



Ministry of Finance
of the Republic of Uzbekistan



Funding SDG projects: Key achievements in mobilizing resources from private sector and global investors

19 November 2021



Section 1: Overview of funding SDG projects

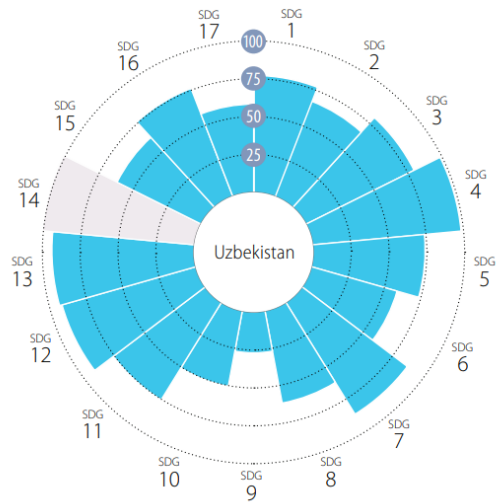
Progress Towards Sustainable Development Goals

The Government has adopted 16 national SDGs, 125 targets and 206 indicators, setting up an SDG monitoring framework composed of an SDG Coordination Council and a data/statistics repository

Overall Performance



Average Performance by SDG



SDG Dashboard and Trends



PPP: Private sector participation in funding SDG projects

With the support from the United Nations, the national SDGs and targets are being gradually integrated into the current and new national sectoral strategies and programmes

Financing of Green and Sustainable Projects

- PPPDA, in conjunction with relevant ministries, local authorities and other government agencies, is going to implement **148 projects during 2022-2026**, which is worth more than **\$13,9 billion**.
- Major projects to be implemented in the sectors of Energy, Transport, Healthcare, Education, Ecology, Utilities and Irrigation and water resources management

Financing of Select Green and Sustainable PPP Projects

- 500 MW wind farm in Bukhara region. The farm is being built by Acwa Power, a UAE developer, which will invest USD 110 million into the project.
- 457 MW PV plant in Surkhandarya region. The plant is being built by Masdar, which will invest USD 260 million into the project
- 220 MW PV plant in Samarkand region. The plant is being built by Total Eren, a French operator and an Independent Power Producer, which majors in Renewables and will invest USD 107 million into the project
- 100 MW PV plant in Jizzakh region. The plant is being built by Masdar, which will invest USD 150 million into the project
- 200 MW PV plant in Navoi region. The plant is being built by Phanes-Group, which will invest USD 179 million into the project
- 500 MW wind farm in the Navoi region. The farm is being built by Masdar, a UAE developer, which will invest USD 110 million into the project. Once complete, it will be one of the largest wind farms in the world

Uzbekistan ratified 150+ international conventions and protocols and is a member of numerous environmental organizations



Eurasian Economic Community



Shanghai Cooperation Organisation



Organization for Economic Co-operation



Central Asian Regional Economic Cooperation



WORLD METEOROLOGICAL ORGANIZATION



United Nations Educational, Scientific and Cultural Organization



International Hydrological Programme



SERVING THE PEOPLE OF CENTRAL ASIA



UNITED NATIONS SUSTAINABLE DEVELOPMENT GROUP



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE



- Rio Declaration on Environment and Development
- The UN Framework Convention on Climate Change
- Kyoto Protocol
- Montreal Protocol
- Paris Agreement
- Vienna Convention for the Protection of the Ozone Layer (joined in 1993)

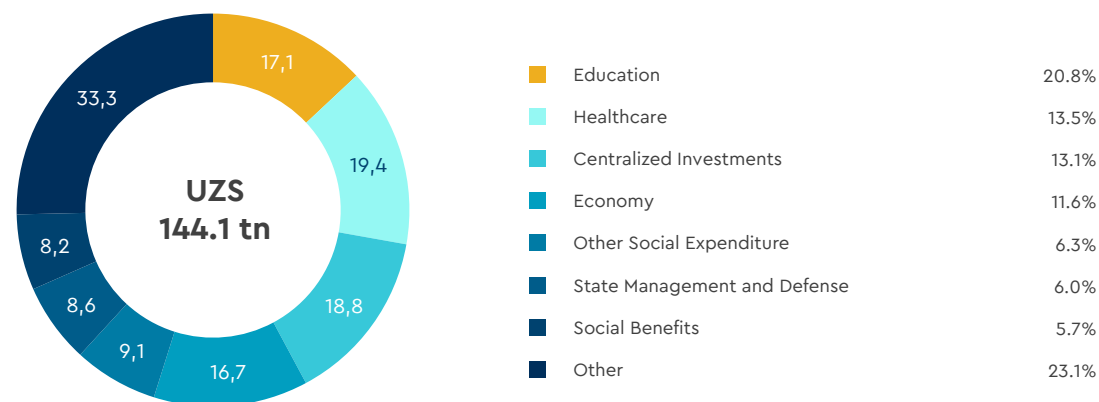
Budget alignment with SDG

Uzbekistan has made great progress in reducing poverty and inequality, as the poverty rate declined from 27.5% in 2001 to 11.4% in 2018. It is also the only country in Central Asia where greenhouse gas (GHG) emissions have remained relatively stable since 1990 and even started to decrease towards 2018

Social Development

- Over the last two decades, Uzbekistan made great progress in reducing poverty
- The Government adopted diverse measures to develop the social sphere in the country, such as:
 - Development of "Youth of Uzbekistan – 2025" framework
 - Development of the Project of Mitigating Poverty
 - Formulation of the concept of "Social protection of citizens"
 - Giving special grants to female students
 - Establishment of 141 private schools
- Social spending on education, healthcare, and other social expenditures comprise a majority of government expenses

Total State Budget Expenditures by Category, 2020



Environmental Development

- Uzbekistan adopted two key policy documents:
 - **The Strategy on the Transition of the Republic of Uzbekistan to a "Green" Economy for the period 2019-2030**
 - **Concept Note for ensuring electricity supply in Uzbekistan in 2020-2030**
- Two main areas of focus: reduction of GHG emissions and efficient management of energy consumption, with the development of renewable energy generation capacity
- Uzbekistan aims to reduce GHG emissions by 10% per unit of GDP and reduce energy usage in comparison to GDP by 50% by 2030
- Key projects supporting the Green Economy Transitions are Saving the Aral Sea, improvement of Water Management, Increased Energy Efficiency, Sustainable Power Generation in the Navoi and Samarkand regions

71.9% of State Budget Expenditures in 2020 went for SDGs



Source: Ministry of Finance

Note: Full details of the framework and the development output are available in the SDG Framework

Funding SDGs using Global capital markets

	2020	2021
Issue ratings:	BB- (S&P) / BB- (Fitch)	BB- (S&P) / BB- (Fitch)
Status:	Senior Unsecured Notes	Senior Unsecured Notes
Format:	Regulation S / Rule 144A	Regulation S / Rule 144A
Pricing date:	19 November 2020	12 July 2021
Tenor/Maturity date:	3 years / 2023	3 years / 2024
UZS Tranche size:	UZS 2tn (~\$192.5m eq.)	UZS 2.5tn (~\$235m eq.)
Coupon:	14.50%	14.00%
Re-offer price:	100.0 (par)	100.0 (par)
Listing:	London Stock Exchange	London Stock Exchange
Use of Proceeds	Development finance to support SDGs 1, 3, 4, 5, 6, 8, 9	SDG framework to support Goals 2, 3, 4, 5, 6, 7, 8, 9, 11, 13, 15
Transaction achievements	<p>UZS tranche</p> <ul style="list-style-type: none"> ✓ Debut UZS Eurobond for Uzbekistan – first LCY sovereign Eurobond offering out of CIS since 2011. ✓ Significant yield tightening by 75 bps on the back of strong orderbook - ca. 2.5x oversubscription. ✓ First LCY transaction globally to received DFI qualification 	<p>UZS tranche</p> <ul style="list-style-type: none"> ✓ First ever SDG labelled issuance (designed to show close alignment with the United Nations Sustainable Development Goals) by a CEEMA issuer. ✓ The first-ever ESG bond issuance by a sovereign from the CIS region

Alignment with SDGs














Section 2: Development Finance bonds

2020 issuance of UZS 2 trillion bonds

The use of proceeds is anticipated to align with SDGs 1, 3, 4, 5, 6, 8 and 9 including the targets and indicators identified below.



Directions of SDG-aligned projects

 <p>Building 25 new schools and reconstructing 21 existing schools</p>	 <p>Providing preferential loans to women in establishing family and private businesses</p>
 <p>Building 3 new hospitals and reconstructing 14 existing health institutions</p>	 <p>Offering comprehensive support of motherhood and childhood, specifically financial support for the implementation of tasks to strengthen the institution of the family</p>
 <p>Building over 200 km of drinking water & sewage pipelines throughout the country</p>	
 <p>Building, reconstructing and repairing over 300 km of automobile roads across the country</p>	 <p>Reimbursing initial payments of real estate purchases for women who are in difficult social situations</p>
 <p>Providing financial assistance to women and families in difficult social situations as well as to women with disabilities</p>	 <p>Financing the pay out in unemployment pensions</p>

2020 issuance: Selected projects

Namangan regional branch of the Republican Research Centre of Emergency Medicine



Within the SDG bond framework, a brand new building for Namangan regional branch of the Republican Research Centre of Emergency Medicine with the capacity of 350 patients financed by the proceeds of development finance bonds has been established.

As a result of the project implementation, patients with cancer and eye disease as well as pregnant women and young mothers will be able to receive high quality medical services.

2020 issuance: Selected projects

Andijan Regional Multidisciplinary Childrens's Medical Centre



UZS 11 024,4 million has been allocated for the construction of new building with the capacity of 200 people equipped with modern equipment for Andijan Regional Multidisciplinary Children's Medical Centre.

Implementation of this project will solve the issues related to timely provision of medical services and shortage of space. This new building will be utilized for providing quality medical services mainly in the area of children's cardio surgery.

2020 issuance: Selected projects

Samarkand city maternity hospital #3



A construction of new complex for Maternity hospital #3 in Samarkand city with capacity of 200 patients has been completed by 95%.

For the implementation of this project, a total amount of UZS 21 626,4 million has been allocated out of the proceeds of Development finance bonds. Upon completion of the project, issues in regard to lack of space and good conditions for patients will be solved.

2020 issuance: Selected projects

Zomin school specialized in physics and mathematics



In accordance with the SDG #3, a new modern school specialized in physics and mathematics is being established in Zomin, Jizzakh region. For the implementation of the project, a total amount of UZS 35 212,6 million has been allocated out of the proceeds of SDG bonds issued.


This specialized school is designed for 220 students and will have all the necessary conditions for their comfortable studying including dormitory, sports hall, library and kitchen.

2020 issuance: Selected projects

Water supply facility in Buzatov district of the Republic of Karakalpakstan



To support the SDG #9, in "Porlitau" residential area of Buzatov district of the Republic of Karakalpakstan, a new water supply facility with the pipeline in the length of 7.3 km has been established. As a result of the project implementation, additional 120 permanent residents of the area have been supplied with clean drinking water.



Section 3: 2021 Sustainable Development bonds

2021: SDG Bond Framework

This Framework is designed to align with the Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG) published in June 2021 by the International Capital Market Association (ICMA)

1. Use of Proceeds	<ul style="list-style-type: none">Uzbekistan SDG Bonds will be exclusively used to finance or re-finance, in part or in full, Eligible Assets providing distinct social or environmental benefits that further one or more of the UN SDGsEligible expenditures that may be linked to the proceeds of SDG Bonds: (1) investment expenditures (2) subsidies, grants and loans (3) tax expenditures (4) operating expenditures (5) intervention expenditures
2. Process for Evaluation and Selection	<ul style="list-style-type: none">The Public Debt Department (PDD), which is the primary responsible unit within MoF for reporting and project evaluation processes, will oversee the implementation of the FrameworkThe PDD has established a decision-making process to determine the eligibility of projects, assets and expenditures as part of the SDG Bond FrameworkThe PDD will draw on representatives from different ministries (Finance, Economic, Health, Education, Energy, Transport, Agriculture, etc.) in conducting its duties under this FrameworkThe MoF, with the assistance of the PDD, will provide recommendations for approval to the SDG Coordination Council which will approve expenditures that are consistent with the eligibility criteria in this FrameworkThe United Nations Development Programme (UNDP) will be involved as an observer and partner during the evaluation and selection process
3. Management of Proceeds	<ul style="list-style-type: none">The MoF will oversee the allocation and tracking of expenditures on Eligible ProjectsUzbekistan will establish an SDG Bond Register to manage the proceeds allocation of each SDG Bond, and make sure that the proceeds are used in accordance with this framework
4. Reporting ¹	<ul style="list-style-type: none">Uzbekistan will provide investors with both an Allocation report and an Impact report.<ul style="list-style-type: none">The Allocation Report will be published annually on www.mf.uz and as necessary thereafter in the event of material developments.The Impact Report will also be published annually for as long as any SDG Bond is outstanding
External Review	<ul style="list-style-type: none">Second Party Opinion on the SDG Bond Framework provided ex-ante by Sustainalytics

Source: Ministry of Finance

Note: Full details of the framework and the development output are available in the SDG Bond Framework

1. In addition to Uzbekistan's National Development Strategy report, the country was the first sovereign to publish an ESG report in 2021

Use of Proceeds in accordance with 2021 SDG bond framework

The table below sets out the investment categories the Government is aiming to address with this Framework utilizing the proceeds of SDG bonds issued. They further outline eligibility criteria for inclusion of a project under the Framework, key benefits, target population and SDGs alignment with Uzbekistan's priorities

Eligible SDG Expenditure

Eligible Category	Eligible Criteria	Social or Environmental Benefits	Target Population	SDG Contribution
1. Access to Education	<ul style="list-style-type: none"> Construction, reconstruction and maintenance of: public schools, kindergartens and national libraries 	<ul style="list-style-type: none"> Providing affordable, equitable and quality education 	Universal access to all and children with special needs or disabilities	#4, #5, #8, #9
2. Sustainable Water Supply, Waste-Water Management and Floor Defense Systems	<ul style="list-style-type: none"> Promoting sustainable water management and upgrade of water irrigation systems 	<ul style="list-style-type: none"> Conservation of water resources and reduction of people suffering from water scarcity 	Universal access to all and small-holder farmers	#2, #6, #11
3. Access to Essential Health Services	<ul style="list-style-type: none"> Construction, reconstruction and maintenance of public health institutions and financing vaccination programmes 	<ul style="list-style-type: none"> Improving healthy life expectancy and providing access to quality essential healthcare services 	Universal access to all	#3, #5
4. Delivery of Essential and Clean Transportation Services	<ul style="list-style-type: none"> Construction and maintenance of public transportations services (i.e. electrified railway and metro infrastructure) 	<ul style="list-style-type: none"> Affordable and equitable access to clean transportation 	Universal access to all	#9, #11, #13
5. Pollution Prevention and Control	<ul style="list-style-type: none"> Expenditure related to waste collection projects 	<ul style="list-style-type: none"> Effective and cost-efficient waste management collection and treatment 	Universal access to all	#11, #13
6. Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic)	<ul style="list-style-type: none"> Expenditure related to projects of afforestation and conservation in the region 	<ul style="list-style-type: none"> Climate change mitigation and sustainable use of terrestrial and aquatic ecosystems 	Universal access to all	#11, #13, #15
7. Clean and Efficient Energy Production and Consumption	<ul style="list-style-type: none"> Construction, reconstruction and maintenance of renewable energy (solar, wind, hydro) power plants 	<ul style="list-style-type: none"> Energy savings, greenhouse gas reduction and climate change mitigation 	Universal access to all	#7, #11, #13

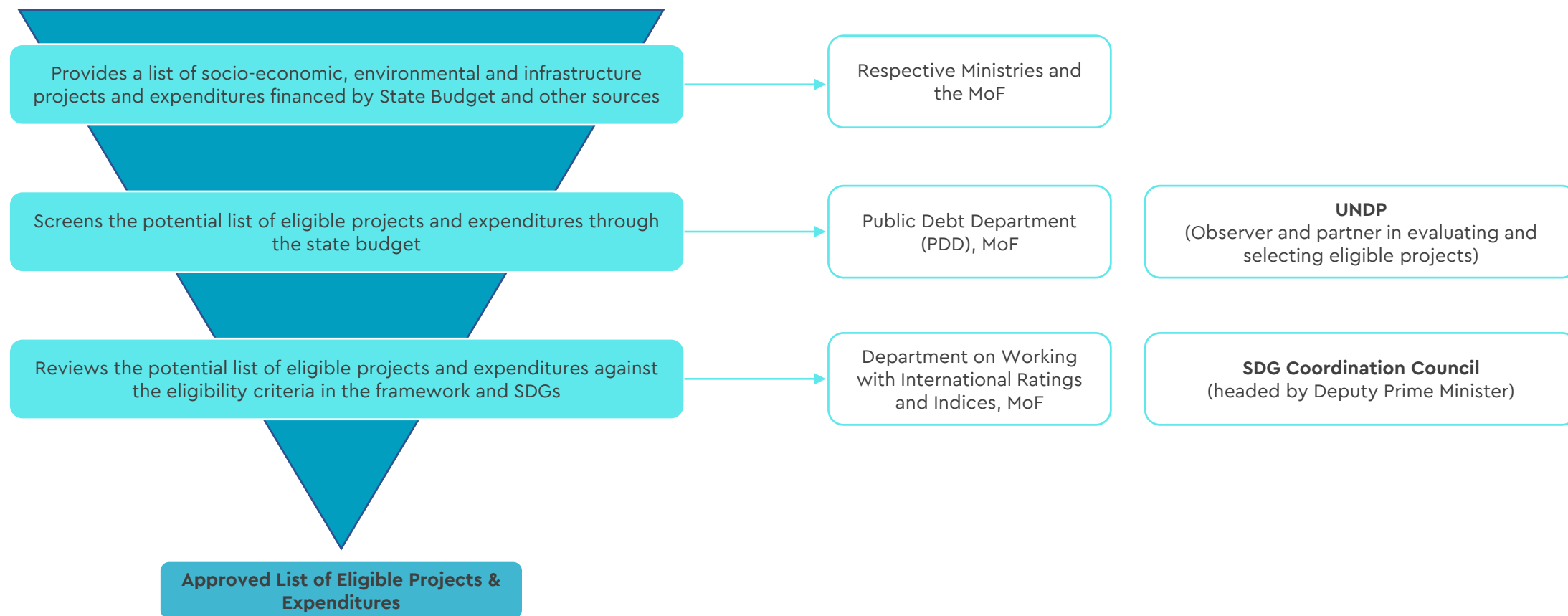
The anticipated impact of the development outputs above aligns with the United Nations Sustainable Development Goals



Process for Evaluation and Selection

The Evaluation and Selection Process ensures that the Eligible Expenditures selected to be financed by the SDG Bonds meet the Eligibility criteria defined in the framework. The following schematic shows a high-level overview of the selection, approval and governance of eligible projects under this Framework

Evaluation and Selection Process





THANK YOU!