The EBRD's climate contradiction: Syrdarya fossil-gas plant locks Uzbekistan into Russian energy dependence

Syrdarya Thermal Power Plant. Source: Joint-stock company Thermal Electric Station (tpp.uz)

The European Bank for Reconstruction and Development (EBRD) claims to be a leader in championing climate finance in line with the Paris Agreement.[1] However, its USD 200 million investment in the 1,500-megawatt (MW) combined-cycle gas turbine power plant in the Syrdarya region of Uzbekistan exposes significant contradictions between the EBRD's stated commitments and its actual financing decisions.[2]

The EBRD's support for this fossil-gas power plant not only locks Uzbekistan into long-term dependence on fossil fuel from Russia, but also casts doubt on the

[1] European Bank for Reconstruction and Development, Green Economy Transition (GET) and Paris alignment, *European Bank for Reconstruction and Development*, accessed 29 April 2025.

[2] European Bank for Reconstruction and Development, Syrdarya Power Project, *European Bank for Reconstruction and Development*, last updated 27 January 2021.

For more information

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project's claimed environmental benefits, which are difficult to prove. Even though the loan was approved before the EBRD introduced its Paris Alignment methodology in 2023, supporting a fossil-gas project in the face of the global climate crisis is hard to justify from an environmental point of view.

Over the past 30 years, average air temperatures in Central Asia have increased by 1.5 degrees Celsius (°C) – twice the global average.[3] Uzbekistan is already experiencing major disruption due to climate change, resulting in impacts on its environment, economy, and public health, with the poorest communities hardest hit. Without adaptation measures in place, Uzbekistan's economy could shrink by per cent by 2050, with significantly lower employment and household incomes.

What is the Syrdarya power plant?

The Syrdarya gas power plant was originally commissioned in 1981.[4] Located near the city of Shirin, about 150 kilometres south of Uzbekistan's capital, Tashkent, the plant occupies 10 units with a total capacity of 3,150 MW, making it a major energy asset in Central Asia.[5]

In 2021, the EBRD approved a USD 200 million loan for the modernisation of the plant, with the Asian Infrastructure Investment Bank (AIIB) committing an additional USD 100 million. A further USD 552 million was collectively provided by the German Investment Corporation, the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development, and a consortium of commercial lenders backed by a guarantee from the Multilateral Investment Guarantee Agency, a member of the World Bank Group.[6] According to the EBRD, the total cost of the project exceeds USD 1 billion.[7]

In November 2023, Uzbekistan's President and Saudi Arabia's Minister of Energy launched the 1,500-MW Syrdarya combined-cycle gas turbine power plant.[8,9] Developed by the Saudi Arabian company ACWA Power, the project aims to replace 1,170 MW of outdated generation capacity at the existing thermal power station.

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[3] Central Asia Climate Information Portal, How Climate Change Affects Uzbekistan's Economy, *Central Asia Climate Information Portal*, 12 July 2024.

[4] GlobalData, Power plant profile: Syr-Darya Power Plant, Uzbekistan, *Power Technology*, 21 October 2024.

[5] UzDaily.com, Power Machines upgraded power unit No. 10 of the largest thermal power plant in Central Asia ahead of schedule, *UzDaily.uz*, 1 September 2021.

[6] European Bank for Reconstruction and Development, EBRD facilitates Uzbekistan's transition to carbon neutrality, *European Bank for Reconstruction and Development*, 10 February 2025.

[7] European Bank for Reconstruction and Development, Syrdarya Power Project, *European Bank for Reconstruction and Development*, last updated 27 January 2021.

[8] President of the Republic of Uzbekistan, Uzbek President Inaugurates Major Energy Projects, *Official Website of the President of Uzbekistan*, 27 November 2023.

[9] ACWA Power, ACWA Power signs $4.85 billion deal for Central Asia's largest wind farm, *ACWA Power*, 3 May 2024.

In its 2021 project summary document, the EBRD claimed the new plant would lead to a total reduction of 2.61 million tonnes of carbon dioxide (CO_2) emissions – specifically, 1.53 million tonnes from shutting down old, inefficient units and a further 1.07 million tonnes due to the improved efficiency of the new plant.[10]

Uzbekistan faces carbon lock-in

The Syrdarya power plant reinforces long-term structural dependence on fossil fuels in Uzbekistan, where between 82 and 88 per cent of electricity is generated from gas.[11,12] Since 2018, Uzbekistan's domestic gas production has decreased by almost 28 per cent, falling from 61.59 to 46.71 billion cubic metres (bcm) in 2023.[13]

The Syrdarya plant requires between 2.5 and 3 bcm of gas annually. To meet this demand, Uzbekistan has begun importing gas, including 2.8 bcm per year from Russia via Gazprom.[14] Overall gas imports are projected to quadruple to 11 bcm by 2026.[15,16]

In early 2024, the Uzbek authorities announced plans to modernise the country's pipeline infrastructure at an estimated cost of USD 500 million,[17] with the specific goal of increasing the volume of gas imports from Russia from 9 to 32 million cubic metres (mcm) per day, representing a massive 255 per cent increase.

Russia is one of the largest emitters of methane from oil and gas operations. According to data from the Rocky Mountain Institute, Russian oil and gas assets in 2022 were, on average, 75 per cent more methane-intensive than the global norm.[18] This dramatic shift from energy self-sufficiency to import dependence represents an alarming strategic vulnerability that the EBRD's investment has helped perpetuate. And although the EBRD blacklisted Russia from receiving new funding in 2014 and suspended the country's access to EBRD resources in 2022 in response to its invasion of Ukraine, Russian companies continue to

[10] European Bank for Reconstruction and Development, Syrdarya Power Project, *European Bank for Reconstruction and Development*, last updated 27 January 2021.

[12] Han Gong, Dario Matteini, Energy Policy Brief: Uzbekistan, *United Nations Economic Commission for Europe*, 13 January 2025.

[13] Enerdata, Uzbekistan energy report, *Enerdata*, January 2025.

[13] Kun.uz, Uzbekistan's gas and electricity output declines as production struggles continue, *Kun.uz*, 27 March 2025.

[14] 5 Capitals, ACWA Power Sirdarya 1,500MW CCGT Power Plant (IPP) Republic of Uzbekistan | Environmental and Social Impact Assessment (ESIA) | Volume 1 - Non-Technical Summary, *5 Capitals*, 15 October 2020.

[15] Gas Processing & LNG, Russia's gas exports via Kazakhstan to Uzbekistan set to increase in 2025, *Gas Processing & LNG*, 4 November 2025.

[16] Kun.uz, «К 2030 году импорт газа может достичь 10-11 миллиардов кубометров» — министр энергетики, *Kun.uz*, 9 October 2024.

[17] UzDaily.com, Uzbekistan to direct US$500 million to modernize the main gas pipeline system, *UzDaily.uz*, 22 February 2024.

[18] Bryson Wiese, Jake Garza Seymour, 'Over-polluting and under-reporting: A look inside Russia's dirty fossil fuel industry', *Bulletin of the Atomic Scientists*, 27 September 2023.

profit from EBRD-funded gas-related loans to Uzbekistan. No coincidence that two of the three largest gas producers in Uzbekistan are Russian companies:[19]

In addition, the Russian company Zheldoravtomatizatsiya received EUR 4.8 million for turbine spare parts as part of an EBRD loan agreement concluded in August 2023.[20] This payment was drawn from a EUR 81.6 million loan approved by the EBRD in 2020 to support and modernise five of Uzbekistan's thermal power plants, including the Syrdarya complex.

The EBRD's decision to finance the Syrdarya plant directly contradicts Uzbekistan's 2019–2030 green economy transition strategy,[21] which aims to raise the share of renewable energy sources to more than 25 per cent by 2030. It also runs counter to the Ministry of Energy's electricity provision concept,[22] which sets a target of reducing annual fossil-gas consumption for power generation from 16.5 to 12.1 bcm by 2030.[23] The construction of new gas-fired plants makes these targets significantly harder to achieve, locking the country into fossil-fuel infrastructure for decades to come.

Renewable alternatives to fossil gas

The USD 1 billion allocated to gas-infrastructure upgrades represents capital that could have been directed towards renewable energy development to help secure long-term energy independence.

Encouragingly, the EBRD has already supported several renewable energy projects in Uzbekistan.[24,25] One notable example is the portfolio of solar power installations developed by UAE energy company Masdar. Approved shortly after the Syrdarya project and co-financed by a group of multilateral development banks,[26] including the EBRD and the AIIB, the project signals institutional confidence in the reliability of solar energy.[27]

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[19] GlobalData, Uzbekistan natural gas production: data and insights, *Offshore Technology*, 11 July 2024.

[20] European Bank for Reconstruction and Development, Uzbekistan: Supply of operational and maintenance inventories, *EBRD Client e-Procurement Portal*, 20 April 2023.

[21] President of the Republic of Uzbekistan, Ўзбекистон Республикаси Президентининг: 2019 — 2030 йиллар даврида Ўзбекистон Республикасининг «яшил» иқтисодиётга ўтиш стратегиясини тасдиқлаш тўғрисида, *President of the Republic of Uzbekistan*, 4 October 2019.

[22] Ministry of Energy of the Republic of Uzbekistan, Concept Note for Ensuring Electricity Supply in Uzbekistan in 2020-2030, *Ministry of Energy of the Republic of Uzbekistan*, 30 April 2020.

[23] Review.uz, Правительство утвердило «Концепцию обеспечения Республики Узбекистан электрической энергией на 2020-2030 годы», *Review.uz*, 4 May 2020.

[24] William Norman, Uzbekistan: European Bank for Reconstruction and Development supports solar PV project with 500MWh BESS, *Energy Storage News*, 4 July 2024.

[25] Pooja Chandak, EBRD Backs Uzbekistan's 200 MW Solar Plant And 500 MWh Battery Storage, *Solar Quarter*, 8 July 2024.

[26] Anton Usov, EBRD finances close to 900 MW of renewable capacity in Uzbekistan, *European Bank for Reconstruction and Development*, 6 April 2023.

[27] Greg McAlister, Stephen Dixon, James Askwith, Jizzakh Solar PV Project | Environmental and Social Impact Assessment | Draft Report, *Masdar*, 39, January 2023.

With a total installed generating capacity of 897 MW, the project is further supported by long-term power purchase agreements with Uzbekistan's national grid, highlighting the economic feasibility of solar energy in the country.

The Masdar project documentation emphasises Uzbekistan's considerable solar potential, noting its national target of reaching 8 gigawatts (GW) of installed solar and wind capacity by 2030. The country is also considered to be particularly well-suited for solar energy development due to its favourable location and climate.[28]

Given these conditions, there is every possibility that solar photovoltaic installations could offer comparable economic performance to fossil gas while delivering substantial environmental benefits like lower carbon emissions and reductions in atmospheric pollutants.

False solutions versus climate science

In its Sixth Assessment Report, the Intergovernmental Panel on Climate Change (IPCC) makes it clear that the most reliable way to avoid overshooting the 1.5-°C limit is through a swift phase-out of fossil fuels, combined with a rapid expansion of renewable energy, improved energy efficiency, and demand-side strategies.[29] The report states that gas-fired power generation should reach its global maximum before 2030, with complete elimination of carbon emissions from electricity production by 2040.

Yet the Syrdarya facility, designed with a standard operational lifespan of 25 to 30 years, is projected to continue functioning until at least 2051, extending well beyond the time frame considered acceptable for climate stability. The Syrdarya case also highlights a critical disconnect between the EBRD's stated climate commitments and its actual investment practices, raising important questions about due diligence processes in international development financing and the prioritisation of short-term energy solutions over long-term sustainability.

But this is not the first time the EBRD has taken a gamble on fossil gas. Take, for example, the EUR 98 million loan it provided to the Greece–North Macedonia gas interconnector project in April 2024.[30]

The EBRD claims the pipeline will help North Macedonia phase out coal, enable the deployment of 1.7 GW in renewables, and cut greenhouse gases by 82 per cent by 2030. However, the project actually locks North Macedonia into long-term fossil-gas use, contradicting its 2050 decarbonisation pledge and the Green Agenda for the Western Balkans. The project's environmental assessment also lacks a transparent analysis

[28] Nora Sausmikat, Anna Gorholt, Merete Looft, Manana Kochladze, Not Clean, Not Green: The AIIB's Energy Investments in Uzbekistan, *Urgewald*, September 2024.

[29] Center for International Environmental Law, Heinrich Böll Foundation, Lost in Translation: Lessons from the IPCC's Sixth Assessment on the Urgent Transition from Fossil Fuels and the Risks of Misplaced Reliance on False Solutions, *Center for International Environmental Law*, *Heinrich Böll Foundation*, 6 March 2023.

[30] CEE Bankwatch Network, Eko-svest, Greece – North Macedonia gas interconnector update, *CEE Bankwatch Network*, 19 November 2024.

of downstream greenhouse gas emissions, which are set to reach 3 million tonnes of CO_2 equivalent per year – about 50 per cent of North Macedonia's 2030 emissions target. The Syrdarya project should learn from these critical mistakes.

What makes the situation particularly concerning in Uzbekistan is the opportunity cost involved. The EBRD could have supported the feasible renewable options already available to Uzbekistan, a decision that would have simultaneously satisfied EBRD's climate credentials and furthered Uzbekistan's environmental objectives. Compounding matters, the EBRD's decision-making process for the Syrdarya project reveals inadequate due diligence, since it failed to adequately account for Uzbekistan's declining domestic gas production, which now requires increased gas imports from Russia.

Recommendations for the EBRD

To align with its Paris Agreement obligations, the EBRD must:

- end fossil-fuel financing, including for new fossil-fuel infrastructure projects, to avoid creating carbon lock-in effects; and
- strengthen due diligence by implementing robust assessments of domestic energy production capacities and future trends before approving any energy projects.

The EBRD has already proven its willingness and capacity to support large-scale renewable energy projects in Uzbekistan. It should build on this momentum by continuing to prioritise and promote renewable energy sources and storage – actions that could deliver long-term benefits for the country and accelerate the reduction in fossil-fuel use.

By avoiding the creation of new fossil-fuel dependencies and reinforcing its commitment to renewables, the EBRD can more effectively fulfil its mission of supporting sustainable development while honouring its climate commitments.