

Project Implementation Monitoring Report (#1)

Reporting Period From 2024/01 To 2024/03

Uzbekistan : First Inclusive and Resilient Market Economy Development Policy Operation

1. Project Information

Project ID:	P000825	Instrument ID:	L0825A
Member:	Uzbekistan	Region:	Central Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:670.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	C	Borrowing Entity:	Ministry of Economy and Finance, Uzbekistan
Implementing Entity:	Ministry of Economy and Finance, Uzbekistan		
Project Team Leader:	Emil Zalinyan		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Sabah Iqbal, OSD - Environment Specialist; Nurul Mutmainnah, OSD - Financial Management Specialist; Chitambala Sikazwe, OSD - Procurement Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Liu Yang, Project Counsel; Christopher Damandl, Alternate Counsel; Kai Shang, SPB - Social Reviewer; Dingding Tang, SPB - Environmental Reviewer; Mengmeng He, CTL; Komron Rajabiyon, Back-up PTL; Yuyou Guo, Project admin		
Completed Site Visits by AIIB:			
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	N/A		
Previous Red Flags Assigned Date:	N/A		

2. Project Summary and Objectives

The Operation aims to help sustain Uzbekistan's post-pandemic socio-economic recovery and build resilience amidst prevailing downside risks. The Operation will help the Government of Uzbekistan to support the transition to an inclusive and resilient market economy by (i) creating markets, (ii) improving fiscal risk management, and (iii) supporting social inclusion and green resilience. A suite of sectoral reforms in energy, agriculture, rail, and chemical sectors will be implemented to establish arms-length regulation and the basis for private sector entry while maintaining fiscal prudence. Reforms, particularly in infrastructure sectors, are essential in supporting the delivery of health care and public services and in stimulating economic recovery in the post-COVID-19 period. The

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Operations also supports consolidation of Uzbekistan's growing social protection system under one umbrella that will improve the effectiveness of the social assistance programs. Finally, the Operation supports Uzbekistan's actions to tackle climate risks and facilitate the transition to a green economy.

The Operation is co-financed by the World Bank (WB), which provided sovereign-backed development policy financing in the aggregate amount of USD 800 million.

3. Key Dates

Approval:	Dec. 14, 2023	Signing:	Dec. 15, 2023
Effective:	Dec. 19, 2023	Restructured (if any):	
Orig. Closing:	Jun. 30, 2025	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	670.00	Latest disbursement (amount/date):	668.33/Dec. 22, 2023
Undisbursed:	0.00	Disbursement Ratio (%) ¹ :	100.00

5. Project Implementation Update

The implementation of the Operation is underway. The PBL funds were fully disbursed on December 22, 2023. Achievement of the target results as set in the results framework will be verified and evaluated in due course.

Components	Physical Progress	Environmental & Social Compliance	Procurement
(i) Creating markets, (ii) Improving fiscal risk management, and (iii) Supporting social inclusion and green resilience	100% disbursement on December 22, 2023	No issues observed	n/a

Financial Management:

Public financial management (PFM). The 2018 Public Expenditure and Financial Accountability (PEFA) assessment highlights the strength of Uzbekistan's upstream public financial management (PFM) system in contrast to relatively weaker downstream systems. Some progress is also achieved in other areas, such as procurement, audit, financial reporting, subnational transfers, and the production of adequate performance information for service delivery. There are also certain weaknesses in managing public assets and liabilities that create fiscal risks. The weak areas related to policy-based fiscal strategy and budgeting, such as macroeconomic and fiscal forecasting, fiscal strategy, medium-term fiscal management, and the budget preparation process. The government has taken credible steps to develop

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

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and implement an ambitious PFM reform strategy.

The country's Supreme Audit Institution (Chamber of Accounts) remains in the initial stages of development. A new law to strengthen the CoA was approved by Parliament in July 2019, which clarifies and expands its institutional mandate to go beyond financial and compliance audits and include regular efficiency and performance audits of government agencies. Staffing levels have increased, and the CoA routinely conducts compliance and financial audits. The more urgent priority is to align Uzbekistan's public audit practices with the international standards of supreme audit institutions.

6. Status of the Grievance Redress Mechanism (GRM)

Communities and individuals who believe that they are adversely affected by specific country policies supported as Prior Actions under this Operation may submit complaints to the responsible country authorities, appropriate local/national grievance mechanisms, or the World Bank's Grievance Redress Service (GRS, <https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>). The World Bank Accountability Mechanism (AM, <https://accountability.worldbank.org/en/home>).

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

The Ministry of Economy and Finance (MoEF) is responsible for implementing and monitoring the Operation. As the main implementing agency, the MoEF will coordinate with other government agencies involved in the implementation of the Operation to collect the data necessary to assess implementation progress and evaluate the results. The achieved results will be verified upon loan closure. Hence, progress against the result indicators is not available at this stage.

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																			Frequency	Responsibility	Comments			
			Baseline		2017		2018		2019		2020		2021		2022		2023		2024		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual	
Energy tariffs recovering portion of their costs	Project	%	2023	Electricity – 61% cost recovery Natural gas – 43% cost recovery																							
Existence of a budgeted PSA	Project	Text	2023	No PSA exists. (September)																							
Number of companies in the chemical sector with a majority of private ownership	Project	Number	2022	0																							
Land productivity index 2022=100 (agriculture value added in real terms in billion sums per '000 hectare of sown area)	Project	Number	2022	100																							
Fiscal risk framework and publication of report on contingent liabilities from the PPPs	Project	Text	2023	No fiscal framework or methodology and no report on contingent liabilities from PPPs																							
The share of the poorest quantile receiving at least one type of social protection support	Project	Percent	2022	79%																							
The share of the labor force contributing to the new social insurance schemes	Project	Percent	2022	0%																							

