
Republic of Uzbekistan
Country strategic opportunities programme
2023–2027

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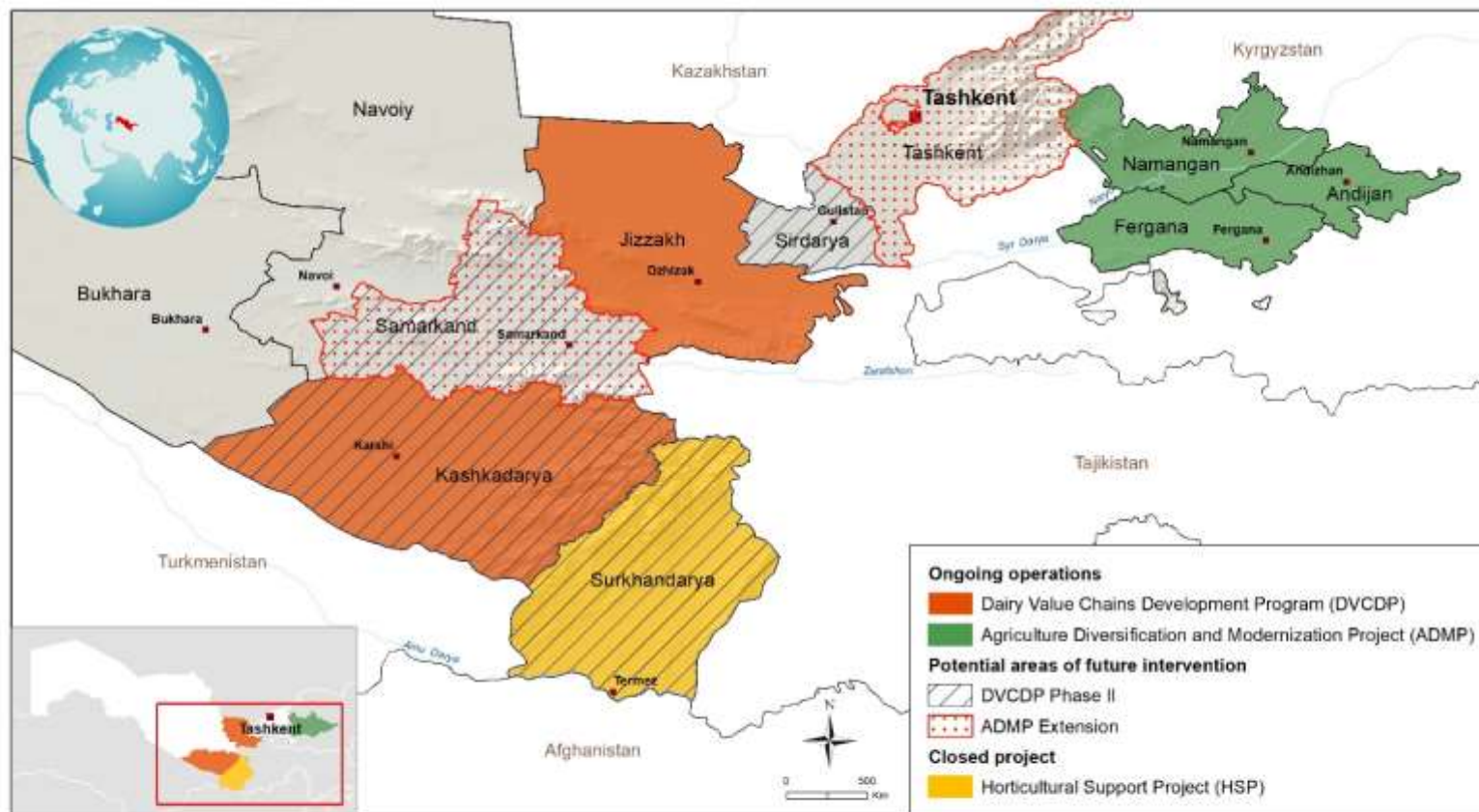
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Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
 Map compiled by IFAD | 11-08-2022

Executive summary

1. In the Republic of Uzbekistan, Agriculture represents nearly 30 per cent of GDP, the highest in the Europe and Central Asia region. Small-scale producers, household farms and *dehkan* (smallholder) farmers represented 5.5 million rural people as of 2021. The rural population accounts for half of the total Uzbek population and 75 per cent of the low-income population.
2. Despite a significant policy shift and renewed institutional framework for the rural sector, inclusive and sustainable transformation is still constrained by low productivity; low water use efficiency; inadequate access to finance, land and value chains for small-scale producers; lack of inclusion of women and youth; and limited delivery capacity. In addition, around 30 per cent of the land is degraded and Uzbekistan is highly vulnerable to climate change, with water shortages and drought costing the country an estimated 11 per cent of GDP.
3. The 2023–2027 country strategic opportunities programme (COSOP) is aligned with IFAD’s ambition to double impact by 2030 and with the Sustainable Development Goals (SDGs) and the vision of the 2022–2026 Development Strategy of New Uzbekistan, in particular the objectives of reducing poverty by half, doubling income of farmers within a competitive agrifood sector, creating jobs, enhancing food security and ensuring sustainable natural resources use.
4. Building on IFAD’s pioneering role in investing in agricultural diversification in Uzbekistan for over a decade, the overarching goal of the 2023–2027 COSOP is “to sustainably increase rural prosperity and improve livelihoods of small-scale producers”. Three strategic objectives (SOs) underpin the COSOP:
 - **SO1:** Increased resilience and productivity of small-scale producers;
 - **SO2:** Improved access for small-scale producers to viable food systems and agricultural markets;
 - **SO3:** Enhanced enabling environment for inclusive rural transformation.
5. The COSOP targets a total of 205,000 households, representing 1,200,000 small-scale producers and vulnerable rural people, including indirect beneficiaries, and prioritizes IFAD’s mainstreaming themes: (i) environment and climate change; (ii) gender equality and women’s empowerment (40 per cent of the direct beneficiaries); (iii) youth (30 per cent); and (iv) nutrition.
6. The COSOP deploys the full breadth of IFAD’s enhanced business model through a lending programme, private sector engagement, climate and environment finance, evidence-to-policy approaches and innovation. The transformative country programme will be implemented through new ways of working, including a programmatic approach and the establishment of an integrated management unit and IFAD’s first office in Central Asia.
7. With a programme of work exceeding US\$600 million, including IFAD resources and cofinancing, the 2023–2027 COSOP will leverage partnership and development coordination to scale up successful interventions, sustain results and manage risks.

Republic of Uzbekistan

Country strategic opportunities programme

2023–2027

I. Country context and rural sector agenda: key challenges and opportunities

1. Since 2017, the Republic of Uzbekistan has accelerated its transition from a planned to a market economy, focusing on people's prosperity and well-being. After an initial phase of market liberalization, the Government of Uzbekistan has initiated a second phase of reforms addressing land, labour, capital markets and structural constraints such as dominant state-owned enterprises and banks. A significant medium-term challenge is ensuring reform inclusivity and transparency.
2. Uzbekistan – a lower-middle-income country – achieved economic growth of 7.4 per cent in 2021. The country's main sectors are industry centred around natural gas and oil refining, mining and mineral processing, services and agriculture, the latter accounting for 28 per cent of GDP in 2020, the highest in the Europe and Central Asia region.
3. **Agriculture** is a key economic sector in Uzbekistan, employing 3.5 million people or around 26 per cent of the total labour force.¹ The rural population accounts for nearly 50 per cent of the total Uzbek population and 75 per cent of the low-income population.² Cotton and grain remain the country's principal crops. However, the elimination of quotas and price controls in 2020–2021 is expected to further accelerate the shift to higher-value fruit and vegetable cultivation. While 46 per cent of agricultural output is accrued from the livestock sector,³ livestock productivity is typically low (milk yields, for example, reach only 30 per cent of potential) and poor livestock rearing conditions prevail. This situation is exacerbated by inadequate access to finance and land.
4. **Agricultural land** makes up 65.4 per cent of the country's total land and comprises 48.4 per cent rangeland and pastures, 10.8 per cent arable land, 8.2 per cent forestland and 0.8 per cent permanent crops. Around 4.3 million hectares of land are irrigated and 700,000 hectares are viable for rainfed production.⁴ The irrigation system however is outdated, resulting in low water use efficiency, soil salinity and erosion and overall low productivity.⁵
5. **Small-scale producers**, household farms and *dehkan* farmers represented 5.5 million rural people as of 2021.⁶ While they generate over 70 per cent of total agricultural output, they use only 20 per cent of arable land. Moreover, their productivity per hectare exceeds other farm types by a staggering 70 per cent.⁷ Small-scale agriculture remains therefore a driver of the agricultural diversification and transformation agenda. Small-scale producers however have limited access to formal value chains and often rely on informal arrangements to sell their output. Formal marketing is further precluded by the lack of market standards, especially for exports. Despite recent policy progress, small-scale producers' access to credit

¹ FAO. 2022. FAOSTAT. <https://www.fao.org/faostat/en/#home>.

² Action document for the European Union Budget Support to the Agriculture Sector in the Republic of Uzbekistan. 2020. <https://ec.europa.eu/transparency/documents-register/>, search reference: C(2020)302.

³ Shapiro, B.I. et al. 2022. Uzbekistan livestock sector analysis: Baseline report. Nairobi: International Livestock Research Institute (ILRI). <https://hdl.handle.net/10568/119409>.

⁴ FAO. Ibid.

⁵ The second lowest net primary productivity in the region at 0.71 tons of carbon per hectare (tC/ha). FAO. 2021. *Overview of land degradation neutrality (LDN) in Europe and Central Asia*. <https://www.fao.org/documents/card/en/c/CB8118EN/>.

⁶ State Statistics Committee. 2021.

⁷ Schroeder, K.G. et al. 2018. *Uzbekistan: Agricultural Trade Policy Report*. Washington, D.C.: World Bank. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/745361544159774580/uzbekistan-agricultural-trade-policy-report>.

is still limited by structural barriers impeding the use of agricultural land as collateral.

6. **Poverty and human development.** Poverty rates have shown a steady decline over the past two decades, falling from 28 per cent in 2000 to 11 per cent in 2019. While an estimated 7.5 per cent of the population were living below the World Bank's lower-middle-income poverty line in 2021, many more are at high risk of falling into poverty. An estimated 500,000 to 1 million people dropped below the poverty line in 2021⁸ as a result of the COVID-19 pandemic. Agricultural households are particularly vulnerable and are disproportionately affected by poverty and food insecurity.
7. **Remittances.** In 2021, more than 15 per cent of households had at least one member working abroad, nearly 80 per cent of whom were employed in the Russian Federation. The increase in remittances recorded in 2022⁹ presents an opportunity for resources to be channelled towards income-generating activities for rural households. However, the most vulnerable rural people, including returning migrants, will bear the brunt should a downward trend materialize in the medium-term.
8. **Environment and climate change.** Around 30 per cent of the country's land is degraded.¹⁰ This situation is the result of a high degree of secondary soil salinization, soil erosion, sand and dust storms and desertification. Uzbekistan is highly vulnerable to climate change, with water shortages and drought costing the country an estimated 11 per cent of GDP.¹¹ Furthermore, the country's total water deficit is projected to increase from 3 to 7 billion cubic meters by 2030 and 15 billion cubic meters by 2050. The lack of a water pricing mechanism results in low water use efficiency and high losses. The loss of biodiversity poses additional environmental challenges. The depletion of the Aral Sea is a prime case of the unsustainable exploitation of resources.
9. **Food security and nutrition.** Since independence, the country has made significant progress in increasing the availability of wheat and reducing child undernutrition, including both stunting and wasting. The country has a low incidence of undernourishment¹² and is on course to meet its targets for maternal, infant and child nutrition.¹³ However, according to the Global Food Security Index, Uzbekistan ranked 78th out of 113 countries in 2021,¹⁴ with a score of 53.8 against a regional average of 59.7.
10. **Gender, youth and disability.** Despite the data gap, it is evident that **women** face multiple inequality-related challenges, including lower labour participation,¹⁵ a gender pay gap¹⁶ and limited employment opportunities outside agriculture production.¹⁷ Rural women spend 45.9 per cent of their time on unpaid domestic labour, compared with 16.6 per cent for men.¹⁸ Only 6.5 per cent of private farms are women-led.¹⁹ Over 60 per cent of the Uzbek population consists of **youth**, half

⁸ United Nations Revised Common Country Analysis for Uzbekistan and World Bank Partnership Framework.

⁹ According to the Central Bank of Uzbekistan and confirmed by the World Bank, this is due to legalization of previously unrecorded flows, growth of export earnings in cash and currency exchange restrictions in neighbouring countries.

¹⁰ Land Degradation Neutrality Target Setting Programme 2019.

¹¹ <https://climateadaptationplatform.com/climate-adaptation-mitigation-plan-for-uzbekistans-future-water-demands/>.

¹² 2.5 per cent versus 7.5 per cent regional average.

¹³ 2021 Global Nutrition Report: The state of global nutrition. Bristol, UK: Development Initiatives.

¹⁴ Economist Intelligence Unit. 2021. Global Food Security Index.

¹⁵ 49 per cent of women versus 77 per cent of men. See Social, Environmental and Climate Assessment Procedures (SECAP) note (appendix IV).

¹⁶ The gap is over 35 per cent. See SECAP note (appendix IV).

¹⁷ International Labour Organization (ILO). 2020. Women and the World of Work in Uzbekistan: Towards Gender Equality and Decent Work for All.

http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms_776476.pdf.

¹⁸ The Food and Agriculture Organization of the United Nations (FAO). 2019. Gender, agriculture and rural development in Uzbekistan. Country Gender Assessment Series. <http://www.fao.org/3/ca4628en/ca4628en.pdf>.

¹⁹ State Statistics Committee 2021.

of whom are rural. Youth unemployment is high (12 per cent) and drives migration. Only 13 per cent of youth are in farm leadership positions.²⁰ Of that percentage, 10 per cent are young women. A key youth policy reform is the introduction of the “Youth notebook” (2021), which envisages measures for providing decent jobs and incomes for Uzbekistan’s youth. **Persons with disabilities** represent 2.1 per cent²¹ of the population and face numerous barriers to access to assistance in rural areas. A step towards increased inclusion is a 2021 law stipulating that state and private institutions must reserve at least 3 per cent of jobs for persons with disabilities.

11. **In response to COVID-19**, the Government acknowledged the need for targeted support for social inclusion. Social protection measures for vulnerable households were implemented to help them weather the economic, social and health consequences of the pandemic. Small-scale producers also received dedicated support in the form of matching grants for agricultural inputs from the State Fund for Employment Assistance and from the Covid-19 Anti-Crisis Fund.
12. **The compound crises** are expected to slow Uzbekistan’s growth to 3.6 per cent in 2022, with food price inflation disproportionately affecting poor and vulnerable households and further raising inequality levels. Higher energy prices will also impact the agricultural sector by disrupting farm-level activities and increasing the cost of irrigation and water pumping, which accounts for more than 15 per cent of the country’s electricity use.²²

II. Government policy and institutional framework

13. **The Development Strategy of New Uzbekistan for 2022–2026** and its vision of halving poverty by 2026, including through key interventions targeted at vulnerable segments of the population, and aiming for upper-middle-income status by 2030 guides the country strategic opportunities programme (COSOP) ambition. Sustainable rural development remains a particular priority, with the specific goals of annual sector growth of at least 5 per cent and doubling of farmers’ incomes. Specific objectives and incentives for private sector investment in the agrifood sector, sustainability of water use and mitigation of ecological issues are also included.
14. **The Strategy for Agricultural Development 2020–2030** and its overall objective to develop a competitive, market and export-oriented agrifood sector to increase farm incomes, create jobs, enhance food security and ensure sustainable natural resources use provides the long-term framework of the COSOP. The COSOP also draws on the programme’s vision for the development of the livestock sector and its branches for 2022–2026 to bridge subsector policies that are effectively contributing to the Food Systems National Pathway to efficient and sustainable food systems by 2030.²³
15. **Uzbekistan actively engages with key global environmental conventions and ratified the Paris Agreement** in 2018, making a commitment to reduce CO₂ emissions by 10 per cent and strengthen resilience to climate change by 2030. Accordingly, the National Strategy on Transition to a Green Economy stipulates key targets and initiatives aimed at reducing emissions and increasing energy efficiency. As part of its nationally determined contributions (NDCs), Uzbekistan has prioritized climate resilience of agriculture, sustainable use of water and land resources, ecosystems restoration and biodiversity. Under the United Nations Convention to Combat Desertification (UNCCD), Uzbekistan developed a national land degradation neutrality goal. National priorities for the post-2020 biodiversity

²⁰ State Statistics Committee. 2020.

²¹ This number is likely underestimated.

²² World Bank. 2021. Uzbekistan: Second Agricultural Public Expenditure Review. Washington, D.C.: World Bank.

²³ The pathway has the twin goals of (i) ensuring food security for the population and (ii) creating a favourable agribusiness environment and added value chains.

framework in line with the Convention on Biological Diversity are also under development.

16. **The institutional framework for sustainable rural development is fragmented and is being consolidated with a view to establishing sector-wide coordination, planning, monitoring and evaluation systems and capacities.**²⁴ Since 2021, the International Strategic Centre for Agri-Food Development (ISCAD), under the Ministry of Agriculture, and the State Committee for Veterinary and Livestock Development (SCVLD), are the main supervising entities for international financial institutions' (IFIs) investments in the agrifood sector. While the Ministry of Investment and Foreign Trade continues to provide leadership and coordination, other line ministries are key to delivering a transformative agenda, in particular: (i) the Ministry of Water Resources, which manages the majority of public expenditure related to agriculture;²⁵ (ii) the Ministry of Economic Development and Poverty Reduction, for evidence-based pro-poor targeting; and (iii) the Ministry for Support of the Mahalla and the Family, for decentralized community-driven development. The State Committee on Ecology and Environmental Protection, the State Committee on Forestry and the Centre of Hydrometeorological Service (Uzhydromet) are lead institutions for climate and environment mainstreaming and financing. District governments²⁶ play an important role in allocating support and services at the sub-national level.

III. IFAD engagement: lessons learned

17. The country strategy and programme evaluation (CSPE) undertaken by the Independent Office of Evaluation of IFAD (IOE) assessed the performance of the country strategy and programme in Uzbekistan over the period 2011–2020 as moderately satisfactory and recommended significant efforts to strengthen: (i) the targeting strategy to effectively reach the most vulnerable and narrow the inclusion gaps in rural areas; and (ii) monitoring and evaluation (M&E) performance, especially at outcome and programme level.
18. Based on the lessons learned from a decade of programme implementation,²⁷ the evaluation identifies priorities for achieving greater impact: (i) non-lending activities, including policy dialogue and private sector engagement; (ii) consolidation of results in areas and sectors supported by previous and current IFAD operations; (iii) alignment of programme management processes, policies and standards; and (iv) country presence. The agreement at completion point²⁸ endorsed all of IOE's CSPE recommendations.
19. Additional lessons learned from the completion review of the 2017–2021 COSOP (which was extended to 2022) call for strengthened knowledge management (KM) and policy engagement. The country programme audit conducted in 2021 led to a set of corrective measures, which were completed in June 2022. Their application highlighted the need to continuously (i) assign full-time, dedicated and qualified key staff and build their capacity; (ii) enforce targeting, including on gender; (iii) strengthen internal control, oversight and reporting on loans extended by participating financial institutions;²⁹ and (iv) leverage IFAD's 2021 Inclusive Rural Finance Policy³⁰ to design interventions to facilitate access to finance for small-scale producers.³¹

²⁴ World Bank. 2022. Uzbekistan: Review of Agriculture Strategy Implementation in 2020 and 2021.

²⁵ 61 per cent, according to the World Bank. 2021. Uzbekistan: Second Agricultural Public Expenditure Review.

²⁶ *Khokimiyats*.

²⁷ Since Uzbekistan became a member of IFAD in 2011, three projects have been approved for a total cost of US\$435 million, with US\$129 million of IFAD financing: the Horticulture Support Project (HSP), the Dairy Value Chains Development Program (DVCDP) and the Agriculture Diversification and Modernization Program (ADMP).

²⁸ Appendix V.

²⁹ See SECAP strategic recommendations in appendix IV.

³⁰ <https://www.ifad.org/en/-/document/rural-finance-policy>.

³¹ See appendix X for a detailed list of lesson learned.

IV. Country strategy

A. Comparative advantage

20. The Fund has made a significant contribution to the country's historical shift towards agricultural diversification, pioneered support to the horticulture and dairy subsectors and inspired other bilateral and multilateral institutions to scale up innovative approaches.³² By investing in the revitalization of the rural economy and the development of commercially viable agribusiness models, IFAD has been the first IFI to specifically target small-scale and *dekhans* farmers, rural women and rural youth, and is identified as an innovator.
21. IFAD's experience in pro-poor value chain development, combining access to finance, capacity-building and climate-resilient practices, has provided the Government with relevant models that are ready to be scaled up. IFAD's unique business model provides the Government with scalable investments and pathways for the smallholder rural population.

B. Target group and targeting strategy

22. Investment operations under the 2023–2027 COSOP will target a total of 205,000 households (representing 1,200,000 rural people, including indirect beneficiaries).
23. **Target groups** are: (i) **poor rural families** at or below the minimum consumption level (440,000 sum), including **the poorest, landless households** whose members depend on informal, part-time or seasonal employment opportunities on other farms or in other enterprises in the area; (ii) **smallholder farmers**, including **dekhans** (registered household farmers) and (unregistered) **household farmers** relying on rainfed subsistence agriculture who are willing and able to engage in productive economic activities (livestock and horticulture); (iii) **unemployed/underemployed rural youth (30 per cent)** willing to engage in productive economic activities; (iv) **rural women (40 per cent)**, including landless women farmers, woman-headed households, women entrepreneurs and business leaders; (v) **returning migrants** lacking employment opportunities; and (vi) **persons with disabilities**.³³ Other target groups may include private farmers and other rural entrepreneurs based on their contribution to the rural economy.
24. **The targeting strategy** will involve a combination of geographic targeting and a set of measurable criteria comprising the poverty rate, population density and age, food security, unemployment rate, climate vulnerability and the pro-poor value chain potential of the area.³⁴ Effective inclusion will be achieved through a combination of community-based targeting,³⁵ direct targeting, self-targeting and digital identification techniques.
25. **Geographic targeting.** IFAD-supported investments will be concentrated in defined geographical areas where interventions can be adopted and scaled up. Climate vulnerability, land degradation and biodiversity considerations will guide the selection of geographic areas. A detailed climate vulnerability assessment³⁶ will be conducted at design. In addition to the regions already targeted by the ongoing Agriculture Diversification and Modernization Project (ADMP), the Samarkand and Tashkent regions will be considered priority areas where small-scale producers are constrained by the lack of access to pro-poor value chains and markets, poorly functioning irrigation water infrastructure, outdated irrigation methods and degraded soils. A second phase of the Dairy Value Chain Development Project

³² As acknowledged in the CSPE and the project performance evaluation of HSP.

³³ For example, by applying the 3 per cent minimum employment quota for persons with disabilities (in accordance with the new law of 2021) and supporting the organization and improvement of training programmes for persons with disabilities in new professions, including home-based work.

³⁴ See SECAP note (appendix IV).

³⁵ With participation in notebooks as entry points by leveraging the national social registry.

³⁶ Following Intergovernmental Panel on Climate Change (IPCC) methodology.

(DVCDP) would consider Surkhandarya,³⁷ Kashkadarya, Syrdarya and Samarkand, which are regions where small producers face issues of poor productivity, lack of market access and degraded natural resources. Grant-based interventions may be considered in the Aral Sea region.

C. Overall goal and strategic objectives

26. The 2023–2027 COSOP provides a medium-term strategic framework covering two IFAD financing cycles (the Twelfth Replenishment of IFAD’s Resources [IFAD12] and IFAD13). The **overarching goal** of the COSOP over the next five years is to **sustainably increase rural prosperity and improve livelihoods of small-scale producers**.
27. This goal captures the role of IFAD and the Government in developing and scaling up viable pathways for sustainable income generation and livelihood improvements for the rural people of Uzbekistan. The expected outcomes will significantly contribute to the SDGs in Uzbekistan, in particular SDG 1 (end poverty) and SDG 2 (zero hunger), SDG 13 (climate action) and SDG 15 (life on land), in line with IFAD's corporate results framework.³⁸ The overall COSOP goal is in line with the three strategic priorities of the 2021–2025 United Nations Sustainable Development Cooperation Framework (UNSDCF) for Uzbekistan and will contribute to core government objectives to develop a competitive market- and export-oriented agrifood sector to increase farm incomes, create jobs, enhance food security and ensure sustainable natural resource use.
28. The overall goal will be achieved through three mutually reinforcing strategic objectives (SOs), as articulated in the theory of change in appendix I. The SOs are in line with: (i) government strategies and policies; (ii) UNSDCF outcomes 2, 3 and 5;³⁹ (iii) IFAD’s business model and strategic priorities; and (iv) CSPE recommendations.
29. **SO1: Increased resilience and productivity of small-scale producers** through sustainable interventions focusing on natural resources, especially land and water. The COSOP will provide the framework to enable small-scale producers to have improved access to reliable water supplies, produce higher yields and be more resilient to climate change, while enhancing biodiversity conservation, land restoration and resource efficiency. Adoption of innovative practices, such as low-power drip irrigation systems, and diversified, independent, renewable and critically stable power supply will improve livelihoods and reduce emissions.
30. **SO2: Improved access for small-scale producers to viable food systems and agricultural markets** through greater value chains competitiveness, innovation and enhanced business linkages. The COSOP will support interventions linking small-scale producers to competitive markets and services and reduce farmers’ risk exposure. This will include enhanced access to inclusive rural finance and catalytic investment in food systems, value addition, marketing capacity of farmers, access to export markets via better food safety and quality standards, and nutrition-sensitive agriculture. Public-private-producer-partnership (4P) arrangements will promote an integrated approach to value chain development, build entrepreneurial capacities, promote cooperation and strengthen collective organization.
31. **SO3: Enhanced enabling environment for inclusive rural transformation.** This SO is aimed at implementing the IOE’s CSPE recommendation to prioritize programmatic M&E, KM and policy dialogue at the core of IFAD’s transformative country programme. The focus will be on (i) addressing policy challenges, such as

³⁷ Previously targeted by the now closed HSP.

³⁸ COSOP activities will also indirectly impact and contribute to several other SDGs, including SDG 5 (gender equality), SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 8 (decent work and employment growth), SDG 9 (industry, innovation and infrastructure), SDG 10 (reduced inequalities).

³⁹ See the results management framework, related SDG goals and UNSDCF alignment in appendix I.

land access and water pricing, with targeted country-level policy engagement; (ii) improving results-based management with sector-wide M&E and KM systems; (iii) introducing digital innovation and information and communications technologies for development (ICT4D) partnerships; (iv) strengthening evidence-to-policy approaches with data initiatives; and (v) catalysing finance for food system transformation through partnerships.

32. The COSOP will deliver IFAD's four mainstreaming priorities.

- (i) **Environment and climate change.** Investing in climate-smart agriculture, sustainable land management approaches, land restoration practices that benefit biodiversity, and technologies for greater water use efficiency will strengthen resilience of the target group. In addition, the COSOP promotes climate change mitigation through greater carbon storage in soils, renewable energy solutions and sustainable livestock management, also following the One Health approach.
- (ii) **Gender equality and women's empowerment.** Women will represent 40 per cent of the direct beneficiaries. Affirmative action ensuring female representation will improve women access to agribusiness opportunities, value addition of primary products, digital technology and various labour and time saving techniques. Training will further enhance to their management capacity and leadership skills.
- (iii) **Youth.** About 60 per cent of the Uzbekistan population is under the age of 30, and more than 500,000 enter the job market annually. Youth will represent 30 per cent of the direct beneficiaries of the COSOP interventions, focusing on rural entrepreneurship, access to digital technology, access to value chain financing, new employment opportunities in processing and exports, and enhancement of their voice and leadership.
- (iv) **Nutrition.** Vulnerable rural households bear the triple burden of malnutrition, the coexistence of undernutrition along with micronutrient deficiencies, overweight, obesity and non-communicable diseases.⁴⁰ The COSOP will develop a food systems approach from the production of fresh produce to the adoption of sanitary and health standards, especially for dairy products, and use of digital technology promoting healthy and nutritious dietary habits amongst the target populations.

D. Menu of IFAD interventions

33. To achieve the SOs, the 2023–2027 COSOP deploys a programmatic approach that combines multi-phased investment operations supported by non-lending activities, innovation and a vision of scale.

34. The investment portfolio will be composed of:

- (i) **The Dairy Value Chain Development Project**
 - **DVCDP phase 1 (ongoing)** in the Kashkadarya and Jizzakh regions will be completed and an impact assessment jointly conducted.
 - **DVCDP phase 2 (planned)** will scale up the most impactful approaches with Borrowed Resource Access Mechanisms (BRAM). This second phase will contribute to increasing the value added generated by the livestock subsector through improved access to finance, land and market opportunities for small-scale producers, supporting animal health and genetics, sustainable water management for animal feed and fodder production.

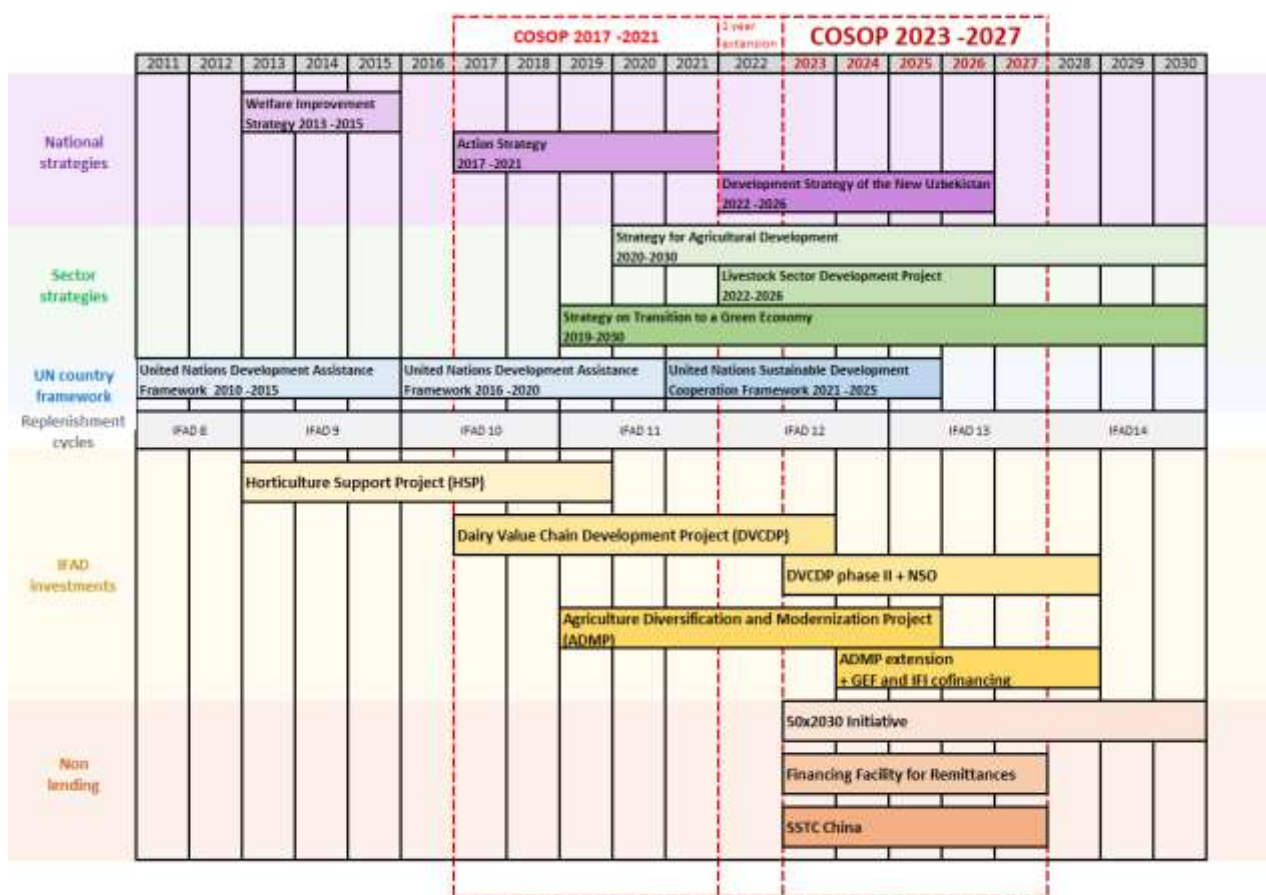
⁴⁰ See SECAP note (appendix IV).

- **IFAD’s Private Sector Financing Programme (PSFP) (planned)** can be leveraged for a non-sovereign operation (NSO) aimed at job creation, rural entrepreneurship development and catalytic private sector investment.
- (ii) **The Agriculture Diversification and Modernization Project**
- **ADMP in the Fergana Valley (ongoing)** will consolidate results with effective pro-poor value chain development, better targeted inclusive rural finance and enhanced farm-level investments that increase climate resilience;
 - **ADMP extension (planned)** will deepen the agricultural diversification agenda by extending ADMP’s approach and geographical area to the Tashkent and/or Samarkand regions under the IFAD12 and IFAD13 performance-based allocation system (PBAS) resources;
 - **Cofinancing** from partner IFIs (e.g. Asian Infrastructure Investment Bank [AIIB]) in large-scale irrigation revitalization and **climate and environment funding** (Global Environment Facility [GEF], Adaptation Fund, Green Climate Fund) for soil salinity management, ecosystem restoration and climate change adaptation will increase the outreach and impact.
35. **Country-level policy engagement** is central to the transformative country programme. The Government and IFAD will convene rural sector partners in a country platform that helps to coordinate development interventions, promote policy coherence and incentivize evidence-based investment decisions. The platform will also strengthen institutional capacity for monitoring and evaluating projects, programmes and strategies and focus on concrete policy outcomes, such as land access and sustainable management of water resources that benefit and empower rural people. It will also help incubate emerging initiatives and financial innovation to advance food system transformation. Policy engagement will be enabled by the establishment in Tashkent of IFAD’s first office in Central Asia.
36. **Capacity-building** activities will be embedded in components of investment programmes and carried out with entities taking part in implementation. In addition, the COSOP will leverage grant resources and prioritize strengthening national capacity in four key areas: (i) M&E (Global Evaluation Initiative), results-based management for rural transformation (RESOLVE) and data use (50x2030 Initiative); (ii) mainstreaming priorities – gender transformative approaches, nutrition-sensitive agriculture, youth employment and climate change; (iii) technical skills for pro-poor value chain development, 4P approaches, inclusive rural finance and digital agriculture; and (iv) procurement (BUILDPROC with the International Training Centre of the International Labour Organization) and financial management.
37. **Knowledge management** will articulate activities and outcomes of the investment portfolio and non-lending activities. The KM strategy for the country programme will build on reliable data generated by robust programme M&E systems. The strategy will document results, lessons learned and successful practices and will promote the unique experience and contribution of small-scale producers to rural transformation in Uzbekistan. Decentralized authorities and agricultural knowledge and innovation system (AKIS) centres will play a key role in knowledge dissemination, transfer and uptake by the target groups and in knowledge use by decision-makers and relevant stakeholders. Knowledge exchange will be further explored at regional level with CGIAR centres and research institutes.
38. **South-South and Triangular Cooperation (SSTC)** initiatives already implemented in IFAD’s investment projects will be further strengthened through

technology transfer, capacity-building and exchanges. Priority will be given to small-scale producers’ participation models in competitive value chains, water resource management and regional policy dialogue. New SSTC partnership opportunities and modalities will be sought with: (i) bilateral partners such as the Turkish Cooperation and Coordination Agency (TIKA); (ii) subregional bodies, such as the Central Asia Regional Economic Cooperation (CAREC) Programme and the Organization of Turkic States; (iii) public development banks that are signatories to the Coalition for Action for Inclusive and Sustainable Food System Finance, such as the Agricultural Bank of China; (iv) and the China–SSTC facility in liaison with IFAD’s SSTC knowledge centre in Beijing.

- 39. **Communication and visibility** of the country programme will be enhanced through IFAD’s country presence, active engagement with policymakers and participation in key national and high-level policy events. The country programme will intensify strategic communication using conventional media (radio, television and newspapers), social media and digital platforms to increase IFAD’s visibility.

Figure 1
Indicative menu of interventions 2023–2027



V. Innovations and scaling up for sustainable results

- 40. The COSOP brings innovation to accelerate the programme results at several levels.
 - (i) **Agile approaches and behavioural incentives** for sustainable and inclusive transformation, such as rational water pricing, climate-smart agriculture through nature-based solutions, bankable land tenure models for small-scale producers, pro-poor value chain financing supporting a food system approach, 4P approach building on the cluster model and catalytic funding for impact;

- (ii) **ICT4D solutions for small-scale producers** leveraging the digital agriculture ecosystem will support the deployment of: (i) food price information services and agrifood market monitoring for exports; (ii) e-commerce platform; (iii) smart farming for crop cultivation; (iv) digital tools to detect degraded natural resources (e.g. drones, geographic information systems); (v) e-extension services as part of the AKIS development; (vi) digital targeting; and (vii) an integrated M&E portal for rural development, building on the existing management information system for monitoring and evaluation platform (the management information system for projects implemented by the Agroindustry and Food Security Agency) and Agroplatforma (the Unified Agricultural Information System).

41. **Scaling up** will be guided by IFAD's operational framework for scaling up. With the aim of sustaining development results and deepening impact, scaling up will entail: (i) the adoption of a phased programmatic approach in deploying IFAD's interventions; (ii) the geographical extension of the ADMP model; (iii) the replication of innovation identified through the exit strategy of DVCDP, such as milk collection centres and public-private partnerships with small-scale producers; (iv) catalytic investments and private sector engagement; (v) investments in digital technologies along the agrifood chain and in programme implementation; and (vi) institutional strengthening, policy dialogue and evidence-based strategic planning.

VI. COSOP implementation

A. Financial envelope and cofinancing targets

42. The PBAS resources for the Republic of Uzbekistan over 2022–2024 under IFAD12 amount to US\$37.1 million, with a further option for resources to be available under IFAD13 in 2025–2027, with the aim of matching the resources provided under IFAD12. In addition, Uzbekistan has access to US\$17 million through IFAD's BRAM. Considering the level of demand formally expressed for investments in the livestock sector, it is assumed that at least another US\$17 million could be extended during the COSOP period. The COSOP will leverage IFAD's PSFP for direct support to private sector, financial institutions and micro, small and medium-sized enterprises (MSMEs).
43. The PBAS resources will be provided through blend term loans with a maturity period of 25 years, including a grace period of 5 years. BRAM resources will be provided on ordinary terms – category 1 with a maximum maturity period of 35 years, including a maximum grace period of 10 years, subject to a maximum average repayment maturity of 20 years. In line with the Government's borrowing strategy, a pilot of local currency financing could be explored to reduce exposure to foreign exchange fluctuations.
44. Given past cofinancing ratios and shared commitments to partnering with sister IFIs (e.g. AIIB) and climate and environment funds (e.g. GEF-8), the cofinancing target of 1:1.5 (1:0.8 for domestic and 1:07 for international) is likely to be met over the COSOP period, bringing an additional US\$169.8 million to the 2023–2027 programme of work (table 1).

Table 1

IFAD financing and cofinancing of ongoing and planned investment operations
(Millions of United States dollars)

| <i>Investment operations</i> | <i>IFAD financing</i> | <i>Source of financing</i> | <i>Cofinancing</i> | | <i>Cofinancing ratio</i> |
|------------------------------|-----------------------|----------------------------|--------------------|----------------------|--------------------------|
| | | | <i>Domestic</i> | <i>International</i> | |
| Ongoing | | | | | |
| DVCDP | 24.6 | IFAD9 PBAS | 14.8 | | |
| ADMP | 93.5 | IFAD10 & IFAD11 PBAS | 69.9 | 200.8* | |
| Subtotal ongoing | 118.1 | | 84.7 | 200.8 | 1:2.4 |
| Planned | | | | | |
| ADMP – extension | 74.2 | IFAD12 & IFAD13 PBAS | 59.4 | 51.9 | |
| DVCDP – phase II | 34 | BRAM | 27.2 | 23.8 | |
| NSO | 5 | PSFP | 4 | 3.5 | |
| Subtotal planned | 113 | | 90.6 | 79.2 | 1:1.5 |
| Total | 231.3 | | 175.3 | 280 | 1:2.0 |

* US\$200 million parallel financing with the World Bank in the Fergana Valley and US\$800,000 from the International Finance Corporation for the provision of the Cohort Livelihoods and Risk Analysis tool.

45. **Private Sector Financing Programme (PSFP)** resources will be invested for a NSO to be selected on the basis of the following criteria: (i) complementarity with IFAD’s investment programme; (ii) additionality; (iii) expected development results; (iv) risk; and (v) environmental, social and governance standards. As part of DVCDP’s exit strategy, a pre-screening has identified opportunities in the dairy subsector with a high potential for job creation and small-scale producer empowerment. The catalytic effect towards bridging the financing gap for food system transformation will also be a key consideration.
46. **Financing Facility for Remittances (FFR)**. Supplementary grant resources from donor partners⁴¹ such as the European Union will be channelled through the FFR and IFAD country programmes to target rural remittance-receiving households, including returning migrants.

B. Resources for non-lending activities

47. **Grant cofinancing** will be mobilized, such as IFAD’s Digital Advisory Support Services for accelerated rural transformation (DAS), the European Union’s ongoing sector budget support extended to the Ministry of Agriculture, the World Bank’s resources for the 50x2030 Initiative and the Global Evaluation Initiative (GEI) for training of M&E trainers. **Investment projects** will also allocate adequate resources to activities delivering policy outcomes supported by robust M&E and KM. **IFAD’s administrative budget** under Decentralization 2.0 will enhance proximity with stakeholders and support the delivery of non-lending activities.

C. Key strategic partnerships and development coordination

48. The COSOP will advance the priority given by the Government to inclusive and sustainable rural transformation. Work will be undertaken in close cooperation with the Ministry of Investment and Foreign Trade, Ministry of Finance, Ministry of Agriculture and relevant line ministries, state committees and decentralized authorities. Building on broad consultation and stakeholder engagement (appendix VII), the COSOP partnership strategy focuses on: (i) informing policies and enabling coordinated country-led development; (ii) leveraging financial resources from IFIs, bilateral partners and climate and environment funds; (iii) knowledge generation and innovation with SSTC partners, research institutes

⁴¹ Supplementary funds subject to approval and commitment from FFR donors.

and CGIAR centres; (iv) strengthening private sector engagement; and (v) promoting small-scale producers' representation and enhancing their agency.

49. IFAD's country presence will allow for closer collaboration with the United Nations Country Team in delivering UNSDCF outcomes 2, 3 and 5 and flagship priorities such as those of the Vision 2030 Fund. IFAD will also advance the implementation of the recommendations of the United Nations Food Systems Summit by mobilizing the support of the Food Systems Coordination Hub and developing operational synergies with the United Nations Development Programme (UNDP) and the Food and Agriculture Organization of the United Nations (FAO) on the national pathways for food systems and the transition to a green economy.

D. Beneficiary engagement and transparency

50. The COSOP's strategy for transparency and beneficiary engagement will be applied in the following key areas:
- (i) Involvement of representatives of beneficiaries and farmers' organizations as part of the COSOP annual, midterm and completion reviews and throughout all project cycles;
 - (ii) Assisting farmers in producing and using comprehensive business plans for engagement with value chain operators;
 - (iii) Public disclosure of COSOP and project supervision, midterm and completion reports, with financial, physical and outreach data and disbursement data published on the International Aid Transparency Initiative website;
 - (iv) Setting up complaints, grievance and feedback mechanisms using digital tools (e.g. Telegram, WhatsApp) and notifications of intent to award for procurement operations to address bidder complaints;
 - (v) Establishment of a confidential reporting channel for allegations of prohibited practices related to IFAD-financed or managed operations;
 - (vi) Awareness creation and training on IFAD's policies on prevention of sexual exploitation and abuse.

E. Programme management arrangements

51. IFAD-funded projects will continue to be managed through project management units (PMUs) under the supervision of the SCVLD and ISCAD. The allocation of appropriate budget to programme management components will allow for full-time staff to be retained with remuneration commensurate with the required levels of experience and expertise. Key implementation functions will be located in the project areas to improve oversight and effectiveness.
52. **An integrated management office**, supervised by a programme steering committee, will operationalize the COSOP's programmatic approach by pooling fiduciary functions (financial management and procurement) as well as M&E and KM for all IFAD-funded interventions.
53. The country programme will be overseen by the IFAD office led by the country director and representative in Uzbekistan, with continuous support from expertise available at IFAD headquarters and multi-country offices based in Istanbul and Cairo.

F. Monitoring and evaluation

54. **The results management framework (RMF)** (appendix I) will constitute the main tool of the M&E system for the country programme. The Ministry of Investment and Foreign Trade and the Ministry of Agriculture will appoint a custodian of the RMF, who will be responsible for updates for the annual COSOP reviews, the midterm review at the end of 2025 and the completion review in July 2027. Results gathered through further integration of management information

systems under development⁴² and impact assessments will be routinely and widely communicated through in-country annual portfolio review workshops to inform government, development partners, United Nations agencies, private sector, civil society and target group organizations of the progress made against the COSOP SOs, especially on impact and outcomes, lessons learned, issues encountered and opportunities for scaling up. M&E remains a top priority for IFAD and the Government, and specific support will be channelled to support rural sector data collection systems.

55. Capacity-building at project and programme levels will help tackle weak performance in M&E and continue improving the results culture at the institutional level. In addition, the country programme will support the public administration modernization process by consolidating the fragmented ecosystem of data and M&E initiatives for the rural sector.

VII. Risk management

56. The key programme risks and their mitigation measures are summarized in table 2 below:

Table 2
Inherent risks and mitigation measures

| <i>Inherent risks</i> | <i>Risk rating</i> | <i>Mitigation measures</i> |
|---|-----------------------|--|
| Political/governance: Constitutional reform and geopolitical polarization | Medium | International partners' coordination, commitment to multilateralism and response to the root causes of inequality |
| Macroeconomic and war in Ukraine: volatile food and energy prices, economic downturn, albeit with limited risk of debt distress | Medium | Mobilizing countercyclical long-term investments in food system transformation, export diversification and competitiveness of the agrifood sector |
| Sector strategies and policy fragmentation | Medium | Strengthening delivery and evidence-to-policy development through the country platform and participation of beneficiaries |
| Institutional capacity: weak implementation and sector fragmentation | Medium | Capacity-building, establishment of the central management office and sector coordination on the food system agenda |
| Portfolio: effectiveness and efficiency challenges | Medium | Increased budget allocated to programme management, competitive recruitment of PMU staff and ongoing implementation support |
| Fiduciary – financial management* | Substantial | Strengthened external audit, oversight of sub-loans, upgrade of accounting systems, capacity-building of financial management staff and anti-corruption training |
| Fiduciary – procurement** | Medium | Implementation of the recommendations on advertising and bid preparation, end-to-end public procurement process, procurement methods and debrief process and appeals |
| Environment and climate: degraded land, soil salinity and low adaptive capacity | High | Scaling up of climate-smart interventions, introduction of water pricing mechanisms and catalyse investment |
| Social: continuous lack of beneficiary targeting, especially for credit lines | Substantial | Land collateralized for small-scale producers, implementation of inclusive rural finance policy provisions as criteria for sub-loans and empowerment of women |
| Overall | Medium to substantial | Leveraging proximity with policy engagement, partnership and oversight |

* See appendix X.

** See appendix XI.

⁴² Under ISCAD, SCVLD and reporting of IFI investment by the Ministry of Investment and Foreign Trade.

COSOP results management framework and theory of change

| Country strategy alignment | Related SDG Goals and UNSDCF alignment | COSOP goal and strategic objectives | Lending and non-lending activities | Milestone indicators | |
|---|---|--|---|---|---|
| | | | | Impact / outcome indicators | Outreach / output indicators |
| <p>Development strategy of the New Uzbekistan 2022–2026</p> <p>- <i>Goal 30: Double the income of farmers and increase annual agricultural growth to at least 5%</i></p> <p>- <i>Goal 32: Expansion of the fodder base of animal husbandry</i></p> <p>- <i>Goal 85: Create new jobs, increase incomes and reduce poverty by at least two-fold by the end of 2026</i></p> <p>Strategy for the development of agriculture of the republic of Uzbekistan for 2020-2030 (Agri-food Strategy)</p> <p>Program for development of livestock sector and its branches for 2022-2026</p> <p>Climate Change Strategy for 2021–2023</p> <p>Strategy on Transition to a Green Economy for 2019–2030</p> | <p>SDG 1 and 2 as well as 5, 8, 9, 10, 13 and 17</p> <p>UN Sustainable Development Cooperation Framework (UNSDCF) 2021-2025</p> <p>STRATEGIC PRIORITY A: Effective governance and justice for all</p> <p>STRATEGIC PRIORITY B: Inclusive human capital development leading to health, well-being and resilient prosperity</p> <p>STRATEGIC PRIORITY C: Sustainable, climate responsible and resilient development</p> | <p>Overall goal</p> <p>Sustainably increased rural prosperity and improved livelihoods of small-scale producers</p> | <p>Lending/investment:</p> <p>-Ongoing: ADMP and DVCDP</p> <p>-Indicative: ADMP Extension and DVCDP Phase II</p> <p>-NSO</p> <p>Non-lending:</p> <p>-Private sector</p> <p>-CLPE</p> <p>-SSTC</p> <p>-50 x 2030</p> <p>-Capacity building</p> <p>-KM</p> <p>-Communication and visibility</p> | <p>Number of direct households (HHs) reporting to use and adopt services promoted by the Programme</p> <p>20 per cent increase in the number of people with improved resilience</p> <p>Target: 205,000 HHs [82,000 Women - (40%), 61,500 Youth – (30%)] representing 1.2 million rural people including indirect beneficiaries</p> | <p>Number of direct households receiving services promoted by the Programme (disaggregated by gender and youth)</p> <p>Ongoing:</p> <p>-ADMP <i>Target:</i> 75,000 HHs</p> <p>-DVCDP <i>Target:</i> 12 000 HHs</p> <p>Planned:</p> <p>-ADMP extension <i>Target:</i> 83,000 HHs</p> <p>-DVCDP phase II <i>Target:</i> 35,000 HHs</p> <p>-NSO <i>Target:</i> 290 HHs</p> |
| | <p>SDG 9, 13, 15</p> <p>UNSDCF Outcome 5. By 2025, the most at risk regions and communities of</p> | <p>SO1</p> <p>SO1: Increased resilience and productivity of small-scale producers through sustainable</p> | <p>Lending/investment:</p> <p>-Ongoing: ADMP and DVCDP</p> <p>-Indicative: ADMP Extension and DVCDP Phase II</p> <p>-NSO</p> | <p>22970 HHs reporting an increase in production (CI 1.2.4)^{*43}</p> <p>154,240 HHs reporting adoption of new/improved</p> | <p>Groups supported to sustainably manage natural resources and climate-related risks (CI 3.1.1) TBD**</p> <p>200,512 HHs accessing production inputs and/or technological packages*</p> |

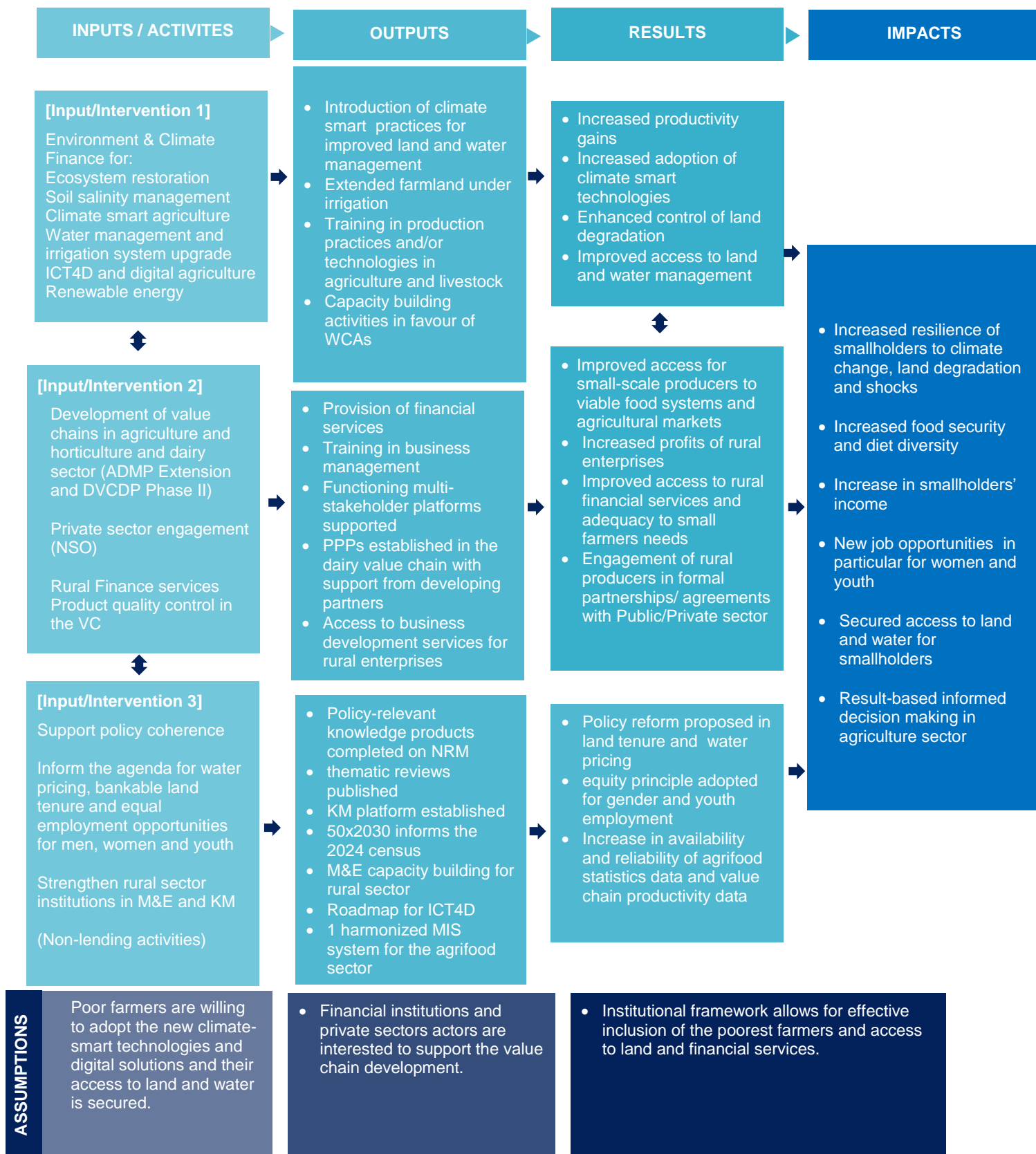
* Target is calculated based by adding the available data of ADMP and DVCDP to the projection of the ADMP ext. and DVCDP phase II;

| Country strategy alignment | Related SDG Goals and UNSDCF alignment | COSOP goal and strategic objectives | Lending and non-lending activities | Milestone indicators | |
|----------------------------|--|---|--|---|---|
| | | | | Impact / outcome indicators | Outreach / output indicators |
| | Uzbekistan are more resilient to climate change and disasters, and benefit from increasingly sustainable and gender-sensitive efficient management of natural resources and infrastructure, robust climate action, inclusive environmental governance and protection (national SDGs: 1, 2, 5, 6, 7, 8, 9, 11, 12, 13,15) | interventions on natural resources, especially land and water. | <p>-Climate and environment co-financing (GEF, GCF and Adaptation Fund)</p> <p>Non-lending:</p> <p>-SSTC initiative promoted on climate smart technologies</p> <p>-Initiative on water pricing mechanism</p> <p>-partnerships with GGGI, UNDP and FAO</p> | <p>inputs, technologies or practices (CI 1.2.2)*</p> <p>Number of beneficiaries gaining increased secure access to land (CI 1.1.1) TBD**⁴⁴</p> <p>Area of land restored (ha) (GEF Core Indicator 3) TBD**</p> <p>Number of tons of greenhouse gas emissions (CO₂e) avoided and/or sequestered (CI 3.2.1) TBD**</p> <p>Number of beneficiaries who adopt digital solutions, including smart water management TBD**</p> | <p>7885 Hectares (ha) of land brought under climate-resilient practises (CI 3.1.4 / IFAD12 2.2.10)*</p> <p>ha of farmland under water-related infrastructure constructed/rehabilitated (CI 1.1.2 / IFAD12 2.2.2) TBD**</p> <p>367,000 persons trained in production practices and/or technologies (CI 1.1.4 / IFAD12 2.2.3)*</p> <p>ha of landscapes under improved practices (excluding protected areas) (GEF Core Indicator 4) TBD**</p> <p>Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions (CI 3.1.3) TBD**</p> <p>Number of beneficiaries trained in digital solutions, including smart water management TBD**⁴⁵</p> |
| | <p>SDG 9</p> <p>UNSDCF Outcome 3</p> <p>By 2025, youth, women and vulnerable groups benefit from improved access to livelihoods, decent work and expanded opportunities generated by inclusive and</p> | <p>SO2</p> <p>Improved access for small-scale producers to viable food systems and agricultural markets through greater competitiveness, innovation, and</p> | <p>Lending/investment:</p> <p>Ongoing: ADMP and DVCDP</p> <p>-Indicative: ADMP Extension and DVCDP Phase II</p> <p>-NSO</p> <p>Non-lending:</p> <p>-SSTC</p> <p>-Financing Facility for Remittances</p> | <p>Number of people with improved market access (IFAD12 2.1.3) TBD</p> <p>3,770 rural enterprises reporting an increase in profit (CI 2.2.2)</p> | <p>4750 persons in rural areas accessing financial services (CI 1.1.5 / IFAD12 2.2.4)*</p> <p>1254 persons trained in income-generating activities or business management (CI 2.1.2 / IFAD12 2.2.6)*</p> <p>30 PPPs established in the dairy value chain with support from developing partners</p> |

**Target will be calculated during the design of the ADMP extension and DVCDP phase II

| Country strategy alignment | Related SDG Goals and UNSDCF alignment | COSOP goal and strategic objectives | Lending and non-lending activities | Milestone indicators | |
|----------------------------|--|---|---|--|---|
| | | | | Impact / outcome indicators | Outreach / output indicators |
| | equitable economic growth. (national SDGs: 1, 2, 4, 5, 8, 10, and 11) | enhanced business linkages | | <p>Number of households reporting using rural financial services (CI 1.2.5) TBD**</p> <p>20 Number rural-producers engaged in formal partnerships/ agreements or contracts with public or private entities (CI 2.2.3) TBD**</p> <p>Equivalent to x% of the PoLG targets private sector interventions TBD**</p> | <p>Number of rural enterprises accessing business development services (IFAD12 2.2.5 / CI 2.1.1) TBD**</p> <p>4 study tours/exchange visits organised for agricultural capacity building</p> |
| | <p>SDG 17, 2</p> <p>UNSDF</p> <p>Outcome 2. By 2025, the population of Uzbekistan benefits from more harmonized and integrated implementation of the reform agenda due to strengthened policy coherence, evidence-based and inclusive decision-making and financing for development mainstreamed in line with national SDGs (national SDGs: 1, 5, 10, 16, and 17)</p> | <p>SO3</p> <p>Enhanced enabling environment for inclusive rural transformation</p> | <p>Lending/investment:</p> <ul style="list-style-type: none"> -AMDP extension -DVCDP phase II and NSO (de-risking private investment) <p>Non-lending:</p> <ul style="list-style-type: none"> -CLPE -Capacity Building -KM -50x2030 initiative -SSTC -Communication and visibility | <p>Number of existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment TBD**</p> <p>Increase in availability and reliability of agri-food statistics data and value chain productivity data TBD**</p> | <p>5 Policy knowledge products completed</p> <p>1 Functioning multi-stakeholder platforms is supported</p> <p>5 results briefs on performance and impact of operations are published</p> <p>5 thematic reviews published</p> <p>5 KM workshops organised</p> <p>50x2030 contributes to the national agricultural census</p> <p>10 M&E trainers trained by GEI</p> <p>1 harmonized MIS system for the agri-food sector</p> <p>1 Roundtable on Food Systems financing organised</p> |

Theory of change



1. The analysis of the agricultural sector in Uzbekistan has evidenced a number of challenges and constraints to its development. Small-scale agriculture is characterized by low productivity due to the outdated irrigation system and the lack of water pricing mechanism, resulting in low water-use efficiency and high losses, soil salinity and land erosion. Small-scale producers have limited access to formal value chains and often use informal markets to sell their output. Formal marketing is further precluded by the lack of market standards, especially for exports, and adequate market infrastructures to reduce the food loss. Despite recent policy progress, small-scale producers' access to credit is still limited by structural barriers to use agricultural land as collateral and limited access to capital markets. The agricultural workforce's skills, in particular for women and youth, are inadequate, hampering private sector development. There is a lack of interventions focused on boosting the agro-processing sector capacities, developing small-scale farmers' marketing capabilities and attracting the youth to the agricultural sector, and agri-business.
2. In response to these constraints, the theory of change of the COSOP for Uzbekistan builds on 3 main thrusts to enhance the effectiveness of IFAD's programme and maximize its impact: i) Increase climate-resilient agricultural productivity of small-scale producers through interventions on natural resources, especially land and water; ii) Improve access of small-scale producers to viable food systems and agricultural markets through greater competitiveness, innovation and enhanced business linkages; and iii) Enhanced enabling environment for inclusive rural transformation.
3. The theory of change assumes that climate-smart technologies including innovative digital solutions and more rational use of natural resources, in particular water and land, will allow smallholders to increase their productivity and resilience. Development of reliable value chain financing models and rigorous crops selection with the support of the private sector, will ensure higher financial returns for the farmers and create new employment opportunities, in particular for women and youth. They will receive training to increase their entrepreneurial and digital skills to be better linked to markets. Financial institutions will be also strengthened to offer customer-oriented services responding to the needs of smallholders and agribusiness and partnership with private sector actors will be scaled up in particular in the dairy sector.
4. The third thrust aims at creating an enhanced enabling environment for inclusive transformation. Key policy objectives will be to assist research and guide implementation of policy process such as effective water pricing and bankable land tenure system. IFAD programme will support the dissemination of knowledge of improved water management practices and land tenure systems and measure the impact of adoption of climate smart-technologies by smallholders. It will also develop a road map for digital innovations in close collaboration with the Government and key partners and private sector actors. It will support the coordination with other IFIs in the rural sector initiatives to develop integrated MIS system for the MoA and of the State committee of veterinary and livestock to improve the data collection and reporting against the strategic objectives.
5. There are several key assumptions that underline the causal pathway of the COSOP strategy:
 - Willingness of the poorest farmers to adopt the new climate-smart technologies and digital solutions and their access to land and water is secured.
 - Financial institutions and private sectors actors are committed to support the value chain development.
 - An enabling environment is created with the support of the Government, which allow for effective inclusion of the poorest segment of the rural population and guarantee access to land.

Transition scenarios

1. The purpose of this Appendix is to offer an understanding of likely and possible country trajectories and to identify the possible implications for IFAD's country programme over the COSOP period.

Table 1

Projections for key macroeconomic and demographic variables

| <i>Case</i> | <i>Base</i> | <i>High</i> | <i>Low</i> |
|---------------------------------------|---|-------------|------------|
| Average GDP growth (2021 - 2023) | 7.4 | 5.0 | 3.4 |
| GDP per capita (2021-2023) | 2 002 | 2 275 | 2 072 |
| Public debt (% of GDP) (2021- 2023) | 35.8 | 38.2 | 37.2 |
| Debt service ratio (2021) | 57.8 | 61.2 | 59.0 |
| Inflation rate (%) (2021) | 10.0 | 12.1 | 11.3 |
| Rural population | 17 308 463 in 2021 (50% of total) (Est. 18 981 460 by 2026) With an Average Annual Growth Rate of 1.9% | | |
| Investment climate for rural business | 3/6 <ul style="list-style-type: none"> • World Bank Doing Business⁴⁶: ranked 69 out of 190 countries. • Uzbekistan scored 28 points out of 100 on the 2021 Corruption Perceptions Index⁴⁷, ranking it 140 out of 180 countries. • Uzbekistan has been steadily improving in terms of the CPI, gaining 11 points since 2012. The country is setting an example in Central Asia as it begins to show signs of democratisation and sanction corruption and abuse of power within government agencies. In recent years, the country undertook a number of key reforms in anti-corruption policies, identifying prevention as one of its priorities. Despite these positive changes, Uzbekistan remains an authoritarian state with activists and civil society facing persecution, interrogation and dismissals. | | |
| Vulnerability to shocks | 3/6 <ul style="list-style-type: none"> • Uzbekistan remains vulnerable to significant endogenous and exogenous shocks. • As many other countries, the war in Ukraine and the sanctions on Russia will affect the Uzbek economy through the disruption of value chains, increase in food and fuel prices and the decreases in financial transfers originating primarily from Russia. • The ND-GAIN⁴⁸ Index summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience. The 2020 ND-GAIN index ranked Uzbekistan 80/182. While the country was ranked 60 in terms of vulnerability, it was ranked 105 in terms of readiness confirming that a lot is still yet to be done toward better adaptation to climate shocks. | | |

Considering the macro context of a global recession, only two scenarios for the medium-term economic outlook are considered.

2. **Baseline scenario:** Consistent economic growth with few obstacles, minor external shock and little adverse impact.
3. Uzbekistan's economy will grow at a rate similar to the 7.4 % recorded in 2021. Stronger industrial and service growth will continue to offset comparably weaker

⁴⁶ [UZB.pdf \(doingbusiness.org\)](#)

⁴⁷ [Uzbekistan - Transparency.org](#)

⁴⁸ [Rankings // Notre Dame Global Adaptation Initiative // University of Notre Dame \(nd.edu\)](#)

agricultural growth. Remittance inflows measured in US\$ will remain nominally at or above pre-shock levels - but measured in net PPPs for Uzbek recipients decline - and only partially offset a large drop in gold sales (by 29 %) increasing further the current account deficit of 6.6 % of GDP in 2021, up from 5 % in 2020.

4. The fiscal deficit increased from 4.5 % of GDP in 2020 to 6.2 % of GDP in 2021. It was almost entirely financed by new external debt, though the government stayed within its annual debt ceiling of US\$5.5 billion. Averaging 10.8 % in 2021 (against 12.9 % in 2020) driven by higher domestic and global food prices, as well as higher shipping costs, inflation will remain moderate and manageable.
5. Credit growth slowed to 18 % in 2021, down from 31 % in 2020, due to a reduction in subsidized lending and high real interest rates. The banking system is still strong. Capital and liquidity buffers continue to exceed regulatory minimums. In order to reduce banking dollarization, the Central Bank of Uzbekistan raised the minimum reserve requirement for foreign currency deposits from 14 to 18 % in 2021. The unemployment rate fell from 10.5 % in 2020 to 9.6 % in 2021, but it has yet to return to the pre-pandemic level of 9 %. In this scenario, unemployment will continue to fall.
6. The war in Ukraine and the sanctions on Russia could present possible upsides, such as relocation of production away from Russia as well as a diversification of trade and trade routes may give a boost to Uzbekistan's economy.
7. **Low scenario:** The war in Ukraine and sanctions on Russia will reduce growth to 3.6 % in 2022, down from an estimated 6 % before the crisis. Eventually, a drop in net remittances flows- due to the sanctions on Russia's economy - and higher oil, wheat, and cooking oil prices are expected to dampen private consumption growth. The heavy reliance on Russian capital imports and bank financing for public and private investment projects is also expected to slow investment growth.
8. Although Uzbekistan will benefit from high global commodity prices (gold, copper, and natural gas), risks regarding a medium term decrease in remittances persist potentially affecting the current account deficit. With Russian foreign investments expected to fall, inflows of foreign direct investment will be muted in 2022 and will take time to recover. Uzbekistan is the biggest labour supplier to the Russian Federation, with estimated 4.5 million Uzbek migrants in 2021⁴⁹. According to the World Bank estimates⁵⁰, the remittances to Uzbekistan reached USD 9.2 billion in 2021, of which more than USD4 billion came from Russia (equivalent 6.1 % of country's GDP). Another important factor of concern will be return migration from Russia and Ukraine, which will put additional pressure on the domestic labour market in Uzbekistan.
9. As a result, the increased current account deficit is expected to be financed by new public debt and reserves. In 2022, the overall fiscal deficit is expected to be 4% of GDP. The fiscal consolidation scheduled for 2023 is now likely to be postponed. The national debt is expected to peak at 42 % of GDP in 2022-23 and then stabilize at around 40 % of GDP by the end of 2024.
10. A protracted war in Ukraine and escalations of the sanctions regime will increase the likelihood of the low scenario.
11. **Fiscal/debt management strategy.** In the near term, FDI inflows are expected to remain modest and official external borrowing will likely expand, but at a lower rate. The government plans to continue tapping the sovereign bond market, provided spreads narrow and multilateral institutions remain supportive by providing additional loans to the government for budget financing and investment projects.

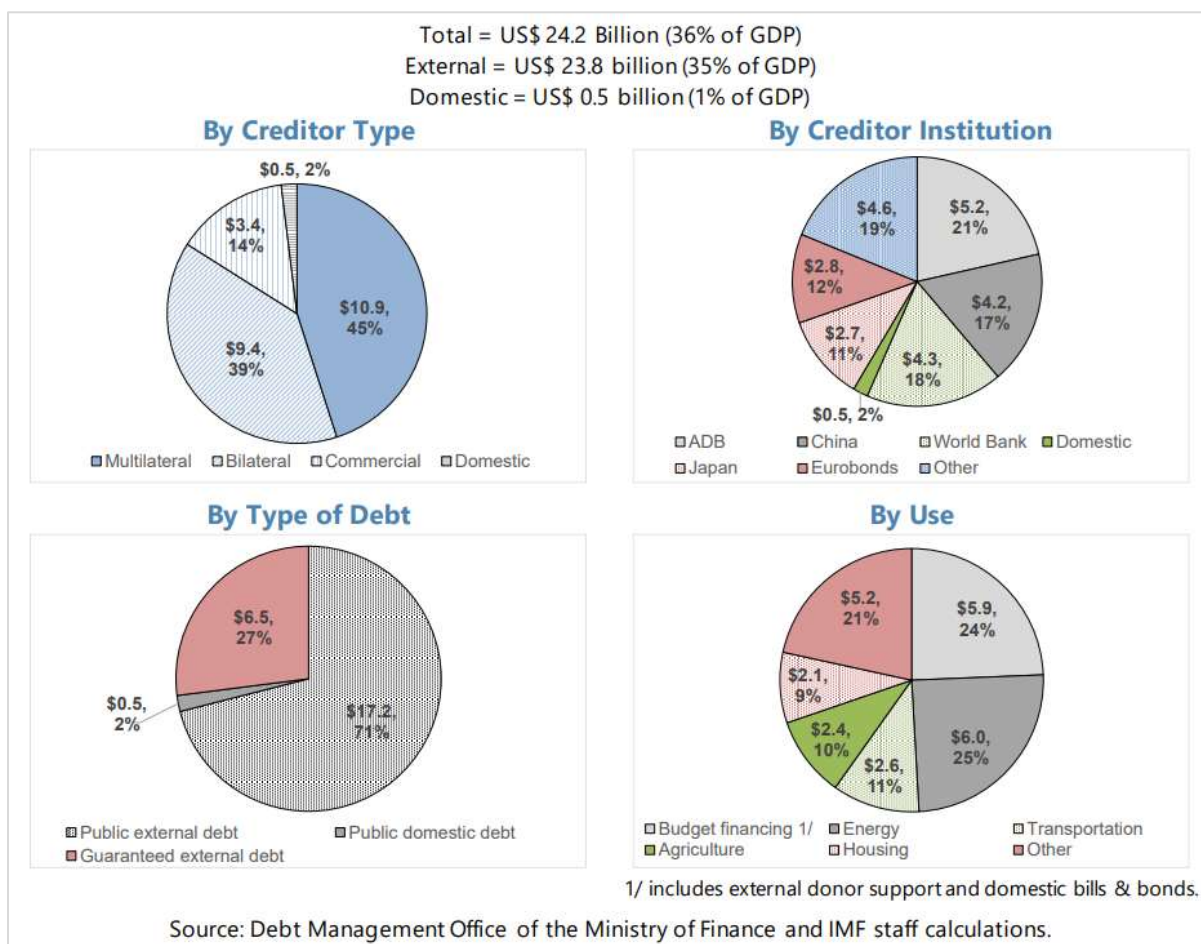
⁴⁹ <https://xn--b1aew.xn--p1ai/dejatelnost/statistics/migracionnaya/item/28104344/>

⁵⁰ https://www.knomad.org/sites/default/files/2021-11/Migration_Brief%2035_1.pdf

However, external borrowing has been increasing rapidly — notably in the banking sector — and more robust debt management is needed to keep risks low.

- The IMF⁵¹ encouraged the Uzbek authorities to continue carefully managing public and external borrowing, improve public investment management and coordination, and develop additional fiscal rules to limit contingent liabilities arising from non-guaranteed debt of state-owned enterprises (SOEs) and debt of public-private partnerships (PPPs).

Composition of Uzbek Public Debt, End-2021⁵²



- Financing for development⁵³.** The breakdown of financial inflows provided in the table below, sourced from the OECD's transition finance toolkit, IMF, and World Bank, shows a higher share of remittances and tax revenue, which together account for nearly 30 % of Uzbek GDP. In terms of contribution to the country's development, FDI (4 % of GDP) and ODA/OOF (2 to 3 % of GDP) remain at low levels. The reported fall in remittances and FDI in 2020, despite a slight rebound in 2021, is expected to be amplified in 2022 due to the war in Ukraine. The pace of recovery remains uncertain but a modest rebound in 2023 is forecasted.⁵⁴ A medium-term fall in remittances would be concerning and may jeopardize recent achievements. As a result, the country should continue focusing on filling the looming remittances gap and employment for returning migrants.

⁵¹ IMF.2022. 2022 Article IV Consultation—Press Release; Staff Report; And Statement By The Executive Director For The Republic Of Uzbekistan. IMF Country Report No. 22/189.

⁵² Ibid.

⁵³ [Workbook: Transition Finance Dashboard \(tableau.com\)](#)

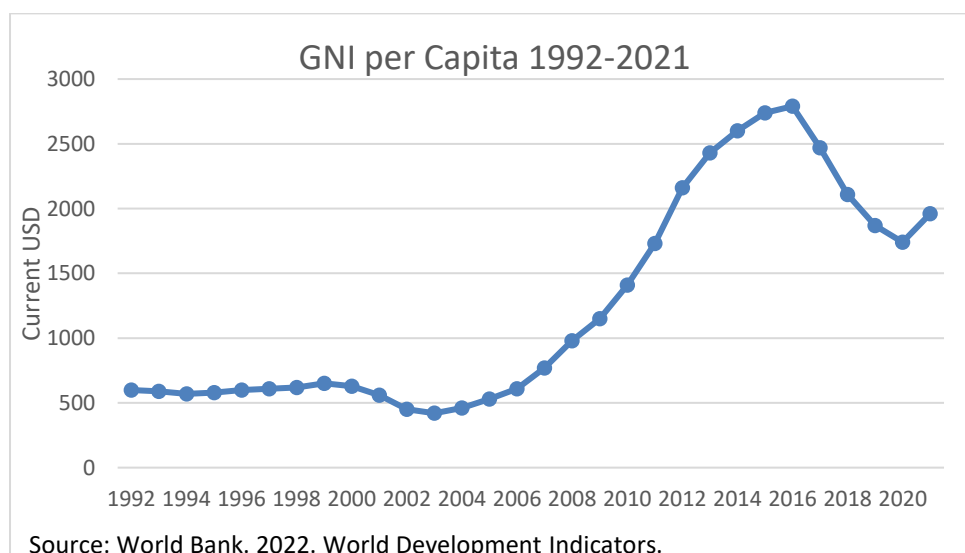
⁵⁴ IMF.2022. 2022 Article IV Consultation—Press Release; Staff Report; And Statement By The Executive Director For The Republic Of Uzbekistan. IMF Country Report No. 22/189.

Financial Flows + Tax Revenue (2014-2022)

| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (HY1) |
|--------------------|---------------------|--------|--------|--------|-------|-------|-------|-------|-------|------------|
| USD Million | ODA* | 355 | 535 | 592 | 716 | 1,117 | 1,246 | 1,459 | - | |
| | OOF | 611 | 971 | 374 | 484 | 1,215 | 1,602 | - | - | |
| | FDI* | 878 | 971 | 374 | 484 | 1,215 | 1,602 | 1,717 | 2,045 | 947 |
| | Remittances* | 7,402 | 5,206 | 6,165 | 7,446 | 7,757 | 8,546 | 6,980 | 9,200 | 6400 |
| | Tax revenue* | 11,828 | 12,562 | 12,311 | 7,547 | 7,596 | 7,606 | 8,924 | - | |
| % GDP | ODA | 0.5 | 0.7 | 0.7 | 1.2 | 2.2 | 2.2 | - | - | |
| | OOF | 0.8 | 1.2 | 0.5 | 0.8 | 2.4 | 2.8 | - | - | |
| | FDI* | 1.1 | 1.4 | 2.2 | 3.2 | 1.3 | 4.0 | 2.9 | 3.0 | 1.3 |
| | Remittances* | 9.7 | 6.4 | 7.5 | 12.6 | 15.4 | 14.8 | 11.8 | 13.5 | 8.7 |
| | Tax revenue* | 15.4 | 15.3 | 15.1 | 12.8 | 15.1 | 13.2 | 14.9 | - | |

Data from OECD Transition Finance toolkit unless otherwise noted <https://www.oecd.org/dac/transition-finance-toolkit/>
*Data from OCEd Transition Finance Toolkit 2014-2019; 2020-2022 from IMF.2022. 2022 Article IV Consultation—Press Release; Staff Report; And Statement By The Executive Director For The Republic Of Uzbekistan. IMF Country Report No. 22/189.
*Data from OCEd Transition Finance Toolkit 2014-2019; 2020-2021 from World Bank World Development Indicators <https://databank.worldbank.org/source/world-development-indicators>

14. GNI per capita dropped by 36%⁵⁵ from \$2790 to \$1740 between 2016 and 2020 but began to rebound in 2021 to \$1960. However, the Ukraine crisis and looming worldwide economic recession may threaten these gains. A substantial recession brought on by the war in Ukraine or other factors could threaten Uzbekistan's income classification and it may move below the LMIC threshold of 1,046. However, a protracted decrease in GNI of that magnitude (46%) is highly unlikely. At its current income level, achieving the government's objective to become a UMIC by 2030 would require per annum average annual growth of 8.53%. Given the downside risks presented by the war in Ukraine, food price inflation, and high global uncertainty, sustained growth at this level would be a substantial challenge.



⁵⁵ [GNI per capita, Atlas method \(current US\\$\) - Uzbekistan | Data \(worldbank.org\)](https://data.worldbank.org/ny/gdp/capita?locations=US)

15. Projected Implications for IFAD's country programme

(a) *Lending terms and conditions*

IFAD12 lending terms for Uzbekistan are blend with an LMIC status. In the low scenario, the country is expected to absorb the entire IFAD12 PBAS allocation (USD 37 127 329) as well as the BRAM indicative amount (USD 17 million as of February 2022) and possibly more considering the high demand formally expressed by the Government for accessing additional borrowed resources. In addition to the explicit written request to IFAD, this high demand for IFAD resources is consistent with IFAD's comparative advantage and the willingness of the Ministry of Finance to leverage IFAD resources to reach smallholder farmers. The priority given by the Ministry of Finance to include IFI financing for rural development in the medium-term expenditure framework (MTEF) is an additional signal in this direction. Finally, the risk of debt distress of Uzbekistan remains low against according to the Debt Sustainability Analysis prepared by the staff of the IMF and the World Bank under the Article IV.

(b) *COSOP priorities and products*

The proposed "Alternative Scenario" is expected to persist for part of the COSOP period, which could increase the salience of other sectors vis-à-vis agriculture in the short-term, such as the health and services sectors depending on the development of the pandemic and return migration. However, this will not prevent the country from giving the required attention to the partnership with IFAD and asking for additional financing, as agriculture remains a key source of livelihoods representing quarter of total employment in 2020 and a development priority.⁵⁶ It is expected that the government, through IFAD support and co-financing including investment projects, non-sovereign operations and non-lending activities will be able mitigate the impact of the multifaceted shocks to the economy through countercyclical support, job creation and income generating activities embedded in IFAD activities. Building resilience and value-chain development will be crucial to achieving this and other COSOP priorities.

(c) *Co-financing opportunities and partnerships*

IFAD projects in Uzbekistan are expected to continue receiving support and co-financing from international IFAD partners, including MDB (IBRD, IFC, ADB, EBRD), climate and environment funds (GCF, GEF, and AF), bilateral development partners (i.e. AFD), and emerging partners such as AIIB, GGGI, and the private sectors.

In terms of public expenditures, Uzbek agricultural spending has been stable since 2016, remaining at 2.2 % of GDP when deducting the debt write-offs in 2017 and 2018. The stagnant level of expenditure has overlaid an expanding agricultural sector. Despite a reduction in the area planted, the agriculture sector grew by 3.1 % in 2019. In 2020, as the GDP growth rate fell overall to 1.6, the agricultural sector continued grow at 3 and is projected to grow by 3.1 % in 2021.⁵⁷ Since 2017, agricultural sector reform has been a priority with the removal of market distorting policies and the repurposing of agricultural public expenditures to more market-conforming priorities and for support to small farms. Given these developments and objectives outlined in the government's Strategy for Agriculture Development 2020–2030, public agricultural expenditure in agricultural is expected to remain stable with potential to improve efficiency.⁵⁸ Combined with high demand for IFAD financing, alignment of priorities and increased partnership between IFAD and the government are likely.

⁵⁶ International Labour Organization, ILOSTAT database.

⁵⁷ Sergiy Zorya, Madhur Gautam, Neklu Tesfaye, Sandjar Babaev, and Parkhod Nazarov. 2021. *Uzbekistan: Second Agricultural Public Expenditure Review*. World Bank: Washington DC.

⁵⁸ *Ibid.*

Agricultural and rural sector issues

Structure of the Agricultural Sector

Main Features and Production Systems

1. Uzbekistan's agricultural sector employs 3.5 million people, 27% of the labour force, accounts for 28% of GDP, and 9% of foreign exchange inflows⁵⁹. The sector performs well below its potential, with low productivity, an inward-oriented focus and multiple price and market distortions.
2. Agricultural land is estimated to be 62.6% of the total with arable land at 10.1% and permanent crops 0.8% (2018 est.). About 7.7% is forested. Land devoted to rangeland/pastures for is about 48.4% of the total.
3. Small-scale producers operate on less than 20% of the country's arable land but generate 70% of agricultural output, and 35% of agricultural export value. The output per hectare of small-scale producers is 70% higher than for the other types. More than 90% of horticultural commodities are produced by small-scale farms.
4. The main crops are cotton, wheat, barley, maize and some rice. Minor crops include sesame, onions, flax, and tobacco. Fresh fruits and vegetables are mainly consumed domestically, while some dried fruits are exported. Production of cotton has been drastically reduced, from 1.4 m ha in 2008 to under 1.0 m ha in 2021. This has resulted from changed policy from official GoU support for the crop, to primarily free market principles. This has resulted in increases in area of wheat, fodder and high value crops.
5. The livestock sector also plays an important role in the economy, both at the national level (in 2021 livestock generated 50.1% of total gross output of primary agricultural production), and at household level via employment and small-scale farmers household incomes from sales such as 85% of total milk sales.
6. Most of Uzbekistan's arable land is irrigated, with a command area of **4.3 million ha**. It is estimated that a further 700,000 ha which receives sufficient precipitation (+ 350 mm in a 6 months period) would be viable for rainfed production with appropriate application of Climate-smart agriculture (CSA) techniques.

Irrigated Agriculture

7. Irrigation systems are largely outdated and inefficient, contributing to over-use of water, soil salinity, land degradation and low yields. Most (>90%) use surface/furrow irrigation which uses at least 170 m³ of water per day/ha for irrigation in well-prepared level fields for crops such as cotton or wheat, compared with about 70 m³ for sprinkler systems and less for drip irrigation. Irrigation fields are usually not levelled, leading to further water-use inefficiencies, and to poor drainage, salinity and yield suppression. Crop yields from irrigation in Uzbekistan are less than 50% of realistic potential (e.g. average cotton yields of 665 kg/ha compare unfavourably with those in Australia of 1,893 kg/ha). There are now increasing areas of higher value horticultural crops, the majority cultivated by small-scale farmers. A substantial proportion of these use more advanced irrigation techniques.

Dryland (Rainfed) Agriculture

8. Uzbekistan has around 700,000 hectares of potential rainfed lands, with annual precipitation of 350-450 mm suitable for growing annual crops. Of these, less than 300,000 hectares are sown with grain, legumes, oilseeds and fodder crops⁶⁰.

⁵⁹ (World Bank DataBank 2020)

⁶⁰ Dr. Ram Sharma, Regional Coordinator of ICARDA for Central Asia and the Caucasus.

Moreover, rainfed farming techniques are outdated and increase the risks of low yields as well as land degradation.

Rangeland Pastoralism

9. The rangelands used for grazing in Uzbekistan amount to about 23 m ha, of which about 70% is in arid desert or semi-desert. The main activity is grazing of Karakul sheep, a hardy breed with excellent product recognition. Goats, cattle, and some camels, are also husbanded in these lands. The total small ruminant national herd in January 2019 was estimated at 21.3 million sheep and goats⁶¹. It is estimated that greater than 65% of rangeland areas are currently being eroded and degraded, through over-grazing, removal of adapted species and more extreme climatic events.

Zero/limited Grazing

10. The majority of the Uzbekistan cattle herd, estimated at 12.7 million, is managed through zero or limited grazing procedures. Fodder is grown primarily in irrigated lands, harvested and stored as hay or silage. It is then fed to animals through stall or pen feeding.
11. Small-scale producers typically own 3 to 5 head of cattle. The other main cattle production units are private farms with 30 to 100 head, and agribusiness firms that may operate several thousand head. Productivity on average is low, illustrated by milk yields of imported highly productive dairy breeds which can produce between 7,000 and 10,000 litres per head per year when properly housed and nourished, only producing an average of 2,000 litres per year in Uzbekistan. It is also noted that animals owned by small-scale producers are usually housed in poor conditions, without proper waste, sanitation and health facilities.
12. Other specialized activities such as raising rabbits, bees, quail, ostrich, and silkworms, which have growing niche markets, are becoming more important for small-scale producers.

Constraints and Opportunities for Improving Rural Incomes

Through increased agricultural production

The Constraints

13. Inefficient Irrigation System/Soil Salinity directly inhibit crop yields. The inefficient irrigation system leads to fields being unevenly irrigated, some areas over-irrigated while others are left with a water deficit. Areas of salinity within fields greatly reduce yields. The delivery systems for irrigation water are also in a state of disrepair, with leaks, malfunctioning pumps and control structures leading to unreliable water supply.
14. In the context of inefficient irrigation systems, the limited supply of water for agriculture exacerbates the situation. Irrigators are often left with no water supply at all, especially in late summer. Increasing water supply demands from urban and industrial users has exacerbated an already difficult situation with limited natural availability river flows. Most of the river flows into Uzbekistan originate from neighbouring countries. These are effectively governed by international riparian agreements, but there is always potential for supply interruptions.
15. The naturally low productivity of arid and semi-arid rangelands is exacerbated by over-grazing and degradation. There is little investment being made in protecting and restoring rangeland productivity.
16. Lack of effective extensions services for small producers. Previous GoU emphasis in the agricultural sector was almost entirely on the large private farms and agribusiness firms. This policy has now started to change, but it is still a factor that small producers

⁶¹ Asian Development Bank, 2020.

do not have any effective state-provided extension services and are usually producing without the benefit of expert technical advice.

17. Many agricultural households suffer from poverty and food insecurity. The national poverty rate in Uzbekistan has risen to 9% following the COVID-19 outbreak, compared to pre-COVID estimates of 7.4%. Nearly 1 million people dropped below the poverty line in 2021.

The Opportunities

18. Modernise the Irrigation System Water Delivery, Water Application and Drainage. This major undertaking would produce very strong benefits in terms of water-use efficiency and crop productivity. The investment required would involve:
- a) Replacement of damaged open delivery canals with high capacity pipelines, and replacing associated pumping equipment;
 - b) Replace surface irrigation systems with drip, sprinkler (centre-pivot, lateral move or micro-jet);
 - c) Install water metering and field moisture measuring/monitoring equipment using digital technology.
 - d) Train operators and farmers in use of this equipment.
19. These investments would probably result in a +50% increase in water-use efficiency.
- i) Introduce techniques to eliminate soil salinity. This can be achieved through a combination of accurate water application (see above) to avoid capillary rise of naturally occurring salts from deep in soil profiles, using salt-tolerant crops (halophytes) and judicious irrigation to leach salts back to lower areas of soil profiles.
 - ii) Apply Climate-Smart Agriculture Techniques. These are proven in many environments, involving techniques such as zero tillage, mulching, organic fertilisers and balanced crop rotations. They can be used in irrigated and rainfed agriculture. In irrigated agriculture, CA drastically reduces costs and increases water-use efficiency. In rainfed agriculture, CA can both restore degraded lands and allow for production in very low precipitation areas.
 - iii) Improve Rangeland Productivity, through use of whole catchment/basin approach. With greater than 65% of rangeland being degraded and eroded, a new approach must be made to improving productivity. This will need a whole catchment/basin approach using controlled grazing, reintroduction of viable plant species, some judicious physical works and collaboration between all users. This is well proven in Australia through the national "Landcare program"⁶², and a similar approach could be adopted in Uzbekistan.

Through market access

The Constraints

20. Lack of Business Knowledge/Market Acumen in small producers. This leads to them grow low value produce, and to be unable to match their production to market requirements. It also inhibits their decision-making with regard to on-farm investments and inputs use.
21. Lack of standards suited for markets, especially exports. Although some of the horticultural produce coming from small producers is remarkable for its taste and visual quality it cannot be exported to most markets without recognised standards verification, notably Global GAP and HACCP⁶³. Similarly, the poor/lack of standards of

⁶² <https://landcareaustralia.org.au/>

⁶³ Global GAP (Good Agricultural Practices- **an internationally recognized set of farm standards** that are made on a worldwide level of agricultural and market gardening businesses in terms of food safety, shelf life and quality).

production and hygiene applied in livestock production, especially dairy often precludes formal marketing.

22. Lack of volume/reliable quantities. Small producers grow insufficient quantities to facilitate efficient transportation and marketing. This, and the fact that their volumes of produce are highly variable, makes them un-attractive for formal businesses to engage with in marketing and service provision.
23. Inadequate access to credit for production and investment due to collateral problems. As all agricultural land is owned by the State, and although leases for small farms are lifetime holdings, they can be transferred through inheritance only, and are not able to be sold. Small producers do not normally have other significant saleable assets that can be used as collateral for financing. This, coupled with a lack of value chain financing, means that they do not have significant access to formal finance for seasonal costs and productive investments.

The Opportunities

24. Local Markets. There is unmet demand for meat, dairy, vegetable and fruit products from local production, and thus substantial market opportunities. The key will be providing small-scale producers with technical and market information concerning these opportunities, and providing them with the ability to make informed business decisions, linking them to viable value chains providing services and markets.
25. Export Markets. Small producers produce some very high quality products, especially fruit and vegetables, that could penetrate international markets. Factors driving competitiveness include the low cost of agricultural production and low cost energy. However, In order to fulfil their potential, the producers need to be enabled to satisfy international standards (Global GAP and HACCCP) and have access to well-credentialed international off-takers
26. Development of Market Linkages. The recent adoption of the "cluster" model for smallholders to larger market entities provides an example of the means by which they can benefit from the market presence of larger agribusiness entities. Other models, such as formation of farmer groups, associations and cooperatives, to enable aggregation of produce and inputs, increased market power and better access to formal markets, would also provide technical and financial benefits to small producers.
27. Seasonal Financing. Lack of collateral for small farmers can be overcome using value chain financing mechanisms. This procedure can be achieved by linking the farmers, inputs suppliers and financing institutions into a "cash less" credit system. The farmers establish an off-taker agreement whereby proceeds of sales are paid through a bank account. The bank provides payment direct to inputs suppliers on the authority of the farmers, and is repaid later from the proceeds of sales.
28. Land Tenure Reform. The Strategy for the development of agriculture 2020-2030 includes amendments to the Land Code that improve small farmers land tenure situation. If reforms allow for land to be tradeable it can be used as bankable collateral.

The Policy and Regulatory Framework for smallholder agricultural development

29. The strategy for the development of agriculture of the Republic of Uzbekistan for 2020–2030' (GOU 2020), articulates a vision for the development of agriculture the country. It encompasses nine objectives, all of which a relevant for smallholders. The most important are:
 - a) ensuring food security for the population;
 - b) creating a favourable agri-business environment to facilitate trade and exports developing world class value chains;

and HACCP requiring hazard analysis, CCP identification, establishing critical limits, monitoring procedures, corrective actions, verification procedures, and record-keeping and documentation.

- c) decreasing state involvement in sector management and attracting private investment;
 - d) ensuring the sustainable use of natural resources and environmental protection;
 - e) developing a network of agriculture knowledge, information and advisory services;
 - f) revitalising rural areas through diversification and community engagement; and,
 - g) developing robust sector statistics and data collection systems.
30. Critical Policy Issues affecting small producers are:
- a) The need to enable land to be used as bankable collateral.
 - b) The need for a rational water pricing mechanism for irrigation.
 - c) The need for more effective public extension and information services.
31. The main public sector institutions relevant to smallholder agricultural development and rural economic development are:
- a) The Ministry of Agriculture and the Ministry of Water Resources.
 - b) The State Committee for Veterinary and Livestock Development (SCVLD),
 - c) The Ministry of Water Resources
 - d) The Agriculture Knowledge and Innovation Service (AKIS).
 - e) The Council of Farmers, Dekhkan Farms and Owners of Household Lands of Uzbekistan⁶⁴.

The role of the private sector in market and service provision.

Assessment of strengths and weaknesses

Strengths

- i) Marketing of the main crops, cotton and wheat.
- ii) Provision of inputs, transport and farm services.
- iii) Dominant position in livestock/dairy value chains.
- iv) Important position in several niche high value local and export value chains.

Weaknesses

- i) Lack of Access to Finance. Most of the banks in Uzbekistan are state owned and until recently, have provided financial services primarily to other SOEs.
- ii) There are only poorly developed backward linkages to small farmers, with most engagement being on an opportunistic basis.
- iii) The concept of mutually beneficial Private Public Producer Partnerships (4Ps) as a means of engagement with small producers is poorly understood, and so far, only applied with project support.

⁶⁴ Whilst this council is nominally representative of the small farmers, in effect it operates as a public institution.

SECAP background study

Introduction

Part 1 - Situational analysis and main challenges

1.1 Socio-economic situation and underlying causes

1. **Demographics.** Uzbekistan's population is estimated to be close to 36 million⁶⁵ with approximately half living in urban areas, and a predominant share of youth (60 per cent are under 30 years of age⁶⁶). Average annual growth rate is 1.8 per cent (2010-2020), which is higher than its neighbouring countries⁶⁷ and regional trends (1.66 per cent)⁶⁸. The country is the most populous of Central Asia and hosts almost half of the regional population (45% in 2022⁶⁹. The rural household size comprises 5.4 persons on average.
2. A lower middle-income country, Uzbekistan has achieved substantial progress in transforming its economy and society since 2017, when the country entered a period of key reforms to transit from a centrally planned to a free-market economy. Many sectors are being restructured and privatisation expanded with Government's ambition to halve poverty⁷⁰ by 2026 and achieve upper-middle-income status by 2030. Between 2004 and 2016, Uzbekistan's fast economic growth, combined with sustained remittance inflows to rural areas, lifted significant parts of the population out of poverty. However, despite a decrease in poverty rate from 27.5 per cent in 2011 to 11 per cent in 2019⁷¹, huge disparities persist between urban and rural areas (with poverty rates at 8.4 per cent and 14.3 per cent, respectively), and between regions (0.4 per cent in Tashkent and 25.9 per cent in Karakalpakstan)⁷².
3. **Social development** indicators improved consistently since 2009, yet the country faces important socio-economic challenges Uzbekistan's rating on the Human Development Index value increased of 20.2% between 2000 and 2019 which placed the country in the high human development category. It ranked 106th out of 189 countries.
4. **COVID-19 impact on poverty.** As a result of the on-going pandemic, and for the first time in two decades, poverty is projected to increase. It is estimated that an additional 1.3 per cent of the population – about half a million people - have so far fallen into poverty, in particular socially marginalized groups (such as women and girls and adolescents and youth). The government has responded with support to private consumption by expanding social protection programs, including low-income family allowances, public works as well as simplified access to and increased duration of unemployment benefits towards the end of 2020. Additional one-time support was provided through community-based targeting through the mahalla (community group) lists called the "iron book". The same level of support remains in the budget for 2021.

⁶⁵ State Statistical Committee of Uzbekistan

⁶⁶ State Statistics Committee (2019), Demographic Situation.

⁶⁸ United Nations, Department of Economic and Social Affairs, Population Division.

⁶⁹ World population review 2022.

⁷⁰ National Poverty line = minimum consumer spending which is 16,300 soms per day (approx. US\$ 1.50).

⁷¹ Asian Development Bank.

⁷² UNFPA, Country Programme Document 2021-2026.

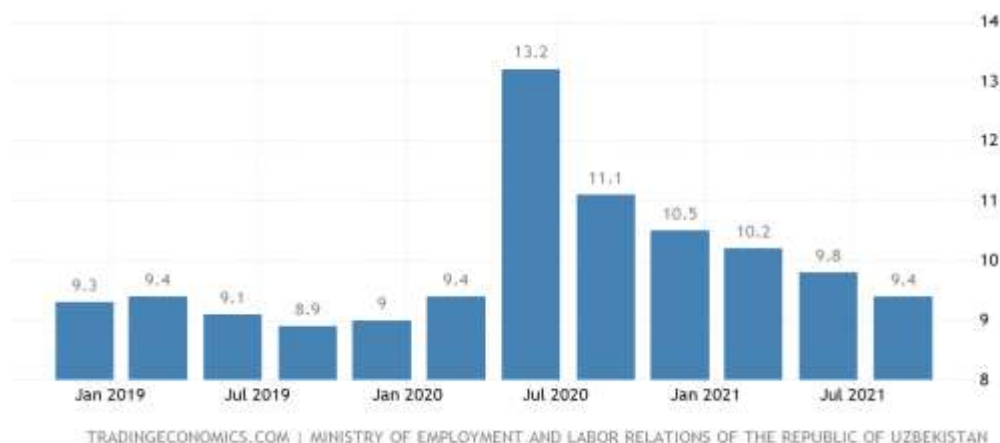


Figure 1: Uzbekistan unemployment rate 2019-21 (source: Ministry of Employment and Labor Relations)

5. **Russia-Ukraine war impact on poverty.** Further undermining the recovery from COVID-19 impacts, the economy is expected to be highly affected by the war in Ukraine and the sanctions on Russia, given Russia is the largest recipient of Uzbek labour migrants, and the two countries' strong economic and financial ties. With an estimated 4.5 million Uzbek migrants in 2021, Uzbekistan is the biggest labour supplier to the Russian Federation. According to the World Bank estimates, the remittances to Uzbekistan reached USD 9.2 billion in 2021, of which more than USD4 billion were from Russia (equivalent to 11.6 and 6.1 per cent of Uzbekistan's GDP respectively). Labour migrants may be forced to return potentially increasing pressure on the domestic labour market. The impact on trade, investments and flow of people (including tourism) could be bi-directional, with likely negative forecast in net terms⁷³.
6. **Livelihoods of rural people.** The rural population accounts for nearly 50 per cent of the total Uzbek population and 75 per cent of the low-income population⁷⁴. Two-thirds of the rural population depend on agriculture and, in 2019, accounted for 26 per cent of the labour force⁷⁵. While agriculture continues to be the main source of livelihood for rural Uzbeks, and the GoU has increasingly acknowledged the existing potential for agriculture growth if farmers are engaged in more viable businesses, they continue to struggle for the increasing environmental threats from climate change, and limited access to finance, productive assets, good infrastructure, extension services and value chains, particularly the smallholders –households farms and dehkans which in 2021 reached 5,512,749⁷⁶ country-wide.
7. **Agricultural sector.** Agriculture is an important sector of Uzbekistan's economy, accounting for approximately 28% of GDP and employing about 27% of the labor force. Since 2017, a steady reform program has helped trigger a recovery in agricultural growth. After years of stagnation, and reflecting the strong supply response to reforms, the sector grew by 3.1 per cent in 2019 despite a reduction in the total sown area by 2.2 per cent. In 2020, despite the COVID-19 pandemic, agriculture was the main driver of growth, increasing by 3 per cent vis-à-vis 1.6 per cent real GDP growth⁷⁷.

⁷³ Brief note on the possible impact of the Russia-Ukraine-West sanctions and countersanctions on the Uzbek economy, UNRCO Uzbekistan, Tashkent, Updated on 11 March 2022.

⁷⁴ Action Document for EU Budget Support to the Agriculture Sector in the Republic of Uzbekistan (2020).

⁷⁵ World Bank, World Bank Indicators, 2021.

⁷⁶ State Statistics Committee 2021.

⁷⁷ World Bank, Second Agriculture Public Expenditure Review, 2021

8. **Cotton and grain** are the country's principal crops, but the elimination of quotas and price controls introduced in 2020-2021 are facilitating a shift to higher-value fruit and vegetable cultivation. Exports of agricultural products contributed approximately 8.8% to Uzbekistan's external earnings in 2020⁷⁸. While the horticulture sector receives policy incentives to increase and diversify exports, the livestock sector, which is oriented to domestic market, has suffered from a lack of strategic approach to its development. The sustainability of its growth is affected by the limited fodder base, neglected pastoral development, and the lack of veterinary, animal nutrition, and other technical assistance services. The government's attention in recent years has been more to bringing highly-productive cattle and upgrade dairy processing and less to addressing the above constraints.
9. Uzbekistan's agriculture is significantly exposed to the **climate hazards**. It is the most vulnerable to the decreased and more variable precipitation, higher temperatures, reduced river runoff, and increased frequency and severity of extreme events. The adaptation capacity of Uzbekistan's agriculture is assessed to be weak⁷⁹.
10. **Agricultural extension services** are not functional. Food safety and sanitary and phytosanitary (SPS) standards are outdated, preventing Uzbek agri-food products from entering many foreign markets. As a result, most farmers do not receive any information and technical assistance on new technologies and farming practices, which leads to the large market failures.
11. **Uzbekistan's agriculture public expenditures** are large in comparison to other countries in the region, however, neither the enabling policy environment nor the allocative efficiency of the public funds are yet fully conducive to generate high, climate resilient, and inclusive agricultural growth⁸⁰.
12. **Land tenure**. Several farm restructurings have been carried out since 1992, resulting in three main agricultural units: the private farms (fermer) averaging 50 ha, the small-scale household farms (dehkan) averaging less than 2 ha, and the former collective farms that became agricultural enterprises (shirkats), few of which have remained.
13. The two main farming entities, dekhans and farmers, have different rights to land: the dekhans have long-life inheritable rights but are not allowed to sell and buy lands or to sublet the land, and not even to expand irrigated land beyond the maximum 0.35 ha. The private farms have rights limited by 30 to 50 years and defined by lease contracts that are monitored by the state and subject to state interventions. Until recently, the private farmers must in fact meet state quotas for cotton and wheat and are obliged to sell these crops for state-dictated prices, differently from dekhans that can sell all their production at market price. Extra land can be allocated by location government at the request of private farms or dekhans, for instance to graze cattle or produce fodder. However, as land resources are scarce, this is difficult to obtain and is a severe constraint on additional production. Neither private farmers nor dehkan farms are allowed to use the land for collateral to get bank loans. Their only collateral for the loans is their future crops or personal belongings, such as cars, valuables or buildings. While the duration of land rights is considered sufficient in Uzbekistan, the current situation does not assure the holders that rights will be recognized and enforced at low costs and does not provide them with the necessary mechanisms allowing adjustment under market changing conditions.

⁷⁸ International Trade Administration, October 2021

⁷⁹ World Bank, Climate Risk Country Profile, 2021.

⁸⁰ World Bank, Uzbekistan: Second Agriculture Public Expenditure Review, 2021.

14. This land tenure system has been recognized as a major deterrent for the economic empowerment of dekhans which, triggered the inclusion of more emphasis on smallholder farmers, giving them more freedoms and expanding their permitted farming area up to 10, in the Law on Dehkan Farms (approved by the Senate on March 12, 2021). However so far there has been slow progress in the implementation and adoption of this reform.
15. **Small-scale farmers.** Sub-sectoral data is very scarcely available. However, it is widely acknowledged that dehkan farms alone produce the majority of the country's livestock and horticulture products. Dekhans are 4.7 million and cultivate 481,000 ha or 13 per cent of irrigated land and operate in less than 20 per cent of the country's arable land⁸¹, facing land access constraints (see below section on land tenure). Even though they employ 60 per cent of the farm labour force, generate more than 70 per cent of agricultural output and 35 per cent of the agriculture export value, including more than 90 per cent of horticulture and livestock outputs, they do not receive public services from the Ministry of Agriculture and other ministries. As dehkan farms are too small and often unskilled, private sector also do not provide any services to them either, except buying surpluses they produce.
16. Most smallholders (dekhans) lack knowledge of modern farming practices and access to capacity-building that could enable them to operate commercially-viable farming ventures and/or other small enterprises. Recent sectoral assessments⁸² have highlighted the existence of good short and medium-term opportunities (e.g., the agri-food sector) for investing in rural people and creating employment both on- and off-farm, which would respond also to the needs of returned migrants. Increasingly, since 2018, government and donors support has shifted in this direction.
17. **Gender.** In 2018, Uzbekistan ranked 64th out of 162 countries in the Gender Inequality Index⁸³ (GII), but **gender statistics and sex-disaggregated data relevant to existing gender inequalities, in particular at rural level, are lacking.** Nonetheless, it is clear that women face a number of inequality-related issues. These include the labor participation rate, which is much lower for women at 49 versus 77 per cent for men, with women concentrated in the low-paid sectors of the economy. Whilst men migrate out of rural areas or out of the country (85 per cent of migrants to Russia are men) for better income opportunities, women mostly stay behind.
18. Rural women, who represent about 25 per cent⁸⁴ of total formal and informal agricultural workers, have very limited opportunities for employment outside agricultural work. They are mainly in low-skilled manual occupations, without protection from the labor law and with a significant wage gap. In 2018, the ratio of women's wages to men's wages was 64.8 per cent (or 35.2 less)⁸⁵, when calculated from the total wages. Economically active women in rural areas spend 45.9 per cent of their free time on unpaid domestic labour compared with 16.6 per cent of rural men's free time⁸⁶.
19. There is both vertical and horizontal gender-based segregation of the labour market. Women represent only about 6.5 per cent of the heads of private farms⁸⁷. There are no data about women heading dehkan farms, but since a very small number of women are heads of household, they are unlikely to be the formal heads of dehkan

⁸¹ In 2018. The World Bank. Uzbekistan: Agricultural Trade Policy Report.

⁸² Uzbekistan, Agri-food job diagnostic, 2020.

⁸³ Human Development Report 2019.

⁸⁴ FAO, 2019. Gender, agriculture and rural development in Uzbekistan. Country Gender Assessment Series.

⁸⁵ ILO, Women and the World of Work in Uzbekistan, 2020.

⁸⁶ FAO, 2019. Gender, agriculture and rural development in Uzbekistan. Country Gender Assessment Series.

⁸⁷ State Statistics Committee 2021.

farms. Although legislation guarantees equal rights to property ownership for women and men, inheritance traditionally favors men. Thus, women have access to land as a member of the household, they are often unaware of their land and property rights, and are seldom the registered leaseholder. As a result, only 22 per cent of the total value of property registered with the National Agency on Land and Property Cadaster is owned by women.

20. Data related to women's role in horticulture, crop production and livestock are not available. In general terms, each of these sectors exhibits a gender-based division of labour with women more likely to be concentrated in labour-intensive and non-managerial roles⁸⁸. Horticulture and crop diversification have the potential to generate income for rural households and to increase dietary diversity and food security. Women farmers highlight specific difficulties relating to horticulture, such as the low quality of seed selection, decreasing crop capacity (due to land deterioration and insufficient water supply), and lack of access to good quality machinery – all of which negatively impacts on crop yields⁸⁹.
21. The most common farm-based work activities for rural women are tending *tomorkas* (kitchen gardens) and engaging in small farm production activities, such as poultry and dairy. *Tomorkas* are often women's responsibility and can play an important role in providing fresh food and an additional source of income. Many rural households have 0.06 to 0.15 hectares (ha) close to the house where residents can grow fruits, vegetables, flowers, and seedlings. Some households install greenhouses in these plots. While many products are for household's consumption, surplus products can be sold locally and women are often responsible for this. According to a World Bank Study⁹⁰ the key factors that determine income earning from *tomorkas* are availability of irrigation water and (2) distance to market. Moreover, the informal nature of women's engagement in *tomorkas* means that rural advisory services and other programmes that are aimed at farmers often fail to reach them⁹¹.
22. Outside of farming as a formal occupation, most rural households keep livestock. Men have greater involvement in the sale, slaughter and breeding of livestock, whereas women usually graze and feed livestock and are responsible for milking animals and preparing dairy products, as well as the informal sale of surplus products (for example, milk and eggs). While the head of the household typically take decisions about the use of profits from farming, women tend to decide independently how to use the funds that they receive from these informal sales⁹².
23. Non-farm opportunities for rural women are limited, but home-based enterprises and small business activities are increasing⁹³. More than half of women entrepreneurs in rural areas⁹⁴ work from home in handicrafts or food production, and so their businesses are typically individual or micro enterprises. Women's businesses tend to be smaller in scale because female entrepreneurs have limited access to markets and financial resources, including start-up capital, credit and loans. Rural women, in particular, have difficulties accessing finance, as they are not usually registered property owners (e.g. of land, house), hence, they lack collateral. They also tend to have limited knowledge about loan application processes and business planning and face constraints on their time and mobility. Few financial products meet their needs

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ World Bank, Diagnostic Study of Barriers for Strengthening Livelihoods of Low-Income Rural Women in Uzbekistan, 2016.

⁹¹ FAO, 2019. Gender, agriculture and rural development in Uzbekistan. Country Gender Assessment Series.

⁹² Ibid.

⁹³ World Bank, Diagnostic Study of Barriers for Strengthening Livelihoods of Low-Income Rural Women in Uzbekistan, 2016.

⁹⁴ Ibid.

- as agricultural producers, or address their perceptions of the risk of defaulting on loan repayments.
24. Support is needed in facilitating access to markets for women who produce and sell agricultural products (both livestock and others) and to build their capacities in income generation as a way of increasing their position in key value chains. Agro-processing also has the potential to provide jobs to rural women as they tend to have a good base of skills and knowledge from home-based agro-processing they regularly undertake, however, they need upgrading formal vocational training and access to technologies and other resources that would support them to become business leaders in this field.
 25. **Gender-based violence (GBV).** Uzbekistan is party to international conventions on women's rights, and at the national level there are provisions for gender equality. However, some major deficiencies exist in translating conventions into law, and discrimination against women remains. Although official statistics about the prevalence of gender-based domestic violence are missing due to a long-time taboo around the issue and restrictions to data collection, various estimates put the prevalence at the same level of neighbouring Central Asian countries, with at least one in three women with lifetime experience of physical, psychological or sexual violence. These conservative estimates however hide the majority of cases that go unreported.
 26. In 2019, two laws were adopted: "On the Protection of Women from Oppression and Violence"[2] and "On Guarantees of Equal Rights and opportunities for women and men". This represents a significant step in the legal field; however some provisions are not supported by the current legal framework and therefore have no practical meaning.
 27. Among the key GBV challenges are: lack of state gender-disaggregated statistics on GBV; low awareness of population on the issue of GBV; low awareness of women, especially from rural areas, on their own rights, processes and procedures made available to them to protect their rights and interests; lack of qualified professional specialists to work with the victims of violence; lack of gender sensitivity, knowledge and skills in providing assistance to the survivors of violence by service providers.
 28. Women's opportunities for employment increase markedly with tertiary education attainment (68 per cent vs. 35 per cent for those with only general secondary education⁹⁵). On average, employees with tertiary education earn 55 per cent higher wages than similar employees who have secondary education⁹⁶. These findings point to the need of removing the barriers young women face for entering and completing tertiary education as a means of improving their access to the labour market, particularly for young rural women who have less tertiary education facilities in their villages and districts⁹⁷ along with other barriers to participation.
 29. **Youth**⁹⁸. With more than 60 per cent of the Uzbekistan population being under the age of 30, more than 500 thousand youth join the labour force, annually. By 2030, Uzbekistan is projected to have the 5th largest labour force in central Asia and Eastern Europe region⁹⁹. A large number of the youth reside among the 50 per cent rural

⁹⁵ Data from Central Asia's Labour and Skills Survey, World Bank, 2016.

⁹⁶ Ibid.

⁹⁷ FAO, 2019. Gender, agriculture and rural development in Uzbekistan. Country Gender Assessment Series.

⁹⁸ The Youth Policy Law (1991) does not provide a definitive age range, but notes that the act applies to "citizens aged 14" and refers to an upper age of 30 years for specific programmes.

⁹⁹ Etenesh Asfaw, Rural Youth in Agriculture and Rural Development of Uzbekistan, CPRO Policy Brief February 2019.

population. This demographic 'youth bulge' presents a specific challenge in terms of ensuring that working age people are integrated into the labour market, especially rural youth who have more limited access to educational and training opportunities. From 2012 to 2017, the working-age population grew by 1.7 million, whereas employment growth was only 0.2 million, excluding migrants and informal workers¹⁰⁰. Youth unemployment remains high at 12 per cent (2019). In rural areas only 13 per cent of youth are in farm leadership positions¹⁰¹ and only 1 out of 10 is a young woman. Absence of well-paid jobs and low productivity in the rural sector are the primary motives for rural unemployment and massive youth migration, with direct implications in household structure and youth entry into the informal economy (informal employment accounted for 59.3 per cent of workers in 2018¹⁰²).

30. According to a recent youth survey¹⁰³, the rate of youth not transferring to further education, training, or the labour market after secondary education is an alarming 54.6 per cent. In sex disaggregated terms, this reaches 74.0 per cent for women as compared to 24.8 per cent men. The factors impeding the ambition of young women to generate own income are household and family-care responsibilities, and lower mobility in regards to being able to relocate towards economic opportunities. As compared to their contemporaries residing in urban centres, youth in rural areas enjoy fewer opportunities for continuing their education or securing employment, and therefore show an interest in pursuing entrepreneurship. Enhancing opportunities for young people to obtain foundational, life, technical, digital, innovation and entrepreneurial skills is required for a successful school-to-work transition.
31. There is a clear need to advocate more for young people's voice and agency within rural institutions and at household level, since the survey reports young people widely share the opinion that they are excluded from decision-making and activities at the local (mahalla) level, based on the societal perception that 'adults know better'¹⁰⁴. Addressing rural youth unemployment and slowing down migration is a necessary condition for the intended long-term and inclusive rural development vision of Uzbekistan.
32. **Ethnic minorities.** According to official estimates (2021), out of a total of 35.6 million people, the ethnic Uzbek majority totalled just over 29.2 million (84.4 per cent of the population) while ethnic Tajiks made up 1,700,000 (4.9 per cent). Other sizable minorities include Kazakhs 821,200 (2.4 per cent), Russians 720,300 (2.1 per cent and others around 4 per cent. The Karakalpak population, located in Karakalpakstan suffers higher levels of poverty, unemployment and poor health than average. The shrinking of the Aral Sea by 90 per cent and desertification has had serious economic, social and health consequences for the ethnic Karakalpak population, which is native to the region immediately around the sea. Karakalpaks have lost their traditional livelihoods and remain one of the most threatened minorities in the country because of the ecological catastrophe.
33. **Persons with disabilities.** The officially reported number of persons with disabilities is likely underestimated at 2.1 per cent of the population According to a

¹⁰⁰ ADB, May 2019. Country Partnership Strategy. Uzbekistan, 2019–2023 - Supporting Economic Transformation.

¹⁰¹ State Statistics Committee 2020.

¹⁰² The World Bank. "Growth and Job Creation in Uzbekistan: An In-depth Diagnostic". December 2018.

¹⁰³ Youth of Uzbekistan: challenges and prospects, UNICEF. Conducted between 2018-2020, the study targeted youth between 14 and 30 years of age across Uzbekistan's 12 provinces, the capital city Tashkent and the autonomous Republic of Karakalpakstan.

¹⁰⁴ Youth of Uzbekistan: challenges and prospects, UNICEF, 2020.

World Bank survey (2018), about 13.5 per cent of the population aged 3 and above has some form of disability, and 3.5 per cent has severe forms of disability. Moreover, the survey results revealed that 45 per cent of households had a member with a disability, and 14 per cent have a household member with a severe form of disability. Disability prevalence is highly correlated with age, i.e. 54 per cent of those aged 60 or older have some form of disability. At the end of 2020, 718,300 persons with disabilities (305,600 females and 412,700 males) received pensions and social benefits in Uzbekistan¹⁰⁵. Persons with disabilities are about four times less likely to find a job than those without disabilities. In 2019, only 8.9 per cent of men and 4.4 per cent women with disabilities aged 16–59 and 16–54, respectively, were officially employed (7.1 per cent overall). The percentage was even lower in rural areas (5.8 per cent)¹⁰⁶. Children with disabilities have nearly 20 per cent less access to pre-school education than those without disabilities¹⁰⁷, with major implications for their carers (mainly women). Although persons with disabilities are legally entitled to privileges and benefits including the provision of some assistive devices and free healthcare, they face numerous barriers to access them given devices are not available to all and health facilities lack the needed type of transport service (especially in rural areas).

34. A concrete step towards increased state awareness and acknowledgment on the need for more inclusion of persons with disabilities is the new law that came into force in January 2021. The law enforces employment quota for persons with disabilities by obliging state institutions and private enterprises with at least 20 employees to reserve at least 3 per cent of their jobs for persons with disabilities. Furthermore, it foresees the organization and improvement of training programs to train persons with disabilities in new professions, including home-based work.
35. **Displaced persons.** In the context of Uzbekistan, displaced persons are mostly associated with returned migrants. Given the effects of the recent pandemic and the war in Ukraine and the sanctions on Russia, is expected this group will grow over the upcoming period particularly in rural areas which is where most migrants originate from. Only in the first quarter of 2022 133,000 labour migrants returned to Uzbekistan¹⁰⁸.
36. **Nutrition.** According to the Global Food Security Index (GFSI), Uzbekistan ranks 78th out of 113 countries¹⁰⁹ with a 53.8 score against the regional average of 59.7. The country accounts low incidence of under nourishment (2.5% vs. 7.5% regional average) among all population. Uzbekistan is 'on course' to meet three targets for maternal, infant and young child nutrition (MIYCN)¹¹⁰. Some progress has been made towards reducing anaemia among women of reproductive age, with 24.8% of women aged 15 to 49 years now affected (vs. 33% in 2015).
37. Progress is reported in stunting, with 10.8% of children under 5 years of age affected, which is lower than the average for the Asia region (21.8%). Similarly, the target for children wasting is also being met, with 1.8% of children under 5 years of age affected, thus lower than the average for the Asia region (8.9%). The country

¹⁰⁵ State Committee of the Republic of Uzbekistan on Statistics, 2020.

¹⁰⁶ United Nations (Uzbekistan) 2019.

¹⁰⁷ F. Bakaeva and D. Muratova. 2015. "Analytical Report on the Results of Monitoring the Rights of Persons with Disabilities to Access Transport Services." The National Centre for Human Rights of the Republic of Uzbekistan, UNDP in Uzbekistan.

¹⁰⁸ Agency for External Labor Migration

¹⁰⁹ 2020 Economic Intelligence Unit.

¹¹⁰ 2021 Global Nutrition Report.

follows the regional trends for children overweight (4.6% vs. 4.7%) and for children severely underweight (5.1% vs. 5.1%)¹¹¹.

38. **Food security.** The Government of Uzbekistan now recognizes that improving the food security and nutrition of the population presents one of the greatest opportunities to accelerate the human and economic development of the country. Analysis of available data¹¹² confirms that since independence, Uzbekistan has made significant progress in terms of increasing the availability of wheat (despite continued reliance on imported wheat and flour) and reducing child undernutrition including both stunting and wasting. However, dietary diversity tends to be poor, with a reliance on cereals, sugar, and high levels of saturated fat. Uzbekistan is therefore affected by a triple burden of malnutrition – defined by the World Health Organisation (WHO) as the coexistence of undernutrition along with micronutrient deficiencies, overweight, obesity and non-communicable diseases (NCDs) within individuals, households and populations, and across the life course.

1.2 Environment and climate context, trends and implications -

39. Uzbekistan - one of two doubly landlocked countries in the world with a rapidly growing population - relies on limited and degrading natural resources that are further negatively affected by the effects of climate change.
40. **Geography and climate.** The majority of the country (79% in area) have flat topography in the form of semi-desert steppes or desert areas, including desert areas in the far west that formed as a result of the drying up of the Aral Sea (see below figure, FAO Global Ecological Zones). The southeastern regions have a continental semi-arid to dry-subhumid climate, including the area covering the largest cities of Tashkent and Samarkand, and contain high mountains that are part of the Tien-Shan and Gissar-Alai ranges.



Figure 2: Agro-Ecological zones in Uzbekistan. Source: FAO Global Ecological Zones, 2010.

41. Uzbekistan's climate characterized by large temperature variations within days and between seasons. Summers are long, hot and dry, with average monthly temperature above 10°C from April to October, of 27.2°C in the hottest month (July), and with an average daily maximum of 35°C in many of the major cities. Winters

¹¹¹ Ibid.

¹¹² National Food Security and Nutrition Strategy of Uzbekistan (2021-2030)

are cold, with average monthly temperatures of -1°C to -3°C between December and February. Western areas of the country experience relatively colder winter temperatures, whereas temperatures are highest in the south, near the borders with Turkmenistan and Afghanistan. There is considerable spatial variation in precipitation levels (see figure 3). Many western areas receive less than 100 millimeters (mm) of precipitation per year, whereas parts of the east and south-east can receive up to 800-900 mm per year¹¹³.

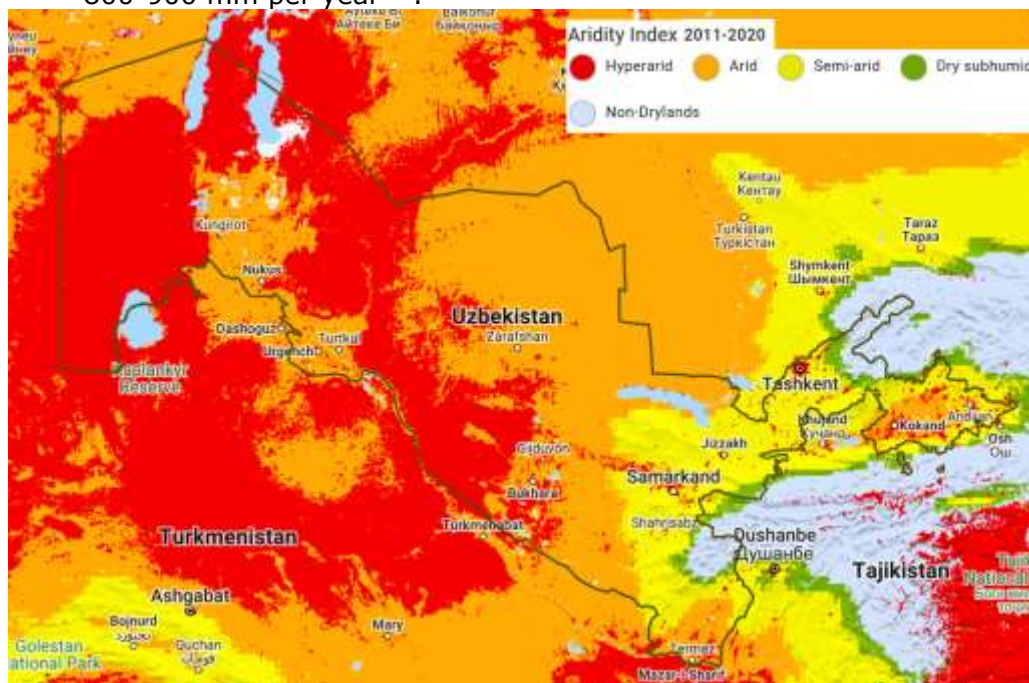


Figure 3: Aridity index in Uzbekistan. Source: Aridity median value for 10 year periods 2001-2010 and 2011-2020 (Prec ECMWF Land / PET MODIS)

42. **Land use.** Agricultural production accounts for 46% of the country, with less than 10% of the territory being intensively cultivated irrigated land in river valleys and oases. As presented in Figure 4¹¹⁴, the country is mainly constituted of barren land and sparse vegetation (more than 70% of total area in Karakalpakstan and Bukhara regions), including pastureland (West and Center), cropland (West, East), Grassland (North-West, East), shrubland (West, Center), herbaceous wetland (West) and built-up (cities and villages).

¹¹³ Climate risk country profile, Uzbekistan, World Bank and Asian development Bank, 2021.

¹¹⁴ The European Space Agency (ESA) WorldCover 10 m 2020 product provides a global land cover map for 2020 at 10 m resolution based on Sentinel-1 and Sentinel-2 data. The WorldCover product comes with 11 land cover classes and has been generated in the framework of the ESA WorldCover project, part of the 5th Earth Observation Envelope Programme (EOEP-5) of the European Space Agency.

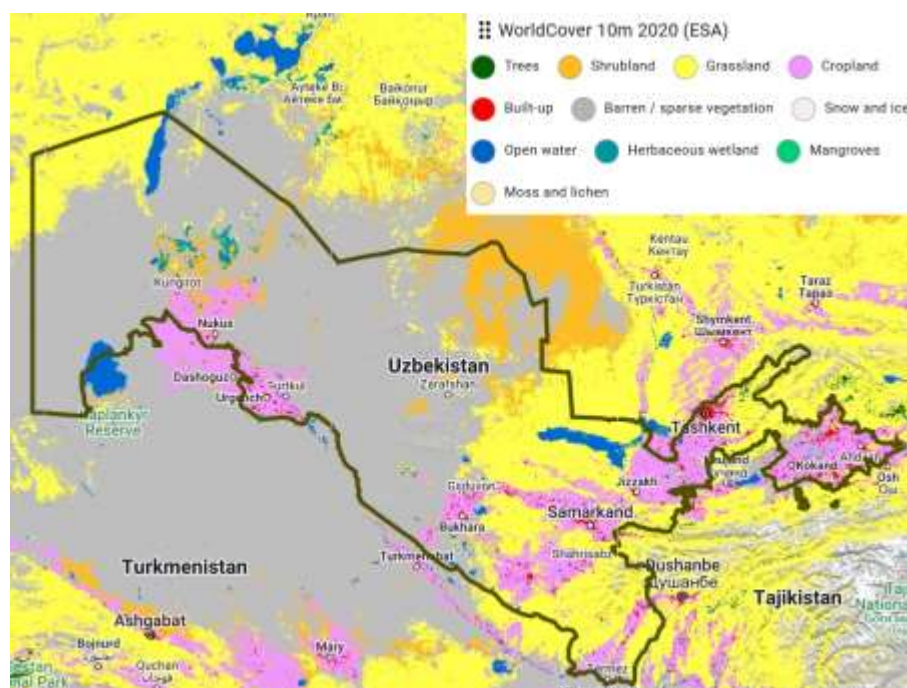


Figure 4: Land use in Uzbekistan. Source: European Space Agency(ESA) WorldCover 10m - 2020

43. **Water resources.** Due to the arid climate, agricultural production in most of the country is possible only with irrigation. Irrigation facilities in the cold winter deserts of Uzbekistan are outdated and poorly managed, with possible water shortage, resulting in low water use efficiency and low productivity¹¹⁵. Improving the irrigation facilities in these deserts is a key priority for the country. According to ICARDA¹¹⁶, given the history of inefficient management of water resources in the region, further deterioration of water resources is anticipated. This deterioration will affect agricultural productivity and livelihoods in the cold winter deserts and might create tension between upstream and downstream transboundary and local water users in time. Possible solutions entail the design and implementation of demand-driven and carefully targeted irrigation schemes.
44. Agriculture accounts for 84% of the nation's water use. Uzbekistan water supply originates mostly from sources outside the country (up to 80% in 2014¹¹⁷). Indeed, Uzbekistan shares the major rivers of Central Asia (Amu, Darya, Syr Darya, and Zaravshan) with neighbouring countries and less than 10% of water resources originates from Uzbekistan. The country depends on the use of water of the major rivers from (upstream hydropower plants and irrigation schemes). Furthermore, glaciers and snow in the mountains comprise essential water reserve for the rivers, as the Amu Darya River, which drains into the Aral Sea.
45. Access to drinking water has increased in the country since 2000 to reach more than 95% of urban households and 93.6% of rural households in 2021. **Land and soil resources.** Land degradation is acknowledged as one of the major problems for the sustainable development in Uzbekistan and the Central Asian region, as a whole. The most recent PRAIS3 reports that **28.6 per cent of land in the country is degraded**. As the figure is partially based on global data, it is anticipated that local degradation is far greater.

¹¹⁵ Girma Kassie, Hasan Boboev, Ram Sharma, Akmal Akramkhanov. (22/12/2021). Willingness to Pay for Irrigation Services in the Cold Winter Deserts of Uzbekistan. Sustainability 2022, 14 (1). DOI: <https://dx.doi.org/10.3390/su14010094>

¹¹⁶ ICARDA: Science for resilient Livelihood in dry areas

¹¹⁷ GFDRR (2019). Weather, Climate and Water in Central Asia. A guide to Hydrometeorological Services in the Region.

46. The major types of land degradation in Uzbekistan are **secondary soil salinization** due to inappropriate irrigation, **soil erosion** and **desertification**.¹¹⁸ Salt accumulation in irrigated agriculture harms soils and crops and reduces crop biomass production and quality while sediments transported through air by wind erosion endanger the respiratory health of communities.¹¹⁹ The majority of the country's soils (Fig. 5) and over 50% of irrigated lands are exposed to different degrees of salinity, substantially limiting agricultural productivity.



Figure 1: Salt Affected Soils in Uzbekistan. Source: FAO, GloSIS Global. Data Hub for GloSIS Country Driven Global Datasets

47. In addition to the climatic, geomorphologic, and pedologic factors, human factors add to widespread land degradation, with negative consequences for the livelihoods and its fragile environment. There are numerous studies linking unsustainable dryland farming practices with land degradation and desertification. Anthropogenic causes put pressure on the low-productive desert pastures. The combination of sharp continental arid climate and anthropogenic factors has led to: (i) degradation of vegetative cover as a result of intensive use (overgrazing); (ii) desertification around watering wells (as a result of a concentration of large numbers of livestock); (iii) wind erosion of the fertile upper soil layer.
48. The shrinking Aral Sea has also exposed an immense amount of sediment that feeds erosive and toxic **sand and dust storms**. Vast areas of white salt flats polluted with heavy metals and pesticides and fertilizers appeared on the dried bottom of the Sea. The newly formed land area turned into a new desert of Aralkum, with an area of 5.5 million hectares – the area similar in size to Croatia – which is a hotbed of dust and salt storms, which naturally adversely affects the quality of soil and aggravated by frequent droughts. It is estimated that SDS from the Aralkum are causing Karakalpakstan to lose \$44.2 million/year, an equivalent to 2.1% of its Gross Domestic Production (GDP). The number of days with temperatures above 40°C in the summer period increased has two-fold and winters have become colder and more severe. Anthropogenic drivers, such as intensive tillage, created favourable conditions for carbon emission.

¹¹⁸ Aw-Hassan, A., Korol, V., Nishanov, N., Djanibekov, U., Dubovyk, O., Mirzabaev, A. (2016). Economics of Land Degradation and Improvement in Uzbekistan. In: Nkonya, E., Mirzabaev, A., von Braun, J. (eds) Economics of Land Degradation and Improvement – A Global Assessment for Sustainable Development. Springer, Cham. https://doi.org/10.1007/978-3-319-19168-3_21

¹¹⁹ Akmal Akramkhanov. (11/3/2020). CoED Soil retention ecosystems services in Aral Sea bed in Uzbekistan EN.

49. **Ecosystems and biodiversity.** Uzbekistan is home to six terrestrial ecoregions: Alai-Western Tian Shan steppe, Gissaro-Alai open woodlands, Badghyz and Karabil semi-desert, Central Asian northern desert, Central Asian riparian woodlands, and Central Asian southern desert¹²⁰. Uzbekistan has 37 Terrestrial Protected Areas and 8 with management effectiveness evaluations¹²¹. Conservation of biological species and communities is correlated with habitat preservation. Uzbekistan recognizes that ecosystems – whose health in turn determines the development of the agriculture sector and national well-being – must be protected and restored. The National Biodiversity Report (2017) identified the following ecosystems and habitats as priorities for biodiversity conservation:
- **Tugai and flood-plain ecosystems** still exist as small areas along the rivers Amudarya, Syrdarya, Zarafshan, Chirchik and Akhangaran. The areas are being reduced due to agricultural development and use by local residents for the domestic purposes.
 - **Foothill plains and adyrs** are situated in the foothills of the western Tien Shan and Pamir-Alai. These areas are affected by the agricultural expansion.
 - **Degraded low mountains and escarpments of Plateau Ustyurt** are located amidst the desert and shelter many rare species. They are subject to the pressure from animal husbandry as well as from the mining industry (construction, gypsum raw material, etc.).
 - **Alpine meadows** are located higher than 2700 m above sea level. They are subject to significant pressure from animal husbandry.
 - **Wetlands** including artificial water bodies such as wastewater lakes, reservoirs, etc. Wetlands shelter many settled and migratory bird species. Most of the wetlands are not subject to direct threat of extinction; however, under aridic climate conditions they are under the state of unsustainable water deficit and subject to degradation during the drought period.
 - **Forest Ecosystems.** Uzbekistan is a country with the low forest cover (about 7% of country's land is covered with forests). However, forests play a significant role both for the economy and environment protection needs delivering important ecosystem services.
50. **Climate change.** Climate change is already witnessed in the country. Average annual air temperatures have risen steadily and significantly in Uzbekistan over the past century. From 1901 to 2020, minimum temperatures rose at an average rate of 0.21°C per decade. And average temperatures rose at an average rate of 0.27°C per decade in the last 50 years. The average annual temperature range has narrowed in Uzbekistan over the same period, with average minimum temperatures rising by 2.0°C and average maximum temperatures by 1.6°C between 1951 and 2020. Uzbekistan's rate of warming varied considerably by region, with the steepest rises in temperature occurring in the north and in large cities (0.30°C - 0.43°C per decade).

¹²⁰ Dinerstein, Eric; et al. (2017). "An Ecoregion-Based Approach to Protecting Half the Terrestrial Realm". *BioScience*. 67 (6): 534–545. doi:10.1093/biosci/bix014

¹²¹ UNEP-WCMC (2022). Protected Area Profile for Uzbekistan from the World Database of Protected Areas, May 2022. Available at: www.protectedplanet.net

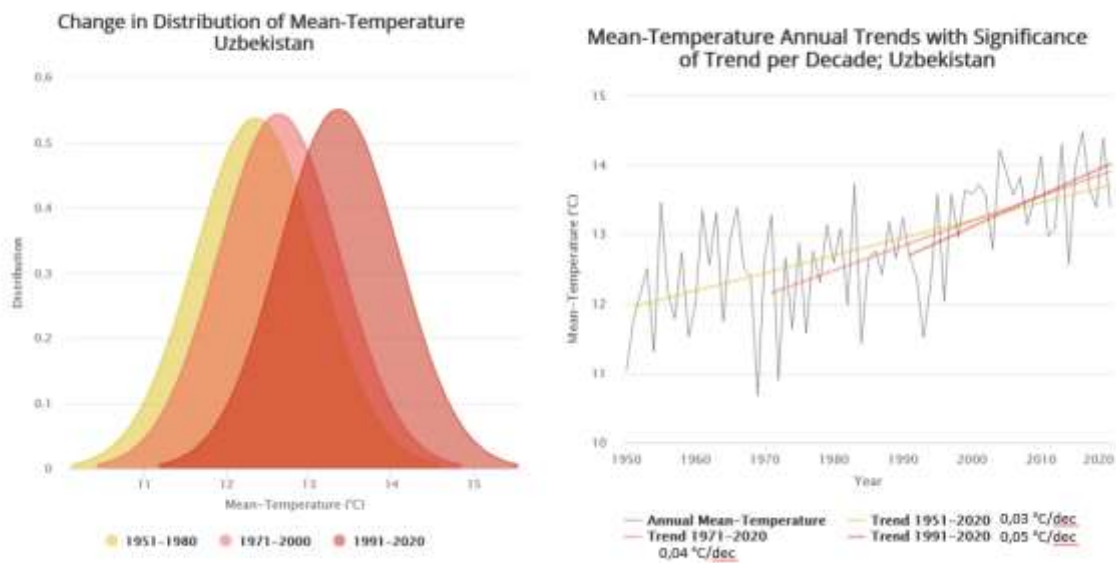


Figure 8: Mean temperature trend in Uzbekistan for the period 1951-2020. Source: Climate Change Knowledge Portal, World Bank (2022).

51. **Precipitation** - In contrast to the clear trend in average temperatures, average annual precipitation has not shown statistically significant changes in Uzbekistan in recent decades. However, the occurrence and intensity of the events has increased in time since 2000. The analysis of the 18 months SPEI shows that the drought events have long term significance for groundwater resources which in turn, increases the intensity of short drought events (4 months SPEI) in time. It shows that the system is less and less resilient to climate shocks.

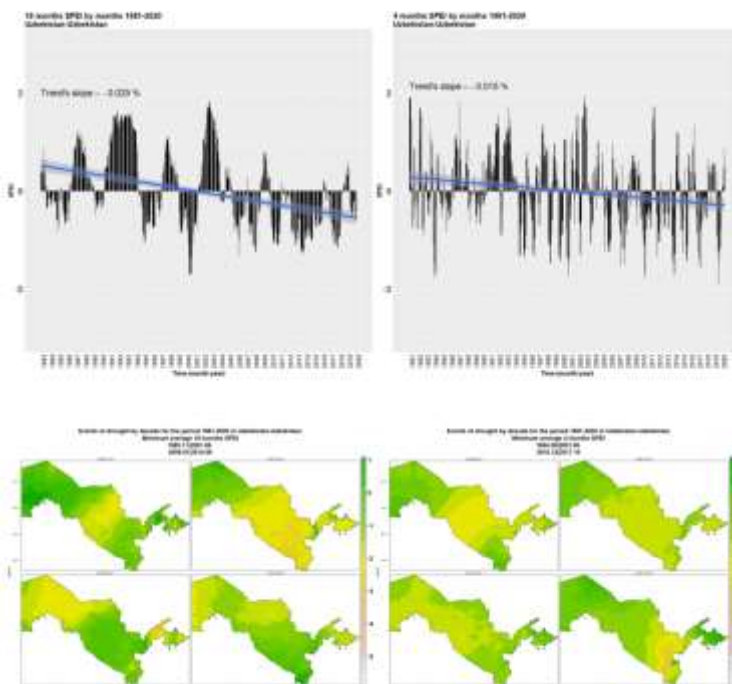


Figure 11: Monthly SPEI Drought Index calculated on 18 (left) and 4 (right) months period in Uzbekistan for the period 1981-2020. Prepared by IFAD. Source: Terraclimate.

*Projected trends of climate change*¹²²

52. For Uzbekistan, models show a trend of consistent warming despite emissions scenario. However, projections for rainfall are highly variable with no statistically significant change over the past decades. In addition, an increase in intensity for extreme rainfall events is likely, with more water in shorter period of time, less distributed during the year, increasing the risks of floods and droughts.
53. Average temperatures in Uzbekistan are expected to rise significantly by the 2090s, under all emissions pathways, relative to their 1986–2005 baseline. The rate of warming for Uzbekistan exceeds the projected global average temperature rise.¹²³
54. The western area of the country will be the most subject to the increase in temperature and heavier rainfall events. The eastern area of the country will experience a decrease rainfall together with a slight increase in temperature. As a consequence, the soils will be more stressed and droughts will become more frequent, especially in the Centre and in the West as shown in the figure below. Warm spell durations are expected to increase by 16 days, with a possibility of reaching a total of 38 days by mid-century under an RCP 8.5 scenario.
55. Main causes and drivers, challenges and projected trends impact agricultural development and rural poverty. Impacts from climate change are expected to include:¹²⁴
 - **Droughts:** events may become more frequent due to shifts in precipitation patterns and river runoff decreases. Water scarcity, heat waves and increased frequency of high heat days are the most severe risks from climate change in Uzbekistan for agriculture. Prolonged drought in turn is projected to worsen potential for forest fires and shortened growing seasons. Climate warming is also expected to shift boundaries of spring frosts, with potential for adverse impacts on the agriculture sector.
 - **Landslides:** changes in precipitation patterns are likely to alter slope and bedrock stability, resulting in localized landslides, particularly for southern and eastern areas where the landscape is most rugged.
 - **Desiccation of the Aral Sea:** The projected reduction in glacial mass and river flow in the Amu Darya and Syr Darya basins¹²⁵ along with increased average temperatures are likely to accelerate this process, which in turn could hasten the process of desertification across the wide area of land adjoining the Aral Sea.
 - **Soil salinization:** This phenomenon may be hastened by climate change, to the extent that the expected increases in average temperatures may cause increased evapotranspiration and higher water demand for irrigation.

Flash flooding and mudflows: These phenomena typically occur between the months of March and July, fed by precipitation and potentially by melting snow. Risk of glacial lake outburst may increase as the higher temperatures

¹²² Climate projection data is modeled data from the global climate model compilations of the Coupled Model Inter-comparison Projects (CMIPs), overseen by the World Climate Research Program. Data presented is [CMIP6](#), derived from the Sixth phase of the CMIPs. The CMIPs form the data foundation of the IPCC Assessment Reports. CMIP6 supports the [IPCC's Sixth Assessment Report](#).

¹²³ Climate Change Knowledge Portal, World Bank (2022)

¹²⁴ Ibid.

¹²⁵ Mamadjanova, G., Wild, S., Walz, M.A. and Leckebusch, G.C. (2018). The role of synoptic processes in mudflow formation in the piedmont areas of Uzbekistan. *Natural Hazards and Earth System Sciences*, 18(11), pp. 2893–2919. URL: <https://www.nat-hazards-earth-syst-sci.net/18/2893/2018> WRI (2018). AQUEDUCT Global Flood Analyzer. URL: <https://floods.wri.org/#>

projected by the model ensemble serve to accelerate the melting of glaciers in Central Asia.¹²⁶

Part 2. Institutions and legal framework

2.1 Institutions

56. The country has a fairly stable and robust institutional structure with relevant state institutions having the mandates on the environmental protection, management and use of land and natural resources, monitoring and impact assessment.
57. **The Ministry of Economic Development and Poverty Reduction** was established in 2020. It acts as a main body behind the SDG Coordination Council and coordinates the activities of the line ministries, institutions and agencies involved in the implementation of the SDG goals. The Ministry has a mandate in various sectors of the economy and carries out the analysis and forecasting of macroeconomic indicators, development of proposals for the introduction of market mechanisms for economic management, stimulation of the development of private entrepreneurship, and the development of strategic directions for the development of foreign economic activity in order to increase the export potential of the economy, etc.
58. Uzbekistan has an effective system of the State Monitoring of the Environment (SME). **The State Committee of the RoU on Ecology and Environmental Protection** (Goskomekologiya) is the main executive body in the field of environmental protection. It is an authorized and coordinating body of the State control and cross-sectoral coordination in the field of ecology, environmental protection, rational use and reproduction of natural resources and ensuring inter-agency interaction.
59. **The Ministry of Agriculture (MoA)** is the main governing body that implements the national agriculture and food security policy aimed at the comprehensive the sector modernization, research and development, innovation and introduction of intensive agricultural technologies, and increasing export potential. Key functions of the Ministry are (i) implementation of a unified state agriculture and food security policy; (ii) stimulating the development of value chains for agricultural and food products; (iii) implementation of measures for the widespread introduction of the cluster model of agribusiness; (iv) coordination of measures of state support for agriculture. In December 2021, the **International Strategic Centre for Agri-Food Development (ISCAD)** was established under the MoA with the mandate to deliver the rural transformation agenda with supervising authorities on loans and grants in the agri-food sector, as well as analytical functions to ensuring coherence, coordination, effectiveness and efficiency of agri-food strategy and policy implementation. As such, ISCAD has become the the implementing agency of the IFAD funded project ADMP, similarly to other IFI funded investments.
60. **State Committee for Veterinary and Livestock Development (SCVLD)** was established in 2019 and it is the entity responsible for the implementation of the Program for the development of livestock sector and its branches for 2022-2026. Since 2021, the SCVLD has been implementing the IFAD funded project DVCDP along with other IFI investments and donor grants in the livestock subsector.

¹²⁶ World Bank (2015). Assessment of the role of glaciers in stream flow from the Pamir and Tien Shan Mountains. Europe and Central Asia, GWADR. World Bank. URL: <http://documents1.worldbank.org/curated/en/663361468283187700/pdf/AralBasinGlaciers-FinalReport-May-2015.pdf>

61. **The State Committee on Forestry (SCF)** was established in 2017. It is responsible for the assessment and inventory of forests. SCF, controls all forestland and all forestry activities (including most protected areas) through the Forestry Cadastral Department and Urmonloyiha (Forestry design). In the recent years, the Government has paid a particular attention to forest management. Since 2017, the forest area has increased by 2.3 million hectares, 12 new forestry enterprises under the SCF have been created. The SCF serves as the UNCCD National Focal Point. It is currently developing a gender strategy for the sector and a system of gender focal points.
62. **The Ministry of Innovative Development** was established in 2017. It coordinates the activities of government bodies, research, information and analytical institutions and other organizations on the implementation of innovative ideas, developments and technologies.
63. **The Ministry of Investment and Foreign Trade** was established in 2019. It is an authorized state body responsible for the implementation of a unified state investment policy, coordination of attracting foreign investment, development and implementation of state development programs and investment programs, etc. The Ministry is the legal successor of the Ministry of Foreign Trade and the State Committee of the RoU on Investments on their rights, obligations and agreements, including international ones.
64. **Center for Hydro-meteorological Service (Uzhydromet)** serves as the UNFCCC National Focal Point. The main tasks of Uzhydromet are 1) development and improvement of the state system of hydro-meteorological observations; 2) hydro-meteorological support of the economy, population and armed forces of the RoU; 3) formation and maintenance of the state hydro-meteorological data fund, the state data fund on environmental pollution, state registration of surface waters; 4) coordination of activities on the creation and maintenance of the state water cadaster; 5) systematic monitoring of air pollution, soil, surface water, as well as the emergence and development of natural hydro-meteorological phenomena; 6) research on improving the short- and long-term weather forecast, watershed management, climate change; coordination of activities on climate change issues.
65. **The scientific research complex** of the republic includes more than 360 institutions of an academic, university and industry profile, as well as subordinate scientific and design organizations, a significant part of which directly and/or indirectly participate in environmental protection activities and fulfillment of obligations under the UNCCD. The core of the scientific potential lies with the Academy of Sciences of the RoU.
66. Several scientific and **non-governmental organizations** that take part in improving environmental legislation. The National Association of Non-governmental Organizations of Uzbekistan was established in 2005 and unites over 300 NGOs. The international non-governmental charitable foundation Soglom Avlod Uchun (For a Healthy Generation), the Health and Charity Fund, the Mahalla Fund, and others make a special contribution to the implementation of national priorities. In addition to women's public committees, various NGOs are involved in solving women's problems, such as the Association of Business Women of Uzbekistan.
67. **The Senate Commission on Gender Equality** is the main institution that coordinates women's affairs nationally. In addition, the resolution "On measures to further strengthen guarantees of labor rights and support for women's entrepreneurship" envisages the creation of "Women's Entrepreneurship Centers" with the status of a non-governmental non-profit organization.¹²⁷ In 2020 a new Ministry for Mahalla and Family Affairs was created and its deputy Minister will manage the Public Foundation for the Support of Women and the Family The governing bodies of the Women's Committee of Uzbekistan and the Republican

¹²⁷ See <http://www.uzdaily.com/en/post/48426>

Council for the Coordination of Activities of Citizens' Self-Government Bodies made decisions on the abolition of these organizations.¹²⁸ In 2021, the **Republican Public Women's Council** was created as the responsible body for a number of measures to strengthen the socio-economic role of women, in particular the vulnerable ones.

68. **The Ministry for Support of the Mahalla and the Family**¹²⁹ is responsible for comprehensive assistance in the full and effective implementation of the principle of "Comfortable and Safe Mahalla" in society, establishing close cooperation with citizens' self-government bodies to improve the social and spiritual atmosphere in families and mahallas. The governing bodies of the Women's Committee of Uzbekistan and the Republican Council for the Coordination of Activities of Citizens' Self-Government Bodies were abolished. In 2020, the Ministry defined comprehensive support to **women** as one of the priority areas by appointing advisors to Khokims on women and family issues in all regions, districts and cities. For 9,255 mahallas, the position of deputy chairman of the mahalla for family, women and social issues was introduced. A State trust fund had been set up to support women, designed to provide all possible support to women, to promote their participation in the organization of family and private entrepreneurship, handicrafts, and their acquisition of knowledge and skills in professions in demand on the labour market. .
69. **The Youth Affairs Agency** and interdepartmental councils on youth issues, chaired by the Prime Minister, have begun to operate in 2021 within the framework of the *Concept of Development of State Youth Policy in Uzbekistan until 2025*. **A Youth Commission** and **Youth Parliaments** have been set up in the Legislative Chamber of the Oliy Majlis . Moreover, in 2018 Uzbekistan was accepted as an equal member of the **SCO Youth Council** and, in 2020, of **the Forum of Youth Organizations of CIS Member States**.
70. **The Institute for the Study of Youth Problems and Training of Perspective Personnel under the Academy of Public Administration** has been created to compile a database of promising young staff of State authorities and voluntary organizations, creating a system for monitoring their professional development, preparing proposal for their promotion to managerial positions, and organizing training courses and TOT training.
71. The main stakeholders at the **sub-national (provincial/district) levels** are (i) regional and district khokimiyats, (ii) regional departments of the ministries of agriculture and water resources, including services responsible for monitoring salinization, waterlogging and reclamation of irrigated lands, and drainage; (iii) BISA, ISA, basin irrigation system authorities (BISAs), irrigation system authorities (ISAs); (iv) research institutes, non-governmental organizations (NGOs), etc.
72. The main **local groups** include (i) agricultural producers and the associations; (ii) councils of farmers and citizens' self-government bodies; (iii) non-governmental organizations; and (iv) rural community. Local level beneficiaries conduct independent activities dependent on public policy.

2.2 Policy and regulatory frameworks

73. The GoU has made significant progress towards sound environmental protection and natural resources management by improving the legislative and regulatory frameworks, creating relevant institutions and implementing strategic initiatives,

¹²⁸ See <https://samarkand.uz/en/press/news/yangi-vazirlik-tashkil-etildi-xotin-qizlar-qomitasi-va-mahalla-kengashi-tugatildi>

¹²⁹ The Presidential Decree "On measures to improve the social and spiritual atmosphere in society, further support of the mahalla institute, and also to raise the system of work with families and women to a new level" (PD-5938 dated 18 February 2020)

programs and projects aimed primarily at preserving and protecting natural resources, improving livelihoods, and ensuring food security.

74. Following the implementation of the "Action Strategy for the Further Development of the RoU in 2017-2021", **the Development Strategy of New Uzbekistan for 2022-2026** sets a goal to reduce poverty by half by 2026 and become an upper-middle-income status by 2030. The strategy provides for reforms in education, healthcare and pensions, measures to further strengthen the social protection of poor and vulnerable segments of the population with Iron books inclusive of women and youth notebooks; the introduction of the category of "minimum consumer spending"¹³⁰; the opening of specialized "monomarkazes"¹³¹ in each region for preferential training in working professions; increasing the level of benefits and pensions, benefits and other assistance; for the period 2022-2023 alone about 15 programs to combat poverty will be implemented. In particular, sustainable rural development remains a priority with the specific goals of an annual growth of the sector by least 5% and doubling of farmers' incomes. Specific objectives and incentives for private sector investment in the agrifood sector, sustainability of water use and mitigation of ecological issues can also be noted.
75. **The Agriculture Development Strategy of the RoU for 2020-2030** with its overall objective of improving the agricultural sector productivity and competitiveness has the following key priorities: (i) ensuring food security of the population; (ii) creating a favorable agribusiness climate and value chains; (iii) reducing the role of the state in managing the sector and increasing investment attractiveness; (iv) ensuring rational use of natural resources and environmental protection; (v) developing modern systems of public administration; (vi) phased diversification of public spending in support of the sector; (vii) development of science, education, systems of information and consulting services in agriculture; (viii) rural development; and (ix) development of a transparent system of sectoral statistics. The strategy, signed in October 2019, has most recently triggered several significant reforms for agriculture development and food security, including a new unprecedented focus on unique problems faced by smallholder dehkan farms and the need for their inclusion in public support programs. According to a recent review¹³², so far progress is reported on (i) liberalizing prices and foreign trade, liberalizing output markets by reforming the state quota system for cotton and wheat, and to less extent on (ii) reforming factor markets (i.e., capital and land), repurposing agricultural public expenditures, and launching effective public services to farmers.
76. **Social Protection.** The social protection sector has undergone reforms including the roll-out of a social registry. In 2021 the GoU introduced the "**Iron notebooks**" database for recording families whose social status and living conditions are severe (see notebook family profiles in Appendix II). District councils were tasked with identifying, eliminating and monitoring these households' constraints on a by-annual basis. On the basis of the lists approved by the District Council, one-time financial assistance is provided to families included in the "Iron notebooks" from the account of funds of the "Generosity and support" fund. Assistance provided includes: (i) employment offers within the district; (ii) installation of greenhouses with light construction in household land; feed for poultry, bees, rabbits, fish and quail; support from Organization of "Farm Service" organizations and "field shops".

¹³⁰ At the beginning of January this year, According to the results of a survey conducted by the State Statistics Committee and the World Bank in January 2022, households in Uzbekistan, the "minimum consumer expenses" for the necessary daily consumption of food (2,200 kcal), as well as the purchase of non-food goods and services amounted to 498 thousand sums per person per month (an increase of 13.2% compared to 2021).

¹³¹ Non-governmental educational centers established throughout the republic, teaching professions and crafts in demand on the labor market. Free training and practical courses on the formation of business skills and entrepreneurship training among young people are organized. Young people who have successfully completed these courses will be given certificates and preferential loans.

¹³² Review of Agriculture Strategy Implementation (draft), World Bank, March 2022.

77. Over the past two years, a number of steps have been taken to improve the status of women, including in the legal field; the women's agenda has officially been elevated to the rank of priority issues of state policy. Notably, the recent introduction of '**Women Notebooks**' (2021), addresses the needs of the most vulnerable women; women's specific challenges are identified at the mahallah level, for support to be provided based on the same criteria of the 'Iron Notebooks'. Women in particular need of employment assistance and social protection were included in the programme.
78. Moreover, the '**Youth notebook**', introduced by a Presidential Decree in 2021, foresees the implementation of large-scale measures aimed at providing a decent job and a source of income, training in modern professions and IT technologies, wide involvement in entrepreneurship of young men and women who have graduated from general secondary, vocational and higher educational institutions and to 'enter into an independent life'. Among others, the notebook provides free university tuitions for the first year of children from Families included in the "Iron notebooks", and foresees the creation of a Youth Business School in Tashkent City with branches in all regions to train young citizens in entrepreneurship skills. The country's "youth notebook" includes 648,000 unemployed people, of whom 283,000 were employed in the first quarter of 2021. In particular, 175,000 young people have been allocated 45,000 hectares of land.
79. Other key policies and strategies are summarized in the table below:

| Mainstreaming priorities | Specific policies and strategies |
|---------------------------------|---|
| Gender | <p>In 2019 GoU adopted its first gender equality law on guarantees of equal rights and opportunities for women and men.</p> <p>Among other provisions, the law confirms that women and men have equal access to economic resources, including movable and immovable property, land, financial assets, loans, public funds and freely chosen types of business activity. <i>The Labor Code</i> guarantees gender equality in employment and ensures adequate working conditions, pay and promotion. <i>The Family Code</i> proclaims equal rights of husband and wife to property.</p> <p>National Gender Strategy 2030, endorsed in May 2021 – Goal is to end all forms of discrimination against all women and girls everywhere, to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> |
| Youth | <p>GoU Action Strategy for the period 2017–2021 – Youth set as one of five priorities for public policy-making</p> <p>Presidential Decree #6017 on radical reform and elevating state youth policy to a new level (30 June 2020) –</p> <p>Establishes the Youth Affairs Agency with the aim of developing a universal youth strategy, monitoring its implementation and protecting the rights and interests of young people.</p> |
| Nutrition | <p>In October 2019 the Presidential Decree № PD-5853, recognizes as first priority 'the development and effective implementation of state policy aimed at ensuring food security for the entire population'</p> |

| | |
|----------------------------------|---|
| | <p>National Food Security and Nutrition Strategy for Uzbekistan 2021-30. Five objectives:</p> <ul style="list-style-type: none"> • Strengthening national systems for social • protection • Establishment of an effective strategic grain reserve • Promotion of healthy diets for improved nutrition • Establishment of a National Food • Strengthening Governance, Capacities and Financial Management for Ensuring Food Security and Nutrition. |
| Environment and climate | <p>Uzbekistan actively engages with key global environmental Conventions and ratified the Paris Agreement in 2018 with a commitment to reduce CO2 emissions by 10 per cent and strengthen resilience to climate change by 2030. Accordingly, the National Strategy on Transition to a Green Economy stipulates key targets and initiatives aimed at reducing emissions and increasing energy efficiency. As part of its Nationally Determined Contributions (NDCs), Uzbekistan has prioritized climate resilience of agriculture, sustainable use of water and land resources, ecosystems restoration and biodiversity. Under the United Nations Convention to Combat Desertification (UNCCD), Uzbekistan developed a national Land Degradation Neutrality goal. National priorities for the post-2020 Biodiversity Framework in line with the Convention on Biological Diversity (CBD) are also under development.</p> |
| Persons with disabilities | <p>2021 Ratification of UN Convention on the Rights of Persons with Disabilities (signed in 2009) - Persons with disabilities recognized to have a "legal capacity on an equal basis with others in all aspects of their life."</p> <p>New law since Jan 2021 on employment for persons with disabilities Enforces employment quota for persons with disabilities by obliging state institutions and private enterprises with at least 20 employees to reserve at least 3 per cent of their jobs for persons with disabilities</p> |

2.3 Programmes and partnerships

80. **Youth national programmes.** In accordance with the Decree of the President of the Republic of Uzbekistan "On additional measures for comprehensive support of youth and further increase their social activity" (July 2021), US\$ 100 mln were allocated to the Fund for Reconstruction and Development for information to finance innovative, startup and business projects developed on the basis of new ideas.
81. **Rural people.** The EU-funded 'Skills Development for Employability in Rural Areas of Uzbekistan' is implemented by UNESCO (2021-24) to help the government to develop, test and pilot new initiatives and approaches in the agriculture and irrigation sectors with a view to scaling up transversal methods, high technology agriculture and food processing, and innovative approaches throughout the country.
82. **Gender national programmes.** In October 2020, a new Presidential Decree on 'Measures to strengthen guarantees of women's labour rights and support entrepreneurship' was signed to allocate 10 mln US\$ annually by the State Targeted Fund for Women and Family Support to the People's Bank, JSC "Microcreditbank" and JSC "Agrobank" to develop the business of women living in rural areas. USAID's Agribusiness Development (US\$ 1 mln, October 2021-September 2022) provides skills development in IT/digital, entrepreneurship, vocational, access to credit, and labor rights to women in rural Uzbekistan. Male sensitization approaches in marketing and recruitment campaigns are applied to ensure women can freely

participate in the training programs without facing any repercussions at home. Local mahalla leaders to support women's empowerment are partners in the project.

83. **Disabilities Donors' support.** A number of international donor-supported projects are addressing the needs of people with disabilities. A sample includes: the Inclusive Education for Children with Special Educational Needs in Uzbekistan project implemented in cooperation with the European Union (EU) from 2014–2016; the Youth Affairs Agency which provides free vocational courses for adults with disabilities aged 15– 30 in web programming, graphic design, motion graphics, digital marketing, and social media marketing; the establishment of 61 Centres for Vocational Training with support from the Korean International Cooperation Agency; and the Uzbekistan–Japan Centre for Human Development, supported by the Japan International Cooperation Agency in Tashkent, which provides courses for deaf and hard of hearing people in computer literacy and IT skills.
84. **Social Protection:** The RoU has a strong social protection system with the availability of a wide range of various programs. However, 2.2 million people eligible and in need social assistance are reportedly not covered. With this in mind, new measures are being implemented to ensure board coverage and achieve the goal set in the "Development Strategy of New Uzbekistan" – to cover at least 85% of the entire population in need by 2026 with social assistance programs as well as to reduce poverty by at least half
85. Since April 1, 2021, a new mechanism for accounting for the poor has been introduced by including them into the information system "Unified Register of Social Protection". The Abdul Latif Jameel Poverty Action Lab and Uzbekistan have entered into a partnership to learn from world best practices and share experience on how to target interventions and measure impact on poverty. A National Strategy for Social Protection of the Population until 2030 is being developed jointly with the UN agencies, ILO, and the World Bank, and an active working group is continuing to develop a methodology for defining the concept of poverty, criteria and methods for its assessment.

Part 3 - Strategic recommendations

3.1 Lessons learnt

86. **Effective targeting strategies should be at the core of the new strategy in order to reach those living in conditions of extreme poverty including through pro-poor value chains.** Targeting strategies should be more effective in reaching genuinely poor dekhans, narrowing the gaps between men and women and between generations, in rural areas. Four immediate line of actions could be implemented to decrease the risk of elite capture in ongoing and future value chain operations:
- target the genuinely poor based on community-based, participatory methods, considering assets and social status and, when possible, by reinstating the 'low-income' criterion and using affiliation to a notebook, rather than only nominating dehkans as a group to participate in programs interventions;
 - weaken the "barriers to entry" (such as loosening collateral requirements for loans or addressing womens' care burdens) to enable the poorest and vulnerable people to participate in projects;
 - give more attention to the development of clear linkages with rural entrepreneurs either via direct contracts or in formal associations with cooperatives and inclusive clusters;
 - Strengthening the inclusion and agency of small-scale farmers as part of the cluster models through participatory models and productive

partnerships, such as 4P arrangements, and whenever possible support farmers' associations through capacity building in order for these organisations to effectively represent the interests of small producers, establish beneficial linkages with medium-large scale producers.

87. **Adopting a more comprehensive gender and youth strategy would be key to attain youth inclusion and gender equality and women's empowerment beyond economic empowerment i.e., in the other two IFAD policy domains of 'equal voice and influence', and 'more equitable workloads'.** Little effort has gone to supporting these two latter domains in IFAD recent programme. While it is recognised that cultural norms make it difficult for Uzbek women to be actively involved in all value chain activities, it is a significant focus of IFAD's mandate and important for achievement of Sustainable Development Goals.
88. **Strengthening support to smallholder farms, recently acknowledge by the GoU, needs to be continued over the coming years through a mix of support instruments** for smallholders (such as matching grants, training and other capacity building, farm cooperation, and productive partnerships) beyond subsidized credit, the use of which is limited due to the lack of bankable collateral and the small size of their operations.
89. The adaptation priorities in Uzbekistan include support to the understanding of climate change impacts across key sectors such as agriculture, the economy, water resource management, population health, disaster risk reduction, and energy. In addition, emphasis is placed on improving the country's capacity to monitor GHG emissions and on reducing emissions and developing a population and economy more resilient to anticipated climate change. See the Appendix III on main recommendations for IFAD COSOP alignment with SDGs and NDCs.
90. The development of irrigation facilities in the water-scarce parts of Uzbekistan would benefit from careful consideration of the preferences of the target communities and targeting of the schemes based on the broad heterogeneities within the communities. This will aid in the maintenance of irrigation systems and, as a result, increase agricultural production and productivity. Possible solutions entail the designing and implementation of demand-driven and carefully targeted irrigation schemes.
91. Beyond its vital role in protecting biodiversity, beekeeping provides an ideal, low-capital, accessible, and empowering micro-entrepreneurship opportunity in urban and rural areas – and an important tool to support the resilience of these communities during the ongoing COVID-19 pandemic. Yet honey production levels that have always been low due to a lack of available infrastructure are now further challenged by extreme, unpredictable weather events driven by intensifying climate change that increasingly impacts a once resilient honey trade. IFAD could envisage to support beekeepers in Uzbekistan and attract youth while protecting biodiversity.
92. National policies could promote the adoption of sustainable land management practices by increasing crop diversification, securing land tenure and creating off-farm employment in rural areas in which IFAD could contribute.
93. **IFAD and the Government of Uzbekistan should develop a COSOP that includes a coherent and viable action plan for non-lending activities and provide opportunities to engage with the private sector.** Uzbekistan is a middle-income country and as such, new ways of work are needed. Other IFIs can provide large loans. IFAD's added value may be more than focusing on production and providing rural finance. IFAD could add value in policy and capacity building on issues such as pro-poor value chains, climate smart agriculture, PPPs and private sector engagement.

3.2 Strategic orientation

94. Recent sectoral assessments¹³³ have highlighted the existence of good short and medium-term opportunities (e.g., the agri-food sector) for investing in rural people and creating employment both on- and off-farm, which would respond also to the needs of returned migrants. Increasingly, since 2018, government and donors support has shifted in this direction.
95. The Appendix II presents the alignment of IFAD under this COSOP to the Sustainable Development Goals (SDGs) and National Determined Contributions (NDCs).

3.3 Targeting

96. **Target groups.** (see profile Appendix I) For social inclusion it is suggested to focus on (a) **poor rural families** at, or below, minimum consumption level (440,000 sums) including **the poorest, landless households** whose members depend on informal, part-time or seasonal employment opportunities in other farms or enterprises in the area; (b) **smallholder farmers**, including **dekhans** (registered household farmers) and (unregistered) **household farmers** relying on rain fed subsistence agriculture who are willing and able to engage in productive economic activities (livestock and horticulture). Due to the lack of safety nets and access to market or productivity enhancing technology and information, they are particularly vulnerable to climate and economic shocks and inequitable natural resource management; (b); (c) **unemployed rural youth** willing to engage in productive economic activities; (d) **rural women**, including landless female farmers, women-headed households, women entrepreneurs and business leaders; (e) **returning migrants** lacking employment opportunities; and (f) **persons with disabilities**. Other target groups may include private farmers and other rural entrepreneurs (e.g., artisans, trades people, small-scale service providers) contributing to the rural economy and potential pro-poor value-chain cluster members.
97. The **Targeting strategy** will involve a combination of geographic and other targeting approaches.
98. **Geographic targeting.** The envisaged IFAD-supported investments will be concentrated in a defined geographical area where interventions can be adopted at a sufficient scale to provide an informative guide for further replication and up-scaling. The COSOP geographic targeting is based on 1) a climate vulnerability assessment following the IPCC methodology and priorities under the national Nationally Determined Contributions (UNFCCC), 2) land degradation neutrality national voluntary targets following UNCCD Science-Policy Interface and GEF relevant guidelines, and 3) national biodiversity targets that are being revised in the context of the ongoing CBD National Biodiversity Strategy and Action Plan update.
99. GOU has advised that it is committed to requesting IFAD support for:
 - Extending the agricultural diversification agenda already implemented under the ADMP project to Samarkand and Tashkent regions and in doing so, increase the focus on more pro-poor value chains currently under component 1 of ADMP (and in line with the COSOP SO2), climate-smart/last-mile water infrastructure/Renewable energy currently under component 3 of ADMP (and in line with the COSOP SO1) and programme management (SO3);
 - Mobilising around USD 220 M from AIIB on large scale irrigation revitalisation and co-design with Ministry of Water Resources in the same region;

¹³³ Uzbekistan, Agri-food job diagnostic, 2020.

- Allocations from GEF-8 for ecosystem restoration/soil salinity/biodiversity and Adaptation Fund on water efficiency, in the Samarkand and Tashkent regions in conjunction with the main investment project; and
 - Replicating and up-scaling the on-going DVCDP, in alignment with the new livestock strategy, focusing on the regions of Surkhandarya, Kashkadarya, Syrdarya and Samarkand.
100. Within selected geographic areas, a community-based targeting approach with participating in notebooks as entry points will be used and validated by the community, direct targeting approach based on social criteria and self-targeting techniques will also be used for the inclusion of poor rural families living at, or below, minimum consumption level (440,000 sums) including poor landless households, women and youth in interventions aimed at supporting their empowerment. Opportunities for utilising or linking with the social registry will be explored. Furthermore, steps will be taken to ensure the inclusion of persons with disabilities in income-generation activities and business training. The strategy will focus on selecting other rural entrepreneurs (e.g., private farmers, artisans, trades people, small-scale service providers) on the basis of well-defined pro-poor value-chain criteria.
101. Additional criteria will consider poverty (incl. minimum consumption level, assets), food security, population (density and age), unemployment and areas that have a comparative advantage for specific pro-poor and gender/youth sensitive value chains, land tenure (clearly established access to land or a clear pathway to achieve it before any field work starts), landscape diversity for prospective scaling out, supportive local government and other interest groups (water user associations, etc) and demonstrated community capacity for adaptive learning for scaling up, strategic linkage and possibility of cost-effective delivery of multiple SDGs. Targeted field-based analysis of these criteria will inform the selection of specific rural landscapes during the design of the next interventions.

3.4 Monitoring

| Mainstreaming priorities | Indicators |
|--------------------------|--|
| Gender | <ul style="list-style-type: none"> • <i>Disaggregation of HHs by</i> <ul style="list-style-type: none"> - <i>Marital status: The use of female headship alone as an indicator of the gender of the farmer, plot manager or HH is not relevant to the complex familial structure of households and differentiated dynamics of marital status.</i> - <i>Male migrants' presence within the HH.</i> • <i>Women leaders (at mahalla level): to evaluate programmes impact on women leadership role and voice.</i> • <i>Women labour burden: To evaluate impact of the programmes (eg. crop and value chain promotion).</i> |
| Youth | <ul style="list-style-type: none"> • <i>Disaggregation by age (eg: 14-20, 20-25, 25-30, such as in UNOBS statistics).</i> • <i>Use of qualitative disaggregation: address the heterogeneity of youth based on gender, level of education, disability.</i> |

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| Nutrition | <ul style="list-style-type: none"> • <i>Food Insecurity Experience Scale (FIES, SDG 2.1.2)</i> |
| Environnement and climate to be harmonized with RMF from COSOP | <p>Households reporting improved access to land, forests, water or water bodies for production purposes</p> <p>Households reporting adoption of new/improved inputs, technologies or practices</p> <p>Groups supported to sustainably manage natural resources and climate-related risks</p> <p>Persons accessing technologies that sequester carbon or reduce greenhouse gas emissions</p> <p>Land brought under climate-resilient management</p> <p>Tons of greenhouse gas emissions (tCO₂e) avoided and/or sequestered</p> |

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APPENDIX I. Main Target Groups

| Target groups | Main characteristics/ constraints | Graduation profiles/main needs identified | IFAD response |
|--|--|--|---|
| Poor rural families | <ul style="list-style-type: none"> • Beneficiary of a social protection scheme (social assistance, social insurance, labor market program) • At or below minimum consumption level (440,000 soums) • Single parent headed household • Landless or have less than 1 hectare of land • Land experience water stress • Families living with a person with disabilities; • low-income single men and women and elderly; • householder with no breadwinner; • families with multiple (4 and more) children younger than 18; • families in need of medical care (families with chronic or severe disability-causing illness and whose disability group has not established members who do not have sufficient source of income); • Experience food insecurity • Adult and children suffer from malnutrition - around half of all women suffer from iron deficiency; many young children are not receiving a minimally acceptable diet; family member overweight or obese; family member with HIV/Aids | <ul style="list-style-type: none"> • Income has doubled (for those at the poverty line – consumption level is twice the minimum level) • Those no enrolled in SP projection are benefitting • Those enrolled in SP have graduated • Nutritional status has improved: Diversity diet has improved, malnutrition has been reduced (mineral deficiencies), well being has improved with proper hygiene and sanitation | <ul style="list-style-type: none"> • Target the genuinely poor based with participatory methods in project areas considering assets (which would vary by region – land, housing, car, type of employment) and social status • Facilitate enrolment to social projection scheme via mahallas. • Collaborate with partners (WB, UNICEF, ILO, others) to fine-tune the poverty profile for eligibility criteria for SP services • Collaborate with partners to test the one stop shop SP scheme in project areas targeted by IFAD. (by reinstating the • Nutrition sensitive programming to address all 3 forms of malnutrition. |
| smallholder farmers: (Dekhans and household farmers) | <ul style="list-style-type: none"> • Small and/or inaccessible land areas (up to 10 ha but the majority has less than 1ha) • Approx. one third lives below national poverty line • Rely entirely on family labor • Rely mainly on government support and subsidies • Insufficient water supply • Land of low quality • Lack access to pastures to meet HH consumption need | <p>Graduation profile</p> <ul style="list-style-type: none"> • Smallholder farmers move out of poverty • Farm as a business (4Rs: Return on Financial Capital, Return on Social Capital, Return on Natural Capital, Return on Inspiration) • Profitable (over 3 years) • Resilient to climate change (measured with the score card) • Nutritional status improved <p>Support needed</p> | <ul style="list-style-type: none"> • Develop a baseline for minimum consumption levels • Support the establishment of farmers groups and organizations • Promote farming as a business and livelihood diversification (crop -> higher value crops, small livestock and related handicraft) taking into account men migration and their absence in the HH • Support landless inclusion in horticulture initiatives (nurseries, etc.) |

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|------------------------|--|---|--|
| | <ul style="list-style-type: none"> • Rely on obsolete livestock system for HH food security and nutrition, and only marginally for income generatio • reasonable diversification of crops, which can increase the propensity of farmers to adopt soil and water best practices • Limited access to rural advisory service • Lack of intra HH trust to solve community issues • Limited access to adapted financial services • Limited access to market (lack of feeder roads) • Limited access to information and technology lack of access to services • Some have aspiration to graduate to high value crops but they lack the know how (literacy, managerial, and entrepreneurial skills) • Strong representation of adult women • A growing number of youth farmer • Engage is crops and livestock at a subsistence level | <ul style="list-style-type: none"> • Improvement of human capital • Improve their production capacities through better access to financial products, land tenure, technology, irrigation, pasture lands, modern livestock systems • Improve their access to markets and value-chains and productive partnerships • Strengthen the environmental sustainability and climate resilience of their economic activitie • Address land management to the whole HH, not only heads to increase sustainability • Strengthen trust within community HHs through participatory methods and involvement of mahallas. | <ul style="list-style-type: none"> • Support access to credit and matching grants (establish quotas for representation of specific groups) • Support or co-finance water, mechanisation and market related investments • Support the development of pro-poor targeting strategy of financial institution and service providers • Support training and other capacity building initiatives • Promote public-private productive partnerships • Support identification of profitable and climate resilient commodities/farming practices. |
| Private farmers | <ul style="list-style-type: none"> • Land size > 10 Ha (average 50) • Grow cotton (close to nature conservation areas), grains, livestock and horticulture • Implementing nature-positive interventions • Nutritional status of household vary • Very few are female farmers • Very few young farmers • limited access to irrigation water • have access to better land than others • decline in physical infrastructure | <p>Graduation profile</p> <ul style="list-style-type: none"> • Documented contractual arrangements with smallerholder farmers • Each supported private farmer creates youth employment opportunities (target to set such as at least 5 youth) • Double turn over after 3 years • One type of support by family/household • Equity(?) • Positive impact on nature. <p>Support needed</p> | <ul style="list-style-type: none"> • Support availability of short, medium and long-term loans for production • Promote productive partnerships • Support identification of profitable and climate resilient commodities/farming practices. |

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| | <ul style="list-style-type: none"> • lack of access to improved inputs and technology • limited access to and knowledge of appropriate modern agricultural practices • limited opportunities to access credit facilities • limited supply of production inputs • lack of viable marketing systems and processing industry • lack of access to market information and technical support. | <ul style="list-style-type: none"> • Improvement of human capital • Improve their production capacities through better access to financial products, land tenure, technology, irrigation • Improve their access to markets and value-chains and productive partnerships • Strengthen the environmental sustainability and climate resilience of their economic activities. | |
| Rural Entrepreneurs | <ul style="list-style-type: none"> • Micro and small enterprises: Handicraft, textiles, dairy products • Informal – can't meet the registration requirements • Low level of financial literacy • Low level of business management and limited access to finance • Lack of viable marketing systems and processing industry. • Limited access to market information and technical support • limited access to and knowledge of appropriate modern processing practices - > Products do not have uniformed standards • self employed • high number involved in agro-food production • Some receive support from SP | <p>Graduation profile</p> <ul style="list-style-type: none"> • Registered • viable, • Received services for which it is eligible • Create employments for youth (min 5) • Linked to larger farm, high value crop or service <p>Support needed</p> <ul style="list-style-type: none"> • Market linkages and infrastructure support • Access to new technologies and knowledge • Improved Food safety and sanitary and phytosanitary (SPS) standards • Support introduction of technology for water to avoid water waste. | <ul style="list-style-type: none"> • Incubators • New business opportunities • Link with youth groups/representations • Provide special support for rural youth and rural women entrepreneurs • Adapted financial services • Promotion of business principles for small-scale producers and rural entrepreneurs, in particular for agro-food value-chains • Enhance smallholders' capacity to reduce transactions costs. • Build in – corporate responsibility of social inclusion and climate resilience |
| Rural women | <p>Rural women challenges:</p> <ul style="list-style-type: none"> • Lack of data on rural women that can inform gender-supportive interventions • higher workload and lower wage compared to men • high rate of unemployment and informal employment • high vulnerability caused by male out-migration and recent decreases in remittances in-flow • poor/outdated women agency in rural institutions • lack of support to existing rural women leaders • highly subject to patriarchal systems • gender blind/lack of policies to regulate their right to accessing productive assets (e.g., land) • lack of knowledge of existing legal framework | <p>Graduation profile</p> <p>Root causes of gender inequality and discrimination are addressed, i.e. <i>Tomorkas</i> women farmers become registered dekhans and/or micro-entrepreneurs. Rural women micro-entrepreneurs are integrated in value-chains and become larger entrepreneurs of viable modern businesses.</p> <p>Support needed:</p> <ul style="list-style-type: none"> • Strengthen women human capital (agriculture knowledge, business skills, financial literacy, legal rights awareness) • Support advisory services and information networks to become more gender-sensitive | <ul style="list-style-type: none"> • Support on-going reforms specifically related to women • Promote the economic empowerment of rural women (incl. women business leaders, e.g. in <i>tomorkas</i> and micro enterprises of food and handcraft) and men in an equitable manner to enable them to participate in profitable economic activities and benefit equitably from them, (e.g. agricultural, legal and financial literacy, business skills, ICT, child care support, Household Methodology approach, etc.) • Enable women and men to have equal voice and influence in rural institutions and organizations (espec. at mahalla level) and positions in management bodies (e.g. through leadership training, |

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| | <ul style="list-style-type: none"> • limited ownership of productive assets (land, irrigation inputs), collateral • lack of access to financial products and low financial literacy • limited acknowledgment of their key role in agriculture productivity • own less productive land plots • lack of agricultural literacy (crop production): on soil quality, new varieties for higher yields, etc • lack of agriculture literacy (livestock): animal breeding and healthcare • lack of marketing awareness and knowledge (domestic and international). | <ul style="list-style-type: none"> • changes in norms and values around gender equality, also through new policies • strengthen the voice of women within the household and in rural institutions • improved/more secure access to and disposal of assets – land, inputs, technology and finance • Links to profitable markets with adequate tools (e.g. quality standards facilitation, pre-season price and marketing information) • reduce the hardship and burden of daily tasks associated with rural life. | <p>gender parity strategy for FBOs, etc.)</p> <ul style="list-style-type: none"> • Achieve a more equitable balance between women and men in the distribution of work and economic and social benefits through e.g. Household Methodologies approach, access to land, financing and technology. • Awareness campaigns conducted in the communities) in order to better involve citizens in the fight against gender-based violence • Sensitization and training of project teams and partners on gender aspects and adoption of project-specific gender mainstreaming strategies. |
| Rural youth | <p>People between 15-30 years of age including:</p> <ul style="list-style-type: none"> • unemployed/under-employed, or without professional training, potential or returned migrants, young students/school drop-outs, residing in rural areas; • entrepreneurs and intermediary and financial operators already operating in the targeted sectors <p>Key youth constraints :</p> <ul style="list-style-type: none"> • low entrepreneurial, information and technology skills • low access to market and business opportunities • low financial credit worthiness • affected by Ukraine-Russia war and/or COVID-19 impact on migration employment (e.g. unemployed returnees) • poor youth agency in rural institutions. | <p>Graduation profile</p> <ul style="list-style-type: none"> • Root causes of lack of youth empowerment are addressed • Young rural people (men and women) from 18 to 30 years old professionals integrated into agriculture and profitable businesses that create income and sustainable jobs, engaged in value chains and integrated into a market economy <p>Support needed</p> <ul style="list-style-type: none"> • Creation of opportunities and profitable and sustainable jobs in value chains at all levels • Development and diversification of attractive and income-generating agricultural activities for young people • Strengthen the voice of youth within the household and in rural institutions. | <ul style="list-style-type: none"> • Promote agricultural entrepreneurship for young people • Promote the economic empowerment of young rural women and men in an equitable manner to enable them to participate in profitable economic activities and benefit equitably from them, (e.g., financial literacy, entrepreneurship skills, ICT, Household Methodology approach, etc.) • Enable young people to have a greater voice and influence within the household and rural institutions through, for example, leadership training and networking. |

Notebook family profiles

| Iron book "Temir Daftar" | Women notebook "Ayollar Daftari" (women over 30) | Youth notebook "Yoshlar Daftari" |
|--|--|--|
| <ul style="list-style-type: none"> • families recognized as low-income families • families with disabilities who need social assistance; • low-income single men and women and elderly; • needy families who have lost their breadwinner; • families with multiple (4 and more) children in need of material support; | <ul style="list-style-type: none"> • Unemployed women in need of social protection • Women in need who have lost their breadwinner • Women with disabilities who need social support • Women with disabilities who need housing repair • Women living in non-residential premises without a dwelling in their name or the name of a family member living together | <ul style="list-style-type: none"> • An electronic program for unemployed 18 – 30 yrs old • Includes young graduates unemployed • Young peoples with disabilities who need work • Young people who have returned from abroad • Young people released from penitentiary institutions |

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| <ul style="list-style-type: none">• labour-eligible unemployed members in needy families;• families in need of medical care (families with chronic or severe disability-causing illness and whose disability group has not established members who do not have sufficient source of income);• needy families who do not have accommodation in the name of themselves or members of a family living together, living in a non-residential area. | <ul style="list-style-type: none">• Single women with one or more disabled children• Low-income women in need of medical protection• Women in need of legal aid• Women who require psychological counselling | |
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APPENDIX II. IFAD COSOP alignment with SDGs and NDCs

| SDGs | NDCs | IFAD COSOP |
|--|--|---|
| Goal 1: End poverty in all its forms everywhere | | |
| Target 1.5 "By 2030, increase the resilience vulnerable population, reduce their vulnerability to climate change-induced extreme events and other economic, social and environmental shocks and disasters"; | <ul style="list-style-type: none"> A key priority in meeting the rapidly growing population's demand for food products is to increase the climate resilience of agriculture and sustainable use of water and land resources, without endangering the stable functioning of vital ecosystems and their services. To achieve these priorities, Uzbekistan intends to strengthen its adaptive capacity, establish early warning and risk management systems at all levels in synergy with mitigation actions. | SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water |
| Target 1.b: Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions | <ul style="list-style-type: none"> Planning processes: The NDC2 was developed under the guidance and supervision of the Center of Hydrometeorological Service (Uzhydromet) and supported by the United Nations Development Program (UNDP) in Uzbekistan, an Inter-Agency Working Group represented by key ministries and agencies, including The Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan is responsible for the implementation of CDM projects, as well as for the implementation of the Strategy of the Republic of Uzbekistan for Transition to a Green Economy. | SO3: Enhanced enabling environment for inclusive rural transformation |
| Goal 2 : End hunger, achieve food security and improved nutrition and promote sustainable agriculture | | |
| Target 2.4:By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality | <p>Adaptation Measures in Uzbekistan for Period up to 2030</p> <p>Adaptation of agriculture and water management sector</p> <ul style="list-style-type: none"> Improvement of the climate resilience of the agriculture through diversification of food crops production pattern; conservation of germplasm and indigenous plant species and agricultural crops resistant to droughts, pests and diseases; development of biotechnologies and breeding new crop varieties adopted to conditions of changing climate. Improvement of irrigated lands affected by desertification, soil degradation and drought, | SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water |

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| | <p>increase in soil fertility of irrigated and rainfed lands.</p> <ul style="list-style-type: none"> • Further improvement of water management practice in irrigated agriculture with wide use of integrated water resources management approaches and innovative technologies for water saving, including broad introduction of drip irrigation systems. • Improvement of pasture productivity and fodder production in desert and piedmont areas. | |
| <p>Target 2.a: Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries</p> | <ul style="list-style-type: none"> • Achievement of the long-term goal is envisaged with the support of international organizations and financial institutions, gaining access to advanced energy-saving and environmentally friendly technologies, climate finance resources. Uzbekistan's funding needs to effectively mitigate and adapt to climate change remain significant. <p>Adaptation of strategic infrastructure and production facilities</p> <ul style="list-style-type: none"> • Improvement of the system for monitoring ameliorative conditions of irrigated lands and soil fertility; <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> • enhance foreign investment for the implementation of measures and actions to mitigate the consequences of natural disasters in the Aral Sea; | <p>SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water</p> <p>SO2: Improved access for small-scale producers to viable food systems and agricultural markets through greater competitiveness, innovation, and enhanced business linkages</p> |
| <p>Goal 3 : Ensure healthy lives and promote well-being for all at all ages</p> | | |
| <p>Target 3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks</p> | <p>In accordance with the Paris Agreement, Uzbekistan, as a developing country, shall:</p> <ul style="list-style-type: none"> • Cooperate on loss and damage related to the adverse effects of climate change (early warning systems; emergency preparedness; risk assessment and management, etc.) <p>Adaptation measures in Uzbekistan until 2030 Climate adaptation of social sphere</p> | <p>SO3: Enhanced enabling environment for inclusive rural transformation</p> |

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| | <ul style="list-style-type: none"> • Prevent the emergence and exacerbation of diseases caused by climate change; • develop early warning systems for hydrometeorological hazards and manage climate risks; <p>Mitigation of the Aral Sea disaster impacts</p> <ul style="list-style-type: none"> • Create conditions for reproduction and preservation of the gene pool and health of the Aral Sea region population, develop social infrastructure, extensive network of medical and educational organizations; | |
| <p>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> | | |
| <p>Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development</p> | <p>Uzbekistan attaches great importance to the development of scientific research, educational and training activities, including:</p> <ul style="list-style-type: none"> • expansion of applied research and solutions on the introduction of energy-saving technologies and RES; • developing training programs and integrating climate change into secondary school and university curricula. <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> • create conditions for reproduction and preservation of the gene pool and health of the Aral Sea region population, develop social infrastructure, extensive network of medical and educational organizations; | <p>SO3: Enhanced enabling environment for inclusive rural transformation</p> |
| <p>Goal 5: Achieve gender equality and empower all women and girls</p> | | |
| <p>Problem 5.1. Eliminate all forms of discrimination against all women and girls everywhere, incl. inclusion in legislation and effective implementation in law enforcement practice of the principles of eradication of indirect discrimination.</p> <p>Problem 5.2. Eliminate all forms of violence against women, including in the form of human trafficking, sexual and other forms of exploitation.</p> <p>Problem 5.3. Prevention of early and forced marriages.</p> <p>Problem 5.4. Recognize and value unpaid care and household work, providing utilities, infrastructure and social safety nets, and promoting the principle of shared household and</p> | <p>National Gender Strategy 2030 which aims to end all forms of discrimination against all women and girls everywhere, to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p> | <p>Overall goal: Sustainably increased rural prosperity and improved livelihoods of small-scale producers</p> |

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| <p>family responsibility, taking into account national circumstances.</p> <p>Task 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p> <p>Problem 5.6. Ensuring universal health coverage for comprehensive reproductive health care.</p> <p>Problem 5.a. Expand programs to support women in the realization of their rights and interests in the socio-economic sphere.</p> <p>Task 5.b. Strengthen the use of high-performance technologies, in particular information and communications, to promote the empowerment of women.</p> <p>Task 5.c. To most fully integrate the principles of gender equality into the process of adopting state programs at different levels of government.</p> | | |
| <p>Target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> | <p>Climate adaptation of social sphere</p> <ul style="list-style-type: none"> • increase participation of public, scientific institutions, women and local communities in planning and management, mainstreaming gender approaches and practices. | |
| <p>Goal 6: Ensure availability and sustainable management of water and sanitation for all</p> | | |
| <p>Target 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> | <p>Adaptation of strategic infrastructure and production facilities</p> <ul style="list-style-type: none"> • reconstruct and modernize irrigation and drainage infrastructure in the water sector; • expand sectoral programs for domestic and industrial wastewater treatment, ensure water quality for drinking water supply and sanitation; | <p>SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water</p> |
| <p>Target 6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> | <p>Adaptation of strategic infrastructure and production facilities</p> <ul style="list-style-type: none"> • reconstruct and modernize irrigation and drainage infrastructure in the water sector; • expand sectoral programs for domestic and industrial wastewater treatment, ensure water quality for drinking water supply and sanitation; | |
| <p>Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> | <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> • preserve the current fragile ecological balance in the Aral Sea region, combat desertification, improve the management system, efficiently and sustainably use water resources; | |
| <p>Target 6.5: By 2030, implement integrated water resources management at all levels, including</p> | <p>Adaptation of strategic infrastructure and production facilities</p> | |

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| through transboundary cooperation as appropriate | <ul style="list-style-type: none"> modernize gauging stations on natural watercourses, improve monitoring and forecasting of water resources; | |
| Target 6.6: By 2030, ensure protection and restoration of water ecosystems, including mountains, forests, wetlands, rivers and lakes | <p>Adaptation in agriculture</p> <ul style="list-style-type: none"> restore degraded pastures and introduce sustainable pasture management mechanisms. <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> conserve and restore forest resources, including afforestation of the dried bottom of the Aral Sea. <p>Ecosystem adaptation</p> <ul style="list-style-type: none"> preserve, restore and maintain ecological balance in protected areas; | |
| Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all | | |
| Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix | <p>The country has a significant potential in renewable energy sources, such as solar and wind, and can meet one's growing energy needs and make a transition towards a green economy.</p> <p>Adaptation in water management</p> <ul style="list-style-type: none"> widely apply energy-efficient and water-saving technologies for crop irrigation, information and communication technologies and innovations in water management; | SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water |
| Target 7.3: By 2030, double the global rate of improvement in energy efficiency | <p>Strategy for Transition of the Republic of Uzbekistan to a Green Economy for 2019-2030 (Resolution of the President of the Republic of Uzbekistan PP-4477 dated 04.10.2019).</p> <ul style="list-style-type: none"> ensure access to modern, affordable and reliable energy supply for up to 100% of the population and sectors of the economy; <p>Adaptation of strategic infrastructure and production facilities</p> <ul style="list-style-type: none"> reconstruct and modernize irrigation and drainage infrastructure in the water sector; introduce adaptation criteria into public investment projects for construction, modernization, operation and maintenance of infrastructure in various sectors of the economy; | |
| Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | | |
| Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human | <p>Adaptation of strategic infrastructure and production facilities</p> <ul style="list-style-type: none"> reconstruct and modernize irrigation and drainage | SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural |

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| well-being, with a focus on affordable and equitable access for all | <p>infrastructure in the water sector;</p> <ul style="list-style-type: none"> • apply technologies to protect riparian and river infrastructure, etc. | resources, especially land and water |
| Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities | <p>Strategy for Transition of the Republic of Uzbekistan to a Green Economy for 2019-2030 (Resolution of the President of the Republic of Uzbekistan PP-4477 dated 04.10.2019).</p> <ul style="list-style-type: none"> • upgrade the infrastructure of industrial enterprises, ensure their sustainability by increasing energy efficiency by at least 20% and by wider use of clean and environmentally friendly technologies and industrial processes; <p>Adaptation of strategic infrastructure and production facilities</p> <ul style="list-style-type: none"> • expand sectoral programs for domestic and industrial wastewater treatment, ensure water quality for drinking water supply and sanitation; | |
| Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable | | |
| Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons | <p>The NDC2 goals are to be achieved through the following:</p> <ul style="list-style-type: none"> • introducing alternative fuels in transportation; <p>Strategy for Transition of the Republic of Uzbekistan to a Green Economy for 2019-2030 (Resolution of the President of the Republic of Uzbekistan PP-4477 dated 04.10.2019).</p> <ul style="list-style-type: none"> • expand the production and use of motor fuels and vehicles with improved energy-efficiency and environmental performance, as well as develop electric transport; | SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water |
| Goal 13: Take urgent action to combat climate change and its impacts | | |
| Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries | <p>Ecosystem adaptation</p> <ul style="list-style-type: none"> • preserve, restore and maintain ecological balance in protected areas; • improve the sustainability of fragile desert ecosystems management. <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> • preserve the current fragile ecological balance in the Aral Sea region, combat desertification, improve the management system, efficiently and sustainably use water resources; | SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water |
| Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning | Uzbekistan attaches great importance to the development of scientific research, educational and training activities, including: | SO3: Enhanced enabling environment for inclusive rural transformation |

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| | <ul style="list-style-type: none"> • fundamental research in the field of climate change, development of a system for monitoring and forecasting climate change, and development of methodologies for assessment of impact, vulnerability and risks of climate change; • introduction of information systems to effectively address climate change issues; • intensify advocacy on climate change, energy efficiency and resource saving; • developing training programs and integrating climate change into secondary school and university curricula. <p>Climate adaptation of social sphere</p> <ul style="list-style-type: none"> • raise awareness and improve access to information on climate change for all population groups; • develop early warning systems for hydrometeorological hazards and manage climate risks; | |
| <p>Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> | | |
| <p>Target 15.2: Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p> | <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> • conserve and restore forest resources, including afforestation of the dried bottom of the Aral Sea. <p>Ecosystem adaptation</p> <ul style="list-style-type: none"> • reforest mountains foothills and preserve native plant species in semi-deserts and deserts; | <p>SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water</p> |
| <p>Target 15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world</p> | <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> • preserve the current fragile ecological balance in the Aral Sea region, combat desertification, improve the management system, efficiently and sustainably use water resources; | |
| <p>Target 15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species</p> | <p>Mitigating the Aral Sea disaster</p> <ul style="list-style-type: none"> • create conditions for reproduction and preservation of the gene pool and health of the Aral Sea region population, develop social infrastructure, extensive network of medical and educational organizations; • conserve and restore biodiversity of flora and fauna, including through creation of local water bodies in the Aral Sea region; | |
| <p>Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | | |

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| Target 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels | Climate adaptation of social sphere <ul style="list-style-type: none"> increase participation of public, scientific institutions, women and local communities in planning and management, mainstreaming gender approaches and practices. | SO3: Enhanced enabling environment for inclusive rural transformation |
| Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development | | |
| Target 17.3: Mobilize additional financial resources for developing countries from multiple sources | The updated NDC goal does not hinder the economic development of Uzbekistan, as it does not imply an absolute reduction of greenhouse gas emissions. Achievement of the long-term goal is envisaged with the support of international organizations and financial institutions, access to advanced resource-saving and environmentally friendly technologies, and climate finance resources. | Overall goal: Sustainably increased rural prosperity and improved livelihoods of small-scale producers |
| Target 17.7: Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed | Achievement of the long-term goal is envisaged with the support of international organizations and financial institutions, gaining access to advanced energy-saving and environmentally friendly technologies, climate finance resources. Uzbekistan's funding needs to effectively mitigate and adapt to climate change remain significant. | SO1: Increased resilience and productivity of small-scale producers through sustainable interventions on natural resources, especially land and water SO3: Enhanced enabling environment for inclusive rural transformation |
| Target 17.9: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation | <ul style="list-style-type: none"> Priority is also given to the development of a state system of inventory, reporting and control of greenhouse gas (GHG) emissions, which will contribute to: Improving the quality of GHG inventory and reducing the overall uncertainty of GHG inventory by developing and refining national emission factors, approaches and methods for calculating GHG emissions, and improving the quality of activity data. | SO3: Enhanced enabling environment for inclusive rural transformation |

Agreement at completion point

Republic of Uzbekistan Country Strategy and Programme Evaluation

Agreement at Completion Point

A. Introduction

1. The Independent Office of Evaluation (IOE) conducted the first Country Strategy and Programme Evaluation (CSPE) in the Republic of Uzbekistan. The CSPE covered the period 2011-2020, with the purpose of assessing the performance of IFAD's engagement, generating findings and formulating recommendations to improve strategy and operations in support of development effectiveness and rural transformation. Hence, the CSPE assessed one IFAD country strategy for the evaluated period, the performance of three lending operations and of non-lending activities. Recommendations were based on the CSPE findings to improve the country programme performance.
2. This agreement at completion point (ACP) contains those recommendations made in the CSPE report, as well as the proposed follow-up actions agreed upon by IFAD and the Government of Uzbekistan. The ACP is signed by the Government of Uzbekistan (represented by Mr. Shukhrat Vafaev, Deputy Minister for Investment and Foreign Trade and Mr. Kakhramon Yuldashev, the Deputy Minister of Agriculture) and IFAD Management (represented by Mr Donal Brown, Associate Vice-President of the Programme Management Department). The signed ACP is an integral part of the CSPE report in which the evaluation findings are presented in detail, and submitted to the IFAD Executive Board as an annex to the new country strategic opportunity programme (COSOP) for Uzbekistan. The implementation of the agreed upon recommendations will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by IFAD Management.

B. Recommendations and follow-up actions

3. The Government of Uzbekistan and IFAD Management agree with the four recommendations brought forward by the CSPE and will follow up on their implementation according to the proposed actions, responsibilities and timeframes outlined below.
4. **Recommendation 1. Effective targeting strategies should be at the core of the new strategy in order to reach the poorest including through pro-poor value chains.** Targeting strategies should be more effective in reaching genuinely poor dekhans, narrowing the gaps between men and women and between generations, in rural areas. Four immediate line of actions could be implemented to decrease the risk of elite capture in ongoing and future value chain operations:
 - i. target the genuinely poor based on participatory methods, considering assets and social status and, when possible, by reinstating the 'low-income' criterion, rather than only nominating dekhans as a group to receive loans;
 - ii. weaken the "barriers to entry" (such as collateral requirements for loans) to enable the poorest and vulnerable people to participate in projects;
 - iii. give more attention to the development of clear linkages with rural entrepreneurs either via direct contracts or in formal associations with cooperatives;

- iv. strengthening producers' associations through capacity building in order to allow these organisations to protect the smallest producers and use them to establish linkages with medium-large scale producers.

5. **Proposed follow-up actions**

- For the ongoing investment projects, IFAD and the Government of Uzbekistan will continue implementing detailed action plans to improve effective targeting of the intended beneficiaries, youth and women. The agreed measures include concrete steps with responsibilities and timeline to enhance the Project Management Units' oversight capacity through adequate staffing, hands-on implementation support and close monitoring of a set of criteria for inclusive rural finance. Specific attention is also being given to stepping up beneficiary training, consolidating gender mainstreaming and embedding targeting approaches at the core of business plans and roadmaps to maximize the participation of small-scale producers to profitable partnerships and pro-poor value chains.
- Uzbekistan's national pathway to transform rural economies and food systems by 2030 is aligned with IFAD's priorities to deepen impact of interventions for those most at risk of being left behind, further empower rural women and generate decent jobs for the youth. Moving forward, the provisions of IFAD's Inclusive Rural Finance Policy approved by the Executive Board in September 2021 will inform further integration of financial products and services for small-scale farmers into value chain-focused programmes.
- The targeting strategy in the forthcoming COSOP and investment programmes will contribute to the goals of reducing poverty and doubling the income of farmers explicitly set out in the New Uzbekistan Strategy 2022 – 2026. It will build on the baseline data provided by the recently established Ministry of Economic Development and Poverty Reduction and will be geared towards greater social inclusion. This evidence-based targeting strategy will benefit from lessons learnt from the ongoing policy reforms to improve the access to land, including for small-scale farmers, and the experience of the Government during the COVID-19 crisis in providing social protection interventions targeted at vulnerable groups, rural households, women and youth based on income criteria.

Responsibility and timeframe:

Government of Uzbekistan and IFAD by December 2022

6. **Recommendation 2. IFAD and the Government of Uzbekistan should develop a COSOP that includes a coherent and viable action plan for non-lending activities and provide opportunities to engage with the private sector.** Uzbekistan is a middle-income country and as such, new ways of work are needed. Other IFIs can provide large loans. IFAD's added value may be more than focusing on production and providing rural finance. IFAD could add value in policy and capacity building on issues such as pro-poor value chains, climate smart agriculture, PPPs and private sector engagement. In particular, the new COSOP should have a more realistic basis and a clear theory of change, building on the lessons learned from the loan and grant projects. Consideration should be given to developing a clearer sector and geographic focus, given the relatively small budget available – for instance, staying in one geographic location for more than one phase. It should include an action plan with adequate human and financial resources to ensure knowledge management and build new partnerships including with the private sector. Future grants could be used to support piloting of innovations as they are developed.

7. **Proposed follow-up actions**

- The forthcoming COSOP will deploy IFAD's enhanced business model through a programme of work leveraging financial resources from the Performance-based allocation system (PBAS), the Borrowed resources access mechanism (BRAM), the Private Sector Financing Programme (PSFP) for Non-sovereign operation (NSO) opportunities, supplementary climate and environment funding as well as co-financing with other International Financial Institutions (IFIs) and development partners. Country level policy engagement and a set of non-lending activities will support the delivery of the programmatic approach by enhancing the enabling environment for inclusive rural transformation. Opportunities for Public-Private Producer Partnerships (4Ps), South-South Triangular Cooperation and technology transfer, digital agriculture, greater donor coordination and remittances supporting income-generating activities in rural areas will also be explored.
- The ongoing investment projects will continue allocating resources to capacity building, knowledge management and identification of innovative private sector participation and small-scale producer organisation models for pro-poor value chains. Successful approaches, including sustainable natural resource management, viable climate smart solutions and water loss reduction techniques, will be scaled up as part of the upcoming investment projects under the financing cycles covered by the COSOP.

Responsibility and timeframe: Government of Uzbekistan and IFAD by December 2022 and continuously thereafter.

8. **Recommendation 3. IFAD's country strategy should devote attention and resources to develop robust project level M&E systems.** IFAD and the Government must work together to ensure data collection, analysis and use moving forward. Data should be collected according to a clear plan and analysed to ensure course correction as needed. This will be of utmost importance not only to collect evidence of results on the ground but also to monitor systematically, for instance, the environmental impact of the investments in livestock and course correct when necessary. This will require capacity building and improved tools – for instance, use of mobile phone apps for farmers to update data on production directly, and online systems for monitoring by project staff. Results should then be shared widely – with beneficiaries, country stakeholders and internationally, to promote learning and a culture of transparency. In order to support this, and ensure quality project management and a pro-poor and gender focus, project management units need qualified staff and technical assistance.

9. **Proposed follow-up actions**

- At project level, resources will continue to be allocated for adequate staffing, capacity building and dedicated technical assistance to M&E and other key project management functions. Digital solutions will be introduced to further integrate Management information systems across rural sector initiatives and foster a results-based management culture, in coordination with the Agency for International Cooperation and Development.
- In addition to the alignment of the COSOP Results management framework with national goals, relevant strategies and priorities, IFAD will mobilise expertise to support the Government's effort in consolidating sector-wide M&E architecture and systems. An initial mapping exercise and a training programme by the Global Evaluation Initiative (GEI) will be launched under the newly established International Strategic Centre for Agri-Food Development (ISCAD).

- IFAD will help address the rural data gap by supporting the application by the Ministry of Agriculture and the State Committee of Statistics to the 50x2030 initiative ahead of Uzbekistan's first-ever agricultural census in 2024.

Responsibility and timeframe: Government and IFAD by December 2022 and continuously thereafter.

10. **Recommendation 4. Enhance country presence and programme support.**

IFAD shall improve portfolio and programme support by using instruments to finance pre-implementation preparation work and capacity-building to facilitate project implementation readiness, such as Project Pre-financing Facility and the Non-reimbursable Technical Assistance for Project Start-up Facility. Moreover, an active and effective country presence will be key to ensure supervision, programme management and monitoring, and policy dialogue. To this end, adequate human and financial resources and less staff rotation from both IFAD and government must be ensured.

11. **Proposed follow-up actions**

- As part of IFAD's decentralization agenda, the conclusion of a Host Country Agreement will accelerate the effective opening of an IFAD Office in Tashkent. Building on adaptive management practices already introduced by the Country Team and the new supervising entities of IFAD-funded projects since 2021, an active country presence will help further establish hands-on implementation support, continuous learning and greater accountability throughout the project cycle. It will also allow for greater participation to policy dialogue and strategic engagement in non-lending activities. Proximity to the client, beneficiaries and partners will further support IFAD's transformative country programme.
- Upon the request from the Government, project pre-financing facility could be mobilised to accelerate project start-up and improve implementation readiness. The COSOP formulation will further assess and recommend areas of alignment between IFAD requirements and country regulations, including on procurement provisions, fiduciary compliance and other standards on a risk-based approach.

Responsibility and timeframe: Government of Uzbekistan and IFAD by December 2022 and continuously thereafter

Signed on

For the Government of
Uzbekistan
Deputy Minister for
Investments and Foreign
Trade

Shukhrat VAFAEV

Signed on

For the Government of
Uzbekistan
Deputy Minister of
Agriculture

Kakhramon YULDASHEV

Signed on 3 June 2022

For the International Fund
for Agricultural
Development (IFAD)
Associate Vice-President
PMD

Donald BROWN

COSOP preparation process

1. The COSOP 2022-2027 was prepared under the joint supervision of the Country Director for Uzbekistan based in IFAD's Multi-country Office for Eastern Europe and Central Asia in Istanbul and the Government of the Republic of Uzbekistan (GoU), represented by the Ministry of Investment and Foreign Trade (MIFT) and the Ministry of Agriculture (MoA), as well as the State Committee of Veterinary and Livestock Development (SCVLD). The COSOP formulation process was highly participatory involving a wide range of in-country stakeholders including Government (Ministry of Finance, Ministry of Water Resources, Ministry of Economy and Poverty Reduction, State Committee for Ecology and Environment Protection), development partners, private sector, CSOs and representatives of Farmers' organisations: :

Preparatory and remote consultations: The GoU and IFAD started preparing the new COSOP on 16th February 2022. On that occasion, IFAD Country Director formally introduced the COSOP Design Team to the MoA. On 21st February, an extensive planning meeting was held jointly with the MoA, where it was decided to organise the consultation in four thematic groups, namely: (i) agriculture and rural development issues, (ii) mainstreaming themes, (iii) monitoring and evaluation and (iv) strategic partnerships. On 10th April, the COSOP Design Team submitted a list of detailed questions to the MoA in order to collect data and evidence to support the analysis of the main issues experienced by the country in the rural development sector. In parallel, the working groups started liaising with several technical and financial partners such as World Bank, Asian Development Bank, French Development Agency, Asian Infrastructure Investment Bank, EU Delegation and FAO.

A stakeholder survey ¹³⁴ was conducted remotely during Q1 2022 with a representative sample of public sector actors development partners, private sector, civil society highlighted IFAD's perceived strength and weaknesses as well as its comparative advantage. IFAD's programmes in Uzbekistan are perceived to be highly relevant for reducing rural poverty and food insecurity. Respondents expect IFAD to prioritise three areas under the next programming cycle: (i) increase co-financing for its programmes, (ii) make access to technical assistance and advisory products easier and (iii) increase engagement in national policy dialogue.

In-country consultation and stakeholder validation workshop: The in-country mission, consisting of four specialists, a Team Leader and the CD, took place from 10th to 20th of May and was preceded by a one person SECAP mission. A detailed initial briefing from the MoA and the SCVLD was held on the 10th May. From 11^t to 16th May, development partners, IFIs, national stakeholders and agricultural value chain actors took part in technical discussions. On 17th May, a stakeholder validation workshop was held in Tashkent, under the aegis of His Excellency Deputy Minister of Agriculture, Mr. Kakhramon Yuldashev and His Excellency Deputy Chairman of SCVLD, Mr. Sirojiddin Berdikulov. The workshop gathered over 100 representatives from Government, civil society, private sector, UN, and bi- and multilateral partners and confirmed a broad consensus on the mission findings and recommendations. The CD presented IFAD's new business model and the menu of interventions available to Uzbekistan for a transformative country programme. Participants were split in breakout groups to discuss and analyse the COSOP tentative strategic objectives (SOs) presented by the mission. The workshop was closed by the Director of ISCAD and concluded with a broad endorsement of the SOs and the programmatic vision for the COSOP. On 20th May, the COSOP mission Aide-memoire was jointly endorsed by IFAD and to MoA and MIFT during the formal wrap-up of the in-country formulation mission.

¹³⁴ <https://www.ifad.org/en/-/2022-stakeholder-survey>

2. The UN Resident Coordinator and her Office provided key support and guidance to the consultation process.
3. The NEN Senior Regional Procurement Officer undertook a mission to Uzbekistan in June 2022 to assess the national procurement system and recommend alignment measures where needed.
4. Building on the COSOP overall goal and strategic objectives, an outline of the menu of interventions and the level of ambition for the 2023 – 2027 COSOP were further endorsed during the bilateral meeting between the IFAD President and the Minister of Agriculture in Rome on 17 June 2022.
5. The identification of investment operations under the COSOP period was conducted remotely with MoA and SCVLD.

List of people consulted

| Name | Organization | Title/Position |
|---------------------------------------|---|--|
| Government | | |
| 1. Jamshid KHODJAEV | Office of the Prime Minister | Deputy Prime Minister and Minister of Investment and Foreign Trade (Former Minister of Agriculture) |
| 2. Alisher SHUKUROV | Ministry of Agriculture/ISCAD | Advisor to the Minister of Agriculture on Economics, Innovative Development and Investments and Head of ISCAD |
| 3. Shurhat AMANOV | Ministry of Agriculture | Head, Dept. for Innovative development |
| 4. Ramin GASANOV | Ministry of Agriculture | Director, Department of Coordination of the International Financial Institutions, Technical Assistance and Grants Projects |
| 5. Shukhrat ABDURAKHMANOV | Ministry of Agriculture | Deputy Head of International Relations and Investment Involving |
| 6. Shohrux AKRAMOV | Ministry of Agriculture | Deputy chief of Department for IFI and Grant Management |
| 7. Gayrat JUMAEV | Ministry of Agriculture | Chief specialist of the Department for IFI and Grant Management |
| 8. Nurmukhammad MARDANOV | Ministry of Agriculture | Deputy chief of the Strategy Implementation Department |
| 9. Mirkomil BERDIEV | Ministry of Agriculture | Chief Specialist of the Strategy Implementation Department |
| 10. Alisher UMARALIEV | Ministry of Agriculture/ISCAD | Strategic Management Support manager |
| 11. Sherzod DJURAEV | Ministry of Agriculture/ISCAD | Horticulture Development Project manager |
| 12. Sadullayev SHAKHRAM | Ministry of Agriculture/ISCAD | Manager of the Horticulture Value Chain Infrastructure Development Project |
| 13. Bakhrom NORQABULOV | State Committee of Veterinary and Livestock Development of the Republic of Uzbekistan | Chairman |
| 14. Berdikulov Sirojiddin VALIKULOYCH | State Committee of Veterinary and Livestock Development of the Republic of Uzbekistan | Deputy Chairman |
| 15. Ziyadulla PIRNAZAROV | State Committee of Veterinary and Livestock Development of the Republic of Uzbekistan | First Deputy General Director of the Agency "Uzbekchorvanasi" |
| 16. Bobur KHAMRAEV | State Committee of Veterinary and Livestock Development of the Republic of Uzbekistan | Head of Main Department of international relations and investment attraction |
| 17. Ruslan YACUBOV | State Committee of Livestock Development | IT specialist |

| Name | Organization | Title/Position |
|-------------------------------------|--|---|
| 18. Odilbek ISAKOV | Ministry of Finance | Deputy Minister of Finance |
| 19. Humoyun ZULFIKOROV | Ministry of Finance | Lead Economist Debt Management Office Ministry of Finance of the Republic of Uzbekistan |
| 20. Jasur KARSHIBAEV | Ministry of Finance | Director of the Public Debt Department |
| 21. Ajiniyaz KAYPNAZAROV | Ministry of Finance | Director of the Department of International Financial Relations |
| 22. Oybek SHAGAZATOV | Ministry of Investments and Foreign Trade | Former Head of the Department of IFI |
| 23. Odil USAROV | Ministry of Economic Development and Poverty Reduction | Head of the Department for Coordination of Structural Reforms in Agriculture |
| 24. Akrom MUMINOV | Ministry of Economic Development and Poverty Reduction | Head of the Department for Ensuring Stability, Analysis and Forecasting of the Internal Food Market |
| 25. Bekhzod IBRAGIMOV | Ministry of Economic Development and Poverty Reduction | Chief Specialist in the International Relations and Investment Involving |
| 26. Alimov SAIDAGZAM SAIDBORITEVICH | Agro-industrial digitization Center | Director |
| 27. Mehmet ERDOGDU | Agro-industrial digitization Center | International Consultant |
| 28. Dilmurod KHUDAYBERGANOV | Uzbekistan Agriculture Modernization Project (WB) | Component Coordinator of the Uzbekistan Agriculture Modernization Project |
| 29. Bakhtiyor KAMOLOV | Ministry of Water Resources | Director of the Agency for Implementation of water sector projects |
| 30. Nodirbek MADIBOYEV | Ministry of Water Resources | Chief Specialist of the Department of Water Resources and Water use |
| 31. Sherzod KHABIBULLAEV | Hydrometeorological Service Center - Uzhydromet | Director General |
| 32. Faizulla AGZAMOV | Hydrometeorological Service Center - Uzhydromet | Director of the Scientific Research Institute |
| 33. Nataliya AGALTSEVA | Hydrometeorological Service Center - Uzhydromet | Head of the Project Management and Implementation Department |
| 34. A NARZULLAYEV | Hydrometeorological Service Center - Uzhydromet | Head of the Supply Department |
| 35. Khumayun SAYDUMARBEKOV | Hydrometeorological Service Center - Uzhydromet | A specialist of the Department of International Cooperation |
| 36. Jasurbek YAHSHIYEV | Kibera technology | Director, ISCAD MISME developer |
| 37. Otabek Khamidullaevich AKBAROV | Embassy of the Republic of Uzbekistan in Italia | Ambassador, Permanent Mission to FAO, IFAD and WFP |
| 38. Nuriddin KUSHNAZAROV | Embassy of the Republic of Uzbekistan in Italia | Deputy Permanent Representative of the Republic of Uzbekistan to IFAD, FAO and WFP |
| 39. Manzura SHARIPOVA | Agro-industrial digitization Center | Project e-ljara |
| 40. Yogutkhon SAFAROVA | Agro-industrial digitization Center | Project Smart Campus |
| 41. Sultanov AKROM AMANOVICH | State Statistics Committee | Head of Department of Monitoring and Coordination of the Open data portal |
| 42. Juan Jose ROBALINO | State Committee for Ecology and Environmental Protection | Officer - Natural Capital and Value chains |
| 43. Narzullo OBLDUMAROV | State Committee for Ecology and Environmental Protection | Chairman |
| 44. Jakhongir TALIPOV | State Committee for Ecology and Environmental Protection | Head of Department International Cooperation and Projects |
| 45. Azizbek SAKSANOV | State Fund for Support of Entrepreneurship Development | Head of guarantee Department |
| 46. Botirjon HAMROYEV | Regional Administration | Deputy Governor of Andijan Region for Investment and Foreign Trade |
| 47. Alibek TURSUNOV | Regional Administration | Deputy Governor of Fergana Region for Agriculture and Water Resources |

| Name | Organization | Title/Position |
|--|--|---|
| 48. Iqboljon ERGASHEV | Regional Administration | Deputy Governor of Fergana Region for Investment and Foreign Trade |
| IFAD projects staff | | |
| 49. Jasur MATRASULOV | ADMP IFAD project | Project Coordinator |
| 50. Azizkhon Zukhritdinov | ADMP IFAD project | M&E officer |
| 51. Jasur Iskandarov | ADMP IFAD project | Procurement Specialist |
| 52. Rakhimnazar Nurhanov | ADMP IFAD project | Chief accountant |
| 53. Mirzayev Uktam | ADMP IFAD project | Project Engineer |
| 54. Sardor Boynazarov | ADMP IFAD project | Credit line specialist |
| 55. Umrbek Xusainov | ADMP IFAD project | Coordinator |
| 56. Aziza Khodjaeva | ADMP IFAD project | Office Manager |
| 57. Dilnoza Ruziyeva | ADMP IFAD project | Gender specialist |
| 58. Hulkar Atabayeva | ADMP IFAD project | Gender specialist |
| 59. Shuhrat TASHEV | DVCDP IFAD project | Project Coordinator |
| 60. Umrbek SULTANOV | DVCDP IFAD project | M&E officer |
| 61. Bekpulatov Bobur | DVCDP IFAD project | Chief Accountant |
| 62. Kasimov Anvar | DVCDP IFAD project | Financial Specialist |
| 63. Sultanov Umrbek | DVCDP IFAD project | Monitoring and Evaluation Specialist |
| 64. Jalilov Jamshid | DVCDP IFAD project | Procurement Specialist |
| 65. Abdullaev Umirbek | DVCDP IFAD project | Rural Finance Project Coordinator |
| 66. Sharipov Yusufjon | DVCDP IFAD project | Marketing Specialist |
| 67. Abdurasulov Shavkat | DVCDP IFAD project | Zootechnics |
| 68. Li Inna | DVCDP IFAD project | Gender Specialist |
| National Financial Institutions | | |
| 69. Nurmatov AKHROR | JSC "Halq bank" | Deputy Head of Investment Department |
| 70. Dilmurod NURITDINOV | JSCB "People's Bank" First | Deputy Chairman of the Board |
| 71. Akbar ESHONQULOV | JSCB "QISHLOQQURILISHBANK" | First Deputy Chairman of the Board |
| 72. Omonov SODIQJON | JSC "Halq bank" Andijan Region | Head of Credit Department |
| 73. Khamidov LUTFIDDIN | JSC "Halq bank" Andijan Region | Head of Foreign Currency Financing Department |
| 74. Norboyev ULUGBEKX | JSCB "Turonbank" | Head of the Department of the Center for Investment Coordination and Project Management |
| 75. Mukhtarov SHERZOD | JSCB "Qishloq Qurilish Bank" | Head of Working with credit lines Department |
| 76. Kudrat RAJAPOV | State Fund for Support of Entrepreneurship Development | Head Fund Asset Management |
| 77. Turdiev KAMOL | JSMB "Ipotek-bank" | Head of the Department of Financing Foreign Credit Lines |
| Research Centre | | |
| 78. Khusmatov NORKUL SADULLAYEVICH | AKIS Centre | Chief Scientific Secretary |
| 79. Sarvar VOKHIDOV | IT PARK | International Operation manager |
| 80. Akhrorhodjaev KHASANOVICH | AGRO KUB | CEO |
| 81. Jasurbek KHODJAEV | AMUDARIO start-up | Co-founder |
| 82. Azizbek MARAKHIMOV | AMUDARIO start-up | Co-founder |

| Name | Organization | Title/Position |
|------------------------------|--|---|
| 83. Enrico BUONAIUTI | ICARDA | ICARDA - RTB CIP GLDC |
| 84. Svetlana SAAKOVA | ICARDA | ICARDA - Uzbekistan |
| 85. Sarvar VOKHIDOV | IT PARK | International operation manager |
| 86. Axrorxo'Javev XASANOVICH | AGRO KUB | CEO |
| 87. Voxitjon ATABAEV | Plant Protection Laboratory of Fergana region | Head of the Plant Protection Laboratory of Fergana region |
| 88. Ibrohim VALIEV | Margilan city veterinary clinic of Fergana region | Head of the Veterinary Department of Fergana region |
| 89. Rahimjon TURGUNOV | Agrometeorological station | Agronomist in the farm "Inter Agro Star" |
| 90. Thomas HERZFELD | Leibniz Institute of Agricultural Development in Transition Economies (IAMO) | Head of the Department Agricultural Policy |
| 91. Nodir DJANIBEKOV | Leibniz Institute of Agricultural Development in Transition Economies (IAMO) | Researcher Department Agricultural Policy |
| Development Partners | | |
| 92. Marco MANTOVANELLI | World Bank | Country Manager |
| 93. Teklu TESFAYE | World Bank | Senior Agriculture Economist |
| 94. Dilshod KHIDIROV | World Bank | Senior Rural Development Specialist |
| 95. Cindy MALVICINI | Asian Development Bank | Country Director |
| 96. Enrico PINALI | Asian Development Bank | Deputy Country Director |
| 97. Vincent CAUPIN | French Development Agency | Head of the Central Asia Office |
| 98. Clement LAPOINTE | French Development Agency | Programme Officer |
| 99. Paul SCHUMACHER | GIZ | Project Manager |
| 100. Oydin SATTAROV | EU/GIZ Sustainable Rural Dev. Project | Agriculture Adviser |
| 101. Nadine Gbossa | Food Systems Coordination Hub | Director & Chief Means of Implementation |
| 102. Roli Asthana | UN Resident Coordination | Resident Coordinator |
| 103. Rusyan Mamiit | UN Resident Coordinator's Office | Partnership Specialist |
| 104. Yu Yu | UNFPA | UNFPA representative |
| 105. Sherzod UMAROV | FAO | Assistant Resident Representative |
| 106. Khurshid NOROV | FAO | National GEF Portfolio Support |
| 107. Azamat IBRAIMOV | EBRD | Associate Director, Senior Banker Agribusiness |
| 108. Charlotte ADRIAEN | European Union | Head of Delegation |
| 109. Francois BEGEOT | European Union | Head of Cooperation |
| 110. Danuta EI GHUFF | European Union | Development Programme Manager |
| 111. Chisa Togo | Japan International Cooperation Agency | Representative |
| 112. Kazuko Takabatake | Japan International Cooperation Agency | Senior Representative |
| 113. Sharipov Sharifzoda | Japan International Cooperation Agency | Program Officer |
| 114. Zacharias ZIEGELHÖFER | Asian Infrastructure Investment Bank | Senior Investment Specialist |
| 115. Pulat ZAKIROV | Asian Infrastructure Investment Bank | Technical Specialist |
| 116. Khusan KHASANOV | Islamic Development Bank | Field Representative in Uzbekistan |
| 117. Aaron RUSSEL | GGGI | Country Representative |
| 118. Jinha Kim | GGGI | Senior Officer |
| 119. Azizjon Rasulov | GGGI | Lead Green Growth Policy and Investment Specialist |
| 120. Jemalettin TUNEY | TIKA | Head of Uzbekistan Office |
| 121. Oytüre ANARBEKOV | International Water Management Institute | Country Manager |

| Name | Organization | Title/Position |
|-----------------------------|---|---|
| 122. Spiridon KLEISTAS | UNESCO | Programme Officer |
| 123. Mariko Fujisawa | UNESCO | Project Officer |
| 124. Matilda DIMOVSKA | UNDP | Resident Representative |
| 125. Doina MUNTEANU | UNDP | Deputy Resident Representative |
| 126. Bakhadur PALUANIYAZOV | UNDP | Head of Environment |
| 127. Mathias WANGLER | Sparkassen | Country Representative |
| 128. Sarah APPELT | Sparkassen | Long Term Expert |
| 129. Jörg PUDELKA | GIZ | Country Director |
| 130. Mikaela MEREDITH | USAID | Mission Director |
| 131. Kristi SCHOBER | USAID Representative office | Economic Growth & Education Team Leader |
| 132. Alfiya Musina | USAID – Regional competitiveness project | Country Director |
| Private Sector – NGO | | |
| 133. Abror MAKHKAMOV | Lactalis | Director |
| 134. Zafar MUSTAFAKULOV | Council of Farmers, Dekhkan Farms and Owners of Household Lands of Uzbekistan | Deputy Chairman |
| 135. Sherali ASVOV | Saykhunobod Chorva Cluster – Dairy firm | Owner |
| 136. Orzuhon NORBOEVA | Private farm «G'offorjon Nurli Kelajagi» | Farm manager and owner |
| 137. Murod KHUSANOV | Agromat | Platform for Digital Services for Small-scale producers |
| 138. Dildar ALIMBEKOVA | Business Women Association | Chairwoman |
| 139. Gulchekhra NASIRLAEVA | Aykan Group | Director General |
| 140. Vahob KHUDOYNAZAROV | Aykan Group | Director for Business Development |
| 141. Tuychi RUZIEV | "Global Advisors" LLC | Director of Limited Liability Company |
| 142. Mavlon ISROILOV | Private farm "Qosimjon muxabbati" | Farm Manager and Owner |
| 143. Maqsuda MAQSUDA | "Adiba" private farm | Head/owner of the private farm |
| 144. Azizbek ALLABERDIEV | Enterprise "Volida" | Chairman |
| 145. Azizbek DJIRAEV | Private farm «Karimjon G» | Owner |
| 146. Irgashev SARVAR | Fayzi obod naslli chorva" private farm | Head/owner of the private farm |
| 147. Zafar ABDUVOYIDOV | "Fursat Mahorat" private enterprise | Head/owner of the private enterprise |
| 148. Ravshan KHUDOYKULOV | "Magnat Agro" LLC | Head/owner of the private enterprise |
| 149. Zafar MAMMATOV | "Normumin ugli Nodirbek" LLC | Head/owner of Limited Liability Company |
| 150. Gozal Nomonova | LLC «Asaka asalarichilik» | Chairman |
| 151. Akmalxon Abdulolov | LLC «ASR BOLAJONLARI» | Head of LLC |
| 152. Urol DANILOV | Stal Plus Service" LLC | Head/owner of Limited Liability Company |

Strategic partnerships

COSOP Uzbekistan: Matrix on IFAD's partnerships building for enhanced development effectiveness within COSOP implementation

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|-------------------------------------|---|---|--|--|---|
| co-financing/resources mobilisation | French Development Agency (AFD) | <p>In 2015 the AFD opened an office in Tashkent and since then it has supported the country through several projects in the fields of economic and political governance, urban development, energy transition and sustainable management of territories. From January 2021, AFD started financing the project "Inclusive and Climate investments financing in the livestock sector of Uzbekistan". The project will contribute to structural change in the agricultural economy by fostering a new model for livestock development based on the growth potential of small producers, who are more flexible and able to adopt climate-resilient practices. The project targets 6 priority regions: Tashkent, Syrdarya, Djizzakh, Samarkand, Kashkadarya, Bukhara. The overall amount of the financing more than EUR 100 Mln.</p> <p>AFD is also active in the country through Proparco, its subsidiary focused on private sector development and based in Istanbul. The minimum ticket size for the PROPARCO investment is USD 10 Mln.</p> | <ul style="list-style-type: none"> Co-financing and collaboration in the framework of the new IFAD financed project in livestock development; Identify possibilities to collaborate throughout private sector operations in the country with Proparco; country level policy engagement on the Public Development Bank Initiative; | <p>Vincent CAUPIN Head of the Central Asia Office caupinv@afd.fr</p> <p>Clement LAPOINTE Programme Officer lapointec@afd.fr</p> <p>Mathieu HANAU Investment Officer hanaum@afd.fr</p> | <p>-US\$ co-financing mobilised;</p> <p>-# of private sector operations identified;</p> <p>- # platform of Donors on agro-food sectors;</p> |
| | Asian Infrastructure Investment Bank (AIIB) | <p>AIIB invests in sustainable infrastructure by unlocking new capitals and technologies to address climate change issues. Its investments are organised focused on generating ecological impacts such as water and air quality, biodiversity and pollution. The headquarter is located in Beijing (China), while in Tashkent AIIB has a local technical specialist in water investment operations. The main client in Uzbekistan is the Ministry of Water Resources. AIIB is expecting to invest roughly USD 200 Mln.</p> | <ul style="list-style-type: none"> Co-financing in a new IFAD project with the Ministry of Agriculture by combining AIIB experience in large scale irrigation with the IFAD capacity to build up agricultural value chains and providing water saving solutions. | <p>Zacharias ZIEGELHÖFER Senior Investment Specialist zziegelhoefer@aiib.org</p> <p>Pulat ZAKIROV Technical Specialist pzakiroff@gmail.com</p> | <p>-US\$ co-financing mobilised;</p> |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|---|---|--|--|--|
| | | in a water management and irrigation project most probably in the region of Tashkent. | | | |
| | European Union (EU) | In 2021 the EU approved its Multi Annual Indicative Programme (MIP) for Uzbekistan, which sets the basis of the cooperation with the country for the years 2021-2027. The document is organised around three priority areas. Particular relevant is the third objective which aims at modernising the agrifood sector to introduce smart, eco friendly and resilient approaches that promote rural livelihoods and improve national food security and nutrition. EU also supported the establishment of the new International Strategic Centre for Agri-Food Development (ISCAD) under the Ministry of Agriculture and it will continue to strengthen its capacity through technical assistance interventions. ISCAD is a multidisciplinary center for the strategic analysis of agricultural products, the purpose of which is to contribute to the development of more effective policy, programs and services for the development of farms and agribusiness, increasing competitiveness in the domestic and foreign markets. | <ul style="list-style-type: none"> grant financing from 2023 for projects focused on green transition and/or empowerment of small scale producers; policy engagement on sensitive reforms and initiatives, including the use of evidence in policy making. | Francois BEGEOT Head of Cooperation Francois.begeot@eeas.europa.eu Danuta EL GHUFF Development Programme Manager Danuta.EL-GHUFF@eeas.europa.eu | -US\$ co-financing mobilised; - # platform of Donors on agro-food sectors; |
| | European Bank for Reconstruction and Development (EBRD) | A new approach by the Uzbekistan authorities has allowed the EBRD to re-engage in the country, open a new Resident Office in Tashkent and prepare a new Country Strategy adopted by the Board of Directors in September 2018. The document identifies the following operational and strategic priorities for the EBRD's work in Uzbekistan: <ol style="list-style-type: none"> Enhancement of competitiveness by strengthening the role of the private sector's role in the economy Promotion of green energy and resource solutions across sectors | <ul style="list-style-type: none"> Co-financing the NSO with a top up investment (debt) up to USD 5 Mln; Identify possibilities to collaborate in the framework of the new IFAD project in livestock development; Exchange of information about potential private sector operations in horticulture and | Azamat Ibraimov Associate Director, Senior Banker Agribusiness ibraimov@ebrd.com | - US\$ co-financing mobilised; -# of private sector operations identified; |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|--------------------------|----------------------------|--|--|--|--|
| | | <p>3. Support increased regional and international cooperation and integration.</p> <p>EBRD in Uzbekistan is also active in the primary sector through investments on agribusinesses focused on processing and transforming raw materials. For example, it made a 2 Mln debt investment in “Tillo Domor”, a company specialised in processing cheese. EBRD would be keen on exploring opportunities of collaboration with IFAD either through co-financing of NSOs or by investing in private sector companies that could buy small scale farmers’ products such as milk, vegetables and fruit. The minimum ticket size for EBRD in Uzbekistan is USD 1 Mln.</p> | livestock sectors, which could benefit IFAD target groups (i.e. market integration). | | |
| policy engagement | The World Bank | <p>The new Country Partnership Framework (CPF) for Uzbekistan (2022–26) will support three high-level objectives that are needed to accelerate Uzbekistan’s transition to an inclusive and sustainable market economy: 1) increasing private sector employment; 2) improving human capital; and 3) supporting the shift toward a greener growth model for improved livelihoods and resilience. As of April 1, 2022, the World Bank’s country program consisted of 27 projects, with net commitments totalling around USD 5.25 billion. These include loans from the International Bank for Reconstruction and Development (IBRD) for US\$2.03 billion and concessional credits from the International Development Association (IDA) for roughly US\$3.22 billion. Among these projects, particularly relevant for the collaboration with IFAD are: the Horticulture Development Project, the Livestock Sector Development Project, the Fergana Valley Rural Enterprise Development Project and the Agriculture Modernization Project. The World Bank’s project portfolio is complemented by a comprehensive program of</p> | <ul style="list-style-type: none"> • policy engagement on sensitive reforms and initiatives, including land distribution and the role of Dekhans.; • dialogue and exchange of lessons learned in the implementation of rural and agricultural development projects in Uzbekistan; • joining the 50x2030 initiative. | <p>Marco MANTOVANELLI Country Manager mmantovanelli@worldbank.org</p> <p>Teklu TESFAYE Senior Agriculture Economist tesfaye1@worldbank.org</p> <p>Dilshod KHIDIROV Senior Rural Development Specialist dkhidirov@worldbank.org</p> | <ul style="list-style-type: none"> - # platform of Donors on agro-food sectors; - Increase public/private investments in the agro-food sector (small-holder farming) - # existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment |

| Type of partnership | Institutions/organizations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|---------------------------------|--|---|---|--|
| | | technical assistance and advisory and analytical services provided to the government. | | | |
| | Asian Development Bank (ADB) | <p>ADB is the largest Uzbekistan’s development partners. ADB’s country partnership strategy for Uzbekistan 2019–2023 is aligned with the country’s national development strategy and its priority areas – (i) governance and public administration reforms; (ii) economic development, including structural reforms, strengthening private ownership and entrepreneurship, and improving transport and trade connectivity; and (iii) social development. The ADB supports the government in reducing the state’s footprint through a robust private sector development strategy. ADB assists in this transition by providing policy advice, capacity building, and projects that support private sector development, reduce economic and social disparities and promote regional cooperation and integration.</p> <p>In 2019, ADB approved a \$150 million loan to Uzbekistan to increase the access of livestock farmers and entrepreneurs to finance, markets, and veterinary and other animal health services, which will help increase their productivity. The project has a national scope.</p> | <ul style="list-style-type: none"> • policy engagement on sensitive reforms and initiatives, including land distribution and the role of Dekhans.; • dialogue and exchange of lessons learned in the implementation of rural and agricultural development projects in Uzbekistan; | <p>Enrico Pinali Country Director a.i. epinali@adb.org</p> <p>Hiroki Katayama Project Officer hkatayama@adb.org</p> | <ul style="list-style-type: none"> - # platform of Donors on agro-food sectors; - Increase public/private investments in the agro-food sector (small-holder farming) - # existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment |
| | Global Green Growth Institution | <p>GGGI’s role is to support Uzbekistan’s environmentally sustainable economic growth through green growth projects. The Country Planning Framework (CPF) for 2021-2025 is the strategy of the GGGI Uzbekistan program for the next 5 years. In the CPF period, GGGI will focus on supporting the government in developing and updating policies to create an enabling environment for green investments and prepare projects to directly mobilize investments for climate-resilient agriculture, waste management, and green buildings. Particularly relevant for IFAD intervention is the ‘Green</p> | <ul style="list-style-type: none"> • policy engagement on sensitive reforms and initiatives, focusing on mainstreaming the Climate Smart Agriculture into the national development agenda & developing green financing instruments; | <p>Aaron RUSSEL Country Representative aaron.russel@gggi.org</p> <p>Jinha KIM Senior Officer jinha.kim@gggi.org</p> <p>Azizjon Rasulov Lead Green Growth Policy and Investment Specialist azizjon.rasulov@ggg.org</p> | <ul style="list-style-type: none"> - # platform of Donors on agro-food sectors; - # existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|----------------------------|---|---|------------------------------------|--|
| | | <p>Rehabilitation Investment Project for Karakalpakstan Republic to address impacts of the Aral Sea crisis (2021 -2024)'. The project aims to assist the green rehabilitation of the Republic of Karakalpakstan in addressing the impacts of the Aral Sea ecological crisis. For this, the project interventions aim to achieve the following objectives:</p> <p>Objective 1: Establish an effective green rehabilitation investment plan targeted on agriculture and agri-businesses; Objective 2: Respond to the most urgent needs of the workforce and micro-, small-, and medium enterprises (MSMEs); Objective 3: Demonstrate viable climate-resilient agri-business models to rebuild the economic foundation of Karakalpakstan's agrarian economy; Objective 4: Support the government and banks in mobilizing green/climate finance in support of green MSMEs development in Karakalpakstan.</p> <p>GGGI is financing an interesting model called "Business Development Platform". This is a mechanism for supporting a business environment for the agriculture and environmental sectors with the mission to serve as the space that will bring together multiple stakeholders needed for the development of sustainable landscapes in Karakalpakstan, supporting a business environment development through specific actions that will have a direct impact on the region's socio-economic development.</p> | <ul style="list-style-type: none"> •dialogue and exchange of lessons learned in the implementation of rural and agricultural development projects, particularly in the Aral Sea Region, including, enhancing the national and sub-national coordination mechanism •possibility to cooperate in replicating the "Business Development Platform" model in the framework of a new IFAD financed project. (potentially to be scaled up in multiple regions) •possibility to cooperate in the development and implementation of the new IFAD financed project and/or GCF/GEF, focusing on developing / scaling up investment in agricultural business models and identifying/developing new agricultural value chains | | |
| | Deutsche Gesellschaft für | The GIZ GmbH has been working in Uzbekistan since 1992. It has a country office in the capital, | policy engagement on sensitive reforms and | Paul Schumacher Project manager | -# platform of Donors on agro-food sectors; |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|---|---|--|--|---|
| | Internationale Zusammenarbeit | <p>Tashkent, and further operations in Nukus, Karakalpakstan, and Termez, South Uzbekistan. GIZ is working in Uzbekistan on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the German Federal Foreign Office (AA) and the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). The priority areas of Uzbek-German cooperation are:</p> <ul style="list-style-type: none"> • sustainable economic development • health • good governance <p>GIZ aims to promote broad economic growth. To do this, it is supporting the private sector and the expansion of upstream and downstream agriculture-based sectors, such as fertilisers, agricultural machinery and trade in grain. The objective is to create new jobs and income opportunities, particularly in regions with weak infrastructure. The promotion of tourism is also receiving increasing attention. At the same time, GIZ is supporting reform processes with programmes on vocational education, promotion of the rule of law and advanced management training.</p> | <p>initiatives, focusing on mainstreaming the Climate Smart Agriculture into the national development agenda & developing green financing instruments;</p> <ul style="list-style-type: none"> • dialogue and exchange of lessons learned in the implementation of rural and agricultural development projects, particularly in the Aral Sea Region, including, enhancing the national and sub-national coordination mechanism | <p>paul.schumacher@giz.de</p> | |
| UNCT | Food and Agriculture Organization of the United Nations (FAO) | <p>The FAO Country Programme Framework 2021 – 2025 reflects the priority areas for partnership between the Republic of Uzbekistan and the (FAO). The framework agreement foresees the transformation of the production, aggregation, processing, distribution, consumption, and disposal of food products originating from agriculture, forestry, and fisheries towards more sustainability, taking into consideration the wider economic, social, and natural environment. The total resource budget for implementation of the CPF is expected to be approximately USD 17 million. Furthermore, FAO has recently completed a project</p> | <ul style="list-style-type: none"> • policy engagement on sensitive reforms and initiatives, including land distribution and the role of Dekhans and small scale producer; • dialogue and exchange of lessons learned in the implementation of rural and agricultural development projects in Uzbekistan; | <p>Sherzod UMAROV Officer in Charge Sherzod.umarov@fao.org</p> <p>Khurshid NOROV National GEF Portfolio Support Khurshid.norov@fao.org</p> | <ul style="list-style-type: none"> - # platform of Donors on agro-food sectors; - # existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment - # common strategies adopted to mitigate the |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|--------------------------------------|--|---|---|--|
| | | in "Strengthening national capacities in Sustainable Development Goals implementation and monitoring". | <ul style="list-style-type: none"> organise roundtable discussions with the MoA on monthly basis to find common solutions for the impact of the of the ongoing Russian-Ukrainian conflict to the food security situation in Uzbekistan | | effect of the Russian-Ukrainian conflicts on the agricultural sector |
| | United Nations Development Programme | UNDP opened its representative office in Uzbekistan in January 1993, and has since been committed to facilitating the country's development. UNDP has assisted governmental and non-governmental institutions in obtaining the knowledge, experience and resources needed to successfully pursue economic and social reforms, and to ensure the well-being of the Uzbek people. UNDP assistance in Uzbekistan focuses on two overall, inter-linked objectives; to support the Government in advancing economic and democratic reforms; and strengthening and fostering the participation of civil society in development processes at national and local levels. | <ul style="list-style-type: none"> policy engagement on sensitive reforms and initiatives, including land distribution and the role of Dekhans and small scale producers; exchange information ongoing and planned interventions in the Aral Sea region, which will allow for monitoring and coordination to avoid duplications | Matilda Dimovska Resident Representative matilda.dimovska@undp.org Doina Munteanu Deputy Resident Representative doina.munteanu@undp.org Bakhadur Paluaniyazov Head of Environment bakhadur.paluaniyazov@undp.org | <ul style="list-style-type: none"> # platform of Donors Group on Sustainable and Efficient Use of Natural Resources in the Aral Sea Region; # existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---|--|--|---|--|---|
| Innovation and knowledge sharing | The Leibniz Institute of Agricultural Development in Transition Economies (IAMO) | <p>The Leibniz Institute of Agricultural Development in Transition Economies (IAMO) analyses economic, social and political processes of change in the agricultural and food sector, and in rural areas. The geographic focus covers the enlarging EU, transition regions of Central, Eastern and South Eastern Europe, as well as Central and Eastern Asia.</p> <p>The Central Asia Research Group of IAMO was established in 2019 as a cross-departmental network of scientists conducting research on interdisciplinary topics related to agricultural transformation processes in the five post-Soviet Central Asian countries, namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.</p> <p>In all five Central Asian countries, agricultural production is a major source of household and national income, a factor of social stability and decisive for national food security. Meanwhile, the sustainability of agricultural production in all of these countries is being threatened by an increasing demand for food, declining levels of productivity growth and environmental spillovers from intensive resource use. Climate change has been increasing producer risk as well as food insecurity due to the increase in yield volatility and amplifying water scarcity.</p> | <ul style="list-style-type: none"> • cooperate in the implementation of new IFAD financed projects, particularly in M&E and KM; • policy engagement on the importance of data driven policy decision making | <p>Prof. Dr. Thomas Herzfeld Department Agricultural Policy</p> <p>Leibniz Institute of Agricultural Development in Transition Economies (IAMO) Theodor-Lieser-Str. 2 D-06120 Halle (Saale), Germany</p> <p>Tel: +49 (0)345 2928 100 herzfeld@iamo.de www.iamo.de</p> | <p># existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment</p> <p>#joint initiatives on M&E in the framework of IFAD financed projects</p> |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|---|---|---|--|---|
| | German Sparkassenstiftun | The German Sparkassenstiftung for International Cooperation is the development-policy arm of the Sparkassen-Finanzgruppe, one of the largest financial groups in the world . Its task is to disseminate the successful Sparkasse model across regional borders and around the globe. By enabling people in developing countries and emerging economies to access financial services, it aims to create opportunities that will allow them to leave poverty behind. In Uzbekistan, Sparkasse is implementing the project "strengthening the agribusiness sector and supporting rural development in Uzbekistan by offering suitable financial services (2019-2024)". The project strengthens the capacity of the supply and demand side to create better access to adequate financial services for agricultural enterprises and individual operating in the agricultural sector. In particular it finances an education program for customer oriented skills of bank employees and an educational program for entrepreneurs skills of young farmers. | <ul style="list-style-type: none"> •dialogue and exchange of lessons learned in the implementation of rural and agricultural development projects, particularly on strengthening the capacity of financial institutions in Uzbekistan; | <p>Mathias WANGLER Country Representative mathias.wangler@sparkassenstiftung.de</p> <p>Sarah Appelt Long Term Expert sarah.appelt@saprkassensstiftung.de</p> | <p># platform of Donors on agro-food sectors</p> <p>Increase public/private investments in the agro-food sector (small-holder faming)</p> |
| | International Centre for Agricultural Research in the Dry Areas | <p>ICARDA is a non-profit, CGIAR Research Center that focusses on delivering innovative solutions for sustainable agricultural development in the non-tropical dry areas of the developing world. It provides innovative, science-based solutions to improve the livelihoods and resilience of resource-poor smallholder farmers through strategic partnerships, linking research to development, and capacity development, and by taking into account gender equality and the role of youth in transforming the non-tropical dry areas. The ICARDA Central Asia Office was established in Uzbekistan in 1998 with a strong focus on</p> <p>Regional collaborations, including regional projects on rust-resilient wheat development</p> | <ul style="list-style-type: none"> •dialogue and exchange of lessons learned in the implementation of rural and agricultural development projects in Uzbekistan; •cooperate in the implementation of new IFAD financed projects, particularly in strengthening the capacity of the PMUs in M&E and KM; •ICARDA to participate in the procurement process | <p>Akmal ARAMKHANOV Country Representative A.Akramkhanov@cgiar.org</p> <p>Enrico Bonaiuti Monitoring, evaluation and learning specialist E.Bonaiuti@cgiar.org</p> | <p># platform of Donors on agro-food sectors</p> <p>#training provided to the PMU of IFAD financed projects</p> |

| Type of partnership | Institutions/organizations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|----------------------------|--|---|--|--|
| | | <p>and the Central Asia Climate Information Portal (CACIP). ICARDA’s dryland expertise is critical to address the agricultural challenges faced by Uzbekistan today, including drought, soil salinity, pollution, and pest management. Here below a summary of the most important active projects in Uzbekistan as of December 2021:</p> <ul style="list-style-type: none"> • Ecologically Oriented Regional Development of the Aral Sea Region (2021-2023 \$300,000 To support economic and ecological development of the Aral Sea Region, ICARDA supports crop diversification by planting short-term crops in fallow land areas, training farmers on seed multiplication, and levelling. • AI-Driven Climate-Smart Beekeeping for Women (AID-CSB) (2021-2022 \$420,000 Project MEL Page) aims to support biodiversity and enable improved hive management among women, using a gendersensitive, participatory process to localize a hive management app. In 2021, localized Uzbek and Russian versions of the Beekeeper’s Companion app were generated, and in 2022 the project aims to increase app adoption, use, and add a new honeybee “Symptom Checker” feature. | <p>of IFAD ongoing operations for mid-term and completion outcome surveys.</p> | | |
| private sector | LACTALIS | <p>For more than 25 years, Lactalis International has been developing the positions of the Lactalis Group in Asia, in Africa, in the Middle East, and in the French Overseas Territories. In Uzbekistan, the group bought some factories from Nestlé in Namangan region and sign agreements for the licensed production of some global Nestlé brands. Lactalis made several agreements with medium farmers that supply milk for an overall quantity of 110 tons per day.</p> | <ul style="list-style-type: none"> • Engage with Lactalis during the design stage of DVCDP phase II to explore 4Ps opportunities with IFAD beneficiaries; • Identify synergies between Lactalis and Saykhunobod | <p>Abror MAKHKAMOV Director Abror.makhkamov@uz.lactalis.com</p> | <p># opportunity identified with the private sector</p> <p>#4Ps created</p> |

| Type of partnership | Institutions/organizations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence – based transformations promoting small-holder agriculture sustainable growth) |
|---------------------|---|---|---|---|--|
| | | However, LACTALIS has a capacity of processing milk for more than 200 tons per day, and it is planning to expand its market towards other regions of the country to diversify its products and export more. The company would be available to buy more milk from small scale producers through Milk Collection Centre provided the milk is of good quality and producers are aggregate in sorts of associations to avoid dealing with them individually. | Chorva-Klaster LLC, beneficiary of IFAD NSO, to strengthen its business model | | |
| | Saykhunobod Chorva-Klaster LLC | The cluster Saykhunobod Chorva has been identified as a potential beneficiary of an IFAD NSO investment of USD 5 Mln. Located in Sirdaryo Region, the company is focused on cattle breeding, production of milk and milk processing. The company has been leasing a land of more than 1000 hectares and it owns 1000 cows for milk and meat production. In 2020 the director of the company decided to extend the operations and improve the work opportunities of local farmers by reorganizing reorganize shareholder's structure. 49% of share now belongs to 35 dehkans which receive cattle for feeding and milking, equipment and training for production of high quality milk. Through IFAD investment, the company is planning to extend cattle breeding farm, increase number of cattles up to 7 000 heads by 2023 and, more importantly,. Increase the number of supported dehkans up to 300. | <ul style="list-style-type: none"> • Target the small scale producers through IFAD NSO; • Knowledge exchange about the dairy value chain which could be replicated in other geographical areas of future IFAD investment; | Boltayev Sherzod Director | <p># opportunity identified with the private sector</p> <p>#4Ps created</p> <p>Small scale producers targeted.</p> |
| SSTC | Turkish Cooperation and Coordination Agency | TIKA was established in 1992 and focuses on the development cooperation with central Asian countries such as Kazakhstan, Tajikistan, Uzbekistan, Azerbaijan, and Kyrgyzstan and it paves the way for the resurgence of dual and regional relations with them. TIKA became an implementing intermediary of Turkish foreign policy, particularly in the countries with it shares values. | | Jemalettin Tuney Head of Uzbeksitan Office tashkent@tika.gov.tr | |

| Type of partnership | Institutions/organisations | Brief description (objectives, main activities, main steps, etc.) | Potential areas of collaboration/partnership in support of COSOP implementation | Contacts | Development outputs/outcomes (evidence - based transformations promoting small-holder agriculture sustainable growth) |
|----------------------------|-----------------------------------|---|---|-----------------|---|
| | | It can be briefly summarized that TİKA's aims in those years as the procreation of the own social structure of the Turkic Republics, their construction of an identity in a sustainable way, and the remedy of deficiencies of their technical infrastructures. Many projects and activities in the fields of education, health, restoration, agricultural development, finance, tourism, and industry were realized by TİKA. In addition, the first of the TİKA Programme Coordination Offices was inaugurated in Turkmenistan; later on, the number of the offices located in the Eurasian area increased to 6. | | | |

South-South and Triangular Cooperation strategy

I. Introduction

6. South-South and Triangular Cooperation (SSTC) has been increasingly integrated into IFAD's operating model as an instrument to deliver on its mandate of rural transformation in developing countries. In 2021, IFAD approved a new SSTC strategy, further recognizing the role of SSTC as a key development modality contributing to innovative partnerships, knowledge sharing and investment promotion. The strategy responds to the growing importance of SSTC in promoting the Sustainable Development Goals and aims to strengthen the Fund's comparative advantage and expand its work in terms of both knowledge-based cooperation and investment promotion.
7. This appendix presents the engagement rationale for SSTC in Uzbekistan; including highlighting sectors of relevance and providing, in section IV, concrete options for intervention that could be undertaken in the context of this COSOP. The options are a set of activities with complementary and coordinated measures that will contribute to enhancing the effectiveness of the country programme in the areas of the dairy value chain, fruit and vegetable production, irrigation and sustainable water management.

II. SSTC engagement rationale

8. The Government of Uzbekistan adopted in 2022 a five-year development strategy consisting of seven priority directions with the goal of reducing poverty by half by 2026 and becoming an upper middle-income country by 2030. As part of the implementation of this strategy, the country has engaged to strengthen its regional cooperation in Central Asia and expand its foreign relations to other partners on matters related to peace, stability and sustainable development.
9. Uzbekistan has been an active participant in South-South and Triangular Cooperation (SSTC), recognizing the modality as an effective instrument to establish partnerships with other developing countries, the private sector, and the civil society. In the last COSOP (2017-2021), the government with IFAD leveraged SSTC to support smallholder farmers in the horticulture sector and facilitate their adoption of ICT innovations. In the framework of the Horticulture Support Project (HSP) – an IFAD-funded project – knowledge exchange, study tours and participation in international fairs were organised in partnerships with countries such as Georgia, Kazakhstan and Turkey. Although SSTC integration in the COSOP was not as intentional and detailed as it has since become, clear benefits were noted in terms of new learning for agricultural productivity.
10. The country has also engaged in SSTC through partnerships with other international organizations. From 2014 to 2019, Uzbekistan was a beneficiary of a cross-regional grant projected supported by UNOSSC and involving nine countries that sought to address the challenge of rising food insecurity and rural poverty and the growing demand for water resource management. Another initiative with Kirgizstan funded by FAO, which ran from 2017 to 2018, aimed at enabling rural women to benefit equally from agri-food value chains by improving their skills in transforming local agricultural raw materials.
11. On a bilateral level, Uzbekistan has been deepening cooperation with Kazakhstan in various areas such as security, humanitarian aid and cultural exchange. In 2019, the two countries signed a roadmap to foster medium-term agricultural cooperation with measures to develop agricultural science, production, digitalization, animal husbandry, amongst others. They also expressed interest in collaborating for the construction of a fertilizer production plant as well as the establishment of a joint venture for tractor manufacturing.

12. The above demonstrates the existing interest of the Government of Uzbekistan for SSTC interventions. Building on this interest, opportunities and interventions were identified to support smallholder farmers' access to viable food systems and markets in line with SO2 of the COSOP and increase their resilience (SO1) by contributing to the adoption of climate smart-technologies. This also respond to the new SSTC corporate agenda, particularly the first strategic objective of disseminating knowledge and innovation at the country programme level.

III. Opportunities for rural development investment promotion and technical exchanges

13. Building on past and on-going IFAD interventions in the country, SSTC will be leveraged to complement achievements and address gaps identified in the following areas: dairy value chains, fruit and vegetable production, and water resource management.
14. Dairy value chains. IFAD is investing in the dairy sector through the Dairy Value Chains Development Project (DVCD) to increase the productivity, competitiveness and market access of domestic dairy products. The projects aims to address constraints related to limited access to land and financial services, insufficient access to quality forage, inadequate collection processes and sanitary measures and limited public-private sector collaboration. Although the project has achieved tremendous progress in addressing these issues, there remains opportunities to strengthen Public-Private-Producers Partnerships (4Ps) for project scale-up and sustainability.
15. Under the new COSOP, an initiative will invest in a profitable and sustainable partnership model between a rural private enterprise - a dairy processor - and small-scale producers. To ensure the farmers can actively participate in the model, South-South exchange and capacity building could be organised with partner countries in the region. In the framework of SSTC, the experience and lessons learned in the establishment of similar partnerships from other developing countries can be shared and adapted to the local context.
16. In addition, the mid-term review of the DVCD conducted in 2021 indicated the need to introduce technology innovations in the domain of feed for milk production such as hydroponic fodder production. The country programme could also facilitate the introduction of such solutions through SSTC.
17. Fruit and vegetable production. In Uzbekistan, horticultural production is concentrated mostly on small farms and is an important source of income for rural households. Modernisation of horticulture systems can contribute to increased small-scale producers' incomes, increased access to both domestic and export markets and improved food security. In 2011, IFAD launched the Horticulture Support Project (HSP) with the goal of creating a viable horticultural sub-sector with modern farming techniques and improved access to domestic and international markets. The organisation of study tours during the project implementation proved beneficial for the participants who reported learning of new processes for fruit and vegetable production.
18. Based on the achievements of the HSP, IFAD approved in 2017 the Agriculture Diversification and Modernization Project (ADMP) with the objective of increasing inclusiveness and profitability of selected value chains through enhanced productivity, market access and better natural resource management. One of the country challenges the initiative is addressing is the lack of modern skills in farm production, planning and decision-making, due partly to inexistent agricultural extension and advisory services. SSTC can support efforts to broaden information dissemination through the provision of digital solutions for extension delivery and increased outreach.

19. To further reinforce the capacity of farmers in horticulture and greenhouse farming, study tours and exchange visits as similarly organised during the implementation of the HSP could also be promoted by way of SSTC.
20. Water resource management. Water demand in Uzbekistan is rising due to population and economic growth while supply is decreasing due to climate change. The main environment challenges related to water are the depletion of freshwater resources, the deterioration of water quality; desertification, salinization and erosion; and climate change. Having recognized the social significance of irrigation, the government adopted in 2021 a three-year national strategy on water management and development of irrigation which covers a number of infrastructural, institutional and capacity building measures.
21. As part of the ADMP, IFAD is supporting the modernisation of water infrastructures by upgrading inter-farm irrigation schemes, introducing solar-powered meteorological stations and reinforcing the capacity of Water Consumer Associations (WCAs). IFAD intervention in this area also offers an opportunity to foster partnerships with other countries in the region for the adoption and scaling up of successful micro-irrigation systems. In addition to this transfer of technology, Uzbekistan WCAs could be provided technical assistance to operate the modernised systems.

IV. Partnerships and initiatives

22. To operationalize SSTC in the areas highlighted in the above section, a number of indicative partnerships and initiatives are provided below. The potential partners have conducted successful interventions related to the opportunities previously identified; and the proposed solutions and projects have contributed to addressing similar challenges in other developing countries.

a. Developing dairy value chains

- i. Public-Private-Producers Partnership (4Ps): India is the world leader in milk production contributing to about fifteen % of total milk produced globally. The country has extensive experience in Public-Private partnerships in a range of sectors - infrastructure, power and irrigation, amongst others. Between 2009 and 2017, with the Convergence of Agricultural Interventions in Maharashtra (CAIM) project, IFAD supported a significant number of smallholder farmers to link with the global market for high-value products. A partnership was built with a private company to provide the farmers infrastructures and skills to access to overseas markets.
- ii. Introducing hydroponic fodder production: ICARDA is a CGIAR Research Centre which specialises in science-based solutions for countries across the non-tropical dry areas. It implements a number of projects in hydroponic production in countries such as Bahrain, Oman and Qatar. The centre could support the replication of hydroponic fodder production learning from other IFAD projects such as the Promoting Agricultural Commercialization and Enterprises (PACE) project, which piloted the use of hydroponic technology for maintaining fodder supply to livestock farming. This led to reduced time for fodder production (eight to ten days instead of at least 45 days) and resulted in an eight to thirteen % increase in milk production in the catchment area¹³⁵.

b. Supporting fruit and vegetable production

- iii. E-Extension services: In the context of the COVID-19 pandemic, IFAD partnered with Precision Agriculture Development to enable small-scale farmers to receive personalized agricultural advice through their mobile phone.
- iv. In Cambodia, through the Agricultural Services Programme for Innovation, Resilience and Extension project, the Fund is providing inputs and e-training to small-scale farmers and rolling-out multi-purpose mobile phone application for advisory services.

¹³⁵ More information available on IFAD Rural Solutions Portal: [Bangladesh](#); [Arabian Peninsula](#).

- v. Another solution to support farmers knowledge development in crop and yield improvement is the Access Agriculture platform which offers a wealth of freely downloadable, quality training videos on ecological farming and food processing in international and local languages.
- vi. Building capacities for fruit and vegetable production: As implemented under the Horticulture Support Project, study tours and exchange visits can be organised to other countries in Asia such as China. The country is one of the leading countries in Greenhouse Farming and has boosted agricultural production and management in its rural areas by combining digital and indoor farming.

c. Water resource management

- vii. Micro-irrigation systems: In Bangladesh, IFAD is currently funding the Smallholder Agricultural Competitiveness Project to help smallholder farmers be more responsive and competitive in producing and marketing diverse, high-value crops and agricultural products. As part of a partnership with the Bangladesh Agricultural Research Institute (BARI), drip irrigation system using photovoltaic powered pumps were installed in the project areas. Farmers reported a twenty-four % increase in yield, thirty-three % in income and a forty % reduction in water usage by combining the system with other practices such as crop diversification and production of vegetables on sorjan bed.
- viii. Water Consumers' Associations (WCAs) capacity building: Turkey SSTC engagement in Uzbekistan has been notable throughout the years, particularly in the areas of education, health and security. One of the first programme offices of the Turkish Cooperation and Coordination Agency (TIKA) was established in Uzbekistan and recently – in 2020 – the two countries agreed on a three-year collaboration programme including the development of a training centre in agriculture. Based on this existing partnership and Turkey's extensive experience in Participatory Irrigation Management models, technical cooperation can be explored with TIKA to reinforce the capacity of WCAs in Uzbekistan.

d. Regional partnerships

The Central Asia Regional Economic Cooperation (CAREC) Program: Uzbekistan is one of eleven Member Governments that make up CAREC - a partnership of countries working together to promote development through cooperation, leading to accelerated economic growth and poverty reduction. In 2017, the Members adopted a new strategic framework that will guide the partnership over the next thirteen years, including agriculture, water and human development as priorities. As a regional platform involving multiple Member States, it can ensure the benefits and learning from the SSTC interactions during the COSOP are disseminated to other Central Asia countries, for sustainability and scaling up,

V. Conclusion

- 23. Under the new COSOP, SSTC will be an important development modality to underpin the strategic objectives of IFAD's presence in the country. To achieve concrete results, the opportunities outlined above will necessitate consultations with the potential partners to define the scope and modalities of the interventions in the framework of mutually beneficial collaborations. Close coordination with IFAD country offices in the Asia and Pacific Region, as well as the SSTC Knowledge Centre in Beijing will be instrumental in effective operationalisation of the envisaged SSTC interventions. To ensure effectiveness, adjustments can be envisaged and new opportunities explored based on progress achieved by the mid-term review.

Country at a glance

Country Portfolio Summary

| | | | |
|-------------------------|-------------------------------|-----------------------------------|----|
| Region | Near East, N. Africa & Europe | Member of Country Groups : | |
| Country | Uzbekistan | Least Developed country | No |
| Current Financing Terms | Blend | Low-income, food deficit | No |
| Ranking all Countries | 42 | HIPC DI Eligible | No |
| Ranking within region | 8 | | |

| Country Indicator | Value | Year | Source |
|---|---------------|------|------------|
| Agriculture, value added (% of GDP) | 17.32 | 2017 | World Bank |
| GNI per capita, Atlas method (current US\$) | 1,980.00 | 2017 | World Bank |
| Human development index (HDI) value | 0.71 | 2017 | UNDP |
| Population, total | 32,387,200.00 | 2017 | World Bank |
| Rural population | 16,015,470.00 | 2017 | World Bank |

Key Dates

| | |
|--------------------------------|-------------|
| Last RB-COSOP Approved AVP/PMD | 30 Jan 2017 |
| First Project Approved | 03 Apr 2012 |
| Last Project Approved | 11 Dec 2017 |

IFAD Interventions

| | <u>Number of Projects</u> | <u>IFAD Approved USD ('000)</u> |
|------------------------------|---------------------------|---------------------------------|
| Financial Closure | 1 | 10,634 |
| Available for Disbursement | 2 | 118,103 |
| Total IFAD commitment | 3 | 128,737 |

IFAD Interventions Summary

| Project Number | Financing Instrument ID | Currency | Approved Amount | Disbursed | Loan/Grant Status | Project Status | Board Approval | Cooperating Institution |
|----------------|-------------------------|----------|-----------------|-----------|-------------------|----------------|----------------|-------------------------|
| 1100001606 | 1000004208 | XDR | 6,190,000 | 96% | Closed | Closed | 03 Apr 2012 | IFAD |
| 1100001606 | 1000004210 | XDR | 645,000 | 87% | Closed | Closed | 03 Apr 2012 | IFAD |
| 1100001714 | 2000000771 | XDR | 500,000 | 79% | Disbursable | Disbursable | 15 Sep 2015 | IFAD |
| 1100001714 | 2000000714 | XDR | 17,000,000 | 77% | Disbursable | Disbursable | 15 Sep 2015 | IFAD |
| 2000001283 | 2000002138 | USD | 46,200,000 | 67% | Disbursable | Disbursable | 11 Dec 2017 | IFAD |
| 2000001283 | 2000002139 | USD | 300,000 | 100% | Disbursable | Disbursable | 11 Dec 2017 | IFAD |
| 2000001283 | 2000003256 | USD | 800,000 | 12% | Disbursable | Disbursable | 11 Dec 2019 | IFAD |
| 2000001283 | 2000003255 | USD | 46,200,000 | 22% | Disbursable | Disbursable | 11 Dec 2019 | IFAD |

Projects in Pipeline

| Current Phase | <u>Number of Projects</u> | <u>IFAD Proposed Financing USD ('000)</u> |
|---------------|---------------------------|---|
| Pending | 2 | 54,127 |
| Total | 2 | 54,127 |

Financial management issues summary

FINANCIAL MANAGEMENT ISSUES SUMMARY - COSOP



| | | | |
|---|---|---------------------|-----------|
| COUNTRY | Uzbekistan | COSOP PERIOD | 2023-2027 |
| A. COUNTRY FM ANALYSIS | | | |
| <i>Country Disbursement Ratio of the previous COSOP</i> | 25.80% | | |
| <i>Unjustified Obligations:</i> | <ul style="list-style-type: none"> No ineligible expenditures Outstanding advances under ongoing projects: ADMP (USD 4 231 286 million) and DVCDP (USD 1 283 000) | | |
| <ul style="list-style-type: none"> <i>Outstanding Ineligible Expenditure</i> <i>Outstanding Advances (Projects in Ongoing and expired Status)</i> | | | |
| <i>PBAS Available allocation (IFAD12):</i> | \$ 37 127 329 | | |
| <i>BRAM access (IFAD12):</i> | \$ 17 000 000 | | |
| <i>Country income category</i> | LMIC | | |

TI Index. The country's risk rating continues to be "High" with a CPI score of 28. Uzbekistan's Corruption Perception Index (CPI) ranking is 140 out of 180 countries in 2021. There is improvement in the CPI score compared to last year (CPI Score of 26/100 in 2020); however, the corruption is still a major issue in the country.

Public Financial Management (PFM) – PEFA (2018).

Most aspects of the PFM system are functioning at a good satisfactory level, but areas for improvement remain, such as: performance information on service delivery, consolidating and reconciling all bank accounts detained by the government, capturing and publishing all assets, establishing a medium-term budget, introducing risk management practices and internal audit, issuing and publishing more detailed budget execution reports; and improving the independence of the Chamber of Accounts. Monitoring of cost and physical progress of major investment projects decentralized to the project initiator. It is difficult to assess the quality and capacity of this monitoring as it varied across project initiators. Moreover, the progress or achievements of the implementation of the investment projects are not published in the budget or other relevant documentation. In addition, the current PFM Strategy does not yet address key accountability functions of internal and external audit that could be developed in order to build on the momentum achieved from implementing the Treasury system. The 2018-2025 Strategic Plan includes a strategy for the implementation of accrual-based accounting, adopting more international standards for accounting, the acquisition of a new Government Financial Management Information System (GFMS) and greater transparency in financial reporting. Key accountability functions such as internal and external audit were not covered in the 2007-2018 PFM Reform Strategy, but they

have received prominent attention in the 2018-2025 PFM Strategy.

Debt Sustainability - IMF IV Consultation paper (June 2022): Uzbekistan's external debt remained as low risk of distress, unchanged from last report in April 2021. Despite shocks from the pandemic and the war in Ukraine, Uzbekistan's economy has shown resilience. The pandemic caused a sharp slowdown in 2020; nevertheless, the real growth remained positive at 1.9 % and projected to increase to 5 % by 2023. Given Uzbekistan's close economic ties with Russia, the outlook for 2022 will depend upon spillovers from the war in Ukraine and sanctions on Russia. Remittances, trade, and financing from Russia are expected to slow, reducing growth in 2022 to 3-4 % and the current deficit is projected to widen to about 9.5 % of GDP, with lower remittances partly offset by lower imports and higher commodity export receipts. After budget deficits widened during the pandemic, reaching 6 % of GDP in 2021, the approved budget for 2022 aimed to bring the deficit back to 3 % of GDP. However, with debt levels relatively low, there is room to slow the pace of fiscal consolidation. To underpin fiscal sustainability, the authorities plan to complement the new debt law, which is expected to be adopted soon and will limit public and publicly guaranteed debt to 60 % of GDP. A high level of international reserves and long maturities further mitigate the risk of debt distress. The World Bank is currently preparing a new Country Partnership Framework for Uzbekistan. It will outline key objectives and development results through which the World Bank Group intends to support the Government's efforts to advance social and economic development during 2022-2026.

Lending Terms: Uzbekistan is eligible for PBAS (IFAD12) resources in Blend terms as well as BRAM resources (IFAD 12) in Ordinary Terms (Category 1), and not eligible for Debt Sustainability Framework as its GNI per capita exceeds IDA operational cut-off and the WB eligibility classification is "Blend country".

PFM and Use of Country Systems:

Staffing and Organisation (partially on-country system): The organisational structure of the project embedded in the existing organizational units of the lead executing agency under the government structure. Key FM staff at PMU are recruited from the open market on a competitive basis, and projects that will be designed under the COSOP will continue to hire staff in open market through competitive selection due to difficulties in recruiting and retaining skilled accounting professionals.

Budget (Partially on-country system): Only counterpart contributions are on budget. Financings from international organizations are not part of the national budget and recorded separately from national public expenditures, and in many cases implemented separately from the national programs. In line with other IFIs in the country, future IFAD projects designed under the COSOP will continue to be off-budget until the Government includes financing from IFIs in the TSA and the National Budget.

Fund flow (off country system): Treasury system is not used for the expenditure control of projects financed by IFIs. The ministries have secondary accounts in commercial banks in foreign currencies for operations that need to be performed with foreign countries. DAs for IFAD funded projects maintained in a commercial bank acceptable to IFAD, and same arrangement likely to be used for future projects that will be designed under the COSOP.

Accounting/reporting (off country system): Ministries in Uzbekistan follow the Uz-ASBO system. The software is used for budgeting, accounting, reporting, and preparation of financial systems. This software is however, not suitable for undertaking project accounting as no such feature for project-wise accounting is available in Uz-ASBO system. Therefore, standalone accounting software is used for on-going IFAD projects and will continue to be used for future projects that will be designed under the COSOP.

Internal Audit (off country system): The current practice of internal audit does not follow international standards. Internal audit activities are primarily focused on financial compliance rather than monitoring of the internal control systems. The government is currently a beneficiary of a donor funded (ADB) project targeting capacity building in the area of internal audit. The progress will be monitored to explore possibility of including MoA in the internal audit process for future IFAD projects to provide assurance on effective internal control processes.

External Audit (off country system): Uzbekistan has recently become a full member of INTOSAI. However, currently audit practices are still not fully in line with ISA. In line with other IFIs approach, IFAD do not rely on the national system and eligible private external audit firms are being used for on-going IFAD projects. Audit would continue to be conducted by private audit firms until country system is fully in line with ISA. The country system will be re-assessed at design.

B. PORTFOLIO – LESSONS {Strengths and Weaknesses}

Lessons: There are two on-going IFAD projects in Uzbekistan (ADMP and DVCDP). The FM quality of on-going projects is rated as moderately satisfactory and the inherent FM risk is 'substantial'. The projects are staffed with reasonably experienced finance managers, but capacity should be improved; Projects accounts are maintained in an integrated accounting software as per the IPSAS cash basis, and the IFRs are submitted to IFAD on a quarterly basis. The external audits of the project financial statements are performed by private audit firms in accordance with International Standards on Auditing (ISA) and the auditors expressed unqualified opinions on the financial statements to date. However, currently internal controls do not seem effective with regard to monitoring and reporting of the funds channelled through Participating Financial Institutions (PFIs) to provide assurances that funds are reaching the end beneficiaries and are being used for their intended purposes. In addition, partly due to pandemic and temporary suspension on sub-lending, disbursement ratings were deteriorated, however, necessary actions have been taken and suspensions have been conditionally lifted in 2022, which is expected to improve disbursements.

Mitigation actions: (i) Ensure satisfactory internal control and audit procedures in PFIs, including accounting principles and procedures, financial documents, internal controls and financial reporting, and operational controls, confirmed by external auditors (by institutional audit); (ii) External audit terms of reference to include end use review, including field visits for an appropriate sample of end beneficiaries based on the control risk assessment to determine if funds provided were used for intended purposes; (iii) Strengthening the monitoring over the loans extended by the PFIs to the end beneficiaries by improving the M & E function of the PMU; (iv) The accounting software system to be upgraded to generate financial reports automatically as per the IFAD requirements; (v) Assignment of full-time, dedicated and experienced key staff (vi) Continuous capacity building and an anti-corruption training to project staff at the start of the project. Once all mitigation actions implemented, the FM risk will be 'Moderate'.

| Project | FI | FLX Status | %Disbursed | Project FM inherent risk rating | Performance Score: Quality of Financial Management | Performance Score: Quality & Timeliness of Audit | Performance Score: Disbursement Rate | Performance Score: Counterpart funds | Completion date |
|---------|-----------|-------------|------------|---------------------------------|--|--|--------------------------------------|--------------------------------------|-----------------|
| DVCDP | 200000714 | Disbursable | 79.79 | Substantial | Moderately Satisfactory | Moderately satisfactory | Moderately Satisfactory | Satisfactory | 30/03/2023 |
| | 200000771 | | 54.92 | | | | | | |
| ADMP | 200002138 | Disbursable | 66.54 | Substantial | Moderately Satisfactory | Satisfactory | Moderately Unsatisfactory | Satisfactory | 30/03/2025 |
| | 200002139 | | 100 | | | | | | |
| | 200003255 | | 21.6 | | | | | | |

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|--|------------|--|------|--|--|--|--|--|--|
| | 2000003256 | | 12.5 | | | | | | |
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Procurement risk matrix

Based on MAPS II – ASSESSMENT OF NATIONAL PROCUREMENT SYSTEM

| Pillar I – Legal, Regulatory and Policy Framework | | | | | |
|--|--|--|---|-------------------------------|----------|
| Indicator # and Sub-Indicator # | Sub-Indicator Description | Findings regarding possible non-compliance with IFAD PPF | Inherent Risk of non-compliance with Project Objectives & IFAD PPF | Proposed Mitigation measure/s | Net Risk |
| The public procurement legal framework achieves the agreed principles and complies with applicable obligations. | | | | | |
| Consolidated findings for Pillar I | <ul style="list-style-type: none"> -The tender advertisement is placed by the state customer in the electronic public procurement system through a special information portal, as well as on its official website and in the media at least twelve working days and no more than thirty working days before the deadline for accepting proposals from tender participants. - Standard bidding documents do not exist. -The tender participants have right to challenge and appeal by addressing their complaint to the Commission for Consideration of Complaints in the Field of Public Procurement, which is mandated within three working days from the date of its receipt, to notify the state customer about this and suspend the procurement procedure for a total period of up to ten working days. -Procurement procedures may be carried out electronically for which a software package of organizational, informational and technical solutions that ensure the interaction of subjects of public procurement, the conduct of procurement procedures in the process of electronic public procurement exists -There are no standard forms of contract with mandatory particular conditions clauses included that must be used in public procurement as part of standard bidding documents -Obligations deriving from international agreements are reflected in the primary legislation. | S | <ul style="list-style-type: none"> -Consider amending the legal framework to ensure wider range of procurement methods in order to provide for proportionality and fitness for purpose to achieve better value for money. -Increase the minimum number of working days before the deadline for accepting proposals from 12 (twelve) to 15 (fifteen) days to allow preparation of the high quality tender proposals. -IFAD Standard Procurement Documents for goods, works and services shall be adopted. -Establish a formal certification programme to use the e-procurement system -Standardize and formalize guidance for the preparation and use of forms of different contracts and contract management. -Ensure that obligations deriving from international agreements are consistently and coherently reflected in the legal framework. - A detailed section on Procurement procedures shall be part of the Project Implementation Manual for each IFAD financed/administered project. | M | |
| Pillar II – Institutional Framework and Management Capacity | | | | | |
| Consolidated findings for Pillar II | <ul style="list-style-type: none"> -Public procurement planning is carried out by the state customer and represents the systematization of procurement, ensuring the relationship between public procurement planning and planning in the budget and investment processes, as well as business planning. -Financial procedures are not flexible for swift and efficient payments to suppliers, contractors and service providers who | M | <ul style="list-style-type: none"> -Improve the integration of public procurement into public financial management in order to improve procurement management. -Review the responsibilities of central public institutions regarding their exercise of key public procurement functions, with a view to identify and avoid gaps and overlaps, as well as possible conflicts | L | |

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|--|--|----------|---|----------|
| | <p>therefore may face the risk of running into financial problems preventing them from ensuring that subsequent deliveries can be made as required by the contract.</p> <ul style="list-style-type: none"> -The elaboration and promotion of the policies and normative acts is the legal responsibility of the Ministry of Finance. -Publication of public procurement information on e-procurement platform, is administered by the Operator of the electronic public procurement system, a specially authorized legal entity that provides public procurement entities with services related to the conduct of procurement procedures in electronic public procurement systems, determined by the authorized body. -The legal framework allows but only partly mandates the use of e-procurement solutions; However, it is established that the selection of the best offers and the tender are necessarily carried out in electronic form, with the exception of cases provided for by law. <p>The requirement for mandatory electronic procurement procedures for the selection of the best proposals and the tender is put into effect from 01.01.2022.</p> <ul style="list-style-type: none"> -Procurement is not recognized as a profession. Although professionalism is defined as one of the main principles of public procurement (Article 5) and Article 6 of PPL stipulates the high importance of specialized education, regular advanced training, the gradual development of practical experience and professional activity for all employees of the relevant departments. | | <p>of roles within and between them, in harmonisation with other measures for improving regulation, implementation and supervision of public procurement.</p> <ul style="list-style-type: none"> - Change the current multi-platform e-procurement system into a monoplatform system and development of a system that would cover the entire cycle of a public procurement procedure and would be compliant with the legal framework. -Recognize public procurement as a profession, with corresponding positions introduced in the official classification of professions, and ensure that corresponding training and other means for career development are developed. | |
| Pillar III – Public Procurement Operations and Market Practices | | | | |
| <p>Consolidated findings for Pillar III</p> | <ul style="list-style-type: none"> - The procedure for planning public procurement by the state customer has also been approved. Thus, the annual plans and corporate customers post schedules of public procurement for the next year until December 25 of this year on a special information portal. -There are no means in place for monitoring and managing public procurement performance. - The public authorities of Uzbekistan have initiated dialogue and co-operation with the non-government sector. Public councils are being set up to advise the government authorities. -There is daily information on the turnover of contracts, volume, price per unit, supplier/contractor. E-procurement involves moderators based at the Commodity Exchange markets and the Treasury. | M | <ul style="list-style-type: none"> -Conduct performance analysis, using the information from the e-procurement system, and make results publically available. In case necessary, the way information is stored in the e-procurement system could be amended to facilitate analysis; increase the capacity of the procurement workforce to reach a higher level of compliance with rules, as well as better value for money. -A standard and formal mechanism/process shall be initiated for regular consultations between the public and the private sector on issues related to procurement policy and practice - Carry out a comparative study of the demand and supply side of the public procurement market in Uzbekistan and use the findings to inform development policy. | L |
| Pillar IV – Accountability, Integrity and Transparency of the Public Procurement System | | | | |

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| <p>Consolidated findings for Pillar IV</p> | <ul style="list-style-type: none"> -A special information portal is a website (www.uzex.uz) maintained by an authorized body that provides electronic viewing of information on public procurement announcements, public procurement results, proposals of participants and other information provided for by law, as well as collection of information entered by (sent) by operators of electronic public procurement systems on conducted electronic public procurement. - There is an established programme to train internal and external auditors to ensure that they are qualified to conduct high-quality procurement audits, including performance audits, as well as supported by procurement specialists or consultants. - The tender participants have right to challenge and appeal by addressing their complaint to the Commission for Consideration of Complaints in the Field of Public Procurement, which is mandated within three working days from the date of its receipt, to notify the state customer about this and suspend the procurement procedure for a total period of up to ten working days. - Public Procurement Complaints Commission has authority and level of independence to fully assume the role of appeals body. - There are no provisions on prohibited practices in procurement documents - The Anti-Corruption Agency of the Republic of Uzbekistan is a specially authorized state body responsible for the formation and implementation of state policy to prevent and combat corruption within the country. - There is a civil society organizations involvement in monitoring public procurement, helping to adjust the legislative framework, identify irregularities, etc -Public officials are required to notify their supervisor or law enforcement bodies about all cases of appeal to them by any person in order to induce them to commit corruption offences and any cases of such offences committed by other public officials. | <p>M</p> | <ul style="list-style-type: none"> - Increase the level of transparency by making all procurement related information comprehensive and easily accessible and free of charge through electronic platforms. - Formal training and on-the-job trainings shall be conducted regularly to ensure that auditors and controllers have the qualifications required. -The Public Procurement Complaints Commission shall have a complete autonomy from the rest of the system, to ensure that its decisions are free from interference or conflict of interest. - The project should ensure integration in all bidding documents of IFAD provisions on prohibited practices, i.e. on Preventing Fraud and Corruption, on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, Anti-Money Laundering and Countering the Financing of Terrorism, etc. - The system of monitoring should be further improved through involvement of the representatives of the civil society, academia, international partners, members of the business community and general public. | <p>L</p> |
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