

# An overview of CAREC Economies and how much recalibration is needed for inclusive and sustainable growth

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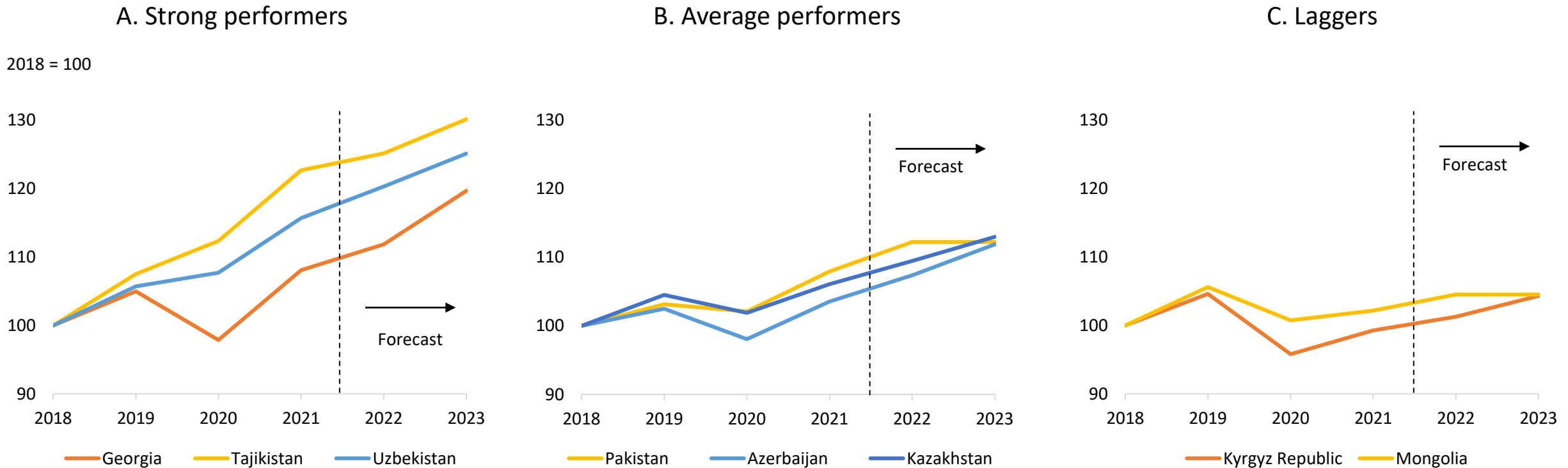
6<sup>th</sup> CAREC Think Tank Development Forum  
Baku, 15–16 September 2022



# Growth Paths in CAREC economies

*Georgia, Tajikistan, and Uzbekistan have performed much better through the pandemic and the Russian invasion of Ukraine, compared to the Kyrgyz Republic and Mongolia.*

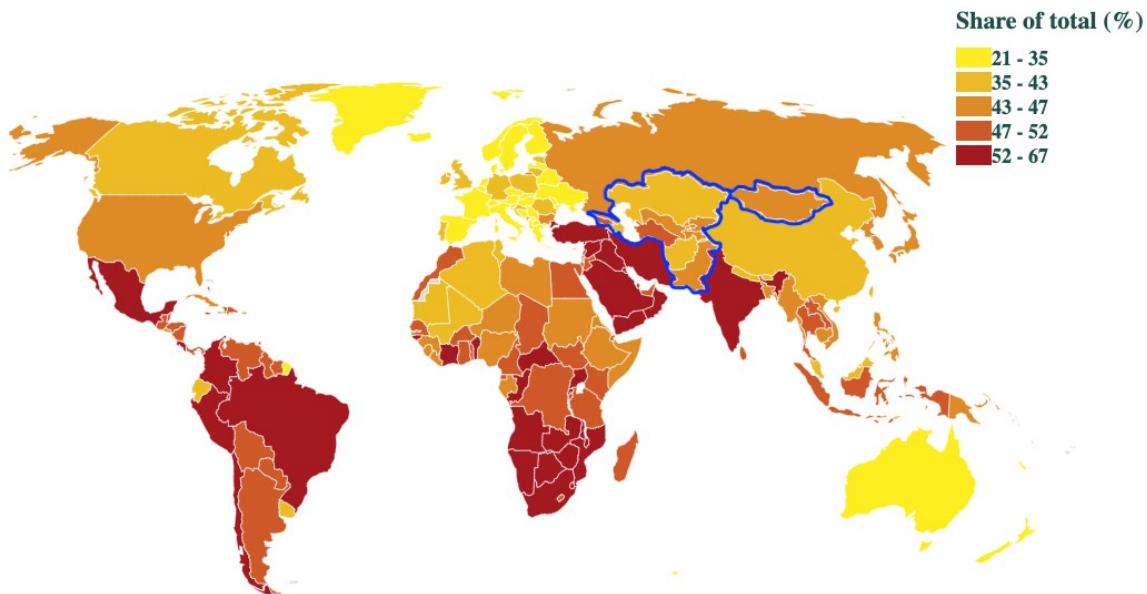
## GDP growth trajectories: 2019–2023



# Income inequalities in CAREC economies

Income inequalities are moderate in CAREC economies ...

## Top 10% income share

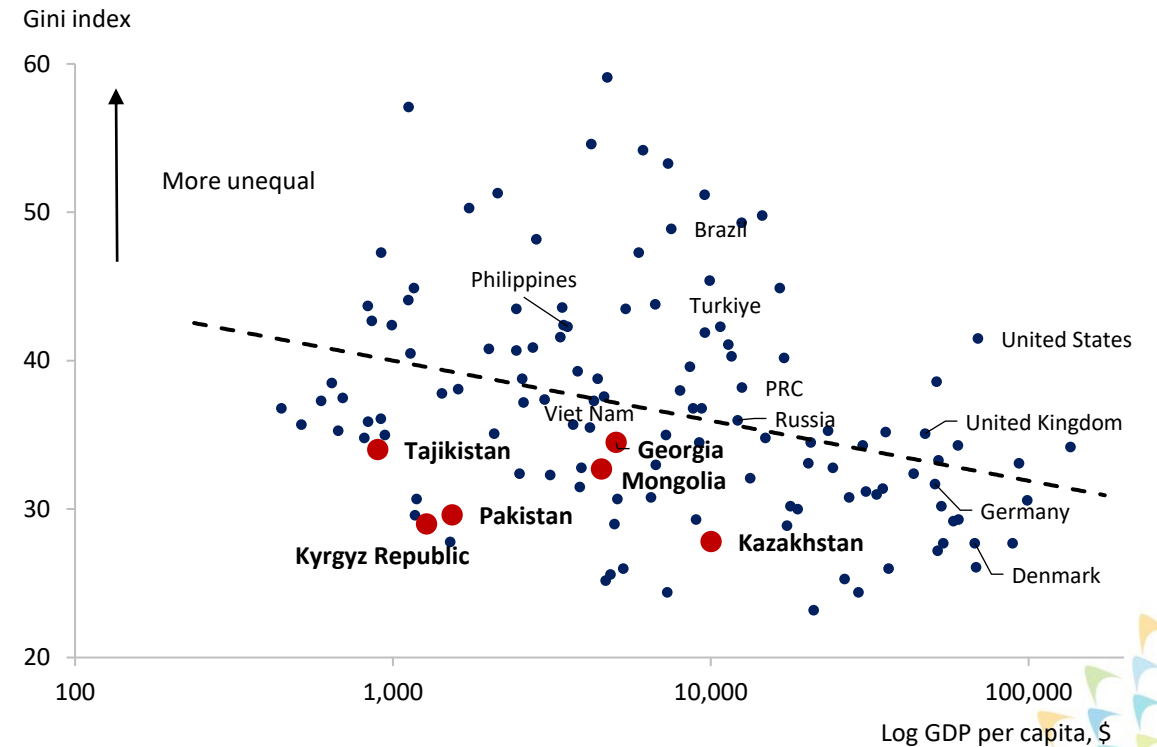


Note: The borders of the CAREC region in this map exclude the People's Republic of China.

Source: [World Income Database](#)

... even considering their level of development.

## Income inequality and income per capita



PRC = People's Republic of China

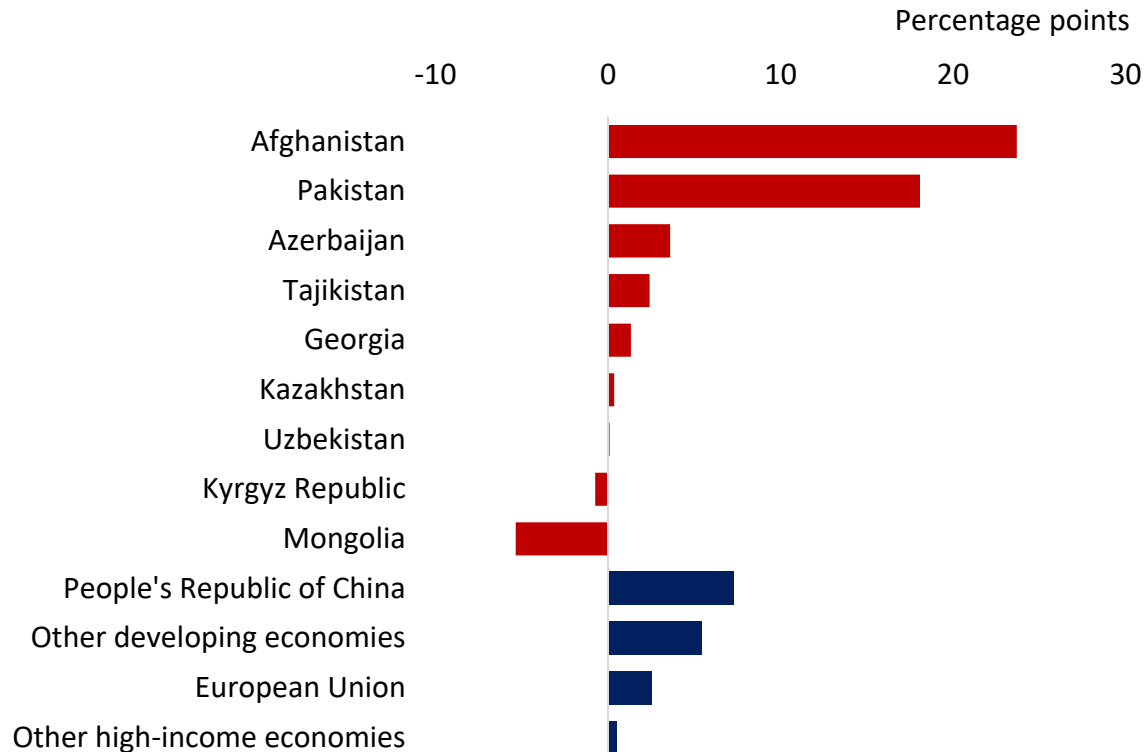
Source: [World Development Indicators](#)

# Gender inequalities in CAREC economies

*Gender gaps in education are enormous in Afghanistan and Pakistan, but moderate in all other CAREC members.*

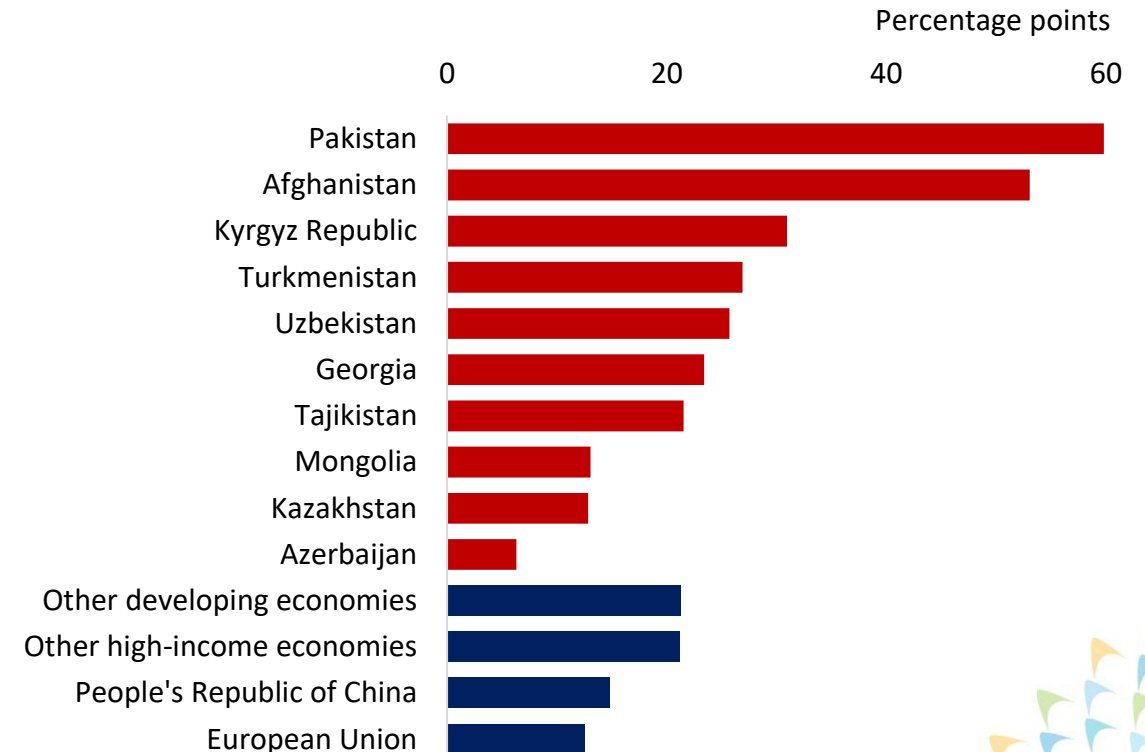
*Gender gaps in labor force participation are immense in Pakistan and Afghanistan and remain large in most other CAREC members.*

## Gender gap in secondary education



Note: Population aged 25 or older with at least some secondary education.  
Source: [UNDP](#)

## Gender gap in labor force participation

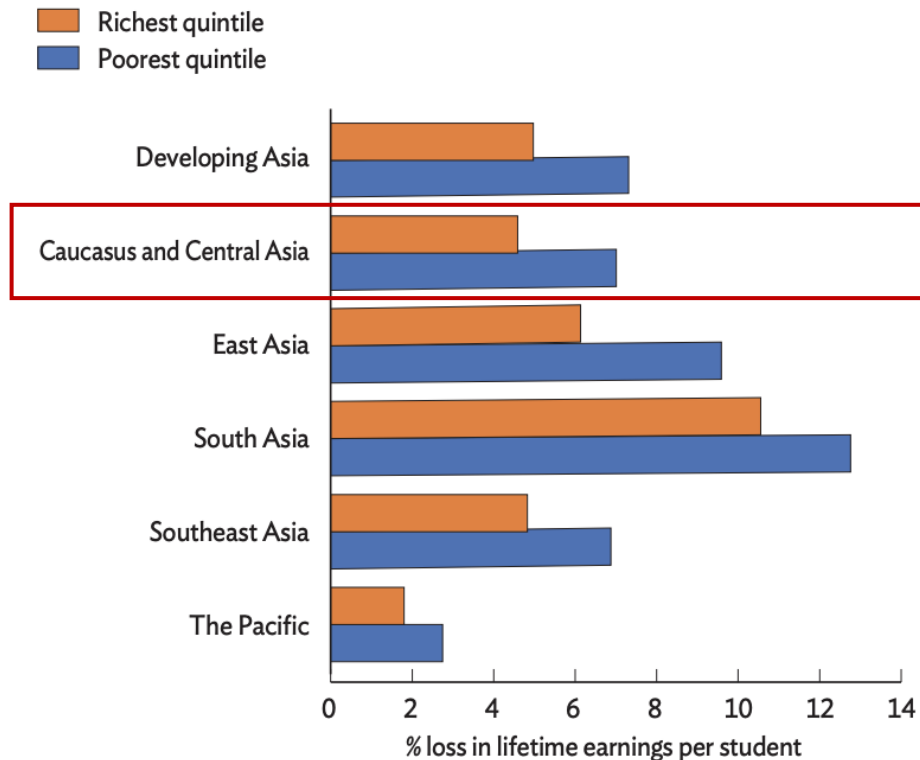


Note: Population aged 15 and older.  
Source: [UNDP](#)

# Impact of the pandemic on poverty and education

*In the Caucasus and Central Asia, expected losses in future earnings are about 50% higher for the poorest kids.*

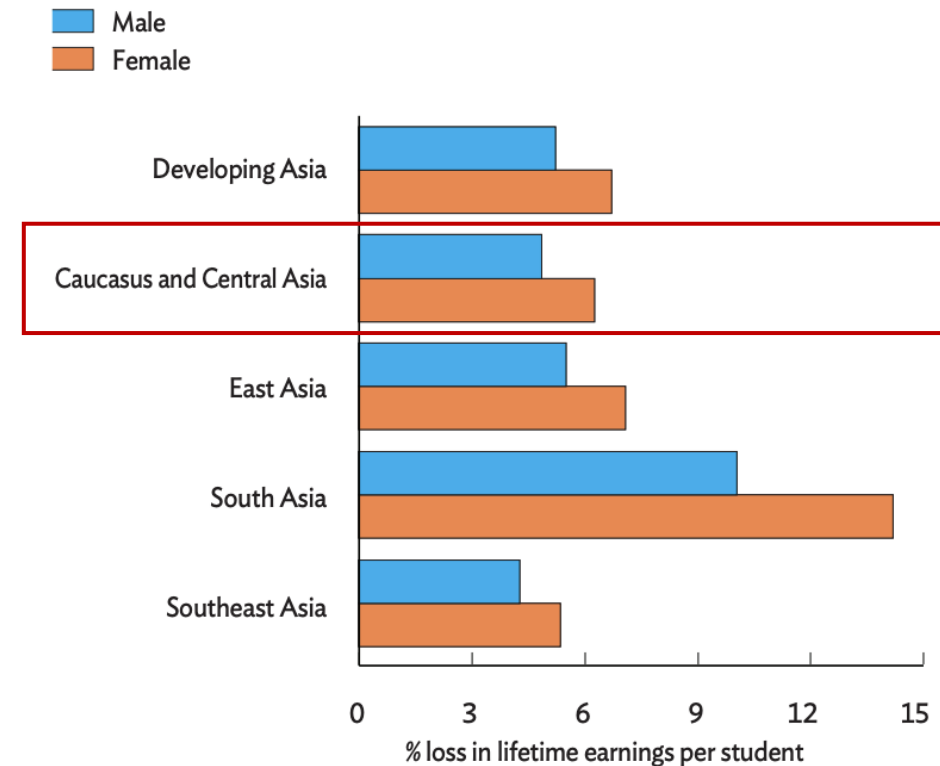
## Wealth gap in projected earning losses



Source: [Asian Development Outlook](#)

*In the Caucasus and Central Asia, expected losses in future earnings are about 30% higher for girls.*

## Gender gaps in projected earning losses



Source: [Asian Development Outlook](#)

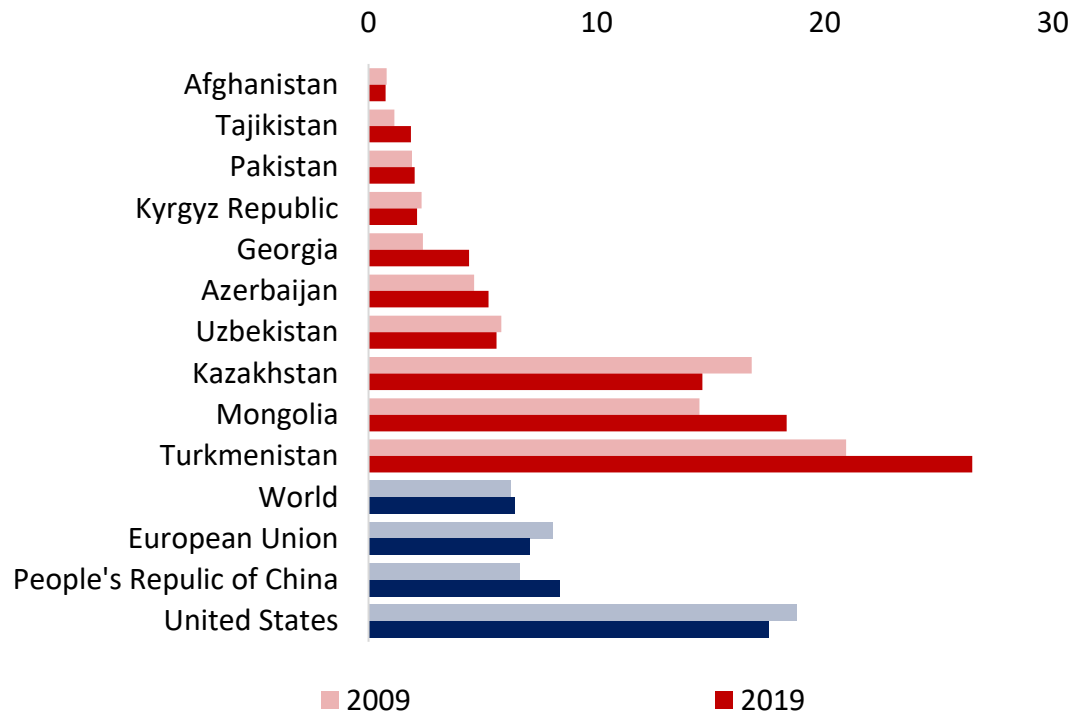
# Climate change sustainability in CAREC economies

Emissions remain extremely large in Kazakhstan, Mongolia, and Turkmenistan ...

... largely owing to heavy reliance on hydrocarbons for generating electricity.

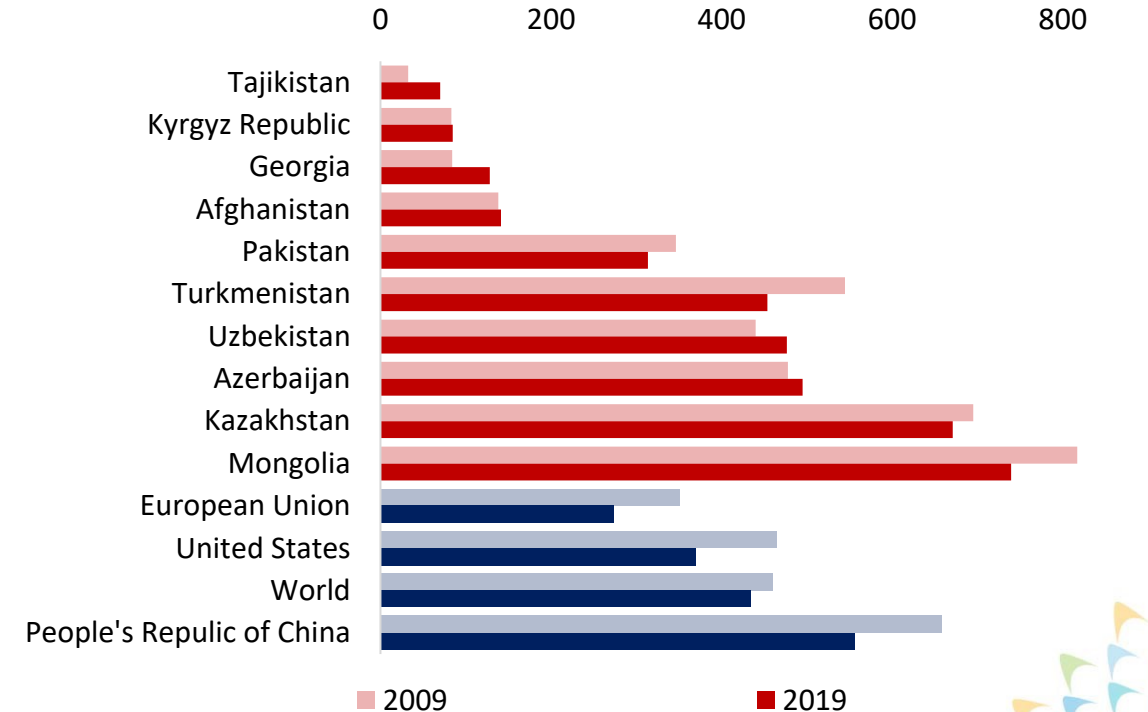
## Greenhouse gas emissions per capita

CO2-equivalent tons per year



## Carbon intensity of electricity

Grams of CO2/kWh



Note: Positive and negative emissions from land use change are considered.  
Source: [Climate Watch](#)

Source: [British Petroleum](#)

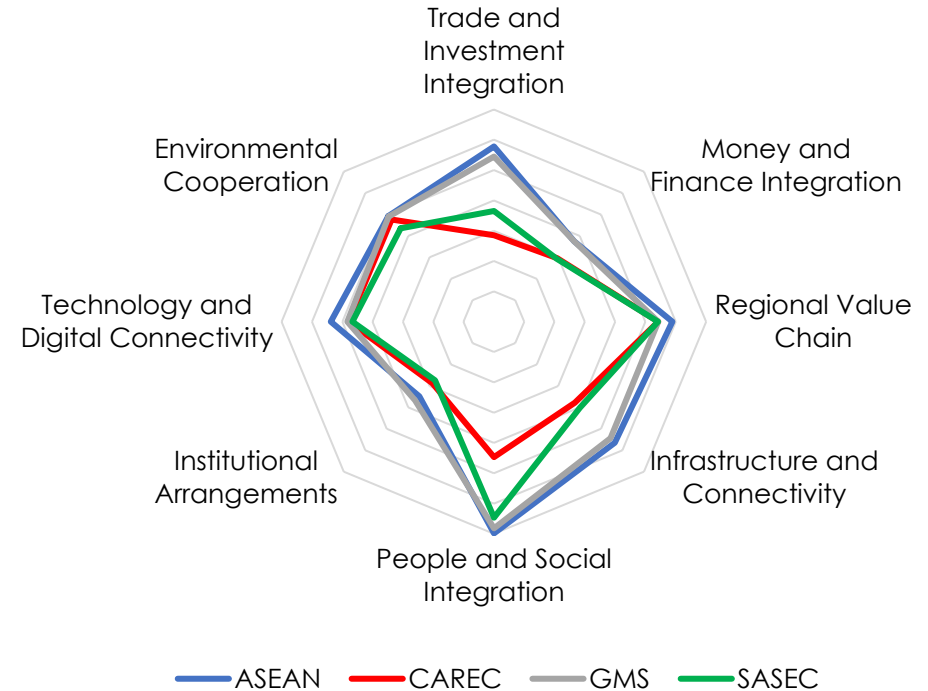
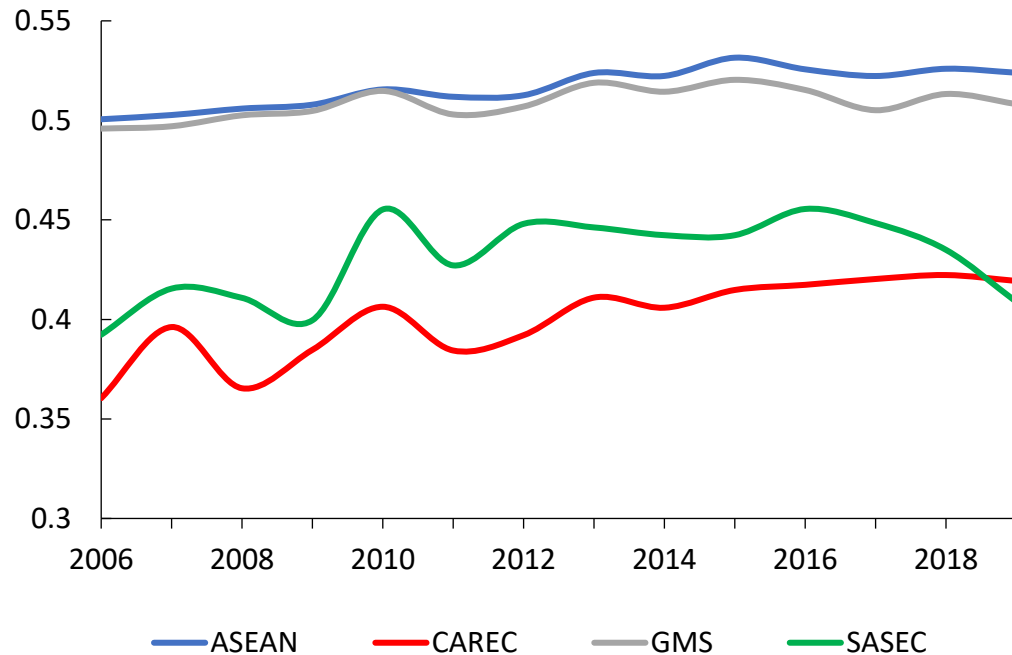
# CAREC integration with Asia has been gradual and new channels of cooperation are emerging

*CAREC shows steady improvement in RCI performance since 2006*

*CAREC's wide-ranging performance across dimensions underlines areas for improvement*

ARCII index by subregional initiative

Dimensional indexes, 2019 – Asia subregional initiatives



ARCII = Asia-Pacific Regional Cooperation and Integration Index, ASEAN = Association of Southeast Asian Nations, GMS = Greater Mekong Subregion, SASEC = South Asia Subregional Economic Cooperation.

Notes: Higher values denote greater regional integration. Worldwide normalization is used for all estimations.

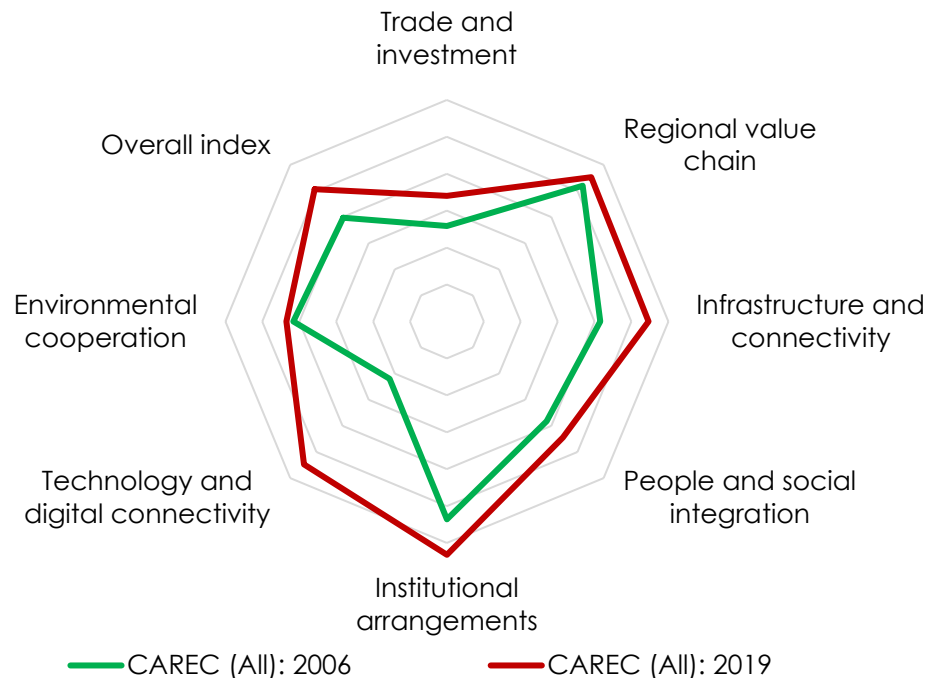
Source: [ADB \(2021\). Asia-Pacific Regional Cooperation and Integration Index: Enhanced Framework, Analysis, and Applications.](#)

# Integration within the CAREC region has improved and could further support recalibration

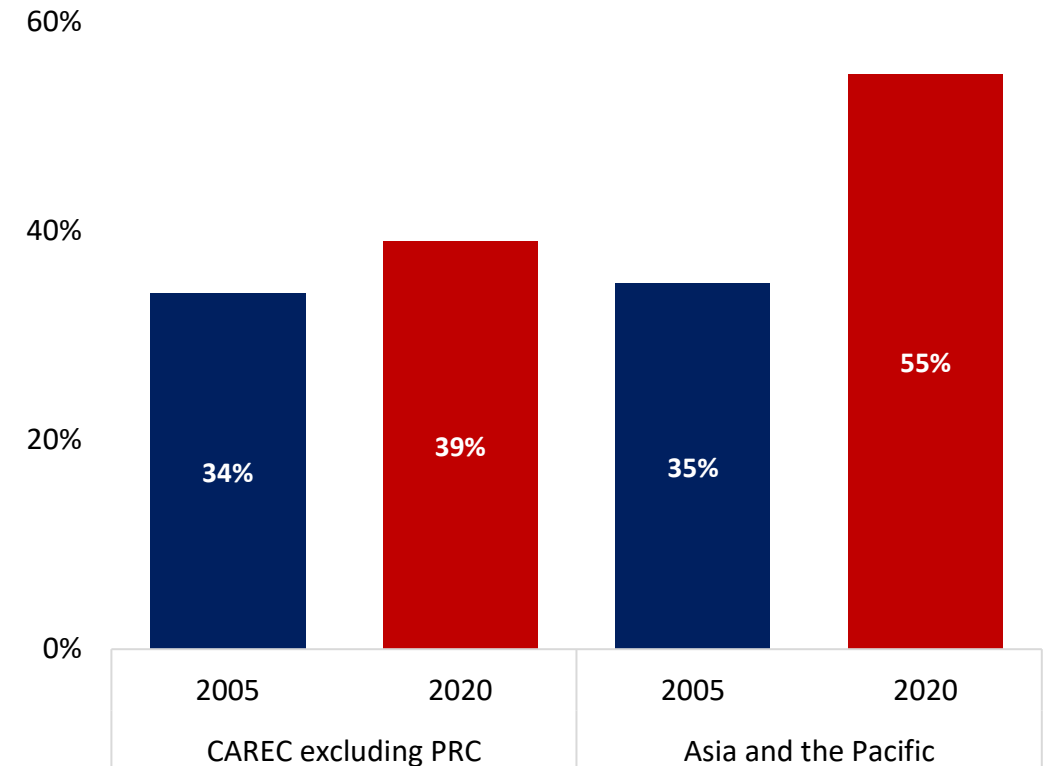
*Intra-CAREC integration has made progress, particularly in digital connectivity and infrastructure.*

*CAREC has room to improve in areas such as digital services to enhance diversification and resilience.*

**Intra-CAREC RCI index 2006-2019**



**Trade in digital services in CAREC region**



Notes: RCI scores pertain to regional integration and cooperation within CAREC (e.g., integration of Azerbaijan with other CAREC economies). Dotted lines refer to estimates excluding PRC.  
Source: [ADB calculations](#).

Source: [Asian Economic Integration Report 2022](#).



# How to ensure growth inclusivity and sustainability?

## ➤ Mobilizing taxes for development

- Broaden tax base by promoting formal employment
- Strengthen tax administration
- Increase tax system progressivity
- Develop social safety nets
- Limit untargeted subsidies
- Tax polluting activities

## ➤ Mitigating gender inequalities

- Deliberate policies to attract, retain, and promote women in the labor market
- Investment in childcare

## ➤ Mitigating climate change

- Low-carbon electricity production
- Low-carbon transportation
- Energy efficient housing and urban planning

## ➤ More and better regional cooperation

- Digital connectivity and environmental cooperation
- RCI linkages within CAREC and with Asia to mitigate risks
- Digital services for diversification and resilience

**Thank you.**

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