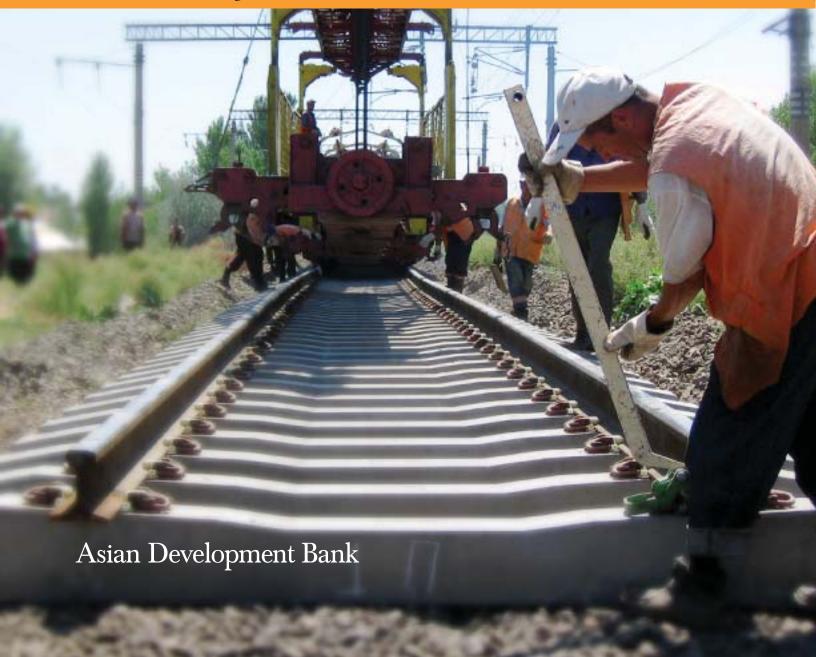


**ADB Projects in Uzbekistan** 



# Contents

- 1 Introduction
- 2 Small Grants Create Big Impact
  Small grants through credit unions in Uzbekistan are transforming rural women into entrepreneurs, improving not only incomes but also equal opportunities
- Taking Credit in Uzbekistan
  In Uzbekistan, people unable to get loans are finding help at neighborhood credit unions,
  which are boosting home-based businesses, self-employment, and incomes
- 10 On Track
  A railway modernization project is making Uzbekistan a regional leader in rail transport
- By the Book
  An ADB textbook project is at the heart of education reform in Uzbekistan
- High Tech for Young Minds
  An ADB project in Uzbekistan hopes to bring education into the 21st century by providing computers, internet connectivity, and training to schools, even in rural areas

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Note: In this publication, "\$" refers to US dollars.

All feature stories and all photos by James Hutchison.

# INTRODUCTION

zbekistan sits at the heart of one of world's cradles of civilization and is home to some of the most ancient of scientific, astronomical, and literary cultures. The Silk Road and other trade routes crisscross the country, linking Asia with Europe through the fabled region that is now Uzbekistan.

Since 1996, ADB-supported programs covering transport, energy, water and sanitation, education, and finance have made a significant impact on people's lives in Uzbekistan, which had to rebuild itself after the disintegration of the Soviet Union. A close working relationship between ADB and Uzbekistan enabled ADB to double its resources in the country in 2009.

One of the most successful credit union programs in ADB's portfolio helped money flow to the country's poor and low-income households and small and microenterprises, where it can make significant progress in combating poverty. It promoted the establishment of a network of 100 credit unions with 141,000 members, deposits of \$88 million and \$107 million in loans. As a measure of success and pent-up demand, the figure on lending alone is more than eight times the project's original target.

Women in rural communities have also been given the finance and skills needed to create successful

cottage industries, not only improving incomes but also creating more equal opportunities. For example, one program helped more than 1,000 women save their money, with over 80% later starting their own business.

ADB has also worked to extend opportunities in education. One ongoing project helped the government integrate information technology into classrooms. The computers, internet connectivity, and training provided have transformed the learning experience throughout the country since 2006 and built on another drive at the heart of education reform that, between 1998 and 2004, bought affordable textbooks for needy children.

In the transport sector, ADB is preparing the way for the development of regional highways, and \$140 million in loans to modernize its railways is making Uzbekistan a regional leader in rail transport. Upgrading 430-kilometers of track between Bukhara and Tashkent has cut travel time between the two cities from 10 hours to 7, slashed freight transport costs, and made it easier for people to do business.

With ADB's support in the form of \$1.29 billion in loans covering all areas of assistance, Uzbekistan is on the move.



Besides running her own successful construction business, Shodieva was a member of the Bukhara Business Woman Association (BBWA) and a local agent for Umid ("hope") Credit Union, the second largest in Uzbekistan. Shodieva helped her niece join more than 4,000 other members of Umid, and a loan was quickly arranged. Adizova attended BBWA training seminars on how to run a sm<mark>all busine</mark>ss and how to draw up a proper business plan. These seminars included interactive

exercises, with trainers playing the role of banking officers so borrowers would not be intimidated when they went to the bank for the first time.

# **Beauty and the Business**

In August 2009, Sabohat opened the doors to her new beauty salon in the Jondor district of Bukhara City. She called it *Bahor*, which means "spring" in Uzbek. Today, her shop is so busy she has hired another hairdresser.

a client's hair. "And the training really helped my confidence." She has already expanded next door and started a wedding dress rental business.

Sabohat benefited from the legacy of the ADB project Training of Women Entrepreneurs in Bukhara—one of 33 small projects of between \$10,000 to \$20,000 a year funded under ADB's \$850,000 Gender and Development Initiative. The initiative provided seed money to nongovernment organizations such as BBWA.





Measuring success ADB aimed to have 600 women join the Umid Credit Union. Over 1,000 did. The credit union and the Bukhara Business Women's
Association are linking these women to the resources and training they need to establish successful businesses and earn more money

Chairperson of both BBWA and the Association of Credit Unions, Dilbar Akhmedova, said that between 2000 and 2007, the modest grants have reaped big results by training unemployed women in rural areas and helping hundreds of women kick-start new businesses.

Nationally, BBWA has 5,000 members, who have created over 70,000 jobs and trained over 24,000 women. The Bukhara branch has trained 700 women through seminars and workshops, with 80% of them starting their own business.

"We don't just offer women counseling on how to start a business," Akhmedova says. "They also need to know how to obtain loans from banks, and work with the labor office, the Chamber of Commerce, and local community organizations."

# **Inspiring Excellence**

Nurhon Irgasheva creates the finest hand-sewn traditional Uzbek gold-embroidered furnishings available. In 2002, her 2-year-old business was thriving. Orders included a gift for Uzbekistan President Islam Karimov to present to US President George Bush during a visit to the White House that year. With the increase in business, the 44-year-old mother of three desperately needed a 3-year loan of 1 million Uzbek sum (about \$650) to buy raw materials to expand her business and hire more workers.

But Irgasheva had no credit record or a mortgage, and so commercial banks refused to lend to her. A friend suggested she contact Dilbar Akhmedova at BBWA. Because credit unions specialize in short-term loans, Akhmedova put Irgasheva in touch with the local labor office, which approved the loan. Impressed by the knowledge and network contacts of BBWA, Irgasheva joined and borrows regularly from the Umid Credit Union.

Established by 14 BBWA members in 1997, Umid is now the biggest of seven credit unions in Bukhara *oblast* (province). BBWA's offices are on the second floor of the credit union building, which credit union members paid for with credit union funds.

"Instead of waiting up to a month for a short-term, 3- to 6-month loan from the bank, I can get my application approved right away by the credit union," Irgasheva said. Now she has work from the Russian Orthodox Church and is receiving orders from other countries, including for embroidered curtains for a French castle. She has 70 employees and many prefer to work from home, also benefiting from a presidential resolution making

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them exempt from taxes to encourage such home-based businesses for women.

Irgasheva attended BBWA's training seminars for women entrepreneurs, funded by the ADB project, and advises other women who want to start their own businesses. Her husband, Odil Akhtamov, is proud of her. "I am so lucky to have a supportive husband who I can discuss everything with," she says. Two of her three children are now studying in Tashkent and her daughter wants to join the family business. "With the credit union and the association, advice or money is just a phone call away," said Irgasheva.

Akhmedova says that one of the big advantages of credit unions is fast processing. Customers can walk away with loans in cash in one or two hours. A mortgage for a house, apartment, or car takes 3 days. "The bank takes 10 days and up to 2 months to process a loan," she says.

### **Sweet Rewards**

When her husband died 3 years ago, Hushvagt Djuraeva, 47, was able to provide for her five children with profits from her sewing business and pastry shop, which combined employ 14 people. She got into business in 2004 after entrepreneur training with BBWA. "The training gave me the skills I needed to run a business," she said. She is now a BBWA trainer.

A big problem in rural areas, says Akhmedova, is that many women are poor and have no say in household budgets. "They are expected to stay at home, so we support women to overcome this," she says. Twenty women farmers in one district wanted to borrow money from the bank to rent land for farming businesses, but the family land they wanted to use as a mortgage legally belonged to their husbands. "They all agreed to change to joint ownership after we explained the problem."

Sabohat Kulieva, 48, opened a pastry shop 18 kilometers from Bukhara in 2001. She has been training 19-year-old Zebuniso, who gave only her first name, for 3 months in the pastry business. "My dream is to open my own pastry shop," says Zebuniso. "With this training I can see how to make it a success."

Kulieva's business is growing and she caters for weddings and special events now. "Women need the kind of knowledge I learned at BBWA seminars," she says. "We have to understand the laws and how to handle money, and properly deal with documents. ADB projects supporting training were very important."

# **Credit Union Agents for Change**

The second phase of ADB's Training of Women Entrepreneurs in Bukhara began in 2006. The Agents Network for Credit Unions in Bukhara, a 12-month project, was set up to train five BBWA members as credit union agents. The goal was to spread the word about the benefits of credit unions and microcredit and to attract more women—especially those in isolated rural communities. Five agencies were set up in Bukhara, some in remote districts where access to financial services was most needed.

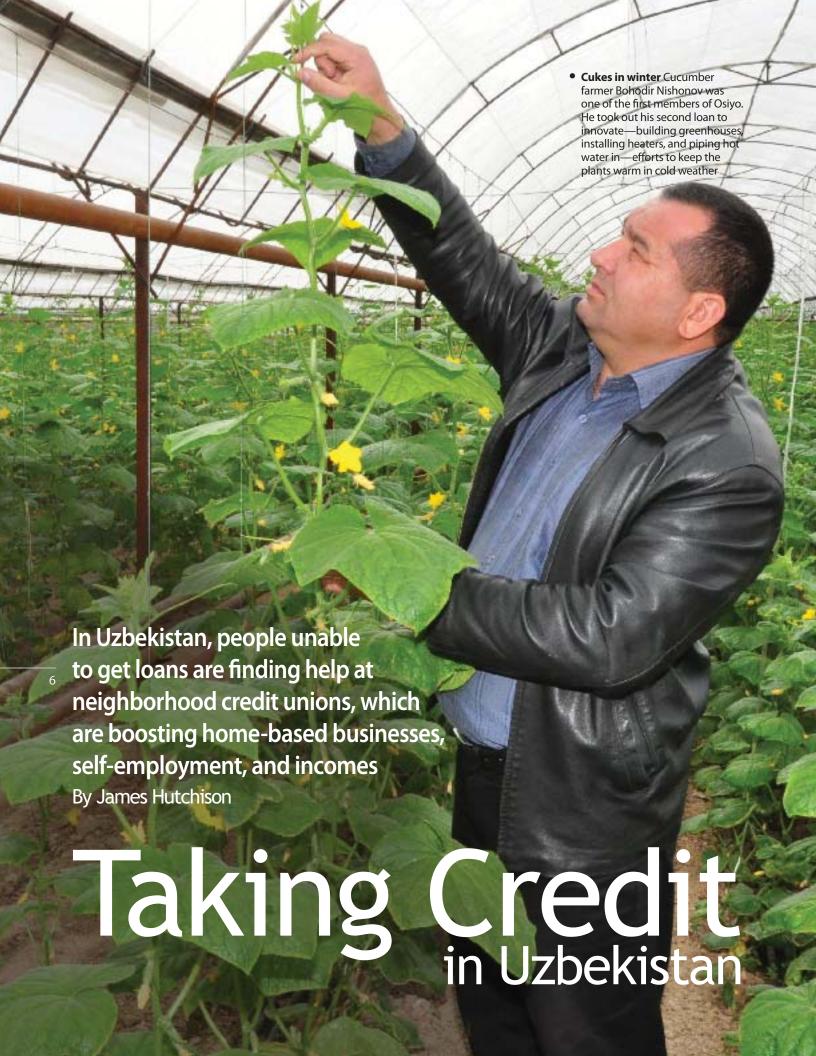
Women selected for training were all BBWA members with more than 10 years' experience. Mahbuba Shodieva, 53, Sabohat Adizova's aunt who helped her with her beauty salon, was one of the agents.

In March 2006, after 2 months' training by five credit union experts, Shodieva and the four others went to work in their assigned districts, handing out cards, holding meetings, and showing video presentations. The project exceeded its goal of reaching 600 women: those seeking information swelled to 4,144. Over 1,000 new members joined Umid as a result of the project.

"It is a struggle to accommodate all the women who want training, but it is the most important thing we can do to improve the status of women," says Akhmedova. "The training and the confidence it brings means they can succeed at their business."

# **Project Information**

Gender and Development Initiatives (2002–2005) **Financing:** \$843,749.88, Japan Special Fund (ADB)



### TASHKENT, UZBEKISTAN

tanding outside her grocery store in Tashkent, Rano Khalilova, 37, says she was only 18 when her parents died, so she well knows the importance of being self-sufficient. A math teacher, she saw the opportunity to buy a grocery store and fulfill a dream of owning a business.

However, with no credit history, Khalilova could not find a bank that would lend her money. She turned to a credit union, which quickly provided the loan. Since then, she has never looked back, expanding her business to include a beauty salon and a car repair and spare parts shop. Now she employs 15 people and says she could not have done it without financing from the credit union.

Khalilova is a member of Osiyo Trust, the largest credit union in the country with over 7,300 members. These days she could borrow from banks at a lower interest rate but she prefers to stay with the credit union. "I get good advice on business matters from staff at the credit union," she says.



 Crediting Osiyo Trust Without help from the Osiyo Trust credit union, Bohodir Nishonov would not be able to meet the high demand for cucumbers he enjoys these days

# Why Credit Unions?

Project Officer Bobir Gafurov says banks and credit unions are not in competition. Instead, they serve a different clientele: Credit unions, he says, cater to people borrowing small amounts—as little as \$20 or as much as several thousand dollars.

The Umid ("hope") Credit Union in Bukhara City was established by women in 1997, and is now the biggest of seven in the Bukhara *oblast* (province), helping poor rural women out of poverty and chronic underemployment.

Dilbar Akhmedova, chairwoman of the Bukhara Business Woman Association, says one of the big advantages of credit unions is fast processing. The credit union can process loans for small amounts in just one or two hours. A mortgage for a house, apartment, or car requires just 3 days. "The bank takes 10 days up to 2 months to process a loan," she says.

"Credit unions are critical to the growth of the private sector," says Sherzad Abdumuminov, director of Osiyo Trust, which began operating in 2004. "Without them small business could not grow in Uzbekistan."

# **How ADB is Helping**

As Uzbekistan transitions to a modern market economy, an effective and well-funded financial system—one that mobilizes savings and provides the poor with financial support so that they can take advantage of opportunities for income generation—is crucial in reducing poverty.

To support small microfinance development, Uzbekistan embarked on a \$50 million program. ADB provided \$20 million through a loan for the Small and Microfinance Development Project to ensure the effective delivery of financial services—particularly to low-income households and small enterprises and microenterprises.

The project developed a legal, regulatory, and supervisory framework for savings and credit unions. It promoted the establishment of an institutionally and financially sustainable network of at least 20 credit unions in accordance with the Law on Credit Unions, supervised and regulated by the Central Bank of Uzbekistan.

This allowed nonbank financial institutions, for the first time in Uzbekistan's history, to deliver microfinance to microenterprises, and enhanced the outreach of the banking system as it

# "If we had no credit unions in our country, it would be hard for businesses like ours to survive."

Bakhtiyor Karimov, runs a profitable wedding dress shop with his wife, Klara



 The union of creativity and credit With income from his clothing stall, and a loan from the credit union, Bakhtiyor Karimov opened this profitable wedding dress shop



 Getting her hands dirty Rano Khalilova (front) owns a few businesses including this automobile repair shop. In total, she employs 15 people

supported small and microenterprise sectors.

A supporting \$400,000 technical assistance grant from ADB strengthened the capacity of the Central Bank of Uzbekistan to regulate, supervise, and monitor effectively and prudently the new savings and credit unions' operations and management.

# **Credit Unions Changing Lives**

Shirin Market in the Mirzo-Ulugbek district of Tashkent bustles with shoppers buying food, groceries, and clothing. In 1999, Bakhtiyor Karimov, 45, and his wife Klara Kurbanova moved their clothing stall from the open market area into a real shop with a loan from Osiyo Trust.

With profits from the shop and another loan from the credit union, they bought a four-room apartment and renovated the ground floor into a wedding dress shop and a carpet store next door.

"We go to Osiyo Trust because they understand the needs of small business owners and the self-employed," says Karimov. "If we had no credit unions in our country, it would be hard for businesses like ours to survive."

In the Kibray district on the outskirts of Tashkent, cucumber farmer Bohodir Nishonov agrees. Walking through a 2.7-hectare potato field where farm workers are harvesting potatoes, he says he was one of the first members of Osiyo. He took his first loan 5 years ago to renovate rundown farm buildings and buy seeds and fertilizers for his 5 hectare farm. He borrowed again to build cucumber greenhouses, install gas heaters, and pipe hot water in to keep the plants warm in cold weather.

"There is a big demand for cucumbers these days," he says. But, he adds, without access to loans from the credit union, he would not be able to benefit from that demand. Nishonov, 43, harvests 220 tons of cucumbers annually for local markets and for export to the Russian Federation.

His latest plan is to build a factory with foreign partners to grow expensive flowers, like lilies, for export. Nishonov gets free financial and planning advice from the credit union.

# **How Credit Unions Really Work**

Sherdor Credit Union first opened its doors in the historic city of Samarkand in September 2002. With assistance from the Small and Microfinance

Development project, Sherdor Credit Union now has over 3,000 members. Director Dilfuza Niyazova explains that loans at Sherdor do not exceed 3 million Uzbek sum (about \$1,920) because the credit union focuses on microlending to people starting small businesses. Small businesses, in turn, create new jobs.

Even the unemployed are starting their own home-based or self-employed businesses, now that they can access financing at the credit union. The credit union, staffed by 12 employees, assists borrowers to avoid pitfalls by teaching them how to start and run a business, save money, and plan family budgets.

Interest rates at credit unions are typically twice as high as banks, but members' deposits also earn twice what banks pay. An average customer borrows around SUM2 million (about \$1,200) for everything from a consumer loan for household appliances, wedding events, farming needs such as seeds and fertilizer, or student loans for education. Once members repay their loans, they can graduate to bigger loans offered by banks as long as they can show a credit record. Membership costs between \$3 and \$4 and members are paid a yearly dividend. If they want to leave, their membership fee is refunded.

Sherdor's members are attracted by free advice and services, says Mirsaid Dzhurakulov, chairman, noting that credit unions are doing very well in Uzbekistan.

# **A Promising Project**

A new data exchange system between credit unions, in which customer loan details are entered into a computer system and received at the National Bank of Uzbekistan, will link information between all credit unions. A loan officer anywhere can instantly see credit records and issue loans quickly, without the customer reapplying.

Nationally, an astonishing 98% of borrowers pay back loans in full to credit unions. Niyazova credits a sense of collective ownership for this accomplishment.

By almost every measure, the Small and Microfinance Development Project has been a success. By the close of the project in December 2010, ADB had originally planned to establish 20 credit unions with a combined total of \$8 million in deposits; 50,000 members; assets of \$15 million; and \$14 million in loans.



 A grocer's dream Rano Khalilova, 37, dreamed of owning a business but had no credit history. When she had a chance to buy a grocery store, the Osiyo Trust Credit Union made her dreams possible

"Credit unions are critical to the growth of the private sector. Without them small business could not grow in Uzbekistan."

Sherzad Abdumuminov, director of Osiyo Trust

Every indicator quickly blew past ADB's targets. By October 2009, there were already 100 credit unions with deposits of \$88 million; 141,000 members; assets of \$121 million; and \$107 million in loans.

Says economist Zafar Umarov, director of the Financial Sector Development Agency at the Central Bank of Uzbekistan, "There can be no more successful credit union project in ADB's portfolio."

# **Project Information**

Small and Microfinance Development Program (2007–2009)

**Financing:** \$20.0 million, Ordinary Capital Resources (ADB); \$600,000, Japan Special Fund (ADB); \$550,000, Technical Assistance Special Fund (ADB); \$19,800, Other; \$430,200, Government of Uzbekistan



 Killing time The Shark, a new and speedy train from Tashkent to the fabled Silk Road city of Bukhara, has taken hours off the travel time between these corporate and cultural centers, improving local tourism and business

# TASHKENT, UZBEKISTAN

n the platform at the Tashkent railway station, food and drink vendors call out to passengers. Conductors in snappy Uzbekistan Temir Yollari (UTY) railway uniforms check tickets and help people to their seats. The train sports a shark logo, emblematic of its speed. Not long ago, however, the service between Tashkent and Bukhara was anything but swift.

# A New Start for an Old Railway

Before boarding, Lyudmila Romanenko hugs her sister and niece. In the past, she only saw them twice a year: getting to them took an arduous, bone-rattling journey, bumping along on hard seats for over 9 hours or more each way. The modernization of the 430-kilometer (km) route between Bukhara and Tashkent has changed that. "Now with the new trains, it takes just 7 hours and I travel in comfort, so I visit every 2 months," Romanenko says, smiling. "That makes it easier to wave goodbye to them."

In the locomotive cab up ahead, driver Andrey Oleynik sits before computer screens, performing systems checks on the powerful diesel-electric engine, in preparation for the run from Tashkent through historic Samarkand and to the fabled Silk Road city of Bukhara. With 26 years on the railway, Oleynik remembers well the route before the ADB-funded Railway Modernization Project was completed in December 2006. On almost every trip, the poor condition of the track forced locomotive drivers to stop or slow to a crawl. Crumbling sleepers and rickety rails brought spiraling maintenance costs and everincreasing delays, especially for large freight trains transporting the bulk of the country's cargo everything from cotton to mining ore—putting a drag on economic development.

Today, on modern electrified track and concrete sleepers, trains like the Shark whisk passengers smoothly between Tashkent and Bukhara at an average of 90 km per hour (kph), up from 60 kph. Freight trains similarly increased their speed, bringing faster fleet turnaround, higher track utilization, and reduced transport costs.



 Drivers of growth Performing systems checks on the powerful diesel– electric engine, driver Andrey Oleynik recalls the days when crumbling sleepers and rickety rails brought spiraling maintenance costs and delays, especially for large freight trains that carried the bulk of the country's cargo

As Oleynik eases the Shark out of Tashkent, picking up speed, passengers lie back in reclining seats, enjoy snacks, and watch television. In a private compartment, Badgan Shakhnazarov, a partner in a small engineering company, explains between sips of tea how he used to fly from Bukhara to business appointments in Tashkent. "The train was unreliable; you never knew when you were going to get there; it was difficult to make appointments with customers and suppliers. Now I take the train. It is comfortable and arrives on time."

After Uzbekistan declared independence from the former Soviet Union, the Uzbek part of the Central Asian Railway became the UTY, a state-owned company responsible for operating Uzbekistan's railway system. Independence brought a host of challenges, however, including a sharp drop in traffic, deteriorating infrastructure due to lack of maintenance, and an urgent need for new lines to create a national rail network.

"Now with the new trains, it takes just 7 hours and I travel in comfort, so I visit [my sister and niece] every 2 months. That makes it easier to wave goodbye to them."

Lyudmila Romanenko

ADB provided a \$70 million loan for the \$130 million Railway Modernization Project, which followed on the heels of the Railway Rehabilitation Project, the first of its kind in Uzbekistan. This original project, begun in 2001, took 6 years to complete and was also funded by a \$70 million ADB loan. It tackled the rehabilitation of the main rail corridor from the Kazakh border in the northeast to the border with Turkmenistan in the southwest—the route that carried the highest volume of rail traffic. The most recent railway project, completed in December 2006, rehabilitated the stretch between Tashkent and Bukhara.

# One Railway, Myriad Benefits

Besides improving the efficiency of both freight and passenger rail traffic, the project employed over 5,000 people at the peak of construction and created 500 new jobs, including for maintenance staff, machine operators, and station officers.

It facilitated international trade by improving access to neighboring countries and seaports. It introduced modern track-laying equipment and efficient maintenance of railway tracks. The installation of 200 km of fiber optics for telecommunication systems and new radio equipment has greatly improved UTY's entire communication network and has made communications more reliable and efficient.

Human resources have also improved because the project trained staff in ways to sustain these technological improvements. It also established a small business fund for former railway workers. ADB and the Organization of Petroleum Exporting Countries (OPEC) Fund for International Development (OFID) financed equipment and telecommunication improvements, while UTY financed track rehabilitation.

# Going Modern: Innovative Sleepers and Rails

Department head at UTY Navruz Erkinov says the main improvements were fully replacing the old tracks with steel rail especially formulated for modern railways, state-of-the-art concrete sleepers, and special flexible rail fasteners—the same system used in Europe where trains reach 350 kph.

To speed up the process, the government contracted private companies to set up factories and manufacture track and sleepers in Uzbekistan. In an unanticipated benefit of the project, these

plants are continuing to supply concrete sleepers and high-quality track for new projects elsewhere in Uzbekistan, which has a railway network of over 4,500 km.

At the concrete sleeper manufacturing plant on the outskirts of Tashkent, railway track specialist Aleksoy Ovchinnikov walks the three production lines where 300 workers produce 1,250 sleepers a day.

"These are the world's most advanced sleepers," he says. The company has manufactured a staggering 1.25 million sleepers since it began producing them for UTY in 2004. The rails are fastened to the sleepers with a "fit and forget" elastic British Pandrol Fastclip that can be preinstalled at the factory and that cannot be dismantled without a special tool, for enhanced security.

As the concrete sleepers are poured, 16 wires inside are held under tension until the mix sets, creating great strength. While wooden sleepers have a lifespan of about 15 years, these high-tech concrete models are guaranteed for 50 years. The combination of the elastic clip and sleeper design drastically cuts installation time on-site and maintenance.

Erkinov says that in 2010 the Spanish company Talgo will supply UTY with two high-speed locomotives and 11 cars capable of reaching 250 kph on the modernized track between Tashkent and Bukhara. These will be in service by 2011, says Erkinov.

The trip is expected to take two hours or less. "City center to city center," he says, "it will be faster than flying." ■

# **Project Information**

Railway Modernization Project (2006–2007) **Financing:** \$450,000, Japan Special Fund (ADB); \$70.0 million, Ordinary Capital Resources (ADB)



• Until next time. Lyudmila Romanenko says goodbye to her sister and niece on the new railway station platform in Tashkent, Uzbekistan



• Enjoying the ride In new train cars, passengers are able to rest, read, or work, thanks to modern conveniences and a smoother ride

# By the Book

An ADB textbook project is at the heart of education reform in Uzbekistan

By James Hutchison

SAMARKAND, UZBEKISTAN

alking through the school museum at Samarkand City School Number 21, Director Sayora Melikova points out bags, pens, inkwells, and old textbooks, all in use when she began teaching here 33 years ago. "Uzbekistan's education system is going through the biggest changes I have ever seen," she says.

In the courtyard of the school, one of the oldest in the country and where President Islam Karimov graduated with honors in 1955, she points out new renovations, part of several government initiatives that are transforming the country's education system.

One of the most visible and important for her 1,500 students and their families and teachers has been a project funded by ADB that brought affordable textbooks to the nation's school children: the Basic Education Textbook Development Project (BETDP), implemented between 1998 and 2004.

# Updating, and Translating, the Curriculum

After the fall of the Soviet Union and the declaration of independence, the country faced many challenges in its transition to a market economy. An economic downturn left the government with an underfunded education system mired in an outdated Soviet curriculum. The quality of basic education and access to it became major concerns. In 1997, new laws on education and the National Program for Personnel Training were adopted, requiring a comprehensive review of the curriculum and

the rewriting and reprinting of all textbooks. It became a priority for education reform to provide better designed, more durable, and more widely available textbooks that would be produced more efficiently.

The government turned to ADB to help fund an ambitious government program to produce millions of new textbooks with modern content. A new curriculum meant everyone, from teachers to book authors, would have to be retrained. The old printing facilities and presses that produced Soviet-era textbooks were incapable of meeting the requirements of a modern education system, so a modern publishing and printing industry would have to be created. The four-color textbooks would have to be durable enough to last for 4 years, but still be affordable. The task of providing textbooks for various subjects for almost six million school children, grades one to nine, and in seven different languages—let alone teacher guides and other publications—was staggering.

Of the \$111 million project cost, ADB provided two loans of \$20 million each. One was to be re-lent via a commercial bank to publishers and printers to upgrade equipment and procure high-quality paper and cover board. The other was for capacity building and the purchase of textbooks. Two technical assistance grants were also approved.

Around the time of loan approval, the government announced a few new initiatives affecting the education system: the introduction of the National Program for Personnel Training to guide long-term educational reforms in teacher training, the extension of compulsory education to 12 years,

14





 Hardbound business As a result of the project, the printing and publishing industry in Uzbekistan has undergone a revolution. Where there used to be one textbook publisher, now there are 30, vying to meet domestic and regional publishing demand



 Cultivation and care At Samarkand School Number 21, students look through their textbooks. Some might be 4 years old but they look shiny and new. They are well made says the director, Sayora Melikova, but she believes that the program's rental scheme has inspired students to respect their books

and new state education standards. At the same time, moves were made to introduce market mechanisms in textbook provision and to free up limited budget resources by abolishing free textbooks for all students except first graders. Parents now had to pay for textbooks.

Dilshod Khamzayev, Ministry of Public Education project implementation manager with the Second Textbook Development Project, remembers what it was like to be a student back then. "Buying new textbooks was a financial burden on me and other families and they were difficult to find." It was estimated that in 2000, 60% of students and

parents were facing difficulties in finding affordable new textbooks.

# **Innovating Distribution Solutions: Book Rentals**

In 2000, the Ministry of Public Education gave BETDP experts and consultants of the British Council and International Book Development the task of proposing an affordable solution. The best way to make the new books affordable, they decided, was through an innovative textbook rental scheme whereby parents paid an annual rental fee for each book.

The government decided to pilot-test the scheme among 250,000 students in about 500 schools, including in poor areas. ADB provided the funding to print the pilot set of textbooks. The textbooks were supplied to schools, which collected rental fees and deposited them in interest-earning special accounts in local banks. The annual fees covered the cost of replacing the books after 4 years and were administered by school textbook committees.

The rental scheme proved so successful the government approved its gradual nationwide introduction in September 2002. The cost is typically 500 Uzbek sum (about \$0.30) a year for each book. The government is providing free textbooks to all students in first grade and an estimated 15% of students in grades two through nine who cannot afford the fee. A total of 17,482 librarians, teachers, and school directors were trained in support of the textbook rental scheme. A resolution of the President in 2006 established the Republican Special Book Fund Foundation to manage rental fees and textbook procurement and distribution based on orders placed by schools. The foundation operates with the participation of schools and parents.

### A Printing and Publishing Revolution

Amid the roar of high-speed, computer-controlled presses and automated binding machines inside O'qituvchi, one of the largest publishing and printing houses in Central Asia, Director Rustam Mirzayev snatches a book from a stream speeding past on a conveyor belt and thumbs to a page of high-quality four-color pictures. "This is the kind of thing we had to learn to do when we took on the new textbooks," he said.

In the past, O'qituvchi alone provided textbooks in Uzbekistan. But the huge number of new books required—nearly 30 million textbooks, as well as teacher's guides and other publications—meant using multiple printing houses.

The Ministry of Public Education produced specifications and set standards for textbook production that could be used by any printing company. Funding from the BETDP helped printing houses and publishers transform from producers of low-quality products to modern publishing and printing operations, capable of creating durable textbooks using high-quality paper and cover board and automated bookbinding techniques.

ADB provided loans of \$8.5 million to modernize and upgrade printing and binding equipment, and \$11.0 million to purchase high-quality paper. "Before the BETDP, only one publishing house produced textbooks for schools," says Guzal Tugeeva, BETDP project manager. "Now we have around 30."

Training for the industry included a seminar on textbook production for 30 publishing directors, printers, and production managers. Twelve directors and publishing managers took a study tour to publishing houses in the United Kingdom. The project also called for groundbreaking in-country training for 29 participants from the printing industry. Seventeen local publishers took a seminar on textbook marketing: in the past they had no need to market their books and had no specialized staff with marketing skills.

Successful competitive bidding for textbook production was launched, bringing market efficiencies to the industry. "We have contracts to print textbooks for surrounding countries like Tajikistan now," said Mirzayev.

# **Measuring Success**

By the end of the BETDP, 15 million textbooks were published. About 700,000 new textbooks were produced in Karakalpak, Kazakh, Kyrgyz, Russian, Tajik, and Turkmen languages. Two million teacher's guides were also published, 49,000 visual kits of supplementary materials distributed, and to date 560,000 copies of supplementary books, comprising 28 titles, have reached school library shelves nationwide.

The Ministry of Public Education monitors the children's academic progress each year and has measured improvement as a result of the project. ADB rated the BETDP highly successful and has followed it up with a loan of \$25 million toward the \$55 million cost of the Second Textbook Development Project. It focuses on ensuring the sustainability of affordable textbooks by

introducing the textbook rental scheme in the sixth to eighth grades as well as by strengthening education policy and further developing book publishing and libraries.

At Samarkand School Number 21, 15-year-old Mekhrangiz proudly shows her 4-year-old English textbook imprinted with a publication date of 2006, which—like the books on her classmates' desks—looks brand new.

"They are well made," says Melikova, but she also credits the students. "The rental scheme has taught them to respect their books."

# **Project Information**

Basic Education Textbook Development Project (1998–2004)

**Financing:** \$18.92 million, ADB; \$19.51 million, National Bank for Foreign Economic Activity in Uzbekistan; \$59.85 million, Ministry of Public Education in Uzbekistan

Textbook Sector Development Program (2003) **Financing:** \$150,000, Technical Assistance Special Fund (ADB)

Second Textbook Development Project (2004–2009) **Financing:** \$25 million, Ordinary Capital Resources (ADB); \$30 million, Government of Uzbekistan Special Fund



 Booking the work force of the future New textbooks and new curriculums empower these young people and prepare them to join the workforce and fuel Uzbekistan's economic growth



### TASHKENT, UZBEKISTAN

t Secondary School Number 94 in Tashkent City, Rogova Nadejda Viktorovna moves among students working on computers, supervising their multimedia lessons in mathematics.

A teacher since 1990, she completed in-service teacher training in information technology in June 2009, part of an ongoing ADB-funded Information and Communications Technology in Basic Education Project.

"Learning is more interactive using computers and students learn far faster than the old ways," Rogova says. "They are able to access a lot more information on various subjects too."

# Bringing Information Technology to Students

Under the umbrella of the Government of Uzbekistan's National Program for Basic Education Development for 2004–2009—an ambitious effort to improve the quality of education—the 5-year project has, since 2006, been integrating information and communications technology (ICT) in teaching and learning. ADB provided \$30 million in financing toward the \$43 million cost of the project.

As part of the project, the government deployed internet and intranet connectivity to improve learning in subjects that are seen as particularly important in grades five through nine. Before the project began, in 2004, only 14% of Uzbek secondary school students had access to modern computer classes.

Tamara Samoylovich, head of the teaching department at Tashkent's Secondary School Number 94, says that computers installed in September

"Learning is more interactive using computers and students learn far faster than the old ways. They are able to access a lot more information on various subjects too."

Rogova Nadejda Viktorovna, teacher at the Secondary School Number 94 in Tashkent City

2009 are already clearly improving education for 1,700 students. Hers is one of 860 ADB-financed cluster leader schools. Cluster leader schools act as a hub for ICT dissemination. The cluster leader schools share access and disseminate information to, on average, 11 or so auxiliary schools. The government is providing modern computer classes to other schools in the cluster.

After a school rehabilitation program by the government, computers and other equipment were delivered to the first batch of 300 cluster leader schools, with the second batch of 560 cluster leader schools supplied in early 2010.

Cluster leader schools act as resource centers for surrounding schools and disseminate new materials and information. At cluster leader schools, there are two computer classes, one for students and another for teachers. With the surrounding schools typically no more than 30 kilometers away, teachers can easily travel to the cluster leader school for training, information, lessons on how to deliver presentation materials, and opportunities to share knowledge with each other.

# **Expanding Impact through Cluster Leads**

Beyond consultations with the Ministry of Public Education and other agencies, the planning stage of the project included meetings at over 60 schools and *mahallas* (self-governing local communities) where 180 focus groups of teachers, parents, and students were included in discussions.

Building on this input, the project consisted of four components: establishing cluster leader schools, strengthening teacher and staff development, building capacity and management support, and developing e-learning materials.

The Ministry of Public Education overseas the production of e-materials, including software applications such as spreadsheets and databases, web, and intranet-based materials, e-books, and subject-specific educational software. These materials support teachers to use ICT and help students to work independently. Cluster leader schools are also provided with TV and DVD sets and audiovisual equipment.

When the entire national network of 860 cluster leader schools is operational, 540,000 students will directly benefit. From 2006 to 2010, 81,000 teachers; technicians; administrators; and school network managers from the 8,900 non-cluster leader schools will have been trained in

specialist skills required to integrate ICT into basic education. The central role of the cluster leads means all students and teachers in Uzbekistan could potentially benefit from the project.

# Access for the Socially Vulnerable and Minorities

The project contains specific pro-poor measures that have a direct beneficial impact on about 165,000 poor students in grades five through nine. For example, the project ensures that 70% of the cluster leader schools are in rural and poor areas. The Ministry of Public Education is rehabilitating rural schools and ensuring reliable power supply needed for ICT.

At the same time, pilot projects test alternative ways to get connectivity to remote schools, says Oybek Khayitov, monitoring and evaluation specialist for the project. These pilots include the use of mobile and wireless connections.

The project will provide a boost for minority students in cluster leader schools, through faster, cheaper, and more user-friendly versions of software and e-learning materials in other languages, including Karakalpak, Kazakh, Korean, Kyrgyz, Russian, Tajik, and Turkmen.

The project also extends the benefits of school ICT facilities to entire communities. According to estimates, one quarter of rural schools will make their ICT facilities available to local communities

for use, benefitting over one million households in mostly poor rural areas.

Through these pilot activities, the project benefits the country's socially vulnerable families and bridges the digital divide between urban and rural areas in Uzbekistan.

# **Raising Uzbekistan**

Tugeeva Guzal, consultant to the Ministry of Public Education, says it is crucial to the development of Uzbekistan that graduates are prepared for challenges in the 21st century, in which the workforce is required to have advanced ICT skills.

"ICT literacy has increased dramatically since the project was launched," says Sayora Melikova, director of Number 21 School in Samarkand City, where 1,500 students are benefiting from 26 computers installed through the project.

She points out that tertiary education is computer-based these days, so ICT study is critical to students' further education. "Before, computers were only for grades eight and nine, but now grades five through nine have them too," she says. "This project is giving them a head start."

# **Project Information**

Information and Communications Technology in Basic Education (2004–2009)

**Financing:** \$30.0 million, Asian Development Fund (ADB); \$551,930, Technical Assistance Special Fund (ADB); \$1.5 million, Government of Uzbekistan



 High-tech growth According to a consultant to the Ministry of Public Education, it is crucial to the development of Uzbekistan that graduates have advanced ICT skills



# Ancient Culture, Modern Economy: ADB Projects in Uzbekistan

Uzbekistan is at the heart of one of the world's cradles of civilization and is home to rich ancient cultures and to the Silk Road, the ancient overland trade route connecting Asia and Europe. Since 1996, ADB-supported programs covering transport, energy, water and sanitation, education, and the finance sector have improved people's lives. With ADB's support in the form of \$1.29 billion in loans covering all areas of assistance, Uzbekistan is on the move.

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ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

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