

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Uzbekistan	Project Title:	Horticulture Value Chain Development Project (Additional Financing)
Lending/Financing Modality:	Financial Intermediation (FI)	Department/ Division:	Central and West Asia Department/ Environment, Natural Resources, and Agriculture Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General intervention

A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

According to the Government of Uzbekistan's Welfare Improvement Strategy and Poverty Reduction Strategy Paper (2012–2015), proposals in the agriculture sector include (i) using new varieties of plants, agro-technologies, and agricultural practices to enhance crop yield; (ii) substantially increasing capital investment for irrigation water supply and implementing water-efficient technologies; (iii) facilitating increased land plots allocated to individual and family farms; (iv) creating new forms of cooperation between farmers for storing and processing fruits and vegetables; (v) improving private farmers' access to credit; and (vi) supporting farmers' training. The project is in line with the Asian Development Bank's (ADB's) country partnership strategy, 2012–2016 for Uzbekistan, which emphasizes enhancing finance provision to small businesses for inclusive agriculture growth, poverty reduction, and job creation.^a

The project will support the government's horticulture value chain development strategy by increasing the outreach of participating financial institutions (PFIs) to horticulture farmers and entrepreneurs in all 12 regions nationwide and the Republic of Karakalpakstan. It will improve access to market-based bank finance for farmers, agro-processing enterprises, owners and operators of cold storage facilities, and trading and logistics service suppliers in the horticulture value chain. The project will help increase farm productivity and processing and storage capacity, and reduce post-harvest losses through the upgrade and establishment of intensive orchards; modern and efficient greenhouses; and processing, storage, and refrigeration facilities. This will in turn promote long-term economic and environmental sustainability, and enhance profitability for farmers and agribusiness enterprises. Special attention will be given to improving the business environment and availability of financial services for small businesses.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. Uzbekistan has not yet adopted a unified methodology for estimating a national poverty line. Based on World Bank estimates, the country's low-income population accounted for 27.5% of the total population of 29.0 million in 2001^b. This was reduced to 17.7% in 2010 and to 12.8% in 2016 because of robust economic growth during 2000–2016, as gross domestic product (GDP) averaged 8.0% per annum and GDP per capita increased from \$558 in 2000 to \$2,110 in 2016.^c Of Uzbekistan's 2015 population of 31.5 million, 15.5 million (49%) live in rural areas. The 2015 rural poverty incidence remains significant at 17.0% (of 15.5 million people), while that for the urban sector is 11.0%.^d

The socio-economic reform processes in rural areas have encountered difficulties, and rural women's employment and farming development are still influenced by gender stereotypes on women's role in a patriarchal society. The features of rural women's employment (low level of employment and economic activity, high unemployment rate, and occupation of low-paid jobs) are related to women's lack of professional education. Women and *dehkan* (small-scale) farmers are confronted with limited leadership and gender awareness.

The project will support poverty reduction by enhancing horticulture subsector development that promotes quality job creation, entrepreneurship for farmers, and agribusinesses. This will enhance profitability for farmers and enterprises, and increase farmers' capacity and gender awareness among beneficiaries, PFIs, and other stakeholders.

2. Beneficiaries. The project's beneficiaries include farmers, agro-processing enterprises, owners and operators of cold storage facilities, and trading and logistics service suppliers in the horticulture value chain. A gender action plan will address the low level of gender awareness, create platforms for communication, and support young female entrepreneurs.

3. Impact channels. The project will help increase capacity among beneficiaries, stakeholders, farmers (male and female), and *dehkan* farmers through training, establishing a platform for communication, and supporting low- and middle-income small businesses, especially rural businesses and businesses owned by women.

4. Other social and poverty issues. None.

5. Design features. The project management budget allocation will support capacity building and increase gender awareness of male and female farmers and *dehkan* farmers.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. During project design, ADB consulted with nongovernment organizations to identify and address any design issues. During implementation, there will be close coordination with civil society, especially women's organizations such as the Women's Committee of Uzbekistan and the Business Women Association, to identify businesses owned by women and rural small businesses that have growth and

<p>expansion potential, and that need financial literacy and capacity building support.</p> <p>2. Civil society organizations. ADB will seek adequate participation of civil society through consultations during review missions.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA): M <input checked="" type="checkbox"/> Information gathering and sharing L <input checked="" type="checkbox"/> Consultation L <input checked="" type="checkbox"/> Collaboration NA <input checked="" type="checkbox"/> Partnership</p> <p>4. Participation plan. <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. A project-level participation plan is not required. PFIs' market research, marketing, and feedback mechanisms will be reviewed, and any issues will be addressed during review missions.</p>
<p>III. GENDER AND DEVELOPMENT</p>
<p>Gender mainstreaming category: Effective gender mainstreaming</p>
<p>A. Key issues. Agriculture is the largest employment source for both men and women in Uzbekistan and remains the major livelihood source for rural communities. Of Uzbekistan's 2015 population of 31.5 million, 50% are women. The 2015 workforce was estimated at 19.1 million people, of which rural employment accounts for 46%. In 2015, agriculture accounted for 32% of the workforce (or about 10.1 million people), of which men account for 54% (5.5 million people) and women 46% (4.6 million people). Despite women's prominent role in agriculture, the sector exhibits gender imbalances in that women are mainly employed for simple and nontechnical fieldwork or cultivate family-owned garden plots. Female <i>dehkan</i> farmers are better positioned, as they engage in planting seeds, harvesting, processing fruits and vegetables, and selling produce in local markets. While rural women and female <i>dehkan</i> farmers in particular form an important part of the horticulture value chain, they often lack confidence to start new businesses and face difficulties finding formal jobs because of a lack of professional skills and access to information, and limited entrepreneurship and leadership skills. Focus group discussions during project design suggest that there is huge potential for horticulture job creation for women in planting; caring for standing crops; harvesting fruits and vegetables; and processing jams, juices, fruit purees, and pickles. It is also observed that horticulture production and processing are not properly functioning in many areas because of technical, funding, and market constraints, among others. If some constraints such as access to finance are addressed, women can become an important source for both labor and entrepreneurship. Rural areas are associated with more conservative gender norms and stereotypes. Limited access by rural women to bank financial services and training facilities, and a lack of gender awareness by male counterparts and stakeholders, reduces the opportunities for entrepreneurship development and gender-equitable models of behavior. About 70% of women consulted during focus group discussions were willing to open mini-workshops for agriculture product processing and marketing. There is also a strong demand among women to learn more about legal and financial issues, develop business plan to obtain loans, and export their products. Women are often the main family caretakers and lack child care facilities, which prevents them from being active in the labor market and limits them to small-scale home gardening.</p>
<p>B. Key actions. The additional financing project is categorized as "effective gender mainstreaming" as in the original project. With the additional financing, the overall project's gender action plan (GAP) has been designed to enhance impacts of the actions proposed for the ongoing project. Initial implementation results of the ongoing project have been very positive and encouraging. These are remarked upon under the performance targets and indicators column of the GAP. The Rural Restructuring Agency and PFIs will continue to implement and monitor the progress of gender and social dimensions as described in the GAP. To ensure synergy and continuation, the overall project's GAP maintains its nine gender actions—six associated with the project output and three related to project management and implementation. For the project output, actions include (i) ensuring that horticulture-related subprojects financed by PFI subloans prioritize use of female workers, (ii) setting up associations of women farmers and <i>dehkan</i> farmers in five regions (Bukhara, Fergana, Sirdarya, Surkhandarya, and Tashkent), (iii) setting up women's groups (Ustoz-Shogird)⁶ to promote new farms and agribusiness enterprises, (iv) disseminating success stories of women's groups and associations of women farmers and <i>dehkan</i> farmers, and (v) conducting gender awareness seminars and training for project stakeholders and beneficiaries (Rural Restructuring Agency, Council of Farmers, PFIs at the regional level, and representatives of agribusiness processing entrepreneurship) in the five regions. For project management and implementation, actions include (i) recruiting a national social development and gender specialist in the project implementation office, (ii) ensuring collection of sex-disaggregated baseline and end-line information, (iii) identifying gender and development focal persons at each PFI for adequate implementation and monitoring of gender indicators and targets, and (iv) facilitating capacity development training and consultation with the project management office and project implementation units on gender action plan implementation.</p> <p><input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure.</p>
<p>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</p>
<p>A. Involuntary Resettlement Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI treated as C</p> <p>1. Key impacts. There are no involuntary resettlement impacts.</p> <p>2. Strategy to address the impacts. Loan assurances and covenants will ensure that no subloans will be provided for business activities that involve any involuntary resettlement.</p> <p>3. Plan or other Actions.</p>

<input type="checkbox"/> Resettlement plan	<input type="checkbox"/> Combined resettlement and indigenous peoples plan
<input type="checkbox"/> Resettlement framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input checked="" type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Social impact matrix
<input type="checkbox"/> No action	
B. Indigenous Peoples	
Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI treated as C	
1. Key impacts. There will be no impacts on indigenous peoples, as Uzbekistan does not have indigenous peoples as defined in ADB's Safeguard Policy Statement (2009) for operational purposes.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. None.	
3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input type="checkbox"/> Social impact matrix	
<input checked="" type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). L <input type="checkbox"/> unemployment L <input type="checkbox"/> underemployment L <input type="checkbox"/> retrenchment L <input type="checkbox"/> core labor standards	
2. Labor market impact. Agriculture remains the main livelihood source for rural communities and is a major employer. As the State Committee of Statistics reported, the percentage of Uzbekistan's population employed in the agriculture sector in 2014 was 28%. The project will enable farmers and <i>dehkan</i> businesses to play a greater role in income-generating activities.	
B. Affordability	
Loan pricing should include a market-based interest rate that accounts for the cost of funds, administrative costs, and credit and foreign exchange risks. There is no risk of excluding the poor.	
C. Communicable Diseases and Other Social Risks	
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): NA <input type="checkbox"/> Communicable diseases NA <input type="checkbox"/> Human trafficking NA <input type="checkbox"/> Others (please specify) _____	
2. Risks to people in project area. No risks to people in the project areas are expected.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. Performance targets are presented in the gender action plan. ^f	
2. Required human resources. The project management office under the Rural Restructuring Agency (the executing agency) has recruited a national social and gender specialist on a full-time basis to assist in organizing and conducting gender awareness trainings and public campaigns with local farmers, <i>dehkan</i> farmers, entrepreneurs, beneficiaries, and stakeholder organizations, in close cooperation with the Women Committee of Uzbekistan.	

^a ADB. 2012. *Country Partnership Strategy: Uzbekistan, 2012–2016*. Manila.

^b <http://www.worldbank.org/en/country/uzbekistan> (accessed 1 January 2018).

^c Country Economic Indicators, accessible from a list of linked documents in Appendix 2 of the report and recommendations of the President.

^d State Committee of the Republic of Uzbekistan on Statistics. 2015. *Women and Men of Uzbekistan*. Tashkent.

^e "Ustoz-Shogird" translated from Uzbek means "Teacher–Student."

^f Gender action plan is accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President. Source: Asian Development Bank.