



CAREC 2030 STRATEGY MIDTERM REVIEW

FOR ENDORSEMENT

23rd Ministerial Conference
Central Asia Regional Economic Cooperation Program
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EXECUTIVE SUMMARY

The Central Asia Regional Economic Cooperation (CAREC) Program has been a cornerstone for regional cooperation and integration in Central Asia, South Caucasus, East Asia, and South Asia since its inception in September 2001. The CAREC 2030 Strategy, endorsed at the 16th CAREC Ministerial Conference in Dushanbe in 2017, aims to ensure the program's continued relevance in the fast-changing landscape of member countries. The strategy expanded its scope from three sectors (transport, energy, and trade) to five operational clusters: economic and financial stability; trade, tourism, and economic corridors; infrastructure and economic connectivity; agriculture and water; and human development. Additionally, climate change, digital/information and communications technology, and gender are cross-cutting themes under the Strategy.

During the first six years of the CAREC 2030 Strategy (2018–2023), 78 projects valued at over \$14.7 billion were approved, contributing to more than \$51 billion in total cumulative investments under the CAREC Program from 2001 to 2023. In addition, over \$113 million was mobilized to support CAREC technical assistance activities covering various sectors and themes under the CAREC 2030 Strategy. The Midterm Review (MTR) assesses the progress of implementing the CAREC 2030 Strategy and offers forward-looking options to revitalize regional cooperation. The goal is to secure a more prosperous, integrated, and climate-resilient future for the CAREC region and beyond.

Key achievements and value addition

Since its inception, the CAREC Program has facilitated regional integration and development through substantial investments in transport, energy, and trade facilitation, enhancing regional connectivity and developing economic corridors.

Under the *CAREC 2030 Strategy*, the CAREC Program has strengthened its position as a multi-sector regional cooperation platform under its broadened operational scope. The early actions under the [CAREC Climate Change Vision](#) and mainstreaming of climate actions in various CAREC sectors are expected to guide and realize greater regional public goods through concerted actions.

CAREC participating countries and development partners continue to value the unique platform the Program provides to foster inclusive economic development. Its commitment to practical, action-oriented projects and collaborative approach helps CAREC yield tangible economic benefits for its member countries and their people.

Context and Operating Environment

The CAREC Program must adapt to the evolving global and regional landscape and emerging challenges, including responding to diversity, building resilience to future pandemics, navigating geopolitical developments, and addressing climate change.

Changing Landscape and Challenges

The following operational challenges and external factors affect the implementation of the *CAREC 2030 Strategy* and the CAREC Program's overall effectiveness:

- **Balancing ambition and resources for each sector or theme.** The expanded scope of *CAREC 2030*, has led to a scattered attention and stretched resources. This also makes it difficult for each sector or cluster to achieve its full potential and rigorously evaluate the impact of its activities. CAREC may consider prioritizing initiatives with the greatest potential for generating transformational outcomes as opposed to pursuing a wider range of activities with limited impact.
- **Prioritizing implementation.** While the development of longer-term sector strategies and plans is crucial, ensuring their effective implementation is equally important. A robust pipeline of regional projects with strong feasibility assessments, coupled with necessary reform or measure, is essential for translating strategies into action.
- **Sustaining momentum.** High staff turnover and increasing demands on the time of government agencies can affect the program’s ownership, stakeholders’ engagement, and the development and implementation of projects or initiatives.
- **Securing resources.** A decline in grant resources can delay the implementation of CAREC sector work. There is a need to explore innovative financing mechanisms and leveraging partnerships with the private sector and development partners to respond to increasing needs.
- **Remoteness of the CAREC Secretariat.** The relocation of CAREC Unit’s office in 2007 from Almaty, Kazakhstan to ADB headquarters in Manila, Philippines streamlined administration, but created a geographical distance from regional partners and limited engagement with national stakeholders.
- **Crowded landscape.** The proliferation of regional cooperation initiatives in the region—many with overlapping countries, sectors, and partners—creates competition for the time and resources of regional stakeholders.

Key Recommendations

The MTR proposes the following key recommendations to enhance the effectiveness, relevance and responsiveness of the *CAREC 2030 Strategy* and promote deeper cooperation and integration in the CAREC region:

- (i) Streamline Scope for Enhancing Impact of CAREC Initiatives
- (ii) Review and Recalibrate Sectoral Strategies
- (iii) Pursue Regional Public Goods to Address Common Issues
- (iv) Reinvigorate Regional Ownership for Sustaining Outcomes
- (v) Promote Integrated and Climate-Smart Development
- (vi) Strengthen Engagement with Development Partners and Private Sector
- (vii) Improve Program Effectiveness and Monitoring
- (viii) Strengthen the CAREC Secretariat
- (ix) Enhance CAREC Institute’s role as a Strategic Partner for Knowledge-Driven Development
- (x) Prepare MTR Implementation Action Plan

By implementing these recommendations, the CAREC 2030 Strategy can significantly strengthen its role as a driving force for positive change in the CAREC region, fostering a more integrated and resilient future.

CAREC 2030 STRATEGY MIDTERM REVIEW

I. INTRODUCTION

1. The Central Asia Regional Economic Cooperation (CAREC) Program has been a cornerstone for regional cooperation and integration in Central Asia, South Caucasus, East Asia, and South Asia since its inception in September 2001. From an initial five-country membership, CAREC has expanded to 11 members over time.¹ One of the CAREC Program's strength as a regional program is the participation of multilateral institutions or development partners—the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF), Islamic Development Bank (IsDB), United Nations Development Program (UNDP), and the World Bank Group—supporting a variety of regional cooperation initiatives.² ADB serves as the CAREC Secretariat, providing technical and organizational support, from the Ministerial Conferences to the sector committees and working group meetings and activities.

2. Inspired by a mission to create an open and inclusive regional platform that connects people, policies, and projects for shared and sustainable development, the CAREC Ministers endorsed the [*CAREC 2030: Connecting the Region for Shared and Sustainable Development \(CAREC 2030 Strategy\)*](#) at the 16th CAREC Ministerial Conference in Dushanbe in 2017. Aimed at ensuring the CAREC Program's continued relevance in the fast-changing landscape of member countries, the strategy expanded its scope from three sectors (transport, energy, and trade facilitation) to five operational clusters, namely: (i) economic and financial stability; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity; (iv) agriculture and water; and (v) human development. In addition, climate change, digital or information and communications technology, and gender are cross-cutting themes under the CAREC 2030 Strategy.

3. During the first six years of the CAREC 2030 Strategy—between 2018 and 2023—78 projects valued at over \$14.7 billion were approved. This contributed to total cumulative investments of more than \$51 billion under the CAREC Program from 2001 to 2023. In addition, over \$113 million was mobilized to support CAREC technical assistance activities covering various sectors and themes under the CAREC 2030 Strategy.

4. The rapidly evolving global and regional landscape requires review, adaptation, and reform to ensure CAREC's continued relevance, effectiveness, and responsiveness to the needs and priorities of CAREC member countries and to pursue regional objectives. This Midterm Review (MTR) assesses the progress of implementing the *CAREC 2030 Strategy* and offers forward-looking options to revitalize regional cooperation under this platform. The goal is to secure a more prosperous, integrated, and climate-resilient future for the CAREC region and beyond.

¹ The CAREC Program's groundwork began in 1996 with discussions among four founding members: Kazakhstan, Kyrgyz Republic, Uzbekistan, and Xinjiang Uygur Autonomous Region (XUAR) of the People's Republic of China (the PRC). Tajikistan joined in 1998, followed by Azerbaijan and Mongolia in 2003, Afghanistan in 2005, the PRC's Inner Mongolia Autonomous Region (IMAR) in 2008, Pakistan and Turkmenistan in 2010, and Georgia in 2016. ADB placed on hold its assistance in Afghanistan effective 15 August 2021 (<https://www.adb.org/news/adb-statement-afghanistan>).

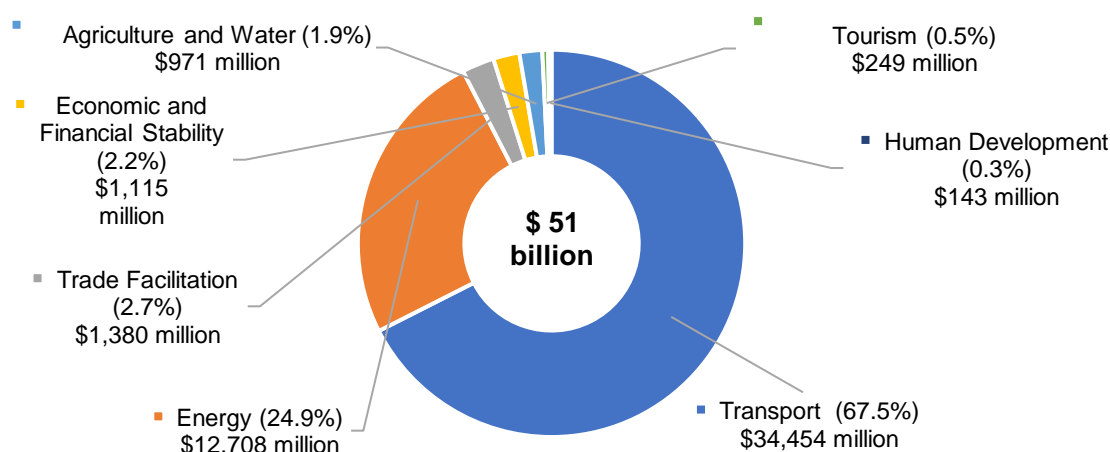
² See [CAREC Background Paper for the First CAREC Development Partners' Forum](#). 2020.

II. OVERVIEW OF CAREC PROGRAM ACHIEVEMENTS AND VALUE PROPOSITION

5. For over two decades, the CAREC Program—comprising 11 member countries and development partners—emerged as a significant and unique platform fostering regional integration and development in Central Asia and beyond. The program has helped develop and implement regional projects, policy reforms, and multi-sectoral initiatives critical to sustainable economic growth and shared prosperity in the region of over 1.7 billion people.

6. Since its inception in 2001 and up to 2023, over \$51 billion in investments have been mobilized under the CAREC Program. The investments were mostly in transport, energy, and trade facilitation, but are starting to diversify into new areas, including economic and financial stability, agriculture, water and tourism under the *CAREC Strategy 2030* (Figure 1). CAREC investments refer to those identified as CAREC projects using the [CAREC Project Classification Methodology \(2022\)](#), verified and supported by CAREC development partners and governments.³

Figure 1: CAREC Investment Projects, By Sector, 2001–2023



Note: The amount of CAREC investments may still change following the ongoing review of the CAREC portfolio database in consultation with development partners.

7. The early years of the CAREC Program saw a concentration on infrastructure development for regional connectivity along the six CAREC corridors (Figure 2).⁴ Out of the \$51 billion cumulative investments from all development partners and countries, 67.5% or about \$34.5 billion are with the transport sector; 24.9% or \$12.7 billion with the energy sector; and 2.7% or \$1.4 billion on trade facilitation.

³ Of the total, \$17.6 billion was financed by ADB, \$23.4 billion by other development partners, and \$10.1 billion by CAREC governments. The amount of CAREC investments is a cumulative estimate and subject to the ongoing review of the CAREC project portfolio database in consultation with development partners and CAREC members.

⁴ The six CAREC corridors that link the region's key economic hubs to each other and connect the landlocked CAREC countries to other Eurasian and global markets include:

[CAREC Corridor 1: Europe–East Asia](#)

[CAREC Corridor 2: Europe–Mediterranean–East Asia](#)

[CAREC Corridor 3: Russian Federation–Middle East and South Asia](#)

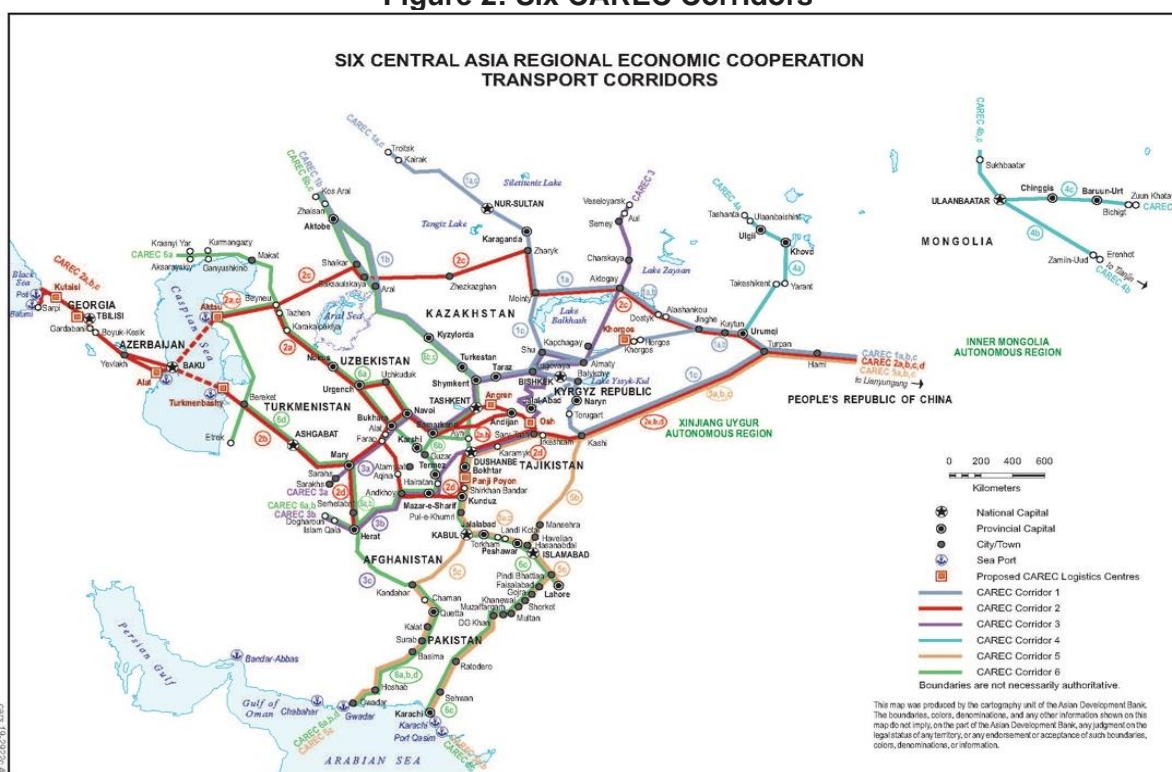
[CAREC Corridor 4: Russian Federation–East Asia](#)

[CAREC Corridor 5: East Asia–Middle East and South Asia](#)

[CAREC Corridor 6: Europe–Middle East and South Asia](#)

8. Transport sector investments—i.e., in roads, railways, and ports—improved physical connectivity in the region. CAREC investments with ADB financing built or improved a network of over 12,863 kilometers of roads, 1,995 kilometers of railway tracks built, and 4,152 kilometers of railways rehabilitated from 2008 to 2023.⁵ These improvements reduced travel times, lowered trade costs, facilitated the safer movement of goods and people, and generated economic activities in the CAREC region. While significant progress is made in improving connectivity, the [Independent Evaluation of ADB Support for the CAREC Program \(2011–2022\)](#) released in May 2023, highlighted the need to further improve regional economic competitiveness amid the continuing challenges due to trade barriers from policy to cross-border and behind-the-border issues.

Figure 2: Six CAREC Corridors



Source: Connecting CAREC: A Corridor Network https://www.carecprogram.org/?page_id=20

III. THE CAREC 2030 STRATEGY

9. The CAREC Program’s long-term strategy—*CAREC 2030*—expanded its focus beyond traditional three sectors of transport, energy, and trade facilitation. It now encompasses a wider scope of at least nine sectors — from economic and financial stability, to tourism, agriculture, water resources, health, and education — allowing the Program to respond to a wide range of long-term development challenges in the region. Such a significantly expanded scope is comprehensive and flexible enough to cover future demands, provide opportunities for concerted actions, and respond immediately to even unprecedented circumstances such as the COVID-19

⁵ Based on Transport Sector Progress Report and Work Plan 2019–2021, project completion reports, project data sheets, Senior Officials Meetings and other documents of listed CAREC transport projects (for the period 2019–2023).

pandemic. Considerations of sustainability and climate resilience, digital connectivity or use of information and communications technology (ICT), and gender mainstreaming cut across the spectrum of CAREC operations, thereby enabling holistic and inclusive support to CAREC members.

10. Building on [CAREC 2020 Strategic Framework](#)'s achievements and overarching vision of "Good Neighbors, Good Partners, and Good Prospects", the *CAREC 2030 Strategy*'s mission statement is "A Regional Cooperation Platform to Connect People, Policies, and Projects for Shared and Sustainable Development," with five driving principles:

- (i) **Aligning with national strategies and supporting SDGs and COP21:** CAREC 2030 will promote regional approaches that complement national actions to achieve best global development agendas like the Sustainable Development Goals (SDGs) and the 21st Conference of Parties to the United Nations Framework Convention on Climate Change (COP21).
- (ii) **Dual-track approach:** Deepen and scale up operations in traditional areas of transport, energy, and trade, while selectively expanding into new operational priorities to provide avenues for capitalizing on linkages and synergies between sectors.
- (iii) **Deepening policy dialogue:** Leverage CAREC's convening power and expertise to foster policy discussions grounded on knowledge work and coordinated with wider stakeholders to multiply the range of available knowledge solutions.
- (iv) **Integrating the role of the private sector and civil society:** Harness the private sector to promote business-to-business connections, leverage private sector financing, and strengthen civil society engagement and people-to-people contacts, especially among cross-border communities.
- (v) **Building an Open and Inclusive Platform:** Collaborate with other international and regional initiatives and development partners to maximize resources and expertise for regional cooperation.

11. The *CAREC 2030 Strategy* focuses on five key operational clusters:⁶

- (i) **Economic and Financial Stability:** supporting macroeconomic policy coordination, promoting financial stability, and strengthening investment climate.
- (ii) **Trade, Tourism, and Economic Corridors:** facilitating and expanding trade, realizing the region's tourism potential, and deepening linkages and urbanization through economic corridor development.
- (iii) **Infrastructure and Economic Connectivity:** developing infrastructure networks to improve physical connectivity across borders and securing sustainable energy and facilitating energy trade.
- (iv) **Agriculture and Water:** promoting sustainable agricultural value chains, food security and effective transboundary water resource management.
- (v) **Human Development:** improving the quality of human capital and promoting labor mobility through cross-border education services and enhancing capacity to respond effectively to transboundary health risks.

⁶ The selection of the clusters was based on (i) high returns to regional approaches, transcending the returns to individual country efforts; (ii) alignment with the priorities of national development strategies and the international development goals; and (iii) strong comparative advantages of CAREC development partners in these clusters, or potential to build up their expertise rapidly to support member countries in these areas.

12. Additionally, the strategy includes three cross-cutting themes:

- (i) **Climate change:** promoting environmentally sustainable practices and building resilience to climate change impacts.
- (ii) **Information and communications technology:** developing digital infrastructure, digital transformation, connectivity and digital inclusion across the region.
- (iii) **Gender:** mainstreaming gender equality and women's economic empowerment as part of regional development objectives.

13. Since the endorsement of the *CAREC 2030 Strategy* in 2017, several sector and thematic strategies, frameworks, or agendas were also developed (Table 1). The strategies are meant to elaborate and implement the priorities under CAREC 2030. The adoption of these strategies is accompanied by the preparation of action plans, the conceptualization of investment projects and initiatives, and the establishment of committees, sector working groups, and expert groups to guide and monitor their implementation and report the progress to the Ministerial Conference through the Senior Officials or National Focal Points (NFPs) meeting. The expanded Program scope also significantly increased stakeholders' participation and became more inclusive to beneficiaries from small traders, women entrepreneurs, startups, university students, and border communities.⁷

Table 1: Thematic and Sector Strategies and Agenda under the CAREC 2030 Strategy

Cluster/Sector	Strategy	Endorsement
Infrastructure and Connectivity	CAREC Transport Strategy 2030	November 2019, Tashkent, 18th CAREC Ministerial Conference (MC)
	CAREC Energy Strategy 2030: Common Borders. Common Solutions. Common Energy Future	November 2019, Tashkent, 18th CAREC MC
Trade, Tourism, and Economic Corridors	CAREC Integrated Trade Agenda and Rolling Strategic Action Plan 2018–2020	November 2018, Ashgabat, 17th CAREC MC
	CAREC Tourism Strategy 2030	December 2020, 19th CAREC MC (virtual)
Agriculture and Water	Cooperation Framework for Agricultural Development and Food Security in the CAREC Region	November 2022, 21st CAREC MC (virtual)
Human Development	CAREC Health Strategy 2030	November 2021, 20th CAREC MC (virtual)
Cross-cutting Themes	Regional Action on Climate Change: A Vision for Central Asia Regional Economic Cooperation Program	November 2023, Tbilisi, 22nd CAREC MC
	CAREC Post-Pandemic Framework for a Green, Sustainable, and Inclusive Recovery	November 2022, 21st CAREC MC (virtual)
	CAREC Gender Strategy 2030: Inclusion, Empowerment, and Resilience for All	December 2020, 19th CAREC MC (virtual)
	CAREC Digital Strategy 2030: Accelerating Digital Transformation for Regional Competitiveness and Inclusive Growth	November 2021, 20th CAREC MC (virtual)

⁷ For example, the number of participants at various CAREC events increased from about 900 in 2017 to about 1,700 in 2023.

IV. CAREC 2030 STRATEGY MIDTERM REVIEW

A. Objectives and Methodology

14. The MTR assesses the progress made by the CAREC Program in supporting CAREC members' goals through regional cooperation by evaluating the first six years (2018–2023) of the *CAREC 2030 Strategy* implementation. The objective is to ensure the CAREC Program's continued success and maximize the impact on regional cooperation among its members.

Box 1: Highlights of Independent Evaluation of the Central Asia Regional Economic Cooperation (CAREC) Program (2022–2023)

Published in 2022, the [CAREC 2030 Development Effectiveness Review \(DER\) \(2017–2020\)](#) observed that the CAREC Program, in its initial three years under the *CAREC 2030 Strategy*, had established a solid foundation for regional cooperation. The DER concluded that robust structures for collaboration, strategic planning, and knowledge sharing had been created. It recognized the program's expansion into new sectors like agriculture, health, and economic stability, offering promising opportunities for member countries. The review also noted increased technical assistance projects focusing on long-term strategic goals. However, the DER also identified challenges, including limited tangible results in many sectors due to the early implementation stage. Data gaps in the results framework were observed, hindering a thorough assessment of progress. The lingering effects of the COVID-19 pandemic and limitations in the Secretariat's staff capacity to support the program's expansion were also acknowledged. Finally, the DER concluded that low private sector involvement presented an opportunity for further regional development. Overall, the DER recognized the CAREC Program's promise for enhancing regional cooperation and development in Central Asia. By addressing the identified challenges, the program could position itself to achieve its ambitious goals by 2030.

The 2023 Report on [Evaluation of ADB Support for the CAREC Program \(2011–2022\)](#) revealed considerable progress in boosting regional connectivity through infrastructure investments. To achieve the ambitious goals outlined in the *CAREC 2030 Strategy*, the report suggested that the program needs to address strategic challenges. Limited gains in competitiveness highlighted the need for broader reforms beyond infrastructure, focusing on areas like business environment and technology adoption. Streamlining time-consuming border crossings and fostering greater private sector involvement were considered crucial for long-term success. While the program is venturing into promising new areas like tourism and health, a robust monitoring framework is needed to track progress toward *CAREC 2030's* goals effectively. The report concluded that the program's future success hinges on strategically addressing these challenges and implementing reforms that enhance competitiveness, facilitate trade, and integrate climate change strategies. By doing so, the CAREC Program could position itself as a driving force for a sustainable and prosperous Central Asia.

Sources: ADB 2022. CAREC 2030 Development Effectiveness Review (2017–2020).; ADB 2023. Evaluation of ADB Support for the CAREC Program (2011–2022).

15. The MTR reviewed how each cluster or sector initiative contributes to overall regional objectives. Key trends and achievement of outputs and outcomes against the 2023 targets or, where available, key performance indicators under the [CAREC Program Results Framework](#) were considered (Appendix 1). The MTR considered CAREC Program documents including the

CAREC strategies, progress reports, Joint Ministerial Statements, and other sources.⁸ The MTR also leveraged the most recent evaluations of the CAREC Program (Box 1).

16. The MTR employed a consultative approach seeking feedback at various CAREC sector committees or working group meetings, the Senior Officials Meeting in Astana in May 2024, and the CAREC Institute's Advisory Council Meeting in Almaty in August 2024. Written questionnaires and verbal interviews with CAREC NFPs, Advisors to NFPs, regional cooperation coordinators, ADB management, CAREC sector focals from ADB, and other development partners were undertaken from January to October 2024. The draft MTR was considered at the virtual NFP consultation meeting on 15 October 2024. All comments and suggestions from CAREC countries were thoroughly considered in the revised MTR and detailed inputs and suggestions will be addressed in the MTR implementation action plan.

B. Context and Operating Environment

17. CAREC participating countries and development partners continue to value the unique platform the Program provides to foster inclusive economic development. Its commitment to practical, action-oriented projects and collaborative approach helps CAREC yield tangible economic benefits for its member countries and their people. While CAREC boasts a strong legacy, the Program must adapt to the evolving global and regional landscape and emerging challenges of the 21st century, including:

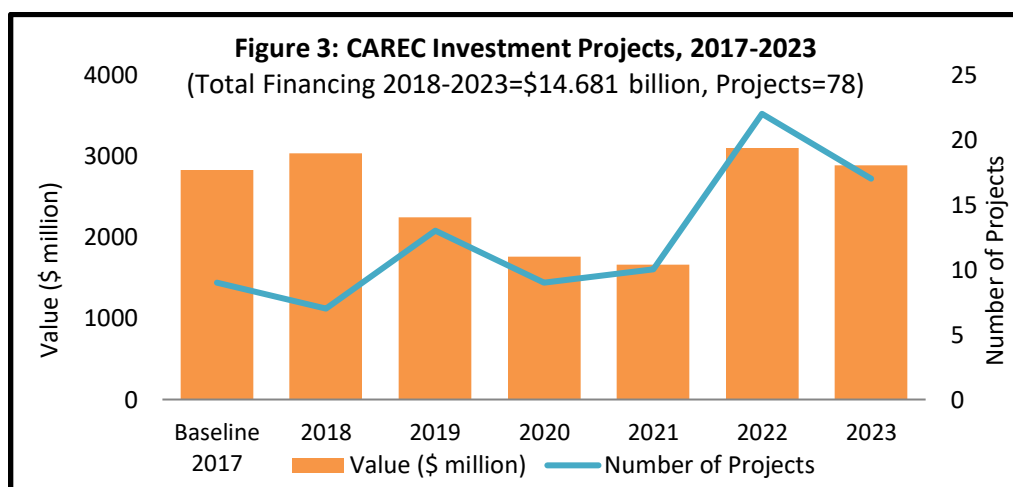
- **Responding to diversity:** CAREC's current diverse membership spans several geographical regions, including Central Asia, South Caucasus, East Asia, and South Asia—each bringing unique interests, priorities, and developmental needs to the table. This diversity can both enrich and complicate the program's focus and ownership and necessitates a nuanced approach that recognizes distinct needs while creating a consensus.
- **Building resilience to future pandemics:** The COVID-19 outbreak which started in December 2019 and became a pandemic in 2020 underscored vulnerabilities in regional economies and health systems. The pandemic also severely affected the implementation of the CAREC Program activities. Adopting robust regional health security, including through early warning systems and economic resilience mechanisms, is crucial for sustainable post-pandemic development.
- **Navigating geopolitical developments:** Regional dynamics, including those surrounding Afghanistan since August 2021, the prolonged Russia's war in Ukraine, and conflicts in the Red Sea and in the Middle East, have disrupted supply chains and trade routes and presented downside risks to economic stability and even food security.
- **Addressing climate change:** Recent years have witnessed severe impacts of climate change—devastating floods, excessive heat, droughts, and scarce water resources—which result in dire socioeconomic consequences. Urgent regional action is required, including supporting a *just energy transition*, climate-smart development, disaster risk management and water resources management.

⁸ These included sector progress reports, sector strategies, project completion and project evaluation reports, corridor performance measurement and monitoring (CPMM) reports, data on program results framework, and other relevant literature and global databases.

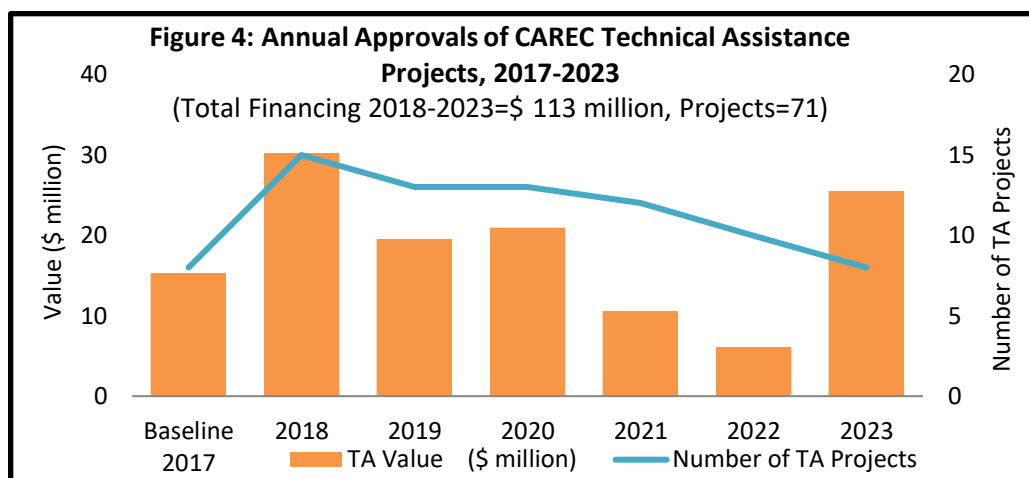
C. Findings

18. The CAREC Program mobilizes financing for investment projects and technical assistance from ADB resources and with support from CAREC development partners and governments. During the review period (2018–2023), new investments amounted to almost \$14.7 billion, constituting nearly 29% of the cumulative investment since 2001. More than two-thirds of CAREC investments in 2018–2023 were in three countries: Uzbekistan (41.9%), Georgia (17.6%) and Tajikistan (9.0%), comprising energy and road infrastructure development or rehabilitation projects. Governments and development partners focused on pandemic responses and programs—e.g., COVID-19 Pandemic Response Option or Building Resilience with Active Countercyclical Expenditures (BRACE) Program—which were not tagged as CAREC Projects,⁹ explaining the decline in CAREC sector-specific investment in 2020 and 2021 (Figure 3). However, investment is bouncing back to the pre-pandemic level, largely due to increased contributions by other development partners.

19. Over the past six years, 71 technical assistance projects mostly financed by ADB valued at \$113.04 million were approved. In line with the *projects++* approach under the *CAREC 2030 Strategy*, most technical assistance projects focus on capacity building, policy dialogues, project preparation, and knowledge products and services. Excluding the traditional sectors of transport, energy and trade, 26 (or 37% of 71) technical assistance projects focus on new and cross-cutting areas (Figure 4 and Appendix 1-Table 4).



⁹ A CAREC project is one which promotes collaboration between two or more CAREC member countries and is expected to generate economic benefits for more than one country in the CAREC region. A CAREC project may be a single-country or multi-country project, which should promote the CAREC 2030 strategy and the related sector strategies and/or action plans and contribute to the objectives of the CAREC Program.



Economic and Financial Stability Cluster

20. The *CAREC 2030 Strategy* introduced this new cluster aimed at increasing regional macroeconomic stability, improved investment, and financial integration. To pursue these long-term outcomes, high-level forums (HLFs) or policy dialogues were convened under the cluster to discuss issues that pose risks to the region's economic and financial stability (e.g., the COVID-19 pandemic, climate change, and geopolitical tensions).¹⁰ The HLFs are connecting leadership and sharing best practices and experience among senior officials from central banks, other financial regulatory authorities, and ministry of finance from member countries and development partners (ADB, IMF and World Bank). Such knowledge-sharing platforms aim to help CAREC members to respond to existing and emerging risks to the financial system. The extent to which these dialogues have enhanced the capacity or contributed to policy or actions to respond to external shocks to financial systems is yet to be assessed.

Trade, Tourism, and Economic Corridors

21. The first sector-specific strategy developed under the broader *CAREC 2030* strategy was the [CAREC Integrated Trade Agenda \(CITA\) 2030](#), which supports CAREC members to integrate further into the global economy through trade expansion from increased market access, greater diversification, and stronger trade institutions. It established an institutional mechanism¹¹ to bring relevant trade agencies together to prioritize interventions, from projects, policy dialogues, and knowledge products and services, through a three-year rolling strategic action plan that is updated annually.

22. Five trade-related projects valued at \$759 million were approved between 2018–2023, improving the trade sector's share to 5% of the total CAREC project portfolio (compared to 3.6%

¹⁰ The recent examples of HLFs include Mobilizing Taxes for Development and Decarbonization in the CAREC Region (February 2023, Tbilisi); Climate Change Risks to Financial Stability in the CAREC Region (June 2023, Tbilisi); and the Capital Markets Regulators' Forum (October to November 2023, Almaty). In addition, the World Bank identified four investment projects approved in 2022–2023 in the Kyrgyz Republic, Tajikistan, and Uzbekistan supporting economic development and financial reforms under this cluster.

¹¹ Comprising the Regional Trade Group (RTG), the Customs Cooperation Committee (CCC) and the Regional Working Group on Sanitary and Phytosanitary Measures (SPS RWG) under the overall strategic direction of the Ministerial Conference and oversight from the Senior Officials Meeting.

in 2011-2021). Most recent projects approved include the Border Efficiency for Sustainable Trade project, the Developing Economic Cooperation Zone project (both in Mongolia), and the Inner Mongolia Sustainable Cross-Border Development Investment Program for the PRC. In addition, 13 technical assistance projects amounting to \$20.5 million were approved during the review period, accounting for one-fifth of the TA portfolio in terms of value.

23. The Regional Improvement of Border Services (RIBS) projects in Kyrgyz Republic, Mongolia, Tajikistan, and Pakistan supported these countries in upgrading their border infrastructure, facilities and systems, and established national single window (NSW) system for some. The NSW increased visibility of trade operations resulting to improved compliance and customs revenue collection.¹² Azerbaijan, Georgia, and Uzbekistan are accelerating the testing phase of the prototype for CAREC Advanced Transit System (CATS) and Information Common Exchange initiative since signing the CATS Memorandum of Understanding in October 2023.

24. Beyond physical infrastructure development, substantial progress has been achieved in the soft component, i.e., improving capacities and supporting reforms to align with international standards and best practices. A key aspect is the support to World Trade Organization (WTO) accession of three remaining CAREC members (Azerbaijan, Turkmenistan, and Uzbekistan). CAREC remained committed to implementing the *WTO Trade Facilitation Agreement* (TFA)¹³ and has acceded to key international agreements crucial for trade.¹⁴ CAREC members also started leveraging global solutions to facilitate trade and digitizing trade processes.¹⁵ Uzbekistan and Pakistan have successfully integrated into the *global ePhyto* solutions and are exchanging electronic sanitary and phytosanitary certificates, with other members in the onboarding process. Countries are also piloting emerging technologies with support from the CAREC Program, such as robotic process automation or artificial intelligence (AI) for Georgia's trade procedures and blockchain or digital ledger technology for Mongolia's electronic certificates of origin, with potential to scale up or be replicated in other CAREC countries.

25. The [CAREC Tourism Strategy 2030](#) aims to develop sustainable, safe and inclusive tourism. While the COVID-19 pandemic has significantly disrupted regional tourism and the implementation of the strategy, tourism remains a regional development priority. Key milestones include the launch of the CAREC tourism portal ([Visit the Silk Road](#)), the conceptualization of four projects included in the regional tourism investment framework 2021-2025, pilot projects to develop Tourism Satellite Accounts in Tajikistan and the Kyrgyz Republic, and the support for the development of the Almaty–Issyk Kul tourism cluster under the *Almaty-Bishkek Economic*

¹² For Kyrgyz Republic and Tajikistan, the target reduction of time and cost to cross the border by 30% in 2020 was [achieved](#). The project completion report reported that the projected economic benefits from the Kyrgyz Republic and Tajikistan project cannot be fully realized due to border issues since April 2021 and until they are fully resolved.

¹³ The WTO implementation rate is 100% for five WTO members (the PRC, Georgia, Kazakhstan, Kyrgyz Republic, and Tajikistan), 97.5% for Pakistan, and 85.3% for Mongolia.

¹⁴ Azerbaijan, PRC, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan already signed or acceded to the *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*; while Azerbaijan, Mongolia, and the PRC are Parties to the *UN Convention on the Use of Electronic Communications in International Contracts*.

¹⁵ For example, the completed [CAREC TA on Modernizing Sanitary and Phytosanitary Measures \(SPS\) for Trade](#) (implemented from 2019 to 2023) reached about 2,238 stakeholders including border personnel, of which, 43% are specialists, 34% are policymakers, 19% are inspectors, and 4% are from the private sector and academe. Survey shows (on average), 93% of respondents reported improved understanding of SPS measures; 76% reported capacity building activities supported compliance with international SPS requirements to expand market access; 58% reported trainings on risk assessment contributed to streamlining border inspection and documentary requirements for goods subject to SPS inspection.

Corridor. Although four CAREC countries (Azerbaijan, the PRC, Georgia and Kazakhstan) are among the top 70 of the Global Travel and Tourism Competitiveness Index, there remains potential to develop regional tourism. The working group on tourism is discussing the establishment and financing of a regional tourism coordination office.

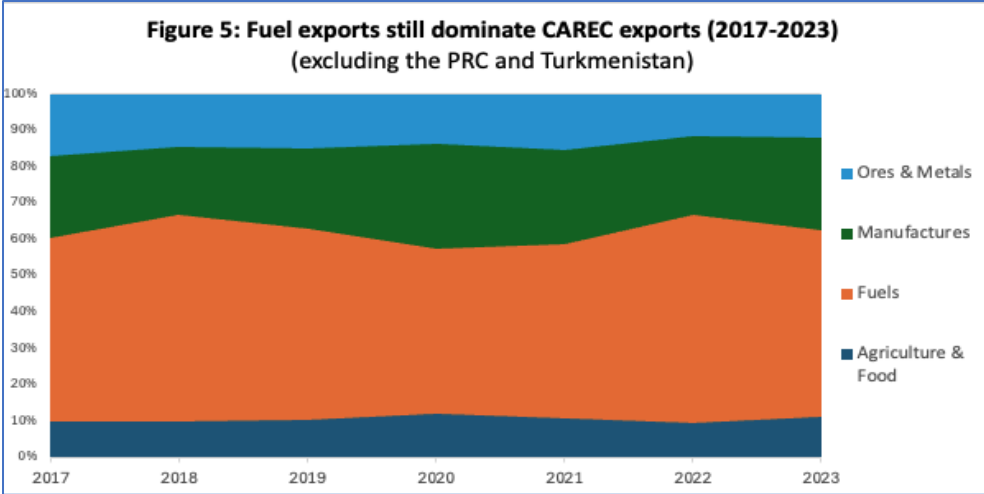
26. The Almaty-Bishkek Economic Corridor ([ABEC](#)) is a pilot spatial economic corridor development under the CAREC Program supported since 2014.¹⁶ The pilot aims to unify the two city regions of Kazakhstan and the Kyrgyz Republic into a single economic space, fostering the rapid exchange of ideas and the seamless movement of goods and people. Several initiatives were launched, including: the modernization of priority border crossing points is responding to increasing traffic and trade between both countries; the preparation of a tourism master plan, which supported the design of the investment projects connecting Almaty, Kazakhstan with Lake Issyk-Kul, the Kyrgyz Republic; cooperation in health laboratories to prevent future pandemics; and supporting the Clean Air Action Plans for Almaty and Bishkek, with the installation of air quality monitoring sensors to equip officials to effectively measure the impact of air quality improvement initiatives. The lessons from ABEC's 10th year of implementation underscores the complexities of applying a multi-country spatial development approach.¹⁷ Another pilot economic corridor development (ECD) is the *Shymkent-Tashkent-Khujand Economic Corridor (STKEC)* for Kazakhstan, Uzbekistan, Tajikistan. Initial steps on the [roadmap](#) prepared for STKEC development were undertaken but delayed due to changed national circumstances and commitments. CAREC has been building awareness on ECD concept and its integration in national development strategies to enhance connectivity, trade and economic activity within the region.

27. **Assessing CAREC's trade performance.** Merchandise exports among CAREC countries (excluding the PRC) almost doubled from \$9.6 billion in 2017 to \$18.6 billion in 2023 (see Appendix Table 1.8). Diversification in the CAREC economies shows modest improvement, with CAREC trade in non-fuels as a percentage of GDP surpassing the pre-pandemic levels.¹⁸ Comparing 2017 (baseline) and available data for 2023, fuel exports still dominate CAREC exports accounting for 51% (Figure 5). However, the share of agriculture and food increased from 9.8% to 11% and manufactures from 22.9% to 25.4% from 2017 to 2023, indicating modest diversification in merchandise exports in the region. Meanwhile, the pandemic induced a reduction in travel, tourism, education, and other services, resulting in a shrinking of CAREC service exports. While data is not yet available, the rise in the gig economy, recovery in the tourism sector, and increased digitalization of services are expected to expand trade in services in the CAREC region.

¹⁶ Economic corridor development (ECD) is a spatial or area-based concept—a process of widening, deepening, and integrating economic activities in a spatially targeted area by integrating the provision of diverse “hard”- and “soft” infrastructure, sound economic incentives to attract private firms and investments, the development of markets, and strengthened institutions and regulations to support increased economic activities and density. The direct outcome of ECD includes a region more competitive in attracting investments (including foreign direct investment), developing entrepreneurship, and attracting a skilled workforce. See [Economic Corridor Development: From Conceptual Framework to Practical Implementation—Guidance Note \(adb.org\)](#).

¹⁷ IED. 2024. *TCR Validation Report: Almaty-Bishkek Economic Corridor Support*. (TA 9487)

¹⁸ CAREC Secretariat. CAREC Trade Sector Report (June 2023–Mar 2024).



Source: Estimates based on <https://comtradeplus.un.org>.

Infrastructure and Economic Connectivity

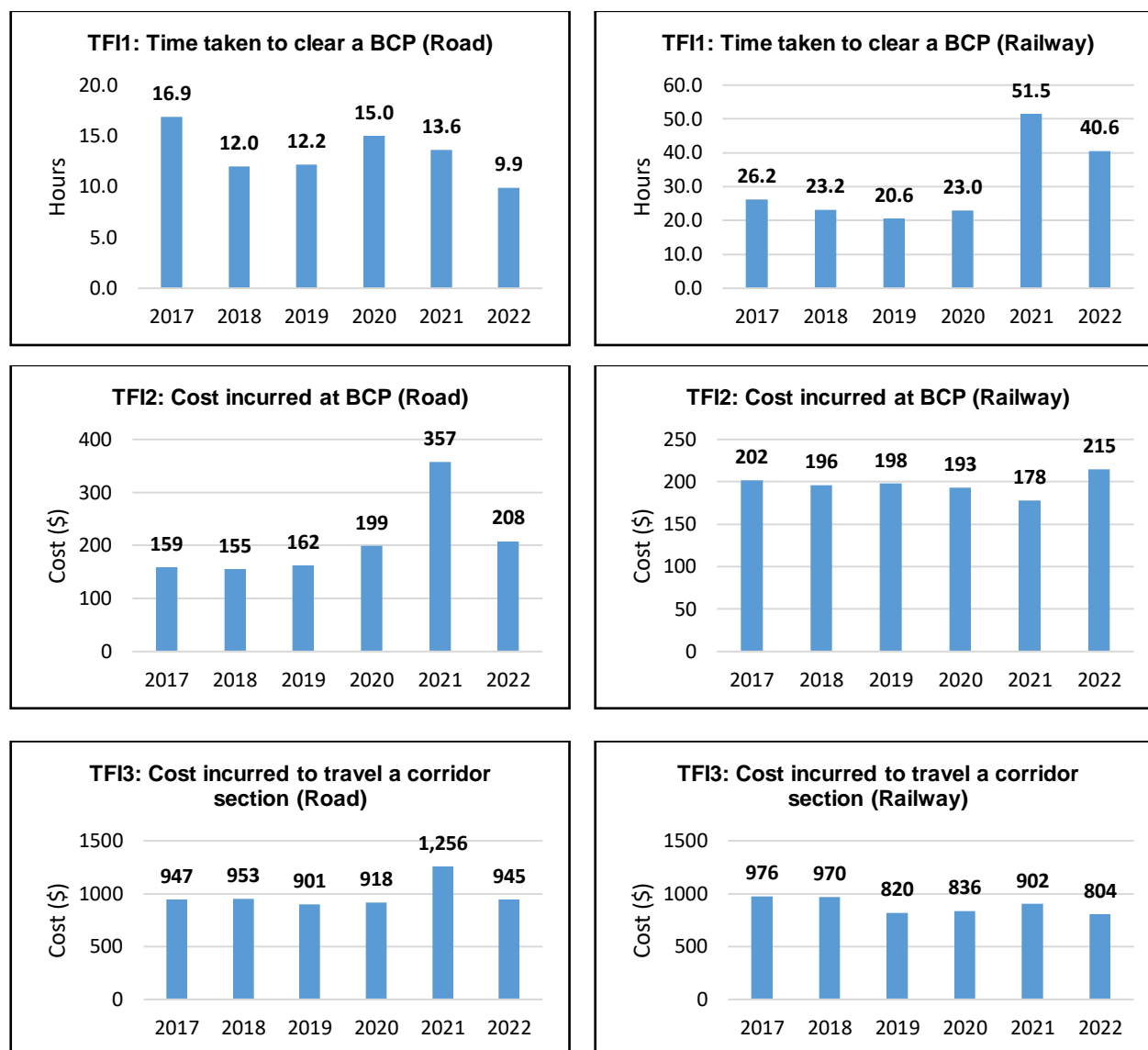
28. This cluster has the largest investment project share, focused on enhancing connectivity, efficiency, and sustainability of regional transport and energy infrastructure to improve regional economic competitiveness. The [CAREC Transport Strategy 2030](#) works in conjunction with the [CITA 2030](#) to enable the efficient movement of goods and people through a safe multimodal corridor network comprising roads, railways, aviation services, ports, multimodal logistics hubs, and improved border crossing facilities and services within the region and with the rest of the world. Cumulatively, CAREC has invested nearly \$34.65 billion up to December 2023 in 160 transport projects, of which 33 projects valued at \$8 billion were approved in 2018-2023. Since then, regional transport connectivity improved—an estimated 1,600 kms of roads were built and rehabilitated from 2018 to 2022 based on available data sources from ADB.

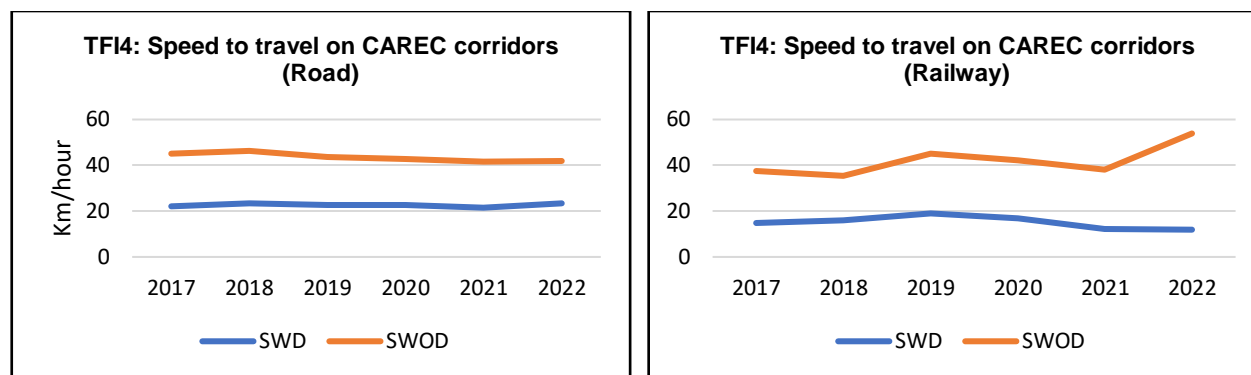
29. **Corridor performance.** The [CAREC Corridor Performance Measurement and Monitoring \(CPMM\)](#) is an empirical tool—developed and maintained by the ADB—designed to assess the efficiency of the CAREC six priority transport corridors using actual time and cost data collected by private sector transport associations (Figure 6). Progress in reducing border crossing time and costs at border crossing points (BCPs) is mixed. Data from CPMM shows delays at BCP for goods transported by road have reduced considerably—from 16.9 hours in 2017 to 9.9 hours in 2022—but costs incurred at BCPs increased from \$159 to \$208 during this period. Analyzing the CPMM data, ADB staff suggests focusing efforts on reducing border crossing time and cost in countries to drive the regional average and improve overall corridor performance.

30. ADB staff’s initial analysis of the CPMM data also concludes that travel speed without delay (SWOD) across the six CAREC corridors decreased marginally for road corridors but improved for rail transportation since 2017. Based on CPMM, the average speed of trucks without delays at border crossings and checkpoints on the road corridor decreased from 45 kilometers per hour (km/hr) in 2017 to 42 km/hr in 2022. However, the regional average hides the positive performance of individual corridors, notably Corridors 1 and 4, where average SWOD increased to 64.4 km/hr and 52.9 km/hr, respectively from 2017 to 2022. Meanwhile, overall rail traffic speed without delay shows considerable improvement, from 37.6 km/hr to 53.9 km/hr. Compared to road, border clearing time is almost four times higher for rail, mainly because of changing gauges, waiting for priority trains to pass, and customs controls. CAREC may need to focus more on

improving BCP services for rail traffic to leverage the investments in rail infrastructure. The advantages that railways offer compared to roads for the movement of goods (i.e., lower cost and carbon emission), as well as the limits to further improvement in road travel speed, make a strong case to prioritize the development of the railways in the CAREC corridors ([A Railway Strategy for CAREC: 2017–2030](#)).

Figure 6: Progress on CAREC Transport Sector Indicators: 2018–2023





BCP = border crossing point; SWD = speed with delay; SWOD = speed without delay; TFI = trade facilitation indicator.

Source: ADB estimates. <https://cpmm.carecprogram.org/data/>

31. The corridor-based approach to cross-border transport and prioritization of transport project in six CAREC corridors dates to 2012.¹⁹ The increasing transport and logistics costs and uncertainties amid current and emerging challenges including supply chain disruptions and threats to climate change require a review of the corridors and priority projects thereof.

32. The [CAREC Energy Strategy 2030](#) is inspired by the vision of achieving a reliable, sustainable, resilient, and reformed energy market in the CAREC region by 2030 where electricity network and gas pipeline system allow energy to be traded across borders at competitive prices. Energy maintains the second largest share of the CAREC portfolio with approval of 16 new energy projects amounting to \$3.5 billion in 2018-2023, comprising transmission lines within and between countries, establishing or upgrading grid stations, synchronizing power grid between countries, and increasing generation capacity.

33. CAREC support has contributed to increased physical connectivity for power transmission in the region, particularly in the Central Asia Power System (CAPS) countries, namely: Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. A project approved for Tajikistan in 2018 is supporting the power exchange between Tajikistan and Uzbekistan and the reconnection of Tajikistan with the CAPS.²⁰ Under the Kyrgyz Republic Power Sector Improvement Project, the rehabilitation of 118 sub-stations and linking of major sub-stations improved efficiency and reliability of national and regional power supply.²¹

34. Energy connectivity is likely to increase further once ongoing projects are completed or continued. Energy flows in the CAPS among Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan increased almost fivefold from 583 gigawatt-hours in 2016 to 2,659 gigawatt-hours in

¹⁹ This was updated with then *CAREC Transport and Trade Facilitation Strategy* under the CAREC 2020 Strategy.

²⁰ Central Asia Power System (CAPS) is a regional power transmission network created during the Soviet period. The disconnection of Tajikistan from Uzbekistan in 2009 limited the efficiency of the CAPS. In 2020, the Regional Power Transmission Project in Tajikistan upgraded high-voltage transmission network for regional trade through construction of three new 22 kV transmission lines, rehabilitation of five substations and equipment upgrading at 44 substations. The rehabilitation works at Regar substation and Baipaza switchyard significantly increased the reliability of power supply to the neighboring Uzbekistan while the work on Geran–Rumi component contributed to increased electricity supply to Afghanistan and to the southern region of Tajikistan. IED. 2022. *Validation Report: Regional Power Transmission Project in Tajikistan*. Manila (Grant 0213).

²¹ ADB. 2020. *Project Completion Report: Kyrgyz Republic Power Sector Improvement Project*. (Grant 0218).

2018.²² Data from recent years shows Tajikistan's export to Uzbekistan declined slightly from 1,147 gigawatt-hours in 2021 to 908 gigawatt-hours in 2023 whereas Turkmenistan's export to Uzbekistan and Kyrgyz Republic increased from 4,708 gigawatt-hours to 5,785 gigawatt-hours during the same period.²³

35. However, expanding energy trade beyond the CAPS countries presents challenges. Since 2021, the situation in Afghanistan has affected three cross-border electricity interconnection initiatives (TUTAP, TAP, and CASA-1000).²⁴ The inefficiencies and financial crisis in the power sector in Pakistan are another constraint. In pursuit of regional energy connectivity, CAREC is at the planning stage of establishing the Central Asia Transmission Cooperation Association (CATCA), a platform for regional power network planning open to all CAREC member countries. It aims to change the country-level transmission system planning mindset to a regional one to optimize regional or multi-country transmission plans.

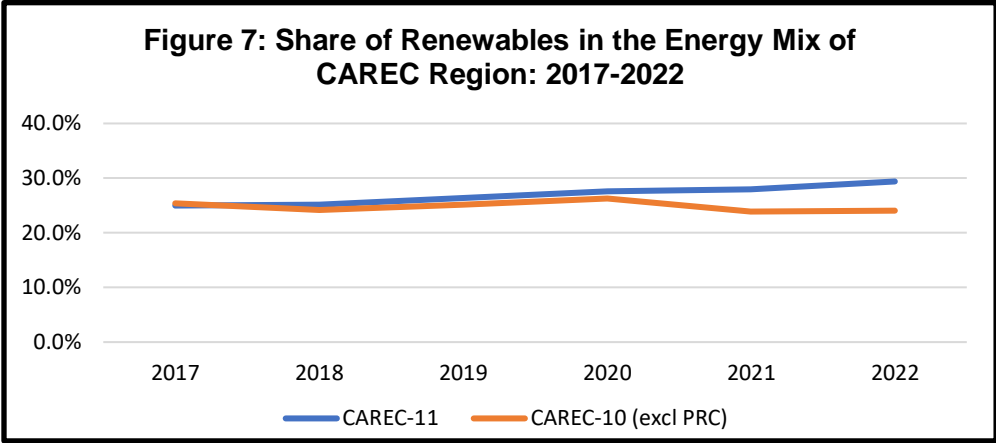
36. **Share of renewables in the energy mix in the CAREC region.** Overall, the share of renewables in the energy mix in the CAREC region increased from 25% in 2017 to 29% in 2022 (Figure 7). This increase is mainly driven by the sizeable expansion in the use of renewable sources for power generation by the People's Republic of China. Excluding the PRC, the CAREC region shows a slight decrease (of about 1%) in the share of renewables, but four countries (Kazakhstan, Mongolia, Pakistan, and Tajikistan) have improved this share. The outlook for renewable energy in CAREC looks positive. Examples are investment projects aimed at augmenting generation and transmission capacity through the rehabilitation of aging hydropower plants and transmission networks in Tajikistan and the Kyrgyz Republic.²⁵ In June 2024, government officials from CAREC countries joined a study mission to Norway and Denmark to learn about innovative solutions in integrating energy systems and efficient power trading. Knowledge and experience sharing in regional energy will help accelerate the transition towards sustainable energy.

²² ADB 2020. [TA Report: Fostering Expanded Regional Electricity and Gas Interconnection and Trade under the CAREC Energy Strategy](#). (KSTA Project No. 54019-001).

²³ Source: [Cooperation within the Central Asia Unified Power System](#); Presentation at the 34th Energy Sector Coordinating Committee Meeting. April 2024.

²⁴ The Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) initiative includes projects intended to export power thermal and gas-fired plants in Uzbekistan and Turkmenistan as well as hydro plants in Tajikistan to the Afghanistan grid and export surplus power from Uzbekistan and Turkmenistan (via Afghanistan) to Pakistan and Tajikistan. The Turkmenistan-Afghanistan-Pakistan (TAP) power interconnection project to export Turkmenistan power into Afghanistan and Pakistan was put on hold due to the situation in Pakistan, excess capacity, and circular debt issues. The Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000) is a World Bank-funded regional power interconnection project to facilitate the transfer of 1,300 MW of surplus renewable (hydro) power from Tajikistan and the Kyrgyz Republic to Afghanistan and Pakistan (CASA-1000 was not included in CAREC project database). The World Bank [announced](#) a "ring-fenced resumption" of its work on the CASA-1000 project in February 2024.

²⁵ These include the Rehabilitation of the Nurek Hydro Power Project (Ph I and Ph II) and the Golovnaya 240-Megawatt Hydro Power Plant Rehabilitation Project in Tajikistan. Projects in the Kyrgyz Republic include the Uch-Kugen Hydro Plant Modernization and Commissioning of the Second Hydro Generation Unit of Kambarata HPP-2. The latter would result in an increase in the volume of power generation up to 1.019 GWh, of which 0.864 GWh in the spring and summer periods and up to 0.155 GWh in the autumn and winter periods.



Source: IRENASTAT Online Data Query Tool, accessed on 31 Aug 2024
https://pxweb.irena.org/pxweb/en/IRENASTAT/_H2.px/table/tableViewLayout1/

Agriculture and Water

37. In 2020, the [Cooperation Framework for Agricultural Development and Food Security in the CAREC Region](#) was endorsed to support the development of productive, resilient, and sustainable agriculture by prioritizing and guiding CAREC activities related to agricultural development and food security. To help implement this framework and its priority activities, ADB endorsed a new regional TA in December 2023. The TA inception meeting is planned in November 2024 to discuss the TA work plan and support for country and regional initiatives, including establishing a CAREC Working Group on Agricultural Development and Food Security.

38. It is important to note that cooperation for agriculture development has been undertaken early on, including the support for alignment of sanitary and phytosanitary measures (SPS) with international standards and transboundary animal disease control critical for integrating CAREC countries into regional and global agricultural value chains (footnote 14). Another CAREC TA enhanced the capacity to strengthen food safety regulations and testing and inspection facilities and supported the adoption of international food safety standards among agricultural value chains in five Central Asian countries and Azerbaijan to facilitate the export of primary and processed food products to external markets.²⁶ Harmonization of policies, measures and standards across the CAREC members would bring tremendous benefit to a region—where agriculture exports comprise 13% of total merchandise exports, the agriculture sector contributes to global production of major agricultural commodities and employs around one-third of CAREC employment. However, this would require improved compliance with the WTO agreement and international standard-setting bodies and capacities to modernize the region’s agricultural productive capacity.

39. The CAREC’s Water Pillar provides the framework for regional cooperation on water on three blocks: (i) climate resilient and productive water systems, (ii) sustainable water resources and services, and (iii) nexus solutions and cross-sector learning. Initially focusing on five CAREC countries located in the Aral Sea Basin—namely, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan—the scope is expected to expand gradually to cover other CAREC countries. In June 2024, the first meeting of the CAREC Water Pillar Working Group considered potential areas of investment under the Water Pillar, including concepts for (i) climate-adaptive

²⁶ ADB 2022. [TA Completion Report: Strengthening International Food Safety Standards in Agricultural Value Chains in the CAREC Member Countries.](#)

infrastructure projects that bring benefits to more than one country, e.g., on water security and irrigation efficiency; and (ii) automated monitoring systems and digital transformation as a means of promoting more evidence-based management procedures.²⁷

40. Given the importance of this cluster and its potential to contribute to regional public goods, there is a need to accelerate the implementation of the agriculture and water sectors and to coordinate better with other developing partners such as the World Bank and related programs (e.g., Central Asia Water and Energy Program) to create synergies and minimize duplication.

Human Development

41. The [CAREC Health Strategy 2030](#), endorsed in 2021, provides a common framework for a regional approach to addressing public health threats, particularly pandemic, communicable, and chronic infectious diseases, that quickly cross borders. The [CAREC Regional Investment Framework for Health: 2022-2027](#) (RIF) was developed to build a pipeline of regional projects and initiatives under the four strategic pillars of the health strategy to be implemented during its initial five years, supported by a regional TA.²⁸

42. CAREC has established the institutional platform—the Working Group on Health (WGH)—for regional health cooperation and enhanced member countries' capacity to jointly respond to regional health threats. Activities implemented since 2021 to 2024 include (i) dialogues among drug regulatory authorities on ensuring the quality of imported medicines, (ii) sharing of monthly epidemiological data of seven border districts by Georgia and Azerbaijan, (iii) webinars for strengthening drug regulatory capacity and collaborative procurement, and (iv) support on establishment of regional mechanisms for health procurement and supply chain.

43. In 2019, a scoping study on education and skills development identified opportunities for collaboration among member countries to harmonize education and skills standards, enhance student and worker mobility, strengthen labor market information and movement, and facilitate knowledge exchange. In 2021, a new TA on skills development and education was approved with preparatory work, including harmonizing and standardizing higher education and technical and vocational education and training. While progress has been minimal, in 2024, the scope of the TA was revised to focus on developing regional green skills for emerging climate challenges.

Cross-cutting Themes

44. **Climate change mitigation and adaptation.** At the 22nd CAREC MC in November 2023, CAREC members endorsed the [Regional Action on Climate Change: A Vision for CAREC](#) (CAREC Climate Change Vision). The Vision aims to help CAREC countries implement their commitments under the Paris Agreement and achieve the SDGs by promoting regional actions for energy transition, decarbonization, innovative financing solutions, and climate-resilient infrastructure and policies. The Climate Change Working Group is preparing the CAREC Climate Change Action Plan for Ministers' endorsement in November 2024 and identified priority regional projects and activities. The establishment of the Climate and Sustainability Project Preparatory Fund (CSPPF)—a multi-donor trust fund to be managed by ADB—was approved by ADB in

²⁷ Several of the initiatives referred to proposed projects under the Aral Sea Basin Programme 4 of the International Fund for Saving the Aral Sea (IFAS). In parallel, consultations were held with the national designated authorities of the Green Climate Fund from CAREC countries to formulate a major new initiative on Glaciers to Farms (G2F).

²⁸ ADB. [Addressing Regional Health Threats in CAREC and the Caucasus](#). July 2020.

October 2024, to help address and narrow CAREC countries' financing gaps in achieving climate change goals and SDGs through supporting the preparation of bankable climate- and SDG-related regional projects.

45. **Disaster risk management and financing.** CAREC has supported its member countries to improve their capacity on disaster risk financing (DRF) and enhance its public sector budget resilience against disaster events through regional collaboration. A [Road Map to Developing a Regional Risk Transfer for CAREC](#) was completed in 2023. The Road Map provides key considerations and next steps for the establishment of a regional risk pool that complements national disaster risk management initiatives while providing additional benefits such as broader risk diversification, lower operational costs, greater access to international reinsurance and capital markets, and a coordinated approach to risk analysis and modeling. A [Joint Statement](#) was endorsed at the CAREC Ministerial Conference in November 2023, in which CAREC countries expressed their interest and requested ADB's support to advance further and implement the proposed regional DRF solutions, including a pilot disaster relief (cat) bond for Tajikistan and the Kyrgyz Republic.²⁹ The next phase of support for disaster risk management in CAREC countries is in its planning stages and is expected to be approved in Q4 2024.

46. **Digital connectivity.** The unprecedented challenges posed by the COVID-19 pandemic necessitated the transition to a *Virtual CAREC* and increased the capacity of CAREC members to adapt to the emergence of disruptive technology. In 2021, the [CAREC Digital Strategy 2030](#) was endorsed as a catalyst for regional cooperation on digital technologies. Activities under this theme were limited to TA activities that aim to support the startup ecosystems in CAREC countries, such as establishing the CAREC Innovation Network, a series of CAREC innovation-decoded workshops, startup boot camps, university exchange programs and startup challenges, and business angel networks. The theme focused on knowledge-sharing and expanding networks in digital space to create an innovation ecosystem. As a cross-cutting theme, CAREC sectors must leverage digitalization and the use of ICT to pursue CAREC sector-specific priorities while simultaneously catalyzing solutions to achieve climate priorities. This includes not only the digitization of trade processes and cross-border paperless trade but also technological transfer in the energy sector (as well as the potential for low-carbon mobility and logistical solutions); innovation and digitalization technologies in the agriculture sector; and development of climate-smart cities reliance on "circular economy" measures (including recycling of plastic, batteries, and electronic equipment).

47. **Gender mainstreaming.** The [CAREC Gender Strategy 2030](#) endorsed in 2020, provides strategic guidelines for mainstreaming gender into CAREC operations. In 2022, CAREC formed the Regional Gender Expert Group (RGEG) to guide the implementation of the Strategy and initiated initiatives such as CAREC Women Business Forum and CAREC Gender Awards to recognize individuals and organizations making significant contributions to gender equality. Activities to mainstream gender equality and women economic empowerment in CAREC operations could be expanded.

²⁹ These are ADB's category A countries in the CAREC region eligible to receive support from the Asian Development Fund (ADF). As part of the 14th ADF Replenishment, the Crisis Response Window includes provisions to allow the use of funds to subsidize countries' premiums in disaster risk transfer instruments such as disaster relief bonds. All CAREC countries will be observers of the pilot issuance process. At a later stage, it may be possible to extend the delivery of this new modality to a broader group of countries, either on an individual or a regional basis, self-funded or subsidized.

CAREC Institute

48. CAREC Institute (CI) is an intergovernmental organization mandated to contribute to the CAREC Program through research, capacity building and knowledge management services. Since its inception, the CI has established physical structure in Urumqi, the PRC, hosted flagship events, generated knowledge products, delivered capacity building trainings and fostered partnerships and alliances with leading regional and global institutions. However, the CI continues to face challenges related to its strategy, operational focus, financial sustainability, quality of knowledge products, attraction and retention of best talent, and governance and management structure. To effectively contribute to the CAREC Program's strategies and respond to member countries' growing knowledge needs, the CI needs to recalibrate its strategic focus and introduce comprehensive reforms in its human resources and financial sustainability approaches, and management and governance structure (Appendix 3).

Implementation Mechanism

49. **Institutional structure.** Under the *CAREC 2030 Strategy*, the program continues to provide a valuable platform for regional cooperation. CAREC's expanded institutional structure (i.e., combining leadership at ministerial level and technical working levels) and its open and inclusive format are contributing immensely to increased awareness and better appreciation of issues of regional significance. Stakeholders interviewed during the independent review of ADB's support to CAREC (Box 1) indicated that the Program has the appropriate institutional setup, strategies and instruments and that CAREC member countries and development partners recognize the value-addition of CAREC policy dialogues and institution-building.³⁰ However, the increased number of working groups and committees—including three-fold increase of sector meetings from 16 in 2017 to 56 in 2023—also increased the demand for coordination of activities and actors and competition for resources.

50. **Results framework.** The [CAREC 2030 Program Results Framework](#) provides an overarching frame for monitoring progress on the Program. However, there are significant gaps in the Program's result monitoring system. For example, the results chain of most sectors has gaps between the identified outputs and outcomes because intermediate outcomes that could credibly be linked to CAREC interventions are not defined.³¹ Several outputs and outcomes lack appropriate indicators and targets, and there are gaps in systematic data collection on indicators. This makes it challenging to report on how CAREC operations have contributed or would contribute to achieving expected results and whether progress is on track.

Key achievements and value addition

51. Since the launch of the CAREC 2030 Strategy, CAREC Program has strengthened its position as a **multi-sector regional cooperation platform** under its broadened operational scope. Its most significant value lies in providing a structured environment that has facilitated collaboration across national borders, enabling member countries to address shared challenges and capitalize on opportunities that would be difficult or inefficient to pursue individually. Its contributions are particularly significant in areas requiring coordinated action, such as trade

³⁰ IED 2023. *Evaluation of ADB Support for the CAREC Program, 2011-2021*.

³¹ For example, since outcomes for economic and financial stability, trade, and water sectors are highly ambitious and broad, the contribution of the corresponding outputs to their achievement can at best be marginal.

facilitation, energy connectivity, and transport infrastructure. It has been a unique and valuable source of knowledge, policy influence, and capacity building for the region.

52. CAREC has made notable progress in enhancing transport and energy connectivity in the region through substantial investment financing and technical assistance to improve road, railways, and energy infrastructure and operations. Traffic volumes have grown as merchandise exports among CAREC countries (excluding the PRC) have doubled in terms of value since 2017. Despite setbacks in the plans for electricity and gas exports from Central Asia to South Asia, ongoing energy projects within the subregion are expected to increase future energy exports, including in terms of renewables.

53. Investment in physical infrastructure has improved regional transport connectivity, but significant soft-infrastructure barriers remain, including still outdated customs procedures, stringent trade regulations, and inefficiencies at border crossing points. Progress in trade integration and trade diversification has been modest. While intra-CAREC trade (excluding the PRC) doubled in value, its share in total CAREC trade remains low, keeping the region among the least integrated globally. Trade diversification has increased, with a growing share of non-fuel trade, but the product mix still largely consists of primary or low-value-added goods such as agriculture, food products, ores, and metals. Trade in services suffered setbacks due to the pandemic, and its share of GDP is well below the 2023 target.

54. CAREC Program's support in its new sectors and cross-cutting priorities such as tourism, economic corridors, agriculture, education and skills development, and digitalization has so far been limited to strategy development, scoping studies, pilots, project preparation and interventions that are primarily in early stages. Results in these sectors will depend on future investments and the completion of current and planned projects.

55. In the area of regional public goods, such as climate change, disaster risk management, and communicable disease control, CAREC has helped develop common visions and strategies. Further progress on climate change mitigation and adaptation will rely on increased investments and technical support brought by initiatives like the CAREC Green Energy Alliance and Disaster Risk Facility, which are in the planning stages.

Changing Landscape and Challenges

56. In addition to the above-mentioned evolving global and regional landscape and emerging challenges [see Section IV. B. *Context and Operating Environment*], **operational challenges and external factors** affect the implementation of the *CAREC 2030 Strategy* and the CAREC Program's overall effectiveness:

- **Balancing ambition and resources for each sector or theme.** The expanded scope of *CAREC 2030* has led to scattered attention and stretched resources. This also makes it difficult for each sector or cluster to achieve its full potential and rigorously evaluate the impact of its activities. Additionally, this poses a challenge to governments' absorptive capacity as well as to the ability of the CAREC Secretariat to effectively coordinate, monitor, and undertake the follow-up activities to achieve the desired outcomes. CAREC may consider prioritizing initiatives with the greatest potential for generating transformational outcomes as opposed to pursuing a wider range of activities with limited impact.

- **Prioritizing implementation.** While developing longer-term sector strategies and plans (Table 1) is crucial, ensuring their effective implementation is equally important. A robust pipeline of regional projects with strong feasibility assessments, coupled with necessary reform or measures, is essential for translating strategies into action.
- **Sustaining momentum.** High staff turnover and increasing demands on the time of government agencies can affect the program's ownership, stakeholders' engagement, and the development and implementation of projects or initiatives.
- **Securing resources.** A decline in grant resources can delay the implementation of CAREC sector work. There is a need to explore innovative financing mechanisms and leverage partnerships with the private sector and development partners to respond to increasing needs.
- **Remoteness of the CAREC Secretariat.** The relocation of the CAREC Unit's office in 2007 from Almaty, Kazakhstan, to ADB headquarters in Manila, Philippines, streamlined administration but created a geographical distance from regional partners and limited engagement with national stakeholders.
- **Crowded landscape.** The proliferation of regional cooperation initiatives in the region—many with overlapping countries, sectors, and partners—creates competition for the time and resources of regional stakeholders.³² To maintain stakeholder engagement, CAREC will need to articulate its unique value proposition effectively, create synergies with the other initiatives, and demonstrate clear results.

Looking Ahead

57. At the midpoint of the CAREC *2030 Strategy's* implementation, there is a general affirmation that the strategy—including its operational clusters, sectors, and cross-cutting themes—remains relevant and aligned with the member countries development objectives. The Strategy further provides opportunities to reinvigorate regional cooperation. For example, increasing connectivity and economic activity along CAREC Corridor 2 (which broadly relates to the Trans-Caspian International Transport Route or the Middle Corridor), plays a pivotal role in linking CAREC members to global value chains. Regional cooperation in CAREC's vast reserves of critical minerals can help members transition from fossil fuels to clean energy. Developing transformational regional energy projects such as Rogun and Kambarata-1 HPP or the Caspian Undersea Cable project can help secure the region's energy future. Knowledge- and experience-sharing on the use of disruptive technologies can facilitate trade and cross-border transactions while accelerating climate action measures. As CAREC approaches its 25th anniversary in

³² There are those characterized by binding agreements such as the Eurasian Economic Union (EAEU), Economic Cooperation Organization (ECO), and CIS Free Trade Area (CIS-FTA) which may influence the members' level of commitments under the CAREC Program. Others have broader, less formal structures but with specific focus areas (e.g., infrastructure development under the Belt and Road Initiative (BRI); security and defense under the Shanghai Cooperation Organization (SCO); and sustainable development goals under the United Nations Special Programme for the Economies of Central Asia (SPECAs). Various Central Asia+1 initiatives are also emerging such as the China-Central Asia Summit and C5+1 initiatives.

2026, a potential opportunity has emerged to showcase its achievements and reaffirm high-level support for regional cooperation.³³

V. RECOMMENDATIONS

58. The MTR proposes the following key recommendations to enhance the effectiveness, relevance, and responsiveness of the *CAREC 2030 Strategy* and promote deeper cooperation and integration in the CAREC region.

(i) Streamline Scope for Enhancing Impact of CAREC Initiatives

- To maximize impact, CAREC should adopt a more targeted and narrow approach by conducting needs assessments at national, regional, and sectoral levels for inclusion in a comprehensive action plan to be developed for implementing the MTR recommendations for the remaining years (2025–2030) of *CAREC 2030 Strategy*, aligned with national development priorities of member countries.
- Establish a robust multi-year (e.g., three-year) rolling pipeline for regional programs, projects, and technical assistance in each sector, ensuring long-term planning, project prioritization, and resource allocation (see Appendix 2). Regional project pipeline and entry points for regional programs will be demand-driven and developed under an enhanced consultation process at the country level with National Focal Points (NFPs) and country programming teams with support from the CAREC Secretariat to develop regional project development.
- Undertake impact assessments of projects and direct bulk resources—financial and human—to projects with the greatest regional impact, benefits, and transformational outcomes. Review activities from the perspective of impact and relevance to program objectives.
- To optimize resource allocation and enhance program effectiveness, CAREC may consider narrowing the focus of its interventions, refocusing on sub-regional cooperation (e.g., 2+X principle),³⁴ enhancing cluster approach and maximizing cross-sectoral initiatives, allowing for greater specialization and an in-depth engagement.

(ii) Review and Recalibrate Sectoral Strategies

- To align with the evolving regional developmental context (see para 55), CAREC should review and recalibrate sectoral strategies to make them more responsive to emerging needs and requirements (e.g., conduct their own midterm reviews).
- ***CAREC Transport Strategy 2030***. To review, validate, and adjust as needed, the relevance and effectiveness of the six CAREC corridors, in light of the changing transport and transit landscape in the region, the renewed attention to the Middle Corridor, and CAREC's focus on diversifying transport and transit routes for CAREC countries. In addition, the Midterm Review of the CAREC Transport Strategy should advise on the

³³ CAREC could explore convening a high-level Leaders' Summit in 2026. The Summit's success hinges on significant progress in implementing the CAREC 2030 Strategy and MTR recommendations, such as developing and implementing impactful flagship CAREC projects.

³⁴ Articulated in the [CAREC 2020 Strategy](#), the "2+X" principle allows a subset of CAREC countries to implement regional projects or initiatives agreed upon by all members, thereby providing flexibility and pragmatism in CAREC operations and allowing countries to proceed multitrack and multispeed.

future approaches in developing railways networks in the backdrop of enhanced focus on decarbonization and digitalization; new generation BCPs with climate and innovation focus; low-cost aviation; and others.

- **CAREC Energy Strategy 2030.** New regional alignments and prioritization in the realm of green energy, e.g., Caspian Green Energy Corridor, necessitates a thorough review of the sector strategy to reflect these imperatives and craft new approaches, including to the CAPS and CATCA and review of the cross-border electricity interconnection initiatives put on hold in recent years.
- **CAREC Integrated Trade Agenda 2030.** To promote the greening of regional trade and explore how trade can be part of climate solutions, CAREC has a role to play in decarbonizing value chains through trade facilitation and sustainable trade practices and green standards. Trade, services and investment policies and cooperation can support developing regional value chains in critical minerals and accelerate transition from fossil fuels to clean energy.
- **CAREC Digital Strategy 2030.** To accelerate the development, knowledge sharing and cooperation on innovation, and leverage digital technologies for development. Embed innovative approaches, emerging technologies and climate change actions into cross-border transport, energy, and trade initiatives.

(iii) Pursue Regional Public Goods to Address Common Issues

- The provision of sufficient regional public goods (RPGs) can help the CAREC region address its complex development challenges and drive economic development. RPGs in infrastructure and economic corridors, trade and trade facilitation, health and communicable diseases, environmental sustainability and climate change, water resources management, and sustainable energy transition can benefit the CAREC region.
- Develop a multi-hazard early warning system for detecting, forecasting, and communicating multiple hazards, both natural and man-made.
- Cross-border sustainable energy projects and transboundary water management systems hold the potential to optimize resource allocation and expand economic dividends across borders, creating interdependencies and fostering integration.

(iv) Reinvigorate Regional Ownership for Sustaining Outcomes

- Engage all country stakeholders from the outset, including national and sub-national governments, the private sector, and civil society organizations, to foster a national sense of ownership and sustainability of TA and investment projects.
- Strengthen engagement and coordination with member countries and considering multiple line agencies involved, adopt strategic approach for optimal outcomes
- Tailor the program to address each country's unique needs, priorities, and capacities to ensure that the program remains relevant and attractive to each member country.
- Promote transparent and open communication among regional stakeholders and between the Secretariat and country stakeholders through increased frequency of meetings, feedback mechanisms, and dialogues helps build trust and ensure that concerns are timely and adequately addressed.
- Tell and display impact stories and tangible benefits of projects in each country, such as dividends of improved infrastructure or increased income through trade opportunities. Highlighting impact particularly to direct beneficiaries will help align national interests with regional priorities and goals.
- Increase stakeholder engagement: engaging businesses, civil society organizations and local communities could enhance project ownership and sustainability.

(v) Promote Integrated and Climate-Smart Development

- Integrate CAREC climate change, digitalization, and trade initiatives to accelerate economic growth and diminish carbon footprints. Further alignment and developing synergies with similar regional and global initiatives will augment efforts to pursue regional actions for climate solutions.
- Enhance capacity and coordination among relevant sector institutions to mainstream climate change actions across CAREC sectors, focusing on areas like the water-energy-agriculture nexus or a "One-Health" approach encompassing environment, human, and animal health.
- Promote innovative and green finance initiatives to mobilize investments for renewable energy and energy efficiency, improving productivity while ensuring food security through climate-smart agriculture, regional disaster risk transfer solutions leveraging international reinsurance and capital markets, and sustainable urban development.

(vi) Strengthen Engagement with Development Partners and Private Sector

- The MTR envisions a more vital role and involvement of development partners (DPs) and the private sector in delivering complex, multi-country projects for the CAREC region.
- The proposed impact assessment of projects should form multi-DP teams, leveraging their core advantages in various sectors to streamline their involvement in the program.
- Involve CAREC DPs upfront in the proposed multi-year project pipeline and climate action plan, review their regional priorities, and identify complementarities through increased communication and engagement. Organize CAREC development partners forums.
- Agree with DPs to design a robust, DP-led project monitoring and evaluation framework, which project leads and technical teams will periodically review.
- Identify potential barriers, such as internal procedures, priorities, and resource constraints, and develop strategies to overcome them.
- Acknowledge and recognize DPs' contribution and support in CAREC events and Impact Stories.
- Mobilize additional or co-financing with DPs and explore innovative financing options, including blended finance, multi-donor trust funds, results-based financing, infrastructure bonds, and green bonds, to support critical regional infrastructure projects.
- Prioritize Public-Private Partnerships to leverage private sector expertise and investment, with technical assistance from the ADB's Private Sector Operations Department.

(vii) Improve Program Effectiveness and Monitoring

- Develop a real-time operational dashboard to track project progress, monitor key performance indicators (KPIs), improve transparency, and inform evidence-based decision-making.
- Strengthen cost-benefit analyses of potential projects and timely evaluations to enhance return on investments and economic dividends.
- Involve stakeholders and establish a feedback loop for periodic progress review and implement improvements.
- Improve the CAREC website and make communication products available in local languages. Utilize various innovative solutions and channels, including social media, outreach seminars, short videos, workshops, university lectures, co-author blogs with NFPs, and raise awareness.

- Regularly making monitoring and evaluation (M&E) reports available and disseminated to various stakeholders, including member governments, development partners, and the public, fosters transparency and allows for informed program adjustments and decision-making processes.
- Facilitate knowledge exchange programs and develop communities of practice for regional experts to collaborate and share best practices in partnership with the CAREC Institute. Promote and facilitate south-south knowledge sharing.

(viii) Strengthen the CAREC Secretariat

- Engage closely with ADB country directors, country management teams, and sector experts in CAREC countries to integrate CAREC/RCI activities into their core responsibilities to foster national-level engagement and development of regional projects.
- Strengthen field presence under the ADB's new operating model (NOM) to optimize resource allocation, enhance regional collaboration, bridge the distance from regional partners, and address the program's expanding roles and needs.
- Consider joint financing modalities with other development partners and stakeholders (e.g., potential CAREC multi-donor trust fund) to secure the necessary financial resources for implementing the MTR recommendations.
- Increase the CAREC Secretariat resources to implement the MTR recommendations; enhance the ADB Resident Missions in CAREC countries with RCI/CAREC staff and review and enhance the roles and responsibilities of Advisors to National Focal Points and Regional Cooperation Coordinators.

(ix) Enhance CAREC Institute's role as a Strategic Partner for Knowledge-Driven Development

- Strengthen the CAREC Institute's role as a key partner in fostering regional economic cooperation. Leveraging its established expertise in research, capacity building, and knowledge sharing, the Institute can significantly contribute to the Program's goals.
- Implement the proposed revitalization plan of the CAREC Institute, including reforming the recruitment and selection processes of CAREC Institute's management, retaining experienced and qualified staff, and adopting HR practices commensurate with the standards of an international organization.
- Build on the Institute's strengths and integrate its role, particularly in implementing the CAREC Climate Change Action Plan, the conduct of the MTR of CAREC Transport Strategy 2030, to identify potential knowledge and capacity-building requirements for seamless implementation and devise operational plans to bridge the knowledge gap.

(x) Prepare MTR Implementation Action Plan

- Based on the feedback from development partners, member countries and broad-based consultations, CAREC should prepare a comprehensive action plan with defined timelines, deliverables and accountabilities to implement the recommendations outlined in the MTR.
- Organize a special strategic brainstorming session for NFPs with regional cooperation coordinators, advisors to the NFPs, and the CAREC Secretariat to finalize the implementation action plan.

VI. CONCLUSION

59. By implementing the ten key recommendations outlined in this Midterm Review, CAREC 2030 can significantly strengthen its role as a driving force for positive change in the CAREC region. These recommendations, focusing on prioritized country-driven strategies, strong partnerships, robust monitoring and evaluation, and a relentless pursuit of regional impact and innovation, are the essential building blocks for a more integrated and resilient future. Showcasing success stories, empowering member states, and fostering a comprehensive understanding of the regional development landscape will ensure all voices are heard and stakeholders are equipped to contribute effectively.

60. Under the overarching framework of “Good Neighbors, Good Partners, Good Prospects,” the program can continue to chart a course for a more prosperous future for the region. A collective commitment to implement the MTR’s recommendations and foster a spirit of regional collaboration would be essential moving forward.

Appendix 1: Tables and Graphs

Table 1: CAREC Investment Projects by Sector and Financiers: 2018–2023

Sector/Financier	Baseline 2017	2018	2019	2020	2021	2022	2023	2018– 2023
Value of Investment Projects (\$ million)	2,827	3,034	2,242	1,760	1,661	3,102	2,882	14,681
- Economic & Financial Stability				50		1,015	50	1,115
- Trade Facilitation and Trade Policy			30	573			156	759
- Tourism					181	68		249
- Energy	1,285	1,188	197	170	437	50	1,436	3,478
- Transport	1,542	1,847	2,014	967	963	1,271	866	7,929
- Agriculture and Water					58	629	322	1,010
- Human Development					23	68	52	143
Number of Investment Projects	9	7	13	9	10	22	17	78
- Economic & Financial Stability			1			3	1	5
- Trade Facilitation and Trade Policy			1	2			2	5
- Tourism					1	1		2
- Energy	3	3	3	2	2	1	5	16
- Transport	6	4	8	5	4	7	5	33
- Agriculture and Water					1	7	2	10
- Human Development					2	3	2	7
Investment by financier (\$ million):								
- ADB	1,524	1,063	1,326	1,023	517	568	1,059	5,555
- Other Mis & Co-financiers*	973	1,621	586	398	872	2,153	1,518	7,148
- Government	330	350	330	340	272	381	306	1,978

Source: ADB estimates from CAREC Secretariat database.

Table 2: CAREC Investment Projects by Country (\$ Million)

Country	Baseline 2017	2018	2019	2020	2021	2022	2023	2018–2020
Afghanistan	364			120				120
Azerbaijan	550	100						100
PRC				537		259		796
Georgia	315	1,479	926		181			2,585
Kazakhstan			229		227			456
Kyrgyz Republic	41	100	221		20	398	212	950
Mongolia		61	247	36			534	878
Pakistan	135				271		360	631
Tajikistan	326	148	400	305	71	240	151	1,314
Turkmenistan		675			20			695
Uzbekistan	1,095	473	218	762	873	2,205	1,625	6,156
CAREC Region	2,827	3,034	2,242	1,760	1,661	3,102	2,882	14,681

Source: ADB estimates from CAREC Secretariat database.

Table 3: Value of Technical Assistance under CAREC: 2018–2023 (\$ million)

Sector	Baseline							2018–2023
	2017	2018	2019	2020	2021	2022	2023	
Economic & Financial Stability	-	-	-	-	0.70	0.70	-	1.40
Trade Facilitation and Trade Policy	-	9.05	4.58	2.60	2.53	-	1.78	20.53
Tourism	-	-	2.95	-	-	0.40	-	3.35
Economic Corridor Development	5.64	2.10	-	-	-	-	-	2.10
Energy	7.05	2.60	5.50	4.15	0.20	-	20.00	32.45
Transport	1.10	9.53	3.80	3.20	1.25	2.30	-	20.08
Agriculture and Water	-	2.00	-	1.50	-	-	3.00	6.50
Human Development	-	-	-	4.33	2.80	1.14	-	8.27
Cross and Multi sector	1.50	5.00	2.75	5.18	3.15	1.55	0.75	18.38
Total	15.29	30.27	19.58	20.95	10.63	6.09	25.53	113.04

Source: ADB estimates. The \$20 million energy TA in 2023 is from the World Bank to support regional projects.

Table 4: Technical Assistance under CAREC: 2018–2023 (Number of Projects)

Sector	Baseline							2018–2023
	2017	2018	2019	2020	2021	2022	2023	
Economic & Financial Stability	-	-	-	-	1	1	-	2
Trade Facilitation and Trade Policy	-	2	3	2	2	-	4	13
Tourism	-	-	1	-	-	1	-	2
Economic Corridor Development	2	1	-	-	-	-	-	1
Energy	4	2	3	2	1	-	2	10
Transport	1	8	5	3	2	4	-	22
Agriculture and Water	-	1	-	1	-	-	1	3
Human Development	-	-	-	1	2	1	-	4
Cross and Multi sector	1	1	1	4	4	3	1	14
Total	8	15	13	13	12	10	8	71

Source: ADB estimates from CAREC Secretariat database.

Table 5: CAREC Trade: 2018–2023 (\$ million)

Category	Baseline						
	2017	2018	2019	2020	2021	2022	2023
Merchandise Export	108,065	129,796	129,745	110,949	144,480	154,119	188,101
Merchandise Import	134,559	155,477	154,398	140,394	181,292	207,270	214,152
Service Export	26,173	28,147	28,281	16,862	21,728	32,427	39,667
Services Import	40,659	43,235	41,866	30,062	34,239	43,489	49,811
CAREC 9	309,456	358,673	356,309	300,287	383,760	439,327	493,754

Note: CAREC-9 excludes the People's Republic of China and Turkmenistan (no data)

Source: WTO <https://data.wto.org/>

Table 6: Growth in CAREC Trade: 2018–2023 (Percent)

Category	2017	2018	2019	2020	2021	2022	2023
Merchandise Export	20.1%	20.1%	0.0%	-14.5%	30.2%	6.7%	22.0%
Merchandise Import	15.6%	15.5%	-0.7%	-9.1%	29.1%	14.3%	3.3%
Service Export	13.0%	7.5%	0.5%	-40.4%	28.9%	49.2%	22.3%
Services Import	10.0%	6.3%	-3.2%	-28.2%	13.9%	27.0%	14.5%
CAREC 9		16%	-1%	-16%	28%	14%	12%

Table 7: CAREC Exports by Major Categories: 2018–2023 (\$ billion)

Export Category	2017	2018	2019	2020	2021	2022	2023
Agr & Food	9.62	11.74	12.22	11.65	13.22	16.33	17.21
Fuels	49.35	67.34	62.77	42.77	58.85	95.90	78.92
Manufactures	22.36	22.15	26.61	27.36	32.14	35.91	39.00
Ores & Metals	16.49	17.07	17.56	13.07	18.73	19.66	18.75
CAREC 8 (excl. AFG, PRC, KM)	97.82	118.30	119.15	94.85	122.93	167.81	153.87

Table 8: Intra-CAREC Trade: Exports among CAREC member countries: 2018–2023 (\$ billion)

CAREC	Baseline 2017	2018	2019	2020	2021	2022	2023
Including PRC	73.5	79.8	79.0	67.5	89.9	123.5	131.8
Excluding PRC	9.6	11.0	11.7	9.7	11.6	15.4	18.6

Source: <https://comtradeplus.un.org>

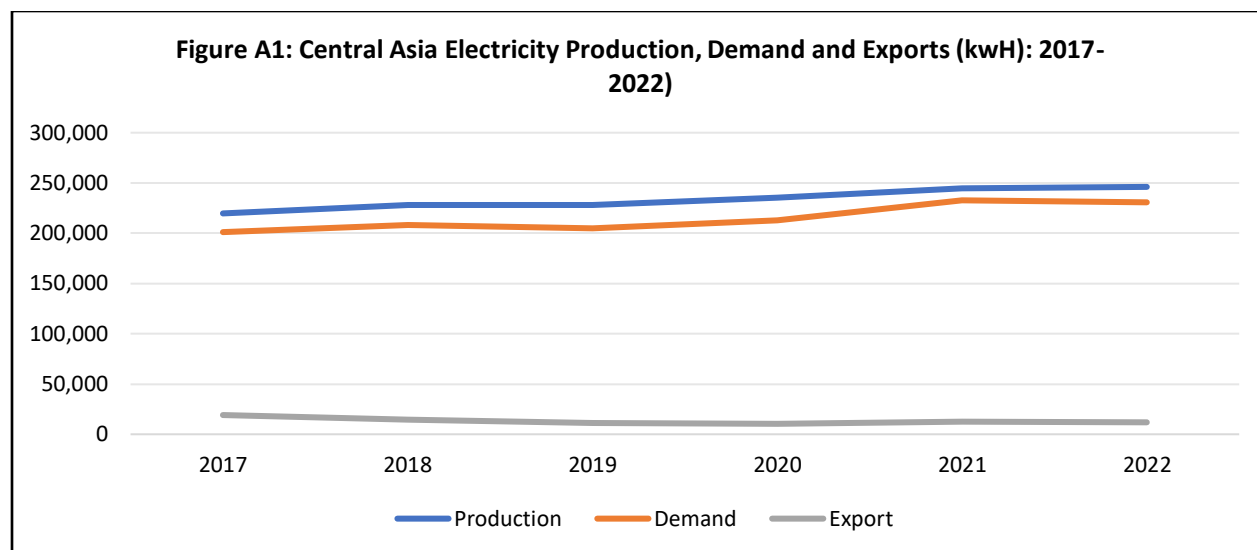
Table 9: Share of CAREC Goods Export in total Global Goods Exports: 2018–2023

	2017	2018	2019	2020	2021	2022	2023
Global Export (\$ billion)	17,538	19,231	18,715	17,353	22,067	24,486	23,314
CAREC export (\$ billion)	2,379	2,626	2,641	2,701	3,462	3,790	3,579
CAREC-10 Export (\$billion)	108	129	132	108	137	197	200
CAREC share (%)	13.6%	13.7%	14.1%	15.6%	15.7%	15.5%	15.4%
PRC's share (%)	12.9%	12.9%	13.4%	14.9%	15.0%	14.7%	14.5%
CAREC-10 Share (%)	0.6%	0.7%	0.7%	0.6%	0.6%	0.8%	0.9%

Note: CAREC-10 excludes the People's Republic of China

Source: <https://comtradeplus.un.org>

Since part of the data was not available in the Comtrade database, missing data was obtained from Trademap Mongolia & Tajikistan data for 2023 and Turkmenistan data for all years are extracted from <https://www.trademap.org>.



Source: <http://data.un.org/Data.aspx?d=EDATA&f=cmlID%3aEL>; accessed on 23 August 2024.

Table 9: Central Asia Energy Production, Demand and Export (kWh): 2017–2022

	2017	2018	2019	2020	2021	2022
Production	219,711.8	228,017.1	228,209.4	235,079.2	244,464.8	246,083.8
Demand	201,102.4	208,167.5	205,080.9	213,088.5	232,716.8	230,762.3
Export	19,114.1	14,569.4	11,132.7	10,383.2	12,338.8	11,941.3

Note: Includes Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan

Table 10: Share of Renewables in the Energy Mix of CAREC sub-region: 2017–2022 (MW)

Year	(CAREC-11) with the PRC			(CAREC-10) without the PRC		
	Generation from Renewables	Total Electricity Generation	Share of Renewable	Generation from Renewables	Total Electricity Generation	Share of Renewable
2017	1,748,838	7,000,205	24.98%	100,297	394,797	25.40%
2018	1,911,287	7,583,154	25.20%	100,423	416,017	24.14%
2019	2,092,362	7,926,881	26.40%	106,321	422,394	25.17%
2020	2,256,585	8,189,573	27.55%	107,548	409,407	26.27%
2021	2,511,851	8,991,952	27.93%	109,045	456,545	23.88%
2022	2,736,615	9,312,465	29.39%	111,359	462,559	24.07%

Source: IRENASTAT Online Data Query Tool, accessed on 31 Aug 2024, https://pxweb.irena.org/pxweb/en/IRENASTAT/_H2.px/table/tableViewLayout1/

Appendix 2
Possible Flagship CAREC Infrastructure Projects
 (preliminary and non-exhaustive list)

DMC	Project Name	Other DMCs benefiting	Year
KGZ	Almaty-Bishkek Economic Corridor: Regional Improvement of Border Services Project	KAZ	2025
TAJ	Effective water resources management of the “Bakhri Tojik” reservoir for irrigation and energy needs	KAZ, TAJ, UZB	2025
TAJ	Enhancing Sustainability: Financing for the Rogun Hydropower Project Phase 1	KGZ, PAK	2025
TKM	TransTurkmenistan Railway Modernization Project (Phase 1, Ashgabat-Dushak)	AZE, GEO, KGZ, TAJ, UZB	2025
UZB	Climate Resilient Water Services Project	KGZ	2025
UZB	Resilient Amu Darya River Basin Sector Development Program	KAZ, KGZ, TAJ, TKM	2025
UZB	CAREC Corridor 2: Road Resilient and Modernization Project	KAZ, KYR, TAJ, TKM	2025
UZB	CAREC Corridor 2 (Bukhara-Miskin-Urgench-Khiva) Railway Electrification Project (Additional Financing)	KAZ, KGZ, TAJ, TKM	2025
GEO	Batumi-Sarpi Road Project		2026
KAZ	CAREC Corridors 3 and 6 Construction and Operation of Turkistan Oblast Highway (Saryagash Bypass) Project	UZB	2026
KGZ	Kambarata-1 Hydropower Plant Project, Phase 1	KAZ, UZB	2026

DMC	Project Name	Other DMCs benefiting	Year
KGZ	China-Kyrgyzstan-Uzbekistan Railway Construction Project	PRC, KGZ, UZB	2026
KGZ	Development of the Green Energy Corridor Across the Bottom of the Caspian Sea Initiative		2026
KGZ	Development of Digital Infrastructure for Providing Internet Services		2026
PAK	CAREC Integrated Transport Improvement (Hyderabad Southern Bypass)		2026
KAZ, KGZ	Almaty-Issyk-Kul Alternative Road Public-Private Partnership Project	KAZ, KGZ	2026
TAJ	Enhancing Trade Facilitation Between Tajikistan and Uzbekistan	UZB	2026
KGZ, UZB	Bishkek-Tashkent Economic Corridor	KAZ	2026
UZB	Modernization of Vocational Education for a Green Economy	KAZ, KGZ, TAJ, TKM	2026
UZB	CAREC Corridor 6 (Guzar-Karshi-Bukhara, 100 km) Road Modernization Project	TAJ	2026
UZB	Green Transformation and Sustainable Tourism Development Project	KAZ, KGZ, TAJ, TKM	2027

Notes: CAREC = Central Asia Regional Economic Cooperation; DMC = developing member country; GEO = Georgia; KAZ = Kazakhstan; KGZ = Kyrgyz Republic; PAK = Pakistan; TAJ = Tajikistan, TKM = Turkmenistan; UZB= Uzbekistan; Sources: Indicative country pipelines as submitted for the ADB Work Program and Budget Framework 2025–2027; CAREC Water Pillar Working Group Meeting (June 2024, Istanbul), and preliminary discussions with countries.

Appendix 3: The CAREC Institute³⁵

1. Background

CAREC Institute (CI) is an intergovernmental organization that was established to contribute to the CAREC Program through knowledge generation and capacity building. The Intergovernmental Agreement (IGA) establishing the CAREC Institute was signed on 26 October 2016 and entered into force on 24 August 2017.³⁶ Headquartered in Urumqi, the People's Republic of China (PRC), the CI's mandate is to conduct strategic research, provide innovative solutions, enhance the capabilities of government officials, and develop a network of research institutions in the CAREC region. CI Strategy 2021–2025 governs the Institute's current operations. Despite sporadic instances of success in multiple areas, CI's journey thus far can best be characterized as one of mixed progress. While it has achieved occasional success, sustained growth remains elusive, hindered by ongoing challenges in defining its core focus and eliminating overlaps and redundancies.

2. Midterm Review (MTR) of Strategy 2021-2025

To place CI on a steady growth trajectory, CI commissioned a mid-term review (MTR) of Strategy 2021–2025 in Q3 2023. The MTR, *inter alia*, proposed that CI improve its management and human resource practices, streamline focus, enhance the quality and relevance of knowledge products, diversify its financial resource base, attract and retain the best talent, and draft a new strategy.

3. CI's Revitalization Plan

CI collaborated with ADB to jointly conceive and draft a revitalization paper. The draft paper builds on the MTR findings and provides an analysis of the current situation and proposals for improving the CI performance. The paper has been produced jointly by the CI and the ADB and represents their consolidated position. The draft paper proposes the following approaches to CI to address the challenges identified in the MTR:

- **Resetting CI's Strategic Priorities till 2030**

- The scale of changes in the external environment, the need to fix existing CI's issues soonest, and to be up to the new opportunities dictate the necessity to proceed with the development of a new CI's strategy which may cover the period 2026–2030. The Strategy's thrust may need to be on the CI's products *quality* rather than *quantity* and the measures to achieve this. There is a consensus among stakeholders that the CI should focus on fewer, strategically selected areas related to CAREC thematic clusters and high-quality flagship products and events.
- The CI could focus its research and capacity building on a few well-defined topics within broader domains such as:

³⁵ Adapted from the draft CI Revitalization Paper jointly produced by CI and ADB (October 2024).

³⁶ See also Observer status for the Central Asia Regional Economic Cooperation Institute ([n2015236.pdf \(un.org\)](#)).

- **Trade and Connectivity:** Topics may include trade facilitation, digital trade, e-commerce, transport infrastructure, digital infrastructure, road asset management, or facilitating border crossing points.
 - **Climate, Energy, Water, and Agriculture Nexus:** Topics may include climate mitigation and adaptation, climate financing, disaster risk reduction, renewable energy, cross-border water systems management, food security, sustainable agriculture and others.
 - **Other emerging topics:** as agreed with the CI Governing Council and ADB such as inclusive development and digitalization.
- **Management and Governance Issues**
 - Going forward, the recruitment process of CI management needs to be strengthened in line with its aspirations to become a regionally and globally renowned think tank. The recruitment process for the CI Director should be based on the principles of open competition in CAREC member countries, transparent selection, and based on explicit meritocratic criteria. As some CI member countries have not yet had an opportunity to take any management position at CI, a transitional arrangement is proposed for these countries to fill management positions, still based on competitive principles, as soon as possible. If they meet all meritocratic criteria, the candidates from these countries will have priority in filling any open management position.
 - Similar requirements—i.e., open advertisement and meritocratic selection through a process should be applied to the Deputy Director positions. Based on efficiency considerations, it is proposed that the current number of Deputy Directors be maintained and the respective division of roles between them. As a rule, the Director and the two Deputy Directors should be from three different CAREC countries.
- **Attraction of Best Talent**
 - To attract and retain the best talent for CI, the following could be considered:
 - In coordination with ADB, develop and enact comprehensive HR policies and practices that allow for consistent and efficient management of the CI staff in accordance with the best practices adopted at international organizations;
 - Provide the flexibility to hire selected staff on a needs-basis from outside the CAREC region to broaden the base from which staff are recruited and help bring additional talent; and
 - Align staff's pay and service structure (long-term employment, coaching, remuneration system, performance evaluation) with the CI's strategic position, international organizational profile, and the need to maintain long-term financial sustainability; continuously improving the work and living environment to retain quality staff; carefully designing the staff's incentive structure and terms of employment to encourage long-term career at CI.
- **Flagship Events and Products**
 - For CI to quickly attain a reputation as a leading regional knowledge center, it should concentrate on a few flagship events and products.
 - **Annual CAREC Report:** Produce an annual flagship report covering the CAREC region [similar to ADB's Asian Development Outlook or World Bank's World

Development Report but with a regional focus]. The annual CAREC report may organize and combine CI's in-house economic monitoring and/or other research outputs with additional topics covering the overarching theme of the year. In addition, CI will continue to focus on Corridor Performance Measurement and Monitoring (CPMM) reports.

- **CAREC Development Forum:** Organize a high-profile development forum drawing on thought leaders, high-level policymakers from CAREC governments, leading representatives from the private sector, academia, think tanks, trade associations, and development partners.
- **CI Leadership Training Program:** Develop a well-honed idea for initiating a training program for technical staff and policymakers from relevant government agencies and national think tanks on core policy challenges and solutions through policy analysis tools and techniques, as well as knowledge sharing and exchange.

4. Conclusion

The next steps in the CI reform will include presenting the draft revitalization paper to the GC members on 9 November 2024 and requesting their endorsement. Adopting this paper would enhance CI's role as a leading knowledge center in the CAREC region.