

**P001156 Uzbekistan: Accelerating the Uzbekistan Climate Transition
for Green, Inclusive, and Resilient Economic Growth (Subprogram 2)**

Environmental and Social Matrix

Prior Action	Likely Environmental Effects	Likely Social Effects
PA 2.1 — Climate Governance and Institutions Climate Law, National Committee on Climate Change, Climate Strategy 2026–2030	Positive: Establishes a comprehensive national climate governance framework, strengthening coordination across sectors, improving climate mitigation and adaptation planning, and supporting implementation of Uzbekistan's NDC commitments. The reform is expected to improve environmental policy coherence, strengthen institutional capacity, and facilitate long-term reductions in greenhouse gas emissions through coordinated climate action. Neutral: Institutional and regulatory reform with no direct physical footprint or immediate environmental impacts. Likely adverse (covered by existing systems): Initial implementation gaps, overlapping institutional responsibilities, and uneven capacity across ministries and regional authorities may delay effective implementation of climate policies. These risks are partially mitigated through the National Environmental Protection Law, the State Environmental Monitoring System, regional environmental inspectorates, and the institutional responsibilities of the Ministry of Ecology, Environmental Protection and Climate Change.	Positive: Improves institutional governance, accountability, inter-ministerial coordination, and long-term climate resilience planning, supporting more effective implementation of climate policies and public services. Neutral: No immediate impacts on employment, livelihoods, or vulnerable populations. Likely adverse (covered by existing systems): Differences in institutional capacity between central and regional authorities may result in uneven implementation and limited awareness of climate policies at the local level. Existing governance arrangements, regional Hokimiyats, and national coordination mechanisms provide the basis for addressing these challenges. Additional institutional strengthening and mandatory reporting obligations are expected to improve implementation over time. Residual social risk is considered low.

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	Additional capacity building for regional climate units, standardized MRV protocols, and strengthened inter-agency coordination further reduce residual environmental risks, which remain low at the policy level.	
PA 2.2 — Climate-Responsive Public Financial Management Mandatory climate screening for all public investments	Positive: Integrates climate considerations into public investment planning, reducing the likelihood of maladaptive infrastructure, improving climate resilience of public expenditure, and promoting environmentally sustainable investment decisions. The reform supports more efficient allocation of public resources and reduces long-term environmental risks associated with climate change. Neutral: Procedural reform with no direct environmental footprint. Likely adverse (covered by existing systems): There is a risk that climate screening may become a procedural exercise without sufficient technical rigor or delay approval of urgent infrastructure investments. These risks are partially mitigated through the existing Public Investment Management System and State Expertise procedures. Additional climate screening guidelines, digital assessment tools, technical capacity building, and fast-track procedures for climate-resilient projects are expected to strengthen implementation. Residual environmental risk remains low.	Positive: Improves the quality, resilience, and long-term sustainability of public investments while strengthening delivery of infrastructure and public services. Neutral: No direct impacts on employment or social conditions. Likely adverse (covered by existing systems): Additional analytical requirements may temporarily increase administrative burdens on line ministries and delay preparation of some social infrastructure projects where institutional capacity is limited. Existing project appraisal systems and technical review procedures provide mitigation, while additional capacity building and digital screening tools are expected to reduce implementation risks. Residual social risk is considered low.

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PA 2.3 — Climate and Green Economy Statistics Integrated climate and environmental statistical system	Positive: Strengthens environmental monitoring, greenhouse gas accounting, and evidence-based environmental decision-making through improved collection, integration, and dissemination of climate and environmental data. The reform supports more effective climate policy implementation and improved tracking of mitigation and adaptation outcomes. Neutral: Institutional strengthening measure with no direct physical environmental impacts. Likely adverse (covered by existing systems): Incomplete environmental data coverage, particularly in rural and environmentally sensitive areas, may affect policy accuracy and resource allocation. These risks are partially mitigated through the existing State Statistics infrastructure and environmental monitoring systems. Additional harmonization with UN SEEA standards, satellite monitoring, and strengthened rural data collection further reduce residual environmental risks.	Positive: Supports improved targeting of climate policies, social protection measures, and green investment programs through better availability of E&S information. Neutral: No immediate effects on employment or livelihoods. Likely adverse (covered by existing systems): Uneven statistical coverage may unintentionally bias policy interventions toward better-monitored urban areas. Existing national statistical systems provide an institutional basis for continuous improvement, while expanded rural data collection and harmonized methodologies are expected to improve equity in policy implementation. Residual social risk remains low.
PA 2.4 — Green Skills and Jobs National Qualifications System and Vocational Agency	Positive: Supports development of a skilled workforce required for the transition toward a low-carbon economy, facilitating deployment of environmentally sustainable technologies and improved resource efficiency across sectors. The reform also contributes to climate	Positive: Expected to generate new employment opportunities, improve workforce formalization, strengthen employability, and facilitate a socially inclusive transition toward green sectors.

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	mitigation by strengthening human capital for green industries. Neutral: The reform itself does not generate direct environmental impacts or physical investments. Likely adverse (covered by existing systems): Training programs may not fully correspond to evolving labor market demands, potentially slowing deployment of green technologies. Existing vocational education systems and labor market institutions provide an established implementation framework.	Neutral: No direct adverse impacts on existing employment during implementation. Likely adverse (covered by existing systems): Rural populations, women, informal workers, and vulnerable groups may face barriers to accessing training opportunities, while skills mismatches may reduce employment outcomes. These risks are partially mitigated through the Labor Code, employment centers, vocational education institutions, and additional measures including targeted quotas, mobile training units, apprenticeship programs, and gender-disaggregated monitoring. Residual social risk is considered low to moderate.
PA 2.5 — Water Resources Governance Water Code, Basin Councils, climate-linked water pricing	Positive: Strengthens integrated water resources management through basin-level governance, improving water-use efficiency, reducing over-abstraction, protecting aquatic ecosystems, and enhancing resilience to drought and climate variability. The reform supports sustainable water allocation and long-term adaptation of the agricultural sector. Neutral: Institutional and regulatory reform without direct physical environmental impacts. Likely adverse (covered by existing systems): Revised water allocation and pricing mechanisms may temporarily increase pressure on downstream users or affect	Positive: Improves water security, strengthens agricultural resilience, supports sustainable rural livelihoods, and enhances long-term food security under changing climatic conditions. Neutral: No direct impacts on employment or involuntary resettlement. Likely adverse (covered by existing systems): Higher water charges may disproportionately affect small farmers and vulnerable rural households during the transition period if adequate support measures are not maintained. Existing agricultural support programs, participatory

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	ecological flow management if implementation capacity is insufficient. These risks are partially mitigated through the Water Code, irrigation management institutions, and basin governance arrangements. Additional participatory basin planning, drought contingency protocols, and compensation mechanisms further reduce residual environmental risks, which remain low to moderate.	Basin Water Councils, and social protection mechanisms provide mitigation, while proposed lifeline tariffs and farmer compensation schemes further reduce distributional impacts. Residual social risk is assessed as moderate during implementation but expected to decline as institutional capacity strengthens.
PA 2.6 — Environmental Governance & Investment Planning Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) Law	Positive: Strengthens environmental governance by integrating environmental considerations into strategic planning and investment decision-making. Improved EIA and SEA implementation is expected to reduce adverse environmental impacts of future infrastructure projects, enhance biodiversity conservation, improve pollution prevention, and promote more sustainable land-use planning. The reform also strengthens cumulative impact assessment and supports climate resilience considerations in investment planning. Neutral: Regulatory and institutional reform with no direct physical environmental footprint. Likely adverse (covered by existing systems): Implementation effectiveness may initially be constrained by limited institutional capacity, inconsistent enforcement, or procedural compliance without sufficient technical quality. These risks are partially mitigated through the existing EIA regulatory	Positive: Improves transparency, stakeholder participation, access to environmental information, and public confidence in investment planning. Earlier identification of social risks is expected to improve project design and reduce future conflicts. Neutral: No direct impacts on employment or livelihoods. Likely adverse (covered by existing systems): More comprehensive environmental review procedures may marginally increase project preparation time and administrative requirements for both government agencies and project developers. Existing administrative procedures and permitting systems provide mitigation, while standardized consultation requirements and digital processing are expected to improve efficiency over time. Residual social risk remains low.

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	framework, environmental permitting procedures, and State Ecological Expertise system. Additional measures including independent technical review panels, digital EIA registry, standardized public consultation requirements, and compliance audits are expected to strengthen implementation. Residual environmental risk is considered low.	
PA 2.7 — Pasture and Soil Management E-Yaylov Digital Monitoring and Soil Protection	Positive: Improves sustainable pasture management, strengthens soil conservation, reduces land degradation, enhances carbon sequestration, and supports ecosystem restoration through improved monitoring and evidence-based land management. The reform contributes to climate adaptation by increasing resilience of agricultural landscapes and reducing desertification risks. Neutral: Digital monitoring systems themselves generate no direct environmental impacts. Likely adverse (covered by existing systems): Grazing restrictions or revised land-use practices may temporarily shift grazing pressure to other areas if implementation is not properly coordinated. Existing Land Code provisions, pasture management regulations, and land administration institutions provide the regulatory basis for mitigation. Additional participatory land-use planning, rotational grazing schemes, compensation measures,	Positive: Supports long-term agricultural productivity, sustainable rural livelihoods, and improved resilience of pastoral communities to climate change. Neutral: No immediate employment impacts. Likely adverse (covered by existing systems): Restrictions on grazing access or revised pasture allocation may temporarily affect livestock-dependent households, particularly small pastoral communities. Permanent restrictions are not expected. Existing land administration systems provide mechanisms for land management, while participatory planning, compensation arrangements, and community consultation are expected to reduce distributional impacts. Residual social risk is considered moderate during implementation but manageable.

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	and conflict resolution mechanisms further reduce residual environmental risks, which remain low to moderate.	
PA 2.8 — Agricultural Subsidy Reform Digital Agrosubsidiya Platform and Agricultural Payments Agency	Positive: Improves targeting and efficiency of agricultural subsidies, reducing excessive fertilizer use, inefficient water consumption, and environmentally harmful agricultural practices. More transparent subsidy allocation supports sustainable agriculture and encourages resource-efficient production systems. Neutral: Administrative and digital reform with no direct physical environmental footprint. Likely adverse (covered by existing systems): Farmers lacking digital access or technical capacity may initially experience difficulties participating in new subsidy systems, potentially slowing adoption of environmentally beneficial practices. Existing farmer registries and agricultural support institutions provide mitigation, complemented by offline registration channels, mobile support services, and digital literacy programs. Residual environmental risk remains low.	Positive: Strengthens transparency, accountability, and fairness in subsidy allocation while improving access to government support for eligible farmers. Neutral: No direct labor impacts. Likely adverse (covered by existing systems): The transition to digital systems may disadvantage older farmers, remote rural communities, women with limited digital access, and informal producers. Existing agricultural support systems and grievance mechanisms provide mitigation, while mobile assistance units, digital literacy initiatives, and alternative registration channels are expected to improve equitable access. Residual social risk is assessed as low to moderate during implementation. Cotton production and agricultural value chains can carry labor and forced-labor risks. These are therefore principally managed through Uzbekistan's labor legislation, prohibition of forced labor, labor inspection/enforcement and cotton-sector monitoring mechanisms, rather than through the subsidy reform itself.
PA 2.9 — Adaptive Social Protection Unified Social Protection Register	Positive: Although primarily a social reform, improved targeting of vulnerable households	Positive: Strengthens poverty reduction, improves targeting of vulnerable households,

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	strengthens climate adaptation by increasing the resilience of populations affected by climate-related disasters, droughts, floods, and other environmental shocks. Better integration of climate information into social protection planning supports adaptive capacity and reduces long-term vulnerability. Neutral: No direct environmental impacts or physical investments. Likely adverse (covered by existing systems): Environmental risks are negligible. The principal implementation challenge relates to effective integration of climate information into social protection systems rather than environmental impacts. Existing government information systems and meteorological services provide an institutional basis for implementation. Residual environmental risk is minimal.	enhances disaster preparedness, and increases resilience to climate shocks through responsive and integrated social protection systems. Neutral: Institutional reform with no direct impacts on employment or labor markets. Likely adverse (covered by existing systems): Data limitations or registration challenges may result in exclusion of eligible beneficiaries, particularly in remote or underserved areas. Existing national social assistance programs and unified beneficiary registries provide mitigation, while climate-triggered cash transfers, mobile outreach teams, and integration with meteorological early warning systems further strengthen implementation. Residual social risk remains low.
PA 2.10 — SOE Sustainability Disclosure IFRS S1/S2 Sustainability and ESG Disclosure for State-Owned Enterprises	Positive: Improves environmental transparency, strengthens corporate environmental governance, and enhances disclosure of climate-related risks, GHG emissions, and sustainability performance of state-owned enterprises. Increased reporting supports better environmental management, more informed investment decisions, and improved alignment with international ESG standards.	Positive: Improves corporate accountability, governance, transparency, and stakeholder confidence while supporting responsible management of workforce, community, and environmental issues. Enhanced disclosure may also improve access to sustainable finance and responsible investment. Neutral: No direct employment impacts during the reporting phase.

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	Neutral: Reporting requirements do not themselves generate direct environmental impacts. Likely adverse (covered by existing systems): Initial implementation may be affected by inconsistent reporting quality, limited ESG expertise, or insufficient verification capacity. Existing corporate reporting requirements and financial oversight mechanisms provide the institutional basis for implementation. Additional phased compliance, independent ESG verification, and capacity building for SOE management are expected to reduce implementation risks. Residual environmental risk remains low.	Likely adverse (covered by existing systems): Compliance costs and improved corporate transparency may accelerate restructuring of inefficient enterprises, potentially resulting in workforce adjustments over time. Existing labor legislation, corporate governance requirements, and phased implementation arrangements help mitigate transition risks. Additional capacity building and change management programs are expected to support implementation. Residual social risk is considered low to moderate. The wider SOE sustainability/corporatization agenda could indirectly contribute to restructuring, changes in employment or working conditions, particularly where privatization subsequently occurs. These are therefore potential downstream risks, to be managed through Uzbekistan's labor and social-protection systems and assessed further if a specific restructuring or privatization measure creates material impacts.
PA 2.11 — E-Mobility EV Strategy, Public Transport Electrification, Battery Recycling	Positive: Accelerates decarbonization of the transport sector through increased deployment of electric vehicles and electrified public transport, contributing to reduced greenhouse gas emissions, improved urban air quality, and lower dependence on fossil fuels. Establishment of battery recycling systems supports circular economy principles and reduces environmental pollution from hazardous waste. The reform also promotes	Positive: Improves urban mobility, public health, and accessibility through cleaner transport systems while creating employment opportunities in EV manufacturing, charging infrastructure, battery recycling, and related services. Neutral: No immediate adverse labor impacts resulting from adoption of the strategy itself.

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	integration of cleaner technologies into the transport sector. Neutral: Policy and strategic reform does not itself generate direct physical environmental impacts. Likely adverse (covered by existing systems): Increased electricity demand may partially offset emission reductions where grid electricity continues to rely on fossil fuels. Expansion of battery use may also increase risks associated with battery waste management and critical mineral demand. These risks are partially mitigated through existing environmental waste legislation, transport regulations, and planned battery recycling requirements. Additional Extended Producer Responsibility (EPR) schemes, alignment with grid decarbonization efforts, and environmentally sound battery recycling systems are expected to further reduce residual environmental risks, which remain low to moderate.	Likely adverse (covered by existing systems): High upfront costs of electric vehicles and charging infrastructure may limit affordability and equitable access, particularly for lower-income households and rural communities. Existing transport policies and public investment programs provide partial mitigation. Additional targeted incentives for public transport electrification, support for charging infrastructure, and phased implementation are expected to improve accessibility and reduce transition risks. Residual social risk is assessed as low to moderate.
PA 2.12 — Circular Economy and Waste Management Waste Management Agency and Extended Producer Responsibility (EPR) System	Positive: Strengthens national waste management through improved recycling, waste reduction, and resource recovery. Establishment of EPR systems is expected to reduce landfill disposal, increase recycling rates, improve management of packaging and other priority waste streams, and promote more efficient use of natural resources. The reform	Positive: Creates new employment opportunities in recycling, resource recovery, and waste management while improving public health through better waste collection and reduced environmental pollution.

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	supports pollution prevention and contributes to reduced greenhouse gas emissions associated with waste disposal. Neutral: Institutional reform without direct physical environmental footprint. Likely adverse (covered by existing systems): Transition toward formalized waste management systems may temporarily disrupt existing informal recycling activities and require significant investments in waste collection and recycling infrastructure. Existing sanitary regulations and waste management legislation provide the institutional framework for implementation. Additional recycling cooperatives, waste management hubs, and formal integration of informal waste collectors further reduce residual environmental risks, which remain low.	Neutral: No direct adverse impacts during institutional establishment. Likely adverse (covered by existing systems): Informal waste pickers and small recycling operators may temporarily lose income if not adequately integrated into formal systems. Existing labor legislation and social protection programs provide mitigation, while formalization schemes, social transition support, recycling cooperatives, and targeted livelihood assistance are expected to facilitate an inclusive transition. Residual social risk is considered low to moderate.
PA 2.13 — Industrial Decarbonization National Industrial Policy for Decarbonization	Positive: Supports transition toward low-carbon industrial production through improved energy efficiency, adoption of cleaner technologies, reduced greenhouse gas emissions, and more efficient resource utilization. The reform encourages implementation of Best Available Techniques (BAT), promotes industrial modernization, and strengthens long-term competitiveness of domestic industries while contributing to national climate mitigation objectives.	Positive: Encourages development of higher-value industrial employment, improves occupational conditions through modernization, strengthens long-term competitiveness, and creates employment opportunities within emerging low-carbon industries. Neutral: No immediate labor impacts resulting directly from policy adoption.

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	Neutral: Policy reform itself has no direct physical environmental footprint. Likely adverse (covered by existing systems): Industrial modernization activities may temporarily increase localized construction impacts, waste generation, or emissions during retrofit periods. Existing environmental permitting systems, industrial inspection mechanisms, and environmental regulations provide mitigation. Additional BAT implementation, cleaner production programs, and strengthened environmental monitoring are expected to minimize residual environmental risks, which remain low.	Likely adverse (covered by existing systems): Modernization and restructuring may result in workforce reductions within carbon-intensive industries and require significant retraining of affected workers. Existing Labor Code provisions, employment services, and vocational training systems provide mitigation. Additional just transition measures, industrial retraining funds, workforce reskilling programs, and social dialogue mechanisms are expected to support affected communities. Residual social risk is assessed as moderate during the transition period.
PA 2.14 — Carbon Market Foundations MRV System, Green Taxonomy, Carbon Market Regulation	Positive: Establishes the institutional foundation for future carbon pricing by strengthening greenhouse gas monitoring, reporting, and verification (MRV), improving emissions transparency, and supporting development of sustainable finance through climate taxonomies. The reform creates enabling conditions for long-term emissions reductions, investment in low-carbon technologies, and greater environmental accountability. Neutral: Institutional reform with no direct environmental footprint. Likely adverse (covered by existing systems): Weak MRV implementation,	Positive: Supports development of green financial markets, creates employment opportunities in carbon accounting, verification, consulting, and sustainable finance, while improving transparency for investors and financial institutions. Neutral: No immediate employment impacts during establishment of the regulatory framework. Likely adverse (covered by existing systems): Compliance costs may disproportionately affect carbon-intensive SMEs or enterprises with limited technical capacity. Existing business support programs and financial sector supervision provide

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	inconsistent reporting quality, or limited verification capacity could reduce effectiveness during early implementation. Existing environmental reporting systems and institutional responsibilities provide the basis for implementation. Additional independent MRV verification, standardized reporting methodologies, and strengthened regulatory oversight are expected to reduce residual environmental risks, which remain low.	partial mitigation. Additional SME transition support, technical assistance, phased implementation, and targeted advisory services are expected to reduce adjustment costs. Residual social risk remains low to moderate.
PA 2.15 — Energy Efficiency Implementation Energy Efficiency Agency, ESCO Market Development, Energy Audits	Positive: Promotes significant reductions in energy consumption and greenhouse gas emissions through improved energy efficiency across buildings, industry, and public infrastructure. Development of ESCO markets encourages wider deployment of energy-saving technologies and more efficient resource use while reducing pressure on energy systems. The reform contributes directly to climate mitigation and indirectly strengthens energy security. Neutral: Institutional reform does not itself generate direct environmental impacts. Likely adverse (covered by existing systems): Energy efficiency improvements may lead to rebound effects where lower operating costs increase overall energy demand. Existing energy legislation and regulatory oversight provide mitigation. Additional energy performance standards,	Positive: Generates employment opportunities in energy auditing, ESCO services, engineering, construction, and equipment manufacturing while reducing long-term energy expenditures for households, businesses, and public institutions. Neutral: No immediate adverse labor impacts resulting from institutional establishment. Likely adverse (covered by existing systems): High upfront investment costs may limit participation of SMEs, municipalities, and low-income households if adequate financing mechanisms are unavailable. Existing energy sector policies provide partial mitigation. Additional ESCO guarantee schemes, concessional financing, awareness campaigns, and performance-based incentives are expected to improve accessibility and reduce affordability constraints.

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	monitoring systems, public awareness campaigns, and performance-based incentives are expected to reduce residual environmental risks, which remain low.	