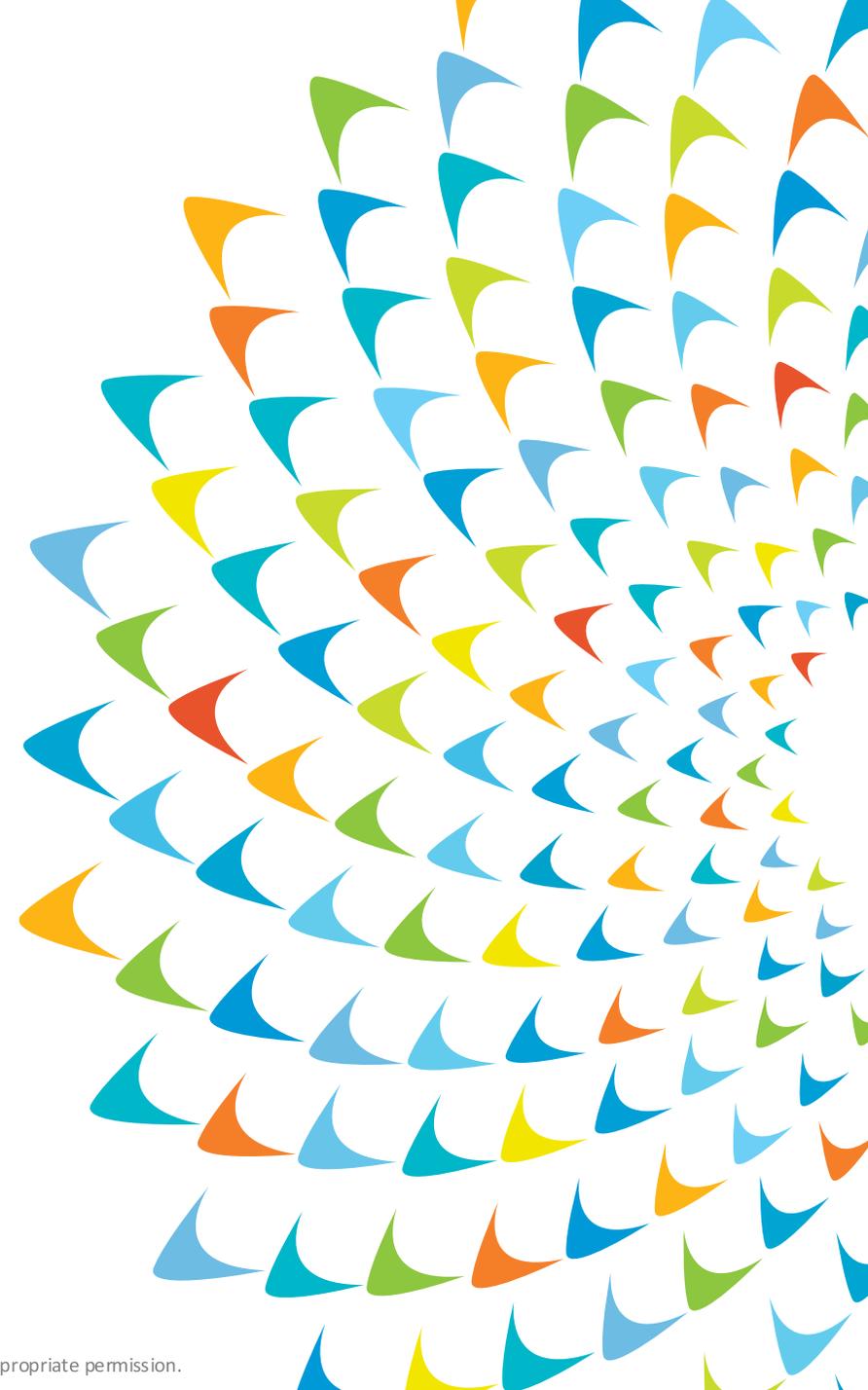




Accelerating Startup Ecosystem Through Regional Fund-of-Funds Investments



**CAREC Partnership for Climate,
Innovation and Trade**





Exploring Regional Fund of Funds

- **Baku Declaration:** Explore the feasibility of establishing a regional fund of funds, to serve as a catalyst in deployment of venture capital for startup ecosystem, catering to climate solutions or projects and developing climate tech in close cooperation with the proposed St(m)art Green Initiative
- **Progress to Date:** ongoing internal and external consultations on the feasibility to determine best mechanism / platform to accelerate investment in CAREC through funding, capacity building, knowledge sharing, and regional integration



Market Challenges and Opportunities

Startup ecosystem growth: CAREC startup ecosystems are maturing. Kazakhstan alone has seen over 250 active startups in recent years, with Astana Hub reporting a 4x increase in startup registrations since 2018.

VC funding gap: In 2023, CAREC attracted less than \$150 million in total VC funding—less than 0.1% of global VC flows—despite the region’s combined GDP of over \$1 trillion USD (>1% of global GDP) and significant digital potential. Less than 15 locally domiciled VC funds exist across all CAREC countries (excluding People’s Republic of China).

Underserved talent pool: Local investment professionals and entrepreneurs with strong regional networks and technical backgrounds are increasingly looking to launch VC funds but lack structured support and catalytic capital.

Lack of LP Base: Pension funds and banks remain largely absent from VC due to risk aversion, policy gaps, and lack of exposure to the asset class.

Comparative success models: Similar initiatives such as “Kauffman Fellows,” “LAVCA VC programs,” and “Africa Venture Capital Academy” have shown success in scaling regional fund manager capacity.



What a platform to accelerate emerging early-stage VC fund managers could do to address these challenges?

A well-structured fund can address these ecosystem gaps by channeling capital across all startup stages, strengthening local fund managers, incentivizing globally oriented investment strategies, and supporting legal and infrastructure reforms needed to scale regional VC activity.



Proposed Objectives and Scope



Access to Capital



Capacity Building



**Ecosystem
Integration and
Policy
Environment**



**Selection and
Support**



Financing Structure

Seed Funding Needs

Capital for Investments

Potential Funders



Next Steps

1. Continuing stakeholders' consultation including at the CAREC Session at the Asia-Pacific Digital Transformation Forum (Manila, ADB HQ, June 2025)
2. Stakeholder mapping and program design
3. Ecosystem mapping, stakeholder mapping, regulatory diagnostics, and feasibility assessment
4. Presentation at the proposed CAREC Technology and Digital Forum with findings (Sept 2025)