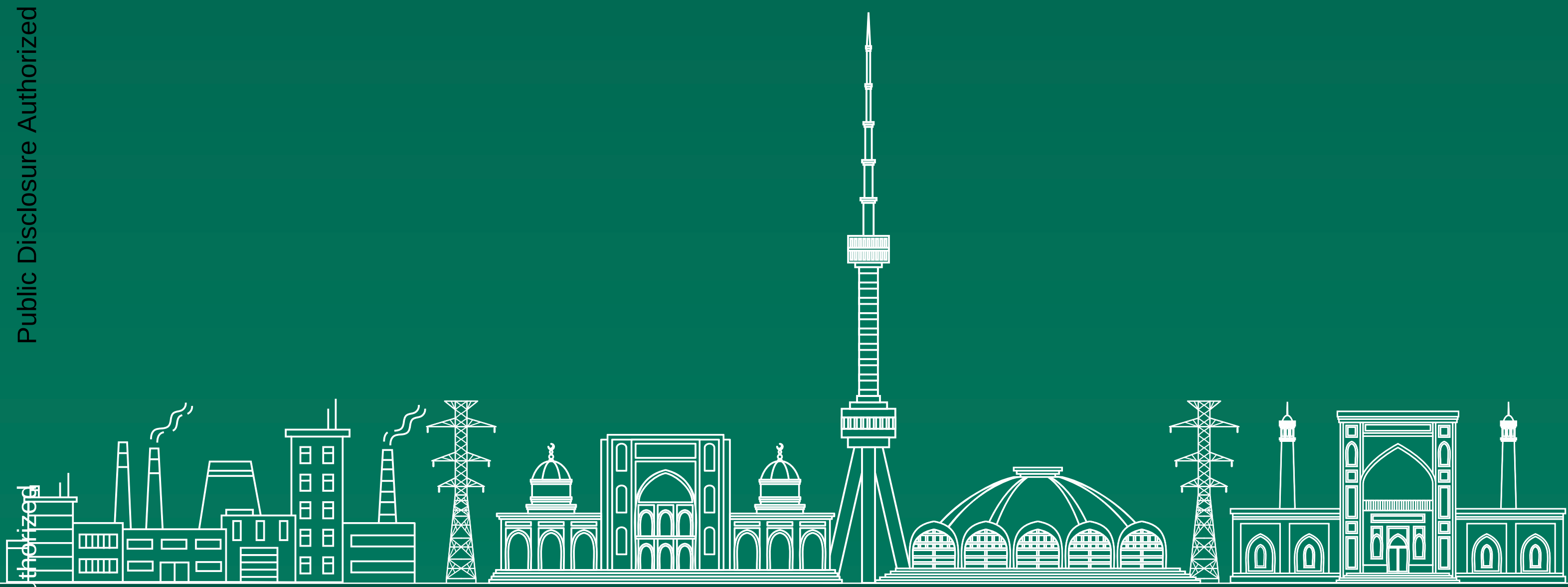

Prime Picks for a Green Pivot

Uzbekistan State Funds for Climate Action

November 2024

WORLD BANK GROUP

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This report was produced by a core World Bank team led by **Weijen Leow** (Senior Environmental Finance Specialist) and **Martin Melecky** (Lead Economist), with research support from **Sukhrob Fayz** (consultant), in collaboration with the Ministry of Economy and Finance of the Republic of Uzbekistan. The team would like to extend its deep gratitude to **Ilhom Norqulov**, First Deputy Minister of the Ministry of Economy and Finance; **Shokhzod Islamov**, Director of the Green Economy Department; and **Javlonbek Xakimov**, Chief Specialist. **Utkirjon Kholbadalov** (consultant) provided additional guidance.

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This report was produced under the overall guidance of **Tatiana Proskuryakova** (Country Director for Central Asia), **Sameh Naguib Wahba** (Regional Director, Planet Department, Europe and Central Asia Region), **Sanjay Srivastava** (Regional Manager for Environment, Europe and Central Asia), and **Cecile Thioro Niang** (Practice Manager, Finance, Competitiveness, and Innovation). **Nigara Abate** (Senior Communications and Knowledge Management Specialist) prepared this report for publication. The team also thanks **Indu John-Abraham,** Operations Manager for Central Asia, for her guidance, and World Bank peer reviewers: **Thomas Farole** (Lead Economist), **Ismael Ahmed Fontan** (Senior Financial Sector Specialist), and **Svetlana Klimenko** (Lead Climate Finance Specialist).

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ABBREVIATIONS

ADB	Asian Development Bank
BDB	Business Development Bank
EDC	Entrepreneurship Development Company
ESG	Environmental, Social, and Governance
FDI	Foreign Direct Investment
FSSA	Fund for State Support of Agriculture
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Greenhouse Gas
ICMA	International Capital Market Association
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFI	International Financial Institution
IMF	International Monetary Fund
JSC	Joint Stock Company
KEPCO	Korea Electric Power Corporation
KPI	Key Performance Indicator
LLC	Limited Liability Company
MEF	Ministry of Economy and Finance
MSMEs	Micro, Small, and Medium Enterprises
NAPP	National Agency for Prospective Projects
NDC	Nationally Determined Contribution
NGET	National Green Economy Taxonomy
NGO	Nongovernmental Organization
ODA	Official Development Assistance
PAB	Paris-Aligned Benchmarks
SAMA	State Assets Management Agency
SDGs	Sustainable Development Goals
SFDR	Sustainable Finance Disclosures Regulation
SMEs	Small and Medium Enterprises
SOB	State-Owned Bank
SOE	State-Owned Enterprise
SOFI	State-Owned Financial Institution
SUE	State Unitary Enterprise
SWF	Sovereign Wealth Fund
TCFD	Task Force on Climate-Related Financial Disclosures
UFRD	Uzbekistan Fund for Reconstruction and Development
UNDP	United Nations Development Programme
UzDIF	Uzbekistan Direct Investment Fund
UzMRC	Uzbekistan Mortgage Refinancing Company

EXECUTIVE SUMMARY

The Government of Uzbekistan has embarked on a laudable journey toward a green economic transition, setting an example for emerging markets looking to modernize their economies while addressing climate change. Since 2022, it has recalibrated its investment policies, realigned subsidies, and introduced incentives to spur climate investment. Policies are being strengthened further with the launch of green standards and regulations. Yet, as climate risks accelerate, so must the country's commitment to bold financial reforms—especially by leveraging state assets more effectively.

State-owned financial institutions (SOFIs) and state-owned enterprises (SOEs) represent an untapped source of green incentives. Collectively, they wield significant financial clout: nine SOFIs provide 70 percent of all loans across the economy, while state investment funds like the Uzbekistan Fund for Reconstruction and Development (UFRD), along with 26 other funds, are estimated to finance investments amounting to about 10 percent of gross domestic product (GDP) in 2024. Uzbekistan's SOEs dominate the energy, industry, agriculture, and transportation sectors.

Although private funds will ultimately provide the bulk of financing for climate and environmental action, deploying SOFIs and SOEs is a pragmatic strategy for the present country context and a way to effectively exercise public strategic leadership for climate action and crowd in private sector investments. SOFIs and SOEs play a crucial strategic investor role and can reduce the market risks for green technologies and business models. By leaning forward into green investments, state funding helps create a demonstration effect and a track record in greening projects to usher in multiple additional volumes of private finance.

The Ministry of Economy and Finance (MEF) should seize the opportunity of this underutilized direct policy lever. As a shareholder of many SOFIs and SOEs, MEF can mandate green investment strategies through shareholder resolutions. This would be consistent with MEF's stewardship role in the deployment of state assets in a future of climate change as well as with its policy role for advancing climate action and the green economy. A green strategy at the level of individual SOFIs or SOEs would require setting investment targets and ensuring disclosure of green portfolios and their outcomes. Globally, there are renowned examples of state-backed climate vehicles, such as the Brazilian National Development Bank (Banco Nacional de Desenvolvimento Econômico e Social, BNDES), which offer valuable inspiration for Uzbekistan. A central coordination function for all climate and green finance is also essential—and Uzbekistan is already thinking about such a coordinating platform or financing facility. The latter can help streamline resources, optimize the synergies between public incentives and private capital, and tap into new funding streams like carbon markets and international climate funds. Additionally, Uzbekistan's banking regulator can catalyze a shift in loan portfolios by introducing new credit risk guidelines that incorporate climate risk assessments.

Green SOFIs and SOEs can trigger positive economic spillovers along supply chains and set an example for private players to follow. But not all are equally prepared to lead the charge. Some institutions are better suited than others to become the country's green investment champions, and this study identifies top candidates with the right attributes. Those qualities include alignment between their original development mandates and national climate and environmental goals, strong financing capacity, and, most crucially, a demonstrated readiness to implement green strategies with clear financing targets and performance measures. At the heart of these efforts is the use of robust definitions of green investments, guided by the National Green Economy Taxonomy (NGET), which must be embedded in investment guidelines and approval processes. Periodic green impact verifications need to backstop these transparent allocation principles for green investments to foster their credibility and avoid risks of greenwashing. Leveraging SOFIs and SOEs as vehicles for strategic leadership in green impact investing should not, in any way, slow down privatization or transformation efforts for SOEs and state-owned commercial banks favor their operations in the markets, or increase policy financing channeled through these parastatals.

Three entities stand out as prime candidates for shareholder-backed green financing: the Entrepreneurship Development Company (EDC), Biznesni rivojlantirish banki JSC (Business Development Bank, BDB), and Uzbekistan Mortgage Refinancing Company (UzMRC).

EDC. With a board-approved green strategy and experience in financing solar energy and other green projects, EDC is ideally placed to lead as a state green investment champion. Its next steps should focus on aligning investment reviews with the NGET and building capacity through staff training. Equally important will be setting up monitoring mechanisms to track and report progress on green investments. EDC has set an ambitious goal of achieving 35 percent green financing by 2026.

BDB. It has made notable strides by embedding environmental sustainability into its operational guidelines and is now crafting a Sustainable Finance Framework. Interviews with management reveal a comprehensive green financing vision, including plans to set climate-related financing targets and disclose portfolio data. With clear backing from its shareholders, BDB could act swiftly on its green agenda. The bank's plans to join international green finance platforms would also open doors to greater cooperation with global financial institutions.

UzMRC. It is another strong contender, particularly in green housing finance. Its close ties with international financial institutions (IFIs) have enabled it to develop tools for green mortgage screening, and it is poised to issue green bonds this year. However, for UzMRC to scale up its green activities across its portfolio, Uzbekistan needs to adopt an industry-wide standard for green and climate-resilient buildings consistent with the NGET. Policy makers should make the adoption of such a standard a priority, as it would simplify the process of approving green mortgages and issuing green bonds.

Other SOEs and SOFIs are also well positioned to take a leading role in green investment. ***Uzkimyosanoat***, a dominant player in the chemical industry, has pledged to reduce its greenhouse gas emissions by 90 percent by 2050. In a traditionally polluting sector, its leadership in sustainability would send a powerful signal. ***Issiqlik elektr stansiyalari***, which operates aging fossil fuel power plants, is another entity with untapped potential for greening its predominantly brown activities. Supported by state funding, it is well placed to invest in renewables, carbon capture, and energy storage, setting a strong example for other energy companies.

The Uzbekistan Direct Investment Fund (UzDIF), tasked with promoting foreign direct investment, also has a vital role to play. By incorporating a green dimension into its strategy, it could attract a new wave of foreign investors focused on sustainable technologies and business models. ***The Fund for State Support for Agriculture*** could accelerate climate-resilient farming practices across the agricultural value chain by embedding green criteria into its financing decisions.

Cooperation between MEF and other partners, such as Uzbekistan Fund for Reconstruction and Development (UFRD) and the State Asset Management Agency (SAMA), will help ease the way. Both EDC and UzMRC fall under the shareholder control of MEF, which could easily mandate the setting of green investment targets through shareholder resolutions. UFRD, which encompasses entities such as UzDIF, BDB, and Uzkimyosanoat, should itself adopt a green strategy and measurable performance indicators across its portfolio of entities.

Uzbekistan's SOEs and SOFIs hold significant untapped potential to drive the country's green economic transition. With clear leadership, strategic coordination, and strong shareholder backing, these state entities can pave the way for a greener, more sustainable economy and mobilize private capital to follow suit.

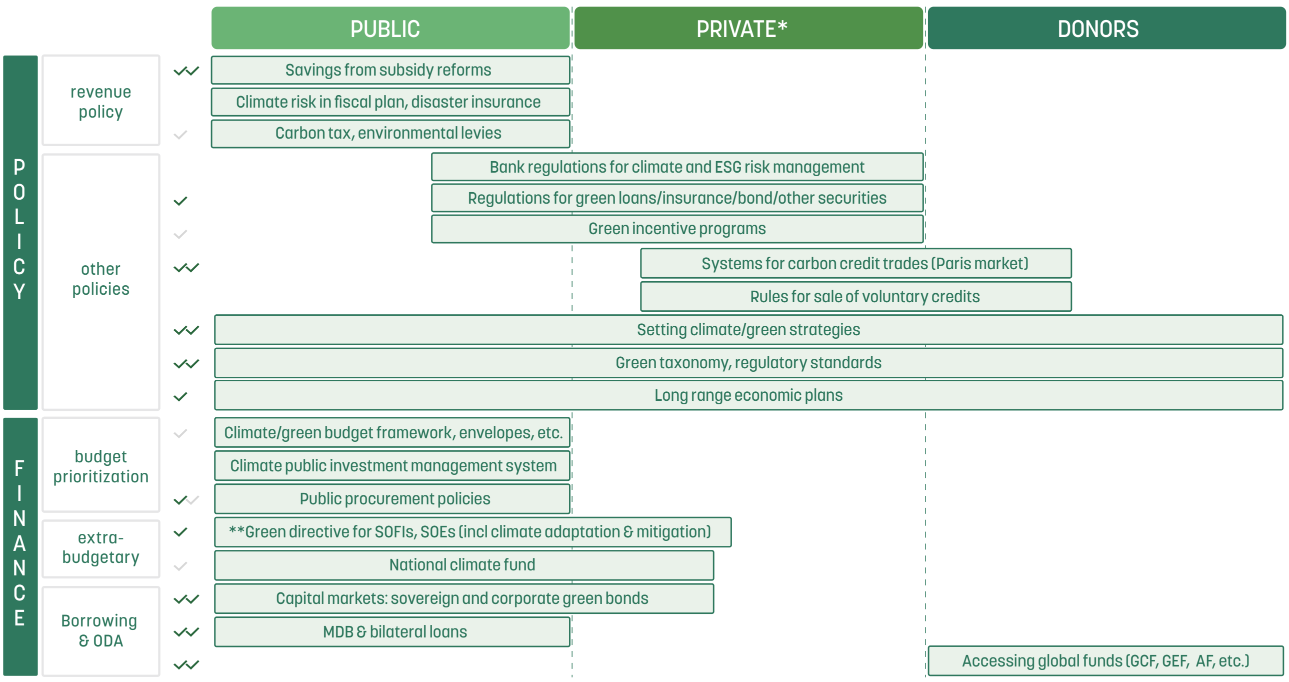
1 PURPOSE AND APPROACH OF THIS STUDY

1.1 Policy Context

The Government of Uzbekistan has set out to undergo a green and climate-resilient economic transition as part of its overall economic development and market orientation. Given the investment needs, a step increase in financing will be needed for a successful transition. Uzbekistan Country Climate and Development Report[1] estimated the cost of decarbonizing the energy system to be US$20 billion annually starting in 2030 and rising thereafter. Financing is required to address other environmental issues like waste and pollution management, nature and ecosystem protection, and investments into climate-resilient infrastructure and communities.

Supporting policy framework. The national policy direction toward greening the economy was laid down by Presidential Resolution UP-436 (December 2, 2022) on green economy measures. Since then, the government has made significant progress in green financing by enacting investment-enabling policies and mobilizing additional funds. For instance, expenditure tags were introduced to track and prioritize climate and green spending (including for disaster risks) through the budgetary cycle. Energy subsidies have been rolled back to incentivize the adoption of renewable energy and green technologies. The National Green Economy Taxonomy (NGET) serves as a green standard where regulations for certain industries may be lacking. Fiscal liability assessment is being informed by climate risk analysis, and a government-supported disaster insurance program is under consideration. Fundraising moved into new frontiers like green bonds and international carbon markets. Figure 1 is an overview of policy and financing measures that have been deployed, their relative maturity, and sources that have been tapped. Details of the measures are given in Annex 1. Initiatives like subsidy reform, the green taxonomy and green bond standards, and carbon market development have received World Bank support. Work on a national climate fund is also under discussion.

FIGURE 1. Overview of Uzbekistan's green policy and finance measures



* includes private financing leveraged through government incentives and guarantees.
** focus of report.

[1] World Bank Group 2023.

The greening of state funds and support programs, state banks (collectively known as state-owned financial institutions [SOFIs]), and state-owned enterprises (SOEs) is another effective strategy.[2] This is the focus of this report. Public funds can be administered to advance policy objectives in different ways. Annual budget allocations are one way of supporting green public projects and capital investments. As of now, just 9–11 percent of the state budget expenditures can be considered climate-positive.[3] Raising the share of climate expenditures through the budget process will mean new guidelines in the budget call and the public investment management system. For this, the interests and economic dependencies of different public institutions would need to be sufficiently climate aligned. Another avenue is to screen the financial support mechanisms for firms and households involving instruments like investment funds and state programs for green investments. These are conduits for dispensing policy-based financial subsidies,[4] grants, credit lines, guarantees, and so on. State ownership of enterprises and financial institutions[5] offers yet another entry point for advancing the green and climate resilience agenda. As the primary owner, the state can exercise its shareholder rights to influence the operational and strategic goals of SOEs and lenders.

LIMITS OF THE BUDGETARY FRAMEWORK

Uzbekistan's consolidated government spending[6] — covering on-budget, off-budget, and quasi-fiscal spending—is nearly 41 percent of gross domestic product (GDP). This is higher than that of relevant regional, income, and aspirational peers and underlines the state's dominance of the economy. There has been progress in consolidating many state-directed extra-budgetary funds into central government spending. The annual budgetary process is not the most comprehensive framework for exercising central oversight and spending prioritization. For instance, budgetary organizations continue to have off-budget accounts, and policy lending by the Uzbekistan Fund for Reconstruction and Development (UFRD) can be substantial, as is quasi-fiscal support for SOEs and lenders.

Presidential Resolution UP-436 recognized that enabling policies, standards, and regulations and supporting infrastructure are necessary measures but not sufficient to start a green investment boom. It also stipulated the use of state resources among the implementation measures. To meet the timelines of its Nationally Determined Contributions (NDCs), policy makers must leverage existing and new direct funding channels to issue a strong market signal for green investments and crowd in private financing. The 'greening' of state funding channels to complement enabling policies is especially appropriate in Uzbekistan's case because of the state's large footprint in the economy and the significant funding that it is channeling through SOEs, state-owned banks (SOBs), and other financial support programs. Having said that, SOEs and SOBs should follow their predetermined path toward needed transformation, privatization, or, if appropriate, market exit. This evolution should continue even as they are being leveraged by public policy as vehicles of strategic leadership in climate action. The predetermined paths are given by the SOE

[2] This study does not focus on other types of green fiscal actions which could be equally effective. These could include (i) revising the budgetary framework and guidelines to prioritize public spending on green public works and programs as part of the budget allocation process and/or (ii) reforming tax and tax expenditure policies to incentivize green investments and behaviors. But these measures are considered complementary to green state funds, enterprises, and lenders.

[3] AFD and UNDP. 2023. This was an expenditure tagging exercise based on a methodology where expenditures that have climate change as one of their objectives would be climate tagged. This is unlike the NGET, which uses industry classifications and industry-specific technical criteria to present more granular and strict green expenditure information.

[4] A carbon or environmental tax is an effective policy for shifting investment preferences, but it is not normally administered at the SOFI level.

[5] According to the World Bank's Uzbekistan Public Expenditure Review (Izvorski et al. 2019), an estimated half of total public spending has occurred outside the budget process, including by extra-budgetary entities that can raise and spend resources with little coordination with the government's overall fiscal strategy objectives. SOEs and SOBs receive highly subsidized loans from these off-budget sources. The government is working to improve fiscal discipline and sustainability, which are issues outside the scope of this study.

[6] Izvorski et al 2019. Uzbekistan Public Expenditure Review 2019.

and SOB privatization and transformation strategies—where nonstrategic SOEs and SOBs will be prepared for privatization and strategic SOEs and SOBs—those that will stay in public ownership for the foreseeable future—will be transformed into credible double-bottom-line institutions with profit-making and impact objectives.

GREENING SOBS AND SOES WHILE FOSTERING COMPETITION AND MARKET CREATION

Using SOBs and SOEs to green the economy is a pragmatic strategy for a country like Uzbekistan which undergoes a double transition to market principles and a new green growth model. Private sector capital is often scarce or highly risk averse to employing new green technologies, especially in the nascent green sectors which require long-term investments with uncertain returns beyond the common business horizons. SOBs and SOEs have state backing and are better positioned to pioneer green projects, generate a demonstration effect, and develop a track record that encourages private investment to follow suit. Green SOBs should not delay the growth of a vibrant private sector in the short term and transform, privatize, or phase out as appropriate. While on their transformation or privatization path, they should set the stage for long-term private investment in green projects by reducing the market risks of new green activities.

In Uzbekistan, Tier 1 SOBs are already acting as policy instruments by administering interest subsidies and preferential credit to meet specific development objectives—such as jobs generated by micro, small, and medium enterprises (MSMEs) or access to homeownership through residential mortgage loans. The greening of SOBs would merely imply the alignment of state resources with the policy priorities of climate action and the green economy. In other words, the impact frameworks of the SOBs need to firmly embed green impacts (such as energy efficiency or resilience to climate disasters), develop their measurement, and organize independent verification mechanisms. Nonstrategic Tier 2 SOBs slated for privatization should phase out from intermediation of government policy programs—programs with non-market subsidies and lending on preferential terms—including to prepare themselves for privatization. Strategic Tier 2 SOBs should redesign their development lending in a way that is least distortive to the market and can enable private capital to take over—all while adopting green objectives into their impact frameworks. The same principles that apply to nonstrategic versus strategic SOBs can apply to nonstrategic (slated for privatization) and strategic SOEs.

The state has begun divesting and more state assets have been earmarked for private participation. Beyond this report, the World Bank Group and other IFIs are supporting the government with policy advice, technical assistance, and investment financing in preparing nonstrategic SOEs and SOBs for privatization and transforming strategic SOEs and SOBs to fulfill their double-bottom-line mandates of delivering public services to the underserved while protecting entrusted public capital through appropriate profit generation. Greening of nonstrategic SOEs and SOBs is part of the preparation for privatization to attract reputable international investors who will be attentive to the green activities of their potential investees. Through greening readiness, the latter can show a competitive edge over other candidate investments in global emerging markets that try to attract foreign direct investments (FDIs). Strategic SOBs and SOEs cannot leave the underserved behind by providing them with brown public services. They can early enrich the opportunities of the underserved by providing them with green public services. Moreover, the greening of SOBs and SOEs needs to be done transparently and inclusively so that all knowledge and guidance is equally accessible to the private sector which must be allowed to come along by adopting greening practices at any time. This will ensure a level playing field in the provision of greening knowledge and assistance.

Public funds play a crucial role but cannot be the only source of green financing if the country's fiscal position is not to be negatively affected.[7] First, existing financial support programs, many administered by SOFIs, are currently aimed at policy objectives such as job creation and improved productivity. These programs must be 'greened' by aligning them with climate action and the green economy objectives, given their growing importance among policy priorities. Second, SOFIs and SOEs need to be the strategic investors or first movers in financing green technologies that could be seen as too risky by many private businesses and thus trigger more private capital mobilization into green technologies and activities. Given limited funding space, private funds must ultimately provide the bulk of green and climate-resilient investment financing. The 'greening' of SOFIs and SOEs is a strategic use of public resources that can generate positive externalities and spillovers on the economy more rapidly in combination with enabling green legal and regulatory frameworks, as well as market infrastructure provision. There are successful precedents. The Brazilian National Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social,* BNDES) was tasked with becoming a key driver of green initiatives, particularly in the Amazon rainforest region. As a public 'green champion', it provided a stable framework for private companies to invest in long-term sustainable projects with reduced financial risks—including through risk sharing with the market—demonstrating how state-led green initiatives can provide strategic direction to the market and greater market certainty for individual private actors. The state-owned Korea Electric Power Corporation (KEPCO) led the country's transition to renewable energy with its substantial investments in solar and wind power, encouraging private companies to follow suit. New Zealand's Natural Hazards Commission enables private adaptation finance by backstopping the first loss of systemic climate and other natural disasters and providing insurance cover in partnership with the private sector. This national risk-sharing facility allows private insurance companies to provide a second-loss cover commercially and manage the retained risk more efficiently.

Enabling more green financing from SOFIs and SOEs will nonetheless require policies and standards. An important building block was put in place with the formalization of the NGET, which provides a robust definition for environmental and climate change-supportive projects and activities. This was through a Resolution of the Cabinet of Ministers (№561, dated October 25, 2023[8]). The resolution assigned the responsibility for coordinating and implementing the use of the taxonomy to the Ministry of Economy and Finance (MEF). Under the resolution, businesses that use public financial support (subsidies, grants, credit lines, guarantees, and so on), including those of private and state-owned businesses, will be required to classify such financing according to the NGET from as early as October 2024. At the same time, the government is to set the rules and procedures for these entities to submit pertinent information on investment activities to the responsible authority. MEF was also tasked with deploying the taxonomy on an experimental basis among state-backed financial aid schemes as well as public and private companies. As the NGET is a living document, MEF will then evaluate the piloting outcomes to provide recommendations to the Government of Uzbekistan on further updating the NGET and the actions on its application.

Other legislations have since been passed to create entry points for the greening of state funds, enterprises, and lenders, relying on the NGET system for classifying projects and activities. These include the following:

a. Presidential Decree PP-83, March 2023 and amended August 18, 2023, calls for the reform of large SOEs to improve operating efficiency. This includes the introduction of environmental, social, and corporate governance principles.

b. Presidential Decree UP-193, approved November 10, 2023, calls for the State Fund for Entrepreneurship to transition to a joint stock company (JSC) and undertake other improvements, including support for green projects as part of its transition.

[7] World Bank Group 2023a. pp 6–7.

[8] Resolution of the Cabinet of Ministers № 561, dated October 25, 2023.

c. Green Bonds are mentioned as an example of the reforms that can be undertaken by the State Entrepreneurship Fund and large SOEs in decrees PP-83 and UP-193. To support this, the National Agency for Prospective Projects (NAPP) issued Amendment 2000-10 on June 7, 2024, to include green bonds in the regulation for registration and distribution of securities. Subsequently, Order No. 51 on Methodological Requirements of green bonds, issued June 14, 2024, stipulates technical standards for the corporate issuance of green bonds.

1.2 Objective

The objective of this study is to identify specific SOFIs and SOEs that can effectively take on additional climate change and environmental targets and actions in their financing operations. One indication of suitability is the entity's readiness for adopting new investment guidelines and approval processes to prioritize green activities, based on robust definitions such as the NGET. For specific high-potential funds and enterprises, or '***green champions***', this report also presents recommendations for adopting the NGET and other green guidelines into the investment review and approval processes. The recommendations in this report are directed primarily at MEF[9]—as the major owner of many SOFIs and SOEs and therefore able to set greening requirements upon them and as the lead ministry responsible for cross-cutting green economy policies.

The intended outcome is for state funding for climate and environmental initiatives to crowd in and increase more private financing for green investments. State funding channels demonstrate their role by setting investment targets and disclosing the share of green and non-green investments. The Government of Uzbekistan, with technical and financial support[10] from the World Bank and other development partners, has set an aspiration to allocate 30 percent of state funding to green projects by 2026. This significant increase in public support for environmental and climate action is expected to influence private sector priorities as well.

NATIONAL GREEN ECONOMY TAXONOMY

A green taxonomy is a framework for classifying climate change-relevant and environmentally sustainable activities, setting a qualifying standard for these activities, and reducing the risk of 'greenwashing' where environmental credentials are overstated or false. In public policy, a taxonomy affords a clearer understanding of where policy gaps may exist and allows for monitoring the volume and coverage of public finance. Widespread use of a standard classification system helps promote data comparability. Whether mandatory or voluntary, using the same standard for sustainability performance reporting allows for benchmarking and comparison among private sector players.

MEF and the World Bank co-authored the Guidance Note on the Uzbekistan Green Taxonomy to contribute to the development of a legal framework for the implementation of green taxonomy.[11] The guidance note discusses methodological considerations for the taxonomy, examines current international approaches, and proposes a model taxonomy together with a plan for its future enhancement. It also delves into the institutional frameworks necessary to coordinate the efforts of stakeholders throughout the development and implementation of taxonomy, highlighting the significance of effective government oversight and the enforcement of taxonomy regulations.

9 Recommendations from this report may be taken forward through the government's engagement with IFIs. For instance, the World Bank is in discussions with MEF and specific SOFIs on capacity building and investment financing support considering a range of policy objectives and socioeconomic outcomes, including green finance, decarbonization, and resilience to climate change disasters.

10 World Bank 'Inclusive and Resilient Market Economy' program of Development Policy Operations.

11 World Bank Group and the Ministry of Economy and Finance of the Republic of Uzbekistan 2023.

1.3 Approach and Methodology

The approach taken for assessing funds and enterprises comprises four stages of review. This provides the aggregate universe of all entities that can potentially be made greener and a select list of high-potential candidates for priority attention.

Long-listing. This stage involves compiling a long list of potential organizations and state programs using various sources including government registries, regulations, and policies related to state funds, state support for different economic sectors, and SOEs and SOBs. Databases for legal acts, official publications, and other relevant information sources are used.

Short-listing. To refine and narrow down a long list, entities are further assessed based on such criteria as financing green projects, types of financial instruments offered, sectoral focus relevant to green projects, environmental impact and potential contribution to sustainability, and applicability of the NGET in their activity.

Further filtering and final selection. In this phase, a more in-depth analysis of the short-listed organizations was conducted. Emphasis was given to the organizations' missions and objectives, past, present, and declared future commitments to environmental sustainability, financial performance, investment strategies, and organizational readiness to adopt the green goals. Each organization or program's capability and preliminary readiness to integrate the NGET into its investment decision processes are evaluated. Potential barriers or challenges they may face are assessed.

Detailed assessment. Based on the findings from the further filtering stage, the short list is refined to the selection of top entities that demonstrate the highest potential for successfully incorporating the NGET into their investment policies. A comprehensive assessment is conducted to evaluate the willingness and readiness of the final list of selected entities to incorporate the NGET into their strategies and/or investment policies. This assessment involves interviews and exchanges of questions and answers with key decision-makers from these entities. The factors evaluated include leadership commitment, available resources, plans, and capacity for NGET implementation. Specific challenges or areas for improvement are identified during the assessment process.

2 THE FOOTPRINT OF PUBLIC FINANCE (LONG LIST)

2.1 Data Sources

A long list of potential funds, organizations, and programs was compiled from various sources. One source was the legal acts and regulations in the last three years that mentioned public expenditures, state financial support, and investments. The following are the most relevant:

a. Law of the Republic of Uzbekistan №O'RQ-886 dated December 25, 2023, on the State Budget of the Republic of Uzbekistan for 2024

b. Resolution of the Cabinet of Ministers №VMQ-917 dated November 19, 2019, on Approval of the List of State Funds Included in the Consolidated Budget of the Republic of Uzbekistan

c. Presidential Decree №PF-6096 dated October 27, 2020, on Measures to Accelerate the Reform of Enterprises with State Participation and Privatization of State Assets

d. Presidential Resolution №PQ-283 dated 18.08.2023, on Additional Measures for Improving the Reforming Mechanism of SOEs and SOBs

e. Presidential Resolution №PQ-83 dated March 1, 2023, on Measures to Accelerate the Reform Processes of SOEs

f. The Registry of Enterprises with a State Share of the State Assets Management Agency (SAMA) and the Integrated National Financing Strategy for the Republic of Uzbekistan[12] published by the United Nations Development Programme (UNDP), which identified public funding channels.

Many state support programs, despite their designation as 'programs', frequently miss some fundamental attributes that define a program in its traditional sense. Rather than comprehensive programs with structured governance, integrated planning, resource management, risk management, and so on, these initiatives often resemble mere action plans. The lack of programmatic structure makes it challenging to incorporate the NGET into their implementation. Green taxonomy implementation requires programs to, at a minimum, specify the criteria for awarding funds and the expected outcomes and a requirement to report results. These elements are not always present in all state support initiatives. Several programs studied as candidates were excluded from the list in the initial stage for this reason.

For state funds, the primary source was the state budget for 2024.[13] This ensures that the long list is legally compliant and aligned with the current budgetary policies and regulations of Uzbekistan. The state budget provides data on state funds, their expected earnings, and spendings. For completeness, special purpose state funds and trust funds subsumed under the Consolidated Budget of Uzbekistan[14] were also reviewed. A dedicated discussion on UFRD is found under Section 5 - Recommendations, given its size and particular importance as an umbrella for several SOEs and SOBs.

[12] This report identifies financial resources deployed toward Sustainable Development Goals (SDGs) and includes financing for the national green transition and climate change policy objectives.

[13] Law of the Republic of Uzbekistan №O'RQ-886 dated December 25, 2023.

[14] Resolution of the Cabinet of Ministers №VMQ-917 dated November 19, 2019.

From this universe of state funds, enterprises, and banks, candidates were reviewed for their suitability for adopting green objectives based on characteristics of size, potential environmental impact, capacity for innovation, openness to transformations, and adoption of progressive corporate management practices, community impact, and sector coverage. The lists of 'Large SOEs Subject to Transformation'[15] and of 'Reforms and Operational Efficiency Enhancement'[16] served as the source for the long list of SOEs and SOBs. This ensures that SOEs and SOBs are of significant size and scope and therefore critical to the economic strategy and reform agenda of Uzbekistan are included. The long list was checked to exclude enterprises and banks slated for privatization in the short term.

2.2 The Potential for Impact

This resulted in a long list of 26 state funds (Table 2.1), 37 SOEs, and nine SOBs (Table 2.2) for further study. The extent of this list demonstrates the significant injection of government funds into the economy, including into sectors with strong private sector and commercial activity.

a. Overall, in 2024, the 26 funds included in the long list are expected to spend UZS 99 trillion (7.7 percent of the GDP). Outside of this list but firmly under state direction, UFRD is projected to spend UZS 18.8 trillion (1.4 percent of the GDP).

b. SOEs account for an important share of economic activity.[17] In terms of their investment impact, based on the Investment Program of Uzbekistan for 2023–2025,[18] the state budget allocated UZS 28.1 trillion (2.2 percent of the GDP) for investments in 2024, a significant part of which is projected for and by SOEs. These investments are structured to enhance infrastructure, improve operational efficiencies, and promote technological advancements. The actual investment spending by SOEs will likely be much higher than 2.2 percent of GDP, as this reflects only the annual budgetary allocation and excludes authorized spending from retained earnings. SOEs may be corporatized and typically take the legal form of a JSC, or less commonly, a limited liability company (LLC). Non-corporatized SOEs remain under full state ownership as state unitary enterprises (SUEs). The range of legal forms reflects the flexibility of SOEs to access private capital and pursue more profit-oriented strategies as JSCs, while SUEs are under full state ownership and expected to closely align with public policy objectives. In practice, though, many JSCs remain closely tied to government agencies and perform disbursement functions for state support programs.[19] MEF has a history of carrying out the main shareholder functions for many strategically important SOEs to ensure close alignment with the government's reform agenda.[20]

c. SOBs collectively hold significant portions of the major financial indicators within the country's banking sector. The assets of SOBs amount to approximately UZS 447.1 trillion, which represents 67 percent of the total assets in the banking system as of April 1, 2024. In terms of loans, SOBs have issued loans totaling around UZS 335.4 trillion, accounting for 70 percent of the total loans.[21]

15 Presidential Decree №PF-6096 dated October 27, 2020.

16 Presidential Resolution №PQ-83 dated March 1, 2023.

17 The ownership criteria used to designate an SOE in Uzbekistan are not consistent with international norms, and assessing the true extent of SOEs in the economy has been difficult. Estimates range from 30 percent to 50 percent of the economy. Sources: Izvorski et al 2019, *Uzbekistan Public Expenditure Review*; ADB Institute 2020, *State-Owned Enterprises in Uzbekistan: Taking Stock and Some Reform Priorities.*

18 Presidential Resolution №PQ-459 dated December 28, 2022.

19 The newly corporatized Entrepreneurship Development Company JSC is one example.

20 World Bank Group. 2023b.

21 Information on major indicators of commercial banks as of April 1, 2024.

TABLE 2.1. Long list of state funds

No	Fund name	Supervisory organization	Spending forecast for 2024, UZS, billions[22]
1	Fund for the Development of Water Supply and Sewerage Systems1	MEF	1,260.0
2	Fund for Financing Science and Support of Innovation	Ministry of Higher Education, Science, and Innovation	916.7
3	Fund for Engaging People in Entrepreneurship	Agency for Makhallabay Work and Entrepreneurship Development	382.0
4	Fund for Support of Crafts and Home-based Work	Ministry of Employment and Poverty Reduction	80.0
5	Highway Development Fund	MEF	5,484.8
6	'El-yurt umidi' Foundation for Training Specialists Abroad and Communication with Compatriots	Agency for the Development of Public Service under the President	605.8
7	State Fund for Compensation of Property Losses Caused to Individuals and Legal Entities	Cabinet of Ministers	500.0
8	Off-budget Pension Fund	MEF	63,137.0
9	State Fund for Employment Promotion	Ministry of Employment and Poverty Reduction	465.9
10	Fund for Supporting Migrant Workers Abroad and Protecting Their Rights and Interests	Ministry of Employment and Poverty Reduction	102.0
11	Public Works Fund	Ministry of Employment and Poverty Reduction	215.9
12	Horticulture and Greenhouse Development Fund	Horticulture and Greenhouse Development Agency under the Ministry of Agriculture	613.7
13	Winery Development Fund	Agency for Regulation of the Alcohol and Tobacco Market and Winery Development	138.5
14	State Trust Fund for the Development of Medicine	Ministry of Health	530.0
15	State Fund of Social Protection	National Agency for Social Protection under the President	3,285.0
16	Entrepreneurship Development Company (EDC) (former State Fund for the Support of Entrepreneurship)	MEF	947.0[23]
17	Fund for the Development of Digital Technologies	Ministry of Digital Technologies	1,150.9
18	Off-budget Tourism Support Fund	Committee of Tourism	281.6
19	State Debt Servicing Guarantee Fund	Treasury of MEF	897.5

[22] Law of the Republic of Uzbekistan №O'RQ-886 dated December 25, 2023, on the State Budget of the Republic of Uzbekistan for 2024.

[23] Budget allocations to MEF as an endowment for EDC.

No	Fund name	Supervisory organization	Spending forecast for 2024, UZS, billions[22]
20	State fund for Women and Family Support	Family and Women Committee under the Cabinet of Ministers	204.0
21	Off-budget Fund for the Management, Transformation and Privatization of State Assets	SAMA	11,803.0
22	State Health Insurance Fund	Ministry of Health	3,709.6
23	Fund for Financing Education Loans	MEF	350.0
24	Uzbekistan Mortgage Refinancing Company (UzMRC)	SAMA	1,340[24]
25	Fund for State Support of Agriculture (FSSA)	MEF	1,086.6
26	Uzbekistan Direct Investment Fund (UzDIF)	Uzbekistan Fund for Reconstruction and Development	n.a.
	Total		**99,487.6**

TABLE 2.2. Long list of SOEs and SOBs

SOE name	Legal form	Region	State share
Metallurgy (3)			
Navoiy Mining and Metallurgical Company	JSC	Navoiy region	100.0
Almalyk Mining and Metallurgical Company	JSC	Tashkent region	98.5
Uzmetkombinat	JSC	Tashkent region	81.1
Oil, gas, and coal (5)			
Uzbekneftegaz	JSC	Tashkent city	100.0
Uztransgaz	JSC	Tashkent city	99.5
Hududgaztaminot	JSC	Tashkent city	100.0
Uzgastrade	JSC	Tashkent city	100.0
Uzbekko'mir	JSC	Tashkent region	97.9
Energy (4)			
National Electric Grid of Uzbekistan	JSC	Tashkent city	100.0
Regional Electric Grid	JSC	Tashkent city	100.0
Thermal Power Plants	JSC	Tashkent city	100.0
Uzbekgidroenergo	JSC	Tashkent city	100.0
Chemical industry (2)			
Uzkimyosanoat	JSC	Tashkent city	100.0
Navoiyazot	JSC	Navoiy region	49.0
ICT (2)			
UzPost	JSC	Tashkent city	76.4
Uzbektelecom	JSC	Tashkent city	94.8

[24] Expected disbursements for 2024.

SOE name	Legal form	Region	State share
Geology and mining (12)			
Navoiyuran	SE[25]	Navoiy region	100.0
Khisorgeology	SUE[26]	Qashqadaryo region	100.0
Kyzylkumgeology	SUE	Navoiy region	100.0
Samarkandgeology	SUE	Samarqand region	100.0
Surkhongeology	SUE	Surkhondaryo region	100.0
Uzbekgeofizika	JSC	Tashkent region	82.2
Urankamyobmetgeologiya	SUE	Tashkent city	100.0
Tashkentgeology	SUE	Tashkent city	100.0
Geoltehtaminot	SUE	Tashkent city	100.0
Markaziy laboratoriya	SUE	Tashkent city	100.0
Geoburtehnika	SUE	Tashkent city	100.0
Geologiya-marksheyderlik hizmati	SUE	Tashkent city	100.0
Geoterekalmaz	LLC	Tashkent city	49.0
Finance (1)			
Uzagrosugurta	JSC	Tashkent city	94.0
Food industry (1)			
Uzdonmahsulot	JSC	Tashkent city	100.0
Mechanical & electrical engineering (1)			
Uzavtosanoat	JSC	Tashkent city	100.0
Road and transport infrastructure (1)			
Toshshahartranshizmat	JSC	Tashkent city	100.0
Housing and public utilities (1)			
Uzsuvtaminiot	JSC	Tashkent city	100.0
Transport (3)			
Uzbekistan Railways	JSC	Tashkent city	100.0
Uzbekistan Airways	JSC	Tashkent city	100.0
Uzbekistan Airports	JSC	Tashkent city	100.0
Banking (9)			
Biznesni rivojlantirish banki JSC (Business Development Bank, BDB)	JSC	Tashkent city	100.0
National Bank of Uzbekistan	JSC	Tashkent city	59.3
Sanoatqurilishbank	JSC	Tashkent city	82.1
Agrobank	JSC	Tashkent city	54.5
Asakabank	JSC	Tashkent city	88.2
Xalq banki	JSC	Tashkent city	78.5
Turonbank	JSC	Tashkent city	90.1
Aloqabank	JSC	Tashkent city	97.6
Mikrokreditbank	JSC	Tashkent city	99.0

25 State enterprise.

26 State unitary enterprise.

THE ROLE OF SAMA

SAMA is mandated to implement integrated national policy in the field of effective management of state assets. While the state's program of privatization has made headway, SOEs still dominate most sectors of the economy. SAMA monitors the performance of the state assets through the key performance indicator (KPI) system established in accordance with the Resolution of the Cabinet of Ministers №775 dated December 9, 2020. This system tracks 13 key and 18 extra indicators, including net sales and net profit, cost efficiency, return on assets, capacity utilization rate, coverage ratio, and equity ratio.

As of January 2023, SAMA's oversight of state assets covered 2,340 companies, including 23 defined as strategic companies, 445 large SOEs, and the rest categorized as small firms. These enterprises are primarily active in the information and communication technology (ICT), trade, construction, and agriculture sectors. SAMA directly holds shares only in 416 of these enterprises. The state's shares in many of these companies are owned by local state authorities (834 enterprises), with Tashkent city authority claiming ownership in the largest number (140 enterprises). Other significant shareholders include the Roads Committee (267 enterprises), Ministry of Construction and Housing and Communal Services (62 enterprises), Ministry of Agriculture (51 enterprises), Ministry of Finance (34 enterprises), Ministry of Ecology, Environmental Protection and Climate Change (23 enterprises), and Ministry of Health (47 enterprises).

Source: SAMA Annual Report 2023. https://my.davaktiv.uz/uploads/pages/files/032024/2023-yil%20hisobot.pdf.

3 PRIORITY ENTITIES (SHORT LIST)

3.1 Selection Basis

In this section, seven 'priority entities' are recommended for MEF attention as having the best potential for advancing the green economy agenda. Collectively these entities can be a formidable group of state champions of the green economy. The entities were selected for their potential to increase climate and environmental financing based on their operating model and sector focus. They have demonstrated some capacity for incorporating the NGET or green investment guidelines into their operations and have the sufficient footprint in their industries to influence other actors by demonstrating success and triggering positive economic spillovers.

State funds

- UzMRC
- UzDIF
- EDC (previously, State Fund for Support of Entrepreneurship Activities under MEF)
- FSSA

State-owned Enterprises

- Uzkimyosanoat JSC (Uzbekistan Chemical Industry)
- Issiqlik elektr stansiyalari JSC (Thermal Power Plants, TPP)

State-owned Banks

- BDB

Combined, the seven priority entities contributed UZS 37,699 billion, or 3.53 percent of Uzbekistan's GDP for 2023. Uzkimyosanoat JSC is a major player in the chemical industry with a reported revenue of UZS 15,270 billion, accounting for 1.43 percent of the GDP. The chemical industry today possesses substantial capacities in production, access to raw materials, and scientific and technical expertise. It contributes roughly 7 percent to Uzbekistan's overall industrial output and employs approximately 30,000 individuals.[27] The energy sector is a prime target for renewable and green technology investments needed to achieve low-carbon and environmentally sustainable growth. Issiqlik elektr stansiyalari JSC, the primary thermal power plant operator, generated UZS 18,796 billion in revenue, representing 1.76 percent of the GDP. Due to some divestments, the market share of the company is expected to decline from approximately 70 percent in 2022 to around 20–30 percent in 2024.[28] Despite this, it will continue to be a major player in the energy sector. BDB, although smaller in scale, added UZS 3,633 billion to the economy, which equates to 0.34 percent of the GDP. BDB's share is 4 percent in the banking sector's total assets, loans, capital, and deposits as of May 2024.[29]

The state funds are relatively smaller in size but are strategically important as financiers to small and medium enterprises (SMEs), agriculture, and housing, an important cross-section of the national economic framework. UzMRC had a substantial impact on the mortgage industry in 2021, accounting for 20 percent of the total mortgage lending volume and playing the central role of facilitating home ownership and supporting the housing market. Based on the 2024 projections, UzMRC plans to disburse UZS 1,340 billion this year, which will contribute 0.1 percent of forecasted GDP. FSSA is projected to disburse UZS 1,086.6 billion and EDC will disburse UZS 947 billion. EDC demonstrated its sectoral influence by covering 8 percent of all registered SMEs in Uzbekistan in 2023. Collectively, these funds are anticipated to inject UZS 3,373.6 billion into the economy, representing 0.25 percent of the projected GDP for 2024, excluding secondary economic spillovers.

27 Business Plan of Uzkimyosanoat JSC for 2024.

28 https://www.fitchratings.com/research/corporate-finance/fitch-affirms-uzbekistan-thermal-power-plants-at-bb-outlook-stable-11-01-2024.

29 https://cbu.uz/oz/statistics/bankstats/1710861/.

TABLE 2.3. Revenue of the short-listed SOEs and SOB in 2023, compared to GDP

No.	Entity	Revenue, UZS, billions	Share in GDP, %
1	Uzkimyosanoat JSC	15,270	1.43
2	TTP	18,796	1.76
3	BDB	3,633	0.34
	Total	**37,699**	**3.53**
GDP (2023): UZS 1,066,569 billion			

TABLE 2.4. Expected disbursements from the short-listed funds in 2024 compared to GDP[30]

No.	Fund	Disbursement, UZS, billions	Share in GDP, %
1	UzMRC	1,340	0.1
2	FSSA	1,087	0.08
3	EDC (former State Fund for the Support of Entrepreneurship)	947	0.07
	Total	**3,374**	**0.25**
GDP forecast (2024): UZS 1,301,759 billion			

Each entity is profiled in the next section, with a discussion on its financing capacity, sector focus, corporate strategy, and its readiness for adopting climate/environmental investment guidelines, such as applying the NGET project/activity classification and performance reporting using this framework. Details are provided in the Annex 2 and cover the following themes:

- **General description:** Objectives, legal forms, initial capital, and operational duration
- **Funding and financial data:** Details on capital, funding approved for projects, loans from international and domestic sources
- **Legal and regulatory frameworks:** Information on legal and regulatory documents that establish and govern these entities
- **Performance indicators:** Financial performance metrics such as profitability ratios, capital adequacy, and liquidity ratios
- **Organizational information:** Appointment and election procedures for supervisory and management boards
- **Project specifics:** Descriptions of projects funded or managed by these entities, including objectives, funding amounts, and stakeholders involved.

3.2 Profile of Priority Entities

3.2.1 Uzbekistan Mortgage Refinancing Company

UzMRC is a home loan refinancing nonbanking organization. It was established by MEF (then the Ministry of Finance) in 2019 as a mechanism for providing mortgage liquidity to ease constraints in long-term financing. UzMRC has been receptive to green financing opportunities and has developed partnerships and launched in-house initiatives to prepare for a greater green emphasis in its business. **While UzMRC**

[30] No publicly available information on UzDIF disbursements.

has yet to formally issue a green strategy, it has already begun targeting refurbished green homes as a potential new market. In November 2022, the Asian Development Bank (ADB) approved a US$150 million loan to ramp up UzMRC business, with financing of environmentally sustainable and climate change resilient assets as one of the focuses. The loan includes additional long-term funding to UzMRC to extend financing to participating financial institutions for mortgages and home renovation loans, including green renovations (residential heating by inefficient fuel-based stoves is one of the main sources of air pollution[31] in Tashkent). More financing will also be dedicated to supporting women beneficiaries. UzMRC has made green enhancements to its systems: an in-house green renovation loan tool that assesses the eligibility of energy-saving equipment and designs.[32]

The main objectives of the company currently include the provision of 'affordable housing'. A case can be made for UzMRC to extend its mission to support green and climate-resilient housing that is also affordable. The published objectives of the company are as follows:

- Providing financial resources to commercial banks based on market principles to meet the growing need of the population for affordable housing
- Attracting financial resources on the domestic and international capital markets, including funds from international financial institutions (IFIs) and bilateral development finance institutions (BDFIs), with their subsequent use for refinancing mortgage loans
- Issuing and placing securities, including mortgage-backed securities
- Promoting the improvement of the mortgage lending system, introducing modern methods and tools for developing the mortgage market, increasing liquidity, and reducing risks in the mortgage lending and mortgage-backed securities market
- Supporting the development of a methodological and regulatory framework in the field of mortgage lending and refinancing, including through the involvement of foreign experts.

In Uzbekistan, the demand for mortgage loans is soaring due to a young and growing population of 36 million, up from 20 million over 30 years, an increase of 1.8 times. With over 60 percent of the population under 30 years and 57 percent of the population of working age,[33] the need for new housing and construction financing remains high, projecting strong mortgage lending demand for the next two decades. The lack of a stable long-term financial resource base for commercial banks was a growth constraint to the mortgage market and the related construction sector. On November 29, 2019, ADB greenlit a US$200 million Mortgage Market Sector Development Program, which led to the creation of UzMRC. Acting as the primary agency for implementing the ADB loan, UzMRC started functioning as a wholesale lender, engaging with select private financial institutions in substantial transactions. In 2021, UzMRC accounted for 20 percent (UZS 1.96 trillion) of Uzbekistan's banking sector's overall mortgage lending volume, which stood at UZS 9.80 trillion.[34]

The initial authorized capital of UzMRC amounted to only UZS 25 billion. However, the fund will significantly increase its authorized capital—to UZS 941 billion by June 1, 2024.[35] The financial figures of the company for 2022 are as follows: assets totaled UZS 2,065.7 billion, capital stood at UZS 137.1 billion, and liabilities amounted to UZS 1,928.6 billion. The annual gross profit amounted to UZS 24.1 billion. Throughout the first three quarters of 2023, UzMRC approved refinancing for mortgages totaling UZS 799 billion. Additionally, the company debuted its inaugural series of unsecured corporate bonds valued at UZS 140 billion. These bonds, with a three-year maturity and a 19 percent market interest rate, were distributed through a private placement.[36]

31 World Bank 2024 *Air Quality Assessment for Tashkent and the Roadmap for Air Quality Management Improvement in Uzbekistan.*
32 https://www.adb.org/news/adb-supports-housing-finance-uzbekistan.
33 UzMRC Business Plan for 2024.
34 ADB. https://www.adb.org/sites/default/files/linked-documents/51348-005-ea.pdf.
35 Presidential Resolution №PQ-394 dated December 15, 2023.
36 https://uzmrc.uz/en/shareholders-investors/issue-of-bonds/.

3.2.2 Uzbekistan Direct Investment Fund

UzDIF was founded in September 2022 in accordance with the Presidential Decree №PF-5635 dated January 17, 2019, **as an Uzbek-Emirates Investment Company.** The fund has since been separated from the management company and continues to act as a direct investor into large and long-term projects. UzDIF is in a strong position to support the launch of green projects, influence the corporate practices and strategies of firms that it invests in, and create green spillovers through demonstration and supply chain effects. **Additionally, given its FDI mandate, a greener profile for UzDIF will attract foreign investors who prioritize environmental, social, and governance (ESG) factors, facilitating the import and transfer of green technology into Uzbekistan.** The fund has not announced specific goals, plans, or policies promoting environmental sustainability or green initiatives. Nevertheless, in January 2024, UzDIF signaled its interest by investing in the first green bonds issued by a private company, Saipro Group, which has projects in solar power and eco-tourism.[37]

The fund's mandates are as follows:

- Attracting FDI and innovative technologies to expand production potential and increase the country's competitiveness
- Stimulating and developing investment activity by forming long-term partnerships with private domestic and foreign investors
- Assessing investment proposals and developing and implementing investment projects
- Improving the investment climate and promoting the country's investment potential and opportunities overseas
- Co-investing in promising investment projects, focusing on cooperation with international investors to increase FDI.

Today, UzDIF is 100 percent owned by UFRD. The fund's authorized capital is US$100 million, which is set to progressively increase to US$1 billion. The fund generally invests up to 49 percent of project costs and up to US$20 million per project. This limit may be increased with the consent of the President of Uzbekistan.

3.2.3 Entrepreneurship Development Company

The fund was initially founded in 2017 as the State Fund for Support of Entrepreneurship Activities under the Cabinet of Ministers and subsequently passed on to MEF. In 2023, it began a process of transformation to a JSC—the EDC. The new company has been operating since March 1, 2024. **The transition to a JSC was initiated by Presidential Decree №PF-193 dated November 10, 2023, which, as part of a corporate transformation, was also required to support green and energy-saving technologies and renewable energy sources, initially in the service and manufacturing sectors.** This presents an opportunity for introducing green investment guidelines and the use of the NGET to inform new EDC policies as it grows. In 2024, its Supervisory Board approved a three-year corporate strategy which includes a substantive section detailing climate change and environmental measures. Notably, by incorporating the NGET into its processes, EDC's green financing target is 35 percent of total financing by 2026.

The objectives of the new company are as follows:

- Providing comprehensive support to SMEs, based on the demands and needs of SMEs, including support measures to increase the capacity of entrepreneurs

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[37] https://daryo.uz/en/2024/01/25/uzbekistans-green-revolution-uzdif-and-saipro-group-spearhead-private-sector-green-bonds.

- Attracting financial resources in domestic and international capital markets, including funds from IFIs and BDFIs
- Participating in the implementation of state, sectoral, and regional programs, projects, and events, which will allow the creation of jobs through SME development
- Supporting the innovative activities of SMEs, stimulating the creation and production of new types of products, and introducing effective new technologies
- Providing financial support for projects of self-employed individuals
- Broadly supporting the introduction of green and energy-saving technologies and renewable energy sources in the fields of service and manufacturing.

Upon formation of the new company, its initial capital was set at UZS 300 billion with 100 percent ownership by MEF. From 2018 to 2024, as the State Fund for Support of Entrepreneurship Activities, it provided UZS 17 trillion in support to 47,400 business entities in the form of loan guarantees and interest subsidies. The reported number of new jobs created was about 376,000.

3.2.4 Fund for State Support of Agriculture

FSSA was established under the Cabinet of Ministers in 2017 with the Presidential Decree №PF5095 dated June 27, 2017**.** Currently, the fund is owned and managed by MEF. The key objective of the fund is sustainably developing agricultural production, increasing the productivity of crops, forming an efficient system of growing agricultural products for state procurement, and fundamentally improving the supply of agricultural enterprises with modern high-performance equipment. **As a fund dedicated to supporting agriculture, FSSA has a direct connection to economic activities in the entire agriculture value chain and holds great potential as a public instrument for advancing the government's green economy goals.** FSSA interacts with various stakeholders in the agricultural sector, including farmers, agricultural businesses, and associations. This provides an opportunity to engage stakeholders in discussions about sustainable practices and their benefits.

The main objectives of the fund are as follows:

- Reimbursing part of the interest rate on commercial loans allocated in national currency for the final settlement of the purchase of cotton raw materials
- Financing the costs of growing fruits, grapes, vegetables, potatoes, pulse crops, flowers, greens, medicinal plants, corn grain, legumes, and oil crops
- Placing funds in commercial banks to allocate loans for the purchase of agricultural products
- Ensuring the stability of the prices of grain and bread products in the domestic market, purchasing the necessary amount of wheat at market prices, and putting it on the commodity exchange
- Ensuring state support for the supply of modern, efficient agricultural equipment to farms and other agricultural organizations
- Introducing modern ICT into the agricultural financing and settlement system
- Studying the experience of developed countries in financing the agricultural sector and introducing them in Uzbekistan.

However, information on the fund's specific investment plans could not be obtained, including its policy to promote environmental sustainability or green initiatives. While it has great potential for promoting green investments in the agricultural sector, there is currently limited information about the fund's decision-making and operating procedures to make a fair assessment of how readily it could take up the NGET and greening of its operations.

3.2.5 Uzkimyosanoat (Uzbekistan Chemical Industry) JSC

Uzkimyosanoat JSC was founded in 2001 by the [Resolution of the Cabinet of Ministers №VMQ-124 dated March 13, 2001](#). It replaced the Association of Chemical Industry Enterprises Uzkimyosanoat, and today the company includes several large chemical enterprises in Uzbekistan. MEF and UFRD hold the state's share in the company. As a leading player in the chemical industry, Uzkimyosanoat can have a significant impact on environmental sustainability by setting a positive example for other companies. The chemical industry is known for its environmental footprint, including issues related to pollution, waste management, and resource consumption, and public expectations are growing for the chemical industry to be more environmentally sustainable. The company has access to capital and technology and has the potential to drive innovation in green technologies and processes. Applying the NGET can be one aspect of an overall greening strategy that will improve resource efficiency, reduce environmental impact, and introduce a new green/climate-friendly product line.

The officially stated objectives of Uzkimyosanoat JSC mention innovation and efficiency but do not frame them as pathways to help the chemical sector onto a more environmentally sustainable pathway. This is a missed opportunity. The published objectives are as follows:

- Pursuing a unified technical policy in the chemical industry, diversifying production, deepening the processing of mineral resources, and introducing innovative technologies
- Reducing the cost of chemical products
- Promoting domestic products to new foreign markets
- Deepening the level of localization of chemical production and expanding intersectoral industrial cooperation
- Sustainably providing nitrogen, phosphorus, potassium, and complex fertilizers to agricultural producers.
- Pursuing an active investment policy, attracting FDI to the industry
- Assisting in increasing the efficiency of activities of subordinate companies
- Supporting and stimulating scientific research
- Providing advanced training and retraining of engineering, technical, and management personnel.

Uzkimyosanoat JSC officially declared its commitment to ESG principles[38] and pledged to reduce greenhouse gas emissions by 90 percent by 2050 to achieve net zero. Under its Decarbonization Policy, the company plans to:

- Reduce Scope 1 and Scope 2 emissions by 42 percent by 2030 compared to 2022;
- Reduce Scope 1, Scope 2, and Scope 3 emissions by 90 percent by 2050 compared to 2022 and neutralize the remaining 10 percent; and
- Work on estimating the amount of Scope 3 emissions, setting the goal of reducing Scope 3 emissions by 2025.
- To achieve its emissions reduction goals, the company claims to evaluate the implementation of the following five emissions reduction measures:
- Development of plastic recycling
- Energy efficiency and environmental mitigation measures applied to existing technologies (for example, by implementing projects to reduce N2O emissions)
- Deep decarbonization of purchased heat and electricity (for example, by purchasing energy from renewable sources)

[38] https://uzkimyosanoat.uz/en/esg/environmental/low-carbon-pathway.

- Innovative technologies to produce low-carbon ammonia (for example, by using green hydrogen)
- Active engagement with stakeholders to address Scope 3 emissions (for example, by developing improved fertilizers, using inhibitors to reduce emissions in fields, working with farmers/agricultural sector to optimize nutrient content, and advising them on best agricultural practices to reduce emissions).

The extent to which these measures are implemented remains unknown because no relevant data or report is publicly available. Fragmented data on energy consumption and emissions can be found on the Open Data Portal.[39] While the company's climate declarations have partly satisfied the mandated corporate transformation process under Presidential Resolution №PQ-83 dated March 1, 2023, and could contribute positively to credit ratings, it has not been possible to verify progress toward these commitments.

3.2.6 Issiqlik elektr stansiyalari JSC (TPP)

TPP was founded in 2019 with the reorganization of the former Uzbekenergo JSC based on Presidential Resolution PQ-4249 dated March 27, 2019. TPP is the key producer of electrical energy in Uzbekistan. In 2023, the company generated 54.2 billion kWh of electrical energy, which is 1.4 billion kWh (2.6 percent) more than its initial plan. Thermal power plants have a significant environmental footprint due to their reliance on fossil fuels. Many of TPP's thermal power plants are old and inefficient, consume excessive amounts of fuel, emit avoidable CO_2, and are poorly integrated with renewable energy sources. **TPP has many opportunities for improvement by introducing green technology and implementing sustainable practices.** Piloting the use of the NGET here can guide resource allocation toward investments in emissions reduction, energy efficiency, and transition toward cleaner energy sources. The company has the capacity to invest in green technologies and initiatives, including innovations such as carbon capture and storage, and other emissions reduction strategies.

TPP's share of electricity production used to be more than 70 percent until recently. Three of TPP's large power plants have been transferred to foreign ownership, and Talimarjan thermal power plant (1.7 GW) has been sold to UAE investors. Starting in 2024, TPP's market share will reduce40 to 20–30 percent.

3.2.7 Biznesni rivojlantirish banki JSC (BDB)

In 2023, as per the Presidential Resolution №PQ-292 dated September 4, 2023, the former Qishloq Qurilish Bank underwent a major reorganization and was rebranded as the Business Development Bank. The new bank is to focus on providing long-term financing to small businesses at interest rates below the market average and with less demanding collateral requirements. Additionally, it is anticipated to serve as one of the main channels for state support to Uzbekistan's small business sector, offering a range of consulting and related services through its *Fund for Small Business Development* subsidiary and regional centers dedicated to supporting small businesses. The bank supports all businesses irrespective of their sectors and development stages.

The bank is fully state owned, with MEF and UFRD being key shareholders. Its reorganization is likely to reinforce its connection with the government, given its new role as a catalyst for businesses and its new function in channeling public funds to support small enterprises. **BDB has environmental sustainability principles directly integrated into its governance frameworks and operational guidelines.** Two main documents that reflect its commitment are the bank's Environmental and Social Risk Management Policy (2019) and Green Finance Policy (2021). The bank is currently advancing two additional greening efforts: developing a Sustainable Finance Framework and initiating the launch of concessional financing. This makes

[39] https://data.egov.uz/rus/organizations/440.

[40] https://www.fitchratings.com/research/corporate-finance/fitch-affirms-uzbekistan-thermal-power-plants-at-bb-outlook-stable-11-01-2024.

BDB a strong candidate for piloting the NGET and serving as a demonstration to other banks, including private banks, for adopting green strategies. SOBs have a dual role of profit making and fostering growth in specific sectors or regions that private banks might overlook.

The Presidential Resolution №PQ-306 dated September 14, 2023, mandates the government to elevate BDB's authorized capital to UZS 3 trillion by the end of 2024. This regulation also sets the launch of the Continuous Support for SME program starting from October 2023. BDB was appointed as a focal point for the implementation of this program. The government committed to allocate UZS 6 trillion for the first three years and an additional US$1.2 billion is expected to be attracted from IFIs.

4 ACHIEVING EARLY SUCCESS WITH THE TOP THREE PICKS

Of the seven priority entities, EDC, UzMRC, and BDB stand out for possessing the best preconditions for greening their operations and having sufficient industry influence. EDC has already adopted a green strategy as part of its board-approved business development strategy and is ready to promote green and sustainable practices in multiple industries. Its core mandate to support enterprises will now prioritize firms involved in green and energy-saving technologies, creating avenues for green economic diversification and job creation. UzMRC is pivotal in the housing finance sector where mortgage lending demand is expected to surge. The timely introduction of green mortgages can shift the stock of buildings toward higher green standards. BDB has been a leader among state-owned lenders, by incorporating sustainability principles into its operations, its work on a Sustainable Finance Framework, and plans to launch concessional financing. Its provision of long-term financing and advisory services to small businesses will receive a boost this year from an authorized capital increase.

This section contains additional analysis conducted on EDC, UzMRC, and BDB, as well as recommended actions, at the policy and operational levels, which can accelerate their greening efforts and establish them as pioneering green champions. Interviews were conducted with senior managers of the three entities to gain an operational level perspective of their current greening initiatives and future plans. The interview questions were designed to gauge the companies' strategic alignment with green finance principles, integration of green initiatives into core business processes, and innovation in financial products. The detailed responses provide information on their current green activities and their green strategies going forward. Details are summarized in Table 3.1. The interviews revealed useful entry points and opportunities for advancing their greening efforts.

TABLE 3.1. Details of the interview with selected organizations

Uzbekistan Mortgage Refinancing Corporation (UzMRC)

1. **Does the fund/bank have a strategy to green its investments and operations, or is this currently in progress?**
   Currently, there is no relevant strategy adopted or planned.
   According to its 2024 Business Plan, UzMRC aims to issue green bonds in 2024.

2. **Is the fund/bank currently developing any tools/benchmarks, such as its own green taxonomy or a green screening tool, for in-house use?**
   The company is working on:
   - Development of Internal Green Financing Policy;
   - Development of the Green Program;
   - Attraction of external evaluation provider for green bonds; and
   - Development of an Action Plan for Enhancing Sustainable Finance together with IFIs.

3. **Are there any plans to disclose its green assets/investments, including non-green assets?**
   As part of the green bond issuance, an external evaluation is planned before the issuance and placement. UzMRC is also planning to monitor the proper use of proceeds from green bonds and prepare a respective annual report.
   All the information on these processes will be available on the company's website.
   UzMRC is open to discussing suggestions on additional disclosure requirements.

4. **Which of its investment projects/programs could be more amenable to greening efforts?**
   UzMRC is working with ADB to develop and launch green mortgages. These mortgages will be underwritten using an online platform that is being finalized. A similar principle and platform are used to control the use of green bond proceeds.

5. **Has the fund/bank considered the possibility of additional costs and employment impacts from its greening efforts, and what are its thoughts on managing these issues?**

   These issues might be considered as part of the development of internal policies and programs in the field of green finance of UzMRC. In addition, this issue might be included in the Action Plan for Enhancing Sustainable Finance.

6. **How exactly can the fund/bank green its operations (for example, the fund could set an investment target or revise its investment criteria)? Could it adopt these actions and operational details such as internal instructions including adjusting its rule/criteria according to the green taxonomy as part of its revised investment criteria?**

   UzMRC is planning to allocate 2.3% of its total loans to green mortgages by the end of 2024 and to increase this indicator in the following years. The company is ready to follow the principles of the NGET and the principles of sustainable and green finance of the International Capital Market Association (ICMA) in its financial activities.

Enterprise Development Corporation (EDC)

1. **Does the fund/bank have a strategy to green its investments and operations, or is this currently in progress?**

   To date, the fund has provided guarantee and compensation financial support for the purchase and installation of solar panels, particularly according to the Presidential Decree №PF-129 dated August 8, 2023.

   In transition to a joint stock company, it will expand its support of green economy projects. A new corporate strategy approved in 2024 includes a green chapter that covers the implementation of green taxonomy.

2. **Is the fund/bank currently developing any tools/benchmarks, such as its own green taxonomy or a green screening tool, for in-house use?**

   According to the Presidential Decree №PF-193 dated November 10, 2023, support for green, energy-saving technologies, and renewable energy sources has been introduced as one of the priorities.

   Proposals are developed to expand the support for green economy projects. They were included in the Supervisory Board's discussion topics.

3. **Are there any plans to disclose its green assets/investments, including non-green assets?**

   Negotiations with ADB on technical assistance regarding the issuance of green bonds are being held. It is planned to issue green bonds by the end of 2024.

   In addition, information on assets allocated to green projects will be posted on the company's website and social media.

4. **Which of its investment projects/programs could be more amenable to greening efforts?**

   Today, efforts are being made to identify green priorities: drip irrigation, reducing soil pollution, providing support to forestry, and supporting tourism. The Supervisory Board may determine funding of any projects in accordance with the company's regulation.

5. **Has the fund/bank considered the possibility of additional costs and employment impacts from its greening efforts, and what are its thoughts on managing these issues?**

   In practice, about 47,000 projects are supported, of which 13,000 are guaranteed, and 34,000 are provided with compensation assistance, and it is planned to create 378,000 new jobs.

   Projects related to the creation of new jobs in the green economy will be considered.

6. **How exactly can the fund/bank green its operations (for example, the fund could set an investment target or revise its investment criteria)? Could it adopt these actions and operational details such as internal instructions including adjusting its rule/criteria according to the green taxonomy as part of its revised investment criteria?**

   Currently, the organizational structure of the company is in the process of approval by the shareholders.

   Changes and additions to this structure are the responsibility of the Executive Body.

   A separate department or subsidiary organization could be set up within the company for the support of green projects, which can make direct decisions for its activity area.

Business Development Bank (BDB)

1. **Does the fund/bank have a strategy to green its investments and operations, or is this currently in progress?**

   Yes, BDB is actively developing its strategy for 2024–2026 with KPMG, with a strong focus on integrating ESG factors into its investments and operations. As part of this strategy, BDB is committed to implementing a series of measures aimed at enhancing the skills of entrepreneurs, fostering innovation within SMEs, and promoting the adoption of environmentally friendly and energy-efficient technologies.

   In collaboration with KPMG, BDB is crafting a comprehensive plan to green its investments and operations, aligning them with sustainability goals and ESG principles. This initiative underscores BDB's dedication to responsible and ethical business practices, aiming to not only generate financial returns but also create long-term value for society and the environment.

   To further enhance the effectiveness of its strategy, BDB intends to attract ESG and sustainability-focused investors who share its commitment to environmental stewardship and social responsibility. By demonstrating a clear and actionable plan to integrate ESG considerations into its decision-making processes, BDB seeks to appeal to investors who prioritize sustainability and seek to align their investments with their values.

2. **Is the fund/bank currently developing any tools/benchmarks, such as its own green taxonomy or a green screening tool, for in-house use?**

   BDB is designing a Sustainable Finance Framework aimed at advancing the United Nations' SDGs. This framework represents the bank's commitment to integrating sustainability principles into its financial practices, aligning its investments with ESG criteria.

   As part of this initiative, the bank is exploring the development of various tools and benchmarks to enhance its sustainability efforts. These may include creating the bank's own green taxonomy—a classification system for sustainable investments. Additionally, the bank is considering the implementation of a green screening tool to evaluate potential investments against predetermined sustainability criteria.

   The bank is ready to share its Sustainable Finance Framework upon its completion. The bank's aim is to exceed industry standards in promoting responsible and impactful financial practices.

3. **Are there any plans to disclose its green assets/investments, including non-green assets?**

   As part of the bank's commitment to best market practices and in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, it is dedicated to transparency and accountability in its operations. The bank has joined the UN Global Compact, underscoring its pledge to uphold the highest standards of sustainability and responsible business conduct.[41] In line with these principles, the bank is planning to disclose its Communication on Progress (COP).

   One of the key areas the bank intends to address in its COP is the disclosure of its green assets and investments.

   The bank acknowledges the significance of disclosing information about its non-green assets. Through comprehensive disclosure, it aims to provide investors, lenders, and the broader market with a holistic understanding of its investment strategy and its alignment with sustainability objectives.

4. **Which of its investment projects/programs could be more amenable to greening efforts?**

   BDB intends to enhance its engagement with climate finance institutions. It plans to access the Climate Assessment for Financial Institutions platform provided by the International Finance Corporation (IFC) to facilitate its understanding and alignment with global climate finance standards.

   Furthermore, the bank plans to gain access to the European Bank for Reconstruction and Development's Green Finance Academy to be equipped with valuable knowledge and tools to integrate green financing principles into its projects and programs.

   Securing accreditation from the Green Climate Fund (GCF) would open up opportunities for BDB to access climate finance resources for its investment projects.

   Projects in sectors such as renewable energy, energy efficiency, sustainable infrastructure, and climate-resilient agriculture hold great potential for integrating green practices and generating positive environmental outcomes. By focusing its efforts on these areas, the bank could not only contribute to global climate goals but also enhance the sustainability and resilience of its investments for the long term.

[41] Global Compact Status (Active).

5. **Has the fund/bank considered the possibility of additional costs and employment impacts from its greening efforts, and what are its thoughts on managing these issues?**

   Yes, BDB has thoroughly considered the potential additional costs and employment impacts associated with its greening efforts. However, it views these challenges as opportunities for growth and innovation rather than obstacles.

   The bank's approach to managing these issues is multifaceted. First, BDB is actively investing in technologies and infrastructure that optimize resource usage and minimize environmental impact. By incorporating renewable energy sources, implementing energy-efficient systems, and adopting sustainable practices across its operations, BDB aims to mitigate additional costs while simultaneously reducing its ecological footprint.

   BDB understands that embracing greener practices may require retraining and upskilling employees. Therefore, the bank is committed to providing relevant training programs to its staff.

   Additionally, BDB recognizes the importance of engaging with stakeholders, including employees, local communities, and regulatory bodies, to address any employment impacts transparently and responsibly. By fostering open communication channels and collaborating with relevant parties, it aims to identify potential challenges early on and develop proactive strategies to address them.

   The green topic is on BDB's agenda, and the bank is fully prepared to invest in it. The bank is confident in its ability to navigate green transition effectively.

6. **How exactly can the fund/bank green its operations (for example, the fund could set an investment target or revise its investment criteria)? Could it adopt these actions and operational details such as internal instructions including adjusting its rule/criteria according to the green taxonomy as part of its revised investment criteria?**

   To effectively green its operations, BDB will undertake several strategic actions:

   1. Setting green investment targets: Establishing clear targets for green investments within the bank's portfolio. This involves allocating a specific portion of funds toward environmentally sustainable projects, such as renewable energy initiatives, eco-friendly infrastructure, and sustainable agriculture.
   2. Revising investment criteria: Amending the bank's investment criteria to incorporate green considerations. This entails developing a comprehensive set of guidelines that outline what constitutes a green investment, based on recognized environmental standards and frameworks like the green taxonomy. Criteria could include factors such as carbon footprint, resource efficiency, and adherence to sustainable practices.
   3. Implementing an exclusion list: Introducing an exclusion list that identifies industries or activities deemed noncompliant with green principles. This list would guide investment decisions by excluding sectors such as fossil fuels, deforestation, and high-polluting industries. Operational details would involve integrating the exclusion list into the bank's investment screening process, ensuring that potential investments align with green objectives.
   4. Internal instruction and training: Providing internal training and guidance to employees on the revised investment criteria and exclusion list. This ensures that staff members understand the rationale behind green finance initiatives and can effectively implement them in their day-to-day operations.
   5. Monitoring and reporting mechanisms: Establishing robust monitoring and reporting mechanisms to track the bank's progress toward green investment targets. Regular assessments can help identify areas for improvement and ensure accountability in adhering to green principles.

   By adopting these actions and operational details, the bank can enhance its commitment to green finance and contribute positively to environmental sustainability while aligning investment decisions with ethical considerations.

5 RECOMMENDATIONS

State funds, enterprises, and banks are systemically important for the Uzbek economy and are effective policy instruments for the Government of Uzbekistan to spearhead the green economic transition while also transitioning its economy to market principles. As their major shareholder, MEF has a stewardship role in the operations of SOFIs and SOEs. Steering SOFIs and SOEs toward green and climate-related activities aligns with MEF's role for the long-term security and productivity of state assets—including privatization or liquidation if the private sector can reasonably take over the state-performed activities with greater efficiency—as well as with its policy role in advancing climate action and the green economy transition. MEF and relevant state bodies should require all SOFIs and SOEs to develop and implement green strategies. The strategies involve progressively adjusting corporate governance policies and internal procedures, starting with the application of a standard definition for green projects, such as through the NGET; setting green financing targets and introducing new investment approval criteria involving green impacts; reporting financing results based on the NGET foundation—including allocation, estimated, and (in the future also) realized impacts; disclosing green portfolio and asset information to the public and potential investors; and periodically upgrading the corporate strategies to more ambitious green goals.

A foundation of green policies is already in place, but specific cross-cutting policies can be adopted to accelerate green financing flows concerning the SOFIs and SOEs as discussed in this report:

a. The establishment of a central **coordination function for all climate and green finance** is recommended. This can potentially be housed in MEF, given the ministry's access to information about state incentive programs, budgetary allocations, SOFI and SOE financing, loans from development finance institutions, and flows from global climate funds and carbon markets. Cooperation with UFRD, an important player in state-backed joint ventures with overseas financiers, can further enhance this function. Coordination will allow funds to be efficiently directed to exploit synergies, resolve frictions in the timely implementation of complementary, enabling policies, and maximize climate and green economy benefits. The coordination will also inform the design of a potential national climate fund (green platform) on aspects like capitalization, additionality, and results framework. One country example to consider and featured below is BNDES.

b. MEF is encouraged to **widely promulgate the NGET** to all enterprises and financial institutions. The taxonomy was established by Cabinet resolution in 2023 and will be updated and formalized in 2024. It sets robust green definitions and criteria for all economic sectors and effectively fills any regulatory gaps on green standards that may exist for some industries. This gives companies and lenders the regulatory certainty to develop green business lines and align any in-house green classification methodologies toward a national standard.

c. For financial institutions, the Central Bank of Uzbekistan can **support the greening of banks** (and nonbank credit institutions) in its role as a prudential supervisor. Requiring that banks integrate climate change and sustainability considerations—both transition and physical risks—into their credit risk assessment will enhance risk management and motivate banks to increase the share of green lending in their portfolios (and fixed investments). These measures are already part of a Sustainable Finance Strategy for the banking sector that has been developed but is yet to be announced. Climate risk assessments will also open up opportunities for new risk products such as severe weather insurance that can help banks manage credit risk. Development of this product can be undertaken by the insurance sector with the backing of its prudential supervisor, the NAPP. The NAPP too can promote the greening of insurance industry assets and investments as part of its supervisory role—including asking the insurance companies to submit their individual greening plans similar to what banks are expected to do in the near future.

THE JOURNEY FROM STRATEGY TO ACHIEVING RESULTS

For green strategies to deliver the desired results, the green champion needs to link its system of results measurement to its project selection practices. Drawing from international experience in sustainability reporting, a study has recommended an approach for a national financial holding company in Central Asia that combines operational improvements with impact measurement. Project selection is based on a "double bottom-line" approach targeting financial viability and environmental benefit. Analytical methods like the Economic Rate of Return and Internal Rate of Return are used to prioritize high-impact investments that also account for climate and environmental impacts, by for instance incorporating the shadow price of carbon. Once projects are underway, key environmental performance indicators, such as GHG or waste reduction or water savings, are closely monitored against established baselines. For evaluation, the company can employ quasi-experimental methods, including difference-in-differences analysis, to assess actual impacts relative to expectations. This continuous loop from selection through evaluation, supplemented by independent third-party audits, ensures data credibility and transparency. Through this approach, the financial institution aligns its operations with international standards in climate finance and reinforces its appeal to investors focused on sustainability.

Source: Melecky et al. 2023.

Some entities are better suited to become state green investment champions, depending on their sectoral focus, industry influence, and internal capacity and readiness for the green pivot. Seven entities are found to be best suited, of which **three prime picks** have already begun their greening initiatives. All three prime picks have started integrating green initiatives into their operations, each at different stages. BDB and EDC have demonstrated significant readiness and commitment by setting financing targets, while UzMRC has developed an in-house green assessment tool for energy-efficient refurbishing of homes. The extent to which they can incorporate the NGET will depend on their continued development of relevant strategies, policies, and tools, along with their commitment to adapting their operations to align with green principles. Here are detailed recommendations to accelerate the green initiatives of BDB, EDC, and UzMRC to become successful green champions that inspire followers and crowd in the private sector to follow suit.

a. **EDC has advanced the furthest in its green strategy which was approved in June 2024.** The strategy covers specific financing targets, actions to integrate green criteria into funding decisions, and plans for green product development. EDC has committed to channeling an additional US$100 million from IFIs into SME green economy projects while enhancing green investments through training, operationalization of taxonomy, and transparent disclosures. EDC will draw on its experience in supporting solar panel projects and other green energy initiatives. Additionally, EDC is taking steps to issue green bonds by the end of 2024, demonstrating a proactive approach to green financing. **At this juncture, the priority for EDC would be the implementation of its new green strategy. External support would enhance its chances of success, particularly in the application of NGET requirements to its decision-making, investment selection, performance monitoring, and impact reporting.** For successful implementation of its green strategy, its immediate priorities would be to:

   - Update investment review and approval guidelines with green criteria based on the NGET;
   - Train its investment teams on the review and approval of projects under the new guidelines; and
   - Introduce green finance products, including those supporting the energy efficiency and climate resilience of SMEs.

Its next priority would be to establish governance and monitoring mechanisms for overseeing green financing, tracking green investments against set metrics, and setting disclosure rules for its green financing performance, drawing from good international practices.

b. **BDB shared its green vision during interviews, which appears wide ranging and comprehensive, and can benefit from advice on its strategy and implementation support. BDB could consider obtaining external technical support.** One key area would be to integrate the use of the NGET into its policies and procedures. An outline of a holistic green strategy drawn from international examples is shown in the Feature below and can serve as guidance. BDB has started developing its 2024–2026 strategy focused on ESG integration. This includes the development of a Sustainable Finance Framework and various tools to enhance sustainability efforts, such as an in-house green taxonomy.42 BDB's plans to disclose its green assets and investments align with global transparency standards, demonstrating a healthy level of ambition. It would be important to have a well-designed strategy and action plan initially focusing on a strong foundation of operational tools for integrating NGET definitions and green investment guidelines.

FEATURE: CORPORATE STRATEGY FOR EXPANDING CLIMATE AND ENVIRONMENTAL (GREEN) FINANCING

Update its original mandate with a double-bottom-line mission and objectives:

- Set clear, measurable goals for expanding green financing that align with the institution's overall mission and sustainability strategy.
- Financing/investment targets should be measurable and based on sound green definitions (for example, NGET). Measurable targets are, for example, the percentage of assets allocated to green investments or a time-bound goal to cease the use of or the financing of carbon-intensive technology and so on.
- Ensure targets are sufficiently ambitious yet achievable to build confidence for further advancement.

Organizational culture and internal capacity:

- Update responsibilities of the Supervisory and Management Board members to oversee integration and incorporate green goals into strategic planning and decision-making. Responsibilities of the Supervisory Board should include assessing results and impact.
- At the general and departmental level, organize training on green regulatory requirements, if any, and awareness of climate change and environmental principles.
- Update managerial job descriptions to include accountability for green goals and targets, establish performance metrics for integration into the business, and encourage managers to adopt sustainable practices.
- Update hiring policies to prioritize candidates with a background in green practices and sustainability.
- Collaborate with industry associations, non-governmental organizations (NGOs), and government bodies to promote green financing and support clients in developing green projects.

Policy Integration:

- Based on the Uzbekistan NGET or other models (for example, EU Sustainable Finance Taxonomy), define green criteria to the needs of the fund, SOE, or bank. Integrate criteria into the organization's formal investment and credit policies, covering project selection, due diligence, and portfolio management.
- Form specialized teams focused on green financing, including experts in climate and environmental risk assessment to evaluate risk-return trade-offs, sustainable finance, and green project evaluation.
- Develop and offer a range of green financial products such as green bonds, green loans, sustainability-linked loans, and green mortgages. Emphasize the financial and green benefits during product promotion.
- Provide advisory services to support clients in navigating the application process.
- Assess and modify the company's operational processes to reduce carbon and environmental footprint and reduce climate vulnerability.

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[42] BDB should align any in-house green classification framework with the NGET, given the regulatory requirement for any entity receiving state support to use the NGET.

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Climate risk management for financiers and certain enterprises:

- Perform scenario analysis and stress testing to understand the impact of different climate scenarios on business operations and financial performance.
- Results inform strategic decisions and risk mitigation plans, such as diversifying assets, investing in climate-resilient infrastructure, and enhancing insurance coverage.
- Adopt adaptation strategies to cope with the physical impacts of climate change, extreme weather events, and temperature changes.
- Establish robust monitoring and reporting mechanisms to track climate risks and the effectiveness of mitigation measures and regularly update stakeholders on progress.

Monitoring and reporting:

- Evaluate the existing investment portfolio (lines of credit, partial credit guarantees, equity investment, subsidies) against the NGET (or equivalent) and disclose the green share of the portfolio.
- Regularly assess and adjust investment strategies in response to evolving regulations, market conditions, and technological advancements in sustainability.
- Disclose information on financing and performance,[43] for example, data on green and non-green assets based on NGET classification, nonfinancial performance of investments, and green policies.
- Engagement and collaboration:
- Collaborate with other investors, regulatory bodies, and industry groups to share best practices and promote broader adoption of the NGET.
- Engage with investees and borrowers to support their alignment with climate and environmental goals.

UzMRC's efforts so far are in the preparatory stage, but it has shown a strong readiness to apply the NGET in its operations and other greening measures. UzMRC, though currently without a formal strategy for greening its investments and operations, plans to issue green bonds in 2024.[44] There is an urgency for the industry to set a green and climate-resilient building standard to enable wider replication of green housing finance, and UzMRC should advocate for this to become a policy priority for housing market development. Meanwhile, it should continue strengthening its in-house systems for supporting green mortgages. Its current focus is on developing an internal Green Financing Policy and respective action plans in collaboration with IFIs, which may lay the groundwork for future green initiatives.

Meeting the green regulatory environment for green bond issuance. UzMRC's and EDC's plans for green bond issuances suggest some urgency for building their internal capacity. The newly issued regulation for corporate green bonds sets requirements for applying standard definitions using the NGET, financially allocating resources, and reporting on results. Systems and staff hiring/training will be a priority.

Mandating green financing through shareholder decisions. MEF has shareholder control over both EDC and UzMRC and can mandate the use of the NGET and green investment targets through shareholder resolutions. This would have the same binding effect on the entities but without the time-consuming legislative process. In the case of EDC, its greening was driven by a Presidential Decree. Shareholder resolutions can cover the same themes as legislative requirements, such as mandating the setting of green financing targets, and rules for reporting green results. In addition, as shareholders, MEF and SAMA could mandate the disclosure of green/non-green assets and investments and approve capital allocations to EDC and UzMRC contingent upon achieving specific climate and environmental targets.

[43] Reporting models that serve as references include the EU Sustainable Finance Disclosures Regulation (SFDR) or TCFD for banks.

[44] UzMRC successfully issued a corporate green bond in September 2024.

UFRD is in a unique position as an umbrella of multiple funds to make a big difference on climate action. UFRD needs a green strategy of its own. UFRD is a shareholder of three of the seven priority entities: UzDIF (100 percent), BDB (23.9 percent), and Uzkimyosanoat JSC (58 percent).

- As a fund of funds, it can set guidelines for capital allocation and financing according to priority green sectors (for example, renewable energy, sustainable agriculture, and climate resilience and adaptation) in line with the NGET, instead of allocating resources by specific fund or company.
- With respect to specific funds and investment companies, UFRD can set annual KPIs mandating a percentage of fund investments to be green according to the NGET (or equivalent).
- UFRD can commit to reporting its combined green financing (beyond just BDB, UzDIF, and so on) and its contribution to national environmental and climate change targets, including through SOE investment financing and other national infrastructure project financing.
- Finally, given the diverse sectors that UFRD covers through its many funds and investment companies, it has an overall view of the experience and lessons learned from greening initiatives and NGET applications in various institutions. It is well placed to advise other companies and financial institutions in ramping up their green investments.45 This possible advisory role can be included in its green strategy. BNDES and Masdar, internationally renowned state-backed funds for renewable energy and sustainability causes, offer examples of what UFRD could aspire to.

UZBEKISTAN FUND FOR RECONSTRUCTION AND DEVELOPMENT (UFRD)

UFRD operates as a sovereign wealth fund of Uzbekistan and generates its income from the sale of gold, copper, and gas when their prices exceed certain thresholds. It was established in 2006 with the purpose of providing government-guaranteed loans and equity investments to strategic sectors of Uzbekistan. The fund mostly provides debt financing rather than making direct investments. It supports SOEs in modernization and technical upgrade projects within sectors that are crucial to Uzbekistan's economy.

A review of publicly available information did not reveal any statements made about UFRD adhering to the Santiago Principles,[46] a voluntary code of good practices, nor does Uzbekistan participate in the International Working Group on Sovereign Wealth Funds hosted by the International Monetary Fund (IMF).[47] Between 2017 and 2020, the investment lending by UFRD, determined independently of the budget investment process, constituted approximately one-third of the total expenditure on economic activities. Starting with the 2020 budget, UFRD operations were completely integrated into the consolidated government budget.[48] As of October 31, 2023, UFRD's total assets amounted to US$16.7 billion, with US$6.5 billion of that being liquid assets.[49] The fund holds 20 percent or greater shares in 21 entities, including 9 banks, 6 funds and investment companies, 2 metal manufacturing companies, 2 construction firms, 1 mining company, and 1 chemical production company.[50]

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45 Green taxonomies: A tool with underutilized potential. Observer Research Foundation.

46 The Santiago Principles promote transparency, good governance, accountability, and prudent investment practices while encouraging a more open dialogue and deeper understanding of Sovereign Wealth Fund (SWF) activities. They demonstrate that SWFs invest as economically and financially oriented entities in both their domestic markets and globally.

47 https://www.state.gov/reports/2023-investment-climate-statements/uzbekistan/.

48 Assessing Uzbekistan's Transition. Country Economic Memorandum. Full Report. 2021.

49 S&P: 'Social spending in Uzbekistan, including wages, may be difficult to adjust due to political reasons. Gazeta.uz. Dec 11. 2023.

50 The list of legal entities in which UFRD holds a twenty percent or greater share.

Looking forward. At a more advanced stage, banks and enterprises can consider benchmarking their portfolios as green or non-green, or against a given climate objective, such as alignment with the Paris Agreement. Entities can then use these benchmarks to inform portfolio re-balancing or diversification to meet future investor expectations or regulatory requirements. The European Union's Paris-aligned Benchmarks (PAB) is an example of a benchmark[51] that integrates goals for reducing greenhouse gas (GHG) emissions and promoting the transition to a low-carbon economy, in this case, aligned with the Paris Agreement's goal of limiting the global average temperature increase to well below 2°C above preindustrial levels. It is suitable for investors seeking to demonstrate their commitment to action toward this long-term goal, which encompasses net-zero carbon emissions.

FEATURE: PROFILE OF BNDES

BNDES is a federal public company and the main instrument for long-term financing and investment in all segments of the Brazilian economy. Established in 1952, BNDES operates under the jurisdiction of the Ministry of Economy. The bank's mission is to foster sustainable and competitive development in Brazil, creating jobs, increasing income, and promoting social inclusion.

Key functions:

1. *Long-term financing:* BNDES provides long-term financing for projects that contribute to the development of Brazil, including infrastructure, industry, and social projects.
2. *Support for innovation:* It supports innovation by funding research and development activities as well as the modernization of production processes.
3. *Environmental sustainability:* A significant focus of BNDES is to promote environmentally sustainable projects, which align with the country's climate action goals.

Sustainability strategy and governance:

BNDES's Corporate Planning supports the transition of Brazil to a green economy. Planning management includes initiatives and projects that aim to internalize this into operations, such as with monitoring indicators to measure the performance of BNDES's social and environmental operating initiatives. The 2020–2022 Three-Year Plan defines major deliverables to society by 2022 and is prepared based on the mapping of the main challenges of the Brazilian economy. Each delivery addresses matters related to the SDGs.

BNDES has several units dedicated to ESG, including the Social Environmental Sustainability and Territorial Development Committee (CSS) which serves as an advisory body for monitoring the integration of ESG into BNDES's policies, processes, and relationships. This includes the integration of climate change into the analysis of financial support transactions.

Support for climate action:

BNDES plays a crucial role in supporting climate action in Brazil through various initiatives and funding programs aimed at reducing greenhouse gas emissions, promoting renewable energy, and fostering sustainable development.

Financial highlights (2022)

- R$**97.5** billion in disbursements, equivalent to 1% of GDP
- R$**33.3** billion of income from equity interest.

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[51] European Union. 2020.

Sustainability highlights (2022)

- **3.4** GW expected increase in renewable energy generation capacity
- **22.9** million tons of CO_2e in emissions avoided by means of renewable energy, urban mobility, biofuels, and public lighting projects approved or auctioned in the year
- **12,100** ha of parks and forests conserved through supported projects
- **410,000** users per working day served by high and medium capacity urban mobility systems.

Social impacts

- **156,000** MSMEs and individuals supported
- **2,300** women supported by the National Strengthening of Family Agriculture Program (Pronaf Mulher).

Source: BNDES website https://www.bndes.gov.br.

FEATURE: PROFILE OF MASDAR

Background: Masdar, also known as the Abu Dhabi Future Energy Company, was founded in 2006. It is wholly owned by Mubadala Investment Company, the strategic investment arm of the Abu Dhabi government. Masdar is dedicated to advancing the transition to renewable energy and sustainable practices globally. It is an example of the use of state resources to promote climate change causes and drive the transition to a sustainable future through strategic investments, government support, and international collaboration.

Mission: To deliver renewable energy and sustainable urban development projects that have a tangible impact on the global energy landscape.

Global portfolio: estimated US$30 billion as of 2022

Areas of focus:

1. Renewable energy
   - *Solar Power:* Including the Shams 1 Concentrated Solar Power (CSP) plant in Abu Dhabi, one of the largest of its kind.
   - *Wind power:* Investments in wind energy projects in the United Kingdom, Serbia, and other countries.
   - *International projects:* Masdar has expanded its renewable energy portfolio globally, with projects in over 30 countries, including major investments in Europe, the Americas, and the Middle East.
2. Sustainable urban development
   - *Masdar City:* A pioneering urban development project in Abu Dhabi designed to be one of the most sustainable cities in the world. It integrates renewable energy, energy efficiency, water conservation, and waste reduction practices.
   - *Smart grids and sustainable transport:* Implementation of smart-grid technologies and promotion of electric and autonomous vehicles within Masdar City.
3. Research and development
   - *Innovation hub:* Masdar City hosts an innovation hub that fosters research and development in renewable energy and sustainability, partnering with academic institutions and technology companies.
   - *Collaborative initiatives:* Partnerships with global research institutions and participation in international sustainability initiatives.

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4. Utilization of state resources
   - *Strategic investment by Mubadala:* Leveraging Mubadala's financial resources, Masdar receives substantial capital investments to fund its projects and expansion.
   - *Government support and policy alignment:* Aligned with the UAE government's Vision 2021 and the UAE Energy Strategy 2050, which aim to increase the contribution of clean energy and reduce carbon emissions.
   - *Public-private partnerships:* Collaboration with international governments, financial institutions, and private companies to develop and finance large-scale renewable energy projects.
   - *Innovation funding:* Financial support for R&D initiatives in green technology and sustainable practices, fostering innovation and technology transfer.

Key sustainability highlights from 2022:

- *20 GW:* Total production capacity of Masdar renewable energy projects in operation, under construction, or secured that year.
- *30 million tons:* Carbon dioxide abated by assets that are operational, under construction, or secured that year.

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ANNEX 1

Uzbekistan green policies and financing means

Policy or financing measure	Progress	Remarks
Savings from subsidy reforms	✓✓	From 2023, the government began reducing subsidy support to energy tariffs for both households and businesses. This was aimed at creating fiscal room, cost recovery for SOEs, and incentivizing efficient energy use. Measures being considered in the next phase include phasing out low-grade gasoline (which is being subsidized) and an explicit carbon price. (World Bank First and Second Inclusive and Resilient Market Economy Development Policy Operations, P180470 & P501037)
Carbon tax, environmental levies	✓	An upgrade to the pollution charge system. Presidential Decree No. 81 dated May 31, 2023. Carbon pricing was under deliberation, but no formal decision was taken.
Bank regulations for climate and ESG risk management		The Central Bank of Uzbekistan has a Sustainable Finance Strategy which includes actions to regulate climate change and ESG risks. This will require banks to integrate climate risks and sustainability into their credit risk management framework. The strategy has been in development since 2023 and is expected to be completed with regulations issued in 2024 or 2025.
Regulations for green loans/insurance/bond/ other securities	✓	Technical standards for corporate green bonds were issued by the NAPP, the securities regulator. Order No. 51 by the Director of NAPP, dated June 14, 2024. The government has had a sovereign green bond framework since 2023. Green mortgages are likely the next area to be promoted through standardization and regulation.
Green incentive programs	✓	There are publicly funded support programs such as state guarantees and interest subsidies administered by SOFIs, but these do not yet explicitly target green investments. Green loans as an asset group are yet to be recognized and do not receive special state guarantees.
Systems for carbon credit trades (Paris market)	✓✓	The government has enacted energy tariffs and is piloting the issuance of credits in accordance with Paris Agreement Articles 4 and 6. This includes building a credit registration and transfer system for international transactions. Supported by World Bank. (Innovative Carbon Resource Application for Energy Transition project P180432)
Rules for sale of voluntary credits		There is limited information on Uzbekistan's carbon credit transactions with the international voluntary markets. Demand for voluntary credits is uncertain, and a clear government position on voluntary markets as a climate financing source may not be imminent. Until the rules of the international compliance market are agreed upon, there is a risk that corresponding adjustments to the country's achievement of NDCs will need to be made for any sale of voluntary credits.
Setting climate/green strategies	✓✓	In 2022, the government released its green economy strategy and measures, which stipulated green and climate change sector targets and policy priorities. Presidential Resolution No. 436 dated December 2, 2022. While the strategy and priorities have been set out, it has taken time for this to cascade down to sector ministry planning and budgeting. This limits the impact that sector targets might have on budget allocation. This was noted in the Uzbekistan Climate Change Institutional Assessment (Izvorski et al. 2019) and the forthcoming Climate Public Expenditure and Financial Accountability (C-PEFA) assessment.
Green taxonomy and standards	✓✓	The National Green Economy project taxonomy was adopted by a Resolution of Cabinet Ministers No. 561 dated October 25, 2023. A corporate green bond standard was issued in 2024. The GHG inventory and reporting system has been strengthened to allow efficient international reporting. This system will also inform policy formulation and evaluation of national sector-based GHG reduction. Supported by Agence Française de Développement (AFD) , the World Bank, and other development partners.

Policy or financing measure	Progress	Remarks
Long-range economic plans	✓	MEF has begun work to improve its fiscal monitoring. The upgraded fiscal risk statement now includes a chapter on climate fiscal risk, which outlines the fiscal implications of drought, heat waves, floods, and mudslides as risk factors from climate change and the fiscal impact of the policy response (NDC). Having the risk chapter is a step forward, but further progress is needed to influence active risk management and long-range planning. In 2024, a long-term strategy to reach net-zero carbon by 2050 or 2060 was produced and is expected to be formally adopted by the government before the end of the year. This is expected to serve as a guidepost for future National Development Strategies, NDCs, and sector work plans in the medium to long term. (World Bank advisory projects P177108 & P180449)
Climate and green budget framework and budget envelope	✓	The C-PEFA found a relatively low alignment of the budget process with climate change, for example, no reference to climate change in the budget circular. Beginning in 2023, MEF piloted climate expenditure tagging for certain sector ministries while continuing to introduce program-based budgeting more widely. (Draft Resolution of the Cabinet of Ministers "On Approval of the Regulation on the Procedure for Development, Implementation and Evaluation of the Effectiveness of Development Programs in the Implementation of the Program Budgeting System in the Republic of Uzbekistan.") A climate expenditure review found 10–11% of the budget (2–3% of GDP) allocated to climate-positive activities, mainly in adaptation in agriculture, transport, and water sectors. No direct climate-negative expenditures were found, although a 2019 public financial review (Izvorski et al. 2019) found that indirect subsidies for fossil fuel-based SOEs, which were off-budget, amounting to sizable fiscal spending.
Public procurement policies	✓✓	In 2024, revisions to the Law on Public Procurement were made to support climate change priorities. Procurement guidelines and standards to operationalize these changes will be needed in the follow-up.
Green directive/mandate for SOFIs, SOEs	✓	Greening of SOFIs has begun. Presidential Decree PP-83, March 2023 and amended August 18, 2023, committed the government to reforming large SOEs to improve their operating efficiency, with explicit reference to the adoption of ESG principles, and to access green financing from the bond market. In 2024, as part of the World Bank financing project P501037, the board of the State Entrepreneurship Fund committed to increasing the share of financial support to green investments, with the share expected to reach 35% by 2026.
National climate fund	✓	The government has financial programs supporting low-income communities and enterprise development. SOFIs are used to administer these programs and there are signs of greater alignment with green objectives, for example, by financing off-grid renewable energy and climate resilience investments in remote low-income communities. The government has announced the prioritization of green technology under its innovation grant schemes (Presidential Decree PP-444, dated December 19, 2022). These steps are a preview of a larger exercise scheduled for 2024 or early 2025 to centrally coordinate and distribute green incentives, align SOFIs, and funds from other sources (for example, from the GCF), with the possibility of capitalizing a new green fund.
Capital markets: sovereign green bonds	✓✓	MEF has released a sovereign green bond framework and has issued 2 sovereign green bonds under the framework since 2023.
Multilateral Development Bank and bilateral loans	✓✓	Uzbekistan has good access to multilateral development banks and other IFIs.
Accessing global funds (for example, GCF, Global Environment Facility, etc.)	✓✓	Uzbekistan already accesses international concessional funds like the Global Environment Facility and the GCF. The country intends to become nationally accredited to the GCF to lower the transaction cost of accessing international climate funds.

ANNEX 2

Uzbekistan Mortgage Refinancing Company (UzMRC)

website: uzmrc.uz

Financial influence: UzMRC exercises significant financial influence within the housing market, making it a pivotal player in driving sustainability initiatives.

Customer engagement: The company potentially has direct interactions with banks, real estate developers, and homeowners seeking refinancing options, presenting an opportunity to educate and incentivize them toward green practices.

Risk management: Integrating green taxonomy principles into mortgage refinancing processes can mitigate risks associated with climate change impacts on real estate.

Objective of the fund

- Providing financial resources to commercial banks based on market principles to meet the growing need of the population for affordable housing
- Attracting financial resources on the domestic and international capital markets, including funds from IFIs and official development assistance (ODA), with their subsequent use for refinancing mortgage loans
- Issuing securities, including mortgage-backed securities, and placing them among investors
- Promoting the improvement of the mortgage lending system, introducing modern methods and tools for developing the mortgage market, increasing liquidity and reducing risks in the mortgage lending and mortgage-backed securities market
- Participating in the development of a methodological and regulatory framework in the field of mortgage lending and refinancing, including through the involvement of foreign experts.

Legal form: Joint Stock Company

Legal framework:

Presidential Decree № PF-5715 dated May 13, 2019

Resolution of the Cabinet of Ministers №VMQ-868 dated October 14, 2019.

Duration (*Sunset clauses, if any):* The company is registered by the Center for Public Services on November 4, 2019. It has been operating for more than 4 years.[52]

The company shall be liquidated in the following cases:[53]

- By decision of the General Meeting of Shareholders
- Upon delisting from the list of mortgage refinancing companies by the Central Bank when it is declared bankrupt by the court

Self-sustenance/sources of replenishment

UzMRC is self-sustaining. The company is continuously supported by IFIs. ADB loans comprise the majority of this support.

Financial instruments

Loans, loan refinancing, mortgage-backed securities

Authorized capital:

The initial authorized capital was UZS 25 billion[54] and deposited in the name of MEF on June 10, 2020. The authorized capital is set to be increased to UZS 941 billion by June 1, 2024.[55]

	Value (billion UZS)	Share (%)
SAMA	333.2	35.4
Ipoteka bank JSCB	31.6	3.4
BDB (Qishloq Qurilish Bank) JSCB	62.1	6.6
National Bank JSC	102.3	10.9
Uzpromstroybank JSCB	30.6	3.3
Xalq Bank JSC	85.4	9.1
Agrobank JSCB	73.0	7.8
Asakabank JSC	61.0	6.5

	Value (billion UZS)	Share (%)
Turonbank JSCB	36.6	3.9
Orient Finance JSCB	26.0	2.8
Hamkorbank JSCB	24.5	2.6
Aloqabank JSCB (new shareholder)	36	3.8
Microcreditbank JSCB (new shareholder)	36	3.8
Kapitalbank JSB	1.3	0.1
Invest finans bank JSB	1.3	0.1

52 Sourced from databases on enterprises, organizations, and trademarks.

53 Article 12.3 of the Corporate Charter.

54 Presidential Decree № 5715 dated May 13, 2019.

55 Presidential Decree №394 dated December 15, 2023.

Portfolio information

- Sector supported: Mortgage refinancing
- UzMRC has no territorial preference

Loan Portfolio (Q3, 2023)[56]

SQB JSC	24.76%
Ipoteka-bank JSCB	15.70%
BDB (Qishloq Qurilish Bank) JSCB	8.2%
National Bank JSC	3.28%
Xalq Bank JSC	1.08%
Agrobank JSCB	5.43%
Asakabank JSC	11.12%
Turonbank JSCB	7.91%
Hamkorbank JSCB	22.53%

UzMRC refinanced mortgages[57] (UZS, trillions)

Indicator	2020	2021	2022	9 months of 2023
Total mortgages	9.1	9.8	14.4	12.2
Mortgages funded by UzMRC	0.06	2.0	0.2	1.3

Performance indicators

Excerpts from the monthly report as of Jan 31, 2024

No	Indicator	Standard value (%)	Actual value (%)	Result
1.	Capital adequacy indicators			
1.1	Capital adequacy ratio	10 <	43.05	Positive
1.2	Leverage	3 <	4.59	Positive
2.	Liquidity ratio			
2.1	Liquidity coverage ratio	100 <	1,523.75	Positive
2.2	Net stable funding rate	100 <	105.47	Positive
3.	Risk level per borrower			
3.1	Maximum risk per borrower or group of related borrowers	30 >	19.07	Positive

Appointment/election of the members of the ownership board

Members of the company's Supervisory Board are elected by the General Meeting of Shareholders for three years. Members of the Supervisory Board are elected by cumulative voting.

The members of the company's Supervisory Board consist of 7 people, including the chairman. The number of independent members is 3 people.

The Chairman of the Supervisory Board is elected by the members of the board from the board members by a majority vote.[58]

Appointment/election of the members of the management team

The General Director organizes the implementation of decisions of the General Meeting of Shareholders and the Supervisory Board and is accountable to them.

The General Director is appointed by the Supervisory Board for three years. The employment contract with the General Director is signed on behalf of the company by the Chairman of the Supervisory Board. Each year, a decision is made on the possibility of extending the contract or terminating it.

The decision to appoint the General Director of the company is made on a competitive basis, in which foreign candidates can also participate.[59]

56 https://uzmrc.uz/en/refinance-programm/analytical-data/.

57 https://uzmrc.uz/en/refinance-programm/analytical-data/.

58 Article 9 of the Corporate Charter.

59 Article 10 of the Corporate Charter.

Uzbekistan Direct Investment Fund (UzDIF)

website: udif.uz

Strategic investments: UzDIF's mandate includes making strategic investments in key sectors of the economy. By integrating the NGET into its investment decisions, the fund can play a crucial role in diversifying into new green industries and driving green innovation.

Influence on private sector: Investing in large projects, the fund's adoption of the NGET can influence private sector companies to align their operations with sustainable practices, creating a ripple effect throughout the economy.

Demonstration effect: UzDIF's experience as a direct investor can serve as a powerful demonstration of the government's commitment to green development and attract other investors.

FDI impact: The fund can enhance its reputation internationally, attracting foreign investors who prioritize ESG factors in their investment decisions. This would also facilitate the import and transfer of green technology.

Legal form:

Fund: Limited Liability Company

Managing company: Joint Stock Company from 2019, LLC from December 2022

Legal framework:

- Presidential Decree №PF-5635 dated January 17, 2019
- Resolution of the Cabinet of Ministers № 420 dated May 18, 2019
- Presidential Decree №UP-215 dated September 07, 2022

Objective of the fund

- Attracting FDI and innovative technologies to expand production potential and increase the competitiveness of the country's economy
- Stimulating and developing investment activity by forming long-term partnerships with private domestic and foreign investors
- Assessing investment proposals and developing and implementing investment projects
- Promoting the improvement of the investment climate and the investment potential and opportunities of the country abroad
- Developing investment cooperation with investment and financial institutions and companies of the UAE, coordinating investment cooperation with them, accompanying and assisting in the implementation of joint investment projects
- Acting as a co-investor in promising investment projects, focusing on developing cooperation with international investors to ensure the influx of FDI into the economy of Uzbekistan

The fund invests up to 49% of the project cost and up to US$20 million per project. This limit may be increased with the consent of the President of Uzbekistan

Duration (sunset clause, if any):

The fund operates for 15 years (starting from 2019) with the possibility of extension by the decision of the fund's founder based on the performance of the management company.

Initial capital: US$100 million

Funding approved for projects: To date, no information on financed projects has been published.

Sources of replenishment: Self-sustaining. UzDIF is supported by UFRD and open for funds from IFIs.

Years in operation: 2019 - present

Financial instruments: Loans, equity, other types of securities

Portfolio information: No publicly available information on the fund's portfolio

Performance indicators: No publicly available information

Appointment/election of the members of the ownership board

The sole shareholder of the management company is the Fund for Reconstruction and Development of the Republic of Uzbekistan.

Coordination of the activities of tUz DIF and the management company is carried out by the Ministry of Investment, Industry, and Trade of the Republic of Uzbekistan.

The Minister of Investment, Industry, and Trade is the Chairman of the Supervisory Board of the management company.

Appointment/election of the members of the management team

The fund is managed by a management company based on a Trust Management Agreement.

The management company acts as a trustee of the fund.

The General Director of the management company is appointed and dismissed by the Supervisory Board of the management company.

Entrepreneurship Development Company (EDC)

(formerly State Fund for Support of Entrepreneurship Activities)

website: statefund.uz

Relevance and potential impact

Entrepreneurial focus: With a mandate centered around supporting entrepreneurship activities, EDC has a unique power to efficiently disseminate green practices.

MEF affiliation: MEF is one of the key actors of green development in Uzbekistan as well as the founder of the fund. MEF can provide the necessary support and resources for implementing the NGET effectively.

Policy alignment: EDC's mission aligns with broader government policies aimed at fostering economic growth and sustainability, making it well suited to champion green initiatives.

Network and outreach: Possesses an extensive network of entrepreneurs, business associations, and industry stakeholders, providing an excellent platform for promoting green awareness and adoption of the NGET.

Capacity building: The capacity-building projects of the fund can be leveraged to educate entrepreneurs about the benefits of sustainable business practices.

Display of commitment: EDC can demonstrate its commitment to promoting environmentally responsible entrepreneurship, setting a positive example for other support organizations and businesses. It has already adopted a green strategy in 2024 with a green financing target of 35% of the total by 2026.

Objectives: The fund has been reorganized. The new JSC has been operating since March 1, 2024. Its objectives are as follows:

- Based on the demands and needs of SMEs, introducing additional support instruments aimed at comprehensive support to SMEs, increasing the capacity of using support measures for entrepreneurs
- Attracting financial resources in domestic and international capital markets, including funds from IFIs and ODA
- Participation in the implementation of state, sectoral, and regional programs, projects, and events, which will allow to create jobs through the development of SMEs
- Supporting the innovative activities of SMEs, stimulating the creation and production of new types of products, and introducing effective new technologies into production activities
- Providing financial support for projects of Self-Employed Individuals based on the types of activities (works, services)
- Broadly supporting the introduction of green and energy-saving technologies and renewable energy sources in the fields of service and manufacturing.

EDC has a new strategy in place which covers new green objectives, including channeling US$100 million from IFIs to support green economy projects by SMEs, introducing specialized mechanisms and financial products that align with the NGET. The company plans to implement an organizational support strategy in 2024, focusing on training, defining green projects, and formalizing procedures to enhance green investments. To ensure transparency, it will regularly update the public about its green initiatives and their outcomes and impact.

Legal form:

Now a Joint Stock Company. Legal framework: Presidential Decree №PF-193 dated November 10, 2023

Legal framework for the former fund: Presidential Resolution №PQ-3225 dated August 17, 2017

Initial capital at formation of the former fund:

- US$50 million - UFRD
- UZS 100 billion - the State Committee of the Republic of Uzbekistan for the Promotion of Privatized and the Development of Competition, the Chamber of Commerce and Industry, the Association of Banks of Uzbekistan, 19 commercial banks.

Upon formation of the Company: UZS 300 billion (MEF - 100%).

Funding approved for projects

Q3 2022 Information: During the first 9 months of 2022, the former fund provided UZS 1,496 billion of financial support for UZS 7,319 billion of loans allocated to 4,342 projects of 4,010 entrepreneurs.

In particular, UZS 490 billion was provided for loans of UZS 4,740 billion allocated to 3,171 projects of 2,920 entrepreneurs in terms of interest subsidy reimbursement, and loan guarantees amounting to UZS 1,005 billion were provided for loans of UZS 2,579 billion allocated to 1,171 projects of 1,090 entrepreneurs. Funding commitments over the 2017–Q3 2022 totaled UZS 16,215 billion (interest subsidy of UZS 6,072 billion, loan guarantee of UZS 10,144 billion).

	Agriculture	Industry	Services	Other sectors
Interest subsidy	165	69	195	62
Guarantee	395	385	176	51
Total	**560**	**454**	**371**	**113**

Financing provided for 2018–2023

No.	Funding recipient	Amount (UZS, billions)	Funding type	Date approved
1	Small businesses	10,300	Loan guarantees	01.01.2018-31.12.2023
2		6,651	Interest subsidy reimbursement	01.01.2018-31.12.2023

Revenue generation/sources of replenishment:
The funds come from one-time commissions on sureties, interest income from placing deposits in commercial banks, the revaluation of assets and foreign currency, and budgetary funds for compensation expenses.

Years in operation
Former fund: 2017–2023
New JSC: March 2024 to present

Portfolio information:
Works with SMEs of all sectors nationwide,
and with self-employed individuals.

Financial instruments:
Loan, loan guarantee, interest subsidy on a reimbursement basis

Performance indicators:
Solvency ratio: 1.01

Leverage:
18.1% (UZS 698.1 billion)

Coverage ratio (Social Impact):
8% of the total number of small businesses registered in Uzbekistan.

Appointment/election of the members of the ownership board: Members of the company's Supervisory Board are elected by the General Meeting of Shareholders for three years. The Chairman of the Supervisory Board is elected by the members of the board from the board members by a majority vote.

Appointment/election of the members of the management team: The company's Director is appointed by the Supervisory Board through a competitive process which is open to foreign managers.[60]

[60] Article 8 of the Corporate Charter.

Fund for State Support of Agriculture (FSSA)

Funding program under Ministry of Economy and Finance

website: agrofin.uz

Sector relevance:

As a fund dedicated to supporting agriculture, FSSA has a direct connection to economic activities in the entire agriculture value chain. Applying the NGET to FSSA would reveal the extent to which the agriculture sector contributes to green objectives and the potential for strengthening its green practices. Agriculture is a significant contributor to the economy, making up about 25% of GDP and providing jobs for roughly the same share of its workforce.

Stakeholder engagement:

FSSA interacts with various stakeholders in the agricultural sector, including farmers, agricultural businesses, and associations. This provides an opportunity to engage stakeholders on sustainable practices and their benefits.

Environmental impact:

Agriculture as a productive sector depends on a healthy ecosystem but could also significantly affect the environment if there is poor management of land use, water resources, and greenhouse gas emissions. FSSA can contribute to mitigating these impacts by applying the NGET to benchmark its portfolio, raise its share of green financing, and set a standard for other agri-based lenders or enterprises.

Legal form:

The fund operates under MEF. It is not an independent legal entity. Legal framework:

- Presidential Decree № PF-5095 dated June 27, 2017
- Presidential Decree № PF-6179 dated February 26, 2021
- Presidential Decree № PF-98 dated June 19, 2023

Objective of the program

For sustainable development of agricultural production, increasing the productivity of agricultural crops, forming an efficient system of growing agricultural products for state procurement, and fundamentally improving the supply of agricultural enterprises with modern high-performance equipment.

The main tasks of the fund:

- Reimbursing part of the interest rate on commercial loans allocated in national currency for the final settlement of the purchase of cotton raw materials
- Financing the costs of growing fruits, grapes, vegetables, potatoes, pulse crops, flowers, greens, medicinal plants, corn grain, legumes, and oil crops
- Placing funds in commercial banks to allocate loans for the purchase of agricultural products
- Ensuring the stability of the prices of grain and bread products in the domestic market, purchasing the necessary amount of wheat at market prices, and putting it on the commodity exchange
- Ensuring state support for the supply of modern, highly efficient agricultural equipment to farms and other agricultural organizations
- Introducing modern ICT into the agricultural financing and settlement system
- Studying the experience of developed countries in financing the agricultural sector and introducing them in Uzbekistan.

Self-sustenance/sources of replenishment:

Regularly replenished.

The following are the main financial sources of the fund:

- Proceeds from the repayment of loans and interest accrued
- The positive difference between the purchase and sale prices of wheat
- Funds allocated from the republican budget for compensation of losses arising as a result of changes in the exchange rate of foreign loans
- Attracted loans, including foreign loans and investments, grants from IFIs, and funds from donor organizations
- Income from depositing own funds in commercial banks
- Funds allocated from the republican budget for the payment of interest costs when agricultural machinery is purchased on leasing or on loan, as well as subsidies for the purchase of agricultural machinery and transportation costs for the transportation of combine harvesters for service abroad
- Funds raised to eliminate the financial deficit, including budget loans and funds allocated from the republican budget to reimburse the negative difference between the interest rates of funds placed in commercial banks to finance the costs of growing agricultural products
- Funds drawn from the government budget system
- Other sources not prohibited by law.

In 2023, zero-interest funds of US$250 million were allocated for 12 months to MEF from URDF to finance expenses related to state support of agriculture.

Funds provided for grain, cotton, fruits, vegetable production, and agricultural machinery in 2024 (UZS, millions)

Indicators	Plan for 2024	Funds allocated	Remaining funds
Total subsidies for agricultural machinery, as of June 1	110,000	66,492	43 508
To compensate for the part of interest on a loan or lease exceeding 10%	66,000	34,611	31,389
To compensate for 15% of the cost of domestic agricultural machinery	44,000	31,881	12,119
Soft loans for grain production, as of May	4,985,323	4,289,058	200,298
Soft loans for cotton production, as of May	10,184,513	4,509,700	5,674,813
Soft loans for the production of fruits and vegetables, as of May	800,000	26,860	773,140

Funds provided for grain, cotton, fruits, vegetables production, and agricultural machinery in 2023 (UZS, millions)

Indicators	Plan for 2024	Funds allocated	Remaining funds
Funds allocated to leasing companies	117,500	101,672.0	15,828
Subsidies for agricultural machinery	100,000	99,899.4	100.6
To compensate for the part of interest on a loan or lease exceeding 10%	34,200	34,199.5	0.5
To compensate for 15% of the cost of domestic agricultural machinery	65,800	65,699.9	100.1
Soft loans for grain production, as of May	5,534,198	4,770,117	764,081
Soft loans for cotton production, as of May	10,181 719	3,694,955	6,486,765
Soft loans for the production of fruits and vegetables, as of May	700,000	n.a.	n.a.

Years in operation: 2017 to present

Financial instruments: Loans, reimbursement of agricultural spending

Performance indicators: No publicly available information

Appointment/election of the members of the ownership board: Appointed under Decree of the President. Minister of Economy and Finance is chairman of the board.

Appointment/election of the members of the management team: Managed by MEF through the department for Financial Support for Agrarian Reforms and the division for Food Security and Agricultural Development Analysis and Forecasting.

Uzkimyosanoat (Uzbekistan Chemical Industry) JSC

Legal Form: Joint Stock Company Shareholders: MEF, UFRD, and others

Uzkimyosanoat JSC was founded in 2001 by the Resolution of the Cabinet of Ministers №VMQ-124 dated March 13, 2001

Industry relevance: As a leading player in the chemical industry, Uzkimyosanoat has a significant impact on environmental sustainability and can set a positive example for other companies as public expectations grow for a more sustainable chemical industry.

Environmental impact: The chemical industry is known for its environmental footprint, including issues related to pollution, waste management, and resource consumption.

Innovation potential: The company has access to capital and technology and has the potential to drive innovation in green technologies and processes. Applying the NGET can be one aspect of an overall greening strategy that will improve resource efficiency, reduce environmental impact, and introduce a new green/climate-friendly product line.

Green profile

Uzkimyosanoat JSC officially declared its commitment to ESG principles and pledged to reduce greenhouse gas emissions by 90% by 2050 to achieve net zero.

Aiming to reach net-zero emissions within its Decarbonization Policy, the company plans to

- Reduce Scope 1 and Scope 2 emissions by 42% by 2030 compared to 2022;
- Reduce Scope 1, Scope 2, and Scope 3 emissions by 90% by 2050 compared to 2022, and neutralize the remaining 10%; and
- Work on estimating the amount of Scope 3 emissions, setting the goal of reducing Scope 3 emissions by 2025.

To achieve its emissions reduction goals, the company will evaluate the implementation of the following five emissions reduction measures:

- Recycling (for example, by development of plastic recycling)
- Energy efficiency and environmental mitigation measures applied to existing technologies (for example, by implementing projects to reduce N_2O emissions)
- Deep decarbonization of purchased heat and electricity (for example, by purchasing energy from renewable sources)
- Innovative technologies to produce low-carbon ammonia (for example, by using of green hydrogen)
- Active engagement with stakeholders to address Scope 3 emissions (for example, by developing improved fertilizers, using inhibitors to reduce emissions in fields, working with farmers/agricultural sector to optimize nutrient content, and advising them on best agricultural practices to reduce emissions).

There is no publicly available information to verify its achievement of goals.

Objective of the SOE

- Pursuing a unified technical policy in the chemical industry, diversifying production, deepening the processing of mineral resources, and introducing innovative technologies
- Radically reducing the cost of products produced by chemical enterprises
- Promoting domestic products to new foreign markets
- Deepening the level of localization of chemical production and expanding intersectoral industrial cooperation
- Sustainably providing nitrogen, phosphorus, potassium, and complex fertilizers to agricultural producers
- Pursuing an active investment policy and attracting FDI to the industry
- Assisting in increasing the efficiency of activities of subordinate companies
- Supporting and stimulating scientific research, and advanced training and retraining of engineering, technical, and management personnel.

Authorized capital: UZS 3,352 billion

Funding approved for projects

In 2022–2026:

- 14 projects being implemented for US$1,829.4 million
- 30 prospective projects for US$8,816.0 million

Years in operation: 2001 to present

In 2019–2024:

- 31 projects for US$12.1 billion

Portfolio information: Uzkimyosanoat operates in the chemical industry and has no specific territorial preference. The company is active in certain territories based on the operation of its subsidiaries.

Performance indicators

KPI	2020	2022
Return on assets (ROA):	0.02	0,159
Absolute liquidity ratio (ALR):	4.23	0.05
Financial independence (FI) ratio:	341.56	5.66
Net profit (UZS, billions):	436.4	433.9
Volume of export (US$, millions):	188.9	481.9
Industrial production growth rate (%):	108.2	104.3
Return on costs (ratio of financial result before taxes to cost of goods sold), %:	11.2	21.5

Appointment/election of the ownership board

Members of the company's Supervisory Board are elected by the General Meeting of Shareholders for three years.

The company's Supervisory Board consists of 7 members of which 3 are independent members.

The Chairman of the Supervisory Board is elected by the members of the board from the board members by a majority vote.

Appointment/election of the management team

The Chairman and members of the executive board are appointed by the General Meeting of Shareholders for three years.[61]

[61] Article 8 of the Corporate Charter.

Issiqlik elektr stansiyalari JSC (Thermal Power Plants)

website: tpp.uz

Industry impact: Thermal power plants have a significant environmental footprint due to their reliance on fossil fuels and therefore a huge potential for introducing green technology and implementing sustainable practices. Piloting the NGET in thermal power plants can drive emissions reduction, energy efficiency improvements, and transition toward cleaner energy sources.

Resource allocation: The company has the capacity to invest in green technologies and initiatives. Implementing the NGET can guide resource allocation toward environmentally sustainable projects.

Innovation opportunities: Implementing the NGET in thermal power plants can drive innovation in clean energy technologies, carbon capture and storage, and emissions reduction strategies.

Objective of the SOE:
Management of thermal power plants and power centers producing electricity and thermal energy

Legal form: Joint Stock Company

Shareholders: MEF - 100%[62]

Initial capital: Authorized capital of UZS 13,310.5 billion

Years in operation: 2019 to present

Funding approved for projects:

2017–2020: 5 projects with a total value of US$3.02 billion were implemented. As a result, 2,304 MW of new capacity was added to the grid and 670 new jobs were created.

2021: 2 projects with a total value of US$226.3 million were implemented.

2022–2025: The company is implementing and planning to implement 4 projects with a total value of US$2,465.81 million. This will add 2,264 MW of power to the grid and create 700 new jobs.

Portfolio information:
The company includes 4 thermal power stations, 3 thermal power centers, 3 service organizations for industrial enterprises, and Tashkent Thermal Center LLC.

In 2022, 55.5 billion kWh of electricity and 5.3 million GCal of thermal energy were produced by the enterprises of TPP.

It was planned to produce 54.3 billion kWh of electricity and 5.1 million GCal of heat energy in 2023 by the enterprises of the company.

According to the results of the first three quarters of 2023, the electricity production plan was fulfilled by the enterprises of TPP.

Performance indicators:
Implementation of the Business Plan for 202363

No.	Indicator	Amount (UZS, millions)
1	Net revenue	13,998,817
2.	Operating revenue	4,673,189
3.	Nonoperating revenue	2,266,338
4.	**Total costs**	**20,664,173**
	Including	
4.1.	Production costs	15,611,007
4.2	Period costs	859,306
4.3	Nonoperating expense	4,193,860
5.	Financial result (net profit)	233,045

Appointment/election of the members of the ownership board:
The Supervisory Board of the company carries out general management of the company's activities. Members of the Supervisory Board are elected by the General Meeting of Shareholders for a term of three years. There are 7 members in the Supervisory Board.

Appointment/election of the_members of the management team:
The management of the company's daily activities is carried out by the Management Board and its Chairman. The Management Board of the company consists of 5 members—the Chairman and 4 deputies—who are elected for a period of three years by the decision of the General Meeting of Shareholders or the Supervisory Board. The appointment of members of the Management Board is usually made on a competitive basis, in which foreign managers can also participate.

62 https://openinfo.uz/ru/facts/to_pdf/75389.

63 https://tpp.uz/page/biznes-reza-izrosi.

Biznesni rivojlantirish banki JSC (BDB)

website: brb.uz

Key attributes: Piloting the NGET at one of the SOBs can serve as a demonstration to other banks, including private banks, to adopt it voluntarily. A fundamental distinction of SOBs lies in their dual role of profit making and serving to foster growth in specific sectors or regions that private banks might overlook.

In this context, Biznesni rivojlantirish banki (former Qishloq qurilish banki) stands out as a newly reestablished financial institution called to boost SMEs. Being recently reorganized, this SOB is considered to have more flexibility and agility in incorporating new policies and frameworks such as the NGET into its operations. Moreover, with 74% of its shares held by MEF and 24% by UFRD, the bank may serve as a perfect institution to channel government resources and support, which could facilitate the implementation of the NGET.

Currently, 35 commercial banks operate in Uzbekistan,[64] of which 7 are majority owned (greater than 50.1%) by the state, and 3 have a principal state share (less than 50%).[65] The government's target of having non-state banks account for 60% of the sector's assets by the end of 2025 still appears to be far from being achieved.[66] To date, the state has sold shares only in two banks.[67]

Objective of the bank: Financing the projects of SMEs and providing them with complex financial services
Tasks: (i) assisting SMEs in developing, financing, and launching business projects, providing them with consulting services, and (ii) supporting state programs designated to assist small family businesses.

Legal form: Joint Stock Company

Legal framework: Presidential Decree №PQ-292 dated September 4, 2023

Funding approved for projects: Continuous support for SME program (2023–2026):

Allocated funds: Public funds - UZS 6 trillion; funds from IFIs - US$1.2 billion

Shareholders: MEF: 74.47% / UFRD: 23.86% / Others: 1.67%[68]

Years in operation: 2023 to present (as a BDB)

Authorized capital: UZS 1.855 trillion

Financial instruments: Loans, mortgages, grants, equity, leasing

Portfolio information:
Loan portfolio, as of December 31, 2023:

Mortgages	47%
Loan to legal entities	51%
Loan to individual	2%

Loan portfolio (by sectors), as of December 31, 2023:

Industry	20.9%
Construction	7.4%
Transport and communication	2.0%
Trade	9.0%
Agriculture	6.2%
Individuals	49.0%
Others	5.5%

Performance indicators:
KPI as of December 31, 2023:

Total assets	**UZS 27.1 trillion**
Total equity	**UZS 3.18 trillion**
ROA	0.87%
ROE	7.42%
NIM	4.67%
CIR	49.1%

Appointment/election of the members of the ownership board: The Chairman of the Supervisory Board is elected by a majority vote of the Supervisory Board. Nine Supervisory Board members are elected by the General Meeting of Shareholders for a one-year term. Members of the bank's Supervisory Board must comply with the requirements of independence of their opinion. The Supervisory Board of the bank must include at least two independent scientists and/or specialists in banking, finance, and other related fields, including an independent member with a Corporate Governance Certificate issued by the Corporate Governance Research and Education Center, who can be re-elected annually.[69]

Appointment/election of the members of the management team: The bank's Management Board is a collegial body consisting of 7 people and headed by the Chairman of the bank. The Chairman of the Management Board is appointed by a decision of the Cabinet of Ministers of the Republic of Uzbekistan and approved by a decision of the General Meeting of Shareholders. Other members of the Management Board are appointed by the decision of the Supervisory Board based on the recommendation of the Chairman of the Management Board in agreement with the Central Bank.[70]

64 https://cbu.uz/oz/statistics/bankstats/1675103/.
65 https://lex.uz/docs/6576274.
66 https://daryo.uz/en/2024/03/13/privatization-of-state-owned-banks-in-uzbekistan-may-face-delays-fitch-ratings-expert-warns.
67 The Hungarian OTP Bank became the owner of Ipoteka Bank in June, 2023 and Uzagroexportbank (currently, Avo) was privatized in January, 2023.
68 https://brb.uz/bank-haqida/bank-aksiyalari.
69 Charter of the Bank.
70 Charter of the Bank.

Prime Picks for a Green Pivot:
Uzbekistan State Funds for Climate Action

November 2024

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