THE CASPIAN REGION AND U.S. ENGAGEMENT DURING AND AFTER THE COVID-19 CRISIS

SPECIAL REPORT BY THE CASPIAN POLICY CENTER
ABOUT US

The Caspian Policy Center (CPC) is an independent, nonprofit research think tank based in Washington D.C. Economic, political, energy, and security issues of the Caspian region constitute the central research focus of the Center.

CPC aims at becoming a primary research and debate platform in the Caspian region with relevant publications, events, projects, and media productions to nurture a comprehensive understanding of the intertwined affairs of the Caspian region.

With an inclusive, scholarly, and innovative approach, the Caspian Policy Center presents a platform where diverse voices from academia, business, and policy world from both the region and the nation’s capital interact to produce distinct ideas and insights to the outstanding issues of the Caspian region.
ABOUT THE AUTHORS

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Executive Director

Efgan Nifti is the Executive Director and the Board Member of the Caspian Policy Center. He previously worked for Georgetown University as a research assistant and for Azerbaijan Diplomatic Academy as a faculty development coordinator and lecturer. His areas of expertise include energy security, political economy, and international affairs of the Caucasus, Central Asia, and the Caspian. He regularly testifies and makes presentations on critical policy issues of the Caspian Region at various international conferences and international organizations including NATO, European Union, and the United Nations. His commentaries and articles also appeared in major news outlets including Bloomberg, Foreign Affairs, CNN, NTV, MSNBC, and others. Dr. Nifti received his graduate degrees in international affairs and political science from Georgetown University and the George Washington University. He is fluent in English, Azerbaijani, Turkish, and Russian.

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Ambassador to the Republic of Azerbaijan (2015 – 2018), Bob Cekuta has long and extensive experience as a top-level U.S. diplomat. Amb. Cekuta’s positions in the State Department included Principal Deputy Assistant Secretary for Energy Resources as well as Deputy Assistant Secretary for Energy, Sanctions, and Commodities. His overseas postings included the U.S. Embassies in Berlin and Tokyo where he oversaw the full range of economic, commercial, nonproliferation, and scientific relations. In addition, Amb. Cekuta was Deputy Chief of Mission in Albania and held positions in Vienna, Baghdad, Kabul, Johannesburg, and Sana’a, Yemen.

Ambassador (Ret.) Richard Hoagland
Security and Politics Program Chair

Ambassador Richard E. Hoagland was U.S. Principal Deputy Assistant Secretary of State for South and Central Asian Affairs, October 2013-August 2015. Before returning to Washington in September 2013, he spent a decade in South and Central Asia. He was U.S. Deputy Ambassador to Pakistan (2011- 2013), U.S. Ambassador to Kazakhstan (2008-2011), U.S. Ambassador to Tajikistan (2003-2006), and U.S. Chargé d’Affaires to Turkmenistan (2007-2008). Prior to his diplomatic assignments in Central Asia, Amb. Hoagland was Director of the Office of Caucasus and Central Asian Affairs in the Bureau of Europe and Eurasian Affairs, Department of State. In that position, he wrote and negotiated four of the key bilateral documents defining the Central Asian states’ enhanced relationship with the United States in the aftermath of 9/11.
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Programs Manager

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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

Like the rest of the world, the countries of the Caspian region face severe challenges posed by the spread and evolving nature of the global COVID-19 pandemic. These challenges carry significant immediate and long-term public health, economic, social, and political implications for the development of the region. Effectively addressing them requires a holistic approach and strong cooperation both within the region and with global partners like the United States. It requires an openness and willingness to exchange information on how the novel coronavirus is spreading within a country, how it is affecting particular populations, and what measures are working — or not working — to combat the disease and to meet economic and other societal needs.

Bordering three major hotspots, most of the region’s governments took steps early on to contain the spread of the pandemic. Those measures often shut borders and shuttered businesses in a region where greater connectivity and economic growth are needed. At the same time, given the importance of the energy industry to a number of these countries, surplus oil supplies and the crash in world petroleum prices amplified the negative impacts of the COVID-induced global economic contraction. International observers also noted a number of cases where governments intimidated journalists or censored citizens’ social media activities.

Even though the countries in the Caspian region, as in other parts of the world, look to reopen, the pandemic is not over. A lot remains uncertain and unknown about the virus, including how best to treat it medically. This report looks at COVID-19’s current and future implications for the region’s development as well as at steps actors in the region should take and actions the United States should pursue. The proposed actions include engaging the region’s governments and institutions to boost emergency response capabilities there as well as to publicly demonstrate the commitments Washington reiterated in its recent policy document. Offering to donate excess defense articles such as climate-controlled tents, generators and power distribution sets, ambulances, prefabricated shelters, utility vehicles, and enhanced medical kits would be important — as would actions to help ensure food security through increased U.S. food aid. Over the longer term, scientific and other technical exchanges to share knowledge and expertise would both strengthen the U.S. presence in the region and the United States’ own defenses against the virus. Continuing to work with the Caspian region to boost safe connectivity within the region as well as with the rest of the world would improve the region’s economies, stability, and independence, including that of Afghanistan. Continued engagement on energy matters is another action the United States should pursue.
The COVID-19 pandemic offers the Caspian region opportunities, not just threats. As elsewhere, the situation is evolving, and it is not enough just to react. Governments, publics, and businesses in the region have opportunities to determine what they want in the post-pandemic reality and Americans — scientists, academics, business people, researchers, and specialized institutions as well as the U.S. government — should be active partners in that effort.

The pandemic crisis, therefore, presents new opportunities for fostering fruitful cooperation between the Caspian region and the United States.
COVID-19 CRISIS IN THE CASPIAN REGION

The rapid global spread of the COVID-19 infection significantly and negatively affects the economies, security, and well-being of the people of the Caspian region. The region’s borders with three major hotspots — China, Iran, and Russia — pose particular challenges. To constrain the pandemic’s progression, Caspian governments enforced state-of-emergency restrictions, including border closures, nationwide lockdowns, and quarantine measures, as well as recalibrated economic activities to prioritize essential goods and medical supplies. The negative impacts of these necessary measures are exacerbated by the global economic slowdown and drop in oil prices. The region’s economies – heavily reliant on fossil fuel revenues, raw material exports, remittances primarily coming from Russia, informal economy, and tourism – are hit hard, with severe economic contraction anticipated last for at least several years.

As elsewhere, the pandemic also highlights structural weaknesses in the countries’ social, economic, and political institutions. These include social inequalities along rural-urban, north-south, ethnic, and other divides; poor healthcare and emergency response infrastructure; underdeveloped digital economies and weak IT systems susceptible to hacking and other threats; and weaknesses in governance. Due to the varying levels of development, the intensity of the negative implications as well as the capacity to address them vary significantly throughout the region. Certain countries, for example, enjoy significant foreign exchange reserves and sovereign wealth fund assets to stabilize their currencies, inject stimulus packages, and alleviate the domestic population’s hardships, while others have to rely on foreign assistance.

SOVEREIGN WEALTH FUND AND FOREIGN EXCHANGE RESERVES, INCLUDING GOLD, IN THE CASPIAN REGION

<table>
<thead>
<tr>
<th>Country</th>
<th>Reserves, USD Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>KAZAKHSTAN</td>
<td>162,347.86</td>
</tr>
<tr>
<td>AZERBAIJAN</td>
<td>49,771.30</td>
</tr>
<tr>
<td>UZBEKISTAN</td>
<td>47,077.11</td>
</tr>
<tr>
<td>AFGHANISTAN</td>
<td>8,206.68</td>
</tr>
<tr>
<td>GEORGIA</td>
<td>3,399.52</td>
</tr>
<tr>
<td>ARMENIA</td>
<td>2,658.87</td>
</tr>
<tr>
<td>KYRGYZSTAN</td>
<td>2,311.97</td>
</tr>
<tr>
<td>TAJIKISTAN</td>
<td>1,284.00</td>
</tr>
</tbody>
</table>

UNIT: USD MILLION
REFERENCE: BY MARCH 2020

Caspian region governments are in a tough position trying to provide needed health and other social services, prevent further contaminations coming from outside, keep economies functioning, and obtain needed support in a dysfunctional international environment. Coming as an exogenous shock of indeterminate duration, the pandemic offers leaders an opportunity to improve public trust and strengthen public faith in their countries’ capabilities and futures. The pandemic can even offer chances at fresh beginnings to grapple with problems that have persisted from the Soviet era. As in other countries, the question is which course of action will win out if the pandemic persists: fear and inertia or the courage to devise and implement new visions, institutions, and policies. For the latter, more optimistic and effective engagement by the United States and other key international actors is essential.

**Afghanistan**

Afghanistan’s response to the spread of COVID-19 started with stringent restrictions on movement put in place on March 28, permitting residents to leave their homes only to conduct essential errands. Despite these policies, Afghanistan is struggling to handle the influx of Afghan migrants returning from neighboring countries, posing an additional challenge for containing the virus. The outbreak has complicated the domestic political situation by affecting the process of prisoner exchange that was planned following the United States – Taliban February deal: the risk of prisoners-to-be-exchanged falling victims to the virus is now a factor endangering the peace agreement. Still, to reduce the virus’ spread, the Afghan government has released thousands of prisoners unrelated to the Taliban.

Although one of the world’s poorest countries, Afghanistan’s government has allocated $104 million for emergency pandemic response. These funds will be used to improve testing capabilities, bolster border checkpoints, and establish distinct hospital wards to treat COVID-19 patients. The government is also providing humanitarian relief by delivering free bread to 2.5 million people in Kabul and expects to expand the program to other cities.

**Armenia**

Armenia closed its borders to both China and Iran shortly after the coronavirus began to spread within the two countries. On March 16, the Armenian government declared a state of emergency and halted all public transit inside the capital. While the government was seemingly proactive in passing anti-crisis measures to mitigate the negative impact of the pandemic, the lockdown was partially lifted on May 4, allowing many businesses to reopen. Cafés and restaurants in Yerevan were reportedly packed with many ignoring public health recommendations to maintain 1.5-meter (5-feet) distance when in establishments. Officials are calling the easing of restrictions a test and state that restrictions will be re-implemented if cases begin to surge again.

On March 26, Armenia announced a stimulus package that offers subsidies of up to 500 million drams ($1.03 million) to businesses to pay salaries and taxes, buy raw materials, and import manufacturing equipment.
Azerbaijan

Azerbaijan closed its borders to travel from Iran quickly after the country reported its first three positive cases of COVID-19. On March 31, the government ordered a full lockdown to control the spread of the virus. Azerbaijan required all residents first to call or send a message to a government number to provide their reason for requesting to leave their homes. During the first week of the program, over 50 percent of requests to leave home were rejected. While Azerbaijan has extended its restriction on entering or exiting the country until July 1, it is also working gradually to relieve some restrictions.

On March 19, Azerbaijan announced that it would spend 1 billion manat ($589 million) on an economic stimulus plan to mitigate the effects of COVID-19. The plan will benefit businesses and legal entities that comply with state measures and do not authorize job or wage cuts. As part of its global effort to quell the spread of the coronavirus, Azerbaijan donated $5 million to the World Health Organization dedicated to the fight against the pandemic around the world. Furthermore, Azerbaijan is leading joint efforts by the Turkic Council to support countries in the region combatting the pandemic.

Georgia

Georgian officials opted to allocate their resources towards the early containment of the virus by quickly sealing borders and imposing stringent stay-at-home orders. On January 29, Georgia declared that it was suspending all passenger flights to China, a day after banning imports of live animals from China. In addition, Georgia was one of the first countries in the region to close schools, shut its borders to international travelers, and order all non-essential businesses to close.

The Georgian lari depreciated during the early phases of the shutdown. The lari’s value dropped twenty percent between March 12 and March 26, a trend similar to that observed across the Caspian region. The government sold $100 million in a month to prop up the currency, but the depreciation still occurred, causing economic pain.

The economic downturn due to the pandemic puts a strain on farmers and small- and medium-sized enterprise owners in Georgia. In the Marneuli region, farmers protested and demanded government support for selling their produce. The government then allowed farmers to sell their produce more freely to mitigate the effects of the lockdown. To assist farmers further, the Georgian government will exempt about 42,000 farmers from paying irrigation taxes in 2020. Farmers owning 0.25 to 10 hectares of land will also receive 200 lari ($62) per hectare.

On March 13, Georgia unveiled a stimulus package costing about 1 billion lari ($313 million), including infrastructure spending and tax exemptions. By April 14, the government reported a total of $3 billion from various international partners, including the United States, France, Germany, as well as the World Bank and other international financial institutions to assist Georgia’s...
economy, and further increased its stimulus package to a total in 3.5 billion lari ($1.09 billion) for healthcare, social, economic, and entrepreneurial support.\textsuperscript{xxv} To assist the tourism industry, related businesses will be exempt from income and property taxes through the summer.\textsuperscript{xxvi}

\textbf{TOTAL CASES OF COVID-19 IN THE CASPIAN REGION}

\textit{Source: WorldMeters.info}

\textit{CPC Caspian Policy Center}

\textbf{Kazakhstan}

Despite its border with China, Kazakhstan did not report its first positive COVID-19 case until March 13.\textsuperscript{xxvii} By that time, Kazakhstan had already ordered schools and universities to move to distance learning and had canceled all public events.\textsuperscript{xxviii} Two days after the first reported COVID-19 case, the government declared a one-month state of emergency, ordering non-essential businesses to shutter.\textsuperscript{xxix} Nur-Sultan and Almaty were sealed off by military personnel, and residents of these cities were barred from leaving home for non-essential reasons.\textsuperscript{xxx} To enforce compliance with the quarantine, Kazakhstan’s Health Ministry has required about 8,000 quarantined citizens to use the SmartAstana tracking app to report their geolocation, while the Interior Ministry has employed “Sergek” video surveillance technology to find quarantine violators in Almaty and Nur-Sultan.\textsuperscript{xxxi}

Kazakhstan introduced a $10 billion stimulus package to mitigate the impacts that COVID-19 and falling oil prices were projected to have on the economy. Some of the funds for the stimulus package came from the country’s $60 billion sovereign wealth fund.\textsuperscript{xxxi} The stimulus packages were designed to increase social benefits, improve medical technology, and support employment in infrastructure projects.\textsuperscript{xxxiii}
Kyrgyzstan

Kyrgyzstan early on shut its border to Chinese travelers and suspended imports of Chinese meat. However, 36 percent of Kyrgyzstan’s imported goods originate in China, which means Bishkek’s actions created an economic strain. In addition, the drop in oil prices, coupled with the quarantine restrictions, resulted in a decrease in economic activity in Russia. Kyrgyzstan, heavily reliant on migrant employment in Russia, saw many Kyrgyz migrant workers forced to return after Russia imposed stringent restrictions and closed its borders to foreign nationals. For Kyrgyzstan and Tajikistan, with remittances making up around 28 and 33.2 percent of GDP respectively, the COVID crisis will bear particularly serious hardships as region’s remittances are estimated to see a 28-percent fall in 2020.

The Kyrgyz State Committee for IT and Communications launched a mobile phone application in mid-April called STOP COVID-19 to track phone owners who have or are suspected of having the disease. The app also allows users to report their health condition remotely and has an SOS button in case of emergency. The Civil Initiative on Internet Policy, a non-governmental organization based in Bishkek, however, expressed its concern over the protection of personal data after a video surfaced of an unidentified person exposing the personal information of another app user through the app.

The first country to receive funding from the International Monetary Fund (IMF) to address pandemic-related issues, Kyrgyzstan also rolled out its own economic stimulus packages. The first package set aside $15 million to allow for the postponement of and select exemptions from tax payments as well as for price regulations on essential goods. An additional package composed of $540 million of economic measures is currently being prepared.

Tajikistan

Tajikistan did not confirm any COVID-19 patients until April 30, but stated that a spike in hospitalizations was due to pneumonia. Even so, the pandemic strained the remittance-dependent country’s economy since Russia’s decision to close its borders rendered many Tajik migrant workers trapped en route to Russia in Kazakhstan and Uzbekistan. Furthermore, the returning migrants found themselves unemployed and unable to support their families. Moreover, families were required to shell out more somoni for common household goods. Price gouging, coupled with the natural increase in prices due to lower supplies caused by neighboring countries’ border restrictions, placed an additional economic burden on Tajikistan.

After announcing its first 15 cases of COVID-19 on April 30, an additional 800 individuals reportedly tested positive in the following week. Despite the increase in cases, Tajikistan has been reluctant to implement stay-at-home policies similar to those in neighboring countries. Tajik authorities report a significant decline in revenues and consumer spending since the country reported its first few COVID-19 cases at the end of April.
**Turkmenistan**

Despite officially reporting no confirmed COVID-19 cases in the country, the Turkmenistani government is enforcing stringent regulations in line with its neighbors. Early on, Turkmenistan rerouted all incoming flights to Ashgabat to land in Turkmenabat, where passengers were quarantined, shut down passenger ferry service from Baku, and closed its border with Iran, Afghanistan, and Uzbekistan, while the sole border crossing with Kazakhstan was already closed. Furthermore, as other Caspian countries shut their borders because of COVID-19 outbreaks, Turkmenistan established checkpoints at provincial borders and restricted movement both across province boundaries as well as into and out of Ashgabat. Despite these restrictions, the government denies the pandemic outright, banning facemasks, barring doctors from talking about coronavirus, and punishing citizens who speak of it. Moreover, ahead of a visit from World Health Organization officials, the government reportedly cleared out quarantine zones, in a possible attempt to conceal COVID-19 cases. Opposition media have reported cases in Balkan province and increased instances of respiratory ailments requiring hospitalization.

**Uzbekistan**

The COVID-19 pandemic has significantly affected Uzbekistan’s economy. Prior to the pandemic, small businesses accounted for 56 percent of Uzbekistan’s GDP. However, with stay-at-home orders forcing many of these businesses to shutter, many small and medium-sized enterprise owners fear government assistance will only provide short-term relief and want government restrictions lifted before the pandemic inflicts permanent damage to their businesses. Moreover, the Eurasian Economic Union’s (EAEU) ban on food exports until June 30 will inevitably affect Uzbekistan’s food supply, as most of its food imports come from the EAEU trade partners.

The government initiated the process of gradually lifting restrictions on May 11, classifying districts into green, yellow, and red zones depending on the number of COVID-19 cases in the district. This new system is expected to provide some relief for communities that were forced to rely on mahalla (community) committees to deliver essential food and medicine – a system that did not prove efficient in preventing the gathering of groups and delivering essential goods.
FOREIGN ASSISTANCE

The crisis has pushed the countries of the Caspian region to seek assistance from major foreign partners and international organizations as well as to extend this help to neighbors within the region. China, which has already been increasing its presence in the region through the Belt and Road Initiative (BRI), was quick to support Central Asian countries, a number of which are heavily indebted to China, by sharing lessons from its experience in combating the pandemic and sending doctors, medical experts, police officers, surveillance equipment, telemedicine systems, and medical supplies. Similarly, Russia swiftly acted to declare its dedication to upholding the interests and health of the citizens of the Eurasian Economic Union in the face of the pandemic.

The Caspian countries also received substantial support from Turkey, the United States, the European Union and its member states, and other foreign partners, as well as from international organizations and international financial institutions, including the World Bank, International Monetary Fund, European Bank for Reconstruction and Development, Asian Development Bank, and the United Nations. Many of the Caspian governments were authorized to take on substantial long-term loans to soften the economic blow of the COVID-19 crisis. Given their economic and structural vulnerabilities, these countries are generally in urgent need of greater assistance – in sufficiently rough straits in some cases to take on unfavorably conditioned loans and make commitments with long-term political and economic repercussions.
United States
In addition to providing essential personal protective equipment to frontline healthcare workers in the Caspian region, the United States has made available over $25 million to help the Caspian countries bolster their healthcare systems and medical technology in anticipation of an influx of COVID-19 patients in the region. Since the World Health Organization classified the novel coronavirus as a pandemic, the United States has provided funds to all of the Caspian countries to improve their preparedness in combating the coronavirus. Moreover, the United States allocated $5 million to protect the health of internally displaced people in Afghanistan.

Table 1: United States Assistance to the Caspian region

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Amount in USD</th>
<th>Type</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>1.7 million</td>
<td>Health assistance</td>
<td>Health assistance to prepare laboratory systems, activate case-finding and event-based surveillance, support technical experts in response and preparedness, and bolster risk communication</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>1.7 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>1.6 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>900,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>866,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>920,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>848,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armenia</td>
<td>1.7 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghanistan</td>
<td>5 million</td>
<td>Humanitarian assistance</td>
<td>To protect the health of internally displaced people in Afghanistan</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>10 million</td>
<td>Health assistance</td>
<td>Redirected funds to support surveillance, lab improvements, and technical assistance</td>
</tr>
</tbody>
</table>

China
China has provided the Caspian region with significant aid in the form of financial assistance and expert experience exchange as the pandemic rattles the region. China was an early provider of medical equipment to the region, donating 5,000 COVID-19 test kits to Azerbaijan and medical supplies to Armenia and Georgia, and was one of many countries to provide personal protective equipment to Tajikistan when the country experienced a drastic surge in COVID-19 cases. Moreover, doctors who had previously treated COVID-19 patients in China were sent to Kazakhstan and Kyrgyzstan to train medical workers there on treatment techniques. In Uzbekistan, China helped to establish a telemedicine system for easier communication between Uzbek and Chinese doctors and sent its enforcement specialist to share the Chinese police expertise on curving the spread of COVID-19 with the Tashkent Internal Affairs Department. While Chinese technical assistance and medical supplies have been warmly welcomed in the region, many hope for more substantial economic support. For instance, Kyrgyz President Sooronbai Jeenbekov sent a request to Chinese President Xi Jinping to delay and ease payments to China given the economic effects of the pandemic but has not received a response.
European Union
In total, the European Union (EU) has pledged over $945.9 million to support the Caspian region during the pandemic. The money will be allocated towards providing immediate health-care support and mitigating the socio-economic impacts that COVID-19 will have on the region. Furthermore, the EU dedicated $3 million to the World Health Organization’s office in Afghanistan to support vulnerable populations in the country.

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Amount in USD</th>
<th>Type</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHO Afghanistan</td>
<td>3 million</td>
<td>Aid funds</td>
<td>For WHO Health Emergencies Program to support vulnerable populations</td>
</tr>
<tr>
<td>Armenia</td>
<td>100 million</td>
<td>Grants and extended credit lines for low-interest loans</td>
<td>To support immediate and short-term economic and medical needs</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>15.2 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>198.8 million</td>
<td>Non-reimbursable grants</td>
<td>To support economic and social recovery</td>
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<td>Georgia</td>
<td>147 million</td>
<td>Grants</td>
<td>To support health, economy, and society</td>
</tr>
<tr>
<td>Georgia</td>
<td>162.9 million</td>
<td>Low-interest loans</td>
<td>Macro-financial assistance</td>
</tr>
<tr>
<td>Georgia</td>
<td>165 million</td>
<td>Low-interest loans</td>
<td>To support macro-financial stability, social protection and food security, health, crisis management, and private sector</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>39 million</td>
<td>Grants</td>
<td>To support crisis response</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>24 million</td>
<td>Low-interest loans</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>52 million</td>
<td>Assistance</td>
<td>To support immediate emergency response and mitigate the socio-economic impacts of COVID-19</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>39 million</td>
<td>Assistance</td>
<td>To address immediate health needs and long-term socioeconomic recovery</td>
</tr>
</tbody>
</table>

World Bank
The World Bank has provided almost $1 billion in loans and financial assistance to the region since the crisis began. During April and May, Kabul received over $500 million to support the Afghanistan COVID-19 Emergency Response and Health Systems Preparedness Project and country’s economic and public sector reforms. Similarly, the World Bank allocated funds to enable countries to purchase necessary medical equipment to treat COVID-19 patients, providing financial assistance in the form of grants and highly concessional loans to Armenia, Georgia, Kyrgyzstan, Tajikistan, and Uzbekistan.
The IMF has extended up to $1.4 billion in financial support to the Caspian region. The allocated loans are aimed to support the countries with urgent balance of payment and fiscal issues.

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Amount in USD</th>
<th>Type</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>400 million\textsuperscript{xxii}</td>
<td>Grant under the Incentive Program Development Policy Grant (from IDA, WBG fund for the poorest countries, and Afghanistan Reconstruction Trust Fund)</td>
<td>To support key economic and public finance reforms and help manage current risks</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>100.4 million\textsuperscript{xxiii}</td>
<td>Grant from the International Development Association (IDA)</td>
<td>To support the emergency Response and Health Systems Preparedness Project as well as economic and public sector reforms</td>
</tr>
<tr>
<td>Armenia</td>
<td>3 million\textsuperscript{xxiv}</td>
<td>Grant or highly concessional loan</td>
<td>To assist with urgent needs for medical equipment and supplies</td>
</tr>
<tr>
<td>Georgia</td>
<td>80 million\textsuperscript{xxv}</td>
<td>Grant or highly concessional loan</td>
<td>To help mitigate the health and social impacts of the pandemic</td>
</tr>
<tr>
<td>Georgia</td>
<td>80 million\textsuperscript{xxvi}</td>
<td>Loan from the International Bank for Reconstruction and Development (IBRD)</td>
<td></td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>12.15 million\textsuperscript{xxvii}</td>
<td>Grant from IDA</td>
<td>To facilitate effective response to the health and social risks associated with the pandemic</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>11.3 million\textsuperscript{xxviii}</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>200 million\textsuperscript{xxix}</td>
<td>Grant or highly concessional loan from IDA</td>
<td>To support ongoing health, social, and economic policy responses to the crisis</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>95 million\textsuperscript{xxx}</td>
<td></td>
<td>To strengthen medical systems and alleviate economic consequences of the pandemic</td>
</tr>
</tbody>
</table>

\textit{International Monetary Fund}

The IMF has extended up to $1.4 billion in financial support to the Caspian region. The allocated loans are aimed to support the countries with urgent balance of payment and fiscal issues.
The European Bank for Reconstruction and Development (EBRD) is supporting the Caspian region with business expertise and financial assistance. The EBRD pledged a total of $1.08 billion to support the 38 countries they operate in, including Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. The funds will support economies struggling to cope with the pandemic and assist the hardest-hit industries, such as tourism in each country. The EBRD is also assisting local companies to properly produce essential personal protective equipment. For example, the EBRD is supporting a team in Armenia to 3D print medical equipment, and repurposing factories to produce personal protection equipment and boosting the production of poultry in Georgia.

Asian Development Bank
The Asian Development Bank (ADB) announced that it is allocating $6.5 billion to support countries in their initial response to the pandemic, including almost $100 million to several countries in the Caspian region.
The countries of the Caspian region have been actively cooperating to address shared concerns over the region’s public health and well-being as well as economic recovery. Despite significant challenges at home, they have been extending much-needed humanitarian assistance to their neighbors, e.g. necessary medical supplies and equipment. These countries have been redistributing crisis-oriented locally produced goods, including personal protective equipment and essential food supplies, to support the region’s fight against the pandemic.

Kazakhstan and Uzbekistan, while dealing with the pandemic’s domestic effects, have actively engaged in intra-regional bilateral assistance. In April, President Tokayev authorized the provision of 5,000 tons of Kazakh flour each to Kyrgyzstan and Tajikistan. This undertaking cost more than $3 million. Kazakhstan helped Tajikistan by facilitating the transport of goods through Kazakhstan and helping bring displaced Tajiks home. Uzbekistan sent vital personal protective equipment and medical supplies to Belarus. As a gesture of gratitude, Belarus sent two MTZ-82 farm tractors on the plane’s return to Tashkent. Uzbekistan also assisted neighboring Tajikistan and Kyrgyzstan in helping slow the spread of COVID-19. In a train from the Surkhandarya region to Dushanbe, Uzbekistan delivered overalls, goggles, liquid sodium hypochlorite, respirators, gloves, pyrometers, and flour. Uzbekistan also delivered protective equipment along with 1,000 tons of flour and food products to Kyrgyzstan after Kyrgyzstan sent supplies to help after flooding from the Sardoba Reservoir. Turkey provided Kazakhstan 150,000 face masks and sanitizers. Furthermore, the Turkish Cooperation and Coordination Agency (TIKA) delivered Ramadan food packages to 2,500 low-income families in Azerbaijan, as well as facemasks, hygienic products, and food to 1,000 families in Tajikistan. The TIKA also provided 7,000 packages of food and medical supplies to Kyrgyzstan.

### Table 5: Asian Development Bank’s Assistance to the Caspian Region

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Amount in USD</th>
<th>Type</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>40 million**</td>
<td>Grant</td>
<td>To address the public health and socioeconomic impacts of COVID-19</td>
</tr>
<tr>
<td>Georgia</td>
<td>100 million**</td>
<td>Loan</td>
<td></td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>50 million**</td>
<td>Grant or loan</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>100,000**</td>
<td>Funding Reallocated from the</td>
<td>To finance COVID-19 prevention and mitigation, medical supplies, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tajikistan Maternal and Child</td>
<td>equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Health Integrated Care Project</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>1.36 million**</td>
<td>Grant</td>
<td>To finance the procurement of essential medical equipment</td>
</tr>
</tbody>
</table>
In addition to bilateral assistance, Caspian countries have communicated and worked to address common challenges using the platforms of the Turkic Council, the Eurasian Economic Union, the Commonwealth of Independent States, and other existing regional international organizations.

**Turkic Council**
The Cooperation Council of Turkic Speaking States, comprising Azerbaijan, Kazakhstan, Kyrgyzstan, Turkey, and Uzbekistan, has held monthly meetings on the proper strategy to address COVID-19 in the region. Member state representatives held conference calls in April and May to discuss boosting interregional cooperation and the treatment of each other’s citizens abroad. Furthermore, the Turkic Council has overseen the delivery of humanitarian aid packages, the evacuation of citizens from foreign countries, and the construction of the jointly managed Kyrgyz-Turkish Friendship Hospital to treat COVID-19 patients. The Turkic Council has also facilitated cooperation in the region to mitigate the spread of coronavirus across their borders and called for continued collaboration once the pandemic subsides.

**Eurasian Economic Union**
The Eurasian Economic Union, composed of Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia, is coordinating efforts to mitigate the pandemic’s socio-economic impact. The EAEU worked to publish statements and enact policies to outline their action in the face of the pandemic. Russian Prime Minister Mikhail Mishustin called on member countries to prioritize the health of the Union’s citizens and emphasized the importance of utilizing the common market fostered by the EAEU. The EAEU’s executive body – the Eurasian Economic Commission – suspended customs duties on medical equipment and other essential resources needed to combat the pandemic, imposed restrictions on exporting personal protective equipment to non-member states, and banned the export of most agricultural goods.

**Commonwealth of Independent States**
The Commonwealth of Independent States (CIS), composed of Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan, has also been increasingly involved in fighting COVID-19. At a March 19 meeting to discuss means to mitigate the hardship caused by the virus, CIS nations’ representatives agreed that the CIS should make greater use of its capabilities to share and monitor information between the nations. On May 12, the CIS agreed to speed up two drafts involving sanitary protection and emergency public-health responses in CIS countries.
THE UNITED STATES CAN AND NEEDS TO ENGAGE

The on-going, evolving nature of the pandemic and the uncertainties it is causing in the Caspian region mean these countries are looking for the United States to play an active, constructive role as they navigate the health, economic, societal, and security challenges posed by COVID-19. Although the cornerstone of U.S. security policy in this region is the countries’ continued sovereignty, independence, and territorial integrity, Caspian capitals have complained the United States is not present in the way governments, businesses, and societies there would like. Proximity and long-term ambitions, however, mean active engagement from China and Russia—something Washington has said in numerous public and private statements that it needs to counter.

There are several ways to increase U.S. engagement in the region at a relatively low cost.

In the near term, the United States can engage to help Caspian countries bolster their ability to meet immediate health and public welfare problems arising from the pandemic. To foster the region’s emergency response capacity as well as to demonstrate its commitment to the region, the United States can offer to donate its excess defense articles, such as climate-controlled tents, generators and power distribution sets, ambulances, prefabricated shelters, utility vehicles, and enhanced medical kits. To improve food security in the region while addressing the domestic surplus of fresh and prepared agriculture products, the United States can increase volumes of food aid supplied to Caspian countries in need.

In the longer term, the United States should help with Caspian countries’ future preparedness by developing and expanding programs to exchange scientific and technical expertise. By facilitating U.S. public health, medical, agricultural, economic, and other experts’ travel to the region — and bringing scientists, officials, and other related experts to the United States or even boosting contacts through video conferences and other virtual means — to share knowledge and expertise, the United States can strengthen its presence and engagement in the region and foster its own defenses against the virus. As the experience of the past few months shows, the highly contagious nature of the virus and the lack of a vaccine or fully effective treatment protocol shows an outbreak can swiftly endanger any country’s public anywhere in the world. Letting the publics in these countries know through active public diplomacy programs that these efforts are underway would further enhance their impact.

The United States should also work with countries on both sides of the Caspian Sea as they take steps to reduce barriers and boost intra-regional cooperation and ties. Long characterized as the least integrated region, these countries are looking to improve trade, transport, and other links — moves that will boost their prosperity and security as well as make the area more actively involved in international trade. China’s Belt and Road Initiative has been an important
factor in this regard, but the United States can and should do more. The C5+1 Initiative and the new U.S. Development Finance Corporation’s mandate to focus on the region are important starts. To boost the region’s independence and mitigate reliance on China, Russia, and Iran, the United States should explicitly encourage and use its diplomatic capital to facilitate the formation of a regional bloc. This move would also be a significant opportunity to enhance connectivity and greater integration between Afghanistan and Central Asia — another key U.S. National Security Strategy priority.

The U.S. government should also continue engaging the region on energy matters. In addition to pushing the development of pipelines to move Caspian countries’ oil and gas to European and other international markets – thereby boosting global energy security – there is significant potential for U.S. engagement in developing the region’s solar, wind, and hydro potential as well as strengthening electrical grids and improving the efficient use of energy.

The United States government should not be the only actor in this regard. Engagement by U.S. academic and research institutions, U.S. businesses — many of which already have activities in the region, — and American non-governmental organizations would all benefit the Caspian countries’ efforts to combat the pandemic as well as to further their economic growth, security, and public well-being. Washington, however, can serve a useful function in marshaling and helping deploy these non-USG assets.

**CONCLUSION**

The COVID-19 pandemic offers the Caspian Region opportunities, not just threats. Steps countries take now can have important and beneficial long-term effects. Viewed through that prism, lessons learned from the pandemic and actions taken to combat it could result in closer ties among countries in the region and deeper cooperation on cross-border issues. Some of the countries may recognize the need to diversify their economies as the current crisis reveals limited levels of economic resilience. All countries should recognize the need for more robust public health institutions.

The aftermath of the pandemic could also result in heavier dependence on China, particularly if fiscal difficulties spring a debt trap. This reality underlies the need for debt intervention by western development banks and assistance agencies.

The post-COVID-19 world will be a different place. It is not enough to react; governments, businesses, and populations have opportunities to determine what they want — and do not want — in the evolving post-COVID reality. What will not change, however, is the Caspian Region countries’ desire to maintain a multi-vector foreign policy that attempts to balance the influ-
ence of Russia, China, the European Union, and the United States. The current U.S. National Security Strategy for Central Asia explicitly makes their desire part of U.S. policy. While there will be acute needs all over the world that the United States will attempt to address, it will be especially in Washington’s strategic interest to continue to play a significant role in the Caspian region.
Endnotes


xiii “Order of the President of the Republic of Azerbaijan on a number of measures to reduce the negative impact of the coronavirus pandemic (COVID-19) and the sharp fluctuations in the world energy and equity markets caused by it on the economy of the Republic of Azerbaijan, macroeconomic stability, employment issues in the country and business entities.” Official web-site of the President of the Republic of Azerbaijan https://ru.president.az/articles/36228 (retrieved May 12, 2020)


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