



Project Summary Information

Date of Document Preparation: May 15, 2025	
Project Name	Enabling the Green and Sustainable Transition and Climate Resilience of MSMEs
Project Number	P000964
AIIB member	Kyrgyz Republic
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	To support the green and sustainable transition and climate resilience of micro, small, and medium enterprises (MSMEs) by mobilizing private capital for sustainable investments and strengthening financial intermediaries to facilitate their low-carbon transition.
Project Description	<p>The Project, co-financed with the World Bank (International Development Association), aims to support the climate resilience of MSMEs and the development of a sustainable finance market for MSMEs by mobilizing private capital for green investments and strengthening financial institutions. It comprises three main components:</p> <ol style="list-style-type: none"> 1. Green and Sustainable Finance (USD110.0 million): Provides wholesale financing to Participating Financial Institutions (PFIs) and contributes to the Green Finance Fund (GFF), targeting MSMEs. 2. Green Guarantees (USD59.0 million): Introduces green guarantee products through a Portfolio Risk Sharing Facility (PRSF) and individual guarantees for larger green MSME projects. 3. Implementation and Capacity Building (USD1.0 million): Enhances project management and builds capacity within the sustainable finance ecosystem, supported by MDBs and other partners. <p>AIIB's proposed loan is expected to finance Component 1 (USD50million). A detailed breakdown of our contribution to various subcomponents will be decided during project due diligence.</p>
Expected Results	The Project is designed to generate tangible and measurable outcomes contributing to sustainable financial market development and green investment expansion in the Kyrgyz Republic.
Environmental and Social Category	FI

Environmental and Social Information	<p>Applicable Policy and Categorization. The Project will be co-financed with the World Bank (WB) as the lead co-financier. AIIB will finance component 1.1 and component 1.2. The environmental and social (ES) risks and impacts of the Project have been assessed in accordance with the WB's Environmental and Social Framework (ESF). To ensure a harmonized approach to managing the Project's ES risks and impacts, and as the permitted under AIIB's Environmental and Social Policy (ESP), the WB ESF will apply instead of AIIB's ESP. AIIB has reviewed the WB ESF and confirmed that that: (a) it aligns with AIIB's Articles of Agreement and is materially consistent with the provisions of AIIB's ESP and the relevant ES Standards; and (b) appropriate monitoring procedures are in place for the Project. The Project has been classified as Category FI as it involves the provision of funds through a Financial Institution (FI). The Project will only support those MSMEs whose activities fall under moderate or low ES risk categories, as defined by the WB Environmental and Social Standard 9. The WB has rated the overall ES risks of this Project as Moderate.</p> <p>Environmental and Social Instruments. An Environmental and Social Commitment Plan (ESCP) has been prepared for the Project and will be updated as necessary during the Project implementation. Under the ESCP, all PFIs are required to develop, maintain and implement the ESMS in accordance with WB's ESF. Each participating financial institution (PFI) must submit its ESMS for joint review and approval by both the WB and AIIB prior to participation in the Project. Additionally, the Project will develop and implement a Stakeholder Engagement Plan (SEP) to ensure effective community involvement. A Labor Management Plan (LMP) to address labor rights, workplace safety, and other social risks.</p> <p>Environmental and Social Aspects. The Project's potential adverse environmental risks are expected to be temporary, site-specific, and primarily associated with activities such as small-scale renewable energy installations, manufacturing/processing line renovations, pesticide use in agriculture, soil loss to agricultural activities. Potential adverse environmental impacts, such as air pollution, water consumption, noise, and limited waste generation, will be mitigated in line with national regulations. While certain activities may affect natural habitats, these disturbances are expected to be localized, short-term, and manageable through standard mitigation measures. In addition, activities with potential for temporary or permanent land acquisition, involuntary resettlement, livelihood impacts, or restriction of access to resources have been deemed ineligible for financing under the Project, and the Project is also not anticipated to generate significant risks related to labor influx, sexual exploitation and abuse/sexual harassment (SEA/SH), or community health and safety. Activities involving temporary or permanent land acquisition, involuntary resettlement, livelihood impacts, or restriction on access to resources have been deemed ineligible for financing under the Project. To address these risks systematically, PFIs will be required to implement an ESMS aligned with the WB's Environmental and Social Standards (ESSs) relevant to the Project.</p> <p>Gender Aspects. The Project will promote gender inclusion by expanding access to sustainable finance for women-led micro, small, and medium enterprises (WMSMEs). The Project will adapt the Women-in-Finance initiative to the Kyrgyz</p>
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	<p>context, enhancing the capacity of financial institutions through tailored training programs focused on sustainable finance and addressing barriers faced by WMSMEs. Gender-sensitive aspects are also embedded into the GRM, the sexual exploitation and abuse/sexual harassment (SEA/SH) considerations have been integrated into the GRM.</p> <p>Stakeholder Engagement, Consultation and Information Disclosure. The Project emphasizes effective and inclusive engagement with all relevant stakeholders and beneficiaries. A SEP has been developed to map stakeholders, tailor engagement strategies, establish structured consultation modalities, which will be implemented during project preparation and the implementation. Both the ESCP and SEP have been disclosed on WB's website¹.</p> <p>Project GRM and the Arrangement of Monitoring and Reporting. The Project's GRM is outlined in the SEP. In terms of the GRM for Project workers, which will be described included in the Labor Management Plan (LMP). The information of established GRMs as well as WB's Grievance Redress Service (GRS) and its independent accountability mechanism (IAM) will be timely disclosed in an appropriate manner. In addition, semi-annual monitoring reports on the Project's ES performance will be prepared based on agreed format and be submitted to both the WB and the AIIB throughout the Project's implementation. The Project will be visited regularly as part of WB's implementation support mission with AIIB's participation. More details on the monitoring and reporting arrangement will be determined during the appraisal of the Project.</p>				
Cost and Financing Plan	<u>Total Project cost: USD170 million</u> - AIIB: USD50 million - World Bank (IDA): USD120 million				
Borrower	Kyrgyz Republic				
Implementing Entity	State Development Bank of the Kyrgyz Republic				
Estimated date of loan closing (SBF)	December 2030				
Contact Points:	AIIB	AIIB	WB	Borrower	Implementing Entity Organization
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Title	Senior Investment Officer, Project Team Leader	Investment Officer, Co-Project Team Leader	Senior Financial Sector Specialist	Minister of Finance	CEO of State Development Bank of Kyrgyz Republic

¹ [Development Projects: Kyrgyz Republic Developing a Sustainable Finance Market for MSMEs - P505643](#)

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Date of Concept Decision	April 11, 2025				
Estimated Date of Appraisal Decision	June 2025				
Estimated Date of Financing Approval	August 2025				
Independent Accountability Mechanism	<p>The proposed Project will be co-financed with the World Bank (WB). The Bank has agreed that the WB's ES policies and procedures will apply to this Project. Pursuant to the agreement with the WB, the WB's independent accountability mechanism (IAM), Inspection Panel, will handle submissions relating to ES issues under the Project. Consequently, in accordance with the Bank's Policy on Project-affected People's Mechanism (PPM), submissions to the PPM under this Project will not be eligible for consideration by the PPM. Information on WB's Inspection Panel is available at Home Inspection Panel.</p>				