
Republic of Uzbekistan Country Strategy and Programme Evaluation

Document: EC 2022/117/W.P.4/Add.1

Agenda: 5

Date: 6 June

Distribution: Public

Original: English

FOR: REVIEW

Action: The Evaluation Committee is invited to review the Country Strategy and Programme Evaluation of the Republic of Uzbekistan – Agreement at Completion Point

Technical questions:

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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 dehkans 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



Donal BROWN