

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: CWAE

Division: OVVRE

<b>TA No. and Name</b> TA 4328-UZB: Agricultural Sector Review and Planning		<b>Amount Approved:</b> US\$325,000	
		<b>Revised Amount:</b> —	
<b>Executing Agency:</b> Ministry of Economy (MOE)	<b>Source of Funding:</b> Technical Assistance Special Fund	<b>TA Amount Undisbursed</b> US\$13,337.03	<b>TA Amount Utilized</b> US\$311,662.97
<b>Date</b>		<b>Completion Date</b>	
<b>Approval</b> 13 April 2004	<b>Signing</b> 7 July 2004	<b>Original</b> 31 March 2005	<b>Actual</b> 31 March 2007
<b>Fielding of Consultants</b> 4 October 2004		<b>Closing Date</b>	
		<b>Original</b> 31 March 2005	<b>Actual</b> 31 August 2007
<b>Description.</b> The Government of Uzbekistan (GOU) has been introducing market reforms in the agriculture in the first half of 2000. The GOU requested technical support from ADB to assist them in the formulation of a development plan for the sector applying a systematic strategic planning exercise. The technical assistance (TA) was developed to help the Government improve its development plan and policy framework for agricultural and rural development using a participatory approach. The TA was approved on 13 April 2004. The Ministry of Economy (MOE) served as the Executing Agency (EA).			
<b>Expected Impact, Outcome and Outputs.</b> The desired impact of the TA was to improve the Government's development plan and policy framework for agricultural and rural development. This was to be achieved through the introduction of systematic, rigorous, and participatory approaches for the sector's strategic planning and policy formulation. To ensure delivery of this outcome and impact, the expected TA outputs were as follows (i) an updated sector review covering assessment of agriculture sector performance, goals, and challenges; (ii) a draft sector road map; and (iii) deepened dialogue and analysis of key policy issues. The sector review would include assessment of the inputs and outputs markets affecting the agriculture/rural supply chains, gender, public sector's policy instruments, and institutional assessments. The analytical works were to be validated through multi-stakeholder consultations. A sector road map was also to be developed and again verified and validated in a participatory fashion. The road map would include the agenda for policy and institutional reforms as well as priority investments, resource requirements and time frame for implementation. The support for policy dialogue also included discussions with policymakers.			
<b>Delivery of Inputs and Conduct of Activities.</b> TA activities were grouped into two parts. The first part focused on the formulation of the sector road map; three-phased activities were envisaged: (i) sector review, (ii) introduction of planning techniques, and (iii) participatory-based strategy formulation. The second part of TA activity focused on deepening the policy dialogue, requiring the engagement of a senior policy advisor to hold discussions with high level policymakers particularly on the essential market-based policy reforms for the agriculture sector. Under both TA phases, multi-stakeholder consultations were to be conducted. Key inputs of the TA included consulting services of individual experts; field surveys; and multi-stakeholder consultation meetings, seminars, and conferences.  In the preparation of the sector assessment and the road map, rigorous analysis was combined with a series of focused group discussions and multi-sector participated consultations at the rayon, regional, and national levels with the end-view of verifying the facts, identifying and prioritizing the issues, and determining through consensus basis the priority reform agenda. Innovative techniques of participation planning and consensus building were employed. The results of the assessment and the reform agenda were presented and discussed in a national workshop.  A minor change in implementation arrangements was approved in March 2005 by the Director of ECAE to strengthen the impact and advocacy of the TA's study findings and the road map. A national consultant who previously held a high position in Government and was respected by the incumbent Government officials was engaged to simplify the messages derived from the reports, intensify the advocacy for reforms and conduct dialogues with local and national government policymakers. The expert also assisted in the formulation of the ADB agriculture sector road map for the country strategy and program. These activities complemented and paved the way for the second part of the TA activities.  To ensure that the reform agenda will be properly received by Government, an international policy advisor who had extensive experience in and is a renowned international expert on the structural transformation of the agriculture sector of the People's Republic of China (PRC) was engaged. He held dialogues with key national and local government policymakers in Uzbekistan, exchanging with them first-hand experience and advice on the reforms initiated by the Government of PRC to enable the markets to operate in the agriculture sector, and in particular the wheat and cotton subsectors. Upon the request of the Government, the senior policy advisor conducted an analytical assessment of Uzbekistan's current unified land tax, and a paper comparing the experiences of the PRC and Uzbekistan in the cotton subsector. Additionally, the advisor provided practical recommendations on the cotton production quota and state pricing policies of the Government. The Government of Uzbekistan appreciated the exchange of ideas and options for market-based policy reforms using the PRC experience.  Additional TA activities were the visit of an Uzbekistan delegation to Manila that conducted visits in selected central and local governments and farmers' associations in Northern Luzon and assistance in the review of the existing feasibility study in terms			

of the financial and economic viability of the proposed Land Improvement Project in Uzbekistan. This review involved land improvement, irrigation and drainage, agricultural economy and financial aspects. It also became the basis for the formulation of a follow through policy-related TA that will monitor the progress to date on market-based policy and institutional reforms.

Overall, the TA design, the quality and pacing in the delivery of inputs as well as the conduct of the activities were adequate, relevant, and responsive to the requirements of the Government for alternative development planning processes in ensuring the structural transformation of agriculture from a centrally planned to a market-run sector.

#### **Evaluation of Outputs and Achievement of Outcome.**

The TA produced the following reports in a timely manner: (a) current status and outlook for the agricultural sector, (b) institutional and participatory assessments; (c) agriculture sector roadmap under two development scenarios (scenario under business as usual, and scenario of reforms through crisis); (d) performance monitoring and evaluation system and requirements for a reliable system of agriculture statistics; and (e) several short policy notes on (i) irrigation infrastructure assessment; (ii) government finance of agriculture; (iii) agricultural finance by credit agencies; (iv) estimates of resource transfers; (v) input supplies in agriculture; (vi) farm machinery services; (vii) payment for water, ability to pay; (viii) assessment of water user associations; (ix) proposals for tax reform in agriculture; (x) agricultural trade and DRC estimates; (xi) environmental issues in Uzbek agriculture; (xii) process of selecting family farmers; (xiii) women in agriculture; (xiv) monitoring and evaluation agricultural statistics; and (xiv) de-monopolization and privatization. Results of the assessment, studies conducted, and the road map underwent an iterative participatory and consultative process with concerned stakeholders both at the local (rayon) and national levels. The national workshop wherein key officials from the relevant agencies and representatives from the donor community participated was most beneficial to the Government as the sector planning technique and the prioritization of the reform agenda were quite novel to the latter, being accustomed to the central planning approach. With the international policy advisor, at least two policy papers were produced pertaining to the unified land tax and the PRC experience to market-based development of the agriculture sector and its implications to Uzbekistan. Several policy briefs were also generated by the national consultants in response to current policy concerns of the Government on the sector.

The TA achieved the targets that were defined in the TA's performance indicators resulting to the achievement of the outcomes. The analytical conceptual rigor that was applied in the research works coupled with the participatory approach to development of road map also provided the ground for a healthy dialogue between the donor community and the Government on alternative fiscal measures that the Government can initiate to replace the explicit and implicit taxes that are unnecessarily being shouldered by the cotton subsector.

#### **Overall Assessment and Rating.**

The TA was successful in achieving the TA's outcome of introducing systematic, rigorous and participatory approaches for the sector's strategic planning and policy formulation. The key value added contributions of this technical support were: (i) the increased awareness of key Government policymakers that accelerated market reforms in the agriculture sector and which were essential in laying the pathway to the country's sustainable industrialization process, as demonstrated by the PRC case; and (ii) that development planning and implementation would be facilitated if there is buy-in from the concerned stakeholders. These value addition contributions of the TA have laid the major groundwork for achieving the desired TA's impact, which is to improve the Government's development plan and policy framework for agricultural and rural development. The TA also provided the cornerstone for defining the ADB's rural sector road map for Uzbekistan.

The performance of the Executing Agency (EA) was satisfactory, providing adequate office space, utilities, and administrative support. It also facilitated to the extent feasible the access by the experts of key official documents and statistics.

The performance of ADB was satisfactory, providing timely support to the experts in the delivery of quality inputs, commenting on the various draft reports, liaising with the EA and the donor community, and ensuring that the TA findings were widely disseminated.

#### **Major Lessons Learned.**

Facilitating a change in mindset on the Government of Uzbekistan from slow reforms to an acceleration of market-based reforms in the agriculture sector is challenging that require persistent and continuous process of analytical work, presentation of models showcasing similar country experiences where market reforms succeeded, provision of sound technical advice in a responsive and timely manner, and stepped up advocacy for reforms and broad-based multi-stakeholder participation in the assessment and planning process. The process of ensuring implementation of the reforms should be a long-term commitment that takes into account the political, economic, and socio-cultural landscape of the country.

#### **Recommendations and Follow-Up Actions.**

For the reform measures to materialize into an effective catalyst for changes (i.e., a critical mass of advocates desiring and willing to institute changes within the Government), phased TA and investment activities will need to be developed and implemented. The desired phased support would include not just identifying the essential policy reform measures, but also investing on the critical start up implementation activities, particularly in institutional reforms and capacity building as well as in developing a monitoring, evaluation and feedback system that will continually identify the bottlenecks and required actions to be taken. Investments should showcase the benefits of market-driven agri-based markets especially for non-cotton commodities in spurring sustainable and inclusive growth path.