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PERSPECTIVE COOPERATION BETWEEN UZBEKISTAN AND THE ASIAN DEVELOPMENT BANK (ADB)

Ushbu maqola O'zbekiston va Osiyo Taraqqiyot Bankining (OTB) hamkorligi, ular bilan qanday hamkorlik olib borilayotgani va OTBning O'zbekistondagi faoliyati haqida ma'lumot beradi. Bundan tashqari, maqola hamkorlikning kelajakdagi yo'nalishlarini qamrab oladi.

Kalit so'zlar: transport, energetika, moliya, qishloq xo'jaligi, suv va boshqa infratuzilmalar va xizmatlar, sog'liqni saqlash sohalarida hamkorlikni rivojlantirishga qaratilgan.

The article outlines partnership of Uzbekistan and The Asian Development Bank (ADB), how they are cooperated and ADB's work in Uzbekistan are studied as well. Furthermore, the article covers future directions of the cooperation.

Key words: cooperation, integration, country partnership strategy, country operations business plan, firm lending, standby lending, transport, energy, finance, agriculture, water and other urban infrastructure and services, health.

В статье описываются партнерские отношения Узбекистана и Азиатского Банка Развития (АБР), их сотрудничество и работа АБР в Узбекистане. Кроме того, в статье рассматриваются будущие направления сотрудничества.

Ключевые слова: сотрудничество, интеграция, стратегия странового партнерства, страновые финансы, бизнес, финансы, сельское хозяйство, водоснабжение и другая инфраструктура.

Regional cooperation and integration is a process by which national economies become more connected regionally, allowing them to make greater connections, including on global agendas. The process builds stronger institutions and closer trade integration, intraregional supply chains, and stronger financial links. Reducing or removing barriers at the border and behind the border allows economies of scale to be tapped.

Trade in goods and services, cross-border investment, labour mobility, technology transfers, and financial transactions all support the creation of a much larger, regionally integrated market. The supply chains and production networks that thrive on economic efficiency and integration have made Asia's enormous manufacturing growth possible.

As poorer countries' economies become more integrated with those of their richer neighbours, they have the opportunity to move up the value chain, boost their growth potential, speed their expansion, and gradually forge convergence. Such cooperation provides a platform for all participating countries to reduce poverty and economic disparity, and work toward achieving rapid and sustained growth.

ADB and its partners across Asia and the Pacific have recognized that regional cooperation and integration can be a powerful mechanism for unlocking the vast economic potential of Asia and the Pacific for the benefit of its people. Asian Development Bank (ADB) one of the largest interstate financial institutions providing long-term lending for development projects in Asia and the Pacific. The main objective of the ADB is to promote economic and social progress in developing countries of Asia and the Pacific.

Working together also helps policy makers in the region better respond to global challenges such as financial shocks, climate change, and threats of global pandemics. It creates safety nets—whether financial, social, environmental, or disaster-related—and enables countries to collectively confront cross-boundary challenges. For example, ADB is helping countries in the region work together to enhance their responses to infectious diseases that are posing new threats.

By speaking with a unified voice, the countries of Asia and the Pacific can make a greater impact on the global agenda, commensurate with the region’s growing economic might.

Uzbekistan joined the ADB in August 1995. The ADB’s office in Uzbekistan opened in 1997. Joint programs and projects implemented in Uzbekistan are focused on four key areas:

- agriculture;
- promotion of private enterprises;
- regional cooperation in transport and customs transit;
- improving social services with a focus on childcare and basic education.

ADB has been a partner in Uzbekistan’s efforts to modernize the economy and forge ties with neighbours, providing approved loans, grants, and technical assistance totalling more than \$5 billion. Uzbekistan is a country striving for inclusive economic growth and a narrowing of gaps in infrastructure quality between rural and urban areas.

In September 2012, ADB approved the country partnership strategy (CPS), 2012–2016 for Uzbekistan. The CPS was aligned with Uzbekistan’s Welfare Improvement Strategy, 2013–2015, which guides Uzbekistan’s pursuit of industrial modernization and infrastructure development. The CPS focused on transport and communication, energy, water supply, municipal infrastructure and services, and access to financial services. The country partnership strategy (CPS), 2012–2016 of the Asian Development Bank (ADB) for Uzbekistan supported infrastructure development and access to finance. Consultations with the government confirmed that the strategic focus of the CPS remains valid. The Asian Development Bank (ADB) approved Country Operations Business Plan (COBP), Uzbekistan 2018-2020. The proposed country operations business plan (COBP), 2018–2020 for Uzbekistan extends the validity of the CPS, and is consistent with recent government initiatives.

Emboldened by a new development strategy, Uzbekistan is striving for inclusive economic growth through private sector development, economic liberalization, regional cooperation, and global integration. In February 2017, the government of Uzbekistan adopted the Strategy of Actions[1] on Further

Development of Uzbekistan, a national development strategy for 2017–2021. The strategy sets five priority directions of reforms:

- ✓ governance and public administration;
- ✓ rule of law and judicial system;
- ✓ economic development and liberalization;
- ✓ social development; and
- ✓ security, tolerance, and foreign policy.

This COBP fully supports the strategy and reflects updated development priorities of Uzbekistan. To this end, this COBP includes operational support for transport, energy, municipal services, health, and access to finance. Support for the key drivers of change—private sector development, regional cooperation, governance, knowledge management, gender equity, and climate change and the environment—is integrated into the operational assistance.

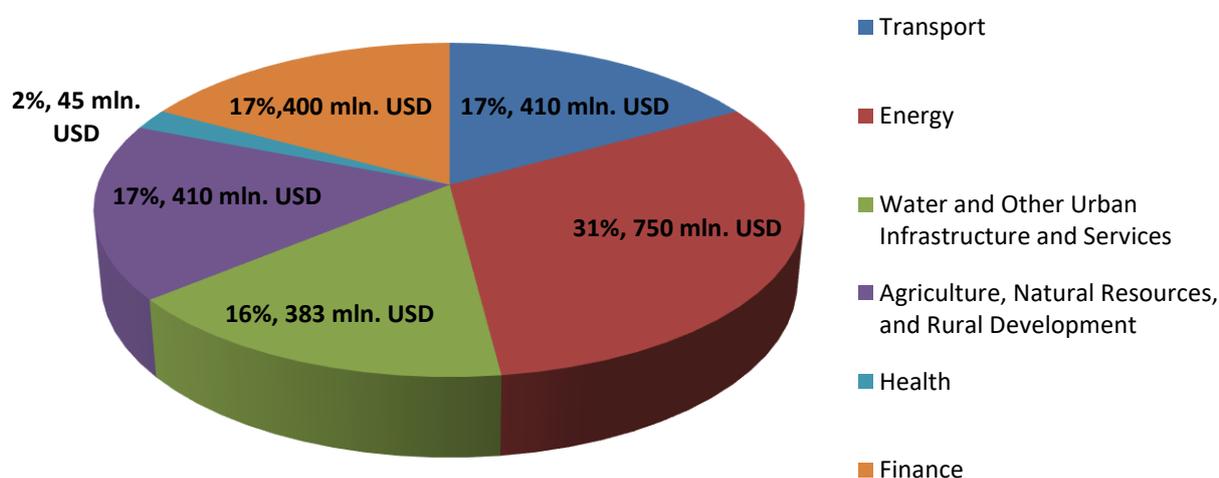


Figure 1. Indicative Resource Allocation in 2018-2020

Uzbekistan is eligible for concessional ordinary capital resources (OCR) lending (COL) and regular OCR lending. The indicative resources available for commitment during 2018–2020 for sovereign operations amount to \$2.29 billion, comprising \$1.54 billion in regular OCR and \$0.75 billion in concessional OCR resources. The final allocation will depend on the available resources and the outcome of the country performance assessments. The cumulative lending program for Uzbekistan for 2018–2020 (including an over-programming of \$0.6 billion, mainly for standby projects), estimated at \$2.89 billion, is above the indicative resource allocation. Cofinancing and funding from other sources—including the regional pool under concessional resources and regular OCR regional cooperation and integration set-aside—will be actively explored to process projects beyond the stipulated resource envelope. In addition to public sector assistance, ADB will explore direct investments in private sector undertakings, mainly in energy, chemicals, pharmaceuticals, and agribusiness. The final amount of lending program is subject to project readiness and resource availability. Technical assistance grants

totalling \$17.1 million will be extended for project preparation, demand-led reforms, capacity development, and knowledge management.

The firm lending program for 2018–2020 of \$2,388 million has been assessed and prioritized, taking into account project readiness, portfolio performance, and complementarity with assistance from other development partners.

Agriculture and natural resources. The 3-year sector pipeline includes four new projects: (i) Horticulture Value Chain Development Project (Additional Finance), firm for 2018; (ii) Horticulture Value Chain Infrastructure Project, firm for 2018; (iii) Rice Intensification Project, firm for 2019; and (iv) Livestock Value Chain Development Project, firm for 2020. The firm pipeline amounts to \$400 million, or 16.8% of the planned public sector assistance (PPSA). The new Climate Adaptive Water Resources Management for Horticulture and Livestock Project for \$60 million is also included in the pipeline as standby for 2020.

Energy. The Power Generation Efficiency Improvement Project has been deferred from 2017 to 2019. The Second Solar Power and Second Power Generation Efficiency projects have been removed from the pipeline based on government request. The Second Northwest Region Power Transmission Line Project has been deferred from 2018 to 2020. The firm pipeline amounts to \$750 million, or 31.4% of the PPSA.

Finance. The 3-year sector pipeline includes two new projects: (i) Mortgage Market Development Project, firm for 2018; and (ii) Second Small Business Finance and Rural Financial Inclusion Project, firm for 2020. The pipeline amounts to \$400 million, or 16.8% of the PPSA.

Health. The Electronic Healthcare Development Project has been replaced with the Primary Health Care Improvement Project, firm for 2018. The pipeline amounts to \$45 million, or 1.9% of the PPSA.

Transport. The 3-year sector pipeline includes one new project, the Regional Railway Electrification Project, firm for 2020. The Third Central Asia Regional Economic Corridor (CAREC) Road Investment Program has been replaced with CAREC Road Development Project, firm for 2019, and Navoi–Bukhara Regional Road Development Project, standby for 2020. The firm pipeline amounts to \$410 million, or 17.2% of the PPSA. The new Municipal Roads Development Project for \$200 million is also included in the pipeline as standby for 2020.

Water supply and sanitation. The 3-year sector pipeline includes two new projects, both firm for 2020: (i) the Integrated Infrastructure Improvement for Urban Communities Project; and (ii) the Second Tashkent Province Water Supply System Development Project. The Western Uzbekistan Water Supply System Development Project has been deferred from 2017 to 2018. The Second Solid Waste Management Project has been removed from the pipeline based on government request. The sector pipeline amounts to \$383 million, or 16.0% of the PPSA.

Table 1

COUNTRY ASSISTANCE RESULTS AREAS [2]

Key Country Development Outcomes that ADB Contributes to	Key Areas of Assistance
1. Transport	
Efficient movement of people and goods and shorter travel times along strategic transport corridors	Rehabilitation of national roads Railway infrastructure modernization Improvement of cross-border infrastructure and facilities Road maintenance and safety Public transport
2. Energy	
Energy efficiency enhanced and regional energy trade increased	Combined-cycle power generation Solar and other renewable power generation Energy efficiency, distribution loss reduction Power transmission Policy and regulation
3. Water and Other Urban Infrastructure and Services	
Improved access to better-quality municipal services for higher living standards	Drinking water and sanitation system improvement Garbage collection and waste disposal Urban governance and planning
4. Agriculture, Natural Resources, and Rural Development	
Improved productivity of a diversified agriculture sector	Agriculture finance Rural market infrastructure Rural enterprise development
5. Health	
Improved access to better-quality health diagnostic services in rural areas	Health system development
6. Finance	
Increased and more effective financial access for SMEs and other non-state borrowers	SME finance Microfinance Insurance and contractual savings

With a project pipeline of \$2.9 billion, the COBP has a focus on transport, communication, energy, water supply, municipal infrastructure and services, health, and access to finance. Cumulative disbursements to Uzbekistan for lending and grants financed by ordinary capital resources (OCR), the Asian Development Fund, and other special funds amount to \$3.26 billion. In the Table 2 below, there is shown how much worth projects will be implemented in Uzbekistan in the next 3 years, 2018-2020. According to it, there are two kinds of lending: firm and standby. In

2018, firm and standby lending products cost 1,245 mln. USD and 1,363 mln. USD respectively. Total is 2,608 mln. USD, which is the largest allocation in comparison with other years. In the next two year, 2,235 mln. USD and 1,613 mln. USD worth of projects are planned.

Table 2

INDICATIVE ASSISTANCE PIPELINE, mln USD.[2]

Program Name	Total
2018 Firm	1,245.0
2018 Standby	1,363.0
2019 Firm	1,965.0
2019 Standby	270.0
2020 Firm	968.0
2020 Standby	645.0

In the medium term, ADB will support the economic expansion of Uzbekistan through industrial development and agricultural diversification, underpinning the longer-term objective of creating jobs and improving the livelihoods of rural residents. In addition to public sector assistance, ADB will explore direct investments in the private sector and public-private partnership opportunities. To attract private sector investment and expand access to financial resources for entrepreneurial purposes, ADB will continue to provide assistance for infrastructure modernization as a priority for inclusive growth. ADB will also seek to secure the sustainability of Uzbekistan’s economic growth by deepening and broadening its knowledge products and services.

THE LIST OF USED LITERATURE

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