



Uzbekistan: Building Resilience with Active Countercyclical Expenditures Program

Project Name	Building Resilience with Active Countercyclical Expenditures Program	
Project Number	56149-001	
Country / Economy	Uzbekistan	
Project Status	Approved	
Project Type / Modality of Assistance	Loan Technical Assistance	
Source of Funding / Amount	Loan 4225-UZB: Building Resilience with Active Countercyclical Expenditures (BRACE)	
	Ordinary capital resources	US\$ 500.00 million
	TA 6967-UZB: Supporting the Building Resilience with Active Countercyclical Expenditures_Program	
	Technical Assistance Special Fund	US\$ 400,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Private sector development	
Sector / Subsector	Public sector management / Public expenditure and fiscal management - Social protection initiatives	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	The BRACE Program will provide critical financing support to enable the Government of Uzbekistan to undertake its \$1.2 billion countercyclical development expenditure program for providing (i) food security, price stability, and business support, (ii) direct social assistance, and (iii) entrepreneurship and employment support. The program is aligned with the government's objective to promote social inclusion by strengthening the support provided to poor and vulnerable groups and improving economic resilience. The program is also aligned with ADB's Strategy 2030, particularly the operational priorities on (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) making cities more livable; (iv) strengthening governance and institutional capacity; and (v) fostering regional cooperation and integration.	
Project Rationale and Linkage to Country/Regional Strategy	While Uzbekistan is still struggling with the adverse socio-economic effect of the coronavirus disease (COVID-19) pandemic, another economic shock has been triggered by the Russian invasion of Ukraine on 24 February 2022. The crisis has severe negative spillover effects on Uzbekistan, which is among the seven economies most vulnerable to its impact. These include higher trade costs, rising inflation, rise in unemployment and sluggish remittance inflows that will curb low-income households' purchasing power and weaken private consumption. The reduction in foreign direct investment, and weakened private consumption will adversely impact the economy - the GDP growth in 2022 is expected to drop by about half of the growth in 2021. The government's fiscal deficit for 2022 is estimated at \$3.9 billion (or 5.3% of GDP) and the gross development financing needs, inclusive of debt servicing, amount to \$4.7 billion. The projected financing from external sources (\$2.3 billion) and domestic sources (\$0.5 billion) will still leave a gap of \$1.9 billion. The government has requested a regular loan of \$500 million from ADB's ordinary capital resources to help finance the program.	
Impact	Social inclusion promoted by strengthening the support provided to poor and vulnerable groups, and economic resilience improved.	
Project Outcome		
Description of Outcome	Adverse socio-economic effects of the crisis mitigated, and resilience of poor and vulnerable groups enhanced.	
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs	Food security, price stability and business support measures implemented Direct social assistance measures implemented. Entrepreneur-ship and employment support measures implemented.	
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	C	
Involuntary Resettlement	C	
Indigenous Peoples	C	
Summary of Environmental and Social Aspects		
Environmental Aspects	No environmental impact is expected.	
Involuntary Resettlement	No involuntary land acquisition and resettlement is expected.	

Indigenous Peoples No adverse impacts on indigenous peoples is expected.

Stakeholder Communication, Participation, and Consultation

During Project Design The wide range of stakeholders, including (i) Ministry of Finance and Ministry of Economic Development and Poverty Reduction; (ii) Ministry of Employment and Labor Relations, and the Pension Fund; (iii) selected state agencies; and (iv) development partners were consulted to identify the impacts of the pandemic and align ADB's assistance with government's needs and the support by development partners

During Project Implementation The civil society will be consulted through the TA during program implementation.

Business Opportunities

Consulting Services ADB will engage the consultants under the technical assistance following the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.

Procurement None.

Responsible ADB Officer Karan, Navendu

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Public Management, Financial Sector and Trade Division, CWRD

Executing Agencies Ministry of Finance

Timetable

Concept Clearance	-
Fact Finding	17 May 2022 to 21 May 2022
MRM	-
Approval	05 Oct 2022
Last Review Mission	-
Last PDS Update	05 Oct 2022

Loan 4225-UZB

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	500.00	Cumulative Contract Awards			
ADB	500.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

TA 6967-UZB

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
400,000.00	0.00	0.00	0.00	0.00	0.00	400,000.00	-	0.00

Project Page <https://www.adb.org/projects/56149-001/main>

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