
Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Republic of Uzbekistan

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Action: The Executive Board is invited to review the comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme 2023 to 2027 for the Republic of Uzbekistan.

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Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Republic of Uzbekistan

I. Background and general comments

1. **In 2021 the Independent Office of Evaluation of IFAD (IOE) conducted the first country strategy and programme evaluation (CSPE) in Uzbekistan covering the period from 2011 – when Uzbekistan joined IFAD – to 2020.** Simultaneously, IOE conducted a project performance evaluation of the IFAD-financed Horticultural Support Project (HSP). The portfolio for this period included three loan projects (including grants), two regional grants, and various non-lending activities (knowledge management, partnerships and policy engagement).
2. The CSPE found the overall achievement of IFAD's country strategy and programme to be moderately satisfactory. The CSPE noted that the political and economic environment in 2011 was challenging, and that significant advances have been made since then. IFAD is recognized for its focus on working with smallholder farmers (*dehkans*) and on piloting horticulture and dairy activities. However, due to monitoring weaknesses, it was challenging to verify if the poorest *dehkans* were reached. It proved difficult to involve women and youth in project activities.
3. **Challenges.** A persistent challenge (faced by all development partners) was the disconnect between IFAD design documents and the feasibility studies prepared by the Government, which led to significant delays and a change in focus. The development of a value chain approach was planned in the design phase of the later projects, but was not very evident in implementation, with the focus remaining on production. The Government was reluctant to use loan funds for capacity-building activities, despite their importance. The shift in geographic and sector focus between projects limited the consolidation of results. There was inadequate internal coherence between the lending and non-lending programme, and insufficient focus on knowledge management and policy dialogue.
4. **The CSPE made four recommendations**, which were accepted in the agreement at completion point signed by the Government and IFAD. These were: (1) develop more effective targeting strategies in order to reach women, youth and the poorest, using pro-poor value chains, and avoiding elite capture; (2) include a coherent and viable action plan for non-lending activities and provide opportunities to engage with the private sector, with a clearer theory of change and focus; (3) develop robust project level M&E systems with feedback to project management and beneficiaries to allow adaptive management; and (4) enhance country presence, allowing strengthened programme development and hands-on implementation support.
5. **The 2023–2027 country strategic opportunities programme (COSOP) incorporates the findings, conclusions and recommendations of the CSPE.** The three strategic objectives (SOs) address the most significant issues faced by smallholders: SO1: increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water; SO2: improved access for small-scale producers to viable food systems and agricultural markets through greater value chain competitiveness, innovation and enhanced business linkages; and SO3: enhanced enabling environment for inclusive rural transformation. The COSOP also integrates IFAD's four mainstreaming themes of: environment and climate change (which was the main focus of one of the SOs in the earlier COSOP); gender equality and women's empowerment; youth; and nutrition.

II. Specific comments

6. **The COSOP is a well-developed document**, showing improvements from the 2017–2021 COSOP, and reflects many of the conclusions and recommendations of the CSPE. A thorough COSOP consultation and design process in 2022, including some consideration of lessons learned from the projects, has resulted in a comprehensive strategy and package of activities. The results management framework is well linked to the relevant government and IFAD strategies, and international commitments.
7. **IOE recognizes the strengthened targeting strategy in the COSOP**, including clear quotas for disadvantaged groups, as well as improvements in the geographic targeting. The value chain activities have been correctly emphasized alongside production, but it is still unclear how IFAD will endeavour to overcome some of the problems identified. For instance, the inability to use land as collateral, which particularly inhibits *dehkans* and women from getting loans; and the preference for the banks to issue fewer, larger value loans (thus favouring elites) are difficult to resolve unless IFAD applies tighter conditions regarding target groups for loans (for instance, setting quotas for women or lower-income groups). Significant work will be needed to improve local understanding of the stakeholder platform/public-private-producer partnership concept; and to permit sufficient flexibility for demand-driven value chains.
8. **The CSPE noted a significant problem with the dairy sector activities** in the Dairy Value Chains Development Project (DVCDP) and the Agriculture Diversification and Modernization Project (ADMP); this lay in the focus on purchasing imported heifers, with most of the funds borrowed by beneficiaries directed to this activity. Yet due to poor nutrition and housing of the livestock, and limited extension support, the improved genetics have not resulted in significant increases in milk production and farmers' livelihoods. This is acknowledged briefly in appendix III of the COSOP, but not in the main text. It will be important to emphasize improvements in nutrition and husbandry during future implementation, and to monitor this issue closely to avoid focusing support on such a purchasing scheme.
9. **The COSOP has not addressed the significant difficulties caused by the approval process in Uzbekistan**, specifically the need to go through a totally separate feasibility study, which has led to delays as well as significant changes in project plans. This has also been recognized by other development partners as a significant problem. It would be important to provide an update as to how this issue has been resolved.
10. While the war in Ukraine is addressed in the appendices, and mentioned briefly in the risk table, the likely risks for the economy and planned projects appear to have been underestimated. For instance, the proposed Financing Facility for Remittances is an innovative proposal for the productive investment of remittances. However, it is likely that at least in the medium term, due to the economic downturn in the Russian Federation, there will be an increase in returning migrants, and decreased remittances, as well as constraints on markets.
11. The COSOP states that the investment portfolio will be composed of the DVCDP and ADMP. Under the DVCDP, IFAD's Private Sector Financing Programme (planned) is listed. It is unclear whether this is a stand-alone project or part of DVCDP.
12. **In the theory of change (ToC) of the COSOP**, the definition of some outputs should be improved. For instance, training is an input – the output would be the product of the training. Assumptions are important elements in a ToC, as they explain the underlying conditions needed for the change to occur and can be evaluated during implementation. IOE recommends that further assumptions be added, and current assumptions more clearly defined. The ToC should consider

whether cultural norms support women and youth in obtaining loans or accessing training. Assumptions regarding the potential impacts of climate change or the war in Ukraine should also be considered.

III. Final remarks

13. IOE appreciates the improved quality of this COSOP and its comprehensive reference to the CSPE findings, conclusions and recommendations. Issues of lagging performance and impact should receive Management's continued attention, and corrective action should be taken under the country programme. With the establishment of the IFAD office in Tashkent, an important task will be closer project supervision (including use of monitoring data for adaptive management) and support for non-lending operations.