



Project Summary Information

Date of Document – November 9, 2023	
Project Name	First Inclusive and Resilient Market Economy Development Policy Operation
Project Number	P000825-UZB
AIIB member	Republic of Uzbekistan
Sector/Subsector	Economic Resilience/PBF
Status of Financing	Under Preparation
Project Description	<p>The Operation is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with the World Bank (WB) under the WB's Policy on Development Policy Financing (DPF).</p> <p>The Operation supports the Government of Uzbekistan (GoU) in the transition to an inclusive and resilient market economy. The reforms supported by this Operation are organized under the following three pillars: (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 consolidation of Uzbekistan's growing social protection system under one umbrella will improve the effectiveness of the social assistance programs. Furthermore, the Operation will support Uzbekistan's actions to tackle climate risks and facilitate the transition to a green economy.</p>
Objective	The Operation's objective is to advance Uzbekistan's transition to an inclusive and resilient market economy by supporting reforms to help create markets, improve fiscal risk management and public procurement, and support social inclusion and green resilience.
Expected Results	The Operation supports key government priorities, particularly to accelerate economic growth, pursue equity and human development, strengthen the rule of law, and support green transition. The first pillar supports measures to improve the business environment, increase private sector participation, enhance efficiency and reduce state dominance in key sectors of agriculture, rail, chemicals, and energy. The second pillar supports measures to reduce fiscal risks from PPPs with a new institutional structure and fiscal risk assessment. The third pillar supports measures to improve social protection, including

	the vulnerable, and the overarching environmental sustainability and climate change issues that are holding back Uzbekistan's economic potential. Government priorities supported include increasing efficiency, promoting green technology and climate change adaptation, and leveraging the country's natural capital.						
Environmental and Social Category	N/A						
Environmental and Social Information	<p>This Loan will be co-financed with the WB as lead co-financier, and its environmental and social (ES) risks and impacts have been assessed in accordance with the WB's Development Policy Financing (DPF) Policy. AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to DPF operations. Therefore, as permitted by the decision of AIIB's Board of Directors set forth in the Decisions to Support the COVID-19 Crisis Recovery Facility (CRF), the WB's DPF Policy will apply to this operation in lieu of AIIB's ESP. This will ensure a harmonized approach to addressing the ES risks and impacts of the Operation. The Ministry of Economy and Finance (MoEF) is responsible for implementing the program supported by the proposed Operation. As the main implementing agency, the MoEF will coordinate with other government agencies involved in the implementation of the operation.</p> <p>In accordance with the DPF Policy, the WB assessed the measures under the operation. Most of the prior actions in all three pillars under this Operation benefit the environmental and social sectors without having any major adverse impact expected to be caused by these interventions. The first pillar of this Operation is creating markets in key sectors that will generate positive environmental outcomes on the environment, forests, or other natural resources. The second pillar will mainly improve the fiscal management and procurement system of Uzbekistan, and the third pillar, which is supporting social inclusion and green resilience, will have direct positive environmental and social benefits by strengthening the implementation and monitoring of programs under the National Strategy of Social Protection and ensuring transparency through the digitization of records, which particularly will benefit poor and vulnerable people who are at the edge of economic shocks.</p>						
Cost and Financing Plan	<p>Total cost: USD 1,470 million</p> <p><u>The financing plan is as follows:</u></p> <table border="1"> <thead> <tr> <th>Co-financiers</th> <th>Amount (USD million)</th> </tr> </thead> <tbody> <tr> <td>WB</td> <td>800</td> </tr> <tr> <td>AIIB</td> <td>670</td> </tr> </tbody> </table>	Co-financiers	Amount (USD million)	WB	800	AIIB	670
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WB	800						
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	Total	1,470		
Borrower	Republic of Uzbekistan			
Implementing Entity	Ministry of Finance			
Estimated date of loan closing	Dec 31, 2024			
Contact Points:	AiIB	World Bank	Borrower	Implementation Organization
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Estimated Date of Concept Appraisal Decision	November 9, 2023			
Estimated Date of Financing Approval	December 14, 2022			

Independent Accountability Mechanism	AiIB's Policy on the Project-affected People's Mechanism (PPM), will not apply to this operation. Submissions to the PPM under the program would, therefore, not be eligible for consideration by the PPM. The WB's independent accountability mechanism (IAM) addresses issues raised by persons adversely affected by a WB-financed operation and allows them to report alleged noncompliance with the WB's operational policies and procedures, including WB's DPF Policy. Information on WB's IAM is available at https://www.worldbank.org/en/programs/accountability/overview
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