



## Asian Development Bank & Uzbekistan

### FACT SHEET

**Table 1. Uzbekistan: Development Indicators**

<b>Non-MDG</b>	
Population in millions	27.77 (2008)
Annual population growth rate (%)	1.5 (2006–2008)
Adult literacy rate (%)	...
Percent of population in urban areas	36.8 (2007)
<b>MDG</b>	
Percent of population living on less than \$1.25 a day	46.3 (2003)
Percent of population living below the national poverty line	26.2 (2003)
Under-5 mortality rate per 1,000 live births	41 (2007)
Percent of population using an improved drinking water source	88 (2006)

... = data not available, MDG = Millennium Development Goal.

Sources: ADB. 2009. *Basic Statistics 2009*. Manila.  
World Bank. 2009. World Development Indicators Online.

Landlocked Uzbekistan is the most populous of the Central Asian republics with agriculture the mainstay of the economy and contributing about a third of gross domestic product (GDP). The country is also one of the world's biggest suppliers of cotton, and produces oil and gas, gold, copper, some industrial products, and processed food.

As the economy shifts from central planning to a market-based system, progress in macroeconomic, structural, and institutional reforms has been significant, especially for policies that support private sector development over the last years. Further liberalization of the financial sector, domestic and international trade, improvements in the business environment and industrial diversification will help sustain growth and bring widespread improvements in living standards.

The Government's Welfare Improvement Strategy to 2010, adopted in August 2007, is based on six key objectives: (i) securing sustainable economic growth complemented by increased employment and income generation capacity; (ii) attracting private investment to sectors that impact growth and assist vulnerable populations; (iii) achieving comprehensive regional development within the country that corresponds to each region's resources; (iv) increasing the quality of, and access to, basic social services and encouraging gender equality; (v) deepening structural and institutional reforms and increasing the economy's competitiveness through liberalization and development of the financial sector and the strengthening of market institutions; and (vi) accelerating reforms in the public administration sector to boost efficiency of policy formulation and transmission mechanisms, and to enhance public goods and service quality.

### Relationship with ADB

Uzbekistan has received \$1.23 billion in 29 loans and \$37.1 million in technical assistance (TA) since joining the Asian Development Bank (ADB) in 1995. It is the 15<sup>th</sup> largest shareholder among ADB's regional members and the 13<sup>th</sup> largest borrower.

As of the end of December 2008, ADB's portfolio in Uzbekistan had no "at risk" projects compared to two in 2006, none in 2005, and three at the end of 2004. The overall portfolio performance is rated satisfactory on impact, outcome, and implementation. Ratios for disbursement and contract awards have improved steadily since 2002. Contract awards in 2007 totaled \$58.74 million while disbursements during the year totaled \$48.97 million.

### Impact of Assistance

ADB's assistance has been tailored to the pace and direction of reforms undertaken by the Government, and has had an impact on basic education, agriculture, transport, and infrastructure.

The ADB-financed Living Standards Strategy marked an important breakthrough in putting poverty reduction on the Government's agenda and served as the basis for the Welfare Improvement Strategy Paper.

About 23.6% of ADB lending has gone to education, with the Basic Education Textbook Development Project introducing private sector participation in textbook production and improved availability of textbooks for poor students through a textbook rental scheme. Uzbekistan has already reached the 2015 Millennium Development Goal (MDG) for universal primary education.

Agriculture investments are helping arrest the collapse of Soviet-era irrigation systems and land degradation, and ADB supports market-oriented agricultural reforms to improve producer incentives, incomes, and employment in rural areas, where more than 70% of the poor live.

In the transport sector, two railway projects have upgraded 660 kilometers of track on a key regional transport corridor. The second \$70 million project was completed in December 2006, rehabilitating 341 kilometers of track on the Samarkand–Bukhara–Khodjavadlet route, and parts of the line between Djizakh and Samarkand. The project provided modern track-laying and maintenance equipment, and supplied and installed an optical fiber telecommunications system and a computerized financial accounting system. It also developed human resources.

The Education Sector Development Program, completed in 2008, contributed to improved quality of education for poor and vulnerable students. The program introduced a 4–5–3 education model aligned to international education systems. It also enhanced sector efficiency by initializing organizational audit and introducing cost recovery policies to higher and secondary education.

Under the Public Finance Reform Management Project, the Treasury was set up, resulting in improved expenditure controls through establishment of a Single Treasury Account and streamlined budget execution mechanisms. The Government has improved treasury operations by closing thousands of fragmented accounts of budgetary units in commercial banks and introducing territorial single treasury accounts. Other notable achievements include development and implementation of a new budget classification system based on international government-finance standards.

**Table 2. Uzbekistan: Economic Indicators, 2004–2008**

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	460	530	610	730	...
GDP growth (% change per year)	7.7	7.0	7.2	9.5	8.5
CPI (% change per year)	6.6	10.2	14.3	12.3	13.0
Unemployment rate (%)	0.2	0.3	...	...	...
Fiscal balance (% of GDP)	0.6	1.3	2.2	2.1	2.0
Export growth (% change per year)	31.6	11.6	18.0	42.9	25.0
Import growth (% change per year)	27.3	8.1	16.0	49.2	15.0
Current account balance (% of GDP)	10.2	14.3	17.2	19.1	18.0
External debt (% of GNI)	40.3	30.0	23.7	17.3	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila.  
ADB staff estimates.  
World Bank. 2009. World Development Indicators Online.

**Table 3. Uzbekistan: 2008 Loan, TA, and Grant Approvals (\$ million)**

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
130.0	–	1.6	4.5	136.1

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$1,230.9 million  
Cumulative Disbursements (as of 31 Dec 2008) : \$534.0 million

ADB and the Government convened a Water Supply and Sanitation Strategy workshop to formulate a water strategy to deliver better services in a more efficient manner. The workshop enabled stakeholders to exchange views and classify the water sector's development issues.

At the end of 2008, two loan projects were approved. An Asian Development Fund (ADF) loan of \$30 million was approved in November for the Surkhandarya Water Supply and Sanitation Project, which will improve the health and living conditions of 340,000 people in the province by providing them with safe and reliable water supply and sanitation services. In addition to infrastructure investments, the project will set up an urban water supply and sanitation services model in Surkhandarya province to address critical management, financial, operational, and customer relations needs of water supply and sanitation agencies.

In December 2008, loans consisting of \$85 million from ordinary capital resources (OCR) and \$15 million from ADF were approved for a Water Resource Management Project. The project will concentrate on the rehabilitation of irrigation and drainage infrastructure in the Zarafshan River Basin and the Fergana Valley areas of Uzbekistan to improve productivity, competitiveness, and environmental management.

**Table 4. Uzbekistan: Cumulative ADB Lending as of 31 December 2008**

Sector	Loans (no.)	Amount (\$ million)	% <sup>a</sup>
Agriculture and Natural Resources	8	345.40	28.06
Education	8	290.50	23.60
Energy	1	70.00	5.69
Finance	1	20.00	1.62
Health, Nutrition, and Social Protection	1	40.00	3.25
Industry and Trade	1	50.00	4.06
Law, Economic Management, and Public Policy	1	20.70	1.68
Transport and Communications	4	265.30	21.55
Water Supply, Sanitation, and Waste Management	4	129.00	10.48
<b>Total</b>	<b>29</b>	<b>1,230.90</b>	<b>100.00</b>

<sup>a</sup> Total may not add up because of rounding.

**Table 5. Uzbekistan: Project Success Rates**

By Sector	Percentage <sup>a</sup>	No. of Rated Projects
Agriculture and Natural Resources	0.0	1
Education	66.7	3
Industry and Trade	0.0	1
Transport and Communications	100.0	2
<b>Total</b>	<b>57.1</b>	<b>7</b>
<b>By Year of Approval</b>		
1990s	66.7	3
2000s	50.0	4

<sup>a</sup> Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2008.

**Table 6. Uzbekistan: Portfolio Performance Quality Indicators for Sovereign Lending, 2007–2008**

	Number of Ongoing Loans (as of 31 Dec 2008)	
	2007 (\$ million)	2008 (\$ million)
Contract Awards/Commitments	59.1	58.7
Disbursements	51.4	49.0
Loans at Risk (%)	–	–

– = nil.

## Future Directions

The Country Operations Business Plan for 2009–2011 is designed to be consistent with ADB's Country Strategy and Program (CSP) and Welfare Improvement Strategy 2009–2011. Support for development of infrastructure with a regional orientation, water supply and sanitation, and the financial sector will remain the focus of ADB's operations in Uzbekistan in the short and medium term.

Lending of about \$150 million a year is planned over the next 3 years, although actual lending will depend on government progress on agreed policy actions. Grant assistance is earmarked at about \$3 million a year.

More than 60% of the lending program is earmarked for environmentally sustainable water supply development and water resources management projects, supporting increased agricultural productivity and improved water quality. To encourage financial sector development, more than 25% of the lending program will be committed to increasing access to financial services, development of the nonbanking sector and further support of small and microfinance development.

**Table 7. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008<sup>a,b</sup>**

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

<sup>a</sup> Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

<sup>b</sup> Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

**Table 8. Uzbekistan: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Elkolding Spa	Education	7.25
Tupalangsvugeskurilish, LLC	Agriculture and Natural Resources	6.17
Fayz Holding	Education	5.30
Eser	Agriculture and Natural Resources	5.27
Drager Medical AG and Company KG	Health, Nutrition, and Social Protection	2.98
Aralsekhozvodogazoprovodstroy	Water Supply, Sanitation, and Waste Management	2.55
Wagtech International, Ltd.	Education	2.50
Oqituvchi Publishing Printing House	Education	2.24
Yuggazstroy	Water Supply, Sanitation, and Waste Management	2.19
Sharq Publishing Printing Company	Education	1.78

Regional cooperation projects will focus on helping to develop regional transport corridors and to modernize customs administration for Uzbekistan to gain access to profitable markets in neighboring countries and to reduce transaction costs.

The Government and ADB have agreed to review the CSP periodically, and to update ADB's programs, in line with the country's changing needs. The CSP for 2006–2010 can be found at [www.adb.org/Documents/CSPs/UZB/2006/default.asp](http://www.adb.org/Documents/CSPs/UZB/2006/default.asp).

## Operational Challenges

To meet the Government's target of reducing the poverty rate to 20% by 2010, sustained high GDP growth needs to be broad-based and matched with a greater focus on the pattern of growth. Although GDP growth has been strong from 2004–2008, maintaining this amid global and economic financial crises will be a challenge and will require a higher level of investment and improvements in efficiency. Raising the quality of investment—in terms of higher factor productivity growth and employment for a given rate of investment—will require the removal of impediments to the development of a dynamic private sector that can provide new and better-paying jobs. Ensuring greater efficiency and equity in public expenditures will also be required.

## Partnership

In developing the new CSP, ADB has closely coordinated with development partners, particularly the World Bank, the European Bank for Reconstruction and Development, and the United Nations Development Programme. The Tenth Country Portfolio Review (CPR) was conducted in 2007 and was jointly undertaken by ADB, the World Bank, and the Government of the Republic of Uzbekistan. The CPR reviewed the implementation status of ADB-financed projects up to the cut-off date of 30 June 2008. The CPR identified systemic portfolio performance issues and requisite corrective measures to improve individual project implementation and the broader portfolio performance.

**Table 9. Uzbekistan: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual Consultants from Uzbekistan*	10	0.76
Holis Guruh	6	0.20
Rhythm Plus Consulting Company	1	0.20
Uzbekkommunalloyikha	1	0.18
Expert-Fikkri, LLC	1	0.10
PricewaterhouseCoopers Central Asia	5	0.07
Tsiar-Finans, Ltd.	3	0.05
GSPE Ecology of Water Management	3	0.02
SKS Consulting, Ltd.	1	0.00
Audit Income, LLC	2	0.00
DP Sanoplast-Servis	2	0.00

\* Consultant may have one or more contracts within the period covered.

**Table 10. Uzbekistan: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual Consultants from Uzbekistan*	56	0.55
Islohotkonsalt servis, Ltd.	3	0.43
Unicon (Uzbekistan), Ltd.	1	0.29
Uzgip (Uzgi promeliyovodkhoz) Institute	1	0.08
Uzbek Scientific Research Institute	1	0.01

\* Consultant may have one or more contracts within the period covered.

ADB cooperates with civil society organizations to strengthen the effectiveness, quality, and sustainability of the services it provides. ADB is cooperating with the Association of Women's nongovernment organizations in Uzbekistan to carry out the gender component of a newly approved land improvement project. In particular, the association is monitoring gender-relevant targets and indicators. The association comprises 53 local women's nongovernment organizations.

## Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in the financing of ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

In 2008, the Global Environment Facility provided \$3.0 million grant cofinancing for the Land Improvement project. The Surkhandarya Water Supply and Sanitation project was provided a \$1.5 million grant cofinancing from the Multi-donor Trust Fund under the Water Financing Partnership Facility.

As of year-end 2008, cumulative direct value-added cofinancing for Uzbekistan amounted to \$66.5 million for four investment projects, and \$2.4 million for five TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at [www.adb.org/Documents/FactSheets/Uzbekistan/cofinancing.asp](http://www.adb.org/Documents/FactSheets/Uzbekistan/cofinancing.asp).

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 42 contracts were awarded to consultants from Uzbekistan worth \$2.99 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB TA projects worth \$2.33 billion, of which 88 contracts were awarded to consultants from Uzbekistan worth \$1.54 million.

A summary of procurement contracts awarded to companies and consultants from Uzbekistan for goods and works, and consulting services can be found at [www.adb.org/Documents/Fact\\_Sheets/Uzbekistan/procurement.asp](http://www.adb.org/Documents/Fact_Sheets/Uzbekistan/procurement.asp).

## About Uzbekistan and ADB

Uzbekistan is the 15<sup>th</sup> largest shareholder among regional members and the 22<sup>nd</sup> largest overall.

### ADB Membership

Joined	1995
Shares held	23,834 (0.67%)
Votes	37,066 (0.84%)

**Kyung-Hoh Kim** is the Executive Director and **James Tsuen-Hua Shih** is the Alternate Executive Director representing Uzbekistan on the ADB Board of Directors.

**Hong Wei** is the Country Director for Uzbekistan. The Uzbekistan Resident Mission (URM) was opened in 1998 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. URM engages in policy dialogue and acts as a knowledge base on development issues in Uzbekistan.

The Uzbekistan government agency handling ADB affairs is the Ministry of Finance.

## About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Country website  
[www.adb.org/uzbekistan](http://www.adb.org/uzbekistan)

Asian Development Outlook  
[www.adb.org/Documents/Books/ADO/2009/UZB.pdf](http://www.adb.org/Documents/Books/ADO/2009/UZB.pdf)

Annual Report  
[www.adb.org/Documents/reports/annual\\_report/2008/](http://www.adb.org/Documents/reports/annual_report/2008/)