CAREC INSTITUTE NEWSLETTER

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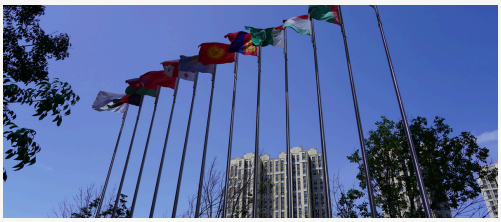

About the CAREC Institute

The CAREC Institute is an intergovernmental organization jointly owned by eleven member countries, dedicated to promoting economic cooperation in Central Asia and along the Silk Road through knowledge generation and sharing. Acting as a knowledge connector across five core themes—including economic stability, trade, connectivity, agriculture, and human development—the Institute ensures policy coherence to drive regional integration.

Inside This Issue

Critical Minerals & Capital Markets 1–2
Green Finance in Changsha 3
AI and Green Innovation 4
Financing and Corridor Data 4
Quarterly Economic Monitor No. 22 5–6
Leadership Training Report 7
Upcoming Events 8–9

CAREC Institute's Online Resources

News
Events
Publications
E-Learning Platform



Institute Spotlight

CAREC Institute Presents Findings on Critical Minerals and Capital Markets in Mongolia

The CAREC Institute contributed research on critical-mineral value chains and green finance at the CAREC Critical Minerals-to-Manufacturing Forum on 30 September 2026 and the First CAREC Capital Markets Development Forum (CMDF) on 1–2 October 2026 in Ulaanbaatar, Mongolia. Both events were organized by ADB's CAREC Program, linking higher-value processing and manufacturing with the financial markets needed to support regional investment. Dr. Asif Razzaq, Senior Research Specialist at the CAREC Institute, presented the Institute's research at both events.

Continued on page 2 →

INSTITUTE SPOTLIGHT · CONTINUED FROM PAGE 1

From Mineral Exports to a Regional Copper-Processing Corridor



The CAREC Critical Minerals-to-Manufacturing Forum and the First CAREC Capital Markets Development Forum, Ulaanbaatar, 30 September – 2 October 2026.

The study "Critical Mineral Trade and Value Chains in the CAREC Region" finds that many CAREC economies export lower-value mineral products and import higher-value products made from the same minerals. Six economies in the study export about USD 11.7 billion in copper products, and copper is the leading critical-mineral export in five of the eight economies examined. The analysis proposed a regional copper-processing corridor linking ore supply, power, transport, processing capacity, traceability and ESG standards, and downstream buyers. The proposal focuses on commercially viable regional processing, supported by secure supplies, affordable power, long-term buyers, stable rules, and suitable financing.

ADB's Critical Minerals-to-Manufacturing Financing Partnership Facility and industry presentations on Reko Diq, Badrakh Energy/Orano Group, Azzuro Resources, Erdenes Industrial Technological Park, and Rio Tinto Copper Mongolia highlighted the importance of risk reduction and project preparation alongside mineral resources.

At the CMDF, CAREC members endorsed the Charter, governance structure, and operational framework, creating a regional platform for capital-market development and regulatory cooperation. Drawing on the Central Asia Development Report 2026, the Institute presented the region's green-finance landscape in Session 4. Priorities included stronger project-preparation facilities, deeper local-currency markets, practical green taxonomies and disclosure rules, wider use of guarantees and blended finance, and regional alignment on standards, monitoring, reporting and verification, and cross-border investment pipelines.

USD 11.7bn

in copper products exported by six economies in the study

5 of 8

economies examined where copper is the leading critical-mineral export

CONFERENCE · CHANGSHA, 17–19 OCTOBER 2026

CAREC Institute Presents Green Finance Findings in Changsha



The Central Asia Development Report 2026 findings on "Green Finance Mechanism and Challenges in the CAREC Region," presented in the main plenary of the Changsha conference.

The CAREC Institute presented findings from the Central Asia Development Report 2026 on "Green Finance Mechanism and Challenges in the CAREC Region" at the 2026 Central Asia Regional Economic and Trade Cooperation Changsha Business Matchmaking Conference, held in Changsha, Hunan, China, on 17–19 October 2026. Presented in the main plenary, the analysis linked climate commitments with the financing needs of energy, transport, and water projects across CAREC. Dr. Asif Razzaq, Senior Research Specialist at the CAREC Institute, presented the findings.

The analysis identified weak project preparation, shallow domestic financial markets, unclear price signals, and high perceived risk as key financing constraints. It examined public finance, foreign direct investment, public–private partnerships, multilateral development bank finance, green bonds, commercial lending, guarantees, blended finance, and access to external capital markets.

The findings point to the need for credible project pipelines, green taxonomies and disclosure rules, longer domestic financing tenors, and guarantees and blended finance where risks constrain private investment. Regional alignment on taxonomies, monitoring, reporting and verification, and cross-border project pipelines can reduce transaction costs and create scale. The conference brought together policymakers and businesses, linking CAREC research with investment promotion, trade facilitation, green energy, infrastructure cooperation, and business matchmaking.

FINANCING CHANNELS EXAMINED

- Public finance
- Foreign direct investment
- Public–private partnerships
- Multilateral development bank finance
- Green bonds
- Commercial lending
- Guarantees
- Blended finance
- External capital markets



10–12 OCTOBER 2026 · ASHGABAT, TURKMENISTAN

CAREC Institute Presents Research on AI and Green Innovation

The CAREC Institute presented research on how artificial intelligence can support firms' green innovation at an international scientific conference in Ashgabat, Turkmenistan, which was held on 10–12 October 2026. The study, "AI Technologies and Firms' Green Innovation: Lessons from the PRC Experience," was presented in Section XVI, "Digital Economy as Important Condition for Sustainable Development," hosted by the Turkmen State Institute of Economics and Management. Dr. Asif Razzaq, Senior Research Specialist at the CAREC Institute, presented the study.

Using data from about 4,000 Chinese A-share listed firms from 2012 to 2022, the study finds that AI significantly increases green innovation, with the result remaining robust after endogeneity and other checks. It identifies four channels: lower managerial short-termism, lower management costs, less greenwashing, and higher research and development efficiency.

The gains are strongest in private firms, high-tech firms, and firms led by executives with international experience. The findings highlight the importance of reliable environmental data, credible disclosure and verification rules, and management capacity to translate digital capabilities into long-term innovation in CAREC economies. The presentation linked digital transformation with the Institute's wider work on green growth and productivity.

FOUR CHANNELS IDENTIFIED

- Lower managerial short-termism
- Lower management costs
- Less greenwashing
- Higher R&D efficiency



5–6 OCTOBER 2026 · CASABLANCA, MOROCCO

CAREC Institute Highlights Financing and Corridor Data for Regional Integration

The CAREC Institute contributed to the 6th Consultative Forum of Regional Cooperation Organizations in the OIC Region in Casablanca, Morocco, on 5–6 October 2026, focusing on financing channels to move cross-border projects from concept to implementation. Discussions covered project-preparation support, development finance, guarantees, blended finance, regional facilities, and other risk-sharing tools for energy, transport, digital connectivity, and related investments. Dr. Asif Razzaq, Senior Research Specialist at the CAREC Institute, represented the Institute at the Forum.

The Institute also presented the CAREC Corridor Performance Measurement and Monitoring (CPMM) mechanism, which identifies where time and costs accumulate between seaports, inland corridors, and border crossings. Corridor data can help governments and development partners identify constraints, sequence interventions, and direct financing toward locations where trade costs are highest, addressing port capacity and border performance together.

The Forum developed a matrix of potential regional initiatives with IsDB, ICDT, WTO, UNCTAD, ITC, and participating regional cooperation organizations. These initiatives could be advanced through research grants, joint analytical work, project preparation, and collaborative programs in 2027, combining project preparation, financing structures, and corridor-level evidence to support regional cooperation.

KNOWLEDGE PRODUCT · QUARTERLY ECONOMIC MONITOR

CAREC Institute's Quarterly Economic Monitor No. 22

MAIN CONCLUSION

The CAREC region's growth remains strong and diverging, energy price shock is reflected in increase of inflation.

CAREC Institute Chief Economist Team | October 2026



Quarterly Economic Monitor No. 22, October 2026.

The CAREC Institute has published its October 2026 Quarterly Economic Monitor. Growth remains strong on average but is narrowly based and diverging. Real GDP growth averaged about 6.2% across the 11 CAREC economies in the first half of 2026, unchanged from a year earlier. The stable average hides a region moving at three different speeds. The Kyrgyz Republic, Uzbekistan, Tajikistan, Georgia and Mongolia are growing at 7–11%. Turkmenistan, Kazakhstan and the PRC are growing at a moderate 4.5–6.5%, and Azerbaijan and Pakistan at below 4%. In most rapidly-growing economies one engine dominates, whether a public construction boom, a mining surge or remittance-financed consumption. Private, non-resource investment remains weak. IFIs have raised their regional forecasts to 5.3% for 2026 and 5.0% for 2027, but these still imply a slowdown as one-off drivers fade.

An energy-price shock has interrupted the disinflation trend. Energy prices rose about 32% (yoy) in the first nine months of 2026 because of the Middle East conflict, and food prices followed. Average inflation rose to 7.5%, and global factors now explain a growing share of it. Inflation is above target in six of the nine economies with explicit inflation targets, and close to double the inflation target in Kazakhstan, the Kyrgyz Republic, Mongolia and Pakistan. The monetary response has been uneven. Real policy rates remain high in Kazakhstan and Uzbekistan but are close to zero in Mongolia and the Kyrgyz Republic, where inflation expectations are above target and demand is strong. In several countries, fiscal policy is adding to demand when it should be saving the windfall revenue from higher commodity prices.

6.2%

average real GDP growth across the 11 CAREC economies, H1 2026

7.5%

average inflation after the energy-price shock

32%

rise in energy prices (yoy) in the first nine months of 2026

"The stable average hides a region moving at three different speeds."

Quarterly Economic Monitor No. 22, CAREC Institute

QUARTERLY ECONOMIC MONITOR NO. 22 · CONTINUED FROM PAGE 5

External Balances, Structural Change and Policy Priorities

1.2%
average current account deficit in H1 2026, narrowed from 4.1% of GDP

7.0%
Uzbekistan's current account deficit, as net energy importers face higher bills

10 Nov
expiry of the US–PRC tariff suspension, one of the main downside risks

The commodity windfall has strengthened external balances, but unevenly and likely temporarily. The average current account deficit narrowed from 4.1% of GDP to 1.2% in H1 2026. The gains went to oil, metal and gold exporters and reflect prices more than volumes, since oil output fell in Azerbaijan and Kazakhstan. Net energy importers face higher import bills, and Uzbekistan's current account deficit widened to 7.0% of GDP. Foreign reserves exceed three months of imports in all countries. However, a large part of these reserves is held in gold in Kazakhstan, Uzbekistan and the Kyrgyz Republic, so buffers are exposed to a correction in gold prices.

Structural change is under way but remains largely led by the state. FDI is shifting from resource extraction toward manufacturing, energy and infrastructure, and the PRC is the leading investor. Large corridor projects, digital customs systems and tax reforms are the main levers of diversification. However, FDI is still relatively small, and intra-regional integration remains shallow.

Risks are tilted to the downside, and policy needs to lean against the cycle. The main risks are renewed energy-price volatility, the expiry of the US–PRC tariff suspension on 10 November, secondary sanctions, tighter global financial conditions and climate shocks. Policy priorities are to: (i) tighten monetary policy where real rates are near zero and inflation expectations are elevated; (ii) save commodity windfalls, and replace broad price subsidies with targeted, temporary fiscal support; (iii) strengthen fiscal rules and medium-term frameworks so that fiscal policy stops amplifying the economic cycle; and (iv) raise private investment and deepen regional trade facilitation, so that transport corridors become economic corridors.

POLICY PRIORITIES

i Tighten monetary policy

ii Save commodity windfalls

iii Strengthen fiscal rules

iv Raise private investment

Read the full **Quarterly Economic Monitor No. 22** and its data annex at carecinstitute.org/publications

CAREC Institute Knowledge Product

Report on the Second CAREC Leadership Training on AI and Education



Second CAREC Leadership Training for Regional Economic Cooperation: Empowering Education — Harnessing AI for Learning and Digital Transformation

Capacity Building Division, CAREC Institute | October 2026

This report summarizes the key discussions and outcomes of the Second CAREC Leadership Training for Regional Economic Cooperation, themed "Empowering Education: Harnessing AI for Learning and Digital Transformation." Held from 27–31 July 2026 in Hangzhou, People's Republic of China, the five-day program convened policymakers from CAREC member countries specializing in education and artificial intelligence. The training was organized by the CAREC Institute in partnership with Zhejiang University's Institute of Global Development, Center of International Studies on Development and Governance, and School of Continuing Education, as well as the CAREC Program, with financial support from the Asian Development Bank.

For more details, please access the full report.

Read the full report

5 days
Programme length, 27–31 July 2026

Hangzhou
Host city, PRC, with Zhejiang University

Education
Policy focus: AI for learning and digital transformation

ADB
Financial support for the training

Click here to view the publications

Upcoming Events



Knowledge Sharing Webinar: Heterodox Approaches to Development in Central Asia — Post-Soviet Development Economics and Society, 20 November 2026

Researchers from the CAREC Institute, Dr. Kuat Akizhanov, Deputy Director Two, and Dr. Ilhom Abdulloev, Chief of the Capacity Building Division, have significantly contributed to an edited volume, Heterodox Approaches to Development in Central Asia: Post-Soviet Development Economics and Society, co-edited by Kuat Akizhanov and Serik Beimenbetov (Palgrave Macmillan, ISBN: 9783032226211; Hardcover; 259 pages). This seminal work challenges the long-held assumption that a single, universal model of economic development can adequately explain the region's diverse and complex experiences.

Over three decades since the dissolution of the Soviet Union, the countries of Central Asia have undergone profound economic, political, and social transformations. Yet, fundamental questions linger about the effectiveness of prevailing development strategies. Have they delivered sustainable, inclusive, and equitable growth? How have mainstream economics ideas and global institutions influenced national policy choices? And crucially, what alternative approaches might better address the region's unique structural challenges, particularly when conventional methods have often prioritized market liberalization and privatization while overlooking vital historical, institutional, and social contexts?

The recently published volume addresses these critical gaps. It brings together scholars from Central Asia and beyond, drawing on heterodox economics and interdisciplinary perspectives to critically examine key areas such as neoliberal reform, agricultural restructuring, migration patterns, financialization, gender dynamics, social policy, and industrial development.

To delve deeper into these innovative ideas, join the volume's editors and contributing scholars for a special Knowledge Sharing Webinar. This interactive session will introduce the book's central arguments and explore the urgent need for theoretical pluralism within development economics. Attendees will examine the political economy of development in the region, discuss alternative analytical frameworks, and appreciate the value of intellectual pluralism and interdisciplinary inquiry in advancing development knowledge specifically relevant to the CAREC region.

Don't miss this unique opportunity to engage with cutting-edge research and explore alternative pathways for Central Asia's future. Learn directly from the experts about the limitations of conventional models and the potential of heterodox approaches to foster more sustainable and equitable development. Register now for this insightful webinar and be part of the conversation shaping the region's next chapter.

Register here: https://carecinstitute-org.zoom.us/webinar/register/WN_wkSs5mx2Q7mbUpi9kEVbAA

ALSO COMING UP

2–3 November 2026	Second Tianshan Forum for Central Asia Economic Cooperation — Almaty, Kazakhstan. Full preview in Issue 85.
26–27 November 2026	Sixth Annual Research Conference — Beijing, People's Republic of China. Full preview on page 9.

UPCOMING EVENTS · 26–27 NOVEMBER 2026 · BEIJING



CAREC Institute to Hold Sixth Annual Research Conference in Beijing

DATES	VENUE	SESSIONS	OUTPUT
26–27 November 2026	Beijing, People's Republic of China	Strategic plenary, thematic panels and six parallel research sessions	More than 30 papers reviewed for an edited volume in 2027

The CAREC Institute will hold its Sixth Annual Research Conference on 26–27 November 2026 in Beijing, People's Republic of China. The conference will bring together government officials, researchers, development partners and representatives of international organisations to discuss digital connectivity, investment and regional integration in the CAREC region.

Under the theme "Bridging Borders: Digital Connectivity, Investment, and Regional Integration for Sustainable Development," the conference will feature opening and keynote addresses, a strategic plenary, thematic panels, six parallel research sessions for the presentation of policy papers, and a book launch.

Discussions will focus on the digitalization of road transport and the interoperability of digital transport systems, electronic transport documents and permits. Other topics will include investment in green and sustainable infrastructure; cargo flows and supply chains along CAREC corridors; cross-border investment and financing; and the use of corridor performance data to identify bottlenecks and guide policy and investment decisions. The program will also examine regional digital trade systems, artificial intelligence in cross-border transport, and green investment standards and responsible business practices.

More than thirty policy and research papers will be presented across the six parallel sessions. These sessions will provide researchers and policy practitioners from think tanks, universities and multilateral development banks with an opportunity to present their findings and discuss their policy implications. Selected papers presented at the conference will undergo review and editorial assessment for inclusion in an edited book scheduled for publication in 2027.

The conference is hosted by the CAREC Institute, with participation from the Asian Development Bank, the Asian Infrastructure Investment Bank, Pakistan Single Window, the International Road Transport Union, the Eurasian Development Bank, the Multilateral Cooperation Center for Development Finance, government agencies, international organisations, road transport associations, and research institutions from CAREC member countries and beyond.

PARTICIPATING INSTITUTIONS

- Asian Development Bank
- Asian Infrastructure Investment Bank
- Pakistan Single Window
- International Road Transport Union
- Eurasian Development Bank
- Multilateral Cooperation Center for Development Finance

The full programme, agenda and registration details will be published at carecinstitute.org/events.

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