

Integrated National Financing Framework in Uzbekistan

March 21, 2024

**“Towards Integrated National Financing Frameworks:
Implementing Sustainability focused normative tools
in Eastern Europe, Western Balkans, Caucasus and
Central Asia”**



Government's strategic vision to achieve the national development priorities and SDGs in Uzbekistan

- **Strategy “Uzbekistan – 2030”** – newly adopted government’s ambitious reform agenda that covers 5 priority areas and sets out 100 specific objectives.
 - doubling the GDP up to **USD 160 billion** and increasing the GDP per capita up to over USD 4 000
 - joining a Group of **upper middle-income countries** by 2030
 - substantial increase in the volume of investments: **up to USD 250 billion**
- **Key priority areas include:**
 - the quality and coverage of education, health and social protection.
 - the efficiency of water resources and environment protection,
 - public service delivery and governance, ensuring the rule of Law and building a fair society



Implementation of SDGs in Uzbekistan

- ❖ In 2018 the Government of Uzbekistan adopted National SDGs including **16 Goals** (except of SDG #14, “Oceans” is not relevant) and **127 Targets** (initially 125). An SDG Coordination Council chaired by the Deputy Prime Minister was established and a Roadmap for implementation of SDGs adopted.
- ❖ Around **200 SDG Indicators** adopted. A special web resource www.nsdg.stat.uz was developed and launched by the Statistics Agency under President’s Administration.
- ❖ Government of Uzbekistan adopted a **Resolution # 83** dated 21.02.2022 that is aimed to accelerate the implementation of the National SDGs. Among other things the resolution:
 - ❖ approved the **Action Plan** for the implementation of **National SDGs during 2022-2026**;
 - ❖ strengthened SDG Coordination Council and approved the new composition of the Thematic WGs
 - ❖ established a Working group responsible for SDG financing. One of the main tasks of this WG is to coordinate the development and monitoring of the **SDG Financing Strategy**.
- ❖ Uzbekistan presented its first and second **National Voluntary Reports (VNR)** on SDGs implementation during the ECOSOC High-level Political Forums in 2020 and 2023 respectively.

Establishing the INFF in Uzbekistan



Building Block I: Assessment and Diagnostics

- The country's first **Development Finance Assessment (DFA)** completed in 2020
- Additional annual investments in amount of **USD 6 billion** is needed to achieve the SDGs in Uzbekistan
- DFA pointed out that **harnessing the country's growing private financial flows**, both domestic and international, will be critical to complement ongoing reform improvements in public spending efficiency, effective governance and the doing business environment.
- The DFA also included a **roadmap for establishment of INFF** in Uzbekistan.

Building Block II: Financing Strategy

- An **Integrated National SDG Financing Strategy for Uzbekistan** developed. The main objective of the Strategy is to apply a coherent and integrated approach towards mobilization of public and private financial flows from domestic and external sources and combine financing policies to increase their overall impact.
- In 2022 the draft Strategy has been extensively discussed with the national and development partners during the Financing Dialogues and on the sidelines of the **II Uzbekistan Economic Forum 2022**.

Developing and piloting New Financing Instruments

- July 2021, **first sovereign SDG Bonds** in the region (USD 235 million)
Uzbekistan July 2021 SDG Bond Allocation and Impact Report, released in November 2022.
- October 2023 **first sovereign Green Bonds** (USD 350 million).
- Developing the Enabling Environment for **Green Sukuk** in Uzbekistan
- Feasibility study for Green and Gender Focused Investment Fund based on **Blended Finance**

Table 2: Allocation of the SDG Bond by SDG

SDG n.	SDG Name	Allocation of Proceeds (UZS million)	Percentage
3	Good Health and Well-being	541,373	22%
4	Quality Education	438,875	17%
6	Clean Water and Sanitation	169,970	7%
9, 11, 13	SDG 9: Industry, Innovation and Infrastructure/ SDG 11: Sustainable Cities and Communities/ SDG 13: Climate Action	1,349,782	54%
Total		2,500,000	100%

Source: Ministry of Finance of Uzbekistan

- Law on **Public-Private Partnership (PPP)** in Uzbekistan enacted in 2019.
- During 2020-2023 more than **900 PPP projects** were launched with more than **USD 16 billion transactions** awarded successfully.
- **DBFOM** – frequently required PPP Agreement type.
- Major PPP projects are in **Energy, Utilities, Transport, Education, Health, Environment, Heating, Irrigation**, etc.

Establishing the INFF in Uzbekistan (Cont.)



Building Block III: Monitoring and Review

- Since 2019 the Government of Uzbekistan performs the **SDG budget Tagging exercise** using a basic model and regularly presents the results in the publications of a Citizen's Budget.
- According to the tagging results during the last few years in average **around 70%** of the state budget expenditures in Uzbekistan were allocated and aligned with SDGs.
- With the support of **UNDP and French Development Agency (AFD)** the government started to integrate climate and green considerations into the budgetary process.
- The first **climate budget tagging** exercise for the executed state budget Y2022 was piloted and presented in the publication of a Citizens' Budget Y2022.
- The **Green budget tagging methodology** was developed to help the government to better track and monitor its public expenditures against the national green priorities. It is expected to pilot the methodology in 2024.



Establishing the INFF in Uzbekistan (Cont.)



Building Block IV: Governance and Coordination

- Within the framework of UN JP on INFF in Uzbekistan (2020-2022) a government resolution have been drafted on establishing an institutional structure that oversees operationalization of the INFF - **the INFF Oversight Committee.**
- The proposed composition of the INFF Oversight Committee includes representatives from the Ministry of Economy and Finance, Education, General Prosecutor's Office, Institute of Fiscal Studies, as well as concerned international development partners, such as the UN RCO, UNDP, EU Delegation, PUNOs and others.
- UNDP strengthened the capacities of the Parliament within the framework of its joint project with the Senate of Oliy Majlis of the Republic of Uzbekistan on “Advancing Deeper National SDGs Integration in the Parliament of Uzbekistan” (2021-2022).
- Uzbekistan initiated drafting the General Assembly Resolution on “Strengthening the Role of the **Parliaments** in Achieving SDGs and Ensuring Human Rights”. More than 80 countries supported and joined Uzbekistan in facilitating the adoption of the GA Resolution in December 2022.

Establishing the INFF in Uzbekistan (Cont.)

Next steps and follow up actions

- Continued work jointly with UN Agencies and Development Partners towards the implementation of **INFF building blocks** as well as the operationalization of the **Integrated SDG Financing Strategy**. Further advocacy work on INFF and Financing Strategy is needed to ensure the government's full ownership of the process.
- UNDP and AFD will continue to work closely towards the development and introduction of a more **advanced SDG budgeting and green budgeting methodologies** to help the government better tracking and monitoring the implementation and achievement of SDGs and the national green priorities.
- UNDP's technical support and expertise to the government on the **new issuances of SDG bonds as well as other thematic bonds**.

**Continued Support
by UNDP**

UNDP will continue to support the government on exploring the opportunities for development and introduction of a **new innovative financing instruments including the Islamic Finance, blended finance mechanisms**, etc.



Thank You!