

DONOR CREDIT LINES AND THE GREEN LENDING CAPACITY OF LOCAL BANKS: THE CASE OF UZBEKISTAN

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Abstract

This paper examines the role of donor credit lines in financing green projects in Uzbekistan and the green-lending capacity of local commercial banks. The analysis shows that green lending is carried out mainly through an “international organization, commercial bank, borrower” chain — that is, on the basis of donor capital. Loans extended under the EBRD GEFF programme to Ipak Yuli Bank and Hamkorbank over several years demonstrate the expansion of this process; the ADB, the AFD and the World Bank provide complementary lines. Uzbekistan's normative framework (Resolution PQ-4477, the National Green Taxonomy) supports this process. The absence of a separate “green credit” statistical category indicates an opportunity to develop local capacity and statistical infrastructure. The paper frames the shift from donor partnership toward independent local capacity as a strategic direction.

Keywords: *green finance, donor credit lines, green lending, commercial banks, EBRD GEFF, green taxonomy, Uzbekistan.*

Аннотация

В данных тезисах рассматривается роль донорских кредитных линий в финансировании зелёных проектов в Узбекистане и потенциал коммерческих банков в области зелёного кредитования. Анализ показывает, что зелёное кредитование осуществляется преимущественно по цепочке «международная организация, коммерческий банк, заёмщик», то есть за счёт донорского капитала.

Кредиты, предоставленные в рамках программы (EBRD GEFF) банкам «Ипак Йули» и «Хамкорбанк» в течение нескольких лет, свидетельствуют о расширении этого процесса. АБР, AFD и Всемирный банк также предоставляют дополнительные линии. Нормативная база Узбекистана (ПП-4477, Национальная зелёная таксономия) поддерживает данный процесс. Отсутствие отдельной статистической категории «зелёный кредит» указывает на возможность развития местного потенциала и статистической инфраструктуры.

Ключевые слова: *зелёное финансирование, донорские кредитные линии, зелёное кредитование, коммерческие банки, EBRD GEFF, зелёная таксономия, Узбекистан.*

Introduction

The growing urgency of climate change has placed green finance at the centre of economic policy, and commercial banks — as the principal financial intermediaries — play a decisive role in channelling capital toward environmentally sustainable projects [1]. The United Nations Environment Programme (UNEP) defines green finance as a mechanism that improves human well-being while significantly reducing environmental risks and ecological scarcities [1]. In bank-based emerging economies, where capital markets remain shallow, banks are the main channel through which green and energy projects are financed [2].

In Uzbekistan, however, green lending at the bank level is carried out predominantly through the targeted credit lines of international development finance institutions. This raises a central question: to what extent do local commercial banks possess independent green-lending capacity, as opposed to relying on donor credit lines? Financial-intermediation theory provides the analytical lens: the bank acts as an intermediary that allocates credit and undertakes delegated monitoring under conditions of information

asymmetry [3]. The aim of this paper is to analyse the “donor, bank, borrower” chain in Uzbekistan and its implications for local banks' green-lending capacity.

Materials and methods

The study employs a comparative-institutional analysis. It draws on three groups of sources: (i) the project disclosures and press releases of donor institutions, primarily the EBRD Green Economy Financing Facility (GEFF) in Uzbekistan; (ii) the normative legal acts of the Republic of Uzbekistan; and (iii) the statistics and reports of the Central Bank. The data are systematised, compared across banks and years, and generalised logically, with international experience used as a benchmark. Because a centralised green-credit statistical category is not yet maintained at the bank level, the analysis relies on official and donor-reported data rather than on econometric estimation.

Results

The analysis indicates that green lending in Uzbekistan operates mainly through an “international organization, commercial bank, borrower” chain. In this chain, the commercial bank functions as a financial intermediary: it receives capital and technical assistance from a donor institution and reallocates them to green projects such as energy efficiency and renewable energy. Under its Green Economy Financing Facility (GEFF), the EBRD channels resources through local partner banks, providing not only funding but also advisory services ensuring that each investment meets recognised green standards [5].

Donor-reported data across several banks and years illustrate the expansion of this flow (Table 1). Ipak Yuli Bank received a USD 6 million senior loan under GEFF in 2022, a USD 20 million first loan under GEFF II in 2023, and a further USD 15 million GEFF II loan signed in early 2026. Hamkorbank received up to USD 10 million under GEFF II in 2023 and up to USD 30 million in 2025, the latter backed by concessional

co-financing from the government of Canada under the High-Impact Partnership on Climate Action (HIPCA) [5].

Table 1. EBRD GEFf green credit lines to partner banks in Uzbekistan (2022–2026)

Bank	Year	Facility	Amount (USD mln)
Ipak Yuli Bank	2022	GEFF senior loan (within a USD 10 mln package)	6
Hamkorbank	2023	GEFF II loan	10
Hamkorbank	2025	GEFF II loan (HIPCA co-financing)	30
Ipak Yuli Bank	2026	GEFF II loan (synthetic UZS)	15

Source: author's elaboration based on EBRD project disclosures and press releases [5].

These transactions are part of a broader, system-level pattern of donor engagement. The EBRD has invested more than USD 6.5 billion in Uzbekistan through 193 projects; in 2025 alone, its transactions with partner banks — including Hamkorbank, Ipak Yuli Bank and Universalbank — totalled around USD 125 million in support of SMEs and green investments and generated nearly 39 per cent of the Bank's annual business in the country [5, 6]. GEFF II is further supported by donor co-financing through the Climate Investment Funds and the HIPCA multi-donor initiative [5]. Together, these facts indicate that, at present, green lending in Uzbekistan is predominantly channelled through donor facilities rather than originated from banks' own resources.

This donor-channelled lending is supported by a consistent normative framework (Table 2). The strategy for the transition to a green economy in 2019–2030 was approved

by Resolution PQ-4477 (4 October 2019); measures to improve the efficiency of green-economy reforms by Resolution PQ-436 (2 December 2022); the National Green Economy Taxonomy by Cabinet of Ministers Resolution No. 561 (25 October 2023); and green-economy and green-building programmes by Decrees PF-16 (30 January 2025) and PF-26 (21 February 2025) [7, 8, 9, 10].

Table 2. Green-finance normative framework of Uzbekistan

Act	Date	Content
Resolution PQ-4477	04.10.2019	Strategy for transition to a green economy, 2019–2030
Resolution PQ-436	02.12.2022	Improving the efficiency of green-economy reforms
Resolution No. 561	25.10.2023	National green-economy taxonomy
Decree PF-26	21.02.2025	Housing/mortgage market; green-building standards
Decree PF-16	30.01.2025	State programme for the year of the green economy

Source: author's elaboration based on lex.uz data [7–10].

At the same time, an important empirical observation emerges: the statistics of the Central Bank do not yet maintain a separate “green credit” category at the bank level [11]. This suggests that green lending is still largely donor-channelled rather than constituting a distinct, locally driven portfolio category. Rather than a shortcoming, this is best interpreted as a development opportunity — namely, to build local banks' independent green-lending capacity and the supporting statistical infrastructure (for example, a green-credit reporting category based on the National Green Taxonomy). The technical-assistance and advisory components attached to donor facilities transfer

competence and standards to local banks, making donor partnership a transitional mechanism toward a self-sustaining green-finance market.

Conclusion

The study yields the following main findings:

- 1) Green lending in Uzbekistan is carried out mainly through the “international organization, commercial bank, borrower” chain, predominantly on the basis of donor capital.
- 2) EBRD GEFF credit lines to several partner banks (Ipak Yuli Bank, Hamkorbank and others), together with ADB, AFD and World Bank facilities, are gradually building the green-lending capacity and competence of local banks.
- 3) Uzbekistan's normative framework — the green-economy transition strategy and the National Green Taxonomy — provides a supportive institutional foundation.
- 4) The absence of a centralised “green credit” statistical category signals an opportunity to develop local statistical infrastructure and reporting standards.
- 5) Strengthening local banks' independent green-lending capacity is the strategic direction for the next stage of green-finance development.

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