Government of the Republic of Uzbekistan

United Nations Development Programme

The Regional Khokimiyat of Andijan and Namangan Region

Proposal ID: 00047635
Project ID: 00057420

Enhancement of Living Standards in Andijan and Namangan Region

Brief description

The overall objective of the Project is to: support the economic and social development of Andijan and Namangan region. The specific objectives of the project are to: a) support the authorities and local communities to collect, analyze socioeconomic data develop and implement regional development strategies and local plans in Andijan; b) assist local communities to improve their socio-economic living standards in Namangan; c) increase and diversify access of small farmers and rural entrepreneurs to finance.
Section I

Part I. Situation Analysis

Since independence in 1991, Uzbekistan has followed a path of gradual political and economic transition, with the Government remaining the major actor in the economy. During the period 1996-2003, the gross domestic product growth rate averaged about 4%, with a per capita GDP growth rate of approximately 2.5%. The Government has been successful in achieving energy and food self-sufficiency. Private and foreign investments are expected to play an important role in supporting sustainable broad-based growth.

According to the World Bank’s Living Standard Assessment (2003), approximately 27.5% of the population lived below the poverty line and approximately one third of the low-income households were classified as extremely poor. Despite different estimates as to the scale of poverty, most of them point out that poverty level has been decreasing at varying rates between urban and rural population, across regions and different groups.¹

The living standards of the rural population in Andijan and Namangan are largely dependent on irrigated agriculture. Investments in appropriate irrigation infrastructures are required to support the promising sectors of rice and silk cocoon production. While cotton cultivation is predominant, fruits and vegetables are also grown by individual farmers on a smaller scale. Small scale private farming would benefit from improved distribution and marketing. Modern packaging and improved access to markets would support the potential of the local food processing industry.

Part II. Strategy

Similar to its predecessors in Karakalpakstan and Namangan Phase I during 2005 and 2006, this ELS project includes three components: the first (in Andijan region) on increased capacity of regional and local authorities, improved dialogue with and stronger involvement of the Mahalla system (community based organization) in regional planning for the implementation and monitoring of the Welfare Improvement Strategy Paper (WISP); ² the second and third (in Namangan region) expanding the geographic focus, on supporting the capacity by the local communities to engage in their socio-economic development and income generation.

This project utilizes experience and the lesson learned from the ELS projects in Namangan and in Fergana (2006-2007). These are: a) the use of the MDGs in fostering dialogue within communities, identifying priorities and target setting and at the same time ensuring coherence of field interventions with national planning and the WIS; b) involvement of community based organizations (Mahalla committees) in local area based development; c) expanded support to income generation through the establishment of farmers’ enterprises rather than to microcredit in view of the limited time frame of the project.

The project is structured around an integrated approach, whereby the components of supporting the capacity by the local communities to engage in their socio-economic development and supporting income generation serve as complementary pilot interventions in support of the implementation of the WISP and support to the achievement of the Millennium Development Goals (MDGs) in the regions.

Component 1. To increase regional and local authorities’ capacity in regional development planning in Andijan region

In Andijan, through the development of regional and local strategies, the project supports increased capacity of regional authorities, improved dialogue with and stronger involvement of the Mahalla system in regional planning for the implementation and monitoring of the WIS. This component will strengthen the policy

¹ The first analysis of living standards was carried out by national experts with support from the World Bank in 2003 (on the basis of the Household Budget Survey data for 2001/2002). A food poverty line based on the cost of per capita consumption of 2,100 Kcal per day was defined, and households with average per capita expenditure levels below the line were defined as being poor. On this basis it was calculated that 6.8 million people were living in poverty in 2001, or 27.5 per cent of the population. The estimates for 2003, which were carried out using the same methodology, showed a slight decline to 25.9 per cent.
planning capacity of local and regional authorities in Andijan. This component will be linked with the monitoring and implementation of the WIS. It will also reinforce coordination of international assistance in Andijan region and identify best practices in poverty alleviation.

At the end of the project, within the framework of this component the following results are expected:

- Development and adoption of regional strategy in line with WIS objectives
- Improved capacity of regional and local authorities to implement and monitor the WIS in the region
- Regional and local socioeconomic data more accessible, better understood and relevant for the implementation and monitoring of the WIS, regional strategies and local development plans
- Maximized impact and synergy between national and donors interventions in the Fergana Valley

Component 2. To improve living standards in 50 communities in Namangan region

In Namangan (component II), the project improves living standards by reinforcing the capacity of local governance to support community self-help schemes and engage people in the socio-economic development of their communities. This component targeting 50 communities in 3 districts of Namangan region will complement the Government’s work for improved access to social infrastructures in the region and expand the work undertaken by the previous ELS project during 2005-2006. The project will provide funds to rehabilitate basic social infrastructures in 3 beneficiary districts chosen in close collaboration with all stakeholders. It will provide technical assistance in form of national and international expertise and equipment. The communities, chosen in a competitive way, will participate in planning and contribute funds, local equipment or labour, according to their possibilities.

At the end of the project, within the framework of this component the following results are expected:

- Increased capacity of local authorities, Mahallas and communities to support self help initiative in a participatory way
- 50 social infrastructure projects identified
- Improved access to social infrastructures
- Increased awareness of MDGs as a tool for community development

Component 3: To provide innovative, alternative income mechanisms to small private farmers in Namangan region

The income generation component provides innovative, alternative income diversification mechanisms, support to job creation, and promotion of small private agricultural enterprises in the Namangan region. This component will focus on rural income generation and will also complement and integrate government’s socio-economic initiatives to improve the welfare of the poor in the region and expand the work undertaken by the ELS project during 2005-2006.3

At the end of the project, within the framework of this component, the following results are expected:

- Increased number of small scale entrepreneurial projects and small farmers enterprises
- Increased number of work places
- Increased access by farmer’s enterprises to new credit products and financing for animal breeding, horticulture and micro leasing
- Increased knowledge by farmers enterprises members in business administration and management

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3 Such as the Year of Social Protection and support to poorest segments of the population through provision of livestock and poultry as supported by previous ELS intervention (AP 2003)
Part III. Management Arrangements

A grant contribution agreement will be concluded between the European Commission and UNDP. The project will be implemented under the responsibility of the UNDP Uzbekistan on the basis of the 2003 Financial and Administrative Framework Agreement (FAFA), and an inception report agreed with the Steering Committee (see below).

The project will be implemented by UNDP Uzbekistan, in accordance with the provisions of the grant agreement between the EC and UNDP. In implementing this project UNDP will apply National Execution (NEX) methods, which means close cooperation with designated Government institutions.

The Project Partners are the Regional Authority of Namangan and Andijan. The Ministry of Economy is the managing and coordinating body for Component I (Increase regional and local authorities’ capacity in regional development planning in Andijan region).

A Project Steering Committee shall be established during the Inception Phase of the Project with the objective of providing guidance i.e. monitor project progress and achievements and ensure that the project implementation is carried out in accordance with the project implementation plan.

The Steering Committee will include the representative of the beneficiaries i.e. the local authority (Khokimiyat) of Namangan and Andijan, and key stakeholders, the Ministry of Economy, UNDP, EC, and TACIS National Coordination Unit (UzbyuroKES). It will meet at least twice a year to review and evaluate the results of working plans’ implementation and suggest changes/alterations in view of changes in priority or other circumstances.

The following project staff will be contracted and paid by the project funds. All project core staff will receive prior endorsement by EC and be recruited in accordance with UNDP recruitment rules envisaged by NEX. Recruitment of core staff will be agreed with the project’s Steering Committee.

In Tashkent

- One Project Coordinator (international core expert - full time) posted in Tashkent. Profile: Advanced university degree in International Relations, Management, Economics, Development Studies, Public or Business Administration with 7 years' professional experience and proven managerial competence in development projects. Experience working with the UN organizations or the EU.

- One Technical Adviser (national core expert – full time) posted in Tashkent. Profile: Advanced university degree in social sciences, Management, Economics, Development studies with 6 years of progressively responsible experience in the field of income generation and community empowerment and local development. Experience working with the UN organizations or the EU.

- One Assistant (national non-core expert –part time) posted in Tashkent.

In the field (Namangan/Andijan)

- One National Project Manager (national core expert - full time) posted in Namangan. Profile: Social and Political Sciences, Development Economics, Public and Business Administration, Economics) or similar with 6 + years experience in project management and administration.

- One Local Manager for Component 1 “Regional Strategies in Andijan” (national core expert –full time), posted in Andijan. Profile: Economist with 5 years experience.

- One Local Manager for Component 2 “Social Infrastructure Namangan” (national core expert –full time), posted in Namangan. Profile: Development specialist or similar with 5 years experience in
community and rural development and extensive hands-on experience in supporting regional rural
development on the ground.

- One Local Manager for Component 3 "Income Generation" (national core expert - full time), posted in Namangan. Profile: Development Economics, Finance, and Agriculture or similar with 5 years experience in microfinance.
- One Local Advisor in Component 2: "Water Namangan" (national non-core expert - full time). Profile: Engineer, with 5 years expertise in water management;
- One Local Advisor in Component 2: "Health Namangan" (national non-core expert - full time). Profile: Health specialist, with 5 years expertise in health and sanitation;
- One Local Advisor in Component 2: "Infrastructure Namangan" (national non-core expert - full time). Profile: Engineer/economist; with 5 years experience in infrastructure works);
- One Finance Assistant in Namangan (national core expert - full time covers Andijan too).
- One Admin Clerk in Namangan (national core expert - full time covers Andijan too).
- Three local assistants (non-key experts).

All project staff will be recruited in accordance with UNDP recruitment rules.

Part IV. Monitoring and Evaluation

The project will be subject to monitoring by the UNDP Country Office in accordance with UNDP monitoring and evaluation guidelines. Namely, Annual Project Work plans will be prepared and agreed by the project stakeholders. Such work plans will basically serve as a planning, coordination and monitoring tool. At the end of the project, a final project progress report will be prepared to assess the project impact and lessons learnt.

Since most of the funds for this project come from the EC, there will be additional reporting requirement, which will be as follows:

There must be a brief inception report three month after signature and a final progress report at the end of the period of execution. The draft final progress report must be submitted at least one month before the end of the period of execution of the contract. All reports will be shared with beneficiaries, EC and the TACIS National Coordination unit (UzbekUROKES). All reports are subject to approval of the European Commission.

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Part V. Legal Context

This Project Document shall be the instrument referred to as the project document in Article 1 of the Standard Basic Assistance Agreement (SBAA) between the Government of Uzbekistan and the United Nations Development Programme (UNDP), signed by the Parties on 10th June 1993.

The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative, provided he or she is assured that the other signatories of the project document have no objection to the proposed changes:
a. Revision of, or addition of, any of the annexes of the project document;
b. Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by rearrangements of inputs agreed to or by cost increases due to inflation.
c. Mandatory annual revisions, which re-phase the delivery of agreed, project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility.