

# **UZBEKISTAN**

## **RESULTS, REVIEW AND RESOURCE REQUEST (R4)**

**USAID Central Asia Regional Mission  
Almaty, Kazakhstan  
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The attached results information is from the FY 2001 Results Review and Resource Request (R4) for Uzbekistan and was assembled and analyzed by USAID/CAR.

The R4 is a “pre-decisional” document and does not reflect results stemming from formal USAID reviews. Additional information on the attached can be obtained from Jeff Evans, ENI/PCS.

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## **I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE**

### **U.S. National Interests and Goals**

USAID/CAR directly supports U.S. foreign policy in Uzbekistan. In his March 1999 testimony before a subcommittee of the House International Relations Committee, Ambassador Stephen Sestanovich reaffirmed U.S. interest in Central Asia and said that "Today, our overarching goal in American policy in Central Asia remains securing the sovereignty, independence and territorial integrity of the states of the region. To advance this objective, our diplomacy focuses on four key issues: formation of democratic political institutions, market economic reform, cooperation among these countries and with us, and responsible security policies."

This is echoed in the Embassy's Mission Performance Plan's strategic goals: the development of a civil society, an efficient and effective health care system, sustainable environmental management, accession to the World Trade Organization, and increased regional stability. USAID assistance centers on developing a participatory civil society, improving the sustainability of health care services and benefits, and improving the banking and fiscal systems. USAID/CAR continues some selected assistance in three targets of opportunity: accession to the World Trade Organization (WTO), banking and fiscal reform, and accounting conversion. USAID/CAR emphasizes regional cooperation on the potentially destabilizing transboundary issues of water accessibility, energy distribution and environmental preservation.

Uzbekistan is located at the strategically sensitive center of Central Asia and is the most populous state in the region, with 23 million people. It is the world's fourth largest cotton producer, has a significant natural resource base of gold and uranium, and is the only nation in the region with ferrous-based manufacture. The breadth, variety and size of Uzbekistan's economic base provide considerable opportunity for foreign investment. Its population density and ethnic mix in the Ferghana Valley are of considerable consequence to regional stability. All public, political and religious life remains state controlled.

### **Summary Progress in Implementing the Strategic Plan**

USAID/CAR promotes citizens' participation in the democratic political processes through support to NGOs. USAID/CAR has encouraged the government to recognize the valuable role of NGOs in a democracy. The government has shown some tolerance toward the development of civil society, including the unanimous approval of the first reading of USAID-supported NGO legislation. In the past year USAID has assisted NGOs to be more involved in collaborative work at the local government level. NGOs markedly improved the effectiveness of their advocacy with government.

While independence of the media has grown moderately, self-censorship continues to undermine its effectiveness. Government continues to play a cooptive role in restricting the independent press and therefore contributing to self-censorship in the country. The monopoly of the government in areas of mass media and lack of convertibility prohibit the independent media from buying state-of-the-art

equipment. Government television stations set artificially low advertising rates, which further undermines non-government television. On the other hand, the quality of investigative reporting has remarkably improved on nonpartisan issues, including reports on the daily women's labor market and the recent bombings in Tashkent. There is little hope that next year's elections will be open and competitive.

The government has also embarked upon a form of national health care reform. A presidential decree, based on a USAID-supported pilot for community health services, was passed last year and will be implemented broadly in the densely populated Ferghana Valley. This timely support by USAID expedited a recent World Bank loan for broader implementation.

There has been far less progress on key macro-economic and financial reforms. Last year, USAID/CAR was the principal donor involved in fiscal policy and management, commercial law reform and NGO development. Various laws were passed to protect investors and consumers. Assistance to the Central Bank has caused it to implement improved reporting requirements for all commercial banks. With technical assistance from USAID/CAR, the government submitted a Foreign Trade Memorandum, initiating accession to the WTO in Geneva. The Central Asian-American Enterprise Fund (CAAEF) had great difficulty working because of the lack of currency conversion. CAAEF is considering ceasing activities in Uzbekistan. Overall, most economic and financial reform remains stalled and most USAID specialized advice is unheeded.

## **Country Factors**

Uzbekistan's authoritarian regime appears to be under threat from within. Some senior politicians, business interests and security forces were alienated in the past year. President Karimov dismissed a number of high-ranking officials, including the First Deputy Prime Minister, several other Ministers and some regional governors under charges of corruption. Changes in key cabinet positions slowed momentum for legislative initiatives. The USAID-supported draft of the Budget Reform Law was again delayed as a new Finance Minister and team reviewed it. Parliamentary elections are proposed for December 1999 and presidential elections in 2000, but are highly unlikely to be open and competitive. The government has called for free media, independent NGOs and constructive opposition but has done little to support it.

Despite an economic crisis and the failure of its regional foreign policy, the government has shown little enthusiasm for economic or financial reforms. Weak prices for the key exports of cotton and gold almost doubled the trade deficit from 1997 to 1998.

## **Key Mission Management Actions**

In response to the lack of any significant progress in privatization, economic reform or election reform, USAID/CAR, with the Ambassador's encouragement, has shifted its priorities to developing a participatory civil society, improving the sustainability of health care services and benefits, and

improving the banking environment. USAID/CAR will continue assistance in preparing Uzbekistan for World Trade Organization accession and in reforming accounting law.

### **Prospects for Progress through 2001**

USAID/CAR is carefully targeting assistance in those areas which offer potential for results, and is reducing support aimed at hoped-for macro-economic reforms. Assistance for taxation and budget reform will be phased out if there is no government progress in the next six months. Moderately successful banking supervision and accounting reform will be expanded. There will be no further assistance for sham elections or political party development. Meanwhile, USAID will focus on promoting small enterprise development in the economically-promising Ferghana Valley. Support for promising NGOs will be further concentrated in the Ferghana Valley, with emphases on health, civil society development and women's rights. There will be increased assistance for developing cost-efficient primary health care and infectious disease control.

## II. RESULTS REVIEW BY STRATEGIC OBJECTIVE

### *S.O. 1.2: Increased soundness of fiscal policies and fiscal management*

#### **Summary**

The purpose of this objective is to transform tax policies and budget procedures to make them consistent with the needs of a market economy. Sound fiscal policies and management practices contribute to both short and long-term economic stability and make a significant contribution to the growth potential of the economy. Poor results to date, especially in the budget area, are likely to result in a phase-out of this work in 1999.

The overall prospects for sustained fiscal policy management are not promising, as numerous structural reforms have not taken place in Uzbekistan and the government micromanages nearly every aspect of economic activity. The initially painful privatization and fiscal sector reforms that have been implemented elsewhere in the NIS have been avoided in Uzbekistan. An excessive portion of the economy is state-controlled; the monetary and fiscal regimes continue much as they did in the former Soviet system. The current multiple exchange rate regime and mandatory foreign exchange conversions significantly reduce the potential for any future foreign direct investment. Thus, while some stability can be seen in the short term, the current groundwork will prove increasingly problematic the longer that reforms are delayed.

The direct beneficiaries of achieving this objective would be the national and local government agencies that need tax revenues and sound budget policies, government employees and, finally, all entities with whom the government is in arrears. All citizens would be indirect beneficiaries, as the economy would stabilize and grow.

#### **Key Intermediate Results**

Three critical intermediate results are necessary to achieve this objective: 1) the government complies with the international financial institutions' conditions; 2) taxes are more fairly and broadly applied and enforced; and 3) improved budget management takes place. These areas are critical because they represent fundamental policy changes that could create the environment necessary for USAID input to have significantly greater impact.

#### **Performance and Prospects**

Overall progress in achieving this objective in 1998 did not meet expectations. This is true even though the overall indicator *appears* to have exceeded its target by a significant amount. The primary indicator, the general deficit as a percentage of GDP, was 2.3 percent according to official estimates, compared to a target of 3.1 percent. However, no confidence can be placed in the official deficit estimates, the accuracy of which cannot be verified. The overall assessment of this work thus relies heavily on the performance of the intermediate level indicators discussed below.

In the area of budget reform, no significant progress was made in 1998. Although a new Budget Systems Law was drafted with USAID assistance in 1997, the government failed to even submit the draft to the *Oliy Majlis* (Parliament) in 1998, despite repeated promises to do so. The same stagnation occurred with another key budget reform law, the Treasury Law. These negative results overwhelm the significance of the newly approved budget classification system.

Efforts to comply with International Financial Institutions' (IFIs) conditions were also nonexistent in 1998. The government took no serious steps to reach an agreement with the IMF to re-initiate a comprehensive economic restructuring program. In fact, the government's exchange rate policies actually moved it farther out of compliance with IMF conditions in 1998. Greater conditions on currency convertibility were imposed, thereby causing a widening of the gap between the official exchange rate and the black market rate.

While the new tax code adopted in 1997 represents a substantial improvement over the prior legislation, the tax law contains significant flaws. USAID has not been able to make any progress in reducing the impact of those flaws, and there is no indication from the government that it even desires continued assistance in the tax policy area.

Although the government has made substantial progress in implementing an efficient tax administration system with USAID support, its tax compliance rate is the highest in the region; this result has been comparatively easy to obtain in Uzbekistan because of the continued domination of the economy by the state. It is far easier for the tax authorities to collect revenues from state enterprises, as it did historically in the Soviet Union, than it is to collect them from private companies. Hence the apparent progress in tax compliance is misleading.

### **Possible Adjustments to Plans**

Currently, the government is not making effective use of USAID advice on tax policy. An assessment of USAID input in Uzbekistan preliminarily indicates that no additional work in tax administration can be done, other than computerization. USAID/CAR agrees with that assessment and is currently awaiting additional recommendations from USAID/ENI to be included in a final report. USAID will cease all assistance in tax policy and tax administration after April 1999, except in computerization.

If the Budget Systems Law and Treasury Law are not passed in April 1999, there is little point in renewing the contract of the USAID Budget Advisor when his current contract expires in July 1999.

### **Other Donor Programs**

GTZ has one part-time advisor, who is training individuals to become private tax consultants. The IMF had a Treasury Advisor, but terminated his assignment in mid-1998 when the government failed to move forward with the Treasury Law.

## **Principal Contractors, Grantees and Agencies**

KPMG/Barents Group works on issues of fiscal reform, which includes budget, tax policy, and tax administration.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE 1.2:</b> Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> SO 1.2 Increased soundness of fiscal policies and fiscal management practices			
<b>INDICATOR:</b> General government deficit as a percent of GDP			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> USAID Fiscal Reform Project, Uzbekistan  <b>INDICATOR DESCRIPTION:</b> Expenditures less revenues as a percent of GDP  <b>COMMENTS:</b> The GOU surpassed its target. However, the official data cannot be verified, and consequently little confidence can be placed in this SO result.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995 (B)		3.5%
	1996	3.3%	3.6%
	1997	3.2%	3.0%
	1998	3.1%	2.3%
	1999	3.0%	
	2000	2.8%	
	2001	2.6%	

<b>STRATEGIC OBJECTIVE:</b> 1.2 Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> 1.2.2 Government of Uzbekistan Complied with the International Financial Institutions Conditions			
<b>INDICATOR:</b> Compliance			
<b>UNIT OF MEASURE:</b> Yes /No /Partial  <b>SOURCE:</b> USAID Fiscal Reform Project, Uzbekistan  <b>INDICATOR DESCRIPTION:</b> GOU Adheres to conditions set forth by the IFIs for additional assistance  <b>COMMENTS:</b> This GOU was totally out of compliance with IFI conditionality in 1998.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995 (B)		N
	1996	Y	N
	1997	Y	N
	1998	Y	N
	1999	Y	
	2000	Y	
	2001	Y	

<b>STRATEGIC OBJECTIVE:</b> 1.2 Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> IR 1.2.4.1 Expenditure allocation process rationalized			
<b>INDICATOR:</b> 1. New budget classification system is in place 2. Budget law passed 3. Treasury Law passed			
<b>UNIT OF MEASURE:</b> Y/N/P  <b>SOURCE:</b> USAID Fiscal Reform Project, Uzbekistan  <b>INDICATOR DESCRIPTION:</b> Unit: Yes - No - Partial  <b>COMMENTS:</b> The new budget classification system has not been fully adopted. The Budget and Treasury Laws have been drafted, but have not been presented to Parliament	YEAR	PLANNED	ACTUAL
	1995		NNN
	1996	YYY	PNN
	1997	YYY	PPP
	1998	YYY	PNN
	1999	YYY	
	2000	YYY	
	2001	YYY	

### *S.O. 1.3: Accelerated growth and development of private enterprises*

#### **Summary**

Private enterprise is dying in Uzbekistan. This work is necessary to help resuscitate it. A stable, robust market economy is critical to the development of democracy and civil society in the Central Asia region. Furthermore, the country's integration into the regional and global economies would provide trade and investment that would benefit all. Unfortunately, this growth has been minimal in the past few years. It has been impeded by both a slow rate of privatization and by flawed governmental policies' such as currency non-convertibility and non-tariff trade restrictions that give the state wide-ranging control over international trade. As a consequence, the conditions for private sector development in Uzbekistan are extremely bleak.

During 1998, private sector GDP growth was further impeded by the Asian and Russian financial crises and resulting low prices for the export commodities of gas, cotton and gold. An accelerated depreciation in the black market exchange rate for the *sum* in the last third of the year also contributed to the decline. The government's highly disruptive multiple exchange rate regime was institutionalized at the beginning of 1997; it is used to support the activities and investments of the government's priority sectors. All these issues only served to aggravate the near stranglehold that the government maintains over the economy. The widely used?although illegal?black market exchange rates were two to three times higher than the official rate by the end of 1998.

Despite negative economic factors, there are a few partial successes. Legislation to encourage foreign direct investment was adopted, and went into effect in May of 1998. The Cabinet of Ministers proposed a strategy to reduce bureaucratic procedures that small and medium-sized enterprises (SMEs) face in the creation, registration and operation of their business activities. Regardless, foreign investors continue to face formidable bureaucratic hurdles such as import contract registration, business registration and licensing, and customs delays. The new SME legislation has done little to assuage a sector besieged by dysfunctional macroeconomic policies.

#### **Key Intermediate Results**

Three key intermediate results are necessary to achieve this objective: 1) an improved operating environment for private sector growth, elements of which are the strengthening of business and business advocacy groups, and implementation of sound trade laws; 2) improved human resources for the functioning of a market economy; and 3) increased availability and accessibility of capital and technological resources for the private sector.

#### **Performance and Prospects**

Overall progress in achieving this objective in 1998 did not meet expectations. Although some individual indicators have been met, there has basically been no growth or development of the private sector.

The most significant result in 1998 was that the government submitted its Memorandum of Foreign Trade Regime, a document that details Uzbekistan's trade and investment policies and rules. It was submitted to the World Trade Organization (WTO) in September. Submission of the Memorandum is the first major step taken by Uzbekistan in its WTO accession process.

With USAID assistance, new laws and regulations, plus amendments to existing laws and regulations, were drafted by the government to start the process of compliance with WTO requirements. New laws "On Foreign Investment" and "On Guarantees and Protection of Foreign Investor Rights" were enacted. Decrees were issued limiting the inspection authority of government officials and promoting the development of SMEs.

The government has made less progress with economic reform in the SME sphere. Since the government does not encourage private sector growth, small businesses are in particular need of assistance. Some limited results have been achieved. USAID has given support to bank senior management for the development of new sales and marketing programs, and for loan and business development strategies. For example, a local marble manufacturer was able to expand its business rapidly, culminating in a \$1.2 million equity investment by the International Finance Corporation (IFC).

Additionally, small loans have been extended to SMEs seeking to expand their operations through the Asian Crossroads Loan Company of the Central Asian-American Enterprise Fund (CAAEF). A total of 51 loans averaging \$76,000 were approved through 1998. However, the lack of currency convertibility stifled CAAEF's activities, and by year-end forced CAAEF to consider a cessation of all activities in the country.

USAID recently began a new accounting reform activity. Based on the success of similar efforts in Kyrgyzstan and Kazakhstan have had in accelerating the growth of private enterprise, USAID accepted Uzbekistan's invitation to launch this activity in November 1998. The government has already adopted national accounting standards based on International Accounting Standards (IAS).

USAID is assisting the government to introduce a corresponding Chart of Accounts. There has been insufficient time to measure the performance of this accounting activity. Initial results appear positive.

### **Possible Adjustments to Plans**

Given lack of progress, USAID is highly selective with assistance. There is some indication that the opportunity to improve commercial law may exist. USAID will investigate this potential opportunity in the near future. USAID will focus its post-privatization support to agribusinesses in the Ferghana Valley in 1999. CAAEF's future in Uzbekistan appears uncertain given the Fund's poor investment history, the chronic currency convertibility problems and the possibility that even CAAEF's local currency earnings may be effectively frozen by the government in the future. A complete withdrawal from Uzbekistan by CAAEF is possible in 1999.

Soviet-style accounting continues to be taught in universities. Accounting curriculum reform must also become a priority in order for accounting reform to become sustained.

### **Other Donor Programs**

The Asian Development Bank and the European Bank for Reconstruction and Development are expanding their microlending portfolios.

USAID closely coordinated its work with other international donors. The IMF continues to monitor the macroeconomic environment in Uzbekistan despite the lapse of an agreement. The World Bank continued its efforts on privatization and health. The European Union (EU) has a large program offering technical assistance in agriculture, business development and energy. However, progress on any economic reform has been slow, if not nil.

### **Principal Contractors, Grantees and Agencies**

Booz-Allen & Hamilton Inc. works on trade and investment reform. The Carana Corporation does accounting conversion and training. The IESC provides technical, managerial and business-planning assistance to private and privatizing enterprises. CAAEF provides loans to small and medium sized private enterprises and takes equity positions in private companies.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR			
<b>RESULT NAME:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>INDICATOR:</b> Increase in Private Sector GDP Market Share			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> European Bank for Reconstruction and Development  <b>INDICATOR DESCRIPTION:</b> Share of GDP Generated by Private Enterprises  <b>COMMENTS:</b> In prior years, this indicator has used T&I contractor-provided data. Those data show the private sector share of GDP as 26%, 30% and 40% in 1996, 1997 and 1998, respectively. This year, we have adopted EBRD data, which we believe to be more reliable.	YEAR	PLANNED	ACTUAL
	1995		30%
	1996		40%
	1997		45%
	1998	45%	N/A yet
	1999	50%	
	2000	60%	
	2001	65%	

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR			
<b>RESULT NAME:</b> 1.3.1 Improved Operating Environment for Private Sector Growth			
<b>INDICATOR:</b> Increase in Private Sector Capital Investment			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Booz-Allen & Hamilton Inc.  <b>INDICATOR DESCRIPTION:</b> Percent of Total Capital Investment in Private Sector  <b>COMMENTS:</b> The 1997 target was raised to reflect the experience in 1996.	YEAR	PLANNED	ACTUAL
	1996	0	17.3%
	1997	20%	25.3%
	1998	30%	25.0%
	1999	50%	
	2000	55%	
	2001	60%	

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR			
<b>RESULT Name:</b> 1.3.1.1 Improved Policies, Laws and Regulations in Place to Ensure Competition and Allow for Easy Market Entry and Exit			
<b>INDICATOR:</b> Significant Bodies of Law and International Conventions that Promote Legal Basis for the Growth of Market Economy			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Booz-Allen & Hamilton Inc.  <b>INDICATOR DESCRIPTION:</b> Major Legislative Initiatives (More than 50 Sections), Treaty Accessions and Significant Policy Determinations Drafted or Implemented with USAID Assistance  <b>COMMENTS:</b> Targets for 1997 and subsequent years were revised downward in 1997 based on an evaluation of the anticipated effects of the government's macroeconomic policies.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	0	2
	1997	5	4
	1998	7	7
	1999	10	
	2000	11	
	2001	12	

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR			
<b>RESULT NAME:</b> 1.3.3 Increased Availability of and Access to Capital and Technological Resources for the Private Sector			
<b>INDICATOR:</b> Loan and Joint-Venture Funds Invested			
<b>UNIT OF MEASURE:</b> Millions of Dollars  <b>SOURCE:</b> CAAEF Semi-Annual Reports  <b>INDICATOR DESCRIPTION:</b> Dollar Volume of Joint-Venture Funds Invested  <b>COMMENTS:</b> The decline observed in 1998 resulted from the very serious currency non-convertibility problems in Uzbekistan.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	-	12.9
	1997	15	25.8
	1998	17	18.0
	1999	20	
	2000	25	
	2001	30.0	

### *S.O. 1.4: A more competitive and market-responsive private financial sector*

#### **Summary**

The financial sector continues to be dominated by the state, not the private sector. The problems in this system are exemplified by the government's failure to move forward with needed market reforms for the pension system and the securities market. The strategy USAID takes in Uzbekistan is similar to that taken in the rest of the region: facilitate development of financial markets by bringing stability to the banking sector; create alternate mechanisms for providing finance to the economy by developing a securities market; and reform the pension system.

Progress toward this objective was slow due to distorting foreign exchange management policies, restrictive controls on local currency denominated accounts and government ownership of a significant 80 percent share of banking assets. The Privatization Ministry continued to play the key role in securities market regulation, a clear conflict of interest that directly undermined the integrity of the securities market regulatory framework. USAID therefore ceased its initial securities market development efforts. USAID also stopped its work in pension reform due to a lack of government commitment to pursuing meaningful reform efforts.

USAID is laying the groundwork for the sector to make the transition from state ownership to a stable, privately owned banking sector. For the banking sector to be viable, it is critically important that bankers be trained in market-oriented banking techniques, and that the Central Bank have a well-trained cadre of bank examiners to effectively monitor the commercial banks. Unlike banking reform elsewhere in the region, where USAID offered intensive assistance as early as 1994, significant USAID efforts in Uzbekistan began only in 1997. Consequently, the bankers in Uzbekistan—both central bankers and commercial bankers—still need training in Western bank accounting techniques and banking practices.

The direct beneficiaries of these activities are the professionals such as private bankers involved in financial market development. All Uzbek citizens stand to benefit indirectly from having more secure banks in which to deposit their savings and from the higher standards of living which will eventually result from the increased investment of those savings.

#### **Key Intermediate Results**

Two intermediate results are necessary to achieve this objective: 1) government regulatory agencies supervise, administer and enforce legislation; and 2) more forms of financial intermediation are institutionalized to effectively supply the private sector on a competitive basis.

#### **Performance and Prospects**

Overall progress in achieving this objective in 1998 was on track. The banking sector is making significant progress in bank supervision and bank accounting reform, although there has been little progress in pension reform or the development of a securities market. Deposits as a percentage of GDP average 10.2 percent, exceeding the target of 4.7 percent. Much of this success can be attributed to one of the salient features of the Uzbek banking system: currently all transactions between businesses *must* be conducted through the banking system. Consequently, this number is not a good measure of an increased willingness to use the banking system.

The USAID banking activities performed better than expected with respect to meeting capital adequacy requirements. The target set for 1998 was to have 75 percent of banks meeting those requirements. The target was exceeded, with 85 percent meeting those requirements. More forms of financial intermediation have developed since 1997, and USAID is on track there. The target for 1998 was set at 14 types of services.

Over the past year, USAID has trained Central Bank of Uzbekistan and commercial banker staff in banking supervision. This training supports transparency and represents advancement in supervision, administration and enforcement of legislation by government regulatory agencies.

Ten on-site inspections of commercial banks were conducted in the past year. On-site inspection is a critical component of transparent bank supervision, because the inspectors use information in the banks themselves, rather than information that the bank has created for review. USAID provided the inspectors two courses as part of an accreditation program.

In November, the Central Bank of Uzbekistan approved an off-site financial report to be used by all banks. All banks are now required to submit this report to the Central Bank. This represents a major achievement. Before the report was developed, the information submitted by commercial banks to the Central Bank varied for each bank. This report standardizes the information reported, and therefore eases the process of analyzing the financial position of the banks.

While international accounting standards (IAS) have now been officially adopted by Uzbekistan's commercial banks, a major milestone, there remains a significant gap between theory and practice. Commercial bank accountants require a great deal of training to learn to effectively utilize the international accounting standards. USAID has provided over 45 days of training in international accounting standards.

The continued success of this objective depends critically on the government's willingness to privatize the banks and allow markets to work in a reasonable regulatory environment. Currently, the World Bank is working with the government on privatization of the banking. Should privatization take place, it would be a tangible step in the right direction and would significantly raise the impact of USAID's assistance. Moreover, because privatization will involve valuation of the banks, USAID's role in bank accounting is critical. Accountants well-versed in IAS will be preparing financial

statements that accurately reflect the financial condition of the banks. This is likely to speed the due diligence process of potential purchasers, and make the banks more attractive.

### **Possible Adjustments to Plans**

USAID is assessing its assistance in the banking sector; support for banking reforms may be altered as a result of that assessment. Support for pension reform and securities market development ended in 1998 as a result of the government's failure to commit to substantial reforms in these areas.

### **Other Donor Programs**

The World Bank will provide the government with a technical assistance loan in 1999 that will prepare a number of commercial banks for privatization.

### **Principal Contractors, Grantees and Agencies**

IBTCI performs banking reform and bank accounting.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 1.4 A More Competitive and Market Responsive Private Financial Sector			
<b>APPROVED:</b> 07/12/1996		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> SO 1.4 A more competitive and market responsive private financial sector			
<b>INDICATOR:</b> Bank deposits as percent of GDP			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> The Central Bank of Uzbekistan  <b>INDICATOR DESCRIPTION:</b> Private sector deposits in Uzbekistan's banking system as percent of GDP  <b>COMMENTS:</b> The targets that were initially set were easily met and exceeded, so they were revised in 1998. Much of the success in 1998 can be explained by the fact that all transactions between businesses are required by law to be conducted through the banking system and not by the increased willingness to use the banking system.	YEAR	PLANNED	ACTUAL
	1995(B)		4.0%
	1996	--	4.2%
	1997	4.5%	4.4%
	1998	4.7%	10.2%
	1999	6.0%	
	2000	10.0%	
	2001	15.0%	

<b>STRATEGIC OBJECTIVE:</b> 1.4 A More Competitive and Market Responsive Private Financial Sector			
<b>APPROVED:</b> 07/12/1996		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> IR 1.4.2. More forms of financial intermediation are institutionalized and effectively supply the private sector on a competitive basis.			
<b>INDICATOR:</b> Increasing number of financial services available.			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Central Bank, the Ministries  <b>INDICATOR DESCRIPTION:</b> Number of distinct financial services available  <b>COMMENTS:</b> In February 1998 the targets were raised to account for progress made.	YEAR	PLANNED	ACTUAL
	1996		12
	1997	9	13
	1998	11	14
	1999	13	
	2000	15	
	2001	17	

<b>STRATEGIC OBJECTIVE:</b> 1.4 A More Competitive and Market Responsive Private Financial Sector			
<b>APPROVED:</b> 07/12/1996 <b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR			
<b>RESULT NAME:</b> IR 1.4.1.2. Regulatory framework and reporting systems are broadly applied effectively screen out deficient institutions.			
<b>INDICATOR:</b> Increasing percent of banks meeting capital adequacy requirements.			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> National Bank of Uzbekistan  <b>INDICATOR DESCRIPTION:</b> Percentage of all licensed commercial banks that meet capital adequacy requirements  <b>COMMENTS:</b> The banking activity performed better than expected, exceeding the requirements. The targets were increased compared to the Strategic Plan to account for stronger progress.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995(B)		
	1996	60%	47%
	1997	70%	73%
	1998	75%	85%
	1999	90%	
	2000	100%	
	2001	100%	

### *S.O. 2.1: Increased informed citizens? participation in political and economic decision-making*

#### **Summary**

Increased citizen participation is critical in Uzbekistan where democratic reform is challenged by the government's centralized structure and its lack of political will to reform. The government has displayed no intention to hold elections that meet international standards. Likewise, the independent media continues to face obstructions from the government, leading to an increase in the already apparent self-censorship in the country.

Given these restrictions, USAID is devoting much of its democracy assistance in Uzbekistan on longer term training and encouragement of local level community development led by non-governmental organizations (NGOs). Concurrently, USAID continues to assist local independent television and radio broadcasters to improve the professionalism and viability of independent media. This support enables dissemination of quality information on domestic politics and economic policies. USAID also provides limited assistance to the nascent Uzbekistan *Oliy Majlis* (Parliament), with the goal of increasing the transparency and responsiveness of government.

#### **Key Intermediate Results**

Three key intermediate results are necessary to achieve this objective: 1) NGO participation in civil society must be strengthened; 2) information on domestic economic policies and politics must become more widely available; and 3) the government must become more responsive and accountable to citizens and citizen organizations.

#### **Performance and Prospects**

Overall progress on achieving this objective in 1998 did not meet expectations. This is particularly true at the national governmental level. Nevertheless, USAID is on track in developing a civil society in Uzbekistan through the growth of NGOs, especially in areas outside the capital. Progress is expected to continue.

NGOs are becoming stronger and more assertive in Uzbekistan; many have embraced local advocacy as part of their agenda as a result of USAID assistance. One example of these advocacy activities is the creation of the Bukharan Tourist Business Association, which is challenging the domination of the state-run tourist company. A Disabilities Study Center in Nukus convinced the city government to adopt a resolution requiring all new public buildings to be approved by the NGO as accessible to physically challenged people. Similarly, in Chirchik the Russian Cultural Center NGO brought their local *Hokim* (mayor) to court, successfully preventing him from sending students below the tenth grade to pick cotton on state farms.

USAID assistance over the last year has also engaged NGOs and parliamentarians in a dialogue on NGO legislation. While this effort has not resulted in the type of partnership law-drafting process

evident elsewhere in Central Asia, the Ministry of Justice did draft a new NGO law using the input of USAID implementing partners and local NGOs. If passed unchanged, it will greatly improve the legal environment for the NGO sector.

As the organizational capacity and effectiveness of Uzbek NGOs continues to grow, USAID will work over the next year to promote increased partnerships between local NGOs and local government. A number of localities where local government is most supportive have been targeted. This effort will focus on NGO interaction with the most local form of government, the *Makhalla* councils. These councils have developed out of traditional neighborhood civic networks; they offer the most promise for implementing community-oriented projects on issues that immediately affect people's lives. The success of previous USAID work with NGOs on health reform evidences that this new local focus may further inspire NGOs.

Despite these positive developments in civil society, the government remains restrictive toward independent media and the free dissemination of information. In July, the government announced that all stations would have to be re-registered or face closure. After initial recalcitrance to USAID lobbying, the government eventually were registered all the stations. Nonetheless, the government continues to limit the freedom of independent media to report openly on all topics, leading to significant journalist self-censorship.

USAID assistance has countered government pressure on the media by helping strengthen the 19 independent television news stations of Uzbekistan. Independent stations are found in every major oblast center from the Ferghana valley to Urgench in the Kyzyl-Kum desert. USAID-supported training seminars have given them new ideas to attract advertising revenue and have helped journalists to become more professional reporters and broadcasters.

While the government continues to constrain open reporting on national political issues, the independent media has shown an increased willingness to report on local public policy issues, resulting in increased local government responsiveness to constituents. Investigative reporting has resulted, for example, in the closing of an unsafe community swimming pool and the improvement of food quality at local schools. Given these positive results, USAID will continue to encourage independent stations to push the envelope on investigative reporting at the local level. In addition, to proactively counter ongoing government interference against such investigative reporting, USAID assistance in the next year will focus on supporting the advocacy agenda of Uzbekistan's electronic media association.

The *Oliy Majlis* has begun to open up the legislative process to allow for non-governmental input, but remains largely under the control of the Government. Nevertheless, Parliament's input has resulted in substantive improvements to some laws initiated by the Government. Furthermore, the *Oliy Majlis* passed the Law on Guarantees of Advocates' Activities and Social Protection of Advocates. A comprehensive, USAID-sponsored assessment of the draft contributed to the shaping of the legislation, as did over 100 comments submitted independently to the drafters by advocates throughout the country, including from the USAID-assisted lawyers' association. Although still in

need of some improvement, the final version is a step forward. Defense attorneys, for instances, are no longer required to seek permission to meet with their clients.

### **Possible Adjustments to Plans**

USAID is redirecting assistance from election activities to civic education and civil society support. In addition, openings at the local level with traditional *Makhalla* councils have presented increased opportunities to encourage democratic participation in community development. Programs in Nukus, Bukhara, and Kokand are planned. USAID will also commence additional assistance in women's legal rights, women's participation in civil society and community-based environmental advocacy. USAID's assistance to artisan NGOs through Aid to Artisans will graduate this summer.

### **Other Donor Programs**

The United States is a major foreign donor working in the area of democratization in Uzbekistan. Programs supported by various U.S. federal agencies are closely coordinated with those of USAID. The Konrad Adenauer Foundation, the Soros Foundation, the Organization for Security and Cooperation in Europe/ Office for Democratic Institutions and Human Rights (OSCE/ODIHR), and the UN Development Program (UNDP) all provide assistance. In addition, the UN High Commissioner for Refugees (UNHCR) co-funds NGO resource centers in conjunction with USAID-financed Counterpart Consortium.

### **Principal Contractors, Grantees and Agencies**

The American Bar Association/Central and East European Law Initiative (ABA/CEELI), Internews, and the International Foundation for Electoral Systems (IFES), all promote civil society and freedom of information in Uzbekistan. Counterpart Consortium administers assistance in the sphere of civil society development. ISAR: the Initiative for Social Action and Renewal in Eurasia works to develop and network local environmental NGOs.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 2.1 Increased, better-informed citizens? participation in political and economic decision-making			
<b>APPROVED:</b> 10/1/97		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> SO 2.1: Increased, better-informed citizens? participation in political and economic decision-making.			
<b>INDICATOR:</b> SO 2.1C: Government responsiveness: % of NGOs receiving positive responses (see Indicator Description) to their contacts with government bodies.			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Counterpart Consortium data base  <b>INDICATOR DESCRIPTION:</b> Percent of sample of NGOs who report attempting to influence government that indicate that officials contacted listened to their positions and appeared interested in understanding their viewpoint, whether or not policy was changed as a result. This indicator is a proxy for acceptance by government of increased citizen/citizen group participation in decision-making.  <b>COMMENTS:</b> Last year, the wording of this indicator read ?Ratio of number of contacts by NGOs on government decisions that have positive reception to total number of such contacts?. In fact, the indicator measured percentage of NGOs that received such positive responses. Therefore, this year we have changed the wording.  * This indicator achieved 100% because only one NGO attempted to contact the government and that one NGO received a positive response.  ** Targets for this indicator declined because the democracy team had expected the percentage of positive responses to decline as an increasing number of NGOs attempt to contact the government.  *** Targets have been adjusted upward due to higher results than expected in FY98.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997	NA	100%*
	1998	15%**	66%
	1999	70%***	
	2000	73%	
	2001	75%	

**STRATEGIC OBJECTIVE:** 2.1 Increased, better-informed citizens? participation in political and economic decision-making

**APPROVED:** 10/1/97

**COUNTRY/ORGANIZATION:** Uzbekistan, USAID/CAR

**RESULT NAME:** IR 2.1.1: NGO participation in civil society strengthened.

**INDICATOR:** IR 2.1.1C: NGO advocacy: Increase in number of indigenous NGOs that seek to influence the government or get government support or attention for their activities (advocacy).

**UNIT OF MEASURE:** Number of NGOs

**SOURCE:** Counterpart Consortium data base

**INDICATOR DESCRIPTION:** Number of NGOs that contacted the media or government officials as reported in grant/contract monitoring documents in response to the following questions:

1. Did you have any contacts with media organizations regarding your NGO?s work or issues during the past year?

2. Did you have any contacts with government officials regarding your NGO?s work or issues during the past year?

**COMMENTS:** Out of 440 NGOs as recorded in Counterpart data base.

\* The decrease in government contacts could reflect NGO?s realization that contacts with the media are more effective than contacts with the government.

\*\* The large jump in the number of government contacts reflects a shift in USAID/CAR?s civil society strategy for Uzbekistan. In observing more political will at the local level for government to work with NGOs, USAID/CAR over the last year has been encouraging local advocacy and social partnerships in lieu of advocacy with the central government. As the results for indicator SO 2.1C reflect, this change in strategy is also receiving adequate responsiveness from government.

\*\*\* Targets have been adjusted upward due to higher results than expected in FY98.

YEAR	PLANNED		ACTUAL	
	med	gov	med	gov
1996	15	10	70	52
1997	25	15	199	1*
1998	225	10	220	60**
1999	240	70***		
2000	250	75		
2001	275	80		

<b>STRATEGIC OBJECTIVE:</b> 2.1 Increased, better-informed citizens? participation in political and economic decision-making			
<b>APPROVED:</b> 10/1/97		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> LLR 2.1.2.1 Domestic news widely available via electronic media			
<b>INDICATOR:</b> LLR 2.1.2.1B: Average minutes of daily independent electronic media local TV news programming.			
<b>UNIT OF MEASURE:</b> Average daily number of minutes  <b>SOURCE:</b> Internews data base  <b>INDICATOR DESCRIPTION:</b> Average daily minutes of independent local news programming from sample of television and radio stations.  Stations: Orbita (Angren), MTV (Andizhon), STV (Samarkand), Kashi-TV (Karshi), Bakhtior TV (Djizzak), Zarafshan (Zarafshan), Milokot (Kokand), Margilan-TV (Margilan), Bagdad-TV (Bagdad), Aloka-AK (Guliston).  <b>COMMENTS:</b> In the last R4, this indicator was at IR level. Whilst reviewing SO 2.1 Results Framework this year, we decided that this indicator is more appropriate for measuring LLR 2.1.2.1 ?Domestic news widely available via electronic media?, since it measures the amount of independent local news available daily for the public and better reflects the progress towards this LLR. Therefore, the indicator was moved to Low Level Result.  *The indicator for Uzbekistan is so low because when the data was collected many of the stations were still going through the re-registration process. While the stations were waiting for decisions from the licensing committee, they were not able to broadcast.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	NA	3
	1996	30	15
	1997	5	5.9
	1998	7	5*
	1999	9	
	2000	10	
	2001	12	

<b>STRATEGIC OBJECTIVE:</b> 2.1 Increased, better-informed citizens? participation in political and economic decision-making			
<b>APPROVED:</b> 10/1/97		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> IR 2.1.1: NGO participation in civil society strengthened.			
<b>INDICATOR:</b> IR 2.1.1B: Percent of NGOs that demonstrate their improved skills in advocacy, community organizing, government relations, and public outreach/education.			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Counterpart Consortium data base  <b>INDICATOR DESCRIPTION:</b> Increased media exposure by NGOs highlighting their role in a democratic society and their achievements in providing services to the community and advocating on their behalf; joint NGO/government seminars and public forums on the need for an effective legal structure to protect the rights of the NGO sector and public interest; growth of NGO coalitions and advocacy groups actively engaged in influencing public policy governing the NGO sector; increased number of community advisory councils; professional associations, and coalitions seeking to influence government policies and community services.  <b>COMMENTS:</b> * The large increase in the results for this indicator reflect the maturation of many of the nascent NGOs in Uzbekistan into strong organizations with significant capacity. This is the logical result of the last several years of work as fewer new NGOs begin to emerge and the existing ones become stronger.  ** Targets have been adjusted upward due to higher results than expected in FY98.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	NA	NA
	1996	NA	NA
	1997	NA	1%
	1998	5%	15%*
	1999	20%**	
	2000	25%	
	2001	30%	

### *S.O. 3.2: Improved sustainability of social services*

#### **Summary**

In Uzbekistan, as in most parts of the former Soviet Union, the government continues to invest in curative health care instead of developing strong primary health care systems. While Kyrgyzstan and Kazakhstan moved relatively quickly to reform their health sectors, progress here has been slow due to lack of government commitment.

Last year the situation changed and the government requested USAID for assistance in starting health reform demonstration sites. An earlier external evaluation of USAID's health reform efforts in Central Asia had concluded that the government was ready to begin a major health reform program. In late 1997, USAID initiated health reform activities, modeled on demonstration projects in Kazakhstan and Kyrgyzstan.

With USAID assistance, the government is currently improving rural primary health care services by training doctors in primary health care to work in rural clinics. These clinics will introduce new, market-based payment systems to increase efficiency and quality. The government has negotiated a loan with the World Bank to reform the health care infrastructure in three *oblasts*: Ferghana, Syr Darya and Navoi. The primary health care model and the financing systems introduced by USAID will be the basis for the expansion under the new World Bank loan. The health care reform will benefit the entire citizenry, especially the vulnerable population of the elderly, women and children.

#### **Key Intermediate Results**

The two intermediate results are: 1) cost-effective health care services demonstrated in selected oblasts, and 2) cost-effective health sector reforms adopted nationally.

#### **Performance and Prospects**

Overall progress in achieving this objective in 1998 was on track. The health reform program has been operational for one year. One of the most important results has been the recent issue of the Presidential Decree which provides the legal basis for implementation of the critical Health Care Reform Project until the year 2005, demonstrating the high priority the government has given this project. In the first year the demonstration *rayons* (administrative districts) have shown positive results in creating cost effective health care models. New primary health care facilities have been given greater self-management and new payment structures, based on a provider payment system with a capitated rate, a set amount per enrolled client. The planned reduction and restructuring of hospitals and development of primary health care services will increase the efficiency and accountability of the health care system. To date, 13 rural physician posts (SVP) providing primary health care services have been established.

*Makhallas*, traditional community-based organizations, have influenced the incorporation of cultural concerns into decisions made on health and social problems. During the past year, their participation in the health reforms has increased. An Inter-Makhalla Health Advisory Board was created to advocate for better government health care. It is anticipated that these organizations will develop into registered NGOs. Work with the Makhallas in the health reform pilot oblasts builds upon and supports the civil society work done with the Makhallas.

An important aspect of the primary care practices' efficiency is that they include an expanded array of services. Family medicine practitioners have been trained in-country and in the U.S. in areas of acute respiratory infections, family planning, reproductive health, cardiovascular diseases, and infectious disease control. In the first year, 14 percent of the pilot SVPs have successfully expanded to provide new services. The new payment systems, information systems and population enrollment have been designed and are ready for implementation early next year. As these SVPs mature, a comprehensive package of health services will be available through them. This creates a base for integrating the USAID-supported special health initiatives now included under Special Initiative 4.1.

A World Bank loan for approximately \$30 million has been approved to reform the health care system in the three pilot oblasts. A Memorandum of Understanding between the Governments of Uzbekistan and the United States was signed to promote and support this project. With USAID's leveraging of World Bank resources and the Governmental Decree, prospects of expansion are excellent in Uzbekistan.

### **Possible Adjustments to Plans**

If government commitments continue, assistance under this objective will be expanded considerably to meet the needs of a large populace. USAID will seek to integrate the special health initiative within this objective and create effective links with the work in progress with the Makhallas.

### **Other Donor Programs**

USAID and The World Bank will work collaboratively in the creation of a successful health care reform program in Uzbekistan. The \$30 million loan will assist in the following areas: strengthening primary health care in rural areas, training of general practitioners and universal nurses, strengthening of finance and management, and project management. The British Know How Fund will provide training for the general practitioners and nurses in coordination with this project. UNICEF and the UN Population Fund run programs in family planning and childhood infectious diseases.

### **Principal Contractors, Grantees or Agencies**

Abt Associates is the main contractor implementing USAID's health reform initiatives.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 3.2 Improved sustainability of social services.			
<b>APPROVED:</b> 1998		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> IR 3.2.1 Cost-effective health care services demonstrated in selected Oblasts.			
<b>INDICATOR:</b> Increased # of independent primary care practices.			
<b>UNIT OF MEASURE:</b> # of primary care practices (PCP)  <b>SOURCE:</b> Project data base  <b>INDICATOR DESCRIPTION:</b> Increase in the number of independent primary care practices actually staffed and providing services.  <b>COMMENTS:</b> The indicator is reported according to the Pilot site, Ferghana Oblast.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1998 Pilot #	0	13
	1999 Pilot #	20	

<b>STRATEGIC OBJECTIVE:</b> 3.2 Improved sustainability of social services.			
<b>APPROVED:</b> 1997		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> IR 3.2.3 National legal, regulatory and policy framework for health sector embodies reforms.			
<b>INDICATOR:</b> Laws and Policies adopted on key reforms nationally			
<b>UNIT OF MEASURE:</b> # of the following key reforms adopted nationally: 1) Primary care practices decree 2) Health sector NGOs formed 3) Family Group Practices enrollment system in place 4) Provider payment systems and health insurance decrees 5) Provider management information systems in place 6) Clinical protocols introduced  <b>SOURCE:</b> OST/GOU data bases  <b>INDICATOR DESCRIPTION:</b> The above six most important reforms of the health sector were identified by OST/GOU and the Contractor to be the key reforms necessary at the national level.  <b>COMMENTS:</b> The definition of this IR has been modified during Mission's review to adjust for progress. The key reforms may need to be expanded as sub-units are adopted in stages. This is a new program started in 1998 - thus will not have national level results until 2000.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1999	3	
	2000	4	

**STRATEGIC OBJECTIVE:** 3.2 Improved sustainability of social services

**APPROVED:** 1997

**COUNTRY/ORGANIZATION:** Uzbekistan, USAID/CAR

**RESULT NAME:** IR 3.2.3 Cost-effective health sector reforms adopted nationally

**INDICATOR:** Increased percent of health care providers reimbursed by market-oriented payment systems.

**UNIT OF MEASURE:** Percentage of hospitals and outpatient care providers using market-oriented systems.

**SOURCE:** Project data base

**INDICATOR DESCRIPTION:** Increase percentage of hospitals and outpatient care providers reimbursed by market-oriented payment systems.

**COMMENTS:** A new program and financing system started in 1998

YEAR	PLANNED	ACTUAL
1999	5%	
2000	25%	

## *Special Initiatives 4.1: Preventive health care*

### **Summary**

Through this initiative, USAID has provided limited and selected technical assistance which paved the way for initiation of the health care reforms discussed on page 26. These congressionally-mandated directives have also addressed key health problems: lack of access to contraceptives in the private sector, poor diagnosis and treatment of infectious diseases, and lack of practitioners trained in modern clinical techniques for preventive care. Through USAID assistance, the private sector has increased the use of modern hormonal methods of birth control. A decline in the abortion rates is evident. USAID has improved disease surveillance for various infectious diseases, with recent efforts focusing on hepatitis and tuberculosis. The medical partnerships increased medical capacity through transfers of hospital-based technology from U.S. institutions to local health institutions. In 1998, new resources were devoted to primary health care, women's health care and emergency services. Under these special initiatives all citizens benefit, especially the most vulnerable segments of the population.

### **Performance and Prospects**

Overall progress in achieving these special initiatives in 1998 was on track. The reproductive health social marketing project has achieved results despite the constraints imposed by problems of currency conversion. The Red Apple campaign increased consumer awareness and demand for contraceptives by recruiting 1,500 pharmacies in pilot sites to actively participate in the marketing strategy. Two new free hotlines were launched in Tashkent and Samarkand to provide women with increased access to reliable information about reproductive health and family planning. All of these accomplishments have provided the people of Uzbekistan with a choice of readily available, quality contraceptives instead of their traditional reliance on abortions. As a follow-on to the social marketing project, a new Commercial Market Strategies (CMS) initiative started, focusing on making reproductive health information available through public announcements, increasing the hotline networks, and improving availability of Red Apple products through effective distribution strategies.

The medical partnership activities improved nursing education, women's health care and emergency services. The Women's Wellness Center outside of Tashkent, inaugurated by Hillary Clinton during her visit in November 1997, is now the model for a second center. In the summer of 1999, the same fee-for-service model will be implemented in a new center in Tashkent. This program has leveraged extensive support from the Ministry of Health, resulting in a building, staff and some equipment for a second Women's Wellness Center in Tashkent. A new health partnership program has started with a focus on primary and emergency health care.

Although the assistance to strengthen the hepatitis and the tuberculosis program is new, the country has already made important strides in increasing the quality assurance of laboratories. Medical professionals participated in the regional laboratory training on smear microscopy and antibiotic resistance testing for hepatitis. The government also conducted a TB lab assessment, which has laid the ground work for the implementation of Directly Observed Therapy (DOTS) implementation to

treat this serious illness. Incidence of tuberculosis in Uzbekistan is increasing. In early 1999, medical professionals will participate in a regional DOTS conference and a regional workshop on sentinel surveillance for viral hepatitis.

### **Possible Adjustments to Plans**

If foreign exchange controls are lifted and currency is freely convertible, there will be expansion in the reproductive health commercial marketing program. Given the current interest and commitment of the government in primary health care, USAID expects to expand efforts in infectious diseases as well. U.S. humanitarian assistance will be closely coordinated with USAID health care initiatives.

### **Other Donor Programs**

Medicine Sans Frontiers (MSF) works on implementing DOTS in Muntaryak City, in the Karakalpakstan Autonomous Republic. As the USAID DOTS program is implemented, collaboration with MSF will increase. The Swiss Government will provide equipment for the reference hepatitis laboratory in Tashkent. UNICEF and the UN Population Fund are working in the field of reproductive health and childhood infectious disease.

### **Principal Contractors, Grantees or Agencies**

The American International Health Alliance (AIHA), the Centers for Disease Control and Prevention and Project Hope all are implementing health projects. A Consortium of contractors led by Deloitte and Touche work on reproductive health.

## Performance Data Tables

<b>OBJECTIVE:</b> 4.1 Earmark-Reproductive Health			
<b>APPROVED:</b> 1998		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> N/A-Congressionally mandated earmark			
<b>INDICATOR:</b> General Abortion Rate			
<b>UNIT OF MEASURE:</b> Rate  <b>SOURCE:</b> Ministry of Health (MOH) Demographic and Health Survey (DHS)/96 Uzbekistan  <b>INDICATOR DESCRIPTION:</b> Induced abortions per 1000 women age 15-49.  <b>COMMENTS:</b> The 1996 Uzbekistan Demographic and Health Survey (UDHS) shows a general abortion rate of 20. This is close to the rate reported by the MOH in 1996. The UDHS notes there is clear and convincing evidence that contraceptive use has been a substitute for abortion. * DHS data - women age group 15-45 ** MOH data - women age group 15-49	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	-	20** 24*
	1996	-	16.0** 20*
	1997	10.4	12.5**
	1998	10.0	11.0**

<b>OBJECTIVE:</b> 4.1 Earmark-Infectious Disease			
<b>APPROVED:</b> 1998		<b>COUNTRY/ORGANIZATION:</b> Uzbekistan, USAID/CAR	
<b>RESULT NAME:</b> N/A - Congressionally mandated earmark			
<b>INDICATOR:</b> Increased number of oblasts following DOTS procedure effectively			
<b>UNIT OF MEASURE:</b> Number of Oblasts  <b>SOURCE:</b> Centers for Disease Control and Prevention (CDC) in Central Asia and Project HOPE  <b>INDICATOR DESCRIPTION:</b> The Directly Observed Treatment - Short Course (DOTS) procedure for treatment of tuberculosis patients has been approved by the World Health Organization as the most cost effective treatment. DOTS use is considered effective if at least 85% of smear positive cases are converted to smear negative after DOTS therapy.  <b>COMMENTS:</b> Activities on introducing WHO recommended DOTS therapy are only in the beginning stages	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1999	1	
	2000	3	

### *Special Initiative 4.2: Cross-Cutting Programs*

The Global Training Project continues to provide important support for reform-minded Uzbeks to obtain specific training and first-hand exposure to Western systems and methods. Uzbek citizens from both the government and private sector participate in specially designed courses in the United States and in the Central Asia region. These courses cover such subjects as WTO accession, tax policy, health care reform and NGO development. The training has proven to be especially effective in Uzbekistan because it offers important opportunities to strengthen ongoing technical assistance programs and allows Uzbek counterparts to directly observe the situation and experience of other countries. More than 724 Uzbek officials, including 205 women have been trained in FY 1998.

Training participants have been instrumental in bringing about changes in tax policy and administration, national budgeting and health reform. This effort benefits Uzbeks at all levels by providing training for qualified public officials who are then better able to establish transparent legislation which fosters the growth of markets and democratic governance.

FY 1999 Budget Request by Program/Country

13-May-99  
02:07 PM

Program/Country: UZBEKISTAN  
Approp Acct:  
Scenario

FY 1999 Request															Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 99	
S.O. # , Title	Bilateral/Field Spt	Total	Micro-Enterprise	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G			
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices																	
	Bilateral	800000			800000											560000	240000
	Field Spt	0															
		800000	0	0	800,000	0	0	0	0	0	0	0	0	0	0	560,000	240,000
SO 1.3: Accelerated Development and Growth of Private Enterprises																	
	Bilateral	2400000			2400000											1680000	720000
	Field Spt	0															
		2400000	0	0	2,400,000	0	0	0	0	0	0	0	0	0	0	1,680,000	720,000
SO 1.3: Central Asian-American Enterprise Fund																	
	Bilateral	1000000			1000000											700000	300000
	Field Spt	0															
		1000000	0	0	1,000,000	0	0	0	0	0	0	0	0	0	0	700,000	300,000
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector																	
	Bilateral	1500000			1500000											1050000	450000
	Field Spt	0															
		1500000	0	0	1,500,000	0	0	0	0	0	0	0	0	0	0	1,050,000	450,000
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making																	
	Bilateral	2560000													2560000	1792000	768000
	Field Spt	0															
		2560000	0	0	0	0	0	0	0	0	0	0	0	0	2,560,000	1,792,000	768,000
SO 3.2: Improved Sustainability of Selected Social Benefits and Services																	
	Bilateral	2900000										2900000				2030000	870000
	Field Spt	0															
		2900000	0	0	0	0	0	0	0	0	0	2900000	0	0	2,030,000	870,000	

SO 4.1: Health Earmarks															
Bilateral	4200000						1300000		1400000		1500000			2940000	1260000
Field Spt	0														
	4200000	0	0	0	0	0	1,300,000	0	1,400,000	0	1,500,000	0	0	2,940,000	1,260,000
SO 4.1: Transfers and Allocations															
Bilateral	7360000													5152000	2208000
Field Spt	0														
	7360000	0	0	0	0	0	0	0	0	0	0	0	0	5,152,000	2,208,000
SO 4.2: Exchanges and Training (Global Training Project)															
Bilateral	2250000			607500		382500					495000	382500	382500	1575000	675000
Field Spt	0														
	2250000	0	0	607,500	0	382,500	0	0	0	0	495,000	382,500	382,500	1,575,000	675,000
SO 4.2: Exchanges and Training - Partnerships															
Bilateral				0		470000					0	0	0	0	0
Field Spt	0														
		0	0	0	0	470,000	0	0	0	0	0	0	0	0	0
SO 4.2: Eurasia Foundation															
Bilateral	2000000	200000		0									1800000	1400000	600000
Field Spt	0														
	2000000	200,000	0	0	0	0	0	0	0	0	0	0	1,800,000	1,400,000	600,000
SO 4.2: Special Initiatives (PD&S)															
Bilateral	640000			211200		0					172800	128000	128000	448000	192000
Field Spt	0														
	640000	0	0	211,200	0	0	0	0	0	0	172,800	128,000	128,000	448,000	192,000
Total Bilateral	27610000	200,000	0	6,518,700	0	382,500	1,300,000	0	1,400,000	0	5067800	510,500	#VALUE!	19,327,000	8,283,000
Total Field Support	0	0	0	0	0	0	0	0	0	0	0	0	#VALUE!	0	0
<b>TOTAL PROGRAM</b>	<b>27,610,000</b>	<b>200,000</b>	<b>0</b>	<b>6,518,700</b>	<b>0</b>	<b>382,500</b>	<b>1,300,000</b>	<b>0</b>	<b>1,400,000</b>	<b>0</b>	<b>5,067,800</b>	<b>510,500</b>	<b>4,870,500</b>	<b>19,327,000</b>	<b>8,283,000</b>

FY 99 Request Agency Goal Totals	
Econ Growth	6,718,700
Democracy	4,870,500
HCD	382,500
PHN	8,150,300
Environment	510,500
Program ICASS	0
GCC (from all Goals)	0

FY 99 Account Distribution (DA only)	
Dev. Assist Program	27610000
Dev. Assist ICASS	
Dev. Assist Total:	27610000
CSD Program	0
CSD ICASS	
CSD Total:	0

FY 2000 Budget Request by Program/Country

13-May-99  
02:07 PM

Program/Country: **UZBEKISTAN**  
Approp Acct:  
Scenario

(Enter either DA/CSD; ESF; NIS; or SEED)

S.O. #, Title															Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 00	
FY 2000 Request																	
Bilateral/Field Spt	Total	Micro-Enterprise	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G				
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices															Final Obligation: 1999		
Bilateral	500000			500000												350000	150000
Field Spt	0															0	0
	500000	0	0	500,000	0	0	0	0	0	0	0	0	0	0	0	350,000	150,000
SO 1.3: Accelerated Development and Growth of Private Enterprises															Final Obligation: 2006		
Bilateral	2500000	1000000		1500000												1750000	750000
Field Spt	0															0	0
	2500000	1,000,000	0	1,500,000	0	0	0	0	0	0	0	0	0	0	0	1,750,000	750,000
SO 1.3: Central Asian-American Enterprise Fund															Final Obligation: 2004		
Bilateral	1000000			1000000												700000	300000
Field Spt	0															0	0
	1000000	0	0	1,000,000	0	0	0	0	0	0	0	0	0	0	0	700,000	300,000
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector															Final Obligation: 2004		
Bilateral	1500000			1500000												1050000	450000
Field Spt	0															0	0
	1500000	0	0	1,500,000	0	0	0	0	0	0	0	0	0	0	0	1,050,000	450,000
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making															Final Obligation: 2006		
Bilateral	3500000														3500000	2450000	1050000
Field Spt	0															0	0
	3500000	0	0	0	0	0	0	0	0	0	0	0	0	3,500,000	2,450,000	1,050,000	
SO 3.2: Improved Sustainability of Selected Social Benefits and Services															Final Obligation: 2003		
Bilateral	3500000										3500000					2450000	1050000
Field Spt	0															0	0
	3500000	0	0	0	0	0	0	0	0	0	3,500,000	0	0	0	2,450,000	1,050,000	

SO 4.1: Health Earmarks														Final Obligation: N/A		
Bilateral	4500000						1500000		3000000					3150000	1350000	
Field Spt	0															
	4500000	0	0	0	0	0	1,500,000	0	3,000,000	0	0	0	0	3,150,000	1,350,000	
SO 4.1: Transfers and Allocations														Final Obligation: N/A		
Bilateral	6750000			0			0							4725000	2025000	
Field Spt	0															
	6750000	0	0	0	0	0	0	0	0	0	0	0	0	4,725,000	2,025,000	
SO 4.2: Exchanges and Training (Global Training Project)														Final Obligation: 2006		
Bilateral	3000000			810000			510000					660000	510000	510000	2100000	900000
Field Spt	0															
	3000000	0	0	810,000	0	510,000	0	0	0	0	0	660,000	510,000	510,000	2,100,000	900,000
SO 4.1: Exchanges and Training - Partnerships														Final Obligation: N/A		
Bilateral	0	0		0										0	0	
Field Spt	0															
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SO 4.2: Eurasia Foundation														Final Obligation: N/A		
Bilateral	2000000	200000												1800000	1400000	600000
Field Spt	0															
	2000000	200,000	0	0	0	0	0	0	0	0	0	0	0	1,800,000	1,400,000	600,000
SO 4.2: Special Initiatives (PD&S)														Final Obligation: N/A		
Bilateral	500000			165000								135000	100000	100000	350000	150000
Field Spt	0															
	500000	0	0	165,000	0	0	0	0	0	0	0	135,000	100,000	100,000	350,000	150,000
Total Bilateral	29250000	1,200,000	0	5,475,000	0	510,000	1,500,000	0	3,000,000	0	4,295,000	610,000	#VALUE!	20,475,000	8,775,000	
Total Field Support	0	0	0	0	0	0	0	0	0	0	0	0	0	#VALUE!	0	
<b>TOTAL PROGRAM</b>	<b>29,250,000</b>	<b>1,200,000</b>	<b>0</b>	<b>5,475,000</b>	<b>0</b>	<b>510,000</b>	<b>1,500,000</b>	<b>0</b>	<b>3,000,000</b>	<b>0</b>	<b>4,295,000</b>	<b>610,000</b>	<b>5,910,000</b>	<b>20,475,000</b>	<b>8,775,000</b>	

FY 00 Request Agency Goal Totals	
Econ Growth	6,675,000
Democracy	5,910,000
HCD	510,000
PHN	9,305,000
Environment	610,000
Program ICASS	0
GCC (from all Goals)	0

FY 00 Account Distribution (DA only)	
Dev. Assist Program	29250000
Dev. Assist ICASS	
Dev. Assist Total:	29250000
CSD Program	0
CSD ICASS	
CSD Total:	0

FY 2001 Budget Request by Program/Country  
 Program/Country: UZBEKISTAN

13-May-99  
 02:07 PM

Approp Acct:  
 Scenario

FY 20001 Request

. # , Title														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 01	Future Cost (POST-2001)	
Bilateral/Field Spt	Total	Micro-Enterprise	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G				
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices														Final Obligation: 1999			
Bilateral	500000			500000											350000	150000	0
Field Spt																	
	500000	0	0	500,000	0	0	0	0	0	0	0	0	0	0	350,000	150,000	0
SO 1.3: Accelerated Development and Growth of Private Enterprises														Final Obligation: 2006			
Bilateral	1800000	1000000		800000											1260000	540000	9200000
Field Spt	0																
	1800000	1,000,000	0	800,000	0	0	0	0	0	0	0	0	0	0	1,260,000	540,000	9200000
SO 1.3: Central Asian-American Enterprise Fund														Final Obligation: 2004			
Bilateral	1000000			1000000											700000	300000	N/A
Field Spt	0																
	1000000	0	0	1,000,000	0	0	0	0	0	0	0	0	0	0	700,000	300,000	N/A
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector														Final Obligation: 2004			
Bilateral	1700000			1700000											1190000	510000	3315000
Field Spt	0																
	1700000	0	0	1,700,000	0	0	0	0	0	0	0	0	0	0	1,190,000	510,000	3315000
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making														Final Obligation: 2006			
Bilateral	4000000													4000000	2800000	1200000	7143000
Field Spt	0																
	4000000	0	0	0	0	0	0	0	0	0	0	0	0	4,000,000	2,800,000	1,200,000	7143000
SO 2.3: More Effective, Responsive, and Accountable Local Government														Final Obligation: 2003			
Bilateral	500000													500000	350000	150000	1000000
Field Spt	0																
	500000	0	0	0	0	0	0	0	0	0	0	0	0	500,000	350,000	150,000	1000000
SO 3.2: Improved Sustainability of Selected Social Benefits and Services														Final Obligation: 2003			
Bilateral	3500000										3500000				2450000	1050000	10500000
Field Spt	0																
	3500000	0	0	0	0	0	0	0	0	0	3,500,000	0	0	0	2,450,000	1,050,000	10500000

SO 4.1: Health Earmarks														Final Obligation: N/A		
Bilateral	4500000						1500000		1900000		1100000			3150000	1350000	N/A
Field Spt	0															
	4500000	0	0	0	0	0	1,500,000	0	1,900,000	0	1,100,000	0	0	3,150,000	1,350,000	N/A
SO 4.1: Transfers and Allocations														Final Obligation: N/A		
Bilateral	11000000													7700000	3300000	N/A
Field Spt	0															
	11000000	0	0	0	0	0	0	0	0	0	0	0	0	7,700,000	3,300,000	N/A
SO 4.2: Exchanges and Training (Global Training Project)														Final Obligation: 2006		
Bilateral	3500000			945000		595000					770000	595000	595000	2450000	1050000	5000000
Field Spt	0															
	3500000	0	0	945,000	0	595,000	0	0	0	0	770,000	595,000	595,000	2,450,000	1,050,000	5000000
SO 4.2: Exchanges and Training - Partnerships														Final Obligation: N/A		
Bilateral	0			0										0	0	N/A
Field Spt	0															
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A
SO 4.2: Eurasia Foundation														Final Obligation: N/A		
Bilateral	2000000	200000		0									1800000	1400000	600000	N/A
Field Spt	0															
	2000000	200,000	0	0	0	0	0	0	0	0	0	0	1,800,000	1,400,000	600,000	N/A
SO 4.2: Special Initiatives (PD&S)														Final Obligation: 2006		
Bilateral	500000			165000							135000	100000	100000	350000	150000	420000
Field Spt	0															
	500000	0	0	165,000	0	0	0	0	0	0	135,000	100,000	100,000	350,000	150,000	420,000
Total Bilateral	34500000	1,200,000	0	5,110,000	0	595,000	1,500,000	0	1,900,000	0	5,505,000	695,000	6995000	24150000	10350000	36,578,000
Total Field Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROGRAM</b>	<b>34500000</b>	<b>1,200,000</b>	<b>0</b>	<b>5,110,000</b>	<b>0</b>	<b>595,000</b>	<b>1,500,000</b>	<b>0</b>	<b>1,900,000</b>	<b>0</b>	<b>5,505,000</b>	<b>695,000</b>	<b>6,995,000</b>	<b>24,150,000</b>	<b>10,350,000</b>	<b>36,578,000</b>

FY 01 Request Agency Goal Totals	
Econ Growth	6,310,000
Democracy	6,995,000
HCD	595,000
PHN	9,500,000
Environment	695,000
Program ICASS	0
GCC (from all Goals)	0

FY 01 Account Distribution (DA only)	
Dev. Assist Program	34500000
Dev. Assist ICASS	
Dev. Assist Total:	34500000
CSD Program	0
CSD ICASS	
CSD Total:	0

MISSION WORKSHEET

Last edit: 17-Mar-99

US ASSISTANCE TO UZB (FY'99 PROGRAM BUDGET)-UZBEKISTAN - USAID / CA

(rounded amounts by '000)

in US dollars

OFFICE	PROJ. No	S.O.	PROJECT COMPONENT	Budget						Obligation Location	FY 2000 CP	Remarks	
				FY98 C/O			FY99 OYB						
				Actual	Changes	Total	Proposed	Changes	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13	
PPS	110-0001		<u>Special Initiatives</u>										
		4.2	Program Design & Support				640,000		640,000	MACS	500,000		
			<u>Sub-</u>				640,000		640,000		500,000		
OST	110-0004		<u>Health Care</u>										
		3.2	Finance & Service Delivery Alternatives				2,700,000	200,000	2,900,000		3,500,000		
			Abt. Associates				1,800,000		1,800,000	MACS			
			New TA mechanism				800,000	200,000	1,000,000	MACS			FY99OYB 03/17 \$200K from Pr0009
			Program Design and Support				100,000		100,000	MACS			
		4.1	Medical Partnerships				1,500,000		1,500,000		4,500,000		
			AIHA				1,500,000		1,500,000	NMS			
		4.1	Vaccine & Pharmaceutical Security				1,200,000	200,000	1,400,000				
			CDC				700,000	(200,000)	500,000	MACS			FY99OYB 02/19 (\$200K)
			Project Hope				400,000	(100,000)	300,000	MACS			FY99OYB 02/19 (\$100K)
			TBD					500,000	500,000				FY99OYB 02/19 \$300K, FY99OYB 03/17 \$200K from Pr0009
			Program Design and Support				100,000		100,000	MACS			
		4.1	Women's Health / Family Planning	420,000		420,000	900,000	400,000	1,300,000				
			Commercial Markets	350,000		350,000	800,000		800,000	NMS			
			TBD					400,000	400,000				FY99OYB 03/17 \$400K from Pr0009
			Program Design and Support	50,000		50,000				MACS			
			TA LT	20,000		20,000	100,000		100,000	MACS			
			<b>Sub-Total</b>	<b>420,000</b>		<b>420,000</b>	<b>6,300,000</b>	<b>800,000</b>	<b>7,100,000</b>		<b>8,000,000</b>		
ODT	110-0007		<u>Democratic Reform</u>										
		2.1	Political Process	40,000		40,000	760,000	(240,000)	520,000				
			ABA/CELLI				330,000	(10,000)	320,000	MACS			FY99OYB 02/19 (\$10K)
			IFES	40,000		40,000	200,000		200,000	NMS			
			NDI Political Party Building				230,000	(230,000)		MACS			FY99OYB 02/19 (\$230K)
		2.1	Civil Society	615,000		615,000	1,400,000	240,000	1,640,000				
			Counterpart				575,000	100,000	675,000	MACS			FY99OYB 02/19 \$100K
			New Activities (Bukhara, women)	615,000		615,000	719,000	140,000	859,000	MACS			FY99OYB 02/19 \$140K
			ISAR				100,000		100,000	NMS			
			Indicators Survey				6,000		6,000	MACS			
		2.1	Independent Media				400,000		400,000				
			Internews				400,000		400,000	MACS			

			<b>Sub-Total</b>	<b>655,000</b>	<b>655,000</b>	<b>2,560,000</b>	<b>2,560,000</b>		<b>3,500,000</b>	
<b>OMT</b>	<b>110-0009</b>		<b><u>Economic Restructuring</u></b>							
		<b>1.2</b>	<b>Fiscal Reforms</b>			<b>800,000</b>	<b>800,000</b>		<b>450,000</b>	
			Barents Group			530,000	530,000	MACS		
			Fiscal - new			270,000	270,000	MACS		
		<b>1.3</b>	<b>Market Environment</b>	<b>375,000</b>	<b>375,000</b>	<b>3,200,000</b>	<b>(800,000)</b>	<b>2,400,000</b>	<b>1,550,000</b>	
			<b>Commercial Law reform</b>			<b>800,000</b>	<b>(800,000)</b>			
			CommLaw Reform - TBC			800,000	(800,000)	MACS		FY99OYB 03/17 (\$800K) to Pr0004
			<b>Trade &amp; Investment</b>			<b>1,200,000</b>	<b>1,200,000</b>			
			Booz Allen & Hamilton			1,078,000	1,078,000	MACS		
			Booz Allen & Hamilton - new			122,000	122,000	MACS		
			<b>Accounting Conversion</b>	<b>225,000</b>	<b>225,000</b>	<b>800,000</b>	<b>800,000</b>			
			Carana	225,000	225,000	800,000	800,000	MACS		
			<b>Private Enterprise Development</b>	<b>150,000</b>	<b>150,000</b>	<b>400,000</b>	<b>400,000</b>			
			IESC Business Development	150,000	150,000	400,000	400,000	MACS		
		<b>1.4</b>	<b>TA/Monetary</b>			<b>1,500,000</b>	<b>1,500,000</b>		<b>1,500,000</b>	
			<b>Bank Accounting&amp;Supervision</b>			<b>1,300,000</b>	<b>1,300,000</b>			
			IBTCI			880,000	190,000	1,070,000	MACS	FY99OYB 02/19 \$190K
			Bank Restructuring - new			420,000	(190,000)	230,000	MACS	FY99OYB 02/19 (\$190K)
			<b>Program Design &amp; Support</b>			<b>200,000</b>	<b>200,000</b>	MACS		
			<b>Sub-Total</b>	<b>375,000</b>	<b>375,000</b>	<b>5,500,000</b>	<b>(800,000)</b>	<b>4,700,000</b>	<b>3,500,000</b>	
<b>OST</b>	<b>110-0010</b>	<b>4.2</b>	<b><u>Eurasia Foundation</u></b>							
			Eurasia Foundation	500,000	500,000	2,000,000		2,000,000	NMS	2,000,000
			<b>Sub-Total</b>	<b>500,000</b>	<b>500,000</b>	<b>2,000,000</b>		<b>2,000,000</b>		<b>2,000,000</b>
<b>OMT</b>	<b>110-0011</b>	<b>1.3</b>	<b><u>Enterprise Funds</u></b>							
			CAAEF			1,000,000		1,000,000	NMS	1,000,000
			<b>Sub-Total</b>			<b>1,000,000</b>		<b>1,000,000</b>		<b>1,000,000</b>
<b>PPS</b>	<b>110-0012</b>		<b><u>Exchanges &amp; Training</u></b>							
		<b>4.2</b>	<b>Participant Training</b>			<b>2,250,000</b>	<b>2,250,000</b>		<b>3,000,000</b>	
			AED			2,250,000		2,250,000	NMS	
		<b>4.2</b>	<b>Partnerships</b>	470,000	470,000				MACS	
			<b>Sub-Total</b>	<b>470,000</b>	<b>470,000</b>	<b>2,250,000</b>		<b>2,250,000</b>		<b>3,000,000</b>
<b>TOTAL</b>				<b>2,420,000</b>	<b>2,420,000</b>	<b>20,250,000</b>		<b>20,250,000</b>		<b>21,500,000</b>

## Updated Results Framework

### **S.O. 1.2 Increased soundness of fiscal policies and fiscal management practices.**

IR1.2.1 Central government shifted roles and responsibilities as primary fiscal manager and regulator vis-a-vis local government, state-owned enterprises and private sector.

IR1.2.1.2 Roles and responsibilities of different levels of government clarified.

IR1.2.2 Government of Uzbekistan complied with the international financial institutions' conditions.

IR1.2.3 Taxes are more fairly and broadly applied and enforced.

IR1.2.3.1 A more rational tax policy enacted.

IR1.2.3.2 Efficiency of tax administration system increased.

IR1.2.3.2.1 Computers used to produce necessary information for tax administration and collection.

IR 1.2.3.2.2 Officials are trained in modern tax administration methods.

IR1.2.4 Improved budget management.

IR 1.2.4.1 Expenditure allocation process rationalized.

IR1.2.4.2 Government borrowing less inflationary.

IR1.2.4.2.1 More robust secondary market for government securities is developed as a primary debt instrument.

IR1.2.4.2.2 Policy advice to the government to limit Central Bank of Uzbekistan share of deficit financing is accepted.

### **S.O. 1.3 Accelerated development & growth of private enterprises.**

IR 1.3.1 Improved operating environment for private sector growth.

IR 1.3.1.1 Improved policies, laws and regulations in place to ensure competition and allow for easy market entry and exit.

IR 1.3.1.2 Administrative agencies strengthened to enforce policies, laws and regulations.

IR 1.3.1.3 Government of Uzbekistan complied with the international financial institutions' conditions.

IR 1.3.2 Human resources improved to function in a market economy.

IR 1.3.3 Increased availability of and access to capital and technological resources for the private sector.

**S.O. 1.4 A more competitive and market-responsive private financial sector**

IR1.4.1 Government regulatory agencies supervise, administer and enforce legislation.

IR1.4.1.1 Legal structure required for efficient operation of financial markets is defined and adopted.

IR1.4.1.2 Regulatory framework and reporting systems are broadly applied to effectively screen out deficient institutions.

IR1.4.2 More forms of financial intermediation are institutionalized and effectively supply the private sector on a competitive basis.

IR1.4.2.1 Financial institutions effectively serve the private sector.

IR1.4.2.2 Public pension system pays all current benefits and regains participant confidence.

IR1.4.2.3 Public pension fund effectively collects and allocates pension contributions.

**S.O. 2.1 Increased, better-informed citizens' participation in political and economic decision-making.**

IR 2.1.1 NGO participation in civil society strengthened.

LLR 2.1.1.1 Strengthened quality of NGO capacity.

LLR 2.1.1.2 Strengthened sustainability of NGOs.

LLR 2.1.1.3 Improved laws/policies enabling NGO formation and operation.

IR 2.1.2 Information on domestic economic policies and politics available.

LLR 2.1.2.1 Domestic news widely available via electronic media.

LLR 2.1.2.2 Increased quality of independent electronic media.

IR 2.1.3 Increased responsiveness and accountability of government to citizens/citizens organizations.

LLR 2.1.3.1 Increased government transparency and accountability to citizens and NGOs.

LLR 2.1.3.3 More effective and independent elected officials.

**S.O. 3.2 Improved sustainability of social services.**

IR 3.2.1 Cost-effective health care services demonstrated in selected oblasts.

IR 3.2.2 Cost-effective health sector reforms adopted nationally.

## **Evaluation Agenda**

GAO Audit December 1998

### **SO 1.2 (Market Transition - Fiscal Reform)**

Fiscal Reform Assessment, August 1998

### **SO 1.3 (Market Transition - Private Enterprise Growth)**

Accounting Assessment, December 1998

Accounting Assessment, August/September 1998

Lessons Learned Conference on Accounting, April 1998

### **SO 1.4 (Market Transition - Financial Sector Reform)**

Banking Assessment, March 1999

### **SO 2.1 (Democratic Transition)**

IFES Evaluation anticipated in 1999

Electronic Mass Media Assessment, July 1998

Civil Society Assessment, ENI/DG, February 1999

Review of Internews conducted by P. Graves, ENI/DG, January 1998

Participatory Evaluation of the Counterpart Consortium Cooperative Agreement, December 1996

### **SO 3.2 (Social Transition - Health Care Reform)**

Health Sector Review anticipated in May 1999

### **Special Initiatives 4.1 (Infectious Diseases and Reproductive Health)**

Reproductive Health Strategy Assessment, June 1998

Midterm Evaluation of SOMARC's Projects in the Central Asian Republics, July 1997

## **IV. APPENDICES**

### **Appendix A: Glossary of Acronyms**

ABA/CEEI - American Bar Association/ Central and East European Law Initiative  
ACLC - Asian Crossroads Loan Company  
AIHA - American International Health Alliance  
CAAEF - Central Asian-American Enterprise Fund  
CBU - Central Bank of Uzbekistan  
CDC - Centers for Disease Prevention & Control  
CMS - Commercial Market Strategies  
DHS - Demographic and Health Survey  
DOTS - Directly Observed Treatment, Short Course  
EBRD - European Bank for Reconstruction & Development  
EU - European Union  
SEATS - Family Planning Services and Expansion and Technical Support  
FSN - Foreign Service National  
FY- Fiscal Year  
GDP - Gross Domestic Product  
GOU - Government of Uzbekistan  
GTZ - German Agency for Technical Cooperation  
HOPE - Health Opportunity for People Everywhere  
IAS - International Accounting Standards  
IBTCI - International Business & Technical Consultants Inc.  
IESC - International Executive Service Corps  
IFES - International Foundation for Electoral Systems  
IMF - International Monetary Fund  
ISAR - Initiative for Social Action and Renewal in Eurasia  
IFC - International Finance Corporation  
IR - Intermediate Result  
KPMG - Klinveld Peat Marwik Georgeler  
LLR - Low Level Result  
MOH - Ministry of Health  
MSF - Medicine Sans Frontiers  
NGO - Non-governmental organization  
NIS - New Independent States  
OSCE - Organization for Security and Cooperation in Europe  
ODIHR - OSCE/Office for Democratic Institutions and Human Rights  
PCP - Primarily Care Practice  
R4 - Results, Review and Resource Request  
SVP - Rural Physician Post  
SME - Small and Medium-sized Enterprise  
S.O. - Strategic Objective

T&I - Trade & Investment  
UDHS - Uzbekistan Demographic and Health Survey  
UN - United Nations  
UNDP - United Nations Development Programme  
UNHCR - United Nations High Commissioner for Refugees  
UNICEF - United Nations Children Fund  
USAID - United States Agencies for International Development  
USAID/CAR - USAID/Central Asian Region  
USAID/ENI - USAID/Europe and New Independent States  
USIA - United States Information Agency  
WHO - World Health Organization  
WTO - World Trade Organization