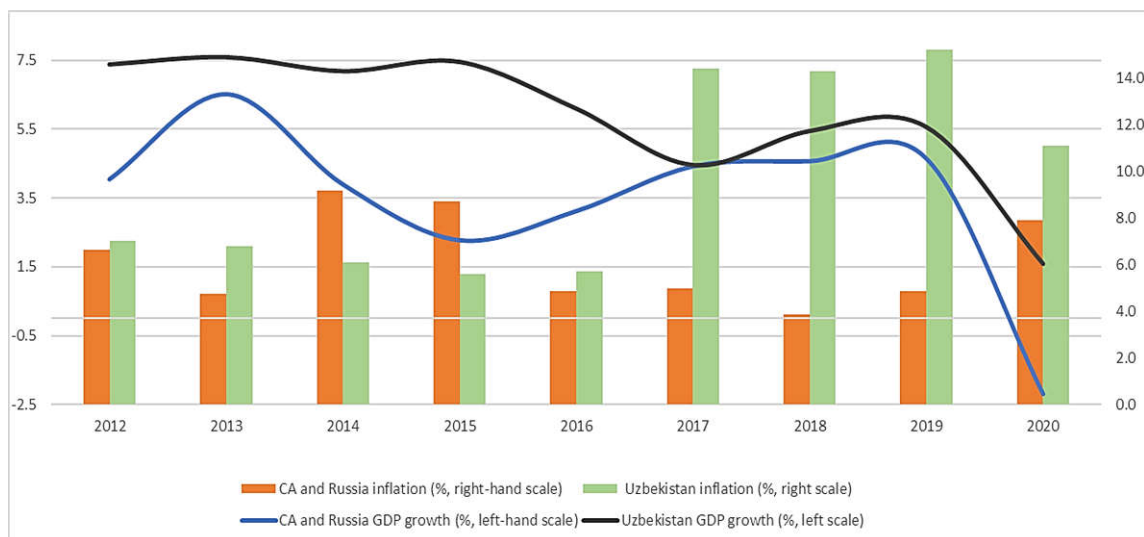


Barriers to socio-economic development: Approaches to overcoming them by the Government of Uzbekistan

Today, domestic and foreign experts agree that the large-scale structural reforms undertaken in the country have mitigated the negative socio-economic consequences of the global coronavirus pandemic. It has been noted that the government's decisive response allowed Uzbekistan to demonstrate positive economic growth of 1.6%¹.

Figure 1. GDP growth rates (% , left-hand scale) and inflation rates for Uzbekistan, Central Asia and Russia (% , right-hand scale)



Source: CIS Statistical Committee

Figure 1 shows that Uzbekistan experienced positive GDP growth rates during the pandemic compared to Central Asia and Russia as a whole. In addition, experts make an optimistic forecast that the results of the reforms will allow the republic to not only achieve a recovery of its economy in 2021 but also to achieve tangible economic growth of around 5%. At the same time, the republic has experienced higher inflation rates than the aforementioned countries, which may pose certain risks for future macroeconomic stability.

Despite positive economic growth rates, barriers to further building a successful social and economic environment in Uzbekistan still remain. As President Mirziyoyev noted in his address to the Oliy Majlis in late 2020²: ensuring economic stability at a time of global pandemic crisis, resolving existing problems on the ground, supporting needy segments of the population and realizing the hopes and aspirations of young people must be a priority for leaders at all levels, including the President.

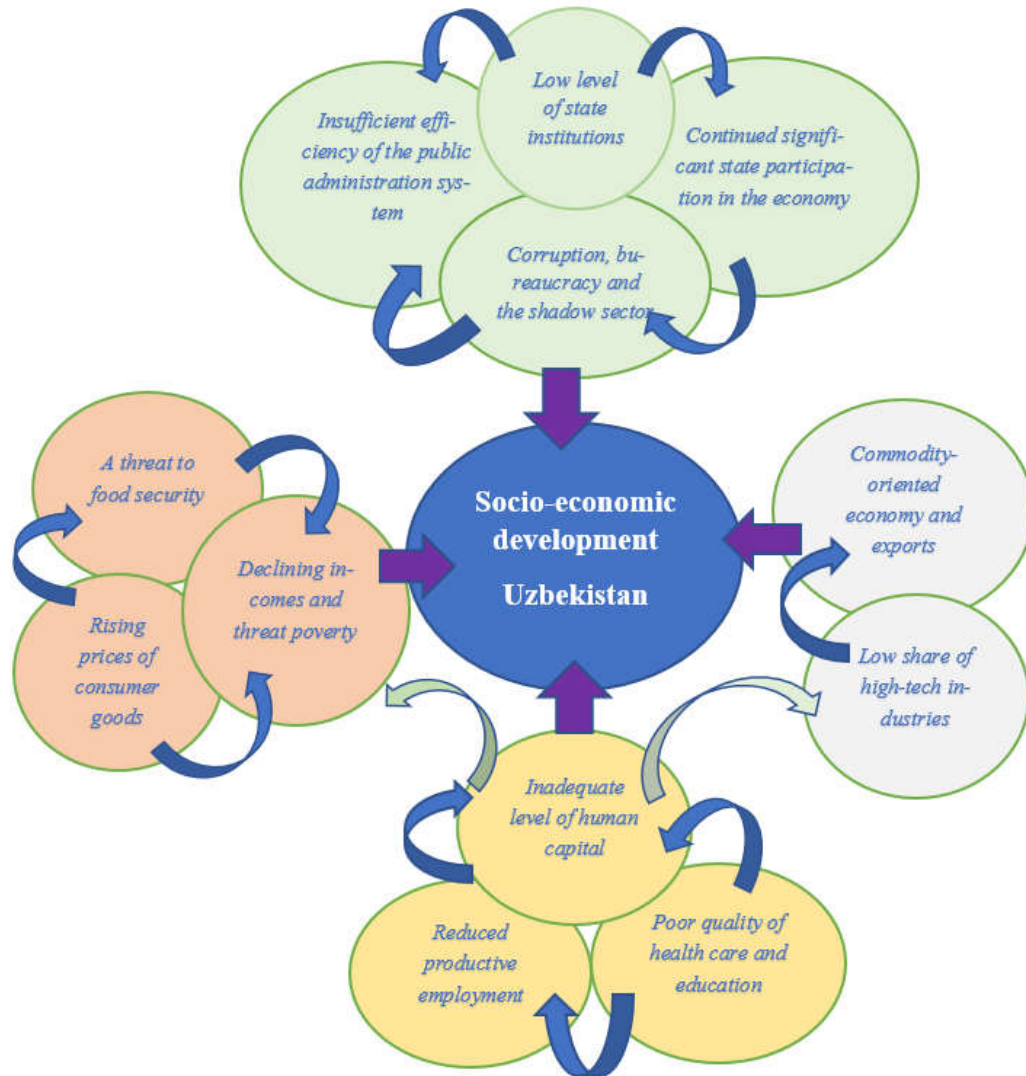
Thus, among the most serious challenges facing the country are the insufficient development of state institutions, especially the efficiency of the state administration system, the continued significant state involvement in the economy, the risks of rising prices and the threat to the country's food security, the raw material orientation of the economy and exports, increasing poverty, the insufficient quality of healthcare and education (see Figure 2).

¹ Uzbekistan: Concluding Statement of the 2021 Article IV Consultation. February 17, 2021. <https://www.imf.org/ru/News/Articles/2021/02/17/mcs-021721-uzbekistan-staff-concluding-statement-of-the-2021-article-iv-mission>

² Message from President Shavkat Mirziyoyev to the Oliy Majlis of 29.12.2020. <https://president.uz/ru/lists/view/4057>

From a macroeconomic perspective, the lack of efficiency in public administration is a serious obstacle to the sustainable socio-economic development of the country, as it leads to an increase in corruption and the shadow sector. The Head of State has repeatedly stressed that the decision-making process in ministries and agencies is excessively centralised, there is often duplication of functions, a lack of knowledge and skills of officials, and their corrupt nature.

Figure 2. Main barriers to socio-economic development in Uzbekistan

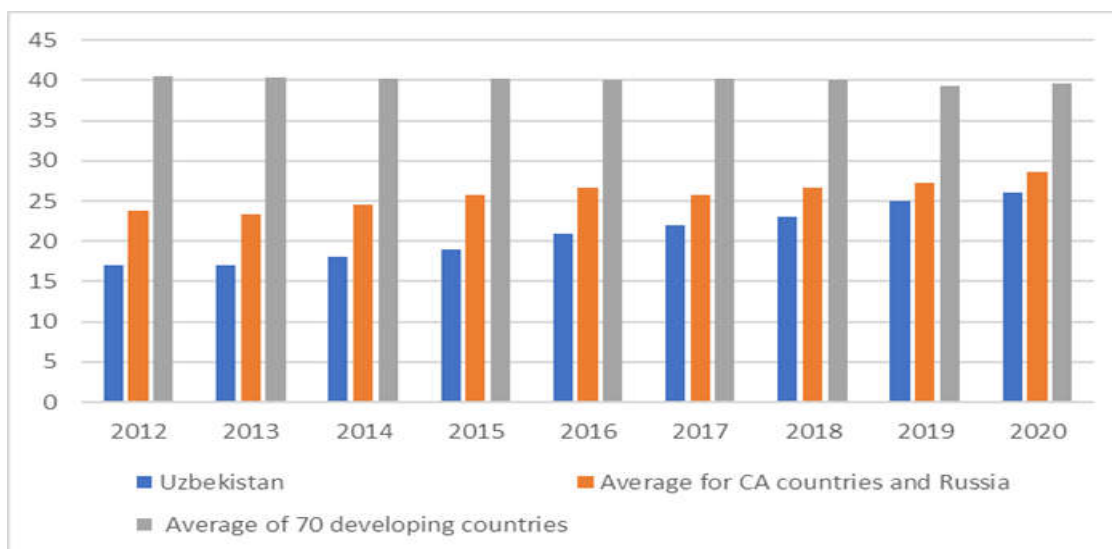


We note that the international anti-corruption organisation Transparency International has published its annual Corruption Perception Index³ for 2020. Uzbekistan ranked 146th out of 180 in this ranking. The country moved up seven positions since 2019 but still remains at a rather low place. Out of 100 points (where 0 is extremely high corruption and 100 is extremely low corruption), the country scored only 26. From Figure 2, we can see that the Corruption Perception Index scores are on average behind not only Central Asian countries and Russia, but also 70 developing countries similar or comparable to Uzbekistan in terms of economic development (Figure 3).

³ Corruption Perceptions Index 2020. International Anti-Corruption Organization. Transparency International. <https://www.transparency.org/en/cpi/2020/index/uzb>

According to the index developers, the pandemic exposed existing governance and structural problems, drew attention to widespread corruption and exacerbated social discontent throughout the Central Asian region.

Figure 3. Corruption Perception Index 2020



(CPI - Corruption Perception Index) of Uzbekistan, Central Asia and Russia as well as 70 developing countries (0 for extremely high and 100 for extremely low levels of corruption)

Source: Transparency International. <https://www.transparency.org>

At the end of 2020, it was announced that almost 2,000 officials in Uzbekistan had been prosecuted for corruption offences in the past two years. Damages from such crimes are estimated at 2 trillion soums (almost \$193 million)⁴. In the economic sphere, corruption is mainly found in the use of budgetary funds. For example, over the past two years, 371 billion soums of budgetary funds were embezzled throughout the country, and 2,477 persons were prosecuted for this offence.

In order to solve this problem, the Law of the Republic of Uzbekistan "On Counteracting Corruption"⁵ was adopted back in 2017. The next step was the Roadmap for the implementation of measures to reduce the share of the shadow economy. In 2020, an Anti-Corruption Agency was established. At present, more than 60 Presidential Decrees and Resolutions have been adopted, as well as a number of state programmes that define measures to counteract corruption and increase legal awareness and legal culture in the society.

In addition, the following is foreseen in the near future to combat corruption and bureaucratic hurdles⁶:

expanding the list of data subject to public disclosure, including data on the composition of tender and competition commissions set up for public procurement, investment projects, and the issuing of permits, on participants in the processes of buying and selling state assets and public-private partnerships, and on recipients of tax and other benefits. The President noted that

⁴ Corruption damage totals 2 trillion soums in two years - prosecutor general. 7 November 2020. <https://www.gazeta.uz/ru/2020/11/07/corruption/>

⁵ Law No. ZRU-419 of 01.04.2017 on combating corruption

⁶ Saidov A. Reducing corruption is the key to democratic reform and development of the country. 21 February 2021 <https://yuz.uz/ru/news/snijenje-urovnya-korruptsiii---zalog-demokraticeskix-reform-i-razvitiya-stran>

it is extremely important to prevent corruption and ensure transparency of decision-making processes in all government agencies. Thus, citizens have an opportunity to familiarise themselves with data on public procurement and on this basis raise relevant issues. In 2021, the Ministry of Finance will establish the practice of publishing information about revenues and expenditures of extra-budgetary funds of state bodies, procurements of organisations with state participation, as well as data about state subsidies and grants;

Implementation of the "E-Anticorruption" project, which provides for the formation of an "Electronic Register of Relationships Exposed to Corruption". A special internet platform E-Anticor.uz and a mobile application are being created for citizens to report corruption;

introduction of new mechanisms to ensure openness and transparency in the activities of government agencies, strengthening public control over the implementation of anti-corruption measures, implementation of a set of measures to introduce the idea of an "Open and Accountable Government". It is planned to increase the number of types of state electronic services by 60, bringing them to 300, and the share of remote services - not less than 60%;

drafting an ordinance to fundamentally improve middle and lower management, reviewing staffing levels and pay conditions. One of the most effective means of fighting corruption is the creation of an open system for selecting and hiring staff. Therefore, instead of obsolete methods of selection, an open and transparent competitive system will be introduced to assess the intellectual potential of candidates. A system of regular training and evaluation of civil servants' knowledge in the prevention of corruption will also be established;

implementation of the developed methodology for calculating corruption and shadow economy ratings for public authorities, enterprises and regions⁷. Starting in 2021, the Anti-Corruption Agency and the Centre for Economic Research and Reforms will begin to regularly examine the work against the shadow economy and corruption in the regions and all government agencies.

It is well known that inefficiency in public administration, excessive bureaucracy leads to increased macroeconomic instability and a growing shadow economy.

For example, data from the State Tax Committee show that the size of Uzbekistan's shadow economy is estimated at 245 trillion soums, or 48% of GDP⁸. Another important indicator of the size of the shadow economy is the number of informally employed people. According to World Bank reports in 2019, the total number of people employed in Uzbekistan was 13.2 million. Of these, 7.9 million are informally employed. (59.8%) and formally employed 5.3 million. (40,2%). In other words, more than half of the country's economically active labour force is exposed to huge risks, i.e. they have no social insurance and potentially underpay taxes.

The main reasons for the growth of the shadow sector can be inferred from the analysis of the Index of Economic Freedom (Index of Economic Freedom). In this index, published in 2021, Uzbekistan ranked 108th out of 178, moving up 6 places. Uzbekistan's level of economic freedom scored 58.3 out of 100⁹. Despite the results achieved, the republic's economy remains

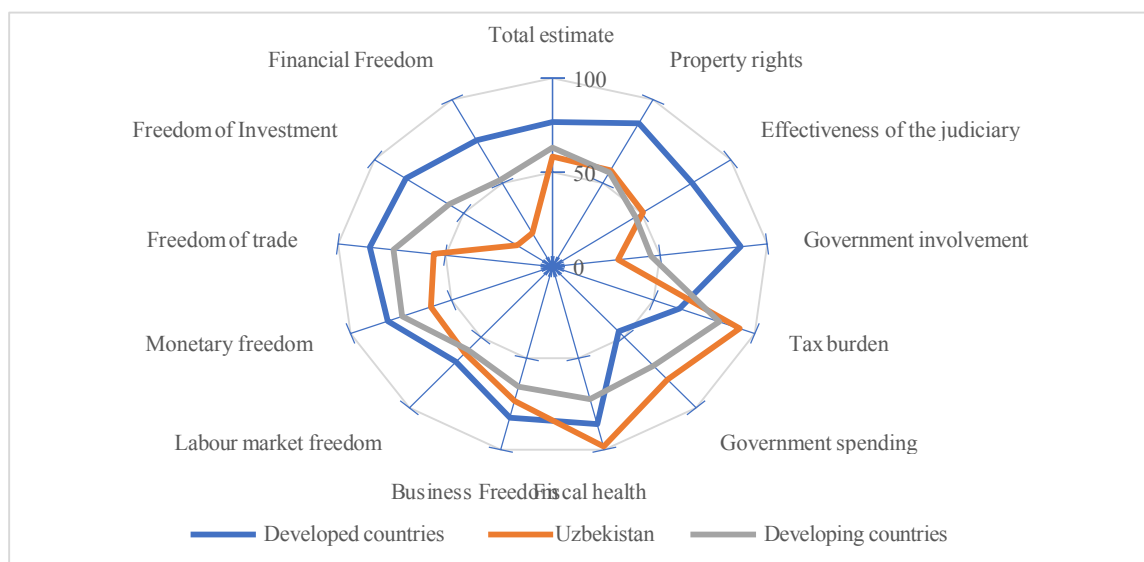
⁷ Decree of the President of the Republic of Uzbekistan, June 29, 2020, No. UP-6013. On additional measures to improve the anti-corruption system in the Republic of Uzbekistan.

⁸ Uzbekistan's shadow economy has been estimated at SUM 245 trillion. 9 September 2020. <https://www.spot.uz/ru/2020/09/09/shadow/>

⁹ The Index of Economic Freedom scores countries on a scale from 0 (lowest) to 100 (highest) The researchers assess 12 factors, including respect for property rights, judicial efficiency, tax burden, business freedom, labour market freedom, trade and investment. Economies are classified into five groups: free, scoring between 80 and 100; predominantly free (70-79.9); moderately free (60-69.9); predominantly unfree (50-59.9); and repressive.

predominantly unfree, which ultimately contributes to the withdrawal of entrepreneurs to the shadow sector (Figure 4).

Figure 4. Diagram of the gap between Uzbekistan and developed, developing countries by component as measured by Index of Economic Freedom 2021



Source: Heritage foundation

It should be noted that a comparative analysis of the components of this index has shown that Uzbekistan is almost on par with the 70 developing countries in some of them, but has lower scores than the most developed countries of the world (Figure 4).

Among the positive achievements, the developers of the index note that in 2020 Uzbekistan enacted a law¹⁰, which allowed privatisation of non-agricultural land, generally respected property rights for real estate, increased minority shareholders' rights and their role in important corporate decisions¹¹. In addition, ownership and control structures have been clarified, corporate transparency has improved, and value added per employee has increased. It is noted that measures have been taken to improve the investment environment in the country, including simplification of the privatisation process and relaxation of foreign exchange controls.

Nevertheless, Uzbekistan is still quite behind in such Index components as financial freedom (access to diversified types of deposits and loans), investment freedom (restrictions on investment flows, efficient investment allocation, government intervention in investment decisions), government participation (level of corruption and government interference in the economy), judicial efficiency and monetary freedom (stable national currency and market prices). Existing tariff and non-tariff barriers hamper Uzbekistan's accession to the WTO.

In order to further liberalize the economy and reduce the shadow sector, the Government has taken the following measures:

¹⁰ Law No. ZRU-552 of 13.08.2019 "On privatisation of non-agricultural land plots".

¹¹ Heritage foundation. Uzbekistan Economy 2021. https://www.heritage.org/index/pdf/2021/countries/2021Index_of_EconomicFreedom-Uzbekistan.pdf

income of small businesses in the catering sector received from individuals using bank cards and contactless payments are not included in total income for the purposes of mandatory transition to general taxation¹²;

A Special Commission for the Reduction of the Shadow Economy has been set up with a mandate to implement measures to encourage businesses to come out of the shadow economy, to simplify the tax regime, and to expand non-cash settlements. In addition, the commission is responsible for developing a Strategy for the Reduction of Shadow Economy in 2021-2025, ensuring the organization of quality work of responsible ministries and agencies, and the involvement of foreign and local experts and the business community to develop it;

In 2020, the government announced various strategies to broadly implement market mechanisms and develop key sectors of the economy, which include reforming state institutions, ensuring the rule of law, reforming the judicial system, strengthening the banking and financial sectors, and other reforms such as reducing state regulation and ensuring property rights to attract investment. Foreign analysts note that if this strategy proves successful, Uzbekistan could join the ranks of moderately free economies in the future.

Another serious barrier to Uzbekistan's socio-economic development is the continued significant presence of state involvement in the economy, above all the high share of state-owned companies in the country's GDP. This in turn indicates an inefficient allocation of resources in the republic's economy, as most state-owned enterprises remain a heavy burden due to their financial instability. Currently, the number of state-owned companies is 2,965. The nominal value of state-owned shares is 111.4 trillion soums. It should be noted that the share of state-owned companies in the country's GDP is about 55%; they provide 46% of tax revenues to the treasury. In Russia, this figure is 35%, in Singapore it is 15%, and the average value in developed countries is 20-25%.¹³, In China, state-owned enterprises create around 35% of GDP¹⁴.

Another problem related to the high share of the state in the economy is the dependence of state-owned enterprises on tax and customs exemptions. In 2019, 30% of state-owned enterprises (about 900) benefited from preferences¹⁵. This undoubtedly puts an even greater burden on the state budget and especially, in a pandemic crisis period. According to most experts, preferences and benefits destroy competition, thereby hindering the development of the industry as a whole and creating artificial monopolies, to the detriment of the benefit and interests of consumers and the budget.

In order to promote a competitive environment, the following measures will be implemented as of this year¹⁶:

A programme to reform all state-owned enterprises has been launched. In particular, next year Navoi Mining and Metallurgical Plant, Uzbekneftegaz, Uzbekhydroenergo and Uzavtosanoat will be able to enter the international financial market and raise funds without state guarantees;

¹² Presidential Decree No. UP-6098 of 30 October 2020 on organizational measures to reduce the shadow economy and enhance the effectiveness of the tax authorities until 1 January 2022

¹³ Explain or sell: how the state is reducing its involvement in the economy. 17 August 2020. <https://www.spot.uz/ru/2020/03/17/business-vs-gov/>

¹⁴ Zapolskis A. Ten years that changed China. <https://regnum.ru/news/economy/2600906.html>

¹⁵ Abdumuzimova L. State assets will start to be offered for sale from July. 16.03.2020. https://www.norma.uz/nashi_obzori/gosaktivy_nachnut_vystavlyat_na_prodayu_s_iyulya

¹⁶ Message of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis, 29.12.2020. <https://president.uz/ru/lists/view/4057>.

state-owned stakes in enterprises such as Ferganaazot and Dekhkanabad Potash Plant, Coca-Cola Ichimligi, Beldersay and Charvak health resorts, Ichan Kal'a and Hyatt Regency hotels, Poytakht business complex, as well as 83 large enterprises in the alcohol, oil and fat and other industries will be put up for auction. On the whole, the number of state-owned enterprises should decrease at least threefold over the next two years. In 2021, 32 large enterprises of strategic importance are to be transformed;

Sanoatkurilishbank, Asaka Bank, Ipoteka Bank, Aloka Bank, Turon Bank and Kishlok Kurilish Bank are preparing for privatisation. The state stake in at least one large bank will be fully realised to strategic investors.

In this regard, it was noted that it is important to work extensively to privatise a number of enterprises with the involvement of international financial and legal advisers for the transparent and efficient sale of state assets. The state-owned enterprises themselves lack the technical capacity, knowledge and skills to undertake the transformation on their own. Therefore, the World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, McKinsey & Company, Boston Consulting Group, Rothschild & Co. and other world-renowned companies were involved in the reform of large enterprises in the electricity, oil and gas, chemical and machine building industries, as well as commercial banks.

Another serious barrier to socio-economic development is the continued raw material orientation of the economy and exports, as well as the low level of fundamentally new products and technologies, which negatively affects the competitiveness of domestic goods on foreign and domestic markets. For example, gold and other raw materials account for more than 40% of exports in 2020, while industrial goods, machinery and equipment account for about 20%¹⁷.

As the Harvard University study shows, Uzbekistan has the capacity and relative advantage to produce more than 50 manufactured goods¹⁸. In particular, there are all the conditions for the petrochemical, metallurgical, mechanical engineering, electrical engineering, pharmaceuticals, construction, textile, leather and footwear, food processing, and green economy sectors to become "drivers" of the national economy.

Currently, the republic has taken measures to promote export diversification in promising sectors of the economy. In particular:

the state provides transport incentives to enterprises in the economy to overcome the high costs of exports due to the remoteness of the country from the sea. In 2020, 49.3 billion soums were allocated to 193 exporting enterprises to cover part of their export transport costs for exports¹⁹. The Program for the creation of new production capacities and diversification of production in the electrical industry in 2021-2022 has been approved. In particular, until 1 January 2024, subsidies are provided to cover 50 per cent of transport costs for exports of electrical and electrical household products²⁰;

Until 1 January 2024, tax incentives in the form of reduced income tax and property tax rates of 50 per cent are granted to companies in the electrotechnical industry whose revenues from sales of electrotechnical products amount to at least 80 per cent of total revenues at the end of the reporting period;

¹⁷ State Statistics Committee of Uzbekistan. Foreign economic activity for the year 2020.

¹⁸ CERC has conducted a preliminary assessment of the implications of Uzbekistan's WTO accession. 18.03.2021. <https://review.uz/post/ceir-provel-predvaritelnyu-ocenku-posledstviy-vstupleniya-uzbekistana-v-vto>

¹⁹ Asadov H. Without considering the nuances. 11.03.2021. <https://repost.uz/nuances>

²⁰ Presidential Decree No. PP-5011 of 02.03.2021 on Additional Measures for Further Development of the Electrical Industry and Improving the Competitiveness of Domestic Products

Export Promotion Agency²¹ under the Ministry of Investment and Foreign Trade, it organises work with commercial banks on the allocation of finance for loans related to export operations and pre-export financing. The Agency also works to raise funds from international financial institutions, foreign government financial institutions, foreign banks and financial companies for pre-export financing;

From 1 April 2021, 50% of the costs incurred by domestic exporting organisations abroad in opening and maintaining trading houses, renting office, sales and storage space, and organising advertising campaigns will be reimbursed from the Export Promotion Agency²²;

In order to restore and further expand the export potential of the Republic, permanent regional export headquarters will be established in 2021. The Government will ensure their full functioning by means of a mechanism of "horizontal and vertical interaction" of the involved ministries, agencies, commercial banks and local state authorities in providing assistance to exporting organizations on the principle "from production to foreign consumers".

Another challenge to Uzbekistan's macroeconomic stability is the risk of rising prices, food shortages in the domestic market and a threat to the country's food security. As the head of state noted in a video conference at the end of 2020, prices are causing discontent among the population²³.

In 2020, prices and tariffs in the country's consumer market increased by an average of 11.1%. In 2021, the key objective of the Central Bank will be to keep inflation below 10% within the framework of inflation targeting, and to reduce inflation to 5% by 2023²⁴.

Given the impact of quarantine measures on rising price dynamics, imports of basic foodstuffs have been exempted from customs duties since April. However, despite this, prices of meat, eggs, vegetable oil and sugar have risen sharply recently. For instance, while vegetable oil prices in the world market rose by an average of 15% in 2020, the increase in Uzbekistan was 31.4%; similarly, sugar went up by 3.3% in the world markets and by 21%²⁵.

The following measures have been taken in order to prevent a sharp increase in the price of basic foodstuffs in the future:

- Customs duty exemptions on food imports will be extended for another year;
- assignment to each regional, district and city khokim to calculate the population's needs for meat, eggs, flour, oil, sugar, rice, potatoes, carrots and onions, as well as the sources of supply of these products by May 2021;
- Creation of separate food security funds, which regional leaders, with the involvement of entrepreneurs, would use to bring basic foodstuffs from other regions or foreign countries to those regions experiencing food shortages;
- It is planned to ensure the production of basic foodstuffs and agricultural products mainly through domestic resources. The government also approved the forecast production volumes of basic foodstuffs and agricultural products by regions. In particular, it is defined that the country will produce over 2.4 million tons of potatoes, 227.2 thousand tons of rice, almost

²¹Presidential Decree No. UP-6091 of 21 October 2020 on measures to further expand financial support for export activities

²² **Presidential Decree No. PP-4949 of 14.01.2021 on "Measures for the realisation of the export potential of the Republic of Uzbekistan for the year 2021"**.

²³ The meeting addressed the issues of ensuring stability of prices for foodstuffs. Press service of the President of Uzbekistan. 16.10.2020. <https://president.uz/ru/lists/view/3903>

²⁴ Central Bank of Uzbekistan. Monetary Policy Guidelines for 2021 and the period 2022-2023. Tashkent - 2020.

²⁵ Calculations based on Q4 2020 Monetary Policy Survey of the Central Bank of Uzbekistan and the World Bank: Commodity Markets

1.6 million tons of meat, 8.1 billion eggs. In addition, they are planning to import 78,000 tonnes of vegetable oil, 64,000 tonnes of sugar, 300,000 tonnes of potatoes and 40,000 tonnes of meat. Commercial banks will issue loans to businesses to import food and agricultural products from abroad;

– In favourable areas with good soil and climatic conditions and a water supply, potatoes may be grown on an area of up to 1 hectare.

It is known, the year 2020 has been an important year for social protection without exaggeration. First of all, by recognising poverty as a certain category of the population for the first time, great efforts have been made to reduce it. It is known that in early 2020, Sh. Mirziyoyev said that the level of poverty in the country is about 12-15%, i.e. we are talking about a fairly large number of people - about 4-5 million people. According to the representative of the Ministry of Economy in 2020 because of the pandemic, this number increased by about one and a half times. Moreover, according to the CERC's statement in late September 2020, 7% of the poor in Uzbekistan have higher education diplomas²⁶.

The consistency of the course taken is best illustrated by the Presidential Address to the Oliy Majlis of 29 December 2020²⁷, which has made poverty reduction one of its central themes. While last year the focus of public policy was on the provision of social benefits, housing, and credit, this year a comprehensive approach and new non-standard methods will be introduced to reduce poverty. This requires comprehensive solutions to issues related to education, health care, vocational training, access to clean drinking water, energy and road infrastructure.

Thus, the following priorities for poverty reduction have been identified for the year 2021:

- ensure inclusive economic growth to limit the negative impact of liberalisation reforms in all sectors of the economy on the livelihoods of people in need;
- developing a poverty reduction strategy for the Republic of Uzbekistan until 2030;
- develop and implement a targeted regional poverty reduction programme in 2021;
- introduction of a "social contract" system to support families in need;
- introduction of the concept of minimum consumer expenditure.

In general, experts note that there are 3 main instruments widely used around the world to create a sustainable source of income for poor families²⁸:

1) to create a permanent source of income for those in need and to provide grants for the development of land by the population, for membership fees of persons participating in cooperatives in agriculture, crafts and other areas, and for employers who are hired on the basis of a referral from the labour authorities, in order to form the initial capital. In addition, the Enterprise Support Fund provides compensation and interest guarantees for bank loans received by needy families wishing to engage in entrepreneurial activities;

2) Providing direct material and non-material assistance to families in need, exempting children from paying preschool fees and providing free seasonal clothing for children attending school.

²⁶ Khamidov B. Poverty in Uzbekistan. Economic Review No. 5 (245) 2020 <https://review.uz/post/bednost-v-uzbekistane>

²⁷ Message of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis, 29.12.2020. <https://president.uz/ru/lists/view/4057>.

²⁸ Uzbekistan's efforts to reduce poverty. Information Service of the Ministry of Economic Development and Poverty Reduction. 04/03/2021. <https://mineconomy.uz/ru/news/view/3519>

In this regard, in addition to granting soft loans, housing and social benefits, an innovation in social protection such as the "iron book" has been introduced. This is aimed at identifying specific people who really need help and, on this basis, organizing targeted work with vulnerable groups. The "social register" will contain all the information about the needy families included in the "iron book" and will enable the provision of more than 30 types of social services to them electronically.

First of all, work is underway to provide for the basic needs of the poor population. From 2021 the minimum consumer expenditures of the population will be announced. The government is instructed to systematize social guarantees and develop a program of measures for their gradual provision at the level of minimum consumer expenditures.

The pandemic period and the inevitable restrictions imposed by quarantine measures posed a serious challenge to many people, threatening their jobs and losing their only source of income. As a consequence, as the head of the country pointed out²⁹, people who have lost their jobs because of the pandemic cannot be allowed to become poor. From 2021, a new system will be introduced to triple the amount of temporary unemployment benefits as well as abolish the outdated bureaucratic procedure for submitting 6 documents to receive such benefits;

3) monocentres to train unemployed and unskilled people in different professions. A new mechanism based on the principle of "motivation, skills and financial support" will be introduced to lift everyone included in the "iron book" out of poverty. In 2021, more than a thousand vocational training centres will be established in the mahallas to enable people to self-reliantly get out of the difficult economic situation. The centres will receive funding of up to 1 million soums per trainee and a total of 100 billion soums will be allocated from the budget for this purpose. Persons who have completed the training courses and wish to start their own business will be able to receive subsidies of up to 7 million soums for the purchase of the necessary equipment.

Provision is made for the assessment of the professional competence of graduates of Ishga Markhamat monocentres and vocational training centres on the basis of WorldSkills standards, as well as the issuing of a competence passport (Skills Passport) to successful graduates, recognised in our country and abroad, which will certainly help to expand employment and professional development opportunities for the population³⁰.

It is important to note here that education and health are the main determinants of human capital. Without an increase in human capital, long-term sustainable economic development is impossible. Only highly qualified and physically healthy professionals will be able to develop high-tech industries in our country that are competitive in the global economic market. In 2020, the World Bank has ranked Uzbekistan 106th out of some 190 countries³¹.

In view of the above, one serious challenge to the economy, and in particular to the health sector in the republic, was the coronavirus pandemic. Unfortunately, in the republic, as in other developed and developing countries around the world, at the peak of the 2020 pandemic wave, the health care system was overburdened and it was difficult to obtain urgent medical care not

²⁹ Message of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis, 29.12.2020. <https://president.uz/ru/lists/view/4057>.

³⁰ Presidential Decree No. PPP-4804 of 11 August 2020 on additional measures aimed at attracting entrepreneurship, increasing labour activity and vocational training for poor and unemployed citizens, as well as providing employment

³¹ World Bank. 2020. The Human Capital Index 2020 Update : Human Capital in the Time of COVID-19. World Bank, Washington, DC. World Bank. <https://openknowledge.worldbank.org/handle/10986/34432> License: CC BY 3.0 IGO.

only for respiratory diseases, including coronavirus, but also for example for a heart attack, or various planned medical operations.

International experts note that the coronavirus pandemic has increased corruption risks in the health sector. This is due, in particular, to a sharp increase in the acute need for medical supplies and simplified procurement rules, overcrowding of health facilities, fraudulent sales of counterfeit medical products and overburdening of health workers. For example, embezzlement of funds intended to mitigate the effects of the pandemic, including the funds “Mehr Shafqat va Salomatlik” and “Mahalla”, sanitation centres, and funds for the unemployed have been identified³².

As of 1 January 2021, Uzbekistan's resident population stood at 34,500, while the number of deaths last year stood at 175,600, a 13.5% increase over 2019³³. Moreover, the number of deaths from respiratory diseases and infectious diseases has increased. And this negative trend of the sick and the dead can be observed to a greater or lesser extent in most countries of the world.

A systemic problem in the republic remains that due to the poor quality of primary health care, the population goes directly to central hospitals. This is due to a lack of facilities, an imbalance between the volume of work and the actual capacity of the medical staff.

The head of state drew attention to the fact that the duties of a general practitioner in a rural health unit (SVP) include diagnosis and treatment of 146 types of diseases, primary diagnosis and referral for 213 types, as well as a wide range of tasks in rehabilitation, dispensary care and prevention³⁴. In this context, the need for a fundamental review of the health care system in SVPs and family clinics, the tasks and functions of doctors and paramedical staff was emphasised.

In the near future, attention will be focused on specific areas of fundamental reform of Uzbekistan's healthcare system that require the most serious attention from the State and society, including:

- a radical revision of the organisation of work at the primary health care level. Also under the "Rural doctor" program, thousands of doctors working in remote areas will receive financial assistance worth 30 million sums and will be provided with service housing. It is planned to involve private medical organizations in providing primary and specialized medical care in remote areas, conducting screening examinations of socially vulnerable groups of the population, with the provision of subsidies to them. It is important to raise the status of mid-level health professionals - nurses and paramedics. For this purpose, in particular, the 47 Ibn Sina technical colleges will graduate more than 20,000 young professionals each year with professional skills in several medical fields at once. Mid-level health professionals will also be allowed to practice "nursing" on their own;
- widespread adoption of healthy lifestyles among the population, especially young people;
- upgrading the rural healthcare system;
- continuation of work to strengthen the private sector in medicine, which has been able to show results in the current difficult situation;

³² Saidov A. Reducing corruption is the key to democratic reform and development of the country. 21 February 2021 <https://yuz.uz/ru/news/snijenie-urovnya-korrupsii---zalog-demokraticheskix-reform-i-razvitiya-stran>

³³ State Statistics Committee of Uzbekistan. Demographic situation in the Republic of Uzbekistan for January-December 2020. file: /// C: /Users/USER/Desktop/2021/demografiya_ru_18012021.pdf

³⁴ Measures to improve primary health care identified. Video conference call on measures to improve primary health care and promote healthy lifestyles among the population. 06.11.2020. <https://president.uz/ru/lists/view/3933>

- further development of telemedicine and the establishment of a system of telemedicine between the country's specialized centres and their branches in the country's regions;
- continuation of work on maternal and child health;
- increased funding for the treatment of chronic and severe health conditions.

The current difficult situation in the world, as well as the challenges facing the country, dictate a new agenda related to all-round support for young people and promotion of healthy lifestyles among the population, strengthening people's health and solving their everyday problems by achieving high levels of economic growth. In the light of these objectives, 2021 has been declared the Year of Youth Support and Health Promotion in our country.

In February 2021, the relevant program was approved for this year and about 30 trillion soums, more than 2.6 billion US dollars and 57 million euros will be allocated for its implementation. The main focus is on the creation of new jobs. The program envisages providing jobs for 500 thousand young people and 200 thousand women, bringing 300 thousand citizens out of poverty. The program provides for 113 measures for economic development. Thus, those wishing to start their own business will be given up to 7 million soums in subsidies, and those in need of social support will be reimbursed 1 million soums for vocational training.

From the above, we can conclude that Uzbekistan has adopted a large number of legislative acts and regulatory documents designed to solve the acute problems of the country's socio-economic development. However, an important condition remains the improvement of the efficiency of the adopted measures, i.e. the formation of an effective mechanism that would allow combining structural reforms to overcome the raw material orientation of the economy with the improvement of the quality of state institutions and human capital, strong social protection, prevention of price increases for consumer goods, reduction of the poor population and the creation of productive jobs.

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Project on strategic planning and
development of forecasts of macroeconomic parameters
of the Institute for Forecasting and Macroeconomic Research