



WORLD BANK GROUP

Uzbekistan – World Bank Group FY16-20 Country Partnership Framework

In-Country Consultations

October, 2015

Uzbekistan

Outline

- I. Results Under Previous Country Partnership Strategy FY12-15**
- II. Development Vision of Uzbekistan**
- III. New Country Partnership Framework (CPF) and Approach**

WBG Country Partnership Strategy FY12-15 Priorities

- **Increasing the efficiency of infrastructure**
- **Enhancing the economy's competitiveness**
- **Diversifying the economy**
- **Improving access to, and outcomes of the social services**

WBG Country Partnership Strategy FY12-15 Deliveries

IBRD/IDA: US\$1.5 bln in 12 investment projects in agriculture, water resources, water supply, energy, transport, health and education sectors.

- ✓ 503 agribusinesses have received financing for the procurement of agricultural machinery, processing equipment, packaging equipment and materials, and investments in tree-crops, poultry and fishery, and livestock production
- ✓ irrigated area in South Karakalpakstan increased by nine percent and yields increased by 20 percent
- ✓ more than 145 million KW/h of electricity and 40 million cubic meters of natural gas throughout the country were secured
- ✓ 968 new households in Bukhara and 4047 in Samarkand were connected to public sewer system
- ✓ learning materials are provided to 2195 project schools
- ✓ 161 medical facilities have received medical equipment; 1,889 doctors have completed 10-month general practitioner (GP) training
- ✓ Country Strategy and Action Plan for Enhancing Financial Reporting in the Banking Sector in Uzbekistan by the Centre for Financial Reporting Reform (CFFR) completed

WBG Country Partnership Strategy FY12-15 Deliveries (continued)

IFC: US\$9.1 million, of which:

US\$8 million in finance & insurance,
US\$1.1 million in agriculture sector.

Advisory Services in leasing, microfinance development, mortgages, investment climate, and water efficiency in agriculture.

- ✓ The Law of the Republic of Uzbekistan on Sharing Credit Information developed and adopted on October 4, 2011.
- ✓ In May 2013, IFC and the credit bureau “Credit Information and Analytical Center” signed an agreement to attract a foreign technical partner to boost the bureau’s effectiveness through best international practices and modern business methods.
- ✓ The Law of the Republic of Uzbekistan on a Collateral Registry developed and adopted on October 23, 2013

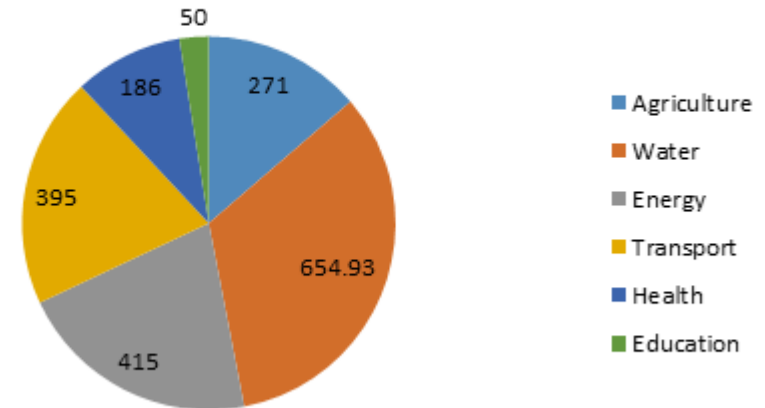
World Bank Group - Current Program

15 active projects with total commitment of **US\$ 1.973 bln**

The projects of the current portfolio aim to

- ✓ facilitate agriculture diversification,
- ✓ improve productivity and financial and environmental sustainability of agriculture,
- ✓ improve water management,
- ✓ achieve greater energy efficiency,
- ✓ improve public services availability, quality, and delivery

Active Portfolio by Sectors, US\$ mln



World Bank Group

Current Program (continued)

IFC Activities

IFC's current committed portfolio is US\$38.5 million, which includes:

- equity investments,
- SME credit lines,
- Trade Finance Facility in large banks of Uzbekistan.

IFC also provides Advisory Services to public, banking and private sectors, including Technical Assistance on improving Doing Business indicators for Uzbekistan.

MIGA Activities

Khauzak-Shady Block and Kandym Field Group project- USD119.5M guarantee for a period of up to 7 years against the risks of transfer restriction, expropriation, breach of contract, and war and civil disturbance.

Uzbekistan Development Vision* :

Uzbekistan aspires to become **industrialized middle-income country while maintaining domestic social equitability through**

- Global Competitiveness
- Industrial Modernization and Diversification
- Private sector development
- Corporate Governance

* GoU Resolutions and Presidential Decrees, including, № ПП-2313 from March 6, 2013; № УП-4707 from March 4, 2015; № ПП-2340 from April 28, 2015; № УП-4725 from May 19, 2015

FY16-20 Country Partnership Framework

- **Based on country in-depth analysis and Uzbekistan sector strategies**
- **Flexible - allowing for adjustment during implementation**
- **Financial envelope: about USD 4 billion of IBRD, IDA, IDA plus**
- **Gender and citizen participation mainstreaming**

Systemic Country Diagnostic Key Findings

Overall strong economic performance over last decade

- Economy grew by more than 8% a year.
 - ✓ (a) increased production and export of gas & minerals
 - ✓ (b) growing public investment including in state-owned enterprises,
 - ✓ (c) growing consumption by public sector wage & benefit increases.
- Revenues from high commodity prices financed increases in public investment, as well as in wages.
- Poverty fell from 25% to 15% (measured by minimum food consumption).
- Jobs grew more slowly than working age population (formal jobs grew by 2.5% on average and labor force by 2.8% during the last 5 years).

New Prospects for Next Decade

Opportunities

- Growing labor force and declining dependency ratio create opportunity for fast growth in per capita incomes if the economy can create the jobs and raise productivity (if not, increased social tension)
- Biggest domestic market in Central Asia (but will need to export to grow fast)
- Centrally located relative to China, Russia, Europe, Middle East, South Asia (but landlocked)

New Prospects for Next Decade (continued)

Challenges

- Growth of extractive industries will, by definition, slow—can't increase extraction of non-renewable resources forever.
- Heavy industry and extractives cannot create enough jobs.
- Main trading partners (Russia, China, Kazakhstan, Turkey) all likely to grow more slowly in coming decade.
- Commodity prices may stay low for several years—fewer resources for the state.
- Climate change likely to aggravate water, energy, and environmental constraints.
- Risk of forced/child labor in cotton harvesting.

Way forward to meet government objectives

Raise productivity

-particularly of water and energy use
- Shift labor to higher productivity activities

Raise investment

- In principle, lots of room to increase private investment, both domestic and foreign, in jobs-creating goods and services production
- Public investment crucial but further increases will be harder given low commodity prices

Areas where WBG help could be most useful

Access to and efficiency of public services

- Infrastructure services—water, energy, transport
- Social services for human capital—skills and health

Agriculture competitiveness

- Water use
- Shift to higher value crops

Private sector investment

- Roadmap toward stronger market signals
- Regulatory reform and simplification
- Corporate governance of state-owned enterprises and privatization

FY16-20 CPF Structure

Overall Objective - JOB CREATION

Key Pillars

- Agriculture competitiveness
- Public Services Delivery and skills: infrastructure and social
- Private Sector Participation

Cross-cutting areas

- Gender
- Citizens Engagement
- Climate Change

Timeline for Preparation

- In-Country Stakeholder Consultations – October-November 2015
- Consultations with authorities – October-November 2015
- Operational Committee Review – end October 2015
- Board Presentation – December 2015 – January 2016

Issues for Discussion

- ✓ Is our understanding of country's development needs appropriate?
- ✓ Is role of World Bank Group properly defined?
- ✓ Is strategy and approach proposed for new CPF appropriate?
- ✓ How can we ensure that your feedback is taken into account?



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