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Budget System Reform in Uzbekistan Project Evaluation

Report

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The evaluator hopes that this evaluation and its recommendations will further strengthen UNDP contribution to advancing public finance management reforms in Uzbekistan.

The views expressed here do not necessarily reflect those of the UNDP Uzbekistan. The consultant remains solely responsible for any errors that may remain in this report.

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ABBREVIATIONS AND ACRONYMS	
ADB	Asian Development Bank
Adetef	Assistance au Développement des Échanges en Technologies Économiques et Financières
CIS	Commonwealth of Independent States
CO	Country Office
GDP	Gross Domestic Product
ICT	Information Technology
IPSAS	International Public Sector Accounting Standards Board
HDI	Human Development Index
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
NGO	Non-Government Organization
NPSAS	National Public Sector Accounting Standards
PBB	Performance-Based Budgeting
PFM	Public Finance Management
PR	Public Relations
TOT	Train the Trainer
TOR	Terms of Reference
RBM	Results Based Management
UNCITRAL	United Nations Commission on International Trade Law
UNCT	United Nations Country Team
UNDAF	UN Development Assistance Framework
UNDP	United Nations Development Programme
WB	World Bank

1. BACKGROUND

1.1 Country and Project context

Since the mid-2000s, Uzbekistan has enjoyed robust GDP growth, due to favourable trade terms for its key export commodities like copper, gold, natural gas, cotton, the government's macro-economic management, and limited exposure to international financial markets that protected it from the economic downturn.¹ From 2005 to 2014, for example, annual growth rates in industrial output ranged from 6.6 to 12.7 percent, with those in agriculture reaching from 4.5 to 7 percent.²

Uzbekistan demonstrated significant achievements in the area of human development over the last eight years that can be attributed mostly to its economic growth. Uzbekistan's human development index (HDI) which is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living was 0.675 in 2014 — which put the country in the medium human development category—positioning it at 114 out of 188 countries and territories. Between 2000 and 2014, Uzbekistan's HDI value increased from 0.594 to 0.675, an increase of 13.7 percent or an average annual increase of about 0.92 percent.³

Implementation of prudent economic policies by the Government of Uzbekistan over the last several years has significantly contributed to the achievement of financial and macroeconomic stability in the country. Within the reform program that is currently under implementation, the Government of the Republic of Uzbekistan has set itself all-encompassing goals for the achievement of structural and institutional changes that require significant financial resources, on the one hand, and efficient system of distribution and use, on the other. Efficient and transparent management of the budget system becomes an important tool to address these problems in this context.

A number of transformations in the Public Finance Management (PFM) in Uzbekistan have been implemented within the course of liberalization policy and intensification of economic reforms. Key public finance reform focus areas, targets and sequencing have been set forth in the Public Finance Management Strategy for the period 2007- 2018, developed by the Ministry of Finance of the Republic of Uzbekistan jointly with IMF's Fiscal Policy Department. Major changes were associated with a phased transition to the treasury-based budget execution, improving the regulatory framework of budget preparation and increasing the effectiveness of control over budget expenditures.

Since 2007 UNDP has been supporting the Government of the Republic of Uzbekistan in promotion of PFM reforms with ultimate goal of improving the welfare of the population. The current joint initiative of UNDP and the Ministry of Finance “Budget System Reform (BSR) in Uzbekistan” Project which is under implementation since July 2010 had an objective to support and enhance capacity of the Government in managing the budget system with particular focus on achieving greater effectiveness, accountability, and transparency of the budget process and capacity building of the MoF management and staff. BSR Project's work is aligned with the objectives of MoF Public Finance Management Strategy for the period 2007-2018.

¹ World Bank, Uzbekistan Overview, <http://www.worldbank.org/en/country/uzbekistan/overview#1>

² United Nations Development Assistance Framework for the Republic of Uzbekistan 2016–2020 — Tashkent, 2015

³ UNDP, Human Development Report 2015, Work for human development, Briefing note for countries on the 2015 Human Development Report, Uzbekistan, http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/UZB.pdf

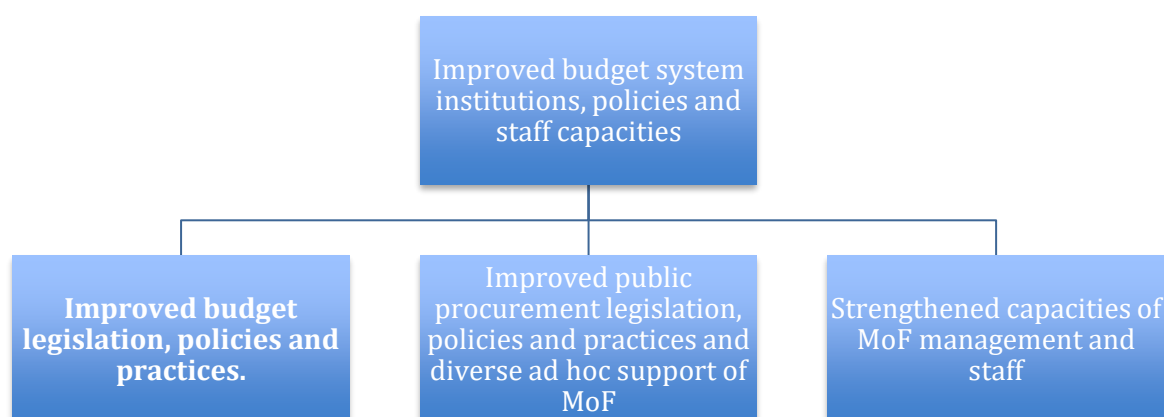
During Phase I (2010-2013) the Project had five Components:

- 1) Legislative framework is developed to facilitate the reforms on introduction of medium-term budget planning and Performance based budgeting (PBB)
- 2) Piloting of PBB is expanded, methodology for its full-scale implementation and transition to medium-term budget planning developed
- 3) Legislative, normative and regulatory framework is enhanced to improve the efficiency and transparency of public procurement
- 4) Methodology for inter-budgetary adjustment of revenues and expenditures is developed.
- 5) Capacity of civil servants involved in budget reform is enhanced, and training capacity of the Training Center under the MoF strengthened

During the Phase II the Project continued with Components 1, 3 and 5.

A simplified Project's theory of change is presented below:

Figure 1: The BSR Project Theory of Change



To achieve a first objective “**improved budget legislation, policies, and practices**”, the Project was planning to develop a Concept note and Draft Budget Code and widely discuss it. Given complexity of the Code, the Project document included the Code practical approbation for 2 years followed by additional rounds of discussions, consolidation and finalization. To support the Budget Code implementation, an extensive awareness and training campaign involving members of the Parliament, civil servants and civil society representatives was designed. Another core priority under the first pillar was to support the MoF in promoting elements of medium-term planning and performance-based budgeting strategies at the level of ministries /budget recipients by developing guidelines and piloting them with a few line ministries and state agencies. To this end the Guidelines for compiling the Roster of expenditure authorities as well as the Guidelines for monitoring budget programmes have been developed. The Project was planning to advance gender sensitivity budget analysis techniques by focusing on one region and developing indicators for assessing the gender sensitivity of local budgets. As Uzbekistan is not ready to adopt the International Public Sector Accounting Standards (IPSAS), which are accrual-based standards used for the preparation of general purpose financial statements by governments and other public sector entities around the world, it was decided to develop a number of National Public Sector Accounting Standards (NPSAS) that would broadly comply with IPSAS.

To achieve a second objective of “improved public procurement legislation, policies and practices,” the Project was planning to develop a Concept and a draft Law “On public procurement” along with by-laws and instructions on procurement procedures. Additional planned work included development of Methodological guidelines on conducting e-auctions. To ensure broad buy in of the new public procurement legislation, multiple decision makers and public servants were expected to be engaged into numerous draft discussions, study tours and trainings.

The Project was planning to support other MoF priorities, including adaptation and implementation of the methodology for assessing regions’ tax potential, previously prepared for the Namangan region, for all regions of Uzbekistan; preparing a draft methodology for developing provinces’ revenue increasing strategies; conducting additional work on distribution of targeted subventions as well as analytical work on social security reforms, including the pension system.

To achieve a third objective “strengthened capacities of MoF management and staff”, the Project was planning to build the institutional and human capacity of the Training Center under the MoF, organize a number of awareness raising and training opportunities and discussions to support key Project deliverables and conduct a number of study tours for MoF management and staff. The topics to be covered were diverse to include a new Budget Code; medium-term planning methodology and practice; methodology of reporting and monitoring of programme based budget execution; NPSAS-related changes made to public sector accounting and reporting system; gender-budgeting methodology and application of gender-sensitive indicators; international good practices in public procurement procedures; and methodologies for assessing and forecasting regions’ tax potential. To strengthen capacities of the Training Centre, it was planned to procure the hardware and software, provide access to 2 online information resources of international organizations, and conduct training of trainers and the Training Institute faculty on such diverse topics as public procurement; management of budget programs; inter-budgetary relations; and distance learning system implementation. The Project was expected to support development and launch of the web-site of the Training Center and preparation, testing and launch of the distance learning system. It was also planned to support development of online training modules.

1.2 Purpose of the Project Evaluation

This evaluation is commissioned by UNDP Uzbekistan to assess its BSR Project that will be closed in December 2015. This external evaluation takes stock of the Project’s progress, its successes and weaknesses. The results of the evaluation will provide the Project stakeholders with an unbiased outcome-level assessment of its results, lessons learned and elements of a potential next-stage cooperation framework between UNDP and the government in the area of PFM reforms. More specific consultant’s tasks included:

- conduct an impartial and expert assessment of the outcome-level results of UNDP’s cooperation with the MoF under the BSR Project
- provide a review of achieved results and lessons learned against the expected targets, outputs and indicators laid down in the Project document
- prepare questionnaires for the meetings with project stakeholders. Meet with and gather substantive feedback from the project stakeholders. The stakeholders’ groups should consist of:
 - Government Agencies (Ministry of Finance, Treasury)
 - Academic and research institutions (Institute of Finance, Banking Academy)
 - IFIs and bilateral organizations (World Bank, ADB)
- assess the Project’s contribution to the progress made in support of PFM reform process in Uzbekistan and building MoFs capacity to employ modern budget planning methodologies,

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reforming public procurement procedures and practices, public sector accounting and reporting standards, etc.

- assess the degree to which the policy formulation process has been carried out through participatory dialogue and policy communication with the stakeholders
- assess the degree to which the resources and funding for the above Project directions have been used effectively and efficiently
- assess how effectively the knowledge base, information technology, and communication means (ie, social media, web site, regular publications, etc.) are being used to expand the outreach and knowledge-sharing by the Project
- assess the extent to which a knowledge base is being established so that a sustainable capacity is being built for addressing the relevant development problems
- present and discuss the findings and recommendations to UNDP and beneficiaries
- review and elaborate the comments presented with regard to the draft final evaluation report
- review and incorporate the inputs provided by UNDP and stakeholders into the final evaluation report
- provide quality assurance and ensure timely submission of the final evaluation report in a format agreed with UNDP

The consultant, on the basis of the evaluation, developed recommendations for potential next-stage support of the MoF and PFM reforms in Uzbekistan. Specific areas and modalities of support are discussed in recommendations section of the report.

2. EVALUATION APPROACH AND METHODOLOGY

This evaluation is based on the belief that evaluation should be supportive and responsive to projects, rather than become an end in itself. Evaluation was tailored to the needs of the intended users as described in the TOR. The consultant has collected systematic information on how a Project was being implemented and identified barriers to achieving Project objectives. The operational processes through which desired outcomes are pursued were captured and analyzed.

A mixed-method design was used for this evaluation to ensure triangulation of data. All data gathered was verified through triangulation or ensuring the credibility of data gathered by relying on data from different sources (primary and secondary data), data of different types (qualitative, quantitative and resource information) or data from different respondents (e.g., beneficiaries, stakeholders, UNDP staff, and others). The consultant explored in detail contextual and other factors beyond scope of UNDP influence that affected these outcomes.

A field mission to Uzbekistan validated the preliminary findings and observations through interviewees and collection of additional information. On the last day of the mission the consultant presented his preliminary findings and recommendations to the Project Board to validate them and seek partners' inputs into the report finalization.

The evaluator followed the guidance provided in UNDP, *Handbook on Planning, Monitoring and Evaluating for Development Results*, 2009 and UNDP, *Outcome-Level Evaluation: A Companion Guide to the Handbook on Planning, Monitoring and Evaluating for Development Results for Programme Units and Evaluators*, 2011.

The evaluator adopted the following guiding principles so that the evaluation process and outcomes are:

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- participatory as it will reflect the views of as many stakeholders, project's beneficiaries and implementers as possible;
- high quality as it will use triangulation (simultaneous use of perception, validation and documentation to analyze information);
- impartial and balanced;
- credible, clear and easy to understand;
- evidence based and action oriented; and
- future oriented in its recommendations with particular focus on sustainability and lessons learned components.

In line with UNDP's results-based management model, the main focus was made on Project outcomes. For the purposes of the evaluation, UNDP definition of outcomes was operationalized.

*"Outcomes describe the intended changes in development conditions that result from the interventions of governments and other stakeholders, including international development agencies such as UNDP. They are medium-term development results created through the delivery of outputs and the contributions of various partners and non-partners. Outcomes provide a clear vision of what has changed or will change globally or in a particular region, country or community within a period of time. They normally relate to changes in institutional performance or behaviour among individuals or groups. Outcomes cannot normally be achieved by only one agency and are not under the direct control of a project manager."*⁴

A large set of different and complementary evidence was collected and analyzed by utilizing both qualitative and quantitative methods that included:

- **The project theory of change was constructed relying on the Project document and other relevant sources.** It describes a Project as an intervention with cause and effect connections among inputs, activities, outputs, outcomes and impact. The utilization of the logic model allows clearly separating outputs, which are tangible, time-bound products resulting from Project's activities from outcomes, which are changes in the real world, triggered by a set of outputs.
- **Desk review of relevant project documentation as conducted.** Quantitative and qualitative information was collected and analyzed to capture documented Project's outputs and outcomes. A complete list of materials produced by the BSR Project reviewed by consultant can be found in Appendix 2. Some core documents that were reviewed include:
 - Project document, original and revised
 - Project Annual Work Plans
 - Project documentation and analytical products
 - UNDAF and CPD
 - Project board minutes
- **Consultations with UNDP management were conducted** to identify key informants for face-to-face and skype interviews and e-mail exchanges and to validate the evaluation methodology and questionnaires. The evaluation was impartial and independent but the UNDP team was regularly updated about the evaluation progress.

⁴ UNDP. 2009. *Handbook on Planning, Monitoring and Evaluating for Development Results*, p.56.

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- **Project manager and staff were interviewed.** The consultant explored main Project's activities, outcomes, challenges and lessons learned. In addition to validation of the consultant's findings from the project documentation, the interviewees helped in exploring the information about the Project performance and outcomes that may not be captured in official Project's reports. The consultant conducted a number of meetings with the Project staff to examine in greater detail technical aspects of their work.
- **Project staff was requested to provide consultant with a brief summary of core Project outcomes/impacts in their areas of focus.** As two Project's staff were employed by both the previous UNDP PFM reforms Project that was implemented in 2007-2009 and by the current Project since its inception, the consultant heavily relied on their professional assessments of changes affected by UNDP interventions in the area of PFM. Such in depth meetings helped to identify challenges, successes, lessons learned and explore potential UNDP interventions in the area of PFM reforms.
- **Semi-structured interviews with pre-determined sets of questions were conducted.** The interviews have elicited information on the BSR Project supports to assess its relevance, effectiveness, efficiency, sustainability and impact. They were grouped into two main categories – for UNDP management, project management and staff and national partners and beneficiaries (see Appendix 1 for questionnaires). Selected interviewees included:
 - Ministry of Finance
 - World Bank
 - Asian Development Bank
 - Ministry of Economy
 - Ministry of Public Education
 - Ministry of Healthcare
 - National Association of Accountants and Auditors of Uzbekistan
- **Validation of preliminary findings and recommendations with UNDP.** The evaluator made a presentation of preliminary findings at the Project Board meeting. It validated them and provided an opportunity for management and staff to contribute their views and ideas to finalization of the report.

Constraints and Risks and Mitigation Approaches

The consultant understood that there were risks and constraints to the fulfilment of deliverables, as outlined in the TOR (see Appendix 4 for a full TOR). For this evaluation, the following risks/constraints and related mitigation approaches were identified.

Table 1. Evaluation Exercise Risks and Mitigation Strategies

Constraints and risks	Mitigation Approach
Time limitation that makes difficult a comprehensive evaluation across all project dimensions and areas of impact.	<ul style="list-style-type: none"> • Start evaluation with skype interview with UNDP and project management • Utilise skype and e-mail exchanges to obtain additional evidence from multiple project partners and beneficiaries.

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<p>Relatively long project duration and absence of mid-term evaluation</p>	<ul style="list-style-type: none"> • Spend extra time working with the current and previous, if available, management and staff to discuss 5 years of Project implementation • Request project staff to fill out a self-reporting template capturing their views on key Project challenges, successes, processes and potential impacts.
<p>Some key stakeholders and beneficiaries may not be available for interviews</p>	<ul style="list-style-type: none"> • Consultations with main stakeholders/beneficiaries will be planned with enough flexibility to account for their schedules. • Some interviews may be conducted via phone/skype.

Quality Control

The evaluator is committed to providing quality products and services. As a report was being developed, the evaluator had at least four check points:

- A discussion of the inception report and plans of action to ensure that the evaluator's understanding of what is required corresponds to UNDP expectations.
- Presentation and discussion of preliminary findings.
- A review of a draft, or mid-point of evaluation.
- An acceptance procedure for completed report.

Adjustments were made to reflect feedback at each of these points. This process ensured that multiple opportunities were provided to resolve issues and challenges throughout the evaluation exercise.

All confidential information obtained by any means was treated in confidence. Personal, confidential and sensitive information was not discussed with, or disclosed to, unauthorized persons, knowingly or unknowingly. The interviewees and others were treated with objectivity and impartiality.

The consultant faced a number of challenges in objectively assessing the BSR Project:

- Complexity and sensitivity of budget process does not allow the application of quantitative evaluation methods that could have provided more accurate picture of the Project outcomes/impacts. The evaluator explored a full range of outcomes at all levels, including ripple effects on legislation, policies, perceptions, and practices. The consultant also tried to obtain as much evidence as possible to examine how the Project's outputs were used by the MoF and other Government partners.
- The BSR Project has been supporting multiple areas of the MoF and often engaged the MoF staff on short term contracts to contribute to its analytical work. It complicated the analysis of the Project attribution as often it was difficult to assess whether the work supported by BSR Project would be done by the MoF or not. Attribution is a determination to what extent the BSR Project rather than Treasury and the MoF have contributed to observed outcomes. As in many instances the BSR Project and the MoF activities overlapped and were mutually supportive, the consultant had to resort to a contribution approach and exercised his personal judgement to identify a plausible association of the BSR Project inputs, outputs and outcomes.

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- The BSR Project did not have an effective exit strategy that would identify its core achievements and ensure that the MoF would have the necessary information and support to continue its activities after the Project completion. The Project did not go through a mid-term evaluation that would assess its relevance, effectiveness, efficiency, outcomes and potential impacts. Given that the Project was launched in 2010, the consultant had to review and examine all its products and activities to objectively answer questions of the TOR.
- As the Project was developed in 2010, its documentation often does not meet the current UNDP results based management standards. The logical framework is not specific enough in capturing outputs, outcomes and indicators of success, with overemphasis on activities. The Project did not produce any lessons learned reports or similar reflective pieces that would capture its self-evaluation of the progress made, identify challenges and strategies to address them as well summarize key achievements and effective practices. As a result, some opportunities to go beyond the original Project parameters and target more systemic issues of policy cycle reforms or budget transparency were missed. To address these shortcomings, the consultant conducted additional data gathering.

3. EVALUATION FINDINGS

From the outset, the evaluator received support from the Project including full access to Project's documents, publications, annual work plans, annual reports, and other resources. UNDP and the Project management and staff were generous with their time and provided multiple opportunities to discuss the Project, its products and outcomes. UNDP scheduled additional interviewees with partners and stakeholders to obtain additional information.

3.1 General findings

The public finance management in Uzbekistan improved significantly due to establishing of a robust Treasury system that provides the Government with essential financial services—including the processing of payments, accounting, fiscal reporting, and financial management—on a comprehensive centralized basis. In addition to collecting revenues and making Government payments and consolidating Government financial resources in a treasury single account, the Treasury improved the accounting regime for Government operations as well as financial management and planning for the state sector.

The Government views modernization of PFM as crucial to aligning its expenditure more closely with policy priorities. The MoF is responsible for the custody and management of all public money. To be effective guardian of the collective fiscal integrity of government, the MoF must be sufficiently empowered through the necessary legal and technical instruments, and have staff with the required skills and training.

The consultant confirms that due to UNDP support the MoF strengthened its lead role in maintaining aggregate fiscal discipline, ensuring compliance with the new Budget Code and enforcing effective control of budgetary expenditures. Its ability to effectively oversee the budget process, prepare the draft budget and scrutinise all financial requests from line ministries and other state organizations and monitor and control the implementation of the budget have improved. The MoF's capacity to exercise its authority in promoting international accounting standards in public sector has been enhanced.

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The MoF senior management played a key role during the Project preparation and implementation exhibiting high ownership, commitment, and a clear strategic vision. Strong support from top government authorities and in particular of the Deputy Minister of Finance (National Project Coordinator) remained strong throughout the Project.

Overall, the consultant found that UNDP made a significant positive contribution to advancing PFM reforms that was confirmed by the MoF management and staff as well as other beneficiaries. The interviewees highly evaluated the Project relevance and effectiveness. The BSR Project was well aligned with and supportive of the United Nations Development Assistance Framework (UNDAF) 2010-2015 that provides a collective, coherent and integrated United Nations response to national needs and priorities. It was designed to contribute to national efforts for improving and enhancing service delivery through identifying and resolving bottlenecks to effective planning, budgeting, management, execution and monitoring of services, particularly for vulnerable populations.⁵

Relevance of the BSR Project was confirmed through the interviews and consultations with its partners and beneficiaries. UNDP maintained good working relations with the Treasury senior management and was aware of their current and emerging needs that helped to adjust the Project's areas of focus accordingly. A hallmark of the BSR Project is its flexibility in responding to changing Government priorities. The consultant carefully reviewed multiple Project products and confirms the credibility, sophistication and depth of analysis provided by the BSR Project.

The Project's continuous relevance was ensured by the Project Board that was overseeing its implementation. The consultant reviewed all available Project Board' meetings minutes and confirms that it played an important role in keeping it on track and adjusting the Project to maintain its relevance and effectiveness, as necessary.

The documentary and anecdotal evidence indicates that many of BSR's Project recommendations and analysis informed the Government PFM reforms. Specific details are provided in the following sub-sections. Many of the products were put to indirect use to inform discussions on future PFM reforms priorities with the MoF senior management and Oliy Majlis.

In total during the Project implementation 15 study visits have been conducted and 162 MoF experts learned about experiences of relevant jurisdictions in PFM reforms. Training of Trainers (TOT) model was applied and knowledge acquired by study tours participants was shared with other relevant experts of the MoF. Programs of visits included questions of interest to participants. Beneficiaries developed short reports of their trips, including suggestions for their work.

The expected objectives at the output level were met or even exceeded the original expectations while at the outcome/impact level more reflection and assessment is needed to fully appreciate the extent of changes. The consultant would like to single out the work on the Budget Code where high quality background work, supported through extensive consultations with multiple partners and stakeholders and draft Code piloting resulted in adoption of the new Budget Code. The consultant believes that many background analysis conducted by the Project such as on budget transparency, per capita funding in education and health sectors, procurement and results-focused budgeting will inform many Government initiatives in the years to come.

⁵ Government of the Republic of Uzbekistan and United Nations, Uzbekistan, United Nations Development Assistance Framework 2010-2015.

UNDP mobilized a strong team of dedicated and highly competent Project management and staff to implement the Project. UNDP procurement procedures in Project operations were utilized and prudent business practices used by the Project ensured cost efficiency of its operations. The Project team has successfully managed all tendering processes and the Business Centre of UNDP ensured that all selection processes were well designed, transparent and consistent with UNDP procurement rules. The Project has its office located on the MoF premises that generated some savings on the rent. The Project team's physical location in the MoF helped to build and maintain excellent working relations with the MoF senior management and staff through five years of the Project implementation.

The consultant highly evaluates effective and efficient use of international consultants. Instead of hiring international consultants, the Project relied on many carefully selected national consultants who produced high quality products. International consultants were selected from the most relevant countries. For instance, the Project recruited an international consultant from Russia who provided her expert's assessment of the draft Law on Public Procurement that was found very relevant and useful by the MoF management and staff.

The BSR Project established and maintained excellent working relations with the Ministry of Finance at the senior management and staff levels. The consultant acknowledges also excellent partnership relations of the Project with other development partners such as the World Bank, the International Monetary Fund and Asian Development Bank that ensured quality control of many Project's products and recommendations in such diverse areas as accounting, public procurement, budgeting and others.

In terms of sustainability or the likelihood that the achievements recorded so far will be sustained beyond the Project, the consultant is positive that many elements of the Project are sustainable. In some areas the Project activities and practices will not only continue beyond the Project completion but will most likely be advanced to another level. The Budget Code will be implemented, there is an expectation that a draft Law on Public Procurement will be adopted and results-based budgeting tools and practices will be used by line ministries. The MoF Training Centre will continue developing face to face and online modules and use IT tools provided by the Project.

UNDP did not conduct a mid-term Project evaluation. The consultant feels that a quick evaluation undertaken by a national consultant in 2013 when the Project was extended for two years could have helped to identify emerging opportunities, re-focus the Project on a number of priorities and strengthen the Project's focus on results.

3.2 Component 1: Improved budget legislation, policies and practices

All budget systems need to achieve the following three basic objectives: maintain aggregate fiscal discipline; allocate resources in accord with Government priorities; and promote the efficient delivery of services. These three objectives are complementary and interdependent. BSR Project led development of the Budget Code and supplementary guides and manuals that helped the MoF in building a management and control system that encompasses budget formulation, approval, execution, and monitoring and evaluation, along with mechanisms to provide feedback throughout the budget cycle.⁶ The Budget Code was adopted, piloted, feedback was collected, analyzed and the Code was finalized. It clarified many inconsistencies and enhanced the process of budget development, execution and monitoring.

⁶ Концепция Бюджетного кодекса, 2012; Проект Бюджетного кодекса, 2012

The importance of the Budget Code should be viewed in the broader context of transition in Uzbekistan. It consolidated diverse regulations and instructions regarding the budget process that laid solid foundations to make the budget process more accountable, transparent and results-oriented. The Budget Code introduced a well-defined and widely understood sequence of steps in the budget preparation process, allowing sufficient time for each step to be implemented efficiently.

There are a few important elements of the Budget Code that laid down foundations for further PFM reforms that include:

- **The Budget Code introduced elements of medium-term budgeting that promotes strategic results-focused planning and budgeting.**⁷ The time span of an annual budget is too short for the purpose of adjusting expenditure priorities. At the time the budget is formulated, most of the expenditures of the budget year have already been committed for capital expenses, salaries of civil servants, etc. Other costs can be adjusted, but often only marginally. This means that any real adjustment of expenditure priorities to address Government priorities, if it is to be successful, has to take place over a time span of several years. For instance, the government may wish to switch from blanket provision of welfare supports to more targeted provision designed to support the most vulnerable groups and individuals. The expenditure implications of such a policy change stretch over several years, and the policy therefore can hardly be implemented through a focus on the annual budget alone.

There is no doubt that the introduction of medium-term budget planning hardly can be implemented without accurate fiscal projections. It may not be necessary to adopt a full version of medium term planning in Uzbekistan in the near future as it may be difficult to forecast revenues in uncertain conditions and it may create entitlement expectations for line ministries. Elements of medium term budgeting, however, can help line ministries to estimate the longer-term costs of programmes and government policies, and provide longer time horizon for the purpose of adjusting expenditure priorities for line ministries and state programs. Providing indicative funding levels at ministry or programme level has the strong advantage of encouraging ministries over a multi-year period to adapt their programmes to the expenditure ceilings while addressing core Government priorities.

- **The Budget Code introduced some elements of results-based budgeting.** A few pilots on results-based budgeting with a limited number of line ministries and agencies were implemented that demonstrated its benefits and showed that significant capacity building work has to be conducted to ensure its successful implementation across all ministries and agencies. The implementation of elements of results-based budgeting in the Ministry of Health, for instance, informed development of the national program “Healthy mother – healthy baby” with specific targets and indicators.

The introduction of results-based budgeting is a long-term process that may take 5 years to complete, but it is worth pursuing as it will shift the thinking of decision makers at the MoF, line ministries and the public towards a greater focus on results. Results-based budgeting helps to design and evaluate public policy and government actions in terms of achieving results.

⁷ Методические рекомендации по составлению стратегических планов развития министерств и ведомств, 2011; Материалы Круглого стола «Стратегическое планирование и вопросы методического обеспечения для подготовки стратегий развития на уровне министерств», 2011

The BSR Project was instrumental in adopting a few very important elements in the budget process that can be further developed by the new UNDP PFM Project: 1) Oliy Majlis committees are allowed to establish expert committees to support their budget deliberations and 2) the Budget Code allows local authorities to keep and use the revenues collected through local taxes that exceed the targets established by the center.⁸

A public finance management system includes a wide range of basic supporting services and subsystems, from macroeconomic forecasting to auditing and performance/policy evaluation. There are strong linkages between these subsystems. Failure of any one of them can have negative effects on the other subsystems and may undermine the effectiveness of the whole budget system.

The Project correctly identified the importance of these linkages and addressed a number of them. For instance, some work was undertaken to improve the accuracy of macroeconomic projections that are not simple forecasts of trends in macroeconomic variables. Projections should be based on a definition of targets and instruments, in areas such as monetary policy, fiscal policy, exchange rate and trade policy, external debt management, regulation and promotion of private sector activities and reform of public enterprises. Although accurate forecasting remains one of the areas where MoF capacities can be further strengthened, the Project engaged staff from the Ministry of Economy into basic forecasting exercise and better linking budget process to broader economic realities.

In addition to the budget process work, the BSR Project conducted additional analytical work to support aggregate fiscal discipline by improving revenue forecasts and optimize inter-budgetary relations. Concept paper on improving the national accounting system in the public sector (based on the International Public Sector Accounting Standards ((IPSAS) was developed.⁹ Through these standards, the IPSAS aims to enhance the quality, consistency, and transparency of public sector financial reporting worldwide. It also issues guidance and facilitates the exchange of information among accountants and others who work in the public sector and promotes the acceptance of and international convergence to IPSAS.¹⁰ In total, the BSR Project developed 12 national public sector accounting standards in consultation with the Association of Accountants and Auditors which were reviewed by the international consultant from IMF that are broadly aligned with IPSAS.

High quality analytical notes on the results of introducing per capita financing in education sector and health care were developed. The implementation of these models helped to improve equality and predictability of funds distribution.

In sum, core measurable Project achievements under its first pillar include:

- Preparation of the Draft Concept of compiling the Roster of expenditure liabilities, extensive consultations, including with the international consultant and its finalization.¹¹ Development of

⁸ Аналитическая записка «Расширение роли парламента в бюджетном процессе: мировая практика применения системы парламентских ассигнований»; Материалы Круглого стола по теме: «Расширение роли парламента в бюджетном процессе: мировая практика применения парламентских ассигнований», 2014

⁹ Концепция совершенствования системы бухгалтерского учета и отчетности на основе адаптации Международных стандартов финансовой отчетности общественного сектора, 2012

¹⁰ Аналитическая записка «Оценка рисков при подготовке Стандартов бюджетного учета в соответствии с Международными стандартами финансовой отчетности общественного сектора» 2015; Методические рекомендации по применению Стандартов бюджетного учета, 2015

¹¹ Методические указания по составлению реестров расходных обязательств, 2011

Guidelines for compiling the Roster of expenditure liabilities and their dissemination. Piloting of the Roster of expenditure authorities with the Ministry of Health and State Committee for Nature Protection.

- Review of Conceptual approaches on strategic planning at the level of ministries-budget recipients and drafting of Guidelines on preparation of medium-term strategies at the level of ministries /budget recipients. Piloting of the Guidelines with the Ministry of Health,¹² the Center for Hydro meteorological service, the Ministry of Higher and Secondary Special Education as well as the Land Reclamation Fund.
- Preparation of the draft Budget Code, supporting its approbation, extensive consultations and collection of feedback from diverse stakeholders (e.g., international and national experts, Legislative Chamber of Oliy Majlis, diverse stakeholders) and preparation of the final Code.
- Development of an Action Plan on full-scale implementation of performance-based budgeting (PBB) methodology for the Ministry of Finance.¹³
- Preparation of the Concept paper on improving the national accounting system in the public sector (based on IPSAS), its wide discussions with international experts and stakeholders. Development of 12 National Accounting Standards in the Public Sector based on IPSAS, their discussion and finalization.¹⁴
- Development of an analytical paper on enhancing the role of the Parliament in budgetary process and its discussion with key national partners including the members of the Parliament.
- Preparation of a report on fiscal transparency and its benefits for Uzbekistan and its discussion with key partners.¹⁵

3.3 Component 2: Improved public procurement legislation, policies and practices

Sound procurement policies and practice can reduce costs of public expenditure; produce timely results; stimulate the development of the private sector; and reduce waste, delays, corruption and government inefficiency. The main objective of the Government as a purchaser is to obtain goods and services of the required quality at a competitive price. Procurement procedures should provide fair opportunity to all bidders, and be designed to achieve good value for money and minimise risks of corruption and patronage. While Government procurement is certainly not the only possible source of corruption, it is one of the major ones, and vigilance is always necessary to minimise corruption risks, optimise the use of financial resources, and foster the growth of competition.

A typical procurement process includes identification of user needs and specifying the goods and services to be procured, identifying the potential supply source, the procurement method (e.g.,

¹² Материалы пилотного проекта по программному бюджетированию на примере Министерства здравоохранения, 2012

¹³ Методическое руководство по мониторингу и оценке исполнения бюджетных программ, 2012

¹⁴ Проект Стандарта бюджетного учета №2, «учетная политика»; Проект Стандарта бюджетного учета №3, «учет активов и обязательств, выраженных в иностранной валюте»; Проект Стандарта бюджетного учета №4, «Учет сельскохозяйственной деятельности»; Проект Стандарта бюджетного учета №5, «Учет аренды»; Проект Стандарта бюджетного учета №6, «Товарно-материальные запасы»; Проект Стандарта бюджетного учета №7, «Основные средства»; Проект Стандарта бюджетного учета №8, «Нематериальные активы»; Проект Стандарта бюджетного учета №9, «Доходы и целевые поступления»; Проект Стандарта бюджетного учета №11, «Учет затрат по займам»; Проект Стандарта бюджетного учета №12, «Договоры подряда на капитальное строительство», and others

¹⁵ Аналитическая записка «Фискальная прозрачность: международный опыт, оценки и выгоды для Узбекистана», 2015

open competitive bidding, local competitive bidding), tendering process where a formal tender announcement is normally published, specifying the characteristics of the project or the goods and services to be supplied, the selection criteria, and the award arrangements as well as what and when approvals are needed to ensure that sufficient time is allowed to complete the procurement process.

The key principles in procurement are open competition and transparent procedures. It is an internationally accepted practice to have procurement process open to public scrutiny. The list of suppliers submitting tenders, their bid prices, and the name of the successful bidder are often publicly disclosed.

The BSR Project correctly focused at improving procurement procedures and was promoting its core elements: sound public procurement legislation; the establishment of a central public procurement organisation with overall responsibility for the design and implementation of public procurement policy and national training programmes; and development of new procurement processes.

Significant work was undertaken to develop a draft Law on Public Procurement. Multiple drafts were produced and consultations undertaken.¹⁶ The Project engaged diverse national and international experts. The advice of the international procurement expert brought by the Project was greatly appreciated by national partners.¹⁷ Partnership with the World Bank in implementing this component was pursued. The work on the Law on Public Procurement was supplemented by work on the draft government's code of ethics to ensure that there is no conflict of interest between official duties and the private interests of civil servants.

The consultant recognizes a complexity of developing such a Law and believes that there is a high probability that the Law will be adopted in 2016 as the demand for transparent and clear public procurement legislation is high and was confirmed by a number of state officials in charge of procurement for their ministries. It seems the Project built the awareness in society and among decision makers that such a Law is needed. A number of instructions and by-laws will have to be adopted as well as a central public procurement organisation with overall responsibility for the development and the implementation of procurement policy will have to be established to make the Law fully operational. The consultant believes that a draft law based on United Nations Commission on International Trade Law (UNCITRAL) model had to be tested by one or a few ministries or state agencies to examine how it will work in Uzbekistan's realities. The lessons learned could have informed the Law finalization and demonstrate practical benefits of nation-wide implementation of the Law on Public Procurement. The implementation of the Law requires further sector-specific clarifications through by-laws or other instruments and significant capacity building measures as there is a large number of contracting units that have to be trained. A concept and strategy of training procurement professionals can be developed to support successful Law roll out, including sample contracts, tender documentations, protocols, contract forms, etc.

¹⁶ Концепция Закона Республики Узбекистан «О государственных закупках», 2011; Материалы Круглого стола по теме: «Государственные закупки: текущее состояние и пути совершенствования»; Проект Закона Республики Узбекистан о государственных закупках товаров (работ, услуг), 2015

¹⁷ Отчет международного консультанта О.В. Анчишкиной о результатах изучения проекта закона Республики Узбекистан «О государственных закупках» и рекомендации по дальнейшему развитию законодательства Республики Узбекистан в сфере государственных закупок и совершенствованию организационных основ и инфраструктуры государственных закупок, 2014

The BSR Project supported also the MoF work on e-procurement that can greatly reduce the costs and increase the accessibility of information. In addition to IT component, the Project helped to formalize the processes, specify lines of authority and standardize the procedures to reduce the starting bidding price.¹⁸ It helped in particular to increase a number of small and medium enterprises participating in public procurement process and extended geographical representation of bidders.

The consultant believes that the experiences of many OECD countries where public procurement systems have moved increasingly from a situation where procurement officers are expected to comply with rules to a context where they are given more flexibility to achieve the wider goal value for money may not be applied in Uzbekistan context yet. The focus should rather be made on building solid foundations, with clear, transparent and relatively simple procedures.

In sum, core measurable Project achievements under its second pillar include:

- Preparation of the Concept of the Law on Public Procurement and drafts laws along with three relevant draft by-laws.¹⁹ Development of an analytical paper on establishment of a State Agency on public procurement.²⁰
- Preparation of a draft Concept for improving a state procurement system in Uzbekistan for 2015-2025, with detailed costing included.²¹
- Extensive discussions of the draft Law on Public Procurement and relevant by-laws with the Working group, national and international experts and other diverse stakeholders such as members of the Parliament.
- Finalization of the draft law On Public Procurement in partnership with the World Bank and in consultations with the Asian Development Bank experts to be submitted for Government review and approval in Spring 2016.
- Preparation of the Standard of Conduct (Practical Guidelines) on public procurement procedures.
- Preparation of a Handbook/Methodological guideline on tendering procedures.
- Development of Methodology on forecasting regions' tax revenues based on the econometrical models and analysis. Preparation of Methodology on Strategies to Increase Regions' Tax Revenue. Implementation of a number of trainings on methodology for assessing and forecasting the tax potential of regions for staff of local branches of Ministry of Finance, Ministry of Economy and State Tax Committee.
- Preparation of a Methodological "Green" Procurement note focusing on energy efficiency.²²
- Development of an Analytical note on introducing per capita financing in education sector.²³
- Development of two Analytical notes on introducing per capita financing in health sector.²⁴

¹⁸ Методическое пособие по осуществлению государственных закупок в форме электронных аукционных торгов на понижение стартовой цены на УзРТСБ, 2014

¹⁹ Проекты подзаконных актов по процедурам государственных закупок, 2013; Методические рекомендации по процедурам государственных закупок, 2014

²⁰ Аналитическая записка, создание государственного органа по государственным закупкам, Ташкент, 2013

²¹ Проект Концепции по дальнейшему совершенствованию государственных закупок в Республике Узбекистан на период 2015-2025 гг.

²² Аналитическая записка «Внедрение «зеленых» государственных закупок: международный опыт, возможности для Узбекистана и влияние на бюджет, 2014

²³ Аналитическая записка, Внедрение механизма планирования и финансирования на основе базовых нормативов на 1 учащегося в общеобразовательных и средних профессиональных образовательных учреждениях: результаты и направления совершенствования, 2011

²⁴ Аналитическая записка, Практика финансирования семейных поликлиник

- Preparation of two analytical papers “Measures towards reducing subventions allocation to local budgets: interagency coordination and cooperation” and “Interbudgetary transfers: balanced elements design” and their discussions.²⁵
- Development of a methodological guidance on how to develop strategies to increase regions’ tax revenues.²⁶
- Assessment of financial sustainability of the pension system of Uzbekistan, including specific recommendations on its reforms.²⁷
- Analysis of gender sensitivity of two local budgets for Djizakh city and Urta-Chirchik district. Preparation of gender sensitivity assessment criteria for regional budgets and testing them in the analytical paper “Gender budgeting in Uzbekistan: gender sensitivity assessment indicators of local budgets on the basis Djizzak region.”²⁸ Discussion of the indicators and the paper with diverse stakeholders, including members of Oliy Majlis.

3.4 Component 3: Strengthened capacities of MoF management and staff

The capacity of the public service to implement the mandate and manage the functions of the state, including public finance is critical for development of any country. Interventions supporting capacity building may include improving general educational and management skills of public sector employees, providing technical training to upgrade the knowledge base and specialist expertise of technical units. Public service training and capacity building is often provided through dedicated government training institutes.

The Training Center under the Ministry of Finance was established to play the role of a hub in the system of training and re-training of specialists employed in the financial sector. The third component of BSR Project focused on building the capacity of the Center to provide training services based on modern approaches of “adult education”, launch e-learning platform and modules and enhance its expertise in effective organization of training process.

In addition to supporting the Centre, the BSR Project organized a wide range of international and national training opportunities. The consultant learned that the international study tours were often requested by the MoF in diverse areas of its operations. Although the study tours made a significant positive contribution to strengthening capacity of MoF staff and exposed them to international experiences in their areas of expertise, the consultant found that the international study tours were often ad hoc and lacked a systemic and coordinated approach. It would be more effective, for instance, to have a working group from MoF working on the draft Law on Public Procurement to visit and explore diverse countries’ experiences in public procurement that should be followed by sectoral teams of procurement experts who will learn practical aspects of procurement processes and develop respective sectoral instructions.

на основе нормативно-подушевого метода в Узбекистане, 2012; Аналитическая записка, Практика финансирования сельских врачебных пунктов на основе нормативно-подушевого метода в Узбекистане, 2012

²⁵ Аналитический доклад меры по сокращению уровня субвенционности местных бюджетов: взаимодействие ведомств, 2012; Аналитический доклад Межбюджетные отношения: взаимная балансировка составных частей, 2012

²⁶ Методология составления стратегии повышения контингента налогов региона, 2014; Методология прогнозирования налоговых начислений и поступлений в разрезе регионов, 2015

²⁷ Анализ финансовой устойчивости пенсионной системы Узбекистана: текущее состояние и перспективы, 2014

²⁸ Аналитический доклад «Гендерное бюджетирование в Узбекистане: Анализ ситуации на местном уровне и возможности совершенствования, 2011; Аналитический доклад «Гендерное бюджетирование в Узбекистане: индикаторы оценки гендерной чувствительности местного бюджета на примере Джизакской области, 2012; Пособие по гендерному бюджетированию, 2014

The consultant learned that individuals benefitting from international study tours and training opportunities were required to prepare reports for the Training Centre to capture their lessons learned and key results of their trips. This is a very good knowledge management practice, and it may be beneficial to introduce a requirement for participants to report on how they are using the knowledge acquired 6 and 12 months after the trip so that the Training School staff can assess the extent to which participants were applying learning in their workplaces.

In sum, core measurable Project achievements under its third pillar include:

- Strengthening capacity of the Training Centre through preparation of a strategy to improve quality of training delivered;²⁹ developing and launching of the web-portal of the Training Centre; introducing the system of distance learning³⁰ and procurement of videoconferencing hardware and software; development of interactive training modules on five disciplines; training on distance learning system for the Training Center staff; training of trainers of the Training Centre of the Ministry of Finance on Budget System and Budget Process, medium-term strategic planning, performance-based budgeting inter budgetary relations; provision of access to two online information resources to International Financial Statistics of the IMF as well as to the i-Governance Library of the OECD.
- Exposing MoF management and staff to international experiences in the area of PFM reforms: organization of a number of study tours to France for MoF management and staff to learn about French legislation and practices in the area of public procurement in partnership with ADETEF; reforms on public administration and budget process of France with focus on inter-budgetary relations, coordinating national and local policy relations, methodology, procedures of development, approval and control of regional, department and local community budgets. Signing of a memorandum with Research Institute of Economic Policy and facilitation of training for the regional branches of the MoF on budget system reform experience of Turkey. Some additional international training opportunities focused on learning Turkey's experience in the area of public procurement, Croatia's experience in strategic budgeting and Treasury operations; France's experience in the area of budgetary process operations and budget execution; and Estonia's practices of reforming public sector accounting and reporting system.
- Development of a methodology to assess knowledge level of Training Centre's courses participants.³¹
- Diverse training opportunities provided by BSR Project includes training on NPSAS implementation, workshop on gender budgeting, a workshop on treasury-based execution of the state budget, a workshop on budgetary legislation and budgetary process in Uzbekistan for the deputies of the Legislative Chamber of Oliy Majlis, a workshop for journalists and representatives of local media on budgetary process and many others.

4. CONCLUSIONS

4.1 Lessons Learned

The evaluation identifies a number of lessons learned:

²⁹ Стратегия улучшения качества обучения Учебного центра при Министерстве финансов Республики Узбекистан. Рекомендации международного эксперта О.Агаповой, 2011

³⁰ Концепция внедрения дистанционного обучения в Учебном Центре при Министерстве Финансов Республики Узбекистан, 2011

³¹ Методологии проведения первоначального, промежуточного и конечного контроля знаний слушателей Учебного Центра Министерства Финансов Республики Узбекистан, 2010

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- Public finance management reforms remain critically important to human development and achieving SDGs by Uzbekistan.
- Long-term commitment and neutrality of UNDP enabled effective cooperation in Project implementation and secured buy-in of the Project by senior MoF executives.
- PFM reforms take long time and both national partners and UNDP have to make long-term commitments to achieve the desired results. In many countries, PFM reforms began with expectations that were too high and unrealistic, ensuring disillusionment when the predicted results failed to materialize. It is important from the outset to manage expectations in terms of the length of time it takes for the reforms to produce results.
- PFM reforms can be successful if they are well linked with broader policy cycle, governance and managerial systems. Sound budgeting practices are critical to support aggregate fiscal discipline, promote effective resource allocation, and ensure efficient and effective service delivery. The budget process should be seen as a tool for greater responsiveness, transparency and accountability, rather than merely as a vehicle for allocating resources or controlling expenditures. A number of areas should be strengthened to achieve this objective. The MoF should be sufficiently empowered to ensure adequate scrutiny of budget proposals and checking their alignment with Government priorities and expected results, the policy cycle should have the necessary links with budgeting and the Parliament should have the necessary authority and expertise to perform their control tasks effectively. Citizens should be empowered to demand results addressing their needs and influence setting of priorities in policy and program planning as well as the linked budgetary process.
- Reforms of PFM system hardly can be successful without deepening inclusive and effective governance.³² “Public administration is constrained by a lack of legally binding principles for service administration and by a top-down, centralized system, which makes it difficult to respond to diversified needs.”³³ Principle of evidence-based policymaking should be promoted Government-wide; public institutions structure and operations should be reformed and public services should be improved.
- As the Budget Code adoption process demonstrated, to implement successful PFM reforms it is necessary to maintain a proper balance between strategic policy development, legislation development, policy implementation monitoring, and staff capacity building.
- UNDP does not have the corporate capacity in such areas as accounting and audit, but have solid expertise in such areas as governance, local participatory planning, policy cycle and public administration reforms. UNDP can effectively mobilize knowledge from within the country and from abroad. It is advisable to identify interventions that would meet MoF priorities and UNDP corporate expertise and UNDAF/CPD priorities.
- Monitoring and Evaluation framework with inclusion of mechanisms and indicators for collecting evidence and monitoring the use of Project results, is critical in keeping the Project

³² UNDP, Draft Country Programme Document for Uzbekistan (2016-2020), 2015

³³ UNDP, Draft Country Programme Document for Uzbekistan (2016-2020), 2015

focused and should be established during the inception phase of a new PFM project. Lack of the monitoring mechanism limits the assessment of impact and project contributions to PFM reforms

- The Project has to have a clear exit strategy. The BSR's products should be communicated to right individuals and decision makers.

4.2 Key limitations

This evaluation observed variations in impact of BSR Project's analytical work on PFM reforms. Though Project activities reflected essential reform priorities, in practice some Project goals such as significant changes in state procurement framework and practices proved to be too complex with too optimistic expectations about Government will and implementation capacity. This led to difficulties in implementation with high level of uncertainty regarding the actual adoption of the draft Law on Public Procurement. In hindsight, it is felt that perhaps too many diverse activities were bundled into a single project that would be unrealistic to complete in three years as it was originally planned.

In realities of Uzbekistan in the absence of a strong political will to adopt a new public procurement legislation, to achieve the expected Project outcomes it would be necessary to focus on building social awareness and understanding and creating support from senior decision makers, members of the Parliament, and other interest groups. Potential interventions could have included an advocacy campaign to ensure that procurement reform remains high on the agenda of the key decision makers; communication strategy to raise public awareness and an education program to inform decision makers, citizens, the media, and other partners of the basics of proper procurement and its importance to human development and SDGs achievements in Uzbekistan and training of the procurement community to implement new laws and regulations.

Overall impression is that the Project has been effective in delivering its outputs and the consultant was positively impressed to find many examples of Project impacts. However, the impacts of these outputs are difficult to ascertain objectively due to the absence of tangible impact monitoring data for the Project components. The BSR Project reports focus predominantly on outputs and activities and do not examine lessons learned and do not capture specific long-term outcomes and impacts, which is a missed opportunity given its five year duration. The Project reports do not clearly identify lessons learned and do not include substantiated recommendations for improved performance, including cost-saving strategies. The Project, for instance, did not monitor systemically how many government decisions were influenced by its analytical work.

Despite the indisputable merits of demand-driven technical assistance to MoF in Uzbekistan, there is a danger that purely demand-driven projects will simply meet specific technical needs of the MoF and would have only limited positive impact on human development and SDGs achievement. UNDP is advised to strike a balance between typical demand-driven interventions that help the partners to move in a direction in which they want to move and a need to have a vision and strategy and pursue more systemic changes.

5. RECOMMENDATIONS

UNDP should continue supporting MoF in advancing public finance reforms but these actions should be better focused. The consultant took into consideration the following facts and observations in developing recommendations for potential UNDP support of the MoF in advancing the PFM reforms:

- MoF is strongly committed to PFM reforms and is interested in UNDP's support in multiple areas.
- Future reforms of PFM cannot focus solely on technical aspects of the budget process, procurement and capacity building but address such important and linked areas as policy cycle and translating of policy priorities into the budgeting process.
- UNDP remains a key player in the area of PFM reforms. There are only a few projects implemented by other donors in the area of public finance reform.
- UNDP enjoys a reputation of a neutral partner responsive to the Government needs.
- UNDP has well institutionalized relations with Oliy Mejlis, social sector ministries and significant corporate expertise in such areas as governance, public administration reforms, social policies, and local development.
- UNDP can mobilize national and international expertise and expose the national decision makers and technical experts to the best international approaches in PFM reforms.
- Reduction of donors' resources available to support PFM reforms due to effects of the global recession and transition of Uzbekistan into the cohort of middle income economies.
- A need for UNDP to develop better focused interventions more closely aligned with UNDAF and CPD in the area of PFM with focus on "improving the inclusiveness of the economy and providing the necessary conditions for equitable distribution of the benefits of economic growth" as improving the system of social protection and evolving the health and education systems toward higher accessibility and quality of services for all.³⁴

5.1 Recommendations for the MoF and UNDP

The following areas of focus can be explored by all partners in developing a next UNDP project in the area of PFM reforms:

Continue advancing results-based budgeting models across all ministries. Results-based management and budgeting is a comprehensive, integrated approach that informs results-based decision-making, ensuring that all Government-funded activities are aligned with strategies that contribute to meeting Government priorities. The Government-wide introduction of results-based budgeting may help in establishing a framework to better link policy decisions to budgeting. This will facilitate making strategic policy choices through prioritization of programs within an available resource envelope at a sectoral and national level. Eventually it will help with strengthening the line ministries' capacities so that they will be better prepared to assume increased autonomy, become more responsive to Government priorities and effectively respond to incentives for efficient and effective use of funds. Good results-focused public policies and budgets address government priorities, have performance measures embedded into programs and activities so that expectations are clearly articulated and progress is regularly monitored and evaluated, and well-coordinated with other strategies and activities across ministries. Ultimately it will contribute to the overarching objective of improving the efficiency and quality of public expenditures in Uzbekistan with focus on achieving SDGs and promoting human development.

³⁴ United Nations Development Assistance Framework for the Republic of Uzbekistan 2016–2020, Tashkent, 2015

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The implementation of results-based budgeting across the Government is a tool for greater transparency and accountability, rather than simply a vehicle for allocating resources or controlling expenditures. It could strengthen the mechanisms of citizens' involvement as they become more aware of Government's goals and will demand results of Government's policies and programs. Therefore it is very important to maintain the focus on participatory approaches to policy development and emphasize participatory budgeting that will provide more scope for NGOs and the public in setting priorities for Government expenditures.

The budget preparation process is a powerful tool for achieving policy coherence. The budget is both an instrument of economic and financial management and an implicit policy statement, as it sets relative levels of spending for different programmes and activities. A coherent relationship needs to be established between the policy-making agenda (which should take into account economic and fiscal realities) and the budget (which should accurately reflect the government's policy priorities).

The introduction of results-based budgeting will provide policy makers with the necessary information to undertake substantial reallocations based on results achieved by specific sectors and programs. Although it is not recommended to establish a direct linkage between funding and performance results across the Government as it may reduce funding of some socially important programs, the information on achieving results outlined in the budget could be used for planning and accountability purposes.

The advancement of results-based budgeting framework should be undertaken jointly with supporting the development of medium-term budget planning to streamline medium- and long-term development programs of individual sectors with the overall economy. The medium-term budget planning is an important force of the reform in budget management and expenditure policy. It helps improving targeted spending of scarce state resources in line with the government priorities that should support achievement of SDGs and goals of human development, and to strengthen the link between policies and expenditure estimates over a period of three or four years.

In the medium-term planning framework, the resources could be allocated to sectors, based upon overall macroeconomic forecasts that incorporate national and sectoral government priorities. The sectors will make their allocations, depending on their sector-specific strategic priorities and within sectoral ceilings. As a result of this process, a more focused draft budget could be developed and submitted to the Parliament. Moreover, the advancement of the medium-term budgeting will improve predictability of budget resources availability. Lack of predictability of financial resources undermines strategic prioritisation and makes it hard for public officials to plan for the provision of services. As an integral part of the integration of the medium-term budget planning, the capacities of line ministries in preparation of documents linking policies with expenditure estimates could be enhanced.

Results-based budgeting provides an opportunity for an earlier, more strategic overview of the issues facing each ministry. The budget development should be informed by additional policy analysis that may include environmental scans, ministry vision statements, key strategies, proposed policy changes, and high level fiscal resource requirements. Line ministries' strategic plans may include: their mandate; a set of desired policy goals (outcomes and objectives); the broad approaches to achieving these policy goals; a description of the concrete policy measures that will be used to achieve these goals, and a broad cost estimate.

Strengthen capacities of line ministries in planning, managing and controlling their own budgets, with focus on the social sector. Budget management and control is, of course, not the exclusive responsibility of the Ministry of Finance. Line ministries are accountable for defining and implementing Government policies in their sectors. Therefore, they should be responsible for developing sectoral policies and their sectoral budgets as well, but within the framework of policies, regulations and procedures laid down by the Government. Moreover, line ministries (and not the Ministry of Finance) have the technical capacities and information needed to make effective tradeoffs among ongoing programmes and appraise new policies and programmes.

Relying on previous successes of the BSR Project in piloting results-based budgeting in line ministries and agencies, more systemic Government wide approaches strengthening line ministries' capacities for policy-making and budget development within their portfolios can be implemented. A right balance has to be struck between the centre of the Government and line ministries in setting and operationalizing sectoral priorities and budgeting.

Volatile international financial environment may reduce ministries' budget envelopes that will require them to deliver more for less money. Therefore, line ministries' capacities to improve public service productivity in their sectors, reduce the cost of goods and services purchased, and identify the areas in which savings can be made without reducing the quality of service delivery should be strengthened, especially for the ministries supporting the most vulnerable population groups.

Strengthen Oliy Majlis' role in the budget process. The enactment of the budget should not be a formal exercise carried out merely to comply with the constitution. It should specify the Government's fiscal policy objectives, the macroeconomic framework, the budget policies and identifiable major fiscal risks. The Parliament is, generally, the appropriate locus of overall financial accountability. In essence, its role should be to approve future actions rather than to rubber-stamp decisions effectively taken already.

Accountability means that politicians and public officials have to respond periodically to questions concerning their activities; and must be held responsible for the exercise of the authority provided to them. Accountability to Parliament is essential, and one of the basic conditions for sound budgeting.

Strong and capable parliamentary committees enable the legislature to develop its expertise and play a greater role in budget decision-making. Generally, different committees deal with different facets of public expenditure management. For example, the budget and finance committee reviews revenue and expenditures and in many countries plays an important co-ordinating role in processing the annual budget law; a public accounts committee ensures legislative oversight and provides a link with the supreme audit institution; sectoral or standing committees deal with sectoral policy and may review sector budgets.

It is advisable to expand the BSR Project's work with Oly Majlis on the budget process. Due to the BSR Project's advocacy, the Parliament and its committees will have access to independent expertise for proper budget scrutiny. Committees will have also access to any information from the Ministry of Finance and line ministries that is relevant to its scrutiny procedure. The future Project in the area of PFM may strengthen capacities of budget committees and facilitate their interactions with line ministries through regular ministries briefings and expenditure reports. Frequent consultations between the MoF and the legislative committees on budget policies and their implementation, can be supported as well because they will strengthen the capacity of Oliy Majlis

to scrutinise the budget and the Government's fiscal policies. UNDP may focus its support on social sector Parliament committees and provide trainings on their role in the budget process.

Support Government's work on open data and transparency. Uzbekistan made significant progress in making its Government information open and the MoF posts on its web-site diverse budget information. Fiscal and financial information, made available on a full, regular and timely basis, is an important ingredient of an informed executive, legislature, and public. It is important not only that such information be provided, but that it be in a relevant and understandable form. This aspect of MoF accountability can be supplemented by accountability for results achieved, with particular focus at social sector ministries.

The move towards results-based budgeting and better accountability will focus line ministries' work on the outcomes and impacts of their work. Continuous policy monitoring and evaluation is critically important to policy success as it helps to evaluate whether policy priorities are correctly identified and whether the policy is achieving its expected outcomes. Monitoring and evaluation help also ministries learn lessons and share successful practices in policy development, coordination and implementation. It informs decisions on whether the policy should be adjusted if intended results are not being achieved or even terminated altogether. Line ministries can be trained on how to produce progress reports that will capture their progress towards clearly identified outcomes. Such reports linking progress with budget utilization can be posted on the open data websites.

Pilot results-based budgeting approaches at the local level by giving selected local authorities adequate revenue and spending powers. Decentralisation is a very complex matter, both in general and in relation to the management of public expenditure. Although decentralization is generally desirable from the viewpoint of efficiency and local accountability, the administrative capacity of local governments, and the administrative and compliance costs of decentralisation must be taken into account when assigning expenditures among levels of government.

In practical terms, it is advisable to identify a few local authorities and give them adequate revenue and spending powers so that local governments would have financial possibilities commensurate with their functions. They should possess sufficient taxing and revenue-raising authority to ensure that budget revenues are sufficient to cover the budget expenditures. To make these new institutional arrangements operational, local public administrators have to be equipped with the necessary planning, budgeting, and accounting skills. During the pilots implementation, safeguards can be developed to prevent local authorities from running up debts that may lead to their inability to effectively deliver critical public services.

The accountability at the local level and focus on results could be improved through participatory budgeting at the local level that would involve regular discussions and consultations. These participatory tools would allow communicating the voices of the poor and other disadvantaged groups to local decision makers. Civil society should be strengthened at the local level as well to be an effective player in local accountability regimes.

Explore feasibility of Pension Fund reform, including modification of regulatory and legislative frameworks for effective functioning of the scheme. The BSR Project produced a solid study exploring demographic and labour market environment in which a pension system operates, assessed its sustainability and provided recommendations on its potential reform. This research can inform development of a new potential component of UNDP Project supporting MoF as the Pension Fund is a part of the MoF.

UNDP's support to pension system reform component can contribute to creation of enabling legal, regulatory and institutional framework; raising public awareness on social protection issues; strengthening the MoF capacity in pension system management and administration; and training of key Pension Fund managers and staff in social protection policy design and formulation.

Key areas that can be addressed under this component include:

- introduce a financially stable pension scheme,
- introduce a mandatory pay-as-you-go pension scheme with a tight link between contributions and benefits,
- provide good coverage of the working-age population and cover individuals in non-formal sector as extensively as possible
- increase capacity of government employees in a field of analysis and policy design, as well as to improve administration of new pension system.

Potentially, the Pension scheme can include three main pillars:

- a non - contributory pillar that would provide benefits regardless of contribution history. They are cash transfers targeted to the elderly offering a safety net to alleviate poverty in old age that can be financed out of general government revenues. One of the options is to have a universal scheme that pays a flat rate benefit to all older people meeting certain age and citizenship eligibility criteria;
- a mandatory earnings based pillar, designed to replace the earnings of covered members. It can be a defined benefit scheme that uses a formula that directly translates the individual earnings and contribution records into a pension benefit on reaching a specified age; and
- a voluntary saving based pillar that can be organized as specialized pension savings schemes that can use pension specific institutions that are specifically regulated and supervised under a distinct body of law. This scheme can have fully - funded privately provided defined contribution arrangements.

Policy advice on pension system reforms should be based on high quality statistics and actuarial projections and assessments of institutional and administrative capacity needs. The new management information system can be developed to improve reporting, accelerate data exchange, monitoring of pension system and timely recalculation and payment of pensions and allowances introduced. Training programmes can be organized to increase technical knowledge and skills of Pension Fund staff in individual pension accounting and benefits payment procedures. To inform enterprises and the population about the new pension system, a public information campaign can be undertaken.

As the work on pension system reforms proceed, there is a possibility that a need to examine and revise social transfers and services, in collaboration with all relevant social bloc ministries, to optimize them and improve targeting will arise. UNDP should be able to support this policy work by supporting new social welfare legislation development, improving social statistics and reporting that would help to minimize social transfers' inclusion and exclusion errors and provide evidence for policy and programme decisions.

Support the Training Centre of the MoF in building capacity of line ministries in results-based budgeting. The Training Centre is well positioned to be a central Government training hub on results-based budgeting and planning. Under this potential new Project component, regular

training needs assessments that would accurately define gaps between existing staff competencies and the required competency level to fulfill the designated tasks can be conducted. More specific interventions that can be implemented include:

- development of face to face and online training modules for line ministries on how to develop and implement programmes to support Government priorities and how to link this process to budgeting, including getting a good understanding of how resources are spent and their linkages to priorities;
- development of practical tools supporting line ministries with setting priorities for quality improvements, including establishing performance measures. Ministries should rank their programs: put all program elements in order based on their relative priority from the ministry's perspective and assess to what degree the program is aligned to Government priorities and ministry priorities;
- development of a training module dedicated to performance measurement that is needed to demonstrate the results that Government-funded activities produce. A performance measurement system is a comprehensive, integrated set of measures (of various types and levels) that provides a multi-faceted picture of the ministry's progress toward its targeted outputs (products and/or services) and outcomes. Performance measurement systems enable ministries to manage their strategies and demonstrate they are achieving their own, and government, objectives and adjust the budgeting process accordingly; and
- preparation of user-friendly "how-to" handbooks and manuals.

The training activities should go beyond traditional presentations, seminars, roundtables and include comprehensive interactive training modules. UNDP may mobilize knowledge and experiences of other countries in training of public servants, support development of innovative training modules and advise on technical aspects of training modules.

5.2 Recommendations to UNDP

The discussion below identifies specific suggestions for UNDP on how to enhance its management practices of the PFM reforms supports. UNDP can benefit from its strategic position with the Ministry of Finance and promote Human Development paradigm and SDGs by encouraging the Ministry to measure effectiveness of its policies from this perspective. The new interventions should be better aligned with UNDAF and CPD and have outcome and other performance indicators aligned with these two documents. A more comprehensive and robust monitoring system will strengthen new Project's focus on results, meet UNDP accountability requirements, and reduce the need in independent evaluation.

The consultant strongly advises to strengthen M&E function in the new Project by providing a targeted training for the team responsible for the new Project document development on how to formulate outcome focused indicators, monitor Project progress using such indicators and adjust it, if necessary, to maximize its contribution to UNDAF and CPD outcomes.

One of the weaknesses of the current Project is its focus on delivering outputs and insufficient attention to more systemic outcomes and long-term impacts. One effective method for charting progress toward interim and long-term outcomes is through the development and use of a Project logic model. Logic model is a conscious process that creates an explicit understanding of the challenges ahead, the resources available, and the timetable in which to hit the target. It helps keep a balanced focus on the big picture as well as the component parts. It can picture how the Project works by linking its short- and long-term outcomes with projects activities/processes and

inputs. The utilization of the logic model will allow to clearly separate outputs, which are tangible, time-bound products resulting from Project's activities from outcomes which are changes in the real world, triggered by a set of outputs. A logic model is a tool that can help define strategies and activities in relation to UNDP priorities. The process of creating a logic model and making the linkages among inputs, outputs and outcomes can help build common understanding of what is expected, prioritize activities and identify appropriate performance measures. Some examples of outcome measures include: number of local development plans drafted, approved and implemented; number of recommended policy and legislative changes accepted and reflected in policy instruments; coverage of the population by a Pension scheme, etc. Project's logic model should be regularly updated to reflect the changing circumstances.

Inputs are what UN system provides in terms of human, financial and informational resources. Outputs are what UN system delivers and these specific products/results and services are mostly under the control of the project. Outcomes are changes in the ways Government and other users or counterparts operate that are influenced in part by the outputs delivered by the project. Impact is the overall and long-term effect of the project - what stakeholders achieve in terms of bringing about changes that could be partly attributed to UN efforts as many factors affect the impact.³⁵

Through enhanced M&E functions UNDP will be able to provide specific and measurable evidence demonstrating how and where the organization is making a measurable contribution to PFM reforms. Moreover, UNDP would be able to identify relying on the evidence those areas where the Government may consider implementing legal, policy and institutional changes.

There is a need to develop a quality control mechanism to ensure that main new Project analytical products meet the international standards and reflect effective international practices. It is advisable to engage either corporate UNDP or outside experts as peer reviewers to inform the documents finalization. A simple template can be developed for peer reviewers to answer a limited number of questions to assess the quality, applicability, relevance and usefulness of its products.

It is also important to explore possibilities for closer collaboration with other UNDP's projects such as good governance cluster on such new Project components as local budget development and execution, support of Oliy Majlis in budget and policymaking and social welfare/pension system review. The new Project may partner with UNDP's environmental cluster on promoting the green procurement BSR's paper/guidance note.

³⁵See, for instance, UNDP, *Handbook on Planning Monitoring and Evaluating for Development Results*, 2009; UNDP, *Outcome-Level Evaluation: A Companion Guide to the Handbook on Planning Monitoring and Evaluating for Development Results for Programme Units and Evaluators*, December 2011; UNICEF, *UNICEF-Adapted UNEG Evaluation Reports Standards*, July 2010

6. ANNEXES

6.1 Questionnaire for semi-structured interviewees

Questionnaire for UNDP and project management and staff

Relevance

- Dis the purpose of the Project remain valid and pertinent through the course of its implementation? Please demonstrate with specific examples its relevance.
- Was the Project flexible enough to respond to emerging national needs? What changes were made through its 5 years of implementation? Did these changes make it more relevant to national priorities in the areas of public financial management reforms? What is the evidence?
- If UNDP continues its support of public financial management reforms, which mechanisms can be utilized to enhance relevance of any interventions in this area?

Effectiveness

- Please assess Project's progress towards the achievement of its expected outcomes. Please substantiate your observations with some examples and data.
- To what extent have the planned results been achieved to date (quantitative and qualitative) according to the Project LogFrame/results framework?
- Which elements of the Project are more important than the others?
- Did the project activities manage to achieve systemic changes in public financial management? What is the evidence (e.g. results based budgeting, procurement)?
- To what extent the Project's analytical products and recommendations were accepted by the Government? Please substantiate with specific references to specific laws, budget and procurement instructions, policies, etc.
- How did the project contribute to strengthening capacities of the Ministry of Finance and line ministries in results-based budgeting, procurement and other areas of its focus?
- What are the mechanisms of quality control established for Project's products/recommendations? Did they work?
- How did the Project use the knowledge base, information technology, and communication means (ie, social media, web site, regular publications, etc.) to expand the outreach and knowledge-sharing? Did the utilized approaches work? What is the evidence?
- What is the knowledge management strategy implemented by the Project? Is there a central database of relevant knowledge products easily accessible by relevant ministries?
- How do you monitor and assess Project stakeholders' satisfaction with its products and supports?
- What were the challenges encountered by the Project? Which strategies did you utilize to address them? Did they work? What is the evidence to substantiate your observations?
- What are the main factors (positive and negative) beyond UNDP's control that affected or are affecting the achievement of the stated Project's outcomes/outputs?
- What are the unanticipated outcomes of the Project implementation?
- What can be the lessons learned from the Project implementation?

Efficiency

- Please describe the Project organization structure and management. Has the Project organization structure changed since its launch in 2010?
- Were the Project outputs achieved in expected quantity and quality?

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- Did the Project management ensure quality and cost-effectiveness of the process of transforming inputs into outputs and outcomes?
- What cost-saving strategies were applied? Did they work?
- Have been the timelines of activities always met? If not, why?
- Did the Project management ensure proper co-ordination of activities and partners to encourage synergy and avoid overlaps?
- Can the costs of Project deliverables be lowered while still achieving Project objectives?
- How do you monitor the outcomes of the Project? How is the collected information used to improve the Project implementation?

Partnership and coordination of development partners

- What is the role of other development partners in the areas supported by the BSR Project, including IMF and ADB?
- Is there a coordination mechanism among international partners in place?
- Do the International Financial Institutions or other international experts in areas targeted by the Project provide their expert review and quality control of analytical products and recommendations developed by the Project?
- Has the Project Board met regularly and has it performed according to its TOR? Was it satisfied with the project performance and outcomes?
- What are the comparative advantages of UNDP in the area of public financial management reforms?

Impacts

- As the Project was in place for 5 years, what type of systemic changes did it contribute to?
- How did the Project change the government budget cycle (e.g, results-focus, accountability, openness)?
- What was the Project's contribution to Government procurement processes?
- What is the evidence that capacity of core ministries supported by the Project such as the Ministry of Finance and line ministries was enhanced?
- Please describe a knowledge base established by the Project. How do you think it will be utilized by the ministries supported by BSR after the Project completion?
- What are the hard-to-measure impacts of the Project (ones that cannot be easily quantified)? Please provide some anecdotal evidence of Project impacts.
- What can be done to maximize the Project impact?

Sustainability

- What will be the Project legacy?
- What are the Project's sustainability strategies? Does the Project have a clear exit strategy?
- How did the Project contribute to human and institutional capacity building of the Ministry of Finance to ensure sustainability of Project interventions?
- Is there a strong sense of government ownership of the activities implemented by UNDP? Please substantiate your observations.
- What would happen if UNDP were unable to continue supporting PFM reforms? Does the Ministry of Finance have the necessary political will and capacity to continue with the public financial management reforms in the areas targeted by the Project?
- What is the evidence and likelihood that the Project achievements will be enhanced by national partners and sustained thereafter?

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- Do stakeholders, UNDP management and Project management and staff believe that the Project or some of its components should be extended beyond 2015? Why?

Questions for National Partners

- Was the BSR Project support relevant to national government priorities?
- Please describe specific BSR Project advice, products and activities and assess their relevance to government priorities.
- Was the Project flexible enough to respond to emerging national and/or your ministry's needs? What is the evidence?
- What are the most significant results and successes of the Project?
- What do you think are the main Project contributions to improving the budget cycle, procurement, and tax reforms?
- What are your overall impressions about training/capacity building activities implemented by the BSR project? Did they work? What can be done to improve their effectiveness and long-term impact?
- What could UNDP do better to enhance the effectiveness, efficiency and impacts of its BSR project?
- Are you satisfied with the Project partnership strategy?
- What would happen if UNDP were unable to continue Project funding or supporting public financial reforms broadly?
- Do you believe that the Project or some of its components should be extended beyond 2015? Why?
- What are the lessons learned from the BSR Project interventions?
- What are the potential areas/interventions that UNDP can pursue in the area of public financial reforms?

6.2 A list of documents reviewed by the consultant

Resources produced by BSR English

United Nations Development Assistance Framework for the Republic of Uzbekistan 2016–2020 — Tashkent, 2015

UNDP, Draft Country Programme Document for Uzbekistan (2016-2020), 2015

UNDP Budget system reform in Uzbekistan, project document, 2010

Project Report, Project Performance during 2010-2015, 2015

Project Board Meetings Minutes, 2010, 2011, 2013, and 2014

Annual Work Plans, 2010-2015

Katrin Schneider, Report on the consultancy Development of Gender-sensitive budgeting indicators on behalf of UNDP Uzbekistan, April 30th, 2012

Infographics on public procurement, e-procurement and green procurement, Treasury-based budget execution, State budget planning, Budget Code, and Execution of the State Budget of the Republic of Uzbekistan in 2013

Discussion paper Uzbekistan, draft national public sector accounting standards (NPSASs), 2014

Resources produced by the Budget system reform project during 2010-2015 in Russian

Компоненты 1 и 2

Методические указания по составлению реестров расходных обязательств, 2011

Пилотные реестры расходных обязательств на примере Государственного комитета по охране природы и Министерства здравоохранения, 2011

Методические рекомендации по составлению стратегических планов развития министерств и ведомств, 2011

Материалы Круглого стола по обсуждению Концепции Бюджетного кодекса, 2011

Материалы Круглого стола по обсуждению проекта Бюджетного кодекса, 2011

Материалы Круглого стола «Стратегическое планирование и вопросы методического обеспечения для подготовки стратегий развития на уровне министерств», 2011

Протокол заседания рабочей группы по инвентаризации бюджетного законодательства и подготовительным работам к разработке проекта Бюджетного кодекса РУз, 2011

Концепция Бюджетного кодекса, 2012

Проект Бюджетного кодекса, 2012

Материалы пилотного проекта по программному бюджетированию на примере Министерства здравоохранения, 2012

Материалы пилотного проекта по программному бюджетированию на примере Министерства здравоохранения, 2012

Методическое руководство по мониторингу и оценке исполнения бюджетных программ, 2012

Концепция совершенствования системы бухгалтерского учета и отчетности на основе адаптации Международных стандартов финансовой отчетности общественного сектора, 2012

Report on the Review and evaluation of the 'concept' paper by William Radburn, 2013

Отчет по Результатам обзора и оценки «Концепции развития системы бухгалтерского учета и отчетности на основе адаптации международных стандартов финансовой отчетности в государственном секторе», подготовлен Международным экспертом Уильямом Рэдбёрном, 2013

Проект Стандарта бюджетного учета №2, «учетная политика», 2013

Проект Стандарта бюджетного учета №3, «учет активов и обязательств, выраженных в иностранной валюте», 2013

Проект Стандарта бюджетного учета №4, «Учет сельскохозяйственной деятельности», 2013

Проект Стандарта бюджетного учета №5, «Учет аренды», 2013

Проект Стандарта бюджетного учета №6, «Товарно-материальные запасы», 2013

Проект Стандарта бюджетного учета №7, «Основные средства», 2013

Проект Стандарта бюджетного учета №8, «Нематериальные активы», 2013

Проект Стандарта бюджетного учета №9, «Доходы и целевые поступления», 2013

Проект Стандарта бюджетного учета №11, «Учет затрат по займам», 2013

Проект Стандарта бюджетного учета №12, «Договоры подряда на капитальное строительство», 2013

Проект Стандарта бюджетного учета №1 (часть i), «Порядок подготовки и представления финансовой отчетности бюджетными организациями и получателями бюджетных средств», 2014

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Проект Стандарта бюджетного учета № 1 (часть ii), «Порядок подготовки и представления отчета об исполнении государственного бюджета Республики Узбекистан, 2014

Проект Стандарта бюджетного учета №1 (часть iii), «Порядок подготовки и представления отчета об исполнении бюджетов государственных целевых фондов, 2014

Проект Стандарта бюджетного учета №10 (часть i), «План счетов бюджетного учета бюджетных организаций и инструкция по его применению» Приложение: План счетов, бюджетного учета бюджетных организаций, 2014

Проект Стандарта бюджетного учета №10 (часть ii), «План счетов бюджетного учета Казначейского исполнения государственного бюджета и государственных целевых фондов и инструкция по его применению», Приложение: План счетов бюджетного учета казначейского исполнения государственного бюджета и государственных целевых фондов, 2014

Материалы рабочей встречи «Обсуждение проектов Стандартов бюджетного учета (СБУ)», 2014

Руководство по составлению бюджетного запроса для бюджетных организация, распорядителей/получателей бюджетных средств и План действий по внедрению программного бюджетирования, 2014

Материалы семинара для представителей СМИ по теме «Бюджетный процесс: законодательная основа, понятие, построение и этапы», 2014

Аналитическая записка «Расширение роли парламента в бюджетном процессе: мировая практика применения системы парламентских ассигнований», 2014

Материалы Круглого стола по теме: «Расширение роли парламента в бюджетном процессе: мировая практика применения парламентских ассигнований», 2014

Материалы Круглого стола по апробации Бюджетного кодекса за 2014 год, 2014

Материалы Рабочей встречи по «Обсуждению проекта Руководства по составлению бюджетного запроса для бюджетных организаций, получателей/распорядителей бюджетных средств», 2015

Материалы Круглого стола по апробации Бюджетного кодекса за 2015 год, Свод рекомендаций по совершенствованию Бюджетного кодекса Республики Узбекистан по результатам обсуждения в рамках апробации практического действия Бюджетного кодекса Республики Узбекистан, 2015

Проект постатейного Комментария к Бюджетному кодексу, 2015

Аналитическая записка «Фискальная прозрачность: международный опыт, оценки и выгоды для Узбекистана», 2015

Материалы семинара «Бюджетный процесс: международный опыт и действующая практика в Республике Узбекистан», 2015

Аналитическая записка «Оценка рисков при подготовке Стандартов бюджетного учета в соответствии с Международными стандартами финансовой отчетности общественного сектора», 2015

Методические рекомендации по применению Стандартов бюджетного учета, 2015

Методические рекомендации по применению Стандарта бюджетного учета №7 «основные средства», 2015

Методические рекомендации по применению Стандарта бюджетного учета №8 «нематериальные активы», 2015

Материалы тематических семинаров по теме «Актуальные вопросы реформирования бюджетного учета в Республике Узбекистан в соответствии с МСФООС» от 17 октября и 14 ноября 2015 года, 2015

Компонент 3

Концепция Закона Республики Узбекистан «О государственных закупках», 2011

Материалы Круглого стола по теме: «Государственные закупки: текущее состояние и пути совершенствования» , 2011

Материалы Круглого стола по теме «Совершенствование законодательства в сфере государственных закупок: правовые аспекты и международный опыт» от 18 мая и 12 октября 2012 года, 2012

Проекты подзаконных актов по процедурам государственных закупок, 2013

Материалы Рабочей встречи по обсуждению проекта новой редакции положения «О порядке проведения конкурсных торгов по государственным закупкам товаров (работ, услуг)» 21 декабря, 2013

Материалы семинара по изучению международной практики в сфере государственных закупок (на примере ПРООН и Всемирного банка) 1-е ноября, 2013 г., 2013

Аналитическая записка, создание государственного органа по государственным закупкам, Ташкент, 2013

Материалы Рабочей встречи по обсуждению проекта Закона Республики Узбекистан «О государственных закупках» и подзаконных актов 14-15 февраля 2014 г., 2014

Материалы Круглого стола по обсуждению проекта Закона Республики Узбекистан «О государственных закупках» 1 сентября 2014 г., 2014

Материалы семинара по обсуждению проекта Закона Республики Узбекистан «О государственных закупках» с участием международного эксперта О.Анчишкиной, 19 ноября 2014 г. , 2014

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Отчет международного консультанта О.В. Анчишкиной о результатах изучения проекта закона Республики Узбекистан «О государственных закупках» и рекомендации по дальнейшему развитию законодательства Республики Узбекистан в сфере государственных закупок и совершенствованию организационных основ и инфраструктуры государственных закупок, 2014

Аналитическая записка «Внедрение «зеленых» государственных закупок: международный опыт, возможности для Узбекистана и влияние на бюджет, 2014

Методическое пособие по осуществлению государственных закупок в форме электронных аукционных торгов на понижение стартовой цены на УзРТСБ, 2014

Методические рекомендации по процедурам государственных закупок, 2014

Проект Концепции по дальнейшему совершенствованию государственных закупок в Республике Узбекистан на период 2015-2025 гг., 2015

Проект Закона Республики Узбекистан о государственных закупках товаров (работ, услуг), проект, 2015

Компонент 4

Аналитическая записка, Внедрение механизма планирования и финансирования на основе базовых нормативов на 1 учащегося в общеобразовательных и средних профессиональных образовательных учреждениях: результаты и направления совершенствования, 2011

Материалы тренинга по теме: «Методология прогнозирования налогового потенциала региона», materials, 2011

Методические рекомендации по прогнозу налоговых начислений (потенциала) по отдельным налогам и другим обязательным платежам в территориальном разрезе , 2011

Аналитическая записка, Практика финансирования семейных поликлиник на основе нормативно-подушевого метода в Узбекистане, 2012

Аналитическая записка, Практика финансирования сельских врачебных пунктов на основе нормативно-подушевого метода в Узбекистане, 2012

Аналитический доклад меры по сокращению уровня субвенционности местных бюджетов: взаимодействие ведомств, 2012

Аналитический доклад Межбюджетные отношения: взаимная балансировка составных частей, 2012

Методология составления стратегии повышения контингента налогов региона, 2014

Аналитический доклад: Влияние системы налогообложения на ценообразование (затраты предприятий) в экономике Республики Узбекистан, 2014

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Методика оценки влияния изменений регулируемых государством цен на сектора экономики, доходы и расходы бюджетов бюджетной системы Республики Узбекистан, 2014

Анализ финансовой устойчивости пенсионной системы Узбекистана: текущее состояние и перспективы, 2014

Методология прогнозирования налоговых начислений и поступлений в разрезе регионов, 2015

Гендерное бюджетирование

Аналитический доклад «Гендерное бюджетирование в Узбекистане: Анализ ситуации на местном уровне и возможности совершенствования, 2011

Аналитический доклад «Гендерное бюджетирование в Узбекистане: индикаторы оценки гендерной чувствительности местного бюджета на примере Джизакской области, 2012

Пособие по гендерному бюджетированию, 2014

Материалы обучающего семинара по вопросам гендерного бюджетирования, 2014

Отчет о подготовке и проведении обучающего семинара - тренинга по вопросам гендерного бюджетирования, 9-10 октября 2014 г.

Компонент 5

Методологии проведения первоначального, промежуточного и конечного контроля знаний слушателей Учебного Центра Министерства Финансов Республики Узбекистан, 2010

Стратегия улучшения качества обучения Учебного центра при Министерстве финансов Республики Узбекистан. Рекомендации международного эксперта О.Агаповой, 2011

Концепция внедрения дистанционного обучения в Учебном Центре при Министерстве Финансов Республики Узбекистан, 2011

Тренинг "Опыт внедрения систем дистанционного обучения в Узбекистане", 2012

Семинар для специалистов регионального уровня и преподавателей экономических вузов и Учебного центра Министерства финансов «Стратегическое планирование и бюджетирование, ориентированное на результат: международный опыт и возможности применения в Узбекистане», 2012

Тренинг Инновационные технологии в образовании, 2012

Тренинг Государственные закупки: опыт Турции, 2012

Тренинг Разработка учебных программ на основе модульного подхода, 2012

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Тренинг Назначение и цели портала Учебного центра. Разработки интерактивных учебно-методических материалов, 2013

Тренинг Среднесрочное бюджетное планирование: теория и практика, 2011

Тренинг Построение образовательных семинаров и электронного образования, 2011

Тренинг по вопросам внедрения усовершенствованной системы организации первоначального, промежуточного и конечного контроля знаний слушателей УЦ Министерства финансов, 2011

Тренинг “Межбюджетные отношения: мировой опыт и практика Узбекистана”, 2011

Тренинг «Бюджетная система и бюджетный процесс: мировой опыт и значение для Узбекистана», 2010

Тренинг Преимущества перехода к бюджетированию, ориентированному на результат: опыт развитых и развивающихся стран, необходимость перехода для Узбекистан, 2010

6.3 Mission Program

**Mission Program
for the evaluation of UNDP “Budget System Reform in Uzbekistan” project
Mr. Arkadi Toritsyn
(07-11 December, 2015)**

Time	Activity
06 December, Sunday	
Arrival in Tashkent	
07 December, Monday	
14:30 – 15:30	Internal meeting in UNDP Country Office
15:30 – 16:30	Meeting with UNDP management
16:30 – 18:00	Meeting with the BSR project staff
08 December, Tuesday (National Holiday, no meetings)	
Am	Conference call with IMF regional representative (Mr. John Zohrab)
Pm	Conference call with international consultant on public procurement (Ms. Olga Anchishkina)
	Deskwork
09 December, Wednesday	
09:30 – 10:30	Meeting with the National Project Coordinator (B. Ashrafkhanov, Deputy Minister of Finance)
11:00 – 12:00	Meeting with MoF representatives (ie from State Budget Department, Treasury, participants of study tours, etc.)
12:00 – 13:00	Meeting at the Ministry of Economy
14:00 – 15:00	Meeting at the Ministry of Public Education
15:30 – 16:30	Meeting at the Ministry of Healthcare
16:30 – 17:30	Meeting at the National Association of Accountants and Auditors of Uzbekistan
10 December, Thursday	
09:30 – 10:30	Meeting at the World Bank
11:00 – 13:00	Meeting with the BSR project staff
15:00 – 16:00	Meeting with the Good Governance Unit (UNDP)
16:00 – 17:00	Meeting with the Economic Governance Unit (UNDP)
11 December, Friday	
09:30 – 17:30	Deskwork Preparations for the Project Board meeting Preparing the presentation on the initial results of the evaluation Meeting with the Economic Governance Unit (UNDP)
12-13 December, Weekend	
Work on the report + Free time	
15 December, Friday	
09:30 – 11:30	Project Board meeting (Budget System Reform project) at the Ministry of Finance
16 December, Friday	
09:30 – 10:30	Meeting at the ADB

A List of Interviewees

Mr. Bakhrom Ashrafkhanov, Deputy Minister of Finance, Head of the Treasury, National Project Coordinator

Mr. Farid Garakhanov, UNDP Deputy Resident Representative in Uzbekistan

Mr. Sherzod Akbarov, Program Head of Economic Governance Unit, UNDP Uzbekistan

Mr. Zarif Jumaev, Economic Governance Unit Program Coordinator, UNDP Uzbekistan

Mr. John Zohrab, Regional Adviser at International Monetary Fund

Ms. Olga Anchishkina, International Public Procurement expert

Mr. Ulugbek Daulanov, Head of Department for Methodology of the Treasury

Mr. Bakhtbek Sugirbaev, Deputy Head of Department for Methodology of the Treasury

Mr. Abror Gadoev, Head of Division of the Treasury responsible for public procurement

Mr. Aziz Latifjonov, Head of Department for Investments of the MoF

Ms. Dilshoda Mukahmedjanova, Expert of the Treasury

Mr. Botir Nurmatov, Director of the Training Center under the MoF

Mr. Usmon Mamadjanov, Head of Division, Main Budgetary Department of the MoF

Mr. Hamza Tuhsanov, Deputy Head of Department for Price Regulation

Mr. Fasliddin Rakhimov, Procurement Specialist, World Bank

Mr. Bobir B. Gafurov, Senior Private Sector Development Officer Uzbekistan Resident Mission, Asian Development Bank

6.4 Terms of References

I. Job Information	
Job title:	International Consultant (Project Evaluator of 'Budget System Reform in Uzbekistan' project)
Type of Contract:	Individual Contract
Project Title/Department:	Economic Governance Unit, UNDP Uzbekistan
Duration of the service:	<p>November – December 2015 (20 working days, including 5-day mission to Tashkent (tentative))</p> <ul style="list-style-type: none"> • 10 w.d. desk work in country of residence (Nov 09 - 20, 2015) • 5 w.d. mission to Tashkent (Nov 23-27, 2015); • 5 w.d. desk work in country of residence (Nov 30–Dec 04, 2015);
Work Status:	Full time
Duty station:	Home based and Tashkent city, Uzbekistan
Expected places of travel:	Tashkent, Uzbekistan
Reports to:	Head of Economic Governance Unit
Background Information	
<p>Implementation of prudent economic policies by the Government of Uzbekistan over the last several years has significantly contributed to the achievement of financial and macroeconomic stability in the country. Within the reform program that is currently under implementation, the Government of the Republic of Uzbekistan has set itself all-encompassing goals for the achievement of structural and institutional changes that require significant financial resources, on the one hand, and efficient system of distribution and use, on the other. Efficient and transparent management of the budget system becomes an important tool to address these problems in this context.</p> <p>A number of transformations in the public financial management (PFM) in Uzbekistan have been implemented within the course of liberalization policy and intensification of economic reforms. Key public finance reform focus areas, targets and sequencing have been set forth in the Public Finance Management Strategy for the period 2007-2018, developed by the Ministry of Finance of the Republic of Uzbekistan jointly with IMF's Fiscal Policy Department. Major changes were associated with a phased transition to the treasury-based budget execution, improving the regulatory framework of budget preparation and increasing the effectiveness of control over budget expenditures.</p> <p>Since 2007 UNDP has been supporting the Government of the Republic of Uzbekistan in promotion of PFM reforms with ultimate goal of improving the welfare of the population. The current joint initiative of UNDP and the Ministry of Finance "Budget System Reform in Uzbekistan" project which is under implementation since July 2010 aimed to continue assistance and further enhancing the capacity in the area of PFM reforms with focus on achieving greater effectiveness, accountability, and transparency of the budget preparation system.</p>	

Key thematic areas of project activities include further strengthening of budgetary and public procurement legal frameworks, promotion of performance-based budgeting and mid-term budget planning methodologies, reforming public sector accounting and reporting system, enhancing fiscal decentralization through improving intergovernmental fiscal relations, capacity building of professionals and etc. The project objectives is being achieved through supporting analytical works on various aspects of budget policy improvement, facilitation of policy dialogue among key stakeholders, involving academic and civil society into the reform process as well as strengthening the human resource capacity for the implementation of reforms.

In light of the upcoming closure of the project in December 2015, UNDP project implementation procedures require that BSR project should undergo an external evaluation to take stock of the project's progress, its successes and weaknesses. The results of the evaluation will be used to provide the project stakeholders with an unbiased outcome-level assessment of project results, while also providing lessons learned and directions for a possible next-stage cooperation framework between UNDP and the government in the area of PFM reforming.

In this regard, UNDP needs the service of an external evaluator to conduct the assessment of the BSR project results and formulate recommendations on exploring new avenues of cooperation between the government and UNDP in the area of public finance management.

Functions / Scope of work

The International Consultant will work under the general guidance of the Head of Economic Governance Unit and direct supervision of Programme Coordinator. The Consultant's main mission will consist of the following duties and responsibilities:

- To conduct an impartial and expert assessment of the outcome-level results of UNDP's cooperation with the Ministry of Finance of Uzbekistan (MoF) under the Budget System Reform project
- Provide a review of achieved results and lessons learned against the expected targets, outputs and indicators laid down in the project document
- Prepare questionnaires for the meetings with project stakeholders. Meet with and gather substantive feedback from the project stakeholders. The stakeholders' groups should consist of:
 - o Government Agencies (Ministry of Finance, Treasury)
 - o Parliament (Oliy Majlis)
 - o Academic and research institutions (Institute of Finance, Banking Academy)
 - o IFIs and bilateral organizations (World Bank, ADB, JICA, KOICA)
- Assess the project's contribution to the progress made in support of PFM reform process in Uzbekistan and building MoFs capacity to employ modern budget planning methodologies, reforming public procurement procedures and practices, public sector accounting and reporting standards, etc.
- Assess the degree to which the policy formulation process has been carried out through participatory dialogue and policy communication with the stakeholders
- Assess the degree to which the resources and funding for the above project directions have been used effectively and efficiently

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- Assess how effectively the knowledge base, information technology, and communication means (ie, social media, web site, regular publications, etc.) are being used to expand the outreach and knowledge-sharing by the project
- Assess the extent to which a knowledge base is being established so that a sustainable capacity is being built for addressing the relevant development problems
- Present and discuss the findings and recommendations to UNDP, and beneficiaries
- Review and elaborate the comments presented with regard to the draft final evaluation report
- Review and incorporate the inputs provided by UNDP and stakeholders into the final evaluation report
- Provide quality assurance and ensure timely submission of the final evaluation report in a format agreed with UNDP

Deliverables and Deadlines

The following tentative schedule of deliverables is expected under the current assignment. The Economic Governance Unit of UNDP Uzbekistan reserves the right, if necessary, to amend the terms of reference of an expert upon a written agreement. The final schedule will be agreed upon in the beginning of the assignment. All deliverables should be submitted to UNDP project in electronic form by the Consultant in English.

Outputs/Deliverables	Due date	Installments
<p>Stage I:</p> <ul style="list-style-type: none"> • Background information on the project results and progress received and reviewed • A Skype call held with UNDP CO to discuss the assignment and agree on the evaluation strategy • Questionnaires for the meetings with project stakeholders prepared • First draft of the evaluation report prepared and submitted to UNDP 	November 20, 2015	1 st installment (50%)
<p>Stage II:</p> <ul style="list-style-type: none"> • Mission to Tashkent completed, with meetings with the project stakeholders; • A pre-final draft evaluation report is submitted, presented and discussed in UNDP • Evaluation report containing in-depth outcome-level assessment of the project results, including the review and summary of stakeholders' feedback, lessons learned, and recommendations on the next stage cooperation between the UNDP and the government (ie, Ministry of Finance) in the area of public finance management reform finalized by the consultant and approved by UNDP 	December 10, 2015	2 nd installment (50%)

This is a lump sum contract that should include costs of consultancy and other related costs, if any, required to produce the above deliverables.

Monitoring and control

Contract will be completed after the submission of final drafts of deliverables defined by the current TOR in two stages and upon acceptance by the Head of Economic Governance Unit, UNDP Uzbekistan.