



About this book

China's Belt and Road Initiative (BRI) is a potential gamechanger for the Central Asia and South Caucasus (CASC) region. Ever since President Xi first proposed the BRI while on a visit to Kazakhstan in September 2013, China has committed more than half a trillion dollars to support physical connectivity, agricultural and industrial development, trade and investment, financial flows, and people-to-people exchanges in BRI countries worldwide. CASC countries naturally view this massive development program as a unique opportunity to attract needed foreign investment, diversify their economies, upgrade their physical infrastructure stock, form tighter economic relationships with their neighbors, and—as a result of the foregoing—accelerate their economic development and improve their citizens' standard of living.

Yet embracing the BRI is not without risks. Largely financed by non-concessional loans from Chinese policy banks, BRI investments may prove to be fiscally unsustainable for some recipient countries. This risk is heightened by often inadequate ex ante assessment of BRI projects' economic and financial viability, as well as of their social and environmental impact on local communities. Moreover, without coordination in infrastructure investment planning or sufficient expenditure on proper maintenance of new assets, some BRI projects could end up being wasteful or redundant. If not proactively addressed, these risks have the potential to leave countries worse off for having participated in the BRI.

Policymakers in the CASC region and their development partners thus face a daunting question: how to realize the promise of the BRI for their countries while avoiding the pitfalls that lie along the way?

This book not only answers this question; it provides a dynamic and adaptable policy agenda to guide countries' engagement with the BRI. A combined effort of 22 researchers in 11 countries over more than a year, this book drills into the opportunities, risks, and policy options that BRI countries have before them by leveraging the unique insights of development experts in the CASC region. Eschewing the anecdotal vignettes that dominate coverage of the BRI, this book grounds its analysis in the most comprehensive review of BRI investment data conducted to date. Though this book uses the CASC region as an analytical lens into the BRI, its perspectives are fully relevant to any country in which China is building the Belt and Road.