



CAREC IMPLEMENTATION PROGRESS REPORT

NOVEMBER 2023



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FOR INFORMATION

22nd Ministerial Conference

Central Asia Regional Economic Cooperation Program

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CAREC PROGRAM: PROGRESS OF IMPLEMENTATION AND KEY 2023 DELIVERABLES

I. BACKGROUND

1. The Central Asia Regional Economic Cooperation (CAREC) Program has been under implementation for about 22 years since its formal establishment in 2001.¹ Under the CAREC 2030 strategic framework (CAREC 2030) that was adopted in October 2017, the Program focuses on five operational clusters: (i) economic and financial stability; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity; (iv) agriculture and water; and (v) human development. Three cross-cutting themes: digital connectivity, gender equality, and climate change mitigation and adaptation, are also supported under CAREC 2030.

2. Since the endorsement of CAREC 2030, the Program has reaffirmed and broadened the scope of its traditional sectors—i.e., CAREC Integrated Trade Agenda 2030 endorsed in 2018, CAREC Transport Strategy 2030 endorsed in 2019, and Energy Strategy 2030 endorsed in 2019—and formulated strategies in the new sectors and thematic areas: i.e., CAREC Tourism Strategy 2030 and Gender Strategy 2030 endorsed in 2020; and CAREC Health Strategy 2030 and Digital Strategy 2030 endorsed in 2021. Full implementation of these CAREC strategies remains a priority to facilitate the region's resilient recovery and growth amid a challenging environment.

3. The 2023 *Independent [Evaluation of ADB Support for the CAREC Program](#)* found significant progress made in helping improve connectivity in the subregion but modest contribution to improving regional economic competitiveness, due to continuing challenges in removing barriers to trade. The report's recommendations—including to strengthen support for investment climate and trade policy reforms, modernize border crossing points and customs processes, develop multimodal corridor network, enhance climate change mitigation and adaptation, and improve results monitoring—will be considered in the midterm review of *CAREC 2030 Strategy* to be undertaken in 2024.

II. CAREC INVESTMENT PORTFOLIO

4. As of 30 June 2023, CAREC cumulative investments reached **\$47.27 billion**, covering 257 projects. Of these investments, \$16.53 billion was financed by the Asian Development Bank (ADB), \$20.94 billion by other development partners, and \$9.8 billion by CAREC governments. By sector, transport has the biggest share at 69.7% or about \$33 billion; energy accounts for 20.4% or about \$9.6 billion; and trade and trade facilitation, 3.9% or about \$1.86 billion. Although a big proportion of CAREC investments flow into traditional sectors of transport, energy, and trade, there is increasing diversification into other sectors, particularly, agriculture, health, and tourism.

¹ The CAREC Program is a partnership of 11 countries and development partners working together to promote development through cooperation, leading to accelerated economic growth and shared prosperity. Member countries include Afghanistan, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, the PRC, Tajikistan, Turkmenistan, and Uzbekistan. ADB placed on hold its assistance in Afghanistan effective 15 August 2021 (<https://www.adb.org/news/adb-statement-afghanistan>).

III. PROGRESS OF IMPLEMENTATION PER CLUSTER AND SECTOR

5. Activities under the **Economic and Financial Stability Cluster** include policy dialogues on key economic and financial stability issues and macroeconomic policy coordination. In 2023, two high-level forums were jointly organized by the ADB, the International Monetary Fund (IMF) and the World Bank in Tbilisi, Georgia. In February 2023, a forum examined policies and measures on domestic revenue mobilization to support national development goals and rebuild fiscal buffers of CAREC countries, including the design and implementation of carbon taxation. In June 2023, another forum discussed the role of sustainable finance in mobilizing resources for climate change adaptation and mitigation and its impact on financial stability. The second Capital Market Regulators' Forum (CMRF)—on 31 October to 1 November 2023 co-organized with the Agency of the Republic of Kazakhstan on the Development of Financial Markets—discussed the role of capital markets in climate finance and the lessons from the Asian Bond Markets Initiative (ABMI). The CMRF was also renamed as CAREC Regional Capital Markets Development Forum (CMDF), highlighting its commitment to sustainable financial sector development in the region.

6. Stakeholders' consultations—with countries and potential donors—are being undertaken on the proposed concept and establishment of a [CAREC Climate and Sustainability Project Preparatory Fund \(CSPPF\)](#). The CSPPF aims to help address financing gaps in achieving climate change goals through preparation of bankable climate-related regional projects for CAREC countries. The proposed fund builds on a transaction technical assistance facility within ADB with initial funding of \$1.4 million, approved in November 2021. The facility supported the preparation of ADB's regional infrastructure projects in the CAREC region, two of which are the Almaty-Bishkek Economic Corridor Regional Improvement of Border Services (RIBS) project and the Issyk-Kul Lake Environmental Management for Sustainable Development project.

7. The **Trade, Tourism, and Economic Corridor cluster** continues to show its dynamism in keeping trade open and advancing regional cooperation. Under the [CAREC Integrated Trade Agenda 2030](#) (CITA 2030), CAREC trade TAs continue to support CAREC members in implementing their global commitments. Notably, implementation of the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO) is on track for CAREC member countries—with the People's Republic of China (PRC), Georgia and Kazakhstan reaching 100% implementation rate and the remaining four member countries averaging 85%. The three WTO acceding governments—Azerbaijan, Turkmenistan, and Uzbekistan—have accelerated their accession processes. ADB's technical support includes an ex-ante assessment for Azerbaijan completed in 2022; technical advisory for the preparation of Memorandum on the Foreign Trade Regime (MFTR), a key document for WTO negotiations for Turkmenistan; and participation at key platforms for dialogue and donor coordination in Uzbekistan. The ADB and WTO Secretariat co-organized a development partners roundtable in May 2023, followed by a series of technical sessions in July and October 2023. Meanwhile, ADB's knowledge products and activities jointly with United Nations (UN) entities and other partners such as the CAREC Institute, International Chambers of Commerce, and the International Trade Center are enhancing the capacity of members in aligning with international standards and accelerating digital trade in the region. Azerbaijan, the PRC, Mongolia, Tajikistan, and Turkmenistan have signed the UN Framework

Agreement on Cross-Border Paperless Trade in Asia and the Pacific, while Azerbaijan, the PRC and Mongolia are now parties to the UN Convention on the Use of Electronic Communications in International Contracts. Pilot capacity building initiatives to support the PRC and Georgia in adopting the UN Model Law on Electronic Transferable Records have been launched at the CAREC Digital Trade Forum and in-country activities were organized in 2022 to 2023. In June 2023, several CAREC countries joined the Landlocked Developing Country–Business Talks and the World Export Development Forum 2023 in Ulaanbaatar.

8. Ongoing investment projects also facilitate trade reforms in line with international agreements. Under the RIBS project, infrastructure at selected borders of the Kyrgyz Republic and Tajikistan have been upgraded, with Pakistan's for completion. Tajikistan and Pakistan launched their national single windows (NSWs), while a government protocol has been approved for Mongolia to accelerate the launch of its NSW, a year ahead of its commitment under the WTO TFA. A new investment for Mongolia (i.e., Border Efficiency for Sustainable Trade project) for approval in December 2023 will include smart border development and one-health at-the-borders approach.

9. The 3rd Sanitary and Phytosanitary (SPS) Measures Regional Working Group Meeting in January 2023 underscored the importance of modernizing SPS measures to expand trade while, at the same time, protecting agri-food supply chains through enhanced regional cooperation and coordination among agriculture, health, environment, and trade agencies under a One-Health approach. The 22nd Customs Cooperation Committee (CCC) Meeting in June 2023 (i) adopted a Joint Statement promoting customs digitalization and green customs initiatives, (ii) pushed the pilot phase of the CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) forward, and (iii) agreed on the Joint Action Plan 2024-2026 between ADB and Korea Customs Service. The joint Regional Trade Group-CCC meeting on 12 June 2023 endorsed the progress made in implementing CITA 2030, welcomed the trade-related recommendations of ADB's independent evaluation of the CAREC Program, approved the CITA Rolling Strategic Action Plan 2023-2025, and considered the terms of reference for the CITA 2030's Midterm Review in 2024. Several CAREC members expressed interest in pursuing regional economic partnerships or bilateral free trade agreements (FTAs) as a catalyst for inclusive and sustained economic growth through integration.

10. As part of CITA 2030's accelerating trade digitalization, the CAREC ePhyto Conference in Uzbekistan in September 2023 promoted the adoption of International Plant Protection Organization's electronic phytosanitary certificate (ePhyto) solution, which facilitates the exchange of ePhytos. Azerbaijan and Georgia have formally requested support for testing the ePhyto solution and pilot it bilaterally. Uzbekistan has been exchanging ePhytos since 2020, while the PRC is testing the system. Pakistan is at the advanced stage of integrating the ePhyto solution into the Pakistan Single Window.

11. Azerbaijan, Georgia, and Uzbekistan signed a memorandum of understanding (MOU) in October 2023 to pilot test the CATS/ICE that aims to simplify transit documentation and procedures and promote intra-regional trade among participating countries. Turkmenistan is set

to sign the MOU by the end of 2023, while other CAREC countries are encouraged to join this pilot project. A regional workshop on the implementation of the Authorized Economic Operator's (AEO) Program was co-organized with Uzbekistan State Customs Committee from 31 October – 1 November 2023. Country interventions to enhance or set up their AEO authorization process, negotiate mutual recognition arrangements, and include an AEO scheme for e-commerce players are planned in 2024.

12. Overall, the CAREC **trade sector** delivered at least 16 regional and subregional policy dialogues and training events, and 20 national capacity building activities from October 2022 to November 2023. Knowledge products on trade include the CAREC [Trade Information Portal](#), which provides the latest trade statistics at the country level, while the Corridor Performance Measurement and Monitoring (CPMM) online [database](#) offers trade facilitation indicators at the country and corridor level. A session at 18th East Asia Economic Association International Conference from 21-22 October 2023 in Seoul, Republic of Korea highlighted key findings from the CPMM data. The [CAREC Trade Insights and News](#), launched in 2022, continues to provide quarterly updates on CAREC trade activities. A [CAREC panel session](#) on enhancing international value chains along the New Silk Road was organized at the Tbilisi Silk Road Forum on 26 October 2023. CAREC Secretariat is also undertaking a study on Diversifying Trade Flows and Alternate Transport and Transit Routes, for completion in 2024.

13. Since the endorsement of the [CAREC Tourism Strategy 2030](#), several initiatives have been introduced: (i) the CAREC tourism portal ([VisitSilkRoad.org](#)) as a tool for consolidating information on tourism attractions in CAREC countries and promoting the services of local tourism businesses, which had a soft launch in June 2023 at the CAREC Senior Officials Meeting; (ii) a travel bubble under the Almaty-Bishkek Economic Corridor (ABEC) with common health and safety protocols; (iii) a joint Accommodation Classification System (ACS) within ABEC; and a pilot ACS or quality label for accommodations in Pakistan, and (iv) capacity building workshops and skills development activities. Four projects under the tourism regional investment framework 2021-2024 are being conceptualized.

14. Activities planned until 2024 include the refinement of creative content in the *VisitSilkRoad* portal, and the development of proposals and feasibility analyses of revenue generation activities for CAREC. In coordination with GIZ, certification courses in tourism will be conceptualized, consisting of self-paced online learning, complemented by onsite training on regional cooperation in tourism. A visa facilitation study for the CAREC region will assess the existing visa policy, procedures and regulations, and recommend areas for improvement based on global best practices and case studies with potential pilot programs (*Silk Road Visa*). The travel bubble concept will be fostered further, sharing lessons from the ABEC case between Kazakhstan and the Kyrgyz Republic and promoting the use of standardized safety and health protocols among CAREC members.

15. Under the **economic corridors development (ECD)**, CAREC countries progressed well in adopting the cross-border economic corridor concept into their national development strategies. Two CAREC initiatives are producing notable results. ABEC saw transformative

regional investment projects being financed, the 'Strengthening Regional Health Insurance Project' that ADB approved in September 2022, the 'Issyk-Kul Lake Environmental Management for Sustainable Tourism Project', and the 'ABEC RIBS Project', which are expected to be approved in 2023-2024. Two knowledge products will be released in 2023 and made available on the ABEC website (www.almaty-bishkek.org): the (i) ABEC Trade Facilitation Report on improving border crossing procedures and infrastructure, and (ii) ABEC Joint Accommodation Classification System in line with World Tourism Organization standards. The 7th ABEC Subcommittee Meeting in February 2023 in Bishkek reviewed ongoing ABEC projects and agreed on the next steps.

16. The implementation of the roadmap for developing the Shymkent-Tashkent-Khujand Economic Corridor (STKEC) is also advancing, with completed pre-feasibility studies for an International Center for Industrial Cooperation between Kazakhstan and Uzbekistan and a Trade and Logistics Center in Sugd Oblast in Tajikistan. A consultation meeting and regional workshop were conducted in September 2023, to discuss the two studies and next steps for STKEC initiative. In May 2023, ADB and the Government of Georgia co-organized a knowledge sharing program on promoting regional cooperation and integration for economic corridor development in Batumi. The STKEC countries learned about Georgia's experience and policy measures in facilitating transport and trade through the simplification of border crossing procedures and application of international standards for improved food safety. Sustaining the strong momentum for ECD among CAREC members, ADB published a [Guidance Note on Economic Corridor Development](#) which contains a new framework and operational guidelines for facilitating complex multisector ECD programs that are aligned with DMCs' development agendas. It will enable planning, designing, implementing, and assessing the performance of economic corridors for government officials, development partners, the private sector, and researchers.

17. The **Infrastructure and Economic Connectivity cluster** made notable headway during the reporting period. The **transport sector** held its 20th Transport Sector Coordinating Committee Meeting on 22-25 May 2023 in Tbilisi, Georgia, along with the 7th Railway Working Group Meeting and the Highways Workshop. The meeting discussed the achievements and challenges under each transport pillar of the [CAREC Transport Strategy 2030](#), together with members' respective transport priorities. Key priorities for 2023-2024 include (i) launching the full-scale scoping study of decarbonization of CAREC Transport, which will conform with the Paris Alignment Agreement (PAA) agenda; (ii) increased attention to border crossing points (BCPs) procedures and infrastructure including scoping studies and concept designs for new and joint BCPs; (iii) continued analytical and investment support to improve regional transport corridors, such as the Middle, Central Asia-to-East Asia, and North-South corridors; (iv) increased attention to digitalization of transport operations; and (v) completion of ongoing knowledge products and increased knowledge dissemination activities.

18. Achievements in the railway transport pillar include (i) completion of 11 national railway assessments, including the overall assessment for CAREC region; (ii) management support to the Kyrgyz and Tajik railways; (iii) setting up of a Traffic Model as a tool supporting feasibility studies; (iv) ongoing operational and commercial assessment of the PRC-Kyrgyz Republic-

Uzbekistan Railway; (v) prefeasibility studies of the Uzbekistan-Turkmenistan Block Train and Ferry Services and the Uzbekistan Northwestern International Freight Corridor; and (vi) knowledge and capacity development support for establishing and operating a railway sales and marketing function, accounting standards and systems for railway commercialization, and an analytical study of rolling stock financing schemes.

19. Cross-border transport and logistics are improving BCPs in Pakistan, the Kyrgyz Republic, Mongolia, and Tajikistan. The concept and design for the first joint BCP between Georgia and Azerbaijan (the joint BCP Silk Road) are being developed, with other countries expressing interest in the joint BCP concept. For road asset management systems (RAMS) and road safety, a compendium of manuals and reports, regional and national training activities have been completed, with some still being developed, i.e., the Road Safety Engineering Manuals VI (Speed Management) and VII (Black Spot Management). It is worth noting that competency in RAMS significantly improved for CAREC countries, with RAMS components integrated and successfully implemented in many IFI-financed road projects. For the aviation transport pillar, the impact of COVID-19 on transport and tourism in the region was assessed, which concluded that Low-Cost Carrier (LCC) aviation operations and aviation cargo are two potential growth sectors. Both the CAREC LCC study and the Aviation Cargo study have been completed and are being circulated for review and comments.

20. Transport initiatives support the ECD operations under CAREC. Under ABEC, these include the ABEC RIBS project, the Almaty–Issyk-Kul alternative road project, and ABEC e-buses. Under the STKEC, feasibility studies for trade logistics facilities in Kazakhstan, Uzbekistan and Tajikistan are underway. Under the South Caucasus Gateways project, the following were initiated: regional multimodal transport assessment, traffic modeling and mapping of various South Caucasus transportation system scenarios, and a traffic study and process analysis for the joint BCP Silk Road between Georgia and Azerbaijan.

21. The **energy sector** held its 33rd Energy Sector Coordinating Committee (ESCC) meeting virtually in May 2023, where it endorsed the 2023-2025 CAREC Energy Work Plan. Key initiatives outlined are the (i) 6th Energy Investment Forum this year, (ii) workshop on regional transmission and grid infrastructure, (iii) workshop on energy efficiency in the CAREC region, and (iv) study tour to explore sustainable energy solutions in other regions. Under the 2020-2022 Energy Sector Workplan accompanying the [CAREC Energy 2030 Strategy](#), the following deliverables were achieved: (i) the concept for the Central Asia Transmission Cooperation Association (CATCA); (ii) concept for the CAREC Green Energy Alliance; (iii) publication of the CAREC Energy Outlook 2030; (iv) launch of the CAREC Energy Reform Atlas; and (v) realization of the CAREC Women in Energy Program. With a substantial amount of in-depth research and knowledge already accomplished, the next phase will focus on investment-ready projects in renewable energy, transmission or energy efficiency. This also includes regional agreements and collaboration relating to electricity and energy trade, as well as reforms in the energy sector that enhance efficiency, optimize tariffs, and make energy projects more bankable. The 6th Energy Investment Forum in Tbilisi, Georgia on 28-29 November 2023 jumpstarts this phase, with the theme “Empowering Sustainable Energy Investments”.

22. The **Agriculture and Water** cluster has advanced steadily. In the **agriculture sector**, a completed technical assistance helped align national food safety regulations with international food safety standards in Azerbaijan, Kazakhstan, Kyrgyz Republic, Uzbekistan, Turkmenistan, and Tajikistan. Technical training was also provided to support national future actions, enhancing knowledge in this area and exploring country-specific lending opportunities to improve food safety laboratories and related infrastructure, in accordance with preferences and priorities identified by CAREC member countries.

23. As part of addressing the food security concerns, efforts are underway to implement the [Cooperation Framework for Agricultural Development and Food Security in the CAREC Region](#), endorsed in November 2022. An ADB TA is currently being processed to support resilient and sustainable food security in the CAREC region and beyond.

24. Under the **water pillar**, a regional workshop on 'Developing the CAREC Water Pillar' was held in Tashkent in November 2022, aimed at identifying priority activities and institutional structure. Priority activities will support governance reforms required to manage water more efficiently, capacity and skills development, and infrastructure investments. Planned activities for 2023-2024 include consultations on proposed technical assistance for institutional support and knowledge generation, including screening of potential Water Pillar projects; capacity-building for innovative water-energy nexus modelling on a selected tributary in Central Asia; preparation of a climate assessment for an expanded geographic area for the Water Pillar (currently limited to the five Central Asian countries) and establishment of a Water Pillar Working Group.

25. Significant strides have likewise been made in the CAREC **health sector**. As part of implementing the [CAREC Health Strategy 2030](#), a draft Regional Investment Framework (RIF) on Health 2022-2027 was developed in consultation with CAREC countries through the Working Group on Health (WGH). At the virtual 3rd CAREC WGH Meeting in March 2023, the WGH endorsed the RIF, which is a living operational document guiding implementation of the Health Strategy and supporting investment coordination across countries and development partners. The 4th CAREC WGH Meeting convened virtually in September 2023 to discuss progress in CAREC Health Workstreams. The 5th CAREC WGH Meeting in Almaty in November 2023 endorsed the CAREC health program deliverables, finalized the 2024 workplan, and updated the RIF to include climate and health actions.

26. The CAREC Health Strategy and country engagements are informing national health strategies. Georgia has incorporated aspects of strengthening health security through regional cooperation into their national health strategy. Azerbaijan and Georgia started to exchange monthly epidemiological data on seven border districts, while there are plans to establish a data exchange mechanism for selected Tajikistan and Uzbekistan border districts, and a digitizing sentinel surveillance pilot in Azerbaijan.

27. A series of regional webinars have been conducted to strengthen health systems' resilience and promote regional health cooperation. A repository of training materials related to health security and a video on innovative solutions for addressing CAREC and Caucasus health threats

are forthcoming. There are also plans to conduct in-depth feasibility studies for cross-border collaborative procurement arrangements, formulate a regional risk management plan for health supply chains, and pilot the regional sharing of market information on selected hard-to-access medical products. A concept note to survey the health status of border communities is being drafted, and an assessment of border health facilities planned. The CAREC health website has been updated and provides an overview of key milestones in CAREC health work.

28. On **education and skills development**, the inception meeting and expert roundtable under the TA on Strengthening Regional Cooperation on Skills Development under the CAREC Program was held in Tbilisi in May 2022 and focused on key developments, challenges, and opportunities for collaboration on skills development in the CAREC Region.² Upon the change in the TA team leader due to the internal reorganization in ADB, the TA and its future activities are being reviewed.

29. A consultation and strategic planning workshop is planned for early 2024, which will consider, among other things, two regional initiatives: the *CAREC Regional Skill Development Initiative*, which aims to foster a network of policy researchers around the region who can analyze evidence to support national-level skill development strategies, and the *CAREC University Consortium Network*, which will bring together and deepen collaboration among top universities within the CAREC region.

30. The CAREC Program has laid the groundwork for advancing cross-cutting themes. As one of the key outputs of the [CAREC Gender Strategy 2030](#) and the ADB TA on Promoting Gender Equality in the CAREC region, the Regional Gender Expert Group (RGEG) was established. The RGEG Inaugural meeting was held together with a Women's Economic Empowerment Forum in August 2022 in Istanbul, Türkiye. The CAREC Women Business Forum and the CAREC Award for Advancing Gender Equality are held at the sideline of the CAREC Ministerial Conference in November 2023, bringing together reputable regional and national women networks and women entrepreneurs. Recognizing the pressing need to address the digital gender gap in CAREC, a concept for the Digital Growth and Literacy of Women (Digital-GLOW) Initiative, which aims to empower women by equipping them with essential digital skills, has been developed and consulted with stakeholders both within and outside of ADB. A baseline study will be initiated in 2023 to assess the digital needs and skill levels of women within CAREC member countries, and hybrid training modules will be developed based on the findings.

² The TA is finalizing six knowledge products: (i) a policy report providing a systematic assessment of existing skills in CAREC countries, (ii) a policy brief showing a systematic assessment of how well skills development systems function in CAREC countries, specifically higher education and TVET, (iii) a multi-national CGE assessment of CAREC regional skill and labor market development scenarios, (iv) a regional analysis tool for mapping regional higher education integration frameworks, (v) a report on long-term trends in Central Asian migration, and (vi) a report on CAREC countries' adherence to regional integration frameworks in higher education. The following activities are underway: (i) a regional mapping of governance and regulation of private agency-mediated recruitment systems within CAREC, (ii) a mapping study of university and TVET partnerships between CAREC countries, and a (iii) TVET online training module for the tourism sector.

31. Under the [CAREC Digital Strategy 2030](#), the CAREC Digital Strategy Steering Committee (DSSC) has been established, and the 2023-2025 workplan and terms of reference for the committee were approved at its inaugural meeting in October 2022. The TA on Supporting Startup Ecosystem in the CAREC Region to Mitigate Impact of COVID-19 and Support Economic Revival has undertaken activities to promote innovation and entrepreneurship, under the umbrella of a regional CAREC Startup Ecosystem Development Hub. This includes the (i) CAREC Startup Map, which locates active stakeholders in the startup ecosystem in the region, and is currently the largest regional database of startup ecosystem support providers and stakeholders; and the (ii) CAREC Innovation Network, which links these startups, and offers training in business model validation, marketing and financing, through the CAREC Innovation Decoded series that discusses the secrets of successful startup enterprises and ecosystems. The CAREC Regional Startup Bootcamp is a platform for collaboration with accelerators that facilitates connections with potential investors. Bootcamps were organized together with three prominent incubation centers/ IT Parks in the region, Astana Hub (Kazakhstan), IT Park (Uzbekistan) and Next Step Innovation Center (Azerbaijan) from 20-30 August 2023. Another initiative is the CAREC University Startup Competition, which attracted over 580 university students, and showcased impressive startup ideas such as the “Know Bus” (a convenient environment-friendly ride-sharing app) and the AI Office Butler (a productivity-enhancing app using artificial intelligence). The CAREC University Exchange Program, where 12 teams of university students from the region joined a 2-week education program on business innovation and opportunities in Azerbaijan, Georgia, Kazakhstan, and Uzbekistan in July 2023. Plans for 2023-2024 include *Open Innovation Challenges* to promote youth engagement and entrepreneurship, and creation of a flagship *CAREC Digital Literacy Program for Women*.

32. Under the digital trade initiatives, the PRC’s Ministry of Commerce, the Hangzhou Municipal Government, the Qiantang District Government, and ADB are co-organizing the *CAREC Innovation Week and Digital Economy Tour* from 22-24 November 2023 in Hangzhou, Zhejiang Province, PRC. The three-day event is held at the sidelines of the Second Global Digital Trade Expo featuring over 800 exhibitors and around 50,000 participants who are expected to benefit from the PRC’s experience and insights on cross-border e-commerce development, strategies, and opportunities. In May 2023, select Central Asian governments and private sector representatives participated at the E-Commerce Study Tour in Malaysia and Singapore, co-organized by the ADB, the US Department of Commerce Commercial Law Development Program (CLDP), and the United States Agency for International Development (USAID).

33. A regional TA on [Developing a Disaster Risk Transfer Facility](#) in the CAREC Region helps to build CAREC countries’ physical and financial resilience against disaster risks derived from earthquakes, floods, and infectious disease outbreaks. Several milestones include: (i) disaster risk profiles for each CAREC country; (ii) protection gap assessment, which quantifies the difference between the estimated losses from the earthquake and flood risk and the existing ex-ante financing tools in CAREC countries; (iii) an infectious disease risk report, which identifies three potential risk financing solutions to help build CAREC countries’ financial resilience to future outbreaks; (iv) compound risk analysis of potential joint impacts from disaster events and

infectious disease outbreaks; (v) a Disaster Risk Modeling Interface (DRMI), allowing stakeholders to visualize the risk profiles, perform high-level cost-benefit analysis of disaster risk reduction and adaptation measures, and quantify risk transfer costs for earthquake and flood parametric insurance structures. In addition, 7 regional and subregional capacity-building and engagement workshops and 21 bilateral consultations have been held throughout the TA implementation period (September 2020–November 2023).

34. Planned deliverables for 2024 include (i) a [roadmap](#) for the establishment of a CAREC risk transfer facility based on international best practices and lessons learned from other successful regional risk pools established in the Caribbean, Africa, the Pacific and Southeast Asia; (ii) final report on the issuance of a Disaster Relief Bond for CAREC countries, including financial, modeling, structural, legal and documentation requirements, and (iii) a refined DRMI, including a technical manual for handover of the tool for further management and maintenance. A regional engagement workshop in July 2023 in Islamabad, Pakistan took stock of the TA progress made to date, discussed the remaining deliverables and the next steps. A [Joint Statement](#) containing countries' request for further support to advance the design and implementation of the proposed regional solutions is for endorsement at the 22nd CAREC Ministerial Conference.

35. The [CAREC 2030: Supporting Regional Actions to Address Climate Change—A Scoping Study](#), commissioned by the CAREC Secretariat and published in April 2023 provided the basis for the development of the [Regional Action for Climate Change: A Vision for CAREC](#). The study and the Vision define the principles for pursuing climate action by sectors, priority areas for investments, and recommend steps that CAREC countries can take towards a more sustainable and climate-resilient region (please also see Section III). In preparing the Climate Change Vision, the Secretariat organized in September-October 2023 extensive consultations with line ministries, key development partners and think tanks. As a result, the countries and development partners supported the overarching vision, and outlined priorities within the document with emphasis on the urgent need to foster sectoral and cross-border cooperation in the region.

36. The **CAREC Institute's (CI)** strategic priorities, as outlined in the Strategy 2021-2025, remain on track. To ensure that its operations align with strategic priorities and make the necessary adjustments, a Mid-term Review (MTR) of the strategy is underway with ADB support. The CI Advisory Council held its 5th virtual meeting in October 2023. The CI Governing Council will meet on 1 December 2023 in Tbilisi to consider the MTR, organization restructuring, budget, operational plans, and recruitment plans, and importantly, how to improve the effectiveness of CI operations and activities while ensuring CI's adherence to its original mandate as a knowledge arm of the CAREC Program. The CI is pursuing a multi-pronged approach to ensure operational sustainability by deepening engagement with its most trusted partners, the PRC and ADB, engaging with other member countries, building in-house capacity for systematic resource mobilization, and tapping project-based funding from multilateral partners. As of August 2023, CI signed two MOUs and aims to sign three more MOUs by December 2023 with various national and international organizations.

37. CI plays an essential role in meeting the growing knowledge needs of CAREC member countries. In 2023, CI implemented nine projects covering regional trade integration, digitalization, climate change, regional cooperation, fintech development, and water sector financing. As of August 2023, the CI has published two quarterly economic monitors, one economic brief, five policy briefs, and two research reports on various topics such as Chinese overseas direct investment, trade facilitation, water sector financing, digital FDI ecosystem, civil aviation, agriculture extension services. CI also published the outcome of its annual research conference. The Annual Research Conference, Visiting Fellowship Program, and CAREC Think Tank Network Research Grants Program augment CI's research functions.

38. Leveraging its e-learning platform, CI has transitioned to delivering systematic and holistic capacity-building activities to its target participants. CI's monthly newsletter reaches over 3,000 stakeholders. CI organized the 7th CAREC Think Tank Forum in Urumqi on 16-17 August 2023.

III. KEY DELIVERABLES FOR THE 22ND CAREC MINISTERIAL CONFERENCE

For Ministers Endorsement

39. **CAREC Climate Change Vision.** The Ministers endorsement is sought on the draft long-term visionary document, which aims to guide and support the transition to a greener and more sustainable future in the CAREC region. The Vision's statement is: "**A Region of Sustainable Development, Shared Prosperity and Climate-Resilience**" with three main goals: *Mitigate, Adapt, and Cooperate*.

40. **Joint Ministerial Statement of the 22nd CAREC Ministerial Conference.** With the theme: "*Reinvigorating Regional Cooperation in Times of Change*", the Statement includes:

- (i) Endorsement of the CAREC Climate Change Vision;
- (ii) Support for the concept and establishment of the proposed CAREC Climate and Sustainability Project Preparatory Fund;
- (iii) Support for the actions outlined in the Joint Statement on Developing a Disaster Risk Transfer Facility in the CAREC Region;
- (iv) Appreciation for the satisfactory progress in CAREC's clusters, priority sectors and cross-cutting themes; and
- (v) Call for more efforts to scale up financial and technical resources and urge all development partners to identify and develop solutions to mobilize and generate more private sector interest and financing.

For Ministers Information

41. The following events are organized in Tbilisi, Georgia at the sideline of the 22nd Ministerial Conference:

- (i) On 28-29 November, the [CAREC Energy Investment Forum](#), which is a platform for sharing and exploring business opportunities in energy investments, and convene

government representatives, project developers, development partners, financiers, and other stakeholders from both inside and outside the region.

- (ii) On 28-29 November, the Regional Expert Group on Gender is organizing: (a) a CAREC Women's Business Forum, which is a knowledge exchange and networking event aimed at enhancing women's economic empowerment, and (b) [CAREC Gender Award Ceremony](#), which celebrates individuals and organizations that dedicated their time, resources, and talents to effect positive change in gender equity.
 - (iii) On 1 December, the 14th meeting of the **CAREC Institute Governing Council** will review the CI's program and discuss the Midterm Review of the CI Strategy 2021-2025.
42. The following initiatives or studies are being completed or ongoing:
- (i) The CAREC Tourism Portal (<https://visitsilkroad.org>)
 - (ii) A study on Diversifying Trade Flows and Transport and Transit Routes in the CAREC Region (for completion in 2024).