GEF-8 WORLD BANK PCN STAGE/GEF DATA SHEET

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General Project Information

Project Title	
Uzbekistan Risk Mitigation Facility	
Region	GEF Project ID
Europe and Central Asia	11994
Country(ies)	Type of Project
Uzbekistan	FSP
GEF Agency(ies):	GEF Agency ID
World Bank	P513901
Executing Partner	Executing Partner Type
Ministry of Economy and Finance	Government
GEF Focal Area (s)	Submission Date
Climate Change	8/28/2025
Project Sector (CCM Only)	
Renewable Energy	
Taxonomy	
Focal Areas, Climate Change, Climate Change Mitigation, Private Sector, Stakeholders, Gender Mainstreaming, Gender Equality	
Type of Trust Fund	Project Duration (Months)
GET	240
GEF Project Grant: (a)	GEF Project Non-Grant: (b)
0.00	12,752,907.00
Agency Fee(s) Grant: (c)	Agency Fee(s) Non-Grant (d)
0.00	1,147,762.00
Total GEF Financing: (a+b+c+d)	Total Co-financing
13,900,669.00	152,000,000.00
PPG Amount: (e)	PPG Agency Fee(s): (f)
0.00	0.00
PPG total amount: (e+f)	Total GEF Resources: (a+b+c+d+e+f)
0.00	13,900,669.00
Project Tags	
CBIT: No NGI: Yes SGP: No Innovation: No Competitive Window: No	

Project Summary

Provide a brief summary description of the project, including: (i) what is the problem and issues to be addressed? (ii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? iii), how will this be achieved (approach to deliver on objectives), and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. The purpose of the summary is to provide a short, coherent summary for readers. The explanation and justification of the project should be in section B "project description".(max. 250 words, approximately 1/2 page)

Project Summary:

Uzbekistan's energy transition is driven by ambitious climate commitments and increasing climate-related pressures on its power system. Under its Green Economy Strategy (2019-2030) and updated Nationally Determined Contribution, Uzbekistan aims to reduce greenhouse gas (GHG) emissions by 35 percent by 2030, while climate change is already intensifying stresses on water resources, energy infrastructure, and electricity supply. Despite rapid expansion of the power sector—reaching 29 GW of installed capacity by end-2025—the country remains heavily dependent on natural gas and faces rising electricity demand, projected to exceed 130 TWh by 2030 in some scenarios.

Private investment has been central to Uzbekistan's power-sector expansion, but concerns around payment reliability and fiscal exposure persist as the PPA portfolio grows. Through PPP and IPP frameworks, and with World Bank Group support, Uzbekistan mobilized approximately US$2 billion for around 2.5 GW of installed capacity across solar PV, a CCGT IPP, and battery energy storage systems (BESS), underpinned by IBRD payment guarantees. However, as tariffs transition toward cost recovery and the number of PPAs increases, investor risk perceptions remain elevated due to short-term payment delays and liquidity pressures at the single buyer (UES), as well as the fiscal implications of ad-hoc sovereign support and termination-related contingent liabilities.

The proposed GEF project addresses these constraints by establishing the Uzbekistan Risk Mitigation Facility (URMF) as a centralized platform for managing payment and liquidity risks. The URMF is conceived as a centralized PPP support platform housed within the Ministry of Economy and Finance (MoEF), and not as a World Bank-managed trust fund. Its purpose is to strengthen oversight of direct and contingent liabilities, reinforce financial discipline in UES, standardize access to credit-enhancement instruments, and enable systematic project prioritization and risk management, initially in the energy sector with potential expansion to other sectors over time. At the time of submission, the final World Bank lending instrument supporting the URMF remains under assessment.

Within the URMF, the project combines liquidity support with a dedicated payment-backstopping mechanism for renewable energy projects. Specifically, the project will support (i) liquidity support arrangements to address temporary cash-flow mismatches at UES, and (ii) the establishment and capitalization of a Renewable Energy Credit Enhancement Fund (RECEF) to backstop PPA payment obligations for eligible renewable energy projects. The RECEF will provide standardized and legally robust coverage broadly equivalent to three to six months of PPA payments, offering investors a level of comfort comparable to commercial letters of credit while maintaining prudent fiscal safeguards.

The URMF is expected to catalyze large-scale private investment and deliver significant global environmental benefits. Supported by US$150 million in World Bank financing and approximately US$12.7 million in GEF NGI resources, the Facility is expected to mobilize at least US$1 billion in private investment in renewable energy and BESS projects. Indicative Global Environmental Benefits include substantial lifetime GHG emission reductions (estimated at 37 million CO_2e) associated with the enabled clean-energy portfolio,

which will be conservatively quantified during preparation based on the final eligible pipeline and agreed dispatch assumptions.

Justification:
Project outline
A. Project Rationale

Uzbekistan is undergoing a profound economic and institutional transformation to advance sustainable and inclusive growth under the Green Economy Strategy (2019-2030). With over 38 million people, Uzbekistan is the most populous country in Central Asia and has sustained strong economic growth over the past decade, averaging 5.8 percent annually. While the country remains among the region's most energy-intensive economies, it achieved notable efficiency gains between 2017 and 2024, as GDP grew by 55 percent while energy intensity fell by 7.4 percent, signaling a shift toward a more productive economy. At the same time, climate change is already exacerbating pressures on water resources, energy infrastructure, and electricity supply through rising temperatures, more frequent droughts, and severe floods - thereby increasing system vulnerabilities and electricity demand. These dynamics reinforce the urgency of accelerating renewable energy (RE), enhancing energy efficiency (EE), and investing in climate-resilient infrastructure as central pillars of Uzbekistan's low-carbon transition, consistent with its updated NDC commitment to reduce GHG emissions by 35 percent by 2030.

Uzbekistan regularly experiences high maximum temperatures, with an average monthly maximum around 18.5°C but with average July maximum of 34.9°C. The daily probability of a heatwave is projected to increase in Uzbekistan under all emissions pathways. This increase in heat wave probability is expected to occur as soon as the 2030s, even under the lowest emissions pathway. Further, Uzbekistan's arid climate and regular high temperatures make drought an increasingly regular occurrence, with one drought every five years on average during the 1980s and 1990s and four episodes between 2000 and 2012. Droughts of a magnitude that is extremely rare at present in Central Asia (100-year droughts) are projected to become 4 to 10 times more common under the same warming scenarios. The majority of Uzbekistan is at high risk of both river flooding and flash flooding. The most severe recent flood in terms of loss of life occurred in 1998 on the Aksu and Shahimardan rivers, killing 109 people. As of 2010, the population annually affected by flooding in Uzbekistan is estimated at 61,000 people and expected annual impact on GDP estimated at $181 million. Over the past century, average annual air temperatures have risen steadily and significantly in Uzbekistan, coupled with more frequent heat waves, droughts, and flooding. Climate change can impact negatively on energy supply, through potential damages of power infrastructure in certain regions of the country, river flows change that can reduce hydropower generation and create large energy shortage during summer, mainly due to heat and drought. Furthermore, Uzbekistan's ageing physical infrastructure makes it more challenging to provide undisrupted power for the fast-growing domestic electricity demand. Without support to adapt and reduce disaster risks.

The Government of Uzbekistan (GoU) has created a strong foundation for private sector participation through a broad reform agenda launched in 2017 and the adoption of the PPP Law in 2019, which enabled the rollout of large-scale PPP initiatives across multiple sectors, including energy. As the PPP program scales, however, strengthening macro-fiscal oversight of associated risks has become increasingly important. The 2025 IMF Debt Sustainability Analysis classifies Uzbekistan as at low risk of external debt distress but notes that large contingent liabilities could pose risks under adverse scenarios. In response, the GoU introduced binding prudential limits and fiscal buffers, including ceilings on new sovereign contingent liabilities linked to PPPs and IPPs (US$6.5 billion in 2025). By end-2024, the value of signed PPP projects had reached an estimated 27 percent of GDP, with energy accounting for more than 90 percent of the pipeline, and direct and contingent liabilities linked to PPPs estimated at around 15 percent of GDP. The GoU also operates a Treasury-managed Guarantee Fund that supports timely payments on selected direct obligations (e.g., IFI loan repayments), but it is not designed to cover contingent liabilities arising from PPPs and PPAs—highlighting the need for fit-for-purpose credit enhancement arrangements and improved management of contingent liabilities to support sound fiscal stewardship.

Within this broader reform context, Uzbekistan's power sector has expanded rapidly yet remains structurally constrained by dependence on natural gas, rising demand, and increasing financial pressures. Between 2016 and 2025, electricity production grew by 38 percent and more than 11,000 MW of new capacity was commissioned, bringing installed capacity to 29 GW by end-2025. The generation mix has diversified, including 4.63 GW of solar and 1.65 GW of wind, alongside 1.65 GW of BESS, but natural gas still accounts for over 80 percent of primary energy use and around 70 percent of electricity generation. Demand is expected to increase significantly through 2030—exceeding 130 TWh under some scenarios—placing pressure on both generation and the grid and increasing the costs of maintaining reliability. Tariff reforms are underway to strengthen sector financial sustainability and support a gradual transition toward cost recovery, which is essential to improving off-taker creditworthiness and sustaining private investment.

The GoU has prioritized RE deployment and private sector participation as core pillars of its power-sector transformation, supported by competitive procurement under PPP and IPP frameworks. The World Bank Group (WBG) has helped build market confidence and strengthen procurement and commercial practices through the Scaling Solar program and related engagements, mobilizing approximately US$2 billion in total investment for about 2.5 GW of installed capacity across solar PV, a CCGT IPP, and BESS under the IPP and PPP frameworks. This program was underpinned by IBRD payment guarantees that helped crowd in leading international sponsors and multilateral and commercial financing, achieve competitive tariffs through tenders, and catalyze subsequent support from ADB and EBRD for additional solar and wind IPPs. As the market has matured, however, the rapid expansion of PPAs—combined with ongoing tariff transition—has kept payment and counterparty risk perceptions elevated. The single buyer (Uzenergosotish, UES) is a relatively new off-taker with limited track record and remains reliant on budgetary transfers to meet long-term PPA obligations; the transfer of a large number of PPAs to UES in 2025 also created financial planning challenges and contributed to temporary payment delays later resolved once MoEF approved the necessary transfers. Sponsors therefore continue to require credit

enhancement as a condition for PPA effectiveness and bankability, including payment backstopping mechanisms broadly equivalent to three to six months of PPA payments.

At the same time, the scale of the PPP/PPA pipeline has significantly increased the GoU's exposure to contingent liabilities, making it increasingly difficult to rely on ad hoc sovereign support and stand-alone risk mitigation solutions. In the power sector alone, signed or committed IPP projects under PPAs, MoUs, and related agreements carry an estimated US$25.8 billion in contingent liabilities (NPV US$12.5 billion as of December 2025), and additional payment backstopping requirements can further increase exposure. Domestic banks have provided letters of credit and guarantees, but their balance sheets, risk limits, and foreign currency liquidity are constrained, and international banks show limited appetite to issue guarantees without IFI backstopping. Against this backdrop, and to sustain RE and BESS deployment while strengthening fiscal oversight, the GoU—through MoEF—has requested World Bank support to establish the Uzbekistan Risk Mitigation Facility (URMF) as a programmatic platform.

At the time of submission, the final World Bank lending instrument supporting the URMF remains under assessment. In order to preserve implementation flexibility while maintaining the same development objective and environmental ambition, the project may be structured under one of three alternative modalities. Under Option A (Program-for-Results, PforR), disbursements would be linked to verified achievement of agreed results, including operationalization of the URMF, capitalization of risk-mitigation windows, and implementation of financial and governance reforms. Under this modality, transfers of funds to the Facility would occur upon achievement of predefined results. Under Option B (Investment Project Financing with Performance-Based Conditions, IPF-PBCs), financing would support defined components of the URMF, with disbursements triggered by achievement of specific performance milestones, including establishment of liquidity support mechanisms and operationalization of standardized credit-enhancement coverage. Under Option C (Investment Project Financing with a Development Policy Drawdown Option, IPF-DDO), financing would provide contingent liquidity support linked to policy and institutional reforms strengthening fiscal risk management and payment reliability in the power sector, with drawdown and associated capitalization of the Facility occurring upon satisfaction of agreed triggers. Across all three options, the core objective-reducing payment risk, mobilizing private clean energy investment, and generating measurable GHG reductions-remains unchanged; only the disbursement mechanics and fiscal treatment differ.

The URMF is conceived as a centralized PPP support platform housed within MoEF that will streamline access to credit-enhancement instruments, enable systematic project prioritization, and help address liquidity constraints and payment-risk concerns while maintaining prudent fiscal safeguards. Under the proposed structure, World Bank and GEF-supported funds would be transferred to MoEF and held in designated accounts within the Treasury framework, remaining on balance sheet and ring-fenced for URMF purposes. These resources would not be automatically disbursed to projects but would sit within MoEF and be drawn down only if and when predefined triggers are met—such as verified liquidity shortfalls, eligible PPA payment-support events, or achievement of agreed results depending on the selected implementation modality (PforR, IPF with PBCs, or IPF-DDO). This structure ensures that resources function as a contingent risk-mitigation buffer rather than as upfront budgetary transfers, thereby strengthening fiscal discipline and minimizing moral hazard.

The platform will leverage and strengthen existing institutional capacities across MoEF, the Ministry of Energy, and UES through defined governance, robust fiduciary and environmental and social systems, modern monitoring and digital tools, and targeted capacity building. By embedding risk-mitigation functions within a unified framework, the URMF will support the transition from transaction-by-transaction risk mitigation toward a standardized and scalable approach for renewable energy and BESS-related PPPs, while also providing an entry point for complementary WBG instruments (including the MIGA Guarantee Platform). GEF NGI support—complementing the ongoing project preparation efforts already supported by a US$2 million World Bank project preparation grant—would help accelerate the design and operationalization of the URMF approach and support the scale-up of private investment in clean energy consistent with Uzbekistan's decarbonization, resilience, and energy-security objectives.

Overview

The proposed GEF NGI support will accelerate Uzbekistan's clean energy transition by enabling a programmatic, government-led risk-mitigation platform to mobilize private investment in renewable energy and battery energy storage systems (RE and BESS). The Uzbekistan Risk Mitigation Facility (URMF) is a

centralized platform housed within the Ministry of Economy and Finance (MoEF) that provides standardized payment and liquidity backstopping mechanisms for eligible RE and BESS projects. World Bank and GEF-supported resources would be transferred to MoEF and held in designated Treasury accounts, remaining ring-fenced for URMF purposes. Utilization of these resources would occur in accordance with the selected financing modality—either upon verified achievement of agreed results (PforR), fulfillment of performance-based conditions (IPF-PBC), or drawdown against agreed policy triggers (IPF-DDO). In all cases, funds would function as a contingent risk-mitigation buffer rather than as automatic budget transfers. It is designed to strengthen payment reliability, improve risk allocation between the public and private sectors, and reduce reliance on transaction-by-transaction sovereign guarantees. By shifting from stand-alone guarantee operations to a platform-based approach, the URMF will lower transaction costs, standardize contractual and risk-mitigation processes, and accelerate the deployment of RE and BESS capacity in support of Uzbekistan's 2030 targets, including the scale-up of solar and wind generation and the integration of battery storage. Over the next decade, achieving these targets will require approximately US$50 billion in power sector investments - primarily in renewable generation and transmission—and an additional US$30 billion in the heating sector.

GEF NGI financing of US$12.75 million will support the establishment and operationalization of the URMF by strengthening its capacity to deploy credit-enhancement instruments for RE and BESS projects, including payment and liquidity backstopping mechanisms. Depending on the final World Bank lending modality selected (PforR, IPF with Performance-Based Conditions, or IPF with Development Policy Drawdown Option), capitalization and utilization of URMF windows would occur either upon verified results achievement, fulfillment of agreed performance milestones, or drawdown following policy triggers. These resources will contribute to the capitalization and operational readiness of the Facility to support the implementation of standardized guarantee products that reduce credit and liquidity risks, improve project bankability, and crowd in private capital. Complementary co-financing has been mobilized through a World Bank project preparation grant to support upstream design and institutional strengthening activities, while additional project resources will finance operational capacity building, pipeline development, and the implementation of robust legal, fiduciary, and environmental and social frameworks. Under the URMF, payment commitments refer to the maximum covered exposure under the payment and liquidity backstopping arrangements available to eligible projects in the event of temporary payment disruptions, distinct from the total volume of private capital mobilized for underlying investments.

Country Context

Uzbekistan, with over 37 million people, is the most populous country in Central Asia and has experienced strong economic growth, averaging 5.8 percent annually over the past decade. The Government's "Uzbekistan – 2030" Strategy aims to halve poverty by 2026 and reach upper middle-income status by 2030, with energy sector transformation at the core of its development agenda. The country's Nationally Determined Contribution (NDC) commits to reducing GHG emissions per unit of GDP by 35 percent by 2030 compared with 2010 levels, supported by a 2019-2030 Green Economy Strategy and participation in the Global Methane Pledge and is currently preparing the 2025 update of its NDC. In parallel, Uzbekistan has enacted domestic legislation and policy measures aimed at addressing climate change and advancing energy and other related sectors reforms. These initiatives fall broadly under the umbrella of 'Uzbekistan – 2030' strategy's commitment to transitioning towards a green economy as well as concrete domestic policy objectives such as energy security and air quality improvement. In this context, the pathways analyzed by LTS dated 2025 supported by WB and EBRD to achieving net-zero GHG emissions by around mid-century are to assist the GoU in formulating a climate and economic development vision to guide climate actions and investment decisions of the country.

Uzbekistan is one of the most energy-intensive economies globally, with over 80 percent of primary energy consumption and around 70 percent of power generation reliant on natural gas. Domestic gas production is declining, and imports from Russia and Turkmenistan are increasing. Transmission and distribution losses are high, at around 15 percent for electricity and 20 percent for gas. Climate change adds further stress, with rising temperatures, more frequent heat waves and droughts, and changing river flows that reduce hydropower output. Without decisive action, energy security risks and GHG emissions will increase, constraining sustainable growth.

Energy Sector Context

Uzbekistan's power sector has expanded and modernized rapidly over the past decade, yet it remains structurally constrained by dependence on natural gas, rising electricity demand, and increasing financial pressures. Between 2016 and 2025, electricity production grew by 38 percent, supported by the commissioning of more than 11,000 MW of new capacity - three times the additions of the previous 25 years - bringing total installed capacity to 29 GW by end 2025. The generation mix now includes 16.4 GW of thermal power plants (56 percent), 4.63 GW of solar (16 percent), 2.3 GW of hydropower (8 percent), 1.65 GW of wind (5.6 percent), 0.22 GW of block stations, and 1.65 GW of battery energy storage systems (BESS). Distribution investments have also been

substantial, with more than 54,800 km of networks and 17,200 substations modernized - over five times the volume achieved in the previous two decades - improving electricity supply to more than 8,000 settlements across the country.[1][1] Despite this growth and diversification, natural gas still accounts for over 80 percent of primary energy use and around 70 percent of electricity generation. Since the country has become a net gas importer, this gas dependency makes Uzbekistan highly vulnerable to gas price shocks Looking ahead, Uzbekistan's future growth and energy security will depend on transforming this gas dominated -system into a more sustainable, diversified, and decarbonized power sector led increasingly by private investment. Electricity demand is expected to rise significantly through 2030 - exceeding 130 TWh under some scenarios - which will place increasing pressure on both generation and grid capacity. Peak demand already surpasses available supply, leading to seasonal load-shedding, network bottlenecks, and substantial investment requirements.

The GoU is implementing deep market reforms to strengthen the energy sector's financial sustainability and long-term performance. These efforts include developing a competitive wholesale electricity market, reducing technical T&D losses from 16 to 12 percent, and advancing energy efficiency measures—particularly in buildings and industry—to halve GDP energy intensity by 2030. Tariff reform remains central to the transition, supported by an update of the energy tariff framework aligned with MoEF's 2026-2030 cost forecasts. The revised framework reflects updated generation costs for solar, wind, and CCGT projects, incorporates fuel supply unbundling (with gas supplied directly by UES), and indexes operating expenditures to IMF CPI projections. Despite challenges related to exchange rate volatility and high distribution costs, achieving cost recovery tariffs is essential to reducing the sector's financial deficit, strengthening off-taker creditworthiness, sustaining private investment, and lowering reliance on subsidies.

The URMF builds on the success and lessons learned from recent World Bank Group (WBG) guarantee operations in Uzbekistan. These operations have mobilized around US$2 billion in total capital, including US$950 million in private investment, contributing to the Government's 2026-2030 renewable energy targets. For instance, the Scaling Solar Program helped establish market confidence and mobilize over US$432 million in private capital for nearly 1 GW of solar capacity through landmark projects such as Navoi (100 MW), Scaling Solar 2 IPPs (2 × 220 MW at Jizzakh and Samarkand), and the Uzbekistan Solar and Renewable Energy Storage Project (250 MW solar PV and 63 MW BESS)—the first WB/IBRD guarantee operation globally to include a battery energy storage component. Building on this foundation, the WBG/IBRD Guarantee Program has been instrumental in supporting Uzbekistan's energy sector decarbonization, deploying approximately US$57 million in partial risk and payment guarantees across six projects (five ongoing and one under preparation). Complementary engagements by IFC—with US$300 million in committed investments in projects such as Scaling Solar 1 (US$60 million), Scaling Solar 3 (US$53 million), Zarafshan Wind (US$42 million), and Syrdarya 2 CCGT (US$150 million)—along with advisory services across multiple solar and CCGT transactions, and MIGA's guarantee support for ACWA Power's 1.5 GW Syrdarya CCGT, have further reinforced the WBG's integrated approach. Together, these initiatives—supported by the WBG, ADB, and EBRD—are contributing to the deployment of 4.5 GW of renewable energy and 1.6 GW of efficient CCGT capacity, underscoring Uzbekistan's transformation into one of Central Asia's leading renewable energy markets. The URMF builds on this success to institutionalize these best practices through a unified platform that standardizes and accelerates the deployment of WBG guarantees, fostering sustained private investment and market confidence across the energy sector. Table 1 summarizes the guarantee support provided by the WBG in recent years.

Table 1. WB/IBRD Guarantee Recent Application in Uzbekistan

No.	Name of project	Capacity (MW)	Technology	Sponsor	WBG entities involved	Tariff USc/kWh)	WB GU amount (USD Mn)	Project Cost (USD Mn)	Debt (USD Mn)	Equity (USD Mn)
1	Scaling Solar 1 (Navoi)	100	Solar PV	Masdar (UAE)	IFC lending + WB G'tee	2.67	5	110	52	58
2	Scaling Solar 2 (Samarkand)	220	Solar PV	Masdar (UAE)	WB G'tee	1.79	5	202	106	96
3	Scaling Solar 2 (Jizzakh)	220	Solar PV	Masdar (UAE)	WB G'tee	1.82	5	206	110	96
4	Syrdarya 2 CCGT	1,572	CCGT	EDF (France)	IFC lending + WB G'tee	0.5*	29	1,053	842	211

5	Scaling Solar 3 (Bukhara)	250 + 63 MW (126 MWh) BESS	Solar PV + BESS	Masdar (UAE)	IFC lending + WB G'tee	3.04	9	316	197	119
6	Scaling Solar 4 (Khorezm)	100	Solar PV	Voltalia (France)	WB G'tee	2.88	4	84	56	28
Total		**2,525**					**57**	**1,971**	**1,363**	**608**

GEF Role and Additionality: Why GEF Funding Is Essential

The proposed GEF NGI financing is essential to the success of the Risk Mitigation Facility (RMF) as it provides the catalytic capital required to operationalize a scalable, platform-based mechanism for deploying payment and liquidity risk mitigation instruments in Uzbekistan's renewable energy and battery energy storage (RE and BESS) sectors. While Uzbekistan maintains a sovereign credit rating of BB and has attracted significant private investment, IPP developers continue to face binding constraints related to payment risk, liquidity gaps at the off-taker level, and limited availability of bankable guarantee instruments. In practice, IPPs are required to demonstrate robust and readily callable payment backstopping - typically equivalent to three to six months of PPA payments - as a condition for financial close. Domestic commercial banks have limited capacity to issue letters of credit or guarantees at scale due to balance sheet constraints, foreign-currency liquidity limits, and exposure caps, while international banks generally require IFI backstopping. As a result, concessional and guarantee-based financing remains critical to meeting IPP requirements and sustaining investor confidence during the sector's transition to full cost recovery.

GEF NGI financing of approximately US$12.75 million under Component 2 will provide early capital and liquidity support to establish the RMF, expand its credit-enhancement envelope, and unlock at least US$1 billion in additional private investment. World Bank and GEF-supported resources would be transferred to the MoEF and held in designated, ring-fenced Treasury accounts within the URMF framework. Depending on the selected World Bank financing modality (PforR, IPF with Performance-Based Conditions, or IPF with Development Policy Drawdown Option), utilization of these resources would occur upon achievement of agreed results, satisfaction of defined performance milestones, or drawdown against agreed policy triggers. In all cases, the funds would function as a contingent risk-mitigation buffer rather than as automatic budget transfers, ensuring fiscal discipline and minimizing moral hazard. This support will enable the RMF to provide standardized payment and liquidity backstopping for eligible RE and BESS projects, addressing both perceived and actual credit risks associated with the off-taker and reducing reliance on ad hoc, transaction-specific guarantees. By shifting from a fragmented deal-by-deal approach to a platform model, the RMF will lower transaction costs, shorten preparation and approval timelines, and improve the predictability of risk allocation between the public and private sectors.

GEF funding is essential because it enables environmental, financial, institutional, and platform-level outcomes that would not be achievable through existing co-financing or government resources alone. By providing the initial capitalization, GEF support will allow the RMF to extend payment and liquidity guarantees for first-mover renewable and storage projects, addressing the perceived and actual credit risks associated with the offtaker and enhancing investor confidence. The facility will also introduce standardized guarantee products and strengthen institutional capacity to manage such instruments, reducing transaction costs, shortening deal timelines by an estimated [30-40] percent, and lowering financing costs by [50-100] basis points. These impacts would not materialize without GEF's catalytic contribution, which is the key enabler for proving the RMF's viability as a sustainable, revolving mechanism.

Over its operational life, the RMF is expected to mobilize about US$1 billion in private capital, substantially increasing Uzbekistan's installed renewable-energy and battery-storage capacity. These outcomes will directly contribute to the country's Nationally Determined Contribution (NDC) targets—reducing GHG emissions per unit of GDP by 35 percent by 2030—and to the long-term goal of achieving carbon neutrality in the power sector by 2050. By supporting flexible and resilient grid integration of variable renewable energy, the facility will enhance system stability and create lasting environmental and economic benefits. Together with IBRD financing and government co-financing, the GEF contribution ensures that the RMF becomes a robust and sustainable instrument for scaling up private-sector participation in clean energy.

The RMF is the most effective mechanism to scale up private investment in RE and BESS in Uzbekistan at the pace required to meet national targets. While standalone guarantee operations under the WBG Power Generation Guarantee Program have been highly successful—mobilizing US$2.2 billion for over 2.5 GW of generation capacity since 2020—they are transaction-specific, resource-intensive, and time-consuming. A platform approach will standardize documentation, streamline due diligence, and enable multiple projects to advance simultaneously, reducing time-to-market and transaction costs for both the government and investors.

The proposed implementation period reflects the operational requirements of a platform-based risk mitigation facility aligned with the typical 20-year duration of power purchase agreements (PPAs). This timeframe allows the RMF to provide sustained coverage for issued guarantees and liquidity instruments over the

life of supported projects, while also accommodating the time required to establish and operationalize the facility's institutional, fiduciary, technical, and environmental and social systems. In particular, the technical assistance and capacity-building activities under Component 3 are expected to require an initial implementation period to fully establish the management unit, operational procedures, and monitoring systems necessary for the effective rollout of the Facility. This structure enables the orderly management of repayment, recovery, and replenishment cycles, ensures the facility's financial sustainability, and supports its role as a long-term, scalable mechanism for mobilizing private investment in renewable energy and BESS.

The RMF will be supported by a blended financing structure where US$12.75 million from GEF catalyzes US$152 million from the World Bank (IBRD loan). This represents a GEF co-financing ratio of roughly 1:11, with every US$1 of GEF funding leveraging about US$80 in total co-financing, including US$70 from the private sector. The logic follows proven precedents under the World Bank's Power Generation Guarantee Program, where relatively small amounts of concessional and guarantee capital have unlocked billions in private investment by addressing credit and payment risks, improving financing terms, and accelerating project bankability.

Alternative approaches, such as relying solely on public financing or ad hoc private initiatives, would not deliver the same scale or speed of deployment. Public financing is constrained by fiscal space and competing priorities, while private investments would face significant bankability challenges in the absence of structured risk mitigation. The RMF addresses these barriers by pooling guarantee resources, applying standardized credit-enhancement structures, and leveraging the WBG's "One WBG" approach in partnership with IFC and MIGA.

The facility's design embeds capacity building for government agencies, establishes clear operational procedures, and aligns with ongoing sector reforms to improve tariff cost recovery, strengthen the financial position of the off-taker, and open the market to new participants. Once operational, the RMF will become a permanent instrument in Uzbekistan's clean energy investment landscape, capable of supporting the country's decarbonization pathway well beyond 2030.

Finally, the GEF's role extends beyond Uzbekistan. The RMF's design and implementation will serve as a replicable model for other emerging markets aiming to mobilize private investment in clean energy through standardized, platform-based guarantee structures. The project's knowledge-management activities will capture and disseminate lessons on structuring, operationalizing, and scaling such facilities to regional and global stakeholders. In this way, GEF support plays a pivotal role in transforming Uzbekistan's clean-energy ambitions into reality while generating lasting global environmental benefits and demonstrating how targeted catalytic funding can unlock systemic change.

1. Environmental Additionality: Unlocking Decarbonization at Scale

- Uzbekistan's power sector remains dominated by fossil fuels, with natural gas accounting for 70% of generation. Achieving the 2030 targets of 25 GW RE and 4.1 GW BESS requires unprecedented capital mobilization and risk mitigation.
- GEF funding directly enables the RMF to accelerate the deployment of RE and BESS, facilitating the displacement of fossil-based generation and resulting in substantial, measurable reductions in CO_2 emissions—outcomes that would not occur at the same pace or scale without GEF support.

2. Financial Additionality: Bridging Critical Gaps

- The RMF's design ensures that GEF resources are targeted toward overcoming specific barriers to private investment in clean energy, such as high perceived risks, regulatory bottlenecks, and the absence of dedicated risk mitigation mechanisms—challenges not addressed by existing public or private financing alone.
- The proposed RMF will provide standardized Partial Risk Guarantees and Liquidity Support Facilities under a single platform, reducing the time and cost of structuring transactions, expanding the pipeline of bankable projects, and enabling multiple developments to advance in parallel. GEF's concessional funding is essential for de-risking initial transactions, crowding in private capital, and demonstrating the viability of the platform approach. The facility is expected to mobilize up to US$1 billion in private capital over its lifetime, a leverage ratio that underscores the additionality of GEF's support.
- The GEF guarantee will enhance payment security, a critical requirement for investors in a market where off-taker creditworthiness remains a concern. This is a unique contribution that directly addresses a key risk impeding private sector participation.

3. Institutional and Policy Additionality: Building Lasting Capacity

- GEF funding, along with WB financing, enables the RMF to embed capacity building for government agencies, establish clear operational procedures, and align with ongoing sector reforms. These institutional enhancements are critical for the durability and replicability of outcomes, ensuring that Uzbekistan can continue to scale up clean energy investments beyond 2030.
- The facility will strengthen institutional capacity within the Ministry of Economy and Finance (MoEF), the National Electric Grid of Uzbekistan (NEGU), and other key agencies to manage contingent liabilities and engage with new market entrants—systemic changes that are unlikely to occur through ad-hoc investments alone .

4. Platform Additionality: Creating a Permanent Market Instrument

- The RMF will be designed as a permanent instrument in Uzbekistan's clean energy landscape, capable of supporting the country's decarbonization pathway well beyond 2030. GEF's support will be pivotal in establishing this platform, which will serve as a replicable model for future investments and sector transformation.

Overall, without GEF NGI support, risk mitigation for RE and BESS in Uzbekistan would continue to rely on fragmented, transaction-specific guarantees and limited domestic bank instruments. These approaches are costly, slow to deploy, and constrained by sovereign contingent-liability ceilings and domestic banking capacity, resulting in higher financing costs, delayed financial close, and reduced private investment—particularly for first-mover and storage-integrated projects. In the absence of GEF investment, the proposed RMF would not be feasible as a scalable, standardized platform. While IBRD financing and government resources could support short-term liquidity management, they would be insufficient to capitalize and operationalize a dedicated credit-enhancement mechanism capable of addressing payment and liquidity risks in a fiscally disciplined manner. The RMF would therefore remain partial in scope or be delayed, prolonging reliance on ad hoc guarantees and limiting its impact on private capital mobilization and emissions reductions. GEF NGI financing provides the incremental, catalytic support needed to transform the RMF into a viable platform that accelerates private investment in RE and BESS, reduces greenhouse gas emissions in line with Uzbekistan's NDC, and demonstrates a replicable model for mobilizing clean-energy investment in emerging markets.

Expected Environmental and Energy Benefits

By enabling faster deployment of RE and BESS, the RMF will contribute directly to Uzbekistan's goal of achieving 40 percent RE in the power mix by 2030 and carbon neutrality in the power sector by 2050. The substitution of renewable generation for fossil fuels will reduce GHG emissions, improve air quality, and enhance energy security by reducing dependence on gas imports. Grid integration of BESS will improve system flexibility and reliability, facilitating higher shares of variable renewable generation.

The next wave of energy-sector reforms in Uzbekistan focuses on accelerating the scale-up of solar and wind energy, strengthening demand-side energy efficiency, and establishing an independent energy-sector regulator. It also aims to separate policy and regulatory functions from the Ministry of Energy (MoE)—which was established in 2019 to consolidate sector responsibilities—unbundle the power transmission company to distinguish transmission and single-buyer functions, and transition toward a competitive electricity market. In parallel, the Government is advancing subsidy reforms to achieve end-user tariff cost recovery by the end of 2026. Improving energy efficiency remains a central pillar of these reforms: the Government has committed to reducing GDP energy intensity by 50 percent by 2030 (compared to 2015 levels), doubling overall energy efficiency, and decreasing the carbon intensity of GDP by 35 percent relative to 2010 levels.

Uzbekistan's current power generation mix is dominated by fossil fuels, with natural gas accounting for around 70 percent of generation. The country's total installed capacity is approximately 25 GW, of which 2.6 GW of solar and 100 MW of wind—about 11 percent of the total—are already operational. Achieving the 2030 targets of 25 GW of RE and 4.1 GW of BESS will require unprecedented mobilization of capital, both public and private. Despite the urgent need to mobilize large-scale private investment in renewable energy, battery storage, and low-carbon infrastructure, these areas remain underdeveloped due to high perceived risks, regulatory bottlenecks, and the absence of dedicated risk mitigation mechanisms.

BESS integration will improve the flexibility and resilience of the national grid, enabling higher penetration of variable renewable energy without compromising system stability. This will reduce the frequency and severity of supply shortages, particularly during winter peak demand periods, and enhance the ability to manage extreme weather events and climate variability. Over time, the shift to RE and BESS will also reduce reliance on imported natural gas, enhancing energy security and insulating the economy from global fuel price volatility.

Key Stakeholders in the Transformation Process

The MoEF will lead the RMF's design, governance, and operationalization, serving as the primary counterpart for the World Bank and other development partners. The MoE will ensure alignment of RMF-supported projects with the country's renewable energy and BESS targets, while the Energy Market Development Regulatory Agency (EMDRA) will oversee licensing and tariff-setting. The NEGU and UzEnergoSotish JSC (UES) will be responsible for grid integration and managing power purchase agreements with private developers under transparent procurement frameworks.

Private sector stakeholders will include both established and new market entrants. Masdar, Voltalia, and AMEA Power, whose investments, enabled by the RMF's risk mitigation instruments, will attract financing from domestic and international commercial banks. Development partners and international financial institutions, including IFC, MIGA, ADB, and EBRD, are expected to co-finance or co-guarantee projects alongside the RMF. Local communities will benefit from job creation and socio-economic opportunities, while gender considerations will be integrated to promote women's participation in all stages of RMF-supported projects.

B. Project Description

Project Development Objectives (PDOs), Theory of Change, and Scope of Activities

The Project Development Objective (PDO) of the proposed RMF, supported by the requested GEF financing, is to establish and operationalize a scalable payment and liquidity risk-mitigation platform to mobilize private investment in RE and BESS in line with Uzbekistan's climate objectives. The expected long-term outcomes of achieving this PDO include: (i) increased private capital mobilized for clean energy investments; (ii) increased renewable energy and BESS capacity installed, contributing to Uzbekistan's 2030 renewable energy targets; (iii) increased electricity supplied into the grid from renewable sources; and (iv) avoided greenhouse gas (GHG) emissions, consistent with the country's Nationally Determined Contribution (NDC). Figure 1 presents the Theory of

Change underlying the RMF, linking project activities and outputs to intermediate outcomes and the achievement of the PDO and associated long-term impacts.

The requested GEF financing will support the RMF's payment and liquidity backstopping mechanisms for early-mover renewable energy and BESS projects, thereby catalyzing private investment at scale. By addressing key payment, credit, and institutional barriers that constrain project bankability, the blended financing approach will enable the RMF to be launched effectively, scaled rapidly, and sustained over time.

Project Components

The proposed Project establishes an integrated and scalable framework to address liquidity constraints, payment risk and fiscal exposure in Uzbekistan's power sector while enabling sustained private investment in RE and BESS. It strengthens short-term payment reliability and financial discipline at the off-taker level, enhances the GoU's capacity to manage direct and contingent liabilities in a transparent and predictable manner, and replaces fragmented, transaction-by-transaction risk mitigation with a standardized approach. For investors, the Project improves confidence through clearer payment backstopping arrangements, faster and more predictable remedies in the event of payment disruptions, and reduced reliance on constrained domestic bank guarantees and letters-of-credits. For the GoU, it supports a gradual transition away from ad hoc guarantees toward a disciplined risk mitigation framework that helps limit and monitor fiscal exposure, improves preparedness for contingent obligations, and aligns financial support with sector reforms. By institutionalizing risk mitigation and liquidity management within existing public frameworks, the Project enables a more efficient, market-based deployment of RE and BESS, supports continued sector reform, and provides a platform that can be scaled over time and potentially replicated across other infrastructure sectors.

The Project will have three components outlined below.

Component 1: Liquidity support to UES Liquidity support to UES's through MoEF (Working Capital facility) (total financing of USD 45 million IBRD loan (tbc). The component will finance the provision of financing to MoEF to offer UES a short-term, revolving liquidity facility. This facility will help cover temporary cash-flow shortfalls and ensure timely settlement of electricity payment obligations. The financing will be structured to replicate the functional characteristics of a working capital facility, allowing UES to draw limited amounts of funds on a temporary basis to address timing mismatches between cash inflows and outflows, including those related to payment cycles under power purchase agreements. Drawdowns will be subject to a predefined aggregate ceiling and strictly limited to short tenor, with mandatory repayment upon expiry. The facility will operate on a revolving basis, permitting multiple drawdowns and repayment cycles within the overall availability period, subject to compliance with agreed prudential conditions, repayment discipline, and reporting requirements. Funds will not constitute permanent balance sheet financing for UES nor considered part of the "electricity subsidy" by MoEF. The proceeds of the loan will be held in a dedicated account at the Treasury under MoEF, from which funds will be disbursed to UES on a drawdown basis in accordance with agreed on-lending terms, ensuring full fiduciary oversight and traceability of flows. The loan will be provided to the MoEF as a P4R and on-lent to UES under agreed conditions, benefiting from World Bank financing features such as maturities, applicable grace periods, and pricing lower than available domestic short-term financing instruments. MoEF will retain oversight over drawdowns, repayments, and compliance with on-lending terms, providing a transparent mechanism for monitoring liquidity use and managing fiscal exposure. This type of facility could be replicated in other sectors by MoEF, subject to the availability of counterparty funding or additional IFI support.

Component 2: Capitalization of a RE credit enhancement Guarantee Fund (RECEF) (total co-financing of US$100 million from IBRD and US$12.75 million from GEF NGI). The subcomponent will finance the capitalization of a dedicated RE credit enhancement fund (RECEF) to backstop payment guarantees offered by the Government for eligible new RE PPAs. The fund would be managed by a centralized support unit under MoEF, supported by Component 3 of this proposed project. Depending on the selected World Bank financing modality (Program-for-Results, Investment Project Financing with Performance-Based Conditions, or Investment Project Financing with Development Policy Drawdown Option), World Bank and GEF NGI resources would be transferred to MoEF and held in designated, ring-fenced Treasury accounts serving as the funding source for the RECEF. These resources would be exclusively dedicated to supporting eligible RE projects that meet eligibility criteria defined during project preparation.

Under all modalities, funds would function as a contingent risk-mitigation buffer rather than as automatic transfers. Utilization would occur upon achievement of agreed results (PforR), fulfillment of performance-based conditions (IPF-PBC), or drawdown against agreed policy triggers (IPF-DDO). The funding is expected to remain committed in standby for the duration of its availability period (up to 20 years) unless a valid trigger event materializes and the Government of Uzbekistan requests disbursement in accordance with the agreed modality. Upon any drawdown under the component, the MoEF would be obligated to promptly replenish and reinstate the drawn amounts, to the extent feasible, in order to maintain the agreed coverage levels of the RECEF and ensure its continued capacity to support eligible RE projects.

The RECEF funding would be notionally allocated across interested eligible RE projects awarded with RECEF payment guarantees in individual tranches broadly equivalent to the size of 3 to 6 monthly PPA payments. The trigger for drawing down funds from the designated Treasury account supporting RECEF could be either a letter of request and proof of default by UES to one of the projects or a call for provision of cash collateral by a developer as established in the PPA. Funds disbursed to RECEF could be invested by Treasury in accordance with investment criteria agreed with the World Bank, resulting in minimal net fiscal cost. In the event of a payment default by UES, the RE project company would request payment from RECEF, subject to the pre-agreed payment limits (3 or 6 months). RECEF will establish a clear, standardized, and legally robust payout mechanism to ensure rapid and predictable payments following a valid claim, providing a level of comfort to investors comparable to that of letters of credit issued by commercial banks.

Renewable energy projects benefiting from this backstopping mechanism will be required to pay a risk-mitigation fee, comparable to insurance premiums or guarantee fees, with the pricing structure defined in line with fiscal risk and market benchmarks. The RE window will be designed to allow potential co-participation by other development finance institutions, subject to agreed governance arrangements, and may serve as a pilot for similar windows in other sectors. By replacing the ad hoc use of World Bank PRGs with a standardized, Treasury-managed instrument, this component will enable continued Government support for renewable energy investments while progressively reducing reliance on the constrained domestic letters-of-credit market. Cost recovery from private developers may be structured through PPA tariffs or separate contractual arrangements, to be finalized during implementation. While the IPF-DDO modality may offer cost-efficiency advantages in terms of contingent financing, similar fiscal-risk management objectives can be achieved under PforR or IPF-PBC structures depending on the final instrument selection.

Component 3: Liquidity Facility and RECEF Management Unit (total financing of USD 5 million IDA/IBRD loan (tbc) and USD 2 million GFPP grant). This component will provide technical assistance and capacity building to establish a strengthened financial planning and monitoring system for PPPs, as well as to operationalize a Credit Enhancement Fund management unit (estimated total financing: US$5 million, tbc). Activities financed under this component will include advisory services, consulting services, training, and the procurement of software and hardware tools to enhance financial management, liquidity planning, and payment reliability for PPPs, with focus on energy, but potentially scalable to other sectors. Building on analytical groundwork undertaken through the Project Preparation Grant (GFPP), the component will support:

1. Management of the liquidity facility, including monitoring UES's financial position - examining operating costs, expenditures, and cashflow practices - to identify inefficiencies that may be contributing to tariff-revenue gaps. It will further support the design and implementation of improved cash management and internal control mechanisms to ensure that available resources are allocated according to defined payment priorities, including obligations under power purchase agreements. In parallel, the management unit will assist in quantifying subsidy requirements - both in size and timing - and formulating recommendations to formalize subsidy commitments, including an agreed payment schedule between UES and MoEF. The resulting financial monitoring system is expected to strengthen financial discipline, improve transparency within UES, and enhance MoEF's ability to plan subsidy payments in a timely manner.

2. Financing consultancy services, capacity building, and operationalization of the RECEF Management Unit under Component 2, including environmental and social consultants to establish an environmental and social management system. Given the strong synergies between Components 2 and 3, consolidating these functions within one team will enable more effective monitoring of financial discipline, better support for liquidity needs, and more efficient delivery of credit enhancement products for new renewable energy projects. The support will also include the establishment of a planning and monitoring system for PPPs, as well as to operationalize a Credit Enhancement Fund management unit (estimated total financing: US$5 million, tbc). In addition, the activities will review cash flow practices to identify inefficiencies that may be contributing to tariff-revenue gaps. It will further support the design and implementation of improved cash management and internal control mechanisms to ensure that available resources are allocated according to defined payment priorities, including obligations under power purchase agreements. In parallel, monitoring system is expected to strengthen financial discipline, improve transparency within UES, and enhancement products for new renewable energy projects.

The Project will include a structured program for knowledge capture, learning, and strategic communication to ensure that lessons from the design, implementation, and operation of the RMF are systematically documented, disseminated, and used to inform scale-up and replication, while also strengthening gender outcomes in line with the World Bank's gender priorities. These activities will focus on practical experience in structuring and deploying payment and liquidity backstopping mechanisms, standardizing guarantee and contractual documentation, managing fiscal and contingent liabilities, and mobilizing private capital for renewable energy and battery energy storage systems, including identifying and addressing barriers that limit women's participation in the clean energy

investment ecosystem. Knowledge outputs will include operational manuals, standardized templates, analytical and policy notes, case studies of supported transactions, and implementation briefs prepared by the RMF Management Unit in close coordination with the World Bank, with selected products capturing good practices on expanding access to finance for women-led enterprises and encouraging women's participation across the value chain. Learning will be embedded in implementation through periodic reviews, technical workshops, training sessions, and peer-learning exchanges involving MoEF, UES, other relevant government agencies, IPPs, financiers, and development partners, complemented by targeted financial literacy and business development training for women entrepreneurs and gender-sensitivity training for financial institutions to help reduce bias in credit decisions. Strategic communication will support transparency, investor confidence, and market uptake by proactively disseminating clear information on RMF instruments, eligibility criteria, procedures, and performance through stakeholder briefings, public events, and digital channels, including outreach activities designed to increase participation of women-led enterprises in renewable energy and BESS opportunities. At the regional and global levels, the Project will contribute to knowledge sharing through World Bank platforms and networks, enabling cross-country learning and supporting replication of the RMF model in other emerging markets, while monitoring gender-related results through indicators on the number of women-led enterprises receiving financing and the number of new female jobs created under project-supported activities.

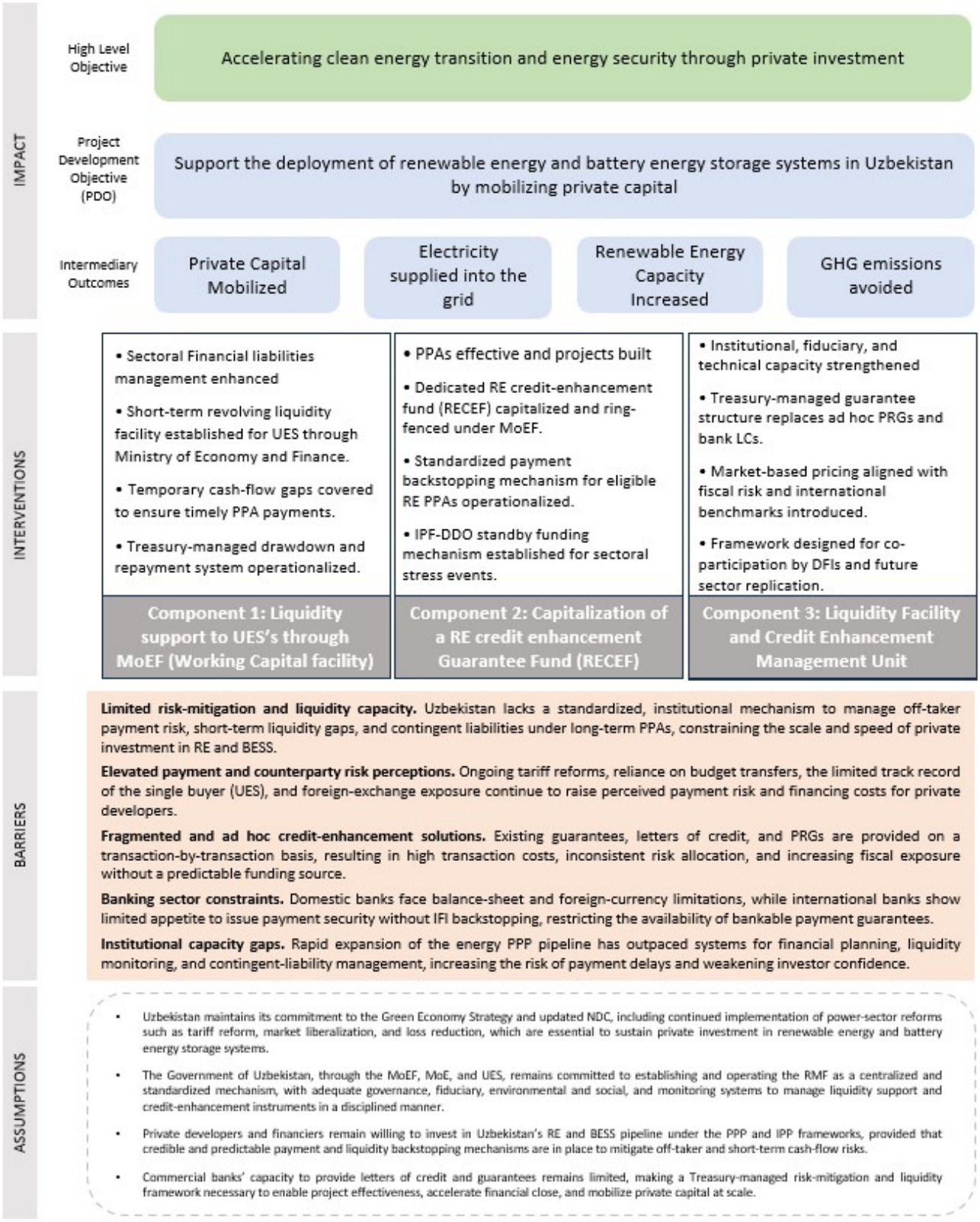
Theory of Change

The Theory of Change reflects the Project's objective of strengthening energy-sector resilience and decarbonization by mobilizing private investment through enhanced risk mitigation, thereby supporting the scale-up of RE and BESS, and reducing greenhouse gas emissions.

The facility's design directly addresses existing market failures. By mitigating payment and credit risks, the RMF improves bankability for private developers and lenders, making it possible to mobilize long-term commercial financing. Institutional capacity building and governance reforms will ensure that the RMF operates transparently, aligns with fiscal-risk management frameworks, and remains financially sustainable.

The theory of change assumes that with adequate risk mitigation, early projects will reach financial close and demonstrate the commercial viability of the model, leading to replication and scale-up. As confidence in the RMF grows, more local and international investors will enter the market, expanding Uzbekistan's renewable energy and battery storage capacity. This will lead to increased private capital mobilization, higher renewable generation, reduced emissions, improved energy security, and strengthened institutional frameworks – all contributing to Uzbekistan's long-term decarbonization goals.

Figure 1. Theory of Change



Institutional Arrangements

The RMF Project will be implemented by the MoEF through a dedicated Project Implementation Unit (PIU) established within the MoEF and mandated to manage Project funds. The PIU will build on the expertise of staff from an existing PIU and will be further strengthened to assume responsibility for overall project coordination, fiduciary management, procurement, environmental and social oversight, and reporting. With support from the project preparation grant, the PIU will develop and implement an environmental and social management system in line with World Bank requirements. The MoEF has demonstrated strong capacity and experience in implementing World Bank-financed operations, including projects involving financial instruments and complex institutional arrangements. The PIU will be responsible for day-to-day project implementation, including supervision of technical assistance activities, preparation and processing of guarantee-related documentation, and coordination with key stakeholders, notably the Ministry of Energy, the Central Bank (including with respect to ensuring foreign currency-denominated electricity payments to independent power producers), UzEnergoSotish JSC as the single off-taker, and participating financial institutions (including the World Bank Group, Asian Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and Agence Française de Développement). The PIU will ensure compliance with World Bank fiduciary and environmental and social requirements, maintain effective monitoring and evaluation systems, and support timely reporting and knowledge sharing. Technical assistance financed under the Project will further strengthen the PIU's institutional capacity to manage guarantee operations and support the sustainability of the Facility beyond the Project's lifetime.

The Steering Committee serves as the primary coordination and information-sharing mechanism for the preparation and implementation of the RMF Project. Referred to in some official communications, including post-mission documents, as an inter-agency working group, the Steering Committee does not yet have a formally approved composition and is expected to function primarily as a coordination body. It is anticipated to include representatives from the MoEF, the MoE, and UzEnergoSotish JSC. Its main purpose is to ensure effective coordination and information sharing throughout project preparation and implementation, reflecting the critical role of each stakeholder at different stages of the RMF. The MoEF is responsible for issuing payment guarantees and exercising fiscal oversight, including the management and monitoring of contingent liabilities arising from PPPs and IPP projects. UzEnergoSotish JSC, as the single off-taker, plays a central operational role in the IPP framework, including entering into and PPAs and managing payment flows. The MoE leads sector policy, supports PPA negotiations, and provides regulatory and strategic oversight of the power sector. The World Bank will facilitate and participate in Steering Committee meetings to conduct consultations, present and explain the evolving RMF structure, and provide implementation support as the Project advances toward delivery and during implementation.

The RMF is not envisaged as a standalone legal entity but rather as a dedicated facility (or "fund window") anchored within the MoEF, which will act as the implementing authority. The governance framework will include a Steering/Decision Committee comprising relevant line ministries and key stakeholders, including the MoEF, the Ministry of Energy, and UzEnergoSotish JSC, a dedicated technical and operational unit responsible for appraisal, monitoring, and reporting, and fiduciary, environmental and social, and oversight arrangements aligned with World Bank requirements. The Project is structured around three components: Component 1 (US$45 million, indicative) establishes a revolving working capital facility, financed through a P4R and on-lent by the MoEF to UzEnergoSotish JSC to address short-term liquidity gaps and ensure timely payments under power purchase agreements (PPAs), with funds held in a dedicated Treasury account and disbursed under clearly defined on-lending and repayment terms; Component 2 (US$112.75, indicative) supports the capitalization of a RECEF, to provide payment guarantee backstopping for eligible renewable energy PPAs; and Component 3 (~US$5 million, indicative) finances technical assistance to support the operationalization and management of both the liquidity facility and the RECEF, including financial monitoring, PPP oversight, and the establishment and strengthening of environmental and social management systems.

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[1] https://eurasiamagazine.com/uzbekistans-energy-transformation-a-phased-transition-to-market-mechanisms

[2] PPAs that have not become effective and have not obtained any other credit enhancement support from the Government of local Banks.

[3] UES, as off-taker under PPAs signed with project companies, will be required to provide payment security with respect to its monthly payment obligations to the seller of electricity in an amount equivalent to 3 months of payments under the PPA. The payment security will be an allocation in the RECEF equivalent to the amount required to be secured by the PPA. Security shall be in place for the term of the PPA. Considering that the RECEF will be funded with a standby loan, at the end of the standby period (i.e. year 8 if client request for an extension) the beneficiary of the security shall have the right to call on the security and demand that, unless the standby period is extended, the amount of the payment security be withdrawn from the standby loan and deposited in escrow administered by RECEF to remain as cash collateral for the remainder of the life of the obligation.

Indicative Project Overview

Project Objective

Project Development Objective (PDO) is to support the deployment of renewable energy and battery energy storage systems in Uzbekistan by mobilizing private capital.

Project Components

Component 1: Liquidity support to UES's through MoEF

Component Type	Trust Fund
Investment	GET
GEF Project Financing ($)	Co-financing ($)
	45,000,000.00

Outcome:

Improved short-term liquidity management and payment reliability at UES

Output:

Sectoral Financial liabilities management enhanced

Component 2: Capitalization of an RE credit enhancement Guarantee Fund (RECEF)

Component Type	Trust Fund
Investment	GET
GEF Project Financing ($)	Co-financing ($)
12,752,907.00	100,000,000.00

Outcome:

Electricity supplied into the grid, Renewable Energy Capacity Increased GHG emissions avoided

Output:

PPAs effective and projects built

Component 3: Liquidity Facility and RECEF Management Unit

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
	4,800,000.00

Outcome:

Strengthened institutional capacity within MoEF

Output:

Institutional, fiduciary, and technical capacity strengthened, knowledge-management and lesson dissemination

M&E

Component Type	Trust Fund
	GET
GEF Project Financing ($)	Co-financing ($)
	200,000.00

Outcome:

Project activities and results are monitored, challenges identified and addressed

Output:

Annual Project monitoring and progress reports, including gender specific results; mid-term review; terminal evaluation

Component Balances

Project Components	GEF Project Financing ($)	Co-financing ($)
Component 1: Liquidity support to UES's through MoEF		45,000,000.00
Component 2: Capitalization of an RE credit enhancement Guarantee Fund (RECEF)	12,752,907.00	100,000,000.00
Component 3: Liquidity Facility and RECEF Management Unit		4,800,000.00
M&E		200,000.00
Subtotal	**12,752,907.00**	**150,000,000.00**
Project Management Cost		2,000,000.00
Total Project Cost ($)	**12,752,907.00**	**152,000,000.00**

Please provide justification

Coordination and Cooperation with Ongoing Initiatives and Project

Does the GEF Agency expect to play an execution role on this project?

If so, please describe that role here. Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing

No, WB will not play an execution role in this project.

Currently, a WB GFPP TF has been mobilized in the amount of US$2 million as RETF.

The Project has been requested based on the groundbreaking and successful WB Guarantee program: five WB/IBRD Partial Risk Guarantee Operations implemented between 2021-2025 in total amount of US$53 million, which have mobilized US$2.1 billion of green and clean power generation facilities and US$900 million of PCM. In parallel, the WB energy program in the amount of US$1.1 billion has been focused on the electricity transmission and renewable energy integration and distribution, small hydropower generation, energy efficiency, carbon finance and DPL series, which will further strengthen the design and implementation of the proposed RMF project.

The proposed project will be complementary to other GEF projects planned in Uzbekistan, in particular to the recently approved "Sustainable *and Inclusive Green Acceleration (SAIGA)*" NGI project with EBRD as

the GEF Agency. The regional SAIGA project to be implemented in the Kyrgyz Republic, Tajikistan, Türkiye and Uzbekistan aim to accelerate decarbonization and market transformation by leveraging the financial sector to drive private sector investments aligned with national climate objectives. That project seeks to bridge the gap in financial access for private sector companies, particularly micro, small, and medium enterprises (MSMEs), by providing the necessary financial and technical interventions.

Core Indicators

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	37000000	0	0	0
Expected metric tons of CO_2e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)				
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	37,000,000			
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting	2026			
Duration of accounting	20			

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
Solar Photovoltaic	500.00			
Wind Power	500.00			

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	1,490,000			
Male	1,470,000			
Total	**2,960,000**	**0**	0	**0**

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

The Core Indicator on greenhouse gas (GHG) emissions mitigated is estimated using a bottom-up, technology-specific approach consistent with the GEF Results Framework Guidelines (2022) and the World Bank's GHG accounting methodology.

Lifetime direct GHG emissions mitigated are derived from the expected generation or discharge of renewable and storage investments compared against Uzbekistan's UNFCCC standardized grid emission factor, with counterfactual CCGT and OCGT values applied as sensitivity cases. Key parameters include 500 MW of solar PV and 500 MW of wind capacity to be supported under the proposed RMF, with average capacity factors of 25–29% for solar and 35–40% for wind, a 0.5% average annual output degradation, and a 25-year operating lifetime. Based on these assumptions, lifetime direct GHG reductions are estimated at ~16 $MtCO_2$ for solar PV and ~21 $MtCO_2$ for wind. As the specific solar and wind projects are yet to be identified, distributing capacity across multiple sites would not alter aggregate results if CFs and other assumptions are consistent; site-specific CFs can be incorporated using capacity-weighted averages.

The proposed RMF will also support battery storage (300 MW / 600 MWh, 10-year life). GHG emission reduction analysis considers two charging sources (co-located renewable vs. grid). The current preliminary estimates indicate that BESS yields ~1.0–1.2 $MtCO_2$ lifetime reduction when charged from renewable energy, but results are negative (net emissions) if charged from the grid, in line with international practice.

Lifetime indirect GHG emissions mitigated are assessed qualitatively and, where feasible, quantitatively. These reflect barrier-removal measures such as regulatory reforms, capacity building, and demonstration effects, which are expected to catalyze replication of renewable and storage investments in Uzbekistan, supporting national targets and aligning with the GEF's catalytic mandate.

In addition to GHG reductions, the expected annual generation from the RMF-supported portfolio (~6.2 million MWh/year) could directly supply electricity equivalent to the needs of ~569,400 households, or approximately 2.96 million people. Based on Uzbekistan's sex ratio, this corresponds to ~1.49 million males and ~1.47 million females as direct beneficiaries.

NGI (only): Justification of Financial Structure

Please describe the financial structure and include a graphic representation. This description will include the financial instrument requested from the GEF and terms and conditions of the financing passed onto the Beneficiaries.

The proposed Uzbekistan Risk Mitigation Facility (URMF) is a government platform housed within the Ministry of Economy and Finance (MoEF) to strengthen fiscal oversight of direct and contingent liabilities while enabling standardized credit enhancement for renewable energy and BESS PPPs in a fiscally responsible manner. It is not an investment fund or a World Bank–managed trust fund; it is a MoEF-led

PPP support and risk-mitigation platform that streamlines access to credit-enhancement instruments, supports systematic project prioritization, and reinforces financial discipline in the single buyer (Uzenergosotish, UES) to reduce payment delays that could trigger defaults, contract termination, or compensation claims. The URMF is designed to leverage and strengthen existing capacities across MoEF (including PPP and debt-management units), the Ministry of Energy, and UES through clear governance arrangements, robust fiduciary and environmental and social systems, modern monitoring tools, and targeted capacity building, with the flexibility to expand beyond energy over time.

The URMF's credit-enhancement function is operationalized through a dedicated, ring-fenced Renewable Energy Credit Enhancement Guarantee Fund (RECEF) under MoEF, financed by up to US$100 million in World Bank financing (instrument to be confirmed among PforR, IPF with Performance-Based Conditions, or IPF with Development Policy Drawdown Option) that serves as a funding source to backstop MoEF payment guarantees for eligible new RE PPAs. World Bank and GEF-supported resources would be transferred to MoEF and held in designated, ring-fenced Treasury accounts serving as the financial buffer for the RECEF. Utilization of these resources would occur in accordance with the selected modality—upon verified achievement of agreed results (PforR), fulfillment of performance-based conditions (IPF-PBC), or drawdown against agreed policy triggers (IPF-DDO). Under all modalities, funds would operate as contingent risk-mitigation resources rather than automatic transfers. The financing would remain committed during its availability period unless a trigger materializes and the Government requests disbursement in line with the agreed modality. Upon any drawdown, MoEF would be obligated to replenish and reinstate drawn amounts to the extent feasible to maintain the agreed coverage levels of the RECEF. Coverage would be notionally allocated across eligible awarded projects in tranches broadly equivalent to three to six months of PPA payments, and the trigger for utilization could be either proof of default by UES or a call for cash collateral by a developer as established in the PPA. Funds disbursed to RECEF could be invested by Treasury in line with investment criteria agreed with the World Bank, resulting in minimal net fiscal cost, and the fund would apply a standardized and legally robust payout mechanism to enable rapid and predictable payments following valid claims, providing comfort comparable to letters of credit.

The proposed implementation period reflects the operational requirements of a platform-based risk mitigation facility aligned with the typical 20-year duration of power purchase agreements (PPAs). This timeframe allows the RMF to provide sustained coverage for issued guarantees and liquidity instruments over the life of supported projects, while enabling the orderly management of repayment, recovery, and replenishment cycles. It also ensures the facility's financial sustainability and supports its role as a long-term, scalable mechanism for mobilizing private investment in renewable energy and BESS.

In parallel, the URMF includes a short-term revolving liquidity facility (Component 1, US$45 million, tbc) provided to MoEF and on-lent to UES to cover temporary cash-flow shortfalls and ensure timely settlement of electricity payment obligations, including timing mismatches related to PPA payment cycles. Drawdowns are capped by a predefined aggregate ceiling, limited to short tenors with mandatory repayment, and operate on a revolving basis with multiple drawdown/repayment cycles subject to prudential conditions and reporting requirements. The proceeds are held in a dedicated Treasury account under MoEF to ensure fiduciary oversight and traceability, and the facility is explicitly not intended as permanent balance-sheet financing for UES and is not treated as an 'electricity subsidy' by MoEF.

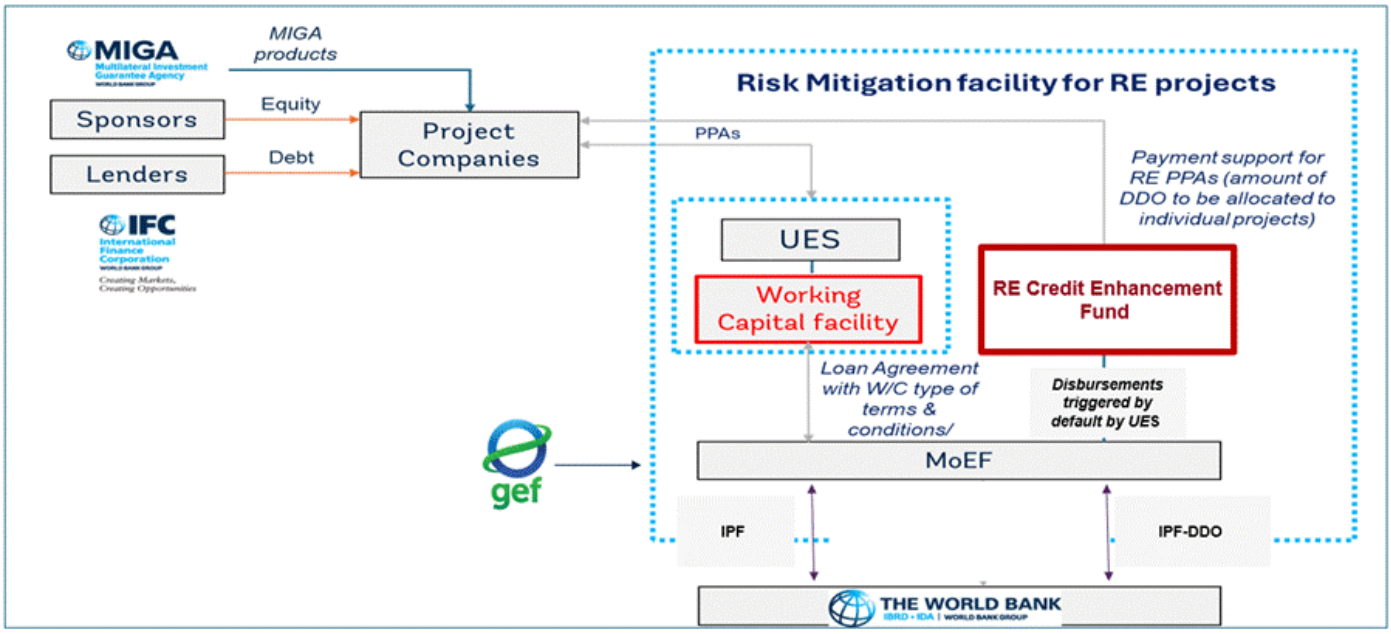
Cost recovery is built into the structure through a risk-mitigation fee paid by beneficiary renewable energy projects, comparable to guarantee or insurance premiums, with pricing to be defined based on fiscal risk and market benchmarks, and the RE window may allow co-participation by other development finance institutions subject to agreed governance arrangements. Importantly, the URMF approach is intended to replace fragmented, ad hoc reliance on transaction-by-transaction PRGs and constrained domestic letters-of-credit markets with a standardized, Treasury-anchored mechanism that supports investor confidence

while helping MoEF manage fiscal exposure more predictably, in a context where PPP contingent liabilities in the power sector are significant and off-taker payment risk perceptions remain elevated.

Eligibility is defined in functional terms: the RECEF backstops MoEF guarantees for eligible new RE PPAs (and the project is framed around mobilizing private investment in renewable energy and BESS), with detailed eligibility criteria to be defined during preparation and operationalized by the MoEF unit supported under Component 3, alongside the screening, due diligence, monitoring, and environmental and social management systems required to manage downstream project risks.

The NGI Annexes: Term sheet and Reflow table provide additional details and can be found at the end of this document.

Figure 3. Flow of Funds RMF



Key Risks

	Rating	Explanation of risk and mitigation measures
CONTEXT		
Climate	Moderate	Uzbekistan faces increasing climate-related challenges, including rising temperatures, more frequent heatwaves and droughts, and changing hydrological conditions that may affect power generation and infrastructure performance. These risks could impact renewable energy generation profiles

		and grid operations. The risk is assessed as moderate given the Government of Uzbekistan's (GoU) strong commitment to climate mitigation and adaptation, as reflected in its Green Economy Strategy, updated NDC, and ongoing investments in climate-resilient energy infrastructure. Mitigation measures include integrating climate resilience considerations into the design of supported RE and BESS projects, promoting technologies that enhance system flexibility, and applying World Bank climate and disaster risk screening and adaptation measures during project preparation and implementation.
Environmental and Social	Moderate	The Project will support renewable energy and battery storage projects that may entail site-specific environmental and social (E&S) risks, including land use, biodiversity impacts, and community health and safety concerns. These risks are considered moderate and manageable, given Uzbekistan's growing experience with RE projects and the strong track record of World Bank Group and other IFI-supported operations in applying international E&S standards. Mitigation measures include the establishment of an environmental and social management system for the RMF, application of World Bank Environmental and Social Standards (ESS), screening of eligible projects, and ongoing monitoring and supervision to ensure compliance throughout the project lifecycle.
Political and Governance	Moderate	Political and governance risks are assessed as moderate, reflecting the complexity of ongoing sector reforms and institutional transitions. However, the GoU has demonstrated sustained commitment to decarbonization, private sector participation, and PPP development, supported by multiple ongoing World Bank and IFI operations. Mitigation measures include anchoring the RMF within the Ministry of Economy and Finance (MoEF), clear governance and oversight arrangements, and alignment with existing legal and regulatory frameworks governing PPPs, IPPs, and fiscal risk management.
INNOVATION		
Institutional and Policy	Moderate	Institutional and policy risks stem from the ongoing energy sector reforms, tariff adjustments, and evolving market structures. While these reforms are ambitious, they are well advanced and supported by World Bank development policy operations (DPLs) and investment projects. The RMF is designed to complement these reforms by providing structured payment and liquidity risk mitigation without undermining tariff reform or fiscal discipline. Continuous policy dialogue, coordination with sector institutions, and capacity building under the Project will mitigate these risks.
Technological	Low	The Project will support proven renewable energy and battery energy storage technologies with strong global and regional track records. These technologies are already being deployed successfully in Uzbekistan under existing projects. As such, technological risk is assessed as low. Mitigation measures include relying on established technical standards, experienced developers, and robust procurement and due diligence processes.
Financial and Business Model	Moderate	Financial risks relate to the sustainability of the RMF business model, off-taker payment reliability, and the pace of private capital mobilization. These risks

		are assessed as moderate, as the RMF builds on tested guarantee and liquidity support models already used in Uzbekistan and informed by market sounding and gap assessments. Mitigation measures include risk-based pricing, coverage limits, standardized guarantee products, strong monitoring of off-taker liquidity, and alignment with broader fiscal and tariff reforms to ensure long-term sustainability.
EXECUTION		
Capacity	Moderate	Implementation capacity risk is moderate given the technical complexity of establishing and operating the RMF. However, the MoEF has demonstrated experience in managing debt, guarantees, and World Bank–financed operations, including through the existing Debt Management and Guarantee Fund. Mitigation measures include establishing a dedicated management unit, targeted technical assistance, and close World Bank implementation support to strengthen operational, fiduciary, and risk-management capacity.
Fiduciary	Low	Fiduciary risk is assessed as low, as the Project will rely on well-tested World Bank fiduciary procedures and financial management systems. Mitigation measures include applying World Bank procurement and financial management guidelines, regular reporting, audits, and supervision
Stakeholder	Moderate	Stakeholder risk is considered moderate due to the number of institutions involved, including MoEF, the Ministry of Energy, Uzenergosotish (single buyer), and private sector developers. However, extensive consultations have already been conducted, and stakeholders have expressed strong support for the RMF. Mitigation measures include continued stakeholder engagement, clear communication of roles and responsibilities, and the establishment of formal coordination mechanisms throughout project
Other	Low	REPAYMENT: The repayment risk associated with the GEF NGI resources is assessed as low, given that the Facility is anchored within the MoEF and benefits from the Government of Uzbekistan's repayment and reinstatement undertaking. In the event of any drawdown, the Government is expected to replenish and restore the utilized amounts in accordance with the agreed financing and operational arrangements, which significantly reduces the likelihood of a permanent loss of GEF funds. While the underlying project and sector risks are assessed as moderate, the specific repayment risk to GEF is mitigated by sovereign recourse, the centralized fiscal oversight of MoEF, and the structured governance and monitoring arrangements of the Facility. Accordingly, the best-case scenario remains full preservation and repayment of GEF resources, while the worst-case scenario would be associated only with a failure of government repayment obligations, which is considered unlikely under the proposed structure.
Overall Risk Rating	Moderate	The overall risk to achieving the Project Development Objective is assessed as moderate. This reflects Uzbekistan's strong track record in implementing PPPs

		and IPPs, the Government's commitment to climate and energy sector reforms, and the Project's design, which incorporates robust mitigation measures to manage identified risks effectively.

A. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Describe how the proposed interventions are aligned with GEF- 8 programming strategies and country and regional priorities, including how these country strategies and plans relate to the multilateral environmental agreements.

Confirm if any country policies that might contradict with intended outcomes of the project have been identified, and how the project will address this.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how. (max. 500 words, approximately 1 page)

The proposed project aligns closely with the GEF-8 programming directions. It aligns with the **GEF's Blended Finance Global Program/Non-Grant Instruments** that seeks mobilization of private sector Investment at scale for climate change projects. In terms of alignment with ***GEF-8 Climate Change Focal Area Strategy,*** the proposed project fits under its Pillar 1 Promote innovation, technology development and transfer, and enabling policies for mitigation options with systemic impacts and Objective 1.2. (Enable the transition to decarbonized power systems) and 1.3. (Scale up zero-emission mobility of people and goods). **No investment supporting or encouraging the use fossil fuel technologies, including Combined Cycle Gas Turbines (CCGT), as well as any coal-based or fuel-switching investments involving fossil fuels will be financed by this project. Only activities that promote renewable energy generation and other zero-emission technologies will be financed under this project.**

This project aligns with key priorities of the Government of Uzbekistan (GoU). In 2018, Uzbekistan ratified the Paris Agreement and submitted a Nationally Determined Contributions (NDCs) target to reduce GHGs per unit of GDP by 10 percent by 2030 from the 2010 baseline. In 2021, GoU increased its commitment to reducing CO2 emissions per unit of GDP by 35 percent below 2010 levels by 2030. Its Long-Term Decarbonization Strategy, currently under preparation, may provide the basis for an updated NDC. This project helps GoU to advance one of the most ambitious energy transition agendas in Central Asia, targeting a 40 percent share of renewable energy in its power mix by 2030. In addition, Uzbekistan's plan to transition to a green economy includes important steps to reduce its carbon footprint. In December 2022, the government adopted a Program and a Plan of Action for Transitioning to a Green Economy and Ensuring Green Growth until 2030 (Presidential Decree No. PP-436 of December 2, 2022), which includes measures addressing environmental and economic challenges to achieve green, resilient, and inclusive development.[1]2

No country policies and strategies have been identified as contradicting with intended outcomes of the project. In country/sector context and project description sections the contextual alignment is substantial with the project's rationale and GEF alignment.

The Project is fully integrated into the Government of Uzbekistan's strategy to reach approximately 25 GW of renewable energy capacity by 2030, primarily through private sector–led PPP and IPP investments. While the initial pipeline supported under the Project is expected to enable around 500 MW, the Project's transformative impact lies in addressing a key systemic constraint- payment and liquidity risk - that limits the pace and scale of private investment. By establishing a government-owned, platform-based RMF housed within the Ministry of Economy and

Finance, the Project creates a durable mechanism that can be repeatedly used to support future RE and BESS rounds, thereby enabling cumulative capacity additions well beyond the Project's direct scope.

The Project's innovation is institutional and financial rather than technological. It introduces a standardized, programmatic approach to payment and liquidity backstopping, replacing ad hoc, transaction-specific guarantees. This model reduces transaction costs, shortens preparation timelines, and improves bankability for private investors. The RMF is designed to scale up within Uzbekistan and has clear replication potential in other countries facing similar off-taker, tariff-transition, and financing constraints. Knowledge generated through implementation will be disseminated through World Bank platforms to support replication. There is a ongoing discussion for the project to be replicated in Ukraine.

Uzbekistan does not maintain explicit perverse subsidies that discourage renewable energy investment, but transitional tariff reforms and reliance on budgetary transfers can create investor uncertainty. The Project enhances policy coherence by complementing tariff reform with transparent, risk-based credit enhancement rather than open-ended subsidies. By strengthening fiscal discipline, standardizing risk allocation, and improving management of contingent liabilities, the RMF supports a coherent transition toward a competitive, financially sustainable, and low-carbon power sector.

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[1] World Bank.2023. Uzbekistan - Country Climate and Development Report . Washington, D.C. : World Bank Group. https://documentsinternal.worldbank.org/search/34196477

B. POLICY REQUIREMENTS

Gender Equality and Women's Empowerment:

We confirm that gender dimensions relevant to the project have been addressed as per GEF Policy and are clearly articulated in the Project Description (Section B).

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during PIF development as required per GEF policy, their relevant roles to project outcomes and plan to develop a Stakeholder Engagement Plan before CEO endorsement has been clearly articulated in the Project Description (Section B).

Yes

Were the following stakeholders consulted during project identification phase:

Indigenous Peoples and Local Communities:

Civil Society Organizations:

Private Sector: Yes

Provide a brief summary and list of names and dates of consultations

The proposed Project is aligned with the goals of the Paris Agreement on both climate change mitigation and adaptation, as well as Uzbekistan's updated 2021 Nationally Determined Contributions (NDCs), which aim to reduce GHG emissions per unit of GDP by 35 percent by 2030 compared to 2010 levels. By mobilizing private capital for RE, BESS, and other low-carbon infrastructure, the Project contributes directly to Uzbekistan's decarbonization pathway and long-term energy transition. The operation will support the integration of clean technologies that enhance system reliability while reducing fossil fuel dependence. A detailed Paris Alignment assessment—covering mitigation and adaptation dimensions—along with a climate and disaster risk screening, will be carried out before appraisal to confirm consistency with the World Bank's corporate climate commitments.

Climate co-benefits. The activities supported by the proposed Project will have significant mitigation of climate co-benefits (CCBs) and, to a lesser extent, also adaptation CCBs. The mitigation of CCBs primarily stems from the reduction in GHG emissions that will be enabled by the Project.

Gender. The Project will integrate gender considerations throughout its design and implementation in alignment with the World Bank's gender priorities. Women in Uzbekistan remain underrepresented in the energy sector workforce and face limited access to finance, especially in rural areas. The Project will address these barriers by (i) supporting financial literacy and business development training for women entrepreneurs to enhance their capacity to develop bankable RE projects; (ii) delivering gender-sensitivity training for financial institutions to reduce biases in lending; and (iii) implementing outreach campaigns to encourage participation of women-led enterprises in renewable energy development. The Project will monitor results through two indicators: (i) the number of women-led enterprises receiving financing and (ii) the number of new female jobs created under project-supported activities.

Stakeholder identification and analysis will be conducted for the Stakeholder Engagement Plan (SEP), covering project-affected parties (e.g., local communities near renewable energy and BESS sites, employees, electricity users) and other interested parties (government agencies, private developers, financial institutions, civil society, development partners). Special attention will identify disadvantaged or vulnerable groups, such as women and rural populations, to ensure their needs are considered. A project-level Grievance Mechanism (GM) will be established, offering accessible, transparent channels for concerns, including vulnerable stakeholders. The GM's effectiveness will be monitored and reported in the SEP.

Citizen engagement. Effective citizen engagement will be a cornerstone of Project implementation to ensure transparency, inclusiveness, and accountability. A comprehensive Stakeholder Engagement Plan (SEP) will be prepared to inform and involve all interested and affected parties throughout the Project cycle. Engagement will include public consultations, community meetings, and dissemination through traditional and digital media. A robust and accessible Grievance Redress Mechanism (GRM) will also be established to handle project-related feedback and complaints efficiently and transparently. This mechanism will ensure that all voices - including those of vulnerable and marginalized groups - are heard and that their concerns are meaningfully addressed in the decision-making and implementation process.

There are no indigenous groups in Uzbekistan who meet the ESS's definition of Indigenous Peoples of the World Bank.

MoEF, MoE, UzbekEnergySale SOE and private sector representatives have been met and expressed their support to the project rationale and potential needs to define a sound mechanism and financial terms at project concept stage.

Private sector engagement is central to the Project's design and objectives, as the RMF is specifically structured to address the payment, liquidity, and credit risks that currently constrain private investment in renewable energy and battery energy storage systems in Uzbekistan. Private developers, lenders, and investors have been consulted during project preparation and market sounding, confirming that standardized payment guarantees and liquidity backstopping are critical prerequisites for project bankability. The RMF will

enable private sponsors to reach financial close more efficiently by reducing reliance on ad hoc government support and constrained domestic letters of credit, while offering predictable, transparent, and commercially aligned risk-mitigation instruments. By improving risk allocation and lowering financing costs, the Project is expected to crowd in substantial private capital, strengthen competition among developers and financiers, and support the sustained expansion of private sector participation in Uzbekistan's clean energy market.

(Please upload to the portal documents tab any stakeholder engagement plan or assessments that have been done during the PIF development phase.)

Private Sector

Will there be private sector engagement in the project?

Yes

And if so, has its role been described and justified in the section B project description?

Yes

Environmental and Social Safeguard (ESS) Risks

We confirm that we have provided indicative information regarding Environmental and Social risks associated with the proposed project or program and any measures to address such risks and impacts (this information should be presented in Annex D).

No

The Concept Environmental and Social Review Summary has been developed in February 2026 and is attached separately.

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
Medium/Moderate			

C. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described in the Project Description (Section B)

Yes

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant($)	Agency Fee($)	Total GEF Financing ($)

World Bank	GET	Uzbekistan	Climate Change	NGI	Non-Grant	12,752,907.00	1,147,762.00	13,900,669.00
Total GEF Resources ($)						**12,752,907.00**	**1,147,762.00**	**13,900,669.00**

Project Preparation Grant (PPG)

Is Project Preparation Grant requested?

false

PPG Amount ($)

PPG Agency Fee ($)

GEF Agency	Trust Fund	Country/ Regional / Global	Focal Area	Programming of Funds	PPG($)	Agency Fee($)	Total PPG Funding($)
Total PPG Amount ($)					**0.00**	**0.00**	**0.00**

Please provide justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total($)
Total GEF Resources					**0.00**

Indicative Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing($)	Co-financing($)
CCM-1-2	GET	12,752,907.00	152,000,000.00
Total Project Cost		**12,752,907.00**	**152,000,000.00**

Indicative Co-financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)

GEF Agency	WB/IBRD	Loans	Investment mobilized	150,000,000.00
Donor Agency	GFPP TF	Grant	Recurrent expenditures	2,000,000.00
Total Co-financing				**152,000,000.00**

Describe how any "Investment Mobilized" was identified

Co-financing is comprised of $150 million WB loan (request letter received), US$2 million that has been already mobilized from WB GFPP TF for design of the RMF. Although not part of the formal co-financing, $1 billion is expected from private sector financing (equity, loan, etc.) in renewable energy and related investments.

ANNEX B: ENDORSEMENTS

GEF Agency(ies) Certification

GEF Agency Type	Name	Date	Project Contact Person	Phone	Email
GEF Agency Coordinator	World Bank	8/28/2025	Elif Kiratli		ekiratli@worldbank.org
Project Coordinator	World Bank	8/28/2025	Ferhat Esen		fesen@worldbank.org

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Name	Position	Ministry	Date (MM/DD/YYYY)
Mr. Javokhir Abdukhalikov	Deputy Head of International Cooperation and Rankings Department	National Committee on Ecology and Climate Change	5/1/2026

NGIs do not require a Letter of Endorsement if beneficiaries are: i) exclusively private sector actors, or ii) public sector entities in more than one country. However, for NGI projects please confirm that the agency has informed the OFP of the project to be submitted for Council Approval

Yes

ANNEX C: PROJECT LOCATION

Please provide geo-referenced information and map where the project interventions will take place

TBD. The Projects to be supported the proposed RMF will be all around the country.

ANNEX D: ENVIRONMENTAL AND SOCIAL SAFEGUARDS SCREEN AND RATING

(PIF level) Attach agency safeguard screen form including rating of risk types and overall risk rating.

Title
Uz RMF Concept ESRS

ANNEX E: RIO MARKERS

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation
Principal Objective 2	Significant Objective 1	No Contribution 0	No Contribution 0

ANNEX F: TAXONOMY WORKSHEET

Pre-filled in the first part of the GEF Portal

ANNEX G: NGI RELEVANT ANNEXES

Please use the most up to date templates per the most recent call for proposals.

Annex G.1: Template for Indicative Financial Termsheet

Instructions. This termsheet to be submitted with the PIF/PFD should include sufficient details to allow a financial expert to understand and judge the financial viability of the proposed investments. Indicative terms and conditions should be used when specific details are not yet available. An equivalent termsheet used for internal Agency purposes is acceptable but must include sections on Currency Risk, Co-financing Ratio and Financial Additionality.

Project/Program Title	Uzbekistan Risk Mitigation Facility (RMF)
Project/Program Number	11994
Project/Program Objective	Project Development Objective (PDO) is to support the deployment of renewable energy and battery energy storage systems in Uzbekistan by mobilizing private capital.
Country [ies]	UZBEKISTAN
GEF Agency presenting the Project	World Bank
Project Financing	The RMF Project has an indicative total financing envelope of up to US$150 million in World Bank financing (Component 1: US$45 million; Component 2: US$100 million; Component 3: US$5 million, all tbc), complemented by a US$2 million GFPP grant for preparation and capacity building and approximately US$12.75 million in GEF NGI resources to support the operationalization and deployment of payment and liquidity risk-mitigation mechanisms. The instrument selection for remains under assessment under Option A (Program-for-Results), Option B (Investment Project Financing with Performance-Based Conditions), and Option C (Investment Project Financing with Development Policy Drawdown Option). Consistent with the indicative Termsheet and Reflow structure, these options represent alternative financial implementation modalities under a single approved envelope, with final selection to be confirmed at a later stage without altering the overall development objective or expected

	environmental benefits. Under any modality, World Bank and GEF-supported resources would be transferred to the Ministry of Economy and Finance and held in designated, ring-fenced Treasury accounts, operating as contingent risk-mitigation buffers rather than automatic transfers. Over its operational life, the RMF is expected to mobilize around US$1.0 billion in private capital, complementing the ongoing One World Bank Group engagement (IBRD/IFC/MIGA).
Currency of the Financing	USD
Currency risk	Payments made by GEF will be in US$ only. As the underlying PPAs and guarantee obligations are USD-denominated, currency risk exposure for GEF funds is minimal.
Co-financing ratio	Total Mobilization/GEF BF Investment - US$152 million from the World Bank (IBRD Loan); - GEF co-financing ratio is 1:11 Private Sector Investment – with US$1.0 billion expected from private-sector developers and financiers. Every GEF US$1 mobilizes approximately US$80 in private-sector financing. Based on this, the GEF NGI Private Capital Mobilized ratio is 1:80.
Governance and Legal	Steering Committee's main purpose is to ensure effective coordination and information sharing during the preparation and implementation of the RMF Project, reflecting the critical role each stakeholder plays at different stages of the RMF. The MoEF is responsible for issuing payment guarantees and exercising fiscal oversight, including the management and monitoring of contingent liabilities arising from PPPs and IPP projects. UzEnergoSotish JSC, as the single off-taker, plays a central operational role in the IPP framework, including entering into and implementing PPAs and managing payment flows. The MoE leads sector policy, supports PPA negotiations, and provides regulatory and strategic oversight of the power sector. The World Bank will facilitate and participate in Steering Committee meetings to conduct consultations, present and explain the evolving RMF structure, and provide implementation support as the Project progresses toward delivery and during implementation. The RMF is not envisaged as a standalone legal entity but rather as a dedicated facility (or 'fund window') anchored within the MoEF, which will act as the implementing authority. The governance framework will include a Steering/Decision Committee comprising relevant line ministries and key stakeholders, including the MoEF, the Ministry of Energy, and UzEnergoSotish JSC, a dedicated technical and operational unit responsible for appraisal, monitoring, and reporting, and fiduciary, environmental and social, and oversight arrangements aligned with World Bank requirements. The Project is structured around three components: Component 1 (US$45 million, indicative) establishes a revolving working capital facility, and on-lent by the MoEF to UzEnergoSotish JSC to address short-term liquidity gaps and ensure timely payments under power purchase agreements (PPAs), with funds held in a dedicated Treasury account and disbursed under clearly defined on-lending and repayment terms; Component 2 (US$100 million, indicative) supports the capitalization of a RECEF, to provide payment guarantee backstopping for eligible renewable energy PPAs; and Component 3 (US$5 million, indicative) finances technical assistance to support the operationalization and management of both the liquidity facility and the RECEF, including financial monitoring, PPP oversight, and the establishment and strengthening of environmental and social management systems.
Repayment method description	Fixed annual for premium and bullet for undrawn principal amount reflow The MoEF, acting as the RMF Fund Manager, will reimburse the World Bank (GEF Agency) for any amounts drawn under the guarantee, as well as pay periodic guarantee-premium fees. Reflows will consist of (i) repayment of principal in the event of a draw, and (ii) regular premium/interest income accrued to the GEF Trust Fund
Payment of the Guarantee Fee:	Payment of the Guarantee Fee due is the obligation of UES. If UES fails to pay any installment of the fees due in full or when due, however, another party, subject to acceptance by IBRD may elect to pay the unpaid amount of the fees and seek reimbursement from UES.
Potential documents to be signed for the operationalization of the facility	Power Purchase Agreements (PPAs) Government Support Agreements (GSAs)

	Connection Agreements Direct Agreements (with lenders) RMF Operational Manual RECEF Fund Establishment and Operating Guidelines Guarantee / Payment Support Agreements IBRD/IDA Financing Agreement Subsidiary / On-lending Agreement (MoEF – UES) Steering / Decision Committee Charter Terms of Reference for RMF Management Unit Environmental and Social Commitment Plan (ESCP) Stakeholder Engagement Plan (SEP)
Potential Contractual arrangement	At the time of submission, the final World Bank lending instrument supporting the URMF remains under assessment. In order to preserve implementation flexibility while maintaining the same development objective and environmental ambition, the project may be structured under one of three alternative modalities. Under Option A (Program-for-Results, PforR), disbursements would be linked to verified achievement of agreed results, including operationalization of the URMF, capitalization of risk-mitigation windows, and implementation of financial and governance reforms. Under this modality, transfers of funds to the Facility would occur upon achievement of predefined results. Under Option B (Investment Project Financing with Performance-Based Conditions, IPF-PBCs), financing would support defined components of the URMF, with disbursements triggered by achievement of specific performance milestones, including establishment of liquidity support mechanisms and operationalization of standardized credit-enhancement coverage. Under Option C (Investment Project Financing with a Development Policy Drawdown Option, IPF-DDO), financing would provide contingent liquidity support linked to policy and institutional reforms strengthening fiscal risk management and payment reliability in the power sector, with drawdown and associated capitalization of the Facility occurring upon satisfaction of agreed triggers. Across all three options, the core objective-reducing payment risk, mobilizing private clean energy investment, and generating measurable GHG reductions-remains unchanged; only the disbursement mechanics and fiscal treatment differ.
Potential Eligibility Criteria	Solar, Wind and BESS. No investment supporting or encouraging the use fossil fuel technologies, including Combined Cycle Gas Turbines (CCGT), as well as any coal-based or fuel-switching investments involving fossil fuels will be financed by this project. Only activities that promote renewable energy generation and other zero-emission technologies will be financed under this project.
Eligible guarantee beneficiaries	Under the latest RMF design, the direct beneficiaries are private sector actors, including project companies, sponsors, and lenders participating in renewable energy and BESS PPP/IPP projects. The RMF provides credit enhancement to strengthen project bankability and enable private investment mobilization. Meanwhile, the Ministry of Economy and Finance and UzEnergoSotish (single buyer) will benefit indirectly through enhanced credibility, standardized guarantee structures, and improved ability to attract private capital, but they are not ultimate financial recipients of the facility.
Drawdown Mechanism and Replenishment/Reinstatement Obligations	**Drawdown Mechanism.** Drawdowns under the Facility may be triggered upon the occurrence of predefined events, including (i) verified payment default by UzEnergoSotish JSC (UES) under eligible PPAs, or (ii) contractual call events such as requests for payment support or cash collateral as specified in the relevant agreements. All drawdown requests will be subject to a standardized verification process to confirm compliance with eligibility criteria and contractual conditions. Upon validation, funds will be disbursed from the designated account managed by the MoEF in

	accordance with established procedures, ensuring timely and predictable payment to beneficiaries. **Replenishment and Reinstatement Obligations.** Following any drawdown, the Government, through MoEF, is expected to replenish and reinstate the amounts utilized, to the extent feasible and in line with agreed terms. This includes restoring the Facility's coverage capacity to its original or agreed levels within a defined timeframe. The replenishment mechanism is designed to preserve the revolving nature of the Facility, maintain investor confidence, and ensure the continued availability of credit enhancement support for future eligible projects. The specific modalities, timelines, and conditions for replenishment will be detailed in the relevant financing and operational agreements.
Potential Reporting obligations	The MoEF, through the RMF Management Unit, will be responsible for establishing and maintaining a comprehensive reporting framework to ensure transparency, accountability, and effective monitoring of the Facility's operations. Regular reporting will include periodic (e.g., quarterly and annual) reports covering the status of issued guarantees and liquidity support instruments, utilization of funds, drawdown events, replenishment actions, and overall financial performance of the Facility. In addition, reports will provide updates on the portfolio of supported projects, including progress toward key performance indicators such as private capital mobilization, renewable energy capacity enabled, and greenhouse gas emission reductions. The reporting framework will also include information on compliance with fiduciary, environmental and social, and governance requirements, as well as risk management and mitigation measures. All reports will be prepared in accordance with agreed formats and timelines and shared with relevant stakeholders, including the World Bank and other participating institutions, to support oversight, informed decision-making, and continuous improvement of the Facility's operations.
Pari Passu Structure and Government Replenishment Commitment	The GEF financing will be structured pari passu with the World Bank financing under the Facility. It is also confirmed that the Government, through the Ministry of Economy and Finance, will undertake the replenishment and reinstatement of the Facility following any drawdown, in accordance with the agreed financing and operational arrangements.
Financial additionality and minimum concessionality of GEF resources	GEF NGI is an integral part of the Program serving to the affordability and the competitiveness of the Program. The GEF NGI is critical to ensuring the long-term sustainability and affordability of the RMF. It will provide crucial investment additionality by providing funds to the a platform-based guarantee facility. Without GEF support, Uzbekistan would continue to rely on slow, stand-alone guarantee transactions. The GEF contribution acts as a catalytic first-loss tranche that improves the credit profile of early-mover projects and enhances liquidity coverage for private lenders and investors. This intervention directly reduces transaction costs, shortens financial-closure timelines, and lowers financing costs by [50–100] basis points, while maintaining minimum concessionally and avoiding crowding out private capital • IBRD guarantee annual fee is of 60bps. The GEF NGI is priced at 50 bps to bring down the blended cost of the sub-guarantees to the ultimate borrowers and projects. • As these fees are passed by the Program Manager to the beneficiaries of the RMF, lowering this fee lowers the annual RMF Guarantee fee to be charged to the project developers, which renders the project more affordable and attractive. • The proposed pricing of the GEF NGI instrument has been selected to ensure the affordability of the program.
Use of proceeds	GEF NGI resources will support the RMF's payment and liquidity risk-mitigation functions for eligible renewable energy and BESS projects, complementing: (i) **Component 2** capitalization of the RECEF to backstop payment guarantees broadly equivalent to **3–6 months of PPA payments** for eligible RE projects;. The structure improves payment reliability for eligible PPAs, supports standardized procedures, and mobilizes private capital for clean energy deployment.
Financing instruments requested from the GEF TF (other than grants)	Non-grant instrument: **GEF NGI contingent liability support** to enable payment and liquidity risk-mitigation under the RMF framework (including the backstopping mechanisms

	underpinning the RECEF payment support and liquidity support functions, as described under the RMF components). Indicative amount: **US$12.7 million** (exclusive of agency fees).
Financing requested from the GEFTF in the form of Grant for Technical Assistance	Not applicable. Technical assistance activities (design and operationalization of the RMF) are financed through the World Bank GFPP Trust Fund (US$2 million) and IBRD co-financing.
Terms and conditions for the financing instruments from GEF	The GEF NGI support will operate within the RMF architecture to enable payment and liquidity backstopping for eligible projects. Under the RE payment backstopping mechanism, the RECEF will provide a standardized payout mechanism in the event of eligible payment defaults, with support sized broadly to **3–6 months of PPA payments**. The funding source for RECEF is structured through an PR4/IPF-PBC/**IPF-DDO** provided to MoEF, which remains committed and is drawn only upon defined triggers (e.g., proof of default / eligible call events as reflected in contractual arrangements), with an expectation that MoEF would **replenish and reinstate drawn amounts** to maintain agreed coverage levels and preserve the revolving nature of the mechanism to the extent feasible. Eligible beneficiaries, coverage limits, fee/risk-mitigation pricing, and operational procedures (including any reflow arrangements and the treatment of recoveries) will be defined and finalized during preparation and reflected in the operational manuals and standardized documentation supported by Component 3 and the GFPP grant.

Annex G.2: Reflows table

Instructions. Any financial returns, gains, interest or other earnings and remaining principal will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. and the GEF Non-Grant Instrument Policy.

Item	Data
GEF Project Number	11994
Estimated Agency Board approval date	June 2026
Investment type description (financial product: debt, equity, guarantee, other)	Credit enhancement and guarantee products
Expected date for start of investment	February 2027
Amount of investment (USD GEF funds) (include technical assistance and non-grant portions)	Non-Grant: $$12,752,907 Grant (TA): US$0
Maturity (indicate the grace period if needed)	20
First repayment year	2027
Final repayment year	2047
Repayment method description	Fixed annual for premium and bullet for undrawn principal amount reflow The MoEF, acting as the RMF Fund Manager, will reimburse the World Bank (GEF Agency) for any amounts drawn under the guarantee, as well as pay periodic guarantee-premium fees. Reflows will consist of (i) repayment of principal in the event of a draw, and (ii) regular premium/interest income accrued to the GEF Trust Fund
Frequency of reflow payments (if amortized)	Annual (for premium payments) + annual+ bullet for undrawn principal amount at the end of year 20 Guarantee Premium Payment: 50 bps paid annually Guarantee Principal Payment: Bullet at maturity

A. Total principal amount to be paid- reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	Base Case: US$12,752,907 Best Case: US$12,752,907 Worst Case: 0
B. Total interest/earnings/premiums amount to be paid-reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	US$1,275,290
Total reflows to the GEF Trust Fund (Sum A + B) in whole USD	Base Case: US$14,028,197 Best Case: US$14,028,197 Worst Case: US$1,275,290

Annex G.3: GEF Agency Eligibility to Administer Concessional Finance

The GEF Agency submitting the PIF or PFD will demonstrate its capacity and eligibility to administer NGI resources as noted in the NGI Policy, summarized below:

The GEF Agency submitting the PIF or PFD will demonstrate its capacity and eligibility to administer NGI resources as described below:

1. A GEF Agency is eligible to administer projects using non-grant instruments if it can demonstrate the following:

a) Ability to monitor compliance with non-grant instrument repayment terms:

The World Bank Group Financing and Accounting Trust Funds and Loan Operations department supports an appropriate fiduciary control framework for Bank lending and donor funds. It performs several key financial operation activities related to loan origination, compliance, disbursements, accounting, and analytics for IBRD/IDA and Trust Funds. The department consists of WFA Client Services (WFACS) and WFA Corporate Services and Accounting Support (WFAAS). WFACS provides client services and related loan operation support to internal and external clients. WFACS provides services related to loan origination and disbursement, advisory and clearance support for project preparation and implementation, project-level fiduciary and loan portfolio management, and regional and country level loan operations activities. WFAAS supports both WBG Trust Funds and Loans portfolios with a range of services that cover: (i) providing advice on the design and implementation of new trust funds and related policies and procedures, and (ii) conducting activities associated with establishment and closure of loans or trust funds, including account creation and maintenance, accounting and reporting, and help desk functions.

b) Capacity to track financial returns (semester billing and receiving) not only within its normal lending operations, but also for transactions across trust funds;

As noted above, the World Bank Group supports an appropriate fiduciary control framework for Bank lending and donor funds. The World Bank Group maintains separate records and ledger accounts in respect of the GEF Funds.

c) Experience and positive track record with the use of non-grant instruments.

The World Bank Group has been operating for more than 75 years and is one of the world's largest sources of funding and knowledge for developing countries. It consists of five institutions with a common commitment to reducing poverty, increasing shared prosperity, and promoting sustainable growth and development. The International Bank for Reconstruction and Development (IBRD) lends to governments of middle-income and creditworthy low-income countries. The International Development Association (IDA) provides financing on highly concessional terms to governments of the poorest countries. The International Finance Corporation (IFC) provides loans, equity, and advisory services to stimulate private sector investment in developing countries. The Multilateral Investment Guarantee Agency (MIGA) provides political risk insurance and credit enhancement for cross-border private sector investors and lenders.

The Bank Policy, 'Financial Terms and Conditions of Bank Financing' sets out the key financial terms and conditions of (i) IBRD loans and IBRD Guarantees, (ii) IDA Financing, (iii) IBRD Enclave IPF, and (iv) other financial products, including hedging products. This Policy is to be read concurrently with the applicable General Conditions for IBRD or IDA Financing, which set forth certain terms and conditions that are generally applicable to IBRD loans and IDA credits and grants. Provisions covered include withdrawals, financing terms, program and project execution, effectiveness, and cancellations.

2. For concessional finance (i.e., projects under the Blended Finance Global Program), a GEF Agency must further demonstrate:

a) Ability to accept receive and account for financial returns and transfer from the GEF Agency to the GEF Trust Fund;

See above with respect to the World Bank Group's fiduciary control framework for Bank lending and donor funds.

Section 7.1 of the financial procedures memorandum agreed between the IBRD and the GEF, dated August 15, 2016, describes the commitment of the Bank to return reflows to the GEF trust fund:

If any GEF Trust Fund funds transferred to the Bank/IA for GEF Projects are used to provide financing, which generates any reflow of funds, and such reflow of funds are required to be returned to the GEF Trust Fund pursuant to the applicable policies and procedures of the GEF, the Bank/IA will credit and hold the funds in Bank/IA/GEF Trust Fund (following their receipt by the Bank/IA) until the Trustee requests the Bank/IA to return them to such account as the Trustee may designate.

The Bank/IA will maintain a record of any such reflow of funds and report them to the Trustee pursuant to Section 12.2.(e) below.

B) Capacity to perform investments in the type of non-grant instrument to be used with GEF funding;

The World Bank (IBRD And IDA) offers loans and guarantees and hedging products the terms and conditions of which are set forth in the Bank Policy, 'Financial Terms and Conditions of Bank Financing'. In FY 2024, the World Bank Group committed $117.5 billion in financing, which includes loans, grants, equity investments, and guarantees to partner countries and

private businesses. The World Bank (IBRD and IDA) has been extending loans and other non-grant financing to countries since 1946. IBRD's net commitments in FY 2024 totaled $37.59 billion, all of which were non-grant.

C) An analysis of the investment/due diligence for GEF investments ahead of CEO endorsement

Prior to or concurrent with CEO Endorsement, the World Bank carries out project appraisal, during which the Borrower and the Bank review the work done during the identification and preparation phases and confirm the expected project outcomes, intended beneficiaries, application of Environmental and Social Framework (ESF) requirements and evaluation tools for monitoring progress. Agreement is reached on the viability of all aspects of the project at this time. The Bank team confirms that all aspects of the project are consistent with all World Bank operations requirements, assesses the project's readiness for implementation, and that the Borrower has institutional arrangements in place to implement the project efficiently. All parties agree on a project timetable and on public disclosure of key documents and identify any unfinished business required for final Bank approval. The Project Information Document and Environmental and Social Review Summary (for IPF) are updated and disclosed during this phase.

D) Additional requirements on the suitability of the Agency such as co-financing, co-investment requirements, additional safeguards, strengthened due diligence, and strengthened reflow reporting by executing entities. These may be included in the call for proposals, or be specific to the design of individual projects.

N/A

E) Commitment to transfer reflows to the GEF Trust Fund as agreed under the FPA;

As per section 12.2 para (e) of the financial procedures memorandum, the World Bank currently reports to the Trustee within thirty (30) days after the end of each quarter of the GEF Fiscal Year (or such other frequency agreed with the Trustee), the dates and amounts of reflows of funds received by the Bank/IA from GEF Projects, for the period reported, broken down by each GEF Project.

3. In case of concessional finance for public sector recipients, additionally, the Agency will be required to demonstrate

b) Track-record of lending or financing arrangements with public sector recipients;

Since its establishment over 75 years ago, the World Bank has been lending to member countries to support their development aspirations. IDA commitments include both loans, grants and guarantees, while IBRD commitments are in the form of loans and guarantees.

b) Established relationship with the beneficiary countries' Ministry of Finance or equivalent.

N/A

Annex G.4: Management Capacity of Executing Agency and Governance Structure

For projects requesting equity instrument, structured finance, or SPVs please provide following information