Republic of Uzbekistan

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Engagement Team:
Titus Vilches, titus.vilches@morningstar.com
Stefan Spataru, stefan.spataru@morningstar.com

Introduction

In 2021, the Republic of Uzbekistan ("Uzbekistan", the "Country" or the "Issuer") developed the Republic of Uzbekistan SDG Bond Framework (the "Framework") under which it may issue green, social or sustainability bonds (the "SDG Bonds") to finance and/or refinance projects and programmes that are expected to contribute to the Country's environmental and social sustainable development. In 2022, Uzbekistan engaged Sustainalytics to review the projects funded through the issued SDG Bonds and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in July 2021.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2021 SDG Bonds based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	KPIs
Access to Education	Construction, reconstruction, maintenance and operation of: • Public primary and secondary schools; • Public kindergartens and early childhood development facilities; • Public education facilities to cater for children with special needs or disabilities; • Public and national libraries.	• Number of students reached (enrolment rate); • Number of students reached with disabilities and special needs; • Number of education facilities and/or initiatives; • Number of teachers trained; • Area of classroom space that was built, converted or expanded for use within educational facilities (m^2).
Sustainable Water Supply and Waste-Water Management and Flood Defense Systems	• Promote sustainable water management including enhancing water efficiency and waste water treatment to guarantee the water supply; • Development and upgrade of water irrigation systems; • Development of flood defense systems.	• Percentage of population that has daily access to piped water and basic sanitation; • Yield improvement of basic crops in areas with irrigation infrastructure; • Reduction in water consumption; • Kilometers of waste water piping installed; • Quantity of wastewater treated; • Volume of potable water supplied.

Access to Essential Health Services	• Construction, reconstruction, maintenance and operation of public health and institutions; • Financing of public vaccination programs.	• Number of hospital beds per capita; • Number of patients reached; • Number of places and beds; • Percentage of population with an inability to access medical care; • Reduction in maternal mortality and neonatal mortality; Increase in number of: • Hospitals and other healthcare facilitates built/upgraded; • Medical consultations per year (general practitioners, specialists); • Number of patients treated by programme/vaccinations.
Delivery of Essential and Clean Transportation Services	• Construction, reconstruction, maintenance and operation of clean public transportation services, such as electrified railway and electrified metro infrastructures (including railway systems, carriages, stations, signaling equipment, direct passenger access).	• Length of railway construction with equitable access (km); • Increase in passenger kilometers; • GHG emissions reduced/avoided.
Pollution Prevention and Control	• Expenditures related to waste collection projects; • Development, maintenance and operation of waste sorting and treatment centres.	• Number of waste treatment centres commissioned; • Volume of waste collected and processed.
Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic)	• Expenditure related to programs and projects for conservation and restoration of protective trees in the region; • Expenditures related to sustainable management and maintenance of national parks and conservation areas.	• Protected areas and reserves
Clean and Efficient Energy Production and Consumption	Construction, reconstruction, maintenance and operation of renewable solar energy, wind power, hydropower, with life cycle emissions of less than 100g CO_2e/kWh, declining to 0g CO_2e/kWh by 2030, including: • Production of renewable energy; • For new hydro energy projects, eligible projects will undergo appropriate environmental and social impact assessments and ensure not significant controversy; • Storage and transmission through distribution networks of renewable energy.	• MWs of installed renewable power; • GHG emissions reduced/avoided.

Issuing Entity's Responsibility

Uzbekistan is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Uzbekistan's SDG Bonds Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Uzbekistan employees and review of documentation to confirm the conformance with the Republic of Uzbekistan SDG Bond Framework.

Sustainalytics has relied on the information and the facts presented by Uzbekistan with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Uzbekistan.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its SDG Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,[1] nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Uzbekistan's SDG Bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Republic of Uzbekistan SDG Bond Framework. Uzbekistan has disclosed to Sustainalytics that the proceeds of the SDG Bonds were fully allocated as of 12 July 2022.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the SDG Bonds in 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the SDG Bonds in 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

[1] Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation reporting by Eligibility Criteria

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria	Net Bond Proceeds Allocation Uzbekistani Soum (UZS million)	Percentage
Access to Education	Construction & Reconstruction of Schools and Kindergartens	438,874	17%
Sustainable Water Supply and Waste-Water Management and Flood Defense Systems	Construction & Reconstruction of Drinking Water Facilities & Sewage Systems	130,563	5%
	Reconstruction of Irrigation Systems	39,407	2%
Access to Essential Health Services	Construction & Reconstruction of Hospitals	343,892	14%
	Children's Vaccination Programme	197,481	8%
Delivery of Essential and Clean Transportation Services	Construction of Overground & Underground Metro in Tashkent	1,349,782	54%
Total		**2,500,000**	**100%**

Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria	KPIs			
Access to Education	Construction & Reconstruction of Schools	Additional Capacity – Number of School Places		Existing Capacity Reconstructed – Number of School Places	
		13,957		12,633	
	Construction & Reconstruction of Kindergartens	Teachers employed	Non-teaching Staff Employed	Additional Capacity	Existing Capacity Reconstructed
		573	746	4,220	3,300
Sustainable Water Supply and Waste-Water Management and Flood Defense Systems	Construction & Reconstruction of Drinking Water Facilities & Sewage Systems	Number of people given access to piped water and basic sanitation			
		129,147			
	Reconstruction of Irrigation Systems	Hectares of land affected		Length of canal reconstructed (km)	
		68,880		82.8	
Access to Essential Health Services	Construction & Reconstruction of Hospitals	Number of additional fixed beds	Number of additional ambulatory beds	Number of projects	
		3,728	1,150	36	
	Children's Vaccination Programme	Number of vaccine doses purchased			
		19,770,423			
Delivery of Essential and Clean Transportation Services	Construction of Overground & Underground Metro in the Capital City	Estimated Daily Passengers	Length of Line (km)	Number of Stations	
		213,134	33.1	21	

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