Towards a Thematic Bond Market in Tajikistan

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Foreword

The Republic of Tajikistan is implementing consistent policies and measures towards a just and green transition to ensure the achievement the Sustainable Development Goals.

As part of its National Development Strategy 2016-2030 and the Strategy for the Development of the Green Economy for 2023-2037, the country is striving to foster economic development through the sustainable and efficient use of natural resources, enhance livelihoods and promote social stability for the population. Further, concerted efforts are being made to achieve long-term environmental balance, accelerate low-carbon development to drive economic growth, improve air quality, enhance energy security, and increase exports. The aim is to create green jobs while implementing regulatory reforms for efficient use of natural capital, attract investments, adopt modern technologies, and strengthen international cooperation in the green economy.

The world is currently facing many challenges, from climate change and biodiversity loss to social inequality and public health crises. Tajikistan, to achieve climate objectives, must invest an additional amount equivalent to 7 per cent of their national GDP, or about $1 billion per year. Achieving Tajikistan's climate ambitions truly requires transforming government policies, regulations, and financial systems, to leverage the opportunities that new financing instruments present and mobilize capital at the scale and pace required to achieve these objectives.

In this regard, green and thematic bonds have globally emerged as useful and sustainable debt instruments for mobilizing finance for investing in projects that are economically, socially, and environmentally beneficial. The challenge, however, is that the utilization of such tools requires effective capital markets, regulatory frameworks, and policies to encourage both issuers and investors to utilize these new instruments. It is highly remarkable that the Republic of Tajikistan is putting all the efforts to ensure the environment and infrastructure for capital market development is in place and responds to the development needs of Tajikistan.

This analytical document is the result of a fruitful collaboration between the Agency for Securities Market Development and the Specialized Registration of the Ministry of Finance of Tajikistan, the United Nations Economic and Social Commission for Asia and the Pacific, and the United Nations Resident Coordinator Office in Tajikistan.

The analysis presents the concept of green, social, sustainability, sustainability-linked and other labelled (GSS+) bonds and evaluates the state of Tajikistan's capital market, with a focus on the obstacles to the development of a market for green bonds. It further proposes a green and sustainable policy and regulatory framework for Tajikistan. Most importantly, it concludes with an actionable set of policy recommendations towards introducing the thematic and green bonds in Tajikistan.

The Government of Republic of Tajikistan and the United Nations are committed to continue this effective collaboration for issuing of the first public green bonds in Tajikistan, welcoming the cooperation of other development partners.

H.E. Mr. Faiziddin Qahhorzoda Minister of Finance Republic of Tajikistan	Ms. Armida Salsiah Alisjahbana Under-Secretary-General of the United Nations and Executive Secretary of ESCAP	Ms. Parvathy Ramaswami United Nations Resident Coordinator in Tajikistan

Executive Summary

The primary objective of this study is to assess the feasibility and potential advantages of establishing a green and sustainable bond market in Tajikistan to finance climate change initiatives and promote sustainable development, along with crafting policy recommendations to facilitate market growth. As one of the most susceptible countries to climate change in Central Asia, Tajikistan urgently requires climate-resilient financing solutions to support its Nationally Determined Contributions (NDCs) and the wider aims of the Paris Agreement.

The total climate finance needed by 2030 amounts to more than $1 billion per year. To address climate change challenges and pave the way to transition to a green economy, Tajikistan has adopted the Green Economy Development Strategy (GEDS) for 2023–2037. Presently, the government is implementing several initiatives aimed at reforming capital market regulations and utilizing various methods to channel climate funding, including gaining access to the Green Climate Fund (GCF).

Meanwhile green and thematic bonds are emerging as useful instruments to mobilize climate finance and channel investment into environmentally beneficial projects, such as renewable energy, sustainable agriculture, and infrastructure. However, the development of these instruments requires a strong capital market and focused policies that provide clear definitions to prevent greenwashing while attracting investor interest. Additionally, potential issuers need incentives to engage with the new market.

A solid policy and regulatory framework adapted to local needs, along with effective marketing strategies, could greatly strengthen Tajikistan's ability to fund sustainable projects, drive economic growth, and meet climate commitments. Such a framework would not only facilitate transparency and accountability in bond issuance but would also encourage the participation in the market of various stakeholders, including state-owned enterprises (SOEs), private sector players, and international development partners.

The study features regional experiences from Kazakhstan, Uzbekistan and the Russian Federation underlying successful initiatives built around the main pillars of green finance: (i) taxonomies, (ii) climate and environmental information disclosures, (iii) incentive policies, (iv) international collaboration, and (v) green central banking.

Tajikistan must address the existing obstacles to developing a strong capital market to support thematic issuances and lay the groundwork for a local currency bond market. This would significantly bolster the thematic market, which is currently in its early stages of development in the country.

Drawing on well-established strategies to overcome obstacles to the creation of a local bond market and leveraging the best practices of the region, the study provides detailed recommendations centered on key pillars of a green financial system to establish an effective green bond market in Tajikistan, targeting both sovereign and corporate thematic issuances (Table 1).

The recommendations are divided in two main stages, with complimentary actions introduced in an additional third stage. Most of the recommendations to revise existing legislation and raise awareness can yield quick wins, offering initial signals to the market. Developing a national taxonomy that aligns with the goals of the Green Economy Development Strategy for 2023–2037 is a crucial step, as it provides clarity for both local market participants and the international community. Additionally, targeted actions such as tax incentives and modifications to risk weightings will require a thorough analysis of the country's budget alongside the collection of relevant additional data, and implementing various incentives and talent development programs will likely require support from international partners.

It is important to keep in mind that the success of these initiatives hinges on the coordinated efforts of different government agencies guided by a thematic roadmap, in which roles and responsibilities are clearly defined.

Table 1. Recommendations for development of green bond policy and regulatory framework

RECOMMENDATION	TIMELINE	RESPONSIBLE INSTITUTION
Stage 1 – Short-term (High urgency, high priority, high outcome)		
Regulation and policy ***(RP)***		
#1: Finalize the comprehensive reforms of the capital market	+6 months	Agency
#2: Implement a revision to the national securities market regulations concerning the definition, issuance procedure, verification and reporting for corporate green and other thematic bonds	+6 months	Agency
#3: Complement the rules on sovereign securities by separate order on the intergovernmental committee on issuance of sovereign green bonds with clear functions and mandate	+6 months	Agency
#4: Define types of organizations eligible to provide verification in a separate legislative act	+3 months	Agency
#5: Revise investment guidelines of national institutional investors to enable and encourage them to invest into green bonds	+6 months	MoF
#6: Develop Green/ Sustainable Finance Roadmap in line with Green Economy Strategy and define the mandates of institutions	+6 months	Government
Market development ***(MD)***		
#1: Adopt green and environmental, social, and governance (ESG) bond rules/reflect in listing rules	+3 months	CASE
#2: Introduce preferential fee rates for issuers of green bonds	+6 months	CASE

RECOMMENDATION	TIMELINE	RESPONSIBLE INSTITUTION
#3: Raising awareness campaign	Ongoing basis	Agency, CASE
#4: Develop a grant scheme for external review expenses	+6 months	Agency, CASE
#5: Develop green projects pipeline	+6 months	Government
Stage 2 – Medium term		
Regulation and policy ***(RP)***		
#1: Develop a national green taxonomy	+9 months	Government
#2: Introduce tax incentives for issuers of green bonds	+12 months	MoF
#3: Implement green/climate budget tagging	+18 months	MoF
#4: Adjust risk weightings for capital and reserve requirements to include climate risk	+24-36 months	NBT
Market development ***(MD)***		
#1: Develop a green bond segment at stock exchange	+12 months	CASE
Stage 3 – Complementary actions *(CI)*		
Talent development and international cooperation		
#1: Provide structured green finance trainings and workshops in collaboration with development partners	Ongoing basis	MoF, Agency
#2: Provide "train the trainer" assistance to financial institutions	Ongoing basis	Agency, NBT
#3: International cooperation to harmonize definitions and improve regulatory frameworks	Ongoing basis	Agency, NBT

Source: ESCAP
Notes: Agency = Agency for Securities Market Development and the Specialized Registration, Ministry of Finance of Tajikistan; MoF = Ministry of Finance of Tajikistan; CASE = Central Asian Stock Exchange; Government = Government of Tajikistan; NBT = National Bank of Tajikistan.

Acronyms

Acronym	Definition
ADB	Asian Development Bank
AFSA	Astana Financial Services Regulatory Authority
AIFC	Astana International Financial Centre
AIX	Astana International Exchange
AP EGO	Amundi Planet Emerging Green One Fund
ARDFM	Agency for Regulation and Development of Financial Market of the Republic of Kazakhstan
ASIP	Agency of Social Insurance and Pensions
BREEAM	Building Research Establishment Environmental Assessment Method
CASE	Central Asian Stock Exchange
CBI	Climate Bonds Initiative
CEF	Country Engagement Framework
CEP	Committee for Environmental Protection
CGT	Common Ground Taxonomy of the European Union and China
CI	complementary actions
CSD	central securities depository
EBRD	European Bank for Reconstruction and Development
DBK	Development Bank of Kazakhstan
EDB	Eurasian Development Bank
EE	energy efficiency
EEU	Eurasian Economic Union
EIB	European Investment Bank
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESMA	European Securities and Markets Authority
ESRM	Environmental and Social Risk Management
ETFs	exchange traded fund
EVs	electric vehicles
EY	Ernst & Young Global Limited
GBP	Green Bond Principles
gCO_2e/kWh	grams of carbon dioxide equivalent per kilowatt-hour
GCF	Green Climate Fund
GEDS	Green Economy Development Strategy
GFC	Green Finance Centre
GHG	Greenhouse gas
GSS+	green, social, sustainability, and sustainability-linked bonds
HCS	hazardous chemical substances
HPP	hydro power plant
IBRD	International Bank for Reconstruction and Development
ICMA	International Capital Market Association
IDA	International Development Association

Acronym	Definition
IDIF	Individual Deposit Insurance Fund
IFC	International Finance Corporation
INDC	intended Nationally Determined Contribution
IPFS	International Platform on Sustainable Finance
IsDB	Islamic Development Bank
KASE	Kazakhstan Stock Exchange
LEED	Leadership in Energy and Environmental Design
Mci	Monetary Conditions Index
MD	market development
MDBs	multilateral development banks
MEDT	Ministry of Economic Development and Trade
$MtCO_2e$	megatons (million metric tons) of carbon dioxide equivalent
MOEX	Moscow Stock Exchange
MoF	Ministry of Finance
MSMEs	micro, small, and medium enterprises
NDCs	Nationally Determined Contributions
NGFS	Network for Greening the Financial Systems
NBT	National Bank of Tajikistan
OECD	Organisation for Economic Co-operation and Development
PwC	PricewaterhouseCoopers
RE	renewable energy
RP	regulation and policy
SBFN	Sustainable Banking and Finance Network
SC	Securities Commission Malaysia
SDGs	Sustainable Development Goals
SPO	second-party opinion
SOEs	state-owned enterprises
SRI	Sustainable and responsible investment
TA	technical assistance
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme
UZS	Uzbekistani Som

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1. Introduction

The landlocked Central Asian nation of Tajikistan ranks among the most vulnerable countries to climate change in the region. Tajikistan's geographic and economic characteristics, which include high levels of import dependency, poverty, and reliance on the agriculture sector (Table 1), create significant challenges to mitigate climate change risks and impacts.

Table 1. Selected economic indicators

Indicator	Value
GDP	\$12.2 billion (130.8 billion Tajikistani Somoni (TJS)) in 2023
Population	10.3 million as of 1 January 2024
Rural Population	71.2 per cent of the total population in 2022
Largest Sector of the Economy	Agriculture (24.3 per cent of gross domestic product (GDP), 45.7 per cent of labor force in 2023)
Poverty Rate	22.5 per cent in 2022

Source: ESCAP based on data from National Bank of Tajikistan and Agency on Statistics under the President of the Republic of Tajikistan.

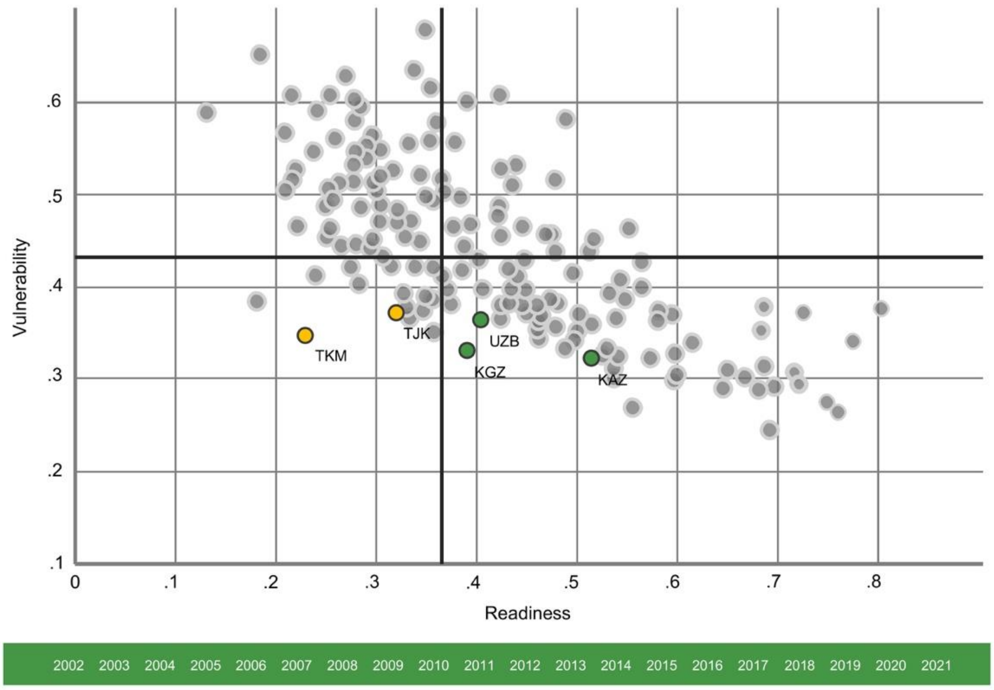
Tajikistan's total greenhouse gas (GHG) emissions are relatively low compared to global standards, primarily due to low levels of industrial activity and heavy reliance on hydropower for electricity. In 2021, the country's total GHG emissions were 17.82 megatons of carbon dioxide equivalent ($MtCO_2e$), accounting for 0.02 per cent of global GHG emissions.[1] Key sources of emissions in 2020 include the agriculture sector (38 per cent), industry (14 per cent), electricity and heat (12 per cent) and transport (10 per cent).[2]

Rapid onset climate change related hazards are affecting the already vulnerable ecosystems and population living in rural areas. Increasing temperatures and late frost events in spring are threatening agricultural productivity; changing rainfall patterns are modifying the grazing and cropping seasons; higher risks of droughts and mudslides are further reducing the productivity of soils and calling for integrated disaster management measures. All these factors combined place Tajikistan among the most vulnerable nations to climate change in Central Asia. In addition, as Figure 1 shows, Tajikistan has low levels of readiness to address climate change challenges.

[1] Climate Watch Historical GHG Emissions (2022).
[2] Ritchie, Roser and Rosado (2022).

In October 2015, Tajikistan submitted its intended NDC (INDC) to United Nations Framework Convention on Climate Change (UNFCCC), marking an important milestone to advance its climate agenda. In February 2017, the country ratified the Paris Agreement, and it submitted an updated NDC in October 2021, which for the first time included financing estimates required to achieve NDC targets. The country unconditionally committed to limit GHG emissions 60 to 70 per cent of 1990 levels, or between 21.32 and 24.87 $MtCO_2e$, by 2030. Meanwhile, Tajikistan's conditional target — which depends on international financial support, technology transfer, and capacity building — restricts emissions to 50 to 60 per cent of 1990 levels, or between 17.76 and 21.32 $MtCO_2e$, by 2030.[3]

Figure 1. Comparative resilience of Central Asian countries to climate change, 2021



Source: Notre Dame Global Adaptation Initiative's (ND-GAIN) Country Index. Available at https://gain.nd.edu/our-work/country-index/matrix/.
Note: Vertical axis shows the score of vulnerability, horizontal axis shows the readiness score.

Over the last decade, the Tajikistan government has taken significant strides to develop national strategies and policies to advance the climate agenda in the country. According to Tajikistan's Fourth National Communication to the UNFCCC (2022) the government adopted more than 30 laws and regulations in the field of environmental protection, developed more than 10 State programs and action plans, and ratified several conventions that consider environmental safety issues.[4] Key plans to drive national policy on green economy were established, such as the *Strategy on the development of a green economy in the Republic of*

[3] Tajikistan, Agency for Hydrometeorology of the Committee of Environmental Protection (2022).
[4] Ibid.

Tajikistan for 2023-37 adopted in 2022, as well as the 2019-approved *National Strategy of Adaptation to Climate Change of the Republic of Tajikistan* for the period up to 2030.

However, financing needs to achieve Tajikistan's national climate objectives are substantial. The National Bank of Tajikistan (NBT) has projected that the initial phase of implementation of the Green Economy Strategy will require a substantial investment of roughly 21 billion TJS (approximately $1.9 billion) over the period of 2023-2025. Most of the funding, roughly 59 per cent, is anticipated to flow from international development organizations and bilateral aid agencies. It is projected that another considerable portion, some 40 per cent of the required funds, will be contributed by private investors. The high percentage demonstrates the critical role that businesses and private capital are expected to play in driving sustainable economic growth in Tajikistan. The remaining funds, albeit a small fraction, will be allocated from the state budget.[5]

According to the 2021 NDC update, Tajikistan will need to annually allocate at least 7 per cent of total GDP to finance climate change mitigation and adaptation activities throughout the decade 2020-2030. This implies that the total climate finance needed by 2030 could be more than $1 billion per year – divided equally between climate mitigation ($500 million) and adaptation ($500 million). In addition, Tajikistan expects that the energy and transport sectors will each account for 20 per cent of the total costs of climate change, followed by rural farming (20 per cent), water irrigation (15 per cent), biodiversity and natural disasters (15 per cent) and water supply and sanitation (10 per cent).[6]

1.1 Leveraging the potential of green and other labelled bonds to finance climate action in Tajikistan

Green, social, sustainability, sustainability-linked and other labelled (GSS+) bonds (see Box 1) have emerged as critical instruments to help countries such as Tajikistan mobilize finance for the public and private sector towards green and climate-related initiatives aligned with the country's NDC. This instrument provides a mechanism to raise capital specifically earmarked for environmentally beneficial projects, enabling governments, municipalities, and corporations to fund initiatives such as renewable energy, energy efficiency, sustainable infrastructure, and others. By channeling capital towards green projects, green bonds can support the reduction of greenhouse gas emissions, foster sustainable development, and promote innovation in climate solutions. Increasingly, they are being used as a tool to finance both climate change mitigation and adaptation efforts, making them a crucial instrument for countries to meet their climate finance needs. For Tajikistan, a country rich in natural resources yet grappling with the challenges of sustainable development, green and other types of thematic bonds present a promising avenue to mobilize capital towards environmental and infrastructural improvements.

However, taking advantage of green bonds requires establishing sound regulatory frameworks to implement clear guidance and create an enabling environment that will boost confidence and transparency in these instruments and in local capital markets. Thus, developing a robust regulatory framework for the sustainable bond market is essential for both environmental and economic benefits. Such a framework fosters transparency and

[5] NBT presentation at Vienna JVI, 24-28 June 2024.
[6] Tajikistan, Agency for Hydrometeorology of the Committee of Environmental Protection (2022).

integrity, ensuring that capital is efficiently allocated to projects that address climate change and other pressing environmental issues, thereby contributing to a more sustainable economy. Additionally, alignment with national development goals enhances strategic coherence, allowing the government to prioritize funding for initiatives that support long-term objectives, such as the Sustainable Development Goals (SDGs). Furthermore, incorporating international best practices on sustainable finance into domestic regulations not only attracts foreign investment but also improves the credibility of local markets on the global stage, encouraging more sustainable economic growth and fostering a resilient financial system.

In this context, this study focuses on the feasibility of developing an active green bond market in Tajikistan and assesses the potential for sovereign and corporate green bond and sukuk issuances. It aims to provide a comprehensive review of key considerations and country examples to formulate a robust regulatory framework for green bonds aligned with international best practices. The methodology adopted for this report includes a combination of desk research, consultations with market actors, investors, and government, as well as case studies from neighboring countries to identify common and unique obstacles and opportunities for Tajikistan.

Box 1. Types of GSS+ bonds

Green Bonds – any type of bond instrument in which the proceeds, or an equivalent amount, will be exclusively applied to finance or re- and/or existing projects and/or activities with positive environmental impacts.

Social Bonds – any type of bond instrument in which the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance new and/or existing social projects or activities that achieve positive social outcomes and/or address a social issue.

Sustainability Bonds – issues are used to finance or re-finance a combination of green and social projects or activities.

Sustainability-linked Bonds – key performance indicator (KPI)-linked or SDG-linked Bonds – are structurally linked to the issuer's achievement of climate or broader SDG goals, such as through a covenant linking the coupon of a bond. In this case, progress, or lack thereof, toward the SDGs or selected KPIs then results in a decrease or increase in the instrument's coupon.

Source: ICMA (2024).

2. State of Tajikistan’s traditional and sustainable capital market

Tajikistan's capital market is in its nascent stage, characterized by a limited number of listed securities, a small investor base, and significant challenges in terms of market development. The current ecosystem comprises various licensed financial institutions, but the market faces substantial hurdles to achieving robust growth and efficiency. These challenges stem from the complexities associated with the issuance of securities, transparency concerns, high entry costs, inadequate market infrastructure, and limited financial literacy amongst the general population.

There are 14 licensed financial institutions currently, including two stock exchanges (the Central Asian Stock Exchange and the Asian Stock Exchange), a central securities depository (CSD), four independent registrars, seven commercial banks, and one brokerage company (Prime Invest).[7]

The Central Asian Stock Exchange (CASE) is the primary trading platform, but it grapples with challenges to liquidity and profitability. Trading volumes remain minimal — even for a frontier market — making it difficult for CASE to sustain itself given such low activity levels. GMEX Technologies, a UK subsidiary of Deutsche Börse Group, is a 25 per cent shareholder of CASE, having taken shares in exchange for contributing its IT system. The remaining 75 per cent ownership is held by one largely non-resident Tajik national.[8]

The corporate bond market is in early stage of development, with only two transactions in 2023 for $2 million. Trading volumes remain low, with most transactions being pre-arranged rather than executed through the exchange, which limits price discovery and market transparency. The total market capitalization of the equity market was $468 million in 2023, representing only 3.93 per cent of the total national GDP (Table 2). Figure 2 provides a schematic representation of Tajikistan capital market’s stakeholders.

[7] USAID (2023).

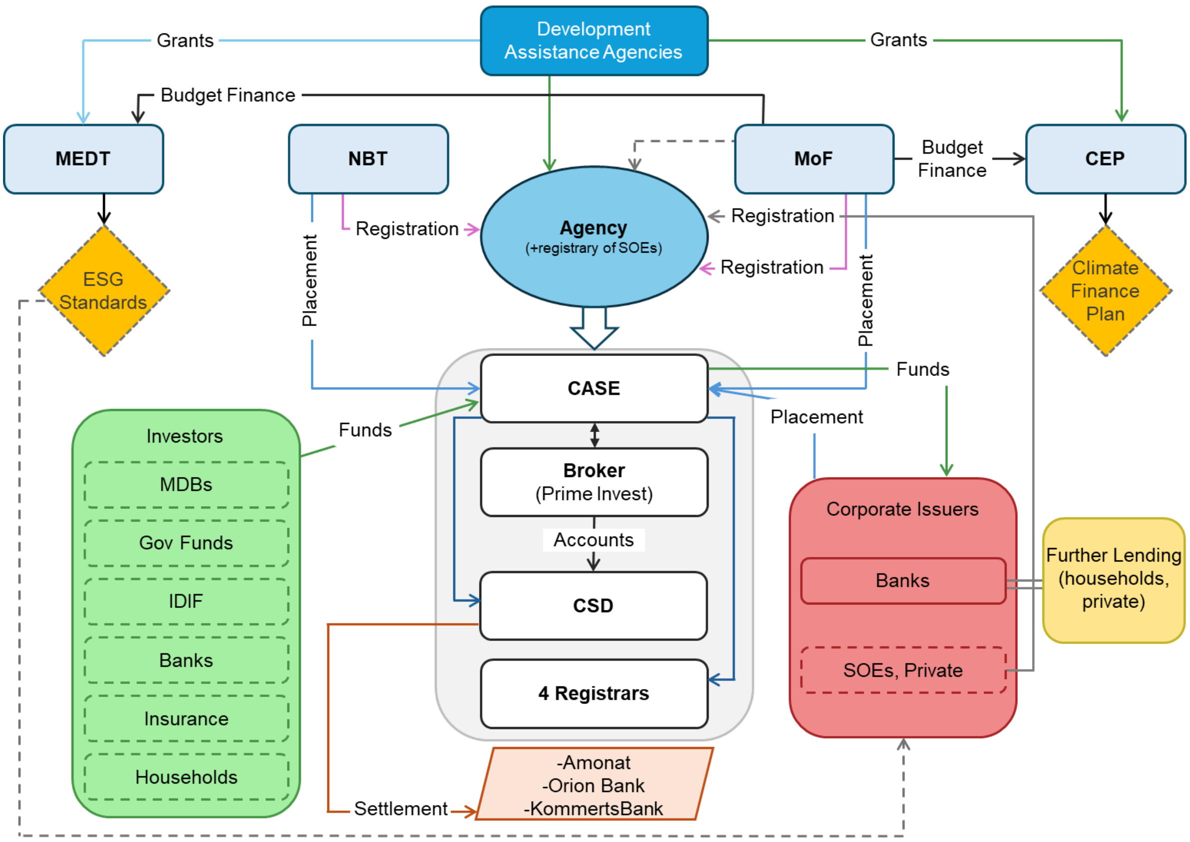
[8] Grant Thornton (2023).

Table 2. CASE market data for 2019-2023

Indicators	2019	2020	2021	2022	2023
Market capitalization (millions of United States dollars)	160.11	166.02	237.71	290.00	468.00
Trade volume (millions of United States dollars)	78.14	73.72	46.87	52.37	156.62
Trade volume (million shares)	1.80	18	5.14	5	16.38
Number of issuers	41	40	41	41	42

Source: CASE

Figure 2. Stakeholder mapping of Tajikistan's capital market



Source: ESCAP

The regulatory framework of Tajikistan's capital market is governed by Tajikistan's Securities Market Law 745, enacted in 2011 and with amendments in 2014, 2015 and 2016,[9] which provides the basic legal structure for market operations. One of the primary issues is that the law has not seen substantive updates in more recent years, leading to an outdated legal framework that fails to address current market needs. The process for issuing securities is often overly complex and bureaucratic, deterring potential issuers from entering the market. This complexity creates barriers for both companies seeking to raise capital and investors looking for attractive investment opportunities. The regulatory system's hesitance to promote the disclosure of essential financial and operational information by companies worsens transparency issues, hindering investors' abilities to make well-informed decisions.

Tajikistan's dual-system approach also contributes to market fragmentation and potential inefficiencies in price discovery and transparency. Current legislation allows executing transactions via a broker in the stock exchange or directly with the registrar responsible for that particular security, thus bypassing the broker.

Government Securities

The updated rules for the issuance and placement of government securities, approved in 2023, have enabled the Ministry of Finance to conduct regular auctions for both short-term and long-term securities since January 2024. This policy change has enhanced the functionality of government securities by allowing their use in repurchase agreements, or repos, by facilitating quick access to short-term liquidity for holders. Banks are also permitted to accept these securities as collateral, enabling holders to secure loans against their assets.

These reforms have increased the flexibility and attractiveness of government securities, potentially stimulating market activity and improving liquidity management for investors and financial institutions. Previously, the distribution was heavily concentrated, with 99 per cent of government securities held by the National Bank of Tajikistan, but the new rules permit broader participation of other market players. By August 2024, the Ministry had successfully adhered to its auction calendar, completing six auctions with the average weighted yield for short-term securities reaching 6.5 per cent in July 2024.

In August 2024, S&P Global Ratings upgraded its long-term foreign and local currency ratings for Tajikistan from 'B-' to 'B' as a result of the country's improved fiscal position.[10] Meanwhile, in September 2024, Moody's Investors Service affirmed Tajikistan's credit rating at B3 — indicating speculative and high credit risk — but promoted its outlook from stable to positive.[11] The upgrade is due to Tajikistan's improved dialogue with international partners, recovering economy, and improved financial situation.

Further development of the treasury securities yield curve could potentially support the growth of the corporate bond market. Other opportunities for growth include the privatization of state-owned enterprises, further development of the government and corporate bond market, foreign investment, and improvements to market infrastructure and regulation.

Investors

The domestic institutional investor base is limited, consisting mainly of banks, insurance companies, and state funds. The Agency of Social Insurance and Pensions (ASIP) and the

[9] Tajikistan (2011).
[10] S&P Global (2024b).
[11] Moody's (2024).

Private Individual Deposit Insurance Fund (IDIF) face investment restrictions under the current legislation. There are no investment funds in Tajikistan. Retail investor participation is low due to limited financial literacy and investment options. Foreign investor access is constrained by lack of custodian services and regulatory barriers.

Banking sector

Tajikistan's banking sector dominates the overall financial sector landscape, as local banks often play a dominant role as investors in government securities. The banking sector consists of fifteen commercial banks, two State banks, one Islamic bank, and several retail-focused credit institutions (Table 3). These financial institutions typically acquire government securities as part of their investment strategy, frequently adopting a buy-and-hold approach until the securities mature. Like in other nascent markets, banks utilize these instruments beyond mere investment purposes. Government securities serve as valuable tools in banks' day-to-day liquidity management operations, providing a flexible mechanism to adjust their cash positions and meet regulatory requirements.

Key institutions of the sector include:

- *National Bank of Tajikistan*: The country’s central bank, responsible for monetary policy and regulating the banking sector
- *Commercial Banks*
- *Financial Intermediaries*: Brokerage firm (Prime Invest).

A notable feature of Tajikistan's banking landscape is its high concentration. Three systemically important banks (Amonatbonk, Orienbank, and Bank Eskhata) dominate the sector, collectively holding more than half (56.3 per cent) of the total assets across all credit financial institutions.[12] This concentration of assets held by a small number of institutions highlights the significant influence that major banks exert over the country's financial system and underscores potential systemic risks and competitive dynamics within the market.

The first half of 2024 witnessed a substantial increase in the total assets of credit financial institutions in Tajikistan. The total assets of these institutions reached TJS 41.2 billion (approximately $3.9 billion) and increased mainly due to credit portfolio growth and receivables from the NBT and other credit financial institutions. The amount of non-performing loans (overdue for more than 30 days) at the reporting period was TJS 3.5 billion or 18.2 per cent of the total credit portfolio of the banking system, higher than in 2023.[13]

The total outstanding loans by the end of 2023 was TJS 19 billion (approximately $1.8 billion). The distribution of these loans was as follows: 14.2 per cent in the agriculture and industry sectors each, 11.6 per cent in foreign trade, 7.4 per cent in services, 4 per cent in construction sector, followed by transport, catering and others.[14]

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[12] NBT (2024b).
[13] NBT (2024c).
[14] Author calculations based on NBT (2023).

Table 3. Credit organizations in the financial system of Tajikistan as of December 31, 2023

	Quantity	Assets (TJS billion)	Share in Financial System (per cent)
Credit organizations	63	37.7	91.9
Commercial banks	15	31.9	77.9
State banks*	2	8.3	20.4
Islamic banks	1	0.2	0.6
Banks with foreign capital	4	3.8	9.4
Other banks	8	19.5	47.6
Non-bank credit institutions	1	0.1	0.3
Microfinance organizations	47	5.6	13.7

Source: NBT
Note: * With the participation of state capital

Tajikistan's banking sector has spearheaded the development of a green bond market in the country through the pioneer issuance by a local bank in 2024. Bank Eskhata issued its debut green bond of $10 million under the following categories of its Green Bond Framework: clean transport, energy efficiency, climate smart agriculture, sustainable water, and green buildings.

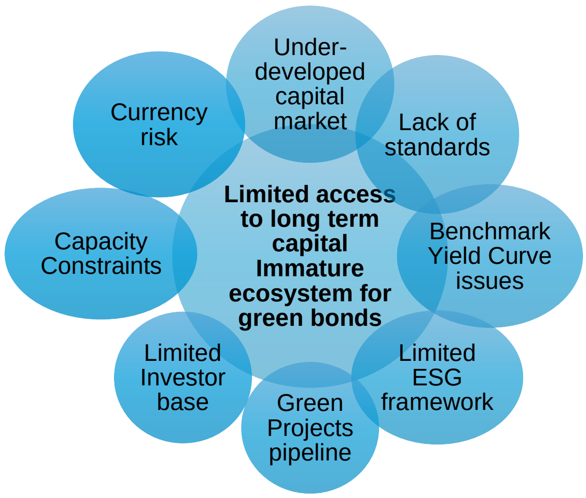
2.1 Main barriers for green bond market development

The main challenges in the current market do not reflect reluctance towards creating a green bond market, but rather reflect sector specific constraints as well as an immature ecosystem for the green capital market.

The main challenges and risks associated with the green bond market in Tajikistan reflect sector-specific restrictions including insufficient regulatory frameworks which do not align with international best practices and limit the market's capacity to attract green investments. Moreover, stakeholders, including issuers and investors, often lack the necessary awareness and education regarding green financing mechanisms, which further impedes market growth. The absence of a robust support infrastructure, such as clear standards for what constitutes a green project, complicates the process for potential issuers who may be interested in launching green bonds.

Additionally, the overall capital market ecosystem in Tajikistan remains immature, characterized by a narrow investor base and limited liquidity. This restricts opportunities to launch larger and more diverse green financial products. Economic fragility, coupled with a high dependency on external financing, exacerbates the challenges faced by domestic entities attempting to issue green bonds. The lack of a supportive and developed environment means that unless these sector-specific issues are systematically addressed, the potential for a successful green bond market will remain largely unrealized. Figure 3 summarizes the challenges, which are further discussed below.

Figure 3. Summary of the challenges to develop a green bond market



Source: ESCAP

1. Underdeveloped capital market infrastructure

Challenges in the existing capital market infrastructure pose significant barriers to develop and grow a sustainable segment. The Tajikistan capital market is currently fragmented, with only four registrars and one broker, dampening the growth of a green bond market. While Prime Invest, the first Tajik brokerage company, is the only entity with knowledge of trading data for all intermediated, or broker-assisted, transactions in Tajikistan, pre-arranged trades that bypass the broker are not publicly reported.

Consequently, there is a dearth of publicly accessible information on market transactions that could be valuable for investor decision-making. This information gap creates an uneven playing field in the market. Investors are disadvantaged by the absence of timely and equitable access to transaction data. Without comprehensive and up-to-date information on market activities, investors cannot make informed decisions, assess market trends, or accurately price securities. The lack of transparency not only hinders individual investment strategies but also impacts the overall efficiency and credibility of the market. It potentially discourages participation from a broader investor base and impedes the development of a more liquid and dynamic securities market in Tajikistan.

Additionally, high entrance costs deter investors. An analysis of market fees reveals that CASE imposes higher tariffs than those of comparable markets. For example, the annual CASE membership fee is TJS 30,000 (approximately $2,863), while the same fee at Kazakhstan

Stock Exchange (KASE) is about $2,332.[15] Meanwhile, membership fees are twice as high in Tajikistan than in Armenia. Significant differences can also be observed when comparing fees in Tajikistan and Georgia.[16] This pricing discrepancy may serve as a barrier to market participation and development in Tajikistan. The relatively elevated fee structure could deter potential issuers and investors, limiting market liquidity and the overall growth of the capital market. Even without any discrepancy, a preferential fee structure should be implemented. A discounted tariff for thematic bond issuers would serve to partially offset the additional expenses associated with third-party verification and certification processes. This practice is implemented at KASE in Kazakhstan, which encouraged most Kazakh thematic bonds to list at KASE.

2. Lack of standards and regulatory frameworks

The absence of a well-defined regulatory framework specifically tailored for green investments in Tajikistan creates a regulatory vacuum, compelling market participants to seek guidance from external sources. In the absence of local guidelines, investors and issuers often feel uncertain about the criteria for what constitutes a green project, which diminishes investor confidence and complicates the green bonds issuance process. This uncertainty leads market participants to rely on external frameworks and standards established in other jurisdictions, which may not fully align with Tajikistan's unique economic and environmental context. As a result, the effectiveness of green investments remains hampered, as stakeholders navigate a convoluted landscape without clear, local regulatory support.

This approach contrasts with the evolution seen in other countries in the region. For instance, Kazakhstan initially depended on international green building certification schemes like Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Method (BREEAM) during the early stages of its green market development. However, recognizing the need to localize, Kazakhstan later developed its own national green building certification scheme. This move significantly reduced certification costs for project developers while ensuring standards remained relevant to the local context. Uzbekistan is following a similar trajectory, currently working on developing a national certification scheme that better suits its local environmental and economic landscape. This trend highlights a common progression in emerging green finance markets: from reliance on international standards towards the development of more locally tailored and cost-effective certification mechanism.

On top of that, the absence of a common definition for green projects creates uncertainty for market players. Without universally accepted criteria, investors, issuers, and regulators struggle to agree on what qualifies as a legitimate green investment. This ambiguity complicates due diligence processes and increases the risk of misinterpretation, which can lead to skepticism among potential investors. Consequently, market players may refrain from participating in green financing opportunities, fearing they may inadvertently support projects that do not align with their environmental objectives or ethical considerations.

Furthermore, the lack of a common vocabulary makes it challenging to measure and compare the environmental impacts of different projects. Without consistent metrics for assessing

[15] KASE (2018).
[16] Grant Thornton (2023).

sustainability performance, stakeholders find it difficult to quantify the benefits of their investments or report progress transparently.

These standards should align with global best practices, such as those set forth by the International Capital Market Association (ICMA) Green Bond Principles (GBP). Incorporating these standards within the regulatory framework would ensure that all market participants — issuers, investors, and regulators — share a common understanding of what constitutes a legitimate thematic bond.

Clear guidelines on the issuance of thematic bonds and incentive mechanisms need to be embedded in the regulatory framework. The guidelines should detail the processes for issuing thematic bonds, including the requirements for project eligibility, transparency, and documentation. By outlining standardized practices, issuers can ensure compliance with both national and international expectations, reducing the risk of misrepresentation and enhancing investor confidence. Such clarity is vital for attracting both domestic and foreign investors, who seek assurance that the bonds they are purchasing are aligned with their sustainability goals and ethical considerations.

Moreover, adding incentive mechanisms is equally important for stimulating market activity. Incentives — such as tax breaks, subsidies, or reduced regulatory fees — can encourage more issuers to enter the thematic bond market and promote the development of sustainable projects. These mechanisms create a favorable climate for innovation in financing by reducing the cost and complexity associated with issuing thematic bonds.

The absence of a robust ESG framework and reporting standards hinder the effective issuance and monitoring of green bonds. Effective monitoring often relies on consistent metrics and data collection methodologies, which are arrested when there is no agreement on ESG standards across the market. As a result, stakeholders (investors, regulators, and issuers) may find it challenging to accurately assess the environmental and social outcomes of financed projects. This diminishes investor confidence and interest, as stakeholders feel ill-equipped to evaluate the effectiveness and sustainability of their investments. Ultimately, the lack of a comprehensive ESG framework inhibits the growth and maturation of the green bond market, making it vital for stakeholders to advocate for standardized reporting and accountability measures.

3. Benchmark yield curve issues

The lack of a well-developed government securities market means there is no reliable benchmark yield curve, which is important for pricing corporate bonds, including green bonds. Although recent changes in the rules on issuance of government securities have created a basis for the future issuance of sovereign green bonds, as discussed below, further regulatory work to develop the ecosystem is required to encourage a wider range of investors, including state funds, to invest in government securities of different maturities.

4. Lack of green projects pipelines

There is a limited pipeline of eligible green projects that could be financed through green bonds. The pipeline for potential green projects has several hydro projects, which cannot be considered green if they do not comply with internationally accepted thresholds and safeguards. For example, the Climate Bonds Taxonomy for hydropower generation facilities expects power density to be greater than 10 W/m^2, or GHG emissions intensity to be less than 50 gCO_2e/kWh, which practically eliminates large facilities. Reservoirs of large hydropower projects are a source of biogenic greenhouse gases and in individual cases can reach the same emission rates as thermal power plants.[17]

Other potential projects encompass electric vehicles (EVs), energy efficiency initiatives, and sustainable agriculture ventures. Sustainable tourism also presents substantial opportunities in Tajikistan. Nevertheless, all these projects necessitate thorough validation against green project criteria to prevent instances of greenwashing.

5. Limited investor base

There is a limited domestic institutional investor base, which is crucial for bond market development. Low levels of market literacy among potential investors hinder participation. The presence of institutional investors— such as pension funds, insurance companies, and mutual funds — remains minimal, which constrains the bond market's potential for growth and stability. This lack of institutional involvement diminishes the overall depth of the bond market, which can lead to increased volatility and reduced confidence among potential issuers and investors alike.

The combination of a limited institutional investor base and low market literacy presents a significant challenge for the bond market development in Tajikistan. Without a diverse set of investors equipped with the necessary knowledge, the market struggles to reach its full potential.

6. Higher costs of thematic issuances

Thematic issuances require comprehensive reviews and compliance with ongoing monitoring obligations that are not required for traditional bond offerings. The process often results in issuers facing significant upfront expenditures.

Creating an appropriate framework for thematic bonds is a significant cost factor. Issuers need to establish guidelines that align with specific environmental, social, or governance (ESG) criteria that thematic bonds target. This involves further engaging of consultants for external reviews and certifications, which can be costly and time intensive.

Thematic bonds often face a multitude of regulatory requirements designed to maintain transparency and prevent greenwashing, which refers to misleading claims about the environmental sustainability of projects. These regulatory frameworks necessitate detailed documentation and ongoing reporting, adding further financial and operational burdens to issuers.

7. Limited awareness and capacity of potential issuers and relevant stakeholders involved in the issuance process

There is a lack of awareness among potential issuers about key considerations, benefits, and risks involved with green bonds. Many entities that could potentially issue green bonds lack comprehensive knowledge about the specific requirements and processes to enter this market.

Moreover, potential issuers need to be well-informed regarding both the benefits and the risks associated with green bonds. On the positive side, green bonds can improve an issuer's standing in the market, attracting environmentally conscious investors and enhancing corporate reputation. However, the risks include potential scrutiny over the transparency of

[17] Scherer and Pfister (2016).

project selection and the use of proceeds, as well as the need for ongoing reporting and compliance with established standards.

Limited capacities of bond issuers and other relevant stakeholders (government, regulators) across the bond issuance process constitute another critical barrier. Potential issuers face limited technical and capacity constraints to fulfill the reporting and certification obligations associated with green bonds, in line with required standards.

The verification process for green bonds requires specialized knowledge in environmental science, finance, and regulatory frameworks. Many local firms with the potential to act as verifiers lack the necessary training or experience to conduct thorough assessments of green projects, which can undermine market credibility.

The absence of clear guidelines and defined roles for regulators creates uncertainty for both issuers and investors. Local regulators may struggle to enforce compliance with environmental standards, hindering the growth of the green bond market.

8. Currency risk

High dollarization and currency volatility may discourage investment in local currency green bonds. With a considerable portion of savings held in foreign currencies, particularly the US dollar (46 per cent of deposits), local investors exhibit a preference for dollar-denominated instruments that offer perceived stability and lower risk.[18] This trend limits the domestic demand for local currency assets, including green bonds, which are essential for financing sustainable development projects. As a result, local currency green bond issuers may struggle to secure the necessary investment capital from domestic investors, impeding the growth of the local green bond market.

Frequent fluctuations in the exchange rate can also create significant risks for investors, particularly those holding local currency bonds tied to domestic economic conditions. This perception of added risk leads to higher yields demanded by investors to compensate for potential losses from currency depreciation. Consequently, the cost of issuing local currency green bonds becomes prohibitive for many entities, which may deter issuers from pursuing these funding avenues.

[18] World Bank (2023).

3. Building a green and sustainable policy and regulatory framework in Tajikistan

The development of an enabling policy and regulatory environment for green bonds is typically structured around five pillars: (i) taxonomies, (ii) climate and environmental information disclosures, (iii) incentive policies, (iv) international collaboration, and (v) green central banking (Box 2). The pillars are structured in a way to serve the main goal of a green financial system, which is to mobilize funding for green and low carbon investments while protecting the financial sector from environmental and climate risks.

Box 2. Five pillars of policy and regulatory environment

Taxonomy – classification system designed to define which economic activities and assets can be considered "green" or sustainable. It prevents greenwashing by providing common language and definitions for all market players and enhances investor confidence in the sustainability claims of various projects.

The disclosure of climate and environmental information reduces information asymmetry and inconsistency among regulators, market participants, including investors, thereby enabling them to make informed decisions.

Incentives such as tax reliefs, green macroprudential assessment, subsides etc. mobilizes private investment for green projects.

International collaboration is crucial as it enables the sharing of best practices, fosters innovation, and creates a cohesive framework that enhances the credibility and effectiveness of green financing.

Green central banking addresses climate-related financial risks and promote sustainable financial practices across the economy.

The entire ecosystem provides the necessary tools and conditions for the development of green projects, the verification of their sustainability claims, attracting affordable funding, and effectively reporting on its environmental impacts. This creates a virtuous cycle to foster the growth of the green capital market and meet the global and national imperative for green investments. Green central banking can support the channeling of use of funds from green bonds through the banking system, while integrating climate risk considerations into monetary policy and regulatory frameworks. Box 3 provides an example of the use of green bonds to fund green bank lending.

Box 3. Green bond of Ameriabank

Who? Ameriabank is a universal bank offering corporate, investment and retail banking services headquartered in Yerevan, Armenia.

Why? New opportunities to raise capital. Investor base diversification and a new league of investors support the transformation to more sustainable financing. Building internal expertise.

What? A debut issue of 5-year EUR 42 million green bond in November 2020. Another green bonds via public offering with the total volume of $8 million and AMD 3 billion in February 2022. Green Bond Framework is consistent with ICMA GBP verified by Sustainalytics. Bonds allocation – PV stations (51 per cent), small projects (31 per cent), solar and solar leasing (18 per cent).

Lessons

- Alignment of existing green business with international standards
- Standard eligible green projects could provide clarity to the market.
- Incentives, including risk weight adjustments for green assets and lower reserves.
- Green long-term loans could motivate to issue more green bonds and green lending.

Source: Ameriabank (2022; 2024)

In Tajikistan, the current regulatory structure lacks specific provisions for green bonds. The regulatory framework of the corporate capital market in Tajikistan is governed by the *Law on Securities Market*, which provides the basic legal structure for market operations. However, the current version of the legislation lacks definitions for thematic bonds, as well as instructions and standards for their issuance. The legislation has not been updated in recent years, and the lack of necessary local guidelines for the market means that issuers would need to look for guidance in other jurisdictions and adopt standards that may not consider the specific circumstances of Tajikistan. Updating the legislation to include the definitions and guidelines for issuers should be prioritized to establish clear rules for potential corporate issuers of green bonds and avoid potential green washing.

However, Tajikistan has recently taken the initial steps to revise its legislative framework to build a legal foundation towards future sovereign thematic issuances. The notion of sovereign green bonds and basic procedures for its pre-issuance, issuance and post-issuance were recently reflected in the Rules for the Issuance and Circulation of Government Securities adopted by the Government in 2024. The Rules recognize the ICMA Green Bond Principles, or any equivalent taxonomy recognized by the Government of Tajikistan as a standard for the issuance of sovereign green bonds. Entities included in the list of ICMA External Review mapping or accredited by Climate Bonds Initiative (CBI) are accepted as providers of external review services. According to the Rules, the use of proceeds of any future sovereign green bonds would be utilized to support the *Strategy for the Development of the Green Economy in the Republic of Tajikistan for 2023-2037*, which identifies the following priority sectors:

- Energy
- Industry
- Agriculture
- Transport
- Hazardous Chemical Substances (HCS) and Waste
- Nature capital
- Environmental tourism
- Education

Greater emphasis is needed to engage government ministries and other relevant institutions to build a framework for future sovereign issuance. The intergovernmental committee, chaired by the Ministry of Finance, has been designated as responsible for selecting eligible projects, establishing criteria, and providing external reviews in accordance with the updated Rules for the Issuance and Circulation of Government Securities. However, the specific role of the Ministry of Finance or the Committee in the development of the green bond framework has not been clarified. Additionally, the list of government entities that are members of the Committee and a complete list of its functions remain unspecified.

Monitoring public climate expenditures offers a straightforward approach to issuing sovereign green bonds. Given the structure of the government budget, which is built on expenditures rather than projects, it is important that the use of proceeds of sovereign green bonds are allocated to types of expenditures preliminarily assessed against the Paris agreement goals and national green economy plans using various instruments, including climate budget tagging. Climate budget tagging is a tool to monitor and track climate-related expenditures in the national budget system. It provides comprehensive data on climate-relevant spending, enabling governments to make informed decisions and prioritize climate investments as well as reporting on climate expenditures. In this context, Hungary serves as a valuable example on how to identify eligible expenditures and develop a robust framework in line with national priorities (Box 4).

Box 4: Hungary's sovereign bond issuance

Hungary, a five-times sovereign green bond issuer, identified following groups of expenditures as use of proceeds in its green bond framework: investment expenditures, tax expenditures, separate operating expenditures, expenditures of government agencies and other public sector organizations, provided that these organizations do not themselves attract green finance.

The framework itself was developed by the intergovernmental committee supported by the ESG consultant and adopted by the Ministry of Finance.

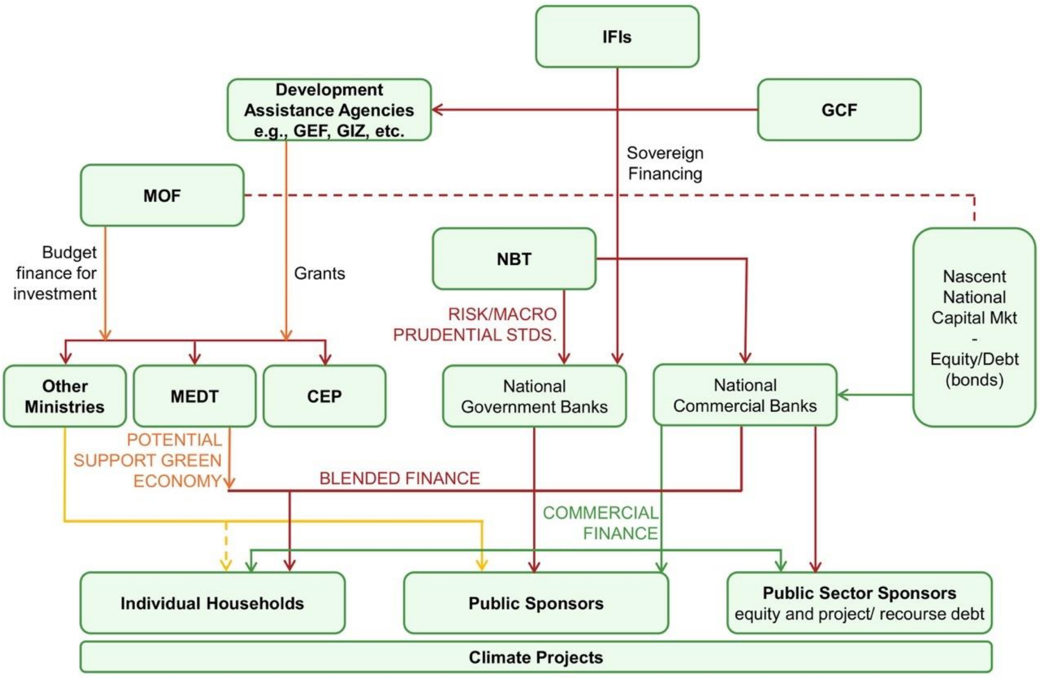
The use of proceeds was identified based on the National Energy and Climate Plan and the National Clean Development Strategy (2050) which are developed in accordance with the strategic goals of reducing GHG emissions by 40 per cent; increasing the share of renewable energy from 13 per cent to 21 per cent; and not exceeding the final energy consumption of 2005 level by 2030. Climate neutrality goal by 2050 also play a signification overarching role in the development of the framework.

On the regulatory side, there are no official green banking policies in place, although work is ongoing to develop national ESG standards. A national ESG framework is currently being developed in cooperation with the International Finance Corporation (IFC) process. The intergovernmental working group, led by the Ministry of Economic Development and Trade and supported by the IFC, presented the draft National ESG Standards (Disclosure standards) in 2024.

Recent developments of the draft ESG standards and climate finance plan highlight growing momentum towards mobilizing green finance in the country, including through the development and issuance of green bonds. The Committee for Environmental Protection (supported by Asian Development Bank (ADB) technical assistance) developed the NDC Climate finance plan of Tajikistan, offering the NDC sector investment roadmaps with subsequent key actions for implementation.

Development partners have been substantially contributing to support the development of adequate policies and regulations to allow the market to develop through both technical and capacity building support as well as knowledge transfer. In December 2023, the National Bank of Tajikistan (NBT) joined the IFC-hosted Sustainable Banking and Finance Network (SBFN) designed to support emerging market regulators through knowledge exchange and capacity building in sustainable finance. In early 2024, the NBT joined the Network for Greening the Financial Systems (NGFS) as well.[19] The current landscape of the sustainable finance ecosystem in Tajikistan is depicted in Figure 4.

Figure 4. Sustainable finance ecosystem of Tajikistan



CEP = Committee for Environmental Protection, GCF = Grean Climate Fund, GEF = Global Environment Facility, GIZ = German Development Cooperation, IFI = international financial institution, MEDT = Ministry of Economic Development and Trade, MOF = Ministry of Finance, NBT = National Bank of Tajikistan.

Source: ESCAP, adapted from the ADB Climate Finance Plan for Tajikistan, 2024

[19] Abakirov (2024).

However, further coordinated efforts under a national roadmap with clear mandates of institutions would facilitate the further development of the market. A notable example of a similar initiative is in Indonesia, where a sustainable finance market was developed through the implementation of a national roadmap that was diligently adhered to. Currently, Indonesia is in the “consolidating" sub-stage of the "maturing" stage in the Sustainable Banking and Finance Network (SBFN) Progression Matrix and considered a leader in sustainable finance among emerging markets (Box 5).

Box 5. National roadmap of sustainable finance in Indonesia

Why? Indonesia has acknowledged that to raise the money required to address its national priorities — approximately $300-530 billion annually for environmentally sensitive sectors like agriculture, forestry, energy, mining, and waste — it is fundamental to bolster the domestic financial system.

What? Efforts to integrate environmental factors into banking regulations have been ongoing since 1998, but their impact has been limited. In late 2014, the Financial Services Authority (OJK) initiated its Roadmap for Sustainable Finance, which marked the country's first comprehensive strategy to promote sustainable finance through 2019. This Roadmap addressed the banking sector, capital markets, and non-bank financial services, featuring several key objectives:

- Enhancing the availability of sustainable financing via regulatory support and incentives, as well as targeted loans, guarantee schemes, green lending models, green bonds, and a green index.
- Boosting the demand for sustainable financing products by increasing awareness among market participants regarding environmental risks and effective risk management strategies.
- Strengthening oversight and coordination in the implementation of sustainable finance by mandating social and environmental risk management policies and ensuring appropriate public disclosure.

Lessons

The roadmap serves as a potentially impactful tool for engaging both public and private stakeholders in the creation and execution of innovative strategies. Indonesia is currently in the “maturing” phase of the SBFN Progression Matrix.

Source: IISD (2022).

3.1 Developing a green bond market in Tajikistan

Despite facing significant challenges in its capital and financial markets, Tajikistan has a unique opportunity to initiate efforts to develop a conducive regulatory and policy framework for green bonds. Like many countries with less developed financial systems, Tajikistan contends with issues such as limited market penetration and underdeveloped financial institutions. However, these challenges also highlight the urgent need for innovative financial instruments that can address climate change while mobilizing investments in sustainable projects. By fostering collaboration among government ministries, regulatory bodies, and international partners, Tajikistan can create an enabling environment conducive to green bond issuance. Such initiatives not only align with global sustainability goals, but also promote local economic development by attracting investment in renewable energy, environmental conservation, and sustainable agriculture, positioning the country to capitalize on emerging green finance trends.

Meanwhile Bank Eskhata's issuance of Tajikistan's first green bond represents a significant milestone that sets the precedent for the development of the green finance market in the country. By successfully launching a $10 million local currency green bond, the bank not only addresses the financing gap for climate-smart projects but also demonstrates a commitment to sustainability within the financial sector. This pioneering move signals to other financial institutions and potential investors that there is viable interest and opportunity in green financing avenues, paving the way for future issuances.

Establishing a green bonds market in Tajikistan necessitates a robust identification of priority projects and the development of bankable pipelines that align with the country's sustainability goals. It is essential to recognize projects that not only address pressing environmental challenges but also demonstrate clear economic viability to attract investor interest. The government, in collaboration with financial institutions and development partners, could prioritize initiatives in renewable energy, energy efficiency, and sustainable agriculture, among others, that can deliver measurable outcomes and resilience benefits. Additionally, creating a systematic pipeline of bankable projects will facilitate streamlined access to capital, enabling smoother bond issuance and enhancing the confidence of potential investors.

The projects listed in Table 4, among others categorized by the ICMA GBP, could be pertinent to Tajikistan's initiatives for both mitigation and adaptation.

Table 4. Potential types of green projects of Tajikistan

Category (GBP)	Examples of projects[20]	Examples of applicable standards
Renewable energy	Development of networks of small hydroelectric power plants Development of other renewable energy sources in remote mountainous and rural areas	Climate Bonds Taxonomy, Common Ground Taxonomy (CGT)[21], Model taxonomy of EEU[22]
Energy efficiency	Introduction of modern energy-saving and digital technologies in the industry Energy-efficient building materials	Climate Bonds Taxonomy, CGT, Model taxonomy of EEU (in the energy sector)

[20] Based on Tajikistan, Agency for Hydrometeorology of the Committee of Environmental Protection (2022).
[21] IPFS Taxonomy Working Group (2022).
[22] EEU (2023).

Pollution prevention and control	Projects on protection of pastures from degradation and pollution Environmental monitoring systems	Agriculture criteria of Climate Bonds Taxonomy, Climate Resilience Principles of Climate Bonds Taxonomy of Kazakhstan
Environmentally sustainable management of living natural resources and land use	Introduction of “green” technologies and “green” infrastructure in agro-industrial production Development of agroforestry and conservation farming	Agriculture Production (Crop and Livestock) Criteria of Climate Bonds is in public consultation until Aug 24, 2024, Agriculture criteria is available for certification, CGT, Model taxonomy of EEU (not all)
Terrestrial and aquatic biodiversity conservation	Biodiversity conservation projects	Climate Bonds Taxonomy, CGT, Model taxonomy of EEU
Clean transportation	Electric Vehicles (EVs)	Climate Bonds Taxonomy, CGT, Model taxonomy of EEU
Sustainable water and wastewater management	Improved management of irrigation and drainage systems Improving the efficiency of water use, utilization, recycling, and regulation of water demand Wastewater treatment and discharge projects Improvement of groundwater management Rehabilitation of irrigation and drainage systems to improve the reclamation of saline marshes and wetlands Use of effective irrigation methods (drip irrigation) Improvement of the water inflow forecasting system	Climate Bonds Taxonomy, CGT, Model taxonomy of EEU (not all)
Climate change adaptation	Improvement of the safety of electricity transmission and distribution networks due to weather conditions Infrastructure security projects Adaptation of rail, road, air, and other modes of transport, including non-traditional and special modes of transport	Climate Resilience Principles of Climate Bonds

Circular economy adapted products, production technologies and processes; and/or certified eco-efficient products	Certified eco-efficient agriculture products	Agriculture Production (Crop and Livestock) criteria of Climate Bonds is in public consultation until August 24, 2024. Agriculture criteria is available for certification
Green buildings	Construction of industrial and non-industrial residential facilities	Climate Bonds Taxonomy (Residential, Commercial), CGT

Source: ESCAP based on Tajikistan, Agency for Hydrometeorology of the Committee of Environmental Protection (2022).

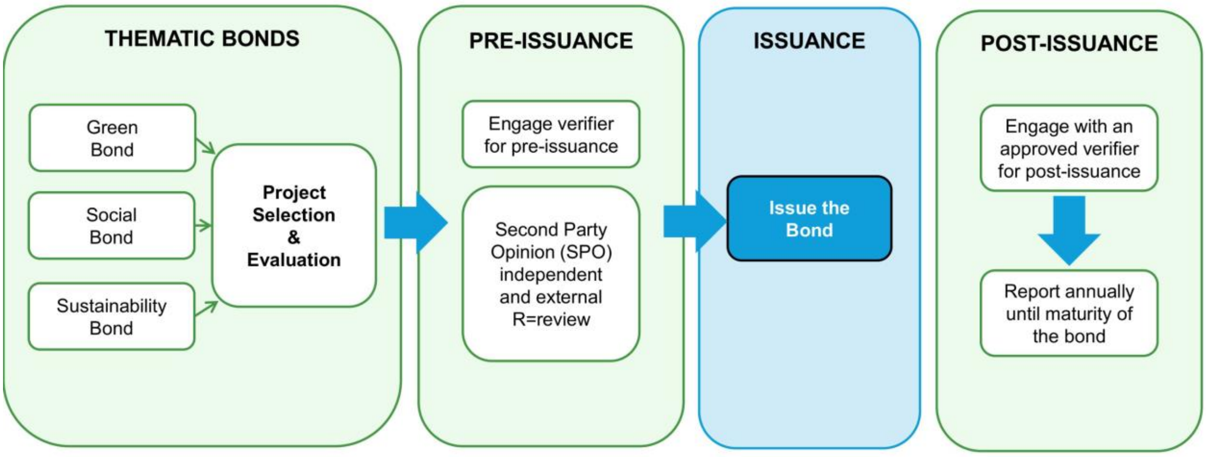
Bundling green projects for sovereign green bonds. Green projects that are not commercially viable, such as those focused on biodiversity conservation, environmental monitoring for early warnings, and municipal initiatives, could be bundled for the issuance of sovereign green bonds or sukuk, which are Sharia-compliant financial instruments. In contrast, other projects may be eligible for the issuance of corporate green instruments.

Growing interest from local financial institutions and corporates in considering green bonds. Some local companies in the financial, production, and service sectors in Tajikistan that utilize bank loans or loans from international institutions providing funding in United States dollar or Euros have expressed interest in exploring the potential to issue green bonds or sukuk. In the case of potential issuances by financial institutions, their lending of the proceeds would advance the establishment of a green loans portfolio within the banking sector. Among the potential loan offerings are those aimed at assisting retail customers in the purchase of electric vehicles (EVs).

3.2 Green bond issuance process

The issuance of green bonds as any other type of thematic bond involves a structured process that includes defining a green project(s) category, developing a framework, obtaining third-party verification, and managing the use of proceeds after the issuance. Once the framework is in place and verification is obtained, the green bond can be formally issued to investors. The bond issuance typically requires collaboration with financial institutions for underwriting and distribution. After the issuance, green bonds require ongoing monitoring and reporting to ensure compliance with the initial framework and to demonstrate the actual environmental benefits achieved. Issuers provide annual updates to investors, detailing project performance and alignment with sustainability objectives. This accountability mechanism reinforces the integrity of the green bond market and helps maintain investor trust. A summary of thematic bond issuance process is provided below, while a detailed review of sovereign bond issuance process can be found in Annex 1.

Figure 5: Thematic bond issuance process

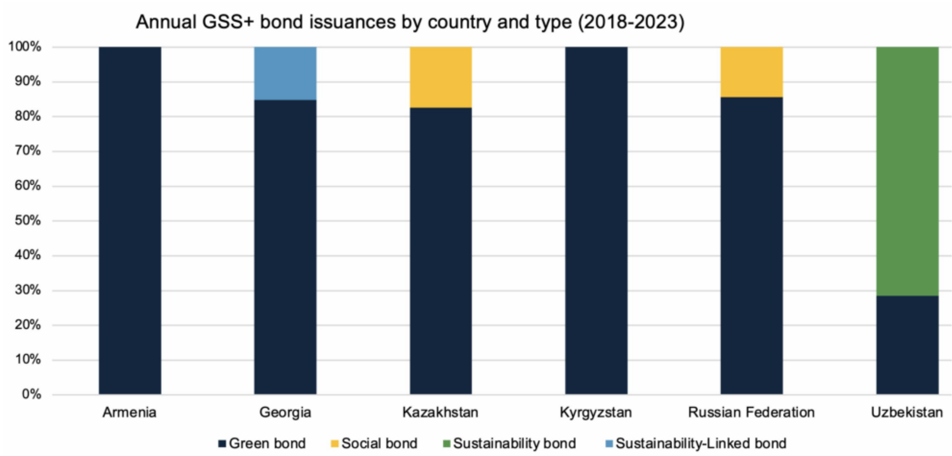


Source: ESCAP adapted from ESCAP (2021).

3.3 Main trends in the GSS+ bond market in North and Central Asia

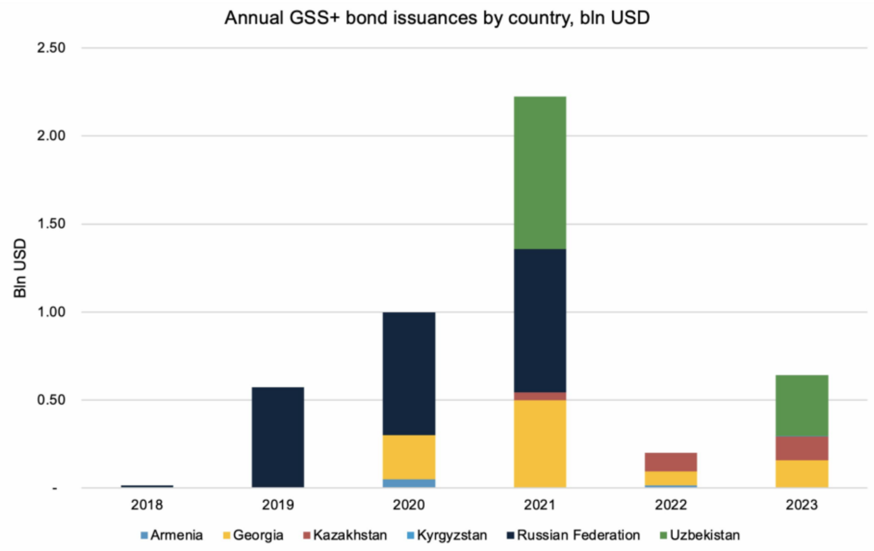
The volume of GSS+ bonds in North and Central Asia has been growing steadily over the past two years, with green bonds representing 69 per cent of the market as of 2023 (Figure 6). Green bonds dominate the market in all countries of North and Central Asia, except Uzbekistan (Figure 7). In 2021, the region experienced an increase in the issuance of social and sustainability bonds associated with the COVID-19 pandemic and overall economic downturn; however, it eventually shifted back to a focus on green bonds (Figure 6). Most projects being financed by green bonds are renewable energy, energy efficiency, clean transportation, and mixed projects.

Figure 6: Annual GSS+ bond issuances by country and type (2018-2023)



Source: ESCAP based on Environmental Finance data.

Figure 7: Share of GSS+ bonds in North and Central Asia countries by type



Source: ESCAP based on Environmental Finance data.

Once the structural issues within the local capital market of Tajikistan are addressed, there is a promising opportunity to bridge the financing gap through the issuance of green sovereign and corporate bonds, as well as other financing instruments including sukuk. Nonetheless, it is essential to first establish a regulatory framework that effectively supports not only the issuers and investors, but all participants involved in the transactions.

Recent evidence suggests that thematic sovereign bonds, despite limited data, may, in some cases, offer greater cost benefits in comparison to traditional bonds. This advantage, referred to as the green premium or "greenium", is observed as lower yields in the secondary market relative to similar conventional bonds. Examples from sovereign GSS+ issuances from Chile, Egypt, Germany, Indonesia, and Thailand seem to suggest the presence of a greenium. Furthermore, emerging market sovereign issuers appear to experience a stronger greenium effect than those in developed markets.[23] However, there is not yet any consensus on the presence of a greenium for sovereign thematic issuances.

3.4 Other sustainable financing instruments

In addition to green bonds, green sukuk present a promising opportunity for sustainable financing in Tajikistan. Green sukuk, being Sharia-compliant, can attract a different pool of investors, particularly those seeking ethical and socially responsible investments in accordance with Islamic finance principles. Given the country's commitment to environmental sustainability and its ambitious Green Economy Development Strategy for 2023-2037, integrating sukuk into the financing landscape can diversify funding sources for climate-related projects. By harnessing the unique features of green sukuk, such as their ability to promote social equity and environmental stewardship, Tajikistan could mobilize significant

[23] OECD (2023b).

capital for renewable energy, sustainable agriculture, and infrastructure development. This multifaceted approach to sustainable financing can enhance the overall effectiveness of achieving the nation's sustainability goals, ensuring a more inclusive economic transition. Box 6 provides information about the first green sukuk, issued by Malaysia.

Box 6: The world's first green sukuk

Why? The worldwide acknowledgment of Islamic investment within the sustainable investment sector has fostered considerable opportunities for Islamic finance. Sukuk has become increasingly popular as a funding mechanism in Malaysia since the Securities Commission Malaysia (SC) launched the Sustainable and Responsible Investment (SRI) Sukuk Framework in 2014.

What? In 2017, Malaysia issued the world's first green SRI sukuk to finance the construction of large-scale solar photovoltaic power plants in Kudat, Sabah (supported by World Bank Group Global Knowledge and Research Hub).

The green SRI Sukuk Grant Scheme introduced in 2018 covers up to 90 per cent of the costs incurred by issuers on independent expert reviews of sustainable sukuk issuances. As of mid-2022, it had benefited 15 issuers involved in renewable energy, green building, and sustainable projects.

Lessons

- Broadened and diversified pool of investors
- Attraction of investors that prioritize SRI and encourage them to invest in green, social, sustainable and waqf properties/assets
- Grant schemes to cover external review expenses has positive impact

Source: Capital Markets Malaysia (2023).

4. Regional case studies and lessons learned

Several countries in North and Central Asia and beyond have made significant strides in developing their green finance markets, which provide valuable examples for Tajikistan to guide future steps towards establishing a green bond market. This includes developments in both their capital markets and banking sectors. For example, Mongolia and Georgia have witnessed a notable increase in the proportion of green loans within their banking portfolios. This growth can be attributed to the implementation of robust regulatory frameworks that facilitate both the identification and tracking of green financial products. In contrast, Kazakhstan and Uzbekistan have placed a stronger emphasis on fostering the development of their green capital markets. This strategic focus aims to create more diverse and sophisticated green financial instruments and attract a broader range of investors interested in sustainable finance opportunities. Beyond the North and Central Asia region, other countries with less developed financial systems, such as Còte d'Ivoire, have also successfully issued sovereign green bonds, according to the IMF (Box 7).[24]

Box 7: Côte d'Ivoire's sovereign thematic bond

Who? Cote d'Ivoire – rated BB- (stable) by S&P, is a sub-Saharan sovereign with a population of 28.1 million and GDP of $70 billion in 2022.

What? Issued a sustainable bond in 2024 for a principal amount of $1.1 billion with an annual coupon of 7.625 per cent maturing in 2033. Eligible green projects include terrestrial and aquatic biodiversity conservation, pollution prevention and control, sustainable use of water, wastewater management and renewable energy (hydro and solar). The framework verified by Sustainalytics.

Lessons

"Hidden gem" effect – A lower-middle income economy with a similar economy structure (agriculture constitutes 20 per cent of GDP) with political stability and sustained economic growth can attract investor interest

Right time issuance allows to utilize advantage of a decline in borrowing costs

ESG trade brought new investors from the United States, the United Kingdom and Europe

Source: Côte d'Ivoire, Ministry of Economy and Finance (2021) and Bertelsmann Stiftung (2024).

Through a combination of case studies and desk research, **this chapter aims to examine the experiences of other countries that successfully established and deepened their green bond markets, which can serve as an example given Tajikistan's current state of capital markets.** The analysis places particular emphasis on the merits and considerations around key policies,

[24] IMF (2024a).

regulations, and associated processes to guide the development of a green bond market ecosystem. These include:

- Sustainable and green finance roadmaps
- Policies and regulations
- Standards and taxonomies
- Incentive structures
- Reporting frameworks

The chapter delves into how these elements have been implemented in other jurisdictions, their impact on market development, and the lessons that can be drawn from their successes and challenges.

Kazakhstan

The inception of Kazakhstan's green bond market can be traced back to the establishment of the Astana International Financial Centre (AIFC) in 2016. It was established with the primary objective of developing Kazakhstan's non-banking financial sector and creating a favorable environment for investment. A distinctive feature of the AIFC legal framework is its incorporation of principles and precedents from English common law. This approach aims to create a familiar and predictable legal environment for international investors and financial institutions, enhancing the AIFC's global appeal. A new exchange, the Astana International Exchange (AIX), was established as part of the AIFC ecosystem.

In accordance with the Concept of Green Financial System for Kazakhstan (2017), the creation of a green bond market was identified as one of the elements within this overarching strategy. With support from the newly set-up Green Finance Centre (GFC) under AIFC, the concept of “green finance” was introduced in the new edition of the Environmental Code and the Business Code of the Republic of Kazakhstan in 2018-19. In 2021, the following were adopted as well:

- A classification (taxonomy) of “green” projects eligible for financing via “green” bonds and “green” loans (approved by Decree of the Government in December 2021, amended in March 2024)
- Measures for economic incentives for green bonds and loans, such as subsidies for coupon and interest rates, as well as a mechanism for guaranteeing green bonds (approved by Decree of the Government in February 2022 through the Damu Entrepreneurship Development Fund).[25]

Simultaneously AIX Green Bond Rules were adopted in 2018, laying the ground for the first issuance of green bond in 2020 by Damu Fund at AIFC’s AIX. The development of a social taxonomy is underway by the Ministry of National Economy with the support of AIFC Green Finance Centre.

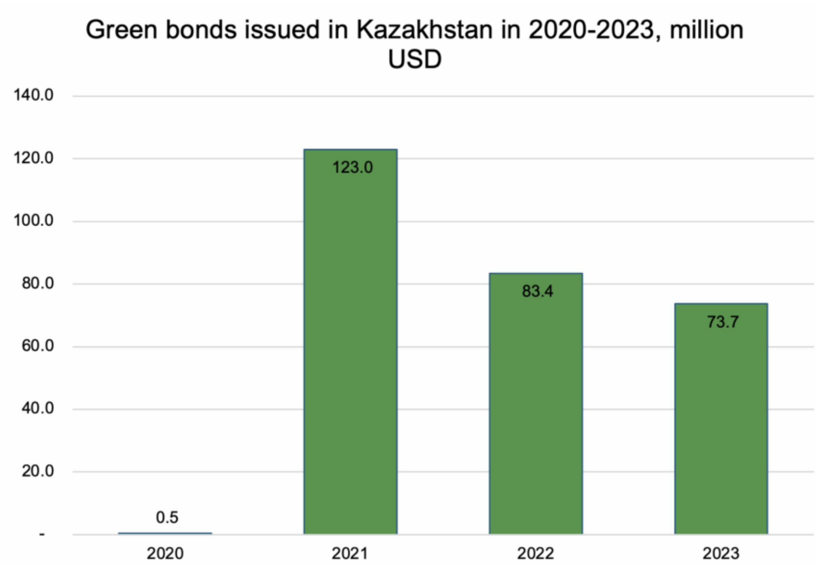
In the absence of local verifiers and low interest of international second-party opinion (SPO) providers in an emerging market, AIFC Green Finance Centre had to act as an external review provider for thematic instruments, first in Kazakhstan and subsequently expanding to other Central Asian markets. No accreditation system for verification providers has been introduced by the regulator so far.

[25] AIFC and GIP (2024).

The procedures of issuance, verification, and reporting of GSS+ bonds were reflected in the Law on the Securities Market of Kazakhstan in 2022, which is a key legislation for issuance of debt instruments in the Kazakh jurisdiction. Following this development, the Agency for Regulation and Development of Financial Market (ARDFM) approved a list of types of organizations authorized to conduct an external assessment of such instruments in late 2022 (Annex 3).

These regulatory actions — along with an awareness-raising campaign, incentives and special program implemented by KASE, Kazakhstan's national stock exchange, (supported by IFC) to fund the SPO expenses of first issuers of green bonds — had a substantial effect. As of the end of 2023, the total thematic market of Kazakhstan was $0.8 billion, including a variety of instruments, such as green, social, and sustainability bonds, and green loans, with 43 per cent of issuances being green bonds. Most green bonds are for renewable energy, energy efficiency and mixed type projects.[26]

Figure 8: Green bonds in Kazakhstan, 2020-2023, millions of United States dollars



Source: ESCAP based on AIFC (2023) and Environmental Finance data.

In September 2022, Kazakhstan adopted the Concept for the Development of Financial Sector until 2030, which specifies the primary targeted actions for implementing ESG principles in the financial sector. In March 2023, the ARDFM approved a roadmap to implement ESG principles in the regulation of Kazakhstan's financial market, according to which voluntary disclosure of ESG information by financial organizations was introduced in 2023. From 2024 onwards, mandatory disclosure will be required in financial organizations' annual reports.

The ARDFM also approved the ESG guidelines for banks and other financial institutions, developed the Guidelines for Environmental and Social Risk Management (ESRM) in Financial Institutions, and issued instructions for financial institutions on how to calculate the GHG emissions and assess the carbon footprints of bank loan portfolios.

[26] AIFC and GIP (2024).

KASE requires listed companies to disclose ESG information in their annual reports. AIX published the ESG reporting guidelines in June 2022 for voluntary use, with a move to a "comply or explain" basis in later years.

KASE operates differentiated rates for issuers of thematic bonds, namely the listing and annual fees for issuers of green bonds were reduced to 100 Mci (or roughly $700), while the initial listing fee was fully waived for social bonds issuers until the end of 2024. The annual listing fee for social bonds issuers was reduced to 50 Mci (approximately $350) until the end of 2024 as well. Apart from that, the stock exchange partnered with the local offices of Ernst & Young Global Limited (EY), PricewaterhouseCoopers (PwC) and AIFC Green Finance Centre, and the Russian credit rating agency Expert RA to provide external review services for the issuers at KASE.[27] Initially the agreement involved providing services free of charge to the first five issuers of thematic bonds, which was instrumental for attracting prospective issuers to KASE.

In 2023, the AIX launched a program waiving the initial listing and trading admission fees on public ESG company instruments issued before December 31, 2023.[28] The same year, the Management Committee of AIX reduced annual admission to trading fees for public ESG bonds from $10,000 to $1,000 per annum.[29]

Russian Federation

The development of the regulatory framework for green bonds in Russia started with following resolutions:

- Order of the Government No. 1912-r from 14.06.2020 approving the goals and main directions of sustainable (including green) development.
- Order of the Government No. 3024-p from 18.11.2020 identifying Russian state development corporation VEB.RF as a methodological center on financial instruments for sustainable development.
- Resolution of the Government No. 1587 from 21.09.2021 approving the taxonomy of green and adaptation projects and the verification process of sustainable development financing instruments.

VEB.RF undertook the development of both green and adaptation taxonomies of Russia (amended in 2023) and the requirements for the verification system in 2023.

Later the same year, the social taxonomy developed by VEB.RF was approved by the Russian government. It is now anticipated that social bonds will become the most significant bonds (in terms of issuance volume) by the end of 2024.

The identification of a dedicated institution for the development of the thematic bond market and the introduction of national standards have laid the groundwork for the growth of the green bond market in the Russian Federation. As a development institution, VEB.RF has the authority to issue debt, allowing it to foster market growth by issuing green bonds directly. It has exercised this authority multiple times, issuing the largest green bond in the country, valued at approximately $423 million, in 2023.

27 KASE (2018).
28 AIX (2023).
29 Ibid.

In contrast to other countries in the region, VEB.RF has implemented an accreditation system for external review providers. As of August 2024, there were 13 entities accredited by VEB.RF; however, only three of them are active in the market (ACRA, the National rating agency, and Expert RA).[30]

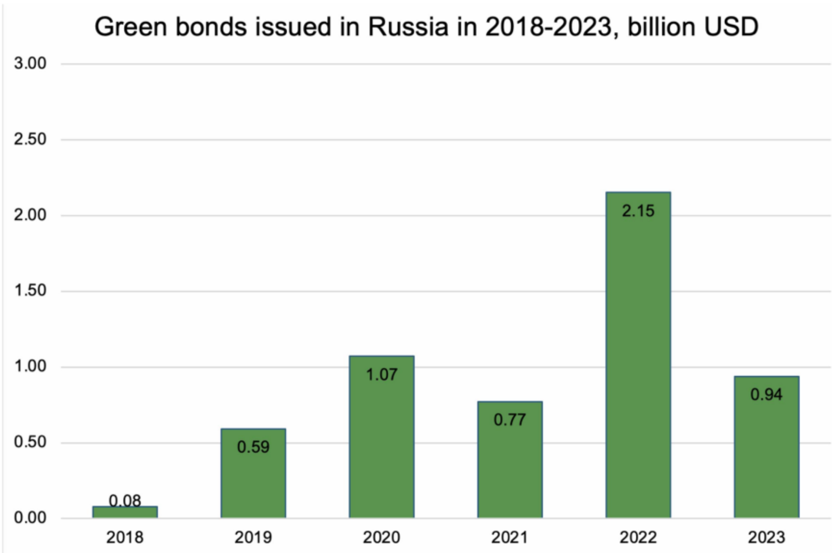
The Russian government has yet to introduce any supporting measures to facilitate the issuances of thematic bonds. As a result, most of the thematic bonds issued in the Russian Federation are launched by state banks and government-affiliated entities.[31]

The Central Bank of Russia has taken a proactive stance on the ESG agenda by issuing several white papers and guidelines for the market, including the ESG guidelines for financial institutions in late 2022. The Bank has updated the standards for securities issuance to incorporate thematic bonds, while the Moscow Stock Exchange (MOEX) has revised its listing guidelines to introduce these bonds. Since 2019, MOEX has maintained a dedicated section for sustainable development instruments.

Currently, the Central Bank, in collaboration with VEB.RF, is considering reducing risk weights for certain financial instruments related to sustainable development. If implemented, this change is expected to positively influence lending dynamics for green and social projects, though it may not take effect until late 2025.[32]

In terms of market trends, as of 2023, green bonds accounted for 46 per cent ($0.94 billion) of the Russia Federation's total ESG bonds, which amounted to $1.7 billion. Social bonds represented 31 per cent, while sustainability bonds comprised 23 per cent of the total.[33]

Figure 9: Green bonds issued in the Russian Federation in 2018-2023, billions of United States dollars



Source: Author calculations based on the InfraGreen register, Expert RA, Bank of Russia data

[30] VEB.RF (2024).
[31] ACRA (2024).
[32] Ibid.
[33] Expert RA (2024).

The current landscape of rating providers in the Russian Federation has enabled local entities to swiftly adapt to VEB.RF's requirements for thematic instruments verification, and the mature market has welcomed this new instrument positively. However, the lack of incentives, along with elevated interest rates, hinders consistent market growth.

Uzbekistan

Uzbekistan serves as a unique example in the region, having prioritized sovereign issuances in international markets over the development of a local thematic bond market. Consequently, the regulatory framework for the green bond market has only recently been established in the country.

In late October of 2023, Uzbekistan approved the National Green Taxonomy for green activities, in line with the country's *Action Plan for the Transition to a Green Economy*. This document outlines categories and criteria for green projects eligible for financing through green bonds and loans. In 2024, the taxonomy will be tested, or piloted, in two large organizations (one in the financial sector – Sanoat Qurilish Bank (SQB) - and one in the service sector - JSC "Toshshahartranskhizmat"). In the case of the bank, the focus will be on assessing the proportion of loans that comply with the green taxonomy criteria, and for JSC Toshshahartranskhizmat, it will be on the volume of services or investments in fixed assets carried out in accordance with the green taxonomy.[34]

Along with the taxonomy development, the *Action Plan* recommends making improvements to the legislative framework for the issuance of green bonds by the state and SOEs and to support issuers in establishing the uses of funds of green bonds, obtaining external reviews, and publishing impact reports. In addition, the rules for the issuance of securities and state registration of securities were amended in 2024 to reflect the national green taxonomy or another equivalent taxonomy to be used as a standard for the issuance of corporate green bonds. The rules modify the framework for bond registration to require, in addition to an external review, a certificate indicating the use of proceeds signed by the management and accountant of the issuer. The rules also require that external review providers be accredited by CBI or included in the external review mapping of ICMA or registered with the European Securities and Markets Authority (ESMA).[35] This requirement is consistent with other market standards in the region that depend on verifiers recognized by ICMA and CBI.

In Uzbekistan, the government also plays a central role as a key issuer in the sustainable finance market. With the support of the United Nations Development Programme (UNDP), the country has pioneered the issuance of sovereign bonds for Sustainable Development Goals in Central Asia and globally in 2021. The country raised $235 million (nominated in UZS) through the SDG-bond issuance with a 14 per cent coupon rate for a period of three years. The use of proceeds successfully financed the development of light rail and underground metro systems in Tashkent, as well as the construction and renovation of essential infrastructure such as hospitals, schools, and water supply facilities. Additionally, the funds were allocated to support irrigation systems and a childhood vaccination program.

With support from UNDP, Uzbekistan issued another green Eurobond denominated in local currency in October 2023 for three years, totaling approximately $337 million (4.25 trillion

[34] SQB (2024).
[35] Uzbekistan, State Property Committee (2009).

UZS). High investor demand led to a decreased yield of 16.25 per cent from the initially expected 18 per cent.

In early 2024, the Cabinet of Ministers approved the Concept of displaying or labelling the compliance of State budget expenditures for national sustainable development goals and their impact on climate change.

The concept includes:

- A classification of budget expenditures for compliance with national sustainable development goals and their impact on climate change
- A description of the purpose, object, and scope of the classification of expenses
- Mechanisms for identifying and classifying expenses
- The identification of climate change mitigation and adaptation measures in the classification
- Publication of budgetary expenses based on the classification

The classification of expenses by climate aspects will be carried out by line ministries and departments after the introduction of the long-term program budget.[36] This development is crucial for the country to track its climate and sustainable expenditures, both for future issuances of thematic bonds and to report on the use of proceeds for existing instruments.

The corporate sector followed the sovereign issuance in 2023. Sanoat Qurilish Bank took a significant step by issuing $100 million in "green" Eurobonds in a private placement. The Asian Infrastructure Investment Bank (AIIB) served as the primary investor, with participation from other international financial institutions such as the IFC, the German Institute for Development Finance, and the Austrian Development Bank. With the support of the Global Green Growth Institute (GGGI), the bank issued another sustainability bond in 2024 valued at $400 million (2.25 trillion UZS).[37]

The AIFC Green Finance Centre supports local corporate issuances in Uzbekistan by providing SPOs to two issuers, the SAIPRO Group and the Uzbekistan Mortgage Refinancing Company, on the Tashkent Stock Exchange in 2023 and 2024.

All thematic issuances of Uzbekistan, except the latter two corporate issuances, took place overseas. The local capital market remains nascent. Nearly 99 per cent of investors in government securities in the local market are banks; the market lacks other professional players, such as insurance and pension funds. In the absence of custodians, foreign investors do not have access to the capital market of Uzbekistan.

The regulatory framework for thematic bonds in Uzbekistan currently lacks incentive mechanisms for issuers, effective disclosure requirements, and active market participation in the formulation of guidelines, preventing the full utilization of the taxonomy. Meanwhile, the government has taken a leading role in sovereign issuances, serving as a positive example for other countries in the region.

[36] Uzbekistan, State Property Committee (2009).
[37] GGGI (2024).

Summary

Table 5 presents a summary of the principal findings from the country case studies relevant to Tajikistan, along with the critical success factors for establishing a green bond regulatory framework.

Table 5. Key features of green bond regulatory frameworks in selected economies

Country	Key success factors	Lessons for Tajikistan
Kazakhstan	Innovative environment High level political support Establishment of an independent entity (AIFC) with a mandate to develop the green finance market High human capital development	Mandate to develop the thematic market assigned to dedicated entity/unity/group streamlined the efforts Development of sustainable finance taxonomy rather than separate ones (green taxonomy, social taxonomy) Introduction of green loans tracking Light regulation of external review providers with no accreditation system Incentives for green bond issuers Substantial awareness raising and capacity building initiatives
Russian Federation	High level political support Role of regulator to spearhead ESG-related initiatives Existing mature market of ESG-rating providers Effective communication among market participants and regulation outreach Human capital	Identification of the responsible authority with a clear mandate from the beginning to lead the development of subsequent regulations Comprehensive set of policies and regulations to develop the market (green, adaptation, social taxonomies, accreditation system of external review providers, clear guidance on the issuance).
Uzbekistan	Development partners support Lower yields resulting from investors' interest	Green/SDG budget tagging to support sovereign issuance

Common across the three examples is a strong political backing to inspire confidence in the market and pave the ground for subsequent reforms. Moreover, an active stance by regulators enables the establishment of comprehensive guidelines for market participants, which is vital for ensuring transparency and promoting future growth.

5. Investor appetite assessment

Local investors

Tajikistan's successful first green bond issuance by Bank Eskhata serves as a valuable example to incentivize local investor appetite towards future issuances. The inaugural green bond, issued by Bank Eskhata with IFC support, can play an important role to crowd in additional investors -- particularly local investors interested in sustainable finance initiatives. It could also improve access to climate finance for micro, small, and medium enterprises (MSMEs) – potential borrowers of green loans.

On the other hand, despite the positive economic growth outlook, structural economic challenges may partly contain investor enthusiasm. This includes the current fiscal constraints and continuous high risk of debt distress noted in forecasts,[38] as well as a weaker remittance flow. Since 2022, strong labor remittances, an appreciating exchange rate, and capital inflows have supported Tajikistan's economic performance and strengthened its external balance sheet. Going forward, economic performance is subject to risks associated to the country's narrow and concentrated export base, high dependence on workers' remittances, fiscal risks associated with financially weak state-owned enterprises, and limited effectiveness of monetary policy.[39] However, it is expected that these risks will not deter potential investors given the growing momentum and interest in these instruments.

Meanwhile, local investors are enthusiastic about thematic bonds, provided that the yields and risks align with their interests. Insurance companies highlight the need for a national green standard to be established by both the capital market regulator and the NBT, which is responsible for regulating the insurance sector. It is also important to overcome legislative hurdles that prevent potential investors from entering the capital market. For example, the Deposit and Savings Insurance Fund of Tajikistan is not allowed to invest in corporate bonds due to national legislation restrictions, which constrains the investment options for the fund and limits local currency investment opportunities for potential issuers.

Multilateral Development Banks (MDBs)

MDBs have a critical role to play to support market development and growth by acting as anchor investors as well as by providing technical assistance. Their involvement not only helps to mobilize capital but also serves as a benchmark, providing credibility and reducing perceived risks associated with green investments. Assistance and support to structure projects provided by MDBs enhances the bankability of sustainable initiatives and encourages private sector stakeholders to participate in funding. In this way, MDBs function as facilitators, effectively crowding in private investments and fostering a more robust green finance market.

Currently the following MDBs are active in Tajikistan:

- **ADB** has been in partnership with Tajikistan since 1998. Seventy-three per cent of ongoing ADB projects in 2023 had climate change mitigation or adaptation measures, including: climate-proofed infrastructure, green buildings, energy efficiency, early warning systems, and tree planting, among others. As of the end of 2023, ADB committed 158 public sector

[38] IMF (2024b).
[39] S&P Global (2024a).

loans, grants, and technical assistance totaling $2.4 billion to Tajikistan. The most recent ADB technical assistance (TA) supported the development of NDC Climate Finance Plan of Tajikistan.

- **AIIB** approved a loan equivalent to $75.5 million for the construction of a 920-meter-long bridge and its approaches along the Obigarm-Nurobod section of M41 International Highway in 2024. The bank is also expected to support the ongoing construction of Rogun hydro power plant (HPP), a hydroelectric power station on the Vakhsh River in Rogun, with proposed funding of $200 million.[40] Grants of total amount of $8.2 million were provided in 2019-2023.[41]
- **The European Bank for Reconstruction and Development (EBRD)** has a new country strategy of the bank for Tajikistan in 2023-25, which aims to improve Tajikistan's infrastructure, regional connectivity, and employment opportunities. The EBRD has invested in 175 projects to date, with 79 of them being active. The cumulative investment stands at 984 million euro (approximately $1.05 billion) with 531 million ($568.6 million) of it being in the current portfolio. Three per cent of the bank investment is equity, which includes shares in IMON International, a leading MFI in Tajikistan.
- **The Eurasian Development Bank (EDB)** currently does not have any active projects in Tajikistan; however, it plans to increase the share of Tajikistan in its portfolio to 3 per cent. In 2022-26 the bank intends to invest up to $150 million in Tajikistan and highlights importance of green finance as main driver of its activities in the region.[42]
- **The Islamic Development Bank (IsDB)** – the final stages of approval for the Country Engagement Framework (CEF) are in progress, with an indicative financing envelope of $235 million, including $150 million financing support to o complete the construction of the Rogun HPP.[43]
- **The World Bank.** Currently the World Bank Group is undertaking several important initiatives in Tajikistan to further develop the green bond market. World Bank provides technical assistance to the regulator to strengthen the financial sector, including the legal framework of capital market, money market, primary and secondary markets.
- **The IFC** is currently providing a TA to support the green bond market development in the country. The *National Financial Inclusion Strategy*, developed with support from IFC, aims to facilitate access to financial services for individuals and small businesses. The strategy, which runs from 2022-2026, is part of a larger effort to create jobs and stimulate economic growth in the country. It is designed to promote financial literacy and help people make more informed financial decisions – an essential aspect to boost retail investor in inclusion in the market. In the case of some of the thematic bonds, like municipal green bonds or social bonds, retail participation might be up to 90-95 per cent. The Ministry of Economic Development and Trade of the Republic of Tajikistan, with advisory support from IFC, prepared a draft national standard for ESG practices in 2024, laying the groundwork further for an impact reporting system for thematic bonds.

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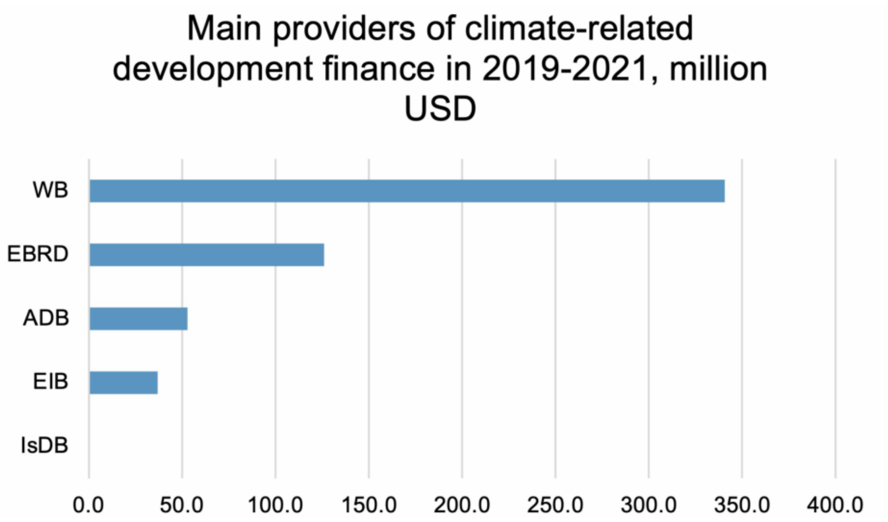
40 AIIB (2024b).
41 AIIB (2024a).
42 EDB (2021; 2022).
43 IsDB (2023).

Figure 10. Climate-related development finance in Tajikistan, 2019-2021, millions of United States dollars



Source: ESCAP based on OECD (2023a).

MDBs are expecting structural reforms in the capital market, with the goal of making the market more attractive for fundraising instead of depending on traditional banking practices. Structural challenges — such as the lengthy processes and associated costs, non-existing benchmark yield curve, limited investor base, and outdated market infrastructure — diminish the attractiveness of the capital market as a viable option for fundraising. This is accompanied by the high level of risk of doing business in the country. Despite these challenges, MDBs jointly increased financing for Tajikistan when compared to the COVID-19 period (Table 6), which sends a positive signal of growth and economic recovery to potential investors.

Table 6. Financial flows from multilateral sources to Tajikistan, millions of United States dollars

Institution	2020	2021	2022
European Union institutions	25.3	101.7	45.2
IBRD	-	-	-
IDA	85	114.8	132.4
IMF	192.1	6.5	-0.6
Regional development banks	222.8	207.9	270.2
United Nations Agencies	25.3	17	20.2
Global Fund	14	13.8	6.7
Other multilaterals	66.6	34.9	33.1

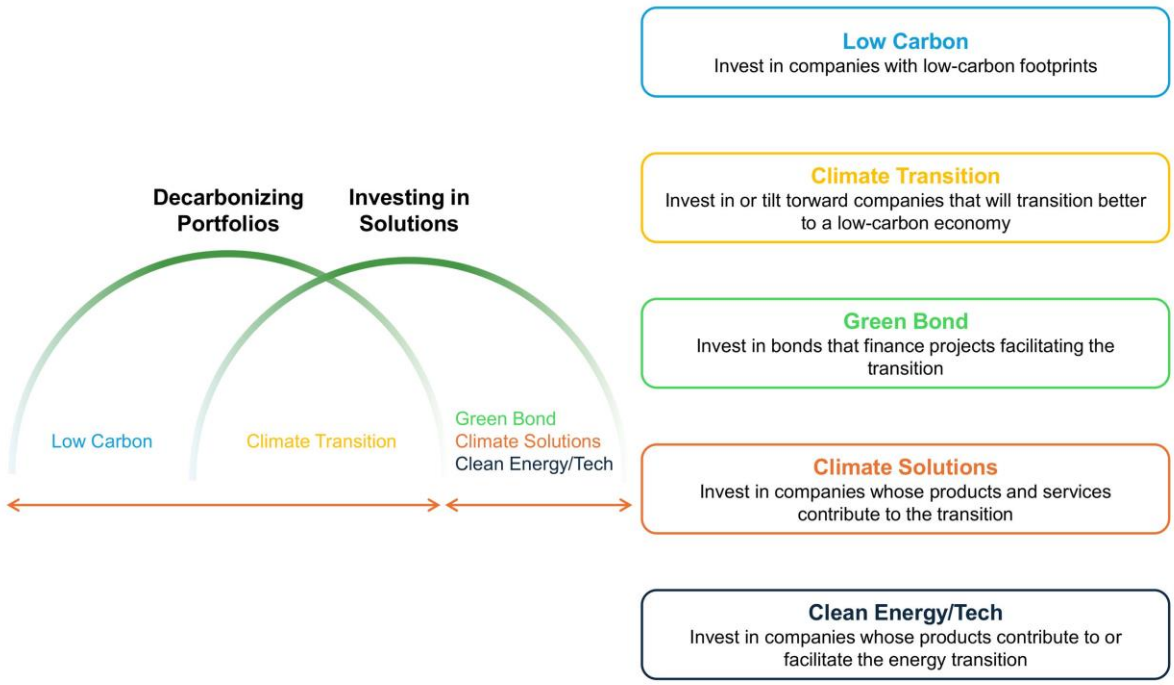
Source: ESCAP based on OECD (2024).
Note: The figures include both concessional and non-concessional flows

Potential of ESG-funds

ESG-funds are actively seeking to allocate capital to projects that contribute positively to the environment, making green bonds an attractive option due to their specific focus on funding environmentally friendly initiatives. The second quarter of 2024 showed an uptick of flows into the global universe of sustainable funds, netting almost $4.5 billion new monies from the restated $900 million in the previous quarter.

Typically, climate funds are divided into five main groups: Low Carbon, Climate Transition, Green Bond, Climate Solutions, and Clean Energy/Tech (Figure 9). In 2023, the Green Bond fund category almost doubled its asset size, experiencing an impressive growth of 41 per cent. The persistent demand to finance capital-intensive de-carbonization projects, along with regulatory progress, played a significant role in the advancement of Green Bond strategies. In November 2023, the Council of the European Union approved the European Green Bond Standard, representing a crucial milestone in the creation of a new European Green Bond Label, which aims to combat greenwashing and promote the sustainable finance market within the European Union. [44]

Figure 11. Universe of climate funds



Source: ESCAP adapted from Bioy, Hortense, and others (2024b).

BlackRock, the world's largest asset manager, dominates the sustainable investing space, with more than $370 billion of assets in ESG-focused open-ended assets and ETFs. Behind BlackRock, French asset manager Amundi (the largest European asset manager) reached

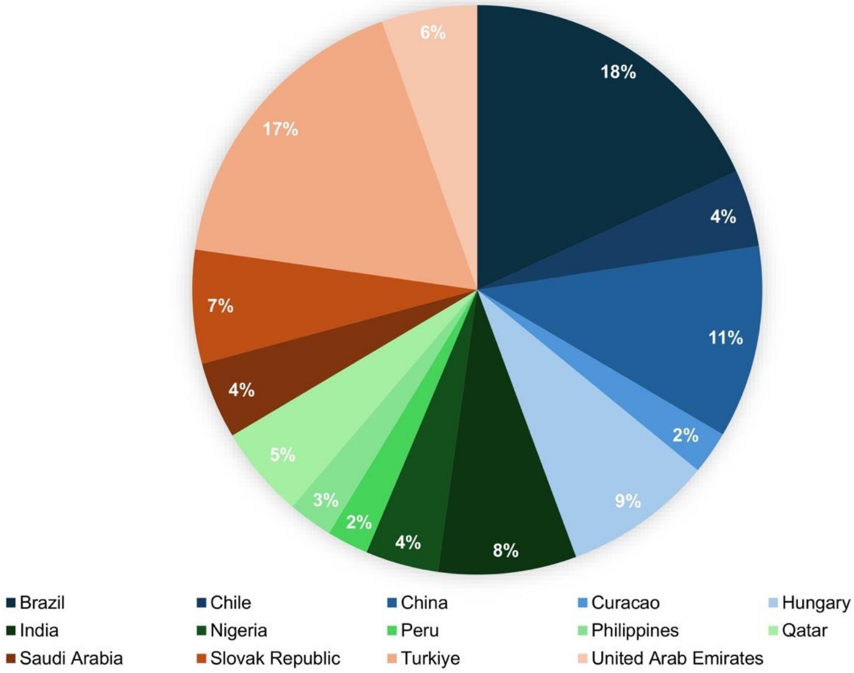
[44] Bioy, Hortense, and others (2024b).

$177 billion.[45] Currently there are considerable amount of funds worldwide seeking to invest in thematic bonds of emerging markets.

The latter developed its Amundi Planet Emerging Green One Fund (AP EGO) which primarily invests in green bonds of emerging markets. By the end of 2022, the AP EGO Fund Portfolio comprised of 30 issuers had 15 first-time issuers of green bonds from 10 different countries. Out of these first-time issuers, eight issued their green bonds through private placements. The countries' share in the portfolio is illustrated in the following chart.

In terms of sector coverage, the use of proceeds is concentrated in seven sectors: renewable energy (RE), green transport, green building, water management, waste and pollutants management, energy efficiency (EE), and alternative energy.[46]

Figure 12. Green bond allocation breakdown of AP EGO by issuer headquarters location in 2022, in per cent



Source: Amundi, data as of Dec. 31, 2022, based on a mark-to-market valuation.

For ESG funds to fully leverage their potential in Central Asia, there is a pressing need for the development of high-quality, bankable green projects coupled with effective marketing strategies to capture the attention of these funds.

Green bonds of Central Asia are currently at the center stage for international investors. A key example of successfully attracting international investors to its thematic debt in the region belongs to the Development Bank of Kazakhstan. The DBK issued its first green bond certified against the CBI standard in 2023 and followed with a local-currency sustainability bond with a 13-per cent coupon in 2024 at the Vienna Bourse and KASE. The investor demand exceeded

[45] Bioy, Hortense, and others (2024a).
[46] Amundi (2023).

the supply volume by more than two times. The geography of the placement is represented by the United States, the United Kingdom, other European countries, Kazakhstan, and the countries of the Middle East and North Africa.[47]

To sum up, while Tajikistan's green bonds represent a pioneering step in the local financial market, investor appetite will depend significantly on the country's broader economic stability and the successful demonstration of the green bond's impact on climate finance and sustainability initiatives. As the market develops and the associated risks are clarified, interest in these financial instruments may grow, particularly if the government continues to bolster its commitment to sustainability through policies and frameworks.

[47] DBK (2024).

6. Policy recommendations

Establishing a robust policy and regulatory framework is essential for fostering green bond issuances in Tajikistan, as it provides the necessary guidelines and assurances for investors, issuers, and other stakeholders. An effective regulatory environment includes clear definitions and standards for what constitutes a green bond which are aligned with international best practices to avoid issues such as greenwashing. Furthermore, developing supportive policies that incentivize both issuers and investors is crucial; this may involve tax benefits, guarantees, or funding mechanisms that can lower the barriers to entry for green projects. Training and capacity-building initiatives can enhance the expertise of local actors in the bond issuance process, ensuring they are well-equipped to navigate the complexities of sustainable finance. Moreover, collaboration between the government, regulatory bodies, and international organizations can catalyze technical assistance and funding, creating a conducive atmosphere for fostering a vibrant green bond market that aligns with Tajikistan's climate goals and sustainable development objectives (Table 7).

Table 7. Recommendations for the development of green bond policy and regulatory framework

RECOMMENDATIONS	TIMELINE	RESPONSIBLE INSTITUTION
Stage 1 – Short-term (High urgency, high priority, high outcome)		
Regulation and policy ***(RP)***		
#1: Finalize the comprehensive reforms of the capital market	+6 months	Agency
#2: Implement a revision to the national securities market regulations concerning the definition, issuance procedure, verification and reporting for corporate green and other thematic bonds	+6 months	Agency
#3: Complement the rules on sovereign securities by separate order on the intergovernmental committee on issuance of sovereign green bonds with clear functions and mandate	+6 months	Agency

RECOMMENDATIONS	TIMELINE	RESPONSIBLE INSTITUTION
#4: Define types of organizations eligible to provide verification in a separate legislative act	+3 months	Agency
#5: Revise investment guidelines of national institutional investors to enable and encourage them to invest into green bonds	+6 months	MoF
#6: Develop Green/ Sustainable Finance Roadmap in line with Green Economy Strategy and define the mandates of institutions	+6 months	Government
*Market development **(MD)***		
#1: Adopt Green and ESG bond rules/reflect in listing rules	+3 months	CASE
#2: Introduce preferential fee rates for issuers of green bonds	+6 months	CASE
#3: Awareness-raising campaign	Ongoing basis	Agency, CASE
#4: Develop a grant scheme for external review expenses	+6 months	Agency, CASE
#5: Develop green projects pipeline	+6 months	Government
Stage 2 – Medium term		
*Regulation and policy **(RP)***		
#1: Develop a national green taxonomy	+9 months	Government
#2: Introduce tax incentives for issuers of green bonds	+12 months	MoF
#3: Implement green/climate budget tagging	+18 months	MoF

RECOMMENDATIONS	TIMELINE	RESPONSIBLE INSTITUTION
#4: Adjust risk weightings for capital and reserve requirements to include climate risk	+24-36 months	NBT
*Market development **(MD)***		
#1: Develop a green bond segment at the stock exchange	+12 months	CASE
Stage 3 – Complementary actions *(CI)*		
Talent development and international cooperation		
#1: Provide structured green finance trainings and workshops in collaboration with development partners	Ongoing basis	MoF, Agency
#2: Provide "train the trainer" assistance to financial institutions	Ongoing basis	Agency, NBT
#3: International cooperation to harmonize definitions and improve regulatory frameworks	Ongoing basis	Agency, NBT

Source: ESCAP.
Notes: Agency = Agency for Securities Market Development and the Specialized Registration, Ministry of Finance of Tajikistan; MoF = Ministry of Finance of Tajikistan; CASE = Central Asian Stock Exchange; Government = Government of Tajikistan, NBT = National Bank of Tajikistan.

1.RP.1. Local Capital Market Development: Finalize the comprehensive reforms of the capital market as a key prerequisite to develop its sustainable segment, particularly enhancing regulatory frameworks and improving investor confidence.

To create a well-functioning green bond market, it is crucial to establish the foundational elements for a local currency bond market. Consequently, the initial step should involve putting into action the relevant recommendations previously provided by development partners on capital market development (World Bank, IFC, and USAID). To foster the future growth of a secondary market, it is essential to comprehensively develop different categories of investors, encompassing both institutional and retail investors. This development should be supported by a review of the existing legal and regulatory framework. Additional efforts are required to harmonize the issuance, settlement, and payment systems to facilitate efficient securities trading.

The set of recommendations on the regulatory framework for green bonds relies on the assumption that general requirements for building the thematic bonds are met, e.g., the recommendations by development partners are being put in place.

1.RP.2. Implement a revision to the national securities market regulations concerning the definition, issuance procedure, verification, and reporting for corporate green and other thematic bonds.

There is good progress to develop the legislative basis for sovereign green bonds. Similar adjustments should be undertaken with the national legislation on corporate securities market. The current Law №745 On the Securities Market from 2011 (with amendments in 2014, 2015 and 2016) has not seen substantive updates in recent years, leading to an outdated legal framework that fails to address current market needs.

The legislation should reflect definitions for thematic bonds, recognized standards, governance, explain the issuance procedure, including the additional steps for developing the bond framework and verification procedure in line with best international practices. A review of examples from Kazakhstan and the Russian Federation could be a good starting point.

1.RP.3. Complement the rules on sovereign securities by separate order on the intergovernmental committee on issuance of sovereign green bonds with clear functions and mandate.

The current rules on the issuance of government securities provide initial guidance on sovereign green bonds to identify the recognized standards, verifiers, and high-level content of the framework without further lower-level legislative acts identifying the participants of the process. However, the issuance of a sovereign green bond would necessitate collaboration among various government bodies and stakeholders involved. This includes the ministries responsible for executing green budget expenditures tied to the bond's proceeds, the environmental agency assessing the environmental impact of green projects in conjunction with the relevant ministries, the finance agency overseeing the budgeting process, and any other participants contributing to the process.

Creating a two-tier intergovernmental committee to oversee the drafting of the framework, the selection of proceeds, and reporting, would bolster existing initiatives. The lower tier of the committee should be tasked with developing the sovereign green bond framework, determining the use of proceeds, assessing environmental impacts in line with the country's green economy strategy, and reporting. The higher tier of the committee (recommended to be chaired by the Prime Minister or Minister of Finance), would be responsible for approving these documents.

It is crucial to clearly define the roles and responsibilities of each entity within this framework. The example set by Hungary, as outlined in the document, can serve as a valuable starting point for identifying the initial list of entities involved and their respective functions.

1.RP.4. Define types of organizations eligible to provide verification in a separate legislative act.

This measure would establish clear criteria for verification entities, ensure that only credible and qualified organizations are authorized to assess the environmental impact of green bond projects, and contribute to the development of a local verifiers market. By doing so, it will enhance transparency and accountability, fostering investor confidence in the legitimacy of green investments. Furthermore, a well-defined verification process will mitigate the risk of greenwashing, where projects may be misleadingly labeled as environmentally friendly without adequate oversight.

It is important to consider further accreditation system as a next step for oversight of the verifiers market (see the case study on the Russian Federation). However, for the initial criteria, the list of types of organizations defined in Kazakhstan can be a starting point. It will be essential to ensure accreditation of local entities at CBI and recognition at the ICMA External review mapping as the local market starts growing.

1.RP.5. Revise the investment guidelines of national institutional investors to enable and encourage them to capitalize on the potential of green bonds.

National legislation, along with investment guidelines for domestic institutional investors, should be reviewed to confirm their capacity to invest in both sovereign and corporate bonds, including green bonds. For example, the Deposit and Savings Insurance Fund of Tajikistan is not allowed to invest in corporate bonds due to national legislation restrictions, which constrains the investment options for the fund and limits local currency investment opportunities for potential issuers.

1.RP.6. Develop Green/ Sustainable Finance Roadmap in line with Green Economy Strategy and define the mandates of institutions.

Developing a green bond market and the ecosystem elements necessitates collaborative efforts at various levels, including national ministries, local governments, and municipal authorities, as well as across diverse sectors such as energy production, transportation, waste management, construction, agriculture, and water management. Consequently, having a prominent national leader to foster institutional coordination plays a crucial role in supporting the market's functionality.

To be successful in this role the institution requires following:

- Clear and established mandate
- Political authority
- Adequate resources

Embracing and promoting the green/sustainable finance roadmap would establish this role, and the roadmap itself would act as a robust instrument to engage market participants. Meanwhile, the overall green/sustainable finance market development would require the introduction of relevant policies in the banking and insurance sectors, which also needs to be adequately reflected in the roadmap.

1.MD.1. Adopt Green and ESG bond rules/reflect in listing rules.

Implementing robust green and ESG bond rules in the listing standards of financial markets is essential for enhancing transparency, accountability, and investor confidence in sustainable finance. These rules for the stock exchange should outline clear criteria and guidelines for what qualifies as a green or ESG bond referring to national standards as well. This will ensure that issuers adhere to standardized practices that prevent greenwashing and misleading claims. By establishing such regulations, market participants can make informed investment decisions based on credible assessments of the environmental and social impacts of the bonds. Furthermore, incorporating these rules into listing requirements will promote a more structured and reliable market for green and ESG investments, ultimately attracting a broader range of investors who are increasingly seeking to align their portfolios with sustainable development goals. This regulatory framework will not only facilitate compliance among issuers but also enhance the overall integrity of the sustainable finance landscape, encouraging the growth of responsible investment practices.

1.MD.2. Introduce preferential fee rates for issuers of green bonds.

Introducing a favorable fee structure associated with the issuance and management of green bonds, would not only lower the cost of capital for green initiatives, but also serve as a tangible acknowledgment of the environmental benefits these projects deliver. Furthermore, offering preferential rates can attract a wider range of issuers, including small and medium-sized enterprises, which may encounter challenges with accessing affordable financing for their sustainability efforts. The KASE policy -- to reduce listing fee rates, support compliance and verification, and simplify the requirements for issuers of green and social bonds -- can serve as an excellent reference.

1.MD.3. Conduct an awareness-raising campaign.

Launching a comprehensive-raising awareness campaign is essential for enhancing the visibility and understanding of the green bond market among potential investors and stakeholders. Such a campaign should focus on educating the public about the benefits and opportunities associated with green bonds, while also highlighting successful examples of financed projects that deliver both environmental and financial returns. By utilizing various communication channels -- including social media, webinars, and informational workshops -- the campaign can effectively engage diverse audiences, from institutional investors to retail participants. Additionally, fostering partnerships with NGOs, financial institutions, and governmental bodies can lend credibility and amplify the campaign's reach, ultimately fostering a stronger market characterized by increased participation and investment in sustainable initiatives.

1.MD.4. Develop a grant scheme for external review expenses.

The costs associated with external reviews for verifying the environmental claims of green bonds differ across markets. In emerging markets, these costs can create an additional financial burden for issuers, influencing their decision to choose between vanilla bonds and thematic bonds. Consequently, partnering with development organizations to establish a grant scheme would serve as an additional incentive for issuers. A similar scheme has been implemented at KASE in Kazakhstan and could be used as a model for developing a program in Tajikistan.

1.MD.5. Develop a green projects pipeline.

This initiative involves identifying and preparing a diverse range of environmentally beneficial projects, which can attract investors seeking to finance sustainable ventures. It is important to ensure the projects are aligned with internationally recognized standards and national priorities. By working closely with development banks, and private sector stakeholders, the government can generate a comprehensive portfolio of viable green projects that meet established environmental criteria for sovereign issuance as well as assist in developing a private sector pipeline. A well-defined project pipeline enhances market credibility, ensuring that funds raised through green bonds are allocated to impactful initiatives that effectively contribute to climate goals. A strategic focus on developing such a pipeline can facilitate increased capital flows into the green bond market.

1.MD.6. Facilitate the strategic issuances from state-owned enterprises (SOEs) and state banks.

SOEs and state banks have established credibility and access to substantial financial resources, making them well-positioned to issue green bonds that fund sustainable projects. By streamlining regulatory processes and offering targeted incentives, the government can bolster the capacity of SOEs and state banks to launch these financial instruments. In addition, such issuances can serve as a benchmark for the private sector, demonstrating the viability and benefits of green financing. Targeted facilitation could be offered based on the capacity of entities to access the capital market and their ability to develop and implement green projects.

2.RP.1. Develop a national green taxonomy.

Taxonomy is a classification system designed to define which economic activities and assets can be considered "green" or sustainable. The national standard prevents greenwashing by providing common language and definitions for all market players and enhances investor confidence in the sustainability claims of various projects. It is important to involve all the stakeholders in its development and ensure its adoption and recognition by the regulators. Internationally recognized standards such as CGT and regional standards providing building blocks such as EEU Model taxonomy can be a good starting point as references for Tajik taxonomy. Moreover, involving development partners in drafting the national taxonomy would help to build the investor confidence in the standard.

2.RP.2. Introduce tax incentives for issuers of green bonds.

Various approaches can be used to implement tax incentives for green bonds. For instance, investors might receive tax breaks in lieu of coupon payments through tax credit bonds, which would enable issuers to forgo coupon payments on their green bond issuances. Additionally, tax-exempt bonds allow issuers to avoid paying income tax on the interest given to bondholders, resulting in a lower coupon rate for the issuer. There are also direct incentives that subsidize coupon payments, where bond issuers receive government subsidies to offset their net interest costs. The example of Kazakhstan could serve as a useful reference for exploring this incentive.

Tax credit bonds may represent a viable non-direct support mechanism; however, it is important to conduct a separate evaluation of the potential gains and losses to the state budget to effectively implement this policy recommendation.

2.RP.3. Implement green/climate budget tagging.

In the long term, green/climate budget tagging facilitates the easy identification and monitoring of how proceeds from sovereign green bonds are utilized. This practice enhances investor confidence and provides overall clarity to the market. Additionally, it serves to build the capacity of the staff engaged in the budgeting process. Several methodologies developed by international development institutions can be utilized for this purpose. Uzbekistan's implementation of budget tagging stands out as a notable regional example to emulate.

2.RP.4. Adjust risk weightings for capital and reserve requirements to include climate risk.

Risk weightings generally rely on historical data, enabling central banks to incorporate a green-supporting or brown-penalizing factor to address future climate risks. It would be necessary to verify the eligibility of these loans for preferential reserve requirements by assessing whether the underlying investments aid in greening the energy sector and designating the bank loans that support them as eligible.

Adjusting risk weightings serves as a potent mechanism for central banks to boost green lending without incurring additional costs; however, it necessitates a sufficiently large pool of green debt and reliable verification system to be in place. Consequently, this recommendation is viewed as a long-term strategy.

2.MD.1. Develop a green bond segment at the stock exchange.

As seen in various global exchanges, dedicated green bond segments have been successful in improving the visibility of sustainable investments, ultimately driving significant growth in this vital sector.

3.CI. Develop talent and engage in international cooperation.

The talent development program will ensure the development of critical mass of qualified professionals who understand both technical principles and have an adequate awareness of the thematic bond issuance process as well as green finance more broadly. International cooperation in existing networks as well as regional cooperation would help to avoid market fragmentation and underpinning market liquidity through mutual recognition of standards/ build national standard on recognized international benchmarks.

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Annexes

List of stakeholders consulted

Organization Name	Organization Type
Climate Bonds Initiative	International nonprofit organization
World Bank	Multilateral development bank
International Finance Corporation	Global development institution
Asian Development Bank	Multilateral development bank
Eurasian Development Bank	Multilateral development bank
Capacity-building Alliance of Sustainable Investment	International nonprofit organization
Ameriabank, Armenia	Financial institution
Astana International Financial Corporation Authority, Kazakhstan	Public Institution
Ernst and Young Kazakhstan	Consulting, assurance, tax, and transaction services provider
Alkes Research, Uzbekistan	Investment banking and advisory firm
Agency of Securities and specialized registration under MoF of Tajikistan	Government
National Bank of Tajikistan	Government
Central Asia Stock Exchange, Tajikistan	Stock exchange
The First Microfinance Bank, Tajikistan	Financial institution
Orienbank, Tajikistan	Financial institution
Arvand, Tajikistan	Financial institution

List of Tajikistan's banks

1. OJSC "Orienbank"
2. SUE SB RT "Amonatbonk"
3. OJSC "Bank Eskhata"
4. OJSC "Tawhidbank"
5. CJSC "The First MicroFinanceBank"
6. CJSC "Development Bank of Tajikistan"
7. "Tijorat" Bank Brunch IRI in Dushanbe
8. CJSC "Activ Bank"
9. CJSC Bank "Arvand"
10. CJSC "Spitamen Bank"
11. CJSC "International Bank of Tajikistan"
12. OJSC "Commerce Bank of Tajikistan"
13. OJSC "Alif Bank"
14. SUEIEBT "Sanoatsodirotbonk"
15. CJSC "Dushanbe City Bank"

Source: NBT (2024a).

External review providers for green, social, sustainability and SLB-s in Kazakhstan (ARDFM Resolution No. 76 from October 20, 2022)

1. Conformity assessment bodies accredited by the national accreditation body in the field of conformity assessment, as well as foreign conformity assessment bodies whose status is confirmed by accreditation by the competent authority of the state of which it is a resident.
2. Organizations in the field of environmental design and regulation, environmental expertise, and environmental audit (environmental auditors), licensed by the authorized body in the field of environmental protection.
3. Energy audit organizations, for which there are no comments on the results of the analysis of energy audit examinations conducted by JSC "Electric Power and Energy Saving Development Institute".
4. Consulting companies licensed by the Astana Financial Services Regulatory Authority (AFSA) in the field of green finance.
5. State expert organizations or non-governmental expert organizations accredited by the Committee for Construction and Housing and Public Utilities of the Ministry of Industry and Infrastructure Development as an expert organization to carry out comprehensive non-departmental examination of technical and economic justifications and design and estimate documentation intended for the construction of new buildings and structures, as well as modifications of existing buildings and structures.
6. Service operator of "green" technologies - subordinate organization of the authorized body in the field of environmental protection.
7. International finance organizations, international and national audit and consulting organizations that have a certificate of accreditation of the Climate Bonds Initiative.
8. International financial organizations, international and national audit organizations, consulting organizations that carry out independent assessment in accordance with the Green and Social Bond Principles of the International Capital Markets Association (ICMA).
9. International financial organizations, consulting organizations that carry out independent assessment in accordance with their policies, developed in accordance with, among other things, the Green and Social Bond Principles, or other bonds issued for the purpose of financing sustainable development projects, of ICMA and the Green Lending Principles of credit market associations (Green Loan Principles, Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association).