



UZBEKISTAN


Country Platform

Progress Report

G20 – International Financial Architecture Working Group (IFA-WG)

September 2020



We commend the initiative led by The President of the Islamic Development Bank (IsDB) to prepare and submit a progress report on Uzbekistan Country Platform, in line with G20 Framework of Principles on Effective Platforms. We are confident that the progress report will enlighten the G20 members and the rest of the international development partners on the efforts exerted by the Government of Uzbekistan in terms of timely and high-quality implementation of projects included in investment programs and projects with the participation of international and bilateral financial development institutions. We expect from the G20's and MBDs to further expand their support in terms of resources allocation and coordination among the main partners with the focus to expand the export potential of Uzbekistan and industrial clusters in the region. 

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I. Context: Uzbekistan Development Strategy 2017-2021

- 1) Since independence, the Government of Uzbekistan has taken comprehensive measures to build a democratic state, strong civil society and a free market economy where the private sector and private ownership hold sway. Having thus created the conditions for a peaceful and prosperous society, the country gained prominence internationally.
- 2) Uzbekistan has carried out successive mid-term reviews of its national plans through an in-depth assessment and gap analysis of the achievements against initial objectives. Based on lessons learned, the country has decided to revamp the national plan while considering new vision and strategic result-based priorities. The ultimate strategic goal was to serve the country's legitimate aspirations of the population in terms of democratic reforms and hence accelerate the socio-economic development pace of the country.
- 3) Therefore, a comprehensive inclusive engagement has taken place involving key stakeholders from the public sector (government and ministries), private and business community (business associations, chambers of commerce, sectoral associations, etc.), international community (UN system, MDBs, bilateral development agencies, etc.) and NGOs.
- 4) The rigorous assessment methodology including a stakeholder analysis, assessment of external environment (global and regional), assessment on internal environment, Strength, Weakness, Opportunity, and Threat (SWOT) analysis and comparative advantage. The New Development Plan was officially adopted by Presidential Decree in February 2017.
- 5) The goal of the 2017-2021 strategy is to significantly increase the efficiency of ongoing reforms, create conditions for the comprehensive and accelerated development of state and society, implement priority areas for modernizing the country and put the socio-economic agenda on the top priority of the country.

II. Linking the Five Strategic Pillars of Uzbekistan Development Strategy 2017-2021 to the 2030 SDGs

- 6) Uzbekistan's Development Strategy 2017-2021 is built around Five Strategic Pillars, namely: I. Improving the System of State and Public Construction, II. Ensuring the Rule of Law and Further Reforming of the Judicial System III. Economic Development and Liberalization, IV. Social Development, V. Security, Inter-ethnic Harmony, Religious Tolerance, and Implementing a Balanced, Mutually
- 7) The effective implementation of the Development Strategy has resulted in the following achievements: Economic growth (5.5%) and Export growth (24.9 %) in 2019, the gold and currency reserves increased (\$3 billion), operationalization of 21 free economic zones and 53 industrial zones with 50 additional industrial zones are underway, creation of 370,000 new jobs, more than 3.5 million square metres of living space have been added through the construction of standardized multi-storey housing in cities large and small, thousands of new kindergartens will be built throughout the country over the next 3 to 4 years, special schools were established focusing using innovative and creative teaching methods, more than 81 institutions of higher education, 15 regional campuses and 7 international branch campuses are fully operating across the country and last but not least, in terms of R&D, the Uzbekistan Academy of Sciences has undergone systemic and infrastructure improvements and a number of its research institutes and centres have resumed their work
- 8) Uzbekistan is embarking on a path of innovative development that seeks to fundamentally improve every aspect of government and society.

- 9) Uzbekistan has initiated a large-scale economic liberalization process including comprehensive agricultural reform programme that will focus on ensuring food security, as well as large scale health programme.
- 10) Overall, the consistent implementation of reforms in Uzbekistan should help achieve the goals outlined in the 2030 Agenda for Sustainable Development, improve public welfare and address the pressing social and economic challenges facing the country.

III. About Uzbekistan Country Platform

III.1) Rationale of the Country Platform

- 11) The large-scale economic reforms and structural transformations carried out in Uzbekistan have received wide support from international financial institutions (IFIs) and foreign government financial organizations (IPFOs), which reflects the desire of the international community to provide effective assistance to the implementation of the five priority development areas of Uzbekistan's Strategy 2017- 2021.
- 12) The expansion of the agenda and programmes of cooperation with international development partners led to a significant increase in the attraction of external government borrowing to finance priority investment projects and programmes for socio-economic development.
- 13) Uzbekistan has been selected as a pilot country for testing the Country Platform mechanism to improve the coordination of external development assistance with the World Bank Group, other IFIs and National financial institutions.
- 14) Development partners note Uzbekistan's organized and coordinated approach with all partners to ensure the prompt mobilization and use of external assistance to address a wide range of socio-economic issues.
- 15) The application of accelerated approaches to the procurement of medical equipment and products using the global platforms of UN organizations is a good example. This approach allows for maximizing the effectiveness of partner support, eliminating duplication and guaranteeing the transparency of procurement.

III.3) Expected results Uzbekistan Country Platform

- 16) Using the country platform will enable Uzbekistan to employ a sound, systematic approach to the development, preparation and implementation of social infrastructure investment projects with wider involvement from international development partners.
- 17) The country platform is expected to provide a powerful instrument to shift from funding development cooperation to financing sustainable development. It should also gradually enhance country capacity by addressing complex development problems in the use of data and analytics, the application of new partnerships and financing modalities and the use of incentives, institutions and methods to forge inclusive models of development that make effective use of a country's social capital.
- 18) The donor community consists of the Asian Development Bank, the World Bank, the Asian Infrastructure Investment Bank, the Islamic Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the OPEC Fund, the UN, the French Development Agency, Japan International Cooperation Agency, the German Development Bank, the US Agency for International Development, the Turkish Agency for Cooperation and Coordination among others. They provided comprehensive support in the early elimination of the impact of the natural disaster in the Bukhara and Syrdarya regions and assisted tremendously in the fight against the pandemic.

- 19) The Uzbekistan Country Platform will also seek to achieve the following results:
- Enhanced country ownership through an adaptative approach that complements the local context in terms of country needs, specificities, priorities and legislation.
 - Shared knowledge and best practices in environmental, social and governance standards, procurement, transparency and anti-corruption, pricing policies, local capacity building, and debt sustainability.
 - Closer coordination through enhanced “core standards”

IV. Governance and organizational structure in the Uzbekistan Country Platform

VI.1) High Level Structure Stakeholder (Government, MDBs and UN system)

- 20) The Ministry of Investment and Foreign Trade of the Republic of Uzbekistan has been identified as the body responsible for organizing interaction under the Country Platform mechanism. This includes ensuring effective dialogue between government bodies and IFIs / IPFOs to avoid duplication of assistance and investment projects, the preparation of investment programmes for cooperation with IFI/IGFO to mobilize financial resources and the development of common approaches to the development of project documentation, tender procedures and requirements applied by various IFIs, with optimization of terms of preparation and approval of projects.

VI.2) Thematic Working Groups

- 21) Under the Country Platform with development partners, the practice of regular donor's coordination meeting to discuss the further development of economic sectors and the development of their development strategies has begun.
- 22) Every sector department at the Ministry of Investments and Foreign Trade works closely with development partners in order to discuss existing problems and draw new plans, programmes and strategies to further develop the sector.
- 23) The Ministry will try to involve partners in the joint development of particular sectors, each according to their international and professional expertise.
- 24) Under the Country Platform, a new stage of cooperation with development partners has begun through a broad intensification of cooperation in various sectors.

VI.3) Technical and Administrative Support to the Platform

- 25) International financial institutions and foreign government financial organizations have been extending constant support to the Ministry of Investments and Foreign Trade in working with development partners under the Country Platform through grants, technical assistance and expert assistance.
- 26) Seminars, training courses and various other trainings are held regularly by partner institutions in order to increase the capacity of specialists involved in the Country Platform.

V. Implementation Arrangements of the Uzbekistan Platform

- 27) Best practices in managing the Country Platform require accelerated and sustained collaboration between all stakeholders at each step of the process, including during the phases of defining procedures, processes, methodology design, implementation of funding arrangements, analysis and synthesis.
- 28) The implementation principles are:
- The Country ownership should remain firm, particularly in the coordination aspect in terms of the involvement of the development partners and other stakeholders. Therefore, the full engagement of the country is as important as that of the development partners to ensure the credibility and utility of the Uzbekistan Country Platform.
 - Harmonized coordinating and reporting mechanisms between the Country and development partners are recommended to ensure accuracy and reliability of the data synthesized and narratives gathered during the implementation phases of projects and initiatives.
 - The Peer Review Mechanism should be encouraged to align country priorities with development donor expectations
 - Agreed frequency of meetings at the level of the Country Platform should be reinforced, and subject matter experts' focal points in the sectors concerned identified.
 - Agreement on the comparability and relevance of the entry data, including the baseline, should be identified and bottlenecks addressed to avoid inconsistent findings.
 - The Partnership's positive impact at country level should be assessed periodically for improved text and laws governing the host country in terms of doing business, market access and procurement processes.
 - Knowledge-sharing: The Uzbekistan Country Platform should assess the engagement of development partners in terms of providing technical assistance and easing the knowledge transfer to the Country.
 - The principle of rotation on the seat of the Head of the Development Partners should be agreed with the Country

VI. Partnership and resource mobilization strategy

- 29) Considering the G20 IFA Working Group, it is anticipated that the Uzbekistan Country Platform will gain in visibility and partner resource mobilization (in kind, grant and concessional loans).
- 30) Bilateral and multilateral donors, namely the Asian Development Bank, the World Bank, the Islamic Development Bank, the European Bank for Reconstruction and Development and Japan International Cooperation agency, which have already pledged more than \$20 billion, will benefit from leveraging the mobilized funds through G20 and other bilateral and multilateral donors.
- 31) The involvement of several partners at the Country Platform will require different layers of interaction depending on the following:
- the nature of the problems being addressed, macro as against micro or sectoral;

- open collaboration, driven by network effects, or a relatively small and 'closed' circle of partners;
- horizontal management and governance arrangements among peers versus vertical, top-down, structures, based on a chain of command;
- flexible approach involving lots of innovation, experimentation and learning by doing.

I. Monitoring, Reporting, and Evaluation: Results Framework, Multi-Year Work Plan and Coordination templates

- 32) As far as reporting is concerned, the Uzbekistan CP will describe the outcomes achieved, assess their progress against the targets set out in the original proposal and reference the indicators or sources of measurement established in the proposal.
- 33) It will ensure the following functions, among others:
- Suitable coordination between members
 - Proper monitoring, evaluation and reporting, using agreed frameworks and templates
 - Appropriate advisory and technical assistance to the members and external stakeholders
 - Ownership by the Country with full engagement with all members and external stakeholders
 - Guidance to the members with assessment of the risks and their mitigation solutions.
 - Continuous external and internal communication and outreach

II. Conclusions and recommendations

- 34) The objective of the present endeavour is to enhance the effectiveness of the Country Platform and support the main directions of the country's development, as set out by the Decree of the President of the Republic of Uzbekistan No. UP-6042, dated 18 August 2020. A Government Commission is established for the development of investments and exports.
- 35) The main tasks of this Commission are to ensure timely and high-quality implementation of projects included in investment programs and projects with the participation of international financial institutions and foreign government financial organizations. It also seeks to ensure the execution of activities included in the "road maps" for the implementation of documents signed during visits at the highest level, further expanding the export potential of the Republic, as well as creating industrial clusters in the regions with the widespread introduction of scientific and innovative achievements.
- 36) For example, after breaking up the JSC Uzbekenergo into three separate agencies, each has been working separately with different development partners to devise strategies for their development: the JSC National Electric Networks with the World Bank, the JSC Regional Electric Networks with the ADB and the JSC Thermal Electric Networks with the EBRD.
- 37) Similarly, a roadmap strategy is being developed with the ADB for the transport sector. The World Bank is in charge of implementing the first PPP project in the aviation sector. The EBRD, the World Bank and the ADB are working on the pilot implementation of projects for the construction of toll roads.



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