

# Central Asia Regional Economic Cooperation (CAREC) Program

## CAREC Project Classification Methodology<sup>1</sup>

1. The CAREC Secretariat compiles and monitors projects that support the CAREC Program's goals and strategies. These CAREC Projects are financed by development partners and member countries of the CAREC Program. Neither the CAREC Program nor the CAREC Secretariat finance these CAREC Projects. However, the CAREC Secretariat, in consultation with CAREC sectoral committees and working groups and project teams, play a key role in conceptualization and mobilization of financing for regional projects or pilot initiatives that could eventually lead to development and preparation of CAREC Projects.

2. This note describes the proposed revised approach to the classification of projects for the CAREC portfolio. It builds on the [CAREC Project Classification Methodology \(2021\)](#), while seeking to increase alignment with development partners' project classification systems and provide more clarity on how different types of projects and financing modalities are captured in the CAREC portfolio. This updated methodology reflects inputs received from development partners<sup>2</sup> and will be shared with CAREC sector committees, working groups and other stakeholders for information and guidance. It will be subject to regular reviews every 2 to 3 years to ensure that it remains relevant and responsive to evolving regional priorities and new financing modalities.

3. **CAREC Projects** are defined as investment projects and programs (hereinafter referred to as "projects"), whether they are financed by loans or grants, that contribute to regional cooperation and integration (RCI) in the CAREC region, with benefits that extend to two or more CAREC member countries (i.e., *2+1 approach*). In particular, CAREC projects must:

- a) support relevant national and regional strategies aligned with CAREC's five operational clusters and cross-cutting themes.<sup>3</sup> Specifically, for ADB-supported CAREC projects, it should also specify alignment with CAREC 2030 Strategy or other sector specific or crosscutting strategy of the CAREC Program; and
- b) generate regional economic benefits (e.g., greater connectivity among economies, expanded trade and investment opportunities, or increased regional public goods) and/or contribute on additional ways to enhancing regional cooperation in the CAREC region. This may include, among others, strengthening institutions, systems or policies in support of RCI objectives, harmonizing regulations and practices to meet regional or international standards, or promoting cross-border knowledge transfer.

4. Projects in CAREC countries that are classified as a regional cooperation project based on sponsoring development partners' project classification (e.g. strategic focus area of regional cooperation and public goods for ADB, or with thematic priority "connectivity and regional cooperation" for AIIB) will be included in the CAREC portfolio. Projects not classified as a regional

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<sup>1</sup> This revised CAREC project classification methodology will be applied starting December 2025.

<sup>2</sup> The CAREC project classification methodology was discussed during the Development Partners' Retreat held on 21 November 2025 in Bishkek, Kyrgyz Republic, at the sidelines of the 24th CAREC Ministerial Conference.

<sup>3</sup> Operational clusters are: (i) economic and financial stability; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity; (iv) agriculture and water; and (v) human development. Cross-cutting themes are information and communications technology / digital connectivity, gender equality, and climate change mitigation and adaptation. Examples of the CAREC project classification methodology applied across CAREC's five operational clusters and cross-cutting themes is provided in Appendix 1.

cooperation project according to development partners' own methodology can still be included in the CAREC portfolio provided that the two abovementioned requirements are met.

5. CAREC Projects may be single country or multi-country projects. Single country projects can be tagged as CAREC so long as the signatory of the loan/grant is a CAREC member country and the benefits from the project extend to at least two CAREC member countries directly or indirectly.<sup>4</sup> For multi-country projects that include separate loans or grants with both CAREC and non-CAREC member countries, the portion involving CAREC member countries can be counted as CAREC provided that the project benefits at least two CAREC countries. A summary table is provided below.

Type of Project	Loan/Grant Signatory	Regional Benefits	CAREC Project
Single country project	Loan/grant signed by CAREC country	Benefits at least two CAREC countries	YES
Multi-country project	More than one loan/grant, and all CAREC countries	Benefits at least two CAREC countries	YES
Multi-country project	More than one loan/grant, including both CAREC countries and non-CAREC countries	Benefits at least two CAREC countries	YES*, but only loans/grants with CAREC countries will be counted as CAREC-related investments
Single country project	Loan/grant signed by CAREC country	Benefits only one CAREC country	NO
Single country project	Loan/grant signed by CAREC country	Benefits one CAREC country and one non-CAREC country	NO
Single country project	Loan/grant signed by a non-CAREC country	Benefits at least two CAREC countries	NO

6. Projects are included in the CAREC portfolio once the loan or grant is signed. Project counts are based on issuance of project identification number of supporting development partner (i.e. one project identification number is counted as one project). For multi-tranche financing or multi-phased programs, each tranche is counted as one project. Likewise, for policy-based loans or grants, each subprogram is counted as one project. For projects co-financed by several development partners, the entire project amount will be included in the CAREC portfolio, including contributions from development partners not regularly engaged in the CAREC Program.<sup>5</sup>

<sup>4</sup> For projects in the People's Republic of China, only those benefiting Inner Mongolia Autonomous Region (IMAR) and Xinjiang Uygur Autonomous Region (XUAR) can be counted as CAREC Projects.

<sup>5</sup> For co-financed projects, the main financier should report on the entire project (counted as one project only) and indicate other development partners contributions. Contributions from development partners not regularly engaged in the CAREC Program will be reported under the category "other development partners".

**Appendix 1. CAREC Project Classification Methodology applied across CAREC Clusters**

APPLICATION OF CAREC PROJECT CLASSIFICATION CRITERIA IN CAREC CLUSTERS										
Cluster	Cluster 1	Cluster 2			Cluster 3		Cluster 4		Cluster 5	
Sectors	Economic and Financial Stability	Trade, Tourism and Economic Corridors			Infrastructure and Economic Connectivity		Agriculture and Water		Human Development	
Outcome	Economic and Financial Stability	Trade	Tourism	Economic Corridors Development	Transport	Energy	Agriculture	Water	Education	Health
	<i>"Increased regional macroeconomic stability, improved investment and financial integration"</i>	<i>"CAREC countries are more integrated into the global economy"</i>	<i>"Enhancing tourism competitiveness and positioning of the CAREC region as a globally attractive tourism destination"</i>	<i>"Strengthened cross-border economic integration through spatial planning and infrastructure development."</i>	<i>"Enhanced economic connectivity and increased sustainability and resilience of regional infrastructure."</i>		<i>"Expanded agricultural trade, and effective transboundary water resource management."</i>		<i>"Increased regional cooperation in education and health"</i>	
Examples of projects that classify as CAREC	1. Promote regional macroeconomic stability	1. Advance regional and global trade integration	1. Facilitates connectivity and infrastructure for tourism development	1. Supports national economic corridor development	1. Cross-border Transport and Logistics Facilitation	1. Improve energy security through regional interconnections	1. Sanitary and Phytosanitary (SPS) measures, food safety and quality systems: CAREC common quality control standards.	1. Improve water productivity and irrigation systems across borders and agricultural efficiency	1. Strengthen of standardization and harmonization of higher education and TVET	1. Pandemic prevention response: strengthen capacity, enhance laboratory and surveillance systems...
	2. Enhance financial integration and investment climate	2. Contributes to increased market access	2. Quality and standards	2. Supports cross-border corridor development	2. Roads, Road Asset Management and road safety	2. Scale-up investments through market-oriented reforms	2. Agricultural Value Chain integration, enhancing product quality, diversity and shipment linkages	2. Manage river basins and mitigate flood risks.	2. Collaboration on instructional and non-instructional initiatives.	2. Universal Health Coverage and Financing
	3. Enable high-level regional policy dialogue	3. Contributes to greater diversification	3. Tourism skills development	3. Supports sectoral activities: agricultural VCs, integrated border management...	3. Railways	3. Enhance sustainability by greening the regional energy system.	3. Transboundary Animal Disease Control - biotechnology information sharing, biosafety coordination, and harmonized veterinary measures	3. Improves water safety and addresses cross-border water pollution	3. Development of higher education and technical and vocational education and training institutions and networks	3. Regional health cooperation: information sharing, improve health infra in border areas, training, procurement, tele-health systems
	4. Strengthen data sharing and regulatory harmonization	4. Contributes to stronger institutions for trade	4. Marketing and branding and market intelligence	4. Knowledge sharing and capacity building for ECD planning and investment	4. Aviation	4. Cross-cutting themes	4. Support regional conservation of bioresources and hydrometeorological services.	4. Transboundary Basin Management: regional roadmaps, investment frameworks or operational plans	4. Regional education networks and labor market information systems.	4. Multisectoral and One Health Collaboration
Cross-cutting Themes	Digital Development									
	Gender									
	Climate Change Adaptation and Mitigation									

\* Sector specific or crosscutting strategy or guidance of the CAREC Program: (i) Trade: [CAREC Integrated Trade Agenda \(CITA\) 2030](#), (ii) Tourism: [CAREC Tourism Strategy 2030](#), (iii) Transport: [CAREC Transport Strategy 2030](#), [Railway Strategy for CAREC 2017-2030](#) and [A Regional Road Safety Strategy for CAREC Countries, 2017-2030](#), (vi) Energy: [CAREC Energy Strategy 2030](#), (v) Health: [CAREC Health Strategy 2030](#), (vi) Gender: [CAREC Gender Strategy 2030](#), (vii) ICT: [CAREC Digital Strategy 2030](#), (viii) Climate change adaptation and mitigation: [CAREC Climate Change Action Plan 2025-2027](#). For other guiding sectoral documents please check [CAREC website](#).