

## Evaluation Approach Paper

# Evaluation of ADB Support for the Central Asia Regional Economic Cooperation Program, 2011–2022

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## A. Introduction

1. **This evaluation will assess the performance and results of Asian Development Bank (ADB) support for the Central Asia Regional Economic Cooperation (CAREC) Program during 2011–2022.**<sup>1</sup> It is the second of three evaluations in the Independent Evaluation Department (IED) workplan, 2021–2023, that assess ADB support for regional economic cooperation programs. The first evaluation examined the Greater Mekong Subregion (GMS) Program and was completed in December 2021. The third evaluation will cover ADB's support for the South Asia Subregional Economic Cooperation (SASEC) Program and is scheduled for delivery in the second half of 2023. The CAREC evaluation will be completed in the first quarter of 2023.<sup>2</sup> Upon completion of the three evaluations, IED will produce a synthesis note drawing from the three.

2. **The evaluation will assess both ADB support for the functioning of the CAREC Program, mainly the role of the CAREC Secretariat, and ADB financing of CAREC operations.** The findings and recommendations of the evaluation will inform future ADB support for the CAREC Program (the Program), including efforts to help strengthen the Program's implementation and further improve design and the institutional framework. Together with the evaluations of GMS and SASEC Programs, the CAREC evaluation will generate lessons to help shape the design and implementation of ADB regional economic cooperation programs.

## B. Background and Context

3. **The CAREC Program is a partnership of 11 member countries in Central Asia and surrounding regions (CAREC subregion), aiming to accelerate growth and reduce poverty through regional cooperation.**<sup>3</sup> It consists of nine member countries in Central and West Asia (Afghanistan, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan) and two member countries in East Asia (People's Republic of China [PRC] and Mongolia).<sup>4</sup> With ADB support, the Program was launched at the first CAREC Senior Officials' Meeting attended by six member countries in 2001.<sup>5</sup> Distinguishing itself from other regional cooperation platforms supported by ADB, CAREC began its official existence with substantial participation of other development partners (para. 7).

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<sup>1</sup> The evaluation period is from 1 January 2011 to 30 June 2022.

<sup>2</sup> IED. 2019. *Independent Evaluation Department Work Program, 2020–2022*. Manila: ADB.

<sup>3</sup> Since the CAREC Program is discussed here in the context of ADB's overall membership, its geographic coverage is referred to as subregional.

<sup>4</sup> ADB placed on hold its assistance in Afghanistan effective 15 August 2021. All references to Afghanistan in this report are based on information available as of 30 July 2021. In the People's Republic of China, only two areas in the north and west of the country are involved in the CAREC Program: the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region.

<sup>5</sup> Preliminary work to establish CAREC started in 1996, but investment programming started in 2001.

4. **CAREC member countries are strategically located in the Eurasia's landlocked interior and at the heart of cross-regional trade and commerce among Europe, Russia, East Asia, South Asia, and the Middle East.** There is great potential to increase regional trade through improvements in infrastructure, logistics, and customs between these member countries. However, most of the countries are overly dependent on exports of natural resources and need to diversify their economies. Fossil fuel exporting countries also face the conundrum of being both highly vulnerable to climate change and exposed to international efforts to mitigate it by decarbonizing their economic activities. The likelihood of an accelerated shift from fossil fuels to renewable energy and taxation of carbon could lead to a substantial decline in the real price of oil in the future. This is likely to have negative economic and financial impacts on the fuel-exporting countries unless they diversify their economies and financial systems at an accelerated pace. The unfolding Russia-Ukraine war will have important economic ramifications for CAREC member economies, which have significant trade, economic and financial links with Russia. Fossil fuel importing countries are particularly at the risk of an economic downturn given the current rise in oil and gas prices. Decline in remittance inflows from Russia will also adversely affect the external balances of countries heavily dependent on these flows and lead to large volatility.<sup>6</sup>

5. **The CAREC Program is guided by a two-level governance structure, supported by sector committees, subworking groups, and expert groups.** The highest and final decision-making authority of the Program is the Ministerial Conference (MC) of the 11 member countries. It functions as a strategy-setting and policy body that meets annually, and exercises accountability over the Program's results. The semi-annual Senior Officials Meeting serves to ensure the effective implementation of policy and strategic decisions made by the MC, monitors progress at sector and cluster levels, and recommends operational improvements. Sector committees exercise full operational authority to discuss and develop policy and investment options and recommendations for their respective sectors. They develop annual workplans and ensure effective and timely implementation of projects and initiatives. Subworking groups may be established under sector committees, reporting their work to these committees. Task-based and issue-driven expert groups help these structures to generate rapid responses to emerging priorities and changing needs. Additionally, the CAREC Institute develops knowledge and analytical underpinnings for policy dialogue at the MC, Senior Officials Meeting, and sector committees while providing capacity building.<sup>7</sup> Strengthening engagement with the private sector and civil society at all levels is a commitment of CAREC 2030 Strategic Framework (CAREC 2030). Appendix 1 provides more details about the CAREC institutional framework.

6. **ADB acts as the CAREC Secretariat, providing technical, administrative, and coordinating support for the implementation of the CAREC Program.** The Secretariat (operating from the ADB headquarters in Manila) facilitates development and endorsement of CAREC strategies and supports the development of the CAREC results framework.<sup>8</sup> It provides administrative support for the governing structure, by providing technical support for the sector-based committees and subworking groups and by developing CAREC's virtual platform. An important coordination role of the Secretariat is in relation to national focal points, who play a critical role in ensuring high-level ownership of CAREC's operations in their respective governments, and in ensuring effective coordination between the governments and the CAREC Secretariat. CAREC 2030 proposes that the capacity of the Secretariat should be further strengthened to assist with the widened sector/cluster scope of CAREC operations.

<sup>6</sup> ADB. 2022. Asian Development Outlook 2022: Mobilizing Taxes for Development.

<sup>7</sup> Its physical base was inaugurated in 2015 in Urumqi, Xinjiang Uygur Autonomous Region, People's Republic of China. The CAREC Institute obtained legal status in August 2017.

<sup>8</sup> The CAREC Unit in the Central and West Asia Department performs the role of the CAREC Secretariat on ADB's behalf.

7. **The composition of development partners supporting CAREC has expanded, in line with CAREC 2030's broadened strategic scope.** The original six development partners were ADB, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank (IsDB), United Nations Development Programme, and the World Bank. Their role has been to provide financing for investment projects, extend technical assistance (TA), contribute to policy dialogue, and participate in working groups. Other development partners such as the World Trade Organization, World Customs Organization, UN agencies, and donor-funded programs have been collaborating with CAREC trade sector initiatives. In keeping with the CAREC 2030 vision, in 2017 the CAREC Program was opened to any development partner that supports CAREC's mission. Japan International Cooperation Agency, United States Agency for International Development, and the Asian Infrastructure Investment Bank have attended CAREC meetings since then. This provides new space for development partners to engage in policy and institutional development support as well as financing of investment projects. Both existing and new development partners are expected to assume major roles in thematic and sectorial areas.<sup>9</sup>

### C. CAREC Strategic Frameworks

8. **The CAREC Program adopted a long-term strategic framework in 2011—the CAREC Strategic Framework for 2011–2020 (CAREC 2020).** CAREC 2020 built on the progress made and experience gained in the Program's first 10 years of operation during 2001–2010. It had seven operational priorities: (i) transport (road, railway, and intermodal transport), (ii) trade facilitation (exchange of traffic rights and simplification of cross-border procedures), (iii) trade policy (supporting trade openness and World Trade Organization membership), (iv) energy (regional energy infrastructure, policy, and management), (v) economic corridor development, (vi) the CAREC institute (capacity building and policy and analytical work), and (vii) second-tier areas, an important one of which was regional public goods such as communicable disease control, disaster risk management, and climate change.<sup>10</sup> The CAREC Program operated without a formal strategic framework during the first five-year period 2001–2005 and was guided by a five-year strategy the Comprehensive Action Plan, 2006–2010.

9. **CAREC 2020 was replaced with a new strategic framework issued in October 2017—the CAREC Strategic Framework for 2018–2030 (CAREC 2030).** CAREC 2030 was developed in the context of a fast-changing development landscape in the CAREC subregion and was inspired by a mission to align with the 2030 global development agenda and to build an open and inclusive platform that connects not only projects, but also people and policies. It has five driving principles: (i) aligning with national strategies and supporting the Sustainable Development Goals and the Paris Agreement reached at the 21<sup>st</sup> session of the Conference of the Parties of the United Nations Framework Convention on Climate Change; (ii) expanding operational priorities in select new areas; (iii) deepening policy dialogue; (iv) integrating the role of the private sector and civil society; and (v) building an open, inclusive CAREC platform. The Framework lays out five operational clusters: (i) macroeconomic and financial stability and investment climate; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity; (iv) global and regional agricultural value chains and cooperation in the water sector; and (v) human development, including regional cooperation in education and health services and control of communicable diseases. Information and Communication Technology cuts across all clusters.

10. **The CAREC Program retained three underlying strategic objectives of improving connectivity, enhancing competitiveness, and improving the provision of regional public**

<sup>9</sup> CAREC. [Development Partners](#).

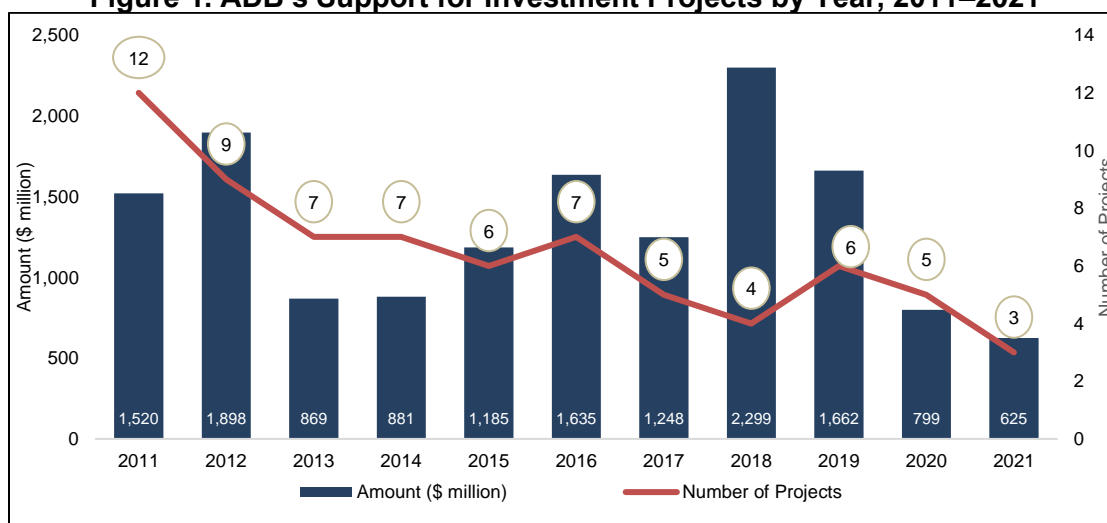
<sup>10</sup> The CAREC Program divides CAREC activities between a first tier (related to transport, trade, and energy) and a second tier, such as human development, agriculture, environment, and tourism. This division is used to underscore the strong legacy of first tier activities/sectors, and the need to deepen and widen activities to take advantage of emerging opportunities or threats. Appendix 2 provides a more detailed discussion on this.

**goods over the evaluation period 2011–2022.** While the Program’s operational priorities evolved and expanded in response to emerging priorities and changing needs, they remained broadly aligned with the key strategic pillars of ADB’s Regional Cooperation Integration (RCI) Strategy, as articulated in the RCI Strategy 2006, the Operational Plan for RCI, 2016–2020 and the Strategy 2030 Operational Plan for Priority 7, 2019–2024. These include (i) greater and higher quality connectivity between economies; (ii) increased competitiveness with global and regional trade and investment opportunities expanded; and (iii) regional public goods (RPG) increased and diversified. The Program’s priorities on cross-border infrastructure and trade facilitation align closely with the connectivity pillar, while the priorities on economic corridor, trade policy, value chain, and macroeconomic stability connect well with the competitiveness pillar. RPGs are part of several priorities under both CAREC 2020 and CAREC 2030, including the second-tier areas and the CAREC Institute under CAREC 2020 and the human development cluster under CAREC 2030. Some activities in other clusters under CAREC 2030 fall under the RPG category as well. These include cross-border education services in the human development cluster, management of natural resources under the cluster of “agriculture and water”, and regional actions that complement national efforts to address climate change under the infrastructure and economic connectivity cluster.<sup>11</sup>

#### D. Overview of the Portfolio of ADB’s support to CAREC Program, 2011–2021<sup>12</sup>

11. **During 2011–2021, ADB approved \$14.6 billion, equivalent to 71 investment projects, for the CAREC Program, of which \$3.5 billion was cofinanced.** Other development partners financed \$4.9 billion in 26 investment projects. ADB financing reached an annual average of around \$1 billion for 6 investment projects during 2011–2021. At its highest, approvals reached slightly over \$2 billion a year. The drop in 2020–2021 to an average of about \$712 million a year coincided with the COVID-19 pandemic (Figure 1). About 78% of the financing from ADB and other development partners was in transport, 17% in energy, and the rest mainly in trade facilitation. The CAREC Program has made efforts to diversify operations into new sectors and subsectors such as agriculture value chains and sustainable tourism, but these are less than 1% of investments. ADB financing consisted entirely of sovereign operations.

**Figure 1. ADB’s Support for Investment Projects by Year, 2011–2021**



Source: IED’s estimates based on CAREC portfolio database (as of 28 February 2022).

<sup>11</sup> RPG as defined in RCI Strategy 2030 Operational Plan for Priority 7 broadly includes regional climate change mitigation and adaptation, shared environmental management, and expanding and diversifying access to regional education and health services. A detailed description of the RPG concept is provided in Appendix 2.

<sup>12</sup> For this evaluation approach paper, the portfolio data cover the period from 1 January 2011 up to 31 December 2021.

12. **ADB approved \$156.5 million for 102 TA projects for the CAREC Program during 2011–2021, including \$54.0 million in cofinancing.** These TA grants were about 1.1% of the total CAREC portfolio. Other development partners financed \$129.8 million in 30 TA projects. TA was more evenly spread across sectors than investment projects, with 34% of the financing by ADB and development partners in transport, 31% in multisector, 20% in energy, and 13% in trade facilitation (Appendix 3, Table A3.6).

13. **ADB has provided different levels of support for CAREC member countries, with the highest share going to Afghanistan (17.6%) and the lowest to the PRC (1.3%)** (Appendix 3, Table A3.9). The country level distribution of ADB investments and TA reflect in part the entrance date of the 11 member countries. Hence Pakistan and Turkmenistan are on the lower end (10.3% and 4.2% share respectively), having joined in 2010. Georgia was a latecomer, joining in October 2016, but in opting for large projects it ranks third in the share of ADB support received (16.6%). The PRC received TA support starting in 2002, and investment projects in 2007, but its share is modest (1.3%) during 2011–2021 as its participation is limited to two autonomous regions.<sup>13</sup> While expected to have spillover benefits for neighboring countries, investment projects are mainly designed operationally as one-country projects. TA projects can instead have multiple countries covered operationally, with some designated as regional projects.

14. **In the ADB CAREC portfolio, 35% of investment projects and 65% of TA projects are completed.** Among the 71 investment projects with ADB financing, 46 are ongoing and 25 have been completed, of which 18 have been self-assessed and 13 validated (Table 1). Among the 102 TA projects with ADB financing, 36 are ongoing and 66 have been completed. Of those completed, 36 have been self-assessed and five validated. IED validations of TA completion reports started in 2019.

**Table 1: Status of ADB-supported CAREC Projects, 2011–2021**

Item	Investment Projects		Technical Assistance	
	Number	%	Number	%
<b>Active</b>	<b>46</b>	<b>65</b>	<b>36</b>	<b>35</b>
Mature (passed at least 50 % implementation time)	31	67	31	86
<b>Completed</b>	<b>25</b>	<b>35</b>	<b>66</b>	<b>65</b>
Self-assessed	18		36	
Validated	13		5	
Not evaluated	7		30	
<b>Total</b>	<b>71</b>	<b>100</b>	<b>102</b>	<b>100</b>

Note: Information on status, as of 28 February 2022.

\*There are cases of multiple reporting of a completion report since (i) some projects were jointly assessed and (ii) the additional/supplementary financing are not counted separately from its original project.

\*The classification of maturity in active projects is a rough estimate whether a project has passed halfway of its implementation time based on the approval year and closing date.

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022).

## **E. Key Findings of Existing Reviews and Evaluations**

15. **ADB has conducted several reviews of the CAREC Program's performance.** ADB undertook a stocktaking of achievements and lessons learned from the CAREC Program in 2011, which served as a foundation document for the CAREC Ministerial Conference approval of

<sup>13</sup> After 2013, many projects on the CAREC corridors were implemented by the PRC government with state budget financing. These projects were not listed and tracked by the CAREC Secretariat.

CAREC 2020 (2011–2020).<sup>14</sup> The CAREC Secretariat carried out a midterm review of the CAREC 2011–2020 Program in 2016.<sup>15</sup> Additionally, annual development effectiveness reviews have been undertaken by CAREC in the 2010–2015 period, to be continued in the CAREC 2030 period but on a triennial basis and against the new CAREC Program Results Framework; the most recent review was conducted in 2021 and will be published in 2022.<sup>16</sup> A CAREC corridor performance review was undertaken by ADB in 2014 with a focus on determining the impact in terms of corridor development. In that effort, a methodology (Corridor Performance Measurement and Monitoring) was refined, focusing on corridor level indicators.<sup>17</sup> The latest edition of the CPMM report was published in December 2021 and another one is to be published mid-2022.<sup>18</sup>

**16. The reviews found that CAREC countries face volatile commodity markets highlighting the region’s vulnerability to growth strategies reliant on commodity exports.** Economic shocks revealed the need to broaden CAREC’s agenda to better support macroeconomic stability and economic diversification. Reviews also showed that railway development was growing in importance; up to 2016, however, it had not been a strongly supported subsector in CAREC. In addition, new international finance institutions and new regional cooperation programs had emerged with operations closely linked to CAREC activities, but they were not CAREC development partners.<sup>19</sup>

**17. Corridor performance was also found to vary, with road related indicators unchanged (border-crossing time) or deteriorating (border-crossing costs) but rail transport showing improvement in both cases** Overall average road speed decreased, while overall average rail speed increased. It was challenging to address road safety and road asset management issues. Transport networks in CAREC countries have been upgraded since the launch of the Program, but the marginal benefits from more road infrastructure development are declining. National energy security considerations and a lack of long-term benefit sharing arrangements limit progress in the energy sector. Limited achievement has been obtained in economic corridor development but the Almaty-Bishkek Economic Corridor, a CAREC flagship initiative, is poised to move beyond transport and become an economic corridor. Trade facilitation outcomes across CAREC member countries were limited.

**18. On institutional arrangements, the midterm review of the CAREC 2011–2020 Program in 2016 found that CAREC’s overall institutional framework has generally worked well.** CAREC 2020 was a clearly defined strategic framework, but its two strategic objectives were broadly defined without clear indicators for measuring achievement. The link between activities and the CAREC 2020 objectives was not strong. A wide range of other factors also contributed to the goals. The sector coordinating committee/working group structure serve existing sectors and priorities well. However, it lacks flexibility and limits the ability to explore new sectors and new areas. The operationalization of the CAREC Institute has fallen short of expectations. The institute played a limited role in conducting policy and knowledge work.

<sup>14</sup> CAREC. 2010. *The Central Asia Regional Economic Cooperation Development Effectiveness Review 2010: Toward CAREC 2020*. Senior Officials’ Meeting on Central Asia Regional Economic Cooperation 7 – 8 June 2011 Baku, Azerbaijan.

<sup>15</sup> CAREC. 2016. *CAREC 2020 Mid-term Review*. Manila.

<sup>16</sup> CAREC Program. [Program Results Framework](#).

<sup>17</sup> ADB. 2014. *CAREC Corridor Performance Measurement and Monitoring: A Forward-Looking Retrospective*. Manila.

<sup>18</sup> The data is available in the ADB Data Library. It encompasses an expanding sample (number of corridors) over a ten-year time frame.

<sup>19</sup> *Such as the newly established Asian Infrastructure Investment Bank and the Belt-and-Road Initiative. As mentioned in para 6, in 2018 the CAREC Program was opened to any development partner that supports CAREC’s mission. Japan International Cooperation Agency, United States Agency for International Development, and the Asian Infrastructure Investment Bank have since attended CAREC meetings. This provides new space for development partners to engage in support for the CAREC Program.*



19. **A 2015 IED evaluation of ADB's support for Regional Cooperation and Integration found that ADB's strategies for supporting the CAREC Program were aligned with the subregion's needs and expectations.** ADB had generally done a good job in administering the CAREC Program. However, CAREC's performance in terms of the success rate of completed and evaluated projects was notably lower than those of GMS and SASEC, reflecting more difficult project implementation conditions in the CAREC subregion. The evaluation further suggested that higher level results were rather elusive; CAREC countries continued to trade at about two-thirds of their gross domestic products, and intra-CAREC trade improved modestly in proportion to total CAREC trade. In commenting on ADB's oversight, the evaluation noted that ADB had relied on CAREC's own strategic framework, which is not subject to ADB Board approval, whereas an ADB specific framework might have given the ADB Board a more useful tool to influence CAREC's development and performance.<sup>20</sup> ADB's role as the Secretariat for the CAREC Program was viewed as positive, although a strong rationale was advanced for ADB to encourage countries to take over more coordination activities of the Program to increase country ownership over time.<sup>21</sup>

20. **Corporate, country, and other evaluations also shed light on CAREC successes and constraints.** ADB's review of TA in 2008 found limited synergy between country-based operations and ADB-wide regional TA programs. IED validation of Tajikistan country partnership strategy final review notes the success of CAREC infrastructure along corridors cutting through Tajikistan in reducing travel time, travel costs, and delays at custom posts.<sup>22</sup> The Multilateral Organisation Performance Assessment Network reported that ADB has a strong commitment to regional cooperation and integration but could improve its reporting on results in this area.<sup>23</sup>

## F. Evaluation Framework

### 1. Theory of Change

21. **The proposed theory of change focuses on mapping how ADB's inputs and activities contribute to achieving the three strategic objectives of the CAREC Program** (Figure 2). The development of the theory of change was informed by consultation with Central and West Asia Department/CAREC Secretariat and by CAREC and ADB strategies and their results frameworks over the last decade.<sup>24</sup> The evaluation will mainly focus on the solidly lined boxes and arrows in Figure 2 that describe ADB's inputs and activities and the main causal chains from ADB interventions to the expected outputs and outcomes. The dashed boxes are generally outside the scope of the evaluation. They show relevant inputs that the government, other development partners, and the private sector provide outside the ADB portfolio, and describe a high level of impact that results from the efforts of many other actors, not just ADB alone.<sup>25</sup> The lower set of boxes (marked in orange) in Figure 2 lay out key ADB and CAREC strategies, CAREC instruments and CAREC governance and administrative structures, which constitute the main institutional setup for the delivery of the Program.

<sup>20</sup> An ADB specific framework for supporting CAREC does not imply that a CAREC strategy framework should be approved by ADB Board; such approval would undermine the ownership of the member countries of CAREC.

<sup>21</sup> IED. 2015. Asian Development Bank Support for Regional Cooperation and Integration. October, Manila.

<sup>22</sup> ADB. 2020. *Validation Report: Tajikistan Country Partnership Strategy Final Review, 2016–2020*. December, Manila.

<sup>23</sup> Multilateral Organisation Performance Assessment Network. 2019. *Asian Development Bank (ADB) 2017–2018 Performance Assessment*. August.

<sup>24</sup> Appendix 6 presents the main expected outputs and outcomes of the CAREC Program. As the evaluation is anchored to ADB's corporate strategy and regional cooperation and integration operational priorities, the outputs and outcomes are judiciously drawn from relevant CAREC and ADB-RCI strategic frameworks and results frameworks in an effort to capture the most salient results and to make the overall results chain relevant for the entire evaluation period.

<sup>25</sup> ADB contributes to these impacts, but its distinct contribution is less visible than at the outcome level, and because of the scale of interventions the contribution is generally not determining at national/regional level. Some modesty is required in claiming contributions at this level. For this reason, the achievements of CAREC members at this level of results is noted more for context than for attribution.

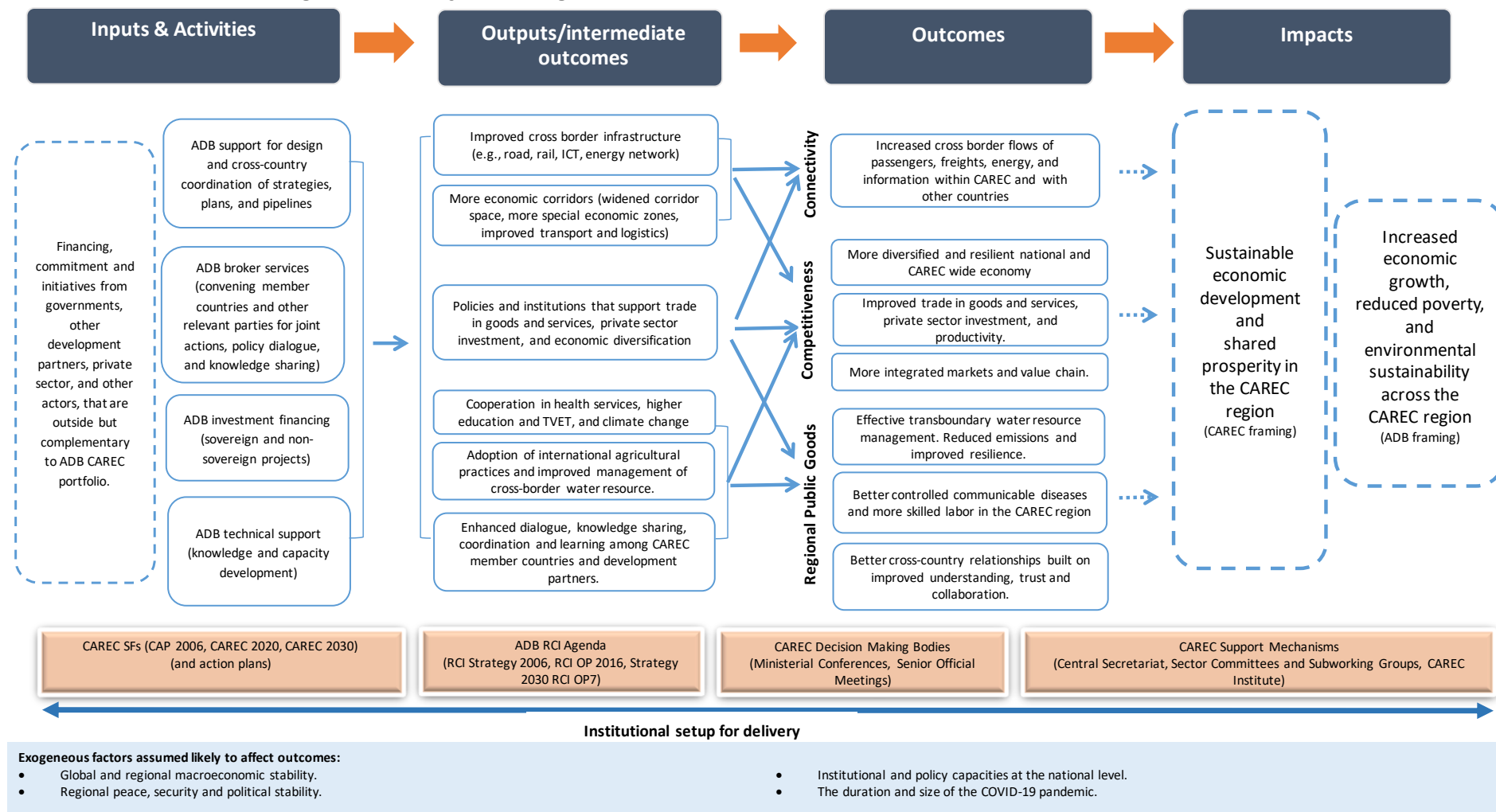
22. **ADB inputs and activities comprise investment financing, TA, secretariat support for strategy and program development, and broker services to facilitate policy dialogue and knowledge sharing.** These contribute to achieving the expected CAREC outputs and outcomes, including cross-border physical infrastructure and economic corridors, improved policies and institutions for trade and services, private sector investment, and economic diversification, strengthened cooperation in health, education and climate change, and integrated management in agriculture, water, and tourism. ADB broker services and TA help to bring about improved dialogue, knowledge sharing, cooperation, and learning on policies and best practices among CAREC member countries and development partners.

23. **The outputs/intermediate outcomes lead to a variety of final outcomes that are grouped under the broad CAREC strategic objectives of connectivity, competitiveness, and regional public goods.** As illustrated in Figure 2, the pathways transforming outputs/intermediate outcomes to final outcomes are many, and it usually entails several of the former to bring about any one of the three broad, strategic outcomes. Under connectivity, the envisaged outcomes include improved cross border linkages and increased flows of goods, information, and people. These are mainly achieved through improvement of cross-border infrastructure, development of economic corridors, formulation of policies that encourage trade, investment, and financial markets integration, and improved tourism infrastructure. Under competitiveness, the outcomes encompass improved trade, private sector investment, and productivity, more integrated markets and supply chains, and greater macro-economic and financial stability and more economic diversification. These are achieved through many of the measures that contribute to connectivity as discussed above, as well as the pursuit of policies that are favorable to economic diversification and investment, and collaboration in higher education and technical and vocational education and training to expand the supply of skilled labor across member countries. Embedded in these measures are gender equality measures that enhance outcomes, such as access to human capital development (education and health) and women's economic empowerment and agency. In regional public goods, greater cooperation across CAREC countries is expected to effectively tackle shared social and environmental concerns. This entails addressing common social challenges, such as those related to public health, education, and climate change, and in managing agriculture and shared water resources. Dialogue, knowledge sharing, and learning among CAREC member countries are expected to result in improved understanding and mutual trust and hence better relationships among these countries.

24. **ADB is one of many actors that contribute to the three strategic outcomes which are very comprehensive in scope.** Connectivity encompasses the flow of goods, services, and information as well as convergence in technical standards and procedures pertaining to these flows. Competitiveness touches on human resources, how the means of production are owned and structured, macroeconomic stability, and the productivity achieved. RPGs also range widely in the theory of change, with agriculture, water, health, and education figuring prominently. At this level of results, ADB's contribution is one of several contributions, with others deriving from a range of government policies and investments, other development partner financial investments and technical support, and the efforts of the private sector and other actors such as civil society. Cautious disentanglement leading to a quantitative assessment of ADB's contribution is possible for large ADB investments in defined subsectors and locations, but in most cases a qualitative judgement is as far as the analysis can reasonably proceed.



**Figure 2: Theory of Change of the evaluation of ADB's contribution to CAREC**



ADB = Asian Development Bank, GOV = government, CAREC = Central Asia Regional Economic Cooperation, SF = strategic framework.

Notes: Arrows emphasize the main causal relationships. Solidly lined boxes are the focus of the evaluation.

Source: IED

## 2. Proposed Evaluation Objectives, Scope, and Key Questions

25. **The evaluation will assess the performance and development results of ADB-support for the CAREC Program.**<sup>26</sup> It will review the appropriateness, effectiveness, and efficiency of the institutional arrangements for the Program over 2011–2022, including ADB’s role as the Secretariat. This will inform the implementation of CAREC 2030, efforts to further improve the CAREC institutional framework, and the design and implementation of other regional cooperation programs. The evaluation will ensure that proper weights are given to all key ADB activities and that impact of COVID-19 pandemic on Program performance is properly taken into account.<sup>27</sup> It will also assess the implications of the COVID-19 pandemic for future CAREC strategies. The evaluation will cover 2011–2022 in view of the expanded and more stabilized membership, operations, and resources in this period. ADB stakeholders are particularly keen to learn how CAREC has performed during the last decade and how it needs improve to realize the goals of CAREC 2030.

26. **The overarching evaluation question is "to what extent has ADB support for the CAREC Program enhanced the development of the subregion?"** The overarching evaluation question will be addressed through the following specific questions related to the achievement against the three strategic objectives shown in the theory of change chart (Figure 2): (i) Connectivity: To what extent has ADB support for the CAREC Program improved connectivity in the CAREC subregion? (ii) Competitiveness: To what extent has ADB support for the CAREC Program resulted in increased national and regional competitiveness? (iii) Regional Public Goods: To what extent has ADB support improved the provision of regional public goods that address shared environmental, health, and other challenges? As part of the effort to answer these questions, the evaluation will examine how well the CAREC Program has functioned and how well ADB has fulfilled its role as the CAREC Secretariat. Detailed evaluation questions are presented in Appendix 4.

## 3. Evaluation Methods, Resources, and Timeline

27. **The evaluation will use a mixed-methods approach analyzing qualitative and quantitative data.** This will involve (i) a review of relevant literature; (ii) an assessment of the CAREC Program institutional structure and ADB’s role as the CAREC Secretariat; (iii) an assessment of ADB’s CAREC operations portfolio; (iv) an analysis of feedback collected from interviews and surveys, and (v) an analysis of other results data, including those from within ADB, publicly available external sources, and a geospatial analysis.<sup>28</sup> The links between data collection methods and evaluation questions are provided in Appendix 5. These methods are briefly described below.

28. **Literature Review.** The evaluation will review existing CAREC Program documents and other literature to understand the regional context, current development challenges, regional economic and social policies, emerging issues, progress made toward achieving regional

<sup>26</sup> There are projects and activities that support the CAREC Program but are financed entirely by governments or other development partners. ADB does not have data on these operations. This evaluation hence will not be able to assess them.

<sup>27</sup> The analysis will be undertaken with sensitivity to the variable impact of the COVID pandemic on the CAREC member economies, with particular reference to the contraction and rebound of their overall economy as the context for the specific performance of the ADB portfolio. As well, a longitudinal perspective will be adopted in the evaluation to elucidate the pandemic’s impact on the ADB portfolio (comparing performance prior to and during the pandemic period).

<sup>28</sup> These will include Proactive Integrity Review (PIR) reports.

objectives over the evaluation period, and lessons and experiences from other RCI programs. The CAREC documents will include CAREC strategies, plans and assessments. Key policy and strategy related announcements made in CAREC Ministerial Conferences, including by ADB representatives, will be examined. Broader literature relating to the RCI theme and academic and other research relevant to RCI in the CAREC subregion will be reviewed. The evaluation will also review the mid-term evaluation of CAREC, its development effectiveness reviews, and ADB sector or RCI evaluations.

29. **Institutional Assessment.** The evaluation will assess the appropriateness, effectiveness, and efficiency of the CAREC Program's organizational structure (Appendix 1), operational procedures, and instruments, overall strategies, program results frameworks, and sector strategies. The assessment will also include a review of ADB's internal institutional arrangements that are crucial to ADB's effective and efficient contributions to the CAREC Secretariat and the functioning of the CAREC Program as a whole. The evaluation will assess how ADB support for the CAREC Program contributes to fulfilling ADB's corporate objectives in promoting the ADB 2006 RCI Strategy, RCI OP 2016 and Strategy 2030 Operational Plan for Priority 7. The assessment will make use of documentation and structured interviews with stakeholders and ADB staff. Surveys of government agencies and other key stakeholders will provide additional input to this assessment.

30. **Operations Portfolio Assessment.** The operations portfolio assessment will include a descriptive portfolio analysis and case project/sector assessments. These will be supplemented with assessments of feedback collected from interviews with and surveys of stakeholders and a structured review of completed and mature projects.

- (i) **Descriptive Portfolio Analysis.** This analysis will classify the CAREC investment and TA projects by country, sector (and where possible by corridor), RCI pillar/CAREC strategic objective, and CAREC operational priority. It will also examine whether projects with strong regional cooperation dimensions are classified as CAREC projects. Thematic efforts (e.g., climate change and gender) will also be assessed, in terms of their mainstreaming or appropriate consideration in CAREC operations. The trends in development partner involvement through cofinancing and engagement with the private sector (e.g., public private partnerships) and other stakeholders will be examined. The analysis will assess trends in project performance.
- (ii) **Structured review of projects completed or mature (passed 50% implementation time).** The evaluation will review all 56 completed or mature investment projects and 49 completed or mature TA projects (representing 50% of all CAREC TA projects that are completed or mature), using two separate structured templates.<sup>29</sup> Standalone TA projects will be prioritized for inclusion in the review, with TA attached to investment projects being rolled into the review of the latter projects (see discussions on case studies below). The review will aim to assess the key contributions of these projects to achieving the CAREC connectivity, competitiveness, and regional public goods strategic objectives, as well as success factors, issues and lessons learned. The review will cover project documents at all project processing and implementation stages, including design/formulation, monitoring and supervision, and completion.

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<sup>29</sup> By mature the evaluation requires investment and TA projects to be at least 50% into their planned duration. This measure is inferred from discussions found in the IED 2015 CAPE/CPSFR guidelines.

- (iii) **Case Project/Sector/Corridor Assessments.** A selection of investment and TA projects will be identified as case projects to represent major and emerging sectors and corridors supported as well as major project types and will be examined in-depth from formulation to the implementation and completion stages. Projects will be selected for their flagship roles in contributing to achieving CAREC strategic objectives. Related projects and interventions including TA will be reviewed together as a single case. Projects meant to expand the scope of CAREC interventions will be explored, such as those in the CAREC 2030 clusters (e.g., regional macro-economic stability, financial integration, and improved investment climate) and the broad category of regional public goods (e.g., pandemic assistance in health). In corridor development, the projects that give shape to the Almaty-Bishkek Economic Corridor is likely to be the focus as this is CAREC's flagship initiative to move beyond transport and transit to an economic corridor. These case assessments will provide in-depth, project and sector specific evidence on the effectiveness and efficiency of CAREC operational procedures of project selection, approval, design, and implementation, and on ADB contribution to achieving the connectivity, competitiveness, and regional public goods strategic objectives. Methods of assessments will largely comprise virtual sessions with key government officials, project managers, and other stakeholders and qualitative contribution analysis, to identify evidence that proves or disproves causal claims, as well as possible alternative causes of achievements, such as similar projects outside CAREC portfolio. Where suitable, national consultants will organize interviews and surveys to gain views of stakeholders at the local level.

31. **Interviews and Surveys.** The evaluation will undertake interviews of CAREC member country government officials, project executing and implementing agencies, participating development partners, private sector entities, nongovernment organizations, and ADB staff at headquarters and in resident missions in CAREC countries.<sup>30</sup> These interviews will generate stakeholder feedback on the design, implementation, and results of the Program, and provide additional inputs to the institutional assessment and operations portfolio analyses described above. The team will prepare discussion questions in advance for each stakeholder group and will conduct interviews during evaluation missions.

32. **Results Indicators.** The indicators for assessing the CAREC Program results will be selected from those set in the CAREC and ADB RCI results frameworks, CAREC sector strategies, ADB Asia-Pacific Regional Cooperation and Integration Index (ARCII), CAREC Regional Integration Index, CAREC Corridor Performance Measurement and Monitoring system, the World Bank's Logistics Performance Index, and the World Competitiveness Index.<sup>31</sup> These will be supplemented by geospatial indicators to be generated from a geospatial analysis that the evaluation will conduct, including a review of existing studies. The indicators will be used to measure results at the regional, national, and local levels to assess the causal chains from outputs/intermediate outcomes to outcomes, and on to impacts.

33. **Limitations.** ADB is one of many actors that contribute to CAREC Program's strategic outcomes. This will limit the extent to which results can be determined and attributed. The evaluation will put an emphasis on assessing inputs, outputs/intermediate outcomes, and final

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<sup>30</sup> The evaluation team will closely consult the CAREC secretariat in identifying the CAREC government officials to be interviewed. They will likely include at a minimum the national focal points and the representatives of the sector coordinating committees.

<sup>31</sup> The CAREC Regional Integration Index was developed by the CAREC Institute based on ADB's ARCII and enhanced ARCII.

outcomes (the latter with a strong regional dimension) and their causal linkages, based on project case studies, and using qualitative contribution analysis. Due to the COVID-19 pandemic, the evaluation team may not be able to hold face-to-face meetings with stakeholders or undertake field visits. In-country consultants will be used to arrange virtual missions and conduct interviews with and surveys of local stakeholders. The recent development makes it difficult for the evaluation team to interview stakeholders and beneficiaries in Afghanistan. The evaluation will rely on third party companies to conduct interviews with nongovernment entities and other stakeholders in Afghanistan as necessary. This will be complemented by a geospatial data analysis, as well as interviews with ADB staff and other development partners.

#### 4. Resources Requirements and Indicative Timeline.

34. The evaluation will be carried out by a team of IED staff comprising: (i) Houqi Hong (team leader), (ii) Sung Shin (transport sector assessment), (iii) Eoghan Molloy (non-infrastructure sector assessment), (iv) Alvin Morales (project assessment and consultant administration), and (v) Michelle Angeline Dantayana (administrative support).

35. The team will be assisted by five international consultants: (i) institutional specialist—to conduct an assessment of the CAREC institutional arrangements; (ii) strategic assessment consultant—to focus on assessing achievement of CAREC strategic objectives; (iii) transport specialist—to assess ADB support to the transport sector; (iv) energy specialist - to assess ADB support to the energy sector; and (v) international relation and development consultant – to conduct a literature review on the CAREC regional context. The team will be supported by four headquarters-based national consultants to conduct document review, data analysis, and basic project assessment. In addition, in-field national consultants in CAREC member countries will be hired to assist in arranging mission meetings, facilitating interviews, and following up with data as necessary. Consultant terms of reference are provided in Supplementary Appendix 1, and overall resources required are placed in Supplementary Appendix 2.

36. The evaluation report is expected to be peer reviewed by Shahrokh Fardoust and Poonam Gupta. Binh Nguyen, Principal Evaluation Specialist at IED, will be the internal commenter.

37. The evaluation is scheduled for completion in April 2023, in line with the indicative timeline provided in Table 2.

**Table 2: Indicative Timeline**

<b>Milestone</b>	<b>Schedule</b>
Approval of evaluation approach paper	IV Apr 2022
Virtual missions	II May–II Jun
Surveys of stakeholders at local level	II May–II Jul
Storyline meeting	I Sep
One-Stop-Meeting discussion of draft report	II Oct
Draft report for interdepartmental review	II Dec
HOD meeting	II Mar 2023
Approval of final report	I Apr

- Appendixes:
1. CAREC 2030 Institutional Framework and Strategy Documents
  2. Regional Public Goods in CAREC's and ADB's Strategic Frameworks
  3. CAREC Portfolio 2001–2021
  4. Detailed Questions in Evaluating ADB's Contribution to the CAREC Program
  5. Evaluation Matrix

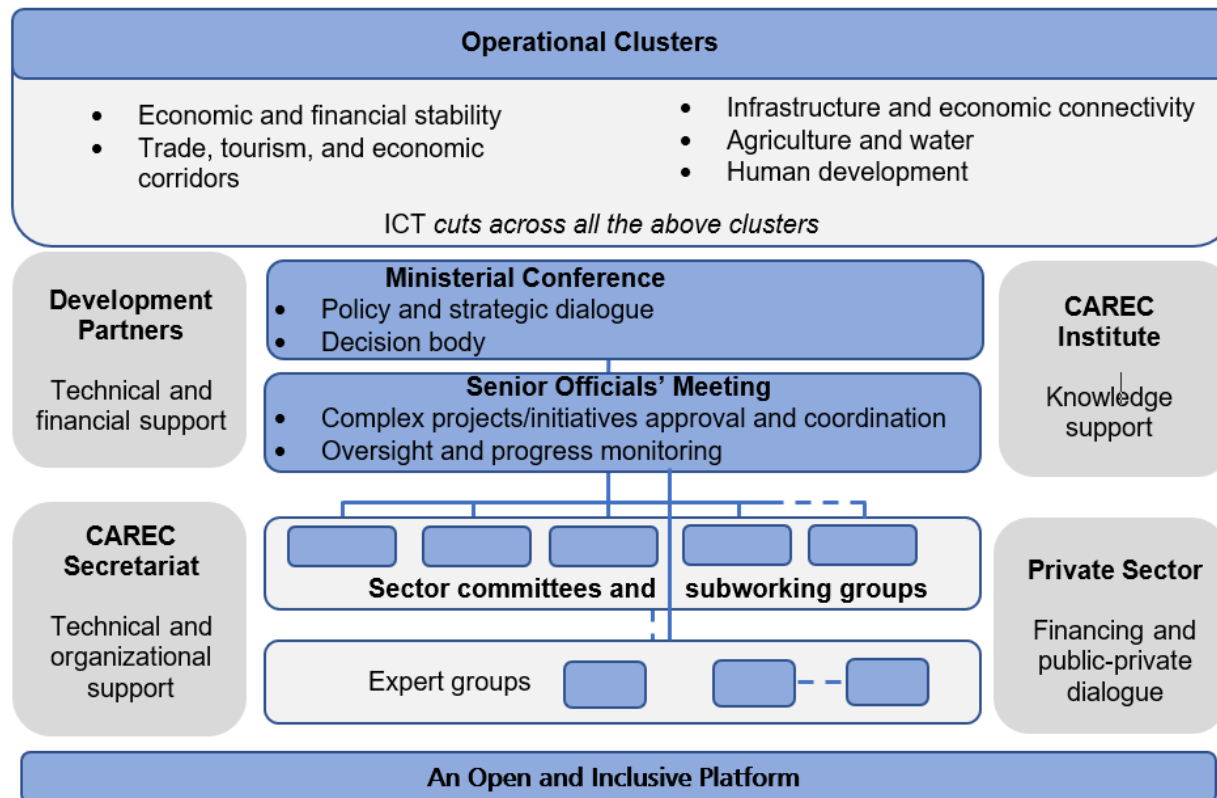
6. Main Expected Outputs and Outcomes of the CAREC Program, 2011–2022

Supplementary Appendixes:

1. Draft Consultant Terms of Reference (*not for public disclosure*)
2. Cost Estimates (*not for public disclosure*)



## APPENDIX 1: CAREC 2030 INSTITUTIONAL FRAMEWORK AND STRATEGY DOCUMENTS



ICT = Information and Communication Technology

Source: CAREC Secretariat

1. The highest body in CAREC is the Ministerial Conference. It meets annually and functions as a high-level strategy-setting and policy body and exercises overall accountability over the results of the CAREC Program. Some of the steering is also done in the Senior Officials' Meeting, which meets semi-annually and is charged with monitoring progress at the cluster and sector levels and is vested with the authority to consider and endorse major deliverables, themes and key policy issues and prepare for the Ministerial Conference.<sup>1</sup>

2. At the sector level, four sector coordinating committees (transport, customs, trade policy and energy) work to ensure effective and timely implementation of priority projects. Sector committees exercise full operational authority to discuss and develop options and recommendations for their respective areas of competence. A flexible and demand-driven mechanism of expert groups provides rapid responses to countries' emerging priorities and changing needs.

3. Each CAREC country has appointed a senior government official as CAREC national focal point (not shown above) to ensure effective coordination among all relevant agencies and other interested parties in matters related to regional economic cooperation. ADB serves as the CAREC Secretariat.

<sup>1</sup> The Senior Officials Meeting is also called National Focal Points Meeting. The two names are used interchangeably.

4. The CAREC Institute (based in Urumqi, China) is jointly shared, owned, and governed by eleven member countries. The Institute acts as a knowledge connector among the five CAREC operational clusters (economic and financial stability; trade, tourism, and economic corridors; infrastructure and economic connectivity; agriculture and water; human development) to ensure coherence in design and implementation of policies, programs, and projects to promote regional economic cooperation and integration.

5. The above institutional framework is driven by the CAREC 2030 strategic framework, which is accompanied by an indicative results framework; specific indicators were left open for the sector coordinating committees and technical groups to deliberate upon and further develop. The results framework is to be used for reporting in CAREC's three-yearly Development Effectiveness Review. Since 2017, several sector strategies for CAREC 2030, with accompanying results frameworks, have been produced. These include the CAREC Integrated Trade Agenda 2030 approved in 2018 and other CAREC sector and thematic strategies including the Transport Strategy 2030 and the Energy Strategy 2030 approved in 2019; the Tourism Strategy 2030 and the Gender Strategy 2030 approved in 2020; the Health Strategy 2030 and the Digital Strategy 2030 approved in 2021. Scoping studies have been completed for education and water.<sup>2</sup>

6. To realize its strategies CAREC has employed action plans to give greater definition to its directions, identify activities, and apply indicative resources to them. In relation to CAREC 2030, the effort to prepare other sector strategies, results frameworks, and subsequently operational plans (including for the Food Safety Network under the agriculture pillar) is still ongoing.

7. Supporting the above CAREC structures and planning is the CAREC Secretariat, housed in ADB's Manila headquarters. It draws from staff in the operational departments that cover the countries involved in CAREC, largely the Central and West Asia Regional Department. It provides technical, administrative, and coordinating support for the implementation of CAREC's strategies. The Secretariat links closely with focal points established by country or sectors. Some ADB resident missions have individuals (usually consultants) assigned to coordinate CAREC projects under the broader title of regional cooperation coordinator (e.g., Kazakhstan, Kyrgyz Republic, Mongolia). This position sits vacant in some resident missions. CAREC 2030 foresaw a strengthening of the capacity of the Secretariat to further assist with the widened scope of CAREC's operations and activities. Its internal reports reveal that the staffing strength of the Secretariat has "barely increased" despite the broadening of CAREC 2030 agenda. Development partners were to be invited to second staff to the CAREC Secretariat on short-term and long-term assignments to support CAREC 2030. Reports are not readily available on whether that has happened.

8. Financing of the CAREC Secretariat and some costs of meetings have been borne by ADB, partly from its regular budget (staff participation) and partly from technical assistance funds. Development partners have funded their own costs of participating in meetings. Member countries funded their own staff costs of participating in meetings, with travel costs borne by ADB.<sup>3</sup>

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<sup>2</sup> ADB. 2019. Education and Skills Development under the CAREC Program: A Scoping Study. Manila. ADB. 2021. *Regional Technical Assistance TA-9977 Central Asia Regional Economic Cooperation (CAREC): Developing the Water Pillar - Scoping Report*. Manila.

<sup>3</sup> Linn, F.J. 2020. *Preparation of the First CAREC Development Partners' Forum*. CAREC – Background Paper. August.

## APPENDIX 2: REGIONAL PUBLIC GOODS IN CAREC'S AND ADB'S STRATEGIC FRAMEWORKS

### A. Regional Public Goods in CAREC strategies

1. In CAREC strategic frameworks, regional public goods (RPGs) are a formal component of the strategies beginning with the 2006 CAREC Comprehensive Action Plan (CAP), which makes it one of its four action pillars. The understanding of RPGs in this strategic framework leans on their trans-boundary character (e.g., environment and management of natural resources). It does not list all the possible interventions under this designation but does add that the concept encompasses regional public “bads” (the avian flu threat, disaster risk management, corruption). A sensible read of the document suggests that the regional public goods are actions to counter the bad.

2. The Comprehensive Action Plan discusses RPG in the context of the division of CAREC activities between a first tier (related to transport, trade, and energy) and a second tier, “such as human development, agriculture, environment, and tourism.”<sup>1</sup> This division is used to underscore the strong legacy of first tier activities/sectors, and the need to deepen and widen activities to take advantage of emerging opportunities or threats. RPGs are associated with second tier activities but appear to be seen as a sub-set of these; the distinction is not elaborated or clarified as no clear definition or list is provided for either category.

3. CAREC 2020 (2008) maintains a commitment to RPGs, which appears open ended as the strategy states that the CAREC Program “will help promote regional public goods such as communicable disease control, disaster risk management, and climate-change proofing, among others.” The mentioned RPG list differs somewhat from that found in the 2006 CAP, but neither list should probably be seen as definitive or clearly prioritized. In common with the 2006 CAP, CAREC 2020 also maintains the concept of second-tier activities, explaining these as necessary to address emerging issues that impact core area activities through regional collaboration. The mentioned examples (communicable disease control, agriculture, disaster risk management, and climate-change adaptation and mitigation) very much overlap with the RPG examples offered. As in the 2006 CAP, there is no clear discernment. It is notable that second-tier activities are to be harnessed in support of mitigating the impact of core components of the strategy – but as the latter are framed broadly (as trade expansion and improved competitiveness), the possible interventions are potentially wide-ranging. The focus on “mitigation of impact” in this relationship does constrain the scope, however.

4. CAREC 2030 is structured around clusters, which are groupings of sectors/areas that cover previous traditional core areas and what might have been described as second-tier or RPGs in previous strategies. The only explicit mention of RPG comes under the health heading of the human development cluster, in relation to addressing pandemic risks and control of communicable diseases. However, some other activities in a few clusters fall into the RPG category as well, such as cross-border education services in the human development cluster, management of natural resources under the cluster of “agriculture and water”, and regional actions that complement national efforts to address climate change under the infrastructure and economic connectivity cluster.

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<sup>1</sup> CAREC. 2006. *CAREC Comprehensive Action Plan 2006–2010*. October, para. 15.

## B. Regional Public Goods in ADB strategies

5. The four pillars of ADB's RCI strategy since 2006 have been (i) regional and subregional economic cooperation programs on cross-border infrastructure and related software; (ii) trade and investment cooperation and integration; (iii) monetary and financial cooperation and integration; and (iv) cooperation in regional public goods.<sup>2</sup> RPGs listed in this strategy include clean air, environmental protection, control of communicable diseases, management of natural disasters (now referred to as disaster risk management), energy efficiency, improving governance, and prevention of human and drug trafficking. This is not presented as an exhaustive list, but seemingly as possible initiatives worth mentioning in the strategy. This RCI Strategy loosely defines RPGs as a "benefit shared by two or more countries in a region."

6. The ADB operational plan for RCI (2016–2020) maintained a similar approach as it stemmed from the 2006 strategy.<sup>3</sup> Its explicit list covers much of the same ground as the strategy, adding and shedding a few items. The impression is nonetheless given that this is not an exhaustive list. Importantly, the examples cited are valued for their own contribution and not simply to mitigate efforts in core areas (as in the case of CAREC strategies). Moreover, knowledge products are to be generated in direct support of RPGs.

7. Regional public goods are one of the three strategic priorities of the RCI strategy of ADB's Strategy 2030. Framed as a result, it calls for "Regional Public Goods Increased and Diversified," with broadly stated outcomes in support: regional climate change mitigation and adaptation, shared environmental management, expanding and diversifying access to regional education and health services. It mentions as examples in the main text disaster risk management, transboundary natural resource management, emission trading and green technologies.<sup>4</sup>

8. ADB has deepened its knowledge base on regional cooperation. The first chapter of its 2020 knowledge product on RCI is devoted to regional public goods. It provides selected examples, including among others air and marine pollution, climate change, infectious and communicable diseases, river basin management, hazardous waste transport, marine fisheries management, biodiversity and nature conservation, invasive species, harmonization of intellectual property rules, controls on dangerous scientific experiments, and technical standards. This is an even more expansive view of regional public goods than found in previous CAREC or ADB strategic documents and one that may find its way into these documents as the strategies are operationalized and refined.<sup>5</sup>

9. There are no operational definitions in the CAREC or ADB strategic documents that are in the form of checklists for essential features that mark projects as national or regional – the latter ostensibly being composed of RPGs and possibly other regional initiatives. The ADB-RCI 2016 operational plan seeks to distinguish between national and regional projects by providing examples, and it does so for all RCI pillars/directions, suggesting that many projects have in fact a regional dimension. It may well be that an easy coding approach to RPGs is not possible, depending instead on judicious appraisal of the content. However, these ADB and CAREC strategies allow for an expansive view of RPGs, with initiatives regarded as regional even they

<sup>2</sup> ADB. 2006. *Regional Cooperation and Integration Strategy*. Manila.

<sup>3</sup> ADB. 2016. *Operational Plan for Regional Cooperation and Integration, 2016–2020: Promoting Connectivity, Competitiveness, Regional Public Goods, And Collective Action for Asia and the Pacific*. Manila.

<sup>4</sup> ADB. 2019. *Strategy 2030 Operational Plan for Priority 7 - Fostering Regional Cooperation and Integration, 2019–2024*. September, Manila.

<sup>5</sup> Susantono, B. and Park, C.Y. (eds). 2020. *Future of Regional Cooperation in Asia and the Pacific*. Asian Development Bank, Manila, pp. 5.

are operationally based in one country but their spillovers bring benefits to one or more neighboring countries.

### **C. Enabling factors in developing regional public goods**

10. The experience in generating regional public goods has shown that trade integration is the usual starting point; regional cooperation can subsequently deepen into other more varied and difficult forms of integration.<sup>6</sup> Establishing economic incentives and commercial interests creates a base of trust and experience upon which RPGs can emerge. In the context of CAREC, it might be expected that where progress has been noted in expanding regional trade between specific developing member countries, this has fostered quicker and easier generation of RPGs (and successful outcomes). At this shaping stage of this study, this can only be a hypothesis worth testing – requiring assessing of CAREC experience to determine its validity and significance for the future approach of CAREC.

11. Facilitating the creation of RPGs, and their performance, requires consideration of several factors. Chief among these is ensuring that participating states in RPG creation have a strong ownership of initiatives, and this commitment is likely to be found where national development strategies – with explicit regional cooperation aims - have political support in the participating countries. Once countries decide to pursue regional approaches, then new or innovative ways of structuring these forms of cooperation may be needed. This is where the role of regional development banks (like ADB) and cooperation platforms (like CAREC) can be helpful. These organizations in turn must use instruments suited to the task and setting, avoiding “one-size fits all” approaches.

### **D. Concluding observations**

- (i) Regional public goods and second-tier activities reflect efforts by CAREC (and ADB) to expand the scope of CAREC activities into new areas such as health, education, and climate change.
- (ii) None of the CAREC strategies have clearly defined regional public goods or second-tier areas but an expansive view appears to be intended. There is no ADB or CAREC coding that helps to identify RPGs. CAREC strategic documents use examples, and ADB corporate guidance appears to simply add more examples.
- (iii) Neither CAREC nor ADB strategies are clear on what differentiates a national and a regional initiative based on public good considerations.
- (iv) Some theory or good practices in pursuing RPG is emerging, and these can offer the current study some direction in understanding the development of RPGs in the CAREC context.

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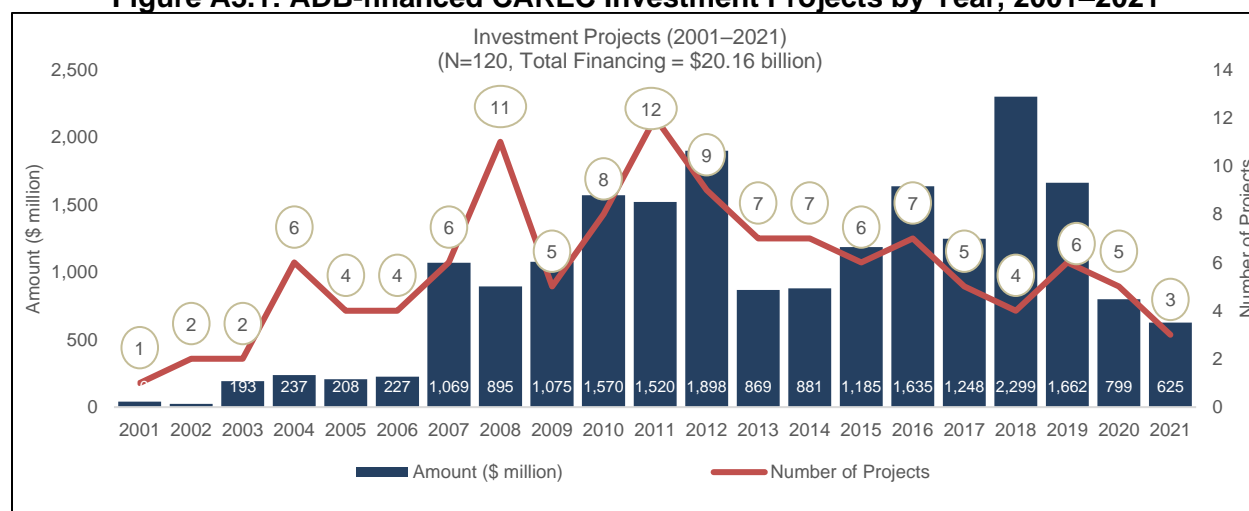
<sup>6</sup> IDB and ADB. 2004. *Regional Public Goods: From Theory to Practice*.

**APPENDIX 3: CAREC PORTFOLIO 2001–2022<sup>1</sup>****Table A3.1: Investment Projects Implemented by CAREC 2001–2021**

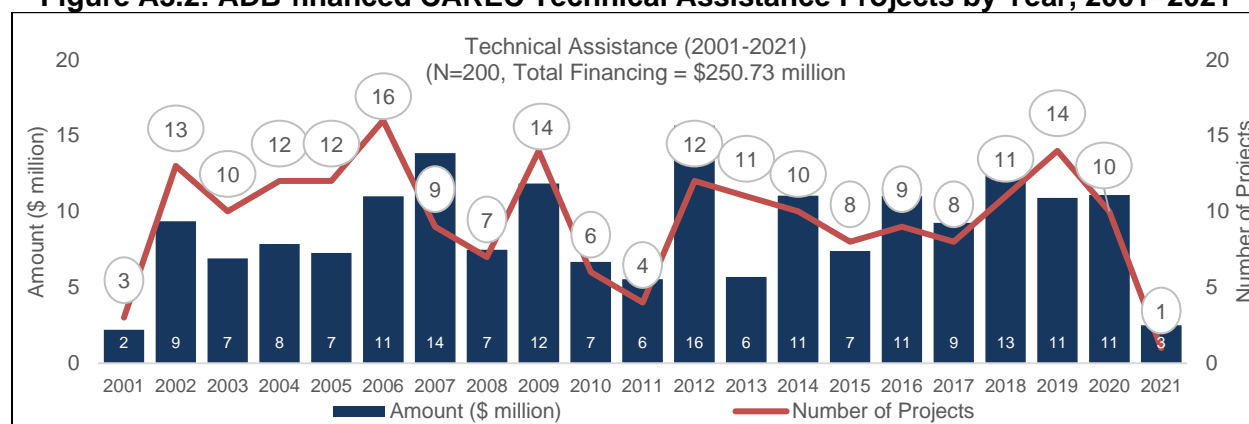
	<b>ADB</b>		<b>Non-ADB</b>		<b>Total</b>	
	2001–2010	2011–2021	2001–2010	2011–2021	2001–2010	2011–2021
Number of Projects	49	71	53	26	102	97
Multilateral Institution Financing (\$ million) <sup>a</sup>	4,657.94	11,076.71	6,473.56	4,328.84	11,131.50	15,405.55
Cofinancing (\$ million) <sup>b</sup>	879.58	3,543.95	178.15	572.75	1,057.73	4,116.70
Total Financing (\$ million)	5,537.52	14,620.66	6,651.71	4,901.59	12,189.23	19,522.25

<sup>a</sup> Only ADB financing for ADB-assisted projects; For non-ADB projects, financing is from primary multilateral institution (MI) supporting the project (i.e., European Bank for Reconstruction and Development, IsDB and World Bank).

<sup>b</sup> Includes financing from other CAREC MIs and cofinanciers.

**Figure A3.1: ADB-financed CAREC Investment Projects by Year, 2001–2021**

Source: Independent Evaluation Department (IED)'s estimates based on CAREC portfolio database (as of 28 February 2022).

**Figure A3.2: ADB-financed CAREC Technical Assistance Projects by Year, 2001–2021**

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022).

<sup>1</sup> The portfolio data in this appendix cover the evaluation period as well as the preceding 10-year period. This provides a historical trend of the portfolio.



**Table A3.2: ADB-financed CAREC Projects by Sector, 2001–2010**

	Investment Projects		Share of Total (%)	
	No.	Value (\$ mil)	No.	Value
Energy	10	1,453.8	20.4	26.3
Trade Facilitation and Trade Policy	5	50.3	10.2	0.9
Transport	34	4,033.4	69.4	72.8
Total	49	5,537.5	100	100

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022).

**Table A3.3: ADB-financed CAREC Projects by Sector, 2011–2021**

	Investment Projects		Share of Total (%)	
	No.	Value (\$ mil)	No.	Value
Agriculture/ Transport/ Water <sup>a</sup>	1	119.9	1.4	0.8
Energy	14	2,531.5	19.7	17.3
Trade Facilitation and Trade Policy	6	562.9	8.5	3.9
Transport	50	11,406.4	70.4	78.0
Total	71	14,620.7	100.0	100

<sup>a</sup> This is a multi-sector project.

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022).

**Table A3.4: Technical Assistance Projects Implemented by CAREC 2001–2021**

	ADB		Non-ADB		Total	
	2001–2010	2011–2021	2001–2010	2011–2021	2001–2010	2011–2021
No. of Projects	102	102	58	30	160	132
Multilateral Institution Financing (\$ million) <sup>a</sup>	85.12	102.51	27.52	13.93	112.64	116.45
Cofinancing (\$ million) <sup>b</sup>	9.08	54.02	48.82	115.87	57.90	169.90
Total Financing (\$ million)	94.20	156.54	76.34	129.81	170.54	286.34

<sup>a</sup> Only ADB financing for ADB-assisted projects; For non-ADB projects, financing is from primary multilateral institution (MI) supporting the project (i.e., European Bank for Reconstruction and Development, IsDB and World Bank).

<sup>b</sup> Includes financing from other CAREC MIs and cofinanciers.

**Table A3.5: ADB-financed CAREC TA Projects by Sector, 2001–2010**

	TA Projects		Share of Total (%)	
	No.	Value (\$ mil)	No.	Value
Energy	21	18.5	21	20
Trade Facilitation	14	15.1	14	16
Trade Policy	2	0.8	2	1
Transport	46	33.5	45	36
Multisector Second Tier	19	26.4	19	28
Total	102	94.2	100	100

Source: IED's estimates based on CAREC portfolio database as of 28 February 2022).

**Table A3.6: ADB-financed CAREC TA Projects by Sector, 2011–2021**

	TA Projects		Share of Total (%)	
	No.	Value (\$ mil)	No.	Value
Energy	21	32.0	21	20
Trade Facilitation	16	20.6	16	13
Trade Policy	5	2.9	5	2
Transport	40	52.5	39	34
Multisector Second Tier	20	48.6	20	31
Total	102	156.5	100	100

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022). The number of TAs for the period includes 98 TAs plus four supplemental financing TAs whose original projects were approved for the period 2001–2010.

**Table A3.7: ADB-financed CAREC TA Projects by Type, 2001–2010**

TA	No.	Amount (\$ mil)
CDTA	15	17.05
PATA	46	46.90
PPTA	38	27.13
RDTA	3	3.13
Total	102	94.20

CDTA = capacity development TA, PATA = policy advisory TA, PPTA = project preparation TA, RDTA = research and development TA, TA = technical assistance.

**Table A3.8: ADB-financed CAREC TA Projects by Type, 2011–2021**

TA	No.	Amount (\$ mil)
CDTA	27	68.36
PATA	29	43.16
PPTA	39	35.92
RDTA	7	9.09
Total	102	156.54

CDTA = capacity development TA, PATA = policy advisory TA, PPTA = project preparation TA, RDTA = research and development TA, TA = technical assistance. The number of TAs for the period includes 98 TAs plus four supplemental financing TAs whose original projects were approved for the period 2001–2010.

**Table A3.9: ADB's Support by Country, 2001–2010 (% Total Volume)**

	Investment Projects		TA		Total		Share of Total (%)	
	No.	Value (\$ mil)	No.	Value (\$ mil)	No.	Value (\$ mil)	No.	Value
Afghanistan	15	1,579.0	13	15.2	28	1,594.2	18.3	28.3
Azerbaijan	4	487.9	6	3.8	10	491.7	6.5	8.7
Georgia	0	-	0	-	0	-	-	-
Kazakhstan	4	1,106.0	4	1.2	8	1,107.2	5.2	19.7
Kyrgyz Republic	8	262.7	5	2.8	13	265.5	8.5	4.7
Mongolia	5	183.7	7	3.8	12	187.5	7.8	3.3

	Investment Projects		TA		Total		Share of Total (%)	
	No.	Value (\$ mil)	No.	Value (\$ mil)	No.	Value (\$ mil)	No.	Value (\$ mil)
Pakistan	1	180.0	0	-	1	180.0	0.7	3.2
People's Republic of China	3	543.0	5	3.5	8	546.5	5.2	9.7
Regional	0	-	44	52.8	44	52.8	28.8	0.9
Tajikistan	8	355.0	11	6.2	19	361.2	12.4	6.4
Turkmenistan	0	-	1	0.4	1	0.4	0.7	0.0
Uzbekistan	3	840.3	6	4.5	9	844.8	5.9	15.0
Total	51	5,537.5	102	94.2	153	5,631.7	100	100

Note: Only TA project are designated as "regional"; investment projects are country based. The total of investment projects does not sum up to 49 since there are two projects that were implemented in two countries.

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022).

**Table A3.10: ADB's Support by Country, 2011–2021 (% Total Volume)**

	Investment Projects		TA		Total		Share of Total (%)	
	No.	Value (\$ mil)	No.	Value (\$ mil)	No.	Value (\$ mil)	No.	Value
Afghanistan	14	2,596.4	6	4.6	20	2,600.9	11.6	17.6
Azerbaijan	5	1,320.0	4	3.4	9	1,323.4	5.2	9.0
Georgia	5	2,450.2	3	1.6	8	2,451.7	4.6	16.6
Kazakhstan	6	1,580.1	4	1.3	10	1,581.4	5.8	10.7
Kyrgyz Republic	8	1,051.6	6	5.3	14	1,056.9	8.1	7.2
Mongolia	6	389.0	3	2.7	9	391.7	5.2	2.7
Pakistan	6	1,496.0	5	21.3	11	1,517.3	6.4	10.3
People's Republic of China	1	196.3	1	0.2	2	196.5	1.2	1.3
Regional	0	-	54	104.5	54	104.5	31.2	0.7
Tajikistan	9	1,060.9	5	4.0	14	1,064.9	8.1	7.2
Turkmenistan	2	625.0	2	1.0	4	626.0	2.3	4.3
Uzbekistan	10	1,855.2	9	6.7	19	1,861.9	11.0	12.6
Total	72	14,620.7	102	156.5	173	14,777.2	100	100

Note: Only TA project are designated as "regional"; investment projects are country based. The total of investment projects does not sum up to 49 since there is a project that was implemented in two countries.

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022).

**Table A3.11: Status of ADB-supported CAREC Projects, 2001–2021**

Item	Investment Projects		Technical Assistance	
	Number	%	Number	%
<b>Active</b>	<b>47</b>	<b>39</b>	<b>36</b>	<b>18</b>
Mature (passed at least 50 % implementation time)	32	68	31	86
<b>Completed</b>	<b>73</b>	<b>61</b>	<b>164</b>	<b>82</b>
Self-assessed	58		98	
Validated	44		5	

Item	Investment Projects		Technical Assistance	
	Number	%	Number	%
Not evaluated	15		66	
<b>Total</b>	<b>120</b>	<b>100</b>	<b>200</b>	<b>100</b>

Note: Information on status, as of 15 January 2022.

\*There are cases of multiple reporting of a completion report since (i) some projects were jointly assessed and (ii) the additional/supplementary financing are not counted separately from its original project.

\*The classification of maturity in active projects is a rough estimate whether a project has passed halfway of its implementation time based on the approval year and closing date.

Source: IED's estimates based on CAREC portfolio database (as of 28 February 2022).

## APPENDIX 4: DETAILED QUESTIONS IN EVALUATING ADB'S CONTRIBUTION TO THE CAREC PROGRAM

Key Questions	Detailed Questions
<b>1. To what extent has ADB support for the CAREC Program increased connectivity in the CAREC subregion?</b>	
Q1: Has ADB support for the CAREC Program been appropriately designed to deliver the Program's connectivity objective?	<ul style="list-style-type: none"> <li>• How well is the program of ADB support for the connectivity objective (the connectivity program) aligned and responsive to the needs of CAREC member countries?</li> <li>• How well is the connectivity program aligned with ADB strategies and comparative advantages?</li> <li>• How well designed is the connectivity program, in terms of choice of sectors, composition of operations, solution approaches, level of resources, and choice of financing instruments?</li> <li>• How well are safeguards and other risks managed in regional connectivity projects?</li> </ul>
Q2: To what extent has ADB support to the CAREC Program contributed to improving connectivity in the CAREC subregion?	<ul style="list-style-type: none"> <li>• To what extent have the major target outputs been delivered in the three key infrastructure areas ADB supported (transportation, energy, and trade)?</li> <li>• To what extent has the connectivity program achieved its target outcomes in terms of increased cross border flows of passengers, freights, energy, and information?</li> <li>• How have the benefits from ADB support for improving connectivity been distributed across the participating countries and different groups of beneficiaries, including women and local indigenous people?</li> <li>• How likely are the outcomes of the ADB support for improving connectivity to be sustainable?</li> </ul>
Q3: What are the key issues and lessons learned from ADB support for regional connectivity under the CAREC Program?	<ul style="list-style-type: none"> <li>• What global, regional, and national level issues have emerged from the connectivity program that could impact the strategic approach and the programs to be implemented under CAREC 2030?</li> <li>• What are the lessons learned from the connectivity program that could be helpful for the design and implementation of other regional cooperation programs? (Including integrity and gender equality related issues)</li> </ul>
<b>2. To what extent has ADB support for the CAREC Program resulted in increased national and regional competitiveness?</b>	
Q1: Has ADB support for the CAREC Program been appropriately designed to deliver the Program's competitiveness objective?	<ul style="list-style-type: none"> <li>• How well is the program of ADB support for the competitiveness objective (the competitiveness program) aligned and responsive to the needs of member countries?</li> <li>• How well is the competitiveness program aligned with ADB strategies and comparative advantages?</li> <li>• How well designed is the competitiveness program, in terms of choice of sectors, composition of operations, solution approaches, level of resources, and choice of financing instruments?</li> </ul>
Q2: To what extent has ADB support to the CAREC Program contributed to competitiveness in the CAREC subregion?	<ul style="list-style-type: none"> <li>• To what extent has the competitiveness program delivered its target outputs in terms of economic corridors and policies and institutions for trade, investment, and macroeconomic stability?</li> <li>• To what extent has the competitiveness program achieved its target outcomes in terms of market and value chain integration and improved trade, private sector investment, productivity, and macroeconomic stability?</li> <li>• How are the benefits from ADB support for improving competitiveness distributed across the participating countries and different groups of beneficiaries, including women and local indigenous people?</li> <li>• How likely are the outcomes of ADB support for improving competitiveness to be sustainable?</li> </ul>

Key Questions	Detailed Questions
Q3: What are the key issues and lessons learned from ADB support for competitiveness under the CAREC Program?	<ul style="list-style-type: none"> <li>• What global, regional, and national level issues have emerged from the competitiveness program that could impact the strategic approach and the programs to be implemented under CAREC 2030?</li> <li>• What are the lessons learned from the competitiveness program that could be helpful for the design and implementation of other regional cooperation programs? (Including integrity and gender equality related issues)</li> </ul>
<b>3. To what extent has ADB support improved the provision of regional public goods that address shared environmental, health, and other challenges in the CAREC subregion?</b>	
Q1: Has ADB support for the CAREC Program been appropriately designed to deliver the Program's regional public goods objective?	<ul style="list-style-type: none"> <li>• How well is the program of ADB support for regional public goods (the regional public goods program) aligned and responsive to the needs of member countries?</li> <li>• How well is the regional public goods program aligned with ADB strategies and comparative advantages?</li> <li>• How well designed is the regional public goods program, in terms of choice of sectors, composition of operations, solution approaches, level of resources, and choice of financing instruments?</li> </ul>
Q2: To what extent has ADB support for the CAREC Program contributed to provision of regional public goods in the CAREC subregion?	<ul style="list-style-type: none"> <li>• To what extent has the regional public goods program delivered its target outputs in terms of improved cooperation on health, education, climate change, adoption of international standards in agriculture, and cross-border water management, and enhanced cross-country exchanges and communication?</li> <li>• To what extent has the regional public goods program achieved its target outcomes in terms of improved transboundary water management, better controlled communicable diseases, more skilled labor available in the CAREC subregion, reduced emissions and improved resilience, and better relationships among countries built on improved understanding and trust?</li> <li>• How are the benefits from ADB support for improving regional public goods distributed across the participating countries and different groups of beneficiaries, including women and local indigenous people?</li> <li>• How likely are the outcomes of ADB support for improving regional public goods to be sustainable?</li> </ul>
Q3: What are the key issues and lessons learned from ADB support for regional public goods under the CAREC Program?	<ul style="list-style-type: none"> <li>• What global, regional, and national level issues have emerged from the regional public goods program that could impact the strategic approach and the programs to be implemented under CAREC 2030?</li> <li>• What are the lessons learned from the regional public goods program that could be helpful for the design and implementation of other regional cooperation programs? (Including integrity and gender equality related issues)</li> </ul>
<b>Cross-cutting questions on CAREC's institutional set-up and procedures and ADB's contribution</b>	
Q1: Has the CAREC Program governance been appropriately designed to deliver on the Program's strategic objectives?	<ul style="list-style-type: none"> <li>• Does the CAREC Program have the necessary and appropriate institutional setup (ministerial conferences, senior officials' meetings, working groups, expert groups, forums) and instruments (e.g., strategic framework, sector strategies, plans, resources) to deliver on its strategic objectives?</li> <li>• How efficient are the CAREC Program's administrative procedures for mobilizing member countries to formulate, approve, and implement projects and programs?</li> <li>• How effective has the CAREC Institute been in delivering knowledge services and capacity building?</li> </ul>
Q2: How well has ADB performed its role as the CAREC secretariat?	<ul style="list-style-type: none"> <li>• How well has ADB performed in facilitating and coordinating across member countries, other development partners, and the private sector?</li> </ul>



Key Questions	Detailed Questions
	<ul style="list-style-type: none"> <li>• How well has ADB performed in providing support services to CAREC conferences and the range of other meetings convened under CAREC?</li> </ul>
Q3: How well has ADB performed its role as an honest broker and a technical advisor?	<ul style="list-style-type: none"> <li>• How effectively has ADB used its convening power to mobilize joint actions among member countries?</li> <li>• To what extent have ADB's knowledge products and innovations contributed to achieving the CAREC Program's strategic objectives?</li> <li>• How well has ADB support to capacity development contributed to addressing institutional capacity constraints in the CAREC subregion?</li> </ul>

## APPENDIX 5: EVALUATION MATRIX

Main evaluation questions	Key Indicators*	Literature review			Portfolio review				Case study			Survey and Interview		
		Review of CAREC strategic frameworks, policies, plans, and assessments and ADB' s RCI strategies	Review of CPSs in CAREC DMCs	Review of literature on CAREC and broader context (academic/research)	Portfolio characterization and performance analysis	Review of knowledge support and technical assistance	Review of role and results of core CAREC sectors (TRA, ENE, trade)	Review of role and results of Regional Public Goods sectors	Sector case studies	Corridor and geo-spatial case assessment	Regional Public Goods case studies	Survey of stakeholders and ADB Staff	Interview with key stakeholders and	Interview with stakeholders at local level
To what extent has ADB support for the CAREC Program increased connectivity in the CAREC subregion?														
Q1: Has ADB support for the CAREC Program been appropriately designed to deliver the Program's connectivity objective?	NA	✓	✓	✓		✓	✓		✓	✓		✓	✓	✓
Q2: To what extent has ADB support to the CAREC Program contributed to improving connectivity in the CAREC subregion?	Logistic Performance Index score; Cross-border flows of passengers, freights, energy, and information			✓	✓	✓	✓		✓	✓		✓	✓	✓
Q3: What are the key issues and lessons learned from ADB support for regional connectivity under the CAREC Program?	NA			✓	✓	✓	✓		✓	✓		✓	✓	✓



Main evaluation questions	Key Indicators*	Literature review			Portfolio review				Case study			Survey and Interview		
		Review of CAREC strategic frameworks, policies, plans, and assessments and ADB' s RCI strategies	Review of CPSs in CAREC DMCs	Review of literature on CAREC and broader context (academic/research)	Portfolio characterization and performance analysis	Review of knowledge support and technical assistance	Review of role and results of core CAREC sectors (TRA, ENE, trade)	Review of role and results of Regional Public Goods sectors	Sector case studies	Corridor and geo-spatial case assessment	Regional Public Goods case studies	Survey of stakeholders and ADB Staff	Interview with key stakeholders and	Interview with stakeholders at local level
To what extent has ADB support improved the provision of regional public goods that address shared environmental, health, and other challenges?														
Q1: Has ADB support for the CAREC Program been appropriately designed to deliver the Program's regional public goods objective?	NA	✓	✓	✓		✓		✓	✓		✓	✓	✓	✓
Q2: To what extent has ADB support for the CAREC Program contributed to provision of regional public goods in the CAREC subregion?	Decrease of communicable disease cases; Improvement in transboundary water management; Improved cross-border supply of skilled labor; Better relationship among member countries; Subregional mean of Global Conflict Risk Index Scores.			✓	✓	✓		✓	✓		✓	✓	✓	✓
Q3: What are the key issues and lessons learned from ADB support for regional public goods under the CAREC Program?	NA			✓		✓		✓	✓		✓	✓	✓	✓

Main evaluation questions	Key Indicators *	Literature review			Portfolio review				Case study			Survey and Interview		
		Review of CAREC strategic frameworks, policies, plans, and assessments and ADB' s RCI strategies	Review of CPSs in CAREC DMCs	Review of literature on CAREC and broader context (academic/research)	Portfolio characterization and performance analysis	Review of knowledge support and technical assistance	Review of role and results of core CAREC sectors (TRA, ENE, trade)	Review of role and results of Regional Public Goods sectors	Sector case studies	Corridor and geo-spatial case assessment	Regional Public Goods case studies	Survey of stakeholders and ADB Staff	Interview with key stakeholders and	Interview with stakeholders at local level
Cross-cutting questions on CAREC's institutional set-up and procedures and ADB's contribution														
Q1: Has the CAREC Program governance been appropriately designed to deliver on the Program's strategic objectives?	NA	✓										✓	✓	✓
Q2: How well has ADB performed its role as the CAREC secretariat?	NA	✓										✓	✓	✓
Q3: How well has ADB performed its role as an honest broker and a technical advisor?	NA	✓										✓	✓	✓

\*The indicators listed will be drawn from several data sources, including: ADB Results Framework; CAREC Results Framework; CAREC monitoring and evaluation reports; ADB Asia-Pacific Regional Cooperation and Integration Index; CAREC Corridor Performance Measurement and Monitoring System; World Bank's Logistics Performance Index; World Competitiveness Index; IMF Direction of Trade Statistics; UNCTAD Foreign Direct investment statistics; World Tourism Organization Database on Outbound Tourism; EU – Global Conflict Risk Index (GCRI); and World Integrated Trade Solution (WITS).

ADB = Asian Development Bank; CPS = country partnership strategy; DMC = developing member country.

Source: Asian Development Bank (Independent Evaluation Department).

## APPENDIX 6: MAIN EXPECTED OUTPUTS AND OUTCOMES OF THE CAREC PROGRAM, 2011–2022<sup>1</sup>

**A. Strengthening Connectivity:** The overall expected outcome is the CAREC subregion will be more connected with more cross border linkages and increased flows of trade, finance, information, and people.

- (i) **Transport and trade.** The key expected outputs under transport and trade are establishment of networks of multimodal transport corridors that open economic opportunities and intercontinental trade. Beyond the transport infrastructure, CAREC seeks to move people, goods, and vehicles across borders faster and at less cost by modernizing customs procedures, removing bottlenecks at borders, and simplifying trade. These above outcomes are achieved by developing multimodal corridor networks comprising roads, railways, multimodal logistics hubs, and border crossings; improving trade and border-crossing services through customs reforms and modernization, coordinated border management, development of national single windows (i.e., that allow traders to submit information just once via a single portal to fulfill import- and export- related regulatory requirements), and integrated trade facilitation; and improve operational and institutional effectiveness to support better road maintenance, road safety, and seamless rail connections through improved policies and institutions. In furthering trade, policies related to tariffs will be harmonized or eliminated. Non-tariff barriers to trade will be reduced.
- (ii) **Energy security and efficiency.** CAREC also works to ensure energy security and efficiency and to promote energy trade. The key outputs will be improved transmission lines, more efficient energy production and distribution, and clean energy generation and trade.
- (iii) **Information and Communication Technology.** Expected outputs include internet connectivity and related areas, yielding strengthened e-governance in government (e.g., e-procurement) and in the private sector (e-commerce, e-trade, and e-banking).
- (iv) **Financial integration.** Main outputs include improved financial flows across borders (e.g., payment and settlement mechanisms).

**B. Improving Competitiveness:** The overall expected outcome is a CAREC subregion more competitive as evidenced by a stronger private sector, more integrated markets, production processes and supply chains.

- (i) **Economic corridors and logistics.** Competitiveness is to be achieved in part through enlarged roles of economic corridors, and transport systems that are well supported by the provision of logistical services (e.g., food safety protocols).
- (ii) **Financial access and flows.** Competitiveness is also to be achieved through strengthened capital markets and more openness of countries to investment flows. Improved access to trade finance will be supported, to be underpinned by appropriate policies and regulatory frameworks.

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<sup>1</sup> As the perspective of the evaluation is from ADB's corporate strategy and regional cooperation integration operational priorities, the outcomes and outputs in this appendix are drawn from several CAREC and ADB-regional cooperation integration strategic frameworks and results frameworks. This set is the most expansive that can be made from these documents, and pragmatic decisions will need to be made in the assessments, based on the key concerns of stakeholders and availability of information.

- (iii) **Private sector participation.** Increased private sector participation will help in diversifying the economy and enhancing economic resilience.
- (iv) **Technology and productivity.** Information and communication technology - driven digital services can expand access to public and business services, in turn increasing productivity in the public and private sectors.
- (v) **Good governance.** Improved corporate governance, including in state owned enterprises, are to be attained at both national and subnational levels.

**C. Generating Regional Public Goods:** The overall expected outcome is a greater cooperation across CAREC countries in tackling emerging opportunities and challenges.

- (i) **Addressing common social challenges.** Achieving this outcome calls for improved education, skills development, and human resource development. In health, the cooperation is to achieve greater control of communicable diseases (including COVID-19 pandemic).
- (ii) **Achieving climate-friendly and sustainable agriculture and natural resource management.** This outcome is to be achieved by expanded cross-border trade in agri-food products and undertaking timely climate change adaptation. Climate-friendly agriculture and natural resource management practices will be more widely adopted. Eco-friendly cross-border supply chains will be strengthened. Expanded cross-border environmental protection for shared resources (e.g., for water, air quality) will be supported.
- (iii) **Promoting climate change mitigation and adaptation.** Domestic carbon market mechanisms and emission-trading schemes will be developed and linked. Climate change resilience is to be strengthened through interventions such as regional disaster risk financing.
- (iv) **Putting knowledge management to work for regional issues.** The development and application of knowledge relevant to regional opportunities and challenges will be pursued, particularly through the CAREC Institute. This effort includes the production of knowledge products and events to introduce these to stakeholders and support their application.