

Idea Note
**Leveraging Village Institutions to Support Uzbekistan’s COVID-19 Response and Strengthen
Community Resilience**
March 20, 2020

A. Background and Rationale

Countries around the globe are experiencing an unprecedented level of economic disruption due to restrictions on the movement of people, goods, and services put in place to reduce the spread of the Novel Coronavirus (COVID-19). While the level of economic damage is difficult to estimate at present, national economies are likely to experience deep recessions and increases in unemployment as businesses of all sizes lose the capacity to produce and transport goods and provide services to consumers who see their incomes and purchasing power decline. Poor communities and households will bear a major share of the economic costs as incomes dry up, and access to healthcare, childcare, and other services declines from an already low level. The crisis may persist for a 12-18-month period depending on the time required to develop, mass produce and distribute a vaccine or for the general population to acquire natural immunity.

In response, governments are preparing major economic stimulus packages to help companies, communities and households to cope with negative economic shocks and lay the groundwork for rapid economic recovery once the coronavirus-related restrictions are lifted. The Government of Uzbekistan has a number of instruments at its disposal to support communities and households during the crisis and the ensuing recovery period when social distancing restrictions are relaxed. These include programs in health, education, and social protection (low-income family allowance, childcare allowance, in-kind support to vulnerable households, among others) that can be scaled up in response.

This note aims to contribute to and complement country- and portfolio-level discussions as to how the WB can support the GoU response by briefly identifying some of the vulnerabilities facing rural communities and households and the ways in which village-level institutions and community-based approaches can assist rural communities and households to weather the crisis in the near-term, and contribute to socio-economic recovery efforts while building community-level resilience to future crises during the medium-term phase of the COVID-19 response. It concludes by proposing ways in which the Government’s Obod Qishloq state program and WB-financed Prosperous Villages project can contribute to the immediate and medium-term responses.

B. Vulnerabilities Facing the Rural Population

Uzbekistan’s rural population faces a number of vulnerabilities that are likely to be exacerbated by the economic crisis, including low levels of access to basic services, limited employment opportunities, and a large number of households that depend on remittances from the roughly 2.2 million Uzbeks working abroad to support consumption levels. Many of these economic migrants work in Russia whose economy is highly dependent on the price of oil. With the collapse of the oil price, the value of remittances is likely to decrease, thereby putting further pressure on remittance-dependent households. Risks are likely to be exacerbated by pressure from authorities in receiving countries for economic migrants to return to Uzbekistan.

WB research shows that 26 percent of the poorest quintile of households in Uzbekistan include at least one member who is an international migrant. L2CU data shows that regions with the highest economic

migrant share are Khorezm (7.5-9.5%), Karakalpakstan (6.4-6.8%), Samarkand (5.0-5.7%), Andijan (4.9-5.7%) and Bukhara (4.1-6.25). The densely populated regions of Namangan (3.2-4.7%) and Ferghana (2.6-4.5%) also have sizable shares of the population who are economic migrants.

C. Near-term response

Following the IMF's framework, the objectives of the near-term response are to contain the pandemic; support poor and vulnerable households to weather the loss of employment, incomes, and access to services; and monitor who is benefiting from assistance and how communities and households are coping. Village-level institutions can contribute to these objectives in the following ways:

1. **Contain the pandemic.** Leverage Mahalla Citizens Assembly (MCA) members and other trusted sources of information (e.g. elders, religious leaders) to support community-based health promotion efforts aimed at raising awareness of COVID-19 and healthy behaviors needed to slow its spread that are aligned with and in support of efforts led by the health and watsan sectors. This could include the production and dissemination of health promotion materials (posters, flyers, and other means of communication that do not require large gatherings), including broadcasting messages over the loudspeakers of mosques.
2. **Support the poor and vulnerable to weather the shocks.** This includes:
 - a. **Expand social assistance programs using community-level administrative data.** Government can expand its social assistance programs to transfer resources to the poor and near poor. MCAs maintain a "passport" in each village that provides data on the village population, including poor households, people with disabilities, households with members working overseas or are looking for working overseas and so. MCAs already play a role in targeting social assistance programs. Recent World Bank assessments show there are large exclusion errors in the targeting, but this is likely driven by inadequate funding for the programs. The GoU could simply provide benefits to a greater number of poor and vulnerable households that are on the MCA registry, prioritizing, for example, households with returned migrant laborers. MCA members could also help to provide the administrative data (e.g. addresses, ID numbers, etc.) needed to carry out the transfer.
 - b. **Support access to health services.** Local resources (e.g. budgets managed by regions, districts, and MCA) could be reprioritized to finance renovations of local health facilities, conversion of public buildings into temporary health clinics/quarantine center, or others. Special support will be needed for groups such as pregnant women, who may not be able to seek maternal health care at facilities that are overwhelmed by COVID-19 cases. MCA members could help to coordinate with local health workers to, for example to send midwives to the houses of pregnant women to provide care.
3. **Monitor the impacts.** A number of instruments exist, including the L2CU phone surveys and the GoU's virtual receptions. The GoU could also conduct regular phone surveys of MCA officials to collect data on the local situation. The focus would include uncovering whether communities and households are forced to resort to negative coping mechanisms, such as human trafficking.

D. Medium-term response/recovery

Once the pandemic is contained and social interaction can take place in a less restricted manner, rural communities and households will need assistance to recover access to basic services, improve local infrastructure, restore livelihoods, and strengthen resilience to future outbreaks. Community-based approaches can support in the following ways:

1. **Provide resources directly to communities to finance investments in basic infrastructure and services prioritized locally.** The Ministry of Economy and Industry and Finance could modify the Obod Qishloq state program and/or the Prosperous Villages project to transfer funds directly to villages via Mahalla Citizens Assembly (MCA) bank accounts to support a limited menu of small-scale investments, including health and education services, as well as labor-intensive public works, such as road rehabilitation, on-farm irrigation canal rehabilitation, and others that provide temporary employment at a level no lower than the prevailing minimum wage. MCA members would maintain records of employees and wages paid.
2. **Provide livelihoods support to poor households** (e.g. matching cash grants) via existing or new income-generating groups.
3. **Provide facilitation support to MCAs to:**
 - a. Intensify outreach to include of women, youth, the poor and vulnerable in local recovery efforts;
 - b. Support community-based risk and resilience planning, mapping and monitoring, and community-organized response efforts;
 - c. Monitor community coping mechanisms and raise awareness of the risks of negative coping mechanisms, including trafficking and human smuggling¹.
 - d. Directly provide or link livelihoods groups with non-financial services.

E. How Can Obod Qishloq and the Prosperous Villages Project Support?

Near-term response. The Prosperous Villages project (PVP) is expected to become effective in mid-April 2020. It will cover approximately 306 villages in 21 districts across five regions during its 5-year implementation period. The project will provide around \$500,000 per village to finance subprojects identified in community development plans that span a range of sectors, and village facilitators to support an intensive community mobilization, capacity building and planning phase that. It will take six months or so for the PIU to recruit, train, and deploy facilitators (under optimistic conditions that assume group-based training activities will be possible within the next 2-3 months). However, there are some sources of the financing in the project that could be leveraged quickly to:

1. **Support village-level health promotion activities.** The PVP has budgeted resources for communications and public outreach, which would be used to support the design and distribution of health promotion materials targeting MCA members, village elders, and religious leaders.
2. **Provide guidelines for expanding targeting of social assistance programs using village-level administrative data.** The PVP PIU could prepare and distribute guidelines for MCA members on expanding the beneficiary lists for social assistance programs.
3. **Restructure the community development planning process to fast-track investments in support of health service delivery.** The PVP could request MCA members to submit proposals for financing via internet or phone. Additional work is needed to determine whether existing procurement and financial management arrangements allow for the execution of such activities via regional khokimiyats, or whether modifications would be required to transfer resources direct to MCA bank accounts (using WB Procurement Guidelines for CDD project). The PIU would rely on existing MCA FM and reporting capacities, and would be able to provide limited to no on-site supervision due to movement restrictions.

¹ Drawing from existing materials, such as those prepared under the USAID-funded Dignity and Rights project.

Medium-term recovery. To support access to infrastructure and services, economic recovery and community resilience to future shocks during the recovery phase of the COVID-19 response, the PVP could be restructured as an Additional Financing to:

1. Expand the number of districts and villages covered (potentially using L2CU estimates of districts with a high population share of economic migrants as a targeting criteria).
2. Increase the number of community mobilizers to allow for faster roll-out and implementation in a greater number of villages simultaneously, and focus facilitation support on community risk and resilience planning and response.
3. Streamline the community mobilization and planning cycle to focus on health and education service provision and access, and labor-intensive infrastructure subprojects.
4. Expand the menu of eligible subproject investments to include livelihoods support for poor households.
5. As in the near-term scenario, streamline funds flow arrangements by introducing a component that transfers funds directly to institutions at the village level for small-scale activities.

F. Risks and Assumptions

Community access and interaction. In the near-term, face-to-face interaction at the village level will be heavily restricted. An advantage of the model that channels resources to existing village-level institutions is that it would rely largely on existing personnel, thereby limiting the need for technical assistance from outside of the village.

Fiduciary risks. MCAs face limitations in terms of their accountability to village residents and financial management capacity, which pose fiduciary risks for the funds that would be transferred directly to MCA bank accounts. The World Bank team together with Government would need to quickly develop the modified funds flow and fiduciary arrangements, using existing WB procurement and FM guidelines for CDD projects.

Social exclusion. MCAs are also limited in terms of their inclusiveness of women and youth. This risk could be mitigated in a number of ways, including by earmarking that a share of the village-level transfer be used to support female-headed households, livelihoods activities led by existing women's groups, or others.

Implementation capacity. The existing PVP PIU in the Ministry of Economy and Industry (MoEI) is relatively inexperienced, and is facing challenges in carrying out the tasks needed to make the current operation effective. Dedicated management attention from the MoEI and intensive WB implementation support would be required to restructure and implement the project as proposed above.

G. Next Steps

The immediate next step would be to discuss with the above-mentioned scenarios with the Ministry of Economy and Industry (MoEI) to determine whether there is interest. If yes, the task team would need to work intensively with WB procurement and FM specialists, the MoEI and the MoF to develop the modified funds flow and fiduciary arrangements.