

## **Chapter 4      Programming Opportunities Relevant to ADB**

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### **ADB's Operational Strategy for Uzbekistan**

The central goal of ADB's assistance program in Uzbekistan is the management of the transition to an economy that relies upon market-based institutions providing for a sustainable reduction in poverty and increases in the standard of living. This strategy recognizes the Government's program of reform as the essential element to the longer-term ability to address the problems of poverty reduction and development.

ADB's Country Operational Strategy (COS) for Uzbekistan (February 2000) proposes that its assistance should focus on the following:

- (i) **Basic reforms.** This involves strengthening of the institutional capacity for governance through a program of structural reforms and institutional capacity building. Within this program, a comprehensive, phased program of reform is important in the financial sector. The functioning of this sector is of particular importance for other sectors, including agriculture, and in removing the barriers to the development of the private sector.
- (ii) **Minimizing social costs of transition and increasing human development.** This includes increasing the efficiency of resource utilization in the social sectors and in social protection and developing market-sensitive institutions and policies. Two focus areas include education and related sectors such as early childhood development, and urban development and infrastructure.
- (iii) **Regional cooperation.** ADB will encourage regional cooperation, particularly in transport and energy. Projects and programs to encourage improved regional transport systems and energy markets—both infrastructure and with respect to the policy environment—can strongly assist Uzbekistan's ability to grow.
- (iv) **Support for the rural sector.** ADB will provide assistance to the rural sector, especially the rural poor, through (a) the development of pilot projects in agriculture to demonstrate the utility of specific reforms and investments, (b) support for rural finance institutions, and (c) direct support to agriculture-related private sector activities.
- (v) **Support for the private sector.** Special consideration will be given to equity investments in projects that have relevance to ADB's public sector programs, especially in agriculture, education and finance.

### **General Recommendations**

Mainstreaming gender issues into policies and development programs should be the key planning strategy in ADB's efforts to promote gender equity in Uzbekistan. This will not only improve women's status but will also contribute to the national, social, and economic development of the country. ADB can make mainstreaming of gender issues operational at two levels (i) by ensuring that gender considerations are fully taken into account in each of its own loans; and (ii) by supporting and strengthening the institutional capacity of the Government for

mainstreaming gender concerns. To further promote gender equity, continued investment in the following areas are recommended:

### **Building the gender capacity of the GID Unit**

The GID Unit was formed as part of the Women's Committee of Uzbekistan, which is responsible for strengthening gender capacity in government. The GID Unit functions as a coordination and information unit of gender activities in Uzbekistan. There is a critical need to develop the capacity of the GID Unit to facilitate its central role in coordinating gender activities in the country, including the promotion of integrating gender concerns in sectoral programs. At the organizational level, there is an urgent need for the GID Unit to define its mandate, roles and functions to improve the coordination of gender activities in Uzbekistan.

Supporting capacity building of the GID Unit will not only enhance the capacity of the Unit to undertake its immediate tasks, but it will also improve the capacity of the Women's Committee to oversee and strengthen gender capacity building in government. This is in accordance with ADB's COS for Uzbekistan, which has identified basic reforms as one of the priority areas of assistance. Basic reforms include strengthening the institutional capacity for governance through a program of structural reforms and institutional capacity building.

It is recommended that ADB provide technical assistance to the GID Unit in the following key areas:

- (i) Institutional strengthening of the GID Unit;
- (ii) Coordination of the Government's initiatives on gender and development;
- (iii) Gender capacity building in the Government and government agencies;
- (iv) Research and publication in the area of gender; and
- (v) Advocacy.

### **Retraining highly skilled women in business and management**

Reports of professional women looking for unskilled work are of grave concern. There are implications here not only for gender relations but also in terms of loss of qualified women, and wastage of valuable human resources. There is a huge need to develop retraining programs targeted at professional and highly skilled women as a method of their adaptation to the labor market. A higher functional level of women's education implies a higher level of their economic and legal knowledge and an ability to use new information technology.

The COS for Uzbekistan recognizes the well-developed human skills base in the country as a major asset for its future development. To maintain the human skills base, it is recommended that retraining programs be designed and implemented to ensure that valuable human resources will not be lost. Within this framework it is recommended to first, conduct labor market studies to identify specific training necessary to meet market demands, and second, provide retraining programs for women to redirect their skills base in accordance with labor market needs.

### **Supporting small business development for promoting women's microenterprises**

SMEs are important sites of employment creation and income generation for women. Women's participation in small trade and business not only improves their own welfare but also the welfare of their family. There are women with considerable skills in handicrafts, ceramics and food preparation, who could operate successful small businesses with appropriate training, a good business plan and access to credit.

Investing in women's microenterprises in Uzbekistan will generate employment opportunities for women; however, it will be necessary at the same time to provide enhanced business development and financial management skills focused on the needs of women. Additionally, support to establishment of small businesses will assist the emerging private sector, a priority area in ADB's COS for Uzbekistan.

It is recommended that ADB's support to the emerging private sector include training in (i) business and financial management skills for women and men, and development of educational materials designed for women's needs and experiences; and (ii) women's leadership skills and vocational skills development. Finally, it is recommended that support to microenterprises and SMEs be developed in tandem with credit programs and microfinance projects.

### **Designing microfinance programs for poor women**

Women's lack of capital is one of the greatest barriers they face in establishing small and microenterprises. It is therefore recommended that private sector support to Uzbekistan, which is identified by ADB as one of the priority areas in the COS, encourage the Government to provide an appropriately supportive environment for microfinance programs, particularly in the areas of legislation and taxation.

To ensure that women will participate and benefit from microfinance programs, these programs must be seen as part of a broader program that includes training in business and financial management skills, women's leadership skills, and vocational skills development. In addition, microfinance programs should be designed with the specific needs of poor women in mind, including vocational training that best suits the resources of poor women, educational material tailored to the needs and experiences of poor women, and women-only microfinance schemes.

### **Promoting tertiary and vocational education for women**

There is a growing trend particularly in rural areas of young women not pursuing tertiary and vocational education. Factors here include financial difficulties, the increasing cost of education, geographical disparities that limit the choice of tertiary and vocational institutions available in rural areas, and traditional and/or Islamic attitudes about the appropriateness of further education for young women.

There is also a need to reorient girls away from the range of traditionally favored subjects. Girls need to be encouraged to maintain their strength in economics and management, as well as to look to new areas such as information technology. The current educational programs

preferred by women—such as health, medicine and education—are not well linked to the existing demand of the labor market, and thus disadvantage female professionals.

To maintain a well-developed human skills base that is a major asset for the future development of the country, a link between women's higher education preferences and labor market demands needs to be established. To support this the following interventions are recommended: (i) conduct research focusing on the critical factors behind the decision to support/prevent daughters from higher education; (ii) educational materials should eliminate stereotyped ways of thinking about women's and men's education, professions and specialization; (iii) educational programs that are strongly linked with existing demand of the labor market should be developed and then women should be encouraged to go into these new professional areas; and finally, (iv) a system of flexible, affordable vocational education programs (including business, technical and other functional training) should be developed for rural and poor women.

### **Strengthening the capacity of NGOs working on gender**

As discussed in Chapter 1 the number of NGOs has been growing significantly. The growth of women's NGOs is promising, and many of these NGOs are committed to enhancing the political and legal status of women, and have extensive grassroots networks. There have been concerns, however, over the lack of coordination and small-scale nature of projects undertaken by NGOs. There is also a general need for better communication and coordination between government and nongovernment women's organizations.

Strengthening the capacity of NGOs is crucial as a weak civil society and poor governance reinforce each other. In addition, development of women's NGOs is important in terms of enhancing women's leadership and political participation. Support to women's NGOs is also in line with the National Action Plan, which includes support to women leaders in initiating new women's NGOs.

### **Supporting agriculture-related projects**

The privatization process in the agriculture sector has not provided rural income and employment opportunities due to unresolved issues relating to privatization and land distribution. Women, however, have taken advantage of other opportunities such as food processing and sale of agriculture products from their home gardening. Private plots in rural areas are for this reason becoming increasingly important both as a source of income as well as in meeting family consumption needs.

ADB's COS for Uzbekistan includes support for the rural sector. To increase women's income opportunities in rural areas and improve the nutrition of rural households, it is recommended that ADB prepare pilot projects related to the agriculture sector, focusing on support to the development of home gardening.

### **Institutionalizing gender-disaggregated data**

One area where there have been important developments is in the collection and analysis of gender-disaggregated statistics. The Department of Statistics within the Ministry of Macroeconomics and Statistics has made considerable headway in institutionalizing the collection of disaggregated statistics. With funding from UNDP, this department co-authored a report on gender statistics with the GID Unit of the Women's Committee. However, with the funding period over, many of these gains have been stalled.

Technical assistance to further institutionalize the collection and collation of gender-disaggregated statistics across all areas of government statistics could fill information gaps in planning and developing programs that address critical areas of need.

### **Strengthening and building the institutional capacity of government GAD focal points and women's NGOs**

As indicated above mainstreaming gender issues into policies and development programs should be the key planning strategy in ADB's efforts to promote gender equity in Uzbekistan. CARs share commonalities in terms of economic, political and social transformation into market economies. Earlier protective policies are either no longer viable or affordable. And in a liberal market economy neither the state nor the market guarantees women's equal participation in society. Therefore, strengthening the institutional capacity of government as well as of NGOs to implement projects that contribute to gender equality is a critical component in guaranteeing equality of opportunity for women in the CARs.

Regional technical assistance (RETA) will support the individual countries in capacity building within the area of gender and development (GAD), and at the same time strengthen regional cooperation. Implementation of the RETA, as described above, will strengthen regional cooperation, which is one of the operational objectives of the COS for Uzbekistan.

### **Gender Concerns in ADB's Project Pipeline for Uzbekistan, 2000-2001**

This section undertakes an indicative gender analysis of selected projects for 2000-2001. ADB's program evolves on a yearly basis to best address the needs of the Government. The list of gender issues and proposed interventions for integration of gender concerns is by no means exhaustive. It is indicative and emphasizes that there is always scope for gender integration in all projects, even in those that appear to be gender "neutral". The analysis below indicates gender issues that need to be taken into account.

#### **Approved Projects 2000**

For the approved projects (2000), the identified gender issues may be addressed during the annual review of the projects.

## **1. Senior Secondary Education (Loan 1737)**

The main goal of this Project is to support the aims of the National Program for Personnel Training, that is, the establishment of an Uzbek education system capable of imparting skills and knowledge required in a market-oriented economy.

### *Gender issues*

This Project is of direct relevance to gender. Benefit monitoring and evaluation (BME) should include enrollment, retention, and the general GAD concerns already discussed above. Through the action research at the project schools, enrollment, retention, graduation and employment/further education patterns of boys and girls should be monitored and analyzed. In addition other issues with gender implications to be monitored include

- (i) Institutionalization of stereotypical ways of thinking about women's and men's education, professions and specialization;
- (ii) Relationship of current educational programs to labor market demands, and the participation of women in new professional areas; and
- (iii) Development of a range of nonformal vocational, technical, business and further educational facilities to support training needs of women.

## **2. Ak-Altin Agriculture Development (Project 30458-01)**

This Project aims to promote agricultural development on a sustainable basis. The Project will (i) support market transition by implementing policy reforms in the State procurement system of cotton and wheat, and reduce State intervention in farm operations; (ii) rehabilitate rural infrastructure to unlock the potential for an increase in crop productivity; and (iii) strengthen rural institutions to support private farming, improve water management, and sustain operations and management of the irrigation and drainage system after the rehabilitation.

### *Gender issues*

Strengthening rural institutions like rural business advisory center and water users associations (WUAs) will support private farming and proper water management on a long-term basis. Women-farmers should be fully involved in training and WUA membership. It is proposed that women account for 50 percent of project beneficiaries.

## **3. Second Small and Medium Enterprise Development (Loan 1799)**

The objectives of this Project are to (i) foster balanced economic growth with poverty reduction through revitalization and diversification of Uzbekistan's private sector SMEs; (ii) improve legal, regulatory, and policy framework for SMEs; (iii) create increased value-adding through backward and forward linkages with Uzbekistan's primary and tertiary sectors, respectively; (iv) generate and sustain additional employment opportunities; (v) increase foreign exchange earnings through export promotion and savings through import substitution; and (vi) improve the financial intermediation of the Uzbekistan banking system.

The Project provides credit lines to three participating banks. Priority will be given to export-oriented subprojects. The Project will support the opening of new SMEs and the modernization and rehabilitation of existing ones. This will facilitate demand for agriculture and mineral inputs, absorb surplus labor, and improve efficiency and product quality by introducing new technologies and management to SMEs.

#### *Gender issues*

Uzbek women in general have weak access to credit, because of lack information on credit facilities, lack of collateral, and unfamiliarity with bank regulations. These internal and external constraints make women uncomfortable with banks and in particular in applying for credit. In such a situation it is necessary to make banking more gender-inclusive. The following suggestions apply:

- (i) Orient executing agencies on creating gender equality in their support of SMEs;
- (ii) Provide support, guidance and advisory services specifically designed for female clients;
- (iii) Consider establishing separate credit lines or funds for women to simplify banking procedures and make them more supportive of female entrepreneurs;
- (iv) Support the creation of gender-sensitive business education and investment training facilities (such as training manuals, personnel training, and equipment); and
- (v) Given women's participation and interest in small-scale production, processing and sale of agricultural products and handicrafts, ADB may consider including as part of this project an exhibition of small technical equipment appropriate for microenterprises, for example, for home food production (for processing agriculture products) and home goods production (for processing raw materials, such as silk, wool, vegetable dyes).

#### **4. Railway Modernization (Loan 1773)**

The goal of this Project is to support pro-poor economic growth by rehabilitating a key railway track section and improving operational efficiency of the railway system. The Project will (i) increase railway transport capacity and provide more efficient movement of freight and passengers; (ii) facilitate international trade through improved access to bordering countries and seaports; (iii) reduce transport costs; and (iv) enhance institutional capacity through implementation of effective financial accounting systems.

#### *Gender issues*

Current transportation systems prioritize the car. However, low-income families are less likely to have a car and in rural areas a functioning railway system is critical to women's livelihood as sellers of agricultural and craft goods. Frequently women cover secondary market networks between villages and in more remote areas. Women, as the primary rural-urban petty traders, will benefit from this key infrastructure improvement. When road rehabilitation is coupled with other socioeconomic improvements, women in poverty areas may begin to diversify their cash income production.

For this reason, ADB may want to take into special consideration women's potential as traders and provide them privileged access to the small business fund that will be established under this Project. In addition, ADB may wish to recommend that this Project work in cooperation with the Second SME Development Project to design some joint programs.

However, the implementation of two of the goals of the Project, the computerization of the financial accounting system and the implementation of a program of staff reduction, will result in the retrenchment of a number of women currently employed by Uzbekistan Temir Yullary (Uzbekistan Railway System). Presently, most of the accountants are women. It is therefore urgent that ADB take some preventive steps to directly address the employment situation of the women in this sector, including retraining and provision of employment elsewhere. A first priority here is to conduct a study on the impact of this modernization project on female employees.

### **Proposed 2001 Loans**

#### **1. Basic Education Staff Development**

The main objective of the Project is to support key issues in the following areas: (i) education staff deployment and utilization, (ii) teacher education, (iii) employment and service conditions, and (iv) education staff management. The envisaged Project will support the Government's effort to improve the relevance, quality, and cost-effectiveness of basic education through enhanced performance of teaching and nonteaching staff.

Project components include following: (i) improving efficiency in the use of human resources; (ii) expanding access to in-service training through distance education; (iii) disseminating new teaching methods; (iv) strengthening community involvement with schools; and (v) improving service conditions.

#### *Gender issues*

This Project aims to make basic education responsive to the needs of a modern market-oriented economy and democratic society. Although education is closely tied to achievement of national economic development goals, prioritization of education for females and gender equality in this area has only recently begun to be recognized as critical.

To increase such understanding it was proposed to create the Republican Board for Education Staff Development to involve key stakeholders in thinking about how gender could be integrated in the achievement of human development goals. In addition to the Ministry of Public Education, some of the major stakeholders at the macro and intermediate levels include the Women's Committee, Ministry of Health, Ministry of Justice, Ministry of Agriculture and Water Resources, and the Ministry of Labor. Local NGOs, especially national women's organizations, should also be included in the process of examining the linkages between their sectors and education and in mainstreaming gender. Key gender issues to be addressed are

- (i) Gender balance in basic education staff;
- (ii) Gender balance in administrative and managerial jobs;
- (iii) Analysis of educational materials for gender biases and stereotypes that socialize against a prioritization of education for girls; and
- (iv) Establishment of programs to prevent sexual harassment in the educational system and include teaching programs on sex education.

## **2. Rural Savings and Credit Union Development**

The objectives of the Project are to (i) support the development of appropriate legal and regulatory framework for the establishment of savings and credit unions (SCUs); (ii) review and assess the specific requirements of the rural population vis-a-vis the provision of nonbank financial services; and (iii) subsequently to help the Government prepare a project to be financed with ADB support.

The Project is expected to establish sustainable nonbank financial institutions. This will be accomplished by (i) establishing a system of SCUs that practice strict financial discipline to ensure the safety and soundness of members' savings; (ii) developing SCU management and staff capacity; (iii) expanding outreach of the formal financial sector by supplying remunerative financial products and services that meet the demand from the community and microentrepreneurs; and (iv) providing technical assistance training to support the development of an SCU supervision unit within the Central Bank of Uzbekistan.

### *Gender issues*

This Project has a direct impact on women's economic activities. Women's involvement in business and the creation of favorable conditions for family business should be a priority direction when considering ways to improve women's role in society. The main objectives of these priority directions include creating opportunities for women to gain broader access to finance. To date, the introduction of microcredit and microfinance has faced a number of legal, legislative and taxation constraints. The absence of clear regulations regarding conditions of interest rates, privileged lending, third party guarantees and property mortgage, high rates of insurance, and unpredictability of the economic situation are the main barriers to development of female business.

Priority should be given to the design and development of legislation and regulations that provide women with legal access to microcredits/microloans, especially in rural areas. The ADB's Rural Savings and Credit Union Development Project should harness women's NGOs already involved in creating credit units and credit communities. These NGOs should be treated as key stakeholders in project design activities. They will provide a strong link between grassroots and intermediate and macro levels.

The design of the Project may include observation of gender balance while giving credits in banks as well as in the privatization process to prevent discrimination of women in giving credits and in privatization; asking tax authorities to consider tax privileges for enterprises that open job places for young girls as well as for training centers dealing with education, especially in rural areas; and involving local self-administrative bodies (*mahallas*) and representatives of grassroots level women's committees in implementing these recommendations.

ADB should take into consideration that the amount of microcredits/microloans requested by women entrepreneurs is in the range of US\$500 to US\$1,500, which is ideal under the existing economic conditions of Uzbekistan.<sup>101</sup>

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<sup>101</sup> Recommendations of the International Conference “Women’s Issues, Family and Health Care—2000.” 29 March–1 April 2000, Bukhara City, Uzbekistan.