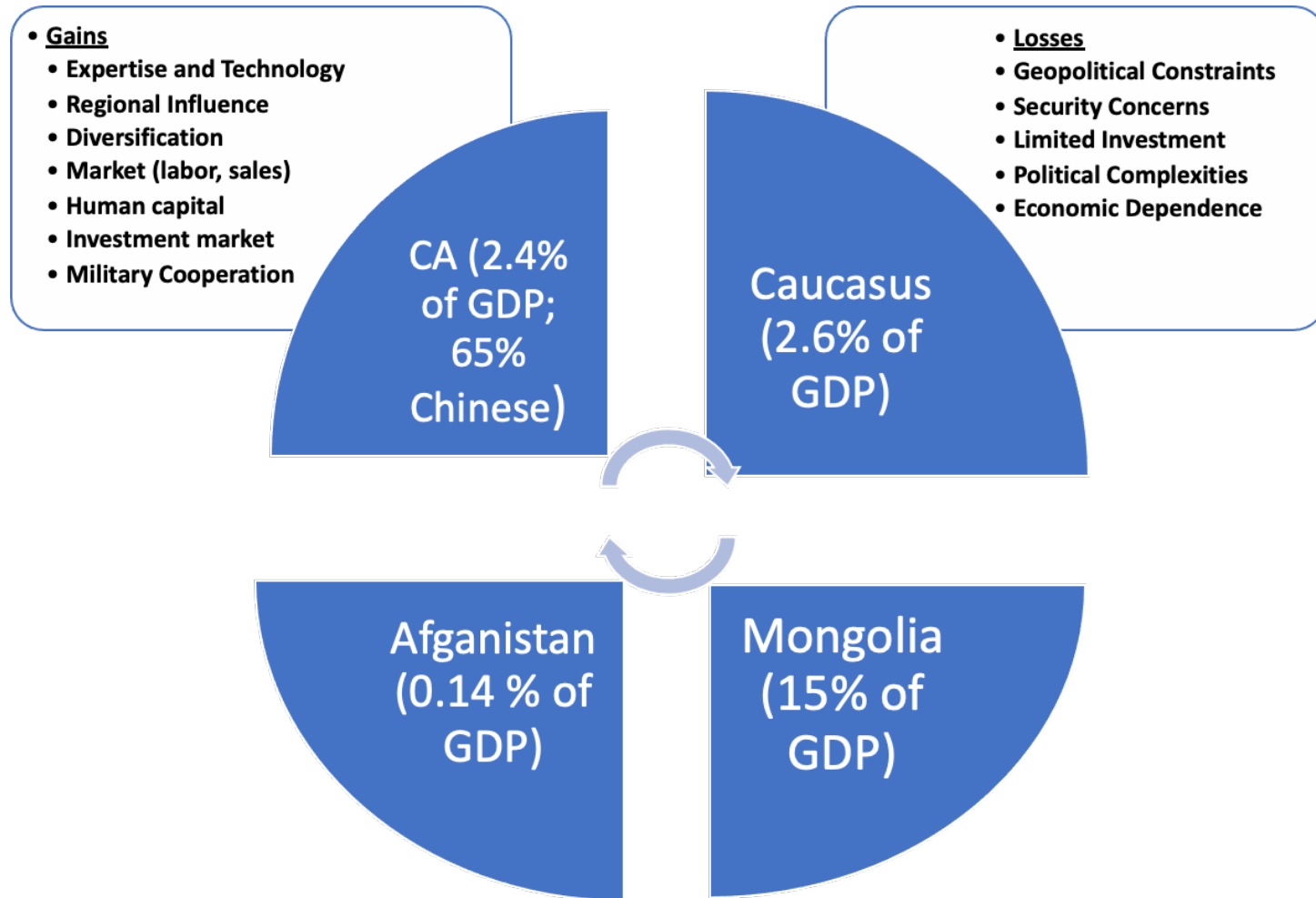
- The unrealized economic benefits of the CAMCA region
- Ways to cooperate: energy, water, and security
- How do we achieve this?
- CAMCA Fellowship effect

# Unrealised economic benefits of CAMCA region

- Annual economic loss and unrealized economic benefits worth up to **USD 4.5 billion, or 1.5% of the region's GDP.**
  - O/w: agricultural losses - 0.6% of CA GDP and
  - energy complex losses e- 0.9% of CA GDP.
- Over the next five years, addressing inefficiencies in the water and energy sectors could lead to a **7% GDP increase, or USD 22 billion.**
- World Bank estimates that by **2050**, the costs of the inertial scenario **could be 20% higher versus benefits** of strengthened cooperation in CAMCA region.

Source: OECD, World Bank

# What is the gain and what is the loss? FDIs are way too low



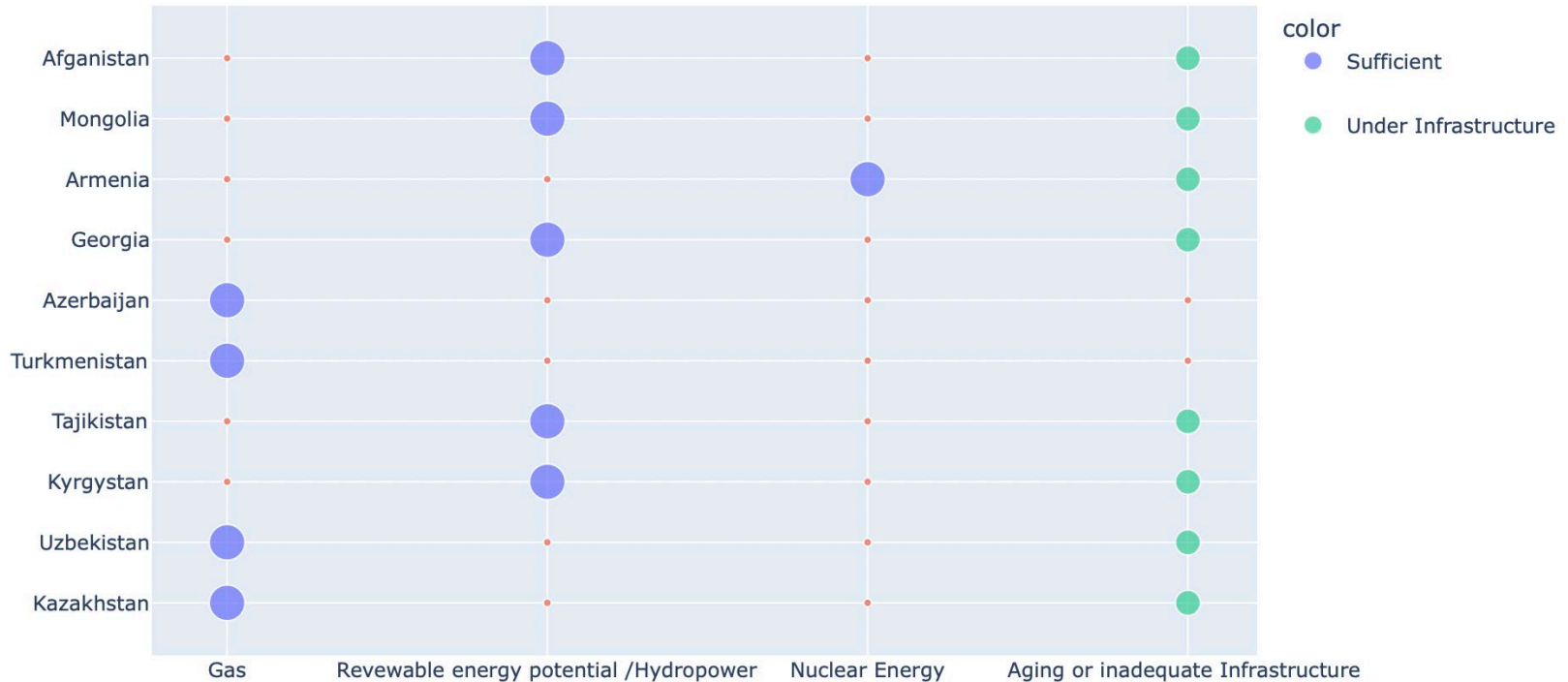
# Energy and Water

# Energy and water in Central Asia today

- Power outages, outdated infrastructure, energy shortages and losses
- Water scarcity is already causing conflict between countries
- Increasing power consumption is causing further strain
- Each country manages its power and water independently based on natural resource availability



# Analysis of issues faced



After the collapse of the Soviet Union, independent management of energy and water issues led to “isolationist” energy policies. As a result, there are power outages, water supply shortages that cause national stability and security issues.

# Central Asian Power Systems or Central Asia “Power Ring”: Background





# Opportunities

- Central Asian supergrid
- Analogous to Nordpool
- Modernization is more cost efficient
- Legal framework exists
- More efficient transmission and consumption
- Various power sources can be connected to the grid
- Opportunities in grid expansion
- Regional grid for Caucasus: Azerbaijan example\*
- Investment opportunities and financing programs

\*business media Georgia april 2021 Georgian Energy by Theresa Saboni-Helf

Security

# Security Sector

Energy supplies flow through the region towards final consumers in Russia, China and Europe

Energy security - protection includes maintenance of the grids - errors or attacks at critical points - physical and political control.



## Existing challenges

CA
<ul style="list-style-type: none"><li>• Amudarya, Sirdarya, Syrdarya, Sarez</li><li>• Reservoir (failed case: Aral Sea)</li></ul>

Caucasus
<ul style="list-style-type: none"><li>• Armenia and Azerbaijan: Nagorno-Karabakh</li></ul>

Mongolia
<ul style="list-style-type: none"><li>• access to water scarcity issues</li><li>• affecting agriculture and drinking water supply</li></ul>

Afganistan
<ul style="list-style-type: none"><li>• Water</li><li>• Unemployment</li><li>• Poverty</li><li>• Civil unrest</li><li>• Crime, terrorism etc</li></ul>

# Regional security tips

**For Central Asia:** Implementation of irrigation systems for agriculture. Tajikistan's national security = stability and security of the entire Central Asian region

**Caucasus:**

The Nagorno-Karabakh conflict resolution remains a central element of regional security strategy. Peace and stability in the region are crucial.

**Mongolia:** “Third Neighbor” foreign policy. More active engagement with CAMCA. Technology implementation for water management .

**Afghanistan:** International community should press the new authorities to fulfil commitments and avoid any steps that could reignite large-scale violence

The ultimate goal of CAMCA region

*Stability and cooperation through fair policies*

# What can be done?

- CAMCA visa (Kazakhstan, Kyrgyz Republic, Uzbekistan, Tajikistan)
- Practical policies: Regional energy, water management and security
- Participation of the region through large transformative projects

# What can be done?

- Implementation of western legal judicial systems
- Regional Industry Exhibitions
- Partnering CAMCA education institutions with counterparts in US, Europe, Asia
- Regional Microfinance Fund

# CAMCA Fellowship effect

- Microfinance Regional Fund to provide Financial Inclusion
- Social Investment Fund with financial support of micro and small enterprises in CAMCA region
- Business education, technical assistance for small businesses and provision of microloans (both shariah compliant Islamic and traditional products)
- Initial countries to focus: Uzbekistan, Tajikistan.