



# MULTI-ANNUAL INDICATIVE PROGRAMME (MIP) 2021-2027 FOR UZBEKISTAN



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# Foreword

Relations between the European Union and the Republic of Uzbekistan have been developing steadily since its independence in 1991.

They have intensified since 2016, as political developments in the country opened the way to closer international cooperation and improved the conditions for investment and growth. Since 2017, the European Union has supported the bold reforms critical to ensuring more inclusive economic growth and improving citizens' lives.

In 2018, the EU and the Republic of Uzbekistan launched the negotiations for an Enhanced Partnership and Cooperation Agreement (EPCA), which shows our common interest in upgrading and deepening the relations.

As a recognition of the ambitious reforms underway, GSP+ status was granted in 10 April 2021, providing new economic and trade opportunities. It also give new incentives to Uzbekistan to pursue its reforms and implies further political discussion with the EU on governance, environment, human and labour rights.

This publication presents the new Multi-Annual Indicative Plan for the EU's cooperation with Uzbekistan. Its goal is to continue supporting the implementation of the reform agenda as presented in the new National Development Strategy of Uzbekistan. It is in line with the EU's objectives of the Green Deal and digitalisation, of creating sustainable jobs for youth while improving governance. A special attention is given to the Global Gateway creating links between capacity building and investments through the new EU investment instrument for sustainable development.

We are looking forward to deepen the relations and to join forces and support the sustainable and inclusive development, contributing to resilience and prosperity of Uzbekistan and its citizens.

**Charlotte Adriaen,**  
Ambassador of the European Union  
to the Republic of Uzbekistan



# 1 | EU cooperation in Uzbekistan



Ўзбекистон Республикаси  
Investitsiya va tashqi savdo vazirligi  
Ministry of Investments and Foreign Trade of the  
Republic of Uzbekistan



“UZBEKISTON - YEVROPA ITTIFOQI PREFERENSIYALAR  
BOSH TIZIMI PLYUS (“GSP+”) BENEFITSIARI.  
OCHILAYOTGAN ISTIQBOLLAR VA YANGI IMKONIYATLAR”

“UZBEKISTAN IS A BENEFICIARY OF THE EUROPEAN UNION'S  
GENERALIZED SYSTEM OF PREFERENCES PLUS (“GSP +”),  
OPENING PROSPECTS AND NEW OPPORTUNITIES”

TASHKENT 5h  
2021-YIL 9-APREL

TASHKENT  
APRIL 9, 2021

Yeghül Feriman

## 1.1. Overview

Since assuming office in December 2016, the Government of President Shavkat Mirziyoyev has initiated a bold and ambitious reform programme focused on reform of public institutions and state-owned enterprises, a sustainable transformation to a market economy, increased citizen engagement, investments in human capital, employment creation, attracting foreign investment and know-how, and a renewed commitment to regional cooperation and global public goods.

Uzbekistan's Development Strategy of New Uzbekistan for 2022-2026, underpins a set of national strategies and plans that are central to transforming the relationship between the State and its citizens. These plans, most of which extend to 2030, are directed to effective and accountable public services, a transition to an open and inclusive Green Economy, and improving citizens' lives. Uzbekistan has fully localised the 2030 Sustainable Development Agenda, delivering its first Voluntary National Review to the United Nations in 2020, and has developed its Nationally Determined Contributions for the implementation of the Paris Climate Agreement, which Uzbekistan ratified in 2018.

The reform programme promises a new era of openness and opportunity and prioritises a modern state, sustainable growth and economic transformation. Robust economic growth has delivered improved well-being. Yet challenges remain, notably in translating high-level policy priorities into actions on the ground. These challenges have been brought into sharper focus by the COVID-19 pandemic, which has resulted in social hardship, economic slowdown and widening inequalities.

In anticipation of the national development plan's completion in October 2021, a joint European country context and policy analysis has been prepared, including understanding the impact of the COVID-19 pandemic. Civil society was extensively

consulted throughout the programming process, including through structured meetings with the EU Delegation.

Uzbekistan's national and foreign policy objectives are closely aligned with those of the EU with a shared vision on peace, security, universal human rights, democracy and sustainable development. This will be reflected in the Enhanced Partnership and Cooperation Agreement (EPCA), which the EU and Uzbekistan are currently negotiating. The future EPCA will reinforce the proximity of Uzbekistan with the EU and facilitate the establishment of common values through policy and political dialogues.

**The EU Connectivity Strategy (2018)<sup>1</sup>, EU Central Asia Strategy (2019)<sup>2</sup> and the Global Gateway Strategy** establish a relevant and forward-

looking agenda complementing the EU cooperation priorities with Uzbekistan. A further element that enhances the EU's partnership with Uzbekistan is the GSP+ status that was granted on 10 April 2021. It provides new incentives to Uzbekistan to pursue its reforms and implies further political discussion on governance, environment, human and labour rights.

The overall objective of the EU's cooperation with Uzbekistan is to accelerate the implementation and impact of reform in

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<sup>1</sup> JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK Connecting Europe and Asia - Building blocks for an EU Strategy - JOIN/2018/31 final of 19.9.2018

<sup>2</sup> JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL The EU and Central Asia: New Opportunities for a Stronger Partnership - JOIN/2019/9 final of 15.5.2019

full alignment with the policy priorities of the Government of Uzbekistan and in coherence with the EU's strategic priorities for the Central Asia region, as set out in the EU Strategy on Central Asia of 2019, which affirms the EU's support for resilience and prosperity in the countries of the region and for increased intra-regional cooperation, and in line with the EU's broader policy priorities.

The overall objective of the EU's cooperation with Uzbekistan is to accelerate the implementation and impact of reform in full alignment with the policy priorities of the Government of Uzbekistan

This will be done by strengthening national capacities to achieve a green and sustainable modernisation of the economy with the aim of improving the livelihoods and well-being of all citizens, especially for women, youth and vulnerable groups, such as persons with disabilities, and transform society in line with democratic norms and international human rights standards, including international labour standards. An additional objective is to ensure that the EU's cooperation with Uzbekistan aligns with the EU's foreign policy for Uzbekistan's neighbour, Afghanistan, including by addressing

any impact that events in Afghanistan may have on Uzbekistan and the Central Asia region. Actions may in particular address possible spillover effects of a potential crisis in Afghanistan in the field of migration and security. Complementarity will be ensured with programmes developed and implemented under the Regional Multi-annual Indicative Programme for Asia and the Pacific 2021-2027.

## 1.2. Priority areas of the EU's cooperation with Uzbekistan in 2021-2027

The identification of the MIP's priority areas and sectors for the period 2021-2027 is informed by four principal factors:

- (i) the opportunity to build on the lessons and experience of the 2014-2020 MIP and its focus on rural development;
- (ii) extensive consultations with Government agencies, civil society, youth, the private sector, academia, Member States and other development partners to ensure the EU is positioned where it can add most value;
- (iii) adherence to EU programming guidelines and complementary analysis that ensures a concentrated "policy first" approach and the presence of a sound empirical basis in the programming exercise, and
- (iv) the necessity to "build back better"<sup>3</sup> after the COVID-19 pandemic with a renewed focus on green and inclusive growth.

The MIP programming exercise identified numerous opportunities and challenges that are pertinent to priority setting. Above all is the Government of Uzbekistan's strong commitment to its reform agenda and to strengthening state capacity. Medium-term strategies and policies to guide the country towards becoming an upper middle-income country by 2030 include the transition to a green economy, an ambitious economic transformation and privatisation agenda and governance reforms. These will modernise and re-orient the State, including in its relations to civil society, the media and its use of digital solutions to promote inclusive and sustainable growth and to improve accountability and service delivery.

<sup>3</sup> 2021 G7 Leaders' communiqué: Our shared agenda for global action to build back better - Consilium (europa.eu)

The MIP will support Uzbekistan's democratic governance reforms and political liberalisation with the EU's added-value particularly significant in working with national counterparts to promote Uzbekistan's alignment with democratic norms and values

The EU programme will therefore work with national partners to ensure that reforms are translated into increased well-being of the population, with special attention to women, youth and vulnerable groups, such as persons with disabilities.

The MIP will support Uzbekistan's democratic governance reforms and political liberalisation with the EU's added-value particularly significant in working with national counterparts to promote Uzbekistan's alignment with democratic norms and values. The EU's policy expertise in sustainable development within the European Green Deal framework<sup>4</sup>, decent jobs, education, and digitalisation also positions it as a preferred source of

technical expertise in supporting the transition to a modern, open and market-based economy premised on inclusive and sustainable growth.

The post-COVID-19 aspiration to "build back better", secure a green recovery and align with international norms and standards, including also international labour and gender equality standards, is consistent with the Government of Uzbekistan's wider vision for its partnership with the EU.

<sup>4</sup> COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The European Green Deal - COM/2019/640 final of 11.12.2019

**To achieve its overall objective, the MIP will focus on three priority areas where there is momentum for reform, alignment with European priorities, including monitoring and implementation of GSP+ obligations, and a clear potential for impact and synergy with the future EPCA.**



First, effective governance and digital transformation, supporting the Government's democratic governance reforms, the rule of law and improved public services.



Second, inclusive, digital and green growth, with a focus on supporting a digital green transition, climate change, sustainable management of natural resources (including water stress), and promoting an investment friendly and gender responsive environment that can create green jobs, including by strengthening digital literacy and the application of science and technology in a market-led green transition.



Third, modernising the agri-food sector to introduce smart, eco-friendly and resilient approaches that promote rural livelihoods and improve national food security and nutrition. Gender equality, human rights, digitalisation, youth and civil society partnerships are programmed as distinct activities in the governance priority area and are mainstreamed across the MIP.

**The MIP will be complemented by the Regional Indicative Programme for Asia and Pacific, which will address two priority areas in Central Asia: resilience and prosperity.**

**Resilience** will cover water and energy, human rights, rule of law and support to civil society, and regional peace and stability, with a focus on integrated border management, addressing drug related challenges, combatting trafficking of human beings.

**Prosperity** will focus on digital connectivity, entrepreneurship and regional trade and human development, including post-pandemic efforts to build back better.

Furthermore, the implementation of the MIP will be also aligned with and supported through the EU thematic programmes to ensure coherent and strategic support to democracy and human rights, civil society organisations, including the social partners, and peace, stability and conflict prevention in Uzbekistan.

The priority areas and proposed actions are complemented by the openness of the **EU's Framework Programme for Research and Innovation**, Horizon Europe, according to which entities from Uzbekistan can participate in most parts of Horizon Europe and can be funded by the Union for their participation in it.



### 1.3. Duration of the MIP and option for synchronisation

In the beginning of 2022, Uzbekistan has adopted its five-year Development Strategy for 2022-2026. It consists of seven priority directions and one hundred goals Uzbekistan is willing to achieve within five years.

This strategic document will serve Uzbekistan as a baseline for further reforms in all spheres.

The Strategy foresees the implementation of various measures that should create the basis for joining a number of "states with the above-average income".

Since 2018, the Government has, however, been explicitly linking its reforms and sector plans to its aspirations to achieve upper middle-income status by 2030, as well as to attain the Sustainable Development Goal (SDG) targets. This 2030 policy outlook informs the EU's basis for programming.

The MIP implementation period, 2021-2027, therefore allows for dynamic alignment as national policy priorities evolve in line with 2030 targets. A mid-term review in 2024 will provide an opportunity for dialogue with the Government at a point when it is also mid-way through its new 5-year development plan.





## 2 | Effective governance and digital transformation



Partner with the national authorities and civil society to promote transparent and accountable democratic governance with improved capacity for effective public service delivery

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Crosscutting themes such as digitalisation, gender equality, including the gender pay gap and rights-based approaches will be at the core of all support provided. Partnerships with civil society, including reinforcing digital capacity and literacy, will strengthen the 'demand side of governance'.

## 2.1 Democratic governance and rule of law

### 2.1.1 Specific objective

Democratic reforms, structural change and assimilation of democratic norms are at the centre of the State's transformation programme. The EU's specific objective is to support Uzbekistan's transition to a pluralist democratic system based on the rule of law, universal values of human rights, including labour rights, a flourishing civil society, and elimination of all forms of discrimination, especially gender.

The governance challenge is to accelerate reform so that it delivers results and translates into improved public services and welfare in line with the SDG commitment to leave no one behind. The national roadmap for reform in 2021 and beyond emphasises democratic accountability, the rule of law, engaging citizens in decision-making and improved service delivery. Addressing SDGs 5, 8, 9, 10, 16 and 17, the EU's specific objective in this priority area is therefore to partner with the national authorities and civil

### 2.1.2 Expected results

The EU will target its support at national authorities that are still adjusting to their enhanced role in safeguarding human rights, advancing democratic reforms and performing oversight responsibilities. Embracing digital consultation and communication tools will extend the reach of national democratic institutions and enable law makers to engage with citizens more directly, effectively and efficiently. EU cooperation on promoting the rule of law will also support the work of the government in accelerating legislative reforms, improving quality of regulations and reducing the regulatory burden. Additional support will be provided to the enabling environment for civil society, including the social partners, to perform its functions in service delivery, decision-making and awareness raising.

Democratic governance reforms in Uzbekistan require increased awareness of, and adherence to, human rights and international norms, including with reference to migration, international labour standards, trafficking and combating violent extremism. Policy support, implementation capacity and the use of innovative digital tools will be provided to key institutions and civil society, especially youth and women's organisations, as they develop their own capacities to lead communication, advocacy and education initiatives related to democratic governance, rule of law, gender equality and human rights.

Uzbekistan's commitment to establish an effective and accountable link between citizens and their representatives will be supported through measures to improve the regulatory framework and to adopt digital platforms for communications and feedback. With a focus on rural areas, the EU will promote and support national initiatives to advance awareness of legal rights, expand legal education and literacy, and to strengthen legal aid and advisory services in cooperation with relevant national human rights institutions. Human rights and fundamental

freedoms will be advanced by strengthening the ability of the media and civil society to function without impediment.

The commitments undertaken with the granting of GSP+ in April 2021, including the implementation of 27 international conventions, will also be monitored.

## **2.2 Capacity for improved public services**

### **2.2.1 Specific objective**

The Government's commitment to acceleration of reform through improved human resource management, communication and use of digital solutions, performance management and reinforced monitoring provides the entry-point for the EU to support public sector capacity and reform. The EU's specific objective is to support modernisation of the public sector with effective and accountable management, strengthened capacity and reduced levels of corruption that delivers quality public services through reform and digitalisation initiatives.

### **2.2.2 Expected results**

The increasing number of reforms and legal acts requires a transparent, accountable and efficient optimisation of work. In supporting e-Governance, including in promoting citizen feedback and accountability, the EU's capacity support takes explicit account of Government's "Digital Uzbekistan 2030" initiative. The EU's capacity development focus will therefore be on modernising the public service and translating higher-level policies into workable plans and budgets, which, through functional reviews and other organisational development tools, will accelerate reform implementation.

Institutional strengthening, including through Public Finance Management (PFM) reform as a complement to budget

support, and modern approaches to change management and digitalisation will be applied to policy, regulatory impact assessment, one-window services, citizen feedback mechanisms and e-Governance solutions linked to service delivery. Increased technical and statistical capacity will enhance data quality, availability and analysis to further strengthen evidence-based policy making, gender and youth responsive service provision and accountability to citizens.

Uzbekistan's National Anti-Corruption Strategy (2021-2025) recognises that corruption undermines public service delivery and erodes citizens' trust in Government. EU technical support and capacity development will enable the Government to implement the National Strategy. EU collaboration will promote the use of modern best practices and tools in formulating policy in the field of prevention, improving educational programmes for civil servants and legal experts, and combating corruption through, for example, improved analysis, outreach and the production of ethical codes and government anti-corruption roadmaps.

By partnering with Government, the media and civil society organisations on the national anti-corruption effort, the EU will promote digital solutions related to online awareness, education, monitoring, reporting and feedback. The transition experience of the EU Member States, especially with regard to privatisation and contracting out of service delivery, together with the use of EU peer-to-peer support instruments, will be a source of comparative advantage for the EU as it provides access to European standards, experience and expertise on combatting corruption.

### 3 | Inclusive, Digital and Green Growth



This priority area is aligned with EU “policy first” priorities on the Green Deal, digitalisation, post-COVID-19 “build back better” commitments, and support to human development and decent jobs. With a specific objective to support sustainable, gender and youth responsive, climate-resilient and low-carbon economic transformation that delivers innovation, modernisation and opportunity, the EU will contribute to the attainment of SDGs 4, 5, 7, 8, 9, 10, 12, 13 and 15.

### 3.1 Supporting a digital green transition

#### 3.1.1 Specific objective

Population growth, rapid urbanisation and economic transformation contribute to a significant pressure on the environment. This is aggravated by climate change, increased demand for energy and water, and natural resource depletion. The EU’s specific objective is therefore to strengthen Uzbekistan’s policy, implementation and management capacities to deliver on the Paris climate commitments, implement national policy priorities and, with a focus on resource efficiency, support sustainable socio-economic development through coordinated and coherent action.

#### 3.1.2 Expected results

The EU will partner with relevant institutions to build national capacity to address climate change challenges, support economic actors in the transition towards a green and circular economy, and ensure the sustainable use of natural resources in line with the rights-based approach. The EU will support the implementation of Government policies on the “Transition to a Green Economy 2030” and the 2030 National Strategy and Roadmap for Environmental Protection.

Consistent with the aspirations of the EU Green Deal, EU support will contribute to:

- (i) reducing greenhouse gases;
- (ii) sustainable energy (including energy efficiency and renewables);
- (iii) adoption of clean and climate-friendly technologies;
- (iv) waste management, including collection and treatment;
- (v) sustainable and integrated water and land management;
- (vi) sustainable urban infrastructure;
- (vii) rehabilitation of the Aral Sea.

In line with the Paris Agreement’s climate commitments and national plans, cooperation in the field of sustainable energy will provide direct support to institutional reform and capacity strengthening. Cooperation, especially in energy and water, will be closely coordinated with the work of other development partners. A combination of investments and technical support will promote alignment with European and international standards. In the Aral Sea region, priority will be given to reversing the erosion, land degradation, provision of sustainable forest management, and fighting deforestation.

The 2019 Investment Law, which lays the foundation for an open and competitive private sector, promotes green public and private investments and provides the basis for further legal, policy and institutional reform. Working closely with the Government and other development partners, especially the EFIs, the EU will build national capacity, support fostering a conducive investment environment and advance partnerships with the private sector and civil society to accelerate private sector-led economic transformation and the creation of decent jobs.

## 3.2 Skills development for decent jobs and digital literacy

### 3.2.1 Specific objective related to the priority sector

To provide increased economic opportunity, especially for youth, women, returnees and other vulnerable groups, the Government has, since 2018, initiated reforms in the vocational education and training (VET) sector. These reforms will close the gap between the education provided to learners and the skills demanded by the labour market. The COVID-19 outbreak triggered tremendous efforts to promote learning continuity and accelerated the uptake of innovative approaches in a rapid transition to remote learning modalities and online support for students and teachers. Ensuring that lessons from the COVID-19 crisis are fully taken into account, the EU's specific objective is to develop the skills of youth, women, migrants/returnees, persons with disabilities and other vulnerable groups through improved VET and digital literacy.

### 3.2.2 Expected results

The EU will work with relevant state entities to ensure that investments in education and digital literacy, science, technology and research are linked to the needs of the green and digital economy and are creating decent jobs. The EU will support modernisation of the VET sector, including to strengthen overall policy and capacity to lead VET reform and its coordination with wider green growth and gender equality and youth initiatives. Such support will be coupled by an increased attention to issues of equitable access to educational opportunities.

As part of a wider effort to build capacity in ICT, science and research, a digitalisation focus will be accommodated, notably to promote digital literacy and skills in data management and

analysis. Collaboration with the private sector will identify the digital skills and science-based expertise required by the market and therefore serve to narrow the gap between the needs of employers and the technical education currently provided.

Partnerships with European higher education institutions will increase digital access and literacy and 'commercialise science' as part of the "Digital Uzbekistan 2030" reform, while ensuring the quality of the educational programmes. Digital skills of women and youth in rural areas will be especially prioritized in order to boost innovation and skills development and diminish the digital and educational divide between rural and urban population. Stronger linkages with the ERASMUS+ scheme will also be fostered through a dedicated education-focused dialogue with Government. Links with the Technical and Vocational Education and Training (TVET) programme (DARYA), proposed under the Regional Programme, will strengthen the dimensions of policy, quality and labour market linkages, while also ensuring Uzbekistan's TVET reforms are aligned with EU support for greater alignment and integration of TVET systems within the Central Asia region.

## 4 | Development of a smart eco-friendly agri-food sector



The agri-food sector demonstrates major growth and export potential and is the foundation for promoting rural livelihoods, creating decent jobs and improving food security and nutrition. However, the market inclusion and competitiveness of small holder farmers, who comprise the majority of producers, is limited. Employment potential in the agriculture, food and textile industries, especially for rural women and youth, is significant. The EU's Green Deal and Farm to Fork Strategy are highly relevant to environmental, food security and nutrition and rural development concerns.

This priority area therefore directly targets SDGs 2 and 8 while making a significant contribution to SDGs 1, 3, 5, 10, 12, and 14. The objective is to contribute to the modernisation, diversification and decarbonisation of a smart and eco-friendly agri-food sector that demonstrates increased climate and disaster resilience, improved rural livelihoods for the most disadvantaged, and enhanced food security and nutrition. EU support will be in line with the highest international business and human rights standards and instruments (e.g. due diligence, UN Guiding Principles on Business and Human Rights, do no harm by private sector, justice and accountability for businesses, social dialogue).

## 4.1 Agri-food policy framework and advisory services

### 4.1.1 Specific objective

As it continues to modernise the sector agri-food sector according to market-based principles, the Government is working to reinforce its policy framework, strengthen inter-institutional governance structures, especially around food security and nutrition, and roll out digital tools and information systems. The EU objective in this sector is therefore to work with Government to improve agri-food and food security policy frameworks and advisory services.

### 4.1.2 Expected results

EU support will strengthen national capacity to implement Uzbekistan's Agri-Food Development Strategy (2020-2030) and the National Food Security and Nutrition Strategy. The EU will continue to facilitate inclusive, green, sustainable, gender responsive and climate-smart development of the agri-food sector and rural livelihoods. Priority areas for EU engagement in supporting government 's agriculture reforms, including as part of its support to PFM, will advance the use of evidence in policy making and strengthen institutional capacity related to programming, budgeting, financial control, performance management, information and knowledge management, and delivery of advisory services.

Digital tools and sharing of EU satellite data will be supported inter alia to facilitate climate-smart practices, enhanced food security and nutrition, and resilience to climate-related hazards. In line with the European Green Deal, and through an expanded partnership with EFIs, additional capacity building will be focused on improving the investment and business environment with an emphasis on climate-smart green investments and the facilitation of access to green finance, especially to women and youth.

The adoption in 2021 of the legal framework for Agriculture Knowledge and Innovation System forms a basis for the

establishment of modern education, training, research, agricultural extension and business support services, taking advantage of the EU experience and international best practice in this field in line with the EU Farm to Fork Strategy. To support access to public services and increased productivity of the most disadvantaged producers, the EU will work with Government and non-state actors to address the risk of exclusion in the transition. This will include targeted policy support that promotes market inclusion and competitiveness, including in low-carbon and climate-resilient value-chains. Trade-related dimensions of support, including WTO accession and alignment to export standards within the context of the future EPCA and GSP+, will be provided, including to promote the application of digital tools in production, marketing and compliance with export standards to complement EU cooperation with Government, MSMEs and other producers in the rural sector.

## 4.2 Sustainable, smart and resilient rural livelihoods

### 4.2.1 Specific objective

In this sector, the EU objective is to increase rural livelihood opportunities, decent jobs, and access to markets, with a focus on the most vulnerable (smallholders, MSMEs, youth, women, left behind due to migration, persons with disabilities, returnees, internal temporary labour migrants).

### 4.2.2 Expected results

EU cooperation will focus on increasing value added, competitiveness and sustainability of the rural economy to improve livelihoods and create decent job opportunities (also including outside the agricultural sector), especially in relation to COVID-19 recovery. Support to skills development and internationally recognised certification of qualifications is envisaged, in partnership with the private sector and in

consultation with the rights holders, to enhance the employability potential of the rural population, with a focus on youth and women. This may also include agro-tourism and development of geographical indications. While major progress has been achieved in the elimination of forced labour, there is a need for more support to the decent work agenda, and the transition to formal employment, as around 80% of agri-jobs are informal. The implementation, enforcement and further ratification of international labour standards (also outside the agricultural sector) will therefore be supported. EU cooperation will also aim to accelerate reforms on land management and financial inclusion, which are particularly important for smallholders, and shall enable a wider modernisation and diversification.

Support will be provided to improve resilience and competitiveness of agri-businesses, and cooperatives and their access to local and export markets. A stronger focus on small farms, MSMEs and entrepreneurial initiatives will be ensured, including those focused on women and youth. In line with the EU Farm to Fork Strategy, capacity development will be provided for improved food production systems and climate-smart and resilient agricultural practices that help maintain ecosystems, strengthen capacity for adaptation and resilience to climate change, and that progressively improve land and soil quality.

#### **4.3 Team Europe initiative - Support to a modern and sustainable agri-food sector and resilient livelihoods**

Building on existing coordination arrangements, collaboration in Uzbekistan started in early 2020 with participation of Member States and EFIs. To ensure coordinated and effective support to the national COVID-19 response and recovery effort, a medium-term outlook focused on sustainable modernisation and diversification of the agri-food value sector and resilient livelihoods has been



formulated. In addition to the EU, which is planning to dedicate EUR 65 million to the initiative, participating European actors in this TEI are France (AFD), Germany (GIZ and KfW), EIB and EBRD.

This TEI will build synergies across all three of the MIP's priority areas. Building on the EU's Farm to Fork Strategy, and with particular reference to on-going EU cooperation with the Ministry of Agriculture, it will focus on institution-building, inclusion, private sector growth, job creation, and climate change mitigation and adaptation.

This TEI works principally in the agri-food sector but integrates cooperation from other priority areas where it can have a catalytic and reinforcing effect. This cross-sectoral approach will make operational the commitment to "work better together" and will strengthen cooperation across a number of Government ministries as well as with the private sector and civil society. This will ensure a transformative and long-term impact on Uzbekistan's growth trajectory.

Given that 80% of agricultural workers are informal, employment in the agri-food system, in production, processing and related services, has a strong potential impact on poverty reduction. Job creation can be highly inclusive for rural women, youth and



vulnerable groups. The food system also currently generates 25-30% of greenhouse gas emissions and has wider adverse impacts on the environment. This TEI therefore also seeks to address climate-related concerns and to strengthen governance for human development and environmental management.

The 'Team Europe' approach combines a range of modalities to strengthen policy and institutional capacity, boost financial support to both private and public investment, and secure access to European experience and expertise. The TEI focuses on four principal entry-points where the EU, the Member States and the EFIs have demonstrated individual value and where there is potential for greater impact through a collaborative effort. The four operational areas are:

- Development of a sustainable, low-carbon and climate resilient agri-food and rural development sector. Supported by EU budget support and technical assistance to strengthen sector governance, implementation capacity and policy dialogue, especially on food security and nutrition, in line with the EU's Green Deal and the Farm to Fork Strategy.
- Competitiveness and sustainability of value chains and sustainable, resilient rural livelihoods. Supported by France (AFD), Germany (GIZ) and the EU, works with farmers and processors to share best practice and bring the sector into line with international standards. Policy support and investment projects, including EU blending (with AFD for water), incorporates inclusive and climate-smart technologies.
- Inclusive and green recovery of the Aral Sea region. Contributes to a wider national and international restoration initiative that is supported by the EU blending operation with EIB (on land rehabilitation and irrigation) and by Germany (GIZ, and possibly KfW), on sustainable economic development and resilient rural livelihoods.

- Private sector development includes significant financial backing for banks that provide MSMEs with business support and access to credit (EBRD). European partners, including Germany (KfW), and EFIs (EBRD and EIB), provide a range of modalities (blending, loan guarantees, project funding) that offer a substantial boost to businesses, especially to women and youth entrepreneurs and vulnerable groups.

**The Team Europe Initiative (TEI) also promotes a collective identity, accountability and results.**

The TEI in Uzbekistan is expected to have a transformational impact by strengthening and elevating the existing European coordination arrangements in terms of collaborative programming, implementation and monitoring. The positive Team Europe approach to date provides the foundation for joint strategy work beginning in 2021. Overall, shared identity and its associated coordination framework provide a promising foundation for increased European visibility, influence and impact.

The Team Europe Initiative (TEI) also promotes a collective identity, accountability and results

The EU's indicative contribution to this TEI (EUR 65 million) is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

# 5 | Support measures

## 5.1 Measures in favour of civil society

A dynamic civil society is emerging and an increasing number of Civil Society Organisations (CSOs) provide the 'demand side' of the accountability equation. In all fields of activity, however, CSOs experience significant challenges. Despite reforms, the registration and reporting requirements remain burdensome, and some human rights defenders face harassment and restrictions. Engagement with Government and access to information are limited, although a Public Chamber established in 2020 indicates a commitment to make progress. CSOs often lack capacity and resources to develop cooperation and advocacy initiatives, and to coordinate among themselves. This has constrained their adjustment to the digital transformation of economy and service delivery and has impacted on their ability to engage constructively with the authorities.

The EU's engagement with civil society will include but will not be limited to supporting implementation of the NGO Code to foster an improved enabling environment, especially through support to accelerated reform and service delivery. In addition to support provided under the democratic governance priority area, the EU will maximise entry-points across all three priority areas and will continue to engage directly in a partnership dialogue with CSOs, youth groups, academia and the private sector on governance issues and exclusion, as well as in the areas of inclusive green growth and rural livelihoods.

There will be a particular emphasis on entrepreneurship, social and economic opportunity, and skills development. In light of commitments announced by the President of Uzbekistan in December 2020, Government agencies with which the EU is partnering will also be supported to fulfil their institutional mandate for working more closely and constructively with civil society representatives and the media. The Gender Action Plan 2021-2025 (GAP III), recommendations and priorities will be incorporated in the EU's support and partnership with civil society.

## 5.2 Cooperation facility

The Government of Uzbekistan's ambitious transformation programme is directed at political liberalisation, socio-economic modernisation and the introduction of market-based reforms. This is especially related to alignment with international norms, rights-based approaches and managing the transition, which are accordingly highly valued by Uzbek counterparts and are reflected in the EPCA negotiation. A cooperation facility will therefore serve six purposes:

- supporting capacity building, including to promote digitalisation initiatives, through access to European technical assistance and expertise, including through Twinning and TAIEX. This also applies to supporting Uzbekistan's implementation of the EPCA and GSP+.
- facilitating a structured dialogue with Government, the private sector and civil society. The significant use of budget support to implement the MIP necessitates a consistent and effective engagement to ensure economic reforms go hand-in-hand with the promotion and implementation of the principles of accountable and representative government.
- developing and supporting a dialogue with local youth, engaging them in awareness raising activities and EU-funded projects and programmes, and empowering them in taking

an active role in national decision-making processes and initiatives.

- implementing joint programming and coordination of Team Europe initiatives at country level.
- promoting Uzbekistan's participation in EU Programmes such as HORIZON EUROPE, and ERASMUS+ as well as cooperation with the EU Space Programme. To sustain a regular knowledge and data exchange, it will be equally important to support networking and cooperation with other EU agencies.
- providing a public diplomacy, including cultural diplomacy, and a communications window that will enhance the image of the EU, GSP+ and the future EPCA, and promote the EU's policy priorities and international norms of democracy.
- supporting the preparation, implementation and evaluation of EU cooperation, including via technical assistance.

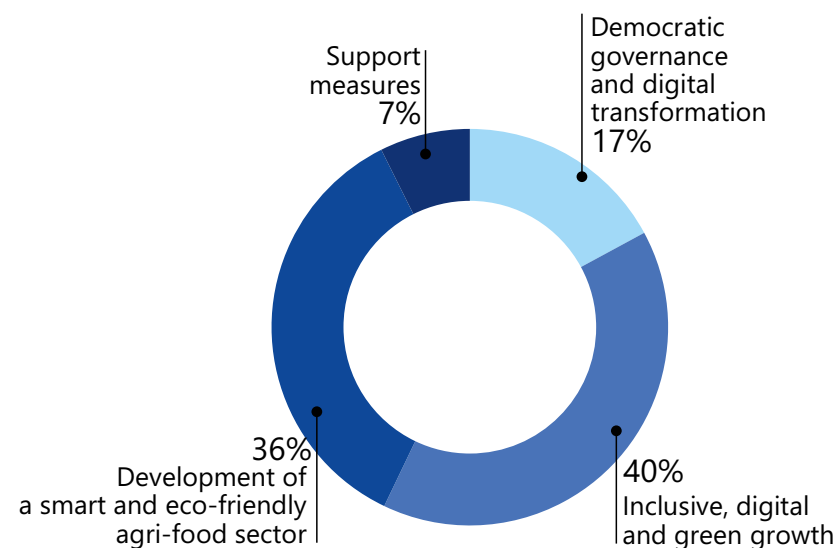


## 6 | Financial overview

Although the duration of this MIP is seven years, the indicative allocations for Uzbekistan and for each of the priority areas and support measures laid down in the table below are provided for the 2021-2024 period only.

The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU after the mid-term review scheduled to take place in 2024. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of Uzbekistan.

**Allocation for 2021-2024 = EUR 76 mln**





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