



Project Summary Information

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Project Name	UzPSB Energy and Water Efficiency, and Renewables Bond Investment
Project Number	P000729
AIIB member	Uzbekistan
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Approved
Objective	The project objective is to improve energy and water efficiency and contribute to the expansion of renewable energy supply in Uzbekistan.
Project Description	<p>The project will finance a portfolio of renewable energy, and energy and water efficiency sub-projects in Uzbekistan via a non-sovereign backed investment of up to USD 25 million into a five-year, USD-denominated private placement bond issuance by UzPSB, the second-largest state-owned bank in Uzbekistan.</p> <p>The issuance will be the first Sustainable Bond under UzPSB's Sustainable Finance Framework, which is aligned with ICMA's Green and Social Bond Principles.</p>
Expected Results	<p>The expected results are expected to be monitored through the following Indicators:</p> <p>Project Objectives indicators:</p> <ul style="list-style-type: none"> • Volume of GHG emissions reduction per year (GHG ton) • Renewable generation capacity installed (MW) • Primary energy consumption saved by installation of renewable generation (GWh) • Primary energy consumption saved by Energy Efficiency gains (GWh) • Primary water consumption saved (Liter). <p>Intermediate result indicators:</p>

	<ul style="list-style-type: none"> • Number of end projects financed (units) • Volume of end projects financed (USD million)
Environmental and Social Category	FI
Environmental and Social Information	<p>Environmental and Social Policy and Categorization. AIIB's Environmental and Social Policy (ESP) including Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs) will apply to this Project. The Project has been placed in Category FI, because AIIB will invest a bond issued by a Financial Intermediary (FI), whereby the Bank delegates to the Borrower the decision-making on the use of AIIB's funds insofar the sub-project meets the conditions to be agreed with the client. This will include the selection, appraisal, approval and monitoring of sub-projects in accordance with AIIB's ESP requirements.</p> <p>Environmental and Social Management System (ESMS). UzPSB under its ESMS will (i) screen the proposed sub-loans against its E&S exclusion list, (ii) assign an E&S categorization, (iii) conduct an environmental and social (E&S) assessment, (iv) monitor E&S risks and impacts and (v) report to its management accordingly. Sub-project beneficiaries will be required to demonstrate the compliance of all their activities with applicable E&S regulatory requirements and commit to maintaining that status during the tenure of the sub-project.</p> <p>Sustainable Finance Framework. UzPSB has prepared its Sustainable Finance Framework in draft. The four key components of the Framework are:</p> <ol style="list-style-type: none"> <u>Use of Proceeds.</u> The use of proceeds will be allocated to eligible sectors including (i) green: energy efficiency, sustainable water management and wastewater management, and others and (ii) social: access to essential services, affordable housing and others. <u>Project evaluation and selection.</u> UzPSB's Green and Social Committee (SBC) is established with representatives from various departments. SBC will review all proposed eligible use of proceeds, manage any revision to the framework and others. <u>Management of proceeds.</u> UzPSB will achieve a level of allocation for the Sustainable Loan Portfolio to match or exceed the balance of net proceeds from its outstanding Sustainable Financing (Borrowing) Instruments within 3 years following the issuances.

d. **Reporting.** An annual allocation and impact report will be prepared and published. The report will disclose amounts allocated to various eligible sub-projects, unallocated amount and subproject-level impact, including estimated E&S impact follow ICMA's Impact Reporting Framework.

Environmental and Social Characteristics. AIIB proceeds will support energy efficiency and water efficiency capex for manufacture sector, EV for transport clients and potential small scale Renewable Energy sub-projects, with medium or low ES risk for supported activities. Activities included in AIIB's ESEL will not be eligible for financing. Coal mining, coal transportation and coal-fired power plants, as well as infrastructure services exclusively dedicated to support any of these activities and gas-related sub-projects will also be excluded. All sub-projects involving or resulting in forced eviction will also be excluded. All higher risk sub-projects will be excluded, including all category A and higher B per AIIB ESP definition.

Labor and Working Conditions. The ESMS includes requirements to identify and mitigate potential health, safety, social and environmental hazards in all Project activities that pose a risk to employees and may also have the potential for disruption of site works. In addition, all suppliers and contractors related to renewable energy investments will be advised of the importance of implementing appropriate management measures to identify and address issues related to the E&S provisions of the ESMS, including labor and working conditions and health and safety matters. Compliance with the ESMS or other E&S Instrument for the Project is an essential part of the contract document with suppliers and contractors. This compliance as well as representations and warranties to be provided to the Client by suppliers and contractors will be reflected in relevant agreements and contracts.

Gender aspect. UzPSB's workforce is composed by 43 per cent of woman as of 2022. UzPSB aims at promoting woman in its workforce with some dedicated social initiatives such as a woman's club in UzPSB in order for woman to exchange on career-related experience and advice.

Information Disclosure Grievance Redress Mechanism (GRM). UzPSB has launched a website to introduce its green banking activities and [ESMS overview](#). UzPSB's ESMS specifies grievance mechanism and cross-department responsibility for addressing third-party views, enquiries, or concerns regarding its own E&S processes, as well as E&S impacts and performances of its portfolio loans. UzPSB has established multiple channels for grievance, including hotline, social media and email, which will be enhanced to meet AIIB's ESP requirements. UzPSB will require all sub-projects to establish Grievance Redress Mechanism (GRMs), disseminating its information timely to the communities concerned in an understandable language and appropriate manner, which should be accessible, include provisions for anonymity, and hold no risk of retaliation, to receive and facilitate resolution of the concerns and complaints of people who believe they may be

	<p>or have been adversely impacted by the Project. The GRMs will be made available to all stakeholders for the bond upon issuance and will provide information on AIIB's Project-Affected People's Mechanism (PPM) as described below.</p> <p>Monitoring and Supervision Arrangement. UzPSB will maintain a comprehensive database comprising all relevant E&S information and report to AIIB a summary of the E&S aspects and overview of the E&S performance of the Project's portfolio every year and on an agreed template. AIIB will conduct post-reviews of the selection and implementation of sub-projects as part of its regular supervision, comprising engagement with UzPSB, potential site visits and detailed review of the E&S documentation of selected sub-projects.</p>	
Cost and Financing Plan	USD 100 million bond issuance. AIIB to finance USD25 million	
Borrower/Implementation entity	UzPromstroybank ('UzPSB')	
Estimated date of last disbursement (NSBF)	[June/2023]	
Contact Points:	AIIB	Borrower
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Date of Concept Decision	21/Dec/22	
Date of Appraisal Decision/Estimated Date of Appraisal Decision	15/Mar/23	
Date of Financing Approval	25/Apr/2023	

Independent Accountability Mechanism	The Bank's Policy on the PPM applies to this project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project- affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their
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	<p>concerns cannot be addressed satisfactorily through the Project-level ECM or the processes of Bank Management. Information on the PPM is available at How We Assist You - Project-Affected People's Mechanism (aiib.org)</p>
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