

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

Project Title Support to Innovation Policy and Technology Transfer

UNDAF Outcome 1: Improving the economic governance and well-being of vulnerable groups (residents of economically under-developed, mainly rural areas; women, particularly home-based workers; labour migrants and their families; children, particularly most-at-risk adolescents; the elderly; HIV-positive people; and people with disabilities.)

Expected CP Outcome: Outcome 1.1: Capacity of the central and local authorities enhanced to develop and implement economic and social security policies aimed at welfare improvement of vulnerable groups.

Expected Output: Output 1.1.1: Strengthened government capacity at national and local levels to improve macroeconomic forecasting, innovation, and to collect, analyze and report data in line with the Millennium Development Goals and other international standards.

Implementing Partner: Institute of Forecasting and Macroeconomic Research

Responsible Parties: Ministry of Economy, Agency for Technology Transfer, Committee For Coordination of Development of Science and Technology, Regional Technology Transfer Centers, Ministry of Higher Education, Patent Agency, State Statistics Committee, Global Ecological Fund's Small Grants Programme, United Nations Development Programme

Brief Description

In recent years the Government of Uzbekistan has acknowledged the need for invigorating the innovative activity as the main driver of sustainable growth. Attempts have been made to set up new institutions and a system of links and incentives to form an innovation infrastructure similar to the one observed in developed market economies. The government has been trying to institutionalize both financial instruments (ie, grant schemes, tax-relieves, venture funding) and non-financial instruments (ie, technology transfer centers, annual Innovation Fair) to stimulate innovations.

The project will provide support to the Government of Uzbekistan in capacity development of technology transfer institutions, in improving the organization and the results of the Annual Innovation Fair, and policy development and implementation in the area of innovation support (eg, through support in developing the concept of innovation development, setting up venture funding, etc.)

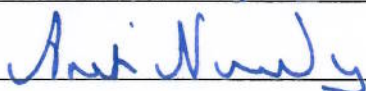
Programme Period:	2010-2015	2010 AWP budget:	USD 198,873
Key Result Area (Strategic Plan):	Promotion of sustainable growth, gender equality, and MDG achievement	Total resources required	USD 638,566
Atlas Award ID:	00059184	Total allocated resources:	USD 638,566
Start date:	February, 2010	• UNDP Regular	USD 638,566
End Date	December, 2012	In-kind Contributions	
PAC Meeting Date	13 January, 2010	○ Government	UZS 27,300,000
Management Arrangements	NIM		

Agreed by Institute of Forecasting and Macroeconomic Research:



Ms. Galina Saidova, Director

Agreed by UNDP:



Ms. Anita Nirody, Resident Representative

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I. SITUATION ANALYSIS

In recent years the government of Uzbekistan has acknowledged the need for invigorating the innovative activity as the main engine for sustainable growth. Some of the most notable government measures include reorganization of the State Committee for Science and Technology, institutional strengthening of the technology transfer centers, and organization of annual innovation fairs. In the real sector of the economy, mass scale modernization is envisaged by the latest government medium-term investment program totaling more than USD 20 billion for that purpose.

For Uzbekistan, achieving innovative and technological development is of critical significance, as only through this way is it possible to create modern technological base, to produce competitive goods, to rationalize the use of natural resources, to increase the efficiency of the agricultural sector, and to improve international competitiveness.

However, over the past 10-15 years Uzbekistan's National Innovation System has been suffering from consistent under-investment in science and technology sector. Most developed economies of Western Europe, USA, Japan, and South Korea spend as much as 3% or more of their GDP on R&D annually, while in Uzbekistan this figure has been less than 0,1% according to most generous estimations.

As a result of insufficient investment of R&D, Uzbekistan has been experiencing severe drops in the capacity to generate, disseminate and absorb innovations. For example, the number of patent filings by Uzbekistan residents decreased 2.5 times from 1995 to 2005, tertiary enrolment (proportion of young population entering universities) in Uzbekistan has dropped sharply and is one of the lowest among CIS countries. The sector has been suffering from massive "brain drain".

Due to structural and administrative reforms that have been carried out in Uzbekistan for the past 15 years many universities and institutes have lost contact and links with the industry. Dismantling of centralized sectoral ministries left the R&D centers outside the value-chains, the R&D centers lost old links and relations with the industry and parent ministries under which they used to function. Many unique R&D centers have gone bankrupt and many of those that still remain are being criticized for not being demand-driven and being unable to produce cutting edge innovations. The system of financing, links and relations between R&D centers (universities and institutes) that have worked under the centralized economy during soviet times has turned out to be maladjusted to the requirements and realities of the current stage of transition to market economy.

Attempts to build modern innovation infrastructure

The Government of Uzbekistan has been making attempts to set up new institutions and a system of links and incentives to form an innovation infrastructure similar to the one observed in developed market economies. A legal system has been put in place to provide the protection of intellectual property, at least at the level of law (although there are issues in re to its enforcement). The government has been trying to institutionalize both financial instruments (ie, grant schemes, tax-relieves, venture funding) and non-financial instruments (ie, technology transfer centers, annual Innovation Fair).

Grant schemes for financing innovation projects

The Government has put in place a grant scheme for financing applied research and innovation projects, which is run by the State Committee for Coordination of Development of Science and Technology (former State Committee for Science and Technology). Competitive grants have become an important part of financing innovation projects at their early stage in many developed countries.¹ These grants provide vital cushion for the risks borne by innovating projects/firms (especially small start-ups) at the early stages of R&D commercialization, characterized by negative cash-flows and high levels of uncertainty about future cash-flows and the success of the project itself. Such a grant scheme has been functioning in Uzbekistan for quite some time already, however only recently has the Committee introduced the competitive process for those grants. The Committee gathers requests (issues) from various sectors of the economy, including the health and education sectors, and announces competition for project proposals among the many universities and research institutes to address the issues. There are two major criticisms about this scheme. First, the amount of funding allocating for grants is too small to have any positive effect on the results expected from innovations, and secondly, both the Committee and applicants lack capacities and expertise to select, monitor and manage innovation projects. There are also concerns that the whole competitive selection process is non-transparent.

Venture funds

The GoU is also exploring the idea of setting up a venture fund for financing innovation projects. Venture funds, in addition to business angels, provide risk capital aimed at financing innovation projects/start-ups. Unlike the grants schemes (explained above) venture capital presumes partial/equity ownership of the project or start-up company. Venture capitalists

¹ For example the grant schemes administered by Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program in USA, other similar best model schemes exist in Finland and Israel.

expect returns on their investment. Innovation projects are highly risky, but they can also yield very high returns that can recoup the costs incurred by other projects. Therefore, the success of a venture fund depends both on the ability of the fund managers to identify potentially successful projects and to optimally diversify the portfolio of projects. Most successful venture funds (operating in North America, Western Europe, and Japan) are those set up by private venture capitalists, although there are instances of state-operated venture funds too. Russian Federation launched a state owned venture fund in 2006, based on the experience of small-scale pilot venture funds established in Russia by international donors. However, there isn't much evidence that state owned venture funds have been successful in helping accelerate innovations (maybe because they are a relatively new phenomenon). This may be one of the reasons why the Government of Uzbekistan still has not established any venture fund, despite the fact that several draft decrees have already been submitted for consideration since 2006.

Technology Transfer Offices

The Agency for Technology Transfer was established under the State Committee for Science and Technology as long as 12 years ago (in 1997). In market economies, technology transfer offices, as the name suggests, perform functions aimed at transferring technology and know-how from universities, research institutes, and R&D centers to businesses and industry. Those functions include: search and networking of partners from both sides, thereby matching the demand and the supply side of innovation process, support in licensing, patenting, negotiations, and whatever other administrative, legal and technical assistance is needed in regards to the process of technology transfer and its commercialization.

To give another boost to technology transfer offices, last year the GoU has transferred the ATT to the Ministry of Economy, and began establishing technology transfer centers in the regions. The rationale for transferring the Agency under the Ministry of Economy was to bring the technology transfer process closer to the real economy. According to the international expert from UNIDO², both ATT and the regional technology transfer centers are in need of extensive capacity building, including training and introduction of information technologies into their work.

Matching events (Non-financial instrument)

Starting from 2008 the GoU has been organizing annual Innovation Fair. Two annual Innovation Fairs have already been organized, the second one with the support from UNDP. In addition to the annual Innovation Fair, sectoral innovation fairs are being held more often each year. The government has been encouraging such events as they are a good way to establish interactions, linkages, and relationships among key agents and stakeholders.

The government and experts seem to agree that the efficiency of the Innovation Fair needs to be increased. In particular, there is a need to put in place a better system of monitoring of agreements/contracts signed during the Fair or afterwards. There was also a remark that, in addition to innovation projects showcased by country's science and technology sector, the next innovation fairs need to present the demand side for innovations too by inviting industry representatives to present the technological needs and problems they are facing. Another criticism concerns the quality and the degree of novelty of innovation projects presented during the fair. Experts argue that a great deal of the projects and technologies presented have been known for many years and some are even obsolete. They argue for stronger selection criteria of innovation projects for next innovation fairs.

Other issues

Lack of clear strategy at the highest level

Many local experts have been expressing the concern that Uzbekistan has no state program or strategy in the area of innovation and/or creation of knowledge-based economy. While it is rational to start small at this stage of transition, it is also important that the government and the community have a clear medium and long term vision and targets that Uzbekistan needs to achieve on its way to a knowledge-based economy and sustainable development. The ATT has been tasked to begin drafting a Concept of Innovation Development in Uzbekistan until 2014. Even though this is only a medium-term strategy paper, ATT, having only three to four qualified specialists for this task, is not capable to develop such a strategy on its own. The preparation of the concept will require wide consultations with all stakeholders – ministries, agencies, universities, research institutes, businesses, and international donors. The support from the latter will be crucial for attracting international expertise and experience in designing innovation strategy.

Absence of standards for valuation of intellectual property hinders commercialization of innovations

An often mentioned issue with regard to low commercialization rates of local innovation projects is that there is no standardized and generally accepted system of valuation of intellectual property. While there are attempts to create national valuation standards and guidelines for valuation of tangible assets (ie, real estate, vehicles etc) there is no national valuation

² Mr. Zakharian (UNIDO) performed needs (capacity) assessment for ATT in February 2009 under the project "Strengthening the National Capacities for Technology Transfer in Uzbekistan".

standard for valuation of an intellectual property (such as a technology, know-how, patent, trademark, etc). Experts argue that introduction of such valuation standard and guidelines (based on international valuation standards) will help accelerate the commercialization of new technologies and know-how produced by local R&D sector.

Business incubators should concentrate on innovative (R&D) start-ups

With the support from UNDP a network of business incubators (BIs) was created in Uzbekistan some 10 years ago. Currently there are 34 registered BIs throughout the country, all of which are the members of the Association of Business Incubators and Techno parks of Uzbekistan. The purpose of creating BIs was to support entrepreneurship and the development of SME sector in the country.

Since 2005 the support to SMEs and entrepreneurship is one of the top economic policy priorities of the government. However, the GoU has been putting greater accent on improving the general business climate for SMEs (such as easing the process of starting a business, lowering taxes etc), while largely neglecting the BIs as a tool to spur start-ups. As a result, many of the BIs are unsustainable today as many of them do not even have enough premises to accommodate tenants (start-up firms). Yet there are managers and staff members in those BIs, who received extensive training (under the UNDP project) and possess valuable skills. In order to make a better use of those skills and knowledge it is recommended by experts that the resources of the existing BIs should concentrate on incubation of innovative start-ups, rather than any commercial projects. Incidentally, there used to be a science and technology business incubator functioning in Tashkent and its former manager is currently employed by ATT.

II. STRATEGY

UNDP will support Uzbekistan in developing an innovation infrastructure in line with UNDAF outcome 1 for 2010-2015 "Improving the economic governance and well-being of vulnerable groups" and the CP output 1.1 "Strengthened government capacity at national and local levels to improve macroeconomic forecasting, innovation, and to collect, analyze and report data in line with Millennium Development Goals and other international standards". In doing so UNDP CO will draw upon 1) the results of the Initiation Plan "Strengthening the National Capacities for Technology Transfer", during which UNDP CO has accumulated some expertise in innovation policy and practice, including useful acquaintances with stakeholders, the community, publications, materials, reports, presentations etc, and 2) past cooperation with the Agency for Technology Transfer. By providing capacity building support to ATT, UNDP will also be strengthening the local capacities to push the use of energy efficient technologies and renewable sources of energy in the economy and thus help to establish better basis for full energy security and independence of the country in future.

Where necessary, UNDP will partner with other donors (such as UNIDO, UNECE, World Bank) to render the required support.

UNDP's specific support areas will include:

1. Support to policy formulation, implementation, and M&E

- *Support in drafting the Programme of Innovation Development in Uzbekistan*

As it was mentioned above, to implement innovation policy more consistently, the government and the community need a longer-term strategy or programme with a set of clear goals, indicators and monitoring tools. UNDP will assist the counterpart in developing the Programme (or Strategy) of Innovation Development in Uzbekistan. In particular, the project will ensure that the programme 1) is developed based on wide consultations with experts, the community and key stakeholders, 2) includes international indicators so that the development could be assessed and benchmarked with regard to other countries, and 3) includes the system of constant monitoring of the results of the programme.

2. Capacity building

- *Capacity building for Agency for Technology Transfer and regional Technology Transfer Centers*

Due to UNDP's focus on capacity building for development and issues of energy efficiency and renewable energy, the project will concentrate on building capacities of technology transfer offices in the country (namely ATT and regional technology transfer centers), as well as on implementing a couple of sub-projects (with ATT) in the area of renewable energy in order to demonstrate the process of technology transfer and its turning into innovation in practice. The capacity building will include trainings in the area of innovation management, technology needs assessment, IP protection, IP

valuation, networking, management of electronic databases, contract writing, market research, etc. The sub-projects on renewable energy will include cases of transfer and practical implementation of solar, hydro power and biogas technologies in selected regions of Uzbekistan.

3. *Support at improving the rate of commercialization of technology and innovations*

- *Support in improving the efficiency of Innovation Fair*

While the government seems to be largely capable of conducting the innovation fair on its own, there are ways in which UNDP can help improve the efficiency of the event. It is suggested that the practice of joining efforts with SGP GEF in selecting innovation projects from the fair for grant financing be continued. In addition to that, UNDP project will introduce the online system for monitoring the execution of contracts and agreements signed during or as a result of the fair. Again, this will entail development of dedicated software and training of personnel. Finally, together with ATT the project will develop a set of strict criteria, according to which innovation projects will be allowed to be presented at the fair as there has been pressure from organizers to lean towards better quality of innovation projects, rather than their larger quantity. Other improvements will entail thematic presentations from leading scientists and engineers in key technologies during the fair, showcasing the success stories from the previous fair, as well as presenting the “demand side” of the innovation process at the fair (through inviting industry people and businessmen to speak about the issues they would like to solve with the help of local science and research community). Special accent during these thematic presentations will be made on exciting the demand for new energy efficient technologies, and technologies focusing on the use of renewable energy.

- *Consultancy support in setting up schemes to finance innovative start-ups*

The GoU has requested UNDP to provide support in setting up a venture fund for financing innovation projects. While UNDP will not provide any funds for the VF, the project will explore various possibilities of setting up schemes to finance innovative start-ups and suggest an optimal design of such financing scheme to the Government.

- *Development of national standard for valuation of intellectual property*

Knowing the value of an innovation/technology is key to the commercialization of the latter. Having specialists in the area of valuation of property (from the project on valuation) UNDP will help develop the national standard and guidelines for valuation of intellectual property (which also covers patents, know-how, licenses for a technology etc.) in line with the international valuation standards.

Partnership strategy

Several multilateral and bilateral donors have recognized the significance of combining and coordinating both financial and technical assistance resources for innovation development in Uzbekistan. The World Bank's has planned a series of videoconferences in 2010 on such practical aspects of innovation policy as i) the criteria for selecting innovation projects, ii) institutional issues related to technology transfer, iii) public-private risk sharing, iv) government policy for adoption of foreign technology, and v) public procurement as a tool to absorb and attract foreign technology. GTZ and ADB will also be contributing through sharing expertise in the area of private sector innovation and public finance reform

The project will ensure that the activities are coordinated with related projects to ensure complementarity and avoid duplication of activities. This will be achieved through a number of discussions with partner organizations to identify synergies and areas of possible cooperation for effective implementation of the project.

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework: Enhanced capacity of the central and local authorities to develop and implement economic and social security policies aimed at welfare improvement of vulnerable groups						
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: Output 1.1.1 Indicator 6: Availability of a medium and long term strategy of innovation development in the country with clear implementation, monitoring and evaluation plan of activities Baseline: Neither long term nor medium term innovation development strategies exist as of today Target: Development and submission to the Government of the medium to long term strategy of innovation development in the country with clear implementation, monitoring and evaluation plan of activities						
Applicable Key Result Area (from 2008-11 Strategic Plan): 1.1 Promoting inclusive growth, gender equality and MDG achievement						
Partnership Strategy Institute of Forecasting and Macroeconomic Research, Ministry of Economy, Agency for Technology Transfer, regional technology transfer centers, Science and Technology Committee,						
INTENDED OUTPUT(S)	OUTPUT BASELINE(S)	OUTPUT INDICATOR(S)	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
OUTPUT 1: Strengthened capacities of the central government and relevant authorities to develop, implement and monitor innovation policies	Baseline 1: There is no clear and comprehensive government strategy/ programme on innovation development in Uzbekistan	Indicator 1.1: Availability of a long term innovation development strategy/ programme	Target 1.1: 2010: The assessment of the national innovation system carried out 2011: The draft of a comprehensive innovation development programme document (hereinafter – The Programme of Innovation Development) is developed 2012 The Programme of Innovation Development is further improved and submitted to the Government for adoption	1.1 Designing and submission of the longterm Programme of Innovation Development 2010: <ul style="list-style-type: none"> ▪ TORs for consultants developed ▪ National and international consultants recruited ▪ Background data collection and analysis carried out by national and international consultants, in cooperation with the counterparts and stakeholders ▪ Interviews and roundtables involving government officials (policy-makers, policy-implementers) and other stakeholders held ▪ The assessment report prepared in consultations with the Government and stakeholders 2011: <ul style="list-style-type: none"> ▪ The draft Programme of Innovation Development elaborated, presented and discussed with the Government and stakeholders ▪ Proper implementation and M&E arrangements in the Programme of Innovation Development incorporated (ie, indicators, targets, baselines, inputs and 	Institute of Forecasting and Macroeconomic Research, Ministry of Economy, Science and Technology Committee, Ministry of Higher Education, Patent Agency, UNDP, World Bank (TBC),	<ul style="list-style-type: none"> • Consultancy fees • Round-tables, interviews, fact-finding • Publications and printing <u>Total for Activity 1 (Indicative activities 1.1 and 1.2):</u> USD138,824 2010: USD 27,225 2011: USD 55,800 2012: USD 55,800

		<p><u>Indicator 1.2:</u> Availability of tools (indicators, indexes, etc.) to monitor and evaluate the innovation strategy/policy/programme</p>	<p><u>Target 1.2:</u> 2010: A list of qualitative and quantitative indicators for monitoring and evaluation of innovation development (hereinafter – innovation development indicators)</p> <p>2011: The list of innovation development indicators introduced to the Government</p> <p>2012: The innovation development indicators are</p>	<p>activities)</p> <ul style="list-style-type: none"> ▪ Detailed activities on implementation, monitoring and evaluation (ie, indicators, targets, baselines, resources etc) are incorporated into the programme <p>2012:</p> <ul style="list-style-type: none"> ▪ The draft of the Programme of Innovation Development is sent out to the ministries, agencies and other stakeholders for coordination ▪ The Programme of Innovation Development is further improved based on the comments received and submitted for adoption by the Government <p><u>1.2 The innovation development indicators are introduced to the Government and calculated on an annual basis</u></p> <p>2010:</p> <ul style="list-style-type: none"> ▪ TORs for consultants developed ▪ Consultants recruited to develop and adapt the indicators/indexes to Uzbekistan's circumstances ▪ Trainings on gathering data and calculating the indicators/indexes organized for key specialists and responsible officials ▪ The first set of indicators/indexes developed, calculated and submitted to the Government <p>2011</p> <ul style="list-style-type: none"> ▪ The next set of innovation development indicators developed, calculated and submitted to the Government ▪ Education and PR activities (ie, round-tables and seminars) are carried out aimed at 		<p>The Institute of Macroeconomic Research and Forecasting Ministry of Economy, (TBC), State Statistics Committee, , UNDP</p>
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			calculated and publicly disseminated	<p>explaining and disseminating the indicators</p> <p>2012</p> <ul style="list-style-type: none"> ▪ The Institute of Forecasting and Macroeconomic Research prepares the indicator based on statistical data and surveys. ▪ Education and PR activities (ie, round-tables and seminars) are carried out aimed at explaining and disseminating the indicators 		
	<p><u>Baseline 2:</u> Newly established technology transfer offices (TTOs) in Uzbekistan lack capacities and tools</p>	<p><u>Indicator 2.1:</u> # of technology transfer officers trained</p>	<p><u>Target 2.1:</u> 2010: At least 15 technology transfer officers receive comprehensive training</p> <p>2011: At least 15 technology transfer officers receive comprehensive training</p> <p>2012: At least 20 technology transfer officers receive comprehensive training</p>	<p><u>2.1 Technology transfer officers receive comprehensive training</u></p> <p>2010:</p> <ul style="list-style-type: none"> ▪ TOR for consultants developed ▪ Consultants recruited ▪ The programme of training prepared and coordinated with Science and Technology Committee, and Ministry of Economy ▪ Required training materials developed and printed ▪ The trainings for at least 15 technology transfer officers conducted ▪ Study tour to a successful technology transfer office (in country X) organized ▪ At least two specialists at ATT pass training of trainers ▪ Science-technical bulletins are prepared and printed <p>2011:</p> <ul style="list-style-type: none"> ▪ Training module developed in cooperation with a preselected business education centre in Tashkent ▪ At least 15 technology transfer officials receive the training ▪ Study tour to a successful technology 	<p>UNDP, Agency for Technology Transfer, Institute of Forecasting and Macroeconomic Research, Ministry of Higher Education</p>	<ul style="list-style-type: none"> • Consultancy fees • Printing • DSA (for trainees) • Study tour • IT equipment • Software development <p>Total for Activity 2 (<u>Indicative activities 2.1 and 2.2</u>): USD252,024</p> <p>2010: USD 88,625 2011: USD 94,200 2012: USD 69,200</p>

		<p><u>Indicator 2.2:</u> # of regional TTOs connected to the national IT-based network database of innovation projects</p>	<p><u>Target 2.2:</u> 2010: At least 6 regional TTOs connected and have access to the national IT-based network database of innovation projects</p> <p>2011: All (13) regional TTOs connected and have access to the national IT-based network database of innovation projects</p>	<p>transfer office (in country X) organized</p> <ul style="list-style-type: none"> ▪ Science-technical bulletins are prepared and printed <p>2012</p> <ul style="list-style-type: none"> ▪ At least 20 technology transfer officials receive the training ▪ Study tour to a successful foreign technology transfer office organized ▪ Science-technical bulletins are prepared and printed <p><u>2.2 All regional TTOs are connected and have access to the national IT-based network database of innovation projects</u></p> <p>2010:</p> <ul style="list-style-type: none"> ▪ TOR for the design and development of the IT-based database of innovation projects elaborated ▪ Services on developing the programme code/software procured ▪ IT equipment for ATT procured to host and administer the database ▪ The database code (software) developed and tested ▪ The interface made available both in English and Russian <p>2011:</p> <ul style="list-style-type: none"> ▪ Regional TTOs connected and have access to the database (via Internet) ▪ Regional TTO staff trained to make use of the database ▪ The database incorporated into ATT's website and accessible by anyone online 	<p>UNDP, Agency for Technology Transfer, Science and Technology Committee</p>	
	<p><u>Baseline 3:</u> Insufficient</p>	<p><u>Indicator 3.1:</u> Frequency of the</p>	<p><u>Target 3.1:</u> 2010: The Republican</p>	<p><u>3.1 The Republican Innovation Fair is held annually and innovation projects are selected</u></p>	<p>Ministry of Economy, Science</p>	<ul style="list-style-type: none"> • Consultancy fees • Publishing and Printing

	<p>government support to commercialization of technology (produced domestically), particularly in the area of energy efficiency</p>	<p>Republican Innovation Fair and # of innovation projects selected for financing by SGP GEF</p>	<p>Innovation Fair held and at least 7 innovation projects selected for financing by SGP GEF annually</p> <p>2011: The Republican Innovation Fair held and at least 10 innovation projects selected for financing by SGP GEF annually</p> <p>2012: The Republican Innovation Fair held and at least 10 innovation projects selected for financing by SGP GEF annually</p>	<p>for financing by SGP GEF annually</p> <p>2010:</p> <ul style="list-style-type: none"> ▪ The catalogue of innovation projects and promo materials for participants printed ▪ The programme of seminars, workshops, and lecturers etc. during the Innovation Fair developed and coordinated with the counterpart (MinEcon) ▪ The innovation fair held, together with the seminars, presentations, and workshops for participants. ▪ In cooperation with SGP GEF at least 7 projects selected for grant financing in the area of energy efficiency and environment <p>2011:</p> <ul style="list-style-type: none"> ▪ Efficient tools for monitoring the results of the Innovation Fair developed in cooperation with the counterpart (MinEcon, Science and Technology Committee) ▪ The catalogue of innovation projects and promo materials for participants printed ▪ The programme of seminars, workshops, and lecturers etc. during the Innovation Fair developed and coordinated with the counterpart (MinEcon) ▪ The innovation fair held, together with the seminars, presentations, and workshops for participants. ▪ In cooperation with SGP GEF at least 10 projects selected for grant financing in the area of energy efficiency and environment <p>2012:</p> <ul style="list-style-type: none"> ▪ The catalogue of innovation projects and promo materials for participants printed ▪ The programme of seminars, workshops, and lecturers etc. during the Innovation Fair 	<p>and Technology Committee, UNDP, SGP GEF</p>	<p>Total Cost for Activity 3 (Indicative activities 3.1, 3.2 and 3.3): USD 89,400</p> <p>2010: USD 34,800 2011: USD 39,800 2012: USD 14,800</p>
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		<p><u>Indicator 3.3:</u> Availability of the (national) standard and/or guidelines on valuation of intellectual property</p>	<p><u>Target 3.3:</u> 2010: The (national) standard and/or guidelines on valuation of intellectual property elaborated</p>	<p><u>3.3 The (national) standard and/or guidelines on valuation of intellectual property elaborated</u> 2010:</p> <ul style="list-style-type: none"> ▪ TOR for consultants prepared ▪ Consultants develop the draft valuation standard and guidelines, based on the 	<p>UNDP, , Science and Technology Committee, World Bank, Agency for Technology Transfer, Patent</p>	

			<p>2011: At least three technology-related intellectual property objects valued/appraised in line with the new standard/guidelines</p>	<p>international valuation standards</p> <ul style="list-style-type: none"> ▪ Feedback from the agencies in charge and valuation professionals received ▪ Test valuations conducted on several intellectual property objects (eg, new technology, know-how, invention, etc.) <p>2011:</p> <ul style="list-style-type: none"> ▪ The finalized version of the (national) standard and/or guidelines on valuation of intellectual property submitted to the State Property Committee and the Ministry of Justice for approval 	Agency	<p>Project total estimate: USD 638,566</p> <p>2010: USD 198,873 2011: USD 247,972 2012: USD 191,722</p> <p>ISS charges: USD 15,453</p> <p>2010: USD 4,851 2011: USD 5,926 2012: USD 4,676</p> <p><u>Project Audit:</u> 2011: USD 5,000</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 the Institute of Forecasting and Macroeconomic research as the implementing partner. The Director of the Institute of Forecasting and Macroeconomic research will simultaneously hold the role of the 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 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/ Institute of Forecasting and Macroeconomic research approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance to 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. The Project Board, if necessary, will also decide on the reallocation of project budget among its activities based on the respective request made by the Project manager. 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 RR/DRR, and the Senior Beneficiary role is held by a group of representatives from partner government agencies and civil society (see Annex B1 for details).

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 (see Annex B2 for details). Furthermore an Administrative Finance Assistant and a PR-specialist will be recruited to provide support in the implementation of project activities.

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. A UNDP Programme Officer typically holds the Project Assurance role (see Annex B3 for details).

Direct UNDP Country office Support Services to the Programme Implementation

The UNDP and the Institute of Forecasting and Macroeconomic Research have agreed that the UNDP Country Office will provide the following support services for the project activities at the request of the Institute of Forecasting and Macroeconomic Research:

- (a) Identification and/or recruitment and solution of administrative issues related to the project personnel;
- (b) Procurement of commodities, labor and services;
- (c) Identification and facilitation of training activities, seminars and workshops;
- (d) Financial monitoring and reporting;
- (e) Processing of direct payments;
- (f) 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 Institute of Forecasting and Macroeconomic Research 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 UNDP country office support services is revised with the mutual agreement of the UNDP resident representative and the Institute of Forecasting and Macroeconomic Research.

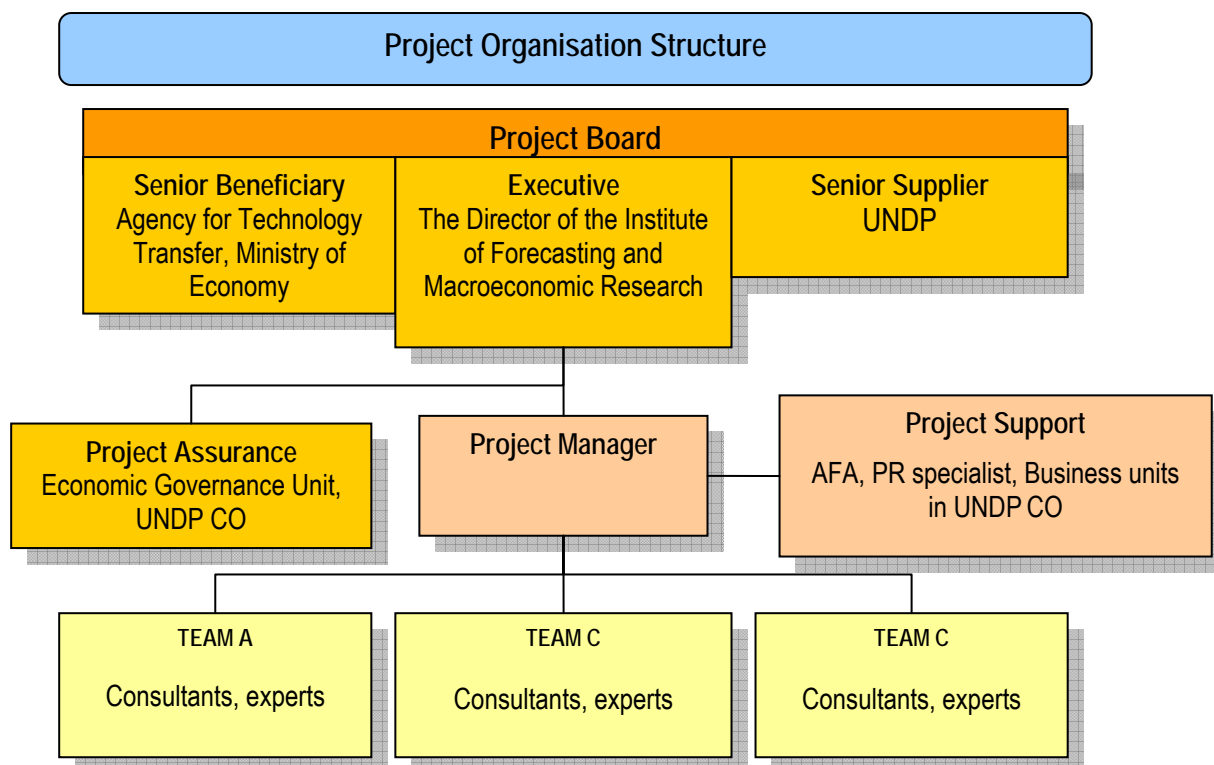
The relevant provisions of the Standard Basic Assistance Agreement (SBAA) between the Government of Uzbekistan and the UNDP, signed by Parties on 10th June 1993, including the provisions on liability and privileges and immunities, shall apply to the provision of such support services.

The Institute of Forecasting and Macroeconomic Research (Government) shall retain overall responsibility for this nationally managed project and will appoint the National Project Coordinator (NPC). Direct responsibility of the NPC will be provision of strategic advice, as well as coordination of the project activity taking into account interests of the Government. He/she will approve Annual Work Plan of the Project, according to which the whole project activity will be carried out (for more details please see roles and responsibilities of the Project Board's Executive).

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.

The Government shall retain overall responsibility for the nationally managed programme or project.

Audit of the project will be conducted as per UNDP procedures and requirements at least once per the project lifecycle.



V. MONITORING AND EVALUATION FRAMEWORK

Mainstreaming gender issues into project also implies developing monitoring and evaluation mechanisms that will enable to track progress on gender equality goals (if these are included in the project) or to assess the extent to which the project has addressed gender issues and needs and has made an impact on women's and men's lives and gender issues in the country (if gender equality does not figure specifically as a project goal). This should involve developing indicators that provide sex-disaggregated data (data for women and men separately) and information on the positive and negative impact of the project on women and men.

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 1), 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 and the Outcome 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: Strengthened capacities of the central government and relevant authorities to develop, implement and monitor innovation policies		
Activity Result 1 (Atlas Activity ID)	Innovation development strategy/programme and a set of indicators of innovation development	Start: January 2010. End: December 2012
Purpose	Comprehensive innovation development strategy/policy/programme document finalized and submitted to the Government (with clear medium- to long-term targets, indicators, implementation and M&E arrangements)	
Description	<p>A working group consisting of expert and competent specialists from the ministry and agencies, as well as other stakeholders from the science, business and international donor community will be formed. The group will conduct a comprehensive critical analysis of the national innovation system of Uzbekistan and its structural components: 1) Secondary and higher education, R&D institutes; 2) the system of intellectual property rights protection; 3) the state of development of ICT; 4) the system of government support of innovation activity, including financial and non-financial instruments of innovation support. The development of the programme will be carried based on wide consultations and interagency coordination with all stakeholder parties.</p> <p>In addition to that the group will present a set of indicators (ie, indexes) of innovation development in the country, which will help monitor the implementation and success of the suggested innovation strategy/programme.</p>	
Quality Criteria	Quality Method	Date of Assessment
<ul style="list-style-type: none"> • Comprehensive analysis and assessment of the national innovation system is conducted based on wide and open consultations with all stakeholders • The suggested strategy/programme will cover all elements of the NIS and will propose logical and coordinated activities • The suggested set of indicators is harmonized with international indicators and allows comparing the degree of innovation development with that of other countries across a wide range of indicators 	<ul style="list-style-type: none"> • Evidence of active participation of all stakeholders in the discussion, design, and coordination of the innovation strategy/programme (ie, minutes of meetings, list of participants, correspondence and documentation of procedures of coordination, etc.) • Expert analysis and assessment of the suggested innovation strategy/programme by an independent consultant or a group of consultant evaluators (reports and commentaries) 	<ul style="list-style-type: none"> • Annually (end of year – November, December)

OUTPUT 1: Strengthened capacities of the central government and relevant authorities to develop, implement and monitor innovation policies		
Activity Result 2 (Atlas Activity ID)	Strengthened capacities of ATT and regional technology transfer centers	Start: January 2010 End: December 2012
Purpose	Strengthening the capacities of ATT and regional technology transfer centers through improving the professional skills/qualifications and introduction of modern IC technologies into their activities	
Description	A working group will be formed and a training and education organization will be selected to design a dedicated programme of trainings for the staff of ATT and regional technology transfer centers, which will include courses of innovation management, protection of intellectual property (particularly in industrial property such as patents, know-how, technologies, trade-secrets, etc.), contract writing, search of partners, and use of ICT tools for these purposes. In addition to that, dedicated software will be development for the electronic database of national innovation projects, to which the connection of regional technology transfer centers via Internet is envisaged. Administering the database will be entrusted to ATT. The programme of education of specialists in the area of technology transfer will include trainings on intensive use of the database in their activity.	
Quality Criteria	Quality Method	Date of Assessment
<ul style="list-style-type: none"> • At least 50 specialists from ATT and regional technology transfer centers receive training and improve their professional skills • The software for the electronic database is based on corresponding international classification of innovation projects (UNIDO, EC) • All regional technology transfer center get access to the electronic database of innovation projects via Internet 	<ul style="list-style-type: none"> • Test results of the training participants • Minutes, reports and the list of training participants • Expert evaluation of the compliance of the electronic database with the international classifications of innovation projects • Availability of access to the electronic database at regional technology transfer centers via Internet 	<ul style="list-style-type: none"> • Tests to be conducted upon completion of the trainings • Expert evaluation to be conducted upon completion of the development of the software for the electronic database • Checking of availability of access to the electronic database to be conducted at the end of project implementation

OUTPUT 1: Strengthened capacities of the central government and relevant authorities to develop, implement and monitor innovation policies		
Activity Result 3 (Atlas Activity ID)	Increasing the degree of commercialization of locally developed technologies	Начало: Апрель 2009 г. Конец: Декабрь 2011 г.
Purpose	Support to non-financial (ie, organizing the Innovation fairs) and financial (ie, venture financing, valuation of technology) instruments for stimulating the commercialization of locally developed technologies	
Description	The project will continue rendering support in conducting the Annual Innovation Fair through publishing the catalogue of innovation projects, organizing thematic lectures and seminars during the Fair, improving the system of monitoring the results of the Fair, as well as selecting several innovation projects for financing by SGP GEF. In addition to that consultancy support to the Government will be provided in the area of venture financing of innovation projects via preparation of an analytical report and a business plan for a venture fund. National consultants will also develop a standard and/or guidelines for valuation of intellectual property. For these purposes consultants will be recruited, including international.	
Quality Criteria	Quality Method	Date of Assessment
<ul style="list-style-type: none"> • At least 7 innovation projects are selected for financing by SGP GEF • The analytical report (concept) and a business plan for the venture fund are developed and submitted to the Government in 2010 and 2011 correspondingly. • The standard and/or guidelines for valuation of intellectual property are developed and tested 	<ul style="list-style-type: none"> • Expert evaluation of SGP GEF Coordinator • Survey of participants of the Innovation Fair • Test valuations of the value of selected types of intellectual property (ie, a patent, technology, know-how, etc.) 	<ul style="list-style-type: none"> • Annually upon the end of the Innovation Fair • Upon the end of year • Upon the completion of the project component

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.

VII. ANNEXES

Annex A: OFFLINE RISK LOG

Project Title: Support to Innovation Policy and Technology Transfer	Date: 09.12.2009
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#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1.	In certain technical and substantive aspects of the project UNDP may lack in-house expertise		Organizational	This can negatively impact the quality and timing of project implementation I = 3 P = 3	Relying more on partnerships with organization such as UNIDO, UNECE, World Bank, and others				
2.	Due to further restriction of recruitment guidelines with regard to government employees, the implementation of the project could become more complicated		Organizational	This can negatively impact the quality and timing of project implementation I = 4 P = 4	More active search and recruitment of consultants and experts from the non-government sector to project implementation				

3.	Recently there has been a high staff turn-over in the Agency for Technology Transfer, particularly at the management level		Organizational	<p>If the trend persists, this can jeopardize some of the deliverables of the project</p> <p>I = 3 P = 2</p>	<p>Measures to maintain institutional memory at the Agency ie, when skills and experience are accumulated and passed on irrespective of human factor (including through keeping documents, materials, instructions, guidelines organized within ATT)</p>				
4.	The priority of the innovation policy can be overwhelmed by the policy priorities in other areas (ie, industrial policy, employment generation policy, import substitution, etc.)		Political	<p>This can negatively impact the quality and timing of the first project component – development of the innovation strategy/programme and of a set of indicators of innovation development</p> <p>I = 4 P = 2</p>	<p>More active PR and educational work among government ministries and agencies, as well as in mass, media about the significance of the innovation policy</p>				

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 (***National Project Coordinator (NPC)***) 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
- Approve and sign basic project and financial documents (e.g. revised project documents, initial Annual Work Plan, quarterly, annual and final reports) 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

The Executive is responsible for overall assurance of the project. If the project warrants it, the Executive may delegate some responsibility for the project assurance functions.

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. This 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.

The Implementing Partner appoints the PM, who should be different from the Implementing Partner's representative in the Outcome Board. Prior to the approval of the project, the Project Developer role is the UNDP staff member responsible for project management functions during formulation until the PM from the Implementing Partner is in place.

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.
- 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;
- 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 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.

MINUTES
LPAC meeting to discuss the
“Support to Innovation Policy and Technology Transfer” project

Date: 13 January 2010,
Venue: UNDP
Participants: *(as per the attached List of participants)*

Ms. Nirody welcomed the participants of the LPAC meeting and noted that the proposed project on “Support to Innovation Policy and Technology Transfer” is a result of a series of discussions with the Government counterparts and other stakeholders, and is based on the findings of the Initiation Plan on Technology Transfer undertaken by UNDP in January-September, 2009. It was also mentioned that within UNDP’s support to innovation processes in Uzbekistan, UNDP supported last year’s innovation fair. As a notable result of this cooperation five innovation projects were selected at the fair for financing by SGP GEF, three of which are currently at the active stage of implementation.

Ms. Saidova welcomed all the participants of the meeting and thanked UNDP for supporting the Government’s priorities related to innovation policy and technology transfer. It was noted that a lot still needs to be done in this area. In this regard, while the current initiative is important, she welcomed participation of other donors in addressing the issues of innovation development. In particular, the possibilities for optimization of allocation of funds for project activities within the given budget can be seen in case other donors express readiness to join their efforts in this area.

Mr. Jumaev presented the main activities, budget, and the composition of the project board of the project. In particular, the project duration was set for three years (2010-2012) with around USD 685000 budgeted for project activities. Those activities include support in 1) innovation policy formulation, implementation, and monitoring and evaluation; 2) strengthening the capacities of technology transfer offices; and 3) further development of financial and non-financial instruments to stimulate technology transfer and commercialization. The project contributes to the first outcome of the CPAP for 2010-2015 “Strengthened government capacity at national and local levels to improve macroeconomic forecasting, innovation, and to collect, analyze and report data in line with the Millennium Development Goals and other international standards”.

It was noted that the Institute of Forecasting and Macroeconomic Research was designated as the main implementing partner of the project, with close involvement of Ministry of Economy, Agency for Technology Transfer, and Science and Technology Committee in project implementation.

Following the presentation of the main project activities the floor was open for discussion

World Bank (Mr. Brefort) noted that the topic of innovation development was important to World Bank, and both intellectual and financial support were necessary. World Bank was ready to continue intellectual support in this area. In this regard, World Bank was planning a series of videoconferences in 2010 on very practical aspects of innovation policy (eg, Criteria for selecting innovation projects, Institutional issues related to technology transfer, Public-private risk sharing, Government policy for adoption of foreign technology, and Public procurement as a tool to absorb and attract foreign technology).

GTZ (Mr. Kanal) informed that it stood ready to share the experience it had in the area of innovation development from around 22 countries throughout the world. It was specifically noted that the interventions in this area should also reflect the needs of the private sector, which is the major driver of innovation and GTZ is ready to cooperate in this area.

World Bank (Mr. Trushin) also suggested contributing to the first component of the project on policy formulation through Evaluation (assessment) of Innovation Potential – a tool developed and applied by World Bank. It was also noted that there seems to be an overlap in certain areas between the suggested project and World Bank’s support in this area, which actually could be a good thing in a sense that combining funds in these areas would help scale up the efforts.

ADB (Mr. Bozakov) stressed the complementarities of UNDP's and ADB's projects both in this area as well as in the area of public finance reform and WIS follow-up, and expressed interest in further coordination and cooperation in those areas.

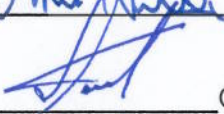
Following the discussion the LPAC participants endorsed the proposed project initiative and expressed readiness to continue closer cooperation in this area.

In conclusion, **Ms. Saidova and Ms. Nirody** thanked the participants and reiterated the need for further mobilization of resources and coordination of efforts by stakeholders in this area.

Prepared by: Zarif Jumaev (EGU Programme Specialist)

Reviewed by: Sherzod Akbarov (Head of EGU)

Approved by:  Anita Nirody, UNDP Resident Representative

Approved by:  Galina Saidova, First Deputy Minister of Economy

List of Participants

Ministry of Economy			
1	Ms. Galina Saidova	-	First Deputy Minister
2	Mr. Akmal Akramov	-	Head of Unit
The Institute of Forecasting and Macroeconomic Research at the Ministry of Economy			
3	Mr. Avaz Sadykov	-	Deputy Director
4	Mr. Jakhongir Muinov	-	Head of project
The Committee for Co-ordination of Development of Science and Technology at the Cabinet of Ministers			
5	Mr. Majid Karimov	-	Deputy Chairman – Executive Director
6	Mr. Odilkhuja Parpiev	-	Head of Unit
The Agency for Technology Transfer			
7	Mr. Ulugbek Rasulov	-	A. I. Director
8	Mr. Anvar Ibragimov	-	Marketing manager
State Patent Agency			
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10	Mr. Loup Brefort	-	World Bank, Country manager
11	Mr. Eskender Trushin		
12	Mr. Shameer Kanal	-	GTZ
13	Mr. Sergey Levin		
14	Mr. Plamen Bozakov	-	ADB, Uzbekistan Deputy Country Director
15	Dr. Ilkhomjon Mirzakulov	-	TIKA
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16	Ms. Anita Nirody	-	Resident Representative
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19	Mr. Hurshid Rustamov	-	Programme Coordinator, Economic Governance Unit
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