



## **BACKGROUND NOTE: CAREC CLIMATE AND SUSTAINABILITY PROJECT PREPARATORY FUND (CSPPF)**

### **FOR REFERENCE**

Senior Officials' Meeting  
Central Asia Regional Economic Cooperation Program  
18-19 June 2025, Issyk-Kul, Kyrgyz Republic

## **Background Note: CAREC Climate and Sustainability Project Preparatory Fund (CSPPF) June 2025**

### **1. Fund Overview**

The CAREC Climate and Sustainability Project Preparatory Fund (CSPPF) is a multi-partner trust fund established to support the preparation of bankable regional projects in the CAREC region with a strong regional public goods and sustainability focus. In November 2024, the CAREC Ministerial Conference endorsed the CAREC Climate Change Action Plan 2025-2027 and launched the CSPPF, signing of Trust Fund Contribution Agreements with Republic of Korea and People's Republic of China. The initial combined contribution amounted to \$5 million.

### **2. Strategic Priorities**

The CSPPF will address CAREC countries' financing gaps in climate action and sustainable development by facilitating the preparation of bankable regional projects. This mechanism streamlines the identification, preparation, and structuring of climate- and SDG-aligned initiatives consistent with member countries' environmental commitments.

The CSPPF will support projects and activities aligned with the following objectives:

- Enhance the capacity of CAREC member countries in incorporating climate- and other SDG-related features in the design of regional projects in traditional and emerging sectors;
- Facilitate cooperation between CAREC member countries on planning, designing, and implementing regional projects, including those that involve transboundary climate spillovers (positive and negative); and
- Help prepare and structure sound, bankable regional projects that support joint initiatives and programs to reduce greenhouse gas (GHG) emissions and develop regional carbon trading.

### **3. Activities Supported by the Fund**

The CSPPF will support regional projects across CAREC 2030's operational clusters, guided by the seven priority sectors and/or areas under the CAREC Climate Change Vision: (i) energy, (ii) water, (iii) agriculture, (iv) transport, transit, and trade, (v) climate-smart cities, (vi) climate-related disasters, and (vii) health, education, and social protection. Fund allocation will be flexible in the relevant sectors and thematic areas in line with the priorities of the CAREC countries.

The CSPPF will support projects and activities that satisfy the following requirements:

- Help prepare and structure sound, bankable regional projects that support joint initiatives and programs to reduce GHG emissions.
- Promote regional cooperation and integration and meet ADB's RCI criteria (RCI scorecard).
- Aid in meeting climate mitigation and adaptation commitments, sustainability, and prioritization.
- Investment projects must align with ADB's investment plan and be part of CAREC member countries' investment projects or sector strategies, ensuring regional and national development priorities are met.

#### **4. Eligible Countries**

Eligible recipients of support from the CSPPF will be the following developing member countries (DMCs) that are members of the CAREC Program, namely: Azerbaijan, the People's Republic of China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

#### **5. Financing Partners**

CSPPF is administered by ADB, with initial contributions from the Republic of Korea (\$3 million) and the People's Republic of China (\$2 million). The fund is open to additional financing partners, including bilateral donors, multilateral agencies, and private sector entities committed to climate action and sustainability in the CAREC region.

#### **6. Progress and Next Steps**

Following the launch of the fund, the Regional Cooperation and Integration, Central and West Asia Department (CWRC), as the Fund Manager, collaborated with relevant ADB departments to develop the Implementation Guidelines, which were endorsed by the Steering Committee.<sup>1</sup> These guidelines govern the fund's administration, including eligibility criteria, funding scope, application process, governance arrangements, and reporting requirements.

In accordance with these guidelines, the Fund Manager officially launched the first call for proposals. While the original submission deadline was 15 May 2025, it has been extended to 15 June 2025 to allow additional preparation time for project proponents.

As of 3 June 2025, six proposals, totaling over \$2 million and covering sectors such as energy, transport, and health, have been received for funding consideration. The next step includes technical review by the CSPPF Steering Committee and consultations with financing partners to finalize the Fund's first set of projects to be supported.

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<sup>1</sup> According to paragraph 10 of the Implementation Guidelines, the Steering Committee is chaired by the Director General of CWRD and comprises the Heads of Departments of CWRD, CCSD, EARD, SD1 (representing the Sector Group), and PSOD.