WATER SECTOR
PROGRESS REPORT AND WORK PLAN
MAY 2025 – JUNE 2026

Reference Document
Senior Officials' Meeting
Central Asia Regional Economic Cooperation
11 – 12 June 2026

SUMMARY PROGRESS REPORT FOR THE CAREC WATER PILLAR

I. KEY DEVELOPMENTS AND RESULTS

1. During the reporting period, the Second CAREC Water Pillar Working Group Meeting was held virtually on 16 September 2025, bringing together representatives from all participating CAREC countries[1], EC-IFAS, the Asian Development Bank (ADB), and development partners. It provided key updates on ongoing activities, soliciting feedback from participating stakeholders and was able to confirm future works. The meeting focused on reporting progress made in the pre-feasibility study for potential regional projects in Central Asia, presenting engagement activities related to Water–Energy Nexus Modelling in Central Asia, and introducing the proposed technical assistance (TA) to be implemented under the Water Pillar. Beyond information sharing, the meeting provided an opportunity to collect valuable input from participants to strengthen the design and implementation of upcoming activities.

2. Implementation of ongoing pre-feasibility studies under TA-9977-REG was extended to end-2026, with the consulting firm expected to complete its work by mid-2026. The pre-feasibility study for WISER (Water, Infrastructure, Sustainability, and Ecosystem Restoration)[2] was finalized and shared with Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan. The status of other pre-feasibility studies under the Climate adaptive infrastructure projects: (i) Sub-project A on climate resilience of the Kozu-Baglan River, scheduled for finalization in May 2026; (ii) Sub-project B on the Big Chu Canal modernization and Zhylamysh seasonal regulation pond construction, scheduled for finalization in May 2026; and (iii) Sub-project C on modernization of interstate canals between Kazakhstan and Uzbekistan to supply the Turkestan region, scheduled for finalization in June 2026. The pre-feasibility study for the Joint automated water metering system in the Aral Sea basin for 5 Central Asia counties is scheduled for finalization in June 2026.

3. In parallel, the water–energy nexus modeling initiative made progress, with a draft report currently under ADB review. A proof-of-concept of the Central Asia Water–Energy Simulation (CAWES) model has been developed to support integrated, multi-sector planning by linking hydrological systems, water allocation, infrastructure operations, and regional power systems. The model enables analysis of interdependencies, trade-offs, and synergies between water and energy sectors, and supports assessment of climate impacts, investment options, and operational strategies.

4. A key milestone during the reporting period is the approval of a new regional Technical Assistance (TA 10567) : Strengthening Transboundary Water Collaboration for Climate-Resilient Water Management under the CAREC Water Pillar, with financing of $0.75 million. The TA will support institutional strengthening, modernization of water management systems, application of digital tools, and development of a pipeline of climate-resilient investment projects for participating CAREC countries. Implementation is planned from January 2026 to December 2027.

[1] Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.
[2] Climate resiliency of Bakhri Tojik for improved irrigation and energy supply in Kazakhstan, Tajikistan and Uzbekistan

II. CHALLENGES AND KEY ISSUES

5. Under the CAREC Water Pillar, advancing identified regional projects from pre-feasibility to investment stage, requires sustained ownership of the country with collaboration with relevant countries, and stronger alignment of priorities among participating countries. These additional supports are required in order to move projects to bankable stages, including feasibility studies, agreement on cost-sharing arrangements, and coordination with development partners for financing.

6. As reported, many of the activities identified in the Water Pillar will require improvement in data acquisition systems and the sharing of hydrological and climate modeling information. The Water Pillar envisages a 'building block' approach to support other ongoing initiatives by development partners and national agencies by incorporating a focus on improved data sharing in each of the bilateral or regional projects to be supported.

7. Expanding the involvement of CAREC member countries beyond the initial Central Asian DMCs will be a gradual process as demand arises. The mix of different types of activities including contribution to knowledge generation, participation in capacity development, and involvement in bilateral or broader regional project development provides multiple opportunities to suit the context of individual countries.

III. PROPOSED WORK PROGRAM

Table 2: Proposed Work Plan until April 2027

Item	Proposed work
Third CAREC water pillar working group meeting	In-person meeting to be held in Almaty, Kazakhstan, during 16-17 July 2026 to review key findings from pre-feasibility studies, progress on water–energy nexus modelling, and initial findings and next steps under TA 10567 on strengthening transboundary water collaboration for climate-resilient water Management.
Water-energy nexus modeling	A proof-of-concept simulation model will be developed for South Caucasus which will help simulate how regional water and energy resources are interdependent. For Central Asia, follow-on activities of a proof-of-concept model developed will be done to test the impact of different interventions such as new water and/or energy generation and transmission infrastructure investment. *Over the course of the new TA (till end of 2027)
Prefeasibility studies of selected CAREC water pillar pipeline projects	Pre-feasibility studies for priority regional projects (first batch in Central Asia) are expected to be completed by mid-2026, followed by dissemination and validation with participating countries.