



Project Summary Information

Date of Document Preparation: Dec. 8, 2025	
Project Name	Developing a Sustainable Finance Market for Micro-, Small-, or Medium Enterprises (MSMEs) Project
Project Number	P000964
AIIB member	Kyrgyzstan
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Approved
Objective	To support the green and sustainable transition and climate resilience of micro, small and medium-sized enterprises (MSMEs) by mobilizing private capital for sustainable investments and strengthening financial intermediaries to facilitate their low-carbon transition.
Project Description	<p>The Project, co-financed with the World Bank (International Development Association), aims to support the climate resilience of MSMEs and the development of a sustainable finance market for MSMEs by mobilizing private capital for green investments and strengthening financial institutions.</p> <p>It comprises three main components:</p> <ul style="list-style-type: none"> (a) Green and Sustainable Finance (USD110.0 million): Provides wholesale financing to Participating Financial Institutions (PFIs) through the State Development Bank (SDB) and contributes to the Green Finance Fund (GFF), targeting MSMEs. (b) Green Guarantees (USD59.0 million): Introduces green guarantee products through a Portfolio Risk Sharing Facility (PRSF) and individual guarantees for larger green MSME projects. (c) Implementation and Capacity Building (USD1.0 million): Enhances project management and builds capacity within the sustainable finance ecosystem, supported by multilateral development banks (MDBs) and other partners. <p>AIIB's proposed loan is expected to finance Component 1 (up to USD50million).</p>
Expected Results	The Project is designed to generate tangible and measurable outcomes contributing to sustainable financial market development and green investment expansion in Kyrgyzstan. The key expected results are (a) increased volume of green financing extended to MSMEs, (b) strengthened capacity of participating financial institutions (PFIs) to assess and manage green finance projects and (c) expanded private sector participation in green finance, reducing reliance on public funding.

Environmental and Social Category	FI
Environmental and Social Information	<p>Applicable Policy and Categorization. The Project will be co-financed with the World Bank (WB) as the lead co-financier. AIIB will finance Components 1.1 and 1.2. The environmental and social (ES) risks and impacts of the Project were assessed in accordance with the WB's Environmental and Social Framework (ESF) and Environmental and Social Standards (ESSs). To ensure a harmonized approach to managing the ES risks and impacts, and as permitted under AIIB's Environmental and Social Framework (ESF), the WB ESF will apply instead of AIIB's ESF. The Project has been classified as Category FI as it involves the provision of funds through a Financial Institution (FI). The Project will only support MSMEs whose activities fall into the moderate or low ES risk categories, as defined by the WB's ESF and AIIB's definition of higher-risk activities. The WB has categorized the overall ES risks of this Project as Moderate.</p> <p>Environmental and Social Instruments. An Environmental and Social Commitment Plan (ESCP) has been prepared for the Project. It will be updated as necessary during Project implementation. Under the ESCP, SDB, GFF and all PFIs are required to develop, maintain and implement Environmental and Social Management Systems (ESMS) in accordance with WB's ESF. Before participating in the Project, the ESMS of the SDB, GFF and all PFIs must be submitted to AIIB and WB for their joint review and approval. Additionally, the Project has developed and will implement a Stakeholder Engagement Plan (SEP) to ensure effective community involvement. A Labor Management Plan (LMP) will be developed to address labor rights, workplace safety and other social risks.</p> <p>Environmental and Social Aspects. The Project's potential adverse environmental risks are expected to be temporary, site-specific and primarily associated with activities such as small-scale renewable energy installations, manufacturing/processing line renovations, pesticide use in agriculture and agricultural soil loss. Potential adverse environmental impacts, such as air pollution, water consumption, noise and limited waste generation, will be mitigated in line with national regulations. While certain activities may affect natural habitats, these disturbances are expected to be localized, short-term, and manageable through standard mitigation measures. In addition, activities with potential for temporary or permanent land acquisition, involuntary resettlement, livelihood impacts or restriction of access to resources have been deemed ineligible for financing under the Project. The Project is also not anticipated to generate significant risks related to labor influx, sexual exploitation and abuse/sexual harassment (SEA/SH) or community health and safety. To address these risks systematically, PFIs will be required to implement ESMS aligned with the WB ESSs that are relevant to the Project.</p> <p>Gender Aspects. The Project will promote gender inclusion by expanding access to sustainable finance for women-led micro, small, and medium-sized enterprises (WMSMEs). The Project will adapt the Women-in-Finance initiative to the</p>

	<p>context of Kyrgyzstan, enhancing the capacity of FIs through tailored training programs focused on sustainable finance and addressing barriers that WMSMEs face. Gender-sensitive aspects are also embedded into the grievance mechanisms and sexual exploitation and abuse/sexual harassment considerations were integrated into the mechanisms.</p> <p>Stakeholder Engagement, Consultation and Information Disclosure. The Project emphasizes effective and inclusive engagement with all relevant stakeholders and beneficiaries. A SEP, developed to map stakeholders, tailor engagement strategies and establish structured consultation modalities, will be carried out during Project preparation and implementation. Both the ESCP and SEP have been disclosed on WB's website.¹</p> <p>Project Grievance Redress Mechanism (GRM) and the Arrangement of Monitoring and Reporting. While the SEP outlines the Project's GRM, the LMP describes the GRM for Project workers. The information of established GRMs as well as WB's Grievance Redress Service (GRS) and its independent accountability mechanism (IAM) will be disclosed in a timely and appropriate manner. In addition, SDB will prepare the semi-annual and annual monitoring reports on the ES performance of the PFIs and the GFF in accordance with the agreed format and submit them to AIIB and WB throughout the Project's implementation. AIIB will participate in regular visits that will be conducted as part of WB's implementation support mission.</p>				
Cost and Financing Plan	<p><u>Total Project cost: USD170 million</u></p> <p>- AIIB: USD50 million</p> <p>- World Bank (IDA): USD120 million</p>				
Borrower	Kyrgyz Republic				
Implementing Entity	State Development Bank of the Kyrgyz Republic				
Estimated date of loan closing (SBF)	Dec. 31, 2030				
Contact Points:	AIIB	AIIB	WB	Borrower	Implementing Entity Organization
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Title	Senior Investment Officer, Project Team Leader	Investment Officer, Co-Project Team Leader	Senior Financial Sector Specialists, Task Team Leaders	Minister of Finance	CEO of State Development Bank of Kyrgyz Republic

¹ World Bank. [Kyrgyz Republic Developing a Sustainable Finance Market for MSMEs - P505643](#).

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Date of Concept Decision	April 11, 2025				
Date of Appraisal Decision	June 26, 2025				
Date of Financing Approval	Dec. 4, 2025				
Independent Accountability Mechanism	The Project will be co-financed with the World Bank (WB). The Bank has agreed that the WB's ES policies and procedures will apply to this Project. Pursuant to the agreement with the WB, the WB's IAM, Inspection Panel, will handle submissions relating to ES issues under the Project. Consequently, in accordance with the Bank's Policy on Project-affected People's Mechanism (PPM), submissions to the PPM under this Project will not be eligible for consideration by the PPM. Information on WB's Inspection Panel is available at https://www.inspectionpanel.org .				