

## Resource Allocation Strategy

### Uzbekistan Vision 2030 Fund

Adopted by the Management Committee on 7 February 2023

Validated by the High-Level Strategic Committee on 21 March 2023

#### I. Overview

Uzbekistan and Switzerland have signed an agreement on the restitution of assets that were definitively confiscated in the criminal proceedings in connection with Gulnara Karimova. The Uzbekistan Vision 2030 Fund (“Ishonch Fund”) was established based on this [agreement](#) and the principles and procedures defined therein.

The “Ishonch Fund” supports principled, transparent, and effective asset restitution via programs aimed at accelerating the Government of the Republic of Uzbekistan’s national reform agenda and the Vision 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). The overall orientation for the Fund’s activities is the strategic priorities identified and agreed upon between the Government of Uzbekistan and the United Nations (UN) within the [UN Sustainable Development Cooperation Framework 2021-2025](#) (UNSDCF) and its succeeding strategic frameworks.

The Ishonch Fund is one of many sources of financing for the UNSDCF. Challenges and priorities highlighted in the UNSDCF are broader than the Fund’s capacities. A strategic and selective approach, striving for long-term catalytic effects of investments coming through the Ishonch Fund, is necessary. The Fund’s Resource Allocation Strategies (RAS), of which the one on hand is the first one, are instrumental for such an approach. This includes that the Fund aims to crowd in, and not crowd out, other sources of financing for priorities articulated in the UNSDCF.

Against this background, this first RAS allocates US\$ 87m of a total of US\$ 131 in committed funds against two strategic priorities: *i)* reduced maternal and infant mortality and *ii)* inclusive and equitable quality education. A strong anti-corruption component will be incorporated across all programs and projects.

Thematic priorities	Proposed Budget (US\$ M)		Lead agencies <sup>1</sup>
	Amount	% of budget	
<b>Health sector</b> Reduced maternal and infant mortality	43.5	50%	<b>UNICEF, WHO, UNFPA</b> (Source: UNSDCF Joint Work Plan)
<b>Education Sector</b> Inclusive and equitable quality public education	43.5	50%	<b>UNESCO, UNICEF</b> (Source: UNSDCF Joint Work Plan)
<b>Totals</b>	<b>87</b>	<b>100%</b>	

Table 1. Overview Budget for Initial Resource Allocation Strategy

These thematic priorities contribute to the UNSDCF and have the potential to demonstrate a timely, tangible and transformative impact on the Uzbek population. They have been selected based on Management Committee deliberations (with representatives from the Uzbek and Swiss governments as well as the UN), informed by background provided by the United Nations Country Team in Uzbekistan (UNCT) and concerned line ministries. This Resource Allocation Strategy describes the two thematic priorities in more detail in order to communicate about the restitution investments, define their long-term catalytic objective and establish an intermediary level of monitoring (between the UNSDCF and the UN project level).

<sup>1</sup> Lead PUNO / implementing organization / convening agent

The remainder of the Resource Allocation Strategy describes the criteria based on which the two thematic priorities have been chosen, as well as their links to the UNSDCF. In an annex, the Resource Allocation Strategy introduces an analytical background including: (1) the state of play in the thematic priorities, (2) the development challenges, (3) existing activities in the areas (to establish synergies and avoid duplication). In its entirety, it serves as a further guiding document for the elaboration and selection of projects and establishes baselines on key indicators and issues in the thematic priorities. The Fund’s projects will need to address possible pathways for change to the challenges identified therein.

Currently, Annex 1 only provides such information for focus area 1, child and health mortality. The Government of Uzbekistan, together with UN agencies in Uzbekistan, is working on an “*Education Compact*”, foreseen to be finalized by March 2023. This is why in this Resource Allocation Strategy, only a background document for maternal and child mortality is presented. The analysis underlying the Education Compact will serve as a basis for the elaboration and selection of the education projects.

## II. Thematic Priorities

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The current funds will be invested in the health and education sector, with a strong **anti-corruption component** incorporated across all programs and projects. The choice of the two sectors and the transversal anti-corruption focus for the activities of the Fund are based on the following criteria:

**Alignment with the UNSDCF:** As laid out in the foundational documents, including the Restitution Agreement and the Terms of Reference of the Uzbekistan Vision 2030 Fund, the Fund shall be used in line with the United Nations Sustainable Development Cooperation Framework for Uzbekistan (UNSDCF). Within the UNSDCF, both the health and education sector, as well as anti-corruption, take on important roles. It is also worth noting that there seems to be a strong public understanding that the United Nations and its agencies can make a difference in these sectors, which is important for the public ownership of the Fund.

**Forward-looking approach:** The choice of sectors also reflects a forward-looking approach. With a preliminary focus on the health and education sectors, assets that were misappropriated in the past at the expense of the population of Uzbekistan are again to be invested in sectors likely to have a significant impact on future generations. In the broad consultations that led to the UNSDCF, young people in particular, have defined health and education as the most critical priorities for their future.

**Catalytic potential:** Sustainable interventions in the health and education sectors have the potential for longer-term catalytic and spillover effects for the broader welfare and wealth of the country. Education and health are also synergetic in themselves: Improved education leads the way to improved health, and improved health leads to more impactful education.

**Unmet needs in the health and education sectors:** While not exclusive to health and education, unmet needs continue to exist in both sectors, specifically in international comparison. Both sectors have furthermore been most directly impacted by the COVID-19 pandemic. The pandemic has also reinforced inequities in both sectors and has revealed how fragile previous gains in these sectors are if services cannot be upheld in the event of external shocks.

**Leaving no one behind:** Investing in health and education is important to leaving no one behind. When public services are not capable of meeting needs, there is a risk that parallel systems (e.g. based primarily on private providers) lead to further inequalities in access. Offering equitable access to quality health care and education

is also key to empowering the most vulnerable groups in overcoming existing economic inequalities. Systemic corruption in these sectors hits the already vulnerable groups disproportionately hard.

**Establishing trust:** The Fund aims to contribute to fighting and overcoming practices, which in the past had led to the illicit assets that are now restituted to the population of Uzbekistan. As such, the aim is to reestablish trust in public institutions. In both health and education, corruption is prevalent. Without combatting corruption, the desired potential in these two sectors will not materialize. It is essential to ensure equitable access and effective long-term financing models for these sectors. Combatting corruption also lowers entry barriers for other international cooperation and investment actors to contribute further in these sectors. Vice versa, tangible achievements in the two sectors (such as reduced mortality, equitable quality education and equal opportunities) again strengthen trust in public services and in the role of the public sector, which is key to effectively fighting corruption in the long term.

As indicated above, within the health and the education sectors, the Fund will, for the time being, focus on two specific areas: i) reduced maternal and infant mortality and ii) inclusive and equitable quality public education; that are both aligned with the UNSDCF and where measurable baselines are available.

### *Reduced maternal and infant mortality*

Progress in reducing the maternal mortality rate (MMR) in Uzbekistan has been stagnant for more than a decade. With 29 deaths per 100,000 live births, Uzbekistan’s MMR is the second highest in Central Asia and far from achieving the UNSDCF target of 15 by 2025. Bleeding, eclampsia, sepsis, and other health conditions aggravated by pregnancy make up 69% of all maternal deaths in the last ten years: Maternal deaths in Uzbekistan are directly correlated to the quality of antenatal, intrapartum, and post-natal care.

Concerning infant mortality, in Uzbekistan, 42 newborns die per day, this is 1 in 59 babies dying in their first month of life. The share of neonatal mortality in Uzbekistan within the Eastern Europe and Central Asia region is 21%, double that of annual births. More than 60% of all under-five deaths happen in the first month of life. Trends show that neonatal mortality in Uzbekistan is increasing, from 12 per 1,000 live births in 2018 to 17 per 1,000 in 2022. The strong growth in the number of deliveries puts the system under further strain.

With infant mortality on the rise and stagnant progress on reducing maternal mortality, this represents an area where Uzbekistan is falling behind in its progress towards achieving the Sustainable Development Goals (SDGs). Investments in reducing maternal and infant mortality not only save lives but have a more transformative impact as they also foster gender equality, help to increase productivity and economic growth, and thus socio-economic development.

<b>Alignment with UNSDCF</b>	<b>Output 4.1. By 2025, capacities of health system and stakeholders are strengthened to implement efficient and transparent, innovative and inclusive Universal Health Coverage-focused policies and programmes, comprehensive responses to health emergencies and to promote a healthy lifestyle and health literacy among all age groups as well as quality professional development opportunities and a decent work environment for healthcare employees.</b>
<b>Relevant UNSDCF Outcome Indicators</b>	<ul style="list-style-type: none"> <li>● Maternal mortality ratio per 100,000 live births (NSDG 3.1.1)</li> <li>● Under-5 mortality rate (NSDG 3.2.1)</li> <li>● Coverage of essential health services<sup>2</sup> (NSDG 3.8.1.1)</li> <li>● % of children covered by vaccines according to the national immunization calendar<sup>3</sup> (NSDG 3.b.1)</li> <li>● % of women of reproductive age (aged 15–49 years) who have their need for modern contraception fully met (NSDG 3.7.1.)</li> </ul>

<sup>2</sup> Defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, new-born and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population.

<sup>3</sup> These include diphtheria, whooping cough, tetanus, measles, rubella, mumps, meningococcal infection, tuberculosis, rotavirus, infection, hepatitis B, poliomyelitis, pneumococcal infection, papilloma virus.

### *Inclusive and equitable quality public education*

In present-day Uzbekistan, children and young people below 30 years of age constitute 60 per cent of the population. In 15-20 years, they will become the largest labour force Uzbekistan has ever had, presenting a unique opportunity to take the country to a new level of socio-economic development. As a UNICEF (2018) report suggests, the window of demographic opportunity is expected to last for another 30 years. Grasping this opportunity entails the development of a strategic long-term vision on youth development, informed by evidence and the opinions of young people with respective quality curricula, teacher capacities and learning material. The demographic dividend is realized only when there is an investment in human capital development, particularly in public education development.

Furthermore, currently, most schools in Uzbekistan are working in more than a 2.0 coefficient of attendance, meaning that due to the lack of capacity, many students go to school either only in the mornings or in the afternoons. In the past years, the number of students per school has increased steeply, from 500 in 2016 to 620 in 2022. Many schools are in need of reconstruction. It is expected that due to demographic developments, throughout the coming six years, the schools will need to accommodate an additional 1.5 million students.

Investing in inclusive and equitable quality education has a transformative impact, amongst others, due to improved human capital, which is critical for long-term economic growth and development. Education can increase civic engagement by promoting critical thinking and encouraging active participation in society. This can lead to more effective governance and more responsive public institutions.


<b>Alignment with UNSDCF</b>	<b>Output 4.2. By 2025, Government and other educational stakeholders have increased capacity to provide access to equitable, inclusive, and quality education at all levels and promote lifelong learning in an integrated manner, including quality professional development system and decent work environment for education sector employees.</b>
<b>Relevant UNSDCF Outcome Indicators</b>	<ul style="list-style-type: none"> <li>● Parity indices by sex, rural/urban, level of well-being, in the education system (NSDG 4.5.1)</li> <li>● Proportion of schools with access to adapted infrastructure and materials for students with disabilities (NSDG 4.a.1)</li> </ul>

a) Quality Assurance Checklist

✓	<b>Strategy aligned with the UNSDCF</b>
✓	<b>Strategy aligned with approved country strategies of lead agencies/convening agents</b>
✓	<b>Strategy avoids duplication with activities financed by other sources (Government, Development Partners, IFIs)</b>
✓	<b>Priorities enable delivery of sustainable results for the people of Uzbekistan, enabling approaches that will ensure the sustainability of investments upon completion, factoring in how government will be able to sustain and scale results</b>
✓	<b>Strategy reviewed by the UNCT<sup>4</sup></b>
✓	<b>Background document attached</b>

b) Management Committee Review

UN Resident Coordinator, in his/her capacity as UN Co-Chair of Management Committee

<b>Signature</b>	
	
<b>Sara Noshadi (UNRC a.i.)</b>	<b>07/02/2023</b>

c) High Level Strategic Committee Validation

<b>Date shared with HLSC:</b>	<b>Date non-objection confirmed:</b>
<b>07/02/2023</b>	<b>21/03/2023</b>

<sup>4</sup> The UNCT will apply the same criteria used in the project/programme assessment (Annex 3 of the Fund's Operation Manual) for their internal review.