**REVISED STAP SCREENING TEMPLATE, OCTOBER 2022**

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| **GEF ID** | **11994** |
| **Project title** | **Uzbekistan Risk Mitigation Facility** |
| **Date of screen** | **10 May 2026** |
| **STAP Panel Members** | **Mark Stafford Smith & Ngonidzashe Chirinda** |
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## 1. Summary of STAP's views of the project

This project proposes to establish a PPP support platform (the Uzbekistan Risk Mitigation Facility URMF) within the Uzbek Ministry of Economy and Finance (MoEF) to provide risk mitigation to investment in renewable energy projects through a variety of modalities. $12.7m in GEF NGI funds with $150m in WB financing aims to mobilize at least $1bn in private investment to deliver an estimated 37m CO2e in GHG emissions reduction, in line with Uzbekistan's NDC. These outputs are based on projections of the project pipeline within to-be-defined eligibility criteria, expected portfolio governance mechanisms and unverified counterfactual assumptions. URMF governance arrangements and eligibility rules are important as they determine whether the facility has the capacity to deliver and verify GEBs.

However, STAP sees very little attention paid to ensuring the GHG emissions reduction will be delivered; this largely depends on the 'eligibility' of projects, yet the terms of this eligibility and URMF governance are hardly mentioned, being completely absent from the interventions in the theory of change. These issues are only vaguely outlined in the NGI annex, without any indication of the level of emissions reduction expected from individual projects or a method for monitoring and governing this across the investment portfolio. No doubt this detail is intended to be elaborated, but the risk is that this intent is under-emphasised or left implicit in this project document, and is then lost in the transfer from project design to project implementation in the Ministry. Fixing these issues by making the design intent explicit (see below) will largely satisfy STAP's concerns with this project.

STAP also notes challenges with GHG accounting, particularly in calculating project-level lifetime GHG reductions, given that the proposal focuses on accelerating investments that would occur in the future. This implies that full lifetime emission reductions cannot automatically be claimed as direct incremental benefits. The proponents should therefore consider recalculating GHG benefits against a delayed-investment baseline or clearly distinguish enabled lifetime benefits from GEF-attributable incremental acceleration benefits.

**STAP's assessment***

□ Concur - STAP acknowledges that the concept has scientific and technical merit

**X** **Minor** - STAP has identified some scientific and technical points to be addressed in project design

□ Major - STAP has identified significant concerns to be addressed in project design

Please contact the STAP Secretariat if you would like to discuss.

## 2. Project rationale, and project description – are they sound?

The project rationale – that Uzbekistan is moving to rapidly decarbonize its power sector, but that attracting private investment to this end remains hampered by perceived risks and inefficiencies that are slowing investment – is strong. The proposal notes that the WB, ADB and EBRD have successfully enabled a series of such individual investments in the past (p.8, p.18), so the case for GEF additionality in this regard is asserted rather than strongly demonstrated, but this is a matter for the GEF's Advisory Group of Financial Experts to assess. However, it may be good for the proponents to reflect on a technical additionality test that shows how the counterfactual is reflected in GHG accounting. The value of better, more coordinated, and more generalized transaction support is articulated well (e.g. p.10-11), but it is not really made clear why this should require GEF funding in particular.

The intent to establish the URMF within MoEF seems sound and somewhat innovative; STAP notes that this depends on capacity building in MoEF and allied ministries, which is a target of aligned technical assistance from WB (p.10) and a risk to be managed. There is no discussion of how the success of this capacity-building will be monitored to enable adaptive management if it does not proceed as required. The three alternative (and potentially complementary) modalities of delivering risk mitigation are outlined helpfully.

STAP notes that the purpose of establishing the URMF is stated, quite reasonably, as accelerating investment in renewables that would otherwise happen more slowly (p. 11 and elsewhere). This has implications for how the GHG emissions reductions should be accounted for – at present, this is stated as "Lifetime direct GHG emissions mitigated are derived from the expected generation or discharge of renewable and storage investments" (p.20), but the baseline should then reflect the contribution of later investments, not none at all.

Once the URMF is in place, the impact pathways for this project should be straightforward; however, these are poorly explained. As articulated, the project components will deliver GHG emissions reductions on the basis of project 'eligibility' ("resources would be exclusively dedicated to supporting eligible RE projects that meet eligibility criteria defined during project preparation", p.12; p.22). However, there is no discussion of what these eligibility criteria would be – at a project level, this is implicitly to deliver GHG emissions reductions (but the potential criteria on p.33 only list types of projects, not whether they will be assessed to ensure net GHG reduction at sufficient scale), but there must also be portfolio-level criteria to ensure that the set of projects has the potential to deliver the GHG reductions targets set out in the proposal. It may be beneficial if the proponents commit to including project-level ex-ante GHG estimates, net GHG emission tests for BESS charging and dispatch, minimum data-reporting obligations, exclusion or separate treatment of grid-charged storage charges when they increase GHG emissions, and portfolio-level GHG thresholds consistent with the stated targets.

Additionally, once selected, how will the portfolio of eligible projects be monitored and, if necessary, adjusted (i.e. how will it be governed) to ensure the overall portfolio delivers? Presumably, this may be a role for the 'Steering/Decision Committee' (p.16), but this is not made explicit to ensure these roles are clear in their terms of reference eventually. Specifically, these terms of reference should explicitly give the committee (or another body) authority to approve eligibility rules, review portfolio-level GHG performance, reject projects that do not meet the criteria and require corrective action when the portfolio is off-track.

At present, monitoring (p.13) seems largely aimed at "financial discipline, … transparency …, and enhancement products" and does not clearly include the recognised risk of insufficient capacity in the ministries. And whilst the alignment section (p.25) states that "Only activities that promote renewable energy generation and other zero-emission technologies will be financed…" and that "The Project is fully integrated into the Government of Uzbekistan's strategy", neither of these constitutes real eligibility criteria nor an indication of how these will be governed. This is not suggesting that detailed investment designs are required at this stage, of course – **it is seeking a clear commitment in the proposal to ensure these matters are recognized as the project is implemented**. Otherwise, there is a high risk of project design failure as the project is passed from the design team to an implementation team, with the underlying objectives and implicit intent being lost. This is further exacerbated by the fact that the Theory of Change (p.14) only mentions GHG emissions in its outputs, not in the intervention design at all, and the flows diagram at p.22 doesn't even show GHG emissions reductions emerging from what the 'Project Companies' are doing with their funds.

The risk table is generally well filled out, particularly in its treatment of climate risk. Most of the assumptions in the Theory of Change are reflected here, which is good; however, the key innovation risks, as acknowledged on p.23, are continued support for the (Institutional & Policy) reforms, including the Capacity (Execution risk) in the Uzbek Ministries to support them; because these are key, there should be explicit monitoring of whether the assumptions are being met with a commitment to adaptive engagement if not. That is, it is not *sufficient* to do capacity building – it is also vital to track whether this is delivering sufficient capacity to be effective, by whatever measure is appropriate (even if it is just a qualitative but explicit reflexive discussion among partners once a year). The unresolved choice of World Bank instrument should also be listed as a design risk.

**3. Specific points to be addressed, and suggestions**

**STAP recommends that proponents address the following:**

- Most importantly, the proposal should make the GHG reduction delivery mechanism unambiguous. Eligibility criteria should include project-level net GHG estimates, BESS charging/dispatch rules, minimum reporting requirements and portfolio-level GHG thresholds. The governance process should specify who approves eligibility, who monitors portfolio performance, and what corrective action is taken if the portfolio is off-track (or at least explicitly commit to defining this as the facility is set up). This is no doubt all implicitly intended, but needs to be explicit to ensure project implementors recognize it. This should be recognized in the theory of change, in the NGI annexes, and in any other places that are likely to be used by project implementors to establish the URMF.
- Given the stated goal to look for opportunities to scale the approach into other agencies and sectors (p.10), this scaling intent should be elaborated a little to ensure there are explicit actions that might encourage such scaling (e.g. inter-ministerial or even regional knowledge exchange meetings?) and that these actions are engineered into the progress of the current project.
- Calculation of GEBs – given that the project aims to accelerate investments that most likely will eventually happen, the calculation of the GHG emissions reductions achieved as 'whole of lifetime' outcomes for an investment seems misconceived – this should be calculated as the incremental gain from initiating those emissions reductions earlier.
- Check the calculations of GHG estimates – the proposal mentioned 500MW solar and 500 MW wind, and the capacity factors, but also reports 6.2 million MWh/year of expected generation. If additional capacity or assumptions are being used, they should be stated; if not, the 37 MtCO2e estimate should be revised.
- BESS benefits should only be included in contributing to GHG targets when charging-source rules, dispatch assumptions, metering and reporting aspects are defined; otherwise, they should be reported separately from renewable-generation benefits. Furthermore, end-of-life management of the Solar PV and Battery Energy Systems assets needs to be considered, given the targets and the financing over 20 years.
- Risk table – as key acknowledged risks (and assumptions in the theory of change), capacity building in MoEF (and other relevant ministries), as well as the continued commitment of the government of Uzbekistan, should be explicitly monitored (perhaps as part of the technical assistance, especially for capacity), to allow early adaptive intervention if these are not being achieved sufficiently