
Country Partnership Strategy for the Republic of Uzbekistan

2012-2015

Republic of Korea

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Executive Summary

The economy of Uzbekistan has been growing strongly in recent years driven by trade expansion and rising commodity prices. Yet despite this, the country still faces significant development challenges. Development cooperation will continue to play an important role in the medium term to help Uzbekistan deal with these challenges.

This Country Partnership Strategy (CPS) details how Korea intends to assist Uzbekistan to achieve its development objectives. It outlines the volume of assistance and the sectors supported. Korea's ODA has expanded in recent years, supporting projects in education, health, public administration and industrial energy.

Building on these efforts, Korea will focus 70% of its budget on three priority areas for the years 2012-2015: i) education - Technical and Vocational Training & E-Learning, ii) access to health services for children and people affected by infectious diseases, and iii) public administration.

The strategy is guided by aid effectiveness principles and anchored in strong planning procedures. Support is aligned around the priorities of the Uzbek government, and coordinated with the approaches of other donors. To ensure this, the strategy has a strong accountability dimension, with actions monitored and outcomes evaluated.

On that basis, the strategy will evolve over the period of its implementation (2012-2015) to take into account new priorities and lessons of evaluation findings. In short the strategy provides a concise account of Korea's overall policy direction for its development cooperation with Uzbekistan.

I. Introduction

1. The economy of Uzbekistan has been growing strongly in recent years driven by trade expansion and rising commodity prices. Yet despite this, the country still faces significant development challenges. Development cooperation will continue to play an important role in the medium term to help Uzbekistan deal with these challenges and implement its Welfare Improvement Strategy (WIS) and Industrial Modernization and Infrastructure Development Program to make a meaningful contribution to poverty reduction and sustainable development.

2. This Country Partnership Strategy (CPS) details how Korea intends to assist Uzbekistan to achieve its development objectives. The partnership is based on mutual understanding and respect, and aims to improve development effectiveness by linking Korea's development experience and comparative strengths in development cooperation to Uzbekistan's development plan.

3. Korea, as a member of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC), strives to comply with international norms and standards in shaping its development partnership. Thus, the strategy is guided by aid effectiveness principles and anchored in strong planning procedures. Support is aligned around the priorities of the Uzbek government, and coordinated with the approaches of other donors. To ensure this, the strategy has a strong accountability dimension, with actions monitored and outcomes evaluated.

4. The strategy will be continuously revised and updated through dialogue with the government and will take into account changing circumstances in Uzbekistan. Furthermore, the strategy will evolve over the period of its implementation (2012-2015) to take into account new priorities and lessons of evaluation findings. It therefore lays out a framework for further enhancing partnership and cooperation.

5. The remainder of this strategy is organized as follows. Section II presents Uzbekistan's development status and challenges. Section III discusses Korea's development cooperation with Uzbekistan. Section IV identifies how programs will be implemented to maximize results.

II. Uzbekistan's Development Status and Challenges

6. Uzbekistan is the most populous country in Central Asia, with 28 million people, and the second largest economy in the region. It is centrally located, bordering all the other states in the region, and has abundant resources with a strong agricultural base and self-sufficiency in hydrocarbons and minerals. The Uzbek government has recently undergone structural economic changes and the shares of industry and services in GDP surpassed the share of agriculture. Uzbekistan is on track to achieve some of the Millennium Development Goals (MDGs) with success in providing near-universal access to primary education, and reducing child and maternal mortality rates.

7. Despite significant progress in diversifying sources of growth and macroeconomic adjustment, its industrial base for sustainable economic growth is still relatively weak while excessive government intervention in the market, an unfavorable climate for foreign investment, and the lack of competitiveness pose potential barriers to economic development.

8. The core principle of this CPS, therefore, will be to assist Uzbekistan in overcoming such barriers; achieving sustainable growth and transforming into an industrialized, high middle-income country through the expansion of socio-economic infrastructure, improvement of business environment and capacity building of the public system. For this overarching goal, in line with the national development plan of Uzbekistan, Korea will target efforts towards rapid and equitable growth with an emphasis on the proposed strategic priorities.

III. Korea's ODA to Uzbekistan

A. Overview 2007~2011

9. Korea disbursed USD 67 million to Uzbekistan between 2007 and 2011, of which - USD 26 million was provided in concessional loans and USD 41 million in grants. While concessional loans vary per year, grants have been gradually increasing, as detailed in Table 1, highlighting the strengthening bilateral relationship between the two countries. These resources financed sixteen projects, which were approved or implemented by EDCF and KOICA. Korea funded projects in education, health, public administration and industrial energy. The education sector accounts for the bulk of ODA at 74% of total ODA (Table 2). Korea invested in projects across the country with a particular focus on the area of Tashkent.

Table 1. Korea's ODA to Uzbekistan between 2007-2011

(Unit: USD millions, net disbursements)

Year		2007	2008	2009	2010	2011	Total
Loans	commitments	-	-	10.00	-	15.00	25.00
	disbursements	-2.04	-2.67	-2.19	20.35	12.96	26.41
Grants		5.26	6.66	8.09	11.86	9.03	40.90
Total		3.21	3.99	5.90	32.21	21.99	67.30

Source: EDCF and KOICA statistics.

Table 2. Korea's ODA to Uzbekistan by sector between 2007-2011

Category		Education	Health	Governance (incl. ICT)	Industrial Energy	Agriculture & Fisheries	Other	Total
Loans	commitments	-	10.00	15.00	-	-	-	25.00
	disbursements	30.03	0.14	-	-	-	-3.76	26.41
Grants		12.91	7.54	6.42	3.74	0.34	0.90	31.85
Share (%)		73.70	13.18	11.02	6.42	0.58	-4.91	100.00

Source: EDCF and KOICA statistics (grants only include contributions from KOICA).

10. This strategy aims to build on these existing efforts and contribute to the implementation of Uzbekistan's midterm development plan. This will be accomplished through predictable financing, technical assistance and knowledge and technology transfer for the years 2012 to 2015. With these measures, Korea will help unlock the economic potential of Uzbekistan and contribute to poverty reduction and social inclusion- strengthening bilateral relations and promoting mutual growth.

11. The CPS and its priority areas were established through close collaboration between the governments of Korea and Uzbekistan with regular consultations and policy dialogue. A wide range of factors such as Uzbekistan's development strategy, Korea's ongoing development projects in Uzbekistan and Korea's comparative advantage were reflected in the process of establishing the CPS.

10. Korea will focus 70% of its budget for development cooperation in Uzbekistan on the three priority areas described below, as agreed for the years 2012-2015:

- Strengthening national competitiveness through human resource development by promoting technical and vocational training, and e-Learning system.
- Increasing access to health services through the development of healthcare-related hard and soft infrastructure.
- Improving productivity and transparency of the public administration through e-Government and capacity building.

13. The delivery of the strategy will be guided by aid effectiveness principles and reflect international norms and standards including the MDGs, Busan Partnership Agreement and DAC recommendations. Korea will pursue three values - efficiency, sustainability, and harmonization - to enhance effective implementation.

B. Priority Areas 2012~2015

B.1 Education - Technical and Vocational Training & E-Learning

Strengthening national competitiveness through human resource development by promoting technical and vocational training, and e-Learning

14. This program aims to improve the quality of human resources and education systems for skilled labor to enhance productivity and meet the demand of the labor market. The primary measures to achieve this objective include providing technical assistance and enhancing capacity building. The program will also promote IT education and human resource development for a stronger industry future. The specific details of Korea's contribution are as follows:

- Strengthening capacities of technical and vocational training institutes: Korea will provide support to upgrade educational facilities and equipment for technical and vocational training institutions in targeted areas. Assistance will also be given to develop proper curriculum materials and training programs for trainers.
- E-Learning: Korea will provide support to develop e-learning systems in higher education. IT facilities and capacity building programs for teachers and management will also be provided to promote human resource development.

B.2 Access to health services for children and people affected by infectious diseases

Increasing access to child health services and protection against infectious diseases through the development of healthcare-related hard and soft infrastructure

15. This program aims to expand the scope of healthcare services for children and poor population groups affected by infectious diseases through the improvement of health-related infrastructure and capacity building for medical personnel and other staff in the health sector. The details are as follows:

- Enhancing function of children's hospitals: Korea will help establish children's hospital and provide modern medical equipments and supplies in order to increase access to health services. Training and professional development of health workers will also be an important contribution to improve the health status of the country.

- Enhancing function of infectious disease hospitals: Korea will provide medical equipment and supplies to existing hospitals for infectious diseases and enhance their medical services.
- Capacity building: Korea will promote capacity building for medical personnel and other staff in the health sector through the dispatch of specialists and various educational programs, including health sector management skills.

B.3 Public administration

<p>Improving productivity and transparency of the public administration through e-Government and capacity building</p>

16. This program aims to enhance the productivity and transparency of the public administration through the improvement of e-Government, institutional reforms and capacity building of public officials. This will be achieved by putting in place effective public systems and enhancing the capacity of government to innovate. The details are as follows:

- E-Government System: Korea will provide a framework to improve governance through the establishment of sectoral public online service systems and capacity building programs for public officials.
- Institutional Reform: Based on Korea's own development experience, technical assistance will be provided to support sectoral reform strategies around government's policy for public sector reform and innovation, anti-corruption, participatory administration, public sector restructuring, and e-Government related policies.
- Capacity Building: Korea will provide various types of capacity building programs in the public sector to reinforce administrative skills and promote ICT experts in the field of administrative reforms, government innovation, public finance, human resources management, performance evaluation, emergency management and e-Government.

C. Other Modalities

C.1 Training programs

17. As a measure of capacity building in our cooperation on the priority areas, various types of training programs will be included in program implementation modalities. In order to improve the quality of trainings, multi-year programs will be supported and a short-term training as a one-off event will be refrained.

18. In line with the development needs of Uzbekistan, comprehensive and long-term training strategy will be designed to build capacity of each different target at individual, organizational and institutional levels. In addition, the issues of sustainable environment and gender equity will be integrated in certain training courses as cross-cutting filters.

19. In order to assure the quality of training programs, monitoring and evaluation system will be enhanced, with full utilization of the data base system of the training institutions and professionals in each sector. Linkages and coherence between training programs provided by each relevant authority in Korea will be also strengthened to maximize the effectiveness and impact of each program.

C.2 Dispatch of experts & volunteers

20. Sector experts will be dispatched to provide technical assistance in the priority areas of our cooperation, as well as to strengthen technical dialogue with the government of Uzbekistan and other relevant stakeholders. The number of experts to be dispatched will be decided through mutual discussions and agreement between the two governments. The period of dispatch will be extended to over six months in order to provide technical assistance in more systematic and sustainable approach.

21. Through the World Friends Korea program, volunteers will be mobilized to support program implementation in each priority area of cooperation and to ensure the sustainability of completed projects.

C.3 Development of research and policy advisory services

22. Technical cooperation in the form of consultancy services, such as development research and policy advisory services will be gradually extended by 2015. To ensure the development research outcomes are put into practical uses and that the research projects do not overlap, the information provided by Korea's ODA agencies will be shared with the relevant authorities and other development partners in Uzbekistan.

23. Based on need analysis, experts will be dispatched to explore potential development projects in the priority areas and to map out development research that could have a practical

impact in Uzbekistan. Institutions in Uzbekistan will jointly take part in these research activities for capacity building and knowledge sharing purposes.

D. Cross-Cutting Issues

24. Environmental sustainability and gender equality are both cross-cutting challenges in Uzbekistan, limiting the government's capacity to design and implement its programs. The achievement of each priority area will require some strengthening of environmental management and woman empowerment, which make the core and unifying themes of this strategy.

25. Changing climatic conditions and increasing pressure on resources leads to environmental degradation. Therefore, Korea will help identify ways to develop environmentally friendly strategies which would lead to sustainable development. Moreover, Korea will conduct strategic environment assessment and environment impact assessments for projects that could have negative effects on environmental sustainability.

26. Disparities between men and women adversely affect the quality of life for society as a whole, hindering development and poverty reduction. Korea will adopt a two-track approach to enhance gender equality as both a cross-cutting issue and development objective in its own right. Mainstreaming gender equality in the priority areas of the CPS will provide opportunities to enhance synergies between them and to find common approaches to ensuring gender issues are addressed in poverty reduction policies and plans.

IV. Program Implementation

A. Aid allocation

27. At least 70% of Korea's ODA will be allocated to priority areas of bilateral cooperation, while some flexibility will be allowed to respond to urgent humanitarian demands and socio-economic changes in Uzbekistan. Through dialogue between the two countries and midterm review in 2014 (tentative), the proportion of budget allocation to priority areas can be discussed and adapted accordingly.

28. Synergies can be created when project linkages between concessional loans and grants are strengthened, as well as linkages between feasibility studies, projects and technical assistance. Starting from the initial stage of policy dialogue and project selection, possibilities will be explored for such linkages with the Government of Uzbekistan.

B. Coordination among Development Partners

29. The main areas of cooperation with development partners in Uzbekistan will be aligned with Uzbekistan's development strategies and priorities of the CPS. Korea is committed to improving aid effectiveness and supports the use of country systems wherever possible.

30. For better aid coordination, Korea will consider participating in the donor coordination meeting and thematic working group particularly in priority areas of the CPS. Additionally, Korea intends to increase local staff numbers in field offices to enhance aid harmonization with other donors as well as the government of Uzbekistan. If necessary, sector experts for CPS priority areas will be dispatched to assist the field office to improve project management and strengthen technical dialogue with other donors.

C. Monitoring and Evaluation

31. A comprehensive monitoring system to manage ODA activities in Uzbekistan will be established by designing a risk matrix for each of the main areas to effectively respond in case of internal or external emergency. If necessary, strategies will be revised accordingly. Korea will consult with Uzbekistan and participate in consultative group meetings to help anticipate and respond to potential risks.

32. To strengthen post project monitoring and evaluation, the outcome will be jointly reviewed between Korea and Uzbekistan. This will result in effective and comprehensive follow-up measures which will enable Uzbekistan to fully utilize the assistance provided under the development program.

C.1 ODA Integrated Monitoring System and Risk Management

33. An integrated monitoring system for ODA was established by the Korean government to manage Korea's overall ODA activities and will be used to monitor Korea's ODA projects in Uzbekistan. The monitoring system utilizes a risk matrix to analyze internal and external risks related to the management of projects. This ensures that the implementation strategy can be adapted to respond to emerging risks. Korea will also hold consultations with Uzbekistan to prevent and detect any possible risks involved in the implementation and management of projects through policy dialogue, field office dialogue with relevant ministries and project executing agencies, and consultative group meetings.

C.2 Evaluation of Projects/Programs and CPS

34. Korea's evaluation of development projects and programs will be divided into three main categories— performance evaluation including mid-term assessment, ex-post evaluation, and thematic evaluation— to reflect the extent to which activities and outputs contributed to reaching the desired outcomes and impacts. Joint evaluation with Uzbekistan will also be conducted to reinforce its participation and ensure ownership.

35. Conducting evaluation of the CPS will allow assessing the achievements and serve as a basis to validate the findings and reflect them in the next strategy. A joint mid-term review with the government of Uzbekistan is proposed in 2014 (to be defined) to increase its participation in the evaluation process and share the results. This will enable both the Korean and Uzbek governments to assess the effectiveness of Korea's ODA programs under the CPS. The final CPS review will be carried out in 2015, six months prior to the expiration of the current CPS by Korea's relevant authorities in consultation with Uzbekistan.

Appendix 1. Summary of Korea’s Country Partnership Strategy with Uzbekistan

The Welfare Improvement Strategy (2005-2010¹)	
Strategic Goals	I. Improving living standards based on robust and inclusive economic growth; II. Maintaining sustainable high rates of economic growth; III. Forming a modern and diversified economy able to compete in world markets; IV. The comprehensive development of the whole country; V. A fair distribution of income; VI. Further development and significant improvement in the quality of services in education, health, and other social significant sectors; VII. Increasing investment in human capital to form a ‘knowledge-based economy’; VIII. Ensuring an information rich society; IX. Establishment of innovation institutions



Korea’s Country Partnership Strategy (CPS) to Uzbekistan (2012-2015)			
Goal	Contribute to Uzbekistan’s balanced growth through welfare improvement and sustainable development		
Objectives	<i>Promoting human resource development</i>	<i>Improving access to quality health services</i>	<i>Enhancing the public administration</i>
Priority Areas	- Technical and Vocational Training - IT education	- Improvement of child health care system - Capacity building for tackling infectious diseases	- E-government system - Institutional reform - Capacity building



Programs	<ul style="list-style-type: none"> • Strengthening e-Learning system • Technical cooperation • Teacher training 	<ul style="list-style-type: none"> • Developing infrastructure • Capacity building of human resources 	<ul style="list-style-type: none"> • Establishing public online systems • Technical assistance
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Basic Principles	Efficiency	Sustainability	Alignment and Harmonization
	<ul style="list-style-type: none"> • Predictability • Selection and concentration • Connection to existing projects 	<ul style="list-style-type: none"> • Reinforcing performance evaluation • Reinforcing follow-up management • Reinforcing monitoring 	<ul style="list-style-type: none"> • Coordinating aid efforts among donor countries • Aligning with the recipient country’s development strategies

¹ WIS II (2012-2015) is under preparation.