

Supplementary Document 18: Detailed Social and Gender Assessment

Prepared in October 2016 for the Ongoing Project
Updated in November 2017 for the Additional Financing

[For the purpose of additional financing project, this document has been updated by appending the progress report of the executing agency – Rural Restructuring Agency – for the first 9 months of the ongoing project implementation, as of November 2017. Please refer to Annex 4 of this document for the preliminary progress indicators in GAP implementation].

SOCIAL AND GENDER ASSESSMENT

A. Introduction

1. Agriculture is one of the sectors for Uzbekistan's economy contributing 25% to the country's gross domestic product (GDP), providing a third of national employment and almost half of total export earnings. Uzbekistan continues to be the major supplier of fresh and processed fruits and vegetables to the neighboring countries, especially Kazakhstan, the Russian Federation, and 80 other countries of the world. The Government emphasized on development of private farms and agro-processing businesses in Uzbekistan with the view to generate additional jobs in the rural area and ensure sustainable economic development.

2. The objectives of the proposed project are (i) increasing the horticulture sector productivity, and improving economic and financial sustainability of farm enterprises and agricultural firms; (ii) introduction seeds and seedlings new varieties, modern technology, water-efficient processes, development methods to combat pests and diseases; (iii) improving access to credit resources for creation production and export infrastructure; (iv) creation of timely collection, storage, transportation and processing horticulture products to creating trade and logistics center; and (v) increasing the value-added finished products through using modern technologies to processing and packaging.

3. The proposed project includes measures to provide loans on investment for beneficiary participating financial institutions (PFI) (hereinafter - project). This project will improve access to commercial financial services for farmers, agricultural companies, processing enterprises, owners and operators of cold storage, trading and logistics companies involved for horticulture sector. The project will allow increasing capacity industrial processing horticulture products, greenhouses construction, network storage and refrigeration.

4. The proposed project will increase productivity and financial and environmental sustainability of agriculture and profitability farmers and agribusiness enterprises in the project area. The project is expected to provide qualified sub-borrowers with commercial finance for: (i) seedlings and horticulture new varieties; (ii) establishing demonstration plots for growing using advanced technologies; (iii) constructing greenhouses, warehouses, storage areas and shops to processing horticulture products, as well as purchase equipment; and (iv) certification, standardization and implementation horticultural products, training and provision advisory services to farm enterprisers.

5. This paper is based on the results of a desk review, analyses of secondary data, available literature and previous reports in the framework of International Center for Agricultural Research in the Dry Areas (ICARDA) and Food and Agriculture Organization of the United Nations (FAO) projects, gender analysis of the situation, findings from focus group discussions with men and women-farmers and *dehkans* from four regions of Uzbekistan.

6. It highlights important gender aspects of rural development and concludes that the potential of rural women's economic status and involvement has not yet been reached. The data demonstrate that the processes of reform in rural areas have encountered difficulties and that rural women's employment and education are still under the influence of gender stereotypes related to the women's role in a patriarchal society. While men and women are seemingly equally affected by unemployment, women appear to face more difficulties than men in finding formal jobs. Most of the women lack basic proper education background, professional skills, and

access to information and therefore need a hands-on training in agribusinesses and other activities to be able to compete in the new business environment.

7. It's expected that farmers and *dehkans* especially women will have more opportunities to participate in gender awareness and business development trainings which will increase their access to financial resources.

8. In total, this project will improve access to commercial financial services for farmers, agro-processing enterprises, owners and operators of cold storage, trading and logistics companies involved for horticulture sector.

B. National Poverty Reduction and Social Strategies

1. Employment and Poverty Profile

9. The average 8% annual growth of the GDP during 2000–2015 helped increase the GDP per capita income from \$558 in 2000 to \$2,036 in 2014 and reduce the poverty rate from 27.0% in 2000 to 14% in 2015. However, the urban–rural disparity of poverty incidence remains significant, with a poverty rate of 17% for rural households and 11% for urban households in 2015.¹

10. In 2015, according to the statistical data, from Uzbekistan's total population (31,022.5 million), 49.2% resides in rural areas.² It should be noted that poverty level by regions in Uzbekistan cannot be accurately estimated other than through conducting issue-focused household research. Economic growth in the first half of 2015 was 8.1%, reflecting still buoyant domestic demand that was driven by supportive government policies to offset the effect of a worsening external environment.³

11. Poverty is higher than the national average in about eight provinces of Uzbekistan, among them the mostly rural Jizzakh, Karakalpakstan, Khorezm, Namangan, and Surkhandarya provinces, where population density is sparse. They are located far from big cities and the local people are mostly employed in agriculture, only a small fraction receives remittances from abroad. Six provinces have poverty rates below the national average i.e., Tashkent City, Andijan, Bukhara, Fergana, Samarkand, and Tashkent provinces. Those are high-density urbanized areas, with high informal employment and high number of households receiving remittances from abroad (footnote 3).

12. Agriculture is the largest sector of the economy of Uzbekistan and plays an important role in ensuring economic and social stability. Agricultural production accounted for 85% of farms, *dekhkan* farms—13% and 2% farm enterprises.⁴ Horticulture products produced in all regions of the country. The largest producers of vegetables are the Andijan, Samarkand, Surkhandarya and Tashkent regions' farms, which comprise almost 60% of gross harvest vegetables produced in the open land of the country.

¹ United Nations Development Programme. 2015. *Uzbekistan Millennium Development Goals Report*. Tashkent. <http://ria.ru/world/20150501/1062042920.html>

² Women and men of Uzbekistan, 2015. Tashkent. page 30.

³ World Bank group- Uzbekistan Partnership: Country Program Snapshot, 2015.

⁴ Project concept paper, ADB, Tashkent. 2015.

13. As of 2015, the share of agriculture sector to the GDP of the country comprises 17.2%.⁵ The agriculture sector provides the highest number of jobs, representing 32% of the total employment (2015), with employees in the sector comprising 48% women and 52% men. Micro and small enterprises (MSEs) provide significant job opportunities in rural areas with 80% of MSEs registered outside the capital city of Tashkent in 2015.⁶

14. The project areas include 12 regions and the Republic of Karakalpakstan. The total project area is 448.63 thousand km² and consists of 157 districts, there are 358 rural citizens' assemblies, over 2,200 rural communities (populated localities) and 2,564 mahallas (including 384 urban mahallas) (Table 1).

Table 1. Administrative Information about the Project Area

No.	Name of the region	Area thousands km ²	Number of districts (except districts of cities)	Number of Rural Assemblies of Citizens (RAC)	Number of cities	Number of urban type settlements
1	Republic of Uzbekistan	448.63	157	1,410	119	1,085
2	Republic of Karakalpakstan	166.59	14	95	12	26
3	Andijan	4.30	14	80	11	78
4	Bukhara	40.32	11	121	11	69
5	Djizzak	21.21	12	100	6	42
6	Kashkadarya	28.57	13	147	12	123
7	Navoiy	110.99	8	55	6	47
8	Namangan	7.44	11	99	8	120
9	Samarkand	16.77	14	125	11	88
10	Surhandarya	20.10	13	114	8	114
11	Sirdarya	4.28	8	69	5	25
12	Tashkent	15.25	14	146	16	97
13	Fergana	6.76	15	161	9	197
14	Khorezm	6.05	10	98	3	58

Source: Regional Statistic of Uzbekistan, 2015.

15. According to the data of State Statistic Committee, as of 1 January 2015, the total population of the project rural areas in Uzbekistan is 15,201 million people which on average comprise 49% of the country's population. On the average, population growth rate is higher in rural areas than average population growth rate in Uzbekistan as a whole. The highest population growth rate per 1,000 people is in the Surhkandarya region (21.8). In some areas such as Bukhara, Khorezm, and Surkhandarya regions, the share of rural population is significantly higher than urban. The highest population density is revealed in Andijan (664.5), Fergana (509.6), and Namangan (343.3) regions (Table 2).

⁵ World Bank group- Uzbekistan Partnership: Country Program Snapshot, 2015.

⁶ Center for Economic Research. 2016. *Uzbekistan Economic Trends: Information and Analytical Bulletin for 2015*. Tashkent.

Table 2. Demography Information about the Project Area

№	Name of the region	Number of total population (thousands)	Number of rural population	Including		Population density km ²	The average age	Population growth (per 1,000 population)
				Urban (%)	Rural (%)			
1	Republic of Uzbekistan	31,022.5	15,201.0	51	49	69.1	28.0	18.4
2	Republic of Karakalpakstan	1,763.1	899.1	49	51	10.6	27.2	18.7
3	Andijan	2,857.3	1,371.5	52	48	664.5	28.2	18.9
4	Bukhara	1,785.4	1,106.9	38	62	44.3	29.0	17.2
5	Djizzak	1,250.1	662.5	47	53	58.9	27.0	20.1
6	Kashkadarya	2,958.9	1,686.5	43	57	103.6	26.5	21.7
7	Navoiy	913.2	465.7	49	51	8.2	28.5	17.6
8	Namangan	2,554.2	945.0	63	37	343.3	28.0	19.9
9	Samarkand	3,514.8	2,179.1	38	62	209.6	27.0	20.8
10	Surhandarya	2,358.3	1,509.3	36	64	117.3	26.0	21.8
11	Sirdarya	777.1	442.9	43	57	181.6	27.0	17.8
12	Tashkent	2,758.3	1,406.7	49	51	180.9	29.0	15.2
13	Fergana	3,444.9	1,481.3	57	43	509.6	27.0	17.4
14	Khorezm	1,715.6	1,149.4	33	67	283.6	27.0	19.1

Source: State Statistic Committee, 2015.

16. Labor migration is responsive to local economic conditions and opportunities. Estimates suggest that Uzbekistan is the largest migrant sending country in Central Asia. However, the process of quantifying the number of migrants is complicated by several factors. Migration takes both legal and illegal forms; it can be temporary, especially for the seasonal work; and it can involve cross-border movement or can be purely internal when people move from rural to urban areas.⁷

17. As of 2014, the negative country migration balance was 38,562 persons.⁸ The share of transfers in 2014 in the structure of aggregated incomes decreased to 2.3% compared to 2012.⁹ About 60% of outward migrants from the country leave for Russia, while about 20% of immigrants to Kazakhstan seek employment opportunities. According to data of Russian Federation Federal Migration Service, on 1 January 2016, the number of migrants from Uzbekistan reached to 1,880,547 persons, which is 15% lower than the same period in 2015.¹⁰

18. According to the data of State Statistic Committee, in January 2015, the total number of employable age population and number of employed in rural areas of Uzbekistan are 61% and 46%, respectively. The number of officially unemployed people is stable for the last five years, which did not considerably change, and comprises 5% of the total population of the country (Table 3). A considerable share of the unemployed population is both male and female young people, who are first time entrants in the job market. Overall, the professional skills of the unemployed are quite low, and many of the unemployed have no professional education.

⁷ ADB. 2014. *Uzbekistan Country Gender Assessment*. Manila.

⁸ Regional Statistic of Uzbekistan, 2015, Tashkent.

⁹ The statistical Yearbook, Tashkent 2013, Uzbekistan.

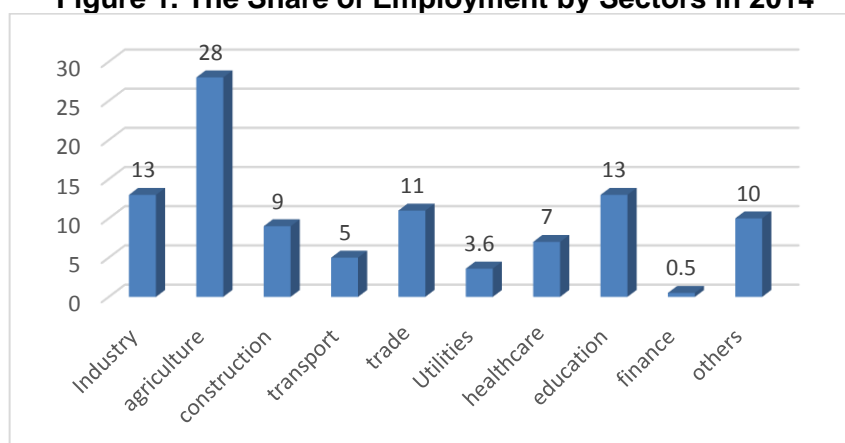
¹⁰ <http://inosmi.ru/economic>.

Table 3. Employment Information about the Project Area in 2015

Name of the regions	Number of employable age (thousands)	Share of employable age population in %	Number of economic active population In %	Number of employed in rural areas In %	Number of employed population in %	Number of unemployed in %
Republic of Uzbekistan	19,044.1	61	71	46	68	5.1
Republic of Karakalpakstan	1,077.8	61	61	49	58	5.4
Andijan	1,769.3	62	75	44	71	5.6
Bukhara	1,118.6	63	78	61	74	5.2
Djizzak	753.8	60	60	49	57	5.4
Kashkadarya	1,789.9	60	66	54	62	5.5
Navoiy	572.7	63	78	48	74	5.2
Namangan	1,590.9	62	63	33	59	5.3
Samarkand	2,122.6	60	70	59	66	5.6
Surhandarya	1,435.2	61	67	48	63	5.5
Sirdarya	482.9	62	76	62	73	4.6
Tashkent	1,698.2	62	78	50	75	3.9
Fergana	2,140.2	62	73	40	69	5.4
Khorezm	1,051.8	61	67	65	65	5.5

Source: Labor and employment in Uzbekistan, 2015, Tashkent.

19. Agriculture remains the main source of livelihood for rural communities and is a major employer of the population. The State Committee of Statistic reported that the number of employed in agriculture sector in 2014 in Uzbekistan is 28% (Figure 1). There is a significant difference between regional share of employed in agriculture sector. The highest indicators of employment in agriculture sector are in Sirdarya (46%), Jizzakh (44%), and Khorezm (36%) regions and the lowest is in Navoiy region (22.3%).¹¹

Figure 1. The Share of Employment by Sectors in 2014

Source: Regional Statistic of Uzbekistan, 2015.

¹¹ Regional Statistic of Uzbekistan, 2015 Tashkent, Uzbekistan.

2. Gender Development Profile

20. Uzbekistan is one of the countries that experienced socio-economic transformations from centrally planned economy towards establishing market mechanisms of economic development based on the strategy of macroeconomic stability and destructuralization of the productive sectors of economy, which is highly resource-dependent. However, the processes of maintaining economic growth, jobs creation and poverty reduction has been difficult. During transformation, the living standards of population, specifically in rural areas, and the existing elements of gender equality, inherited from the Soviet era has been negatively affected by the changes.

21. As of 2015, the share of female and male population in Uzbekistan since 2012 is 50%. According to the data of the state Statistic Committee, there are different types of households' structure which consist from 41% - one couple with relatives, 30.7% - two and more couples with other relatives, 17% - couple and children, and 1.6% - single mother with children, and 1.4% -mothers with children and other relatives.¹²

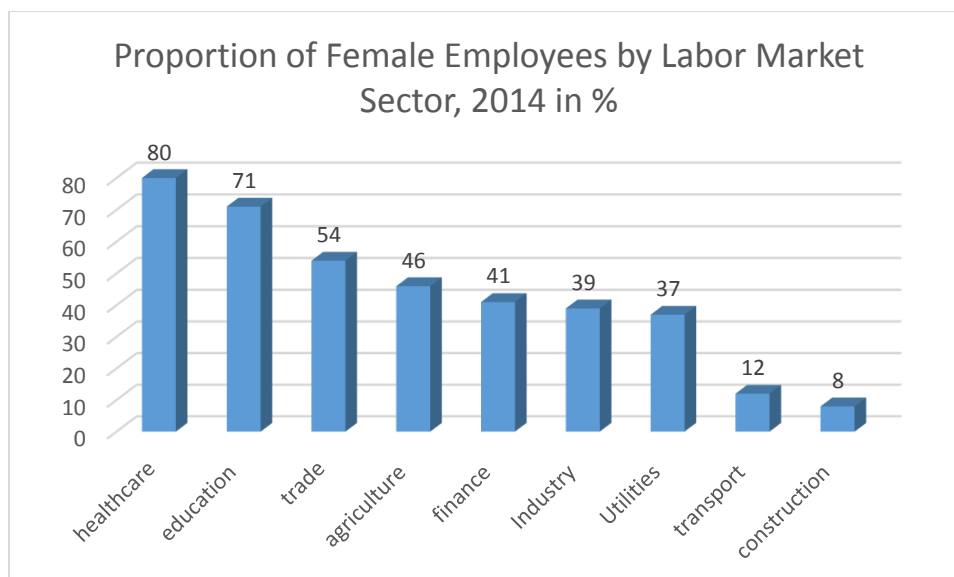
22. About 49% of population live in rural area and depend on agriculture and related activities for their livelihoods. The country's agricultural system has gone through significant structural changes that result in total agricultural value from 25% in 2005 to 17% in 2014 of the annual GDP. At the beginning of 2015, the number of female unemployment rate was 4.9% (footnote 12).

23. According to the data of ADB Country Partnership Strategy: Uzbekistan 2012–2016, the concomitant with economic growth, absolute poverty in Uzbekistan has declined. Officially, the estimated figures suggest that the incidence of poverty fell from 25.8% in 2005 to 17.7% in 2010 (and further to 16% in 2011), based on consumption-based poverty line threshold. Poverty continued to decline monotonically during the intervening years in both urban and rural areas.

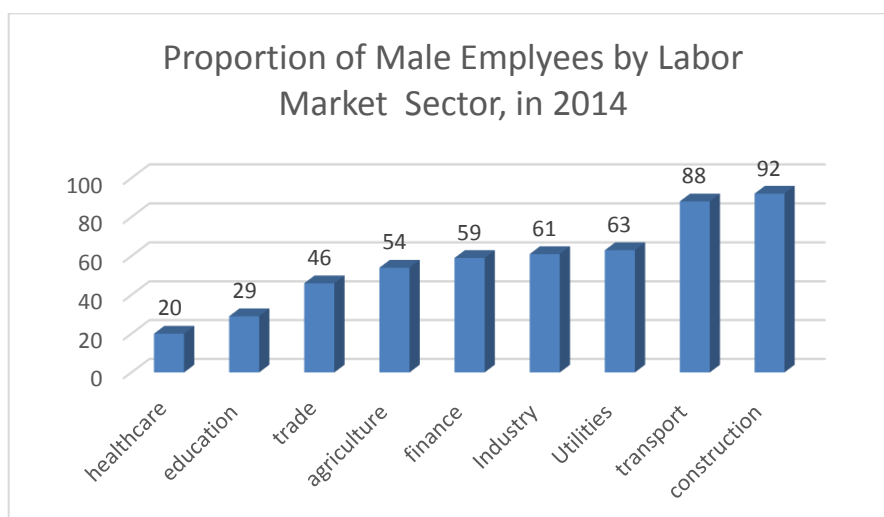
24. In accordance with the assessments of the World Bank, the poverty line in Uzbekistan accounted for 27.5% of the population in 2001, including 30.5% in rural areas and 22.5% in urban. In 2015, the indicator declined to 16.0% as the economy gradually revived. However, the rural poverty rate did not undergo significant changes.

25. The gender assessment of agriculture sector found out that, one of the key poverty factors in the project area is lack of opportunity for effective and productive employment of women. The formal labor market in Uzbekistan exhibits both vertical and horizontal segregation, with women and men concentrated in distinct fields (footnote 12).

¹² Women and men of Uzbekistan 2015, Tashkent.



Source: Regional Statistic of Uzbekistan, 2015.



Source: Regional Statistic of Uzbekistan, 2015.

26. According to statistical data in 2014, about 46% of women are employed in agriculture sector of Uzbekistan. The area of application of female labor is limited by a comparatively small number of jobs in the budget sector (mainly in healthcare and education), where women occupy low-paid positions, and in the agricultural sector, where women are either hired for unskilled work in private farms, or cultivate family-owned garden plots. Families with more women are under a higher poverty risk. Poverty risk becomes particularly high for families with children of pre-school age. The necessity to take care of children does not allow women to be active in the labor market and forces them to give up looking for a job. In such conditions, women could work on a garden plot and market their agricultural produce. Therefore, the unused labor potential of women has most negative effect on living standards of households in the project area.

3. National Strategies to Reduce Poverty and Improve Social Safety Net

27. The Welfare Improvement Strategy 2008–2010 (WIS) is the Government's growth and poverty reduction strategy. WIS development objectives include (i) gradual reorientation of

export policies from raw materials to products with high value added; (ii) continued economic liberalization, in particular focusing on strengthening private property and protecting ownership rights; (iii) financial sector development; (iv) encouraging innovations in large and small business and creating mechanism of technology transfer; and (v) comprehensive area-based development, which mitigates regional differences in economic development and welfare.

28. With regard to agriculture, WIS proposals include (i) using new varieties of plants, agrotechnologies and agricultural practices to in order to enhance the yield of crops; (ii) substantially increasing capital investment into irrigation water supply and implementing water efficient technologies; (iii) facilitating the increase in land plots allocated to *dehkan* farms; (iv) creating new forms of cooperation between farmers for storing and processing fruits and vegetables; (v) improving private farmers' access credit; and (vi) support to training farmers.

29. The second Welfare Improvement Strategy/Poverty Reduction Strategy Paper (WIS/PRSP 2012–2015) sets out a strategy to improve living standards, especially for low-income and socially isolated groups, with medium-and long-term priorities for the period up to 2015. A key strategic priority is to maintain robust economic growth at 7%–8%/year and hereby to increase public welfare spending. The main goal and the key aspect of expected results of the WIS-II have been identified as the need to reduce the level of Uzbekistan's low-income populations from 17.7% in 2010 to 13.7% in 2016.

30. A unified methodology for estimating a national poverty line has not yet been adopted in Uzbekistan. However, from 2003 to 2007 the Government of Uzbekistan, in coordination with international organizations, carried out an in-depth study of poverty issues in order to lay the foundation for the National Welfare Improvement Strategy/Poverty Reduction Strategy Paper (WIS–Country PRSP analogue). The WIS document was approved by the Government in 2007. In 2005, the State Statistics Committee of the Republic of Uzbekistan conducted the Household Budget Survey. The results of the survey were taken as a basis for the World Bank definition of the poverty rate in Uzbekistan as 25.8%. This document defines poverty line as \$2.15 per capita per day.

31. At the same time, the existing policies in Uzbekistan and reflected in local legislation suggest that the intention of the Government is mostly focused on overall welfare improvement and, therefore, the concept of poverty is not considered as a total concept and there is no clear definition of the term poverty in the local legal system. Instead, many policy documents devoted to social protection use the term of “low income family.” There are allowances for childcare in “low income families.”

32. The normative definition of the “low income family” is taken from the “Methodological instructions for allowances to families with children before 16 years old” issued by the Ministry of Labor and the Ministry of Finance and registered by the Ministry of Justice in 1999. According to this instruction, the family applicant for allowances for childcare, must apply in writing to the Mahalla Committee (local administration unit). The status of “low income family” must be defined by the decision of special commission under the Mahalla Committee.

33. The main indicator used for measurement is the minimal wage amount. The line of “low income” is measured as having income at 1.5 times the amount of minimal wage per capita in the given family or below. The term “family” is defined as parents, children and grandparents if they live in the same household. The definition of income is given as the total amount of revenues for the last 12 months obtained by all family members from all kinds of economic activities and subsidies.

34. The amount of minimal wage is regularly reconsidered and announced through the President's decree. The most recent Decree of President devoted to increase the minimal wage was issued in December 2012. From 1 September 2015, in line with the Order of the President of RUz, "About increase of wages, pensions, stipends and social allowances", the minimum monthly wage amount is SUM130,240 (while the minimum monthly amount for pensioners is SUM254,730).

35. Special attention is given to agriculture and rural development in the national poverty reduction strategy, given the high proportion of rural population (49.2%) (footnote 12) and the share of low-income people in the rural population (18.5%),¹³ as well as the target indicators of the WIS-II aimed to reduce the nation's level of low income populations to 13.7% by 2015. The main priority will be paid to ensure the enhancement of labor efficiency in Uzbekistan's rural areas, the insurance of income generation based on both agrarian development and the enhancement of the infrastructure and industries that process agricultural products. It is recognized that an increase in labor efficiency in the agrarian sector decreases the prime costs of products, which in turn makes foodstuff more affordable for low-income populations, while an increase in employment can serve as a source of income and can enhance population welfare.

36. For achieving the above policy for the period 2013–2015, it is envisaged to ensure the growth of the agrarian sector by an average of 5.4% annually. It is also projected to increase the share of fruit-and-vegetable processing industries in the total volume of production from 13.3% in 2012 to 16%–20% in 2015. In order to achieve the projected parameters, the following were identified as the key objectives of the agrarian policy within the WIS-II:

- (i) The further implementation of measures designed to improve the structure of the cultivated area;
- (ii) The increase in the area dedicated to producing vegetables, fruits, berries, and melons around large and medium cities, where the populations have high purchasing power;
- (iii) The provision of stimulus to the development and introduction of new selected varieties of crops and breeds of animals, in addition to improved agrarian technologies and cultivation methods, in order to increase the productivity of crops and livestock;
- (iv) The improvement of the system of cooperation between the government and farmers;
- (v) The formation of economic mechanisms created to stimulate the organization and development of cooperation between farmers, agro-enterprises, marketing firms and other infrastructure organizations that provide services within the field of agro-entrepreneurship. These services may include the stocking, processing and transportation of fruit-and-vegetable and meat-and-dairy products; and
- (vi) The improvement of the access of agricultural producers to necessary infrastructure and credit resources; and
- (vii) The development and adoption of a special target program designed to support the personal subsidiary plots and *dehkan* entities in rural areas.

37. **Compliances with Core Labor Standards.** The normative legislative base is established and regulated on the basis of Constitution of Uzbekistan, the Labor Code of the Republic of Uzbekistan, and other 16 codes. In cooperation with International Labor Organization (ILO), the Republic of Uzbekistan has ratified 13 ILO conventions, including forced

¹³ Welfare Improvement Strategy of the Republic of Uzbekistan for the 2012–2015, Tashkent 2013.

labor, discrimination in employment, minimum age for admission to employment and immediate action for the elimination of the worst forms of child labor, human trafficking and others. The project due diligence focuses on four main pillars: (i) freedom of association and the right to collective bargaining; (ii) elimination all forms of forced or compulsory labor; (iii) effective abolition of child labor; and (iv) elimination of discrimination in respect of employment and occupation.

38. On 25 September 2014, in addition to the basic legislation, the law №ZRU-376 "On social partnership" was adopted. The purpose of this Act is to regulate the relations in the field of social partnership and operate regarding the main principles: (i) obeying the law; (ii) equal rights; (iii) openness and transparency; (iv) availability; (v) independence; (vi) objectivity; (vii) mutual respect and consideration for the interests and responsibilities; (viii) mutual respect and consideration for the interests and responsibilities; and (ix) voluntary commitments of responsibilities. The notable example of collective bargaining is activity of Fergana region *dehkan* and farmers, Council of Farmers, Association of Women Entrepreneurs, Women Committee and local authorities.

39. During field visits and FGDs (detailed in the following section) with farmers and *dehkans*, there were no revealed cases of forced or compulsory labor. The labor regulations are under the focus and control of the state organizations. The Council of Farmers of Uzbekistan provides an extensive outreach to farmers to increase their awareness of compliance with national labor legislation and international labor norms. During men and women farmers FGDs which were conducted in the framework of different ADB, FAO and ICARDA projects from 2013 to 2016, local population and *dehkans* have confirmed that they receive equal payment for the equal job, without any discrimination by gender and age from local farmers and entrepreneurs. The employers' association and civil society institutions are also involved in activities aimed at reinforcing labor standards and their application in practice. The child labor is forbidden by main laws and adopted international conventions and there were no cases of using children's labor in horticulture sector.

40. During FGDs and interviews, there were no cases of women discrimination in employment or occupation. However, it is recommended to cover issues of gender stereotypes in the chosen profession of young girls. Vast majority of *dehkans* participants were teachers or nurses and employed mostly at seasonal works in agriculture sector. As a result, there is the vertical segregation in the agriculture sector labor market. About 100% of top management positions in the Ministry of Agriculture and Water Resources and in the Rural Restructuring Agency are occupied by men.

C. Findings of Four Focus Group Discussions

1. Focus Group Discussion No. 1—Access to Credit in Horticulture

41. This section presents the results of a gender analysis of the situation of small business entrepreneurship development in the agriculture sector based on the findings from FGDs, which were conducted in July–August 2016, with women and men farmers and *dehkans* from four regions in Uzbekistan. It highlights important social and gender aspects of SME development, and concludes that the potential of rural women's economic status and involvement in agribusiness has not yet been reached. The data demonstrate that the processes of reform in rural areas have encountered difficulties and that rural women's employment and education are still under the influence of gender stereotypes related to women's role in a patriarchal society. The specific features of rural women's employment (low level of employment and economic

activity, high unemployment, occupation of low paid positions) are in many respects related to women's lack of professional education. Based on these findings, the paper makes some recommendations on how to increase the participation of women in agribusiness development.

42. The objectives of the discussions included (i) identifying the level of rural population including women's involvement in SME farming activities, their participation in PFI policy reforms in agriculture, and gender aspects of rural development in Uzbekistan and (ii) developing recommendations for measures to increase women's involvement in agribusiness SME development. The questionnaire was developed with an aim to reveal the main advantages and constraints of farmers and *dehkans* in: (a) access to credit in horticulture; (b) *dehkan* horticulture farm operations and labor/gender issues, (c) specific issues faced by women in horticulture; and (d) women entrepreneurs in horticulture.

43. During FGDs with farmers and *dehkans*, it was revealed that limited availability of affordable finance is a major constraint for small businesses. The legal framework governing secured transactions does not effectively promote the use of movable property (which makes up two-thirds of all assets held by small businesses) as loan collateral. The absence of cash flow-based lending processes is the major obstacle to providing credit to MSEs. Small businesses' limited business skills, experience, and knowledge also pose significant credit risks and prevent their growth.

44. Women working in agriculture, including female entrepreneurs, represent an important economic resource. In many ways, the issues faced by women in agricultural business are similar to those encountered by entrepreneurs operating small-scale enterprises in rural areas. For instance, female farmers generally do not hold legal titles to land and lack access to other productive resources, such as credit and microfinance.

45. Majority of the farmers and *dehkans* gave a negative response to the question about getting credits for cultivation of fruit and vegetable products. The causes of rejections in all regions could be grouped according to following characteristics:

- (i) Absence of collateral to receive a credit;
- (ii) Absence of opportunities to receive cash from plastic cards;
- (iii) Lack of knowledge in registration and design of financial documents;
- (iv) Lack of knowledge in business plan development;
- (v) Many bureaucratic obstacles in the banks in registration and designing documents;
- (vi) Lack of time to walk to get inquiries during the hot season of harvest or during the period of active field and garden works; and
- (vii) Big loan size.

46. Farmers from Urgut District (Samarkand region) turned out to be the most active takers of credits for developing new gardens on viticulture and horticulture development. They emphasized that they got 6% credits in National Bank of Uzbekistan for creation of grape plantation and 12% credit for creation of new fruit gardens. Those credits were given for 5 years but the grape starts to give its harvest after three years. In general, farmers have some risks and difficulties to receive and return their credits. Usually, plants, racks, and drip irrigation equipment are necessary for the development of grape plantation for the first year. The credit could be fully repaid after getting the harvest minimum after three years of planting and after successfully exporting and selling in local markets.

“I received 6% credit in National Bank of Uzbekistan “Imtiyozliy” for developing vineyard. I was able to pay back all my credit on time because of successful harvest from vineyard. Meanwhile, I managed to find exporters for Russia and Kazakhstan and sold at Samarqand market, therefore I have generated good income. But, before that I was nervous and afraid that I could not cover my credit.”

-Farmer of Samarqand region

47. Farmers and *dehkans* from all regions face problems in developing business documents and getting cash for payment to the hired working force. As noted by the farmers of Tashkent region, sometimes, seasonal workers do not agree to work, as 10 years ago, remuneration was in the form of fruits and vegetables and not cash.



Farmers of Fergana region during FGD at the farm shipan (uzb “special construction for breaks and lunch”).

“I became a farmer two years ago. I was a driver before. I wanted to receive more income by cultivating potatoes and carrots. However, in order to receive credit from a bank you have to fill in too many papers. I can explain everything through speech, but it was a big problem for me in terms of writing paper correctly. Perhaps I think they require too many inquiries from me. I still cannot decide to receive credit; even though I would like to buy new seeds for potatoes.”

-Farmer from Tashkent region

48. **Psychological and cultural barriers.** Initially, 3% of the women farmers, who lead multisector farms, received credits for the construction of outbuildings and storehouses. In particular, more active loan takers were farmers of Fergana region. In general, farmers repay credits for the construction from profits earned at other industry, for example, good harvest of cotton or wheat. That is why a majority of small farmers and *dehkans* could not receive the credits for enhancing the existing capacities and opening new businesses, like opening processing mini shops or installing refrigerators systems. During FGDs women farmers have noted that, compared with men, it takes more time to think about the application for the credit. Usually, women feel ashamed, if they will not able to cover the credit and lost the collateral. In such cases, husband, his relatives and other inhabitants of the Mahallya could blame them.

“I am farmer with 15 years of experience. In the beginning, I cultivated only cotton and wheat. Now I have a multi-sectors farm. That is why I have the opportunity to take a credit and pay for it through income from other sectors. When I cultivated only cotton and wheat I took credit SUM90 million for equipment purchase, afterwards I took credit SUM100 million in “Agrobank” for building construction. As I had good harvest from cotton, I was able to cover the credit in two years. I used this credit for building a three-storey building in 30 sotka. I am planning to buy drying equipment and open mini-workshop in the first floor. I hope to receive credit in order to buy refrigerator for keeping products. I will open beauty salon for men and women, gym with all conditions and sewing workshop for tailoring national and modern apparels.”

-Woman farmer from Fergana region

“After death of my husband I headed up farm myself. It had passed 10 years since that time. I have paid tuition fee for my two daughters. It was a shame to take a credit for me because everyone could judge me, that is why I am trying to gain profit from investments to developing new directions. Thus, I was able to build two-floor building of 200 m². Now it is used for growing silk. After that, I have achieved success and feel myself more confident now. That is why I am planning to buy equipment on bank credit in the future and open a workshop for drying fruits such as apricots, grapes and prunes; or for making can production.”

-Woman farmer from Khorezm region

49. Women farmers face a number of challenges during application for the credits. In 2016, in the Tashkent region, one of the farmers developed the required documents for a credit from the National Bank of Uzbekistan for the purchase of drying equipment. She did not know what she could use as collateral because the property belongs to her husband. He did not agree to use the property for loan collateral since he was not convinced that his wife could repay the loan. He also is thinking that his wife's farm “brings nothing but losses, because his wife is full day on the farm and devotes very little time to take care of her husband, his parents and children”. Thus, women–entrepreneurs face not only the problem of the availability of their own property as collateral, but also with social stereotypes related to low gender awareness. These factors are the main constraints for the application for credits too.

2. Focus Group Discussion No. 2—*Dekhan* Horticulture Farm Operations & Labor/Gender Issues

50. From ancient times, *dehkan* farmers¹⁴ and *dekhan* farms¹⁵ are considered as locomotives of agriculture development in Uzbekistan. A family having a *dekhan* plot or *tomorka*¹⁶ can provide food security not only for the family, but these also contribute to enriching the horticulture production of the domestic market. Especially in the last years of the

¹⁴ Peasant, farmer in Uzbekistan means an owner of a *dehkan* plot.

¹⁵ In Uzbekistan, a *dehkan* farm is a family-based small-scale enterprise that produces and markets agricultural products using labor of family members on a household land plot (*tomorka*) transferred to the head of family for lifelong inheritable ownership, registered or not registered officially as a legal entity.

¹⁶ Household and/or garden plot used for agricultural activities.

development of small businesses, new opportunities appeared to export the organic fruits and vegetables to foreign markets, which in turn contribute to the household income in rural areas, increase employment rate of the local population and enriching the domestic and foreign markets with fruit and vegetables varieties. Despite the positive developments in the operation of dehkan farms, there are some problems in this field.

51. **Advantages and disadvantages in operating of dehkan horticulture farms operations.** The vast majority of *dehkans* farms highlighted the importance of plots share incomes in their livelihoods. Although the profit from selling the horticulture products has seasonal character, people try to conduct most of the social events as wedding parties, gaps (meetings with friends and relatives), beshik toy (national wedding for the baby) during the gaining of profit.

52. In addition, members of FGDs from all regions emphasized that climate conditions of Uzbekistan favor the cultivation of organic agricultural products. Especially, *dehkans* and farmers of Bostonlik district of Tashkent region said that the climatic conditions of foothill areas contribute to the maturation of organic fruits and vegetables that are in demand at domestic and international market. Since farmers do not use chemical minerals, harmonic additives and pesticides, the agriculture production keeping time is very short and the risk of spoiling the harvest is very high. Sometimes *dehkans* agree to sell the fruits and vegetables at low prices from their home in spite of going to the market, which increases expenditures and the product's cost. This is especially noticeable for those *dehkans* that are located far from the central bazaar in foothill areas.

53. In addition, these *dehkans'* plots have more problems with irrigation and soil salinity. The shortage of water is acutely felt in *dekhans'* areas located far away from large canals, rivers, and ditches. In such cases, the *dehkans* have to use pumps and pay for the electricity, which in turn increases the cost of fruit and vegetables. Farmers and *dekhans* from Khorezm region noted that they spend greatest share of expenses for washing the salty soil.

54. The agro-firm activities are playing an important role for the *dehkans'* plots effective operations. Although the demand of international market of organic production is high, there is necessity to fit to caliber (standard size) data as well. However, most of *dehkan* plots productions are very different in size and not of marketable conditions which is a constraint to successful selling.

"I'm a head of the agricultural firm in Bostonlik region. I am finding fruits and vegetables that can be transported to Russia and Kazakhstan. One of the main requirements of exporters, in addition to taste, is marketable condition of cherries, plums and apples. It is because of the good presentation and promotion of agro products. But, dehkans could sell only small part of their garden production to agro firms for a good price. The other part of their harvest usually sold in inner markets or consumed in the household."

-The head of the agricultural firm Tashkent region

55. One of the female headed *dehkan's* household organizes the purchase of cherries and sorting them according to exporter's conditions in the house in Bostonlik region. Usually, she buys the cherries from the makhalla *dehkan* plots, sorts them and then sells to the orders from

Kazakhstan and Russia. Except that she includes only 5% for her services, her role as agent among makhalla's *dehkans* and exporters is highly appreciated by local people.

56. All family members are involved in horticulture business at *dehkan* plots. As women and men participants highlighted the "easy" work at *dehkans*' plots are done by women and "heavy" jobs by men. As FGDs participants mentioned, there are some traditional kind of jobs like pruning and budding the trees ("heavy" job), which are done by men, all other work as weeding the garden, watering, collecting the harvest with children ("easy" job) is done on a daily basis by women.

57. Women participants of FGDs pointed out that there are traditional foundations in the division of labor in garden's work. For example, women do not participate in the cutting of trees and grafting seedlings. These are the men's duties. However, all small daily duties as weeding, plucking weeds, watering and collection harvest are performed by women. Usually, the women's working day begins at 4:00 in the morning and ends late in the evening at summer time. Besides caring for the cattle and milking cows, women are busy with cooking food, baking bread, taking care for children and husband's relatives, doing laundry and cleaning the house. There are interruptions in the supply of electricity, gas and drinking water in some backcountry districts, for instance in the Khorezm region, and thus factors put on extra needs for additional waste of time to perform the duties of women.

58. Female participants of FGDs from Samarkand region, said that their mahalla, mainly specializes in the cultivation of black and white kind of raisins, prunes and apples, apricots and other fruits. This type of grapes is sold in fresh and dried forms at the domestic market of Samarkand region as well as exported to Russia. The vast majority of women in this district are unemployed and busy in the informal sector. Most household members in Urgut district are busy working as seasonal workers in the garden. There is one school and one rural health unit in makhalla. Due to the lack of employment in the formal sector, all mahalla women are busy working in the garden or doing traditional crafts.

59. As all the participants of FGD noted, there is a need to open a mini production units for reprocessing of horticultural products. There is a huge potential in many mahallas in harvesting fruit and vegetables at *dehkan* farms and processing of products: jams, juices, fruit purees for children and adults, pickles. All members of *dehkan* farms have noted that these kind of mini production units have not established in their mahallas. However, there are many women who propose canning services not only for their relatives and neighbors of mahalla, but also getting orders from city residents for some payment. However, the main constraints are that women are not confident in their skills and opportunities to officially open new business and low level of leadership and gender awareness knowledge.

"Every household in our makhallya makes about 500–600 cans of various sweet and salty canned production. Firstly, it reduces expenses for products in winter seasons. Secondly, it provides us with healthy food for all members of our family. We consume fruits and vegetables cans when fresh fruits do not exist in particular season. Anyway, a majority of the households have their own mini-shops. All work almost doing by hands, no special equipment. If I have a chance to receive good credit I would like to open a mini-shop for producing raspberry and apricot jams and natural juices not only for local residents but also to export to other countries. But I cannot

allocate so much time for the official registration because I have a lot of duties at home.”

-Woman dehqan from Khorezm region

60. As a result of the FGDs, it was revealed that the local population is aware that the plots of land are an additional source and opportunity for employment, increasing of the welfare of each family, and poverty reduction, especially in remote rural areas. However, patriarchal norms and gender stereotypes hamper women’s business development in all regions.

3. Focus Group Discussion No. 3—Specific Issues Faced by Women in Horticulture

61. Women face with variety of problems in horticulture sector in rural areas. For instance, women give more births in rural districts than in urban places. According to information of female participants from Fergana region, population density there is higher than in Khorezm and Samarqand area. Therefore, a demand for permanent employment is also higher. As far as women have degrees in the spheres of medicine and education, it is hard to find a job in the formal sector. During the FGD it was revealed that the main barrier for women is informal occupation in seasonal work. As a result, women mostly do not have labor and pension book. Finally, women become vulnerable and without their own incomes at pensionable age.

62. Women face issues regarding the lack of earning stability. Even a woman who decides to open her own company faces different social and cultural problems. In spite of this, women from rural areas have been achieving positive result in terms of employment by their own efforts and governmental support.

“I am 21 years old, I recently graduated from college. My father died a few years ago, I have only mother and a little sister. I started to find my own way how to help my mother and become a financially independent person and to earn own money. I decided to develop my own farm. My uncle is also a farmer, however, he said it is not women’s business, that I have to get married and give birth. He said that only men have to think how to earn money for his family. However, I insist on my own. I asked for help from hokimiyat, makhalya committee. I have been supported, customized by them as farmer. Every people who told me that I could not handle farming just bring me more confidence and power. Now I am a young and successful farmer. Now people ask for help from and respect our family.”

-Young farmer from Fergana region

63. Fergana farmers demonstrated one of the examples to solve the women’s unemployment issue in rural areas. Each farmer officially registers women and set up a number of female detachments in the region. Women *dehqans* have pointed out that they have registered officially as farms’ workers in 2016. One female detachment includes 35 women who choose their woman-leader. This person receives salary and some kind of motivation gifts in the form of adras (Uzbek kind of material), galoshes and rice for their work from Hokhimiyat. Although these women are working as seasonal workers during harvest and other agricultural kind of works at the fields, they have official employment.

64. There is lack of women involved in decision making at the family level regarding allocation of *dehkan* and farm income. About 65% of men and women members of FGDs highlighted that husbands and their parents make the main decisions. In the female headed households, which could be in case of death or divorce with husband, mostly children are involved in the income allocation process, especially sons because they are considered as heads of households. There were 5%–7% of women who said that they could decide themselves how to allocate income or solve other family issues.



The young farmer and his wife from the Khorezm region.

65. Despite the existence of patriarchal attitudes in the family, and gender stereotypes majority of participants empathized that before the planting of seeds they first of all consult with the husband/wife, what kind of plants or seedlings to plant, how much and in what area of land. After that, husband/wife consult with experts, agronomists, local khokimiyats, the Council of the farmers who can help with qualified advice.

66. **Lack of women's access to natural resources.** Water User's Associations (WUAs) are the main structure at the regional level, which is responsible for the distribution of water resources between the farmers. Despite the fact that women constitute the majority of users of water for agricultural production, they represent only a minority of the members of the WUA and even less among WUA leaders. Women farmers have identified that there are often conflicts with other men, farmers and members of the WUA, who supply water first to the gardens of male farmers. Female farmers of Tashkent region stressed that they defended their rights in diplomatic way and now irrigate their gardens and fields in equal terms with men, who, before that, tried to block them water. As a result, the WUA staff began to supply water in turn.

4. Focus Group Discussion No. 4—Women Entrepreneurs in Horticulture

67. Although, official statistic shows that female farmers constitute only 3% of the total number, there is a great potential for increasing the number of female farmers in rural areas. According to interviews and FGDs, women faced not only specific cultural issues as lack of supporting family members and general obligations in their homes but also with lack of education, necessary business skills and low level of gender awareness knowledge.

68. In spite of the existing barriers, women play a key role as unofficial entrepreneurs in horticulture sector. Women entrepreneurs are the key players of horticulture value chain. They actively participated in the beginning of planting seeds, daily caring for plants, harvesting and selling the production. According to the interviews with female *dehkans*, they are trying to make benefit to the household budget through realizing and processing fruits and vegetables from

their own garden. For example, female *dehkans* of Fergana region have an opportunity not only to sell their own products to the government point markets but also in special places created by local authorities, inside of their makhallas. In 2016, female *dehkans* of Fergana region have the opportunity to export their horticulture production through state agencies to other countries as well as to sell a part of the harvest to the state stock agencies.



"I am 43 years old. I am a modern farmer-entrepreneur. This year Association of Women Entrepreneurs of Fergana region registered new numbers of dehkans as entrepreneurs, I can evaluate that almost each woman dehkan is unofficial entrepreneur in Fergana city and in districts too. I cannot tell exact number but the number of entrepreneurs has increased dramatically in Fergana because fruits and vegetables grow in each house and everyone tries to make a profit by selling them in the market.

I was invited to the seminar regarding to cultivation of vegetables in greenhouse two years ago. At this time, we had to pay for education of our son, get married our daughter as she graduated from college. In short, we have much family expenses but have no money.

After seminar, I have looked to my 2 sotka land in the house from another point view. I bought cellophane, posting for greenhouse and decided to organize simple greenhouse without heating system. I make an account for cultivation of tomatoes of "Tobirukiy" sort. For the first year, my expenditures for seeds, mineral fertilizer and cellophane and set up of greenhouse were SUM850,000. This sort of tomatoes gave a heavy crop. I planted the seeds in February and sold 1 kg for SUM4,000 in the market in early May. I had SUM3,500,000 income. After that, I have planted cucumbers and paprika. Again, I have received income. I harvest three times per year. As far as my greenhouse did not have heating, the land was empty during winter.

I also opened own shop in my Mahallya. My daughter and her husband work there, they help me in greenhouse too. They sell

our fruits, vegetables and other products for house. I sell tomatoes for SUM1,500 in my Mahala and SUM3,500 in central market thus my neighborhoods thank me. This year I have hired two neighborhood workers and have paid them by cash SUM20,000 per day for processing land and fertilizing.

I agreed with customer who exports greenness to Kirgizstan this year. Therefore, I am planning to use greenhouse in winter by thermos method. In addition, I am planning to open gym in my mahala so that people can keep their health in good condition (especially women) in the future. I play volleyball in my free time. We took second place in Mahallya region competition recently.”
-Entrepreneur from Fergana region

69. Moreover, women farmers and *dehkans* emphasized that their relation to land is very special and different from men. They consider the land as sacred and pure being like a mother. You have to be clear and pure in mind and heart as land is pure. (Покиза ерга – покиза кириш кепак (Uzbek proverb). Only in that case the land will reward you with good harvest and excellent profit for the family welfare.

70. In addition, all participants of FGDs were interested in gaining new knowledge and skills for opening and leading their own business. About 70% of women said that they would like to launch mini-workshop of agriculture product processing, drying, and shops opening. All women would like to learn the possibility to obtain credit and have a chance to participate in training regarding legal normative and financial documentation and developing business plan. They would like to be familiar with new tendency in market and to find the ways of exporting their products. All female *dehkans* and farms participants of interviews and FGDs highlighted that in order to implement their future plans it is necessary to educate the whole population especially men and women, to change their norms and stereotypes on the role of women at the family level and society level as well.

Summary of FGD Findings and Recommendations

Topic	Findings	Recommendations
FGD No. 1—Access to Credit in Horticulture	<ul style="list-style-type: none"> • Absence of collateral to receive a credit • Absence of opportunities to receive cash from plastic cards • Lack of knowledge in registration and design of financial documents • Lack of knowledge in business plan development • Many bureaucratic obstacles in the banks in registration and designing documents • Lack of time to walk to get inquiries during the hot season of harvest or during the period of active field and garden works • Big loan size 	<ul style="list-style-type: none"> • To work out credit lines with low covering percentage for the horticulture sector farmers and small entrepreneurs • PFIs have to conduct training for farmers and <i>dehkans</i> • To complete financial documents • To develop business plan • To inform about new credit lines • To assist farmers to develop documents in time • To create opportunity to receive cash from banks
FGD No. 2—Dehkan Horticulture Farm	<ul style="list-style-type: none"> • Important share for family budget and income generation • Seasonal character of income 	<ul style="list-style-type: none"> • To conduct business development skills trainings for men and women

Topic	Findings	Recommendations
Operations & Labor/Gender Issues	<ul style="list-style-type: none"> • Family food security source • Suitable climate conditions for the organic food production • Diversification of domestic market by fruits and vegetables varieties • Salty soil and irrigation issues • Majority of farmers face the lack of direct access to exporters • Traditional men and women division of labor at the <i>dehkan</i> farm • women are not confident in their skills and opportunities to officially open new business and low level of leadership and gender awareness knowledge 	<ul style="list-style-type: none"> • To inform about new market tendencies and farmers exporting opportunities
FGD No. 3—Specific Issues Faced by Women in Horticulture	<ul style="list-style-type: none"> • High level of unemployment among women in formal sector • Absence of official registration means no pension books and no pension in future • Seasonal employment in the informal sector lead to unstable and seasonal income • Positive example of women employment in Fergana region • Low level of decision making at family level • Lack of women's access to natural resources • Gender norms and stereotypes 	<ul style="list-style-type: none"> • To conduct gender awareness trainings among men and women farmers and <i>dehkans</i> • To spread the positive example of Fergana region farmers relating the official registration of women at farmers
FGD No. 4—Women Entrepreneurs in Horticulture	<ul style="list-style-type: none"> • specific cultural issues as lack of supporting family members and general obligations • example of Fergana women farmer of tomatoes greenhouse • lack of education • lack of business skills • low level of gender awareness knowledge • women wish to participate in training to gain gender awareness and business skills knowledge 	<ul style="list-style-type: none"> • To conduct gender awareness trainings • To set up Association of Women Farmers and <i>dehkans</i> with aim to support women entrepreneurship and create communication platform for effective operation of their farms • To conduct business skills development trainings in cooperation of Women Committees and PFIs.

Annexes to this Supplementary Document

Annex 1 - Summary Poverty Reduction and Social Strategy (SPRSS)

[See Linked Document in the RRP]

Annex 2 - Gender Action Plan (GAP)

[See Linked Document in the RRP]

Annex 3 - Due Diligence on Compliance with Core Labor Standards

A. Introduction

1. This document was developed in accordance with guidelines of ADB Core Labor Standards Handbook (2006) and on the basis of legal documents, literature review, results of fieldwork during FGDs with men and women farmers and *dehkans*, local entrepreneurs, semi-structured interviews with representatives of local authorities\khokimiyats, Women committees, NGOs in Tashkent, Samarkand, Fergana, Surkhandarya and Khorezm regions.

2. After gaining its independence in 1991, Uzbekistan was committed to building a secular, openly democratic and law-governed country, with a socially-oriented market economy state based on its own "Uzbek model" of progress. It was determined that by maintaining and further strengthening its national identity along with a deep commitment to universal values. Public policy and the State law of the Republic of Uzbekistan are underpinned by the protection of human rights and interests. Wide-ranging efforts are being carried out to put these legal safeguards into effect.

3. The normative legislative base is established and regulated on the basis of Constitution of Uzbekistan, the Labor Code of the Republic of Uzbekistan and other 16 codes. In cooperation with International Labor Organization (ILO) the Republic of Uzbekistan has ratified 13 ILO conventions, including forced labor, discrimination in employment, minimum age for admission to employment and immediate action for the elimination of the worst forms of child labor and others.

4. The following accounts review compliances with four core labor standards, namely: (i) freedom of association and the right to collective bargaining; (ii) elimination of all forms of forced or compulsory labor; (iii) effective abolition of child labor; and (iv) elimination of discrimination in respect of employment and occupation.

B. Freedom of Association and the Right to Collective Bargaining

5. In 25 September 2014, in addition to the basic legislation, the law №ZRU-376 "On social partnership" was adopted. The purpose of this Act is to regulate the relations in the field of social partnership.

6. This document recognizes social partnership as the interaction of state bodies with non-profit organizations and other institutions of civil society in the development and implementation of programs for socio-economic development of the country, including regional programs, as well as legal acts and other decisions affecting the rights and legal interests of citizens. Subjects of social partnership are the state bodies, NGOs and other civil society institutions.¹⁷ Article 4

¹⁷ <http://www.ilo.org/>

identifies the main principles of social partnership: (i) obeying the law; (ii) equal rights; (iii) openness and transparency; (iv) availability; (v) independence; (vi) objectivity; (vii) mutual respect and consideration for the interests and responsibilities; (ix) mutual respect; (x) consideration for the interests and responsibilities; and (xi) voluntary commitments of responsibilities. The social partnership mechanisms play a key role in implementing the ILO Conventions in Uzbekistan.

7. Article 5 determines the following areas of social partnership: (i) social protection, (ii) support and increase of social activity of the population; and (iii) providing employment, the development of small business and private entrepreneurship and farming.

8. During field survey and FGDs the close cooperation of local authorities, Women Committee and Council of Farmers and other organizations who participated in development of horticulture sector was revealed. The notable example of collective bargaining is activity of Fergana region *dehkan* and farmers, Council of Farmers, Association of Women Entrepreneurs and local authorities. As a result, *dehkans* and farmers of Fergana region were able to collect fruits and vegetables in time and sell their harvest at domestic and international markets. During implementation of horticulture sector development all mentioned organizations support each other with information and consultation in organization of transportation and opening of small markets for selling *dehkans'* and farmers' fruits and vegetables.

C. Elimination of All Forms of Forced or Compulsory Labor

9. The Constitution of the Republic of Uzbekistan laid the foundation for equal rights of men and women, the principles of protection of motherhood and childhood, and most importantly, proclaimed a ban on discrimination against a person based on gender, age, ethnicity, social status and religion. The constitutional provisions do not contain labor discrimination, gender asymmetry, each citizen in Uzbekistan have the same rights on civil and political as well as socio-economic and cultural context. As stated in Article 13 of the Constitution, democracy in the Republic of Uzbekistan is based on universal human principles pursuant to which the human being and human life, freedom, honor, dignity and other inalienable rights constitute the highest value.

10. The Labor Code of the Republic of Uzbekistan regulates employment of nationals and foreign citizens in Uzbekistan. Labor relations are regulated by collective agreements and individual employment contracts. Employment contracts must meet the standards prescribed by Uzbek law. Written employment contracts are compulsory and are usually valid for an unlimited period. Fixed-term contracts, either for five years or less, or for the duration of a project, are possible under certain conditions. The national legislation of the Republic of Uzbekistan (Constitution, Labor Code, Law on Employment) prohibits the use of forced labor.

11. Article 7 of the Labor Code stipulates that forced labor, namely compulsion to perform a work under the threat of some form of punishment (including as a means of labor discipline) is prohibited. The Labor Code (article 7, part 2) provides a list of exceptions to this rule. A work is not considered as forced labor if it is required: (i) on the basis of legislation on compulsory or alternative military service; (ii) in cases of emergency; and (iii) as a consequence of a conviction in a court of law and in other relevant cases provided by law.

12. Uzbekistan Government adopted fundamental Conventions concerning Forced or Compulsory Labor (No.29) and the Abolition of Forced Labor (No.105). The comprehensive measures were taken to implement these Conventions. The necessary legal and institutional

framework to prevent forced labor was established and being constantly improved. These state provisions are in full compliance with the ILO Conventions on forced labor. The national legislation of Uzbekistan established punishment for use of forced labor (articles 51 and 491 of the Administrative Code, articles 135, 138, 148 of the Criminal Code).

13. The labor relations are covered by a general agreement between the Government, trade unions and employers, as well as other 86 sectorial and 14 territorial agreements. The working conditions at enterprises and organizations are regulated by more than 93 thousand collective agreements, which cover today 96% of all legal entities employing trade unions members.

14. All collective agreements contain provisions on observance of labor rights, including protection from forced labor in accordance with the ILO Convention No. 105. The collective agreements also specifically provide that workers called upon to participate in agricultural works are paid for the work they perform and, at the same time, continue receiving the average wage for their usual job.

15. The Council of Farmers of Uzbekistan provides an extensive outreach to farmers to increase their awareness of compliance with national labor legislation and international labor norms. During men and women farmers FGDs which were conducted in the framework of different ADB, FAO and ICARDA projects from 2013 to 2016, local population and *dehkans* have confirmed that they receive equal payment for the equal job, without any discrimination by gender and age from local farmers and entrepreneurs. The employers' association and civil society institutions are also involved in activities aimed at reinforcing labor standards and their application in practice.

D. Effective Abolition of Child Labor

16. In 1992, Uzbekistan ratified the ILO Rights of Children Convention which is one of the first officially adopted international documents. The country has adopted the Guarantees of Child's Rights. In all documents related to the child's interests, the issues of securing the children's rights have been set at the level of international standards.

17. The Government of Uzbekistan adopted the National action plan to implement the ILO Conventions on forced labor. Uzbekistan regularly submits implementation reports to the ILO. An Interagency Working Group for reporting on ratified ILO Conventions and a Coordination Council on child labor and other related issues was established. It operates to prevent use of forced and child labor in Uzbekistan. The control over observance of national legislation and international norms on forced labor is also exercised by State Labour Inspection of the Ministry of Labor and Social Protection of the Republic of Uzbekistan.

18. Since 2011, the Trade Unions Federation of Uzbekistan has been conducting regular awareness raising campaign and training activities about the prevention of child labor and forced labor for farmers, education institutions, local authorities and communities. These kinds of trainings are carried out throughout the country. In addition, in the framework of social partnership the Trade Unions Federation and Chamber of Commerce and Industry of Uzbekistan regularly bring to the attention of the Government their proposals and recommendations on improving the labor conditions.

19. According to Article 77, the Labor Code, Republic of Uzbekistan, recruitment is allowed from the age of sixteen. Under the "Education Law" of the Republic of Uzbekistan, a system has been established for education that specifies 12-year education for all children which precludes

existence of underage children in the labor market. It has to be noted that in 2008 Uzbekistan ratified Convention 182 of the International Labor Organization (ILO) on prohibition of urgent actions to eliminate the worst forms of child labor and ILO Convention 138 on the minimal age for employment which is successfully implemented and practiced.

20. In accordance with Article 241, the labor Code, Republic of Uzbekistan, it is forbidden to use the labor of youth below eighteen years old in work with unfavorable working conditions, underground and other work that may harm the health, put at risk their safety or morals of this category of laborers.

21. During FGDs with men and women farmers and *dehkans* of the rural areas and semi-structured interviews with local authorities, child labor issues in the horticulture sector were not revealed. As in other countries of the world, Uzbek people explained that usually parents teach children how to grow plants and save environment from their childhood. Majority of rural people stressed that children help their parents to collect fruits in their households by their own wish and aim to help and respect the old people. People also noted that from ancient times the institute of family was very strong in rural areas and each family has its own traditions and customs as well as makhalla community. Therefore, all people take care of each child's upbringing. As participants of women FGDs of Tashkent region stated that "Bir bolaga, yeti qoshni xojayni" (uzbek verb). The meaning of this verb is that 7 neighbors are responsible for taking care and upbringing a child. Therefore, the respect and responsibility are two main things while upbringing children in rural Uzbek community from their childhood that could not be considered as a child labor.

E. Elimination of Discrimination in Respect of Employment and Occupation

22. According to Article 6 of Labor Code of Uzbekistan the discrimination in labor relations is prohibited. All citizens have equal opportunities to possess and exercise labor rights. The imposition of any restrictions or the granting of privileges in labor relations based on gender, age, race, nationality, language, social origin, property or official status, attitude to religion, convictions, membership of public associations or other circumstances related to employees' qualifications and the results of their work is unacceptable and constitutes discrimination. A person who considers that he has been subjected to discrimination at work may apply to the court for the elimination of discrimination and compensation for material and moral damage caused to him/her.

23. The Republic of Uzbekistan from the first days of its independence paying great attention to enhancing the role and advancement of women in Uzbekistan. Uzbekistan Constitution contains provisions designed to protect women's rights. Article 18 prohibits all forms of discrimination based on gender, national, religious and other grounds. Article 46 of the Basic Law reads: "Women and men have equal rights." Article 117 provides women the right to elect and be elected to representative bodies.

24. Republic of Uzbekistan joined the UN Convention "On the Elimination of All Forms of Discrimination against Women" (18 December 1979) and a number of other international instruments, including the International Labour Organization Convention number 103 of March 10, 1952 "On maternity protection "(May 6, 1993), number 111 of 1958 "On discrimination in employment and occupation "(30 August 1997), and has committed itself to carrying out a policy of non-discrimination against women. To this end it was strengthened legislation (Constitution of the Republic of Uzbekistan, the Family Code, the Labour Code, etc.), establishing the legal protection of the rights of women and to enhance its status in society.

25. During FGDs and interviews, there were no cases of women discrimination in employment or occupation. However, it is recommended to cover issues of gender stereotypes during choosing of profession by young girls. Vast majority of *dehkans* participants were teachers or nurses and employed mostly at seasonal works in agriculture sector. As a result, there is the vertical segregation in the agriculture sector labor market. About 100% of top management positions in Ministry of Agriculture and Water Resources and in the Rural Restructuring Agency are occupied by men.

Annex 4 – Progress Report as of November 2017

SOCIAL AND GENDER PROGRESS REPORT FOR
Horticulture Value Chain Development Project
ADB Loan: 3471-UZB
Prepared by Rural Restructuring Agency
under Ministry of Agriculture and Water Resources
November 2017

1. Introduction

1. The Horticulture Value Chain Development Project is being implemented in accordance with the resolution of the President of the Republic of Uzbekistan #PP-2813 dated March 2, 2017 with the involvement of ADB loan in the amount of USD 154.0 million.
2. According to the resolution the functions for the implementation and management of project, as well as monitoring and reporting during project implementation are assigned to Rural Restructuring Agency (RRA) under the Ministry of Agriculture and Water Resources of the Republic of Uzbekistan (MAWR).
3. The Loan Agreement for the implementation of the project was signed on March 3, 2017 between the Government of the Republic of Uzbekistan and ADB. The regulation on the use of the loan was approved by MAWR, the Ministry of Finance (MOF) and the Central Bank (CBU) of the Republic of Uzbekistan on March 31, 2017. As well as the Subsidiary loan agreements were signed between the Government of the Republic of Uzbekistan, RRA and with Participating Financial Institutions (National bank of Uzbekistan (NBU), Asaka bank, Uzpromstroybank, Ipak Yo'li bank, Ipoteka bank, Turonbank, Hamkorbank and Davr bank) on April 5, 2017.

2. Project Details

4. The main objective of the project is to provide a preferential loan to rural dehqan farms, agro-processing enterprises, owners and operators of refrigeration facilities, trade and logistics services, and packaging enterprises engaged in and planning to engage in the horticulture subsector.
5. The project is being implemented in the Republic of Karakalpakstan and in all regions of the Republic of Uzbekistan.
Terms of the project – 2017–2021.
The project is implemented in 2 components:
 - Component 1: "Access to credit";
 - Component 2: "Project management and implementation".

3. Main GAP features

6. According to PAM project is categorized as “effective gender mainstreaming”. It includes nine (9) gender actions, five (5) associated with the project output and four (4) related to project management and implementation.

7. In order to ensure implementation of GAP Rural Restructuring Agency recruited Mrs. Iroda Malikova as Social Development and Gender Specialist. (ADB's NOL dated 19 May 2017).

8. With the purpose of conducting a study on existing farmer enterprises in the Republic of Uzbekistan, RRA sent a letter to the regional Khokimiyats of the project areas. As a result of study it was made clear that there are 150338 farmer enterprises in 12 regions and the Republic of Karakalpakstan among which 6775 (5%) are female farmer enterprises (see table 1).

Table 1 – Profile of Farmer's Enterprises

#	Regions	Total registered farmer enterprises	Of which			
			Male farmer enterprises		Female farmer enterprises	
			Quantity	%	Quantity	%
1	Republic of Karakalpakstan	5,858	5,032	86.0	826	14.0
2	Andijan region	14,085	13,876	98.5	209	1.5
3	Bukhara region	7,540	7,398	98.1	142	1.9
4	Jizzakh region	11,396	10,678	93.7	718	6.3
5	Kashkadarya region	21,780	21,075	97.0	705	3.0
6	Navoi region	3,729	3,593	96.4	136	3.6
7	Namangan region	9,272	9,124	98.0	148	2.0
8	Samarkand region	20,397	19,158	93.9	1,239	6.1
9	Sirdarya region	6,229	6,182	99.2	47	0.8
10	Surkhandarya region	10,241	9,638	94.1	603	5.9
11	Tashkent region	16,572	15,731	95.0	841	5.0
12	Fergana region	14,493	13,817	95.0	676	5.0
13	Khorezm region	8,746	8,261	94.4	485	5.6
	Total	150,338	143,563	95.0	6,775	5.0

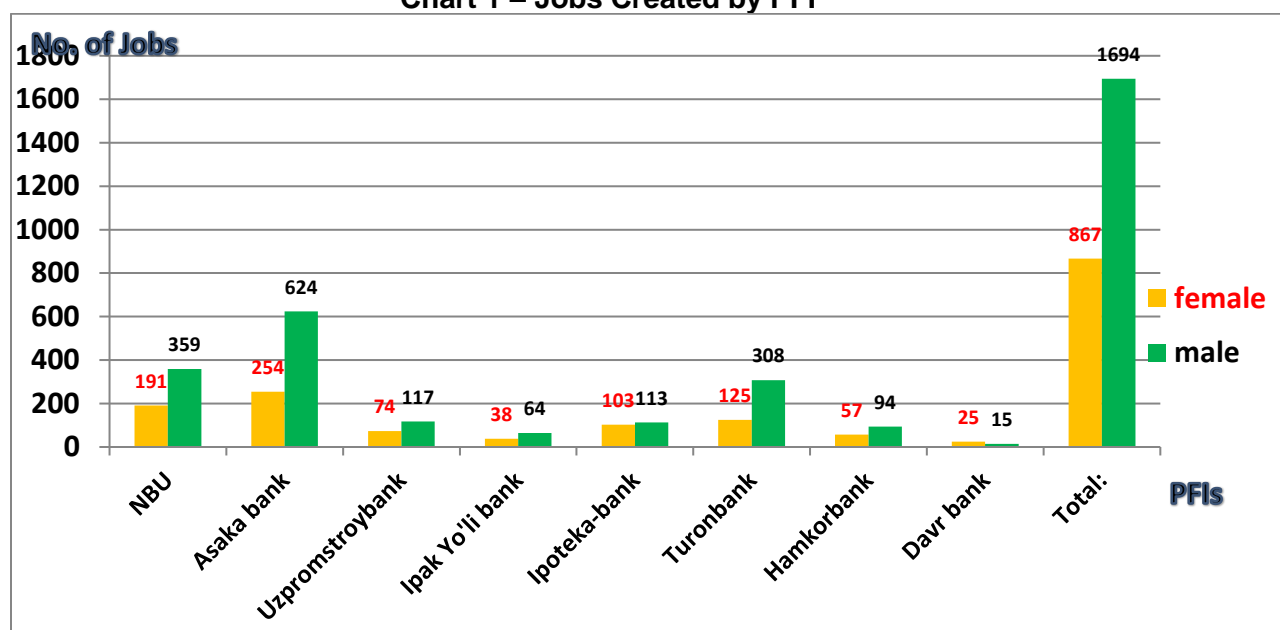
9. Moreover, RRA Gender Specialist is monitoring the progress of gender and social dimensions of the sub-projects which are being implemented in the framework of the project. RRA sent a letter to PFIs regarding follow the requirements of GAP by each subprojects.

10. According to the information of NBU, Turonbank, Hamkorbank, Ipoteka Bank, Davr Bank, in the frame of Horticulture Value Chain Development Project as of November 1, 2017,

2,561 new jobs were created among them 867 work places for females (34%). In terms of each PFI (see chart 1):

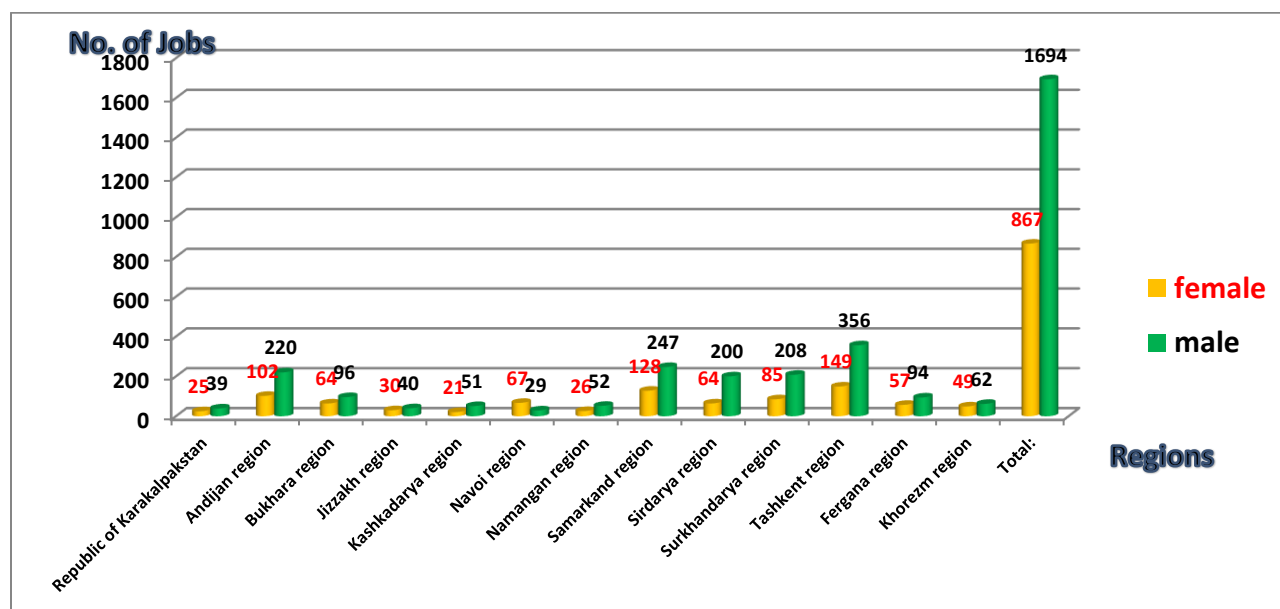
- NBU - 29 projects, created 550 working places, 185 for females (34%);
- Asaka bank - 37 projects, created 878 working places, 254 for females (29%);
- Uzpromstroybank - 11 projects, created 191 working places, 74 for females (39%);
- Ipak Yo'li bank- 8 projects, created 102 jobs, 38 for females (37%);
- Ipoteka-bank - 16 projects, created 216 jobs, 103 for females (48%);
- Turonbank - 6 projects, created 433 jobs, 125 for females (29%);
- Hamkorbank - 8 projects, created 151 jobs, 57for females (38%); and
- Davr Bank - 1 project, created 40 jobs, 25 for females (63%);

Chart 1 – Jobs Created by PFI



11. If we see this data in terms of regions (see chart 2), the most jobs created in Tashkent (505), Samarkand (375), Andijan (322), Surkhandarya (293) and Sirdarya (264) regions whereas the least jobs created in the Republic of Karakalpakstan (64), Jizzakh (70), Kashkadarya (72), Namangan (78) and Navoi (96) regions.

Chart 2 – Jobs Created by Region



12. In addition to the abovementioned activities Gender Specialist is carrying out the following activities to achieve targets / indicators of GAP:

For Project Output - Finance to Horticulture Sector Increased

(i) **ensure that horticulture-related subprojects financed by PFIs' sub loans prioritize utilization of female workers;**

13. In the framework of the project 2,561 new jobs were created, among them 867 workplaces for females (34%) and 1694 workplaces for males (66%).

(ii) **in terms of setting up Association of Women Farmers and *Dehkans***, Gender Specialist consulted with responsible hokimiyats of Bukhara, Fergana, Sirdarya, Surkhandarya, and Tashkent regions. Taking into account of existence of National Women's Committee of Uzbekistan and Council of Farmers there is no need to set up independent Association of Women Farmers and *Dehkans*, but it is recommended to consider the issue of set up the activities of Women Farmers in Bukhara, Fergana, Sirdarya, Surkhandarya, and Tashkent regions as the branches of Council of Farmers.

(iii) **set up Women's Groups (*Ustoz-Shogird*) to promote new farms and agribusiness enterprises.** It focused to create groups by the master who would study apprentices and give them opportunity to have its own skill. In collaboration with National Women's Committee (NWC) and Project Implementation Units (PIU) collected some statistic gender disaggregated baseline information. This helped to analyze the situation and monitor it. Baseline information about the businesswomen and women-farmers per district per province was collected within 3 rd. quarter of the project implementation.

14. Women's Committee of Uzbekistan and Business women's association jointly organized meetings in pilot regions and in its districts in order to gather the gender base-line information and were acquainted with the lists of disabled and poor women submitted by regional authorities and thus these women were affiliated to sustainable farmers that having their own farm

associations and was developed to implement these actions by the action plan in project regions and in their districts as Andijan (Kurgontepa), Bukhara (Olot), Jizzak (Pakhtakor), Kashkadarya (Koson and Dekhonobod), Navoi (Nurota), Sirdarya (Sardoba), Surkhandarya (Uzun and Kizirik) and Khorezm (Kushkupir). During that field trips appropriate meetings with business women and women farmers were conducted in mayor office of each district. More than 800 participants (95% females) took part in all meetings, as well as responsible staffs of Tax Committee, banks, farmers, Chair of Women`s Committee of each region, Business women`s association and Council of Farmers, beneficiaries and farmer representatives.

Workshop with business women and women farmers organized in the building of Uzun district hokimiyat in Surkhandarya region



- (iv) **disseminate success stories of Women`s Groups and Associations of Women Farmers and Dekhans.** It focused to find out famous women farmers and to publish in newspapers or journals of their experience. The study is ongoing.
- (v) **conduct gender awareness seminars/training for main stakeholders and beneficiaries of the project in the 5 regions.** The terms of references on conducting of gender awareness seminars/training is prepared and given to procurement sector to prepare the budget for organizing trainings in all pilot regions in the frame of the project.

For Project Management and Implementation

(i) Recruit national social development and gender specialist in the PMO.

15. RRA recruited Mrs. Iroda Malikova as a National Social Development and Gender Specialist in the PMO.

(ii) Ensure collection of sex-disaggregated baseline and end-line information.

16. RRA is regularly collecting needed information from PFIs and regional Khokimiyats regarding sex-disaggregated baseline/end-line information with the purpose of relevant reports preparation.

(iii) Identify gender and development focal persons at each PFI.

17. In order to ensure the adequate implementation and monitoring of gender indicators/targets stated in the GAP each PFI appointed gender and development focal persons, in particular:

- a) NBU – Mr. Allaberganov Nurbek;
- b) Asaka bank – Mr. Soliev Sherzod;
- c) Uzpromstroybank – Mr. Niyazov Sarvar Erkinovich;
- d) Ipak Yo'li bank – Ms. Abdulzade Sabina Namikovna;
- e) Ipoteka-bank – Mr. Boltayev Sherzod Mahmatkulovich;
- f) Turonbank – Mr. Abdurazzakov Alisher Abdugapparovich;
- g) Hamkorbank – Mr. Isakhodjaev Bakhtiyorjon;
- h) Davr bank – Mr. Mahmudov Gayrat Mazbudovich.

(iv) Capacity development training and consultation with PMO, and PIUs.

18. The terms of references on conducting of capacity development training is prepared and given to procurement sector to prepare the budget for organizing trainings with responsible specialists of PMO and PIUs in the frame of the project. The main goal of organizing such kind trainings is to ensure the progress toward meeting the GAP indicators and targets relating to capacity building component.