



Uzbekistan CAS Completion Report Review

The CASCR is excellent—thorough and frank in its assessment of the country program. During the CAS period, there was substantial progress in heightening government attention to poverty alleviation, reforming the health care system, floating the national currency, and improving portfolio performance. However, less progress was made than had been envisioned in liberalizing the trade regime, improving governance, enhancing the transparency of public finance and economic data, raising the efficiency of public spending, and improving the environment for private sector investment and trade.

During the development of the FY02 CAS, there was significant disagreement between the Bank and the government as to the pace of reform and CAS performance indicators, resulting in separate indicators for the Bank's program and the government's program.

While OED considers the CAS objectives to be of substantial relevance, in the formulation of reform goals the Bank was not realistic in its approach to a country which had made clear that its strategy was one of slow change, and which had made only modest progress moving away from a centrally-planned economy. In retrospect, it might have been better to more explicitly deemphasize reform expectations and scale down the lending program to concentrate on investment projects that were less dependent on reform progress (e.g., human development, infrastructure). Overall, OED rates the outcome of the Bank assistance program under the FY02 CAS as unsatisfactory.

Development of the FY02 CAS

1. *The circumstances surrounding the development of the FY02 CAS were difficult. As acknowledged in the FY02 CAS, progress under the previous CAS had been unsatisfactory, as measured by reform progress, lending, and portfolio performance. Preparation of the new CAS took two years, with significant differences of views between the government and the Bank. The Bank recommended concrete actions to accelerate reform. The government stated that it had the same goals as the Bank, but preferred to go more slowly to avoid social discord.*
2. *As the CAS Completion Report (CASCR) notes, a low case lending scenario of US\$150 million (intended to be split 50/50 between IBRD and IDA) was developed, along with triggers for *remaining in this low case*, which included progress by Uzbekistan toward exchange rate unification and changes in cotton price and procurement practices. If triggers were not met, lending would be reduced further.*
3. *Separate Government and Bank Performance Indicators*—The low case triggers were discussed with the government, which did not fully agree, and as noted by the CASCR, during implementation the degree to which they were seen as met was a contentious issue. In the CAS, *two sets of performance indicators were presented—one prepared by the Bank and one by the government* (See Annex Table 1). To a large degree the benchmarks did not overlap, i.e., they pertained to different actions or approaches to



reform in a sector, and in some cases it is not clear that they are aimed at the same goal. OED agrees with the CASCR that the Bank needs to align assistance with government objectives. If this is not possible, the Bank should scale back overall assistance.

Bank Strategy and Overview of Implementation

4. The FY02 CAS had *four main objectives*: (1) help prepare the analytical, policy, and institutional framework for liberalization of the trade and foreign exchange regime, including related macroeconomic and structural policy measures, improved governance, and transparency of public finances; (2) continue to improve the policy framework and business environment for private sector investment and trade; (3) continue to improve the efficiency of resource use in social and municipal infrastructure and services, including the social sectors; and (4) help maintain and improve the efficiency of the country's extensive drainage and irrigation infrastructure, preventing further environmental degradation, and in the Karshi project (see para 17) reducing the risk of a potential humanitarian disaster with regional ramifications. The extent of the agreement by the government to these objectives is unclear, and in retrospect it seems evident that there was little government commitment to pursue reforms within the period of the FY02 CAS.

5. While OED assesses these objectives as substantially relevant, in their pursuit and in the formulation of reform policy goals *the Bank was not realistic* in assessing the country's willingness to follow through on its reformist rhetoric. For a country with an acknowledged record of not moving on stated reform intentions, the Bank did not take adequate account of lessons cited in the CAS that the amount of achievable policy reform was probably limited, and that building consensus to implement even limited reforms would take a long time. In these circumstances, it would have been appropriate to scale down overall Bank assistance more explicitly in a way that would have avoided excessive disagreement over policy issues related to triggers.

6. As discussed in the CASCR, two years into the CAS the Bank found that Uzbekistan was not meeting the low case triggers, and no lending was provided in FY04. However, this had slight impact on the level of overall lending, as *the amount of funding for projects approved was increased over originally programmed amounts*. The Bank also engaged in a substantial AAA program during the CAS period and extensive policy dialogue, but little progress on policy reform was made during the period (see para 9).

7. *Lending Program*: Three new projects were approved during the CAS period (not including the Rural Enterprise Support Project, prepared during the previous FY) for a total of US\$140 million, compared to a planned five projects totaling US\$155 million (Table 1). OED agrees with the CASCR that the approved infrastructure and health projects were appropriate, as they provided basic human services in a poor policy environment.

8. Portfolio performance was poor; major problems included late provision of counterpart funding and the country's requirement to register all contracts funded under

Bank loans. From FY02 to FY04, “projects at risk” ranged from 44 to 63 percent of the Uzbekistan portfolio, compared to an average of 15 percent for the other CIS-7 countries (the poorest CIS countries) during those years (Annex Table 4). OED concurs with the CASCR finding that fiduciary work (see next section) contributed to successful efforts to upgrade the poorly-performing portfolio. By FY05, projects at risk had been brought down to 37.5 percent of the portfolio, and disbursements had accelerated as well.

Table 1: Planned vs. Actual Lending

| Project planned in CAS | | | | Current status | | |
|------------------------|---|--------------|------|----------------|--------------|------|
| FY | Project | Amount (\$M) | | Status | Amount (\$M) | |
| | | IBRD | IDA | | IBRD | IDA |
| 2002 | Bukhara/Samarkand Water Supply | 20 | 20 | Approved FY02 | 20 | 20 |
| 2002 | Rural Enterprise Support* | | | Approved FY02 | | |
| 2003 | Public Finance Management Reform** | 10 | | Postponed | | |
| 2003 | Karshi Pumping Stations Rehabilitation*** | 30 | 25 | Dropped | | |
| 2004 | Drainage, Irrigation, and Wetlands**** | 10 | 10 | Approved FY03 | 35 | 25 |
| 2004 | Health-2 | 20 | 5 | Approved FY05 | | 40 |
| | Sub-total | 90.0 | 65.0 | | 55.0 | 85.0 |
| | Total | 155.0 | | | 140.0 | |

*RESP is a carry-over from the FY98-00 CAS and was not part of the \$150 million F02-FY04 lending envelope; ** Public Financial Management Reform Loan was postponed to the next CAS due to delay in meeting low case triggers; ***Karshi Pumping Station Loan was dropped due to failure to reach agreement with Turkmenistan on access to facilities on their territory. ****Scope of Drainage, Irrigation, and Wetlands operation was broadened upon failure of the Karshi project to materialize.

9. *AAA Program*—The Bank AAA program during the CAS period was extensive and included a Living Standards Assessment (LSA) completed in FY04, a CFAA and CPAR, and a CEM completed in FY03 (Annex Table 4). As the CASCR notes, while relatively little impact was immediately achieved by the AAA, its influence increased toward the end of the CAS period and in FY05. In the absence of other reliable data on poverty, the LSA evidently succeeded in elevating the issue of poverty alleviation to government attention, resulting in the preparation of a PRSP in late FY05.¹ While the CAS had envisioned an Energy Sector Review, instead the CEM presented a brief diagnosis, and an energy policy note was also prepared. While the CEM findings did not immediately lead to productive dialogue with government, some of its analyses have more recently been incorporated into government actions (e.g., energy, agriculture). However, a QAG assessment found deficiencies in the relevance, stakeholder involvement, and dissemination of the analytic work. OED generally agrees with this

¹ The Government submitted an Interim Welfare Improvement Strategy Paper (I-WISP) to the Bank on March 31, 2005. The I-WISP was based on a Living Standards Strategy prepared about 9 months earlier.

assessment, and finds that the broad AAA program pursued during the CAS period was overly ambitious in the Uzbek context.

CAS Implementation by Objectives

(1) *Help prepare the analytical, policy, and institutional framework for liberalizing trade and foreign exchange regime, including related macroeconomic and structural policy measures, improved governance, and transparency of public finances.*

10. Progress toward this objective was mixed, as noted in the CASCR. Macroeconomic management and performance improved significantly and the Central Bank ceased its financing of the budget. Macroeconomic performance during the CAS period was poor, but improving. Although uneven, real GDP growth averaged 4.0 percent from 2002 to 2004, compared to 8.4 percent for the CIS-7, but growth accelerated to 7.5 percent in 2004.² Inflation, which had averaged 47.2 percent per annum in the three years prior to the CAS, averaged 22.6 percent during the CAS period, declining to 8.8 percent in 2004. Uzbekistan's improving performance was in large measure accounted for by better macroeconomic management, with tightened fiscal and monetary policy and a policy of zero net external borrowing.

11. Also successful, in principle, was the key policy change in late CY03, long sought by donors, of unifying the exchange rates and floating the Soum. However, while the currency is nominally freely exchangeable, the government uses administrative measures to limit access to funds and restrict imports. Other informal measures also restrict trade. Modest success was achieved in the initiation of a dialogue on budget management reform and transparency. Government interest in raising the efficiency of public spending increased largely because of substantial reductions in budgetary expenditures. External reports of the imposition of formal and informal trade restrictions tend to indicate that little or no reform took place in the area of trade reform.

12. However, improvement in the transparency and quality of economic statistics continues to be a difficult area. In late CY04, a special Bank mission was mounted to review differences in economic assessments. The mission concluded that although the State Statistical Committee devoted substantial effort to strengthening work on national income and product accounts, "there remain serious problems which complicate analysis and policy design based on these basic economic indicators." Progress was achieved

² Except as otherwise noted, all macroeconomic data are from the World Economic Outlook (WEO), 2005. As stated in numerous Bank and Fund documents, there are doubts over the reliability of official statistics. WEO data are based on Fund staff estimates.

Real Growth in GDP, 1997-2004, in percent

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|------|------|------|------|------|------|------|------|
| 2.5 | 2.1 | 3.4 | 3.2 | 4.1 | 3.1 | 1.5 | 7.5 |

Source: 2005 WEO



when the government agreed to share raw data from the 2003 Household Budget Survey with the Bank. However, governance did not improve, and remains very low by CIS-7 and global standards. Of six Bank indicators of the quality of governance (“Governance Matters IV”), Uzbekistan’s score worsened in 5 categories from 2002 to 2004, and was unchanged in one. Percentile rankings among 209 countries (2004) varied from 13.9 (government effectiveness) to 2.0 (regulatory quality).

(2) Continue to improve the policy framework and business environment for private sector investment and trade.

13. OED concurs with the CASCR that progress in this area was negligible. The country continues to display many attributes of a centrally-planned economy; the EBRD Reform Index for 2003 rates Uzbekistan at 2.08, on a scale where 1 signifies little progress and 4+ indicates an OECD-like economy. Among CIS countries, only Belarus (1.81) and Turkmenistan (1.30) had lower scores. Uzbekistan also ranks in the lowest quintile among IDA countries in the Country Policy and Institutional Assessment. Data on the low level of Foreign Direct Investment (less than 1/4th of the average for the CIS-7 excluding Azerbaijan) tend to support the assessment of a poor policy and business climate. Also, as noted in the previous paragraph, the country’s ranked in the 2nd percentile worldwide with regard to regulatory quality.

(3) Continue to improve the efficiency of resource use in social and municipal infrastructure and services, including the social sectors.

14. OED concurs with the CASCR that progress in this area was substantial. Key reforms of the primary health system were implemented under the Health Project in areas containing 16 percent of the population, including several of the poorest areas. Structural reforms of the overall health system were also implemented which improved service delivery and provided training to staff. Surveys reflect improved availability of drugs and equipment, and better skills on the part of general practitioners. Data on the health status of the population from various sources show an inconsistent picture, so it is difficult to assess outcomes so far.

15. Considerable progress was also made in poverty monitoring, with the completion of the 2003 LSA, performed in close collaboration with Uzbek statistical officials. As noted earlier, data from this survey permitted the preparation of the recent I-WISP. Progress under the FY02 Bukhara and Samarkand Water Supply and FY03 Drainage, Irrigation, and Wetlands has been satisfactory.

16. OED concurs with the CASCR assessment that progress was made in the energy sector. The CEM and an energy policy note followed up the CAS expectation that reform would consist first of sector restructuring, followed by privatization. As a first step toward privatization, the government unbundled the electricity sector, and then moved toward increasing payment discipline and bringing energy prices closer to costs.



(4) *Help maintain and improve the efficiency of the country's extensive drainage and irrigation infrastructure, preventing further environmental degradation, and in Karshi reducing the risk of a potential humanitarian disaster with regional ramifications.*

17. OED finds that progress in this area could not be assessed; the CASCR does not provide an explicit rating, but notes that ongoing projects may achieve significant results. As noted, the FY03 Drainage, Wetlands, and Irrigation Improvement Project is proceeding satisfactorily, but impact cannot yet be assessed. The Karshi Pumping Station project could not be implemented due to lack of approval by the government of Turkmenistan, whose territory is affected. Several IDF and GEF grants during the CAS period were successful in strengthening the capacity of the State Committee for Nature Protection. A Bank client survey in 2003 showed strong support for its work on the environment.

Overall OED Assessment

18. OED finds that the Bank's approach under the FY02 CAS was unrealistic—and agrees with the CASCR that the use of policy goals as triggers for Uzbekistan to stay in the low case may have diverted resources from the pursuit of goals with which the Bank and the country *did* agree, potentially in the areas of health, infrastructure, or more efficient public expenditure.

19. OED finds that substantial progress was achieved during the CAS period in: raising government interest in poverty assessment and alleviation; reforming the health care system; floating the Soum; and improving portfolio performance (from a very low base). However, less progress than envisioned was made in liberalizing the trade regime, improving governance, enhancing the transparency of public finance and economic data, stimulating interest in raising the efficiency of public spending; and especially in improving the environment for private sector investment and trade. Overall, the outcome of the Bank assistance program is rated *unsatisfactory*.

Assessment of the CAS Completion Report

20. The CASCR is excellent. It is thorough and frank in its assessment of the country program. The CASCR description of the difficult process attending the development of the CAS is informative and balanced, as is its assessment of the appropriateness of the CAS in the Uzbek context. And the lessons are excellent, especially those dealing with overly-ambitious policy goals, delay on launching portfolio improvement efforts, and the need for a AAA program more closely attuned to the Uzbek context.

Findings and Recommendations

21. OED agrees with the CASCR findings and recommendations that: ambitious CAS triggers had mixed results; policy reform was over-emphasized in the FY02 CAS; the portfolio should have been restructured sooner; political economy analysis can be



helpful; and Bank assistance needs to be aligned with government objectives. In addition, OED has the following findings and recommendations:

- The FY02 CAS did not reflect the Government's stated priorities for the direction or speed of reform. The FY02 CAS took insufficient account of the country's record and preferences in implementing reform. The CAS program, including lending and AAA, with triggers to stay in the base case, seems more suited to a country with greater institutional capacity and a greater political will to go forward with reform.
- In a situation where the Bank and the Borrower are unlikely to agree on the pace and direction of reform, the Bank should scale back overall assistance in a way that avoids extensive policy disagreements.

Annex Table 1: FY 2 CAS Performance Indicators

| Area | Government benchmarks | Bank benchmarks |
|-------------------------------|--|---|
| Poverty | --Poverty Reduction Strategy Paper. Poverty monitoring system in place. | --Poverty assessment completed. |
| Macroeconomics and Governance | --Reduction of tax burden and improvement of tax incentives through shift of taxation from production to consumption and simplification of tax and custom tariff system. --Reduction of inflation through reduction in the Central Bank's budget financing to no more than 0.5 percent of GDP, and an increase in the Central Bank's refinancing rate to the positive level in real terms. --Continued timely servicing of external debt with zero arrears accumulation. | --Increase in transparency, quality, and public availability of economic data. -- Improvement in public expenditure as stipulated in the Public Finance Management Reform Project. -- Gradual liberalization of access to foreign exchange for enterprises and individuals. --Completion of "fiduciary ESW" |
| Social Sectors | -- Capacity building in 3 regions for replication of health sector restructuring in remaining rayons/subregions -- Implementation of new medical education curricula for General Practice physicians and nurses --Health sector rationalization plans developed and implemented in each region annually | --Increase numbers of pregnant women receiving tetanus immunization --Increase coverage of infants receiving hepatitis B vaccine -- Capitation (1 line payment) fully implemented in pilot rayons for SVPs (primary health care facilities) --Placement of trained physicians and nurses in rural SVPs |
| Rural/ Agriculture | -- Replacement of the state order system for cotton and wheat by a state procurement system, under which obligatory sales to the state will not exceed 50 percent of actual production. | --Preparation of a draft enactment regarding subrogation with respect to land use rights pledged as collateral. --Increase average quote for Uzbek cotton exported by 5 percent in value terms (relative to the average of the quotes for the other cotton traded by other major cotton-exporting countries traded on international exchanges). |
| Infrastructure | --Vodokanals of Bukhara, Samarkand, Urgench, and Nukus to increase revenue collection to cover operation and maintenance costs -- Involvement of private sector in the management and operation of vodokanals as stipulated in the Bukhara and Samarkand Water Supply Project. | -- Improve quality and access of water supply services to 1.1 million people living in urban areas (12 percent of urban population) and 1 million people living in rural areas (6.5 percent of rural population). -- Improvement of the decentralization and financial policies in the municipal water sector as stipulated in Bukhara and Samarkand Water Supply Project. |
| Private Sector Development | -- Increase competition between commercial banks and boost efficiency and innovation of banking system by reduced market concentration; decreased segmentation of existing banks. -- Improve prudential regulations and strengthen the supervision capacity of the Central Bank of Uzbekistan (CBU), including strengthened reporting capacity of commercial banks and improved skills and organization of CBU Supervision Dept. | -- Successful implementation of 15 enterprise plans and sale of 5 large scale firms to strategic investors. --Preparation/restructuring of two selected Uzbek banks for privatization. |
| Environment | --New procedures and guidance for reviewing environmental assessments and complying with environmental assessment and pollution control laws compliance with environmental laws. | -- Preparation and adoption of revised policies, regulations, procedures, and/or guidance for improved compliance with environmental laws. |
| Implementation | | -- Improved disbursement ratios; development objectives met for all projects. |

Annex Table 2: Macroeconomic and Social Indicators for Uzbekistan, 1997- 2004

| Series Name | UZBEKISTAN | | | | | | | | | | AVERAGE (1997- 2004) | | | | | |
|--|------------|-------|-------|-------|-------|-------|-------|------|------------|---------|----------------------|---------|-----------|---------|------------|--|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | Uzbekistan | Armenia | Azerbaijan | Georgia | Kyrgyz R. | Moldova | Tajikistan | |
| | | | | | | | | | | | | | | | | |
| GDP growth (annual %) | 5.2 | 4.3 | 3.8 | 4.2 | 4.2 | 4.2 | 4.4 | 2.5 | 4.1 | 8.0 | 9.4 | 6.1 | 4.8 | 2.5 | 7.1 | |
| GNI per capita, Atlas method (current US\$) | 610 | 620 | 650 | 630 | 560 | 460 | 420 | 420 | 546 | 736 | 655 | 669 | 319 | 429 | 186 | |
| GNI per capita, PPP (current international \$) | 1,310 | 1,360 | 1,420 | 1,490 | 1,570 | 1,640 | 1,720 | .. | 1,501 | 2,673 | 2,503 | 2,044 | 1,469 | 1,457 | 794 | |
| GDP per capita growth (annual %) | 3.2 | 2.6 | 2.8 | 2.7 | 2.9 | 2.9 | 3.1 | 1.2 | 2.7 | 9.0 | 8.4 | 6.6 | 3.5 | 2.8 | 6.3 | |
| Agriculture, value added (% of GDP) | 32.2 | 31.3 | 33.5 | 34.4 | 34.0 | 34.7 | 35.2 | 35.3 | 33.8 | 28.0 | 16.9 | 24.0 | 39.1 | 26.6 | 27.9 | |
| Industry, value added (% of GDP) | 26.1 | 26.2 | 24.3 | 23.1 | 22.6 | 21.6 | 21.7 | 21.7 | 23.4 | 34.6 | 46.0 | 23.3 | 25.3 | 23.8 | 23.3 | |
| Exports of goods and services (% of GDP) | 41.7 | 42.5 | 42.2 | 42.5 | 43.4 | 43.7 | 43.1 | 43.0 | 42.8 | 37.1 | 37.0 | 52.7 | 36.0 | 49.5 | 48.4 | |
| Imports of goods and services (% of GDP) | 27.0 | 22.5 | 18.1 | 24.6 | 28.1 | 30.8 | 36.7 | 33.5 | 27.7 | 25.5 | 36.3 | 22.9 | 39.0 | 51.4 | 66.3 | |
| Current account balance (% of GDP) | 30.0 | 22.8 | 18.4 | 21.5 | 27.6 | 28.1 | 29.6 | 28.7 | 25.8 | 50.6 | 51.0 | 40.4 | 47.3 | 76.0 | 77.8 | |
| Total debt service (% of exports of goods and services) | -4.0 | -0.7 | -1.0 | 1.6 | -1.0 | 1.2 | 8.9 | .. | 0.7 | -13.6 | -15.9 | -8.7 | -7.9 | -9.1 | -5.4 | |
| External debt (% of GNI) | 12.7 | 10.3 | 18.0 | 25.9 | 26.8 | 25.2 | 21.3 | .. | 20.0 | 9.0 | 6.0 | 11.4 | 21.1 | 18.3 | 10.1 | |
| Gross domestic savings (% of GDP) | 19.6 | 22.3 | 28.9 | 33.8 | 43.0 | 49.7 | 50.9 | .. | 35.5 | 42.4 | 21.7 | 49.4 | 115.9 | 87.3 | 105.1 | |
| Total reserves in months of imports | 18.7 | 16.5 | 17.3 | 19.4 | 20.0 | 23.5 | 24.3 | 21.1 | 20.1 | -4.3 | 19.0 | 3.7 | 9.9 | -2.6 | 8.5 | |
| Current revenue, including current grants (% of GDP) | .. | .. | 4.5 | .. | .. | .. | .. | .. | 4.5 | 4.0 | 2.9 | 1.3 | 3.9 | 2.1 | 1.0 | |
| Expenditure, total (% of GDP) | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | |
| Overall budget balance, excluding capital grants (% of GDP) | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | |
| Inflation, consumer prices (annual %) | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | |
| Immunization, DPT (% of children ages 12-23 months) | 96.0 | 99.0 | 99.0 | 96.0 | 97.0 | 98.0 | 98.0 | .. | 97.6 | 90.9 | 97.6 | 81.0 | 98.0 | 95.3 | 81.6 | |
| Improved sanitation facilities (% of population with access) | .. | .. | .. | .. | .. | 57.0 | .. | .. | 57.0 | 84.0 | 55.0 | 83.0 | 60.0 | 68.0 | 53.0 | |
| Improved water source (% of population with access) | .. | .. | .. | .. | .. | 89.0 | .. | .. | 89.0 | 92.0 | 77.0 | 76.0 | 76.0 | 92.0 | 58.0 | |
| Life expectancy at birth, total (years) | 69.2 | .. | .. | .. | .. | 67.0 | 66.7 | .. | 67.6 | 74.2 | 65.0 | 73.0 | 66.2 | 67.2 | 67.0 | |
| Mortality rate, infant (per 1,000 live births) | .. | .. | .. | 59.0 | .. | .. | 57.0 | .. | 58.0 | 31.5 | 76.0 | 41.0 | 59.5 | 26.5 | 78.0 | |
| School enrollment, primary (% gross) | .. | .. | .. | .. | 28.1 | 28.1 | .. | .. | 28.1 | 29.0 | 22.4 | 39.0 | 10.8 | 39.6 | 9.0 | |
| School enrollment, preprimary (% gross) | .. | .. | .. | .. | 102.7 | 102.7 | .. | .. | 102.7 | 96.8 | 92.2 | 94.0 | 100.4 | 85.0 | 105.8 | |
| School enrollment, secondary (% gross) | .. | .. | .. | .. | 95.5 | 95.4 | .. | .. | 95.5 | 86.3 | 79.2 | 75.6 | 87.4 | 71.8 | 79.8 | |
| Population, total (mil.) | 23.7 | 24.1 | 24.4 | 24.7 | 25.0 | 25.3 | 25.6 | 25.9 | 24.8 | 3.1 | 8.1 | 5.2 | 4.9 | 4.3 | 6.2 | |
| Population growth (annual %) | 1.9 | 1.6 | 1.5 | 1.0 | 1.3 | 1.2 | 1.3 | 1.3 | 1.4 | -0.8 | 1.0 | -0.6 | 1.1 | 0.0 | 1.3 | |
| Urban population (% of total) | 37.7 | 37.4 | 37.1 | 36.7 | 36.7 | 36.7 | 36.7 | 36.7 | 37.0 | 67.1 | 52.1 | 56.5 | 34.4 | 42.3 | 28.0 | |

Source: SIMA, as of May 4, 2005

Note: Numerous Bank and Fund documents have questioned the reliability of Uzbekistan official statistics, and there are significant differences between data in SIMA and the World Economic Outlook.

Annex Table 3: OED Project Ratings for Uzbekistan, Exit FY1998-2005

| Exit FY | Project ID | Total Evaluated (\$M) | Total Evaluated (No) | Outcome | Inst Dev Impact | Sustainability |
|---------|-------------------------------|-----------------------|----------------------|----------|-----------------|----------------|
| FY98 | PILOT WATER SUPPLY | 0 | 1 | NR | NR | NE |
| FY01 | IBTA | 21 | 1 | Mod. Sat | Modest | Likely |
| FY02 | COTTON SUB-SECTOR IMPROVEMENT | 65 | 1 | Mod. Sat | Modest | Unlikely |
| FY04 | FIN INST BLDG | 15 | 1 | Unsat | Modest | NE |

| | Total Evaluated (\$M) | Total Evaluated (No) | Outcome % Sat (No) | Inst Dev Impact % Subst (No) | Sustainability % Likely (No) |
|------------|-----------------------|----------------------|--------------------|------------------------------|------------------------------|
| Uzbekistan | 101 | 4 | 67 | 0 | 50 |
| ECA | 24,834 | 389 | 82 | 55 | 81 |
| World Bank | 145,260 | 1,937 | 75 | 46 | 67 |

Source: Business Warehouse, as of May 4, 2005

Annex Table 4: Analytical and Advisory Work on Uzbekistan, 1998- 2004

| Document Title | Date | Report No. |
|--|-------------|-------------------|
| <u>Country Assistance Strategy Document</u> | | |
| Uzbekistan - Country Assistance Strategy Vol. 1 (English) | 02/17/1998 | 17376 |
| Uzbekistan - Country Assistance Strategy | 11/18/2002 | 23675 |
| Uzbekistan - Country Financial Accountability Assessment (English) | 10/19/2004 | 31345 |
| Uzbekistan - Country Procurement Assessment Report | 02/28/2003 | 25653 |
| <u>Economic Report</u> | | |
| Uzbekistan - Country Economic Memorandum | 04/30/2003 | 25625 |
| Uzbekistan - Public Expenditure Review (English) | 03/01/2005 | 31014 |
| <u>Sector Report</u> | | |
| Uzbekistan - Living Standards Assessment | 05/01/2003 | 25923 |
| Uzbekistan - Social and structural policy review Vol. 1 (English) | 08/25/1999 | 19626 |

Source: Imagebank, as of May 5, 2005

Annex Table 5: Portfolio Status Indicators by Year, 1998- 2005

| | | <i>In US \$million</i> | | | | | | | |
|------------------------|------------------|------------------------|-------|-------|-------|-------|-------|-------|-------|
| | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Uzbekistan | | | | | | | | | |
| | # Proj | 5 | 7 | 8 | 7 | 8 | 9 | 8 | 8 |
| | # Proj At Risk | 2 | 3 | 4 | 3 | 4 | 4 | 5 | 3 |
| | % At Risk | 40.0 | 42.9 | 50.0 | 42.9 | 50.0 | 44.4 | 62.5 | 37.5 |
| | Net Comm Amt | 214.0 | 269.0 | 298.0 | 277.0 | 287.1 | 345.5 | 302.8 | 295.3 |
| | % Commit at Risk | 40.7 | 63.6 | 66.8 | 47.7 | 56.4 | 49.3 | 62.4 | 41.9 |
| | Comm At Risk | 87.0 | 171.0 | 199.0 | 132.0 | 162.0 | 170.3 | 188.8 | 123.7 |
| Armenia | | | | | | | | | |
| | # Proj | 11 | 14 | 15 | 13 | 17 | 14 | 18 | 17 |
| | # Proj At Risk | 1 | 0 | 1 | 1 | 1 | 0 | 2 | 0 |
| | % At Risk | 9.1 | 0.0 | 6.7 | 7.7 | 5.9 | 0.0 | 11.1 | 0.0 |
| | Net Comm Amt | 194.8 | 301.7 | 357.9 | 268.3 | 307.5 | 260.7 | 295.5 | 267.5 |
| | % Commit at Risk | 7.7 | 0.0 | 1.4 | 11.2 | 6.8 | 0.0 | 5.5 | 0.0 |
| | Comm At Risk | 15.0 | 0.0 | 5.0 | 30.0 | 21.0 | 0.0 | 16.4 | 0.0 |
| Azerbaijan | | | | | | | | | |
| | # Proj | 7 | 10 | 11 | 13 | 15 | 14 | 14 | 16 |
| | # Proj At Risk | 2 | 2 | 2 | 1 | 7 | 0 | 2 | 0 |
| | % At Risk | 28.6 | 20.0 | 18.2 | 7.7 | 46.7 | 0.0 | 14.3 | 0.0 |
| | Net Comm Amt | 224.7 | 227.2 | 259.2 | 288.3 | 367.8 | 336.0 | 341.3 | 365.0 |
| | % Commit at Risk | 40.4 | 17.1 | 14.7 | 1.7 | 50.7 | 0.0 | 30.5 | 0.0 |
| | Comm At Risk | 90.8 | 38.8 | 38.2 | 5.0 | 186.3 | 0.0 | 103.9 | 0.0 |
| Georgia | | | | | | | | | |
| | # Proj | 12 | 16 | 15 | 18 | 17 | 17 | 18 | 17 |
| | # Proj At Risk | 0 | 2 | 1 | 0 | 4 | 1 | 4 | 5 |
| | % At Risk | 0.0 | 12.5 | 6.7 | 0.0 | 23.5 | 5.9 | 22.2 | 29.4 |
| | Net Comm Amt | 227.9 | 287.7 | 310.9 | 348.5 | 326.2 | 301.7 | 344.8 | 320.8 |
| | % Commit at Risk | 0.0 | 12.1 | 6.4 | 0.0 | 32.7 | 5.0 | 23.8 | 23.9 |
| | Comm At Risk | 0.0 | 34.9 | 20.0 | 0.0 | 106.8 | 15.0 | 82.1 | 76.7 |
| Kyrgyz Republic | | | | | | | | | |
| | # Proj | 11 | 13 | 14 | 15 | 14 | 14 | 16 | 17 |
| | # Proj At Risk | 1 | 2 | 2 | 2 | 1 | 1 | 4 | 2 |
| | % At Risk | 9.1 | 15.4 | 14.3 | 13.3 | 7.1 | 7.1 | 25.0 | 11.8 |
| | Net Comm Amt | 226.4 | 243.9 | 226.9 | 262.4 | 255.5 | 259.2 | 278.1 | 259.2 |
| | % Commit at Risk | 6.6 | 19.1 | 13.7 | 21.7 | 3.9 | 5.8 | 28.0 | 15.4 |
| | Comm At Risk | 15.0 | 46.6 | 31.0 | 57.0 | 10.0 | 15.0 | 77.8 | 40.0 |
| Moldova | | | | | | | | | |
| | # Proj | 8 | 11 | 10 | 9 | 8 | 11 | 12 | 9 |
| | # Proj At Risk | 6 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| | % At Risk | 75.0 | 18.2 | 20.0 | 22.2 | 25.0 | 9.1 | 8.3 | 11.1 |
| | Net Comm Amt | 201.7 | 267.8 | 167.8 | 132.8 | 117.8 | 142.5 | 160.5 | 132.2 |
| | % Commit at Risk | 33.1 | 9.6 | 29.8 | 19.5 | 21.1 | 21.1 | 6.9 | 26.5 |
| | Comm At Risk | 66.7 | 25.8 | 50.0 | 25.9 | 24.9 | 30.0 | 11.1 | 35.0 |
| Tajikistan | | | | | | | | | |
| | # Proj | 3 | 8 | 10 | 9 | 10 | 11 | 10 | 9 |
| | # Proj At Risk | 0 | 2 | 3 | 2 | 4 | 1 | 2 | 0 |
| | % At Risk | 0.0 | 25.0 | 30.0 | 22.2 | 40.0 | 9.1 | 20.0 | 0.0 |
| | Net Comm Amt | 27.0 | 120.4 | 143.3 | 129.7 | 151.5 | 171.5 | 127.3 | 125.2 |
| | % Commit at Risk | 0.0 | 57.1 | 52.8 | 14.7 | 19.3 | 11.7 | 18.6 | 0.0 |
| | Comm At Risk | 0.0 | 68.7 | 75.7 | 19.0 | 29.3 | 20.0 | 23.7 | 0.0 |

Source: Business Warehouse as of May 4, 2005

Annex Table 6 IBRD/ IDA Net Disbursements and Charges Summary Report for Uzbekistan, FY 98- 05

| FY | Gross Disb | Repay | Net Disb | Interest | Fees | Net Transfer |
|--------------|--------------------|-------------------|--------------------|-------------------|------------------|---------------------|
| 1998 | 14,892,630 | 0 | 14,892,630 | 9,623,504 | 238,346 | 5,030,780 |
| 1999 | 23,029,708 | 369,531 | 22,660,177 | 10,128,387 | 369,338 | 12,162,452 |
| 2000 | 26,064,622 | 800,588 | 25,264,034 | 11,157,742 | 752,203 | 13,354,089 |
| 2001 | 36,094,832 | 8,254,464 | 27,840,368 | 10,820,249 | 799,749 | 16,220,369 |
| 2002 | 43,688,292 | 8,562,773 | 35,125,519 | 11,190,309 | 797,375 | 23,137,835 |
| 2003 | 17,144,652 | 11,523,846 | 5,620,805 | 11,370,225 | 665,509 | -6,414,928 |
| 2004 | 22,868,995 | 17,075,485 | 5,793,510 | 10,851,700 | 837,623 | -5,895,812 |
| 2005 | 21,667,108 | 16,406,527 | 5,260,581 | 7,901,738 | 572,388 | -3,213,544 |
| Total | 182,110,913 | 53,106,782 | 129,004,131 | 73,209,454 | 4,694,159 | 51,100,517 |

Source: Controller's website as of May 4, 2005.

| Annex Table 7: Millennium Development Goals | 1990 | 1994 | 1997 | 2000 | 2003 |
|--|-------------|-------------|-------------|-------------|-------------|
| Goal 1: Eradicate extreme poverty and hunger | | | | | |
| Percentage share of income or consumption held by poorest 20% | .. | .. | 6.1 | .. | .. |
| Population below \$1 a day (%) | .. | 20.6 | 12.1 | .. | .. |
| Population below minimum level of dietary energy consumption (%) | .. | 13 | .. | .. | 9 |
| Poverty gap ratio at \$1 a day (incidence x depth of poverty) | .. | 5.3 | 2.6 | .. | .. |
| Poverty headcount, national (% of population) | .. | .. | .. | .. | .. |
| Prevalence of underweight in children (under five years of age) | .. | .. | .. | 12 | .. |
| Goal 2: Achieve universal primary education | | | | | |
| Net primary enrollment ratio (% of relevant age group) | .. | .. | .. | .. | .. |
| Primary completion rate, total (% of relevant age group) | .. | .. | .. | .. | .. |
| Proportion of pupils starting grade 1 who reach grade 5 | .. | .. | .. | .. | .. |
| Youth literacy rate (% ages 15-24) | .. | 99.8 | .. | .. | .. |
| Goal 3: Promote gender equality and empower women | | | | | |
| Proportion of seats held by women in national parliament (%) | 26 | .. | 18 | 26 | 26 |
| Ratio of girls to boys in primary and secondary education (%) | .. | .. | .. | .. | .. |
| Ratio of young literate females to males (% ages 15-24) | .. | 100 | .. | .. | .. |
| Share of women employed in the nonagricultural sector (%) | .. | .. | .. | .. | .. |
| Goal 4: Reduce child mortality | | | | | |
| Immunization, measles (% of children ages 12-23 months) | .. | 90 | 99 | 97 | 97 |
| Infant mortality rate (per 1,000 live births) | 80 | 72 | .. | 77 | 79 |
| Under 5 mortality rate (per 1,000) | 97 | 89 | .. | 99 | 102 |
| Goal 5: Improve maternal health | | | | | |
| Births attended by skilled health staff (% of total) | .. | .. | 95.8 | 97.2 | .. |
| Maternal mortality ratio (modeled estimate, per 100,000 live births) | .. | .. | .. | 31 | .. |
| Goal 6: Combat HIV/AIDS, malaria, and other diseases | | | | | |
| Contraceptive prevalence rate (% of women ages 15-49) | .. | .. | .. | 61.8 | .. |
| Incidence of tuberculosis (per 100,000 people) | 59 | 54.5 | 66.9 | 82.2 | 67.2 |
| Number of children orphaned by HIV/AIDS | .. | .. | .. | .. | .. |
| Prevalence of HIV, female (% ages 15-24) | .. | .. | .. | 0 | .. |
| Tuberculosis cases detected under DOTS (%) | .. | .. | .. | 18.5 | 48.6 |
| Goal 7: Ensure environmental sustainability | | | | | |
| Access to an improved water source (% of population) | .. | .. | .. | .. | 71 |
| Access to improved sanitation (% of population) | .. | .. | .. | .. | 62 |
| Access to secure tenure (% of population) | .. | .. | .. | .. | .. |
| CO2 emissions (metric tons per capita) | .. | 8.1 | 6.8 | 7.5 | .. |
| Forest area (% of total land area) | .. | .. | .. | 8 | .. |
| GDP per unit of energy use (2000 PPP \$ per kg oil equivalent) | .. | 1 | 0.9 | 1.2 | 1.4 |
| Nationally protected areas (% of total land area) | .. | .. | .. | .. | 4.2 |
| Goal 8: Develop a global partnership for development | | | | | |
| Aid per capita (current US\$) | .. | 6.2 | 2.8 | 6.8 | 5.6 |
| Debt service (% of exports) | .. | .. | .. | .. | .. |
| Fixed line and mobile phone subscribers (per 1,000 people) | 59.9 | 69.1 | 80.3 | 83.4 | 78.8 |
| Internet users (per 1,000 people) | .. | .. | .. | 1.3 | .. |
| Personal computers (per 1,000 people) | .. | .. | .. | .. | .. |
| Unemployment, youth female (% of female labor force ages 15-24) | .. | .. | .. | .. | .. |
| Unemployment, youth male (% of male labor force ages 15-24) | .. | .. | .. | .. | .. |
| Unemployment, youth total (% of total labor force ages 15-24) | .. | .. | .. | .. | .. |
| Other | | | | | |
| Fertility rate, total (births per woman) | 4.2 | 3.8 | 3 | 2.2 | 2.7 |
| GNI per capita, Atlas method (current US\$) | 880 | 650 | 520 | 620 | 1120 |
| GNI, Atlas method (current US\$) (billions) | 3.2 | 2.7 | 2.3 | 2.9 | 5.4 |
| Gross capital formation (% of GDP) | 40.1 | .. | 38.7 | 35.4 | 26.7 |
| Life expectancy at birth, total (years) | 66.2 | .. | 65.7 | .. | 64.5 |
| Literacy rate, adult total (% of people ages 15 and above) | .. | 98.8 | .. | .. | .. |
| Population, total (millions) | 3.7 | 4.1 | 4.4 | 4.6 | 4.9 |
| Trade (% of GDP) | .. | 95 | 101.6 | 101.1 | .. |

Source: World Development Indicators database, April 2005

Note: In some cases the data are for earlier or later years than those stated.

Goal 1 targets: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Goal 2 target: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3 target: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.

Goal 4 target: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

Goal 5 target: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6 targets: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.

Goal 7 targets: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

Goal 8 targets: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.