

Joint Programme Document

- Simplified Template -

A. COVER PAGE

- 1. Fund Name:** Joint SDG Fund
- 2. MPTFO Project Reference Number**
- 3. Joint programme title:** Establishment of an Integrated National Financing Framework for Sustainable Development in Uzbekistan
- 4. Short title:** INFF in Uzbekistan
- 5. Country and region:** Uzbekistan
- 6. Resident Coordinator:** Ms. Helena Fraser, fraser@un.org
- 7. UN Joint programme focal point:** Matilda Dimovska (UNDP, matilda.dimovska@undp.org)
- 8. Government Joint Programme focal point:** Mr. Ahadbek Khaydarov, Deputy Minister of Finance of the Republic of Uzbekistan
- 9. Short description:** The expected result of the programme is that the attainment of SDGs in Uzbekistan will be accelerated thanks to more efficient, transparent and results-oriented use of public finance resources, as well as better coordinated and integrated use of public and private resources in social sectors, taking into account the specific needs of women (e.g. in healthcare and social protection).
- 10. Keywords:** INFF, Integrated National Financing Framework, SDGs, financing, health, social assistance, illicit financial flows
- 11. Overview of budget**

Joint SDG Fund contribution	USD 1,000,000.00
Co-funding, UNDP	USD 138,300
Co-funding, WHO	USD 200,000
Co-funding, UNODC	USD 50,000
TOTAL	USD 1,388,300.00

12. Timeframe:

Start date	End date	Duration (in months)
<u>01.01.2021</u>	<u>31.12.2022</u>	24

13. Gender Marker: 2

14. Participating UN Organizations (PUNO) and Partners:

14.1 PUNO

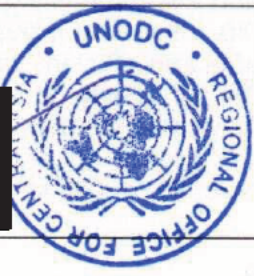
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- *Other PUNOs:*
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- **UNODC Regional Office for Central Asia:** Ashita Mittal, UNODC Regional Representative for Central Asia, ashita.mittal@un.org, +998-78-1208050, +998 935551909

14.2 Partners

- National authorities: **Ministry of Finance, Ministry of Economy and Industry, Ministry of Health, General Prosecutor's Office**
- Civil society organizations: **Yuksalish Movement**
- Private sector:
- International Financial Institutions: **World Bank, ADB, EBRD, IMF, IsDB, AFD**

SIGNATURE PAGE

<p>UN Resident Coordinator in Uzbekistan Ms. Helena Fraser</p> <p><i>Date and Signature</i></p> <p>[Redacted]</p>	<p>National Coordinating Authority</p> <p>Deputy Minister of Finance of the Republic of Uzbekistan</p> <p>Mr. Ahadbek Khaydarov</p> <p><i>Date</i> 26.03.2020 <i>Signature</i> [Redacted]</p>
<p>Participating UN Organization (lead/convening) UNDP Uzbekistan Resident Representative Ms. Matilda Dimovska</p> <p><i>Date</i> <i>Signature and seal</i></p> <p>[Redacted]</p>	<p>[Redacted]</p>
<p>Participating UN Organization UNODC Regional Office for Central Asia Ms. Ashita Mittal</p> <p><i>Date</i> 27.03.2020 <i>Signature and seal</i></p> <p>[Redacted]</p>	<p>[Redacted]</p>
<p>Participating UN Organization UNICEF Uzbekistan Mr. Sascha Graumann</p> <p><i>Date</i> <i>Signature and seal</i></p> <p>[Redacted]</p>	<p>[Redacted]</p>
<p>Participating UN Organization WHO Uzbekistan Ms. Lianne Kuppens</p> <p><i>Date</i> <i>Signature and seal</i></p> <p>[Redacted]</p>	<p>[Redacted]</p>



B. STRATEGIC FRAMEWORK

1. Call for Concept Notes: SDG Financing (2/2019) – Component 1

2. Programme Outcome [pre-selected]

- Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

3. UNDAF Outcomes and Outputs

3.1 Outcomes

From UNDAF 2016-2020:

- Outcome 1: By 2020, equitable and sustainable economic growth through productive employment, improvement of environment for business, entrepreneurship and innovations expanded for all.
- Outcome 2: By 2020 vulnerable groups benefit more from inclusive, financially sustainable and efficient social protection system
- Outcome 4: By 2020, all people benefit from quality, equitable and accessible health services throughout their life course
- Outcome 7: By 2020, the quality of public administration is improved for equitable access to quality public services for all
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3.2 Outputs

From JWP 2018-2020:

- Output 1.3: By the end of 2020, public-private policy dialogue is strengthened for improved business climate, development of inclusive business models and public-private partnership projects in the country.
- Output 2.1: Government capacity is enhanced in social protection policy development and system reform
- Output 2.2: Strengthened national capacities to develop and implement social protection policies in the context of ongoing and upcoming reforms
- Output 4.9: Improving country governance capacity to formulate, implement, and review comprehensive national health policies, strategies and plans (including "Health for all" policies approaches and equality policies)
- Output 7.3. By 2020, national executive authorities and local governments are better equipped to ensure improved access to public services
- Output 7.8. National law enforcement agencies are more capable and proficient at responding to transnational organized crime, illicit trafficking and illicit drug trafficking at the normative and operational levels in accordance with relevant UN conventions

4. SDG Targets directly addressed by the Joint Programme

3.1 List of goals and targets

The Joint Programme aims to address or contribute to the following **national** SDGs and targets:

SDG 17:

Target 17.1: Strengthen internal and external resource mobilization to ensure adequate quality of socio-economic programs

Target 17.3: Mobilize additional financial resources from external sources for the implementation of socio-economic development programs

Target 17.14: Form long-term mechanisms to integrate the principles of sustainable development into the decision-making process, and strategies and programs implementation and development

SDG 1:

Target 1.3: Strengthen the targeting and effectiveness of social protection system of the population, enhance the quality of social services, achieve full coverage of social protection measures for all in need

Target 1.a: Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means to implement programmes and policies to end poverty in all its dimensions.

SDG 3:

Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

SDG 16:

Target 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime

3.2 Expected SDG impact

It has been estimated that globally, the funding needs of the Agenda 2030 are huge. In Uzbekistan, a 2018 IMF assessment of spending required to reach SDGs in health, education, and infrastructure alone found that the country needs additional spending of roughly 8.7% of GDP by 2030¹. It is clear that the attainment of the SDGs will require both a **more efficient use of all available resources**, as well as the **mobilization of non-traditional sources of development financing** - public and private, domestic and international. The expected impact of the programme is that the attainment of SDGs in Uzbekistan will be accelerated thanks to more efficient, transparent and results-oriented use of public finance resources, as well as better coordinated and integrated use of public and private resources in social sectors, taking into account the specific needs of women (e.g. on healthcare and social protection). The timing of this initiative is extremely critical given the fast reform process pursued by the Government, providing huge opportunities as well as risks if not managed strategically.

¹ <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2019/01/18/Fiscal-Policy-and-Development-Human-Social-and-Physical-Investments-for-the-SDGs-46444>

5. Relevant objective(s) from the national SDG framework

The [Action Strategy for 2017-2021](#) has been adopted by the Government as the national development policy framework that is fully aligned with and contributes to the SDGs. The relevant objectives from the Action Strategy include:

Action 1.2. Reforming the government system:

- introduction of modern mechanisms of state-private partnership aimed at improving the effectiveness of mutually beneficial cooperation in the implementation of tasks of socio-political and socio-economic development of the country;
- ensuring transparency of government bodies, introduction of modern forms of information concerning the rights, freedoms and lawful interests of individuals and legal entities;
- improvement of the E-Government system, increasing efficiency, quality of and access to public services for the population and businesses.

Action 1.3. Improving public management system:

- introduction of effective mechanisms for dialogue with the people;
- development of modern forms of public oversight, increasing the efficiency of social partnership;

Action 2.4. Improving the system of counteraction to crime and crime prevention

- improving the efficiency of the coordination of the fight against crime and crime prevention;
- improvement of organisational and legal mechanisms for combating corruption and improving the efficiency of anti-corruption measures;

Action 3.1. Further strengthening of the macroeconomic stability and the maintenance of high rates of economic growth:

- ensuring balanced state budget at all levels while maintaining social orientation of expenses, improvement of inter-budgetary relations, aimed at strengthening the revenue part of local budgets;
- expansion of the volume of insurance, leasing and other financial services through introduction of new types and improving the quality; development of financial markets as an alternative source of capital attraction and investment by enterprises, financial institutions and the public;
- expanding international cooperation, including with leading international and foreign financial institutions, continuation of prudent external borrowing policy, effective use of foreign investments and loans;

Action 4.2. Improving the social security system and health care, improving the socio-political activity of women:

- providing of mandatory social guarantees to the population, strengthening of social protection of vulnerable populations, and state support for the elderly and persons with disabilities, improvement of social services, development of public-private partnership in the provision of social services;
- further reform of health care, especially primary health care, first aid and emergency medical services, aimed at improving the availability and quality of health and social services to the population, promotion of healthy lifestyle among the population, strengthening the material-technical base of medical institutions;
- further development and improvement of medical and social assistance to pensioners, the disabled, single elderly and other vulnerable groups to ensure they have full life;
- ensuring reduction in morbidity of the population and increasing life expectancy.

6. Brief overview of the Theory of Change of the Joint programme

If Uzbekistan - through cooperation of line ministries, civil society, UN agencies, and international/domestic financing partners:

- increases the alignment of its national development strategies with the SDGs and ensures that strategies are gender-sensitive,
- adds to them an integrated financing framework,
- as well as develops public and private financing solutions and systems for mobilization of new resources, and ensures more efficient use of existing financial resources,

then the country can accelerate its SDG process and maximize the impact of public and private investments for better life standards of all its citizens.

7. Trans-boundary and/or regional issues

Not relevant

C. JOINT PROGRAMME DESCRIPTION

1. Baseline and Situation Analysis

1.1 Problem statement (max 2 pages)

Uzbekistan has been undergoing significant transformation since the change in the Presidential administration in December 2016. Many reforms were introduced through multiple strategies, policies, concepts, laws, and decrees. They include major structural reforms in public administration, rule of law and judicial system, economic and social sectors along with security reforms, and a more open foreign policy.

The reforms have been welcomed by the public and the international community with some visible positive impact. The country ranks among World's Top 20 most improved economies for ease of doing business² in the World Bank's Doing Business 2020 report. Diplomatic ties with neighbours have improved including a positive impact on economic exchange across borders.

With the poverty rate at 11,4% (2018)³, poverty reduction has been identified as one of the key priorities of the government. For the first time, in 2020, the President referred to the existence of poverty in Uzbekistan and called for development of a National Poverty Reduction Strategy, with UNDP and World Bank support. The Ministry of Economy and Industry has initiated the preparation of such a strategy, using a cross-sector coordination approach.

Agenda 2030 is a governmental priority. The Government has adopted 16 national SDGs, 125 targets and 206 indicators, setting up an SDG monitoring framework composed of an SDG Coordination Council and a data/statistics repository. With the support from the UN, the national SDGs and targets are being gradually integrated into the current and new national sectoral strategies and programmes.

While the long-term prospects look promising, in the short and medium-term, reforms could exacerbate some long-standing vulnerabilities. The ongoing draft Common Country Analysis (CCA) prepared by the UN identifies exclusion and inequalities as important risks to the achievement of the national SDGs. Women and youth represent by far the largest group of vulnerable population in Uzbekistan, with significantly lower than average access to labour markets, tertiary education, decision-making, and business opportunities.

The CCA identifies the following interlinked challenges as impeding the achievement of the SDGs. (1) The structure of the economy: despite recent liberalization, the Uzbek economy remains rather closed, with limitations on foreign investment and ownership in some industries, resulting in limited private and foreign investment flow. (2) human capital and social infrastructure: Health and education services are limited in quality and quantity (*large scale over-specialized hospitals and limited primary health-care services*); social protection services are inadequate. (3) climate change and natural resource management: With a traditionally resource-based economy, unsustainable use of natural resources and climate change pose a cross-cutting threat to achievement of national SDGs.

Uzbekistan's spending needs are large, even more so with the reform agenda. A 2018 IMF assessment of spending required to achieve SDGs in health, education, and

²<https://www.worldbank.org/en/news/press-release/2019/10/24/doing-business-2020-reforms-propel-uzbekistan-to-place-among-worlds-top-20-business-climate-improvers>

³ <http://nsdg.stat.uz/goal/4>

infrastructure found that the country needs additional spending of roughly 8.7% of GDP by 2030, calling for an urgent need for mobilization of extra resources⁴.

Social services remain underfunded. With an increasingly fragmented and underfunded social protection system, nearly half the population and one-third of the poor are not covered by any social protection scheme. Social protection expenditures amounted to 6% of GDP in 2018, placing Uzbekistan in the lower range of Europe and the Commonwealth of Independent States in terms of investment size⁵. UNICEF's recent research found that the current social protection expenditures contribute to lowering of the national poverty rate by 39%⁶, with only 8% contributed by social assistance, while the rest through pension schemes. Besides, the assessment undertaken by UNICEF in 2018 found that the social assistance programmes are weakly linked to emergency response measures and do not have mechanisms for rapid scale-up and delivery of cash transfers to the affected population in case of emergencies like COVID-19 pandemic.

Financial resources for health in Uzbekistan are scarce with only 2.9% of GDP spent on health sector, 1/10th of the spending in high income countries. The current economic cost of noncommunicable diseases (NCDs) to the Uzbekistan economy is equivalent to 4.7% of the GDP as per WHO studies. At the same time, government expenditure on health care for NCDs represents only 17.2% of all NCD-related costs. While the system is already underfunded, the recently adopted ambitious health system reform⁷ and draft health financing strategy calls for a strong financing architecture to succeed.

The Government has also identified reduction of illicit financial flows⁸ and detection/recovery of stolen assets a priority for Agenda 2030. General Prosecutor's Office (GPO) estimates that by 2019Q2, damages to the state from corruption amounted to approx. US\$ 3,7 million, 70.5% of which were recovered. To unlock these resources for SDG investment, the current confiscation and asset recovery system needs further development in line with international standards and through establishment of a special fund accumulating nationally confiscated and recovered stolen assets to support achievement of the SDGs.

The cost of not acting now to address these challenges could jeopardise the success of the reforms and achievement of the national SDG targets by 2030. Recognising this, the Government is committed to creating an ambitious financing framework to realize the reforms. This is backed by the findings of the emerging draft of the Development Finance Assessment (DFA) currently being conducted. The analysis identifies the following bottlenecks and opportunities that exist in the national development financing landscape:

Misalignments and overlaps in policy making; strategies usually are not backed by financing plans. Overwhelming and diverse planning process results in incoherence among strategies and programmes, with limited financial viability, without proper KPIs and M&E frameworks, low alignment to the SDGs. UN estimates that only 75% of national SDG targets

⁴ [Fiscal Policy and Development: Human, Social, and Physical Investments for the SDGs](#)

⁵ Moldova invests almost three times the GDP level of Uzbekistan, while the Russian Federation invests approximately 10 percentage points more.

⁶ UNICEF. 2019. Building a Better Future: a child-sensitive social protection system in Uzbekistan. Available at <https://www.unicef.org/uzbekistan/en/reports/building-better-future>

⁷ Concept of Healthcare Development 2019-2025, <https://www.lex.uz/docs/4096199>

⁸ There remains no universally agreed-on definition of what constitutes illicit financial flows (IFFs). The UN Convention against Corruption does not use this expression. With the present caveat, the words illicit financial flows are used in this project proposal.

are backed by national policies/strategies. Cost estimates beyond a one-year term is rare, risking realization of long-term objectives.

Budget processes in Uzbekistan are quite centralized, fragmented and not directly linked to planning documents. This leads to challenges in assessing the impact of the policies as well as identifying budget planning priorities. While the recent public finance reform aims at a more transparent budgeting process linked to planning priorities; there is still room to realize this objective. Further improvements in public finance/budgeting systems will create opportunities for more effective and efficient public spending, with higher impact.

At about 35% of GDP, government spending in Uzbekistan is characterized by significant inefficiencies and lack of transparency and accountability. Large extra-budgetary and opaque expenditures, weak results orientation (i.e. rudimentary mid-term budgeting and programme-based budgeting practices), as well as weak internal and external control mechanisms, including public oversight are some factors causing this. Corruption and misuse of public resources are also very common and have been featuring more frequently in the news recently⁹. Improvements in these areas in addition to creation of a favourable legal/institutional framework for portfolio investment, following development of an effective and efficient capital market in the country will create opportunities for mobilization of resources.

1.2 SDGs and targets (max 2 pages)

SDGs and targets in the focus of the joint programme

The impact of the Joint Programme on the SDGs should be viewed in the context of its direct and indirect effect. The programme is designed to produce direct effects on poverty reduction (Goal 1), enhanced partnership for sustainable development (Goal 17), better health and well-being (Goal 3) and improved peace, justice and stronger institutions (Goal 16). Its indirect effect will be manifested in the accelerated progress towards all the SDGs stemming from improved planning and financing of the national development programmes as well as a stronger budgetary process linked to planning.

Not all the indicators currently belong to the Tier 1. JP will incorporate the new data as the country further progresses in establishing methodologies, to better track SDGs progress.

SDG 17:

Target 17.1: Strengthen internal and external resource mobilization to ensure adequate quality of socio-economic programs

Indicator 17.1.1 Total government revenue as a proportion of GDP, by source: 35,2% (2018, World Bank*)

Indicator 17.1.2 Proportion of domestic budget funded by domestic taxes - 68% (2018, Goskomstat)

Target 17.3: Mobilize additional financial resources from external sources for the implementation of socio-economic development programs

⁹ <https://www.mf.uz/home/o-ministerstve/press-sluzhba/minfin-news/4546.html> ; <https://www.gazeta.uz/ru/2019/05/06/credits/>; <https://kun.uz/ru/news/2018/07/15/v-minfine-rasskazali-omasstabah-rastrat-i-prisvoenij-sredstv-v-gosucrezdeniah>

Indicator 17.3.1 Foreign direct investment (FDI), official development assistance and South-South cooperation as a proportion of total domestic budget

Indicator 17.3.2.1 Amount of transfers (in US dollars) as a percentage of GDP - 15.1% (2018, Goskomstat)

Indicator 17.3.2.2 Ratio of utilized funds on foreign loans attracted by commercial banks to the total amount of loans allocated by banks - 10.6% (2018, Goskomstat)

Target 17.14: Form long-term mechanisms to integrate the principles of sustainable development into the decision-making process, and strategies and programs implementation and development.

Indicator 17.14.1 Availability of mechanisms to improve the coherence of sustainable development policies

SDG 1:

Target 1.3: Strengthen the targeting and effectiveness of social protection system of the population, enhance the quality of social services, achieve full coverage of social protection measures for all in need

Indicator 1.3.1.1: Proportion of population receiving pensions by type (retirement pensions, disability pensions, people with disabilities do to labour injury or occupational diseases, due to the loss of the family breadwinner) in the total population - 7.9% (old age pensions), 1.1% (disability pension), 0.8% (pensions for loss of breadwinner) (2018, Goskomstat)

Indicator 1.3.1.2: The share of the population receiving social benefits in the total population (benefits for persons with disabilities under 16 years of age, on the occasion of the loss of the family breadwinner) - 1.0% (total), 0.3% (benefits for persons with disabilities up to 16 years) (2018, Goskomstat)

Target 1.a: Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means to implement programmes and policies to end poverty in all its dimensions.

Indicator 1.a.1: Proportion of domestically generated resources allocated by the government directly to poverty reduction programmes

Indicator 1.a.2: Proportion of total government spending on education, health and social protection

Indicator 1.a.3: Funds allocated by the government on social protection as a share of GDP

SDG 3:

Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Indicator 3.8.1.1: Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population) - Service coverage index, 2017 (latest available year): 73.3 (2019, WHO)

Indicator 3.8.2: Proportion of population with large household expenditures on health as a share of total household expenditure - 13.8% (more than 10% of expenses), 3.0% (more than 25% of expenses (2018, Goskomstat)

SDG 16:

Target 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime

Indicator 16.4.1. Volume of identified illegal financial flows associated with criminal activities, money laundering and terrorist financing (in US dollars at current prices)

The progress on the above national SDG targets/indicators will be measured against the data produced by the national statistical office (Goskomstat) of the Republic of Uzbekistan, published in its annual SDG brochure, as well as on the official website <http://nsdg.stat.uz/>.

Interlinkages amongst the SDGs and opportunities for systemic change

The Programme will support achievement of the SDGs at many different levels and through various impact chains. By establishing the Integrated National Financing Framework, the Joint Programme will help to provide a mechanism for improving the coherence of sustainable development financing policies (Target 17.14) as well as strengthen internal and external resource mobilization to ensure adequate quality of socio-economic programs (Target 17.1). This, in turn, will increase financing flows from public budget, domestic and foreign public borrowings, FDI, ODA, South-south cooperation (Targets 17.1 and 17.3), while maintaining the level of public debt at sustainable level (Target 17.4). The adequate, well-functioning, coherent and financially sound system will, consequently, improve financing that is effectively channelled into achieving all of the SDGs, and in particular, on poverty and inequality reduction (Goals 1 and 10), ensuring healthy lives and well-being (Goal 3), access to quality education (Goal 4), access to clean and renewable energy and resilient infrastructure (Goals 7 and 9), gender empowerment (Goal 5), access to safe water and sanitation (Goal 6) and improved peace, justice and stronger institutions (Goal 16).

1.3 Stakeholder mapping and target groups (max 2 pages)

The table below outlines the main stakeholders, their overall responsibilities and within scope of the Joint Programme, their interest and the level of influence.

Key stakeholders involved in the Joint Programme

Stakeholder	Current role in public and private finance management	Role in the Joint Programme	Interest in JP (high/medium/low)	Influence (high/medium/low)
Ministry of Finance (MOF)	Coordination of the PFM reform, Administration of legislation pertaining to the financial sector; Formulating and implementing fiscal policy; Monitoring of the execution of the state budget; Preparation of	Overall coordination of work on elaborating the SDG Financing Strategy, increasing efficiency of the public finance management, increasing	High	High

	economic forecasts and analytical reports.	transparency and accountability of budgetary processes		
Ministry of Economy and Industry (MOEI)	Coordinates drafting, implementation and monitoring of the national, regional and sectoral development strategies, preparation of the Poverty reduction strategy.	Better align national development programmes and concepts with the SDGs and SDG financing strategies. Drafting of the Poverty Reduction Strategy and integrating gender aspects in the document.	Medium	High
Ministry of Health (MOH)	Leads and coordinates the health financing reform to move towards UHC (SDG 3.8) in close collaboration with MOF and MOEI. An inter-ministerial working group involving the abovementioned ministries has developed the health financing strategy; a package of laws and regulations that provide the reform's foundation.	Coordination of better governance and design of health financing reform in line with the SDG financing strategy, ensure efficient and transparent health financing management and use of resources, ensuring inter ministerial collaboration and integration in implementing new health financing modalities.	High	High
Capital Market Development Agency	Legislation and policy making; Licensing; Interaction with foreign regulators; Issuers supervision; Financial instruments registration; Corporate governance; Development of financial instruments.	Building legislative and institutional architecture for introducing innovative capital market instruments to finance sustainable development (green bonds).	High	Medium
General Prosecutor's Office	Coordination of the activities of law enforcement and other state bodies to ensure the rule of law; acts as a competent authority for international cooperation in asset recovery; deals with prevention and countering money laundering.	Coordination, development of legislation and mechanisms for improved asset recovery and management, support in implementation of the programme activities.	High	High

Yuksalish movement	Establishment of an open dialogue with people and business community, citizens oversight, coordination of elaboration, implementation and monitoring of the Action Strategy for 2017-2021, Advocacy and awareness raising on the SDGs	Citizens engagement in the dialogue on the priority area of SDG financing strategy, social assistance and health reform, open budgets, citizen's participation in the budgetary process.	High	High
Parliament of the Republic of Uzbekistan	Reviewing, adopting and monitoring the implementation of the state budget, as well as the progress in implementation of national SDGs. Ensuring fiscal transparency and accountability.	Strengthened oversight over the SDG implementation and fiscal reforms	High	High

2. Programme Strategy

2.1. Overall strategy (max 2 pages)

The goal of the programme is to help the Government of Uzbekistan strengthen the overall financing framework for its national development strategies and public finance management. It further aims to create an enabling environment to introduce new forms of public and private finance, while improving the efficiency of its existing financial resources for its development priorities. At this time when important policy reforms, laws and strategies are developed, the programme aims to **facilitate the establishment of an Integrated National Financing Framework (INFF) with financial solutions to maximize the development impact of social (with specific focus on social assistance and health sectors) and environmental policies/reforms.** The INFF process and framework will help identify development priorities for financing of the SDGs. It will also contribute to preparation of the Poverty Reduction Strategy, and activation of measures to reduce inequalities. The preparation of the INFF will follow the guidance provided by the *2019 Financing for Sustainable Development Report* of the *Inter-agency Task Force on Financing for Development (IATF)*, with four building blocks for INFF: i) assess/diagnose, ii) develop and implement the financing strategy iii) monitor and review iv) ensure effective governance.

UN will support the Government to: a) establish an INFF with its sector specific Financing Frameworks in healthcare and social assistance, b) optimize the existing public finance flows for maximum impact and outreach (public finance management and national asset recovery system) and c) build effective architecture for mobilizing public and private resources (health financing solutions, green bonds/sukuk for environment-friendly projects, crowdfunding, etc).

Once the Joint programme is completed, the Government will have a long-term integrated planning/financing framework (Output 1), key elements of the Mandatory Health Insurance architecture (the core of the health sector reform) in place, financing strategy for the social assistance system, climate change and environment protection; policy guidelines to mobilize

selected alternative financing solutions such as green bonds/sukuk, crowdfunding/crowd-investing etc. and a national mechanism to channel confiscated and recovered proceeds of crime towards SDGs (Output 2). The established governance mechanisms under the programme will continue to provide guidance and monitor implementation of this important endeavour. As the JP is completed, national partners will be able to undertake expenditure reviews, costing, cost-benefit and fiscal space analysis, without support from UN, with a lasting impact on the Government's ability to generate evidence to inform effective policymaking for SDGs. Methodological tools will include technical instructions, guidebooks, templates and digital solutions (e.g. extension of Single Registry to health sector).

The factors that create a window of opportunity for a transformational development change in Uzbekistan include: 1) Government's massive reform programme in all sectors, including health and social protection coupled with trade/economic liberalization; 2) Government's high prioritization for Poverty Reduction and Anti-Corruption action, including related new strategy and initiatives; 3) Strong cooperation between the UN and the government, also in implementing the reforms (e.g. in poverty reduction, social protection, anti-corruption, design and implementation of health reforms); 4) Government's efforts to tap into existing and new investment flows to finance development in the country, including FDI, ODA, foreign borrowing, seized and confiscated domestic assets, remittances, etc. UN agencies will leverage this opportunity by introducing a financing framework and higher capacities for implementing these policies.

The transformative power of the JP stems from its aim to build a framework that will generate long-term and sustainable financing for policies towards achievement of the SDGs. The JP will contribute to a new and coherent approach of national policymaking, appropriately supported with financing. This is important at a time when the policymaking process in the country is characterized by fragmentation, poor coordination and overlaps (evident also in the public finance management). The overarching financing strategy with a long-term vision for costing of development priorities and to identify/align financing gaps with investment flows will be a new approach, at least in Uzbekistan, compared to the traditional planning models. Other joint UN-Government and IFIs' initiatives to strengthen SDG monitoring frameworks and public finance management will reinforce the holistic impact created with this initiative.

The ongoing DFA confirms a strong interest from the domestic and foreign investors, international finance institutions and other financing actors to finance Uzbekistan's development priorities. The ability of this JP to provide a policy framework and to demonstrate the potential long-term direct/indirect impact of investments will be its main novelty. As such, policy makers will be able to make an informed decision on possible trade-offs across policies and attract/mobilize different types of financing for its own priorities, accelerating SDGs.

The UN, with its strong presence and history of technical assistance in evidence-based policymaking and financial system reforms in Uzbekistan, collectively has a strong value proposition for such an integrated approach. Namely, UNDP has established a solid experience in supporting the government's reform agenda in poverty reduction (including its ongoing involvement in the upcoming Poverty Reduction Strategy, public finance management, improving investment climate, development of domestic capital market, aid coordination, climate financing). The added value of WHO lies in its close involvement from the very early stages in design, implementation, dissemination and consensus building of the health reform agenda including the recently adopted SHIF to finance the state guaranteed benefit package (to be further designed with this joint programme). UNICEF has been advising the government on social protection reforms for the past three years. It was engaged in developing policy proposals encompassing reforms to schemes and governance reforms while financing and providing technical support in development of the Single Registry, an integrated management

information system of social protection. UNODC's value added lies in its global experience in assisting national authorities in combating illicit financial flows and recovering the proceeds of crime and stolen assets, to support Uzbekistan's efforts to mobilize resources for fiscal expansion, financial stability and improved growth in a transparent and accountable manner.

The Government will lead the implementation process, represented by the Min. of Finance and Min. of Economy and Industry, responsible for financing and planning policies. The JP will strengthen coordination between these two public institutions by establishing an institutional framework for joint planning, implementation and monitoring of national development agenda. Other institutions (Min. of Health, Capital Market Development Agency, General Prosecutor's Office, other institutions and CSOs) will also take part. In addition, a consultative process will be established under the leadership of the government bringing together financial actors and govt coordinating units to provide direction on financing actions. IFIs, MDBs (i.e. WB, ADB, EIB, EBRD, IsDB) and representatives from the private sector will be part of the consultative process, which will provide timely advice on the priorities and actions to ensure a strong financing framework and discuss potential risks.

In view of the anticipated economic and social impact of ongoing COVID-19 pandemic, this JP will even be more critical, particularly for vulnerable groups. Government's preliminary assessments anticipate considerable reduction of natural gas exports revenue due to the fall in global production and commodity prices. Tourism sector is already impacted as the country has closed its airports and borders for foreigners. National currency devaluations of the main trade partners will reduce trade turnover and remittances in coming months. Achieving ambitious reforms and national SDG targets set by the Government has just become a whole lot harder in view of COVID-19 impact, so the JP will aim at helping the Government to recalibrate what will inevitably be reduced financing flows and to mitigate further inequalities.

2.2 Theory of Change (max 2 pages+graphic)

TOC Summary

If Uzbekistan - through cooperation of line ministries, civil society, UN agencies, and international/domestic financing partners:

- increases the alignment of its national development strategies with the SDGs and ensures that strategies are gender-sensitive,
- adds to them an integrated financing framework,
- as well as develops public and private financing solutions and systems for mobilization of new resources, and ensures more efficient use of existing financial resources,

then the country can accelerate its SDG process and maximize the impact of public and private investments for better life standards of all its citizens.

1- Desired Change: The program aims to ensure that all men and women (including the most vulnerable) in Uzbekistan enjoy better access to services and improved life standards, enabled by the creation of a development financing framework for key development priorities of Government's ambitious reform agenda and supporting introduction of new financing solutions and resources as well as efficient utilization of existing financial flows.

2- The JP will contribute to this objective by establishing direct connections between policies in different sectors and ensuring that the national planning and financing systems are well-aligned, to address Uzbekistan's multiple complex challenges. While the national Action Strategy 2017-2021 of Uzbekistan is aligned with the SDGs, cost estimates of sectoral and

national strategies need to be made, given that additional finances to implement these strategies will be needed. This JP will address this issue, by emphasizing the financing aspect, focusing on both more efficient use of public finances and new mechanisms for mobilization of public and private resources, including non-traditional finance.

3- Current Situation: The timing for launching an integrated national financing framework initiative is extremely opportune given the massive reforms introduced by the Government. These reforms focus on a wide range of topics including poverty reduction, social protection, public services, anti-corruption, public finances and liberalization of financial systems to expand fiscal space and increase the impact of policies. The fact that the Government is willing to integrate SDGs in cooperation with the UN and is heavily focusing on the finance aspects of the strategies creates a window of opportunity. On the other hand, not acting on time and not adopting a holistic/integrated approach can lead to a missed opportunity.

The reform process has increased the engagement of a wide range of stakeholders from public and non-governmental organizations and increased the interest of financing institutions, (e.g. ADB, EBRD, IsDB, WB) in Uzbekistan. A more detailed stakeholder analysis and their planned involvement into the joint programme is provided in the relevant sections.

4- This intervention will need to be implemented in a multitude of domains. The financing framework, integrating national and sectoral policies will engage government and non-government actors from social assistance, health, employment and environmental sectors. To make these changes, it is important to ensure the below points in all these domains:

- a high-level vision and innovative approaches (e.g. establishing funds financed by various finance flows, new financial instruments such as green bonds/sukuk and crowdfunding to support reform agenda) to realize the strategies
- an enabling environment to be set up both for policy implementation and financing
- a better understanding of the SDG priorities by sectoral decision makers and actors (engagement strategy in both outcomes) as well as strong coordination among them
- a strategic framework to engage a wide range of financial actors (and attract public/private impact investors)

5- Map pathways of change: The programme will build a framework and mechanism that will contribute to long-term and sustainable financing to implement policies and achieve SDGs. The programme will contribute to a new and coherent approach to designing of national policies, appropriately supported with financing.

It will elaborate an overarching financing strategy that draws a long-term vision, provides costing of development priorities, identifies financial needs and mechanisms/resources to realize the development agenda, particularly in key sectors from the perspective of their effectiveness in reducing inequalities and integrating the SDGs (in social assistance, (*through selected social assistance schemes*), health reform (*with particular focus on state guaranteed benefit packages*) and environment agenda). Through close interlinkages between these sector strategies, financing needs and possible spill-over effects of policies will be identified.

The programme will also support better efficiency of public flows through better transparency of public finance management and introduction of a national system for asset recovery. Improved budget planning and execution, better priority setting processes, better PFM, and more efficient contractual mechanisms have shown to reduce financial burden of the population and particularly of the poor and the most vulnerable. When people can access social services they need without facing financial hardship, the result is healthier, better educated, more productive, more prosperous and more equal societies. Special attention will

be paid on ensuring that the public finance management and social services have strong shock-responsive mechanisms when effective help and support can be rapidly provided in case of emergencies.

In addition, more integrated financing system and new streams of financing generated from recovery of illicit activities, new financing solutions such as green bonds and crowdfunding, remittances and increased savings and investments can scale-up financing channelled to chronically underfunded sectors, such as climate change and environment protection, gender equality and effective governance. Government interventions in these areas, supported with adequate financing, will help enhance resilience of communities in the regions most at risk of climate change and disasters and benefit from the more efficient use of natural resources.

6 - The assumptions that the program interventions are built on are as follows:

- The government maintains its ambitious reform agenda with a focus on SDGs;
- UN continues to have strong partnerships with national and local institutions and private sector entities engaged in the priority sectors;
- There are financing partners who are willing to provide funding to bankable projects with high social/environmental impact.

7- This Theory of Change (TOC) will be a living document, to be reviewed on an annual basis as the progress reports are prepared. The annual progress reports will have a section on ToC and any updates on the change process will be reported including the actors, domains and assumptions and how these updates would call for modifications in the JP activities.

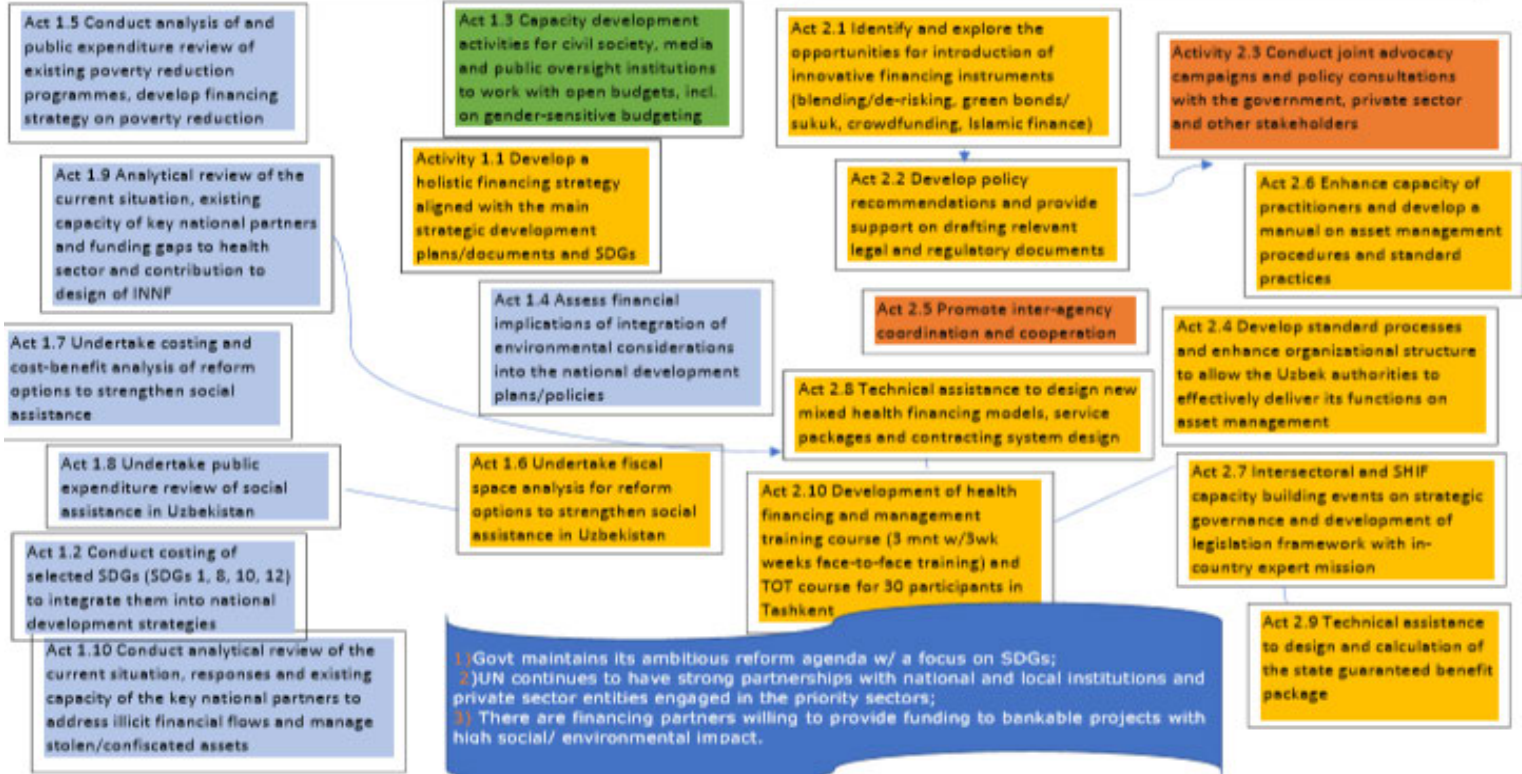
d) Graphical Representation of the TOC

THEORY OF CHANGE/UN JOINT PROGRAMME-INFF UZBEKISTAN

OUTCOME: Government of Uzbekistan can better align resources (plan and finance) with its development strategies, and achieve better impact and efficiency gains through capacitated institutions, new financing mechanisms and a stronger development finance framework that aligns public and private resources with its gender-sensitive and pro-poor development policies.

Output 1: The newly developed Integrated National Financing Framework incorporates the planning and financing dimensions of the national and sectoral strategies.

Output 2: Alternative financing instruments and solutions are available, and efficiency of existing resources is enhanced to ensure that available resources are transparently and efficiently channeled towards achievement of the SDGs.



Four main building blocks for INFF operationalization

- (i) assessments and diagnostics
- (ii) design of the financing strategy
- (iii) mechanisms for monitoring, review and accountability
- (iv) governance and coordination mechanisms.



2.3 Expected results by outcome and outputs

Programme Outcome. Government of Uzbekistan can better **align resources** (plan and finance) with its development strategies, and achieve better impact and efficiency gains through **capacitated institutions, new financing mechanisms** and an **integrated development finance framework** that aligns public and private resources with its gender-sensitive and pro-poor development policies.

Output 1: The newly developed Integrated National Financing Framework incorporates the planning and financing dimensions of the national and selected sectoral strategies.

Under this Output, the program will support the Government in designing and establishing an Integrated National Financing Framework that will strengthen the governance of public and private finance flows. The INFF will address the following specific objectives: i) Strengthen planning and budget processes for public finance with a view to assess and prioritize development results of various policies in an integrated manner; ii) Strengthen public finance aspects focusing on outcome-based incentives for public investments, strengthening parliamentary scrutiny over finance and increased transparency/accountability; iii) Suggest innovative ways of mobilisation and utilisation of available and non-traditional financial resources for the selected sectors; iv) Establish a monitoring framework to track the INFF's contribution to achievement of SDGs.

The process of developing the framework will include undertaking public expenditure review (of social assistance, health sector and environment/climate sectors) applying gender and inequalities lenses, which will assess the level and composition of the actual public expenditures against targeted SDGs. Additionally, costing of the selected sectoral and national plans will be undertaken to estimate the overall financing needs, especially among women and poor, to achieve selected SDGs and targets. These reviews will inform the Financing Framework that will integrate the national reform process and SDGs, provide selected sector specific financing frameworks, and optimize the public planning and budgeting. The Strategy will also build on the findings of the DFA for Uzbekistan that are expected to be available for discussions with the Government and policy makers in May 2020, as a starting point for the INFF. It will help the Government to identify and address the chronic bottlenecks in the implementation of national development concepts, programmes and strategies due to inadequate funding, by designing a robust mechanism to ensure effective mobilization of resources for their implementation. The Strategy will also include policy recommendations to strengthen measures for the national recovery and return of stolen assets, following an analytical review of the country situation in the area of illicit financing flows.

Accordingly, the INFF will be aligned with and integrated in the main strategic documents, in particular, the Strategy for Socio-Economic Development until 2030 (currently under development and is to serve as the key national development document), the Poverty Reduction Strategy (to be developed), Healthcare Development Concept (recently developed and adopted?), Social Protection Strategy (to be developed) etc. In addition, the programme will ensure that the system approach is used to help the Government make national development policies be more pro-poor and gender sensitive. This human-centred design can be key to understanding the needs of the most vulnerable and adjusting programmes and services to meet these needs. The programme will build on the Rapid Integrated Assessment conducted in 2019-2020 (as part of the DFA) and will undertake the diagnostics of the adequacy of the social assistance schemes.

This output has a direct gender focus in its social assistance component. Strengthening social assistance for families with children will enable more affordable childcare facilities and therefore, women would be more freed from childcare responsibilities and become more economically active. This, in turn, contributes to gender equality and women empowerment, as more women will be able to take advantage of employment and entrepreneurship opportunities.

In this output, the Financing Framework will undertake costing of the strategies related to selected SDGs, conducting cost-benefit analysis, comparing the financing needs with the current spending and identifying the financing gap. As such, the Financing Framework will integrate/consolidate sectoral strategies of social assistance, health and environment. In parallel, fiscal space analysis will be undertaken, where financing options for an SDG-aligned national strategy framework will be identified, including from public and private resources. A strong focus on public finance management reform will be ensured to strengthen the budgeting processes towards stronger transparency and alignment with Agenda 2030. Special attention will be paid to identifying the coverage gaps in selected public services (health and social assistance), where the state fails to provide adequate services and therefore, the private sector and investments could potentially be attracted for improved quality and accessibility of these public services. Also, social assistance programmes will have embedded shock-responsive mechanisms when social assistance channels can be utilised to deliver cash transfers to vulnerable and affected population in case of emergencies.

Led by: Ministry of Finance, Ministry of Economy and Industry in partnership with other PUNOs and national stakeholders

Indicators:

- 1) *Availability of the National Financing Framework that links the aspiration of national development strategy with financing options. (2020 Baseline: Financing of the national development agenda is fragmented and decentralized; 2022 Target: Financing framework is built and operationalized)*
- 2) *Number of SDGs for which costing was completed and integrated in the national development strategies. (2020 Baseline: 6; 2022 Target: 10)*
- 3) *Availability of institutional capacities at central government, civil society, media and public to enhance fiscal transparency, asset management and integrate gender dimension into all stages of budget cycle for increased efficiency of public spending. (2020 Baseline: Limited capacity of the central government, civil society, media and public to facilitate fiscal transparency and gender sensitive budgeting. 2022 Target: enhanced institutional capacities to work on open and gender-sensitive budgeting)*

Output 2: New and alternative solutions and financing instruments are available, and efficiency of existing resources is enhanced and channelled towards accelerated SDGs attainment.

The second output encompasses unlocking of public and private finances to meet the needs of the most urgent development priorities for Uzbekistan, including poverty reduction, environment challenge and healthcare quality and coverage. The programme will help the

Government identify a number of **innovative financial instruments**¹⁰ that can complement the existing financing sources to close the gap to achieve the sustainable development agenda. The JP will do this through technical discussions following the DFA as well as in close coordination with the ongoing work led by the Ministry of Finance on public finance management reform. It will also help map the main obstacles to further use of the innovative financial instruments including capacity constraints, lack of information, legal barriers (e.g. restrictions on how Islamic finance instruments are backed by assets), and political constraints (e.g. lack of interest). It will then select the most promising two instruments (starting with the feasibility analysis of green bonds/sukuk and crowdfunding) and draft Roadmaps for their improved scope and use in Uzbekistan. The latter will provide standards, frameworks and guidelines to operationalize innovative financing in the country. Enhanced financial inclusion and new investment flows channelled towards most pressing issues of sustainable development in Uzbekistan will be some of the results.

In addition, the JP will help design financing solutions to the more specific health financing programme underpinning the health reform. This will entail establishment of a national single pooling/procurement agency to strengthen the financing of the Social Health Insurance Fund (SHIF) as well as establishment of its contracting modalities with public and private health service providers. This fund will also finance the state-guaranteed benefit package to be developed with WHO support.

Unlocking of finances available for the SDGs will also be carried out by developing mechanisms and capacity of the government in identifying and reducing illicit financial flows and using confiscated and recovered proceeds towards SDG-aligned programmes by applying corresponding good practices. Through this mechanism, the second output will set the basis for the use of seized and confiscated/forfeited assets in the most beneficial way for the whole community.

Led by: Ministry of Finance, Central Bank, Capital Market Development Agency in partnership with UNDP, IsDB and other PUNOs and national stakeholders.

Indicators:

- 1) Number of innovative instruments for which the roadmaps/strategies for their introduction in Uzbekistan developed jointly with the government. (Baseline: 0; Target: 2)*
- 2) Social Health Insurance Fund (SHIF) established and contracting system between SHIF and health providers designed and piloted (2020 Baseline-No; 2022 Target- Yes)*
- 3) Universal benefit package design, costed and implemented in one administrative region of Uzbekistan (2020 Baseline-No; 2022 Target-Yes)*
- 4) Number of technical guidelines, tools and manuals developed on asset management (2020 Baseline – 0; 2022 Target – 2)*
- 5) Number of national experts and practitioners attended capacity building events and enhance their knowledge and skills in effective management of frozen, seized and confiscated assets (2020 Baseline – 0; 2022 Target – 50)*

¹⁰ instruments which are not used widely in Uzbekistan's financial markets and has the potential to address gaps in development finance.

The two outputs and the activities contributing to them are closely interlinked and mutually reinforcing. Increased effectiveness of the financing system paves the ground for the emergence of new financial solutions and involvement of the private sector. At the same time, financing systems and development planning underpin each other when they are designed with consideration of shared priorities, such as poverty reduction.

INFF will establish interconnections among poverty, inequalities, health, social assistance and environmental management, and explore synergies between them for increased impact.

- the core element of health financing reform will aim to increase the availability of pooled public funding for health (State Health Insurance Fund/SHIF), strengthen priority setting mechanisms (including connections with poverty assistance schemes) and efficient use of resources in the health sector, for better protection of vulnerable populations, especially women from financial hardship. This efficiency will be achieved by introduction of a single benefit package (BP) with strong protection mechanisms for the poor and vulnerable, including exemptions from co-payments. A joint strategy between the Min. of Health and the Min. of Finance will be developed to expand the Single Registry¹¹ of social protection to the health sector as an effective tool for administering social protection mechanisms for the poor and vulnerable. JP will also focus on strengthening the healthcare budget planning process, so it is no longer based on historical line-item budgeting, which prevents matching of current healthcare needs with finances, resulting in inefficient use of resources.
- Global evidence points to the transformational and catalytic potential of a strong social assistance system in reducing poverty and building lifecycle resilience. Cash transfers and social support to the most vulnerable groups boosts their access to health and education, income security, employability and decent work providing long-term and sustainable transformation of their lives. The JP will undertake a public expenditure review and build an investment case for social assistance programmes, providing a basis for social assistance reform, potentially with new or higher sources of finance. The component will benefit from the ongoing JP on social protection, funded by the SDG Fund and implemented by UNICEF, ILO and UNDP, which will help develop the national strategy of social protection as inputs for the proposed public expenditure review and investment case under this JP. The JP will have a strong gender focus, as majority of the beneficiaries of social assistance programmes are women with children (90%). Expanding coverage of social assistance will enable more women to afford childcare facilities and to be able to join the labour market.

Thematically, the outputs will be focusing on the areas that are identified by the Government and the UN as the most urgent – healthcare, social assistance and environment degradation – all three having the catalytic effect on one another and serving the common goal of poverty and inequality reduction and ultimately sustainable development of Uzbekistan. Improved environment and natural resource management have a positive effect on healthcare system outcomes, while, in turn, enhanced healthcare systems are conducive to lower poverty incidence. In addition, there is plenty of evidence that environmental degradation exacerbates poverty and inequality by deterioration of health and livelihoods.

In addition, the programme will deploy a strong set of data-driven diagnostics to help the Government understand in more detail the ongoing dynamics in public expenditures and their channelling towards SDGs, through the prism of effectiveness and efficiency. This will also assume conducting SDG costing that will help estimate financing needs to achieve selected goals that ultimately should help to better prioritize and match the scarce resources.

¹¹ Single Registry is a comprehensive digitized management information system for applying, assigning and paying social allowances.

Accordingly, the programme will aim at reinforcing the progress achieved so far in public finance management reform and continue providing support to the Government in integrating the SDGs in budgetary reform agenda, improving the disclosure and transparency of fiscal process in line with international standards, which should in turn help improve the efficiency and accountability of public spending in the country. In addition, this will involve further PFM reform that will be aimed at increasing the efficiency of public spending, developing outcome-based incentives for private investment, strengthening parliamentary scrutiny over finance, enhancing transparency and accountability.

2.4 Budget and value for money (max 2 pages)

The work of the Programme will have an impact that will create a ripple effect across all the SDGs. Although it is hard to qualify the actual impact in monetary terms given that the intervention will be done at the macro level, there is clear evidence that when implemented the Programme will result in considerable benefits to the country and its people.

Benefits at the macro level:

1. Until recently the tax system of Uzbekistan was characterized by numerous tax incentives and exemptions, which manifested themselves in significant costs to the budget in the form of the “forgone benefit”.

Most of the exemptions were introduced without consideration of the priorities of the national development agenda and clear evidence of their impact on development goals. According to the World Bank estimates overall tax expenditures was 6.4 percent of the GDP in 2018, which amounted to almost a third of budgetary revenues. The careful analysis undertaken within the INFF work will help to increase efficiency of the tax exemptions which could result in either a) revenue increase due to abolishment of inefficient exemptions, or b) rechannelling of the “forgone revenue” into more productive activities.

2. Increased state budget transparency will improve efficiency of public spending, reduce corruptive practices and reduce the risk of major financial crises.

Article 9(2) of UNCAC requires that States take appropriate measures to promote transparency and accountability in the management of public finances. Fiscal transparency is shown to have economic benefits manifested in better credit ratings, better fiscal discipline, and less corruption, after controlling for other socioeconomic variables. For instance, IMF (2001) notes that “a lack of transparency was a feature of the build-up to the Mexican crisis of 1994-95 and of the emerging market crises of 1997-98 and that inadequate economic data, hidden weaknesses in financial systems, and a lack of clarity about government policies and policy formulation contributed to a loss of confidence that ultimately threatened to undermine global stability.”

Benefits at the sectoral level:

1. Underfunding and inefficiencies in the healthcare sector will be reduced due to the establishment of a comprehensive health financing architecture.

In the health sector, a single pooling and strategic purchasing arrangements of the SHIF supported by clear monitoring framework and universal benefit package will decrease fragmentation in revenue collection, improve transparency of public health spending, reduce

inequality, corruptive practices and strengthen financial protection of population from impoverishment and catastrophic health expenditures. Clear public health financing arrangements will provide better opportunities for private sector engagement in serving government social agenda and economic benefits.

2. Undertaking public expenditure review and building an investment case of strengthening social assistance will facilitate long-term and sustainable financing.

Expanding coverage and depth of social assistance programmes will enable millions of families to gain better access to education, healthcare, and to build resilience throughout the lifecycle.

Gender inequality addressed by the budget

At least 30% of the total budget will be allocated to gender equality or women's empowerment related activities, although this link will not be strictly direct. The programme aims to improve, inter alia, the public finance management in the country, with the focus on social assistance, health financing, which have proven to benefit women the most. The reason is that not only females are the primary beneficiaries of these schemes, but also social sectors predominantly employ women in Uzbekistan.

Leverage co-financing

While Output 2 of the programme specifically focuses on leveraging co-financing and creating financing solutions, the programme will leverage both public and private financing as below:

Official co-financing. Official co-financing will mainly come from multilateral and bilateral development assistance agencies, sovereign states. Funding on enhancing fiscal transparency and accountability will be mobilized from the State Department and USAID through the Fiscal Transparency Innovation Fund (USD 300,000, tbc). Moreover, the IsDB TA grant (currently negotiated, tbc) will complement the work of the Programme on establishing green sukuk architecture.

Commercial co-financing. Options to mobilize commercial co-financing will be developed through the introduction of the green bond/sukuk, which will facilitate capital flows into the country. The two alternative finance instruments, including crowdfunding will also provide the steps to leverage the existing public financing resources.

2.5 Partnerships and stakeholder engagement (max 2 pages)

Government leadership in the implementation of the joint programme

The Ministry of Finance of the Republic of Uzbekistan will lead the effort to establish the Integrated National Financing Framework, building on the comprehensive PFM reform agenda that is currently being implemented. It will join forces with the Ministry of Economy and Industry (MoEI) that has been coordinating efforts to elaborate various development plans and strategies, including drafting of the National Concept for Social and Economic Development until 2030 and the Poverty Reduction Strategy (with UNDP), both to be adopted in 2020. These two ministries are best placed to facilitate the work on the INFF also by virtue

of their role as key lead ministries in charge of the nationalization and implementation of the SDGs.

For the sector-specific work in the framework of building the INFF, the UN will team up with the Ministry of Health for establishing the new health financing arrangements and the Ministry of Employment and Labor Relations - for social protection financing.

As part of the work that looks at various financing streams to finance the SDGs the UN will work with the General Prosecutor's Office on reducing illicit financing flows and enhancing effective asset recovery, Capital Market Development Agency for new investment instruments, Ministry of Investment and Foreign Trade on aid coordination.

The Oversight team will be established, building on the DFA coordination structure, that will coordinate, review and support the work of the Programme. At an operational level, a technical working group will be established comprising the UN agencies, all relevant government and civil society partners involved in the Programme implementation.

Unique contribution of PUNO and broader UNCT

UN Agencies have established a longstanding cooperation with the Government of Uzbekistan on various aspects of development financing, including but not limited to the PFM reforms, strategic planning, enhancing investment climate, aid coordination, health financing, illicit financing flows and recovery of stolen assets, alternative financing instruments.

- For the last decade UNDP and UNICEF have been supporting the Government of the Republic of Uzbekistan in reforming the public finance management (PFM) system. UNDP have been providing assistance to the Government of Uzbekistan in advancing the next stage of the PFM reform through continued support and capacity building, with a special focus on achieving a greater efficiency, accountability and transparency of the budget preparation system. UNDP has long been supporting the Government on Poverty Reduction and is currently leading with the World Bank the efforts to prepare the Poverty Reduction Strategy. UNICEF and UNDP have been actively engaging with the Government on options for financing of the social protection system. Besides, UNICEF, ILO and UNDP are implementing a joint programme on strengthening social protection in Uzbekistan. The programme is funded by the Joint SDG Fund.
- Over the past 24 months, WHO has provided intense technical assistance to the government to support the design, consensus-building and effective implementation of the far-reaching health financing reform, which is a key government priority. The reforms' strategic directions are in line with best international practices and will put Uzbekistan on the path to universal health coverage.
- UNODC has a longstanding experience in supporting national authorities in enhancing their long-term capacity to reliably and more transparently manage and retain domestic finances, so these can be used toward national sustainable development objectives. UNODC is well positioned to use its extensive experience across the globe in assisting national authorities in combating illicit financial flows and recovering the proceeds of crime and stolen assets, to support Uzbekistan's domestic efforts to mobilize resources required for fiscal expansion, financial stability, poverty alleviation and improved growth.

All four agencies (PUNOs) will build on the expertise and knowledge accumulated during the last years to contribute to building the INFF from the PFM perspective.

Strategic contributions from other partners

Given the pervasive nature of the INFF, the Programme will work with and benefit from continuous consultations with the UN agencies on remittances (IOM), environment financing (UNEP), education financing (UNESCO), labour market financing (ILO), etc.

UN will work closely with the IFIs that are actively engaged in various areas of the PFM reform (see table below) for the purpose of better aligning and integrating our work on INFF across all the aspects of the PFM reform agenda.

It will also coordinate and consult with the World Bank on the Poverty Reduction Programme and its financing, given that the ultimate goal of the INFF is to enhance living standards and reduce poverty and inequality in all its forms.

French Development Agency (AFD) is at the moment planning to launch the work on integrating climate considerations in the development financing. This work will greatly benefit and complement the activities of the Programme and the close collaboration with the AFD is planned to be established.

UNDP has already been engaged in consultations with relevant IFIs and MDBs (including WB, IsDB and ADB) within the context of DFA, and the approach was shared with them.

#	Name of the International Financial Institution	PFM area currently supported in Uzbekistan
1.	International Monetary Fund	Macroeconomic forecasting Medium-term Budget Strategy Fiscal Risk Management Tax Administration
2.	World Bank	Medium-term Budget Framework Performance-based budgeting Treasury business process re-engineering Public Investment Management Internal control and audit Public Sector Accounting Standards (IPSAS) Government Finance Information Management System (GFIMS) Corporate (SOE) Governance
3.	Asian Development Bank	Medium-term Budget Framework Internal control and audit Public Sector Accounting Standards (IPSAS) Corporate (SOE) Governance Gender budgeting
4.	European Bank	Private sector development Public-Private Partnerships

	for Reconstruction and Development	SME Financing SOE Privatization Green Transition
5.	French Development Agency	Medium-term Budget Framework Performance-based budgeting Budget reporting
6.	US Treasury	External Debt Management Fiscal Transparency
7.	United Nations Development Programme	Performance-based budgeting Fiscal Transparency Participatory budgeting

Expertise from across the UNDS at country, regional and global levels and/or beyond

In addition, the programme will work closely with the IsDB, UNDP Indonesia, Istanbul Regional Hub on introducing “green” and SDG aligned Islamic instruments gaining from the extensive practical experience of these partners and building on the established partnership.

The INFF work will be held with engagement of the UNDP SDG Finance Sector Hub, that has been supporting the country office in elaborating the DFA and Rapid Integrated Assessment analyses.

Engagement of global Joint SDG fund donors

In terms of engaging global Joint SDG Fund donors, the UN will continue and enhance the established partnership with the United States Embassy in Uzbekistan and US Treasury in the area of budget transparency and accountability. It will strengthen the cooperation and plans to benefit from the consultations with the expert team from the US Treasury currently serving as an advisory group for the Ministry of Finance. Regarding others, local representatives of the SDG Fund donors including Sweden, UK and Netherlands will be invited to relevant public events organized within the scope of the JP.

3. Programme implementation

3.1 Governance and implementation arrangements (max 3 pages)

The Programme will be overseen by the Programme Steering Committee (PSC) chaired by the Deputy Minister of Finance and UN Resident Coordinator as a Co-chair. The PSC will also comprise Deputy Ministers of Economy and Industry, Health, Interior and Deputy General Prosecutor in addition to PUNOs. The PSC will meet once a year.

At a more operational level, a Technical Working Group will be formed comprising the senior members of the Government and PUNOs who will be directly involved in the implementation of the programme. The full Technical Working Group will meet on a quarterly basis to review progress and adjust work plans.

The Resident Coordinator will have the overall accountability for the programme, while UNDP will act as a lead agency responsible for coordinating the work of PUNOs. UNDP will set up a monitoring and coordination system, including recruitment of Joint Programme manager. All four participating agencies (UNDP, UNICEF, UNODC and WHO) will work together on the programme, complementing and enhancing each other's work. The four PUNOs will meet regularly, with the RC Office, to jointly take stock of progress, lessons learnt, results and bottlenecks, and to adjust the programme implementation plan, as appropriate. Common 'key policy messages' will be jointly worked out for advocacy with relevant national partners and IFIs, as and when needed.

In establishing the overall INFF architecture, the UN will build on the institutional arrangement set up while conducting the DFA that included the "oversight team", consisting of representatives from the Ministry of Finance and the Ministry of Economy and Industry responsible for overall coordination of work and a technical working group, responsible for providing expertise and policy advice. In healthcare financing, technical assistance will be provided through the already functioning "inter-ministerial working group for the health financing reform", which includes representatives from the Ministries of Health, Finance, and Economy and Industry, and is leading the health financing reform. Coordination of the poverty reduction financing as well as social assistance strengthening will be conducted by the special Council, that is currently in the process of being established. This Council will bring together representatives of key government agencies in charge of various aspects of poverty alleviation (Ministry of Finance, Economy and Industry, Employment and Labour Relations, Health, Preschool Education, Public Education, etc.).

Through the UNDAF Results Group, the four participating agencies will also ensure close consultations with other key UNCT members including UNFPA, FAO, ILO and IOM, to ensure that the evolving programme takes into account the expertise and priorities articulated by these agencies. The programme manager will be empowered to coordinate planning, implementation and reporting across two pillars of the programme, ensuring synergies and complementarities.

To ensure transparency, coherence, and to bring in all partners, the (already existing) UNCT-supported "SDG Policy Dialogue" forum will be used to convene at least three multi-stakeholder discussions during the programme.

The programme has strong ownership by Government and fits clearly with the government's aims to strengthen domestic revenue mobilization and expanding the fiscal space for increased development financing. The results achieved will be absorbed and sustained during and after the end of the JP due to different enabling factors.

- First, clear high-level commitment and government ownership in leading the long-term development financing with an intersectoral approach, especially in poverty alleviation, healthcare and social protection with active engagement of MOF, MOEI, MOH.
- Second, in key development areas the Government has already developed framework documents, for instance, in healthcare it is the health financing strategy, framework laws and by-laws to provide legal back up to the envisioned reforms, and a concept for Syrdarya pilot implementation. In other areas, such as Poverty reduction or social-economic development, the development strategies are currently being developed and it is a very opportune time to enhance the planning process with an integrated financing system.
- The programme will benefit from the capacity development activities targeting partners and the decision-makers in Government as well as civil society partners. The programme will incorporate training courses on relevant aspects of PFM reforms, cost-

benefit analysis, application of other diagnostics tools, and on-the-job training to government partners. The overall health reform and the Syrdarya pilot, will provide a “learning by doing” experience, strengthening local ownership and follow up capacity. As a result of this capacity development, government partners and decision-makers will be in a much better position to make evidence-based decisions, which will deliver much stronger government commitment to implementing the final programme deliverables.

- The programme will promote international best practices and will bring on board experts to undertake technical assistance, working closely in partnership with relevant government staff. The working groups will be comprised of international and local experts, Government staff and PUNO staff to ensure that all proposals have fully taken into account the reality of Uzbekistan and are regarded as feasible by the Government, before they are presented to decision makers.
- Further, throughout the programme, all key outputs will be presented and will undergo a consultation process. This will involve workshops bringing together key stakeholders in Government, including Government staff, academics, think-tanks and representatives of civil society, workers’ organisations and employers’ organisations. Key stakeholders will also be asked to comment on all drafts of proposals. As a result, the programme ensures that all proposals to the government will have broader national support.

3.2 Monitoring, reporting, and evaluation

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme¹²; and
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

The Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be

¹² This will be the basis for release of funding for the second year of implementation.

provided, per request of the Joint SDG Fund Secretariat. Joint programme will allocate resources for monitoring and evaluation in the budget.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After competition of a joint programmes, a final, *independent and gender-responsive*¹³ *evaluation* will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the joint programme, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The joint programme will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

3.3 Accountability, financial management, and public disclosure

¹³ [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channelled for the Joint Programme through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the joint programme.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

3.4 Legal context

Agency name: UN

Agreement title: Agreement on establishment of UN Interim Office in Uzbekistan

Agreement date: 04.12.1992

Agency name: UNDP

Agreement title: Standard Basic Assistance Agreement between UNDP and Government of Uzbekistan

Agreement date: 10.06. 1994

Agency name: UNICEF

Agreement title: Basic Cooperation Agreement between UNICEF and the Government of the Republic of Uzbekistan

Agreement date: 19.12.1994

Agency name: UNCT

Agreement title: Annex D to Uzbekistan UNDAF 2016-2020, Legal Framework of the UNDAF for Uzbekistan 2016-2020

Agreement date: 26.05.2016

Agency name: WHO

Agreement title: Basic agreement between WHO and the Government of the Republic of Uzbekistan on technical advisory cooperation

Agreement date: 1994

Agency name: UNODC

Agreement title: Annex 8 to the UNODC Programme for Central Asia in 2015-2020, UN Standard Legal Context

Agreement date: 05.05.2015

D. ANNEXES OF THE JOINT PROGRAMME TEMPLATE

Annex 1. List of related initiatives

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
StAR Initiative	Improved capacity and legal framework in asset recovery, progress on bilateral engagements in the context of ongoing asset recovery cases	STAR engagement contributes to the building of anti-corruption capacities and the level of UNCAC requirements' implementation	UNODC	World Bank	StAR Initiative donor contributions	Vladimir Kozin UNODC/CEB vladimir.kozin@un.org
Health system strengthening - UHC-Partnership programme	Sustainable health financing, governance and strengthened PHC.	Legal framework to support health financing reform and transformation of health service delivery model design	WHO	MOH, MOF, MOEI	UHC-partnership	Dr Lianne Kuppens, WR Uzbekistan kuppens@who.int
Financing for Sustainable Development	Fiscal Transparency, SDG financing	Comprehensive DFA and RIA analysis, landscaping analysis for alternative financing instruments, and green bonds.	UNDP	MOF, MOEI, CMDA, CCI	UNDP TRAC	Ms.Matilda Dimovska, matilda.dimovska@undp.org
Undertaking regular budget reviews for social sectors (social protection, healthcare, education)	Regular budget reviews and updates	Inputs for the public expenditure review and the Financing Strategy	UNICEF	MOF	UNICEF	Saidbek Djurabekov, sdjurabekov@unicef.org
Building an investment case for introducing universal child benefits	Fiscally feasible options for reforming child benefits	Inputs for the Financing Strategy	UNICEF	MOF	UNICEF	Saidbek Djurabekov, sdjurabekov@unicef.org

Annex 2. Results Framework

2.1. Targets for Joint SDG Fund Results Framework

Joint SDG Fund Outcome 2: Additional financing leveraged to accelerate SDG achievement

Baseline and targets for this Outcome 2 will be determined at a later date

Indicators	Targets	
	2020	2021
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope ¹⁴	to be defined within the 6 months of implementation	to be defined within the 6 months of implementation
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale ¹⁵	to be defined within the 6 months of implementation	to be defined within the 6 months of implementation

Joint SDG Fund Output 4: Integrated financing strategies for accelerating SDG progress implemented

Indicators	Targets	
	2020	2021
4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful)	0	1
4.2: #of integrated financing strategies that have been implemented with partners in lead ¹⁶	0	1
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	1	1

Joint SDG Fund Operational Performance Indicators

- Level of coherence of UN in implementing programme country¹⁷
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)

¹⁴Additional resources mobilized for other/ additional sector/s or through new sources/means

¹⁵Additional resources mobilized for the same multi-sectoral solution.

¹⁶ This will be disaggregated by (1) government/public partners (2) civil society partners and (3) private sector partners

¹⁷ Annual survey will provide qualitative information towards this indicator.

- Joint programme included addressing inequalities (QCPR) and the principle of "Leaving No One Behind"
- Joint programme featured gender results at the outcome level
- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

2.2. Joint programme Results framework

Result / Indicators	Baseline	2020 Target	2021 Target	Means of Verification	Responsible partner
Output 1: The newly developed Integrated National Financing Framework incorporates the planning and financing dimensions of the national and sectoral strategies.					
Availability of the national Financing Framework that links the aspiration of national development strategy with financing options. (2020 Baseline: Financing of the national development agenda is fragmented and decentralized; 2022 Target: Financing framework is built and operationalized)	No	Public expenditure review is implemented	Yes	Relevant reports are prepared and submitted to the Government	UNDP, UNICEF, WHO, UNODC
Number of SDGs for which costing was completed and integrated in the national development strategies. (2020 Baseline: 6; 2022 Target: 10)	6	Seven (SDG 1)	Ten (SDGs 8, 10, 12)	Relevant reports are prepared and submitted to the Government	UNDP, UNICEF
Availability of institutional capacities at central government, civil society, media and public to enhance fiscal transparency, asset management and integrate gender dimension into all stages of budget cycle for increased efficiency of public spending. (2020 2022	Limited capacity of the central government, civil society, media and public to facilitate fiscal transparency and gender sensitive budgeting.	Limited capacity of the central government, civil society, media and public to facilitate fiscal transparency and gender sensitive budgeting.	Enhanced institutional capacities to work on open and gender-sensitive budgeting	Trainings, workshops, guidelines, manuals	UNDP, UNICEF, WHO

Output 2: Alternative financing instruments and solutions are available, and efficiency of existing resources is enhanced to ensure that available resources are transparently and efficiently channeled towards achievement of the SDGs.

Number of innovative instruments for which the roadmaps/ strategies for their introduction in Uzbekistan is developed jointly with and submitted to the government.	0	0	2	Relevant reports are prepared and submitted to the Government	UNDP
Social Health Insurance Fund (SHIF) established and contracting system between SHIF and health providers designed and piloted (2020 Baseline-No; 2022 Target-Yes)	no	partially	fully	Relevant legislation is adopted, and pilot report is prepared	WHO
Universal benefit package design, costed and implemented in one administrative region of Uzbekistan (2020 Baseline-No; 2022 Target-Yes)	no	partially	fully	Relevant legislation is adopted and pilot report is prepared	WHO
Number of technical guidelines, tools and manuals developed on asset management	0	1	2	Joint programme progress reports; Printed (or e-copies) manuals and guidelines	UNODC
Number of national experts and practitioners attended capacity building events and enhance their knowledge and skills in effective management of seized/confiscated/forfeited assets (2020 Baseline – 0; 2022 Target – 50)	0	0	50	Joint programme progress reports; reports on training workshops; mission reports	UNODC

Annex 3. Gender marker matrix

Indicator		Score	Findings and Explanation	Evidence or Means of Verification
N°	Formulation			
1.1	Context analysis integrate gender analysis	1	Gender analysis across the majority of sectors including underlying causes of gender inequality and discrimination line with SDG priorities including SDG 5; Some sex-disaggregated and gender sensitive data is provided.	Statistics, UN reports
1.2	Gender Equality mainstreamed in proposed outputs	2	Gender equality and the empowerment of women is visibly mainstreamed across some output areas in line with SDG priorities	Theory of Change, Outcome, Outputs and Activities formulation
1.3	Programme output indicators measure changes on gender equality	1	Between one-fifth and one-third (20-33 percent) of the output indicators measure changes in gender equality and the empowerment of women	Output indicators UN Assessment and Reports
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	2	PUNOs have consulted with the Women's Committee of Uzbekistan, as well as CSOs working in women's rights, including as part of the ongoing CCA and UNSDCF formulation consultations.	CCA (draft), UNSDCF (2021-2025, draft), summary of UN consultations with stakeholders
2.2	PUNO collaborate and engages with women's/gender equality CSOs	2	PUNOs have consulted with the Women's Committee of Uzbekistan, as well as CSOs working in women's rights, including as part of the ongoing CCA and UNSDCF formulation consultations.	CCA (draft), UNSDCF (2021-2025, draft), summary of UN consultations with stakeholders
3.1	Program proposes a gender-responsive budget	2	At least 30% of the total budget is allocated to gender equality or women's empowerment, although this link is not strictly direct. The programme aims to improve, inter alia, the public finance management in the country, with the focus on social assistance, health financing, which have proven to benefit women the most (eg., not only females are the primary beneficiaries of these schemes, but they also employ a larger share of women).	Programme Budget, UN assessment and reports.
Total scoring		2		

Annex 4. Budget and Work Plan

4.1 Budget per UNSDG categories

UNDG BUDGET CATEGORIES	PUNO 1 UNDP		PUNO 2 UNICEF		PUNO 3 WHO		PUNO 4 UNODC		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	73 200	138 300	20 000	0	20 000	200 000	45 600	50 000	158 800	388 300
2. Supplies, Commodities, Materials	506		5 000		0		0		5 506	
3. Equipment, Vehicles, and Furniture (including Depreciation)	2 000		3 000		0		0		5 000	
4. Contractual services	226 400		150 000		166 400		91 600		634 400	
5. Travel	12 000		5 000		41 637		30 000		88 637	
6. Transfers and Grants to Counterparts	0		0		0		0		0	
7. General Operating and other Direct Costs	18 604		3 916		0		19 716		42 236	
Total Direct Costs	332 710		186 916		228 037		186 916		934 579	
8. Indirect Support Costs (Max. 7%)	23 290	13 084	15 963	13 084	65 421					
TOTAL Costs	356 000	200 000	244 000	200 000	1 000 000	388 300				
1st year	156 000		100 000		144 000		100 000		500 000	255 300
2nd year	200 000		100 000		100 000		100 000		500 000	133 000

Budget Justification

It is expected that \$1 million provided by the SDG fund will deliver significant value for money. As indicated earlier the 2018 IMF assessment of spending required to reach SDGs in Uzbekistan in health, education, and infrastructure alone found that country needs additional spending of roughly 8.7% of GDP by 2030. The attainment of the SDGs will require both a more efficient use of all available resources, as well as the mobilization of non-traditional sources of development financing - public and private, domestic and international.

The Joint Programme will directly help the Government of Uzbekistan to strengthen the overall financing framework for its national development strategies and public finance management. It will create an enabling environment to introduce new forms of public and private finance, while improving the efficiency of its existing financial resources for its development priorities. The programme will facilitate the establishment of an Integrated National Financing Framework (INFF) with its sector specific Financing Frameworks in healthcare, social assistance and environmental policies/reforms; optimize the existing public finance flows for maximum impact and outreach (public finance management and national asset recovery system as well as build effective architecture for mobilizing public and private resources (health financing solutions, green bonds/sukuk for environment-friendly projects, crowdfunding, etc.).

As mentioned above the timing of this initiative is extremely critical given the fast reform process pursued by the Government. The programme will have a complementary and transformative impact on the Government's massive reform activities in all sectors, including health and social protection coupled with trade and economic liberalization; it will support the Government's measures in the area of Poverty Reduction and Anti-Corruption as well as the Government's efforts to tap into existing and new investment flows to finance development in the country, including FDI, ODA, foreign borrowing, seized and confiscated domestic assets, remittances, etc. The transformative power of the JP stems from its aim to build a framework that will generate long-term and sustainable financing for policies towards achievement of the SDGs. The JP will contribute to a new and coherent approach of national policymaking, appropriately supported with financing. This is important at a time when the policymaking process in the country is characterized by fragmentation, poor coordination and overlaps (evident also in the public finance management). The overarching financing strategy with a long-term vision for costing of development priorities and to identify/align financing gaps with investment flows will be a new approach, at least in Uzbekistan, compared to the traditional planning models.

In view of the anticipated economic and social impact of ongoing COVID-19 pandemic, this JP will even be more critical, particularly for vulnerable groups. Government's preliminary assessments anticipate considerable reduction of its revenue sources including the reduction of revenues from the natural gas exports, tourism, remittances, etc. Achieving ambitious reforms and national SDG targets set by the Government has just become a whole lot harder in view of COVID-19 impact, so the JP will aim at helping the Government to recalibrate what will inevitably be reduced financing flows and to mitigate further inequalities.

There is no doubt that PUNOs will ensure the efficient delivery of programme funds. Using the PUNOs' knowledge about relevant and applicable international expertise, international consultants will be contracted through an open and competitive procurement

process or through existing long-term agreements held by the UN with trusted suppliers. While assessing the technical proposals and financial offers of international consultants, the best value for money principles will be applied by the evaluation commission. National programme team members will be hired through local open and competitive recruitment process in line with PUNOs' rules and regulations. Further, all procurement of goods will follow current UN practices, that ensure value for money. Most services and supplies will be locally procured, maximizing the cost, availability and relevance of the project deliverables to national stakeholders and partners. Access of PUNOs to global markets, availability of long-term contracts with vendors and exemption from taxes and duties will help the joint programme import the goods and services, when needed, at the most reasonable prices.

4.2 Budget per SDG targets

SDG TARGETS		%	USD
1	Target 1.3: Strengthen the targeting and effectiveness of social protection system of the population, enhance the quality of social services, achieve full coverage of social protection measures for all in need	20%	200 000
2.	Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	24%	244 000
3.	Target 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime	20%	200 000
4.	Target 17.1: Strengthen internal and external resource mobilization to ensure adequate quality of socio-economic programs	20%	199 313
5.	Target 17.3: Mobilize additional financial resources from external sources for the implementation of socio-economic development programs	16%	156 687
TOTAL		100%	1 000 000

4.3 Work plan

Outcome 1			Government of Uzbekistan can better align resources (plan and finance) with its development strategies and achieve better impact and efficiency gains through capacitated institutions, new financing mechanisms and an integrated development finance framework that aligns public and private resources with its gender-sensitive and pro-poor development policies.																
Joint programme management			List of activities	Time frame								PLANNED BUDGET				PUN O/s involved	Implementing partner/s involved		
				Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)				
Output 1: The newly developed Integrated National Financing Framework incorporates the planning and financing dimensions of the national and selected sectoral strategies.	SDG Financing gaps and the national capacities to apply various diagnostic tools and costing methodology strengthened	National SDG Financing Strategy exists	Activity 1.1 Develop a holistic financing strategy aligned with the main strategic development plans/documents and SDGs				x	x	x	x	x	x	x	The budget will be used to produce and disseminate a number of analytical policy documents for evidence-based decision making through engagement of international and national consultants, organizing various events to learn good international practices, to present and discuss relevant issues with all stakeholders	139 212	96 300	235 512	UNDP	Ministry of Finance, Ministry of Economy and Industry
			Activity 1.2 Conduct costing of selected SDGs (SDGs 1, 8, 10, 12) to integrate them into the national development strategies	x	x	x	x	x	x										
			Activity 1.3 Capacity development activities for civil society, media and public oversight institutions to work with open budgets, including on gender-sensitive budgeting		x	x	x	x	x	x	x								
			Activity 1.4 Develop policy recommendations on integration of environmental considerations into the national development plans/policies			x	x	x	x										

			Activity 1.5 Conduct analysis of and public expenditure review of existing poverty reduction programmes, develop financing strategy on poverty reduction	x	x	x	x												
			Activity 1.6 Undertaking fiscal space analysis for reform options to strengthen social assistance in Uzbekistan	x	x	x	x	x						<p>The budget will be used to produce a public expenditure review and investment case for strengthening social assistance programmes in Uzbekistan. The deliverables will be produced in forms of analytical reports and methodological notes. The reports will inform the Government on politically and fiscally feasible reform options on strengthening social assistance in Uzbekistan and will serve as inputs for the national financing strategy for SDGs. The methodological notes will form a framework that will be accompanied by capacity building for national partners and, therefore, enable them to undertake public expenditure review and investment case building on their own to generate evidence for effective and efficient policymaking in a continuous way.</p>	200 000	0	200 000	UNICEF	
		Activity 1.7 Undertaking costing and cost-benefit analysis of reform options to strengthen social assistance			x	x	x	x											
		Activity 1.8 Undertaking public expenditure review of social assistance in Uzbekistan					x	x	x	x									

Action plan to develop asset management system agreed	Coordination committee on management of assets established; Manual for practitioners on asset management developed; 2 training events delivered	Activity 2.4 Develop standard processes and enhance organizational structure to allow the Uzbek authorities to effectively deliver its functions on asset management			x	x	x	x			The budget will be used to produce and disseminate a number of analytical policy documents for evidence-based decision making through engagement of international and national consultants, organizing various events to learn good international practices, conduct capacity building activities for stakeholders	157 842	40 000	197 842	UNODC	General Prosecutor's Office
		Activity 2.5 Promote inter-agency coordination and cooperation, establish a coordination committee on the management of assets, build structures for pre-seizure planning, litigation support and distribution of proceeds					x	x	x							
		Activity 2.6 Enhance capacity of practitioners and develop a manual on asset management procedures and standard practices							x	x						
		Activity 2.7 Intersectoral and SHIF capacity building events on strategic governance and development of legislation framework with in-country expert mission	x	x	x	x	x	x	x	x	225 880	200 000	425 880	WHO	Ministry of Finance, Ministry of Health, State Health Insurance Fund	
		Activity 2.8 Technical assistance to design new mixes health financing models, service packages and contracting system design based on state guaranteed benefit package	x	x	x	x				x						

Annex 5. Risk Management Plan

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain - 5 Likely - 4 Possible - 3 Unlikely - 2 Rare - 1	Impact: Essential - 5 Major - 4 Moderate - 3 Minor - 2 Insignificant - 1	Mitigating measures	Responsible Org./Person
Contextual risks					
Change in government policies and reform priorities may limit full-fledged implementation of the programme	6 (Medium)	Unlikely (2)	Major (3)	Continued advocacy for Agenda 2030, SDGs and need for integrated development financing	UNDP, RCO, PUNOs
Change in management of the key national counterparts of the programme	9 (Medium)	Possible (3)	Moderate (3)	Strengthening the institutional capacities (not just individual) at the key national counterparts of the programme. Continued advocacy for Agenda 2030, SDGs and need for integrated development financing	UNDP, RCO
The outbreak of the COVID-19 pandemic may not only impact the financial flows and fiscal space for SDGs, but can also impact the speed and implementation of the programme	12 (High)	Certain (5)	Essential (5)	Continued monitoring of the situation and circumstances affecting the smooth implementation of the programme. Timely proposal of measures to the Programme Steering Committee to mitigate the delays, revision of timelines and proposing alternative solutions to delivering results.	UNDP, RCO PUNOs
Programmatic risks					
Due to limited access and/or low quality data, implementation of some of the programme activities can be compromised (ie, on DFA, costing of SDGs, PER in social protection etc.)	9 (Medium)	Possible (3)	Moderate (3)	Early detection of the issue, use of alternative data, possible integration of activities aimed at improving the generation of quality data and open access to it, adjustments to the programme if necessary.	UNDP, PUNOs
Institutional risks					
N/A					
Fiduciary risks					
N/A					