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CAREC Program and ADB's RCI Classification

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CCSD



ADB

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Central Asia Regional Economic Cooperation (CAREC) Program

- An **open and inclusive platform** to promote shared and sustainable development
 - 11 member countries: Afghanistan,¹ Azerbaijan, PRC, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan → **Pakistan joined in 2010**
 - Development partners: ADB, AIIB, EBRD, IMF, IsDB, UNDP, the World Bank, and expanding
 - ADB serves as CAREC Secretariat
- Promotes regional cooperation through policy dialogue, investment projects, knowledge solutions, capacity–building, and South-South cooperation
- Rotating chairmanship with Kazakhstan as the chair country this year.
- **CAREC Institute** serves as regional knowledge hub, undertaking research and capacity building on key issues affecting the region

CAREC 2030 STRATEGY



Economic and Financial Stability



Trade, Tourism and Economic Corridors



Infrastructure and Economic Connectivity

Operational Clusters



Agriculture and Water



Human Development



Cross-cutting Themes

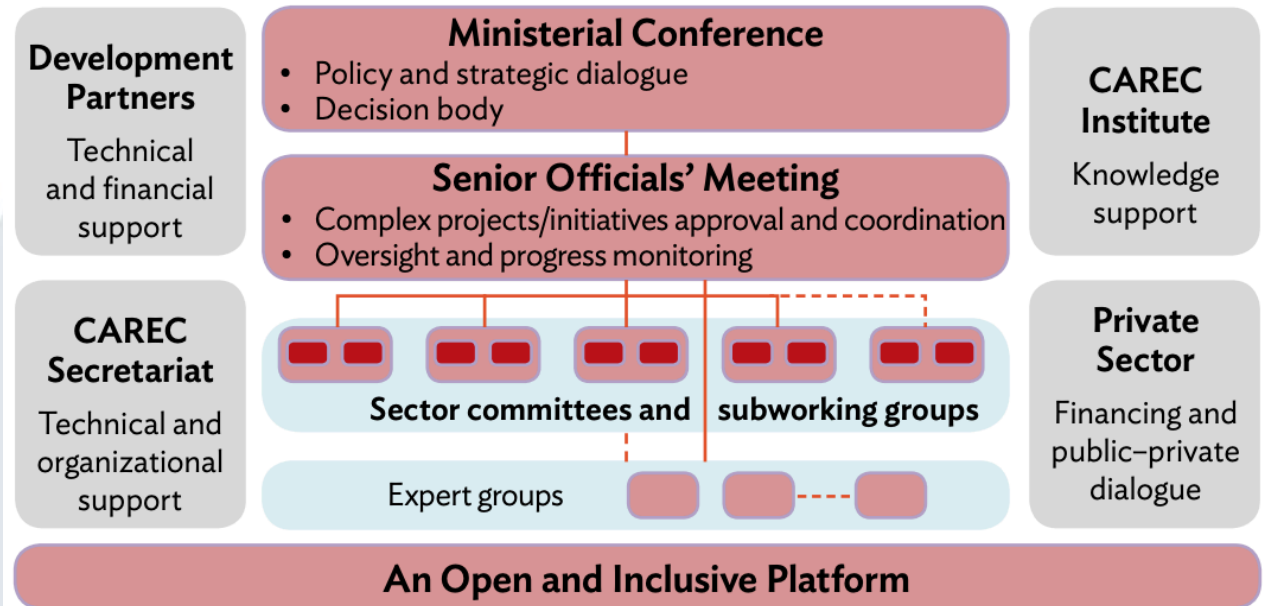
- Climate Change
- Digital/ICT
- Gender



Anchored on **Good Neighbors, Good Partners, and Good Prospects** vision

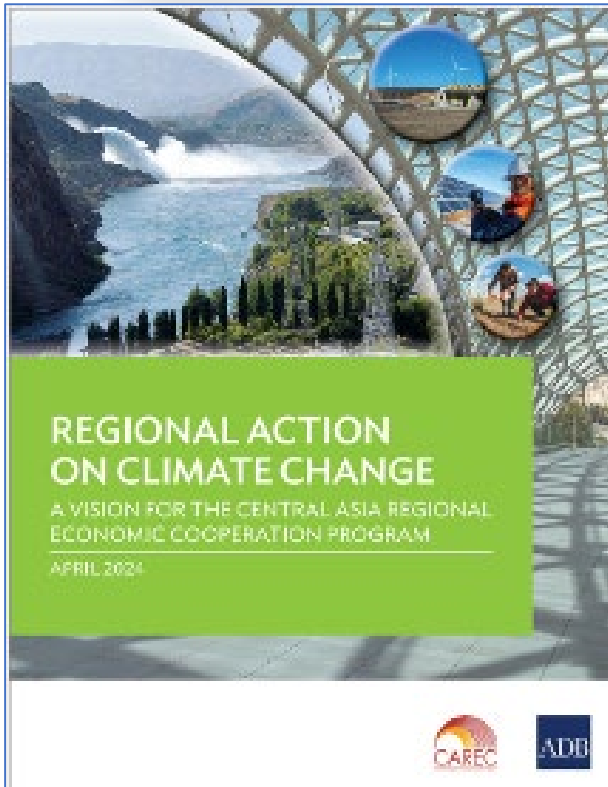
Aligns with national strategies and supports new global agenda—UN Sustainable Development Goals (**SDGs**) and UN Framework Convention on Climate Change (**COP**)

Institutional Framework



CAREC Climate Change Vision

CAREC Climate Change Vision*



CAREC Working Group on Climate Change

- Established in April 2024
- Climate Change Action Plan for Ministerial endorsement

Proposed CAREC Session in COP29 (Nov, Baku)

- Present CAREC Climate Change Action Plan, declaration, initiatives
- Mobilize financing and generate pipeline for the CAREC Climate and Sustainability Project Preparatory Fund (**CSPPF**)

High-level CAREC Session on Financing Greener Value Chains in the CAREC Region at the ADB Annual Meeting (May 2024, Tbilisi)



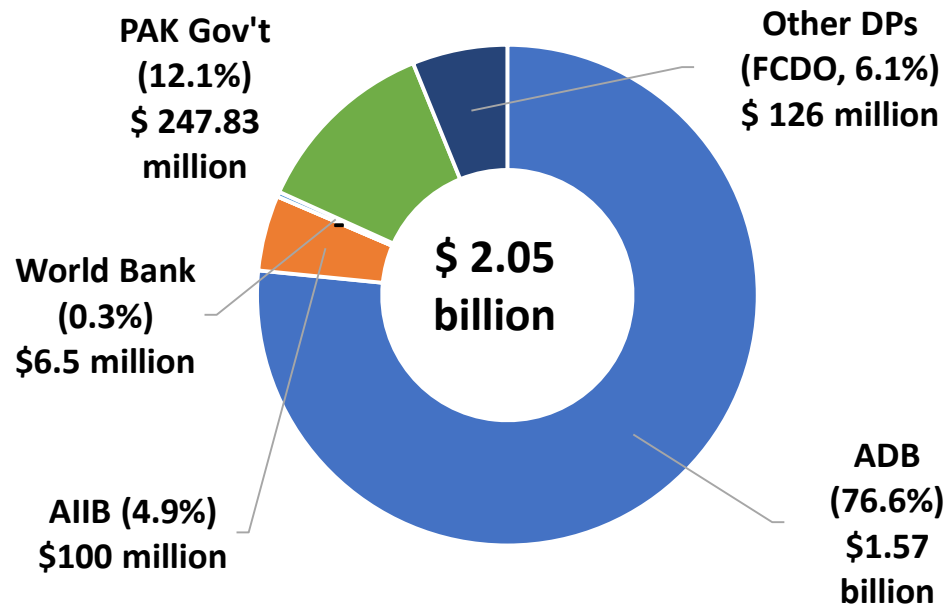
* Endorsed at 22nd CAREC Ministerial Conference (November 2023, Tbilisi)



CAREC in Pakistan

CAREC Cumulative Investments in Pakistan

\$2.05 billion CAREC-related cumulative investments in Pakistan from 2010 to 2023 (8 projects)



Ongoing Projects

Project	Approved	Amount	Sector
CAREC Corridor Development Investment Program Tranche 3	2023	360.00	Transport
CAREC Corridor Development Investment Program Tranche 2	2021	270.83	Transport
CAREC Corridor Development Investment Program Tranche 1	2017	120.00	Transport
CAREC Regional Improvement of Border Services Project	2015	300.00	Transport

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

*Numbers may not add up due to rounding

Enhancing Regional Connectivity

Pakistan is connected to regional transport networks through **CAREC Corridors 5 and 6**.

Improved road conditions substantially increased traffic speed, boosting economic activity and people's mobility.



- **CAREC Corridor Development Investment Program.** *Improved efficiency for road traffic along 747 km of the CAREC corridors along the western side of the Indus River and passing Sindh, Punjab, Khyber Pakhtunkhwa*
- **National Motorway M4 Gojra Shorkot Project.** *Efficient and safer transport between Islamabad, Faisalabad and Multan that enhances and supports greater regional connectivity*
- **National Trade Corridor Highway Investment Program.** *Efficient and safer transport corridor between Islamabad, Faisalabad, and Multan*

Facilitating Trade

CAREC Regional Improvement of Border Services Project

Upgrading border crossing points (BCPs) in Chaman, Torkham and Wagha; reducing border-crossing times and increasing transit trade

Procurement of Pakistan Single Window (PSW) ICT equipment; governance structure of national border point management regime produced and adopted



CAREC Trade TAs

“...The CAREC [TA 9500] has helped in augmenting the plant protection regime in Pakistan. The TA also helped us with connecting the Pakistan Single Window with the IPPC’s ePhyto solution. I think the CAREC Program has a very important role here....”

[Watch the video \(youtube.com\)](https://www.youtube.com/watch?v=...)

ePhyto Solution Through Pakistan Single Window

Country Experience from Pakistan

Syed Shakeel Shah

Director General Reforms and Automation



SYED SHAKEEL SHAH

DIRECTOR GENERAL REFORMS AND AUTOMATION, FEDERAL BOARD OF REVENUE, PAKISTAN SINGLE WINDOW

Harnessing Digital Economy

CAREC TA

[CAREC Innovation Week and Digital Economy Tour](#) (Hangzhou, PRC; November 2023)

Brought together over 200 participants to explore cross-border e-commerce and promote digital economy development through conferences, exhibitions, and regional collaboration.



Ms. Aisha Humera Moriani, Additional Secretary, Pakistan Ministry of IT and Telecommunication

Pakistan TA

[Pakistan's Transformative Digital Future: Growth Strategy and Roadmap](#)

Developing comprehensive analysis and recommendations to enhance Pakistan's digital sector competitiveness, culminating in a Digital Ecosystem Diagnostic Report, a National Digital Policy framework, and a long-term Sector Road Map.



Promoting Regional Public Goods

Disaster Risk Management and Financing

- ADB-funded TA on “**Developing a Disaster Risk Transfer Facility in the CAREC Region**” (\$2.75 million, Nov 2020–Feb 2024)

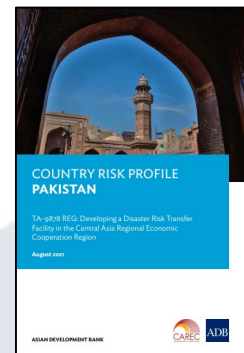
- ❑ Country Disaster Risk Profile
- ❑ Disaster Risk Modeling Interface
- ❑ Protection Gap Assessment
- ❑ Road Map to Developing a Disaster Risk Transfer Facility for CAREC

- **2nd CAREC Disaster Risk Engagement Workshop** held in July 2023 in Islamabad, Pakistan

- ❑ **Joint Statement** requesting continued support to further advance the design and implementation of regional disaster risk financing solutions → further endorsed at the 22nd CAREC Ministerial Conference in November 2023 in Tbilisi, Georgia

ADB

2nd Phase TA on Disaster Risk under process
Climate Change Action Plan being developed



Enhancing Regional Health Security

❑ CAREC Health Working Group Meeting held in Almaty (November 2023)

- Regional Investment Framework on Health updated to include climate change and health interventions
- Regional Health Security Training Repository finalized and endorsed

❑ Supported First Global Health Security Summit in Islamabad (January 2024)

❑ CAREC Sub-working Group on Health Supply Chain Procurement established (March 2024)

❑ Supported Pandemic Fund applications for Georgia and Pakistan



Plans

- Regional mechanisms to evaluate digital health applications
- Finalize knowledge sharing platforms
- Additional pandemic fund applications
- Establish Sub-WG on Human Resources for Health



ADB's RCI Classification

Regional Cooperation and Integration

Strategic Operational Priorities

1 Greater and higher quality connectivity between economies


2 Global and regional trade and investment opportunities expanded

3 Regional public goods increased and diversified

OP7 Definition of RCI Innovation

- Nascent sectors/subsectors
- New geographical countries and areas
- Intersubregional RCI
- Nonsovereign/PPP

Operational Approaches


 **Multimodal transport infrastructure connectivity**

 **Renewable energy and sustainable transport**

 **'Soft' infrastructure for implementation of trade and investment agreements**

 **Economic Corridors**

 **Regional financial cooperation**

 **Regional climate change mitigation and adaptation**

 **Environment and sustainable tourism**

 **Regional education and health services**

Subpillars

- More technologically advanced and multimodal cross-border transport, and more ICT-based cross-border infrastructure
- More 'soft' infrastructure for increasing the efficiency/productivity of existing and new cross-border connectivity
- The stock of cross-border infrastructure that reduces GHG emissions, or air and water pollution, waste and land degradation, increased
- Subregional and/or intersubregional DMC coordination mechanisms on infrastructure connectivity established and functioning.

- DMCs' implementation of global and regional trade and investment agreements strengthened
- Policies, infrastructure and business investments to develop existing and/or new cross-border economic corridors improved
- Regional cooperation among financial intermediaries strengthened, and risks to regional financial stability reduced
- Subregional and/or intersubregional DMC coordination mechanisms on trade, finance, and multisector economic corridor established and functioning

- Regional capacity to mitigate and/or adapt to climate change strengthened
- Environmental protection and sustainable management of shared natural resources expanded
- Regional education and health services expanded and improved
- Subregional and/or intersubregional DMC coordination mechanisms on regional public goods established and functioning

Requirements for RCI classification

Project Classification Information Status: Complete

PROJECT AT A GLANCE

Approved in 2020

- Updated Operations Manual on RCI
- Staff Instruction on Business Processes for RCI

- ✓ RCI included in Concept Paper
- ✓ Filled out and validated RCI Scorecard
- ✓ OP 7 related indicator in DMF or linked document
- ✓ Regional benefits in economic analysis

1. Basic Data		Project Number: 51422-002	
Project Name	Sustainable Tourism Development Project (Phase 2)	Department/Division	EARD/EAER
Country Borrower	Mongolia	Executing Agency	Ministry of Environment and Tourism
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=51422-002-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=51422-002-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Land-based natural resources management		2.30
	Rural sanitation		2.30
	Rural solid waste management		2.30
	Water-based natural resources management		2.30
	Trade and services		20.00
Industry and trade	Trade and services		20.00
Water and other urban infrastructure and services	Renovation and protection of cultural heritage		0.80
		Total	30.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	3,343.800
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Medium
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability			
✓ Making cities more livable			
✓ Promoting rural development and food security		ADB Financing	
✓ Strengthening governance and institutional capacity		Adaptation (\$ million)	0.50
✓ Fostering regional cooperation and integration		Mitigation (\$ million)	4.89
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.5		Effective gender mainstreaming (EGM)	✓



Manage Project Information **Project Tasks**

- Overview
- Team Members
- Milestone Events
- Financing
- Cofinancing
- Classification**
- DMF
- Safeguards Categorization
- OP Indicators
- Procurement
- Baseline Projections
- PDS
- Project Missions
- Financial Management
- Co...

The planned project approval date has elapsed. Please proceed to the product details page and do the necessary action for this flag to be cleared.

Project Classification - RCI Scorecard

[Cancel](#) [Revert](#) [Save](#)

[Project Classification](#) | [Climate Change](#) | [ICT and Digital Technology](#) | **[RCI Scorecard](#)** | [Ocean Health](#)

RCI Scorecard

Status :

*Does the project/program/TA include an RCI component? Yes No

TIP: RCI Projects or TAs must receive an "A" or "B" rating to all questions to be classified as RCI. If there is no OP7 indicator this must be an action point for the draft TA or draft RRP. Refer to the [guidance note](#) for more details. The RCI Scorecard can be prepared as early as the concept stage.

Questions	Ratings * i	Justification *	Rating (RCI-TG)	RCI-TG Validation
Does the project align with national and regional strategies on RCI and has the government demonstrated commitment/readiness? Click the information icon for examples. i	<input type="text"/>			
Is the project expected to contribute to (or in the case of KSTA support) regional economic benefits? Click the information icon for examples (list is not exhaustive). i	<input type="text"/>			
Does the project provide additional support to regional cooperation and integration and/or objectives of OP7? Click the information icon for examples. i	<input type="text"/>			

OP7: Fostering Regional Cooperation and Integration (select at least one pillar)

- Pillar 1: Greater and higher quality connectivity between economies
- Pillar 2: Global and regional trade and investment opportunities expanded
- Pillar 3: Regional public goods increased and diversified

M&E: Does the DMF or linked document include an indicator relevant to OP7? (untick this if the response is No)

(If "No", this is an action point for addressing in the RPP/TA Paper)

OP7 Indicator	DMF Performance Indicator	Delete
No results found.		
Add Another Row		

ACTION POINTS: (To be filled out by SDCC RCI Scorecard Validator)

- Include regional effects in the economic analysis in RRP
- Include relevant OP7 indicators in the draft RRP or TA paper
- Others

Prepared by: Reviewed by:



OP 7 (RCI) Indicator

All RCI classified loans, grants, or TAs are expected to have an indicator in the DMF or ‘Contribution to the S2030 Operational Priorities’ document which is aligned with an OP7 results framework or tracking indicator.

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with Sustainable tourism development in Mongolia improved and diversified (National Program on Tourism Development, 2016–2025) ^a			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Sustainability and inclusiveness of tourism in western Mongolia increased	<p>By 2028:</p> <p>a. Governments of Bayan-Ulgii, Khovd, and Uvs <i>aimags</i> (provinces) meet specific targets for livelihoods, conservation, and waste management in the approved regional tourism master plan (2020 baseline: Not applicable) (OP 4.2.1)</p> <p>b. About 1,349 jobs (40% women, 60% men) generated, of which at least 30% filled by youth and 30% poor (2020 baseline: 0) (OP 1.2, OP 2.1, OP 5.1)</p> <p>c. At least 90% of tour camp operations in about five sites (ATBNP, KKNP, KUNNP, TSC, UVSPA) comply with tour camp concession manual, including targets for local employment and sanitation (2020 baseline: Not applicable) (OP 3.3.4)</p>	a.–d. Protected area and <i>aimag</i> and <i>soum</i> (district) annual reports, and project technical and progress reports	<p>R: Tourism declines again because of COVID-19, other pandemics, or slow economy</p> <p>R: Changes in political leadership and/or development priorities disrupt project implementation</p>
Outputs 1. Inclusive planning and capacity for community-based tourism enhanced	<p>By 2027:</p> <p>1a. One regional tourism master plan developed, and three <i>aimag</i> tourism plans revised to include targets for tourism, livelihoods, gender, sanitation, and conservation, and support cross-border tourism arrangements (2020 baseline: 0) (OP 2.3.2, OP4.2.1, OP 7.2.2)</p>	1a.–f. Protected area and <i>soum</i> annual reports, project technical and progress reports, workshop and/or training	R: Decreased support from commercial operators to involve communities in

OP No.	Corporate Results Framework Indicators (Outputs and Outcomes)	Expected Value	Methods and Comments
5.1.1	Rural infrastructure assets established or improved (number)	108	PIU progress reports will contain data on the number of tourism facilities built. The target comprises: two tourist streets, two tourism complexes, 9 women-led markets, 35 small public facilities, and 60 toilets.
7.2.2	Measures to develop existing and/or new cross-border economic corridors supported in implementation (number)	1	The project-supported regional tourism master plan for western Mongolia will include improved management of cross-border tourism with the People's Republic of China and the Russian Federation, including destination management and disease risk screening to support national health and safety procedures.

Regional economic benefits

- Quantitative or qualitative assessment of regional economic benefits

22. **Economic Internal Rate of Return.** The proposed Tranche 1 project investments are economically justified with each output and corresponding subprojects reflecting economic internal rate or return (EIRR) above the economic opportunity cost of capital at 9%. Base case EIRR is between 10.4% and 20.8%, with project overall at 14.3%, and ENPV at CNY1,515 million. Sensitivity analysis shows EIRR remains robust under the test scenarios, and is most sensitive to combined cost increase and benefit reduction at 11.5%. Table 1 summarizes the results.

Table 1: EIRR and Sensitivity Analysis Results

Particulars	Overall	Output 1	Output 2	Output 3
Base Case	14.3%	10.4%	13.3%	20.8%
Capital Cost + 10%	13.4%	9.7%	12.3%	19.7%
O&M Cost + 10%	13.9%	10.0%	13.2%	20.2%
Benefits - 10%	12.9%	9.2%	12.1%	19.0%
Combined Costs +10%, Benefits -10%	11.5%	8.2%	11.1%	17.4%
Delay Implementation by 1 Year	12.3%	8.7%	11.8%	17.8%

EIRR = economic internal rate of return, ENPV= economic net present value, O&M = operation and maintenance.

Source: Asian Development Bank estimates.

23. **RCI Impact on EIRR.** Direct benefits have been identified from infrastructure and smart innovative technologies that contribute to spreading RCI with border towns as portal to regions beyond, particularly Mongolia. Including the direct RCI benefits at CNY, overall EIRR is at 26.9%, and ENPV at CNY7,190 million. (Refer to RCI section in paras. 78–81, SD02).



Additional slides



CAREC's Support to Pakistan on Regional Cooperation and Integration (RCI)

CAREC's RCI Support includes:

- Enhancing trade competitiveness, through initiatives such as **Pakistan Single Window (PSW)** Initiative to boost trade and create additional jobs (e.g., through tourism);
- Improving transport connectivity to **boost Pakistan's transit role** in connecting CAREC corridors to maritime trade through ports of Gwadar and Karachi;
- Continuing energy sector reform for improved access to reliable and low-cost energy through the **TUTAP, TAPI, CASA-1000**, projects;
- Supporting **Pakistan's linkages with CAREC countries** through cooperation between startups, venture capitalists, incubation centers, and universities under **CAREC Digital Strategy**;
- Support Pakistan in mitigating adverse impact of climate change through regional actions under **CAREC Climate Change Action Plan**; and
- Enhancing **policy dialogue on macroeconomic and financial stability** to improve policy coordination for harmonized regulations and standards for capital markets cooperation and development

Upcoming RCI Events (August-December 2024)

Date	CAREC Meeting/ RCI Event with CAREC Participation	Venue
27-28 August	8th CAREC Think Tank Development Forum	Almaty
2-3 September	CAREC Working Group on Climate Change Meeting	Baku
September (tbc)	Pakistan Venture Connect 2024	Islamabad
25-27 September	CAREC Digital Trade Workshop at the sideline of Third Global Digital Trade Expo	Hangzhou
15 October	CAREC NFP Consultation Meeting	Virtual
15-17 October	2024 ADB Regional Cooperation and Integration (RCI) Conference: Building Resilient and Responsible Critical Minerals Supply Chains for the Clean Energy Transition	Hanoi
7-8 November	23rd CAREC Ministerial Conference and Related Events	Astana
9 November	CAREC Institute Governing Council Meeting	Astana
14 November	CAREC Session at COP29	Baku
November	CAREC Workshop on Agricultural Development and Food Security Cooperation	Astana (tbc)
November (tbc)	CAREC Energy Intraregional Transmission and Interconnectivity Workshop	Tashkent
December (tbc)	CAREC event at the sidelines of the Digital Foreign Direct Investment Forum	Islamabad