Project Summary Information

	Date of Document Preparation/Updated: 10/30/26
Project Name	Supplemental Financing to Uzbekistan Green and Resilient Market Economy Climate Policy-Based Financing
Project Number	P001243
AIIB member	Uzbekistan
Sector/Subsector	Energy
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Approved
Objective	To help the Government of Uzbekistan sustain the reform momentum in its ongoing transition to a green economy amid the macro-fiscal pressures arising from the situation in the Middle East.
Project Description	The current situation in the Middle East is impacting Uzbekistan's economy through higher and more volatile energy and commodity prices, imported inflation, and disrupted trade and logistics. Fuel markets have come under pressure, with gasoline prices reaching a record high in late June, rising 11–12% since the start of the month. In 2025, around USD3.9 billion of imports (9% of total imports) and USD1.4 billion of non-gold exports (10% of total exports) transited through affected southern corridors. Rerouting through alternative corridors has increased transport costs and delivery times. Overall, the government's adverse scenario estimates that, relative to the baseline, gross domestic product (GDP) growth could be 0.8 percentage points (ppts) lower, inflation 0.3–0.5 ppts higher, and the fiscal deficit 0.24 ppts of GDP wider. A severe or prolonged logistics disruption could have an additional impact of 0.7%–1.0% of GDP. The situation poses a risk that some crucial energy sector reforms could be deferred under pressure from the external shock, notwithstanding the government's demonstrated commitment. These reforms include tariff increases toward cost recovery, the phase-out of fossil fuel subsidies, the move to a wholesale electricity market, and preparing large SOEs for privatization. The key challenge is maintaining the pace and trajectory of reforms while absorbing the fiscal pressures from the Middle East situation, which are manifesting as inflationary pressures. The Loan will provide supplemental financing for the Uzbekistan Green and Resilient Market Economy Program Climate Policy-Based Financing ("Program"), approved on Nov 19, 2025, to sustain the government's reform momentum, maintain priority public expenditures, including infrastructure investments and maintenance, and safeguard other essential development programs including those supporting

	Uzbekistan's climate transition objectives. This Program is the first in the programmatic series of CPBFs, co-financed with the World Bank (WB). The Second Uzbekistan Green and Resilient Market Economy Program Climate Policy-Based Financing, currently under preparation, is targeted for approval in 2027. The proposed Loan is consistent with the requirements set forth in the Decision to Support AIIB's Policy-Based Financing in Eligible Crises, (June 13, 2023, amended May 20, 2026), which *inter alia* authorizes the provision of supplemental financing for CPBF operations under implementation in response to an eligible crisis, as well as with the objectives of the Energy, Food Security and Economic Resilience Facility, which supports Members in addressing the impacts of the recent developments in the Middle East. The Loan is also consistent with AIIB's mandate to foster sustainable economic development and with the Corporate Strategy. The Ministry of Economy and Finance (MoEF) will continue to serve as the main implementing agency and is thus responsible for implementing the Program. The MoEF will coordinate with other government agencies to implement the Program.
Expected Results	The Supplemental financing aims to support the Government of Uzbekistan in managing the impact of the current situation in the Middle East and ensuring continuity between the first Uzbekistan Green and Resilient Market Economy CPBF and the planned second program in 2027. This will help sustain reforms such as district heating cost recovery from 18 percent in 2025 to 35 percent by 2028, reducing subsidy needs and associated GHG emissions. It also seeks to open electricity distribution to private participation, enabling 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. Additionally, it advances SOE reforms via the National Investment Fund's IPO of stakes in at least 15 SOEs and establishes a public state-aid registry. The Program also helps operationalize a carbon crediting and MRV framework targeting 35 million tons of CO2e reductions by 2028, institutionalize energy efficiency through the NEEA, catalyzing at least USD10 million in private ESCO and energy-service-agreement investments by 2028. It is expected to enable tripling of annual distributed renewable capacity in homes and buildings to reach 3,000 MW by 2028 and to mainstream green public procurement to lift the share of "green" tenders from 5 percent in 2024 to 20 percent in 2028.
Environmental and Social Category	Not applicable
Environmental and Social Information	**Applicable Policy and Environmental and Social Instruments**. 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 and does not directly involve activities

	expected to cause involuntary resettlement or impacts on Indigenous Peoples. Some downstream investment activities that may be facilitated by specific policy actions under the Program could, however, give rise to indirect, short-term, and temporary adverse ES effects. These potential effects were assessed as part of the original Program preparation. The assessment is informed by the analytical work of the World Bank (WB), the lead co-financier of the Program, including an ES effects analysis matrix covering the Program's policy actions. The matrix identifies potential direct and indirect ES effects associated with the policy actions and corresponding mitigation measures, which were disclosed on the Bank's website in 2025[1]. **Environmental and Social Aspect.** The Supplemental Financing does not introduce any new policy actions, physical investments, or changes to the Program's implementation arrangements that would increase its ES risk profile. The Supplemental Financing will provide additional budget support to sustain implementation of the Program in response to the external shock and will not directly finance possible downstream investment activities. Accordingly, the incremental ES risk associated with the Supplemental Financing is expected to be minimal, and there are no changes required to the ES management framework or assessment undertaken for the Program. In addition, while the AIIB-supported policy actions under this Program do not include gender as a primary objective, several reform areas present opportunities for gender co-benefits aligned with the government's gender equality policy framework, such as the National Strategy on Gender Equality to 2030 and related action programs. **Program Grievance Redress Mechanism (GRM) and Monitoring Arrangement.** Individuals and communities who believe they may be adversely affected by activities associated with the Program may submit complaints through the responsible government authorities and applicable local and national grievance mechanisms. The existing grievance mechanisms relevant to the Program will continue to apply under the Supplemental Financing. Information on the applicable GRMs, including how and where complaints may be submitted, will be disclosed in an appropriate and timely manner. Affected people will also have access to AIIB's Project-affected People's Mechanism (PPM), in accordance with its applicable procedures. This Supplemental Financing uses the parent program's ES monitoring arrangements led by the MoEF.
Cost and Financing Plan	AIIB Supplemental Financing to Uzbekistan Green and Resilient Market Economy CPBF: USD 350 million

[1] https://www.aiib.org/en/projects/details/2025/_download/Uzbekistan/For-disclosure_P001011_Green-and-Resilient-Market-Economy-Climate-Policy-Based-Financing_ES-Matrix.pdf

Borrower/Investee Company/Counterparty/Guaranteed entity	Republic of Uzbekistan
Implementing Entity/Sponsor	Ministry of Economy and Finance of the Republic of Uzbekistan
Loan closing date	June 30, 2027

Contact Points:	**AIIB**	**World Bank (Lead financier for the Program)**	**Borrower**	**Implementation Organization/Sponsor**
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Date of Single Review	September 30, 2026			
Date of Financing Approval	October 29, 2026			

Independent Accountability Mechanism	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 specific policies supported as PAs under the Program in situations when their concerns cannot be addressed satisfactorily through the local or national GRMs or the processes of AIIB's Management can submit their concerns via the PPM. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.