



Project Summary Information

Date of Document Preparation: 24/11/25	
Project Name	Uzbekistan Green and Resilient Market Economy Program
Project Number	P001011
AIIB member	Uzbekistan
Sector/Subsector	Multisector
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Approved
Objective	To help the Government of Uzbekistan (GoU) implement key policy and governance reforms aimed at accelerating the country's transition to a green economy.
Project Description	<p>The proposed Program will support policy and governance reforms through: (i) sectoral interventions in the energy, and state-owned enterprise (SOE) sectors to improve resource and energy efficiencies and enhance resilience; (ii) enhancements in public administration to stimulate “green” procurement; and (iii) clear and transparent rules for the creation and trade of carbon credits to scale up private finance in climate mitigation and through the establishment of a measurement, reporting, and verification (MRV) system.</p> <p>The transition to low-carbon, resource-efficient, resilient, and socially and environmentally sustainable economic growth is central to Uzbekistan's development agenda, as outlined in its “Strategy for Transition to a Green Economy for the Period 2019–2030” (hereinafter referred to as the “Green Economy Strategy”) and supports GoU's more ambitious climate targets in its second Nationally Determined Contribution (NDC, 2021). Additionally, the Program aligns with the priorities of the Uzbekistan-2030 national development strategy, adopted in 2023, which promotes the green economy transition by increasing the use of renewable energy and improving energy efficiency. The Program will be co-financed by the World Bank (WB), as the lead financier.</p>
Expected Results	The Program is expected to: raise district heating cost recovery from 18 percent in 2025 to 35 percent by 2028, reducing subsidy needs and associated GHG emissions; open electricity distribution to private participation and enable IPPs to sell to a central buyer or eligible consumers, with privately operated distribution networks serving 15 percent of customers by

	2028 and supporting progress toward 25 GW of renewables by 2030; advance SOE reforms via the National Investment Fund's IPO of stakes in at least 15 SOEs and establish a public state-aid registry; operationalize a carbon crediting and MRV framework targeting 35 million tons of CO2e reductions by 2028; institutionalize energy efficiency through the National Energy Efficiency Agency (NEEA), catalyzing at least USD10 million in private energy service companies (ESCO) and energy-service-agreement investments by 2028; triple annual distributed renewable capacity in homes and buildings to reach 3,000 MW by 2028; and mainstream green public procurement to lift the share of "green" tenders from 5 percent in 2024 to 20 percent in 2028, collectively mobilizing private capital and improving the fiscal and regulatory foundations for green infrastructure investment.
Environmental and Social Category	Not applicable
Environmental and Social Information	<p>Applicable Policy and Environment and Social Instrument. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and provisions related to CPBF set forth in Section 16 of the ESP, are applicable to this Program. Therefore, the provisions on Environmental and Social (ES) categorization in the ESP do not apply to this Program. The Program focuses on policy and institutional reforms that do not entail involuntary resettlement or impact the lives of Indigenous Peoples. However, some downstream investment activities resulting from specific policy actions under the Program may lead to indirect, short-term, and temporary adverse impacts. The assessment of ES impacts of the Program is largely informed by the analytical work of the World Bank (WB), the lead co-financier of the Program, including an ES impact analysis matrix that has been prepared covering the Program's policy actions. This outlines the potential positive, neutral and negative impacts of each prior action, along with corresponding mitigation measures. ES matrix is disclosed on AIIB's website.</p> <p>Environmental and Social Impacts. The Program supports Uzbekistan's green transition through policy actions that advance energy efficiency, renewable deployment, and climate-responsive regulation, and is expected to deliver net environmental gains through reductions in GHG emissions, improved air quality, and enhanced climate resilience. Most of the Prior Actions are anticipated to have positive and neutral environmental or social impacts, such as the establishment of NEEA, the introduction of climate-sensitive public procurement standards, and the creation of MRV systems for carbon markets.</p> <p>The Program is expected to provide opportunities for poverty reduction and social inclusion, though some policy actions carry transitional risks. Of the AIIB-supported policy actions, five out of seven are expected to yield positive social impacts without any potential risks. These include reforms in the electricity market, low-carbon economic transition through the carbon credit system and MRV framework, reforms in the use of renewable energy at household and building levels, financial</p>

	<p>incentives for reducing household energy costs and improving health outcomes, and establishment of the National Investment Fund (NIF).</p> <p>However, SOE privatization in the extractives sector could increase pollution risks if environmental standards are not enforced. Heating tariff reforms may temporarily drive low-income households toward more polluting fuels like coal or wood, while electricity market reforms could lead to short-term grid instability and land-use pressures from large-scale renewable deployment. These risks are expected to be mitigated through phased tariff adjustments with social protection, strengthened energy efficiency and methane controls, reinforced environmental assessments, integration of environmental oversight into privatization processes, and grid loss-reduction measures. Further due diligence will be carried out to assess the impacts of the implementation of these policy actions.</p> <p>Gender Aspect. While the AIIB-supported policy actions under the Program do not include gender as a primary objective, several reform areas present opportunities for gender co-benefits, particularly energy access and rural livelihoods. In addition, improved access to clean heating and energy-efficient technologies may reduce time poverty and improve living conditions, especially for female-headed households as women are the major users of water and energy for domestic activities.</p> <p>Program Grievance Redress Mechanism (GRM) and Monitoring Arrangement. Individuals and communities who believe that they are adversely affected by the Program may submit complaints to the responsible government authorities and the appropriate local/national grievance mechanisms. The information on AIIB's Project-affected People's Mechanism (PPM) is also provided below.</p> <p>The MOEF is the main implementing agency and is thus responsible for implementing the program supported by the proposed operation. The MOEF will coordinate with other government agencies to implement the operation. AIIB and WB will jointly conduct regular policy dialogue and monitor implementation.</p>
Cost and Financing Plan	<p>World Bank: USD 800 million</p> <p>AIIB: USD 500 million</p>
Borrower/Investee Company/Counter party/Guaranteed entity	<p>Republic of Uzbekistan</p>

Guarantor	Not Applicable			
Implementing Entity/Sponsor	Ministry of Economy and Finance of the Republic of Uzbekistan			
Estimated date of loan closing	June 30, 2027			
Contact Points:	AIIB	World Bank	Borrower	Implementation Organization/Sponsor
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Date of Concept Decision	August 28, 2025			
Date of Appraisal Decision	October 8, 2025			
Date of Financing Approval	November 19, 2025			

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (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 concerns cannot be addressed satisfactorily through the processes of AIIB's Management. For information on AIIB's PPM, please visit:</p> <p>https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</p>
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