The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.

CAREC Program and ADB's RCI Classification

Lyaziza Sabyrova, Regional Head, Regional Cooperation and Integration, CWRD

Yuebin Zhang, Principal Regional Cooperation Specialist, CCSD

19-23 August 2024 | ADB Headquarters, Philippines



RIKAS TOLL PLAZA

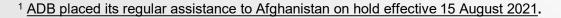
Central Asia Regional Economic Cooperation (CAREC) Program

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

AD

- 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 Infrastructure and and Economic Corridors

Operational Clusters

Human

Development



Agriculture and Water





Cross-cutting Themes

Climate Change

Economic

Connectivity

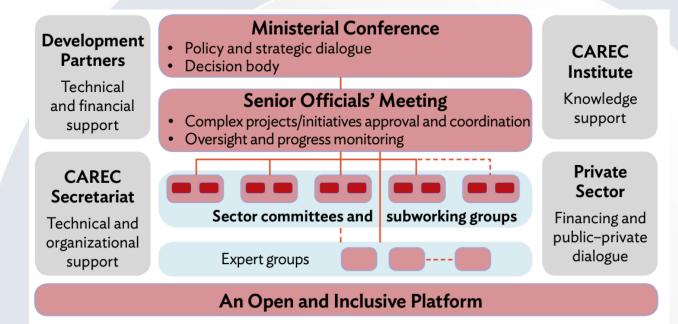
Digital/ICT

Gender

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

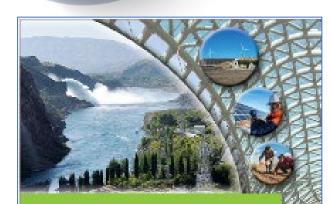
Aligns with national strategies and supports new global agenda—UN Sustainable Development Goals (SDGs) and UN Framework Convention on Climate Change (COP)

Institutional Framework



CAREC Climate Change Vision

CAREC Climate Change Vision*



REGIONAL ACTION ON CLIMATE CHANGE

APRIL 2024



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

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 <u>Financing</u> <u>Greener Value Chains in the CAREC</u> <u>Region</u> at the ADB Annual Meeting (May 2024, Tbilisi)



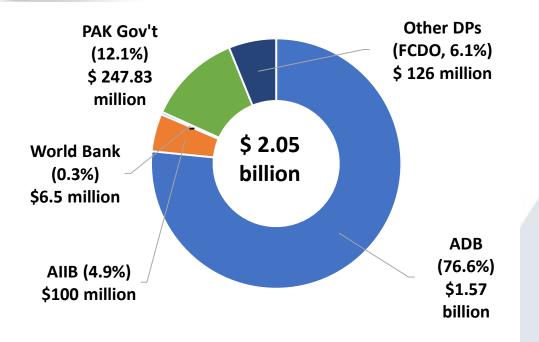


CAREC in Pakistan



CAREC Cumulative Investments in Pakistan

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



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

Ongoing Projects

*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 (voutube.com)

ePhyto Solution Through Pakistan Single Window Country Experience from Pakistan Syed Shakeel Shah Director General Reforms and Automation

SYED SHAKEEL SHAH

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

Harnessing Digital Economy

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

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

ARIKAS TOLL PLAZA

ADB's RCI Classification



Operational Priority 7 Regional Cooperation and Integration

Strategic Operational Priorities



Greater and higher quality connectivity between economies



Global and regional trade and investment opportunities expanded



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

Renewable energy and sustainable transport

'Soft' infrastructure for implementation of trade and investment agreements

Economic Corridors

₹ ₫ Ks Regional financial ₭ ₮ ₨ cooperation ₱ Ъ ₿

> 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



Û

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		Pro	ect Number: 51	1422-002
	Project Name	Sustainable Tourism Development Project	Department/Division	EARD/EAER	
		(Phase 2)			
	Country	Mongolia	Executing Agency	Ministry of Env and Tourism	rironment
	Borrower	Mongolia		and Tourism	
	Country Economic	https://www.adb.org/Documents/LinkedDocs/			
	Indicators	?id=51422-002-CEI			
	Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/			
		?id=51422-002-PortAtaGlance			
	Sector	Subsector(s)	AL	B Financing (\$	2.30
1	Agriculture, natural resources and rural	Land-based natural resources management			
	development	Rural sanitation			2.30
	development	Rural solid waste management			2.30
		Water-based natural resources management			2.30
	Industry and trade	Trade and services			20.00
	Water and other urban	Renovation and protection of cultural heritage			0.80
	infrastructure and services		-		
			Total		30.00
3.	Operational Priorities		Climate Change Inform	nation	
1	Addressing remaining poverty a	and reducing inequalities	GHG reductions (tons p	erannum) 🛛 🕄	3,343.800
1	Accelerating progress in gende	r equality	Climate Change impact	on the	Medium
1	Tackling climate change, buildi	ng climate and disaster resilience, and	Project		
	enhancing environmental susta	inability	ADB Financing		
1	Making cities more livable		Adaptation (\$ million)		0.50
-	Promoting rural development of	-	Mitigation (\$ million)		4.89
- 1	Strengthening governance and	· · · · · · · · · · · · · · · · · · ·	wildgadon (\$ million)		4.03
1	Fostering regional cooperation	and integration	0.0		
			Cofinancing		0.00
			Adaptation (\$ million)		0.00
			Mitigation (\$ million)		0.00
	Sustainable Development Go	ais	Gender Equity and Ma		
	SDG 1.5		Effective gender mainst	reamind (EGM)	



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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	By 2028: 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) 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) 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)	ad. Protected area and aimag and soum (district) annual reports, and project technical and progress reports	R: Tourism declines again because of COVID-19, other pandemics, or slow economy R: Changes in political leadership and/or development priorities disrupt project implementation
			•

Outputs 1. Inclusive	By 2027: 1a. One regional tourism master plan developed.	1af. Protected area	R: Decreased
planning and	and three <i>aimag</i> tourism plans revised to include	and <i>soum</i> annual	support from
capacity for	targets for tourism, livelihoods, gender, sanitation,	reports, project	commercial
community-	and conservation, and support cross-border tourism	technical and progress	operators to
based tourism	arrangements (2020 baseline: 0) (OP 2.3.2,	reports, workshop	involve
enhanced	OP4.2.1, OP 7.2.2)	and/or training	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

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.

• Quantitative or qualitative assessment of regional economic benefits

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%

Table 1: EIRR and Sensitivity Analysis Results

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 er 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)

MARK TOLL PLAZA		
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
ADR		

ADD