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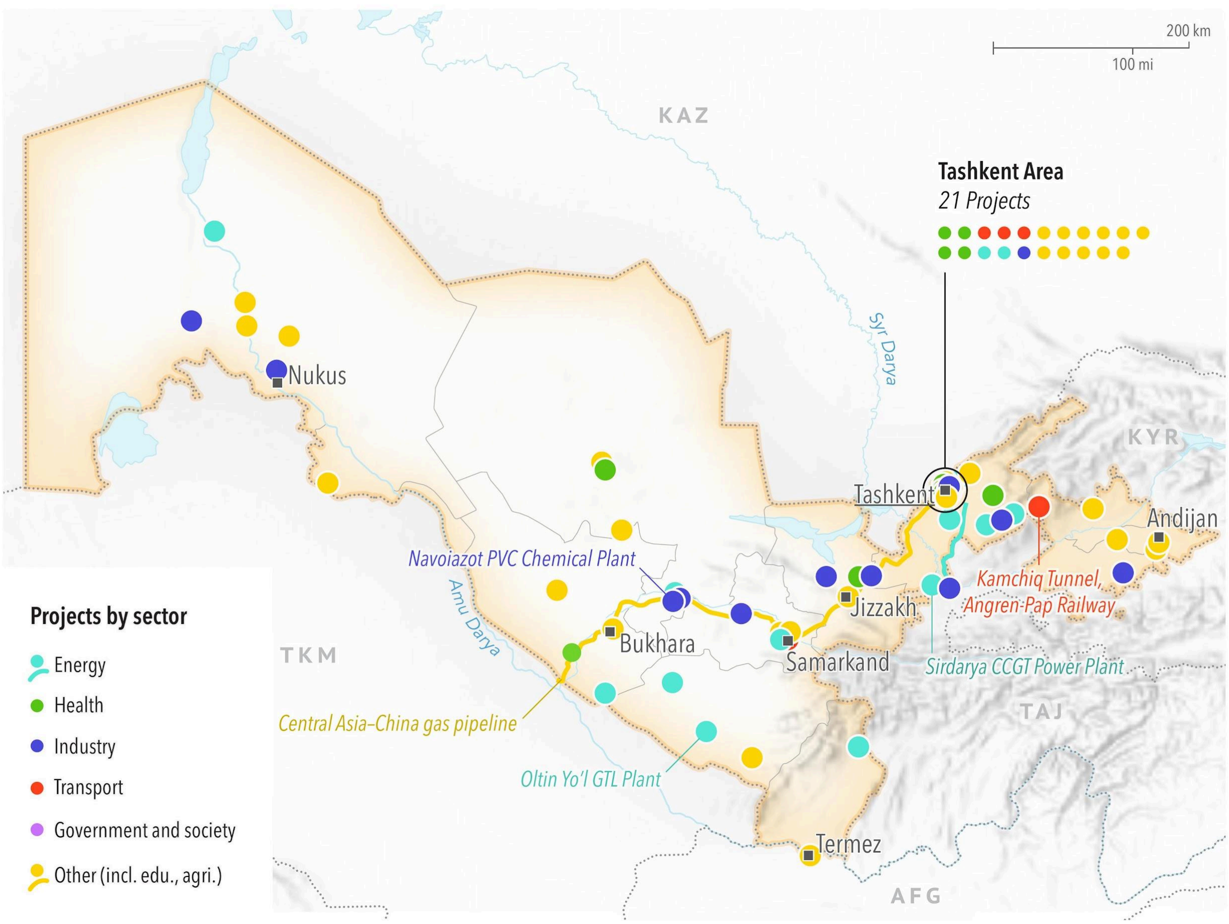
Uzbekistan

The Scale, Scope, and Composition of Chinese Development Finance

October 2025



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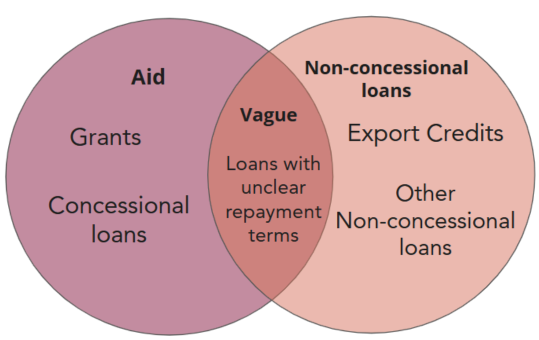
Key concepts: aid, non-concessional loans, and vague flows

In this profile, China's official development finance portfolio is represented across three main categories: aid, non-concessional loans, and vague. Loans from Chinese state-owned entities can either qualify as aid or non-concessional loans, based on how their borrowing terms compare to regular market terms (i.e., the level of financial concessionality) and whether or not they have development intent (i.e., if the primary purpose of the financed project/activity is to improve economic development and welfare in the recipient country). Aid from Chinese state-owned entities includes grants, in-kind donations, and concessional loans with development intent. The "non-concessional loans" category captures loans from Chinese state-owned entities that are provided at or near market rates and those that primarily seek to promote the commercial interests of the country from which the financial transfer originated. An export credit is a specific type of loan issued by a Chinese state-owned bank or company that requires an overseas borrower to use the proceeds of a loan to acquire goods or services from a Chinese supplier. Export credits are not considered aid since they have a commercial rather than a development purpose. See Appendix B for more details.



Key concept: What is concessionality?

Concessionality is a measure of the generosity of a loan or the extent to which it is priced below-market rates. It varies from 0% to 100%, with higher values representing more concessional loans. Non-concessional loans are those provided at or near market rates. The Organisation for Economic Co-operation and Development (OECD) determines which official sector financial flows constitute "aid" based on a grant element threshold for concessionality. Given that China does not report its loans or lending terms to the OECD, some of its official sector financial flows cannot be classified as "aid" or "non-concessional." In this report, such loans are assigned to the "vague" category.

Uzbekistan and China’s Belt and Road

Uzbekistan is located along the Silk Road Economic Belt—the land component of the Belt and Road Initiative (BRI). In 2015, Uzbekistan signed the “Memorandum of Understanding on Jointly Formulating a Plan for Cooperation to Promote the Construction of the Belt and Road,” officially marking Uzbekistan's entry into the BRI.

Historic relationship

The Republic of Uzbekistan and the People’s Republic of China have maintained a diplomatic bilateral relationship since 1992, a year after Uzbekistan declared independence from the Soviet Union. Uzbekistan and China’s bilateral relationship has improved significantly over their 33-year partnership. In 2001, Uzbekistan became the first new member to join the Shanghai Five, with the organization turning into the Shanghai Cooperation Organization in June 2001. In 2005, both countries signed the China-Uzbek Treaty of Friendship and Cooperation, which established further collaboration on trade, counterterrorism, and more.[1]

Present-day relationship

China and Uzbekistan enjoy a close political and economic relationship, marked by increasing cooperation in areas such as mining and minerals as well as railway development and trade. After the death of President Islam Karimov in 2016, China-Uzbekistan relations were upgraded to a comprehensive strategic partnership. As of 2024, the two countries have elevated their relationship to an “all-weather comprehensive strategic partnership,” which means their partnership encompasses collaboration on politics, economics and trade, security, and more. The “all-weather” aspect implies that China and Uzbekistan expect the relationship to remain strong regardless of any changes in international politics.[2]

The most important project for China’s development portfolio in Uzbekistan is the 2008 Central Asia-China gas pipeline. This gas pipeline helps China meet its ever-growing energy needs while also providing Uzbekistan the opportunity to generate revenue. China is Uzbekistan’s largest trading partner for gas and all other exports. China is also Uzbekistan’s largest bilateral donor. As one of only two doubly landlocked countries and a former Soviet Union country now implementing free market reforms, Uzbekistan benefits greatly from China’s development support and trade.

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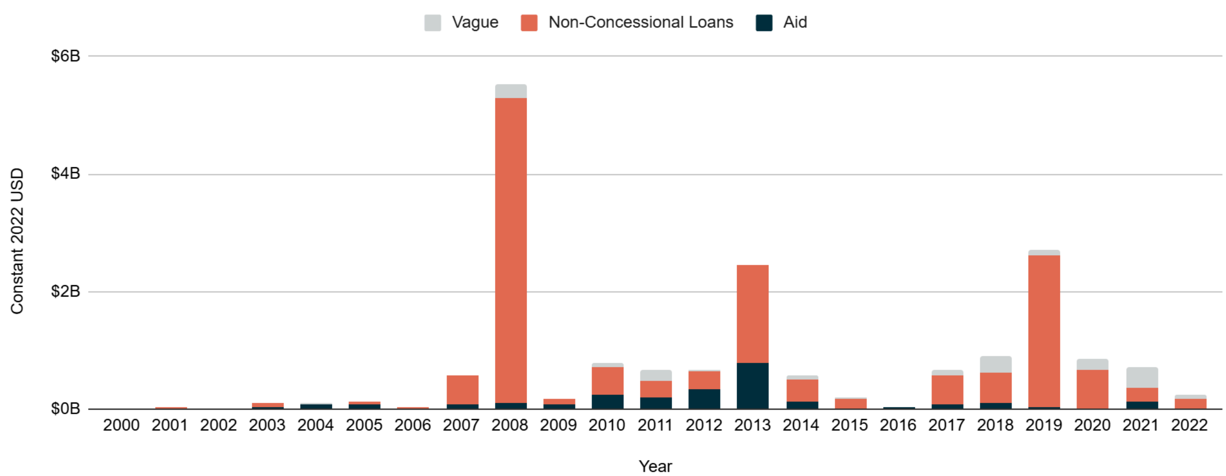
[1] Zhou, Q. (2024, November 13). *Navigating China-Uzbekistan Investment and Trade Opportunities*. China Briefing News. https://www.china-briefing.com/news/navigating-china-uzbekistan-investment-and-trade-opportunities/
[2] Xiang, H. (2023). What "partnerships" does China have?

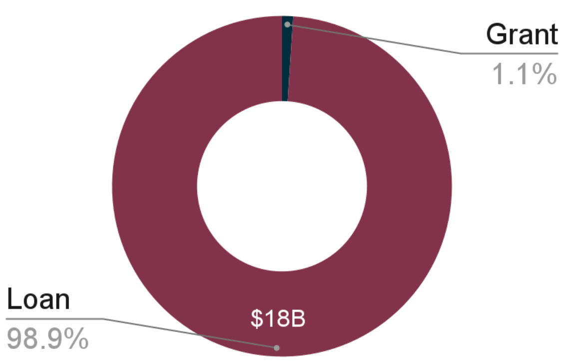
Overview: Chinese development finance in Uzbekistan from 2000-2022

$18.1 billion	99%	59	2nd	5%
in loans and grants provided by official sector donors from China.	of Chinese development finance is provided via loans.	grants, technical assistance, and training activities offered.	largest recipient of Chinese aid and credit in Eurasia.	of China's infrastructure portfolio has significant ESG risk exposure.

Official sector financial commitments from China to Uzbekistan, 2000-2022[3]

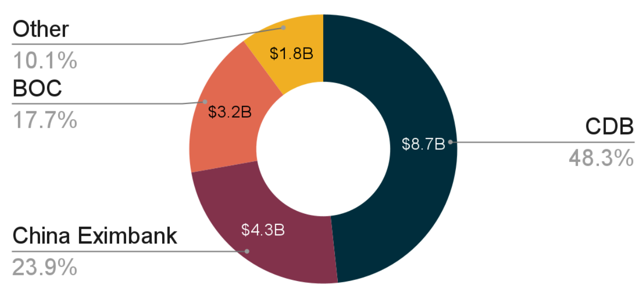


Portfolio by type of finance



Loans include concessional and non-concessional loans.

Portfolio by funder



CDB: China Development Bank; China Eximbank: Export-Import Bank of China; BOC: Bank of China

[3]For definitions of the categories of *aid*, *non-concessional loans*, and *vague*, please see Key Concepts on page 2 or Appendix B.

Section 1: China's development finance portfolio

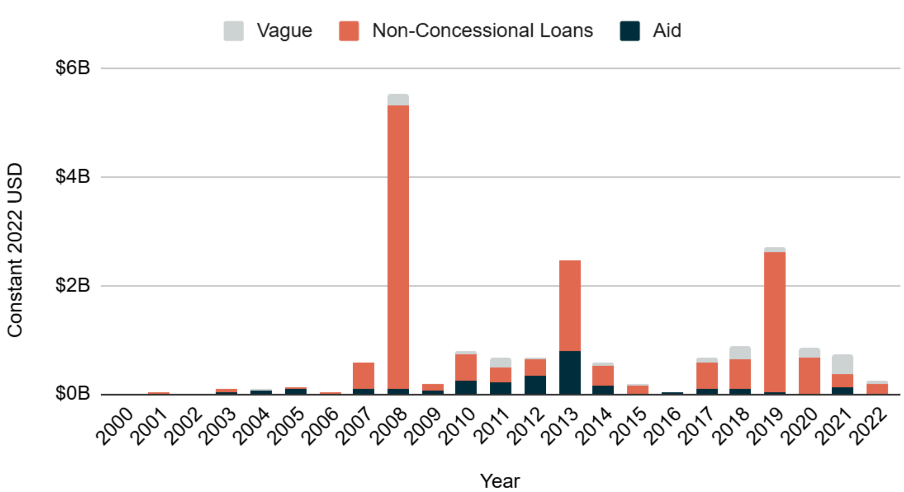
Uzbekistan joined China's BRI in 2015. However, even before the agreement was signed, China had established itself as a major lender to Uzbekistan (see Figure 1.1). For more details on China and Uzbekistan's relationship, as well as a list of bilateral diplomatic visits between China and Uzbekistan in the BRI era, see Appendix A.

How much development finance has China provided Uzbekistan since 2000?

Between 2000 and 2022, official sector lenders and donors from China provided grant and loan commitments worth $18.1 billion for 181 projects and activities in Uzbekistan. That makes Uzbekistan—a country with a relatively large economy (GDP: $101.5 billion) and population (36 million residents)—the second largest recipient of Chinese aid and credit in Eurasia and the 19th largest recipient in the developing world. In 2008, China Development Bank and Bank of China issued a $3.5 billion loan for the Uzbekistan segments of Line A and B of the Central Asia–China Gas Pipeline—marking a pivotal moment in China's relationship with Uzbekistan. This deal triggered a sharp increase in non-concessional loan commitments, as shown in Figure 1.1.

Annual grant and loan commitments saw two additional peaks in Uzbekistan in 2013 and 2019, both of which also represent loans to support energy development and transportation. In 2013, China Development Bank (CDB) and Bank of China committed an additional $1.2 billion for the Uzbek Line C of the Central Asia-China Gas Pipeline, increasing the overall delivery capacity of the Central Asia-China Gas Pipeline by 25 billion cubic meters per annum. The peak in 2019 also involved CDB, which committed $1.2 billion for the design, construction, and operation of a gas-to-liquids ('GTL') plant at the Shurtan petrochemical complex in Guzar district, Qashgadaryo (Kashkadarya) Region of Uzbekistan.

Figure 1.1: Official sector financial commitments from China to Uzbekistan



Types of funding:[4]

Aid: any grants, concessional loans, or in-kind donations.

Non-concessional loans: commercial lending, export credits, and non-concessional loans.

Vague: funding that cannot be easily classified—usually loans with unknown borrowing terms.

[4]For more information on these categories, please see Appendix B.

How does China compare to other development partners?

China is Uzbekistan's largest development partner (see Figure 1.2), providing over twice as much funding as any other bilateral or multilateral source. In terms of aid provision only, the World Bank Group outranks China, providing $3 billion in aid compared to China's $2.5 billion during the same time period. Most aid and non-concessional loans from the Asian Development Bank, the World Bank Group, Japan, and South Korea focus on assisting Uzbekistan in creating a sustainable, inclusive market economy—a goal set forth in Uzbekistan's 2030 strategy. One priority area in the 2030 strategy that South Korea and Japan provide significant assistance for is education.[5] Both countries provide various scholarships, training, and other educational support to Uzbekistan. Oil and gas initiatives are notably absent from Uzbekistan's 2030 strategy, but are areas where South Korea, China, and Japan have committed billions for projects like the Oltin Yo'l GTL Processing Plant and the 370MW Tashkent Combined Cycle Power Plant.

Figure 1.2: Top bilateral and multilateral development partners, 2000-2022

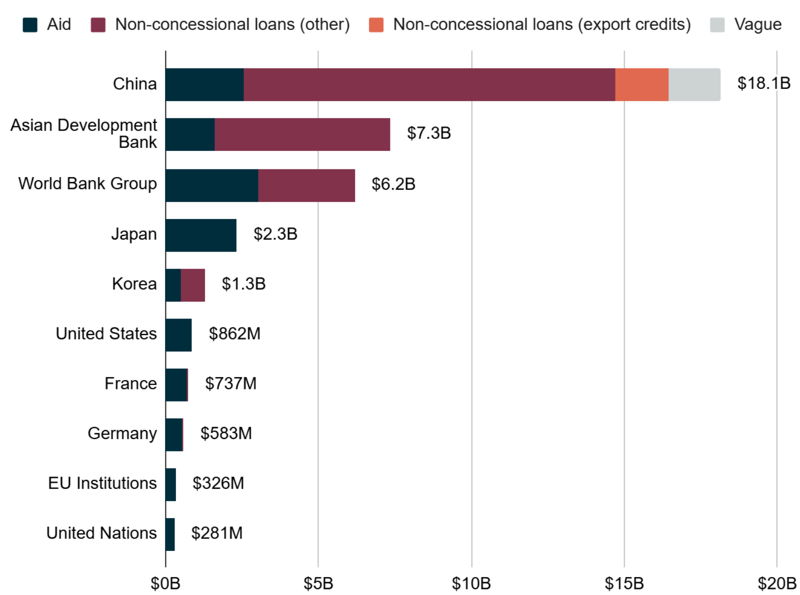


Figure 1.2 contains the top 10 development partners providing aid and other financing to Uzbekistan. However, only China has detailed bilateral export credit flows to Uzbekistan. This level of granularity is not available for other development partners as the OECD does not provide export credit data for bilateral relationships; it only provides data on total export credit flows by two aggregate donor groupings, G7 and DAC member countries.

Total export credits from G7: $4.7 billion.

Total export credits from DAC member countries (including G7): $7.7 billion.

How does China use export credits?

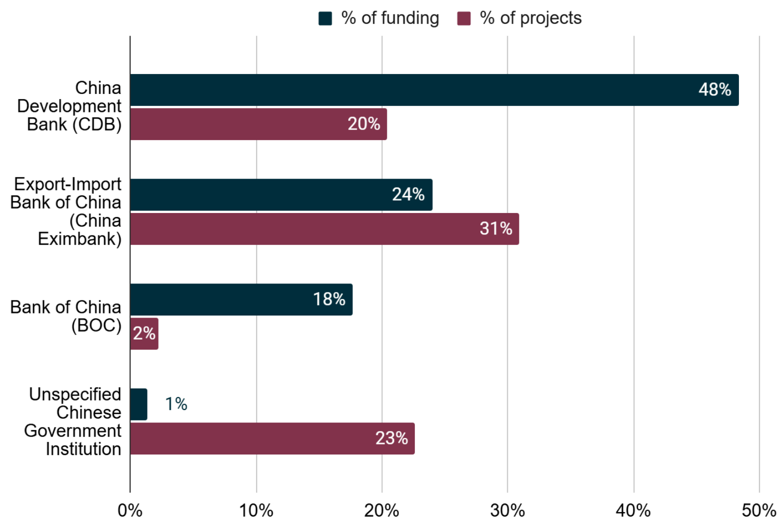
The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by a set of international rules that limit the provision of *subsidized* export credits to domestic companies with overseas operations. However, China never agreed to participate in the "Gentlemen's Agreement" and it has consistently used concessional export credit to help its firms gain a competitive edge in overseas markets.

[5]For more information on Uzbekistan's 2030 strategy goals and progress, see https://strategy.uz/

Which donors and lenders from China are active in Uzbekistan?

Between 2000 and 2022, 21 official sector donors and lenders from China provided aid and non-concessional loans to Uzbekistan. 91% of China's development finance portfolio is provided through 4 main donors and lenders (see Figure 1.3). The other 9% is provided by a diverse array of government agencies (including central, regional, or municipal government agencies), state-owned commercial banks, and state-owned companies.

Figure 1.3: Top Chinese donors and lenders



CDB: state-owned policy bank that provides less concessional lending than China Eximbank.

China Eximbank: state-owned policy bank that primarily provides concessional loans and export credits.

BOC: state-owned commercial bank that provides non-concessional loans.

Unspecified Chinese Government Institution: a blanket category for when the specific funder is unknown, but it is clear the funder is part of the Chinese government or official sector institution.

The top funding agencies are both state-owned policy banks. China Development Bank (CDB) issued 37 loans worth $8.7 billion. The value of these loans represents 48% of total official sector financial flows from China to Uzbekistan between 2000 and 2022. CDB's largest financial contribution has been for the Central Asia-China gas pipeline, which stretches across three countries. In 2022, CDB provided a $74 million loan to the National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU) for technology equipment, raw materials, and services from China to support large investment and infrastructure projects.

China Eximbank issued 56 loans worth $4.3 billion for projects and activities, accounting for 24% of total official sector financial flows from China to Uzbekistan between 2000 and 2022. Its largest financial contributions were two loans: one to Uzbekistan's National Bank for Foreign Economic Affairs for various investment projects and one for the Navoiazot PVC Chemical Complex Construction Project. There were no 2022 commitments from China Eximbank.

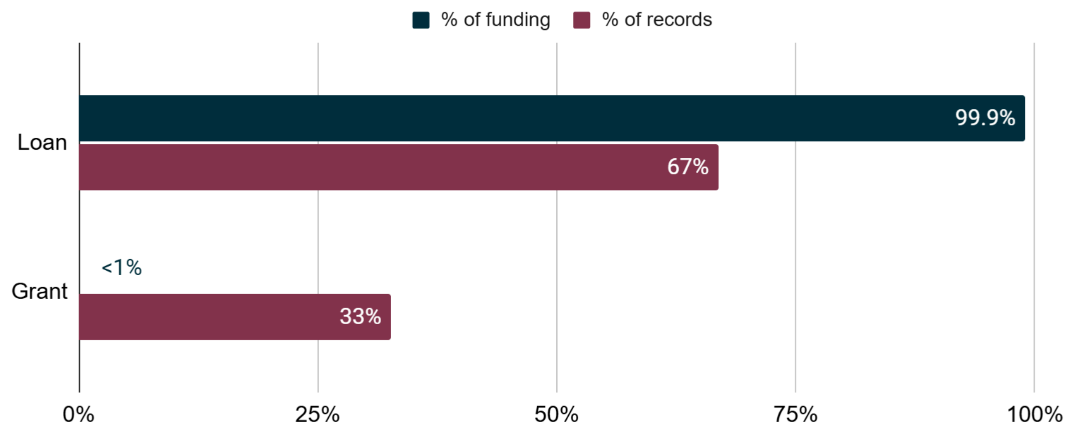
The Bank of China (BOC) extended 4 loans worth $3.2 billion (18% of total lending). Almost half of the total lending from BOC is from the $1.7 billion loan for Uzbek Sections of Lines A and B of the Central Asia-China Gas Pipeline. BOC's latest commitment ($204 million loan) was in 2021 for the 1.5GW Syrdarya Independent Power project.

23% of all activities in Uzbekistan come from unspecified Chinese government agencies. Most of the activities funded by these institutions include medical donations, funding for sewage and water intake facilities, and COVID-19 aid. The most recent grant attributed to this donor was the Luban Workshop at Tashkent State Transport University. Luban Workshops are a technical assistance program started by Tianjin's Vocational Institute for BRI countries. While it is an important Chinese foreign policy objective, the workshop is not funded through a specific fund or a government entity. Instead, it is heavily dependent on each project. While the Chinese government may directly fund some projects, Chinese SOEs or the specific vocational schools in Tianjin may fund others. As a result, AidData assumes an unspecified Chinese government agency has funded the project.

What kinds of financial and in-kind support does China offer Uzbekistan?

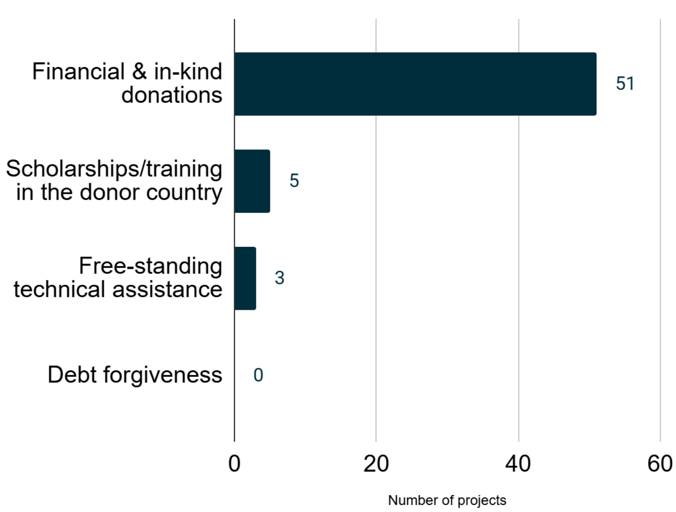
99.9% of China's official sector financing to Uzbekistan takes the form of loans (totaling $17.9 billion), while less than 1% ($191 million) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented. AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China's activities in a given country. However, Uzbekistan is an outlier with only 33% of all activity records (representing 59 records) classified as grants and 67% (121 records) are loans.

Figure 1.4: Top financial instruments used by China in Uzbekistan



Note: Debt rescheduling and Vague records are excluded from this visual since they are neither loans or grants.

Figure 1.5: Breakdown of grants by project count

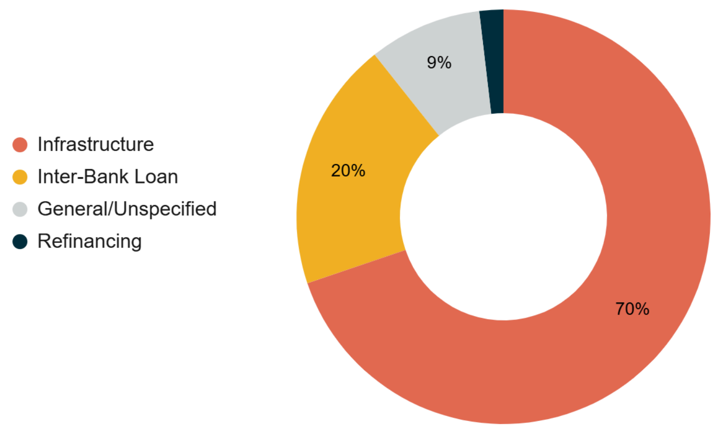


The most common types of in-kind donations from China to Uzbekistan are for medical equipment, school supplies, and equipment to police and customs agencies.

China provided technical assistance by sending medical teams to Uzbekistan in 2018, 2020, and 2022, where they trained local doctors and carried out critical eye and cardiac surgeries.

There were four new instances of scholarships and training in 2022. The Chinese Ministry of Commerce hosted two agricultural training sessions and one training on traditional Chinese medicine. The Chinese Embassy also awarded 65 scholarships.

Figure 1.6: Breakdown of lending by purpose



Infrastructure: loans to support the construction, rehabilitation, or maintenance of a physical structure.

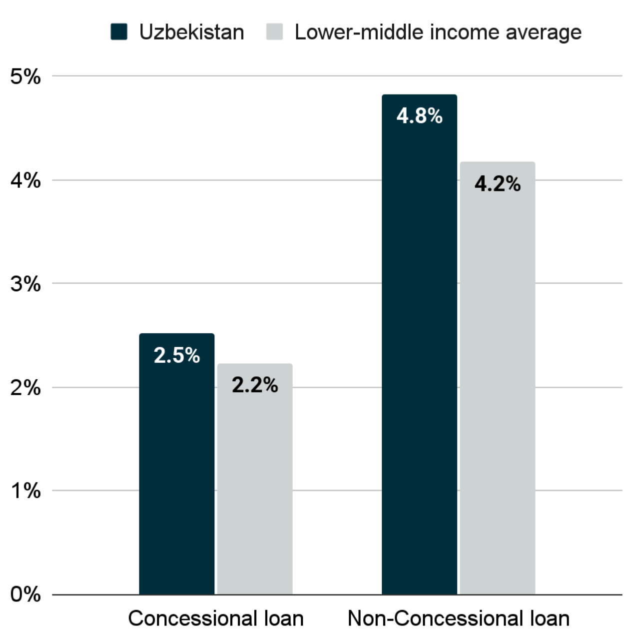
Inter-Bank Loans: loans from a Chinese bank to a recipient country bank that can support on-lending or other bank needs.

General/Unspecified: loans for equipment acquisition or unspecified purposes.

Refinancing: loans to refinance existing debt.

70% of China's $18.2 billion in official sector lending to Uzbekistan supports infrastructure projects. Nearly 74% of all infrastructure projects in Uzbekistan are implemented by at least one Chinese entity, such as a Chinese state-owned company or a Chinese private sector company. Inter-bank loans account for 20% of China's lending to Uzbekistan. These include 38 agreements worth $3.8 billion between Chinese state-owned lenders—mainly China Eximbank and CDB—and Uzbekistan's state-owned banks, such as the NBU. The funds are then on-lent, or re-loaned, to local firms to finance equipment purchases and other projects. 9% of lending is for unspecified or general purposes such as loans for telecommunication system upgrades or other equipment acquisitions. The remaining 1% is composed of one $309 million loan from CDB to NBU to refinance trade cooperation projects under the Belt and Road Initiative.

Figure 1.7: Borrowing terms



Between 2000 and 2022, China's concessional lending (which is considered to be aid) to Uzbekistan carried a weighted average interest rate of 2.5% and a weighted average maturity of 19 years.

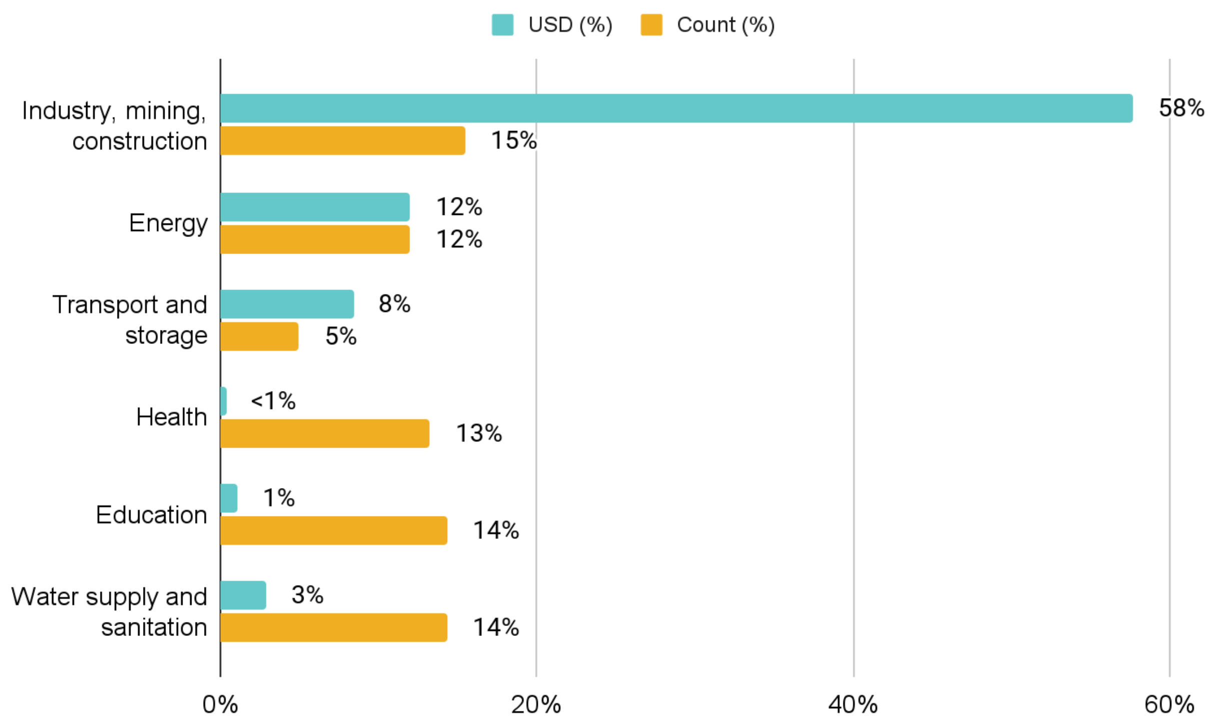
By comparison, China's non-concessional lending to Uzbekistan carried a weighted average interest rate of 4.8% and a weighted average maturity of 12 years. These borrowing terms are less favorable than those found in China's broader portfolio of official sector loans to lower-middle income countries.

In which sectors is China most active?

Top sectors for China's aid and credit in Uzbekistan differ greatly when comparing monetary value and record count. Certain sectors, such as health and education, often represent a large percentage of records but offer small or no transaction amounts. In Figure 1.8, we have provided the top sectors by both monetary value and record count to demonstrate this dichotomy.

Figure 1.8: Selected top sectors

Sectors by monetary value and record count



In terms of monetary value, 81% of China's grant and loan commitments to Uzbekistan supported three different sectors: industry, mining, construction, energy, transport and storage, and water supply and sanitation between 2000 and 2022.

- Industry, mining, construction: This sector is the largest by financial commitments from China to Uzbekistan. Projects in the communications sector account for $10.4 billion in funding (or 58% of China's development finance portfolio). Over half of the financing in this sector ($6.5 billion) is from China Development Bank and Bank of China for the Uzbek sections of Lines A, B, and C of the Central Asia-China Gas Pipeline project. In 2022, ICBC joined private sector banks, like JP Morgan, to provide a $1.2 billion syndicated loan to Navoi Mining and Metallurgical Complex Company. While the terms of the loan are unknown, the general purpose is to support the company's investment program and other corporate goals.
- Energy: This sector is the second largest sector by financial value, with $2.2 billion in funding (or 12% of China's entire portfolio). It encompasses the generation and distribution of renewable and non-renewable sources, as well as hybrid and nuclear power plants. Large-scale activities in the energy sector include a $404 million loan from

Blue Amber Investment Limited and ICBC to JSC "Uzbekneftegaz," a state-owned oil and gas company in Uzbekistan, to increase natural gas and oil production, as well as a $319 million preferential buyer's credit by China Eximbank for acquisition of oil rig equipment. There were no commitments in this sector in 2022.

- Transportation and storage: This sector refers to the construction and maintenance of road, rail, air, and water transit infrastructure and is characterized by high-value infrastructure projects. 8% of China's development finance portfolio in Uzbekistan is specifically dedicated to this hardware sector, representing $1.5 billion in aid and non-concessional loans. Noteworthy activities in this transportation and storage sector include a $395 million loan by China Eximbank for the construction of the Kamchiq Tunnel as part of the Angren-Pap Railway and a $347 million loan by China Development Bank for the acquisition of three Boeing 787-8 aircrafts for Uzbekistan Airways. There were no commitments in this sector in 2022.
- Water supply and sanitation: This sector consists of the maintenance of local water reservoirs and their hygiene. The 26 records in this sector account for $520 million. Examples of activities with a high frequency but low or no financial commitments include loans for pumping stations projects by China Eximbank, and Chinese government grants for the improvement of wastewater treatment systems in locations like Karakalpakstan. The rehabilitation and creation of wastewater treatment systems, water pipes, and pumping stations is vital to addressing the effects of unsustainable irrigation practices and an aging water infrastructure in the country. There were no commitments in this sector in 2022.

China is also heavily engaged in the "software" sectors, such as health and education. China's footprint in these sectors is difficult to represent, however, because the activities in these sectors usually attract smaller grant and loan commitments, or represent some form of in-kind donation, technical assistance, etc.

- Health: This sector includes medical care, infrastructure, equipment, and control activities. In total, activities in the health sector represent 24 records in China's portfolio in Uzbekistan (or 13% of records). Notable activities include MOFCOM grants for the supply of medical equipment and electricity to hospitals, as well as the dispatch of Chinese medical professionals to Uzbekistan. In response to the global COVID-19 pandemic, China provided $760 thousand in COVID-19 aid to Uzbekistan, including anti-epidemic equipment. There was one training session and one technical assistance activity in this sector in 2022. The training session was provided by the Chinese Ministry of Commerce for students from multiple countries, including Uzbekistan, to learn about traditional Chinese medicine. The technical assistance activity was a part of the "Health Express International Light Tour," announced by Foreign Minister Wang Yi in 2022. The goal of the tour was to provide free cataract surgeries and set up a blindness prevention cooperation center in Uzbekistan. A team of ophthalmology experts from Peking University People's Hospital performed the surgeries on 530 patients in Uzbekistan.
- Education: This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent $192 million in funding and 14% of China's total record count, with 26 records. In 2022, the Chinese Embassy in Uzbekistan and other unspecified Chinese entities provided a total of three grants and one scholarship. The grants included over 800 books and the establishment of a Luban workshop. The scholarship was awarded to 65 students studying the Chinese language in Uzbekistan.

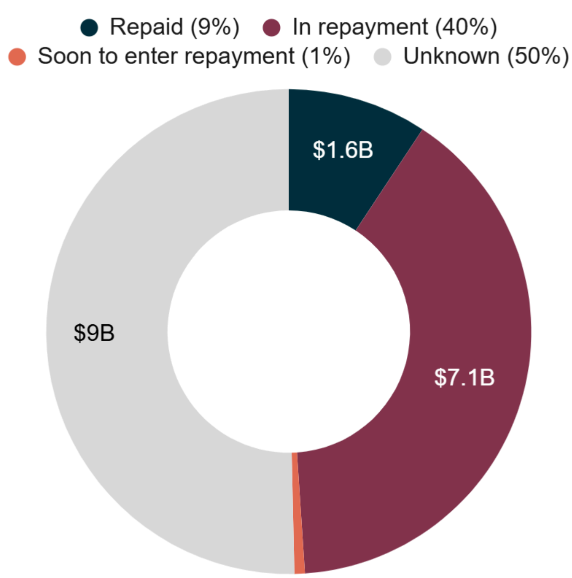
Section 2: Uzbekistan's debts to China

121 loans issued	$17.9 billion cumulative value of loan commitments (18% of GDP)	12.2% of total debt shows signs of financial distress	57% public debt

What is "public debt"?		
Public debt Loans issued directly to public institutions, loans that have sovereign repayment guarantees, or loans extended to special purpose vehicles or joint ventures that are majority-owned by one or more public sector institutions.[6]	Potential public debt Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.	Private or opaque debt Loans to private sector borrowers and entities with opaque ownership structures.

In this section, AidData examines Uzbekistan's debts to China based upon their repayment profiles and levels of public liability. A loan's repayment period begins when the grace period—the time after the issuance of a loan when a borrower is not expected to make repayments—has ended. This information, in conjunction with information about the extent to which the recipient government may eventually be liable for the repayment of a given loan, makes it easier to understand the nature of Uzbekistan's debt exposure to China.

Figure 2.1: Repayment status for all loans from China



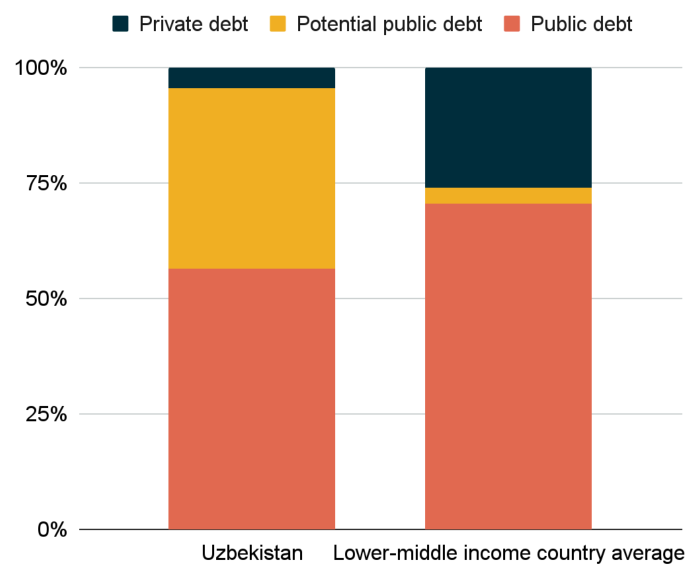
There are currently 75 loans for which AidData has access to repayment details. 51 of those loans (worth $7.1 billion) are currently in their repayment periods. 23 loans (worth $1.6 billion) have exited their repayment periods—meaning they should have been fully repaid based on their original maturity dates outlined at the time of their signing. One loan ($127 million) for a Telecommunication Equipment and Infrastructure Modernization Project will enter repayment in 2026.

However, the amount in repayment may be significantly higher, since there are 46 loans (worth $9 billion) for which AidData has insufficient repayment details.

[6]Special purpose vehicles/joint ventures (SPV/JV) are project companies (independent legal entities) that are established to manage the financing and implementation of a particular project.

Figure 2.2: Composition of debt from China by public liability

Total debt, 2000-2022—Uzbekistan: $17.9 billion. Lower-middle income country average: $5.1 billion.



Compared to the lower-middle income country average, Uzbekistan's debt composition is atypical, with potential public sector debt accounting for nearly 39% of total debt (well above the 4% average).

This unusually large share of potential public sector debt reduces the relative weight of other categories: public debt represents only 56% of total debt (14 percentage points below the 70% average), while private debt makes up just 5% (21 percentage points below the 26% average).

Potential public sector debt represents 'hidden debt'—it is not a formal liability of the host government, but it may benefit from an implicit public sector repayment guarantee and could become a host government liability in the event of default by the original borrowing SPV or JV entity. The majority of Uzbekistan's hidden debt (96%) is tied to the Uzbek Sections of the Central Asia-China Gas Pipeline. The Uzbekistan government is not the direct borrower, and the project does not have a formal repayment guarantee from the government of Uzbekistan. However, the joining venture set up to run the project (Asia Gas Pipeline LLP) is partially owned by the Uzbekistan government. As such, it is a contingent liability for the Government of Uzbekistan because it is potentially "too big to fail".

Examining China's cumulative loan commitments to Uzbekistan, there are six instances of financial distress at the loan level, which account for 12.2% of all Chinese lending in Uzbekistan. Financial distress can include borrowers accruing principal or interest arrears, defaulting on their repayment obligations, or filing for bankruptcy. In the case of Uzbekistan, there have been indicators that JSC "Uzbekneftegaz"—a state-owned oil and gas company in Uzbekistan—defaulted on repayment obligations for a $666 million loan from Blue Amber Investment Limited and ICBC for a Natural Gas and Oil Production Project.

Uzbekistan's loan-level financial distress is still lower than the average 21% of financial distress in China's portfolio across all low- and middle-income countries. In a joint report from the World Bank and IMF on Debt Sustainability Analysis, Uzbekistan is classified as low risk for external debt distress and strong debt carrying capacity.[7]

[7]For more information on the World Bank-IMF's analysis of Uzbekistan's external debt, please see http://documents.worldbank.org/curated/en/099073024143015659/BOSIB1b36309ba08b19994126bcc2b18e8a

Section 3: ESG risk profile of China's grant- and loan-financed infrastructure portfolio

Infrastructure in Uzbekistan with ESG risk exposure:

1 infrastructure project supported by grants and loans from China	$650 million in loan commitments supporting infrastructure projects with significant ESG risks	5% infrastructure lending with significant ESG risk exposure

Examples of global ESG risks

Environmental: increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.

Social: poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.

Governance: corruption, money laundering, lack of transparency, and non-competitive bidding processes.

Figure 3.1: Distribution of China's infrastructure projects with significant ESG risk exposure

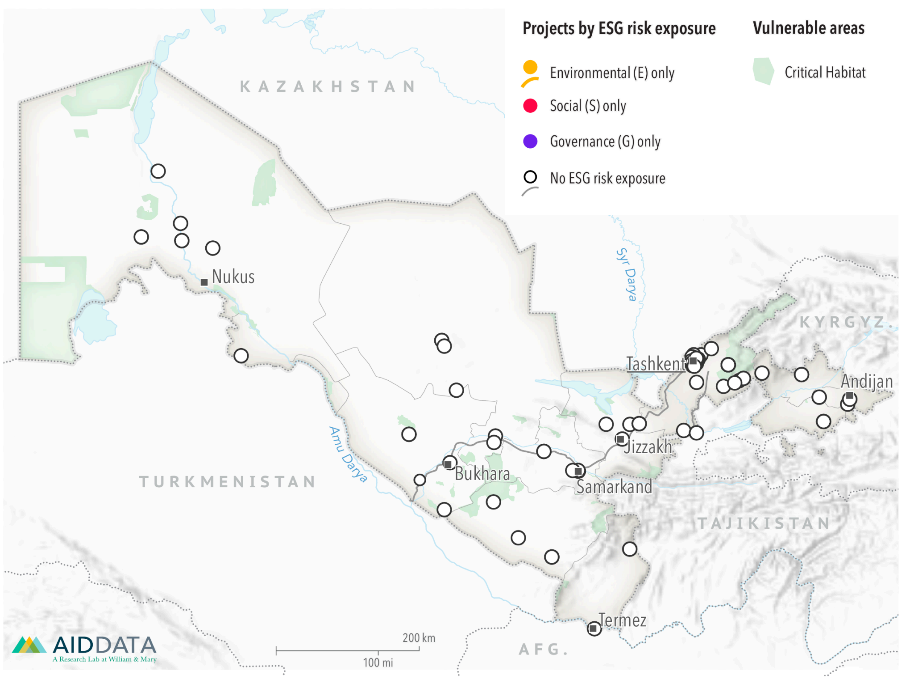


Figure 3.1 presents the geographic locations of all Chinese-financed infrastructure projects in Uzbekistan and highlights their ESG risk exposure. In Uzbekistan, there is one project, Uzbekneftegaz's Natural Gas Project, with ESG risk exposure based on our ESG risk exposure methodology. However, there is no exact geolocation available for this project.

In the Belt and Road Reboot report, AidData developed a set of metrics that identify the environmental, social, and governance (ESG) risk exposure of Chinese-financed infrastructure projects overseas, as well as the steps it has taken to build safeguards into its programs to combat these risks.[8] (See Appendix B for details on the ESG risk exposure methodology).

[8] For more information, see AidData's 2023 "Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative" report. https://www.aiddata.org/publications/belt-and-road-reboot.

What is the level of ESG risk exposure in China's grant- and loan-financed infrastructure portfolio?

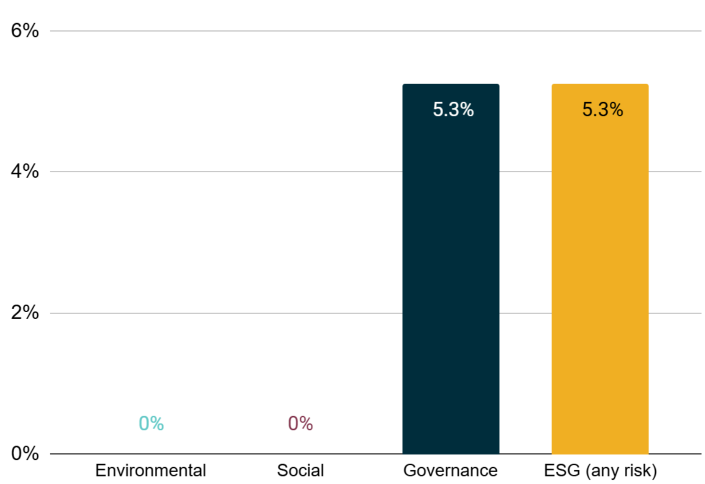
In China's grant- and loan-financed infrastructure project portfolio in the developing world, the cumulative percentage of financing with significant ESG risk exposure increased from 12% to 54% from 2000 to 2021, demonstrating that China's signature infrastructure initiative is facing major challenges.

In Uzbekistan, ESG risks are far below the global average, with 5% of China's grant- and loan-financing for infrastructure project portfolio identified with significant ESG risk exposure from 2000 to 2022. This part of the portfolio consists of 1 infrastructure project supported by Chinese loan commitments worth $650 million. There is no evidence of environmental and social risk exposure among Uzbekistan's infrastructure projects between 2000 and 2022 (see Figure 3.2).

The infrastructure project with governance risk exposure in Uzbekistan is the Uzbekneftegaz's Natural Gas Project. Uzbekneftegaz—a state-owned oil and gas company in Uzbekistan—failed to comply with International Financial Reporting Standards (IFRS) as required in their contract. Governance risk is determined by examining how an organization regulates its operations and projects with a focus on practices that maintain compliance with regulations, laws, transparency requirements, and international standards. Use of IFRS is an important indicator of transparency for all stakeholders in a transaction.

In the case of the Uzbekneftegaz's Natural Gas Project, failure to comply with IFRS as required by the loan contract with Blue Amber Investment Limited and Industrial and Commercial Bank of China (Asia) Limited (ICBC) was not only a breach of contract, but also a signal that the organization lacked transparency.[9] Within two months of this breach, Uzbekistan signed Resolution No. 4611 'On Additional Measures to Transition to International Financial Reporting Standards,' requiring all state-owned companies to comply with IFRS.

Figure 3.2: Percentage of infrastructure project portfolio with ESG risk exposure



ESG issues observed in Uzbekistan

Environmental: There was no environmental risk exposure observed in Uzbekistan's infrastructure projects.

Social: There was no social risk exposure observed in Uzbekistan's infrastructure projects.

Governance: failure to comply with IFRS (e.g. Uzbekneftegaz's Natural Gas Project)

[9] *IFRS - Uzbekistan*. (2021, April 21). Who Uses IFRS Accounting Standards? https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/view-jurisdiction/uzbekistan/

Besides the governance risk outlined above, there is no evidence of other ESG risk exposure in China's grant- and loan-financed infrastructure projects in Uzbekistan. This lack of known ESG risk exposure in Uzbekistan does not necessarily mean there were no ESG risks associated with Chinese infrastructure in the country. On one hand, Uzbekistan's Chinese-financed infrastructure portfolio contains one of the highest proportions of strong ESG safeguards across China's entire global infrastructure portfolio (see Section 4). This should generally decrease the prevalence of ESG risk exposure overall. However, Uzbekistan's highly controlled political environment and limited freedom of press make it difficult to accurately assess ESG risk exposure.

After gaining independence from the Soviet Union in 1991, authoritarian rule in Uzbekistan continued under President Islam Karimov. Karimov and his party controlled the media immediately after independence—all independent outlets were blocked and the state gained control of all major media outlets. Since then, journalists have faced abuse and prosecution for reporting that contradicts state narratives. Since Karimov's death in 2016, there has been an increase in media freedom under the new president, Shavkat Mirziyoyev. Freedom House reports that independent media outlets have emerged without facing overt censorship, and domestic media discuss some social and political problems, but the media generally still avoid criticizing Mirziyoyev and his government.[10] These conditions are not conducive to the investigation or publication of ESG challenges, which is how most evidence of ESG challenges becomes available to the public.

The single largest project that may have significant unreported ESG risks is the Uzbek Sections of the Central Asia-China gas pipeline. Gas pipelines and other oil and gas projects in China's global development finance portfolio commonly face environmental risks like pollution due to spills, emissions, and other industrial accidents. For example, Kazakhstan, Uzbekistan's neighbour and fellow participant in the Central Asia-China gas pipeline, has faced issues with emissions and drying of local wells used by locals due to Chinese-funded oil and gas projects.[11] These problems were only discovered because of independent investigative journalism, which Uzbekistan lacks.

[10] *Uzbekistan: Freedom in the World 2024 Country Report*. (n.d.). Freedom House. From https://freedomhouse.org/country/uzbekistan/freedom-world/2024

[11] Sorokina, E. (2021, October 18). *Clear as Oil: Transparency of Chinese Projects in Kazakhstan* -. https://crudeaccountability.org/clear-as-oil-transparency-of-chinese-projects-in-kazakhstan/

Section 4: New ESG safeguards in China's infrastructure project portfolio

Percent of infrastructure portfolio with strong ESG safeguards	What are ESG safeguards?
55% 2000-2022	ESG safeguards are formal provisions written into financing contracts (grant or loan) to mitigate environmental, social, and governance risks during an infrastructure project's implementation and operation.

Chinese lenders and donors have responded to rising levels of ESG risk in their portfolio across the developing world by putting in place increasingly stringent safeguards via changes to their contractual provisions on infrastructure funding. These safeguards can include, among others, contractual provisions that mandate Environmental and Social Impact Assessments (ESIA), Environmental Management Plans (EMP), Resettlement Action Plans (RAPs), Open Competitive Bidding (OCB) processes, and the preparation and submission of financial statements that meet International Financial Reporting Standards (IFRS).

To implement these safeguards, Beijing is increasingly outsourcing risk management to other lending institutions with stronger due diligence standards and safeguard policies. It is dialing down its use of bilateral lending instruments and dialing up the provision of credit through collaborative lending arrangements with Western commercial banks and multilateral institutions (called syndicated lending).

Through this pivot in financing strategy, China's overseas infrastructure portfolio has gone from having no ESG safeguards in place in 2000 to 57% of its infrastructure project portfolio having strong ESG safeguards in place by 2021. Chinese grant- and loan-financed infrastructure projects that are subjected to strong ESG safeguards present fewer ESG risks during implementation. They are also less likely to be suspended or canceled. Perhaps most importantly, Chinese grant- and loan-financed infrastructure projects with strong ESG safeguards do not face substantially longer delays than those with weak ESG safeguards, showing that China has succeeded in pairing speed and safety when it has implemented ESG safeguards in its infrastructure portfolio.

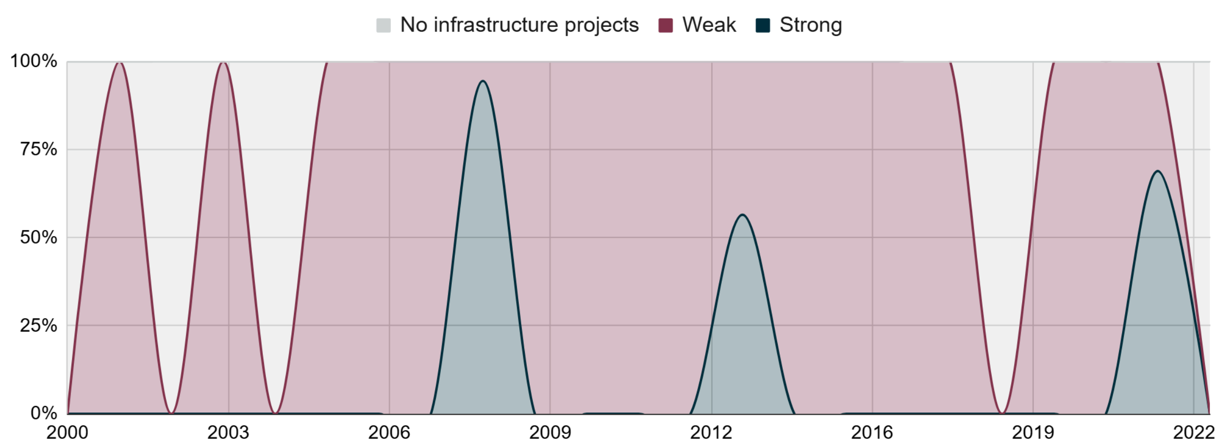
Key aspects of infrastructure projects with strong ESG safeguards
Present fewer ESG risks during implementation
Less likely to be suspended or canceled
Speed of implementation is not delayed compared to projects with weak ESG safeguards

Has China increased ESG safeguard stringency in its infrastructure portfolio in Uzbekistan over time?

Between 2000 and 2022, 55% of China's grant- and loan-financed infrastructure project portfolio in Uzbekistan had strong contractual ESG safeguards in place. During the same 22-year period, 23% of China's grant- and loan-financed infrastructure project portfolio across all low- and middle-income countries had strong *de jure* (contractual) environmental, social, and governance safeguards in place.

This higher share of strong ESG safeguards in Uzbekistan's infrastructure portfolio is driven by three spikes in 2008, 2013, and 2021, which correspond to years with large loan commitments. These loan commitments supported the Uzbek sections of Lines A and B of the Central Asia–China Gas Pipeline and the 1.5 GW Sirdarya Independent Power Project. In all other years, projects featured only weak ESG safeguards. Given global trends in China's portfolio, the prevalence of strong safeguards in Uzbekistan is likely to rise further in the future.

Figure 4.1: Infrastructure project portfolio with strong contractual ESG safeguards[12]
Percent of infrastructure project portfolio committed each year



[12]This graph shows all years of Chinese funding regardless of if there was an infrastructure project in that year. Those years are represented by the gray or "no infrastructure projects" area.

Appendix A: Public opinion and bilateral diplomatic visits between China and Uzbekistan in the BRI era

Uzbekistani citizens have maintained favorable views towards China. Per data captured by Gallup between 2006 and 2024, Uzbekistan's citizens held an average approval rate of 64.8% toward China.[13] This is slightly above the global average of 60.1%. Favorability peaked at 76.8% in 2011 and fell to an all-time low of 44.1% in 2022. This drop can likely be explained by the emergence of the COVID-19 pandemic. Overall, though, Uzbekistani citizens have maintained a higher rate of favorability towards China over time.

Figure A.1: Uzbekistan's approval of Chinese leadership, 2006-2022[14]

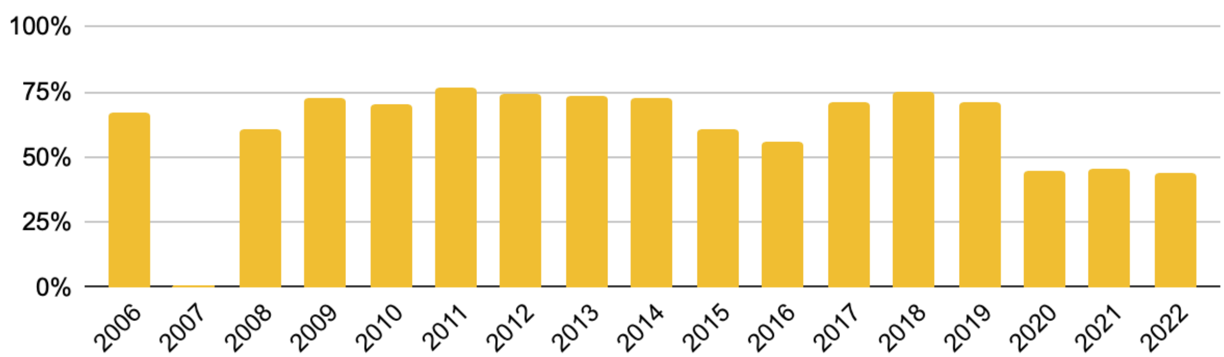


Figure A.2: Bilateral diplomatic visits between China and Uzbekistan

2014 AUG	Uzbekistani President Islam Karimov visited Beijing and met with President Xi Jinping to discuss strengthening their strategic partnership.
2016 JUN	President Xi visited Uzbekistan and met with Prime Minister Shavkat Mirziyoyev ahead of the Meeting of the Shanghai Cooperation Organization (SCO)
2017 MAY	The new President of Uzbekistan, Shavkat Mirziyoyev, visited China and held diplomatic talks with President Xi to deepen Uzbekistan-China ties.
2019 APR	President Mirziyoyev visited China and met with President Xi ahead of the Belt and Road Forum for International Cooperation
2022 SEP	President Xi visited Uzbekistan and met with President Mirziyoyev to discuss deepening their comprehensive strategic partnership
2024 JAN	President Mirziyoyev visited Beijing and met with President Xi to develop a long-term agenda for their bilateral relationship

[13] This data comes from Gallup's World Poll which started in 2005. Gallup conducts the survey in various frequencies on a country-by-country basis; therefore, the years we have data for vary and there are gaps pre-2006 and, in some cases, between 2006-2024. For Uzbekistan, there is no Gallup data for 2007. For more information on the Gallup methodology see https://www.gallup.com/178667/gallup-world-poll-work.aspx

[14] The data for the graph and approval rate is based upon Gallup's Rating World Leaders' report and dataset.

Appendix B: Methodology & definitions

Capturing Chinese development finance methodology:

The insights in this profile are derived from AidData's preliminary 2000-2022 Global Chinese Development Finance (GCDF) dataset, which has not yet been published. By nature of AidData's data collection process, we uncovered new sources and information related to projects across all commitment years, and as such, there may be movements in the underlying data since the previous version of the profile. For more details regarding the methodology used to assemble the data, please refer to the Tracking Underreported Financial Flows (TUFF) 3.0 Methodology. All financial values reported in this profile represent USD Constant 2022 prices, unless otherwise stated.

Definitions of finance types:

- Aid: Includes any grant, in-kind donation, or concessional loan (i.e., loans provided at below-market rates and categorized as ODA-like in GCDF 3.0).
- Non-concessional loans: Captures export credits and loans that are priced at or near market rates (i.e., non-concessional and semi-concessional debt categorized as OOF-like in GCDF 3.0).
- Vague: Any official financial flows that could not be reliably categorized as “aid” or “non-concessional loans” because of insufficient information in the underlying source material.

Definitions of instrument types:

- Grant: The donation of money or an in-kind donation of goods from an official sector institution in China (e.g. donations of supplies or equipment, humanitarian aid or disaster relief, or financing for the construction of a government building, school, hospital, or sports stadium).
- Free-standing technical assistance: Skills training, instruction, consulting services, and information sharing by official sector entities and experts from China. Training provided by Chinese entities outside of China is classified as technical assistance.
- Scholarships/training in the donor country: Funding from an official sector institution in China that allows a citizen from the host country to study at a Chinese university or other educational institution. This includes training programs and activities that are sponsored by an official sector institution in China and held for host country citizens in China.
- Debt forgiveness: The total or partial cancellation of debt owed by a borrowing institution in the host country to a Chinese government or state-owned entity.

Development finance to Uzbekistan from other donors

All data on development finance from other donors came from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) Creditor Reporting System (CRS). The CRS is the OECD’s aid activity database, which compiles activity-level statistics from all providers who report to the OECD. For the analysis in Figure 1.2, ‘Aid’ represents Official Development Assistance (ODA) grants and loans. Non-concessional loans represent the Other Official Flows (OOF) measure. However, the flows captured in CRS (which are project-level records) specifically exclude export credit flows (due to their potentially sensitive nature). Data on export credits is available in OECD's DAC2B database in aggregate form. DAC2B provides data on OOF loans and grants and gross export credits. However, consistent and comprehensive data on export credits from one development partner to a specific country are not available. Gross export credits to a specific country are available at an aggregate level, such as G7 or all DAC Members. We determined that these additional financial flows would not substantially change Figure 1.2.

Calculating loans from China within repayment periods

Figure 2.1 shows the percentage of official sector lending from China to Uzbekistan that represents loans within their repayment periods as of 01/01/2025 date. To determine when each loan will enter repayment, each loan's grace period is added to its commitment date. This figure represents when loans will reach their repayment period according to their original borrowing terms, although many loans have been rescheduled (often involving an extension of the loan's grace period and/or maturity). When the grace period is not available, we assume the grace period is 0.

ESG risk exposure methodology:

AidData's ESG risk exposure metric is a composite, project-level score based on five criteria. First, we identify whether a given infrastructure project is located in an environmentally sensitive area. Second, we analyze whether the project is located in a socially sensitive area—specifically, in an area where Indigenous populations are often denied free, prior, and informed consent (FPIC). We assess whether the project is located in a geographical area that is vulnerable to political capture and manipulation by governing elites in host countries. Fourth, we evaluate if the Chinese lender/donor relied on a contractor sanctioned for fraudulent and corrupt behavior to implement the project. Fifth, we identify whether a significant environmental, social, or governance challenge arose before, during, or after the implementation of the project.

Common ESG Risks in Infrastructure Projects:

- ➔ Environmental: Negative effects on the environment due to building, rehabilitating, or maintaining a physical structure. These include an increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.
- ➔ Social: Negative effects on different groups of people due to the infrastructure project, such as employees, nearby residents, Indigenous populations, or community members. Such negative effects include poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.
- ➔ Governance: Negative effects related to the infrastructure project's financial, legal, and ethical management during the design and implementation of the project. These can include corruption, money laundering, lack of transparency, and non-competitive bidding processes that lead to higher project costs and/or poor project quality.

ESG safeguard methodology:

In addition to metrics of ESG risk exposure, the *Belt and Road Reboot* report introduced a measure of China's responses to ESG risks through its own grant and loan financing agreements. AidData obtained a large cache of unredacted infrastructure financing agreements that provide detailed information about whether financiers, at the time that they signed the agreements with their host country counterparts, identified behavioral expectations related to ESG risk management and mechanisms to monitor and enforce compliance with those expectations. AidData used these agreements to create indicators that measure the formal stringency of China's ESG safeguards built into its infrastructure grant and lending instruments. It then applied these metrics to the full GCDF 3.0 dataset.

We thank Sheng Zhang for providing data analysis support; John Custer for supporting the formatting and data visualization design of the profile; Sasha Trubetskoy for providing cartographic support; and Pavan Raghavendra R.M.V. for the final copy-edit of this profile.

AidData gratefully acknowledges financial support from the Swiss Agency for Development and Cooperation (SDC), the United States Agency for International Development (USAID), and the Ford Foundation. The findings and interpretations in this profile are entirely those of the authors. AidData's research is guided by the principles of independence, integrity, transparency, and rigor. A diverse group of funders support AidData's work, but they do not determine its research findings or recommendations.

The insights in this profile are primarily derived from AidData's preliminary 2000-2022 Global Chinese Development Finance (GCDF) dataset, although it also draws upon ancillary data from other sources. This preliminary dataset has not yet been published. It builds upon AidData's publicly available GCDF 3.0 dataset, incorporating an additional commitment year of data and new information across all commitment years based on sources uncovered during the data collection process. GCDF 3.0 is a uniquely comprehensive and granular dataset that captures 20,985 projects across 165 low- and middle-income countries supported by loans and grants from official sector institutions in China worth $1.34 trillion. It tracks projects over 22 commitment years (2000-2021) and provides details on the timing of project implementation over a 24-year period (2000-2023). An accompanying report, *Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative*, analyzes the dataset and provides myth-busting evidence about the changing nature, scale, and scope of China's overseas development program.

For the subset of grant- and loan-financed projects and activities in the dataset that have physical footprints or involve specific locations, AidData has extracted point, polygon, and line vector data via OpenStreetMap URLs and produced a corresponding set of GeoJSON files and geographic precision codes. The GCDF 3.0 geospatial data and precision codes are provided in AidData's Geospatial Global Chinese Development Finance Dataset, Version 3.0 (Goodman et al, 2024).

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