

**United Nations Development Programme
Country: Uzbekistan
Project Document**

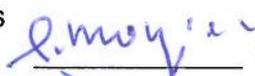
Project Title	Support to the Development of the Microfinance Sector
UNDAF Outcome(s):	UNDAF outcome 1: Strengthened national and local level capacity to develop, implement and monitor strategies for improving living standards
Expected CP Outcome(s):	Sustainable human development policies to improve livelihoods and access to social services by the poor developed
Expected Output(s):	Strengthened capacity of the Government in cross-sectoral policy analysis and formulation
Implementing Partner:	General Information Analytical Department of the Cabinet of Ministers
Responsible Parties:	Senate, Legislative Chamber of Oliy Majlis, Central Bank of Uzbekistan, National Association of Microfinance Organizations and Credit Unions (NAMOCU), GTZ, ADB, IFC and microcredit organizations

Brief Description

The project aims to enhance microfinance movement by assisting in re-drafting the legislation to reduce regulatory burden and improve access to finance for the rural poor (this segment of population has a particular difficulty accessing credit because of high interest rates and lack of collateral), and consolidating efforts of all stakeholders including relevant government agencies and support of international donor and financial institutions in a targeted technical assistance. The ultimate objective of the project is to facilitate the establishment a viable, effective and sustainable microfinance sector by consolidating efforts of all stakeholders including relevant government agencies and support of international donor and financial institution.

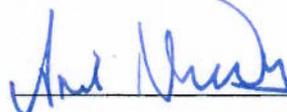
Programme Period:	2005-2009	2009 AWP budget:	USD 45,500
Key Result Area (Strategic Plan):	Promoting inclusive growth, gender equality and MDG achievement	Total resources required	USD 650,000
Atlas Award ID:	00057824	Total allocated resources:	USD 650,000
Project ID:	00071580	Regular	USD 650,000
Start date:	July 15, 2009	Other:	
End Date:	December 31, 2011	Government in-kind	(office space, furniture, telephone lines)
PAC Meeting Date	July 6, 2009		
Management Arrangements	NIM		

Agreed by the Cabinet of Ministers
of the Republic of Uzbekistan:



Mr. Fazletdin Bokiev, Head of the General Information-Analytical Department

Agreed by UNDP:



Ms. Anita Nirody, Resident Representative 



I. SITUATION ANALYSIS

Since 2004, the economy of Uzbekistan has been growing at a stable rate exceeding 7%. Economic growth has been mainly driven by strong demand for country's major exports – gold, copper, cotton, natural gas, machinery production, and chemical and light industries. Yet, as various studies have demonstrated, the current level of economic development remains considerably behind the potential capacity, largely due to structural disproportions in the economy and problems in the job market, which is decreasing the impact of economic growth on the welfare of the population.

With a rapid increase in labor migration in recent years, remittances (predominantly coming from Uzbeks working in Russia and Kazakhstan) have become an important source of income for the poorest households. However, deteriorating economic situation in these countries, due to global financial and economic crisis, resulting in a decline of remittances is affecting the social safety nets of the most vulnerable groups in the regions throughout Uzbekistan. This is likely to have considerable impact on the income generation capacities of rural habitants, where approximately 30% of the population is described to be living below the poverty level.

The implications of the above issue might be even deeper due to the lack of effective financial intermediation system that could facilitate targeted assistance to the vulnerable groups, thus, emphasizing the limited access to financial services in Uzbekistan as one of the obstacles to income generation activities of the population. International practice indicates that in such cases microfinance organizations might serve as a vehicle for economic development acting as a source of knowledge and advice for residents of remote rural areas on the fundamentals of starting up and running a business, as well as getting access to financial resources.

This has been acknowledged by the Government in the Welfare Improvement Strategy (WIS) for the period 2008-2010 and respective policy directions have been identified, which include (i) expanding the banking network by establishing financial institutions in the regions and (ii) creating conditions for the development of microfinance institutions (MFIs) to provide loans to individuals and medium-small enterprises.

Currently, the major providers of microfinance, which is a considerably underserved market in Uzbekistan, are commercial banks (focused on higher value transactions – average size of a loan of over US\$ 2,500), credit unions (lower scale transactions – average loans of up to US\$ 1,213) WOCCU website and microcredit organizations (MCOs) (low-scale transactions with an average loan of US\$ 145)¹. Pawnshops are not significant market players yet as they have begun operation quite recently. Add credit union association

Until 2006 the range of institutions offering microfinance services in Uzbekistan included banks, credit unions and a number of international NGOs and projects. A general lack of clarity in the legislation, however, created the need for a variety of restrictions. In mid-2006, two new laws – “On Microfinance” and “On Microcredit Organizations” – were enacted in order to provide a legal basis for the operation of non-bank lending institutions. Hence NGO-type MFIs were required to register under the new legislation. Since then, several MFIs including FINCA, Barakot and FVRM have closed entirely while others have reduced their outreach. Re-registration of remaining MFIs changed their status from NGO to MCO (i.e. Microcredit Organization). In terms of the outreach to the poor and provision of services in the rural areas, MCOs are best suited but have smaller assets base.

Another major development occurred in May 2006 when the Government decided to re-organize the state-run Tadbirkor Bank into the first specialized Mikrokreditbank to offer advisory and microfinance services, including loans at a subsidized interest rate of 5%, to a broad range of customers. Today Mikrokreditbank is the largest bank-type MFI with 78 branches nationwide serving 140,000² clients (as of January 2009) and with total assets of 181 bln UZS³. However, strict collateral and legal status requirements added with requirement of opening a main bank account with the Mikrokreditbank continue to constraint its opportunities to expand the access of small and micro enterprises, small farms and individual households to microfinance services of the bank.⁴

In Uzbekistan the first micro-credit programs were initiated by the United Nations Development Program (UNDP) in 1998 through the implementation of two pilot projects in the Kashkadarya and Karakalpakstan regions which launched the first MFI-NGO type institutions. These projects aimed to improve access to financial resources among the low-income groups to support their trade, small-scale production, and micro-business activities. Additional support from other donors led to establishment of other microfinance organizations peaking at 14 in 2005. Major upheavals in

¹ Technical note on microfinance, World Bank April 2007

² As of January 19, 2009. Retrieved from <http://www.mikrokreditbank.uz/?q=ru/node/139>

³ Avesta Investment Group “The review of main economic events” January 25, 2008.
<http://avestagroup.com/lib/ud/08/en/01/ud080125e.pdf>

⁴ Development of Microfinance Organizations in Uzbekistan. ADB Finance for Poor, March 2008

microfinance delivery followed shortly after due to the expiry of the legal regulations and accusations of tax and procedural violations.

Despite the positive trends and developments, microfinance is still at the initial stage of development and characterized by the following:

- Microlending is concentrated within the banking sector. The primary suppliers of microfinance services are several commercial banks (with credit facilities extended by EBRD and ADB) and the state-owned Mikrokreditbank targeted mainly to support the financing needs of medium businesses;
- The loan repayment rate in Uzbekistan is 97% - 100%, which is in line with other microfinance activities worldwide. Loan maturities are on average up to one year. The interest rate charged per month is low in comparison to commercial bank lending: 5-7% from a Credit Union, 4-5% by MCOs, and 1.2-2% by Mikrokredit Bank. Yet based on international comparison of comparable institutions worldwide, the interest rate levels at Central Asian MFIs are among the highest. An interesting fact is that financial revenues of MFIs are highest in Uzbekistan, reaching up to 70% with annual effective⁵ interest rate close to 80% which is "higher than all but few inflationary markets in Africa" (MIX, 2006, p.12). One explanation for such a phenomenon lies in the high cost of microcredit, largely reflecting the higher effective cost of finance in the market and the still limited options for borrowers.
- Demand for microfinance services totals to 500 million USD⁶ and is largely unmet ;
- State program of microfinance sector development (2007-2010) has a short-term focus and does not reflect strategic outlook for the development of the sector. According to the document, adopted in June 2007, the Government expects the number of microfinance organizations and credit unions to increase to 97 and 62 respectively by the end of 2010. Moreover, Mikrokreditbank is designated as the sole recipient of external donor financing to be distributed to microfinance organizations on a competitive basis;
- Legal framework needs to be improved to enable development of non-commercial non-government microcredit organizations (NGO-MCOs), which traditionally work in hardly-reached areas and in small communities. Currently, MCOs satisfy only 0.01% of the demand for microcredit⁷. Sector development would further benefit from removing the remaining weaknesses in the legal and regulatory framework, taxation of profits and strengthened financial intermediation of MCOs;
- Credit unions have proliferated following the adoption of the law "On Credit Unions" in 2002. Taking into account that World Council of Credit Unions assisted in drafting credit union legislation, (i) all provision has permitted the development of CUs as effective financial intermediaries, (ii) lending is mainly financed from attracting deposits and equity contributions and (iii) less dependency from any foreign donors
- There is no supporting infrastructure such as credit rating agencies, rating agencies, accounting or auditing services suitable for enhancing microfinance businesses;
- Newly established National Association of Microfinance Organizations and Credit Unions (NAMOCU) would greatly benefit from technical assistance to facilitate dissemination of best national and international practice;
- The potential contribution of microlending to socio-economic development, job creation and the growth of private enterprises in small cities remains undervalued, as does the positive effect of microfinance on the amount of informal lending and the transparency of private enterprises;

II. STRATEGY

The project represents a logical continuation of the accumulated experience in the implementation of microfinance programs and will contribute towards achieving UNDP's Country Programme output on *strengthened capacity of the government in cross-sectoral policy analysis and formulation*. Enhancement microfinance movement by assisting in re-drafting the legislation to reduce regulatory burden and improve access to finance for the rural poor (this segment of population has a particular difficulty accessing credit because of high interest rates and lack of collateral) through MCOs will complement Government's efforts in creating additional income-generating opportunities, especially in lesser-developed rural areas of the country.

⁵ Effective here implies annual compounded interest rate in nominal terms

⁶ Technical note on microfinance, World Bank April 2007

⁷ According to NAMOCU

In particular, Inter-agency group (Steering Committee) will be established to ensure the delivery of the expected results and include representatives of the Cabinet of Ministers, Central Bank, Ministry of Finance, Ministry of Economy, Ministry of Labour and Social Protection, standing parliamentary committees, NAMOCU, Chamber of Commerce, Microfinance Center, UNDP and other international organizations. It will coordinate and consolidate the efforts of various national and international organizations. An effort will be made to ensure gender balanced composition of the group.

The Committee's operations will be supported by a support/analytical team, composed of several national experts and international consultants on microfinance. International consultants will provide overall guidance of research and advisory work on adapting international best practices to the local conditions.

The ultimate objective of the project is to facilitate the establishment of a viable, effective and sustainable microfinance sector by consolidating efforts of all stakeholders including relevant government agencies and support of international donor and financial institutions under a single project by:

- 1. Facilitating a broad-based policy debate and advocacy on the social impact of microfinance, setting priorities for microfinance development and the legal arrangements enabling the sustainable growth of the national microfinance sector with a variety of microfinance institutions**

Expected outputs:

- A long-term Concept of Microfinance Development in Uzbekistan based on a thorough and forward-looking diagnostics of the pro-poor financial sector
- International Conference on microfinance organized jointly with donors and Government etc.
- Draft recommendations and amendments to the Laws "On microcredit organizations" and "On microfinance"

The support team will assist the Committee in formulation of the Concept of Microfinance Development in the Republic of Uzbekistan that will be based on a diagnostic study of the microfinance sector, including an overview of the regulatory impact assessment of adopted laws applicable for the sector, institutions, services, products, demand, supply and an analysis of the main barriers and constraints, including in each case the assessment of laws and adopted practices on both genders. The concept will also identify the applicable international best practices and formulate the principles, approaches and policies for microfinance development in Uzbekistan. As a step towards the adaptation of relevant international practices, an international conference/policy forum will be organized, focusing on the role of the state in the development of microfinance in the country.

This concept will represent a baseline assessment of the microfinance sector in Uzbekistan, define the goals, objectives and expected outcomes, and define the arrangements for monitoring and evaluation. The concept will examine the situation in the microfinance sector and contain recommendations addressing the following issues:

- Improvement of the legal and regulatory environment for microfinance organizations concerning all aspects of their work, such as registration, financing, taxation, oversight, and operational management;
- The list of legal acts to be developed and amendments to existing laws and regulations to be made;
- Development of microfinance supporting infrastructure and new institutions (credit rating agencies, insurance and leasing companies, training centers etc.);
- Coordination among the banking and non-banking sectors ;
- Government support for microfinance institutions serving low-income customers, micro-enterprises, small farmers and other economic agents, particularly in small cities and rural areas.

Throughout the project implementation an active public awareness campaign on social importance of microfinance for government officials and other national stakeholders, activity and achievements of the project is envisaged, involving all interested stakeholders and counterparts through various instruments, including publications, round table meetings, seminars and conferences.

Strengthening the regulatory and supervisory capacity of the Central Bank in creating a framework that promotes effective governance, transparency and disclosure, and increased competition and soundness of MFIs

Expected outputs:

- Draft regulations and guidelines on regulation and supervision of microcredit organizations;
- Draft regulations and guidelines on simplified accounting and reporting for MCOs
- MIS for off-site supervision updated with a particular focus on MCOs and tested

The project will also work on improving the legal and normative framework for microfinance organisations by assisting

the Central Bank of Uzbekistan with:

- Streamlining registration of credit unions' and microcredit organizations' branches;
- Simplifying accounting requirements for microcredit organizations;
- Allowing for portfolio classification and maintenance of loan loss reserves on non-performing loans in microcredit organizations;
- Improving the reporting system for credit unions and microcredit organizations, including the development of remote supervision and surveillance systems and mechanisms;
- Technical support and capacity building programs for the Bank officials;
- Developing and implementing transparent policies for government's corrective and disciplinary measures with respect to credit unions and microcredit organizations;
- Designing and conducting appropriate trainings and seminars for the representatives of CBU, stakeholders and microcredit organizations in the regions on establishing microcredit organizations, enforcement and use of developed instructions and regulatory acts.

The project will coordinate assistance efforts with regional GTZ microfinance project to avoid duplication and overlapping.

2. Building a sustainable system of microcredit organizations and institutional capacity building of NAMOCU

Expected outputs:

- Workshops on modern microfinance conducted by trainers and consultants from Microfinance Center (MFC), (Poland);
- Microfinance Guide and new training modules developed, tested and introduced at the Training Centre of National Associations of microfinance organizations of credit unions (NAMOCU);
- National instructors prepared to provide training and advice on various aspects of microfinance;
- New microfinance products developed based on the social performance indicators elaborated by MFC and piloted;
- Quality, transparency and social performance indicators (including reporting on MIX Market) and standards are introduced for NAMOCU member organizations;
- Investment promotion in microcredit organizations, either directly from private investors and development finance institutions, or through the creation of a local wholesale investment fund (Microfinance Development Fund) dedicated to financing the sector

Project will be implemented in close collaboration with the National Association of Microcredit Organizations and Credit Unions (NAMOCU). Typically associations help to monitor compliance with professional and regulatory standards, compile useful industry information, and provide commentary on existing legal/regulatory framework and technical assistance/training to help MCOs with compliance requirements. By doing that NAMOCU will support the Government's efforts to improve access to finance as a part of larger efforts to reduce poverty.

Mikrokreditbank, MCOs and other interested parties will benefit from training workshops involving experts from microfinance training centres in Russia and other European states. A list of microfinance-related courses offered by various education and training centres over the world was collected and short-listed by the potential project stakeholders at the pre-project stage. The participants will get acquainted with the international experience of microfinance programs (specific features, approaches, trends, innovative products) and services, methods of microloan prompt analyses, risk assessment.

In addition, a cadre of instructors and trainers will be prepared, who will take over the conduct of training workshops and the provision of advice on different aspects of microlending. Jointly with the Banking Finance Academy and trainers on microfinance, project consultants will develop training programmes and course materials (teacher and student kits, multimedia presentations, etc.) on various aspects of microfinance, and put together instructional packages on creating and managing non-banking microfinance institutions.

Partnership strategy

Considerable external assistance has been provided by various international donors and development financing organizations, including UNDP to support microfinance sector development since 1998. UNDP's support to microfinance initiatives is anchored in the organizational commitment to promote the inclusive market development, which is an overarching theme of the recent Private Sector Strategy of UNDP (2007). Supporting inclusive financial markets is one of the components of making markets work for the poor. Under inclusive financial markets, UNDP sees and supports financial services that are accessible to all, particularly to poor and low-income people, including short and long-term credits, insurance, mortgages, etc. This comes from the recognition that the lack of access to financial

services for the majority of the population is a major obstacle in achieving the MDGs in the countries where UNDP works.

This project will build upon sector developments and progress achieved up-to-date. In close collaboration with NAMOCU, project team on behalf of UNDP will continue coordination with the agencies during the implementation of the project to ensure effective allocation of resources and to avoid duplication of efforts. Sector projects include the Regional Microfinance project of Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), United States Agency for International Development (USAID)-funded programs CAMFA project and Uzbekistan Credit Unions Development Project financed by Asian Development Bank (ADB). Additional information on these projects and planned assistance is provided in the following:

Funding agencies/donors	Programs/project	Budget	Year
GTZ	Microfinance Development in Central Asia/Regional TA Programme	EUR 2.800.000	2008-2010 (1 st phase) 2010-2014 (2 nd phase)
ADB	Small And Microfinance Development Project/Loan	US\$ 20,000,000	2006-2012
ADB	Technical assistance to credit unions	US\$ 600,000	2008-2009
IFC	Credit Bureau Development		2008-2009
European Bank for Reconstruction and Development (EBRD)	Microfinance Bank of Uzbekistan - Feasibility Study in Uzbekistan	US\$ 130,000.	2006
USAID/ACDI/VOCA	CAMFA	US\$ 4,850,000	2002-2009
USAID/WOCCU	Uzbekistan Credit Union Development	US\$ 5,700.000	2002-2010
EU/MFC	Financial education for poor		2009- 2011
MFC	Microfinance Social Performance Assessment		2009 -2010

There are many other initiatives that are important for microfinance and small business development as well as income & employment generation that could eventually be incorporated into or linked with this project, such as public finance reform and tax administration; formulation of regional and local development strategies through joint EC/UNDP.ELS project (Enhancement of Living Standards) At the initial stage of cooperative initiation, solving key problems of the sector such as taxation and accounting system would unite most of the intervention efforts within these projects for promoting diversified and sustainable microfinance sector in Uzbekistan.

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework: Outcome 1. Strengthened national and local level capacities to develop, implement and monitor strategies for improving living standards and reducing poverty						
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: Indicators: National strategy for improving living standards launched with clear national and regional targets for poverty reduction and achievement of MDGs Baseline: Government has created an inter-agency committee to coordinate the elaboration of a mid-term strategy for improving of living standards Target: MDGs integrated into national strategy for improvement of living standards						
Applicable Key Result Area (from 2008-11 Strategic Plan): Promoting inclusive growth, gender equality and MDG achievement						
Partnership Strategy Implementing Partner – Central Bank of Uzbekistan; Responsible parties: UNDP, Cabinet of Ministers, Legislative Chamber of Oliy Majlis; National Association of Microfinance Organizations and Credit Unions (NAMOCU) and microcredit organizations; Co-financing of the selected project activities –GTZ, ADB, IFC, MFC, CAMFA						
INTENDED OUTPUT(S)	OUTPUT BASELINE(S)	OUTPUT INDICATOR(S)	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Output 1: Development of a strong and viable microfinance sector through creation effective legal, regulatory, and supervisory environment and increase capacity of professional microfinance network (National Association of microfinance organizations and credit unions)	Baseline I: Although microfinance is considered to be an effective tool in reducing poverty and creating economic opportunities according to the medium term national development strategy (WIS), a detailed plan of actions for the government to support development of the microfinance in long term is missing	Indicators: 1.1. Comprehensive assessment of the pro-poor finance sector conducted 1.2. Draft Concept note for the microfinance development in Uzbekistan prepared 1.3. Number of government officials trained on best practices of microfinance development 1.4. Number of policy recommendations on the improvement of microfinance practice in the country 1.5. Number of amendments to the Laws "On microfinance", "On microcredit organizations", "On consumer loans" 1.6. Number of round tables and seminars	Targets -2009 1.1 Inter-agency group (Steering Committee) with support team to work on improving legislation and preparation of the Draft Concept note for the microfinance development in Uzbekistan are set up, trained and functioning (at least 30% of the opposite gender in membership) 1.2 Program on raising awareness on social performance of microfinance with component on women's rights and confidence building for general public, microfinance specialists and authorities is designed and launched 1.2 Comprehensive assessment of the microfinance sector is carried out with gender-disaggregated data 1.3 At least 150 members of Legislative Chamber of Oliy Majlis, Senate and other state agencies are better aware of international practices and social importance of microfinance (at least 30% of the opposite gender participants) Targets 2010 1.2 Draft Microfinance Development Concept is prepared and submitted to the Government	Activity Result 1: Draft Concept note for the microfinance development in Uzbekistan and amendments to the legal and regulatory framework are submitted for the consideration of the Government 1. Develop TOR for a team of international and national experts on development the Draft Concept note on microfinance development 2. Form a team of experts to develop draft amendments for re-drafting the Laws "On microfinance", "On microcredit organizations" 3. Organize Steering Committee and respective working groups 4. Develop a strategy of public awareness raising programme on social importance of microfinance with component on women's rights and confidence building (goals, outreach and methods) 5. Organize consultative meetings of inter-agency working group and support team, elaborate an action plan, define milestones, distribute tasks among team members and ensure their timely fulfillment;	Cabinet of Ministers; Legislative Chamber of Oliy Majlis; Central Bank; Ministry of Economy; NAMOCU; Microfinance Centre for EU and NIS (MFC); CGAP; GTZ; ADB; IFC	•travel; •workshop and training seminar logistics; •resource persons/consultants •printing; •communications; •staff time Total for Activity 1 – \$ 232500 2009: \$ 12,500 2010: \$ 130,000 2011: \$ 90,000

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		<p>organized</p> <p>1.7. Regional International Conference conducted</p> <p>1.8. Number of members of Oliy Majlis participated</p> <p>1.9. Number of public awareness events conducted on discussion the Draft microfinance Development Concept</p> <p>1.10 Number of journalists trained</p> <p>1.11. The Journalist contest conducted</p>	<p>for consideration</p> <p>1.3 International regional Conference conducted with participation of at least 30 Government officials (at least 30% of the opposite gender participants)</p> <p>1.4 At least 2 policy papers prepared on microfinance development</p> <p>Targets 2011</p> <p>1.5 At least 4 draft amendments/re-drafting suggestions to the Laws "On microcredit organizations" and "On microfinance" prepared and submitted to the Government for consideration</p>	<p>6. Conduct a comprehensive baseline analysis/survey of the microfinance sector to identify gaps and inconsistencies, including gender gaps</p> <p>7. Conduct diagnostic assessment of existing legislation and regulatory framework of microfinance activity to identify gaps and inconsistencies in line with CGAP standards</p> <p>8. Conduct base-line analysis of MCOs to assess their outreach (women and men beneficiaries), operational procedures, and financial sustainability;</p> <p>9. Organize discussions/roundtables to facilitate consensus on substance and participatory approach among stakeholders on the Draft Concept note for the microfinance development in Uzbekistan with a particular focus on MCOs</p> <p>10. Organization of competition on the best article, radio and TV programmes on microfinance among journalists</p> <p>11. Organize up to 2 comprehensive workshops for government officials on best practices in microfinance development jointly with MFC</p> <p>12. Organize the Regional Central Asia Conference jointly with GTZ and ICCO</p> <p>13. Facilitate the participation of government officials in the Annual Policy Forum organized by MFC in Krakov, Poland (at least 30% of the opposite gender participants)</p> <p>14. Prepare policy papers on further development of the microfinance sector and improvements in the legal and regulatory framework</p>		
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	<p>Baseline II: Lack of effective legal and regulatory framework and capacities, which would adequately support the development of microfinance practice in the country</p>	<p>Indicators:</p> <p>2.1. Number of regulatory acts and simplified reporting guidelines developed</p> <p>2.2. Number of operational procedures and manuals for microcredit organizations developed</p> <p>2.3. Number of CBU specialists trained on improved microfinance activity supervision methods (at least 30% female participation ration is achieved)</p> <p>2.4. Software on off-site supervision updated and tested</p>	<p>Targets 2009</p> <p>2.1 Develop the action plan of enhancement of CBU's capacity in regulation and supervision</p> <p>2.3. At least 70 key CBU officials are trained on best practices of microfinance (at least 30% of the opposite gender participants)</p> <p>Targets 2010</p> <p>2.1. At least 3 legal acts and guidelines on regulation and supervision of MCOs developed</p> <p>2.2. At least 2 guidelines on simplified accounting and reporting of MCOs developed</p> <p>2.3. At least 100 specialists from CBU are trained on improved supervision of MCOs and other MFIs (at least 30% of the opposite gender participants)</p> <p>2.4. Software on off-site supervision of microfinance activity developed and tested</p> <p>Target 2011</p> <p>2.3 At least 150 of CBU staff in regions is trained on regulation of microfinance organizations and legal aspects of microfinance activity</p>	<p>Activity Result 2: Legal, regulatory and supervision framework of microfinance activity is improved</p> <ol style="list-style-type: none"> 1. Form a team of experts to develop draft normative regulations on MFIs regulation and supervision 2. Prepare TORs for international consultant mission on MFI supervision and capacity building programme 3. Organize consultative meetings of the team, elaborate an action plan, define milestones, distribute tasks among team members and ensure their timely fulfillment; 4. Examine the existing prudential regulations governing MCOs, and discuss draft amendments 5. Assess the operation of the regulatory agency (CBU) and design a capacity-building program to strengthen supervisory capacity 6. Organize up to 5 workshops to provide policy makers with the background on the international experience on regulation and supervision of MFIs, with special emphasis on the role of Central Banks in microfinance 7. Organize at least 2 study tour for CBU staff to learn best practices in regulation and supervision of microfinance activity (gender balanced group participants) 8. Develop guidelines and manuals on on-site and off-site monitoring and supervision of microfinance organizations 9. Provide on-the-job (OTJ) training at CBU in off- and on-site supervision of MCOs; 10. Provide recommendations for CBU on appropriate computer software programs to be used to facilitate off-site supervision 	<p>Cabinet of Ministers; Central Bank; Ministry of Economy; National Association of Microfinance organizations and credit unions (NAMOCU); Microfinance Centre for EU and NIS (MFC); CGAP; GTZ; ADB; IFC</p>	<ul style="list-style-type: none"> •travel; •workshop and training seminar logistics; •resource persons/consultants •printing; •communications; •staff time <p>Total for Activity 2 – \$ 152,000 2009: \$ 12,000 2010: \$ 80,000 2011: \$ 60,000</p>
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	<p>Baseline III: 3.1. Lack of sufficient knowledge among MCOs on modern microfinance activity and services limit their sustainable outreach to the poor 3.2 Insufficient institutional capacity of professional network to serve their members 3.3 Lack of microfinance infrastructure</p>	<p>Indicators: 3.1. Action plan of institutional strengthening of NAMOCU developed 3.2. Need assessment conducted 3.3. The literature procured 3.4 Number of representatives of Microfinance organizations trained on modern Microfinance 3.5. Microfinance Guide in Russian and Uzbek languages published 3.6. Number of new training modules developed and tested at the NAMOCU Training Centre and BFA; 3.7 Number of training conducted for MCO 3.8. Number of MFIs reported to MIX market 3.9 Number of trainers trained (50% gender ratio). 3.10 . Number of trainers certified by ITCILO 3.11. Number of new microfinance products developed and piloted 3.12. Micro finance investment fund established</p>	<p>Targets 2009 3.1. Develop the action plan on with MFC on capacity building of NAMOCU 3.2 Need assessment of NAMOCU members conducted 3.4. Microfinance guide developed 3.5. Library on microfinance established at the NAMOCU training center and BFA</p> <p>Targets 2010 3.6. At least 300 MCO staff trained on modern Microfinance (at least 30% of the opposite gender participants) 3.7. At least 6 training modules developed and delivered by NAMOCU training center 3.8. At least six potential trainers selected and trained . (30% are female) 3.9. Board and executive staff of NAMOCU trained 3.10 . Certification of trainers facilitated</p> <p>Targets 2011 3.6 NAMOCU achieved operational and financial sustainability 3.5 At least 2 new microfinance products developed and piloted 3.6. Microfinance investment fund established</p>	<p>Activity Result 3: Institutional capacity of NAMOCU and the member-MCOs strengthened</p> <ol style="list-style-type: none"> 1. Develop and implement the action plan with MFC on capacity building of NAMOCU 2. Conduct the learning needs assessment among MCOs- members of NAMOCU 3. Develop TOR for the TOTs, advertise and recruit trainers 4. Identify the list of required literature, procure and deliver to the library of the NAMOCU and BFA; 5. Design and implement training programmes for MCO staff on operational issues jointly with MFC and BFA 6. Organize the training on financial and social performance reporting standards with NAMOCU and MFC 7. Provide support to develop national microfinance benchmarking and upload of financial and portfolio data for each of 40 MFIs in Uzbekistan on the MIX-market international web-site 8. Organize the training "How to microfinance work" with ILO , GTZ and Banking Finance Academy 9. Organize trainer's certification with International Training Center ILO 10. Organize up to 20 trainings for MCOs on cost sharing basis 11. Subcontract for translation of training modules into Uzbek language for training session to be held in regions 12. Design, publishing and dissemination of Microfinance Guide 13. Develop selection and social performance criteria for pilot areas and pilot groups /MFIs to implement new microfinance products) 	<p>National Association of Microfinance organizations and credit unions (NAMOCU) Microfinance Centre for EU and NIS (MFC); CGAP; GTZ; Banking Finance Academy Regional Banking Center MFI's</p>	<ul style="list-style-type: none"> • Travel; • workshop and training seminar logistics; • resource persons/consultants • printing; • communications; • staff time <p>Total for Activity 3 – \$ 105,500,00 2009: \$ 11 000 2010: \$ 60 000 2011: \$ 34 500</p>
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				<ul style="list-style-type: none"> 14. <i>Conduct the new product development training with MFC</i> 15. <i>Design and implement a small grants competition on innovative microfinance products for MCOs in regions based on social performance criteria, including business development and employment generation potential of the proposals</i> 16. <i>Social transparency on pricing</i> 17. <i>Training on social audit and social rating for MCOs</i> 		
				<p>Activity result 4: Support to Project Management.</p> <ul style="list-style-type: none"> 1. <i>Manage AWP implementation</i> 2. <i>Set up project office</i> 3. <i>Purchase office equipment and furniture)</i> 4. <i>Recruit project staff</i> 5. <i>Design and print project promo materials</i> 6. <i>Develop and launch project website</i> 7. <i>Conduct project audit</i> 8. <i>Conduct interim and final evaluation</i> 		<p>Project Administration</p> <p>-</p> <p>\$ 160,000</p> <p>2009: \$ 10 000</p> <p>2010: \$ 75,000</p> <p>2011: \$ 75,000</p> <p>TOTAL – \$ 650 000</p> <p>2009 – USD 45 500</p> <p>2010 – USD 345000</p> <p>2011 – USD 259500</p> <p>▪</p>

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IV. MANAGEMENT ARRANGEMENTS

The project activities will be implemented according to the UNDP procedures for national implementation (NIM). The project will be nationally implemented by General Information Analytical Department of the Cabinet of Ministers as the implementing partner. The Department will appoint a **National Project Coordinator (NPC)** who will be responsible for providing strategic recommendations as well as coordinating the Project activities. She/he will approve the annual work plans which will provide the basis for the implementation of the activities of the Project. The Interagency Committee will provide strategic guidance and advice in the implementation of the project activities.

The Project Board is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager (PM), including recommendation for UNDP/ General Information Analytical Department of the Cabinet of Ministers approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure best value for money, fairness, integrity transparency and effective international competition. Project reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the PM. This group is consulted by the PM for decisions when PM tolerances (normally in terms of time and budget) have been exceeded.

Based on the approved annual work plan (AWP), the Project Board may review and approve project quarterly plans when required and authorizes any major deviation from these agreed quarterly plans. It is the authority that signs off the completion of each quarterly plan as well as authorizes the start of the next quarterly plan. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies. In addition, it approves the appointment and responsibilities of the PM and any delegation of its Project Assurance responsibilities. In particular, the Executive role will be held by NPC, the Senior Supplier role is held by UNDP, and the Senior Beneficiary role is held by a group of representatives from partner government agencies and civil society including National Association microfinance organizations and credit unions, microcredit organizations and others. (See Annex B1 for details). In addition to abovementioned members of the Project Board for major meetings representatives of GTZ, ADB, NAMOCU, IFC and MFIs will be invited.

Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The PM is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. Furthermore the following project positions will be filled: Microfinance specialist, PR-Specialist (public relations and resources mobilization) and Administrative Finance Assistant (see Annex B for details) to ensure successful project implementation and achievement of project goals.

Project Assurance is the responsibility of each Project Board member; however the role can be delegated. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Manager; therefore the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. The role of project assurance will be performed by the Head of UNDP Economic Governance Unit and Program Support Unit.

Direct UNDP Country office Support Services to the Programme Implementation

The UNDP and the General Information Analytical Department of the Cabinet of Ministers have agreed that the UNDP Country Office will provide the following support services for the project activities at the request of the General Information Analytical Department of the Cabinet of Ministers:

- Identification and/or recruitment and solution of administrative issues related to the project personnel;
- Procurement of commodities, labour and services;
- Identification and facilitation of training activities, seminars and workshops;
- Financial monitoring and reporting;
- Processing of direct payments;
- Supervision of project implementation, monitoring and assistance in project assessment.

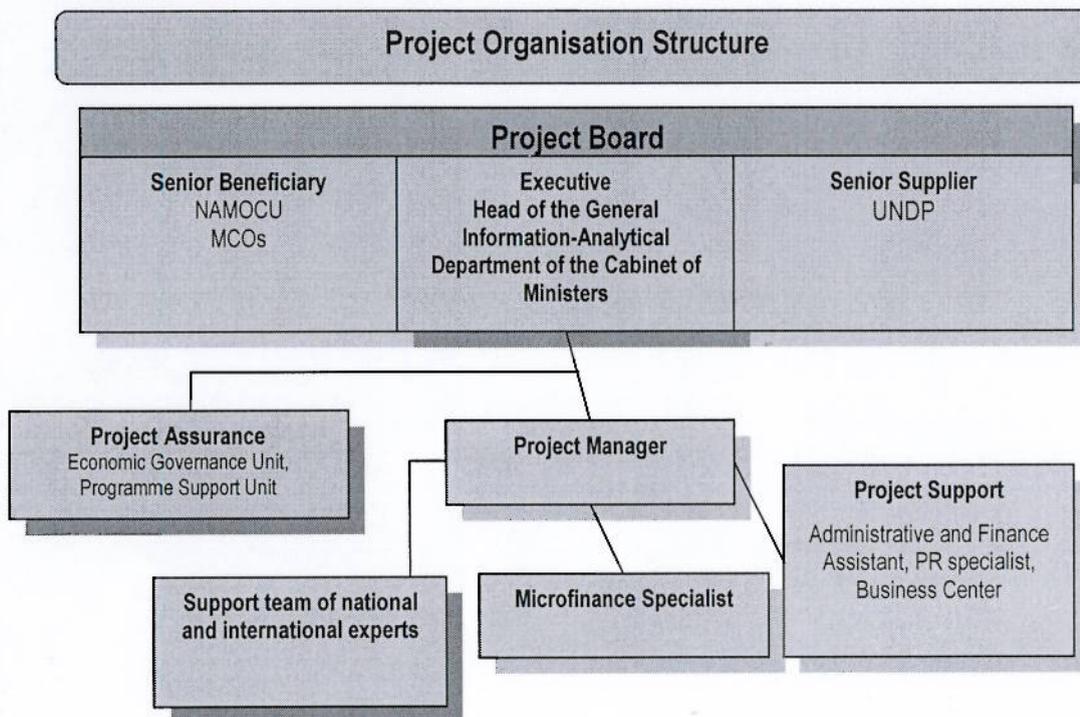
The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the General Information Analytical Department of the Cabinet of Ministers is strengthened to enable it to carry out such activities directly.

When providing the above support services, the UNDP Country Office will recover the costs for providing Implementation Support Services on the basis of actual costs and transaction fee based on the Universal Price List. According to the corporate guidelines, these costs are an integral part of project delivery and, hence, will be charged to the same budget line (account in AWP) as the project input itself.

The procurement of goods and services and the recruitment of project personnel by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures. If the requirements for support services by the country office change during the life of a project, the list of UNDP country office support services is revised with the mutual agreement of the UNDP Resident Representative and the General Information Analytical Department of the Cabinet of Ministers.

The relevant provisions of the Standard Basic Assistance Agreement (SBAA) between the Government of Uzbekistan and the UNDP, signed by Parties on 10th June 1993, including the provisions on liability and privileges and immunities, shall apply to the provision of such support services.

Any claim or dispute arising under or in connection with the provision of support services by the UNDP country office in accordance with this document shall be handled pursuant to the relevant provisions of the SBAA.



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V. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see Annex A1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Quality Management for Project Activity Results

OUTPUT 1: Development of a strong and viable microfinance sector through creation effective legal, regulatory, and supervisory environment and increase capacity of professional microfinance network (National Association of microfinance organizations and credit unions)		
Activity Result 1 (Atlas Activity ID)	Draft Concept note for the microfinance development in Uzbekistan and amendments to the legal and regulatory framework are submitted for the consideration of the Government	Start Date: 20.07.2009 End Date: 31.12.2011
Purpose	Development policy and strategy for microfinance development will provide a framework to establish an enabling environment	
Description	<i>Establishment Steering Committee</i> <i>Diagnostic assessment of microfinance sector and develop Microfinance sector development concept</i> <i>Providing assistance in introduction of international standards and practices</i> <i>Provide a diagnostic assessment of MFIs to assess their outreach, operational procedures, and financial sustainability</i> <i>Providing policy makers with background on the international experience on regulation of MFIs, with special emphasis on the role of central bank in microfinance;</i> <i>Drafting amendments to MFI's legislation</i>	

Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
<ul style="list-style-type: none"> ▪ Comprehensive assessment of the pro-poor finance sector conducted ▪ Diagnostic assessment of legislation complies with international standards conducted ▪ Draft Concept note for the microfinance development in Uzbekistan prepared ▪ Number of government officials trained on best practices of microfinance development ▪ Number of policy recommendations on the improvement of microfinance practice in the country ▪ Number of amendments to the Laws "On microfinance", "On microcredit organizations", "On consumer loans" ▪ Number of round tables and seminars organized ▪ Regional International Conference conducted ▪ Number of members of Oliy Majlis participated in public discussions ▪ Number of public awareness events conducted on discussion the Draft microfinance Development Concept ▪ Number of journalists trained ▪ The Journalist contest conducted 	<ul style="list-style-type: none"> ▪ Need assessment report ▪ Diagnosis assessment report ▪ Steering committee minutes ▪ seminar programs and reports, press releases and list of participants; ▪ round table minutes, reports and list of participants; ▪ published reports, ▪ back-to office reports, follow-up seminars and meetings; ▪ changes in the legal and normative framework of MFI's ▪ mission reports and comments provided by international consultants; ▪ mass media monitoring reports. 	Quarterly basis

Activity Result 2 (Atlas Activity ID)	<i>Legal, regulatory and supervision framework of microfinance activity is improved</i>	Start Date: 20.07.2009 End Date: 31.12.2011
Purpose	Improvement regulatory environment and strengthen capacity building of the Central Bank in supervision and regulation of MFI's	
Description	<p><i>Examine the existing laws and prudential regulations governing MFIs, CUs, and other forms of nonbank financial institutions, and discuss amendments to strengthen them;</i></p> <p><i>Assess the operation of the CBU and deliver a capacity-building program to strengthen supervisory capacity;</i></p> <p><i>Drafting prudential and non prudential regulations appropriate for diverse categories of MFIs</i></p> <p><i>Providing assistance in adopting international practices</i></p> <p><i>Increasing capacity building of the CBU in regulation and supervision MFI's</i></p> <p><i>Development on-site on off-site mechanism of supervision</i></p> <p><i>Providing assistance in development and testing software for off-site supervision</i></p>	
Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>

<ul style="list-style-type: none"> ▪ Number of regulatory acts and simplified reporting guidelines developed ▪ Number of operational procedures and manuals for microcredit organizations developed ▪ Number of CBU specialists trained on improved microfinance activity supervision methods (at least 30% female participation ration is achieved) ▪ Software on off-site supervision updated and tested 	<ul style="list-style-type: none"> ▪ diagnosis reports ▪ seminar and roundtable reports, press releases and list of participants; ▪ published reports, ▪ back-to office reports, follow-up seminars and meetings; ▪ mission reports and comments provided by international consultants; ▪ training materials, list of participants, and certificates (if available); ▪ subcontract for development of the software on off-site supervision; ▪ changes in the legal and normative framework of MFI's ▪ mass media monitoring reports 	<p>Quarterly basis</p>
<p>Activity Result 3 (Atlas Activity ID)</p>	<p><i>Institutional strengthened capacity of National Association of Microfinance organizations and credit unions and microfinance infrastructure development</i></p>	<p>Start Date: 20.07..2009 End Date: 31.12.2011</p>
<p>Purpose</p>	<p>Improving the capacity of professional network and their members and assisting in establishment of microfinance infrastructure</p>	
<p>Description</p>	<p>Providing assess to the international practices and experience in microfinance Increased institutional capacity building of NAMOCU and MFI's Development mechanism of promoting the social performance of microfinance Establishment training capacity for microfinance sector</p>	
<p>Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i></p>	<p>Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i></p>	<p>Date of Assessment <i>When will the assessment of quality be performed?</i></p>
<ul style="list-style-type: none"> ▪ Action plan of institutional strengthening of NAMOCU developed ▪ Need assessment conducted ▪ The literature procured ▪ Number of representatives of MFI's organizations trained on modern Microfinance ▪ Microfinance Guide in Russian and Uzbek languages published ▪ Number of new training modules developed and tested at the NAMOCU Training Centre and BFA; ▪ Number of training conducted for MCO ▪ Number of MFIs reported to MIX market ▪ Number of trainers trained (50% gender ratio). ▪ Number of trainers certified.by ITCILO ▪ Number of new microfinance products developed and piloted ▪ Micro finance investment fund established 	<ul style="list-style-type: none"> ▪ seminar reports, press release and list of participants; ▪ training reports and list of participants; ▪ training hand outs; ▪ published guide and methodical guidelines ▪ follow-up seminars and meetings; ▪ list of purchased books ▪ mission reports and comments provided by international consultants; ▪ financial product development guidelines 	<p>Quarterly basis</p>

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VI. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of Uzbekistan and UNDP, signed on June 10, 1993.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

Annex A1. RISK LOG



Project Title: Support to Microfinance sector development	Award ID: 00057824	Date: July, 3, 2009
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#	Description	Type	Impact & Probability	Countermeasures / Mngt response	Owner
1	Lack of political willingness from to continue reform in microfinance sector	Strategic	Impact: There is a possibility that the factor can drag out the implementation process P = 2 I = 3	Continuation of consultations and strengthening of dialogue through utilization of work groups, meetings with government officials, preparing policy briefs and thematic reports	Project staff
2	Insufficient qualification and turnover of CBU staff	Organizational	Impact: There is a possibility that the factor can drag out the implementation process P = 2 I = 3	Enhancement of training directives aimed at capacity building of target groups.	Project staff
3	The slow down in implementation of respective changes in the legislation	Strategic	Impact: on implementation pace of the project P = 2 I = 3	Making adjustments in project activity implementation	Project staff

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Annex B1: TERMS OF REFERENCE

PROJECT BOARD

Composition and organization: The Project Board contains three roles, including (1) **an executive**: individual representing the project ownership to chair the group; (2) **senior supplier**: individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project; and (3) **senior beneficiary**: individual or group of individuals representing the interests of those who will ultimately benefit from the project.

I. Specific responsibilities

1. Initiating a project:

- Agree on PM's responsibilities, as well as the responsibilities of the other members of the Project Management team;
- Delegate any Project Assurance function as appropriate;
- Review and appraise detailed Project Plan and AWP, including Atlas reports covering activity definition, quality criteria, issue log, updated risk log and the monitoring and communication plan.

2. Running a project:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the Project Manager;
- Provide guidance and agree on possible countermeasures/management actions to address specific risks;
- Agree on Project Manager's tolerances in the Annual Work Plan and quarterly plans when required;
- Conduct regular meetings to review the Project Quarterly Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Review Combined Delivery Reports (CDR) prior to certification by the Implementing Partner;
- Appraise the Project Annual Review Report, make recommendations for the next AWP, and inform the Outcome Board about the results of the review.
- Review and approve end project report, make recommendations for follow-on actions;
- Provide ad-hoc direction and advice for exception situations when project manager's tolerances are exceeded;
- Assess and decide on project changes through revisions;

3. Closing a project:

- Assure that all Project deliverables have been produced satisfactorily;
- Review and approve the Final Project Review Report, including Lessons-learned;
- Make recommendations for follow-on actions to be submitted to the Outcome Board;
- Commission project evaluation (only when required by partnership agreement)
- Notify operational completion of the project to the Outcome Board.

II. Executive

The Executive is ultimately responsible for the project, supported by the Senior Beneficiary and Senior Supplier. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its objectives and delivering outputs that will contribute to higher level outcomes. The Executive has to ensure that the project gives value for money, ensuring a cost-conscious approach to the project, balancing the demands of beneficiary and supplier. Specific Responsibilities (as part of the above responsibilities for the Project Board)

- Ensure that there is a coherent project organisation structure and logical set of plans
- Set tolerances in the AWP and other plans as required for the Project Manager
- Monitor and control the progress of the project at a strategic level
- Ensure that risks are being tracked and mitigated as effectively as possible
- Brief Outcome Board and relevant stakeholders about project progress
- Organise and chair Project Board meetings

III. Senior Beneficiary

The Senior Beneficiary is responsible for validating the needs and for monitoring that the solution will meet those needs within the constraints of the project. The role represents the interests of all those who will benefit from the project, or those for whom the deliverables resulting from activities will achieve specific output targets. The Senior Beneficiary role monitors progress against targets and quality criteria. Specific Responsibilities (as part of the above responsibilities for the Project Board)

- Ensure the expected output(s) and related activities of the project are well defined
- Make sure that progress towards the outputs required by the beneficiaries remains consistent from the beneficiary perspective
- Promote and maintain focus on the expected project output(s)
- Prioritise and contribute beneficiaries' opinions on Project Board decisions on whether to implement recommendations on proposed changes
- Resolve priority conflicts

The assurance responsibilities of the Senior Beneficiary are to check that:

- Specification of the Beneficiary's needs is accurate, complete and unambiguous
- Implementation of activities at all stages is monitored to ensure that they will meet the beneficiary's needs and are progressing towards that target
- Impact of potential changes is evaluated from the beneficiary point of view
- Risks to the beneficiaries are frequently monitored

IV. Senior Supplier

The Senior Supplier represents the interests of the parties which provide funding and/or technical expertise to the project (designing, developing, facilitating, procuring, implementing). The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. The Senior Supplier role must have the authority to commit or acquire supplier resources required. Specific Responsibilities (as part of the above responsibilities for the Project Board)

- Make sure that progress towards the outputs remains consistent from the supplier perspective
- Promote and maintain focus on the expected project output(s) from the point of view of supplier management
- Ensure that the supplier resources required for the project are made available
- Contribute supplier opinions on Project Board decisions on whether to implement recommendations on proposed changes
- Arbitrate on, and ensure resolution of, any supplier priority or resource conflicts

The supplier assurance role responsibilities are to:

- Advise on the selection of strategy, design and methods to carry out project activities
- Ensure that any standards defined for the project are met and used to good effect
- Monitor potential changes and their impact on the quality of deliverables from a supplier perspective
- Monitor any risks in the implementation aspects of the project

Annex B2: TERMS OF REFERENCE

PROJECT MANAGER

The PM has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The PM is responsible for day-to-day management and decision-making for the project. The PM's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

Specific responsibilities would include:

1. Overall project management:

- Manage the realization of project outputs through activities;
- Provide direction and guidance to project team(s)/ responsible party (ies);
- Liaise with the Project Board or its appointed Project Assurance roles to assure the overall direction and integrity of the project;
- Identify and obtain any support and advice required for the management, planning and control of the project;
- Responsible for project administration;
- Liaise with any suppliers;
- May also perform Team Manager and Project Support roles.

2. Running a project

- Plan the activities of the project and monitor progress against the initial quality criteria.
- Ensure that project contributes to the promotion of gender equality by reaching, involving and benefiting both women and men in its activities (gender mainstreaming);
- Mobilize goods and services to initiative activities, including drafting TORs and work specifications;
- Monitor events as determined in the Monitoring & Communication Plan, and update the plan as required;
- Manage requests for the provision of financial resources by UNDP, using advance of funds, direct payments, or reimbursement using the FACE (Fund Authorization and Certificate of Expenditures);
- Monitor financial resources and accounting to ensure accuracy and reliability of financial reports;
- Manage and monitor the project risks as initially identified in the Project Brief appraised by the LPAC, submit new risks to the Project Board for consideration and decision on possible actions if required; update the status of these risks by maintaining the Project Risks Log;
- Be responsible for managing issues and requests for change by maintaining an Issues Log.
- Prepare the Project Quarterly Progress Report (progress against planned activities, update on Risks and Issues, expenditures) and submit the report to the Project Board and Project Assurance; Ensure that all data gathered during project implementation is disaggregated by sex; Encourage awareness of and promotion of gender equality among project staff and partners;
- Prepare the Annual review Report, and submit the report to the Project Board and the Outcome Board;
- Based on the review, prepare the AWP for the following year, as well as Quarterly Plans if required.

3. Closing a Project

- Prepare Final Project Review Reports to be submitted to the Project Board and the Outcome Board;
- Identify follow-on actions and submit them for consideration to the Project Board;
- Manage the transfer of project deliverables, documents, files, equipment and materials to national beneficiaries;
- Prepare final CDR/FACE for signature by UNDP and the Implementing Partner.

Annex B3: TERMS OF REFERENCE

PROJECT ASSURANCE

Overall responsibility: Project Assurance is the responsibility of each Project Board member; however the role can be delegated. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed.

Project Assurance has to be independent of the PM; therefore the Project Board cannot delegate any of its assurance responsibilities to the PM. A UNDP Programme Officer typically holds the Project Assurance role.

The implementation of the assurance responsibilities needs to answer the question "What is to be assured?". The following list includes the key suggested aspects that need to be checked by the Project Assurance throughout the project as part of ensuring that it remains relevant, follows the approved plans and continues to meet the planned targets with quality.

- Maintenance of thorough liaison throughout the project between the members of the Project Board.
- Beneficiary needs and expectations are being met or managed
- Risks are being controlled
- Adherence to the Project Justification (Business Case)
- Projects fit with the overall Country Programme
- The right people are being involved
- An acceptable solution is being developed
- The project remains viable
- The scope of the project is not "creeping upwards" unnoticed
- Internal and external communications are working
- Applicable UNDP rules and regulations are being observed
- Any legislative constraints are being observed
- Adherence to RMG monitoring and reporting requirements and standards
- Quality management procedures are properly followed
- Project Board's decisions are followed and revisions are managed in line with the required procedures

Specific responsibilities would include:

1. Initiating a project

- Ensure that project outputs definitions and activity definition including description and quality criteria have been properly recorded in the Atlas Project Management module to facilitate monitoring and reporting;
- Ensure that people concerned are fully informed about the project
- Ensure that project is designed in away to reach, involve and benefit both women and men in its activities;
- Ensure that all preparatory activities, including training for project staff, logistic supports are timely carried out

2. Running a project

- Ensure that funds are made available to the project;
- Ensure that risks and issues are properly managed, and that the logs in Atlas are regularly updated;
- Ensure that critical project information is monitored and updated in Atlas, using the Activity Quality log in particular;
- Ensure that Project Quarterly Progress Reports are prepared and submitted on time, and according to standards in terms of format and content quality;
- Ensure that CDRs and FACE are prepared and submitted to the Project Board and Outcome Board;
- Perform oversight activities, such as periodic monitoring visits and "spot checks".
- Ensure that the Project Data Quality Dashboard remains "green"

3. Closing a project

- Ensure that the project is operationally closed in Atlas;
- Ensure that all financial transactions are in Atlas based on final accounting of expenditures;
- Ensure that project accounts are closed and status set in Atlas accordingly.

Annex B4: TERMS OF REFERENCE

Administrative Finance Assistant

Under the guidance and direct supervision of Project Manager, the Administrative Finance Assistant provides financial services ensuring high quality, accuracy and consistency of work. The Administrative Finance Assistant works in close collaboration with the Government Counterparts, project, operations, and UNDP Programme's personnel in the Country Office to exchange information and ensure consistent service delivery.

Responsibilities / Key Outputs Expected

- Be responsible for office logistics, travel arrangements as well as recruitment/extension/separation of the project personnel;
- Encourage awareness of and promotion of gender equality among project staff and partners;
- Based on consultations with Project Manager and UNDP Business Center to perform procurement related operations in accordance with UNDP rules and procedures;
- Prepare all financial and administrative documents related to the project implementation in accordance with the UNDP rules and procedures, maintain project's expenditures and commitments shadow budget;
- Develop quarterly and annual budget plans for recruitment of personnel; maintain financial records and monitoring systems to record and reconcile expenditures, balances, payments and other data for day-to-day transaction and reports;
- Advise and assist Project staff, experts and consultants on all respects of allowances, salary advances, travel claims and other financial and administrative matters, and calculate and authorize payments due for claims and services;
- Prepare detailed cost estimates and participates in budget analysis and projections as required to handle all financial operations of the project office, make cash payments and reconcile all accounts in required time frame;
- Maintain, update and transmit inventory records of non-expendable equipment in accordance with UNDP rules;
- Perform cash custodian's duties being primarily responsible for project's cash disbursements and maintain project's petty cash book and payrolls related to the regional offices;
- Ensure leave monitoring of project staff, check the accuracy and proper completion of monthly leave reports;
- Analyze the potential problems concerning administrative-financial issues and take respective measures to provide adequate project's resources in time for implementation of the project activities;
- Define the cost-effective measures for optimal use of resources of the project;
- Ensure full compliance of administrative and financial processes and financial records with UNDP rules, regulations, policies and strategies.

Annex B5: TERMS OF REFERENCE

Public Relations Specialist

Under the direct supervision of Project Manager, the PR-Specialist will perform the following duties and responsibilities:

- Establish and maintain cooperative relationships with government agencies, business community, international organizations, private sector, UN agencies and other development partners, to keep them informed on Project activities and encourage for active partnership;
- Develop and implement the project PR strategy and annual plan of PR activities;
- Develop and submit to the Project Manager consideration of scenarios for the annual video clips, TV and radio airing program;
- Coordinate the PR activity in the area of development and dissemination of a wide range of information and promotional materials to inform all stakeholders and promote Project's activities;
- Assist to Project Manager in coordinating the fundraising activity conducive to seeking additional sources of funding for initiatives in the area of microfinance development in Uzbekistan;
- In consultation with Project Manager organizes various PR events including roundtable discussions, workshops, seminars and forums;
- Maintain Project's web-portal to make sure that it is kept up-to-date; upload materials of the events according to set requirements;

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- Liaise with UNDP Communication and Outreach Specialist to ensure regular and timely publicity of the Project's activities and outputs in the UNDP web-site;
- Develop and submit to Project Manager recommendations on new feasible solutions and promotional materials for increasing overall visibility of the Project's activities;
- Report to Project Manager on achieved results within PR and Outreach activities;
- Build and maintain close contact with representatives from print and broadcast mass media;
- Ensure wide coverage of the events in the media through involvement of representatives from print and broadcast mass media to these events;
- Prepare and publish newsletter, articles and press-releases on the Project activities and accomplishments for national/international printed and electronic media;
- Ensure that all publications and promo-materials of the Project are designed in line with UNDP Style and Graphic Standards;
- Perform other duties as requested

Annex B6: TERMS OF REFERENCE

Microfinance Specialist

Under the direct supervision of Project Manager, the PR-Specialist will perform the following duties and responsibilities:

- Raise awareness of policymakers and the public about the importance and feasibility of microfinance;
- Assist the team of consultants in developing the methodology of surveying existing MFIs and microfinance services;
- Analyzing microfinance demand and estimating the supply gap;
- Provide methodological assistance to Steering Committee on project implementation;
- Supervision of working group on development concept note on Microfinance Development in Uzbekistan;
- Serve as a resource person on microfinance development issues for project and UNDP, respective research coordinators, stakeholders and beneficiaries;
- Contribute to preparation of the respective policy and strategy papers, project briefs and presentations;
- Keep abreast on microfinance development in the country and worldwide, identify legal, regulatory and institutional challenges related to microfinance development;
- Establish criteria for participation in project activities for MFIs;
- Prepare a detailed plan for capacity building of NAMOCU;
- Prepare of pilot-testing methodology the new product development;
- Help design training courses and train senior staff of CBU and NAMOCU;
- Identify issues that may have a significant impact on MFIs, and recommend ways to address these issues;
- Coordinate project inputs and activities involving the Government, Central Bank,, MFC, GTZ , NAMOCU and other stakeholders;
- Support relevant Government institutions in their deliberations on this topic;
- Provide information on options for oversight and reporting of the MFI;
- Coordinate the efforts of donors which will participate in the joint microfinance project to accelerate the launch of the project;
- Assist Project Manager in coordinating the research work on microfinance development in Uzbekistan;
- Build and maintain close contact with representatives NAMOCU, microfinance organizations and partners of the project;
- Perform other duties as requested

Required qualifications:

1. The specialist is expected to possess sufficient experience in microfinance development and exposure in other countries at a similar development stage.
2. The microfinance sector specialist will have at least 7 years' experience in developing banking and microfinance systems, of which at least 3 years will have been spent working directly with MFIs.
3. The specialist will also have at least five years' experience in managing a team of consultants and in working with government, preferably in transitional economies