

# ADB President on 7-Day Visit to Uzbekistan for Top-Level Talks



**HEADS** ADB President Tadao Chino (right) meets with Uzbekistan President Islam Karimov

**A**sian Development Bank (ADB) President Tadao Chino started his 7-day tour of Central Asia from Uzbekistan on 6 November 2003.

During his visit, Mr. Chino discussed ADB's assistance programs with Uzbekistan President Islam Karimov, Deputy Prime Minister Elyor Ganiev, Deputy Prime Minister Rustam Azimov, and other high government officials, as he noted the importance of regional cooperation in Central Asia.

"Improved transport links, strengthened trade relations, and closer communication and cooperation among the nations of Central Asia and their close neighbors are the surest and quickest way to reduce poverty and build strong economies in the region," Mr. Chino said.

ADB has offered increasing support to regional cooperation in Central Asia since it initiated the Central Asia Regional Economic Cooperation (CAREC) Program in 1997. The program's primary objective is to promote economic growth and raise liv-

ing standards by encouraging economic cooperation among the participating countries.

In President Chino's meeting with Uzbekistan President Karimov on 6 November, they discussed the country's ongoing economic reforms and ADB's loan program for the country. ADB assistance to Uzbekistan is designed to promote economic growth through higher agricultural productivity, human development through health and education sector reforms, and good governance and enterprise reforms.

President Chino commended Uzbekistan on its achievement of currency convertibility, and reiterated ADB's continuing support for economic reform efforts, including trade liberalization.

"This achievement will open opportunities for wider structural reforms," Mr. Chino said. "Difficult decisions with possible adverse short-term effects are sometimes needed. In this context, I would like to assure you that ADB stands ready to assist in the reform process."

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*In this publication, \$ refers to US dollar.*



**VISIT TO URM** ADB President Chino meets URM staff

In a wide-ranging discussion, Mr. Chino thanked Mr. Karimov for Uzbekistan's close cooperation with ADB's CAREC Program, and for arrangements for the Second Ministerial Conference on Central Asia Economic Cooperation. The meeting was held in Tashkent from 11 to 12 November.

Mr. Karimov thanked ADB for promoting regional cooperation and expressed Uzbekistan's support for it.

With currency convertibility in place, Uzbekistan will now focus on trade liberalization, its second reform priority, Mr. Karimov said. Further trade liberalization will bring the country closer to accession to the World Trade Organization. Mr. Chino offered ADB's support for the process.

President Chino participated in the opening ceremony of a new customs facility at Hairatan, Uzbekistan, on the border with Afghanistan on 10 November 2003. He noted the important role of transport and trade links in strengthening regional cooperation in Central Asia.

The ceremony was presided by Deputy Prime Minister Azimov, and attended by a senior representative of the Interim Government of Afghanistan, senior government officials, rep-

resentatives of international agencies and members of the diplomatic corps.

The bridge at Hairatan has long been closed to civilian traffic due to concerns over the transport of weapons and drugs to and from Afghanistan.

The new, modern customs facility will allow closer inspection of vehicles and cargo, thereby enabling increased traffic across the border.

The new facility will link the countries of Central Asia through trans-Afghan transport corridors to the sea. The customs facility will increase the impact of ADB's

\$150 million Emergency Infrastructure Rehabilitation and Reconstruction Project in Afghanistan.

One component of the project will rehabilitate the road from Hairatan to Mazar-e-Sharif, and from Pule Khumri to Andkhoy. Mr. Chino said ADB hopes to provide loan assistance next year to extend the road links onward to Herat.

ADB has already approved a \$1 million technical assistance grant to prepare a road project between Herat and Andkhoy. [n](#)



**DISCUSSION** ADB President Tadao Chino with ADB Governor and Deputy Prime Minister Rustam Azimov (left) and Minister of Finance Mamarizo Normuradov (center)

# ADB Updates Its Country Strategy and Program for 2004–2006

**T**he Asian Development Bank (ADB) Board of Directors has endorsed a Country Strategy and Program (CSP) Update for Uzbekistan, which covers loans amounting to \$100 million to \$150 million per annum over the next 3 years.

The loan program will promote economic growth through higher agriculture sector productivity, human development through health and education sector reforms, and good governance and enterprise reform.

The program also includes three regional infrastructure projects to promote regional cooperation.

Final lending levels and the project pipeline will depend on the Government's progress on its reform program at macro-economic and sector levels.

The Government has announced sectoral and structural reforms, including divesting its minority shareholdings in enterprises, further liberalizing agriculture, strengthening bank supervision, pursuing tariff reform, and strengthening the energy sector.

Tight monetary and fiscal policies in 2002 helped contain the buildup of external debt and control inflation. However, eco-

omic growth has slowed, remaining at 4.2% in 2002, according to official estimates, while exports and imports also fell. Growth was expected to be lower for 2003.

“Broad-based growth over the medium and long term will require developing a policy framework that is more conducive to private sector development,” the CSP Update says.

To help Uzbekistan advance the transition agenda, ADB's country strategy focuses on developing institutions and improving capacity for governance; mitigating the social costs of transition and human development; and unlocking the potential for growth through regional cooperation and trade, rural reforms, and support for the private sector.

From the start of assistance in 1996 up to the end of 2003, ADB has provided 17 loans to Uzbekistan amounting to \$794.7 million, including \$774.7 million from ordinary capital resources and \$20 million from its concessional Asian Development Fund.

During the same period, ADB extended grants amounting to \$27.2 million for 51 technical assistance projects.

Planned loans over the next 3 years include the following:

- women and child health, textbook development, and education development project;
- program loan to support corporate governance and enterprise reform;
- regional gas transmission improvement, power transmission modernization, and energy efficiency projects;
- agriculture sector development and two land improvement projects; and
- regional railways rehabilitation project.

The loans will be complemented by a technical assistance program, focusing on capacity building and project preparation, amounting to \$1.9 million for 2004. This will be supported by cofinancing where possible.

A full CSP is planned for Board consideration in 2004 to undertake a fresh review of Uzbekistan's development needs and identify priorities for ADB operations. [n](#)

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*Note:* A CSP defines ADB's medium-term development strategy as agreed with the country. A CSP Update is prepared every year, taking into account the continued relevance of the CSP, its implementation, and ADB's operational program for the next 3 years.

## Uzbekistan Resident Mission Holds Gender Training

**I**n November 2003, the Uzbekistan Resident Mission staff had a training session on Gender and Development (GAD), conducted by Mekhri Khudayberdiyeva, URM Gender Specialist, engaged under the regional technical assistance on enhancing GAD capacity in developing member countries.

The training participants were briefed on the legal framework for equal rights in Uzbekistan.

Despite country policies designed to enhance women's role in society, women still face inequality in some aspects of their life. The percentage of women who are officially employed is low, and women have

less access to finance. For example, in 2002 only 15% of loans were issued to women entrepreneurs. The number of women in the Parliament and other decision-making positions declined. In 2002, among members of top state authorities, women comprised 14%, and in Parliament only 9%.

The training touched on the measurement of gender inequality and indicators of women's status such as women's access to public and political positions, to public and nonmaterial resources, and legal status of women in Uzbekistan.

ADB's Gender and Development Policy and procedures in addressing gender issues were also discussed during the

training, including ADB's institutional mechanisms such as the gender action plan, external gender forum, and GAD regional technical assistance.

URM staff was briefed on the current status of nongovernment organizations (NGOs) in the country and on ADB's cooperation with local NGOs, and business women associations. The aim of such training sessions is to help mainstream gender at all levels of ADB's operational work in Uzbekistan.

This initiative will continue, and the next GAD training session for URM staff will be focused on sector-specific gender issues. [n](#)

# ADB Assists Uzbekistan in Formulating Its Living Standards Improvement Strategy

**T**he Asian Development Bank (ADB) approved on 28 November 2001 a \$800,000 technical assistance to develop a Comprehensive Medium-Term Strategy for Improving the Living Standards of the People of Uzbekistan. The objective of the technical assistance is to support the Government in preparing a medium-term strategy for improving the living standards of the people, particularly the low-income and vulnerable segments of society, ensuring broad-based participation of major stakeholders in the strategy formulation process. ADB's Country Strategy and Program for Uzbekistan will be based on this government strategy.

From 10 to 18 December 2003, URM held a training workshop at the ADB Institute in Tokyo for government officials representing relevant line ministries and agencies. Representatives of civil society, resource persons from ADB, international research institutions, including delegates from the People's Republic of China also participated in the workshop. Participants discussed the design and content of a draft Strategy for Improving Living Standards and the incorporation of specific Millennium Development Goals (MDGs) into the Living Standards Improvement Strategy for Uzbekistan. Government sectoral working groups presented initial drafts of policy matrices for discussion, and improvements were made during the workshop.

International resource persons shared experiences from other countries and highlighted the vision, concept, and skills that are required in developing a government-owned strategy for improving the living standards of the population. The resource persons also provided inputs into the evaluation of current government policies related to macroeconomic performance and inclusive social protection, and recommendations on improving the content of the matrices.

Crosscutting issues such as gender and development, children's welfare, regional development, environment, improved governance, financial resource



**QUALITY OF LIFE** The Living Standards Improvement Strategy will help people, especially in rural areas, improve their living conditions and welfare.

mobilization, and monitoring indicators will be further studied and incorporated into the strategy.

The main outputs of the training workshop could be summarized as follows: First, the overall framework of the strategy document, and the format and content of the sectoral policy matrices were agreed and endorsed by the government delegation. Subsequent fine-tuning of the strategy document will be undertaken in line with the agreed overall framework, though the content of policy matrices will require further review and improvement.

Second, the Government officials improved their knowledge, through the training sessions on the vision, concept, approaches, and skills required for preparing a living standards strategy. Based on that training, the ADB Institute worked out a training program, syllabus, and materials that could be used by ADB and the Institute for organizing similar training workshops.

The government officials agreed that the immediate next step would be to distribute the first draft strategy document to

local and international stakeholders for their comments in January 2004, a roundtable meeting with the stakeholders concerned would then be held in February 2004. ADB should receive the final draft strategy document by end-March 2004.

"The training workshop was extremely useful for the government delegation to better understand the entire process of formulating the poverty reduction strategy, and its implications for the Government's current macroeconomic and social protection policies," said Rustam Abdukayumov, National Officer, URM. [n](#)

ADB is currently reviewing its *Poverty Reduction Strategy* approved in 1999. *The Progress Report* of the review has identified several issues, for consideration.

As part of the review, ADB consulted a wide range of stakeholders between 14 October and 7 November 2003.

# Second Ministerial Conference Boosts Regional Cooperation in Central Asia



**REGIONAL COOPERATION** Heads of country delegations and donor agencies

**M**inisters from Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan expressed their strong commitment to work together to deepen regional cooperation in energy, transportation, and trade at the Second Ministerial Conference on Central Asia Economic Cooperation, held in Tashkent on 12 November 2003.

In a ministerial statement issued at the end of the conference, the ministers "expressed strong commitment to working together to pursue a shared vision of a region where people live in harmony and prosperity, with free movement of goods, people, and ideas."

"The ministers reiterated the critical and urgent importance of regional economic cooperation as a means to realizing this vision, especially given close historic, ethnic, cultural, and economic ties among the people in the region," the statement said.

More than 100 delegates attended the Conference, which was organized by ADB and the Government of Uzbekistan, in cooperation with the European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank.

Senior representatives from each multilateral institution and other development

partners participated in the conference. Representatives of Afghanistan, India, Iran, Japan, and Russia attended as observers.

In their statement, the ministers acknowledged that many problems and challenges must be overcome as stronger cooperation develops.

To ensure region's ability to build on the foundation for closer ties that are now in place, they reaffirmed the importance of a consensus-based, practical, and results-oriented approach to regional cooperation.

In a keynote address at the conference, ADB President Tadao Chino cited the central role regional cooperation can play in helping the countries of Central Asia accelerate economic growth and reduce poverty.

"Regional cooperation is not an option, but a necessity for Central Asia," Mr. Chino said. "ADB, and the entire donor community, now looks to you for the necessary political will to take the process forward."

"This is your region, and the future of the region is in your hands. It will be your vision, your commitment, and your concerted actions that will make the region stable and prosperous," he told the ministers.

The statement noted that the participating countries have expressed common views on broad key issues, constraints, and ways to advance the regional cooperation agenda.

"This represents a key step forward towards laying a solid foundation for future directions and further actions of cooperation in these priority areas," the statement said.

The statement emphasizes the key role of the transport sector in promoting economic growth and poverty reduction, and notes the countries' support for the development of East-West and North-South transport corridors in the region.

Trade facilitation and the improvement of customs cooperation remain a priority, the statement said. The ministers also agreed to improve trade policies and establish conditions for trade development in accordance with World Trade Organization standards.

In the energy sector, the ministers supported the broad objective of enlarging energy trade, developing regional and national best solutions to meet future demand, and promoting new energy resource development in the region.

"Such progress contributes to enhancing the economic connectivity within the region and with world markets, and to the rational use of vital resources such as energy and water," they noted.

ADB has attached high priority to regional cooperation in Central Asia since it initiated the Central Asia Regional Economic Cooperation Program in 1997. The program's primary objective is to promote economic growth and raise living standards by encouraging economic cooperation among the participating countries. At the end of 2002, ADB had supported regional cooperation by providing \$172 million in loans and about \$23 million in technical assistance.

ADB's regional cooperation strategy for Central Asia has four pillars:

- building confidence and mutual trust to realize the benefits of regional cooperation;
- focusing on regional investments with tangible mutual benefits;
- reaching out to neighboring countries and the world market; and
- systematic institutional support for planning and implementing specific projects.

At the invitation of the Government of Kazakhstan, the ministers agreed that the Third Ministerial Conference on Central Asia Economic Cooperation will be held in Kazakhstan next year.

*(continued on page 6)*

Regional Cooperation (continued from page 5)

At the end of the Second Ministerial Conference, ADB organized a press conference with the participation of Deputy Prime Minister Rustam Azimov and ADB Vice-President Joseph Eichenberger. They announced to about 60 media representatives the main issues of the ministerial statement.

The Ministerial Conference received significant media coverage in Uzbekistan. International wire services and wire services in other Central Asian republics also carried stories on the conference.

Media coverage shows that ADB's key messages were received, namely, that regional cooperation is not an option but a necessity in Central Asia; and that ADB is working with its development partners and the countries involved in the program on regional cooperation activities in the key areas of energy, transport, and trade. ■



**MEET THE PRESS** ADB Governor and Deputy Prime Minister Rustam Azimov (right) and Vice-President Joseph Eichenberger (center), and External Relations Specialist David Kruger brief media representatives

## Chronology of Events in Uzbekistan in 2003

### OCTOBER

- 1-14 Senior Secondary Education Project, Review Mission
- 7- 10 Enterprise Restructuring and Corporate Governance
- 9-10 Second Meeting of Customs Cooperation Committee
- 14-22 IT Communications Mission: Provide support and training for Uzbekistan Resident Mission
- 21-29 Comprehensive Medium-Term Strategy for Improving the Living Standards in Uzbekistan. Midterm Review Mission
- 26-31 Agricultural Sector Review. Proposed Fact-Finding Mission.
- 20 Oct- Land Reclamation
- 7 Nov Reconnaissance Mission

### NOVEMBER

- 28 Oct- Woman and Child Health
- 12 Nov Development Project. Midterm Review Mission
- 2-15 Developing a Management Information System for Uzbek Telecom. Inception Mission
- 13-21 Third Small and Medium Enterprise Development Project. Reconnaissance Mission
- 6-12 Visit of ADB President Chino
- 10-13 Senior Officials Meeting and Second Ministerial Conference on Central Asia Economic Cooperation
- 16-29 Country Project Implementation and Administration Seminar

### DECEMBER

- 1-5 Country Strategy Program Mission for Uzbekistan
- 11-12 Uzbekistan Capital Markets and Competition Policy
- 13-17 Consultation Mission for the Organization of the Second Ministerial Conference on Central and South Asia Trade and Transport Subregional Cooperation
- 2-15 Woman and Child Health Development Project. Final Review Mission.
- 14-16 Uzbekistan Governance Assessment. Consultation Mission

## NEWS FROM ADB Uzbekistan

The quarterly newsletter of the Asian Development Bank (ADB) Uzbekistan Resident Mission (URM) aims to enhance communications between ADB and its client groups. *News from Uzbekistan* disseminates information on ADB activities and provides a forum on development issues in Uzbekistan. Articles in the newsletter, however, do not necessarily reflect the official ADB view. We welcome readers' comments and suggestions.

Uzbekistan Resident Mission  
I. A. Khojaev Street  
Shaikhantaur District  
Tashkent 700027, Uzbekistan  
Tel: (998-71) 120 7921  
Fax: (998-71) 120 7923  
Web site: <http://www.adb.org/URM>

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