

UZBEKISTAN



GREEN
CLIMATE
FUND

GLOBAL
PROGRAMMING
CONFERENCE

Project title

Creating enabling policy and financing environment for affordable low-carbon rural housing in Uzbekistan

Result areas

Buildings, cities and industries and appliances

Sector

Public

Total financing, USD

193,7 mln

GCF financing, USD

19 mln

Financial instrument

Grant

Description of specific climate change problem and how the project will address it

Uzbekistan is most populous and fastest growing country in Central Asia – 33.52 mln (as of 1 July 2019). Its carbon intensity is 0.64 kg per 2011 PPP \$ of GDP (WB). In Uzbekistan, buildings (mainly residential) consume the largest amount of energy and are responsible for half of all energy-related GHG emissions. With anticipated steady population increase accompanied by growth of new construction, residential energy consumption and consequently GHG emissions are projected to rise by 20% by 2050. Continued investment in inefficient housing locks Uzbekistan into a high emission trajectory and contributes to global GHG emissions.

There is high energy saving potential which could be utilized with the deployment of EE and RE measures while constructing rural housing resulting in significant GHG emission reduction and decreased energy consumption. Up to 60% savings can be achieved in low-carbon houses (i.e. less than 100 kWh/m² annual energy consumption) with a 10-15% increase in construction costs, if additional renewable energy solutions are introduced, e.g. solar-based systems for power and heat/hot water supply.

Alignment with key country priorities and stakeholders engaged

- Strategy on Transition to Green Economy aimed at the consistent modernization of industry, improving energy efficiency and energy conservation in key sectors, which will stabilize greenhouse gas emissions
- Introduction of modern energy efficient and energy saving technologies, and wider utilization of renewable energy sources in energy sector and industries
- Since 2019, construction of energy efficient affordable residential buildings based on the new standard designs envisaged reduction of the cost and increase of energy efficiency

Stakeholders: Ministry of Construction, National Designated Authority (Uzhydromet), Ministry of Economy; Ministry of Finance, State Committee for Ecology and Environment Protection, national mortgage banks, private sector (mortgage borrowers and EE/LC materials and equipment producers), academia, NGOs

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Activities

- **Market creation for LC houses** through raising consumer awareness about financial and other benefits of investing in LC houses; design and marketing financial products for EE and LC housing market; adoption and enforcement of building standards and regulations; capacity building for architects and developers for quality assurance for construction of LC buildings; knowledge management
- **Investment in EE and LC rural housing:** design of financial products for LC houses; marketing products for LC houses; provision of financial incentives for LC houses; monitoring of loan performance and marketing platform for green loan products. GCF funds will only partially cover incremental costs of LC houses (only RE measures, up to 15% of the total housing construction costs); whereas the main co-financing will be provided by partner IFIs, the Government, households through mortgage down-payment (private investments).

Expected outcomes

- **1.4 mln tCO₂ over the total LC housing investment lifetime** will be reduced as a result of project support to construct up to 11,000 low-carbon rural houses
- **Institutional and regulatory systems** are in place that improve incentives for low-emission planning and development and their effective implementation
- **Improved efficiency of residential buildings (at least for 30% vs standard, and specific energy consumption of less than 100 kWh/m² annually)** as a result of Fund support

Paradigm shift potential

- **Paradigm shift** to be enabled by the project lies in its ambition to make low-carbon housing affordable and available at large-scale and on market terms to the low-income and vulnerable rural population in Uzbekistan.
- **Potential for scaling-up and replication:** Project aims at ensuring that 10% of the housing units built under Rural Housing Program are low-carbon by 2024 (cca 1,600 units/year), given its volume of housing construction of at least 15,000 units per year, the scale for further replication and scaling-up the uptake of LC houses is substantial, i.e. can be multiplied by at least the factor of 10. Beyond the direct project replication measures within RHP, the potential is large-not just in Uzbekistan (e.g. using the green mortgage mechanism for the urban residential market or expanding financing for RE applications in houses units to existing households), but also in the development of designs and best-practice financing mechanisms that could be used in neighbouring countries.