

# EN



This action is funded by the European Union

## ANNEX II

of the Commission Implementing Decision on the financing of the annual action programme in favour of Uzbekistan for 2019

### Action Document for Facilitating the Process of Uzbekistan's Accession to the World Trade Organisation

#### ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

<b>1. Title/basic act/ CRIS number</b>	Facilitating the Process of Uzbekistan's Accession to the World Trade Organisation CRIS number: ACA/2019/041-755 Financed under the Development Cooperation Instrument	
<b>2. Zone benefiting from the action/location</b>	Uzbekistan – the entire country	
<b>3. Programming document</b>	Addendum No 1 to the Multiannual Indicative Programme between the European Union and Uzbekistan for the period 2014-2020 <sup>1</sup>	
<b>4. SDGs</b>	<b>Main SDG:</b> 8 (Economic growth) <b>Other significant SDGs:</b> 10 (Reduce inequality within/among countries); 16 (Build inclusive institutions); and 17 (Revitalize the global partnership)	
<b>5. Sector of intervention/ thematic area</b>	Trade related assistance	DEV. Assistance: YES
<b>6. Amounts concerned</b>	Total estimated cost: EUR 5 000 000 Total amount of EU budget contribution: EUR 5 000 000	
<b>7. Aid modality(ies)</b>	Project Modality	

<sup>1</sup> C(2018)4741 of 20 July 2018

<b>and implementation modality(ies)</b>	Indirect management with an International Organisation (International Trade Centre - ITC)			
<b>8 a) DAC code(s)</b>	33140 Multilateral Trade Negotiations			
<b>b) Main Delivery Channel</b>	41000 – United Nations agency, fund or commission (UN) – International Trade Centre			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A <When relevant, specify the title of which this action contributes>	the GPGC thematic flagship	programme to

**SUMMARY**

The proposed Action aims to support Uzbekistan's recently renewed ambition to accede to the World Trade Organisation (WTO) and undertake related economic reforms. In this context, the overall objective of the Action is to contribute to Uzbekistan's **economic development**, with the specific objective to create a trade environment that is in conformity with the **WTO rules**.

To do so, the Action proposes a set of comprehensive activities that would include: supporting Government officials in fulfilling WTO accession requirements and reforming related national trade policies; enhancing the government's and the population's understanding of WTO accession; strengthening national capacities for Sanitary and Phytosanitary measures (SPS) / Technical Barriers to Trade (TBT) and trade facilitation compliance; raising stakeholders' and private sector's awareness (including women's associations) of WTO accession.

## 1 CONTEXT ANALYSIS

### 1.1 Context Description

The Republic of Uzbekistan, located in Central Asia, is a unitary, constitutional, presidential republic comprising twelve provinces and one autonomous republic with its capital city in Tashkent. Its population is approximately 33 million, 2.5 million of which are located in Tashkent. Uzbekistan is landlocked, surrounded by five countries – Afghanistan, Tajikistan, Kyrgyzstan, Kazakhstan and Turkmenistan – all of which, except the latter, are WTO Members. With a Gross Domestic Product (GDP) growth rate of 5% in 2018<sup>2</sup>, Uzbekistan is ranked third in Central Asia.

Although relatively well diversified, exports comprise mainly of natural resources and low value added goods including cotton, vehicles, copper, petroleum gases, fruits, uranium, fertilisers, and apparel. Moreover, exports are heavily concentrated and the majority of goods are destined to Russia, China, Kazakhstan, and Turkey. The reliance upon natural resources and a few selected markets make Uzbekistan vulnerable to volatile prices and demand fluctuations. Moreover, trade is hindered by low productivity, cumbersome regulatory and business environments, limited financial access, underdeveloped infrastructure, a complex tax system, and problems related to corruption.

In the years following its independence in 1991, Uzbekistan's approach to economic liberalisation has been cautious: the Government committed to a gradual series of reforms, while aiming to minimise their negative or disruptive effects. This approach has proven relatively successful. In 2001, Uzbekistan became the first post-Soviet country to regain pre-independence levels of GDP (World Bank, 2017). By then, it had achieved self-sufficiency in oil, increased natural gas exports, and boosted its food self-sufficiency by largely shifting from farming cotton to wheat.

Following the political changes in the past couple of years, Uzbekistan has shown signals of its willingness to further progress on trade and investment liberalisation. In 2017, the Government launched a National Development Strategy for 2017–2021 which aims to transform the country by liberalising the economy, reshaping the role of the state in the economy, modernising the agriculture sector, strengthening governance, creating markets, including in-financial services, enabling private sector growth, investing in human capital, and improving social protection and service delivery for all citizens.

The Government has made progress on implementing a number of policy changes in a short period of time, by initiating various reforms – e.g. on tax systems; the liberalisation of the foreign exchange regime, followed by price liberalisation measures; the strengthening of the Central Bank of Uzbekistan's (CBU) independence; the simplification of the visa regime; the improvement of the investment climate and business environment.

Despite an impressive pace for reforms over the past two years, Uzbekistan held the 76th position (74th in 2017) among 190 economies ranked in the World Bank Group's (WB)

---

<sup>2</sup> Source: International Monetary Fund – World Economic Outlook, April 2019: <https://www.imf.org/~media/Files/Publications/WEO/2019/April/English/text.ashx?la=en>

Doing Business 2019. However, reforms implemented by Uzbekistan in 2017-2018 have enabled Uzbekistan to improve in three out of ten areas measured by Doing Business i.e. Trading across Borders, Protecting Minority Investors, and Paying Taxes.

Reforms have also been carried out in the area of women in trade. Various programmes are being implemented to improve the participation of women in business and an increasing number of women had been engaging in entrepreneurship. Nevertheless, laws still restrict the participation of women in setting up firms in certain sectors, thereby reducing opportunities for them. Moreover, accessing business finance is particularly challenging for women.

A number of structural changes and reforms in the area of human rights have recently been observed, particularly with regard to forced labour and child labour in the cotton industry, which is one of Uzbekistan's main export sectors. Although this reflects a clear political commitment from Uzbekistan, there are still some concerns with regard to economic participation, forced labour in agriculture and labour rights particularly with respect to women and people living in vulnerable situation, as recently raised by the UN Human Rights Treaty Committees. For instance, the Committee on Economic, Social and Cultural Rights (Universal Periodic Review UN Compilation on Uzbekistan, 2018) remained concerned about the underemployment, particularly among nomadic people and in the agricultural sector, high unemployment among women and widespread employment in the informal economy. The same Committee noted the absence of a specific provision on the right to strike in the legislation. It urged Uzbekistan to adopt the 2007 amendments to the Act on Trade Unions, the Rights and Guarantees of Their Activity. Similar requests were made by the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) in its report to the June 2019 International Labour Conference. The Committee on the Elimination of Discrimination against Women recommended that Uzbekistan promotes the entry of women into the formal economy, applies legislation guaranteeing equal pay for work and closing the gender wage gap, and adopts legislation to specifically define and prohibit sexual harassment in the workplace.

The momentum for trade liberalisation and trade-related domestic reforms will be further supported through the ambition of the Government to resume the WTO accession - a process that had been initiated in 1994 before being frozen in 2005, for domestic political reasons (a policy of self-sufficiency prevailed in that era). The renewed accession ambition translated into a formal application to the WTO Secretariat signed by the Minister of Foreign Trade Khodjaev, which was handed by Uzbekistan in March 2018 and was supported by the WTO Director-General<sup>3</sup>.

---

<sup>3</sup> Cf. WTO DG Azevedo's letter of February 2017 to President Mirziyoyev In December 1994, the Government of the Republic of Uzbekistan initiated the process for the country's WTO accession. In 1998 the Memorandum on accession to the WTO was submitted which represented all the information on the various aspects of the economy and current trade regime of the country at the time. The third and final Working Group meeting was held in 2005, after which the Government of Uzbekistan froze the accession process for domestic political reasons. The process resumed in early 2018 in the wake of a broad package of socio-economic reforms initiated by President Mirziyoyev in early 2017 following his election in December 2016.

## 1.2 Policy Framework (Global, EU)

The global policy framework that guides the project is the United Nations (UN) 2030 Agenda for Sustainable Development, including its Sustainable Development Goals (SDGs), and the Addis Ababa Action Agenda on Financing for Development (2015).

The global policy framework on trade is linked to the WTO membership negotiations. The Action will directly contribute to facilitate Uzbekistan's accession to the WTO and its participation in global trade. The Government is aiming to further use the rights and benefits of full membership in the WTO to foster export-led growth, diversify the country's economy and markets, attract investment, create jobs and improve the economic welfare of all Uzbeks.

The EU's policy framework – notably the 2011 'Agenda for Change'<sup>4</sup> clearly acknowledges the nexus between enhanced growth and jobs and Small and Medium-Sized Enterprises (SMEs) and increased trade capacities, better business environment and development. In 'The New European Consensus for Development'<sup>5</sup> (2017), the EU indicate that it will also continue to ensure that developing countries reap the benefits of inclusive growth and sustainable development from enhanced participation in the multilateral trading system.

The Action will contribute to the implementation of the EU's Multiannual Indicative Programme (MIP) 2014-2020 for Uzbekistan, which focuses on improving the living standards of the population, notably in the rural areas.

The Action will further support the implementation of the European Commission communication on 'A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries',<sup>6</sup> which emphasises the importance of amplifying the measures to accompany private sector development and respond to the diversification challenges faced by developing countries, notably by a complementary macro and micro/meso-approach designed to *inter alia* create a business environment conducive to private sector initiative.

Uzbekistan is currently a member of the basic Generalised Scheme of Preferences (GSP) system, which makes it possible to export goods to the EU's market at reduced tariff rates and duties. In early 2019, the EU Delegation in Tashkent held a series of meetings with all relevant ministries, agencies and economic actors, to discuss the possibility for Uzbekistan to receive the status of GSP Plus (GSP +) beneficiary, as well as of familiarising Uzbek businesses with the opportunities stemming from increasing exports to the EU under this status.<sup>7</sup>

The Action will foster the implementation of the EU Gender Action Plan II (2016-2020) and particularly its objectives 14 (Access to decent work for women of all ages); 15 (Equal access by women to financial services, productive resources including trade and entrepreneurship);

---

<sup>4</sup> COM(2011)637 final. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0637:FIN:EN:PDF>

<sup>5</sup> European consensus on development as adopted by the European Council on 18 May 2017. [https://ec.europa.eu/europeaid/new-european-consensus-development-our-world-our-dignity-our-future\\_en](https://ec.europa.eu/europeaid/new-european-consensus-development-our-world-our-dignity-our-future_en)

<sup>6</sup> COM(2014)263 final; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52014DC0263&qid=1400681732387&from=EN>

<sup>7</sup> [https://eeas.europa.eu/delegations/uzbekistan/58043/obtaining-beneficiary-status-european-unions-gsp-system-uzbekistan\\_en](https://eeas.europa.eu/delegations/uzbekistan/58043/obtaining-beneficiary-status-european-unions-gsp-system-uzbekistan_en)

and 17 (Equal rights and ability for women to participate in policy and governance processes at all levels).

The Action will also contribute to a collective initiative of the WTO, the ‘Buenos Aires Declaration on Women and Trade’, which was supported by 118 WTO members (including the EU and its Member States) and observers and endorsed in 2017 to increase the participation of women in trade, as well as to remove barriers to and foster women’s economic empowerment.

In addition, the Action will be coordinated with and will help complement the EU’s Joint Strategy on Aid for Trade and, in particular, its commitments and approach to the region, such as the proposed Enhanced Partnership and Cooperation Agreement (EPCA) that the EU started negotiating with Uzbekistan in 2019. It is important to note that the EPCA incorporates WTO disciplines and, among other priorities, supports the diversification of the country’s economy.

The European Commission and, notably, the Directorate General for Trade (DG TRADE) are very much involved in Uzbekistan’s WTO accession process, in line with the EU’s priority to enhance trade and economic partnership with Uzbekistan.

### **1.3 Public Policy Analysis of the partner country/region**

At the highest policy level, the Action is guided by the National Development Strategy on Five Priority Development Areas of the Republic of Uzbekistan 2017-2021. Under this, one of the key areas identified is economic development and liberalisation, to which the WTO accession process will contribute.

The Action will need to consider the ongoing trade related developments which are taking place at the regional level, given the potential interactions that may stem from commitments made in the context of multilateral/regional trade negotiations. At the regional level, Uzbekistan is not a member of either the Eurasian Economic Area or the Collective Security Treaty Organisation (CSTO). However, there have been discussions recently that may lead to changes in this context.

At bilateral level, Uzbekistan has strengthened its trade relations with South Korea, which were established under the Joint Declaration on strategic partnership adopted in 2006. Uzbekistan is also looking forward to developing existing bilateral relations with China, especially under the new Silk Route project. Moreover, Uzbekistan is improving its diplomatic relations with countries like Turkey, Japan, Malaysia, Indonesia, Singapore, and Vietnam, with a view to increase its opportunities in the global market.

Women’s rights have been recognised and guaranteed in all international human rights instruments, notably in the Universal Declaration of Human Rights and in the Convention on the Elimination of all forms of Discrimination Against Women. Right to decent work for all has been guaranteed in the International Covenant on Economic, Social and Cultural Rights. Uzbekistan has ratified them both in 1995. Uzbekistan has also ratified ILO fundamental Conventions on Equal Remuneration (N°100) and on Discrimination in Employment (and Occupation) (N°111) in 1992. While Uzbekistan has not developed a national action plan on gender equality, the National Development Strategy 2017–2021 directly addresses employment for women and youth.

#### 1.4 Stakeholder analysis

The direct beneficiary of the Action will be the line ministry responsible for the WTO accession negotiations i.e. the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan (MIFT), which has established a WTO Department, currently comprising of a recently appointed Chief Negotiator and five other officers. The MIFT is in the process of expanding the team assisting in the negotiations process. Additionally, in order to facilitate proper coordination among the relevant Ministries and governmental agencies, an Inter-Agency Commission has been established. Beyond the membership of the Inter-Agency Commission, it is important that the Action targets government departments/agencies involved with the different aspects of the negotiations, as well as of the formulation and implementation of the policy/regularity reforms that will stem from the WTO accession negotiations. These include the Ministry of Agriculture, the Ministry of Health, the State Customs Committee of the Republic of Uzbekistan, the Agency of Standardisation, Metrology and Certification (UZSTANDARD), and the Agency on Intellectual Property of the Republic of Uzbekistan.

Most of the technical expertise that was built before 2005, when the WTO negotiations process came to a standstill, has been lost. Hence there is a need to address capacity gaps, by providing solid technical support to all ministerial departments implied in the accession process. Also, coordination among the Ministries remains a challenge, which cannot be solved by the work of the Inter-Agency Commission, which for the time being is mainly a forum for information sharing.

By offering a platform for public-private consultations, the proposed Action will work closely with relevant sectoral business organisations and associations, civil society and Non-Governmental Organisations (NGOs), including women, youth and consumer associations, which will thus actively participate in the accession and related policy-making process. The Action will cooperate with all of these actors on the basis of equality. Civil Society Organisations (CSOs) will participate in the monitoring process.

The Action's stakeholders include the international development agencies and donor community present in Uzbekistan, such as the World Bank, US Agency for International Development (USAID), United Nations Development Programme (UNDP), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), etc.

The ultimate stakeholders are Uzbek businesses, especially SMEs, benefitting from better and secured market access, modern policy and regulatory framework incentivising foreign investments (together with better technology), and access to cheaper goods that are used in the productions of exports. Consumers will also be able to access goods and services at lower prices and in greater varieties.

The Action is also expected to indirectly support the promotion of equitable and inclusive growth and job creation in various sectors, as well as, in line with Government strategy, help diversify the economy. This should result in additional opportunities for all sectors of the

economy including for women, youth and people living in vulnerable and marginalised situation such as persons with disabilities, indigenous peoples, minorities etc.

Finally, the Action – in coordination with the EU-funded Support to Investment, Competitiveness and Trade in Central Asia Programme and the Advancing Afghan Trade Programme (both implemented by the International Trade Centre - ITC) – should indirectly contribute to boosting cross-border trade in the broader Central Asia region. Therefore, stakeholders involved in regional trade are also beneficiaries of this Programme.

### **1.5 Problem analysis/priority areas for support**

Since gaining independence, the Government of Uzbekistan has been committed to a gradual transition to a market-based economy. This progress has been cautious and its restrictive trade regime and generally interventionist policies continue to have a negative effect on trade and the economy in general. Furthermore, Uzbekistan's foreign trade policy is based on import substitution, and hence Uzbek consumers are deprived of access to low cost foreign alternatives. In addition, the unfavourable investment climate has led to a low level of Foreign Direct Investment into the country.

Accession to the WTO is one of the main avenues supported by Uzbekistan to hasten the process of transition to a market economy and its integration into the global trading system. However, the negotiation process towards WTO membership, together with the domestic reform process, requires not only the dedicated role of the Uzbekistan Government decision-makers, but also the attention and commitment of the private sector and society as a whole. Stakeholder confidence, especially among the private sector, has proven to be a necessary ingredient for the Government to negotiate and conclude its bid for WTO membership.

Completing the WTO Accession process requires a number of success factors to be supported:

- First, the pace and terms of each WTO Accession bid crucially depends upon the commitment of the Government – to pursue domestic economic reform and put in place modern laws, regulations and an effective enforcement framework with due transparency. For the Uzbekistan Government, the past couple of years have demanded strong commitment, yet the final negotiation phase will require even stronger commitment;
- Policy makers/negotiators' capacity to articulate negotiation positions in line with the economic interest of the country and the private sectors' views, design WTO compliant laws and regulations, and anticipate the implementation of the legislative and regulatory reforms must be established in a sustainable and non-discriminative fashion;
- Trade policy covers a number of instruments including WTO accession, regional or bilateral trade agreements, and domestic reforms which must be tackled in a coherent fashion with other government/public policies. Proper design of new legislation and regulations complying with WTO requirements need to contribute to the overall coherence of the reform process;

- An equally essential factor for successful accession to the WTO is the level of cooperation, collaboration and regular exchange of perspectives between the Government and the various stakeholders. In this regard, the private sector needs to be made aware of the various requirements, procedures and benefits of the WTO Accession process in order to build a consensus.

The Action will address some of these factors:

- The negotiation process will be informed through continuous and on demand fact based advisory services and private sector consultations. The latter will also aim to forge a consensus among public and private stakeholders throughout the WTO accession process and across its components (i.e. multilateral negotiations process, bilateral market access negotiations);
- The coherence of the accession process will be fostered through alignment of the domestic regulatory and legislative framework with the WTO rules, and the formulation of a national trade policy aligned to the WTO requirements;
- The existing technical knowledge gap of WTO issues will be addressed across the policy making institutions of Uzbekistan, including through long term capacity building initiatives;
- Improving quality management and regulatory infrastructure is an important element of the WTO Accession process, in particular in the areas of TBT and SPS.

It is possible that WTO Accession will happen during the lifetime of the Project. The Project will then continue to support Uzbekistan in post-accession activities to ensure that there is as smooth a transition as possible to the WTO framework.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Lack of political will to address changes required for Accession to the WTO	M	The Action will include consultations with the stakeholders to ensure their support during the Accession process. Benefits stemming from the accession process and experiences of recently acceded countries will be promoted. Informal contacts with other WTO Members will be promoted to facilitate consensus building.
Lack of reliable government data and statistics	M	The Action will employ data and analysis from international organisations, research and academia, NGOs, etc. Capacity building for collection of data, research and analysis will be carried out.

<p>Insufficient human resources capacities including (i) weak absorption capacity of key beneficiary institutions; (ii) assigning inadequate institutions and/or expert to programme activities; (iii) significant turnover of staff limits the effectiveness of the previous programme activities and weakens institutional memory; and (iv) lack of English language skills</p>	<p>H</p>	<p>The Action will define and implement programme activities that correspond to the beneficiaries' human resources capacities and feed beneficiaries' actual needs. Whenever possible, mentoring and coaching approach will be favoured as well as long term training. Sensitize public authorities on the importance of retaining trained and experienced staff within the negotiating team/relevant departments of Ministries involved in the WTO accession process.</p> <p>The project will avail the services of Russian speaking experts as well as translators and interpreters.</p>
<p>WTO accession process not attuned with the development aspirations of Uzbekistan</p>	<p>M</p>	<p>Throughout the accession process, the Action will provide technical support aimed at balancing the interests of longer term economic growth resulting from integration with the global economy, with giving appropriate time frame for implementing the adjustment policies. In addition, the Action will foster inclusive sensitisation process aimed at forging an informed consensus on a consistent set of negotiation positions, commitments, and related policy and institutional reforms to be taken, including in relation to their timeframe.</p> <p>Indeed, such an inclusive policymaking process will ensure adequate feed-in and buy-in among the various national stakeholders as well as meaningfully prepared and coordinated reform process, thereby contributing to the effective implementation of adjustment policies and other relevant policy and institutional reforms.</p> <p>By providing training and advisory services related to trade policy formulation and inter-agency coordination looking at both WTO compliance and inclusive economic development, the Action will equip Uzbekistan with capacities and tools relevant to anticipate and address the implications of WTO accession, including through helping the Government to make the best use of its</p>

		policy space (including for promoting sectors with competitive advantages and diversification) to improve the business environment both contributing to the competitiveness of local businesses.
Lack of technical capacity and fragmentation of the private sector to engage constructively.	M	The Action will foster consultation, consensus building as well as awareness raising among the private sector about the WTO accession process and its attendant policy and regulatory reforms.
Human rights and gender equality components are left without attention during the process. A risk of human rights violations committed by private sector actors, for example on labour rights and gender equality.	M	Policy dialogue between EU and the Government on gender equality and human rights. The Action will also raise awareness on the UN Guiding Principles on Business and Human Rights. Gender-responsive rights-based approach working principles applying to all rights, participation, non-discrimination, accountability and transparency will be respected during the implementation of the project. Monitoring will be conducted by using disaggregated data in order to follow impact on different groups. Civil society will participate in the monitoring process.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>- Government is committed and allocates resources to implement legal reforms to bring its legislation in full compliance with WTO requirements</li> <li>- Government enforces the reforms and applies the revised legislation</li> <li>- Sufficient interest and participation of the private/business sector</li> <li>- National beneficiaries introduce recommendations developed under the programme in their institutions and working procedures</li> <li>- Political situation in Uzbekistan is stable</li> </ul>		

**3 LESSONS LEARNT AND COMPLEMENTARITY**

**3.1 Lessons learnt**

The gains to be made from WTO Accession depend on the extent and scope of a country’s commitments. It is important to take a strategic approach for well-articulated negotiations that create a growth conducive environment. Evidence shows that WTO Members with commitments across a larger range of services sectors have integrated more deeply into global value chains, partly due to the intensification of services in global value chains, including those for manufactured goods. Furthermore, accession-related reductions in trade barriers and improvements in the business climate have helped enable developing countries achieve deeper levels of integration into global value chains.

The gains to be made from WTO Accession are also conditional upon domestic reforms. Unless Uzbekistan undertakes domestic reforms, it is unlikely to reap the full benefits of WTO Accession. Furthermore, a continuing reform process is likely to lead to substantial benefits. In other words, while Uzbekistan can enjoy part of the benefits from its implementation of WTO commitments, it can further enhance the gains by, at its own will, undertaking domestic reform efforts to create a conducive business environment.

WTO Accession is likely to have a positive impact on Uzbekistan's economy, in terms of growth, exports, and investment. These positive impacts are largely driven by improved access to foreign markets, technology transfer, business linkages with foreign investors, and institutional reforms and improvement of the policymaking sphere, including economic management. However, not all sectors of the economy may benefit from WTO Accession and, as such, it is important to undertake mitigation measures to limit the impact of any negative effects.

Uzbekistan will need to ensure that negotiations are conducted according to their domestic development needs and objectives, and that the country's private sector is prepared for the reforms. Therefore, the country needs to establish trade objectives based on private sector competitiveness, negotiate policy space to cushion the blow of important competition in sensitive, labour-intensive sectors, and build the political and economic case for reforms while ensuring coherence between existing and emerging regional commitments.

### **3.2 Complementarity, synergy and donor coordination**

Uzbekistan is keen to diversify its export markets to remove the trade partner concentration risk. The Commonwealth of Independent States (CIS) and Russia are currently the main destinations for the country's exports.

Uzbekistan views the European Union as the most preferred and promising market for its foreign trade. The country is eager to boost its exports to the EU, which is a high-capacity and solvent market. Importantly, the EU's major interest in partnering with Uzbekistan is the latter's socio-political stability and its sustainable socio-economic development.

The European understanding and interpretation of international trade rules is extremely important for Uzbekistan. Moreover, parallel to WTO accession process there are negotiations that started in early 2019 between the EU and Uzbekistan on the Enhanced Partnership and Cooperation Agreement (EPCA), which gives further impetus to adopt the European approach to the international trade rules – both processes are interlinked, which makes the EU a principal partner for Uzbekistan.

Synchronising the two processes – WTO accession and EPCA negotiations – while progressing on both tracks, will generate positive synergies boosting Uzbekistan's integration to the global economy. It will result in diversifying the country's export markets, in its accelerated socio-economic development and in significant increase of the per capita income.

The Action will be implemented in synergy with the projects listed below:

- USAID: The agency is ready to provide the Government of Uzbekistan with the comprehensive support for majority of the activities of the initial phase of this process under the Project on Competitiveness, Trade and Job Creation (CTJ). In this regard, USAID proposed a list of steps for Uzbekistan's accession to the WTO, among which one of the key is the preparation of an updated Memorandum on the Foreign Trade Regime (MFTR), a document that fully reflects the current situation regarding the political, economic and legal systems of Uzbekistan.
- FAO and World Bank: Both these organisations organised together a training event in Uzbekistan which covered the necessary steps to maximize benefits from more open trade in agricultural and food products, and how to minimise negative effects on producers. The three main aims of the seminar were to improve understanding of WTO trade rules related to agriculture, to discuss best practices and experiences of post-Soviet countries that have already joined WTO, and to identify and discuss areas of concern for the agricultural sector.
- UNDP: The joint UNDP/WTO training course on goods schedules took place in Tashkent for the Government officials of Uzbekistan. The participants were trained on many aspects of bilateral negotiations on market access for goods starting from compilation of the Initial Offer to the Consolidated Schedule. The training also allowed for combination of theoretical presentations with practical simulation exercises on market access negotiations aimed at improving skills of government officials in carrying out effective bilateral negotiations.
- South Korea: In view of historical links with Uzbekistan and the fact that the chairman of the Working Party is Korean, South Korea is providing support on WTO Accession. However, this appears to be limited to an impact assessment and awareness raising for the agricultural sector.
- GIZ: The agency is currently supporting in the modernisation of the Customs Code of Uzbekistan.

#### **4 DESCRIPTION OF THE ACTION**

##### **4.1 Overall objective, specific objective(s), expected outputs and indicative activities**

The **overall objective** of the Action is to contribute to the economic development of Uzbekistan.

The **specific objective** of the Action is to create a trade and policy environment that is in conformity with the WTO rules. If the WTO accession process concludes within the implementation phase of the Project, the focus will be to support compliance with WTO requirements and implementation of the commitments made by Uzbekistan during the accession process. In the latter case, only the activities organized under Output 1.1 will terminate upon WTO accession.

Based on the specific objective, the Project will prioritise Output 1 and 2 in the first few months in order to ensure that the interventions provide timely and necessary support to the WTO accession negotiations.

The following outputs will be required to support Uzbekistan WTO accession process:

**Output 1 – Informed drafting of the documentations/negotiating positions required for the accession process (based on demand)**

The focus will be on supporting MIFT, Inter-Agency Commission and other relevant Government officials throughout the steps of the accession negotiation process with facts based advisory services aimed at informing the views of the Uzbek negotiators. This support will be provided on demand as per the needs of the negotiators and the progress of the negotiations. The main activities under this output will include:

- Support revisions of the Memorandum on the Foreign Trade Regime (if not yet been finalized);
- Help revise Uzbekistan's goods and services schedules of commitments and elaborate a comprehensive Legislative Action Plan (LAP), and support the submission to the WTO of the required documents including:
  - a. LAP
  - b. Agriculture Supporting Tables
  - c. SPS Checklist
  - d. TBT Checklist
  - e. TRIPS Questionnaire
  - f. Import Licensing Questionnaire
  - g. Customs Valuation Checklist
  - h. State-Trading Questionnaire
  - i. Draft Subsidies Notification
  - j. Legislation
  - k. Market access offer on goods
  - l. Market access offer on services;
- Support Uzbekistan officials in responding to queries from WTO Members (e.g. questions on the MFTR or other accession documentation);
- Provide advisory services and facilitate Uzbekistan delegations' participation in the negotiations (e.g. the Working Party meetings);
- Provides translations of Uzbekistan's accession-related documents into English.

**Output 2 - Enhanced capacity for the development of specific sectoral laws and regulations to align Uzbekistan's national trade policy with the requirements for WTO Membership**

The WTO accession process requires, through the LAP, taking stock of the entire trading regime of the country. The acceding government is called upon to undertake a comprehensive exercise to review and reform its legal and policy measures affecting trade, and subsequently respond to queries raised by WTO Members. Hence, assistance will be provided in developing Uzbekistan's WTO accession strategy and National Trade Policy, as a key component of a holistic and inclusive endeavour looking together at both WTO compliance

and inclusive economic development with the aim of reaping the full benefits of accession while best addressing its implications.

Main activities under this output will include:

- In parallel to formulating the LAP, assist Uzbekistan in reviewing, revising and developing specific sectoral laws and regulations and a National Trade Policy which will align with the requirements for WTO membership;
- Support the process to prioritize sector laws and regulations;
- Support policy makers to participate in trade policy fora within the region;
- Enhance public private consultation mechanisms for trade policy formulation/implementation purpose, including promoting participation of civil society and particularly organisations representing women and people living in vulnerable and marginalised situation;
- Analysis of Uzbekistan's export base (export value of manufactured goods, potential for diversification of export markets, participation in value chains, etc.);
- Support the production of research/materials/position papers (including impact assessments, including on gender equality and human rights) through peer review.

### **Output 3 – Increased policy makers' understanding of the WTO accession process and legal framework**

The objective of this result is to strengthen public authorities' capacity in trade policy formulation and coordination. All training activities listed below will be customized to Uzbekistan's needs and trade policy agenda and will focus on building both institutional and human capacity. The latter is of utmost importance since the trade-related institution-building as well as the policy formulation capacity are often considered as the two main prerequisites to and benefits of a successful accession for developing countries.

Main activities under this output will include:

- Identify specific capacity building needs for MIFT as well as other governmental agencies involved in trade policy/negotiation formulation and implementation;
- Design and implement capacity building programmes, e.g. on trade policy formulation, WTO agreements, trade in services, rules of origin, trade remedies, trade and investment, negotiations, Intellectual Property (including geographical indications), competition law, digitalization, cultural and audio-visual services, industrial cooperation, energy policies, trade and gender, trade and human rights, international labour, and environmental standards, EU GSP+ etc.;
- Study tours to neighbouring countries which have themselves successfully gone through the process of WTO accession;
- Enrolment of selected government employees in courses (short and/or long term) related to trade policy or trade negotiations (MILE programme at the World Trade Institute in Bern, or equivalent);
- Support the development of training modules within universities/institutes in Uzbekistan;
- Undertake a training of trainers approach;

- Training on how to improve inter-ministerial transparent communication during the accession process and beyond.

#### **Output 4 - National institutional capacity strengthened for SPS/TBT & Trade Facilitation Compliance in line with WTO obligations**

One of the priority areas under compliance to the WTO obligations is related to Sanitary and Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT). Hence it is important to improve Uzbekistan's capacity to conform to these obligations. In addition, immediate action related to the (mandatory) institutional obligations stemming from the WTO Agreement on Trade Facilitation (TFA) is suggested. The implementation of WTO-compliant measures in these areas offers a great potential for Uzbekistan to boost its trade within the region and globally alike.

More specifically, studies have shown that the main drag factor on intra-regional trade expansion in this landlocked part of the world is considered to be the poor trade facilitation measures existing across the region, as also reflected by the poor performance obtained by the Central Asian countries, including Uzbekistan, in trade facilitation related rankings, such as measures of international logistics, supply chain connectivity, trading across borders among others. The implementation of the TFA measures including the establishment / strengthening of the National Trade Facilitation Committee will have a significant positive impact on Uzbekistan's trade volumes both globally and within the region, and help address key issues for Uzbekistan's enterprises on behind-the-border issues and improve their ability to compete on a level playing field to integrate more deeply into international / regional value chains.

Likewise, implementing the WTO obligations related to SPS and TBT can go a long way in addressing the non-tariff barriers which constitute one of the main barriers to trade for Uzbekistan. In this regard, developing institutional and human capacity, as well as awareness, and harmonising standards at regional level constitute important priorities.

The main activities under this output will include:

- Training of policy makers and relevant institutions on the WTO Agreements on TBT and SPS;
- Design and development of a TBT/SPS awareness raising pack towards further deployment around the country;
- Setting up National Coordination Committees for TBT and SPS issues;
- Training of regulatory bodies on Good Regulatory Practices, Impact Assessment (that includes impact assessment on gender equality and human rights), Risk Management, and harmonization of TBT/SPS measures;
- Assessment of needs of conformity assessment bodies in the country (testing laboratories, and inspection and certification bodies);
- Building capacities of selected inspection and certification bodies;
- Trainings for the private sector on export quality management, paying special attention on inclusion of women's business associations, women in leadership and women entrepreneurs;
- Development of a directory of quality and conformity assessment services providers;
- Undertake a gap analysis of obligations under the Trade Facilitation Agreement;
- Provide support for the development of a National Trade Facilitation Committee.

## **Output 5 – Enhanced awareness of stakeholders, including women’s associations, about WTO accession**

Awareness raising on the WTO system and concerned agreements will be organised in order to sensitise and engage businesses and other stakeholders to the process of WTO accession and the benefits that accrue from it, in order to eventually integrate Uzbekistan into the global economy.

The main activities under this output will include:

- Organize awareness raising events and workshops, both in the capital and in the regions, to build consensus among the private sector for Uzbekistan’s accession to the WTO;
- Undertake a mapping of business organisations, including women owned associations and analyse their capacity to facilitate women’s participation in the process;
- Draft explanatory guides on WTO matters (see indicative list under Output 2) ;
- Undertake assessments of the impact and opportunities of WTO accession, including specifically for women and youth including those living in vulnerable situations and from marginalised groups;
- Providing information on export potential to EU markets.

### **4.2 Intervention Logic**

WTO Accession is one of the top political and economic priorities for the Government of Uzbekistan, aiming to improve the overall economic, trade and business-related conditions, external image and competitiveness of the Uzbek economy.

The Action will, primarily and on a priority basis, support the multilateral and bilateral negotiation processes by helping Uzbekistan to adopt legal provisions compatible with WTO rules and to prepare the offers in the market access negotiations on goods and services. The Action will also support the private sector so that it can take advantage of the opportunities of WTO Accession, and have a better understanding of the challenges that they face.

Output 1 aims at ensuring informed preparation of documentations and negotiating positions required by the WTO accession process. Along with this, it will also provide support throughout the negotiations on trade in goods and services which constitute an important, and often sensitive, part of the negotiations. To help Uzbekistan successfully complete the negotiations in goods and services, guidance will be provided to the negotiating team and the line ministries to develop strategies for preparing offers, assist in preparing the bottom lines and possible trade-offs, as well as analysing the offers.

Output 2 aims at enhancing the Government’s capacity for the development of its WTO accession strategy, specific sectoral laws and regulations, and a National Trade Policy aligned for this process and for the long-term economic development of the country. It will also allow the country to review its trade regime, introduce, implement reforms to meet WTO requirements and align trade rules and procedures with international best practices, including international human rights norms and labour standards. Activities will be carried out through

consultative processes involving government officials, trade support institutions, as well as private sector and civil society organisations/associations.

Output 3 aims at enhancing the capacities of the Government of Uzbekistan on trade policy, and on WTO accession in particular, and in ensuring long-term sustainability. This will be carried out through targeted workshops and seminars. Activities will also address national policy and strategy capacities to further facilitate improved coherent and strategic approach improving the business environment, leading to a more equal, predictable, rule based and more transparent system that is in line with the international human rights framework. The proposed activities intend to create a WTO training curricula within universities/research institutions in Uzbekistan to encourage that newly inducted officers and students who will be the next generation decision makers also benefit from capacity building in those areas where gaps have been identified.

Output 4 aims at ensuring that Uzbekistan is able to show conformity with WTO SPS and TBT disciplines and rules. As learnt from recently acceded countries, WTO Accession typically involves significant changes to the legislative and institutional environment. The activities will develop Uzbekistan's ability to participate in the global economy by making use of the WTO Agreements on TBT and SPS, and by enhancing the expertise of officials.

Output 5 aims at enhancing the awareness of the private sector and allow the business community to better understand the WTO agreements in terms of challenges they will face and how the private sector can benefit from business opportunities they will have with the membership, paying special attention to increasing women's participation and economic empowerment. At the same time, activities under this Output will also raise awareness of the business community on the WTO agreements and their impact on specific sectors, products or services. They will also stimulate internal consensus among the various stakeholders for the WTO accession process.

It is worth noting that the implementing partner, ITC, has been providing support to Uzbekistan over the course of 2019 for facilitating its WTO accession process. This support funded at ITC's own cost focuses mainly on preparing some of the documentation demanded by the accession process as well as training policymakers that are primarily involved in the accession process.

### **4.3 Mainstreaming**

In early 2017 the Uzbekistan Government announced a broad market-oriented reform program – Development Strategy 2017-2021 - that includes five priority policy areas: (i) enhancing state and public institutions; (ii) securing the rule of law and reform of the judicial system; (iii) promoting economic development; (iv) fostering social development; and (v) ensuring personal and public security through inter-ethnic and religious tolerance and constructive foreign policy. The program also restated the authorities' commitment to macroeconomic stability and to improving the business climate. WTO accession, proper implementation of the related trade reforms and adherence to the international trade rules will substantially accelerate the attainment of goals (i), (iii) and (iv) above, thus also effectively addressing gender equality and wider access of youth and women to international trade.

The objective of the WTO reforms is to leverage international trade negotiations to modernise the domestic trade policy and regulatory framework in order to facilitate the integration of the country into the global economy. The main objective of these reforms will be to expand trade and investment, which in turn will create business and job opportunities. Hence the project outcome may ultimately benefit all the stakeholders - including marginalised groups such as women and youth.

In particular, with women empowerment constituting a significant objective of the Action, the intervention will be in line with the EU-Gender Action Plan II and will support Pillar 3 “Strengthening girls’ and women’s voice and participation”. For this purpose, the Action will support the participation of women across all activities with the objective of promoting their active contribution to the WTO accession related consensus-building process, thus fostering the formulation of gender-responsive trade policy reforms. In addition, the Action will emphasise the importance of making trade policies more gender responsive as a key element to achieve sustainable economic development. More specifically, the Output 4 will contribute to enhance women entrepreneurs’ awareness about the implications of WTO accession.

Apart from this, the intervention does not contribute to nor does it foresee any unintended negative human rights impacts, nor unintended consequences that perpetuate gender inequalities or have significant adverse impacts on the environment. The overall policy and regulatory transparency stemming from the WTO accession process fosters the compliance with international rules and practices in relation to these areas, including elimination of forced labour.

#### **4. 4 Contribution to SDGs**

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s) through targeted objectives and actions notably under Goal 8. “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” (target 8.a); Goal 10 “Reduce inequality within and among countries” (target 10.a), Goal 16 “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level ” (targets 16.8), and Goal 17 “Revitalize the global partnership for sustainable development” (targets 17.10, 17.13 and 17.17).

### **5 IMPLEMENTATION**

#### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

#### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is **60 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.

### 5.3 **Implementation of the budget support component**

N/A

### 5.4 **Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>8</sup>.

#### **5.4.1 *Indirect management with an international organisation***

This action may be implemented in indirect management with the International Trade Centre (ITC). This implementation entails the activities described under the section 4.1.

The envisaged entity has been selected using the following criteria: (i) it has long standing experience and a recognised stance in supporting the WTO accession processes of numerous countries including in the Central Asia Region: Uzbekistan, Tajikistan (pre and post Accession) and Afghanistan (pre and post Accession) as well as in trade policy/strategy development; (ii) as the joint agency of the World Trade Organisation and the United Nations Conference for Trade and Development, ITC's official mandate is to contribute to the implementation of WTO rules and practices through trade related technical assistance programmes, with a mandate to strengthen the integration of the private sector (MSMEs and SMEs) of developing countries and economies in transition into the global economy; (iii) the ITC combines a focus on expanding trade opportunities with the aim of fostering sustainable development.

The international organisation identified above, is currently undergoing an ex-ante assessment of its systems and procedures. Based on its compliance with the conditions in force at the time previously other indirect management actions were awarded to the organisation and based on a long-lasting problem-free cooperation, the international organisation can also now implement this action under indirect management, pending the finalisation of the ex-ante assessment, and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

### 5.5 **Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions:

---

<sup>8</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu); Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

	<b>EU contribution (in EUR)</b>
Indirect management with ITC – cf. section 5.4.1	4 750 000
Evaluation (cf. section 5.9) and Audit (cf. section 5.10)	100 000
Communication and visibility	150 000
<b>Total</b>	<b>5 000 000</b>

## 5.7 Organisational set-up and responsibilities

The modalities of implementation will respect the principles of aid effectiveness in terms of ownership by the final beneficiary and alignment on national policies e.g. thorough joint planning and steering of project implementation. Expertise on rights-based approach, gender equality and human rights in the sector will be ensured during the implementation.

A governance mechanism will be provided through a Project Steering Committee. It will meet annually and will provide general guidance to and will decide which priority areas to be addressed. In addition, it will ensure coordination and synergies with other trade-related interventions implemented in Uzbekistan.

The Steering Committee will be composed of representatives of:

- European Union Delegation to Uzbekistan (Co-Chair)
- Ministry of Investment and Foreign Trade (Co-Chair)
- Relevant Ministries and trade related national agencies (e.g. members of the inter-Agency Commission)
- Relevant private sector organisations
- Implementing agency (ITC).

The implementing agency, ITC, shall closely coordinate and consult on all project activities with the European Union Delegation to the Republic of Uzbekistan.

The European Union Delegation to the Republic of Uzbekistan, assisted by ITC, will support the Policy Dialogue in the international / foreign trade and investment sector.

For day-to-day coordination throughout the implementation of the action, ITC will establish a project office and representation in Tashkent.

The Technical Assistance part related to audit, evaluation and communication and visibility, activities will be managed by the European Union Delegation to the Republic of Uzbekistan.

The entrusted entity implementing the action, in charge of project management and responsible for achievement of expected results, will design workplans, provide advice, training and other inputs, including through external resources i.e. identify, contract and guide consultants and companies, undertake monitoring, and requested reporting. The entrusted entity will work in tandem with local implementing partners.

Local implementing partners will facilitate and organize events, provide expertise/consultancy, outreach to private business, and support for implementation of the activities in provinces among other tasks.

The implementing agency, ITC, declared that it will conduct preliminary research, initial promotional activities, and selected workshops bringing together key stakeholders, already in 2019. Costs related to these activities, incurred before the starting date of the project, will not be eligible for EU funding.

#### **5.8 Performance and Results monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and specific objectives) as measured by corresponding indicators, using as reference the logframe matrix.

Baseline and endline surveys of target beneficiaries will be conducted by the project in order to ensure that results can be measured not only at output level but also at outcome level.

Quarterly progress report briefs shall also be prepared and shared with main beneficiary and EU for their awareness and feedback. The reports will provide a brief summary of progress made for each specific outcome/output during the past quarter (including progress on indicators); immediate next steps for the next quarter; a full summary of all media coverage received, and; finally flagged key support required from stakeholders.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

SDGs indicators and, if applicable, any jointly agreed indicators, as for instance per Joint Programming document, should be taken into account.

Any monitoring and evaluation will be gender-sensitive, assess gender equality results and apply a rights-based approach in terms of implementation of the project and project outcomes.

Monitoring and evaluation will be based on indicators that are disaggregated by a minimum sex and age, and even further (including disability, location urban/rural, group etc.) when applicable. Key stakeholders will be involved in the monitoring process.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## 5.9 Evaluation

Having regard to the nature of the action, a final evaluation will be carried for this action or its components via independent consultants contracted by the Commission. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account possible WTO accession support to other countries in the future. In addition, a mid-term evaluation will be carried out as part of the overall budget allocation foreseen under section 5.3.1 to assess the overall progress and appropriate implementation of the project, and to provide recommendations for the remaining duration of the project. The Consultant who will conduct the mid-term evaluation will be contracted by the Commission. In line with OECD-Development Assistance Committee (OECD-DAC) criteria, the mid-term evaluation will mainly focus on relevance, effectiveness, efficiency, potential impact, and sustainability of the project.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the final evaluation mission. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, a contract for evaluation services shall be concluded under a framework contract.

## 5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract.

### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.4 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>9</sup>

	<b>Results chain: Main expected results (maximum 10)</b>	<b>Indicators (at least one indicator per expected result)</b>	<b>Sources of data</b>	<b>Assumptions</b>
<b>Impact (Overall Objective)</b>	To contribute to <b>the economic development</b> of Uzbekistan	1. Ranking in the World Bank Doing Business report* 2. GDP per capita 3. International trade volume	1. World Bank Doing Business reports 2. National statistics 3. ITC databases	<i>Not applicable</i>
<b>Outcome(s) (Specific Objective(s))</b>	To create a <b>trade environment that is in conformity with the WTO rules.</b> (If the WTO accession process concludes within the implementation phase of the Project, the focus will be to support compliance with WTO requirements and implementation of the commitments made by Uzbekistan during the accession process)	1.1 Status of finalization of Memorandum on Foreign Trade Regime (MFTR) 1.2 Status of endorsement of Legislative action plan (LAP) 1.3 Number of bilateral negotiations completed 1.4 Status of completion of multilateral negotiations 1.5 Number of working party meetings held 1.6 Number of laws/policies introduced/reformed, following the technical inputs provided by the Action 1.7 Proportion of public/private sector representatives familiar with the key characteristics and relevance of the WTO	1.1 MFTR 1.2 LAP 1.3 Notifications 1.4 Notifications 1.5 WTO Secretariat reports 1.6 Official journal – GOU reports 1.7 Baseline and endline survey to	Government is committed and allocates resources to implement legal reforms to bring its legislation in full compliance with WTO requirements Government enforces the reforms and applies the re vised legislation Sufficient interest and participation of the private/business sector National beneficiaries introduce recommendations

<sup>9</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

		accession process (sex and function disaggregated)  1.8 Number of women public/private sector officers/representatives reporting increase engagement in relation to trade issues**	be commissioned by the Action  1.8 Surveys	developed under the programme in their institutions and working procedures  Political situation in Uzbekistan is stable
<b>Outputs</b>	Output 1 - Informed drafting of the <b>documentations/negotiating positions required for the WTO accession</b> process (based on demand)	1.1.1 Number of recommendations to inform the preparation of the documentations/ negotiating positions for the WTO accession process produced  1.1.2 Number of officials involved in the negotiations reporting usefulness of advisory/technical support for the negotiations  1.1.3 Number of legislative and policy documents translated	1.1.1 Copies of recommendations and related documentations  1.1.2 Surveys  1.1.3 Copies of documents translated	The commitment towards the reform process from the Government continues to hold.  The Inter-Agency Commission set up remains in place and operate efficiently.  Absorption capacities within the Ministry of Investment and Foreign Trade, and other relevant Ministries are sufficient
	Output 2 – Enhanced <b>capacity for the development of specific sectoral laws and regulations</b> to align Uzbekistan’s national trade policy with the requirements for WTO Membership	2.1.1 Number of recommendations to develop policies/laws in compliance with WTO requirements produced  2.1.2 Number of participants at PPDs/workshops (sex and function disaggregated) **  2.1.3 Number of public/private sector officers/representatives reporting increased engagement in trade policy-making (sex and	2.1.1 Copies of recommendations  2.1.2 Attendance lists  2.1.3 Surveys	Same as above

		function disaggregated) 2.1.4 Number of research/materials/position papers prepared to inform the trade negotiations/policy formulation/regulatory reforms produced	2.1.4 Copies of documents produced	
	Output 3 – Increased <b>policy makers’ understanding of the WTO</b> accession process and legal framework	3.1.1 Number of public sector officers (sex and function disaggregated) whose knowledge of the WTO accession process, legal framework and related trade policy issues has been increased  3.1.2 Number of participants (sex and function disaggregated) at workshops/trainings on trade policy/negotiations for public sector in support to the WTO accession and related legislative reform process**  3.1.3 Number of public sector officers (sex and function disaggregated) whose knowledge of gender- and human rights-responsive trade policy issues has been increased	3.1.1 Pre- and post- intervention tests  3.1.2 Attendance lists  3.1.3 Pre- and post- intervention tests	Same as above
	Output 4 - National <b>institutional capacity strengthened for SPS/TBT &amp; Trade Facilitation (TF) compliance in line with WTO</b> obligations	4.1.1 Number of WTO committees and other trade related bodies strengthened in compliance with WTO obligations, based on the support of the Action  4.1.2 Number of public sector officers (sex and function disaggregated) having increased their capacity to negotiate/design/implement SPS/TBT/TF related reforms  4.1.3 Number of participants at	4.1.1 Surveys  4.1.2 Pre- and post- intervention tests  4.1.3 Attendance lists	Same as above  Commitment to streamline responsibilities and processes among the Ministries and agencies involved in SPS and TBT related issues remain

		workshops/trainings (sex and function disaggregated) in support to the compliance with WTO requirements on SPS/TBT & TF**	4.1.4 Copy of documents produced		
		4.1.4 Number of training materials on TBT/SPS/TF produced			
	<b>Output 5 – Enhanced awareness of stakeholders, including women’s associations, about WTO accession</b>	5.1.1 Number of explanatory guides/assessments on the business implications of the WTO accession produced	5.1.1 Copies of documents produced	Government is committed to engage with the private sector throughout the WTO accession as well as the regulatory and policy reform process	
		5.1.2 Number of private sector representatives (sex and function disaggregated) whose awareness of the implications of WTO accession has been increased	5.1.2 Pre- and post- intervention tests		
		5.1.3 Number of participants (sex and function disaggregated) at awareness raising events held**	5.1.3 Attendance lists		Absorption capacities within the business associations for participating effectively in the trade policy/regulatory reforms related debates
		5.1.4 Number of private sector/civil society representatives (sex and function disaggregated) whose awareness of gender- and human rights-responsive trade policy issues has been increased	5.1.4 Pre- and post- intervention tests		