MINUTES
of first Project Board meeting of “Business Climate Improvement in the regions of Uzbekistan” joint project of UNDP and Chamber of Commerce and Industry

Date: December 26, 2018
Venue: Chamber of Commerce and Industry of Uzbekistan
Time: 11:00 – 12:30

Participants of the meeting:

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<tr>
<th>Chamber of Commerce and Industry</th>
<th>United Nations Development Programme in Uzbekistan</th>
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<tr>
<td>1. Mr. Jamshed Urakov</td>
<td>Deputy Chairman of the Chamber of Commerce and Industry of Uzbekistan</td>
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<td>2. Mr. Oleg Rijichenko,</td>
<td>Head of Department</td>
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<td>3. Mr. Mukhiddin Ishanhodjaev</td>
<td>Head of Department</td>
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<td>4. Mr. Odilbek Tursunkhujaev</td>
<td>Head of Department</td>
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<td>5. Mr. Farid Garakhanov</td>
<td>UNDP Resident Representative in Uzbekistan a.i.</td>
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<td>6. Mr. Hurshid Rustomov</td>
<td>Head of Sustainable Development Cluster</td>
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<td>7. Mr. Adham Kuchkarov</td>
<td>Programme Coordinator, SD Cluster</td>
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<td>8. Mr. Alisher Juraev</td>
<td>Project Manager, Business Climate Improvement in the regions of Uzbekistan project</td>
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<td>9. Mr. Usmo Rakhimjanov</td>
<td>Task Manager, Business Climate Improvement in the regions of Uzbekistan project</td>
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<td>10. Ms. Luiza Mirzaeva</td>
<td>AFA, Business Climate Improvement in the regions of Uzbekistan project</td>
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<td>11. Mr. Bakhodir Bekov</td>
<td>Head of Department, National Agency for Project Management</td>
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<td>12. Mr. Farhod Olimjonov</td>
<td>Head of Department, State Customs Committee</td>
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<td>13. Mr. Jamshid Hotamov</td>
<td>Head of Department, State Customs Committee</td>
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<td>14. Mr. Ziyodullo Parpiev</td>
<td>Head of Department, Westminster International University in Tashkent</td>
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<td>15. Mr. Ulugbek Kamaletdinov</td>
<td>State Committee for Assistance to Privatized Enterprises and Development of Competition</td>
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<td>16. Mr. Alisher Abdullaev</td>
<td>Head of Department, Ministry of Higher Education</td>
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<td>17. Ms. Nargiza Dusmatova</td>
<td>Mirzo Ulugbek Innovation Center</td>
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Agenda of the project board meeting

1. Opening remarks
2. Presentation of the project performance report for 2018
3. Presentation of the project work plan for 2019
4. Discussion and decisions
5. Conclusion of the meeting
6. Decisions

1. OPENING REMARKS

Mr. Jamshed Urakov, Deputy Chairman of the Chamber of Commerce and Industry of Uzbekistan, welcomed meeting participants and announced the meeting agenda. The purpose of the meeting is reviewing the project performance for 2018 and evaluate the results achieved in 2018, as well as discussing the project work plan for 2019.

Mr. Urakov noted that one of the main objectives of the project is supporting the improvement of business climate for consistent development of the private sector, growth of income and employment from entrepreneurship activities among women and youth in rural places of the country.

He stressed that wide-ranging socio-economic reform programs are being implemented in the country, in particular aimed at development of the reforms. The central authorities setting serious tasks on creating enabling environment for development of entrepreneurship, access to credit, regulations related with permits and license procedures. When visiting regions as part of working groups, there are problems observed mainly related to getting credits, obtaining land, dealing with construction permits and getting electricity.

Mr. Urakov thanked UNDP for cooperation and support and expressed hope for continuation of cooperation. The project has a lot of work to do in 2019 to assist in solving above mentioned issues in the regions. He also wished success in further implementation of the project, productive discussion and meeting.

Mr. Farid Garakhanov, UNDP Resident Representative a.i. in Uzbekistan, welcomed and expressed his gratitude to all participants of the Project Board, Chamber of Commerce and Industry of Uzbekistan (CCI), the British Embassy in the Republic of Uzbekistan,
representatives of other ministries and agencies for cooperation and supporting the implementation of the project in 2018.

He noted that Uzbekistan is undertaking widespread program efforts under the objectives of the Action Strategy for the development of priority areas of the country for 2017–2021, as well as under the Sustainable Development Goals for the period up to 2030. He also noted the importance of technical assistance provided within the project on improving business environment, particularly in the regions of the country.

Mr. Garakhanoz noted successful mobilization of resources in the amount $143,889.62 from the British Embassy to projects on supporting economic development in Uzbekistan through improving foreign trade and customs procedures, and supporting youth and women’s startup initiatives.

He made a particular note on the possibility of revising the activity of project’s second component on supporting the development of public-private partnership (PPP) mechanisms due to recent creation of the Agency for Public-Private Partnership development under the Ministry of Finance of the Republic of Uzbekistan.

He also reminded co-financing agreement signed between UNDP and the CCI, according to which CCI obliged to make financial contribution to the project implementation in the amount of $300,000 USDs. Due to the fact that first instalment of agreed funds were not made individual activities of the project were not fully implemented. He noted that the issue of CCI making its contribution to the project budget remains open and suggested clarification, since the continuation of the project is depended on the resolution of this issue.

Mr. Garakhanoz also informed participants that the Project Manager provides detailed information on the project activity results, on the implementation and achievements of the project, as well as plans for 2019. He thanked the CCI for close cooperation and support, and expressed hope for further cooperation.

2. RESULTS OF THE PROJECT ACTIVITIES IN 2018

Mr. Alisher Juraev, Project Manager, presented results of the project activities in 2018 under three components. In 2018 the project successfully attracted financial resources from the British Embassy in Uzbekistan in the amount of $143,889.62 USDs to implement project activities under all components, including promotion of economic development in Uzbekistan through improving foreign trade and customs procedures, and supporting youth and women startup initiatives in Tashkent and the regions of Uzbekistan. At the same time, project also developed concepts of three new projects and submitted to potential donor agencies (British Embassy and TIIA) to mobilize additional funds for the project.

He informed that the planned budget for 2018 was $203,500 and despite the late start of the project, the project managed to deliver $175,508 (86.2%) of the budget.
Mr. Juraev said that the following activities were carried out under the three components of the project:

Component-1:

- Survey of CCI Business Facilitation Centers in all regions of Uzbekistan was conducted to study quality and scope of provided services. Based on the survey results policy brief with relevant recommendations was prepared and submitted to National Agency for Project Management under the President of the Republic of Uzbekistan and the Cabinet of Ministers of Uzbekistan;
- A survey among export/import companies, customs brokers and other participants in foreign economic activity was developed and conducted in order to study problems in foreign economic activity. Based on the survey results and study of international experience, the following policy briefs were prepared with relevant recommendations:
  - Policy brief on progressive foreign experience in improving customs regulation and simplification of customs procedures;
  - Policy brief on improving Uzbekistan’s position in ‘Trading across Border’ section of the World Bank Doing Business Report;
- Jointly with the State Customs Committee a workshop was conducted with participation of representatives of state bodies, large businesses, and other participants of foreign economic activity to discuss introducing Authorized Economic Operator institution in Uzbekistan;
- Jointly with CER and number of UNDP projects, international scientific and practical conference was organized and issues of improving the competitiveness of Uzbek producers in foreign and domestic goods and services markets. As follow up to the event, recommendations were prepared on improving the customs administration system and free economic zones in Uzbekistan;
- Jointly with the CCI and Uzbek Embassy in Austria, three-day training seminar was organized for more than 30 representatives of the State Customs Committee, Ministry for Foreign Trade, National Agency for Project Management under the President of Republic of Uzbekistan and other state bodies;
- In partnership with the CCI, State Customs Committee, National Agency for Project Management, Prosecutor General’s Office and Uzbek Embassy in Vienna, a study tour to Austria and Hungary was organized to learn best practices of the European Union in administration and regulation of customs activities;
- Jointly with the CCI and UNDP “Support to Investment Climate Improvement in Uzbekistan” project, an investment guide for Kuyichirchik district was developed and published. The guide was presented and distributed to local and foreign companies during the investment forum in Tashkent region in September 2018. Manual on development regional investment guides was prepared based on the study of best local and international experience of preparing investment guides;
- Additionally, in cooperation with UNDP’s "Support to Investment Climate Improvement in Uzbekistan" project investment guides for the Kashkadarya, Surkhandarya and Sirdarya regions were developed.

Component-2:
- Jointly with CCI experts, a concept of the PPP Expert Council on development of PPP and a strategy for supporting PPP projects by CCI is developed;

Component-3:
- A regulation on conducting youth startup initiatives contest and support programme was developed and approved by 6 ministries, including CCI, Ministry of Innovative Development, Youth Union, Ministry of ICT, Ministry of higher education, State Committee for Assistance to Privatized Enterprises and Development of Competition.
- Jointly with the Ministry of Innovative Development and the Youth Union, third cycle of the youth startup support programme was implemented, ensuring the participation of young people and women from all the regions of the country. 510 applications were received (247 from Tashkent and 263 from the regions), 268 projects were interviewed (146 from Tashkent and 122 from the regions). Intensive and complex seminars were organized in four regions of the country with the participation of more than 250 members of 95 startup project teams throughout Uzbekistan (32 in Tashkent, 26 in Fergana, 21 in Samarkand, and 16 in Nukus);
- 18 projects, of which 13 from Tashkent and 5 from the regions (24%) presented their projects to potential investors on Demo Day and 5 projects received grant funds in the amount of 200 million UZS from the Ministry of Innovative Development. Startup project teams also received free access to work places at coworking centers, and other prize awards for development of their startups;
- Drafts of five toolkits are developed on setting up and development of a small business, including 1) How to start a small business and preparing business plans, 2) Finance for small business, 3) Marketing for small business, 4) PR for small business, and 5) Social networks for small business development.

3. PROJECT WORK PLAN FOR 2019

Mr. Juraev presented project activity plans for 2019, which include implementation of the following activities under the three project components:

Component-1:
- Continue the implementation of analytical work (studies, surveys, development of policy briefs and recommendations) to support national partners (CCI, NAPU, SCC, etc.) to improve Uzbekistan’s position within the ‘Trading across borders’ ranking of the Doing Business ranking. Examples of envisaged work include analytical work
on introduction of Authorized Economic Operator, development of a mobile application to simplify and speed up customs inspections, etc.;

- Organization of a series of seminars and trainings to improve capacity of national partners, including organization of a training seminar in February with the participation of expert from the Austrian Customs Service;
- Organization of discussions and conferences to disseminate the results of analytical work;

Component-2:
- Assist Chamber of Commerce and Industry with development of regulatory framework (by-laws) on PPP;
- Preparation of methodological learning materials;
- Developing concept of PPP web portal under the Chamber of Commerce and Industry;
- Conducting trainings on PPP for Chamber of Commerce and Industry specialist and representatives of relevant government agencies and organizations supporting business development in Uzbekistan;
- Organization of study tour to UK to learn best practices in the field of PPP;

*These plans can be implemented if and when the British Embassy in Uzbekistan approves the application for funding submitted by the project in November 2018.*

Component-3:
- Conducting further cycles of startup support programme among youth and women, ensuring greater participation of the regions;
- Preparation of analytical report and recommendations on alternative sources of financing of innovative entrepreneurial initiatives in Uzbekistan;
- Preparation of 5 toolkits for publishing on development of small businesses: 1) How to start a small business and prepare business plans; 2) Finance for small business; 3) Marketing for small business; 4) PR for small business; 5) Social networks for small business;
- Provide methodological support to Chamber of Commerce and Industry in creating business incubators in the regions (assistance with developing training and consulting services);

4. DISCUSSIONS AND DECISIONS

*Mr. Bakhodir Bekov, Head of Department of National Agency for Project Management under the President of the Republic of Uzbekistan,* noted that in connection with the liberalization of foreign economic activity there is a need to improve technical regulations based on study of international best experience, to streamline technical regulation of fruits
and vegetables, to improve customs procedures, enhance structure of customs regulation, especially the ‘front office’ of Customs Committee in the regions.

He also noted that despite the taken measures Uzbekistan’s position in Doing Business in 2018 has fallen, therefore the project is called to examine the reasons for non-compliance of legislative acts in the regions. He suggested studying other indicators, so-called KPI of ministries and agencies as ranking is linked with performance of ministries and agencies in fulfilling their tasks and functions, including those related with getting a credit. He also proposed to continue work on supporting youth startup initiatives, and to strengthen cooperation with the foundations of the Ministry of Innovation Development and the Youth Union, including the Digital Trust Foundation, which was recently created at the National Agency for Project Management under the President of the Republic of Uzbekistan.

Mr. Mukhiddin Ishankhodjaev, Head of Department of Chamber of Commerce and Industry of Uzbekistan, noted that the issues of PPP development are identified as priority task of CCI and CCI is mandated to make proposals for PPP development. In addition, a cooperation between the Agency under the Ministry of Finance and CCI is established and CCI is a member of the working group on development of regulatory acts on PPP. He also noted the active participation of the CCI in the working group and activities of the United Nations Economic Commission for Europe, as well as in the work of RIA of PPP regulations, and pointed the need to continue and increase the work within the framework of the joint project.

Mr. Ziyodullo Parpiev, Head of Department of Westminster International University in Tashkent, suggested to strengthen the project work in the regions, as the business environment is different in the regions, and called for more emphasis to be placed on studying the application of legislative acts on the fields.

Mr. Jamshed Urakov noted the importance of the project’s work in the regions and pointed out the need to provide methodological assistance to Business Facilitation Centers in the regions in assessing the potential of the region and developing proposals for Khokimiyats for improving business environment and developing entrepreneurship that would contribute to improving rankings of the regions. He called on the project to work in less developed regions, where unemployment is above the country average, particularly supporting youth startup initiatives.

He also noted the importance of publishing guides on investment potential of the regions to provide information and suggestions to potential investors coming to the regions.

Mr. Garakhnov noted that lagging individual regions is observed in many countries and suggested studying best international experience in dealing with such challenges, such as providing preferences to regions, and use tested approaches in working with lagging regions.

Mr. Farhod Olimionov, Head of Department of State Customs Committee noted the positive impact of studying international experience, especially the experience of developed
countries, for the improvement of the State Customs Committee activities, including introducing modern systems of interaction with participants of foreign economic activity, establishing contactless automated systems to speed-up processes and simplify customs procedures.

Mr. Bakhodir Bekov stressed the importance of knowledge of the Russian and English languages, as well as the introduction of automated systems to simplification and ensuring transparency of customs procedures. He also pointed out that problems with business environment in the regions were related to administrative issues, highlighted the importance of developing investment guides for the regions, the need to improve official statistics and harmonize the system with international standards.

Mr. Hurshid Rustamov, Head of Sustainable Development Cluster of UNDP Uzbekistan noted that under another UNDP project “Support to Investment Climate Improvement in Uzbekistan” the reasons for lagging behind on three worst indicators of Uzbekistan in the World Bank’s Doing Business ranking are currently being studied. The results of the analysis will be available as soon as the work is completed. He also asked the meeting participants to contribute to better coordination of technical assistance efforts of donor organizations in the area of business and investment climate improvement and regional development in order to avoid duplication of work and to increase the effectiveness of donor assistance.

5. CONCLUSION OF THE MEETING

Mr. Jamshed Urakov summarized the main points of the Project Board Meeting and thanked all the participants for their active participation, constructive comments and suggestions, and expressed the readiness of Chamber of Commerce and Industry to provide necessary support for successful implementation of the project.

Mr. Farid Garakanov also thanked all participants for their active participation in the meeting and expressed the hope that in the near future UNDP and the Chamber of Commerce and Industry would come to a common decision on making financial contribution to the project budget by CCI.

6. DECISIONS TAKEN

1. Approve the results of the project performance in 2018;

2. Resolve the issue on CCI’s contribution to the project in accordance with the project financing agreement until the end of 1st quarter of 2019;

3. Approve the budget and the overall project work plan for 2019, taking into account the contribution from the CCI;

Approved by:

Jamshed Urakov
Deputy Chairman of the Chamber of Commerce and Industry of Uzbekistan

[Signature]
(Date)

Approved by:

Farid Garakhanov
UNDP Resident Representative in Uzbekistan a.i.

[Signature]
(Date)

Agreed with:

Hurshid Rustamov
Head of Sustainable Development Cluster, UNDP Uzbekistan

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Prepared by:

Alisher Juraev
Project Manager

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