

Republic of Uzbekistan

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In October 2023, the Republic of Uzbekistan ("Uzbekistan", the "Country" or the "Issuer") issued its inaugural green bond (the "2023 Green Bond") and raised UZS 4,250,000 million to finance and refinance projects that contribute to achieving the environmental goals in accordance with the United Nations Sustainable Development Goals (UN SDGs).¹ In March 2025, Uzbekistan engaged Sustainalytics to review the projects financed and refinanced with proceeds from the 2023 Green Bond (the "Nominated Expenditures") and provide an assessment as to whether they meet the use of proceeds criteria and whether Uzbekistan complied with the reporting commitments in the Uzbekistan SDG Bond Framework (the "Framework").² Sustainalytics provided a Second-Party Opinion on the Framework in July 2021.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Uzbekistan's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

SDG Goals	Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Goal 2: Zero Hunger Goal 6: Clean Water and Sanitation Goal 11: Sustainable Cities and Communities	Sustainable Water Supply and Waste-Water Management and Flood Defense Systems	• Promote sustainable water management, including enhancing water efficiency and wastewater 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 • Kilometres of wastewater piping installed • Quantity of wastewater treated • Volume of potable water supplied

¹ United Nations, "United Nations Sustainable Development Goals", at: <https://sdgs.un.org/goals>

² Republic of Uzbekistan, "Republic of Uzbekistan SDG Bond Framework 2021", (2021), at: https://api.mf.uz/media/document_files/SDG_Bond_Framework_X0K02oV.pdf.

³ Sustainalytics, "Second-Party Opinion, Republic of Uzbekistan SDG Bond Framework", (2021), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/republic-of-uzbekistan-sdg-bond-framework-second-party-opinion-\(1\).pdf?sfvrsn=37ed592d_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/republic-of-uzbekistan-sdg-bond-framework-second-party-opinion-(1).pdf?sfvrsn=37ed592d_1).

Goal 11: Sustainable Cities and Communities Goal 13: Climate Action Goal 15: Life on Land	Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic)	• Expenditure related to Programme and projects for conservation and restoration of protective trees in the region • Expenditure related to sustainable management and maintenance of national parks and conservative areas	• Protected areas and reserves
Goal 11: Sustainable Cities and Communities Goal 13: Climate Action	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

Issuer's Responsibility

Uzbekistan is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Uzbekistan's Green Bond. The work undertaken as part of this engagement included collection of documentation from Uzbekistan and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Uzbekistan. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein 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 Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Sustainalytics notes that 76.5% of the total proceeds were allocated as of December 2023 and the remaining 23.5% will be allocated by October 2025.

⁴ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Uzbekistan reported on at least one KPI per use of proceeds category.	None

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation reporting for the 2023 Green Bond

SDG Goals	Use of Proceeds Category	Project Description	Allocated Amount ⁵ (UZS million)			
			2021 (Re-financing)	2022 (Re-financing)	2023 (Financing)	Total Allocated Amount (UZS million)
Goal 2: Zero Hunger Goal 6: Clean Water and Sanitation Goal 11: Sustainable Cities and Communities	Sustainable Water Supply and Waste-Water Management and Flood Defense Systems	Construction and reconstruction of irrigation facilities	227,309	354,707	358,026	940,042
		Construction and reconstruction of melioration facilities	48,959	108,093	53,004	210,056
		Construction and reconstruction of drinking water and sewage facilities	31,773	180,019	254,515	466,306
		Subsidies for implementing water-saving technologies in agriculture	28,628	5,170	26,396	60,194
		Subsidies to cover the costs of drilling wells to extract groundwater for irrigation of residential plots	25,630	95,650	65,026	186,305
		Subsidies to cover the cost of implementing drip irrigation systems	754,372	71,320	96,905	922,597
Goal 11: Sustainable Cities and Communities Goal 13: Climate Action Goal 15: Life on Land	Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic)	Costs for the establishment of protective forests (encirclement) to prevent desertification and sand migration, water and soil erosion and to improve the ecological environment in desert and mountain areas	76,501	73,075	80,984	230,560
		Funding of expenses related to purchase and planting of seedlings with the nationwide project "Yashil Makon" (Green Nation)	-	-	33,796	33,796

⁵ Amounts may not total exactly due to rounding.

Goal 11: Sustainable Cities and Communities Goal 13: Climate Action	Pollution Prevention and Control	Purchase of special vehicles for organization of sanitation works and maintenance of cleanliness of settlements	203,317	-	-	203,317
Total Amount Allocated (UZS million)						3,253,173
Total Amount Unallocated (UZS million)						996,827
Total Net Proceeds Raised (UZS million)						4,250,000

Appendix 2: Reported Impact

Table 4: Cumulative Reported Impact Between 2021 and 2023

SDG Goals	Use of Proceeds Category	Project Description	Reported Impact			
			Impact Indicators	2021	2022	2023
Goal 2: Zero Hunger Goal 6: Clean Water and Sanitation Goal 11: Sustainable Cities and Communities	Sustainable Water Supply and Waste-Water Management and Flood Defense Systems	Construction and reconstruction of irrigation facilities	Irrigation network (km)	214	268	308
			Land area with improved irrigation (ha; pro-rata)	193,723	225,137	285,491
			Number of farmers/landowners benefitted (pro-rata)	5,074	6,980	11,686
			Total average water-saving m ³ (pro-rata)	41,697,469	59,305,116	55,342,300
		Construction and reconstruction of melioration facilities	Number of farmers/landowners benefitted (pro-rata)	118	343	110
			Land areas with improved reclamation (ha; pro rata)	10,503	32,093	92,077
			Land areas with reduced seepage water (ha)	2,981	10,020	29,387
			Reduction of saline land areas (ha)	2,084	7,821	24,646
		Construction and reconstruction of drinking water and sewage facilities	Extension and improvement of drinking water network (km)	93	392	605
			Extension and improvement of sewage network (km)	28	45	48
			Total number of people provided with clean drinking water and sanitary facilities (pro-rata)	65,031	80,909	421,780

		Subsidies for implementing water-saving technologies in agriculture	Land area covered with water-saving technologies (ha)	4,107	1,772	7,463
			Number of farmers provided with water-saving technologies	32	77	321
			Total average water-saving (m³)	8,368,964	3,682,218	14,844,373
		Subsidies to cover the costs of drilling wells to extract groundwater for irrigation of residential plots	Number of wells drilled	256	1,127	567
			Area of residential plots covered (ha)	875	2,919	1,620
			Number of people benefitted	7,274	24,327	13,504
			Average amount of groundwater extracted from the wells (m3)	5,494,390	22,951,655	11,164,067
			Volume of annual average production of agriculture products in tons (pro-rata)	32,013	106,271	59,197
			Annual average increase in productivity on household farms (%)	37		
		Subsidies to cover the cost of implementing drip irrigation systems	Land area covered by drip irrigation (ha; pro-rata)	30,175	2,853	3,876
			Number of farmers benefitted (pro-rata)	562	60	139
			Total average water-saving (m³)	96,559,623	9,128,989	12,403,840
Goal 11: Sustainable Cities and Communities Goal 13: Climate Action Goal 15: Life on Land	Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic)	Costs for the establishment of protective forests (encirclement) to prevent desertification and sand migration, water and soil erosion and to improve the ecological environment in desertification	Land areas covered with forest/tree plantations (encirclement; ha)	2,500	2,500	2,500
		Funding of expenses related to purchase and planting of seedlings with the nationwide project "Yashil Makon" (Green Nation)	Green areas created by the Programme (ha)	-	-	457
			Number of trees/plants planted within the Programme	-	-	166,226
Goal 11: Sustainable		Purchase of special vehicles	Number of garbage trucks purchased	274	-	-

Cities and Communities Goal 13: Climate Action	Pollution Prevention and Control	for organization of sanitation works and maintenance of cleanliness of settlements	Number of compactor trucks purchased	29	-	-
			Annual waste collection (tons)	517,860	-	-
			Population covered	1,918,000	-	-

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