



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

UZBEKISTAN

Public Investment Management Assessment
Update with the Climate Module

December 2025

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FISCAL AFFAIRS DEPARTMENT

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: This technical assistance assessed Uzbekistan's public investment management practices and their climate sensitivity using the Public Investment Management Assessment (PIMA) with the Climate Module (C-PIMA). The assessment found that Uzbekistan has made important progress in strengthening public investment management since 2020, with the introduction of fiscal rules and improvements in project appraisal, selection, monitoring and management of PPP related fiscal risks. Uzbekistan's public investment management institutions compare well with its peers, though there is room for improvement. In particular, planning and allocation processes remain fragmented with parallel investment procedures for domestic and externally financed projects. Implementing further reforms to improve strategic planning, align investment procedures across funding sources, enhance the PPP selection process and strengthen capital budgeting processes, including for maintenance, would be especially beneficial. Integrating climate considerations into existing processes would also enhance the resilience of public investment.

JEL Classification Numbers H54, H83
Keywords: Public investment management, PIMA, C-PIMA, climate change, green PFM

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Background

Public investment is central to Uzbekistan's effort to modernize its economy, raise living standards and achieve sustainable growth. Key sectors face large development needs with aging infrastructure in need of repair or nearing their service life. Uzbekistan's Vision 2030 Strategy outlines significant plans for public investments in energy, transport, communications, water and social sectors, along with increased use of Public-Private Partnerships (PPPs). The Government's goals for transitioning to a lower carbon-intensive economy will also involve significant infrastructure investment. Further improving the delivery and management of public investment will therefore be pivotal in helping Uzbekistan achieve its economic and social development goals in an efficient and sustainable manner. Uzbekistan's infrastructure also faces challenges from climate change, particularly in water, electricity, and transportation, highlighting the need for efficient and climate-resilient infrastructure.

To strengthen public investment management (PIM) practices and their climate sensitivity in Uzbekistan, this assistance from the Fiscal Affairs Department – provided with financial support from the Global Public Finance Partnership (GFPF)– assessed those practices using the IMF's [Public Investment Management Assessment](#) (PIMA) and the [Climate Module](#) (C-PIMA).

Summary of Findings

Since the 2020 PIMA, the Government has introduced several important reforms aimed at strengthening the planning and management of public investment. These include the adoption of fiscal rules and improvements to capital budget planning to support more affordable and sustainable investment levels. New procedures have been established to enhance the appraisal, selection, and monitoring of capital projects, and central oversight of PPPs has been strengthened—particularly through requirements to assess and consider fiscal risks prior to approval.

These reforms have strengthened Uzbekistan's PIM institutions. The updated PIMA indicates that institutional design has improved across five areas, especially within the planning and implementation phases. Uzbekistan's institutions now compare well with regional peers and emerging market economies, predominately for project selection, appraisal and most aspects of implementation. At the same time, the evaluation suggests there is room to continue strengthening institutions and practices, particularly across the allocation phase. As it is common across many countries, Uzbekistan's institutional design is stronger than its effectiveness. Building additional capacity and experience will help ensure more consistent implementation and compliance, enhancing institutional effectiveness over time.

Some of the main challenges identified in the 2020 PIMA remain. Public investment processes across institutions and funding sources remain fragmented and the absence of a unified project pipeline makes it harder to prioritize projects and allocate resources efficiently. Further, many sectoral plans do not detail major projects or resources required to implement them. While important progress has been made to improve capital budgeting, there is scope to further integrate capital and current budget preparation and improve procedures for planning and budgeting for maintenance. Continued efforts are also needed to refine PPP management to support value for money, effective risk management, and long-term sustainability. The absence of clear guidance on when to use PPPs is a notable gap.

A more structured policy framework and stronger integration of PPPs within the broader PIM framework is needed to maximize the benefits of PPPs.

Like many countries in the region, Uzbekistan is at the early stages of incorporating climate aspects into PIM. The government is developing a national adaptation plan and a climate strategy and has begun integrating climate objectives in the selection of capital projects and disclosing climate-related fiscal risks. However, stronger climate awareness, better integration of climate objectives in project appraisal, more practical guidance and training, and deeper analysis of long-term climate-related fiscal risks is needed.

Summary of Recommendations

Uzbekistan's PIM framework would benefit from further reforms to reduce fragmentation across planning and budgeting processes. This includes better integrating the different processes for formulating investment programs across funding sources, establishing a single project pipeline for major projects, extending capital expenditure ceilings to more entities and funding sources, and improving processes for estimating and budgeting for maintenance costs of capital projects. Requiring sector plans to include details on priority projects and their costs, and to better reflect climate objectives would reinforce prioritization efforts. Strengthening the PPP policy framework and enhancing institutional capacity to assess the efficacy of procurement choice and projects would help to ensure value for money, efficiency and sustainability. Implementing these reforms would also provide a stronger platform and opportunity to better incorporate climate considerations into the PIM cycle.