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SUMMARY

Annual action programme in favour of Uzbekistan for 2018

1. Identification

Budget heading	21.020300
Total cost	Total estimated cost: EUR 225,654,980 EU contribution: EUR 25,000,000
Basic act	Regulation (EU) No 233/2014 of 11 March 2014 Regulation (EU) No 236/2014 of 11 March 2014

2. Country background

Uzbekistan is a lower middle income, resource rich, and landlocked country, strategically located in the centre of Central Asia. Economic growth has been robust, averaging about 8 % annually since 2000. Rapid growth along with creation of small businesses and jobs, public investments in social services, increased public sector salaries and remittances contributed to a decline in poverty from 27.5 % of the population in 2001 to 12.5 % in 2016.

The population of Uzbekistan is 32.9 million, 49.6 % of which resides in rural areas. Creation of jobs for returning migrants and for about half a million youth joining the job market annually is an important priority. The government's long-term vision is to transform Uzbekistan into an industrialised middle income country by 2050.

Under its President Mirziyoyev, Uzbekistan has since September 2016 launched an ambitious reform programme, underpinned by a new Action Strategy for 2017-2021 along five pillars: [i] improving the system of state and public administration, [ii] rule of law and reform of judicial system, [iii] economic development and liberalisation, [iv] social sphere and [v] security, religious tolerance and foreign policy.

The reforms initiated include steps to improve the business climate, the judicial system, labour conditions, administrative accountability and the fight against corruption, as well as moves to improve human rights and re-engage with media and NGOs. The new leadership has reached out to neighbouring countries to defuse tensions and improve regional cooperation.

3. Summary of the Action Programme

1) Background:

Livestock Sector Development Project

The development of the livestock sector contributes to economic diversification, rural job creation and food security. However, a number of challenges need to be addressed to unlock the potential of the sector:

-There is no comprehensive vision of the sector potential.

-Productivity is hampered by a combination of factors including related to weaknesses in public and private veterinary services; constraints to animal feeding and issues related to animal genetics (weak selection and breeding control...).

-Animal feeding is constrained by issues related to the availability of quality fodder crop seeds, low fodder crop yields, insufficient access to irrigation for fodder production, and lack of funding and institutional arrangements for related advisory services.

-Value addition is low due to: (i) restrictions on export of poultry and meat products (although recent reforms are starting to address this); (ii) high transaction costs related to processors dealing with a large number of small individual producers; and (iii) inadequate food safety compliance.

-Access to finance is insufficient at both producer and processor level.

-There is limited coordination among various stakeholders and no real value chain management relying on a comprehensive approach from production to processing and marketing.

-Research programmes are being conducted with limited resources and there is no structured dialogue with private investors in elaborating comprehensive strategic research plans for value chain development. There is no organised technology dissemination mechanism and limited resources for large scale extension programmes.

Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan

The efforts of the Government of Uzbekistan to improve public service delivery have focused on introducing e-governance and moving the delivery of public services to digital channels. While online service delivery promises many benefits in terms of increased transparency, quality, and accountability, this strategy has not yielded and will not reach expected outcomes in the short and medium term.

The key problems are as follows: digital divide (the share of the population with access to the internet in Uzbekistan in 2008-2016 averaged 33%), lack of stable electricity in rural areas (in 2014 electricity consumption per capita in Uzbekistan was 1,645 kWh well below 5,372 kWh average in Europe and Central Asia), and poor coordination and monitoring of service delivery at the level of local governments.

As a result, the uptake of public e-services is at the moment mostly limited to the population of Tashkent and some other urban areas, while the rest of the country remains 'offline', unable to benefit from modern technologies and innovations in service delivery. The service delivery system at the regional level has suffered from agency-centric approach with different citizens and businesses having to interact with numerous public authorities, fragmentation of the government with agencies often operating in isolation, lack of information on rules and procedures, poor service quality, and other shortcomings affecting well-being in rural areas. As a result, most of the services are still unavailable or of poor quality in all remote rural regions. Given that between 16 and 17 million people currently live in rural areas, there is a need to address these deficiencies.

To ensure better access to public services in urban and rural areas of the country and enhance their quality, accessibility and transparency, the introduction of one-stop shops for public service delivery seem to be the most relevant and feasible solution. The main challenges that this endeavour would face can be summarised as follows:

- 1) Insufficient development of legislative and institutional framework in the area of public services, obsolete regulations.
- 2) Public Services Agency, Ministry of Justice and associated agencies do not have adequate institutional capacity;
- 3) Lack of optimisation and digitalisation and, as a result, dependence on paperwork in state administrative bodies.

- 4) Inconsistency of the local governance and planning system with the new people-centred mechanism of public service delivery.

2) Public policies of the beneficiary country:

Livestock Sector Development Project

The Project is aligned to the Government's long-term outcomes spelled out in the Uzbekistan Development Strategy for 2017-2021: diversification of the economy, developing competitive value chains on domestic and export markets, stimulating job creation, reaping economic benefits, and developing viable, sustainable and climate resilient farming systems.

The Government Programme for Agriculture Development for 2016-2020 defines the main areas of structural reforms in the agriculture sector: (i) introduction of advanced agricultural technologies, (ii) comprehensive mechanization of agriculture and (iii) development of value addition and processing of agriculture products. It envisages the gradual release of low yielding cotton land to be used for fruit and vegetable production, planting of intensive orchards, seed multiplication and livestock.

The March 2017 Presidential Decree on "Additional measures to deepen economic reforms in the livestock sector", aims at privatising through public auctions a number of karakul sheep and cattle shirkats and of state-owned karakul farms. This constitutes an important step towards using pastoral resources more efficiently and increasing competitiveness through private sector investments.

Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan

The policy objectives of the Government on public service delivery are reflected in the Priority Area "Improving the system of state and public administration" of the Development Action Strategy 2017-2021. It envisages the introduction of more effective, inclusive and accountable public service delivery for citizens and businesses by strengthening public administration, increasing citizen participation and supporting accountability and transparency. A series of reforms are being introduced to decrease the disparity in the level of socio-economic development between the rural and urban areas as well as between the regions.

In September 2017, the Government adopted a "Concept of Administrative Reform" that outlined priority reforms aimed at creating an effective and transparent public administration system. It envisaged improvements of the public service delivery system through the creation of one-stop shops and the streamlining public services delivery. In December 2017, the Presidential Decree "On measures to reform the national system of providing public services to the population" established a Public Services Agency with about 200 Public Service Centres (PSCs) throughout Uzbekistan. In April 2018, the President signed a Resolution "On additional measures for accelerated development of public service delivery system" that ordered state agencies to widely implement ICTs in service delivery, speed up the digitisation of archives, and redesign and simplify operational and business processes. It is expected that important elements of streamlining local governance and decentralisation will be reflected in the new edition of the Law "On Local Government".

3) Coherence with the programming documents:

Livestock Sector Development Project

Sustainable rural development is the only sector of concentration in the context of the current Multiannual Indicative Programme (MIP). In this framework, the EU supports the Government's efforts to transform an agricultural sector based on cotton and its primary processing into a diversified industrial and agro-industrial sector, whilst also contributing to

strengthening democratic and economic governance. The development of the livestock sector will contribute to economic diversification, rural job creation and food security.

Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan

The proposed action will help achieve the MIP's Specific Objective 3 "Employment and income generation in rural areas" and 4 "Contribute to the enhancement of socio-economic living standards in the rural areas, with focus on the most vulnerable groups" to ensure provision of efficient, transparent, and accountable public services and to effectively address specific needs to the most vulnerable groups of population.

4) Identified actions:

Livestock Sector Development Project

The overall objective is to foster sustainable and inclusive growth in the rural sector in Uzbekistan in the context of a changing climate.

The specific objective is to improve livestock productivity and access to market in selected regions.

Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan

The overall objective is to enhance empowerment of the population, including disadvantaged groups, in all regions of Uzbekistan, particularly in rural areas.

The specific objective is to improve public service delivery across the country, especially in rural areas.

5) Expected results:

The actions will support the Government ambitious agriculture reform agenda and improvements in public service delivery. This support focuses on strategic areas where reforms could make a difference in terms of economic development, skills and job creation, and where the Government requested specific support. The expected results are the following:

Livestock Sector Development Project

- Institutional capacity of the Ministry of Agriculture (MoA) is strengthened
- Livestock Public Services are strengthened
- Improved access to credit lines for private sector investment
- Strengthened value chain development and smallholder market inclusion.

Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan

- Assistance in building an enabling environment for improved public service delivery is provided.
- The institutional capacity of the Public Services Agency to develop, plan, implement and monitor the responsiveness of policies on public service delivery for all is enhanced.
- Exemplar models of one-stop-shops increasing population trust are supported.
- Participatory planning systems in local governments in pilot regions are introduced and supported.

6) Past EU assistance and lessons learnt.

The projects are built on lessons drawn from the implementation of EU and donor-supported operations in the rural sector in Uzbekistan, as well as regional and global experience. These lessons are highlighted below:

Livestock Sector Development Project

-Support to the private sector and the development of commercial agriculture are likely to be successful if they are based on the identification of market opportunities and comparative advantages. Supply chain developments must be private sector led, with public interventions aimed at helping the private sector overcome critical constraints and market failures. Interventions must be driven by economically viable projects promoted by private sector and professional organisations.

-The combination of capacity building, improved access to finance and support to public institutional development provides an effective base for the promotion of agriculture commercialisation.

-There is a need for a gender specific approach.

-Establishing a sound Monitoring and Evaluation is critical.

Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan

-One-Stop Shop (OSS) public service centers, which are the front office in the public service delivery chain, should operate in an enabling public service delivery ecosystem, including a comprehensive legal framework, trained human resource, proper ICT and physical infrastructure, and redesigned public services operations / procedures. They can improve considerably efficiency in public services delivery.

-Implementation of pilot projects should combine capacity building/ trainings and equipment.

-The OSS public service delivery model can trigger wider public administration reform.

-The application of OSS public service delivery model provides potential for reducing the scope for corruption through separation of 'front' and 'back' offices of service provision.

-The success of the interventions is directly linked to the extent of local partners participation in the process and of their capacities.

7) Complementary actions/donor coordination.

i) Complementary actions

Synergies with other EU funded projects and other donors' projects will be ensured.

Other EU bilateral actions include notably projects in the fields of water resources management, horticulture development programme, elimination of child and forced labour in Uzbekistan linked to the cotton harvest. Links will be developed with a potential budget operation in the agriculture sector (currently under assessment) and, when relevant, with investment operations.

Synergies with EU regional projects will also be sought (for instance in the fields of Investment and Trade, Rule of law...).

In agriculture, the main other players are WB and ADB. However, they have extremely limited grant resources, which are mostly used for project preparation. EU support is complementary to these institutions' activities by focusing on institutional and operational capacity building and policy development, with a view to ensuring the effectiveness and sustainability of the reforms. The Action will also be coordinated with other Donors/Partners, such as: IFAD (International Fund for Agricultural Development), ADB (Asian Development Bank), AFD (Agence Française de Développement), FAO (Food and Agriculture Organization), GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), IDB (Islamic Development Bank), JICA (Japan International Cooperation Agency) KOICA (Korea

International Cooperation Agency), and USAID (United States Agency for International Development).

UNDP is currently the main other donor active in Public Service Delivery / Governance in Rural Uzbekistan. Synergies with others (e.g. UNICEF, ADB, GIZ, World Bank...) will also be sought.

ii) Donor-coordination

The agriculture working group will be the main forum for coordination between donors and the Government.

4. Communication and visibility

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with budgets of EUR 0.2 million (Livestock Sector Development Project) and EUR 0.1 million (Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan).

Beyond the standard visibility requirements to be fulfilled by WB and UNDP, the EU Delegation will launch every year an ad-hoc framework contract to cover and increase visibility of all EU funded projects in Uzbekistan.

5. Cost and financing

<i>Livestock Sector Development Project</i>	EUR 15,000,000
<i>Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan</i>	EUR 10,000,000
Total EU Contribution	EUR 25,000,000

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This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the financing of the annual action programme in favour of Uzbekistan for 2018

Action Document for the Livestock Sector Development Programme

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Livestock Sector Development Project CRIS number: ACA/2018/40636 financed under Development Cooperation Instrument	
2. Zone benefiting from the action/location	Republic of Uzbekistan The action shall be carried out at the following locations: Andijon, Jizzak, Ferghana, Kashkadarya, Karakalpakstan, Namangan, Samarkand, and Tashkent.	
3. Programming document	Addendum 1 to Multi-Annual Indicative Programme between the European Union and Uzbekistan for the period 2014-2020 ¹	
4. Sector of concentration/ thematic area	Rural Development/Livestock	DEV. Aid: YES
5. Amounts concerned	Total estimated cost: EUR 215.5 million Total amount of EU budget contribution EUR 15 million This action is co-financed in parallel co-financing by: - World Bank (IDA, IBRD) : EUR 136.4 million ; - Government of Uzbekistan : EUR 30.3 million - Local Beneficiaries : EUR 33.8 million	

¹ C(2018)4741 of 20/7/2018

6. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with the World Bank			
7 a) DAC code(s)	31163 – Livestock			
b) Main Delivery Channel	World Bank – 44000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A		
10. SDGs	<p>SDG N° 8:"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", and target 8.2 "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors". and 8.5: "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value"</p>			

	<p>As secondary Goal:</p> <p>SDG N° 5: "Achieve gender equality, empower all women and girls."</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>and 5.7: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws</p>
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SUMMARY

Uzbekistan is a lower middle income, resource rich, and doubly-landlocked country, strategically located in the centre of Central Asia. Economic growth has been robust, averaging about 8 % annually since 2000. The agriculture sector represents 16.8 % of the country GDP and is employing 27 % of the active population.

Agricultural GDP grew by 7 %/year from 2003 to 2016, with a contribution of about 40 % from livestock.

Development of livestock is in line with government's agriculture diversification strategy and will contribute to significant rural job creation and food security. Overall, livestock production has enjoyed a strong growth (around 100%) over the same period and contributed to maintain the same level of human consumption of animal products in the country.

While overall, 90% of the livestock production relies on small farms holdings, most, if not all, smallholder farmers remain in a subsistence farming system characterized by low productivity, limited marketable surpluses and weak connection to markets and integration into higher value chains.

While they own less than 15% of arable land, their share of livestock production has gradually increased to more than 90% of output as they own 94% of cattle and 63% of poultry. Productivity is low and most small farmers hardly generate marketable surplus beyond household needs, while 4.7 million of smallholders rely on livestock to improve livelihood.

The Overall Objective of the Action is "To foster sustainable and inclusive growth in the rural sector in Uzbekistan in the context of a changing climate".

The Specific Objective is "To improve livestock productivity and access to market in selected regions".

The Project design includes two components that address the constraints to livestock sector development and a Project management component.

Comp 1 – Public Investment Framework and Public Services.

Sub-Comp 1.1 – Strategy, Policy and Public Investment Framework

Sub-Comp 1.2 – Strengthening Livestock Sector Public Services (Veterinary Services Improvement, Fodder Seed Improvement, Market-Led Technology Generation and dissemination)

Comp 2 – Livestock Value Chain Modernization

Sub-Comp 2.1 – Credit line for Private Investments.

Sub-Comp 2.2 – Value Chain Development and Smallholder Market Inclusion

- technical assistance for facilitating the establishment of productive partnerships between value chain actors, VCD sub-project preparation, supervision, monitoring and evaluation; and grants for VCD sub-project investments

1. CONTEXT

1.1.Sector/Country/Regional context/Thematic area

Country

Uzbekistan is a lower middle income, resource rich, and doubly-landlocked country, strategically located in the centre of Central Asia. Economic growth has been robust, averaging about 8 % annually since 2000, as a result of: (i) high world market prices for copper, gold and natural gas, which account for 50 % of exports; (ii) macroeconomic management including a 2008 stimulus package; and (iii) limited exposure to international financial markets, which shielded the country from contagion effects. Rapid growth along with creation of small businesses and jobs, public investments in social services, increased public sector salaries and remittances contributed to a decline in poverty from 27.5 % of the population in 2001 to 12.5 % in 2016.

The total population of Uzbekistan is 31.1 million and 49.6 % of the total population resides in rural areas. Uzbekistan is a country with high birth rate and correspondingly a labour force surplus. Children and teenagers accounted for 31.6 % of the total population. The working age population in 2010 was 60.9 %. Thus, a constant creation of new jobs is required to absorb the growing labour force. The government reports annually on the number of new jobs created, 40 % of which are reserved (ref. GAP study) for women. During the period 2000 to 2013 the share of women in employment increased from 44 % to 45.7 % of the total number of people employed. Women headed 40.4 % of small enterprises and 13.7 % of micro-enterprises. The regional economic slowdown, as a result of the collapse of oil prices, means that creation of jobs for returning migrants and for about half a million youth joining the job market annually is an important priority for the government. The government's long-term vision is to transform Uzbekistan into an industrialized middle income country by 2050. This is to be achieved through a dual approach involving gradual transition to a more market-orientated economy through investment in infrastructure, private sector and services, skills and institution building along-side continued state regulation in strategic sectors.

Two important principles of the government's vision are: (i) economic diversification and value added production out of commodity exports; and (ii) ensuring food security and a more equitable distribution of the benefits of growth across regions and income groups. Development of agriculture, including timely investments into less water-intensive and higher value horticulture and livestock sectors and creation of jobs in rural areas in associated upstream and downstream agribusinesses is seen as contributing to both.

Agriculture

Although the share of agriculture in total GDP declined, from 30 % in 2000 to 16.8 % in 2015 and share of employment decreased as well at 27 % of population , agricultural GDP grew by 8 % from 2003-2013 with about 60 % of output generated from crops and 40 % from livestock. In 2014, 49 % of the population or 15.3 million people were living in rural areas, where 75 % of the low income population resides. The recently approved Government's Strategy for the period of 2017-2021 recognizes the need for diversification out of cotton into high value added and labour intensive production and processing including horticulture and livestock sectors both of which are expected to contribute to significant rural job creation, food security and exports. The Strategy highlights the need for more liberalization of the economy, reducing the presence of the State, deepening agriculture structural reforms, stimulating the development of small businesses and the promotion of rural entrepreneurship.

Currently, land is state property and is allocated by local authority for specific agriculture purpose following plans from the central administration. The implementation of the diversification strategy is supported by the progressive reallocation of 178,000 ha of land previously dedicated to cotton to other agriculture productive activities, including livestock production.

Development of the livestock sector will have to be supported by additional release of land to production of fodder and crop for animal feeding.

In rural areas agriculture remains the main employer for women. Despite the high involvement of women in agriculture (52.6 % of all workers), women head only 17% of farms. Upon restructuring of the former state farms to collective enterprises, the number of female-headed farms decreased even further. Women occupy only 4.2 % of managerial positions in agriculture. There is a gender gap of 82 % between the wages of men and women. In a traditional society such as Uzbekistan's, women do not enjoy equal access to land. Upon privatisation, land rights were mostly acquired by men. The right to land is passed through male descendants and in the case of divorce, the husband usually retains land previously in possession of the married couple. Lack of access to land has serious implications for women. They are not entitled to a share of family land and even in the absence of a male head of household, female family members are not able to participate in land transactions.

Livestock Sector

The development of livestock sector in Uzbekistan is of great economic and social significance as it is an important source of income contributing from 10 to 30 % to cash income and vital food products for rural households. Livestock represents a crucial component of the fixed capital for any rural household and is considered a highly liquid asset, which can easily be sold and converted to cash upon family necessity. Small ruminants hold a special place in the country's economy, allowing the economic utilization of rangelands and serving as an important and, often the only, livelihood option for remote rural communities. Government's support to livestock sector development through tax exemptions, input subsidies, veterinary services and loans with lower interest rates for start-up farmers, resulted in a sound increase of animal production from 2003 to 2013 (71 % for milk, 54 % for beef, 101 % for lamb and goat meat). The country remains, however, a net importer of meat, eggs and milk. The Government sees the livestock sector as a key area to improve nutrition, incomes and livelihoods of rural population. One of the priorities is to meet the needs of the population in food products, including livestock products, and to increase supply of meat, milk, eggs, fish and other products to local market. In 2006 for instance, it was estimated that, nationwide, both meat and milk production and consumption per capita rates have remained almost constant as compared to 1995 (22.9 kg of meat and 181 kg of milk per capita, below approved nutritional standards, 65 and 260 kg, respectively). According to FAO statistics, intake of protein of animal origin remains at 27 grams per capita per day as compared to the recommended norm of 40 grams.

A large share of the livestock production relies on small farming holdings but most, if not all, smallholder farmers remain in a subsistence farming system characterized by low productivity, limited marketable surpluses and weak connection to markets and integration into higher value chains. There are 4.7 million smallholder farmers with small-scale agricultural land plots of (0.35-0.5 ha), largely based on household labour. They operate independently, without Government intervention or material support. While they own less than 15 % of arable land, their share of livestock production has gradually increased to more than 90 % of output as they own 94 % of cattle and 63 % of poultry. Productivity is low and most small farmers hardly generate marketable surpluses beyond household needs. This along with weak cooling and distribution infrastructure mean that small farms are not well integrated into supply chains. About two thirds of milk and dairy products are consumed at home, the rest being sold to the market or processors through traders and

informal marketing channels. Smallholder farmers are also highly dispersed, not organized and producing small quantities, with limited knowledge of best practices and market requirements, leading to high transaction costs and risks for private agro-processors to enter in direct contractual arrangements with them.

Women take permanent and seasonal jobs and express strong interest in horticulture and livestock, the two sectors that offer reliable and substantial income opportunities. Women's participation in small farm production activities, such as poultry and dairy, is not only financially beneficial, but also socially acceptable for women (compared to other activities in the agriculture that are deemed difficult and inappropriate for women). Tending for house garden (tomorkas) and small land plots fall within a responsibility of women, even though women tend not to have formal ownership or rights to the land.

There is no Child or Force Labour in the livestock sector, since livestock is a purely liberalized sector without government intervention. However, project will be part of the Feedback Mechanism (FBM) and Third Party Monitoring (TPM), the two mechanisms set up to monitor the occurrence of child and forced labour in the World Bank-financed project areas. The TPM and FBM are financed through a separate multi-donor trust fund (MDTF), where EU is the main contributor, established to support activities leading to socially, environmentally, and financially sustainable production of cotton in Uzbekistan, including with respect to child and forced labour practices.

Preliminary version of the Baseline Analysis Report of the Review of the Livestock Sector carried out by the MoA with support from International Livestock Research Institute ILRI provides a comprehensive picture of the sector as of 2017. See Table in Annex II

Livestock production in Uzbekistan is dominated by cattle and sheep production. Chicken production is also important and growing through very strong government investment support. Camels and horses are not important species in meat production currently, but due to growing demand they could have potential to significantly help increase meat and milk production in the future with growing demand in middle east (meat and milk) and Europe (horse meat).

All of the three main livestock production zones support a large number of cattle. The desert and the piedmont support 42 and 31% of the national cattle population respectively. Sheep and goats are also important in all zones. 86% of the sheep and 75% of the goats are found in the desert and piedmont. Taking all ruminant livestock species together, the desert zone supports the largest proportion followed by the piedmont. This is an indication of how critically important is livestock for the livelihood of the households in the desert zone and piedmont. The Dehkan subsystem (farm groups) which is low input, and land constrained (for feed and crop production), supports 96% of the national cattle population, 82% of the sheep, and 89% of the goats populations.

Except for specialized poultry, the remaining specialised system accounts for very few animals (and production). Specialised dairy accounts for only 1% and cattle fattening 13% of the national cattle population. Both the specialized dairy and beef fattening, however, have the potential to grow, given growing demand and could gain much through appropriate policy and technology interventions. Sheep fattening is also at very early stage of development. It constitutes only 2% of the total sheep population. Specialized layers and broilers systems, however, constitute 56% of the chicken population. 44% are backyard or village chicken kept by the Dehkan farming group.

According to the results from the herd and sector model, the econometric model elaborated by the International Livestock Research Institute (ILRI) total value added from the livestock sector in 2016 amounts to Uzbekistan Soum (UZS) 31,759 billion. It is observed that the largest livestock value added is generated by cow milk production which accounts for about 42%, followed by meat which accounts for 37%. Eggs contribute close to 8% to the livestock GDP.

In livestock production, three categories of farms are operating:

Shirkats: Starting in 1998, former state and collective farms were converted into new cooperative farms (shirkats), in which assets were managed by families that held shares in the shirkat. About 103 livestock shirkats have 30-50 year lease rights to over 11 million ha (85 %) of arid pasture land. Many of these are to be reorganized through auction under a Presidential Decree #PP-2841. New private farms will be established with 50-year land lease on the associated pastures and irrigated land for fodder production. On average, these cooperative farms have 150,000 ha of rangelands but utilization is poor, inequitable and inefficient on nearly 70 %.

Private farms: Between 2002 and 2007, the Government converted shirkats into private farms which were created through a bidding process held by a special commission of the Hokimiyats (district government). There are 75,000 private leasehold farms in the country, with land allocation (75ha on average) under long-term leases for 30-50 years. These farms are generally subject to cotton and/or wheat production quotas, for which they receive support from the Government, unless they are designated for growing other crops. They utilize 5.8 million hectares of state leased land areas (with average farm size of 75 ha), out of which less than 5 % is allocated for fodder crops. Some of the private farms are specialized in livestock production, mainly dairy production, with a land allocation of 0.35ha per head of cattle, increased to 0.45ha in 2006 for farms with more than 30 heads. On average, private livestock farms own 30 to 60 heads of dairy/meat cattle and/or small ruminants and rent 10 to 20ha allocated to fodder production (Lucerne, oats, triticale, corn, turnip, sugar beet, barley, etc.).

Smallholder farmers: They represent by far the largest category and comprise small informal farming households and legally registered small farming enterprises (dehkan). They benefit from life-long leasehold with inheritable ownership rights. The leaseholds are, however, very small, ranging in size from 0.06 ha to 0.12 ha. For dehkan farmers, the size of irrigated plots can be expanded up to 0.5 ha, and the size of rain fed plots - to 0.5 ha. There are 4.7 million smallholder farmers who operate independently, without Government intervention or material support. They own less than 15 % of arable land but their share of livestock production has gradually increased to more than 90 % of output (96 % of milk, 95 % of meat and 55 % of eggs) as they own 80 % of cattle and 60 % of poultry. On average, smallholder farms have about three cattle and eight sheep or goats while private farms hold an average of 55 cattle and 15 sheep and goats. Productivity is low with milk yields averaging 1,300 litres per lactation. Low yields mean that households only generate marketable surpluses beyond household needs in the summer.

1.1.1. Public Policy Assessment and EU Policy Framework

The Project is aligned to the Government's long-term outcomes as spelled out in the Uzbekistan Development Strategy for 2017-2021: diversification of the economy, developing competitive value chains on domestic and export markets, stimulating job creation, reaping economic benefits, and developing viable, sustainable and climate resilient farming systems.

The Government Programme for Agriculture Development for 2016-2020 (President's Resolution #PP-2460 of December 29, 2015) defines the main areas of structural reforms in the agriculture sector: (i) introduction of advanced agricultural technologies, (ii) comprehensive mechanization of agriculture and (iii) development of value addition and processing of agriculture products. It envisages the gradual release of low yielding cotton land to be used for fruit and vegetable production, planting of intensive orchards, seed multiplication and livestock.

The Presidential Decree #PP-2841 on "Additional measures to deepen economic reforms in the livestock sector", approved in March 2017, aims at privatizing through public auctions 69 karakul sheep and 10 cattle shirkats, as well as 32 state-owned karakul farms. New private farms will be established with 50-year land lease on the associated pastures and irrigated land for fodder production. This decision constitutes an important step in the right direction to use pastoral resources more efficiently and increase competitiveness through private sector investments.

From the EU policy perspective, proposed Action is also in line with the "EU Agenda for Change", adopted in October 2011, by ensuring the focus on sustainable agriculture as one of the major sectors with a multiplier impact on the economy and contribution to environmental protection, climate change prevention and adaptation. Water saving technologies and management procedures introduced under this Action as well as farming innovations including sustainable pasture management, introduction of new fodder varieties and better use of feeding, health, genetic technologies and practices for non-cotton production will sustain conversion towards sustainable agriculture.

This action is building on the framework for action of the New European Consensus on Development, providing essential services, ensuring access to affordable, safe, sufficient and nutritious food, access to land and water without damaging effects on the environment, to people. On Planet, the Action will support better governance and capacity building for the sustainable management of water and natural resources. On prosperity, the action will invest in factors to sustainable agriculture and diversify production systems and generate increases in productivity and jobs. Beyond partnership with the Government of Uzbekistan materialized in MIP 2014-20, joint funding with the WB would be an expression of the joint actions with international organizations, while other sector related EU funded actions are jointly implemented by the GIZ and UNDP.

The Action is also consistent with the EU' Global Strategy on Foreign and Security Policy, mainly with State and Societal Resilience to our East and South priority, as it will contribute to "devise sustainable responses to food production and the use of water and energy through development".

The Multiannual Indicative Programme 2014-2020 for Uzbekistan adopted by the European Commission has defined rural development as the core sector of concentration for cooperation. The economic model of the country is designed to provide protection and incentives for the development of local industries as a way of stimulating the domestic production and developing its export capacity with a view to making Uzbekistan a middle income industrialised economy by the middle of the century. Achieving this goal would require the implementation of reforms to diversify and broaden the economy, strengthen the human capital and improve competitiveness; first and foremost in the agriculture sector whose potential has remained largely untapped and which is due to play a key role in terms of employment, income generation and food security.

Under the Gender Action Plan (GAP) 2016-2020, this action is going to contribute to the following Priorities:

Priority C: Economic, Social and Cultural Rights – Economic and social Empowerment: objective 14, access to decent work for women of all ages and objective 15 Equal access by women to financial services, productive resources including land, trade, and entrepreneurship

This action will specifically contribute to the following objectives: (i) increasing female labour-market participation and the equal economic independence of women and men and (ii) reducing the gender pay, earnings and pension gaps and thus fighting poverty among women by ensuring equal participation of women and men to specific trainings on water management and sustainable intensive farming and water use, and access to existing funding modalities, and (iii) promoting equality between women and men in decision-making, specifically ensuring women's participation in capacity building activities leading them to take part in decision making process, improving their access to representative and management positions in farms, encouraging their integration on market coordinating mechanisms, and private companies related to the sector.

This programme will contribute to SDG Number 8: to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". In addition it will also impact on SDG 8.2 "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-

intensive sectors", 8.5: "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value" and SDG Number 5 "Gender Equality"

1.1.2. Stakeholder analysis

The main stakeholders are the Ministry of Finance, the Ministry of Agriculture (MoA), the Ministry of Economy, Private Financial Institutions (PFIs), the State Research Institutes, the state veterinary services, regional and local executive authorities, private sector representatives, local communities, relevant Civil Society Organisations, academic institutes and other public institutions.

The Credit/Loan and Grant Agreements are signed with the Ministry of Finance as Borrower for all Bank-financed projects.

Overall responsibility for institutional and implementation arrangements for Agriculture and Livestock sector are under the MoA.

MoA, is heading the network of the State Research Institutes in charge of developing new technologies; breeds and seeds, develop preventive measures for the spread of diseases. In addition they are responsible for the introduction and dissemination of material and technologies promoted together with the academic institutes.

PFIs, are offering financial services. In the agriculture sector, each bank is mandated by the government to cover the need of specific productions.

Regional and local executive authorities have the mandate to control use of land and allocate available land according to directives published by the national institutions. They also have the mandate to organize and provide technical support to the farming sector.

The responsibility for the operational implementation of the Action will lie with the Rural Restructuring Agency (RRA), established in 1998 under the direction of the MoA with the specific purpose of implementing investment projects financed by International Financing Institutions (IFIs). The RRA is active in the implementation of a number of World Bank financed (and other IFIs) projects (for example, Rural Enterprise Support Project, Sustainable Agriculture and Climate Change Mitigation Project and Horticulture Development Project). From 1st July 2018, the RRA will be converted into the Agency for Implementation of Agri-Business projects under the Cabinet of Ministers.

Farmers and businesses engaged in the livestock sector will benefit from project investments with improved public services (market led technology access, veterinary services), better access to market through Value Chain Development (VCD) sub-projects that build productive partnerships between value chain actors, and related capacity building activities, and access to technology through loans accessible through the network of "Commercial Banks". The specific modalities developed under this project aim at increase access to innovative technologies and market inclusion of smallholders' farms.

By a specific approach, the Action will pay a specific attention to engage women in investment projects, market inclusion through access to finance and technology as well as training activities related to Small business development and management, marketing, intensive farming, in such a way that women will access to better qualified and better paid job and engage in higher value livestock activities.

1.1.3. Priority areas for support/problem analysis

Although developing the livestock production, processing and marketing is one of the Government's priorities, there is **no comprehensive vision of the sector's potential** neither domestically nor externally, and major market distortions remain due to Government's

interventions. The MoA has recently taken the decision to engage in an Investment Strategy design for the Agriculture sector with the support of the main development partners. With technical support of the ILRI, the MoA is preparing a 5 years Livestock Master Plan. As a base for a Livestock Herd Economic Sector Model, the baseline analysis already completed is thus the first step in carrying out an Uzbekistan Livestock Sector Analysis (U-LSA). It is expected that within a few years, an informed strategy for the sector will be available and endorsed by the sector and will serve as a basis for future support and investments.

Low productivity in the livestock sector is fundamentally constrained by a combination of factors including: (i) animal health which is constrained by weaknesses in public and private veterinary services, including for surveillance and control of animal diseases, and exacerbated by poor feeding; (ii) animal feeding which is constrained by limited land availability for fodder and the abandonment of cotton/ fodder crop rotations, degradation of pastures both in non-arid and semi-arid regions, and limited availability of concentrate and supplementary feed (including cotton seed cake the supply of which is in the hands of state controlled companies that do not sell to smallholder farmers); and (iii) animal genetics which is constrained by weak selection and breeding control at farm level, artificial insemination infrastructure, the loss of local genetics adapted to Uzbekistan's climate and a knowledge deficit in breeding institutions.

A range of other factors, which also constrain **animal feeding** include: (i) availability of quality fodder crop seeds due to insufficiently funded and organized seed system ranging from breeding, multiplication, to marketing and distribution; (ii) low fodder crop yields and insufficient access to irrigation for irrigated fodder production as a result of degraded irrigation infrastructure and weak local irrigation management institutions; (iii) lack of funding and institutional arrangements for the advisory services on fodder production, practical instructions on preparation of animal feeding rations, artificial insemination, and animal healthcare and husbandry.

Low value addition in the livestock sector is fundamentally constrained by: (i) trade policies that restrict the export of poultry and meat products and by-products that are aimed at improving self-sufficiency but which create a disincentive for private investment. Recent reforms including more flexible export/import licensing and authorization are starting to address this constraint; (ii) high transaction costs related to processors dealing with the large number of small individual producers, due to limited farmer-farmer and farmer-buyer cooperation, inadequate marketing infrastructure and limited supply chain finance to producers; and (iii) food safety compliance in agro-processing which is inadequate and undermines competitiveness in both high-end urban domestic markets and export markets.

Access to finance is an overarching constraint at both producer and processor level described below. The underlying causes of weak access to finance lie in: (i) the macro-economy and cross-sectoral investment climate, (ii) the financial sector which is under-capitalized, has inadequate liquidity and is insufficiently independent; and (iii) the agricultural sector where production risks are perceived as being high, transaction costs of lending to small livestock producers are high, collateral is insufficient and supply chain finance is inadequate. High demand for credit suggests that the credit market is constrained on the supply side not on the demand side.

Lack of quality **animal health services** is another obstacle for the development of livestock value chains. State departments for veterinary services monitor animal health at provincial and district levels. However, the capacity of veterinary institutions at district level and their technical infrastructure such as lab facilities do not meet quality standards. Inadequate veterinary services affect not only animal productivity but also trade and human health. Although information on disease prevalence is limited, the veterinary service recognizes the importance of improving disease prevention and control and prioritizes the control of several zoonotic and trans-boundary diseases (including brucellosis, echinococcosis, foot and mouth disease, tuberculosis, "peste des petits

ruminants" (PPR), rabies, anthrax and others). It is, therefore, crucial to address such veterinary system challenges and production constraints to receive respective quality certification and to supply safe livestock products to domestic and export markets.

While the livestock sector is increasingly dynamic, there is **limited coordination among various stakeholders and no real value chain management** relying on a comprehensive approach from production to processing and marketing. On the ground, many clusters are organized around private agro-processors in various subsectors but they are fragmented, limited in scale and facing numerous challenges in accessing new technologies, organizing a regular supply of raw material and meeting market requirements. Stakeholders are organized on an ad hoc basis and not on a holistic approach of the value chain. There is no strategic development plan that would provide a shared vision of the market potential and requirements, directions for investments and key bottlenecks to be addressed. Access to market information, technology innovation and technical advice, as well as to finance is limited or inexistent, especially for many small producers.

With limited resources, **research institutions** are conducting research programs, some of them with private and smallholder farmers, but there is no structured dialogue with private investors in elaborating some comprehensive strategic research plans for value chain development. New technologies, new fodder crop varieties, and innovative husbandry practices are readily available but there is no organized technology dissemination mechanism and limited resources for large scale extension programs.

2. RISKS AND ASSUMPTIONS

<i>Risks</i>	<i>Risk level (H/M/L)</i>	<i>Mitigating measures</i>
High perceived level of corruption in the country	H	<p>World Bank's Anti-Corruption Guidelines, WB Procurement Guidelines and WB Consultant Guidelines will be followed for the implementation of the project.</p> <p>Same specific actions to prevent corruption as in "Horticulture Development Programme" will be included in the Project Operations Manual:</p> <ul style="list-style-type: none"> - Declaration of no conflict of interest - Ensure that suppliers and contractors are paid according to their contract terms without any delays. - Every complaint received promptly and diligently recorded and disposed. - Up-to-date procurement records available to the auditors. - Any corruption case/suspicion will be dealt by the Corruption department (independent body reporting directly to the WB's Board of Directors).

Institutional capacity of project stakeholders to implement the project at the central level is adequate but it could be an issue at the regional level.	M	The Rural Restructuring Agency, and then the Agency for Implementation of Agri-business Projects will establish its branches in every project region. RRA has gained experience with implementation of previous programmes (RESP II, HDP and other IFAD projects) and is now better organized at central and regional level to implement such projects.
Government resolutions introduce state order system for procurement of livestock products, by distorting an integrated market <u>system</u> .	M	The EU and the World Bank will continue advocacy for the market-led reform agenda with intensive consultations with Government and donor community. The policy dialogue will be intensified.
Insufficient Government willingness to engage in public awareness with communities on prevention and control of animal diseases.	M	The Government initiated OIE Assessment of the Public Veterinary Services to identify weaknesses and carry out needed reforms to reach international standards. The study will be funded partially by the EU and Government of Uzbekistan funds already committed in 2018 budget.
Government's commitment to eradicate forced labour diminishes and cooperation with ILO stops and adversely impacts WB' agricultural support programmes.	M	The EU, WB, ILO and other international and bilateral actors will continue joint dialogue with Government aiming at eradicating forced labour for cotton harvesting. The project will benefit from the Third Party Monitoring and Feedback Mechanism (TPM/FBM) undertaken by the International Labour Organization (ILO) in a partnership established with the World Bank and supported EU and other donors.
<u>Assumptions</u>	<ul style="list-style-type: none"> • Smooth coordination between the central government, the MoA, PMU, regional and district governments and authorities, participating financial institutions, and research institutions. • Government policies facilitate private activities and integrated market system. • Agricultural areas under cotton further decrease to allow other crops to be produced instead. • Veterinary Services are upgraded and constantly adapt to the evolution of the sector. 	

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1. Lessons learnt

The project is built on a number of lessons drawn from the implementation of donor-supported operations in the rural sector in Uzbekistan, as well as regional and global experience. The ongoing Livestock sub-sector analysis currently being carried out by the Government with support from the ILRI (International Livestock Institute) as well as the OIE (World Organization for Animal Health) assessment of the public Veterinary System is expected to provide additional evidence to better guide the implementation of this project.

Market-oriented, private sector-led interventions: support to the private sector and the development of commercial agriculture are likely to be successful if they are based on the identification and assessment of market opportunities and comparative advantage and worked backwards to the production level. Supply chain development must be private sector led, with public interventions aimed at helping the private sector overcome critical constraints and market failures. The approach needs to be bottom-up and interventions must be driven by economically viable sub-projects promoted by private sector and professional organizations for the given supply chain.

Comprehensive approach: the combination of capacity building (training and advisory services), improved access to finance and support for public institutional development provides an effective base for the promotion of agriculture commercialization.

Need for a gender specific approach: Women represent in many rural areas of Uzbekistan more than 50 % of the active population and often are the main head of the farm or manage the livestock activities in the farm. However, if the gender dimension is not specifically taken into account, women don't benefit from access to finances, market inclusion, access to innovation and technology. The project will design and implement specific approaches and activities and affirmative action to ensure women benefit from the project and increased revenue generated.

Monitoring and Evaluation (M&E): Establishing a sound M&E is critical to ensure a close and proactive monitoring of supply-chain performances and project's impacts. The design of the M&E system will be closely supervised in terms of staffing, design and data analysis and dissemination. The project will conduct a joint Mid-Term-Review as well as surveys to measure impact and beneficiary satisfaction

3.2. Complementarity, synergy and donor coordination

Synergies are guaranteed between the EU and the WB in the sector of rural development.

The EU is progressively extending its support to the sector with projects on (i) **"Sustainable development in rural areas"** aimed at enhancing living standards, and (ii) **"Sustainable management of water resources in rural areas"** aimed at contributing to sustainable and inclusive growth.

In addition, the EU is working to provide a comprehensive Technical Assistance to the MoA, in the context of preparation of an Agriculture Sector Budget Support, with the objective to develop an Agriculture Sector Investment Strategy, and later on to develop a capacity in the Ministry for policy formulation, implementation and monitoring.

In parallel, the WB has been developing projects on (i) rural enterprise, (ii) sustainable agriculture and climate mitigation, and (iii) water management. Synergies with the on-going "Sustainable Agriculture and Climate Change Mitigation Project (SACCMP)" of the WB will be easily ensured because of the common geographic area.

Synergies with EU environment-related regional initiatives are also guaranteed with the projects on (i) **"Sustainable management of water resources in Central Asia"**, (ii) **"Regional Environmental Programme for Central Asia"**, (ii) **"Water and Environmental Platform Phase II"**, and (iv) **"Regional coordination and support for the EU - CA enhanced regional cooperation on Environment, Water and Climate Change II"**.

The project "Enhancing Financial Inclusion to support the sustainable development of the Livestock sector in the Republic of Uzbekistan" (indicatively EUR 165 million – of which EU requested contribution EUR 15 million), has been proposed by the *Agence Française de Développement* (AFD) under the Investment Facility for Central Asia (IFCA). It would contribute to the consolidation and development of the financial sector, to create job opportunities and income generation in rural areas, to improve life conditions of farmers and to develop the agricultural sector in support of the Government's efforts. The blending operation, if approved, could indicatively start in the first half of 2019. It would in particular improve access to credit of farmers and small agribusinesses in order to support the development of the livestock sector's productivity and added value. The action and the blending operation have a design that makes them mutually reinforcing. This innovative design through a mix of EU Toolboxes aims at strengthening the EU support in Uzbekistan.

Complementarity is also envisaged with GIZ projects on sustainable and local economic. Among other activities, GIZ is introducing international quality standards and marketing strategies with the objective in the medium term to improve the income and employment situation of disadvantaged sections of the population. GIZ is also working on the diversification of agricultural activities by improving dairy and meat processing, as well as tomato production.

Complementarity is also ensured between the labour reform of the cotton sector and donors' projects on rural development, the EU and the WB in the first place.

The Action will collaborate with other Donors and multilateral and bilateral development agencies during its implementation: IFAD, ADB, AFD, FAO, GIZ, IDB, JICA, KOICA, and USAID.

From Donors side, the EU and the World Bank have taken the lead in engaging in policy dialogue with the Government of Uzbekistan to assist agriculture modernization and diversification while assist in framing a vision for a more market-led agricultural transformation, which is environmentally and socially sustainable, as well as economically and financially viable. In an attempt to move forward with policy reform the Government is progressively reducing land dedicated to cotton and wheat, while increasing land available and support to other areas like horticulture and livestock.

The EU Delegation is also reviving the Agriculture Donor Group, and which recently saw the informal attendance of deputy minister for Agriculture whom expressed openness for an Agriculture Sector Working Group. The future SWG should contribute to enhance the effectiveness of aid in the sector, assess progress and identify further actions to achieve targeted objectives, mapping of projects planned for implementation, brainstorm on strategic issues and support the government in formulating sector plans and policies.

The project will seek to collaborate with the "Value Chain Analysis for Development" (VCA4D) initiative and take advantage of the VCA4D Tool to deliver evidence-based analytical content and inform decision-makers and allow them to make their judgement. By responding to four framing questions : (i) What is the contribution of the VC to sustainable economic growth, (ii) is this economic growth inclusive, (iii) is the VC socially sustainable, (iv) is the VC environmentally sustainable, it will provide an overall understanding of the VC dynamics.

3.3. Cross-cutting issues

It is anticipated that **climate change** will have a significant impact in Uzbekistan, with most likely higher temperatures and more variable precipitation. Raising temperatures could have direct and adverse effects on livestock productivity, altering feed intake, mortality, growth and reproduction, especially for dairy and beef cattle and chicken. Overall average precipitation is likely to increase and could have a positive impact on grassland and alfalfa productivity. Rainfall variability could, however, impact water availability for irrigation, while irrigation needs may increase due to higher temperatures, and could directly and negatively impact irrigated fodder production. Changes will be occurring gradually and livestock farmers will have to progressively adapt their farming systems, accessing heat and drought resistant fodder crop varieties, adopting more resilient livestock management, and matching stocking density according to forage production. Under the project innovative technology will be developed and introduced, as well as significant investments will be done to access technology with mitigating or positive impact on climate change like regeneration of pasture and green cover, waters saving or circular use of natural resources. The Project will give priority to investments that promote climate resilience and emission reduction, such as climate smart technologies and practices, and renewable energy supply (bio and solar energy) systems. At least 50 % of sub-loans should include climate change mitigation to minimize GHG emissions (animal waste management, bio-digesters, pasture management, energy saving, etc.) or adaption activities (drought and heat resistant fodder crop varieties and breeds, water savings, renewable energy, etc.).

As **gender** disparities of labour remain significant across various sectors in Uzbekistan, the participation of women in agriculture and forestry increased consistently since the early 2000s and currently equals that of men.

Gender mainstreaming as a tool for gender equality has not been institutionalised across sectors and areas of the economy. Awareness in line ministries of the principles and approaches of gender mainstreaming and gender budgeting is absent. The capacity of line ministries to adopt either gender mainstreaming or gender budgeting in national development, is also lacking. There also appears to be a lack of interest in line ministries to promote or apply this approach in their operations.

The Project is cognizant of gender issues and strives to engage women in its activities through capacity building and support packages for entrepreneurial opportunities (under Component 2). The Project will also recruit a gender specialist and will include gender-disaggregated measure for Project beneficiaries.

4. DESCRIPTION OF THE ACTION

4.1. Objectives/results

This Action is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG 8 to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", especially regarding the following target: "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors". It also promotes progress towards SDG 5 "Achieve gender equality and empower all women and girls". This does not imply a commitment by Uzbekistan benefiting from this programme.

The Overall Objective of the Action is *"To foster sustainable and inclusive growth in the rural sector in Uzbekistan in the context of a changing climate".*

The Specific Objective is “To improve livestock productivity and access to market in selected regions”.

Success of the Action will be monitored against the following key expected outputs:

- **Output1:** Institutional capacity of MoA strengthened (sub-component 1.1)
- **Output 2:** Livestock Public Services are strengthened (sub-component 1.2)
- **Output 3:** Improved access to credit lines for private sector investment (sub-component 2.1)
- **Output 4:** Strengthened value chain development and smallholder market inclusion (sub-component 2.2).

4.2.Main activities

The Project design includes two components that address the constraints to livestock sector development and a Project management component.

Progress in the agriculture policy formulation may lead to adaptation or refocusing of the project on specific activities and investments.

Component 1 – Public Investment Framework and Public Services (Total Cost EUR 10.9 million).

Sub-Component 1.1 – Strategy, Policy and Public Investment Framework – (EU Funding EUR 1.8 million) - will finance technical assistance for: (i) the preparation of a 15-year sector modernization strategy and a 5-year investment plan, including required climate change mitigation and adaptation policy incentives and investments; (ii) capacity strengthening of MoA staff for sector analyses, budget and policy formulation, monitoring and evaluation; (iii) establishment of a platform for public-private policy dialogue; and (iv) studies on policy and the regulatory framework, value chain development and market analyses. Gender sensitive approach will be applied to all activities when relevant.

Sub-Component 1.2 – Strengthening Livestock Sector Public Services

Activity 1.2.1 – Veterinary Services Improvement will finance: (i) technical assistance to improve the legal framework and strategy for development of the veterinary services; (ii) training and equipment to selected public veterinary agencies to improve disease surveillance and reporting systems, veterinary diagnostics laboratories and standard operating procedures, vaccine storage and distribution facilities, public awareness, rapid response capacity; (iii) minor works and equipment for rehabilitation of selected public veterinary facilities; and (iv) studies on border control and quarantine, veterinary drug regulation and on animal identification, registration and movement control. The performance of veterinary services (PVS) evaluation and gap analysis to be carried out by the World Organization for Animal Health (OIE – Office International des Épizooties) will provide a detailed plan of investment in Veterinary Services. SPS issues specific to livestock production, moreover in relation to export initiatives, could be covered by this sub-component when identified.

Activity 1.2.2 – Fodder Seed Improvement - (EU Funding EUR 0.9 million) - will finance minor works, equipment, training and technical assistance to strengthen national-level agencies and state seeds farms undertaking plant breeding, variety testing, selection and listing, seed inspection, testing and certification of fodder crop seeds and production of elite seed. The Project will stimulate the selection and dissemination of drought and heat tolerant fodder crop varieties to help livestock producers adapt to the anticipated climate change risks.

Activity 1.2.3 – Market-Led Technology Generation and Dissemination - (EU Funding EUR 1.8 million) - will finance: sub-project grants for the generation and dissemination of innovative technologies (including for fodder crop, pasture improvement, livestock health, feeding, husbandry and breeding, traceability and certification) selected through calls for proposals from research

institutions, universities or the private sector. Priority will be given to research which (i) promote climate change mitigation and adaptation technologies; (ii) promote more efficient natural resource management especially more efficient water use and reduced erosions of soils and pastures as well as organic farming; and (iii) address regional or global human and animal health issues such as AMR. Selection and prioritization criteria for research and dissemination sub-projects will be defined in the Project Operational Manual (POM).

Component 2 – Livestock Value Chain Modernization (Total Cost EUR 198.3 million).

Component 2 will address access to market and access to finance constraints including through: (i) providing access to finance from participating financial institutions (PFIs) through a credit line; and (ii) Value Chain Development (VCD) sub-projects that build productive partnerships between value chain actors. This component will have a strong emphasis on supporting the integration of small producers into value chains.

Sub-Component 2.1 – Credit line for Private Investments. The Project will address the lack of long-term financing for the livestock sector by providing funding with a maturity of up to 20 years to the banking sector to be revolved in the PFIs.

The component will finance: (i) a credit line to PFIs for provision of loans to finance working capital and investment to the livestock sector nationwide (inter alia, for farming, marketing, distribution and processing); (ii) training and technical assistance for PFIs on sector-specific loan product development, loan appraisal and monitoring in the livestock sector. Lending by the PFIs will be demand-based. Lending may include co-financing for value chain development sub-projects under sub-component 2.2. Credit Line Investment Guidelines will be prepared and will determine the eligible activities, sub-loan evaluation criteria, detailed withdrawal procedures, and responsibilities of all parties. The project will give priority to investments that provide climate change co-benefits and at least 50 % of sub-loans should include climate change mitigation (animal waste management, bio-digesters, pasture management, energy saving, etc.) or adaption activities (drought and heat resistant fodder crop varieties and breeds, water savings, renewable energy, etc.). Special attention will be paid to animal welfare at all stages of animal production.

Sub-Component 2.2 – Value Chain Development and Smallholder Market Inclusion - (EU funding EUR 10 million) - will finance: (i) technical assistance for facilitating the establishment of productive partnerships between value chain actors (producers, buyers, service providers); (ii) VCD sub-project preparation, supervision, monitoring and evaluation; and (iii) grants for VCD sub-project investments. Provisionally it is envisaged that 40 VCD sub-projects will be supported with an average cost ranging between USD 100,000 and USD 500,000. Principles for sub-projects will be that they: (i) link small producers to buyers; (ii) comprehensively address constraints along value chains; (iii) are market-led and based around commercial opportunities; (iv) finance primarily public goods (such as collective equipment for farmers' cooperatives; purely individual private goods would be financed from participants' equity or the credit line under sub-component 2.1) and include emission reduction and climate smart investments.

Sub-Projects are envisaged to include: (i) technical assistance for farmer training and advisory services on all aspects of animal husbandry, fodder crop and pasture management, and marketing – this would include training targeted to the needs of women involved in livestock production; (ii) works and collectively used equipment for farm infrastructure including housing, handling and storage, waste management and biogas facilities; (iii) works for construction or improvement of communally utilized storage and distribution infrastructure; and (iv) equipment, works and technical assistance for farms and agro-processors for food safety upgrading or adoption and demonstration of innovative technology.

Component 3 – Project Coordination, Management and Monitoring and Evaluation (Total Cost EUR 5.8 million).

Component 3 will finance: (i) Project management, including coordination and supervision of the implementation, financial management, procurement, monitoring and evaluation and Grievance Redress Mechanism (GRM); (ii) baseline survey and impact assessments at mid-term review and before project closure; and (iii) training of Project beneficiaries on safeguards requirements and awareness raising campaigns on labour practices in agriculture.

4.3.Intervention logic

The Action strategy is to support the Government of Uzbekistan in reforming the agricultural sector and more specifically the livestock sector.

Through this project, the EU and the WB will further advocate for the market-led reform agenda through:

- the development of a sectoral policy and strategy and its implementation,
- the development in dissemination of innovative technologies and material through research, modern veterinary and food safety systems,
- access to finance for smallholder farmers and economic actors in the livestock value chains,
- and market inclusion for smallholder farmers in the livestock sector..

The intervention logic is to assist the Government to develop its capacity to develop and implement an evidence based sub-sector policy that will guide the development and dissemination of innovative technologies and materials through research, modern veterinary and food safety systems.

The dissemination of technologies will be supported by credit lines for farmers and economic operators of the value chain available through commercial banks at preferential credit conditions supported by a strong extension system for facilitating the establishment of productive partnerships between value chain actors (producers, buyers, service providers) and Value Chain sub-projects through grants for Technical Assistance, extensions services and investments. Sub-projects could be to link small producers to buyers, comprehensively address constraints along value chains, are market-led and based around commercial opportunities and finance primarily public goods.

The project will improve efficiency of the livestock sector, by increasing the number of smallholders' farmers participating to commercial value chains, increase productivity and level of production, and ultimately profit and sustainable revenue.

In line with principles of Aid Effectiveness and in order to avoid duplication or a segregated approach, the EU will support agriculture diversification and more specifically the Livestock Sector Development Project jointly designed and co-funded by the WB. This approach will provide valuable opportunities in generating wider impact in the livestock sector as the EU contribution will provide a much-needed technical assistance and trainings to support the substantial investment component.

Besides, such support is provided in the context of an increasing need for job creation in rural areas, combined with a large influx of returning migrants from Russia and Kazakhstan. Hence, it is essential to participate in the economic reform of the country and to ensure internal social stability.

As a consequence of the agricultural sector modernization and diversification, this project should in the medium-long term result in the creation of new job opportunities, both in the livestock and in other rural sectors, while ensuring social sustainability. The ultimate result should therefore be the enhancement of living standards and the promotion of an inclusive and sustainable growth.

The Technical Assistance will also contribute to ongoing policy dialogue efforts undertaken by donors and EU specifically targeting agriculture sector reform.

5. IMPLEMENTATION

5.1.Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2.Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements.

5.3. Implementation modalities for an action under project modality

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures².

5.3.1 *Indirect management with an international organisation*

This Action will be implemented in indirect management with the World Bank. This implementation covers Sub-Component 1.1 – Strategy, Policy and Public Investment Framework (EU Funding EUR 1.8 million), Activity 1.2.2 – Fodder Seed Improvement - (EU Funding EUR 0.9 million), Activity 1.2.3 – Market-Led Technology Generation and Dissemination - (EU Funding EUR 1.8 million) Sub-Component 2.2 – Value Chain Development and Smallholder Market Inclusion- (EU funding EUR 10 million).

This is the most appropriate approach as the Government invited both EU and WB to develop jointly a programme to financially support livestock development and the EU contribution will make possible a balanced share of hard-soft elements. The EU and World Bank are also jointly spearheading donors' efforts to rationalize development assistance in the sector and pursue policy dialogue with MoA. Furthermore Indirect Management through the WB allows for increased donor coordination, greater government ownership, use of national systems and reduced transaction costs for the partner country.

The WB shall be responsible for transferring funds to the Rural Restructuring Agency, or the Agency for implementation of the Agribusiness projects which will establish a PMU and will be in charge of project implementation. The PMU established under RRA is acting under supervision and coordination of the WB.

The entrusted entity would carry out the following budget implementation tasks: launch calls for tenders and for proposals; define eligibility, selection and award criteria; evaluate tenders and proposals; award grants, contracts and financial instruments; act as contracting authority concluding and managing contracts, carrying out payments.

For the budget implementation tasks not yet assessed, the entrusted international organisation is currently undergoing the ex-ante assessment. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU,

² www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management.

The Commission authorises that the costs incurred by the entrusted entity may be recognised as eligible as of **01/06/2018** because loan agreement between WB group and Government of Uzbekistan has already been signed and the project activities have already started.

5.4.Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5.Indicative budget

	EU Contribution (amount in million EUR)	Indicative third party contribution (amount in million EUR)		
		Financial institution s (World Bank)	Gov. of Uzbekistan³	Benefici aries⁴
5.3.1 - Indirect Management with the World Bank - <i>Administrative Agreement</i>	14.5	136.4	30.3	33.8
5.8 - Evaluation, 5.9 - Audit	0.30	-	-	
5.10 - Communication and visibility	0.20	-	-	
Total (EUR million)	15.00	136.4	30.3	33.8

5.6.Organisational set-up and responsibilities

The EU and the WB shall be responsible for the overall technical oversight of the project activities, through the Steering Committee.

A Project Steering Committee (SC) will be set up; it will be chaired by the Ministry of Economy and Ministry of Agriculture co-chaired by the WB and the EU. The PSC will meet at least twice a year during the whole implementation phase to discuss the progress and the co-ordination of the

³ The Government's contribution is in the form of tax exemptions: RRA is exempted from paying VAT, Import VAT, Excise tax, Custom duties and Road fund charges on vehicles on goods, works, non-consulting services, consultants' services and incremental operating costs which will be procured under the project.

⁴ Beneficiaries' contribution under the credit line is made of the 20% share of the investment submitted to the Project's credit line.

project together with the stakeholders. Upon request of the stakeholders, extraordinary Steering Committees can be convened. The PSC will be the body responsible for the general oversight, policy guidance and monitoring of the programme. Besides the PSC, technical working group meetings will be held regularly.

The EU DEL will be involved in periodical meetings with the project team and the Government of Uzbekistan, in site visits, missions, analytical exercises, among other activities. The policy reform/governance agenda will be coordinated and pursued jointly with the WB and other donors especially through the Agriculture Working Group.

The WB shall be responsible for transferring funds to the Rural Restructuring Agency, or the Agency for implementation of the Agribusiness projects which will establish a PMU and will be in charge of project implementation. The PMU established under RRA is acting under supervision and coordination of the WB."RRA was established in 1998 under the direction of the MoA. RRA and its successor is responsible for the implementation of rural development projects financed by International Financial Institutions. Although the RRA has solid project experience and keeps an independent accounting system which meets the International Financing Institutions requirements, its management capacities will be further strengthened by World Bank's loans through Component 3 "Project Management". In addition it is worth underlying that all training activities that will take place within the framework of this project will be aimed at strengthening the capacities of participating institutions and economic players while international expertise will add value, innovation and give an international character to the whole project.

A marketing and trade consulting company with international experience in development of value chains and productive linkages and identification of market opportunities will be assisting the RRA or the Agency for implementation of the Agribusiness projects in the implementation of these activities.

The WB coordinates and facilitates effective collaboration between the EU and the RRA or the Agency for implementation of the Agribusiness projects.

5.7.Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

Some indicators require a baseline, mid-term and final survey in order to collect monitoring data. The surveys will be conducted by the implementing partner, during the inception phase, half way through implementation and at the end of the implementation process. The three surveys will be funded from the budget for this Action and data for each relevant indicator will be included in the Inception Report, Progress Report and Final Report for the Action.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8.Evaluation

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants and/or through a joint mission contracted by the Commission and the WB.

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to the intention to launch a second phase of the action.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this project is implemented in the context of a wide and deep transformation of the sector.

Gender sensitive approach will be applied to evaluations.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.9.Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The World Bank shall provide to the EU via the World Bank's Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management assertion together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the World Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the World Bank.

If the EU wishes to request, on an exceptional basis, a financial statement audit by the World Bank's external auditors of the Trust Fund, the EU and the World Bank shall first consult as to whether such an external audit is necessary. The World Bank and the EU shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the World Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the World Bank with respect to such audit, shall be borne by the EU.

It is foreseen that audit services may be contracted under a framework contract.

5.10.Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Beyond the standard visibility requirements to be fulfilled by WB, the EU Delegation will launch every year an ad-hoc framework contract to cover and increase visibility of all EU funded projects in Uzbekistan.

APPENDIX 1 - INDICATIVE LOGFRAME MATRIX.

	Results chain	Indicators	Baselines (Starting date of the project)	Targets (End of implementation year)	Sources and means of verification	Assumptions
Overall objective Impact	"To foster sustainable and inclusive growth in the rural sector in Uzbekistan in the context of a changing climate"	1. Increase in overall farmer productivity. 2. Increase in overall volume of gross sales of farmers 3. Increase in overall volume of gross sales of agribusinesses 4. Level of employment in agriculture as a % of total employment*. 5 GHG emissions avoided by the project (in Tons CO2 equivalent)) 6 In Uzbekistan, income share held by women in the lowest 40% of income distribution (EURF Level 1) 7 Gender gap in wages in livestock activity (SDG 5.1 + GAP)	1. 0 2. 0 3. 0 4. 27.5%	1. 20% 2. 20% 3. 20% 4. 35%	<ul style="list-style-type: none"> Mid and final term survey reports National Statistics 	
Specific objective Outcome	1. "To improve livestock productivity and access to market in selected regions"	1.1 Level of Productivity of selected dairy systems by direct beneficiaries (*) NIP SO2 I 2.4, (**)	1.1 2620.00	1.1 3000.00 (l/lactation per dairy cow)	<ul style="list-style-type: none"> Mid and final term survey reports National Statistics 	
		1.2 Level of Productivity of selected cattle production systems by direct beneficiaries (*) NIP SO1 I 1.2, (**)	1.2 TBD	1.2 TBD (Kg/cattle)	Baseline will be established during inception phase of project	

		1.3 Increase of Total value of livestock products sold by beneficiaries (*) NIP SO 2.4,(**)	1.3 0.00	1.3 15.00 %	Government Statistics Mid-Term and Final implementation Survey	Diversification into livestock production remains a Government Policy
		a. Increase of Dairy products value Dairy products/milk sold by beneficiaries, (**)	a. 0.00	a. 15.00 %		Sufficient Land allocation to Livestock and Fodder production
		b. Increase of value of Meat sold by beneficiaries, (**)	b. 0.00	b. 15.00 %		
		1.4. Fodder crop production in target locations(**)	2.1 12000.00	2.1 14000.00(tones/ha)	Government Statistics	
Outputs	O1: Institutional Capacity of the MOA Strengthened	1.1 Status of Livestock Sector Strategy including Investment Plan (*) NIP SO1 I1.5	1.Livestock sector Review and econometric model completed.	1.1 Strategy and Investment Plan submitted for the Government's review	Progress Reports RRA	Stakeholders are active and involved in the policy dialogue
		1.2 Number of MoA Staff, farmers and agro-processors trained on policy and regulations in the country and region (disaggregated by sex) *** EURF L2 I7 (**)	1.2 0.00	1.2 200.00	Database of training participants,	

	O2: Livestock Public Services are strengthened	2.1 OIE Performance Score of Veterinary Services evaluation score (1 lowest to 5 highest)	2.1	2.1 4.00	IOE Assessment	The OIE assessment is made available to Dev Partners and Government of Uzbekistan is asking support/ receives to improve the veterinary system
	;	2.2 Number of Collaborative research/extension sub-projects (disaggregated by implementation status: in progress or completed)	2.2 0.00	2.2 10.00 completed sub-projects	Progress Reports RRA	Capacity of the University and research system to respond to the sector demand
		2.3 Number of Livestock research/extension projects supported by this Action that include climate change mitigation and adaptation technologies	2.3 0.00 %	2.3 100.00 % projects	Progress Reports RRA	
	O3: Improved access to credit lines for private sector investment	3.1 Number of Sub-financings provided under credit line (**)	3.1 0	3.1 400 (including 20 for women)	Progress Reports RRA	Capacity of Banking system to reach livestock sector actors and appraise proposed investment projects
		3.2 Sub-financings that include climate change mitigation measures awarded by this Action (**)	3.2 0	3.2 50		

		3.3 Sub-financings that include climate change adaptation measures (**)	3.3 0	3.3 50		
		3.4 Percentage in aggregate portfolio lending to livestock sector by participating financial institutions	3.4 0.00 %	3.4 15.00 %	Progress Reports RRA	Financial institutions develop capacity to reach out to the livestock sector
	O4: Strengthened value chain development and smallholder market inclusion	4.1 Number of Productive partnerships created with Project's support	4.1 0	4.1 40	Progress Reports RRA	Value chain operators engaging in value chain partnerships
		4.2 Percentage of women who are members of the producer groups established with support of the project (**)	4.2 TBD	4.2 40.00 %	Progress Reports RRA	
		4.3 Additional number of Farmers adopting improved agricultural technology promoted by project (*) NIP SO2 I 2.4	4.3 0.00	4.3 5000.00	Progress Reports RRA	Extension system widely deployed in livestock areas
		4.4 Additional number of women farmers adopting improved agricultural technology promoted by project	4.4 0.00	4.4 2000.00		
		4.5 Number of additional farmers who have adopted climate change mitigation technologies (**)	4.5 0.00	4.5 40.00	Progress Reports RRA	

		4.6 Number of additional farmers who have adopted climate change adaptation technologies (**)	4.6 0.00	4.6 40.00	Progress Reports RRA	
		4.7 Number of Farmers reached with agricultural assets or services provided under the project (**)	4.7 0.00	4.7 35000.00	Progress Reports RRA	
		4.8 Number of Women Farmers reached with agricultural assets or services provided under the project	4.8 0.00	4.8 15000		
		4.8 Percentage Project beneficiaries satisfied with the process of engagement in project activities (policy, feedback, outreach, and GRM)	4.9 0.00 %	4.9 90.00 %	Mid-Term and Final implementation Survey	
		4.10 Percentage Project beneficiaries satisfied with the process of engagement in project activities (policy, feedback, outreach, and GRM)	4.10 0.00 %	4.10 90.00 %		

This indicative Logframe will be adjusted before signature of the Administrative Agreement to ensure that monitoring of implementation will be done with the same indicators for the WB and EU.

(*) : indicators that are consistent with the programming document with an asterisk.

NIP SO1 I 1.2 Agricultural products from one ha of cultivated land

NIP SO1 I 1.5 Development plans, budgets

NIP SO2 I 2.4 % change in yields resulting from use of improved practices after retaining use of technologies or management practices;

(**) gender disaggregated indicators subject to data availability.

(***) indicators which correspond to the EU Results Framework asterisk.

Annex II Livestock Production Sector.

Livestock population in Uzbekistan 2017

	Desert	Piedmont	Highland	National
Cattle Dekhan	5,092,096	3,588,796	1,106,293	9,787,185
Cattle Private Farms	344,960	197,293,	78,675	620,928
Sheep Dekhan	5,252,972	5,843,543	1,398,720	12,495,235
Sheep Private Farms	1,398,720,	885,856	497,323	2,781,899
Goats Dehkan	1,422,203	1,072,311	825,717	3,340,232
Goats Private Farms	127,033	138,242	130,770	396,045
Camels Dehkan	15,557			15,557
Horses Dehkan				188,167
Horses Private Farms				33,023
Backyard chickens				18,914,487
Specialised Dairy cows				75,044
Specialised Cattle feed lot small size				1,600,131
Specialised Cattle feed lot medium size				20,577
Specialised Sheep fattening				248,661
Specialised Chicken Layers				18,742,145
Specialised Chicken Broilers				5,428,759

Source: Adapted from Uzbek Statistic committee 2017

Value of animal Production in Uzbekistan 2017.

	GDP (millions UZS)	Percentage of Livestock GDP
Meat	11,846,224	37.3 %
Cattle	9,240,842	29.1 %

Sheep	1,761,051	5.5 %
Goats	151,746	0.5 %
Poultry	615,468	1.9 %
Camel	17,591	0.1 %
Horses	59,525	0.2 %
Milk	13,416,832	42.2 %
Cattle	13,296,589	41.9 %
Goats	85,749	0.3 %
Horse	26,289	0.1 %
Camel	8,205	0.0 %
Eggs	2,460,339	7.7 %
Hides & Skins	85,780	0.3 %
Wool	113,007	0.4 %
Organic matter	3,837,090	12.1 %
Total	31,759,273	100.0 %

EN



This action is funded by the European Union

ANNEX 2

of the Commission Implementing Decision on the financing of the annual action programme in favour of Uzbekistan for 2018

Action Document for Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Improved Public Service Delivery and Enhanced Governance in Rural Uzbekistan, CRIS number ACA/2018/041-534 financed under Development Cooperation Instrument	
2. Zone benefiting from the action/location	Uzbekistan The action shall be carried out at the following location: Uzbekistan with focus on at least 5 pre-identified pilot regions	
3. Programming document	Addendum 1 to Multi-Annual Indicative Programme between the European Union and Uzbekistan for the period 2014-2020 ¹	
4. Sector of concentration/ thematic area	Rural Development	DEV. Aid: YES
5. Amounts concerned	Total estimated cost: EUR 10,154,980 Total amount of EU budget contribution EUR 10,000,000 This action is co-financed in joint co-financing by UNDP for an amount of USD 180,000 ²	
6. Aid modality(ies) and implementation	Project Modality Indirect management with UNDP	

¹ C(2018)4741 of 20/7/2018

² At UNORE exchange rate for June 2018 – Euro/USD = 0.861

modality(ies)				
7 a) DAC code(s)	43040 - Rural development			
b) Main Delivery Channel	41000 - UNITED NATIONS AGENCY, FUND OR COMMISSION (UN)			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. SDGs	<p>This programme contributes to the progressive achievement of SDG Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all",</p> <p>and 8.2: "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors".</p> <p>and 8.5: "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value"</p> <p>As secondary Goal:</p> <p>SDG N° 5: "Achieve gender equality, empower all women and girls."</p> <p>and 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>and 5.7: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws</p> <p>It contributes primarily to the progressive achievement of SDG Goals 5 and 8, but also promotes progress towards Goals 10 and 16</p>			

SUMMARY

In December 2016, newly elected Uzbek President Shavkat Mirziyoyev started a massive reform in public administration and state building. The ultimate objective of the President's reform programme is to transform government around the concept of 'serving the people' while ensuring better accountability, transparency and improved well-being of the population. Building on the Uzbek government's recent legal and institutional reforms that support citizen-centric service delivery, this proposal outlines a project with a series of activities that will contribute to the effective functioning of one-stop shops for public service delivery for vulnerable and at-need populations in rural areas, which will lead to improved public service delivery across the country through interventions at legal, institutional and implementation levels. The proposed project responds to government demand, and is designed to address institutional effectiveness, transparency and participation, and change management, with a clear link between project objectives and the country's reform strategies. The project aims to contribute to enhanced service-delivery by government agencies through improving the reach of public services, integration of systems, improved organisational structure and decentralised service delivery, strengthening of strategic management tools, and necessary enabling mechanisms to support these changes. By improving delivery of public services, the project will contribute to improving the quality of life of vulnerable sectors of the population in rural areas - such as women, youth and children, elderly, and people with disabilities - by enhancing their access to and the quality of service-delivery. The project will also strengthen beneficiary participation through a variety of outreach and social accountability mechanisms that enhance their voice and increased access to information, enhancing the transparency of Uzbekistan's public service delivery system. Effective governance, strong institutions, and efficient and transparent management of public services will help Uzbekistan to achieve sustainable long-term growth for equitable economic and social development while also supporting greater social expenditure, assisting in employment creation, and enhancing living conditions.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

In December 2016, newly elected Uzbek President Shavkat Mirziyoyev started a massive reform in public administration and state building. In early 2017, the President stated: "It is not the people who should serve the government, but the government who should serve our people". Since then, dialogues between citizens and government have been pursued to ensure better accountability, transparency and improved well-being of the population, which have been declared as the ultimate objective of the President's reform programme.

One of the essential elements for the government to better serve the people is an improved access to quality public services. A major step toward improved public service delivery was the launch of a Single Portal of interactive state services with initial 40 online services. As of today, over 2 million applications have been received through this Portal, which were mostly completed. Today, the number of online public services delivered through this portal exceeds 290. On 28 December 2016, a Virtual Reception of the President of Uzbekistan

(www.pm.gov.uz) was established, along with the opening of People's reception offices throughout the country. During the first year period, over 1.5 million citizens' appeals were received through these offices, which allowed to identify the most pressing problems and needs of the population and to assess the most important deficiencies in the delivery of public services.

Notwithstanding these positive achievements with online delivery of a number of public services, the key challenge that remains is the low quality of the services overall and the unavailability of a number of them, especially in rural areas. Taking into account that only 44% of households have computers and only 3 million people (less than 10% of the population) are connected to the Internet through fixed-line subscription, while 3G and LTE provide coverage for 45% and 17% of the population respectively³, as well as the fact that the majority of existing online public services are still lacking online payment methods (only around 5% of services can process payments⁴), it is clear that in addition to online solutions, professional one-stop shops for public service delivery should be in place to satisfy the needs of population, especially in remote and rural areas. In a nutshell, at the stage when the digital transformation in Uzbekistan is just at its outset, one-stop shops, or single places for public services, that would effectively meet citizens' needs in a timely manner, simplify the interaction between the government and citizens, and increase transparency and clarity of procedures, would be a feasible solution to overcome existing challenges and ensure access to quality public services for all.

The idea of one-stop shops for effective public service delivery is set as a high priority by the President. In his recent address to the Parliament, he said: "The next important issue standing in front of us in creating even more favourable conditions for the population is a substantive improvement in the quality and extension of public services"⁵. The inability of the traditional, bureaucratic public administration to effectively meet citizens' needs, triggered the creation of the new Public Services Agency aimed at dramatically improving the quality, efficiency, transparency and accessibility of public services, and coordinating provision of public services to citizens and businesses based on "One-stop shop" model through Public Service Centres (PSCs) across the country.

Through introduction of PSCs, the Government intends to promote a contactless interaction with civil servants that will ensure improved public services without delays, reduce bureaucracy and eliminate situations inducing corruption. According to Transparency International, Uzbekistan is ranked 157 among 180 countries in the Corruption Perceptions Index 2017. Combatting corruption is one of the key objectives of the comprehensive reforms of the President and the introduction of Public Service Centres with further digitalisation of public service delivery is featured by the President as an effective approach to prevent and combat corruption. Along with transparency, PSCs will provide simplification of procedures and internal business processes, reduce time and money spent by people to get an access to

³ Measuring the information society report 2017. ITU. [www.itu.int/en/ITU-D/Statistics/Pages/publications/mis2017.aspx]

⁴ According to expert's opinion provided during evaluation of previous UNDP and MITC joint project "E-Government Promotion for Improved Public Service Delivery"

⁵ The address of the President of Uzbekistan to the Legislative Chamber of the Oliy Majlis (video). YouTube. December 22, 2017 [<https://www.youtube.com/watch?v=wFihSfly0LM&app=desktop>]

public services and ultimately, contribute to improved well-being and better opportunities especially for people living in remote areas.

At the same time, to enable effective public service delivery in the regions, it is essential to streamline and improve the system of local governance. In fact, the key reason of the inefficiencies of public service delivery at the local level is related to the inefficiencies in the system of planning and decision-making in local governments. Uzbekistan has maintained highly centralised governance and top-down decision-making system. Under this system, all decision-making has been concentrated at central level, whereas local governments have been viewed as mere conduits of the central government's will. This in turn has made local development programmes and policies detached from the real problems of people in rural areas. In order to decrease the excessively centralized management of budgeting for local authorities and expand financial and other opportunities for them, the President signed the Decree "On measures to expand the power of local authorities in the formation of local budgets" (7 June, 2017)⁶ focused on strengthening the revenue base of local budgets, increasing their revenue powers, and allowing independence in using revenues from excess revenues. As per this Decree, based on the experiment on expanding of powers for local authorities in formation of local budgets that will start in Tashkent city, the Government will further apply it to all regions of the country. This is a very new approach for local authorities that provides more opportunities for Khokims, but also creates more responsibilities. The khokimiyats will need to better identify local community needs, effectively approach local budget planning and management, enable an environment for wider local community engagement, and determine key burdens on the public service delivery system. To ensure that the public service delivery system addresses the needs of people in the regions, the system of people engagement should be transformed through creating a meaningful and functional two-way feedback mechanism. In other words, the local governments should use new participatory planning modalities which would take into account the environmental, social and economic concerns of citizens and foster sustainability of planning and governance to make one-stop shops and the public service delivery system responsive to the needs and wishes of the population.

As of now, the potential of women's participation in the system of public administration and economic life is not fully utilised, especially in rural areas. Women are underrepresented in bodies of local authority; there are no female Khokims (governors), although there are female deputy khokims. In its report for 2015, the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) Committee noted that women head only 9 per cent of all farms, rural women occupy only 4.2 % of senior posts in the agricultural sector, and earn 82 % of men's earnings. Also, lack of formal property ownership and lack of collateral, the need to balance business with domestic responsibilities, as well as lack of access to information, business opportunities, skills, and resources poses women constraints in realising their economic rights.

One-stop-shops for public services delivery, if properly organised, are key to ensure the basic rights of citizens, especially of women, to public services, right to information and right to participation in accordance with the ICCPR and ICESCR, which were ratified by Uzbekistan.

⁶ The Decree of the President #UP-5075 (07.06.2017) "On measures to expand the power of local authorities in the formation of local budgets" [http://www.lex.uz/pages/getpage.aspx?lact_id=3232503]

During the 3rd cycle of the Universal Peer Review, Uzbekistan has accepted a number of recommendations related to the ensuring the respect of transparency and equity in the granting of land and real estate facilities to investors as well as application of innovative approaches and technological innovations in the efficient delivery of public services. Since the Constitution of Uzbekistan acknowledge the supremacy of international law over national legislation, the recommendations as well as requirements of relevant international human rights treaties will be implemented throughout the project implementation period with focus on the following parameters of a rights-based approach:

- Business process re-engineering will address not only optimisation of internal processes and workload of government agencies, but also the accessibility and affordability of public services to all, including the vulnerable groups, such as women, children, people with disabilities, elderly and those in rural areas are who facing the digital divide and exclusion.
- Transparency and openness of public services delivery will be ensured through introduction of anti-corruption measures, real-time monitoring the delivery of services and elimination of human participation in decision making processes, when such processes can be automated without harm to quality and speed of the service as well as fundamental rights and freedoms, such as right to information and right to privacy.
- The project will focus not only on business related public services, but also on social related public services which are needed by citizens. The complaints mechanism will be integrated into both digital and offline procedures of One-Stop-Shops, so that everybody who is not satisfied with service quality or misconduct of government officials can submit complaint or appeal.
- The specific recommendations HRC/UPR, Human Rights Committee, CEDAW Committee and CESCR Committee with regard to the access to basic services in Uzbekistan will be taken into account during modelling and piloting of new digital public services.

1.1.1 Public Policy Assessment and EU Policy Framework

The policy objectives of the Government on public service delivery are reflected in the Priority Area 1 “Improving the system of state and public administration” of Development Action Strategy 2017-2021 that envisages introduction of more effective, inclusive and accountable public service delivery for citizens and businesses by strengthening public administration, increasing citizen participation and supporting accountability and transparency. To this end, a series of reforms are being introduced to decrease the disparity in the level of socio-economic development between the rural and urban areas as well as between the regions.

On 8 September 2017, the Government adopted the Concept of Administrative Reform of Uzbekistan that outlined priority reforms aimed at creating an effective and transparent public administration system that also envisaged further improvement of the public service delivery system through creation of one-stop shops and streamlining public services delivery. On this basis, on 12 December 2017, the Presidential Decree “On measures to reform the national system of providing public services to the population”⁷ established the above mentioned Public Services Agency with about 200 PSCs throughout Uzbekistan. The Agency, under the

⁷ The Decree of the President #UP-5278 (12.12.2017) "On measures to reform the national system of providing public services to the population" [http://lex.uz/pages/getpage.aspx?lact_id=3454458]

responsibility of the Ministry of Justice, is tasked with the provision of quality public services to individuals and legal entities on the principle of one-stop shop through the creation of a single register of public services, the development of unified administrative regulations for each type of public services and the introduction of information systems, resources, databases and hardware and software products in all PSCs. On 11 April 2018, to further strengthen reforms for improved public service delivery, the President signed the Resolution “On additional measures for accelerated development of public service delivery system” that ordered state agencies, among primary tasks, to widely implement ICTs in service delivery, speed up with the digitisation of archives, redesign and simplification of operational and business processes in public service delivery. With this decree, all PSCs are going to be connected to the Internet through optical fibre channels (broadband) by the end of 2018. Also a multimedia centre under the Ministry of Justice is going to be created with the aim to raise awareness of the population on every activity of the reform in public services delivery. These decrees define a set of organisational, legal, and technical measures to improve the quality, efficiency, transparency and accessibility of public services.

To streamline effective public service delivery in the regions, it is expected that important elements of streamlining local governance and decentralisation will be reflected in the new edition of Law “On Local Government”. In particular, the Law is expected to enforce accountability of the local government bodies to general population and mass media and strengthen legislative oversight by local councils over the activities of local executive authorities.

The proposed action is also in line with the strategic objectives of the EU with respect to Uzbekistan and Central Asia as outlined in the 2014-2020 Uzbekistan MIP, whose overall objective is to “contribute to sustainable and inclusive growth in the rural sector in Uzbekistan in the context of a changing climate.” In particular, the proposed action will help achieve the MIP’s Specific Objective 3 “Employment and income generation in rural areas” and Specific Objective 4 “Contribute to the enhancement of socio-economic living standards in the rural areas, with focus on the most vulnerable groups” to ensure provision of efficient, transparent, and accountable public services and to effectively address specific needs to the most vulnerable groups of population. As stated in the MIP, “Adequate reforms to improve the overall system of public governance are still to be put in place, in particular to ensure transparency and openness of government bodies”. This is achievable through quality development and digital transformation of public services delivery system. This transformation offers an anticipated window of opportunity for international organisations to support the Government’s initiatives and efforts in reforming public services delivery system and assisting in piloting Public Services Centres with the view to being able to support and input into policy-making to improve access to high quality public services for all in Uzbekistan.

These objectives are also reconfirmed in the 1999 EU-Uzbekistan PCA⁸ and the 2007 EU Strategy for Central Asia. The proposed action is also in line with the 2017 European Consensus on Development⁹ and its policy priorities of PEACE, PROSPERITY and PEOPLE

⁸ eeas.europa.eu/sites/eeas/files/pca_uzb_eu_en.pdf

⁹ ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf

as well as with the Agenda 2030¹⁰. Other EU frameworks relevant to this action include the 2016 EU Global Strategy on Foreign and Security Policy¹¹ and the 2013 EC Communication on "Empowering local authorities in partner countries for enhanced governance and more effective development outcomes"¹². Moreover, the project will support gender equality as stipulated in the EU Gender Action Plan 2016-2020 in social, economic and public spheres by ensuring girls' and women's physical and psychological well-being, empowering girls and women in social and economic matters and strengthening girls' and women's voice and participation.

In particular, to address the issues of gender equality and women empowerment in the public services delivery mechanism the project will propose the following:

- Collection and analysis of gender-disaggregated statistics on all public services which are delivered through Public Service Centres. It will allow to concentrate on those services which are most popular among female clients, analyse the patterns of accessibility and quality of services and ways to improve those services to cover more women in need.
- Select and target those socially important public services to reach out the vulnerable categories of women, such as unemployed rural women, women who take care of kids and persons with disabilities, young female graduates of colleges and lyceums, and women-led start-ups.
- Promotion of alternative ways of services delivery, such as online e-services and outreach programmes through social media to encourage those who are in need of public services, and who do not have access to these services due to different reasons (proximity of Centers, cost of services, time to be spent in queues, household duties etc).
- High level advocacy on women empowerment in rural areas and gender equality on access to public services without discrimination in accordance with the National Action Plan on implementation of CEDAW committee recommendations, which were adopted in 2017.

1.1.2 Stakeholder analysis

The key partners of the proposed action are the Office of the President and the Ministry of Justice. The other main partners are the Public Services Agency, General Prosecutor's Office, Cabinet of Ministers, Ministry of Innovative Development, Ministry for Development of Information Technologies and Communications and Women's Committee of Uzbekistan.

The Service for Human Rights Protection, Grievance Redressal Monitoring and Coordination within the Office of the President will provide macro level guidance and strategic prioritisation of public service delivery reform. It will coordinate the vertical policy planning and implementation process across all relevant ministries and agencies as well as the local authorities.

The Ministry of Justice is undergoing functional reform aimed at increasing the role of judicial bodies in conducting a comprehensive and critical analysis of the effectiveness of public administration, the quality of administrative procedures and public services, further

¹⁰ www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

¹¹ eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

¹² ec.europa.eu/europeaid/sites/devco/files/communication-local-authorities-in-partner-countries-com2013280-20130515_en_4.pdf

improvement of legislation and law enforcement practice in these areas. The Ministry of Justice will therefore ensure the horizontal coordination among territorial responsibilities of all relevant ministries and agencies as well as local authorities in the area of public administration and public service delivery.

Local authorities (Khomimiyat) headed by Khokims combine executive and representative functions. Local Authorities comprise of Regional, District and City administrations. They are responsible for economic and social development in their regions, districts and cities, including for the formation and execution of local budget. The Khokim (governor) of the region is the head of both the region's representative and executive bodies and is accountable to the President of Uzbekistan. The local authority as a partner and a beneficiary will ensure establishment of effective interaction among ministries, self-governing bodies, and civil society in the management of the region.

The Public Services Agency with its republican network of Public Service Centres as well as Khokimiyats will be the main beneficiary and channel to deliver quality services to the population.

The target groups are those who will have improved access to quality public services in remote and rural areas and are the final beneficiaries. Specific attention will be given to the most vulnerable groups, such as women, children and youth, elderly, and disabled people.

General Prosecutor's Office (GPO) is the key and most active body in charge of anti-corruption work in Uzbekistan also responsible for monitoring and supervision of execution of the laws by the state agencies. GPO is also quite actively studying international best practices on implementation of information and communication technologies in public administration as preventive mechanism to fight against corruption. In early 2018, General Prosecutor's Office Information and Analytical Multimedia Centre was established with aim to timely inform the population about the political and legal events, reforms, crime preventive measures, prompt reaction to fake, misleading information in the media and the Internet and to raise the legal literacy of the population. The GPO, as the responsible state entity for implementation of the Concept of Administrative Reforms, will ensure overall supervision and cross sectoral coordination of project activities.

The Cabinet of Ministers has recently established a dedicated Department on socio-economic development of territories. The Department is set to coordinate the work of all relevant ministries and agencies as well as khokimiyats (local executive bodies) and kengashes (local representative bodies). The Department will need to ensure that the khokimiyats participate in the project's trainings so that the capacity of local governments is substantially improved to manage one-stop shops. In order to reinforce its efforts, in addition to work with the Department, the project will work directly with khokimiyats and kengashes.

The Ministry for Development of Information Technologies and Communications is responsible for coordination and overview of digital transformation initiatives across government agencies at central and local levels. Its support and engagement will be needed to accomplish ICT related activities as part of the proposed action.

Women's Committee of Uzbekistan, as a government body responsible for coordinating and implementing gender related policies, will be the key partner of the proposed action in

piloting and scaling-up innovations for women empowerment in remote and rural areas, women entrepreneurship, strengthening the role of women in public administration, gender streamlining in improving legislation and policies on service delivery. Community and non-governmental groups focused on gender equality and women's rights will also be important partners.

Other counterparts will include the Statistics State Committee, Ministry of Pre-School Education, State Committee of the Republic of Uzbekistan on Land Resources, Geodesy, Cartography and State Cadastre, Development Strategy Centre, e-Government Centre, Uzinfocom Centre (agency responsible for development e-government infrastructure), State Personalisation Centre (agency responsible for issuance of biometric passports) , as well as bar associations, chambers of commerce, academic institutions, youth movements and other relevant non-governmental organisations. Key interlocutors, policy makers and implementers have been identified and will be engaged in the action based on relevance and assessment of potential impact.

1.1.3 Priority areas for support/problem analysis

The abovementioned efforts of the Government of Uzbekistan to improve public service delivery have focused on introducing e-governance and moving the delivery of public services to digital channels. While online service delivery promises many benefits in terms of increased transparency, quality, and accountability, this strategy has not yielded and will not reach expected outcomes in the short and medium term. The key problems are as follows: digital divide (the share of Internet population in Uzbekistan in 2008-2016 averaged 33%), lack of stable electricity in rural areas (in 2014 electricity consumption per capita in Uzbekistan was 1,645 kWh well below 5,372 kWh average in Europe and Central Asia), and poor coordination and monitoring of service delivery at the level of local governments. As a result, the uptake of public e-services is at the moment mostly limited to the population of Tashkent and some other urban areas, while the rest of the country remains 'offline', unaware of or unable to benefit from modern technologies and innovations in service delivery. The service delivery system at the regional level has suffered from agency-centric approach with different citizens and businesses having to interact with numerous public authorities, fragmentation of the government with agencies often operating in isolation from others, lack of information of rules and procedures, poor service quality, and other shortcomings affecting well-being in rural areas. As a result, most of the services are still unavailable or of poor quality in all remote rural regions. Given that anywhere between 16 and 17 million people currently live in rural areas of Uzbekistan¹³, there is a significant need to address the deficiencies in public service delivery to these people who may not have easy access to online services or the physical service centres in large cities.

To ensure better access and enhance quality, accessibility and transparency of public services delivered to citizens in urban and rural areas of the country, **one-stop shops seem to** be the most vital and feasible solution. This rationale has been underpinning the Government of Uzbekistan's recent decisions on creating and empowering the Public Services Agency under the Ministry of Justice, developing a network of Public Service Centres across the country and adopting roadmaps for digital transformation and 'one-stop shop' delivery of an increasing

¹³ The State Committee of the Republic of Uzbekistan; UN DESA/Population Division, 2018.

number of public services to the population. The main priority highlighted by the President at this stage of development is to ensure the effective, streamlined and people-centred functioning of the one-stop shops for improved public service delivery.

The main challenges that a wide introduction of the one-stop shop approach in the regions would face can be summarised as follows:

- 1) Insufficient development of legislative and institutional framework in the area of public services, obsolete regulations inconsistent with the modern pace of development. For example, Registration of Property in Uzbekistan requires 9 procedures and 46 days, whereas the average for Europe & Central Asia is - 5 procedures and 20 days. Registration of property rights in Uzbekistan requires conducting a survey of the property which experience of other countries demonstrates to be unnecessary. In addition, in the “Dealing with Construction Permits” category, the Khokim is required to approve act of acceptance signed by members of Working Commission within 2 days for each completed new building. In practice, this takes up to 14 days. Experience of foreign countries shows that there is no need for such a procedure at all. Optimisation of abovementioned and other procedures will require a number of legislative changes. Moreover, legislative changes will also create an enabling room for deployment of information systems in the public service delivery;
- 2) Public Services Agency, Ministry of Justice and associated agencies do not have adequate institutional capacity to develop, plan, implement and monitor policies on public service delivery via Public Service Centres network;
- 3) Lack of optimisation and digitalisation and, as a result, dependence on paperwork in state administrative bodies, which leads to unnecessary delays in processing and inefficient use of financial resources for citizens leading to corruption, red tape and bureaucracy. For example, as of today, out of 444 public services offered in the new Register of Public Services¹⁴, only 16 services were redesigned and launched through Public Services Centres. Thus, there is extensive work to be done to review and optimise operational/functional processes for the delivery of existing public services and design and processing of over 420 public services that still need to be put in place. Moreover, the majority of state archives are still in paper. For instance, about 95% of documents of State Civil Registry Offices that hold about 60 million records of vital events (births, marriages, and deaths) of citizens and residents remain in paper and not digitised. “UzArchive” State Agency, which holds over 200 million documents, faces similar problems.
- 4) Inconsistency of the local governance and planning system with the new people-centred mechanism of public service delivery: directive top-down approach to local governance is not compatible with the new approach to public service delivery and new model of one-stop shops putting people’s needs and interests at the centre of decision-making.

To cope with these problems, the proposed project will support ongoing efforts of the Government of Uzbekistan to reform local public service delivery and ensure effective implementation of the one-stop shop principle through interventions at legal, institutional and

¹⁴ Joint Resolution of the Ministry of Justice and the Ministry for the Development of Information Technologies and Communications #2976 as of 28.02.2018 [http://lex.uz/Pages/GetPDFView.aspx?lact_id=3576617]

operational levels and piloting and prototyping the efficient modalities of the one-stop shops. The support will focus on:

- 1) **Streamlining regulatory framework, relevant policies**, data management and evidence-based policy-making to create an enabling environment for improved public service delivery.
- 2) **Enhancing institutional capacities of the Public Services Agency, Ministry of Justice** and associated agencies to develop, plan, implement and monitor policies on public service delivery via Public Services Centres network.
- 3) **Building technical capacity of at least five Public Services Centres in pilot regions** to showcase exemplar model of public service delivery to win population trust and overcome concerns with regard to viability of one-stop shops. In order to cover people in remote areas offline methods of delivery and citizen engagement will also be supported. The first regional-level Public Services Centre was recently launched in Namangan region (on May 2, 2018) where the President of Uzbekistan paid a personal visit¹⁵. The Government is looking for support in launching other pilot PSCs, including in Sirdarya, Surkhandarya, Jizzak, Kashkadarya, and Khorezm regions.
- 4) **Introducing and piloting participatory planning and governance system in local governments (khokimiyats)** in the pilot regions to ensure that the public service delivery system involves the views of the people, with a focus on vulnerable groups and addresses their needs in the regions, with due attention to climate resilience aspects and gender considerations.

2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigation measures
1. Political risk of reforms not being pursued or stalled	M	Importance of the reform of public service delivery for sustainable development will be continuously highlighted at all levels (high level meetings, technical meetings, policy dialogues, analytical documents, PR campaign, etc.) to various partners, including ministries, agencies, communities, NGOs, beneficiaries, to preserve political will
2. Technical assistance projects of donors focusing on PAR, Public Service Delivery, OSS, Digital Transformation and regional development may lack multilateral aid coordination that can result in duplication of certain efforts, lower resource mobilisation	L	Constantly monitor donor activities in the field and organise regular meetings and consultations with relevant donors to coordinate activities and avoid possible overlapping with the proposed

¹⁵ <http://www.president.uz/uz/1695>

opportunities and the level of impact		action
3. Inability of Public Service Agency to ensure proper leadership and interagency coordination on reforming public service delivery	H	Advocacy with key government agencies and local authorities responsible for the majority of rendered public services on the benefits of data sharing and whole-of-government thinking
4. Low population awareness of Public Service Centres resulting in low uptake of public services through one-stop shops	M	Awareness raising campaigns on the benefits of using public services through Public Service Centres
5. Delays in the central and local government bodies to transform and digitalise internal business processes related to service delivery and successfully integrate them with Public Services Agency ICT infrastructure	H	Advocacy with the Ministry of ICT, Ministry of Justice, and GPO to build their support in facilitating business processes reengineering and accelerating digital transformation as part of PAR and improving service delivery
6. Inability to move beyond capacity development support as compared to application of modern PAR methodologies due to reluctance of key state organisations and lack of administrative / legal provision	H	Support with policy advice and constant dialogue with key government organisations to sensitize on PAR benefits and to strengthen the ownership of the process
Assumptions		
<ul style="list-style-type: none"> • The Government retains the political will to implement reforms in public service delivery and dedicate adequate resources, time and leadership to implementing necessary activities; • Smooth coordination between the central government, Public Service Agency, Ministry of Justice, local administration (Khokimiyat) and other key stakeholders; • Government policies facilitate private activities and integrated market system; • Private sector will be involved in setting and running the OSS Public Services Centers and constant feedback mechanism to ensure quality of services will be created; • Citizens and civil society are actively willing and motivated to contribute to transparency and accountability of public service; • There is a local capacity to introduce and provide continuous support to one stop shops (local governments, Ministry of justice). 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The action will capitalise on the results and lessons learnt from the implementation of UNDP projects with local administrations on improving their capacity and demonstrating concept of one-stop shops for citizens in local settings¹⁶, with Chamber of Commerce and Industry on probing one-stop shops concept for business services¹⁷. Specific lessons learned gained during previous projects are summarised as follows:

- Facilitating the delivery of public services under a single umbrella of One-Stop Shop (OSS) public service center taking advantage of ICTs improves considerably efficiency in public services delivery and greatly enhances citizen convenience. Testing this concept on the example of small-scale proto-type in one of the districts of Tashkent city in Uzbekistan has proved its viability in local settings; subsequent piloting of one-stop shop principle on a larger scale in provision public services for business entities only has further proved applicability of the concept and clearly demonstrated benefits it brings. Thus, provision of business registration service through ‘Single window’ Center for business entities enabled Uzbekistan to become a leader in ranking of ‘Doing Business’ in terms of ‘Starting a Business’, ahead of such developed countries as Japan, France, Germany, Italy, Spain, Denmark, and others¹⁸. Currently it takes only 30 minutes to register business entity.
- Implementation of pilot projects should be offered as comprehensive package of capacity improvement trainings (‘soft’ component) and equipments (‘hard’ component). ‘Soft’ and ‘hard’ components should be offered in a balanced manner in order to attain sustainability as trainings as a standalone activity is not sufficient for people to be engaged, whereas the supply of equipment as standalone assistance also is not sufficient to achieve desired change.
- However, in order to operate effectively, OSS, which are the front office in the public service delivery chain, should operate in an enabling public service delivery ecosystem, including the development of a comprehensive legal framework, building human resource, providing ICT and physical infrastructure, and redesigning operations / procedures (including digitisation of documents) of the public service owners (agencies, ministries and others - (back-office)).
- Thus, offering OSS public service delivery model can trigger wider public administration reform.
- Application of OSS public service delivery model provides potential for reducing scope for corruption through separation of ‘front’ and ‘back’ offices of service provision.

¹⁶ UNDP’s project “Assisting the Government of Uzbekistan in the formulation and implementation of ICT for development policy” (ICTP) (2004-2010) first demonstrated the advantages and efficiency that ICT can bring to the delivery of public services via setting up first ever One Stop Shop for public services in Uzbekistan in 2010. UNDP’s ‘Local Governance Support: Participation and Partnership Project’ run from 2010 till 2013 in Phase I and provided support to regional administration of Namangan and Jizzak Regions to set up one One-Stop Shop for citizens to test out this model in regional settings.

¹⁷ UNDP’s Business Forum of Uzbekistan Project (Phase III) that run from 2014-2017 tested out One-stop shop model in 194 locations for business services.

¹⁸ Doing Business Report for 2018. <http://www.doingbusiness.org/data/exploretopics/starting-a-business>

- The success of the interventions is directly linked to the extent of participation in the process and capacity of local partner. Involvement of the local partner in the process can serve two purposes: 1) it creates sense of relevance, ownership and leads to positive participation, and 2) it has capacity building effect on the participating partner.

Previous pilot interventions have convinced the policy makers of the benefits of delivering public service through one-stop shop principle. Now as it was mentioned above, the Government took the route to improve quality and accessibility of public services to all, not only to business entities, it embraced the one-stop shop principle as a feasible solution. However, piloting has also pinpointed a number of challenges as identified earlier. Building on the successful experience of previous interventions the proposed Action provides solution options through 4 interlinked activities to address those challenges.

The below table summarises the evolution of the interventions.

Intervention / year	Objective	Target audience	What it has done	What it has not done
Pilot One Stop shop in Sergily district of Tashkent City / 2009/2010	Prove the viability of one-stop shop concept	Citizens and business entities	<ul style="list-style-type: none"> - Proved the viability of the concept - Brought under one umbrella various district public service providers and demonstrated benefits of ICTs (electronic queue and service monitoring system) 	<ul style="list-style-type: none"> - The concept was imposed on existing system without introducing any regulatory or procedural changes (i.e. functional analysis, business process review, and etc)
Pilot One Stop shop in Namangan and Jizzak Regions / 2011-2014	Prove the viability of one-stop shop concept in a local setting (regions)	Citizens	<ul style="list-style-type: none"> - Proved the viability of the concept in a local setting - First attempt was made to divide front office (represented by OSS employees) from back office (service providing agencies) 	<ul style="list-style-type: none"> - The concept was imposed on existing system without introducing any regulatory or procedural changes (i.e. functional analysis, business process review, and etc) - The piloting did not develop a coordination mechanism between front and back offices - Issues of self-sustainability of OSS
Piloting 'Single window' business facilitation centers in 4 locations over Uzbekistan in 2011 / 2012	Demonstrate one stop shop concept as a new channel of public service delivery to business entities	Business entities	<ul style="list-style-type: none"> - A limited set of public services for businesses that were already transformed into digital format (tax returns, quarterly and annual report to statistics) were made available through single window - Business Facilitation Center under Chamber of Commerce and Industry - Limited business process 	<ul style="list-style-type: none"> - Public service delivery did not target citizens - Enhancing institutional capacity of service providers - Single Window Centers covered only limited number of services

			review in part of a business registration was done - It was a pro-type for developing Single window Center for Business Entities	
Proposed One Stop Shops - 2018 - onwards	Expected objective: - To provide an exemplar model for public service deliver for all (citizen and business entities) using ICTs and offline methods	Expected target audience: Citizen (including vulnerable groups) in rural group and business entities	What is expected: - Provision of a wider set of high quality public services to citizen and business - Use one-stop shop principle as catalyst for 1) regulatory reform and facilitation of information systems development (optimisation of services, database development and integration); 2) enhancing institutional capacity of front and back offices to provide citizen-centered approach in the public service delivery system and 3) improvement of local governance providing enabling environment for civil engagement	What is not expected: - Provision of public service only in digital format: offline service will also be provided to include marginalised groups

3.2 Complementarity, synergy and donor coordination

The proposed action will identify ways to utilise synergies with existing projects in the area of good governance and sustainable economic development in the regions funded by EU, UNDP, UNICEF, ADB, GIZ, World Bank, Turkish International Cooperation Agency (TICA) and others.

UNDP is currently supporting Uzbekistan with a number of initiatives on a national and local level in digital transformation, public administration reform, preventing corruption, empowering women to participate in public administration and socio-economic life, building capacities of government officials. It has recently concluded project with Cabinet of Ministers in enhancing the capacity of regional, city and district executive bodies to ensure sustainable development of the pilot regions (Tashkent, Namangan and Jizzakh). The proposed action will seek synergies with existing UNDP initiatives and expand successful past experiences to increase effectiveness of activities. Important opportunity for synergy with UNDP is in the sphere of empowering women participation in public administration in partnership as it currently works with the Women's Committee of Uzbekistan.

The World Bank is developing a project aimed at accompanying the efforts of the Government of Uzbekistan to strengthen the local governance system and decentralisation process through a comprehensive set of analytical instruments. The World Bank is also working with Uzbek counterparts to examine which citizen engagement mechanisms can be selected and mainstreamed across public sector agencies (DG REGIO funded the development of indicators of citizen-centric public service delivery).

A USAID project increasing the role and the significance of the judicial system of Uzbekistan in protection of rights and legal interests of citizens at central and local levels is also underway.

The EU Rule of Law Programme for Central Asia entering its Phase III (including programmes financed by individual Member States, in particular DE), is also partly embracing the proposed activities in so far as deals with governance and decentralisation, administrative procedural law and consumers' rights and vulnerable population' rights.

Some EU Member States (notably France, Germany and Latvia) are engaged in a few small scale activities dealing with public administration.

Two EIDHR projects by the International Commission of Jurists (one regional and one national) timely tackle the legal defence aspects of economic, social and cultural rights of the population at national and local levels.

Complementarity with EU Budget Support measures will be pursued.

3.3 Cross-cutting issues

In its resolution 25/8, the Human Rights Council underlined that States have the primary responsibility, including through their constitutional provisions and other enabling legislation, and consistent with their international obligations, to ensure that professional public service upholds the highest standard of efficiency, competence and integrity, and are predicated on good governance principles, including impartiality, rule of law, transparency, accountability and combating corruption. It reaffirmed the right of every citizen to have access, in general terms of equality, to public service in his/her country. Therefore, the proposed action is designed with a rights-based approach to public services in order to promote the realisation of the basic, social and economic rights of citizens in rural areas, including of women, children and youth, elderly, persons with disabilities, and other vulnerable groups.

Gender equality considerations will be embedded across all activities, including integrating gender-centric enhancements to regulatory and policy frameworks, re-designing public services, provision of capacity development support, and selection of public services and pilot regions. Establishment of special Women Advisory Groups within the Public Service Centres Public under Activity 3 is envisaged as an affirmative action measure to ensure the space for civic engagement of women. Also, because of labour migration of rural population (particularly young and adult men) to cities and outside the country, women assume additional responsibilities in the society, including realisation of property rights, social protection and others – all of which requires increased interaction with government entities. Therefore, capacity development and awareness raising activities will address specific needs of women with regards to interacting with government entities.

Benefits in environmental sustainability are also built into the activities. Introduction of paperless work modality is expected to eliminate / reduce paper waste, while offering public services through one-stop shops is expected to decrease travel time to obtain services, leading to fuel savings.

Participatory planning system in local governments (envisaged under Result 4) to ensure that the public service delivery system addresses the most pressing needs of people in the regions, especially of women, children and youth, elderly, and persons living with disabilities in rural

and remote areas is also considered as a cross-cutting strategy which is grounded in the human rights based approach.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of the proposed action is enhanced empowerment of the population, including disadvantaged groups, in all regions of Uzbekistan, particularly in rural areas.

The specific objective of the proposed action is improved public service delivery across the country, especially in rural areas.

By the end of action, the following **results (outputs)** are expected to be achieved through four interlinked **activity results**:

Result (output) 1. Assistance in building an enabling environment for improved public service delivery is provided.

Result (output) 2. The institutional capacity of the Public Services Agency to develop, plan, implement and monitor the responsiveness of policies on public service delivery for all is enhanced.

Result (output) 3. Exemplar models of one-stop-shops increasing population trust are supported.

Result (output) 4. Participatory planning systems in local governments in pilot regions are introduced and supported.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goals 5 and 8, but also promotes progress towards Goals 10 and 16. This does not imply a commitment by the country benefiting from this programme.

4.2 Main activities

The following main activities are planned in order **to achieve Activity Result 1**:

Activity 1.1. Review of the regulatory and policy framework of public service delivery at central and local levels

As the Government of Uzbekistan is still in search for the most suitable approach to improve its public service, regulatory and policy framework of public service delivery has been an area of continuous adjustments. Some public service delivery mechanisms to citizens and the business community, such as using information and communication technologies (ICTs) and the Internet, had been tested on an experimental basis making alterations to regulatory framework just to allow such experiments. Other adjustments, such as creating National Agency for Public Service, include a more fundamental change. As a first step, therefore, it is necessary to carry out a review of existing regulations related to public service delivery and

based on the review findings to formulate proposals to amend existing or adopt new legislation on multichannel service delivery (using experience of Portugal's Public Services Reform Agency), interagency data exchange and interoperability both horizontally and vertically (using experience of Estonian legislation on digital platforms and registers), collecting user feedback on service quality (France, customer satisfaction surveys), proactive service delivery (based on the experience of Austria), collecting and analysing service data (based on the experience of Germany), making public services accessible (based on the experience of Italy and Finland), performance evaluation of civil servants (using the experience of Italy), and other areas.

Activity 1.2. Standardisation of service management

In order to ensure implementation of real time monitoring and quality assessment and management across different service providing agencies, a Public Service Standard (key quality criteria for all public services), Technology Code of Practice (technology requirements for public services), Service Design Manual (guidelines on designing public services for digital and offline channels) based on best EU and international practices will be developed.

Activity 1.3. Assessing quality level of services delivery and developing proposals on their streamlining

Comprehensive user-centred research (surveys, interviews, field observations, application of design thinking) to identify user journeys with public services will be conducted, quality level and user satisfaction assessed (including satisfaction of women, youth, people with disabilities) iteratively (via applying new data methods) and proposals on streamlining their delivery through Public Service Centres and other channels will be developed (to be done in cooperation with European think tanks).

Activity 1.4. Conducting functional review of government bodies engaged in service delivery

Functional review of government bodies (mainly with license issuing authority, Cadastre, Notary services and other agencies, providing most demanded services) engaged in service delivery with the aim to eliminate duplicative, excessive, outdated, inefficient procedures that bring no value to service users. This will also result in vertical alignment of the normative acts (e.g. code - laws - by-laws - agency regulations - service provision procedures) governing these bodies, and re-engineering of internal business processes of engaged agencies (based on the experience of Estonia and other EU countries).

Activity 1.5. Procurement of digital scanning and data storage equipment, development of databases and information systems

Support will be provided to the development of action plans on digitisation of paper-based documents and archives used in public service delivery, and on expanding digital scanning capacities. Scanning and data storage equipment will be procured and the development of relevant databases and information systems will be financed.

Activity 1.6. Introduction of big data analytics tools across public service delivery system

In key areas, the project will work with line institutions to support real-time and responsive evidence-based decision-making. Big data analytics tools will be procured and deployed to better analyse data (disaggregated by gender, region, and other sensitive criteria, with due regard for data protection and privacy rights of Uzbekistan citizens and residents, through), strategic partnerships with Uzbek universities and data communities. Through this activity the project will build local capacities in harnessing new data sources, and support evidence-based decision-making (to be implemented in cooperation with the European think tanks).

Activity 1.7. Policy paper on introduction of blockchain technology transforming public services and prototyping blockchain solution

Policy research will be conducted, investigating the opportunities for transforming selected public services in pilot regions with innovative blockchain technology to ensure integrity, trust, and transparency of service related data and transactions (land registry, businesses registry, notary services, etc.), based on the experience of leading other countries. For instance, the land registry in Sweden is fully digitalised and blockchain-based and acts as a transparent verification and storage service for property transactions. This experience has also been successfully piloted in Armenia, Moldova, Georgia and Ukraine. The result was almost total elimination of paperwork, significant economic benefits and effective fight against corruption practices. The new technology is also set to contribute to gender equality through ensuring better access to public services for women (for example, securing women's property ownership rights). Paperless modality will also contribute to environmental sustainability. On this basis, the technology will be tested in key areas such as financial inclusion or digitisation of a public service, to provide real life insights into the viability of technology, as well as policy and legal implications of rolling out distributed ledger technologies in Uzbekistan.

To achieve Activity Result 2, the following activities will be carried out:

Activity 2.1. Conducting capacity development and training activities for PSA and PSC staff

Capacity building and training activities will be conducted to reinforce the newly established Public Services Agency under the Ministry of Justice as well as its nationwide network of 200 Public Service Centres (organisers of trainings will ensure at least 30% of the participants will be women). Within this activity, a systemised capacity building programme with training modules will be developed based on capacity needs assessment. Needs assessment will look into institutional systems, leadership development, and accountability mechanisms, identify gaps between the existing competence levels and future training needs to meet growing demand from clients and expansion of types of services provided. Training of Trainers will also be conducted to enhance the training capacity of specialised units within Public Services Agency.

It is also planned that international experts will visit Uzbekistan to provide inputs for formulation of capacity building programmes and training modules, as well as conducting trainings in the regions of Uzbekistan. Study tours for key personnel from central and regional offices to EU countries and other leading countries on one-stop-shop and introducing innovations in public service delivery such as introducing land registry based on blockchain

(focusing on Georgia) will be organised to enhance understanding of the advanced and evolving concepts in public service delivery. For each study tour, a detailed Terms of Reference (TOR), which includes the requirements for topics covered as well as for target audience, will be prepared in order to maximise the benefits of a study tour.

Activity 2.2. Trainings for civil servants of agencies responsible for developing and providing public services

Training needs assessment of civil servants of various public service owners (ministries, agencies that provide services) to identify training needs will be undertaken and trainings conducted on good practices in user centric service delivery with a focus on principles of “one-stop shop”, “once only”, “whole-of-government”, “government as platform” (at least 30% of participants of the trainings will be women). Study tours will be organised to countries like Estonia (to learn X-Road, mobile id), Latvia (IT in regional governance), etc.

Activity 2.3. Support to development of the Road-map on transferring “front-office” operations of service owners to PSCs

Within this activity, a situational analysis of interaction between PSCs that will provide front-office services to citizen and businesses, and different government agencies which perform back-office services, will be conducted to identify bottlenecks in the process. This will help to develop a Road-map on transferring the front-office operations to PSCs from public service owners (ministries, agencies, local authorities). In addition to improving efficiency of public service delivery, such division of service delivery into front-office and back-office will work as a practical mechanism for preventing corruption.

Activity 2.4. Development of the corporate web portal of the Public Services Agency.

A institutional web portal of the Public Services Agency will be developed to serve as a single information space to ensure effective functioning of all Public Service Centres, information analysis system for Business Intelligence and data analytics, Call-centre platform to handle incoming user messages through telephony and other communication channels, and a situation centre for the Public Services Agency for real-time monitoring and management of the Public Service Centres and using as a feedback mechanism.

Activity 2.5. PSA introduces a program for local university students to work as interns at PSA or PSC offices

As a proactive approach to engaging youth, PSA will introduce a program in which students can participate in a two to four-month internship working as support staff at PSA or PSC offices. Those completing the program will be awarded a work certificate. This leads to increased activity at the service centres and growing support for public service. It also provides an opportunity for students to develop skills and be introduced to public service.

To achieve Activity Result 3, subject to further needs assessment:

Activity 3.1. Conducting needs assessment in public services at the pilot regions

Pilot regions will be identified in consultation with national partners in the inception phase, in close coordination with the EU Delegation, based on an agreed methodology, which takes into

account population size, business entities, and extent of public service needs. Priority will be given to Sirdarya, Surkhandarya, Jizzak, Kashkadarya, and Khorezm regions.

An analysis of statistics on applications for specific services in the pilot regions will be conducted to identify the most demanded services. Additionally, an assessment of the current socio-economic and environmental impacts of public services as currently delivered will be undertaken to identify possible interventions to contribute to sustainability. UNDP will scope out innovative ways to expand access to services across the country based on the existing infrastructure, especially to marginalised communities.

Activity 3.2. Streamlining provision of at least 10 public services through PSCs in 5 pilot regions

Streamlining public services will be implemented through a functional analysis, business process reengineering, design thinking, agile approaches, and gender-sensitive planning. All of these activities will be fully implemented in 5 pilot regions. As per the Decree of the President #UP-5075 (07.06.2017)⁷ "On measures to expand the power of local authorities in the formation of local budgets", there is a list of 58 public service to be redesigned and optimised within 2018-2020 period with their further provision exclusively through PSCs. The selection of services for streamlining will be based on results of need assessment under Activity 3.1 and in line with the requirements of the Presidential Decree. Possible services for redesigning and optimisation include services related with land title change and registration, registration of citizens as unemployed, and provision of unemployment benefits. In identifying targeted services, the scope and their impact on social sustainability and well-being of people in rural areas will also be taken into account.

Activity 3.3. Supporting the establishment of regional Centre for Innovative Ideas (in pilot regions) within Public Service Centres

Establishment of Centres for Innovative Ideas is envisaged in the recent Resolution of the President of Uzbekistan "On additional measures to create conditions for development of active entrepreneurship and innovation" (as of 7 May, 2018)¹⁹. As Public Service Centres will be present throughout the country with appropriate infrastructure (office space, equipment and communication), the Centres of Innovative Ideas will use this infrastructure to support young people, particularly girls, and entrepreneurs with a focus on women (see below), to formulate their own innovative solutions to development challenges, approbation and introduction of innovative start-up projects, and transfer and commercialisation of innovation results. Public Service Centres will also be supported to offer front office services of Agency for Intellectual property (e.g. provision of patents for inventions, industrial design, registration of software, and others) in order to make such services more readily accessible to young innovators and entrepreneurs in regions.

¹⁹ The Resolution of the President (07.05.2018) " "On additional measures to create conditions for the development of active entrepreneurship and innovation"" [https://www.norma.uz/raznoe/postanovlenie_prezidenta_respubliki_uzbekistan55]

Activity 3.4. Promoting engagement of women in improving public administration and service delivery in their regions and in entrepreneurial activity

The PSCs will create space for creating Women Advisory Group to convene to encourage discussion and exchange with local government authorities and service providers on gender sensitive service delivery. These facilities will be used in piloting innovations for women empowerment to ensure that women fully participate in socio-economic life, public administration, service delivery in their regions, as well as promoting women entrepreneurship. Women advisory groups will also include local Women NGOs and territorial divisions of the Women's Committee of Uzbekistan, the largest women NGO in Uzbekistan, to empower them to participate in the meetings of Local Councils, monitoring and public oversight of quality of public services, and incorporate feedback from women-led groups in local government decisions and public services delivery mechanism.

Activity 3.5. Piloting Public-Private Partnership (PPP) in the public service delivery

A suitable form of PPP for public service delivery will be identified and a working model will be piloted. Proposals (concept, business processes, financial models) on implementing this mechanism for selected public services, as well as recommendations on scaling PPP to other public services and regions will be developed. The design of PPP projects will focus on social, economic and environmental impact on the particular region and segment of industry to avoid any intentional and unintentional spill over effect, which can be adversely impacting on livelihoods of people and nature. Public consultations with communities, stakeholders' meetings and local NGOs will be conducted to make PPP mechanism as transparent, participatory and inclusive system.

Activity 3.6. Improving user experience through upgrading design, special arrangement and furnishing of PSCs

Application of design thinking in understanding user-journeys and behaviours, fundamental rights and freedoms (access to services, information, and participation) and gender-sensitive approach to furnishing, designing and spatial arrangement of the pilot Public Service Centres to maximise user experience will be made. Services will be designed based on current infrastructures and understanding what tools and how they are used by local communities.

Activity 3.7. Strengthening the material and technical foundation of PSCs

Equipping the pilot one-stop shops will be based on a capacity needs assessment to identify and fill needs in hardware and software (servers, PCs, network and telecom equipment, electronic queue, video surveillance, user feedback stands, etc.).

Activity 3.8. Developing digital capacity of the population to utilize public services

Trainings and capacity building activities will be provided for the rural population, with a particular focus ensuring over 50% participation of rural women in all activities in pilot regions, which aim at developing their computer literacy, basic legal skills and knowledge on public services, in order to make public services more accessible.

Activity 3.9. Awareness raising campaigns on benefits of PSCs

Creating and organising public awareness raising campaigns on benefits of using public services will be undertaken via the newly created PSCs, with a particular focus on gender sensitive messaging and engagement of women's groups directly in design of campaigns.

To achieve Activity Result 4, subject to further needs assessment:

Activity 4.1. Piloting “Digital Office” in the khokimiyats of pilot regions

Support to development of the “Digital Office” – an online solution integrated into state's integrated information system “Safe City”²⁰, where Khokims of the regions can view (in real-time) the general activities of Public Service Centres (e.g. KPIs of PSC workers, civil complaints, statistical information of PSCs) and make prompt decisions.

Activity 4.2. Trainings for civil servants on planning and RBM approach

Organising training/mentoring/approaches to new public management models for key officials in pilot khokimiyats and other regions on introduction of modern innovative methods in planning and organisation of administrative work, application of result-based management approach to support citizen-oriented planning and governance systems including public service delivery.

Activity 4.3. Introduction of KPIs and reporting system in pilot khokimiyats

Supporting development of KPIs and reporting system and their application in evaluating performance of khokimiyats in pilot regions.

Activity 4.4. Development of manuals and guidelines for pilot region khokimiyats

Assisting khokimiyats (in pilot regions) in development of manuals and guidelines on local budget planning, mechanisms for estimation of cost and benefits of public services, and methods for wider engagement of local community in budget planning and management processes. Opportunities will be developed to "green" the budget planning system, by ensuring that environmental and climate resilience concerns are adequately addressed by budgets.

Activity 4.5. Facilitating interaction between public authorities and civil society Support to development and piloting of online system to increase civic engagement and public participation in addressing important issues of socio-economic development in selected regions as well as in strengthening the dialogues between khokimiyats and citizens in order to improve public service delivery through PSCs. The establishment of the Public Advisory Councils (PACs) comprising representatives of civil society but also business community, professionals and others on voluntary basis, will also be piloted. PACs will make recommendations pertaining to public services, use of financial resources, preparation of

²⁰ The Resolution of the President #PP-3245 (29.08.2017) “On measures to further improve the project management system in the field of information and communication technologies” approved the agenda of “Safe City” project (until 2019 in Tashkent, and until 2021 in the regions) [http://lex.uz/pages/getpage.aspx?lact_id=3324011]

development plans, and decision-making process thus promoting transparency in administrative decision making.

Activity 4.6. Introduction of gender-sensitive approach to public service delivery

Special trainings for khokimiyats and regional branches of the women's committee on gender-sensitive approach to public service delivery.

4.3 Intervention logic

Building on the government's recent legal and institutional reforms that support citizen-centric service delivery, the proposed intervention foresees a series of activities to support the development of a capable Public Services Agency with its network of Public Service Centres, which serve the most pressing needs of the country's overall population, including women, youth and children, elderly, and people with disabilities, living in rural areas.

The activities are expected to contribute to improved public service delivery across the country, especially in rural areas (the main output) through achieving four main results (for details, see Indicative Logframe Matrix in the Appendix): 1) Assisting in building an enabling environment for improved public service delivery; 2) Enhancing institutional capacity of the Public Services Agency; 3) Supporting establishment of exemplar models of one-stop-shops; 4) Supporting local governments (khokimiyats) of pilot and other regions in improving participatory planning and governance system. All four of these results will lead to the overall objective of the proposed project, which is enhanced empowerment of the population, including disadvantaged groups, in all regions of Uzbekistan, particularly in rural areas. Moreover, the project will have other important, positive economic, social and environmental outcomes and impacts leading to improved rural livelihoods in Uzbekistan.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements.

5.3 Implementation modalities for an action under project modality

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²¹.

5.3.1 Indirect management with an international organisation

This action may be implemented in indirect management with the United Nations Development Programme (UNDP). This implementation entails the management of the activities foreseen in this Action Document.

The Action will implement a series of activities that include but are not limited to: review of regulatory and policy of public service delivery, adoption of evidence-based and data-driven policy-making, development of relevant databases and information systems; capacity building activities for the Public Services Agency to develop, plan, implement and monitor policies on public service delivery in rural areas via Public Service Centres network; re-design of services and developing technical capacity (i.e., innovative and pilot programmes) of Public Service Centers in the pilot regions; sensitizing local administration on participatory planning system in selected regions, including using RBM and gender-sensitive approach, application of KPIs, promoting interaction between public authorities and civil society and etc.

This implementation is justified because UNDP has strong expertise in enhancing public service delivery through one-stop shop principle at central and local settings.

The entrusted entity would carry out the following budget-implementation tasks: management of the procurement for supplies, works and services, contracting and payments (liquidation of eligible costs and recovery); financial monitoring, preparation support for audits.

Detailed arrangements will be included in the Contribution Agreement to be signed between the EU and UNDP.

The Contribution Agreement for indirect management will be administered by UNDP according to Financial and Administrative Framework Agreement between the European Community and the United Nations (FAFA) and UNDP rules and procedures.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

²¹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR²²)
5.3 - Indirect Management with UNDP	9,800,000	154,980
5.8 - Evaluation, 5.9 - Audit	100,000	
5.10 – Communication and visibility	100,000	
TOTALS	10,000,000	154,980

5.6 Organisational set-up and responsibilities

Overall guidance will be provided by the Steering Committee / Project Board (SC/PB). This will include representation from the Ministry of Justice, as the Executive and Senior Beneficiary and co-Chair as well as from the EU as the Donor and co-Chair and UNDP as Senior Supplier. Key national governmental and non-governmental agencies, representatives of local governments and industry, and independent third-parties such as international and national NGOs can attend the augmented SC/PB meetings as observers, as well. The SC/PB will be balanced in terms of gender.

At the national level, the project will be executed by the Ministry of Justice as the National Implementing Partner, who will appoint a senior official to be the National Project Coordinator (NPC). The Government of Uzbekistan will form an Inter-Agency Working Group (IAWG), for providing technical support for implementation of project and ensure complementarity and collaboration. The IAWG will be established at the technical level and will comprise of experts from government agencies, local authorities, and NGOs.

EU Delegation's primary function within the SC/PB will be to provide overall guidance regarding the project implementation and relevant policy dialogue with the Government of Uzbekistan. It will be represented by the Head of Cooperation. The primary function of UNDP Uzbekistan, represented by the UNDP RR/DRR or designated official, will be to provide guidance regarding the technical feasibility of the project.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report will be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

²² At UNORE exchange rate for June 2018 – Euro/USD = 0.861. The amount covers the period 2019-2020. UNDP will seek to also co-finance the sub-subsequent years of project implementation.

Within the action implementation using action funds, implementing partner will collect relevant baseline data and update data based on mid-term and final surveys to assess the changes. Comprehensive data on all beneficiaries (gender disaggregated), results achieved, key partners, and region specific interventions will be captured and analysed on a systematic manner.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the implementation of the one-stop-shop approach in the overall frame of enhancing the capacities of the Public Services Agency and its Centres as well as the development of the legislative framework and the piloting participatory planning.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Where relevant, the provisions of the Financial and Administrative Framework Agreement (FAFA) between the European Union and the United Nations shall apply.

Evaluation services may be contracted under a framework contract.. The evaluation will be integrating the gender dimension into the analysis done.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

Where relevant, the provisions of the Financial and Administrative Framework Agreement (FAFA) between the European Union and the United Nations shall apply.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and contribution agreements.

The EU-UN Joint Visibility Guidelines for joint actions in the field²³ shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Beyond the standard visibility requirements to be fulfilled by UNDP, the EU Delegation will launch every year an ad-hoc framework contract to cover and increase visibility of all EU funded projects in Uzbekistan.

²³ The EU and UN have agreed to specific Joint Visibility Guidelines which shall accordingly serve as reference for all EU-UN joint initiatives https://ec.europa.eu/europeaid/funding/procedures-beneficiary-countries-and-partners/fafa-united-nations_en

APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Enhanced empowerment of the population, including disadvantaged ones, in all regions of Uzbekistan, particularly in rural areas.	<p>1. Number of people living in five pilot rural areas who receive public services through one-stop shops (disaggregated by sex, age, and disability)</p> <p>2. Number of development plans and budgets drafted and implemented in rural areas with EU support*</p> <p>3. Ranking in the Ease of doing business*</p>	<p>1. In the proposed 5 pilot areas, the number of people living in rural areas who receive public services through one-stop shops is very low due to lack of access to such service centres in their areas (2018)</p> <p>2. TBD during the inception phase, 2019</p> <p>3. In World Bank's 2018 report, Uzbekistan was ranked 74th in Ease of doing business</p>	<p>1. In the proposed 5 pilot areas, 1 million people living in rural areas will receive some type of public services through one-stop shops by the end of the project</p> <p>2. TBD during the inception phase</p> <p>3. By the end of the project, Uzbekistan will be ranked in the top 50 World Bank's Doing Business report</p>	<p>1. Data collected by project staff (administrative documents) and final evaluation compared to Programme baseline study</p> <p>2. EU programme and project progress reports</p> <p>3. WB and UNDP statistics</p>	
Specific objective(s): Outcome(s)	Improved public service delivery across the country, especially in rural areas.	<p>1.1 Number of quality services offered to rural populations in one-stop shops in the 5 piloted regions</p> <p>1.2 Number of one-stop shops directly serving rural areas opened and</p>	<p>1.1. 0 (with the support of this Action) (2018)</p> <p>1.2. 0 (with the support of this Action) (2018)</p>	<p>1.1. At least 10 by the end of the Action</p> <p>1.2. At least 5 by the end of the Action</p>	<p>1.1 Data collected by project staff (administrative documents) and</p> <p>Final evaluation compared to Programme baseline study</p>	The Government of Uzbekistan will continue to make progress on reforming public administration and public service delivery. Ministry of Justice and Public Services Agency will work closely with UNDP on the project activities

		supported through the project 1.3 Number of Public Councils established to engage citizens, especially women, in planning local budgets and monitoring their execution in regions	1.3 0 (There is no practice of engaging citizens, especially women, in planning local budgets and monitoring their execution in regions) (2018)	1.3 One Public Council established in each region by the end of the Action	1.2 Data collected by project staff (administrative documents) and final evaluation compared to Programme baseline study 1.3. Data collected by project staff (administrative documents) and Final evaluation compared to Programme baseline study	and be receptive to the recommendations and support provided to achieve the intended outcomes and impacts. In addition, the citizens of Uzbekistan will continue to develop their civic knowledge and become more active and involved in participatory decision-making at the local and regional levels. Regulations and policies are streamlined; institutional capacity of public service sector is improved; technical design of public service delivery is enhanced; participatory planning system is taken up to ensure that the most pressing needs of population are addressed.
Outputs	Output 1: Assistance in building an enabling environment for improved public service delivery is provided Activities: 1.1. Review of the regulatory and policy framework of public	1.1. Number of regulations amended with the support of this Action to better suit	1.1. 0 (with the support of this Action) (2018)	1.1. At least 5 by the end of the Action	National legislation database Documents approved by Ministry of Justice and relevant stakeholders Guidelines and tools for collecting user satisfaction data and its analysis	Relevant government agencies, including Ministry of Justice and PSA, as well as key decision-makers, are receptive to the proposed recommendations and changes. There is an uptake of the guidelines and tools to allow for changes in practice

	service delivery at central and local levels	one-stop shop modality of service provision				
	1.2. Standardisation of service management	1.2 Status of Public Service Standard, Technology Code of Practice and Service Design Manual	1.2 There are no Public Service Standard, Technology Code of Practice Service Design Manual (2018)	1.2. Submission to the Government of Drafts Public Service Standard, Technology Code of Practice Service Design Manual by the end of the Action	Policy briefs or proposals shared with decision makers	
	1.3. Assessing quality level of services delivery and developing proposals on their streamlining	1.3. Number of analytical tools developed by the Action for disaggregated review of user feedback, methodology for conducting surveys and site visits (secret customer)	1.3. PSCs currently use at-the-desk grading system of user satisfaction by service provision, with no disaggregation by service type, gender and age (2018)	1.3. Development of at least one analytical tool by the Action by the end of the Action	EU programme and project progress reports	
	1.4. Conducting functional review of government bodies engaged in service delivery	1.4 Number of policy briefs and/or policy proposals elaborated with EU support based on results of functional review of public service sector	1.4. 0 (2018)	1.4. At least 2 policy briefs and/or proposals per year	Data collected by project staff (administrative documents)	
	1.5. Procurement of digital scanning and data storage equipment, development of databases and information systems	1.5 Number of regions receiving digital scanning equipment and software for digitizing their archives	1.5. 0 (with support of this Action) (2018)	1.5. at least 5 by the end of the Action	Reports and assessments by the Development partners	
	1.6. Introduction of big data analytics tools across public service delivery system	1.6 Number of civil servants trained by this Action on big data analysis (disaggregated by sex)	1.6. 0 (2018)	1.6. 100 civil servants trained per year by this Action on big data analysis (disaggregated by sex) 1.7. Policy brief is	Final evaluation compared to Programme baseline study	

	1.7. Policy paper on introduction of blockchain technology transforming public services and prototyping blockchain solution	1.7 Availability of policy paper	1.7. None (with support of this Action) (2018)	prepared and submitted to the Government by the end of the Action		
	<p>Output 2: Support is provided to enhance the institutional capacity of the Public Services Agency</p> <p>Activities: 2.1. Conducting capacity development and training activities for PSA and PSC staff</p> <p>2.2. Trainings for civil servants of agencies responsible for developing and providing public services</p> <p>2.3. Support to development of the</p>	<p>2.1.1. Number of PSA and PSC trainings held</p> <p>2.1.2 Number of training modules developed</p> <p>2.2 Number of PSA and PSC staff trained (disaggregated by sex and age)</p> <p>2.3 Number of road-map documents on transferring</p>	<p>2.1.1 0 with the support of this Action (There is little institutional capacity within PSA and PSC on one-stop shop modality of provision of public services) (2018)</p> <p>2.1.2 0 with the support of this Action (There have been no trainings with approved curriculum conducted for PSA and PSC staff) (2018)</p> <p>2.2. 0 with the support of this Action (2018)</p> <p>2.3. 0 (There have been several resolutions of the</p>	<p>2.1.1 3 trainings per year in each pilot region</p> <p>2.1.2 3 training modules developed by the end of the Action</p> <p>2.2. 100 staff members trained per year</p> <p>2.3. One road-map document developed and</p>	<p>EU programme and project progress reports</p> <p>Data collected by project staff (administrative documents)</p> <p>Reports and assessments by the Development partners</p> <p>Final evaluation compared to Programme baseline study</p> <p>Documents approved by Ministry of Justice and relevant stakeholders</p> <p>Administrative data from PSA and PSC offices</p>	<p>Relevant government agencies, including Ministry of Justice and PSA, as well as key decision-makers, are receptive to the proposed recommendations and changes</p> <p>PSA and PSC staff are receptive to the trainings and actually see improvements in attitude, knowledge, and skills</p> <p>Universities and their students are interested and willing to participate in the internship program which allows students to work in PSC or PSA offices</p>

	<p>Road-map on transferring “front-office” operations of service owners to PSCs</p> <p>2.4. Development of the corporate web portal of the Public Services Agency.</p> <p>2.5. PSA introduces a program for local university students to work as interns at PSA or PSC offices</p>	<p>“front office” operations developed by this Action</p> <p>2.4 Availability of a web-based corporate portal of PSA</p> <p>2.5.1 Number of universities involved in the internship program which allows students to work in PSC or PSA offices</p> <p>2.5.2 Number of students who participate in and complete the internship program (disaggregated by sex)</p>	<p>President and of CM adopted with action plans approved, but there is no comprehensive road-map on transferring “front-office” operations of service owners to PSCs) (2018)</p> <p>2.4. 0 (there is no web-site of PSA) (2018)</p> <p>2.5.1 0 (There have been no internship programs which have allowed university students to work in PSA or PSC offices) (2018)</p> <p>2.5.2 0 students (2018)</p>	<p>submitted to the government by the end of the Action</p> <p>2.4. One web-based corporate portal of PSA available</p> <p>2.5.1 3 universities involved in the internship program by the end of the Action</p> <p>2.5.2 4 students who participate and complete the internship program per year in each pilot region (disaggregated by sex)</p>		
	<p>Output 3: Support to establishment of exemplar models of one-stop-shops is provided.</p> <p>Activities:</p> <p>3.1. Conducting needs assessment in public services at the pilot regions</p> <p>3.2. Streamlining provision of at least 10</p>	<p>3.1 Number of needs assessment conducted</p> <p>3.2 Number of public services streamlined (with</p>	<p>3.1. 0 (There have been no assessment conducted of needs for specific services in different regions) (2018)</p> <p>3.2 0 (with the support of this Action) (2018)</p>	<p>3.1. One needs assessment conducted in each pilot region (total of 5) (2019)</p> <p>3.2 10 public services streamlined in each of the</p>	<p>EU programme and project progress reports</p> <p>Data collected by project staff (administrative documents)</p> <p>Reports and assessments by the Development partners</p> <p>Final evaluation compared to</p>	<p>Relevant government agencies, including Ministry of Justice and PSA, as well as key decision-makers, are receptive to the proposed recommendations and changes. There is an uptake of the guidelines and tools to allow for changes in practice</p> <p>There is active participation from public</p>

	public services through PSCs in 5 pilot regions	the support of this Action)		5 pilot regions by the end of the Action	Programme baseline study	servants as well as the local population to be actively involved in the reform of the public service sector
	3.3. Supporting to establishment of regional Centre for Innovative Ideas (in pilot regions) within Public Service Centres	3.3. Number of guidelines on building design, interior arrangements and furnishing of centres developed	3.3 0 (using PPP for improving Public Services Delivery is stipulated in the Presidential Resolution on improving Public Services Delivery system, but there is no national capacity in this area Small share of population aware of benefits of applying for services via PSCs) (2018)	3.3 Target to be established during the inception phase of the project	Documents approved by Ministry of Justice and relevant stakeholders Administrative data from PSA and PSC offices Report on the results of needs assessment Reports of PSC and Women's committee	There is demand and interest from the rural populations in the pilot regions for training and capacity building activities to develop their computer literacy, basic legal skills and knowledge on public services
	3.4. Promoting engagement of women in improving public administration and service delivery in their regions and in entrepreneurial activity	3.4 Number of innovative plans and ideas submitted by women in improving public administration and service delivery (with the support of this Action)	3.4. 0 (2018)	3.4 Target to be established during the inception phase of the project	Report on activities of the Centers for Innovative Ideas Report on the results of the pilot project(s)	
	3.5. Piloting Public-Private Partnership (PPP) in the public service delivery	3.5 Number of PPP pilot projects implemented (with the support of this Action)	3.5. 0 (2018)	3.5 One PPP pilot project is implemented		
	3.6. Improving user experience through upgrading design, special arrangement and furnishing of PSCs	3.6 Number of people receiving support for their ideas (disaggregated by sex)	3.6. 0 (2018)	3.6 Target to be established during the inception phase of the project		
	3.7. Strengthening the material and technical foundation of PSCs	3.7 Number of PSC offices equipped with relevant IT equipment and software	3.7. 0 (2018)	3.7 5 PSC offices equipped with some relevant IT equipment and software		
	3.8. Developing digital capacity of the	3.8 Number of rural	3.8. 0 (2018)	3.8 1000 rural inhabitants		

	population to utilize public services	inhabitants whose computer literacy, basic legal skills and knowledge of public services has been strengthened through this Action (disaggregated by sex)		who participate in training and capacity building activities for rural populations in each region each year		
	3.9. Awareness raising campaigns on benefits of PSCs	3.9 Number of awareness raising products: a) TV / radio advertisements; b) printed materials (flyers, brochures, newspaper articles) c) web materials (infographics, success stories)	3.9. 0 (with the support of this Action) (2018)	3.9 a) at least 1 TV/radio material per year b) at least 500 copies per year c) at least 4 per year		
	Output 4: Local governments (<i>khokimiyats</i>) in pilot regions are supported in improving participatory planning and governance system. Activities: 4.1. Piloting “Digital Office” in the khokimiyats of pilot regions 4.2. Trainings for civil servants on planning and RMB approach	4.1 Number of online tools for khokims to see on one dashboard all the vital and up-to-date (real time) information about the region developed and introduced in pilot regions 4.2 Number of civil servants trained by this Action on modern	4.1 0 (absence of online tools for khokims providing information about the region’s public service system) (2018) 4.2 0 (There is no compulsory training program for civil servants	4.1 One online tool developed by the end of the Action 4.2 50 civil servants trained per year in each region	EU programme and project progress reports Data collected by project staff (administrative documents) Reports and assessments by the Development partners Final evaluation compared to Programme baseline study Documents approved by Ministry of Justice and relevant stakeholders	Relevant government agencies, including Ministry of Justice and PSA, as well as key decision-makers, are receptive to the proposed recommendations and changes. There is an uptake of the guidelines and tools to allow for changes in practice Local governments (<i>khokimiyats</i>) have the necessary capacity and resources to introduce participatory planning systems There is active participation from public

		planning and RBM techniques (disaggregated by sex)	on modern planning and RBM techniques) (2018)		Administrative data from PSA and PSC offices	servants as well as the local population to be actively involved in the reform of the public service sector
	4.3. Introduction of KPIs and reporting system in pilot khokimiyats	4.3 Availability of reporting system (with KPIs) developed with the support of this Action	4.3 0 (There is commitment from the government to introduce KPI based system for assessing civil servant's performance) (2018)	4.3 One KPI based reporting system is developed and tested by the end of the Action;	Administrative data and documents from khokimiyats	
	4.4. Development of manuals and guidelines for pilot region khokimiyats	4.4 Availability of manuals and guidelines developed by this Action for pilot region khokimiyats on local budget planning and management and citizen engagement in this process	4.4 0 (There is commitment from the government to introduce citizen engagement mechanisms in regional development planning) (2018)	4.4 Relevant manuals and guidelines on local budget planning and management and citizen engagement are prepared and submitted to region khokimiyats by the end of the Action		
	4.5. Facilitating interaction between public authorities and civil society	4.5.1 Number of pilot online systems developed by this Action for increased civic engagement and public participation	4.5.1. 0 (There is no online or offline transparent system to allow wide discussion of service provision practices) (2018)	4.5.1. One pilot online system per region for increased civic engagement and public participation by the end of the Action		
		4.5.2 Number of consultation meetings organised with civil society in rural areas	4.5.2. 0 consultation meetings with civil society in rural areas (with the support of this Action) (2018)	4.5.2. TBD during the inception phase		
	4.6. Introduction of gender-sensitive approach to public service delivery	4.6 Number of guidelines developed to promote the application of gender-sensitive approach in public services	4.6 0 (There are no guidelines on addressing gender-sensitive issues when providing public services) (2018)	4.6 One comprehensive guideline developed to promote the application of gender-sensitive approach in public services by the end of the Action		