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An assessment of the social protection system in Uzbekistan

Based on the Core Diagnostic instrument (CODI)

A joint report by ILO, UNICEF, and the World Bank

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Outside the Tosh Hovli – Stone Palace of Khiva, an Uzbek lady practices her craft, knitting. Photo: Brigitte Brefort © The World Bank

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2 The World Bank acknowledges the generous financial assistance from the multi-donor Rapid Social Response Trust Fund.

3 For further information, see https://ispatools.org/about-ispa.

Abbreviations

CODI	Core Diagnostic Instrument
ECIS	Europe and Commonwealth of Independent States
GDP	gross domestic product
ILO	International Labour Organization
kg	kilogram
ISPA	Inter-Agency Social Protection Assessments
LMP	labour market programme
M&E	monitoring and evaluation
MELR	Ministry of Employment and Labour Relations
MIS	management information system
MoF	Ministry of Finance
NDS	national development strategy
SDG	Sustainable Development Goal
SEPF	State Employment Promotion Fund
SP	social protection
UNICEF	United Nations Children's Fund

Executive Summary

This report provides an assessment of the social protection system, including an inventory of Uzbekistan's main social protection (SP) programmes as well as an analysis of their appropriateness, effectiveness, responsiveness and cost-efficiency and fiscal and financial sustainability. It identifies the main strengths and weaknesses of the system, and offers a set of conclusions and recommendations on strengthening the SP system in Uzbekistan. The key objective of the report is to inform the current and fast-moving reform programmes aimed at maintaining a high economic growth rate, increasing competitiveness, and promoting international economic integration.

Uzbekistan has inherited from the Soviet Union a comprehensive SP system, based on the principles of full employment, universal childcare, and guaranteed old age income security, the latter of which is funded primarily through social insurance. However, Uzbekistan has neither a formal definition of SP nor a dedicated institution to design, coordinate, and manage the many different programmes that currently exist. At present, SP is fragmented across various institutions with none responsible for the coordination or integration of interventions. For example, the Ministry of Finance is responsible for the pension fund and for the control of the expenditures of social assistance programmes, while the Ministry of Employment and Labour Relations (until 2017, Ministry of Labour and Social Protection) takes responsibility[4] for employment and labour market activation programmes as well as for overall SP policymaking. The Ministry of Health manages health-related programmes and services for the elderly and persons with disabilities, and the Ministry of Education oversees small, in-kind schemes for schoolchildren, childcare institutions and boarding schools for children with special learning needs. While each institution may have a well-developed vertical organizational structure, horizontal links across programmes and schemes appear to be absent. As a result of this fragmentation, Uzbekistan's attempts to integrate a number of programmes make it unclear what impact the links between the individual programmes will have on the populace and the system as a whole. More importantly, the effectiveness of substantial resources invested in social protection is not optimized due to fragmentation and lack of an integrated approach to benefits and services.

It is recommended to develop a national comprehensive SP strategy and consolidate SP functions under one dedicated SP entity. The national strategy should be developed in line with international child and adult SP standards, to ensure that (i) social protection is extended to all members of the society along the life cycle and the links are made between social insurance, social assistance, social support services, and employment programmes; (ii) SP priorities are aligned with needs and rights; and (iii) there is better coordination among agencies involved in design and delivery at all levels. Additionally, a well-coordinated legal and policy framework needs to be established to ensure effective coordination and integration of numerous SP programmes by consolidating SP functions under one dedicated SP entity. The SP entity would provide leadership in ensuring accountability and responsibility for the SP system nationally, as well as serving as an implementing mechanism for the national comprehensive SP strategy developed. The entity should effectively integrate social security, social assistance, social services and active labour market programmes. Moreover, it should anchor and further develop national social work function, including introduction of the case management approach.

Uzbekistan has a relatively well-articulated and comprehensive SP system that is composed of social insurance, social assistance, social care services, and labour market interventions, although nearly half the population and one-third of the poor are not included in any SP scheme. Household survey data (L2CU, 2018)[5] indicate that the SP system (including social assistance, social insurance, and labour market programmes) supports approximately 55 per cent of the population, mostly through the social insurance that covers 44 per cent. The total number of beneficiaries of all SP programmes fell from 8.1 million people in 2012 to 6.4 million in 2017; the greatest fall was recorded among beneficiaries of unemployment benefits and low-income family allowances. **The coverage across all contingencies and population groups needs to be improved to ensure all households in need are protected.** This could be done through increasing financing, introducing objective and transparent selection rules, formalization mechanisms for unemployment benefits, improving targeting mechanisms of low-income allowances and strengthening data collection and analysis.

4 As defined on the web page of the Ministry at http://old.mehnat.uz/en/page/mehnat-va-aholini-ijtimoiy-muhofaza-qilish-vazirligi-vazifasi

5 For further information, see https://www.worldbank.org/en/country/uzbekistan/brief/l2cu

Uzbekistan's expenditure on SP amounted to 6 per cent of gross domestic product (GDP) in 2018,[6] **placing it in the lower range of a group of countries including Europe and the Commonwealth of Independent States in terms of SP investment.** This level of investment is comparable to that of Kazakhstan and about three percentage points lower than that of Kyrgyzstan. Moldova invests almost three times the GDP level of Uzbekistan, while the Russian Federation invests approximately 10 percentage points more. Nevertheless, the majority of SP expenditure in 2018 was for social insurance programmes (approximately 83.31 per cent), having slightly risen since 2012. Spending on social assistance programmes was 0.92 per cent of GDP in 2018, placing it significantly below regional average spending on social assistance in Europe and Central Asia. **It would be advisable to carry out a SP public expenditure review to analyse the impact and performance of existing SP schemes.** The new national SP strategy will have to be cost with a clear indication of funds available and those that are needed in order to close gaps in financing. Coverage would be analysed not only with regard to the proportion of the relevant population covered but also in relation to the adequacy of benefits. The public expenditure review would provide the evidence base for evaluating current costs and impact of the entire system and would guide changes in budget allocations as well as contributing to the identification of fiscal space for SP.

Social security remains out of reach for most of the population; approximately 60 per cent of working age people are in the informal sector, and do not participate in contributory social insurance schemes. In line with the SP floor approach, **it is recommended to extend social security coverage** (including social insurance, maternity protection, decent working conditions, and a minimum wage) **for the working age population by extending social insurance programmes to workers in the informal economy**, independent of their status, while also making parallel and concerted policy efforts to formalize employment.

Similarly, there are **coverage gaps in social assistance**. For example, child benefits reduced from universal to being available only for low income families. Unfortunately, even with the stringent criteria in place, the majority of the eligible low-income families are not accessing child benefits. **It is recommended to expand the coverage of child benefits and low-income family allowances, in line with the recommendation of the UN Committee on the Rights of the Child.** Given that the country is at the early demographic dividend stage, failure to invest in social protection of children could result in significant losses and risks for Uzbekistan's human capital of tomorrow (e.g., worse nutrition, health, and education outcomes leading to lower productivity).[7]

Currently, **labour market programmes** (LMP) are limited in scope and most take the form of public works, entrepreneurship support, and training programmes. The shares of expenditure on active and passive LMPs have been increasing, although they remain strikingly low, especially in light of the considerable employment challenges that face the country. Coverage of unemployment benefits is around 1 per cent of the registered unemployed, and there is no, or minimal, insurance element for workers in the event of unemployment, a core component of international social security standards. There is little sign of integration and coordination between benefits and training programmes and training and public work programmes, nor any between these and entrepreneurship programmes and self-employment support. **Coordination of LMPs is needed to be able to improve impact.** Monitoring and evaluation of different programmes (which are currently delivered by different agencies with insufficient horizontal coordination between them) would allow for an understanding about how they complement other active and passive programmes and how they could provide support for different groups of the population, including women and young people.

It is recommended that support for the low-income working age population should be expanded and coordinated with LMPs to promote inclusion into the labour market. The participation in LMPs should not lead automatically to loss of eligibility for unemployment or low-income benefits, as this can discourage participation and job hunting. Employment promotion should complement rather than replace social assistance benefits, especially in a context where decent jobs are hard to find.

Additionally, a comprehensive jobs diagnostic needs to be carried out for Uzbekistan to better understand the challenges and strengths of the labour market and employment/business support services, and to indicate how more and better jobs can be created for hard-to-employ groups in the population. A functional review of employment centres may be undertaken to guide investment in increasing their capacity to deliver activation programmes and programmes aimed at labour market insertion of the particularly hard to employ.

6 Ministry of Finance and State Committee of Statistics, 2019.

7 UNICEF. 2018. "Generation 2030 Uzbekistan: Investing in children and young people to reap the demographic dividend." New York: United Nations Children's Fund. www.unicef.org/uzbekistan/en/reports/generation-2030-uzbekistan

The pillars of social assistance and social care services within SP are mostly implemented through mahallas, or communities that draw from their local knowledge to target the allocation of social assistance benefits for low-income individuals and households. They also identify children who are vulnerable, people with disabilities or the elderly, referring them to the social care services. There is a wealth of information within the mahallas about the vulnerabilities, coverage, adequacy and targeting efficiency of social assistance programmes. Information, however, neither appears to be systematized, nor has it been presented to higher authorities for improvement measures, nor it is used as evidence to document actual financing needs.

The role of the mahalla is that of a traditional Uzbek community-based self-governing body or administration, responsible for assigning benefits. This sometimes leads to community tension, particularly in the absence of sufficient resources for eligible households. This, in turn, leads to rationing and discretionary decision-making by mahalla committees. However, even within the existing fiscal constraints, the introduction of clear and transparent eligibility criteria and digitization of benefit administration will create a framework capable of taking over benefit assignment from mahallas. It will also form an institutional foundation for the coverage expansion of social assistance programmes by offering a professional system of benefit administration with minimum subjectivity.

Greater investments are required into developing community-based social services and social work function at the local level to move away from predominantly institution-based provision of social services. Better social work practice, utilizing a case management approach, would ensure engagement of different elements of the system to respond to these needs in an integrated way.

A monitoring and evaluation system complemented by improved quality and availability of data is essential in Uzbekistan to ensure good governance and efficient administration of SP programmes. At present, the monitoring of SP schemes tends to concentrate on financial audits and checks to ensure that funds have been spent in accordance with planned allocations, and that all the paperwork and documentation relating to applications for support are in order. There is no single national intervention in Uzbekistan that would cover a significant number of people; current programmes are small in scale and lack transparent and robust implementation rules and monitoring procedures.[8] The efforts of the Government of Uzbekistan to establish and pilot a single registry are important, given that essential information, supplemented by qualitative data and analyses, would not only improve the design of programmes but would also indicate the necessary financial allocations.

Additionally, **in order to increase the transparency of the SP system, it will be crucial to introduce specific complaint mechanisms for each allowance, pension, and service**. This will not only enhance accountability but also will help ensure better targeting of cash transfers. At present, the system of controls focuses on preventing inclusion of those who are not eligible, sometimes at the expense of ensuring appropriate outreach so that all those who are eligible for benefits have complete information. Such information would include their rights, the eligibility criteria, and an encouragement to apply for support. Outreach should include improved information about programmes, a reduction in the bureaucracy of application procedures, and effective complaint mechanisms.

Finally, in the context of ambitious socio-economic reforms, **these measures to strengthen social protection system are not a luxury that can wait until the country grows economically, it is a prerequisite for inclusive and sustainable economic development of Uzbekistan**. Furthermore, not prioritizing improvements of social protection system brings a range of social risks, including rising inequality, weak human capital and discontent. ILO, UNICEF and the World Bank stand ready to support the Government of Uzbekistan in building social protection system that offers all citizens of Uzbekistan – in particular, those at risk of being left behind – income security and social support throughout their lives.

8 Summary of the main SP programmes in Uzbekistan is provided in Annexes in Tables A2.1 – A2.5.

1. Introduction

1.1 Background

Since late 2016, Uzbekistan has embarked on a number of significant and fast-moving reform programmes, including an ambitious market reform agenda that aims to maintain a high economic growth rate, increase competitiveness, and promote international economic integration. Its economic reform programme is accompanied by reforms in other areas, including public administration, rule of law and the judiciary system, foreign policy, and development of the social sphere. Overall, it is intended to accelerate the creation of jobs, increase employment, and improve the living standards of the population.

Global experience, however, demonstrates that economic reform will generate new challenges, producing not only winners, but also losers. In this context, social protection (SP) has an important role in the reform process to ensure the right of access to SP for all in the face of new risks. SP also is embedded in the building of long-term resilience, both among individuals across the life-cycle, households, and societies in the face of economic and/or climate change impact. Well-designed and flexible SP schemes will lessen the risk of large segments of the population being impacted by poverty when faced with unexpected shocks, and such schemes will speed the recovery process. SP will also play a transformative role; for example, by enabling social dialogue and collective action for workers' rights; addressing issues of inequity and social exclusion; and tackling the social norms and attitudes that represent barriers to accessing social and economic benefits.

Uzbekistan's National Development Strategy (NDS) for 2017–21 includes five priority areas, the fourth of which relates to "further development of the social sphere" (The Tashkent Times, 2017).[9] Within this, enhancing the social protection of vulnerable people, expanding social services and using public-private partnerships as delivery mechanisms are prioritised (Target 4.2 of the NDS). Furthermore, Uzbekistan's commitment to nationalize the Sustainable Development Goals (SDG) of the United Nations also implies the prioritization of SP, given that it is identified as an accelerator for implementation of SDGs.[10] This is perfectly in line with national priorities, on-going reform initiatives (e.g., the pension system and employment policy), and discussions regarding coverage improvement, as well as the adequacy of social assistance programmes and expansion of social services.

In this context, ILO, the World Bank, and UNICEF – all of which have been engaged for many years in the promotion of SP rights in Uzbekistan – have come together to undertake an analysis of the SP system in order to strengthen the evidence base for discussion of current and future reforms, and to ensure synergy between the various reform efforts. The assessment covers the main SP programmes and schemes, as well as the overall strategy and institutional organization of the system. This report presents the initial results of the assessment, as well as the information collected, analysed, and verified by national counterparts. As well as providing an overview of the main programmes and the links between them it identifies gaps in programmes and the provision of services and provides an initial evaluation of the system's performance.

1.2 Uzbekistan's social protection system

Uzbekistan has inherited from the Soviet period a comprehensive SP system that was based on the principles of full employment, universal childcare, and guaranteed old age income security, with the latter being financed mainly through social insurance. Despite the basic contour of the national system having been maintained, there have been many changes in the context within which it has had to operate, as well changes relating to the system's governance arrangements and delivery mechanisms. The changing context has also led to the proliferation of new schemes; there are now a total of nearly 30 programmes (Figure 1 and Figure 2; Annex 1 and Annex 2) in addition to an initiative to develop a social service system. Overall, these changes have resulted in the transition from a system with predominantly

9 See also https://strategy.uz/files/static/77041/stateprogram.pdf
10 For information, see https://sustainabledevelopment.un.org/sdg1

universal programmes to a mixed system that combines contributory and non-contributory funding sources, as well as elements of universality blended with targeted approaches.

Uzbekistan's Constitution refers to SP as a basic human right, not only in terms of the loss of the breadwinner, but also in terms of rights in old age, disability, and other cases defined by law.[11] The core objectives of the system are further defined in legislation, presidential decrees, and resolutions. Despite the priority attached to SP, however, Uzbekistan has neither a formal definition of SP nor a dedicated institution to design, coordinate, and manage the many different programmes that exist. Its SP is fragmented across various institutions with none being solely responsible for coordinating, overseeing or integrating the various interventions. Moreover, while Uzbekistan is attempting to optimize a number of programmes simultaneously, the links between each programme and the impact on the population and system, as a whole, are not so clear. This is of concern, since international experience demonstrates that the optimization of one programme may be suboptimal from a system-wide and/or user perspective.

A well-coordinated policy framework is essential to consolidate and strengthen Uzbekistan's SP system at the strategic, organizational/management, and programmatic levels. The need for institutional consolidation, programme alignment and expansion is recommended in the national report on the Sustainable Development Agenda 2030 (Mainstreaming, Acceleration and Policy Support for Achieving the SDGs (UN and World Bank, 2018)). The report highlights the potential links between the SDGs and Uzbekistan's NDS (2017–21), including a priority focus on SP. Moreover, it singles out social policy as one of the "acceleration platforms" for achievement of the SDGs.[12]

Although the country lacks a national SP policy framework, the NDS nevertheless sets out, in broad terms, the aim to develop the social sphere. To improve the SP system as a priority, the absence of a long-term strategic vision, weak governance and institutional fragmentation need addressing; social insurance, social assistance and labour market programmes must be strengthened by establishing strong links between them and social services. Coordination between the various institutions at the horizontal and vertical levels should be enhanced.

1.3 Objective of the report

The objective of this report is to provide an overview of the SP system in Uzbekistan so as to assist stakeholders in setting priorities to consolidate and strengthen SP practices in response to a new and rapidly changing environment. As previously indicated, the SP system will have to respond to the new challenges that stem from further economic liberalization, reduction of state presence in the economy through increasing privatization of enterprises, and a rise in energy and communal service rates. It has a key role to play in mitigating the negative impacts of reforms on disadvantaged groups and protecting those at risk of being left behind.

As such, the SP system must be clear in terms of its short-, medium-, and long-term goals, and must be adequately resourced. Having already undergone numerous changes, the system is now undergoing several structural challenges, albeit with a lack of clear strategy and overall coordination, limited coverage of the population by key programmes, and issues that relate to system financing. Recent analytical reports have noted that the system is facing delivery problems, resulting in suboptimal outcomes for users.[13] Without appropriate and timely intervention, there is a risk that the reform process will exacerbate the long-term issues faced by the existing system, limiting its ability to react flexibly to new challenges. Developing a SP strategy and coherent SP framework requires collaboration between various ministries and stakeholders at the national and subnational levels, which should be based on a consultative process regarding the scope and adequacy of SP. Moreover, it is essential that this process include social partners as well as the public at large. The aim of this report is to spark national discussion about the role of SP in the context of current and future reforms.

11 Article 39, Constitution of the Republic of Uzbekistan.

12 The idea behind accelerators is (i) to identify those targets that if prioritized in terms of resources, may have a considerable multiplier impact on other targets/goals or, conversely, to identify bottlenecks that if not addressed will impede progress across several goals/targets; and (ii) to apply an approach that speaks to the integrated nature and indivisibility of the SDG Agenda. See UNDP (2019c). In World Bank and UN (2018), SP is covered quite extensively as a "sub-accelerator". The "social policy for development" accelerator platform includes three sub-accelerators, namely SP, education, and health, with priority actions listed for each. Under SP, it is proposed, inter alia, to design and implement a SP strategy that can be linked to the UN-wide SP Floor Initiative (SPF-I).

13 See for example, UNICEF (2018), UNICEF (2019b), ILO (2017), and the 2018 Uzbekistan MAPS Mission Report (World Bank and UN, 2018).

1.4 Methodology, data sources, and structure of report

The report is based on the methodology developed by the Inter-Agency Social Protection Assessments (ISPA) group that comprises agencies of the United Nations (UN), World Bank, and various bilateral donors and international development partners. The value added by this approach for the UN System, development partners, and national counterparts alike, is that the data collected are based on a unified set of definitions and assessment tools. The Core Diagnostic Instrument (CODI) for SP is the instrument used to collect the data, based on a methodology whereby national partners provide responses to a questionnaire. The questions are structured around policy, programme design, programme implementation, and system assessment.

In accordance with the CODI methodology, SP refers to a set of policies and programmes that aim to prevent or protect people from descending into poverty and social exclusion throughout the course of their lives, with a particular emphasis on vulnerable groups. SP programmes and schemes include financial transfers, in-kind benefits, and passive and active LMPs, as well as social services that will facilitate inclusion into the economic, social, and cultural life of society. These programmes and plans are funded through contributory or non-contributory schemes or, as is usually the case, a combination of both.

The CODI assessment process in Uzbekistan began with an introductory workshop in May 2018. Participants included representatives of line ministries responsible for the implementation of SP programmes. From June 1 to October 1, 2018, a dedicated technical team in each of the line ministries collected data for each of the modules, in consultation with staff from ILO, the World Bank, and UNICEF as well as external collaborators. Figure 1 and Figure 2 summarize the programmes and schemes that have been analysed in detail during the course of the assessment (see also Annex 2).

Following the preliminary analysis, the data and findings were presented for validation during a two-day workshop, held on November 9, 2018, and attended by over 30 participants representing line ministries, the Women's Committee, various think tanks, and the Federation of Trade Unions (Annex 6). The process of validation included an assessment by participants of the system, based on CODI's assessment matrix.[14] During the discussions, workshop participants were able to put forward their recommendations for improvement.

This report broadly follows the structure of the data collection tool. Section 2 outlines the socioeconomic context within which the SP system operates. The legal and policy framework, as well as governance and the funding structure, are presented in Section 3. Section 4 provides further details on the design and function of each of the key SP programmes. Section 5 summarizes the results of the CODI assessment matrix, and applies a life cycle approach to assess system performance. The report concludes with a summary in Section 6 of challenges, gaps, and strengths, as well as recommendations to improve the system.

14 CODI Assessment Matrix Guidelines can be accessed at http://ispatools.org/wp-content/uploads/2016/02/CODI-Assessment-Matrix.pdf

Figure 1. Main elements of the Social Protection System in Uzbekistan

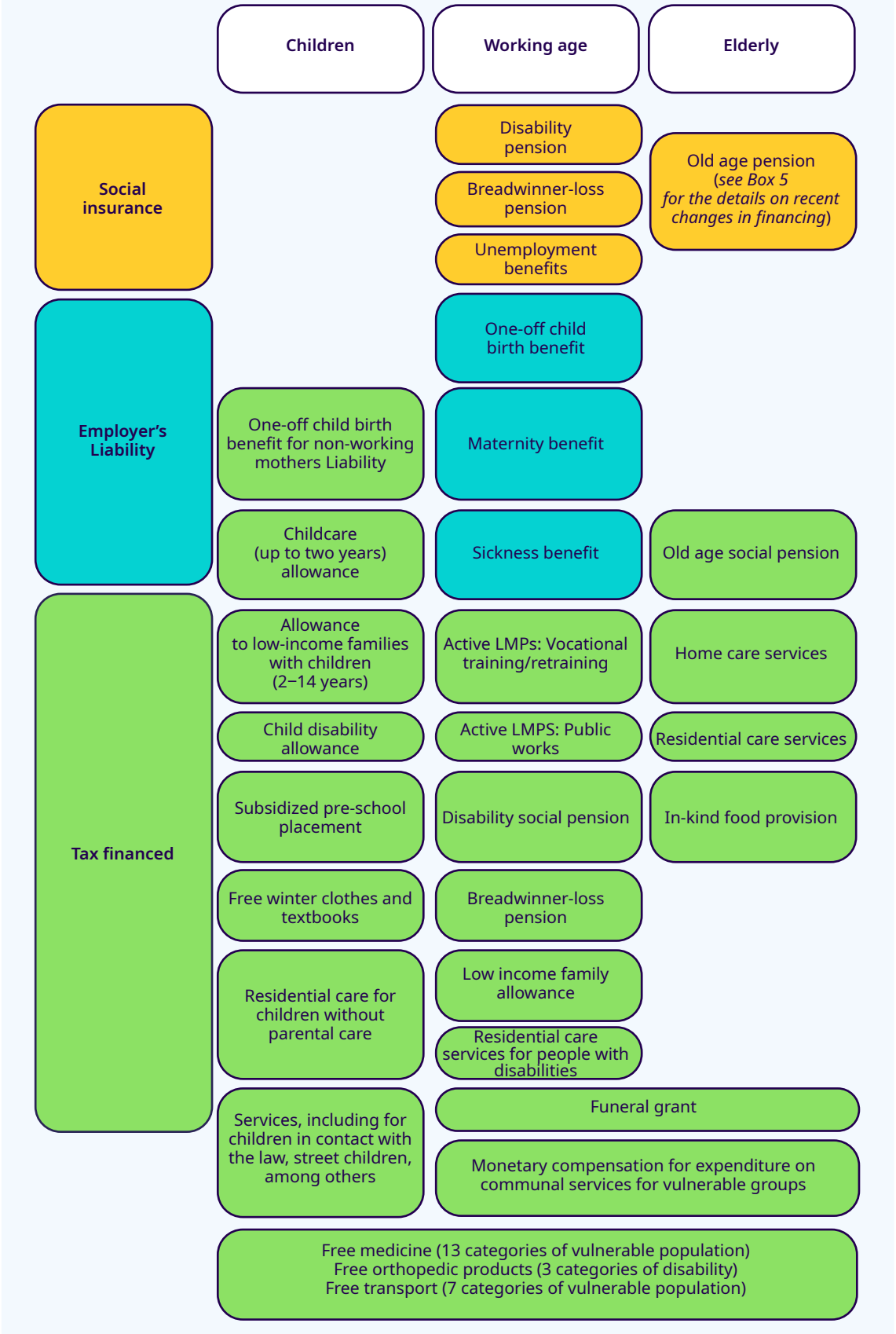


Figure 2. Overview of social protection programmes in Uzbekistan

Insurance (Contributory and mixed schemes)	Social Assistance (Noncontributory)	Labour Market Programmes
	Delivery: Mahallas and district-level Pension Fund	**Delivery: District-level Employment Centre**
Delivery: District-level* Pension Fund ▶ Old age pension ▶ Disability pension ▶ Breadwinner-loss pension ▶ Unemployment benefits** **Delivery: Place of work or district-level Pension Fund** ▶ Childbirth benefit (employers' liability) ▶ Maternity benefit (employer's liability) ▶ Young (under 2 years old) child benefit for working mothers ▶ Sick leave and benefit (employer's liability)	▶ Low-income family allowance ▶ Childcare allowance (under 2 years old) ▶ Allowance for families with children (2–14 years old) ▶ Child disability allowance ▶ Disability social allowance for disabled from childhood ▶ One-off financial assistance in the Republic of Karakalpakstan and the Khorezm Region*** ▶ Old age allowance (social pension) ▶ Disability allowance (social pension) ▶ Breadwinner-loss allowance (social pension) ▶ Funeral grant*** ▶ Monetary compensation for communal expenses to vulnerable groups ▶ In-kind support: free-of-charge winter clothes to school children, use of public transport, food provision, medicines ▶ Social care services	▶ Unemployment benefits** ▶ Public works (employer wage subsidy) ▶ Professional skills training ▶ Wage subsidies for vulnerable ▶ Apprenticeship ▶ Job intermediation and matching service ▶ Hiring and training subsidies to employers (2019) ▶ Subsidized programmes supporting entrepreneurship for specific groups delivered by: • Women's Committee • Republican Commission or Development of Youth Entrepreneurship

Source: Figure produced by authors.

* District refers to rayon level.

** Unemployment benefits are listed under social insurance and labour market programmes. This is because, in theory, they are contributory, although in practice, the line between contributory and tax funded is blurred: few of the unemployed eligible for benefits have contributed due to the widespread informality of the labour market, and the benefits are mostly paid to those without a work record or contributory history.

*** These small tax-funded programmes are not discussed in this report.

2. Country context

This section examines overall trends in terms of key socioeconomic indicators; demographic indicators; economic structure and growth; labour market and employment; and income poverty. Key indicators also are summarized in the CODI country at a glance table in Annex 3.

2.1 Overall trends

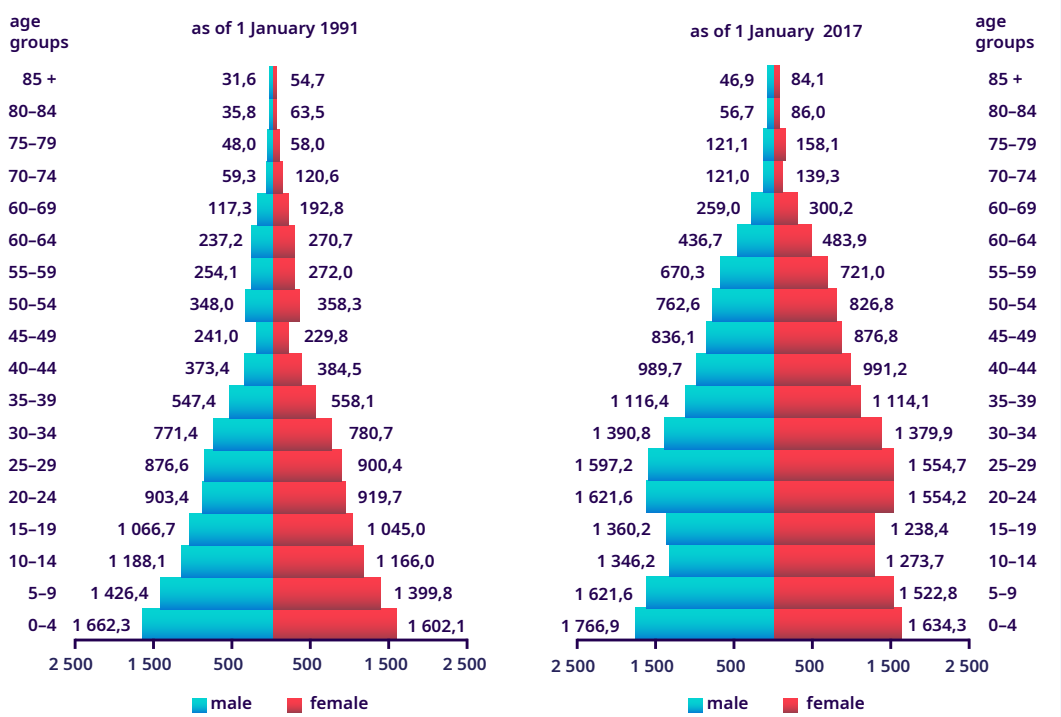
Following independence in 1991 after the Soviet Union's collapse, Uzbekistan's transition from a planned to a market economy initially impacted negatively on living standards, in part due to high inflation rates and the loss of personal savings. In the last 15 years, however, many households have experienced an improvement in living conditions, albeit disparately across the country. The share of the population living below the national poverty line (measured by minimum food consumption equivalent to 2,100 kilocalories per person per diem) was nearly halved, from 24.3 per cent in 2002 to 13.7 per cent in 2014 and 11.4 per cent in 2017 (ADB, Basis Statistics Series; Annex 3). The mortality rate for children under five years old declined by almost 44 per cent between 1994 and 2014 and, according to UNICEF data, was 24.1 per 1,000 live births in 2016 (UNICEF, 2017).[15] The infant mortality rate was 11.5 in 2017 (Annex 3). The country's Human Development Index increased from 0.595 in 2000 to 0.710 in 2017, placing the country in the high human development category; it is ranked 105 out of 189 countries and territories (UNDP, 2019a; UNDP, 2019b). This positive trend reflects an improvement in life expectancy at birth and mean years of schooling. Uzbekistan's life expectancy at birth increased between 1990 and 2017 and now averages 71.4 years (74.2 years for women and 68.6 years for men).[16]

2.2 Population structure

With a population of more than 32 million people, Uzbekistan is the most populous country in Central Asia. The country also has a relatively young population, with an average age of 28.5 years in 2017. Almost 45 per cent of the population is in the 25–54-year-old age group and other 18.5 per cent is in the 15–24 year old age group.

15 This is higher than the estimate provided by the State Statistical Committee in Appendix 3, due to a difference in definitions.
16 Ibid.

Figure 3. Population Age Structure in Uzbekistan



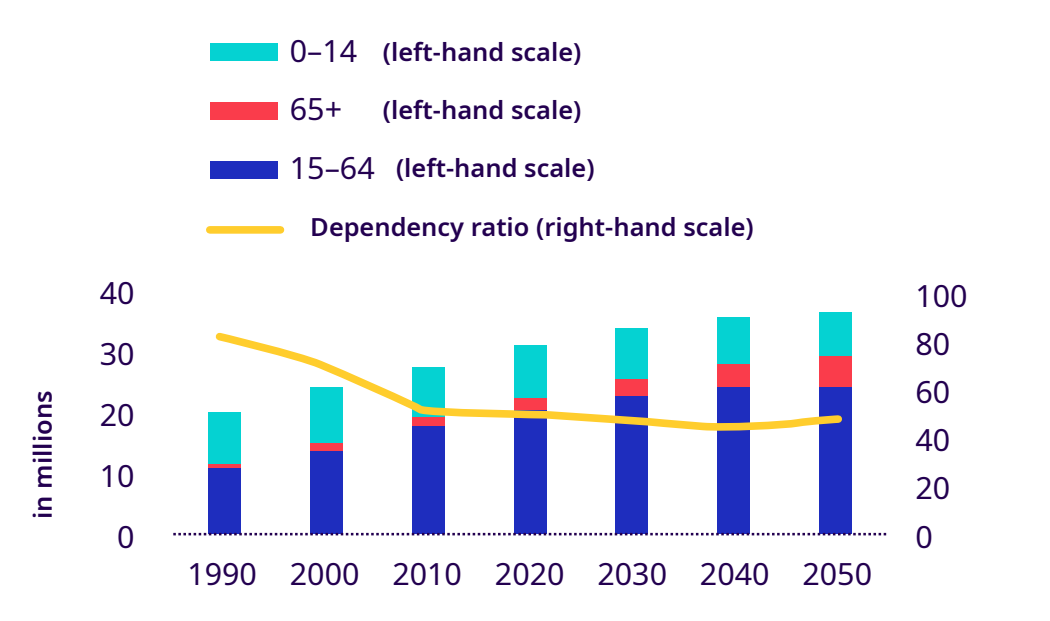
Source: State Committee of Uzbekistan on Statistics.

According to national statistics, 60.5 per cent of the population were of working age (18–59 years for men; 18–54 years for women) in 2017, while 30.1 per cent were below and 9.4 per cent were above working age. With the increase in the share of the working age population, the overall dependency ratio (i.e., ratio of young and old dependents to those of working age) declined significantly, from 81.1 per cent in 1990 to only 48 per cent in 2017 (World Bank, 2019a). Uzbekistan thus finds itself with a "demographic window of opportunity", as the majority of the population is of working age and can be active contributors to the country's economy. It is expected that between 2015 and 2030, additional 4.3 million people will enter the labour market, thus increasing Uzbekistan's working age population to 23.3 million (**Figure 3**).[17] This will further reduce the country's dependency ratio, with other potential benefits from the demographic dividend.[18] (The working age population is expected to start shrinking from around 2040, marking a reversal in trend for the dependency ratio, and with implications for the long-term sustainability of the pension system (**Figure 4**).) Reaping the benefits of this demographic dividend will depend, however, on current and future investments in the nutrition, health, education, and skills of the population, as well as on the capacity of economic reform programmes to yield decent and productive employment opportunities for the growing working age population.

17 Calculated as 23.32 million (2030) – 19 million (2015) = 4.3 million.

18 The United Nations Population Fund defines demographic dividend as "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older)" (UNFPA, 2019).

Figure 4. Population by major age group and dependency ratio in Uzbekistan, 1990–2050 (in per cent)



Source: CODI authors' calculations, based on United Nations demographic projections.

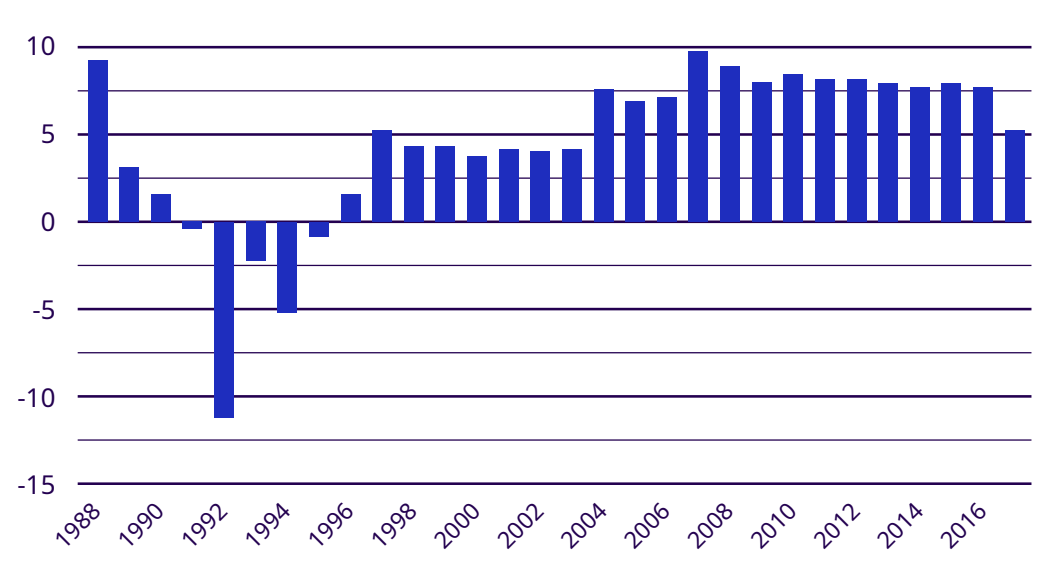
Notes: (a) 1990–2010 population based on estimates and 2020–50 population based on medium variant projections as of July 1, 2018; (b) dependency ratio is the ratio of dependents/persons younger than 15 or older than 64 to the working age population (i.e., those aged 15–64 years of age).

2.3 Economy

Following independence, the Uzbek Government took a gradual approach to economic reform. In the early 1990s, priority was given to the development of import-substitution industries. This was coupled with foreign exchange controls and public investment in priority industrial projects. The production, pricing, and export of key commodities were centrally planned (Tsereteli, 2018). The Government also retained control over energy and fuel prices, urban transport, and major agricultural products. Despite these efforts, the country was faced with four-digit inflation in 1993 as a result of the collapse of the ruble zone. Macroeconomic reforms were introduced, and a privatization programme was launched. By 1995, the majority of small businesses, light industry, and services had been privatized. Privatization of large enterprises began in 1995, although at a much slower pace, with the government retaining ownership of profitable enterprises.

Macroeconomic stabilization was achieved in the late 1990s, and economic growth resumed. According to official statistics, the economy grew at an average rate of approximately 7 per cent per annum between 2001 and 2016, and gross domestic product (GDP) per capita more than doubled over this period. In 2017, the Uzbek economy grew at a slower rate, at 5.3 per cent (**Figure 5**). Overall, social development has lagged behind economic development and, although poverty rates have fallen, they did so at a slower rate than expected.

Figure 5. Economic growth rates in Uzbekistan, 1988–2017



Source: TheGlobalEconomy.com, The World Bank.

Agriculture dominated real production in the early 1990s, contributing to 37 per cent of GDP in 1991; by 2017, however, this share had declined to 18.5 per cent. Nevertheless, cotton production and the taxation derived from it continue to represent a significant share of state revenue. The share of industry in GDP has fluctuated at around 20 per cent over the last two decades and, in 2017, it represented 22.2 per cent of GDP.[19] The share of services in GDP almost doubled from 20 per cent in 1993 (Taub, Zettelmeyer, 1998) to 38.1 per cent in 2017.[20]

Following the privatization of large collective farms in the 1990s, many people began to leave rural areas for urban centres to seek employment, either temporarily or permanently. The country also was faced with internal migration caused by environmental degradation. In the face of the disastrous environmental situation in the Aral Sea region, local populations were supported to resettle in the Tashkent region (Kalanov, 2008). The statistical system, unfortunately, does not allow for identification of the causes of internal migration (UNDP and GPSE, 2008), as it registers only a small part of labour mobility and does not distinguish between resettlement and other types of labour migration, such as seasonal and push-pull migration.

Lack of decent employment opportunities also led to external labour migration and, consequently, to large remittance inflows. According to the Central Bank of Uzbekistan, "from 2002–2006 the annual inflow of official remittances to the country increased fivefold, reaching almost US$1.4 billion or 8.2 per cent of GDP in 2006" (Holzhacker, 2018). Remittances were estimated to amount US$2.7 billion in 2017, placing Uzbekistan among the top 10 remittance receiving countries in Europe and the Commonwealth of Independent States (ECIS) (UNECE, 2017).

In order to facilitate internal and external migration alike, the Government has established dedicated agencies, designed programmes, and initiated negotiations with destination countries to provide more protection for migrant workers. The underlying causes of migration (i.e., lack of decent employment opportunities and regional disparities) feature strongly in the economic reform agenda set out in NDS 2017–21.

19 Data by the State Committee of the Republic of Uzbekistan on Statistics http://web.stat.uz/open_data/data.php?value=3.4%20Structure_GDP_rus.xlsx&lang=ru

20 Ibid.

Private sector development has been a policy priority over the last decade. According to the State Statistical Committee, the non-governmental sector generated 81 per cent of GDP in 2017.[21] The number of registered non-agricultural small and medium enterprises[22] has been growing steadily, having reached 230,000 in 2017 compared to 225,000 in 2016. The emphasis on small- and medium-enterprise development has been accompanied by the withdrawal of state ownership from large enterprises. It is estimated that the state sector accounted for approximately 19 per cent of GDP and 18 per cent of employment in 2016 (Holzhacker, 2018).

The trend toward further privatization will continue, as announced in the "Programme of transformation of state enterprises and other entities with majority state ownership".[23] Private-public partnerships are expected to be promoted, particularly in relation to infrastructure projects. The privatization process, however, will not affect those enterprises listed to remain under state ownership.

The Uzbek Government's goal is to achieve more balanced regional and social development by increasing competitiveness, modernization, and diversification of industries and agriculture, while simultaneously introducing institutional and structural reforms that will lead to a reduction of state involvement in the economy and stimulate small business and private entrepreneurship. In line with this, a number of recently adopted programmes have been designed to support family-based and other forms of entrepreneurship among young people and women. Various support packages will include access to finance and the capacity strengthening of micro, small, and medium enterprises.

2.4 Employment and the labour market

According to a 2018 national survey,[24] Uzbekistan's working age population accounts for 57 per cent of the total population. 44 per cent of the total population are economically active, i.e. employed or seeking employment (**Figure 6**). The survey data also show that 77 per cent of the working age population are economically active (**Figure 6**). 91 per cent of economically active people are employed, although only 37 per cent of them are employed in the formal sector.

Data on employment and unemployment vary according to the source of information; however, overall trends point to growing unemployment, in particular among young people; low female participation (33.1 per cent of the overall female population, compared to 73.9 per cent for men) (UNDP, 2018); and limited employment opportunities in rural areas and less developed regions. With a quarter of the population under the age of 14, and nearly 20 per cent of the population in the 15 to 24-year-old age group, the country faces a considerable challenge to create decent jobs for an estimated 450,000–500,000 new labour market entrants each year.

As indicated above, lack of employment opportunities and decent jobs are reflected not so much in registered unemployment but also in informal employment and migration (i.e., it is the quality and remuneration of available employment that is an issue for many of the vulnerable). Among the employed, 58.5 per cent work in the informal sector. The highest share of informal employment (80 per cent) is in the agriculture sector (UNDP, 2017a). A recent ILO report on the informal economy places Uzbekistan in a group of countries with informal employment representing between 50 and 74 per cent of total employment, which is approximately the same level as most other Central Asian countries (ILO, 2018b). A 2019 World Bank report argues that while business registration is relatively easy in Uzbekistan—ranked 12 globally for starting a business—informal barriers, opaque regulations, and a lack of adequate protection of property rights, nevertheless, are significant factors that contribute to the informality of the economy and restrict growth (World Bank, 2018a; World Bank, 2019c).

21 Data by the State Committee of the Republic of Uzbekistan on Statistics https://stat.uz/ru/press-tsentr/novosti-komiteta/3213-proizvodstvo-valovogo-vnutrennego-produkta22

22 Small and medium enterprises are defined as those with 21–50 employees and micro-enterprises with 1–20 employees.

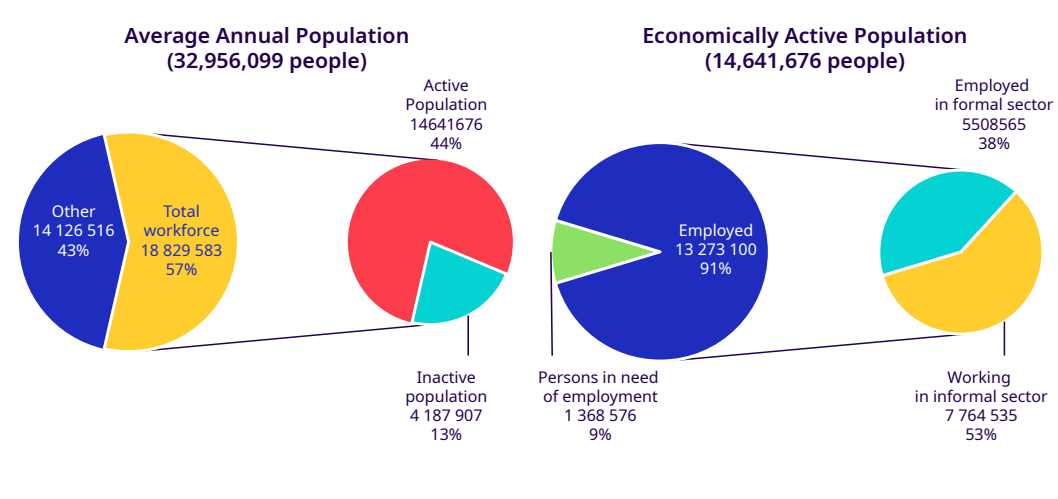
23 For approval by Presidential Decree № 3720 on Measures to Improve the Government Asset Management System, dated May 12, 2018, see www.uzreport.news/politics/v-uzbekistane-razrabotayut-programmu-transformatsii-gospredpriyatiy and www.lex.uz/docs/3734161

24 Republican Scientific Centre for Employment and Labour Protection under the MELR, 2018 (http://centr-truda.uz/en/houme/ or https://mehnat.uz/ru/subordinate-organizations/structure/242). The main purpose of the survey was to determine the number of people employed in the informal sector of the economy and the unemployed. This sociological survey was conducted in 62 districts and cities of the Republic of Karakalpakstan and Tashkent city. The sample size was 16,425 citizens in 3,100 households in 310 citizen self-governing bodies (mahallas).

According to data from the Ministry of Employment and Labour Relations (MELR), there were 837,000 unemployed in 2017, of whom only a very small number—14,400 (approximately 1.7 per cent)—were registered with employment offices as jobseekers (GoU, 2017). Anecdotal evidence suggests that the main reasons for the low rate of registration are explained by the low salaries in the vacancies offered by MELR and the low level of unemployment benefits. It is estimated, however, that approximately 40 per cent of the employed population are considered vulnerable in terms of employment (i.e., either own account workers (self-employed without engaging other employees) or working as unpaid family members). Data for 2018 suggest that 39.3 per cent of employed men and 41.1 per cent of employed women were in vulnerable employment (World Bank, 2019b).

Uzbekistan ranked 53rd out of 183 countries in the Youth Development Index in 2016[25] and, within this, it had the lowest score for employment opportunity. An estimated 14.6 per cent of young people in Uzbekistan aged 15–24 years were unemployed in 2017. (It should be noted again, however, that unemployment estimates vary according to data source.) The low levels of employment opportunities for young people reflect uneven growth across different sectors of the economy, regional disparities, and lack of decent job opportunities. Tertiary education enrolment is around 9 per cent, and government expenditure on education as a share of GDP remains relatively stable at 6.4 per cent.[26]

Figure 6. Labour force and the economically active population in Uzbekistan



Source: State Statistical Committee, 2018.

The Uzbek Government acknowledges the need to accelerate efforts to support young people in marginalized urban, rural, and remote areas through the provision of formal and informal education opportunities, as well as labour market inclusion.[27] The main policies supporting young people include a state youth policy,[28] a housing programme for young people, and the Yoshlar-Kelajagimiz (Youth is our Future) youth employment programme.

25 The Youth Development Index is a composite index of 18 indicators that collectively measure multidimensional progress on youth development in 183 countries. It has five domains that measure levels of education, health and well-being, employment and opportunity, political participation, and civic participation for young people. The Youth Development Index defines youth as people between the ages of 15 and 29, while recognizing that some countries and international institutions define youth differently (Commonwealth Secretariat, 2016).

26 World Bank. "Uzbekistan: Education Sector Analysis", December' 2018.

27 Presidential Decree No. 5106 of July 5, 2017, on Measures to Improve the Effectiveness of State Youth Policy and to Support the Activities of the Union of Youth of Uzbekistan. See www.lex.uz/docs/3255685

28 Law of Uzbekistan №3РУ-406 of September 14, 2016, on State Youth Policy (www.lex.uz/docs/3026250), which replaced the Law of Uzbekistan №429-XII of November 20, 1991, on State Youth Policy in the Republic of Uzbekistan. (www.lex.uz/docs/140883).

The relatively low labour market participation of women is also acknowledged. It is estimated that only 14 per cent of working age women were in full-time employment in 2016 (Holzhacker, 2018) while, in 2018, over 40 per cent of all employed women were either own-account workers or in unpaid family work (i.e., vulnerable employment) and 32 per cent were employed in agriculture (World Bank, 2019b). There appear to be several interlinked factors resulting in low female participation and vulnerable employment. Reduction in financing and population growth over the last two decades resulted in falling availability and increasing unaffordability of child-care facilities, which often present an obstacle for women who wish to return to work after maternity leave. Moreover, payment of maternity benefits comes under employer liability, meaning that formal sector employers are reluctant to hire women of childbearing age. Prevailing social norms and attitudes about gender roles further discourage female participation. For example, while the majority of female (85 per cent) and male (76 per cent) respondents in the 2016 Life in Transition Survey thought that female business executives are as competent as male, 80 per cent of respondents of both genders favored a traditional family arrangement where the man works and the woman takes care of the household and children (EBRD, 2016).

2.5 Household incomes, poverty, and vulnerability

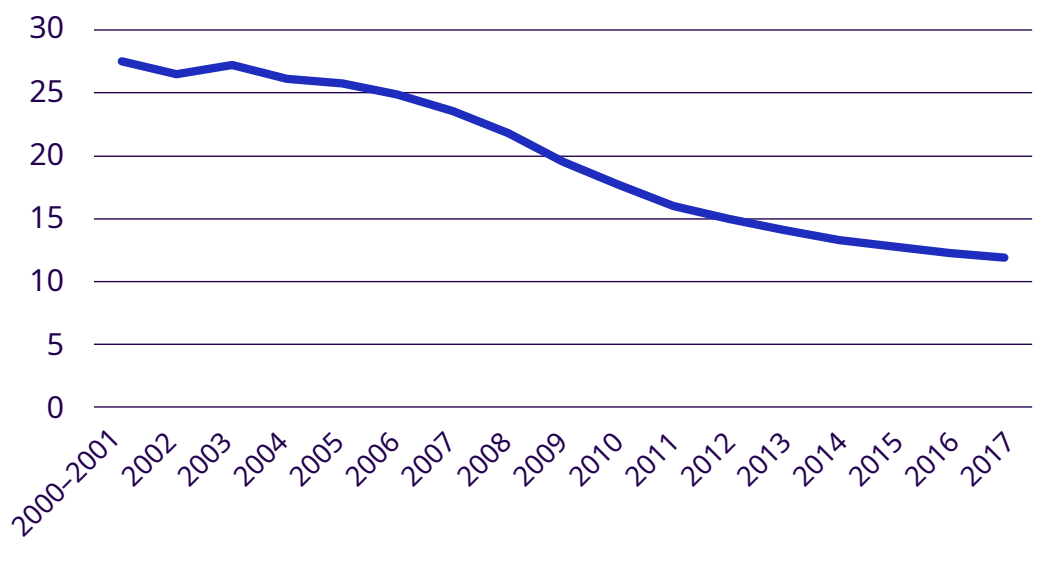
In the absence of comprehensive and regular publicly available data on the living standards of the population,[29] only fragmented information about income, poverty, and vulnerability is available. These are mainly from tables based on the official household budget survey, conducted by the national Statistical Committee.[30]

The share of the population living below the national poverty line more than halved, from 27.5 per cent in 2001 to 11.9 per cent in 2017, according to national statistical data (**Figure 7**). The national poverty line, however, is based on the cost of minimum food consumption, equivalent to 2,100 kilocalories per diem. There is a growing consensus that the national poverty measurement, established in 2001, does not fully capture the breadth, depth, and dynamics of poverty in the country. Attempts have been made to revise the minimum consumption basket by including not only food consumption items, but also the cost of essential services. The Ministry of Economy and Ministry of Health are currently working on a new proposal for a less restrictive minimum consumption basket, which is expected to be put forward by the end of 2020.

29 The last population census was implemented in 1989.

30 See www.stat.uz/en/open-data/181-ofytsyalnaia-statystyka-en/6385-living-standards1

Figure 7. National poverty rate in Uzbekistan (in per cent)



Source: State Statistical Committee, 2020.

Earlier available poverty estimates suggest that there is significant rural poverty as well as regional disparities.[31] Child poverty rates are above the average national poverty levels,[32] while a recent study shows that approximately 57 per cent of children live on less than UZS 276, 450 (approximately US$33) per month (L2CU, 2018), the equivalent of the income eligibility threshold for families entitled to the means-tested, low-income allowance (UNICEF, 2019a). The risk of poverty among the working population is also considerable, especially for those with earnings close to the minimum wage[33], which was set at UZS 172,240 per month (approximately US$21) in 2017.

A recent study provides evidence of the characteristics most commonly associated with poor and vulnerable households. These households were generally ones with many dependents, especially young children, with household members with chronic disease or disability; households with no land or livestock, forcing them to purchase all their food; or households where adults have to rely on temporary jobs. The most common and immediate coping strategy is temporary labour migration abroad, mainly to Russia. As for long-term coping mechanisms, young and working age adults see higher education as the main route to escape or prevent poverty (World Bank, 2018b). Most low-income households, however, are unable to send their members to higher education institutions; 61 per cent of households that receive social assistance express this as a concern (World Bank, forthcoming (b)).

31 See, for example, data for 2000–07 in IMF (2008).

32 See, for example, results of World Bank (forthcoming (b)), which provide estimates for an overall poverty rate of 9.6 per cent and 11.8 per cent for children under age 14. This is based on 2018 data and the US$3.2 per day poverty line in purchasing power parity terms per capita consumption.

33 Since September 1, 2019 (according to Presidential Decree УП–5723 in 21.05.2019) the minimum wage was split into 3 values: 'base estimate amount", minimum pension and minimum wage. Another PD (УП-5765 from July 12, 2019) points out the increase in the 3 identified values. New levels as defined by the PD 5765: min level of wage matrix 634 880 UZS; base value amount 223 000 UZS; min pension 223 000 UZS. According to the Decrees, pension benefits will be tied with the minimum pension level, and governmental fees and fines etc. will be tied with the base value amount. Family benefits are not mentioned in the Decrees 5765 and 5723, thus they are currently considered untied form the minimum wage or other values.

2.6 Summary and key messages

Since the mid-2000s, Uzbekistan has achieved steady and respectable economic growth rates, as well as considerable improvements in key development indicators, such as absolute poverty rates, child mortality rates, and the Human Development Index. There are indications, however, that the benefits of economic growth have not been distributed equally, and that residents, in particular those from rural and remote areas as well as marginalized urban areas, may have been left behind. Reforms to the agriculture sector have led to a decline in the quantity and quality of rural employment, resulting in large flows of internal and external migration. These, coupled with the large annual influx of new entrants to the labour market, have created considerable challenges in guaranteeing decent jobs[34] for the growing working population. While privatization and support for small and medium enterprises have been pursued, the private sector has been unable to absorb all of the new entrants as well as migrants from rural areas. In this situation, migrant remittances from abroad, particularly from Russia, have acted, to a certain extent, as a shock absorber for many households.

With large cohorts of new entrants entering the labour market each year, the country has the potential to benefit from a "demographic dividend". This can be reaped only if appropriate investments are made in human capital and if there are sufficient productive jobs on offer. Estimates of employment and unemployment rates vary, although they point overall to problems with youth employment and to low participation rates for women, as well as the low quality (insecure and substandard working conditions) of job opportunities for large sections of the male and female workforce, with more than half of the workforce being engaged in the informal sector or engaged in (mainly informal) migration. Faced with these employment challenges, Uzbekistan is not able to reap the potential benefits of the demographic dividend which its low dependency ratios offer.

In this context, the question arises of how SP and employment policies could be designed in a coherent and complementary manner to contribute to a more equal distribution of growth and to build resilience. The main challenges in relation to SP can be summarized as follows:

- High levels of low-quality, vulnerable, and informal employment that point to low levels of income security and resilience among working age adults and their families. This means that the working age population in this type of employment has neither access to social insurance programmes nor to non-contributory programmes in cases when they earn their livelihoods. In cases when they do earn work related incomes, their capacity to contribute to social insurance programmes and thus be able to access their SP rights in the present, in particular in the event of sickness, employment injury, disability or maternity is limited. It also impacts access to an adequacy of programmes and benefits in the future when in old age, or in the case of survivors.
- Relatively high employment rates for working age adults and the low numbers of registered unemployed also suggest that many have no choice but to go for low-paid and low-quality work (including agricultural self-employment) or migration. Unemployment is not something that can be afforded, and there is little incentive to register as unemployed due to the low salaries of the vacancies offered by employment centres and the low level of unemployment benefits which result in many unemployed people seeing registration as unworthy of their efforts.
- The low quality of employment and wages among working age adults is likely to have a knock-on effect on the vulnerability and income insecurity of the large child population (over 30 per cent of the population are below working age), implying considerable demand for child income support and social services for families at risk. This also has repercussions for the old aged population regarding their income security and health services.
- Low dependency rates on the one hand infer relatively few problems regarding the sustainability of the Pension Fund and financing of old age pensions. On the other hand, if working age people are not employed, or are working in the informal sector, or are informal migrants without social insurance coverage, or if their wages are low, considerable gaps in social insurance and pension coverage, low levels of contributions, and challenges to Pension Fund sustainability over the longer term all seem inevitable. The large share of informality points to significant gaps in coverage with insurance-based pension, sickness, employment injury, disability rights, and maternity benefits and, consequently, less

34 ILO sets out 10 dimensions of decent work, which basically fall into four interrelated pillars, namely employment creation and productive work delivering a fair income; access to SP, particularly social insurance, implying access to pension, sickness, and maternity benefits; rights at work, implying safe work conditions and formal contracts; and social dialogue. Non-decent work falls short in some or all of these pillars. Evidence from the region suggests that large shares of the working population are employed in low-quality, low-wage jobs that do not fall under the category of decent work and, therefore, contribute little to empowerment or upward mobility.

worker rights as well as greater pressure on the budget for tax-funded pensions and maternity and disability allowances.

- Large numbers of young people are entering the labour market each year and are at risk of unemployment and low-quality employment. Women have low participation rates, and a considerable share of those, who are employed, are in vulnerable employment. Both of these groups require support with insertion into the labour market. Policy efforts in this direction are being made. Many of these are directed, however, at promoting entrepreneurship. Expectations regarding such policies should be realistic, as entrepreneurship among those with low human, social, and financial capital may help boost livelihoods in the short term, but successful entrepreneurship requires significant long-term investments in all three types of capital and well-established business support services, among others. It is not clear whether or not the existing network of employment offices has the human capacity and other resources to provide the necessary support required by new start-ups, especially for youth and women. Moreover, small entrepreneurs are unlikely—at least initially—to be able to make social security contributions at the level required to help make the current solidarity pension system more sustainable. This would imply the need for differentiated approaches to bring different groups of workers (entrepreneurs) under the national social security system. Moreover, the lack of professional skills among young people becomes a serious barrier for development of the private sector, and therefore boosting professional education for young people should be another priority in ensuring the necessary human capital for the sustainable development of the country.
- While poverty rates have been significantly reduced, they have been calculated on the basis of a very restrictive minimum consumption basket and can be assumed to reflect levels of extreme poverty only. There is no monitoring of the shares of households that are not in extreme poverty, but which are vulnerable to shocks. The cost of this extremely restrictive minimum consumption basket also is applied as the basis for establishing minimum benefit levels, with negative implications for the adequacy of benefits, minimum pensions, and wages.
- Apart from the limited data available to monitor poverty and the impact of the country's various SP schemes, a lack of migration-related statistics also negatively impacts the design and monitoring of employment and SP policies alike.

All of the above suggest that there are considerable segments of the population that have not been benefiting from Uzbekistan's recent period of economic growth, and that there is considerable potential for SP to be one of the measures to be used more systematically as a mechanism to contribute to more inclusive growth. Further liberalization and privatization, on their own, will not reduce poverty and vulnerability. Citizens need to be able to access their right to SP. At present, the social insurance component is not fully developed, in that some of the risks that citizens face are dealt with through employer liability and non-contributory schemes. Moreover, there is evidence of an erosion of the culture of social insurance, due mainly to the decline in decent work opportunities. There is a need to invest in programmes that bring those in vulnerable and informal employment under the social security and insurance umbrella, while taking their contributory capacity into account and non-contributory programmes must be strengthened in order to play a more effective role in poverty reduction.

3. Social protection policy

3.1 Legal and policy framework

Uzbekistan's Constitution refers to SP as a basic human right. Article 39[35] states that "Everyone has the right to SP in old age and in the instances of disability and loss of the breadwinner, as well as in other cases provided by law." The same article further stipulates that "Pensions, allowances, and other types of social benefits cannot be lower than the officially established subsistence level."[36] A series of laws, decrees, and resolutions define the right to social security and to social services in more detail (**Box 1 and Annex 1**).

Box 1. Key laws regulating access to social protection programmes and services in Uzbekistan

- Law No. 938-XII of September 3, 1993 on the Provision of a State Pension to Citizens.
- Resolution of the Cabinet of Ministers of February 15, 2013, on the Allocation and Payment of Social Benefits and Material Support to Low-Income Families.
- Law No. 3PY-376 of September 25, 2014 on Social Partnerships.
- Law No. 3PY-415 of December 26, 2016, on Social Services for Elderly, Disabled, and Other Socially Vulnerable Categories of the Population.
- Law No. 3PY-139 of January 7, 2008 on the Guarantee of the Rights of the Child.
- Law No. 3PY-162 of July 11, 2008, on the Social Protection of Disabled People.
- Law No. 616-I of May 1, 1998, on Employment.

National legislation aims to address the risks associated with old age, disability, unemployment and employment injury and family and survivor benefits. The system includes (i) social insurance schemes (contributory old age, unemployment, disability, and breadwinner-loss); (ii) employer liability schemes (employment injury, maternity, and sickness); (iii) social assistance schemes (unemployment, low-income family and child support; non-contributory old age, disability, and breadwinner-loss); (iv) active labour market policies; (v) social services.

With regard to legislation and policymaking, the health care system is generally considered outside the margins of the SP system and, while not covered in detail in this report, it is clear that citizens are, in fact, protected against health risks. Moreover, the health system is undergoing reform and a mandatory healthcare insurance scheme will soon be in place.

This report includes the essential care services for the elderly and people with disabilities for which the Ministry of Health is responsible (**Figure 8**). The prevailing understanding of SP in Uzbekistan is that of a system of income transfers rather than the welfare services performed by social workers and employment services, particularly with regard to active LMPs.

With regard to income transfers, the SP system is clearly divided between schemes that are financed by social insurance and those by the general government budget. This also applies to the nascent social work system that offers services to adults that are not linked to those for children. Cash transfers and social work, at present, are separate components, with little or no link between the two. The same applies in the case of active labour market policies and related employment services, where they are neither linked conceptually nor in terms of governance, and are considered separate from the social protection system as are benefits to other types of social services.

35 The Constitution of the Republic of Uzbekistan was adopted on December 8, 1992. See www.un.int/uzbekistan/uzbekistan/constitution-republic-uzbekistan

36 Ibid.

It should be noted that Uzbekistan is signatory to a number of relevant international human rights mechanisms that enshrine the right to SP and relevant services. This should be reflected in national legislation, policy, and practice (**Box 2**).

Box 2. Relevant International Human Rights Instruments Ratified by Uzbekistan

- Convention on the Rights of the Child (1994)
- International Covenant on Economic, Social and Cultural Rights (1995)
- International Convention on the Elimination of All Forms of Racial Discrimination (1995)
- Convention on the Elimination of All Forms of Discrimination against Women (1995)
- Discrimination (Employment and Occupation) Convention, 1958 (No.111) (1992)
- Employment Policy Convention, 1964 (No. 122) (1992)
- Maternity Protection Convention (Revised), 1952 (No.103) (1992)
- Workers' Representatives Convention, 1971 (No.135) (1997)
- Collective Bargaining Convention, 1981 (No.154) (1997)
- Minimum Age Convention, 1973 (No. 138) (1992)
- Abolition of Forced Labour Convention, 1957 (No. 105) (1997)
- Equal Remuneration Convention, 1951 (No. 100) (1992)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) (2016)
- Forced Labour Convention, 1930 (No. 29) (1992)
- Holidays with Pay Convention, 1936 (No. 52) (1992)
- Forty-Hour Week Convention, 1935 (No. 47) (1992)

Sources: OHCHR (2019) and ILO (2019c).

3.2 Governance

The governance responsibility of Uzbekistan's SP system is spread across various ministries and further devolved to the local level. The main social security schemes are divided between the Ministry of Finance (MoF), responsible for the Pension Fund and for the control of expenditures in social assistance programmes; MELR, responsible for labour, employment, and SP policymaking;[37] the Ministry of Health, which manages health-related programmes and services for the elderly and those with disabilities; and the Ministry of Education, which oversees childcare institutions and small in-kind schemes for schoolchildren.

The current allocation of responsibilities is the result of a process initiated in the mid-2000s, beginning with the transfer of the Pension Fund—which already had the status of an extra-budgetary entity—to the MoF. The Ministry of Labor and Social Protection was transformed into the Ministry of Labor in 2016 and, again, into the MELR in May 2017. The transformation was meant to strengthen the ministry's employment policy implementation, as well as encourage a stronger focus on LMPs. The ministry has retained a relatively small SP department to manage low-income family allowances and child benefits. It has a rather limited role, however, in overall policymaking. Social care services for the elderly and disabled were transferred to the Ministry of Health in 2016.

37 As defined on the web page of the Ministry http://old.mehnat.uz/en/page/mehnat-va-aholini-ijtimoiy-muhofaza-qilish-vazirligi-vazifasi

Figure 8. Summary of the main social protection responsibilities of ministries and state entities at the national, regional (oblast), district (rayon), and Mahalla Commissions level in Uzbekistan

Source: Figure produced by authors.

Note: Oblast refers to a regional office, and rayon to the district-level office. VTEK refers to medical and labour advisory commissions responsible for assessing the level of disability.

Figure 8 summarizes the main responsibilities of the ministries and state entities at the national, regional, and district levels. Overall leadership of the SP system, following the recent reorganization process, is still unclear although it normally comes under the Office of the President and the Cabinet of Ministers. The Information Analytical Department within the Cabinet of Ministers is expected to gather all information, analyse policy development issues, and provide oversight of SP policies. In practice, however, SP is not a priority policy area for the department.

As **Figure 8** demonstrates, vertical links within each of the institutions are strong and are based on checks for compliance with legal provisions, presentation of required supporting documentation, and assurance that expenditure is in line with planned financial allocations. The upward flow of reporting mostly consists of administrative summary information on implementation of the budgets and targets. However, it is done for controlling purposes only, without clear monitoring and evaluation.

Horizontal links at the national and local levels, however, appear weak and depend on interaction between the management and the various ministries and agencies, with limited institutionalized space for joint policy development and alignment. This results in fragmentation. For example, within social assistance, social pensions for the elderly and non-contributory disability pensions are administered by the Pension Fund, but low-income household and child allowances are administered by the MELR. This implies that a disabled person must apply to MELR through a mahalla committee for a low-income allowance, while low income may result from the low level of a disability allowance, for which the person had to apply to the Ministry of Health to obtain a disability status and then to the Pension Fund for the disability allowance.

The majority of schemes are implemented at the mahalla and district levels. They are the source of not only information on the needs of the population, but also on the programmes and schemes available to applicants. Eligibility assessments and enrollment into programmes and schemes for vulnerable children, families, and those who are unemployed take place at this level.

Role of the mahallas

The absence of an overall SP strategy that includes social work may be partially attributed to the devolution of responsibility in the 1990s of the delivery of welfare services and social benefits for the disadvantaged to local level community structures, or mahallas. Mahallas have a strong tradition in Uzbekistan and their community structure is based on shared values and solidarity (**Box 3**).

Box 3. Global definition of the social work profession: Uzbekistan

"Social work is a practice-based profession and an academic discipline that promotes social change and development, social cohesion, and the empowerment and liberation of people. Principles of social justice, human rights, collective responsibility and respect for diversities are central to social work. Underpinned by theories of social work, social sciences, humanities, and indigenous knowledge, social work engages people and structures to address life challenges and enhance wellbeing."

Source: ISFW (2014) https://www.ifsw.org/global-definition-of-social-work/

Solidarity within the mahalla includes elements of redistribution between well-off residents and those who are deprived or are in a crisis situation, as well as what in social work terminology would be termed mediation, counselling, and referral. Elected mahalla representatives, elders, and moral authorities mobilize individuals—and the mahalla as a whole—to provide support for the poor and unemployed, mediate in disputes (e.g., family and domestic issues), and offer counsel where rules and regulations may have been breached. Nevertheless, mahallas perform some social work activities (Box 3). Following the collapse of the guaranteed welfare system of the Soviet era and as a result of the continuing lack of resources at the national level, it became the practice to engage the mahallas to provide the necessary social welfare services. The mahallas are known for their strong tradition of solidarity and, as such, the current system is able to draw from their local community knowledge for the allocation of social

benefits for low-income individuals and households. Uzbek legislation, in effect, has embodied this informal community welfare tradition by establishing mahalla councils to approve eligibility for income transfer schemes, LMPs, and care services. The mahallas, in turn, continue to retain some elements of their informal structure and organizational characteristics to facilitate additional support, if necessary, in the absence of government or inadequacy (Urinboyev, 2016). As such, eligibility for and access to state income transfers and social services is determined by volunteers and paraprofessionals, with limited support from national institutions.

Despite the positive features of the mahalla structure, it nevertheless has become an obstacle in the shift toward more adequate and equitable SP, as well as a system that is carried out by trained professionals. While Uzbekistan's SP system is at an embryonic stage of development, there are a range of initiatives across various ministries and entities that comprise elements of a social work programme; however, these tend to be limited in scope, have minimum resources, and are not implemented by trained social. The initiatives include the following:

- Medical social assistance units at the district level that provide care and support to vulnerable elderly people and those with disabilities. There are approximately three to five people in each Ministry of Health district office.
- Trusteeship and guardianship responsibilities under the Ministry of Education, with one inspector in each district office, mainly to handle children left without parental care.
- Interagency Commission on Minors, whose lead comes from the Prosecutor-General's office. Apart from a paid secretary, it lacks a dedicated staff and operates at the regional and district levels under the local mayor's (khokim's) office. Its key responsibility is to handle cases of children who have committed minor offences.

There is a wealth of information within the mahallas about vulnerabilities, and on the coverage, adequacy, and targeting efficiency of social assistance programmes (Box 4). The information is quite accurate. For example, a UNICEF study (UNICEF 2019a) shows that the inclusion errors in social allowances assigned by mahalla committees varied between 3-10 per cent.

However, this information does not seem to be systematized, and presented to higher authorities with recommendations for improvements, or used as evidence to document actual financing needs. Instead, the decisions on what programmes are available and what financial allocations for them are transmitted from the top down. Programmes are designed mostly at a central level, and do not take into account the needs of each region. They are financed based on historical data (i.e., data from the previous year) relating to programme size and use of allocations. As such, while there is little incentive to ensure savings, there is, conversely, little opportunity for upward budget revision as needs increase. Nevertheless, changes in budget allocations during the financial year are feasible, provided there is strong argument to support them. Anecdotal evidence, however, suggests that this process is cumbersome, and negotiation is initiated only if it is absolutely necessary.

Box 4: The Mahallas and Social Protection

The Mahalla traditionally has an important role in community life in Uzbekistan. It can be described as a (residential) neighbourhood community in which residents are united by common traditions, language, customs, values and a tradition of reciprocal exchange of money, material goods and services. There are about 12,000 mahalla in Uzbekistan, each with 150 to 1500 households. Following the collapse of the Soviet Union some of the mahallas' informal functions were formalized and given a legal form; and mahallas became to a certain extent an extension of the executive powers of local authorities. Responsibility for citizens' welfare is one of mahalla roles that was codified in law during the 1990s. (Law №758-I "About Local Government" dated 14.04.1999: http://lex.uz/ru/docs/86238).

In the early 1990s, Uzbekistan drew on the Mahalla tradition and local knowledge to introduce a system of community targeting for determining the eligibility of mahalla residents for social assistance programmes. Mahallas were first given responsibility for determining eligibility for low-income benefits, and then for targeted child benefits. Since then, they have been consulted by employment centres when assessing eligibility to labour market programmes; and by health institutions when assessing eligibility for social services. Anecdotal evidence suggests that the mahalla council is used as a source of information to verify that beneficiaries comply with the rules and obligations of the social protection programmes they participate in.

The Mahalla administration is also responsible for identifying children without (adequate) parental care, and for notifying the responsible instances for such cases. They are moreover responsible for placing the child in temporary kinship-care until a permanent solution is found and approved by authorities.

Apart from these formalized functions, the mahalla also retains its informal role in mediating in the cases of disputes within the community, including marital disputes. Solidarity within the community is encouraged, with the mahalla organizing financial and in-kind contributions, to help those in need, either because of problems which cannot be addressed through formal mechanisms or in urgent cases.

Source: Urinboyev, 2016, and CODI consultations.

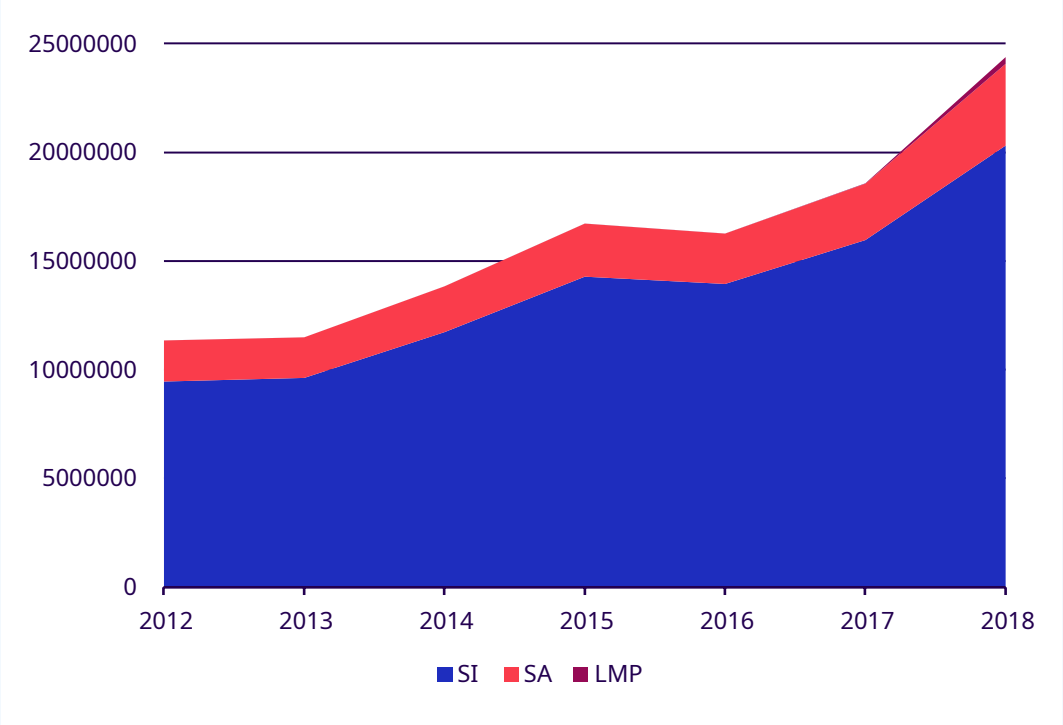
3.3 Financing and expenditure

Uzbekistan's expenditure on SP amounted to 6 per cent of GDP in 2018,[38] placing it in the group of countries with a lower range investment in SP in the ECIS. Overall, the majority of SP expenditures in 2018 were on social insurance programmes (approximately 83.31 per cent of government expenditures, or 4.99 per cent of GDP), and their share has risen slightly since 2012 (80.62 per cent) (**Figure 9** and **Table 1**). Social assistance programmes are the second largest category. Their share decreased from 19.36 per cent in 2012 to 15.41 per cent in 2018, mostly due to the drop in the share of expenditures for allowances to low-income families with children aged 2 to 13 years. It should be noted, however, that there was a 50 per cent increase in budget expenditure on social assistance benefits in 2018, and they will potentially rise by a further 62 per cent in 2019 in recognition, in particular, of the need to support low-income families with children, yet it remains insufficient leaving most eligible families without social assistance. Spending on social assistance programmes was 0.92 per cent of GDP in 2018, which places it significantly below regional average spending on social assistance in Europe and Central Asia, which was 2.2 per cent of GDP in 2018 (World Bank, 2018c).

The share of expenditure for LMPs accounted for 0.08 per cent of GDP in 2018. The growth rate of expenditures for LMPs, however, was the highest, at 154 per cent per annum from 2012 to 2018. It accelerated considerably with the introduction of a significantly large public works programme in 2017. It should be noted that LMP's include public work programmes.

38 Ministry of Finance and State Committee of Statistics, 2019.

Figure 9. Government expenditure for three main types of social protection in Uzbekistan



Source: Ministry of Finance.

Note: SI = social insurance (including employer liability for state agencies (i.e., excluding private sector companies and state-owned enterprises)); SA = social assistance; LMP = labour market programmes, including public works programmes. The expenditure for public work programmes includes only wages and wage subsidies.

The expenditure for each of the main SP components, namely social insurance, social assistance, social services and LMPs is discussed in more detail below.

Table 1. Social protection expenditure by social protection category in Uzbekistan

Programme	Annual expenditure (millions of Uzbek soms)			Average annual per cent change* (2012–2018)	Per cent share in total expenditures			Per cent share in Gross Domestic Product		
	2012	2015	2018		2012	2015	2018	2012	2015	2018
Pensions	7,632,796.3	14,187,478.9	20,077,927.7	17.49	80.07	84.37	82.33	7.90	8.28	4.93
Other social insurance (e.g., maternity benefits)	52,663.1	96,654.8	238,992.5	28.67	0.55	0.57	0.98	0.05	0.06	0.06
ALL social insurance	**7,685,459.4**	**14,284,133.7**	**20,316,920.2**	**17.59**	**80.62**	**84.94**	**83.31**	**7.96**	**8.34**	**4.99**
Old age social pension and other old age social assistance	38,559.1	66,918.5	145,435.8	24.76	0.40	0.40	0.60	0.04	0.04	0.04
Medical care assistance	11,761.1	96,932.6	146,528.9	52.26	0.12	0.58	0.60	0.01	0.06	0.04
Child SP programmes	1,341,356.2	1,576,236.0	2,030,873.6	7.16	14.07	9.37	8.33	1.39	0.92	0.50
Including child allowance		1,188,276.0	1,362,281.9	4.66		7.07	5.59		0.69	0.33
Other Social Assistance	454,170.5	787,432.7	1,436,208.6	21.15	4.76	4.68	5.89	0.47	0.46	0.35
Including low-income family allowance		86,142.0	212,827.7	35.19		0.51	0.87		0.05	0.05
All social assistance	**1,845,846.9**	**2,527,519.7**	**3,759,046.9**	**12.58**	**19.36**	**15.03**	**15.41**	**1.91**	**1.47**	**0.92**
Unemployment benefits	441.6	978.6	3,028.0	37.83	0.00	0.01	0.01	0.00	0.01	0.00
Public works	56.6	247.6	298,024.0	317.10	0.00	0.00	1.22	0.00	0.00	0.07
Skills development and training	660.1	3,153.5	9,437.8	55.79	0.01	0.02	0.04	0.00	0.00	0.00
Labour market programmes	**1,158.3**	**4,379.8**	**310,489.8**	**153.92**	**0.01**	**0.03**	**1.27**	**0.00**	**0.00**	**0.08**
TOTAL SOCIAL PROTECTION EXPENDITURE	**9,532,464.6**	**16,816,033.1**	**24,386,456.9**	**16.95**	**100.00**	**100.00**	**100.00**	**9.87**	**9.81**	**5.98**
Gross domestic product, current prices	**120,242,001.5**	**210,183,101.7**	**406,648,542.9**	**25.52**						
SP Expenditure Indicator	**7.9 per cent**	**8 per cent**	**5.98 per cent**							

Source: Ministry of Finance, Ministry of Employment and Labour Relations, Ministry of Health, and the Ministry of Education.

*Average annual percentage change refers to the average growth rate of expenditures within the 2012–18 period; for child and low-income family allowances, the growth rate is for the 2015–18 period.

Table 2. Source of financing by key programmes in Uzbekistan

Type of social protection	Programme	Delivery	Source of funding
Social insurance	▶ Old age pension ▶ Disability pension ▶ Breadwinner-loss pension	Pension Fund	Pension Fund with revenue from personal income tax, supplemented by state budget
	▶ Unemployment benefit	District* employment centre (Ministry of Employment and Labour Relations (MELR))	Employment Support Fund,** with revenue from social insurance contributions, supplemented by State budget (MELR)
Employer liability	▶ Childbirth benefit ▶ Maternity benefit ▶ Young (under 2 years old) child benefit for working mothers employed by government agencies ▶ Sickness leave and benefit	Pension Fund/employer	State budget (Ministry of Finance)/employer
Social assistance	▶ Old age allowance (social pension) ▶ Disability allowance (social pension) ▶ Breadwinner-loss allowance (social pension)	Pension Fund	Pension Fund, using funds from state budget
	▶ Child disability allowance ▶ Disability social allowance to disabled from childhood ▶ Low-income family allowance ▶ Childcare allowance (under 2 years old) ▶ Allowance for families with children (2–14 years old) ▶ Funeral grant ▶ Monetary compensation for communal expenses to vulnerable groups ▶ In-kind support: free-of-charge winter clothes to school children, use of public transport, food provision, medicines ▶ Social care services	Pension Fund/Mahalla/ Ministry of Education/ Ministry of Health	State budget (Ministry of Finance)
	▶ Essential health care services and medicines for specific groups	Ministry of Health	State budget
Программы рынка труда	▶ Unemployment benefits ▶ Professional skills training ▶ Wage subsidies for vulnerable ▶ Apprenticeship ▶ Job intermediation and matching service ▶ Hiring and training subsidies to employers (2019) ▶ Subsidized programmes supporting entrepreneurship, including Youth is Our Future	District employment centre (MELR), Women's Committee, Youth Committee, among others	Employment Support Fund (MELR) (with funding from social insurance contributions, state budget, and international donors)
	▶ Public works (employer wage subsidy)	District employment centre (MELR)	Public Works Fund (MELR)

*District refers to rayon level. Centres for the Promotion of Employment of the Population, shortened here and throughout the report to employment centres.

**State Employment Promotion Fund.

Until January 1, 2019, social insurance was financed by worker and employer contributions to social insurance, and through the general budget (tax-financed schemes) (**Table 2**). At the beginning of 2019, however, worker social insurance contributions were discontinued. Instead, all citizens now pay personal income tax at a flat rate of 12 per cent. It is presumed that a share of this tax contribution to the general budget will be directed toward SP programmes; there is as yet, however, no clear evidence of this. Employer contributions continue, but at a reduced rate in the case of private sector employers (**Box 5**). This signals quite a radical change in the approach to contributory social insurance. In effect, social insurance defined as a contributory scheme with contributions from employees and employers has been changed which is not fully in line with international social security standards.

Box 5. Social Insurance contributions in Uzbekistan

Changes in the tax system came into effect as of January 2019, with the prediction that enterprises in which the state has a majority ownership will pay a social insurance contribution amounting to 25 per cent of gross salary, while the social insurance contribution for all other legal entities will be reduced from 15 per cent to 12 per cent. Social insurance contributions from workers will be discontinued. Instead, each person will contribute 0,1 per cent from the general individual income tax (flat-rate tax set at 12 per cent) toward individual pension accounts.

Prior to these changes, the contributions were as follows:

a) Employer contribution:

- **Unified Social Payment (15 per cent: micro and small enterprises, including agricultural workers; 25 per cent: other enterprises).**
- **Mandatory contributions to the State Trust Fund (3.2 per cent), which are distributed among:**
  - Off-Budgetary Pension Fund: 46.88 per cent;
  - Republican Road Fund: 43.75 per cent; and
  - Off-Budgetary Fund for the Development of the Material and Technical Base of Educational and Medical Institutions: 9.37 per cent.

b) Employee contribution:

- **Insurance (social security) contribution to the Off-Budgetary Pension Fund (8 per cent).**
- **Individual pension savings account (2 per cent): This is taken from personal income tax.**

* Overall maximum payment by an employee is 30.5 per cent of income (22.5 per cent minus maximum income tax plus 8 per cent insurance contribution to the Off-Budgetary Pension Fund).

Source: Decree of the President № 3454 of December 29, 2017, on the Forecast of the Main Macroeconomic Indicators and Parameters of the State Budget of the Republic of Uzbekistan for 2018 (www.lex.uz/docs/3480354).

Budgets for tax-financed schemes are established by the MoF based on proposals from the MELR. Although budgets are proposed for the following three years, each budget is approved annually, with the final approval of Parliament. With the recent decision to introduce a medium-term budget framework and a greater focus on results, however, innovations are likely to be introduced into the financing system.[39] This will require the Government to develop a five-year plan for the national SP sector.

The Budget Code specifies the regulations on and procedures for preparing, submitting, reviewing, and approving budget proposals. There is no national plan or strategy, however, that clearly defines the setting of budget priorities or policy direction, which are somewhat based on sectorial laws, decrees,

39 For more information, see https://uz.sputniknews.ru/economy/20180111/7243347/uzbekistan-budjet.html

and resolutions as well as the usual ad hoc annual programmes; for example, programmes on youth and women's employment.

Social insurance consists of contributory programmes financed by workers and employers to cover old age, unemployment, disability, and breadwinner-loss pensions. As indicated above, since 2019, there have been changes to the contribution rates for social insurance. State employers contribute 25 per cent of gross salaries, and other employers contribute 12 per cent. Employees contribute 0.1 per cent from the general personal income tax (which is a flat-rate tax set at 12 per cent) toward individual pension accounts. Unemployment benefits are included here under social insurance, although they are not strictly insurance based, as they are financed by employer contributions (0.1 per cent of employer contributions go to the Fund for Employment Assistance), and by the state budget for those with no or an insufficient work record and no or insufficient contribution history. The insurance element for unemployment benefits was already weak, due to low levels of contribution; however, with the 2019 tax reform, it appears that unemployment is a risk that will no longer be addressed through social insurance.

Social insurance schemes cover only those employed in the formal sector. This is of concern, since the number of informal workers is significantly high. While informal employment estimates may vary, results of a recent national survey suggest that it amounts to 59 per cent of total employment (**Section 2**), not only leaving a large number of people without social insurance coverage, but also threatening the financial sustainability of the Pension Fund. (In fact, according to Pension Fund data,[40] approximately 60 per cent of the working age population are not covered by social insurance.) The Pension Fund reports that the pensioner to contributor ratio is 1:1.5, despite ILO's recommendation of a 1:4 ratio to ensure the system's financial sustainability. Apart from the high level of informality, reasons for low participation in the national social insurance programme put forward by the proponents of pension reform include the weak link between pension size and contributions made; the high number of category-based pensions (so-called privileged pensions); and a cap on the maximum pension included in the calculation formula. Current pension reform plans include measures aimed at providing incentives for voluntary enrolment into the social insurance scheme, including the possibility to make one-off social contributions for those employees without sufficient recorded contributory period, so that they can claim state pensions. It is also proposed to allow social insurance contributions to be made for non-working spouses. Unless parallel measures are taken to promote transition from informal to formal employment, however, Pension Fund sustainability will remain an issue.

Social assistance programmes consist of financial transfers for low-income families, child allowances, social pensions for the elderly who are not eligible for contributory old age pensions, and disability and breadwinner-loss allowances for those not covered by social insurance. Essential medicines for certain vulnerable groups are also financed through tax-funded social assistance, as are in-kind benefits for children. Social assistance programmes are fully financed by the state budget from general tax.

The overall number of beneficiaries of social assistance programmes fell from 2013 to 2017. For example, the number of families receiving low-income social allowances/child benefits fell by 60-70 per cent over the last ten years (UNICEF, 2019a).

Social services

Social services are defined as a "comprehensive set of legal, economic, psychological, educational, medical, rehabilitation and other measures to provide assistance to a person who needs such assistance, aimed at improving his/her quality of life, creation of equal opportunities to realize his/her rights in the society."[41] Although the range of social services defined in Uzbek legislation appears quite comprehensive, user groups are defined quite narrowly, including the elderly who live alone and need assistance; people with first and second category disabilities; orphans and children without parental care and children deprived of parental care; persons with intellectual disabilities; and people with socially important diseases. This somewhat narrow definition of vulnerable groups excludes other groups in need of social services, such as survivors of gender-based violence and human trafficking; the elderly living in families, but requiring long-term care; families of migrants left behind; and children without adequate parental care. The lack of services for women in difficult life situations has been recognized recently, and counseling centres have been established, as has a telephone hotline and the first ever shelter for women who have survived domestic violence (**Section 4**).

40 Response provided in CODI questionnaire.

41 Law on social services for the elderly, disabled, and other socially vulnerable categories of the population (Law № ЗРУ-415 of December 26, 2016).

The system of social services still relies heavily, overall, on residential care for children and adults with disabilities, children with no parental care, and children deprived of parental care. Mobile social services and day care centres for children and adults with disabilities cover only a small percentage of people in need of such services.

Expenditure on social services is difficult to capture, as the data available do include, for example, the salary cost of social workers and the cost of recently established centres for women in difficult life situations, among others. **Table 3** provides the available data for 2016–18. Expenditures for residential care have doubled in this period improving infrastructure and services only to a limited degree while the number of beneficiaries is relatively stable.

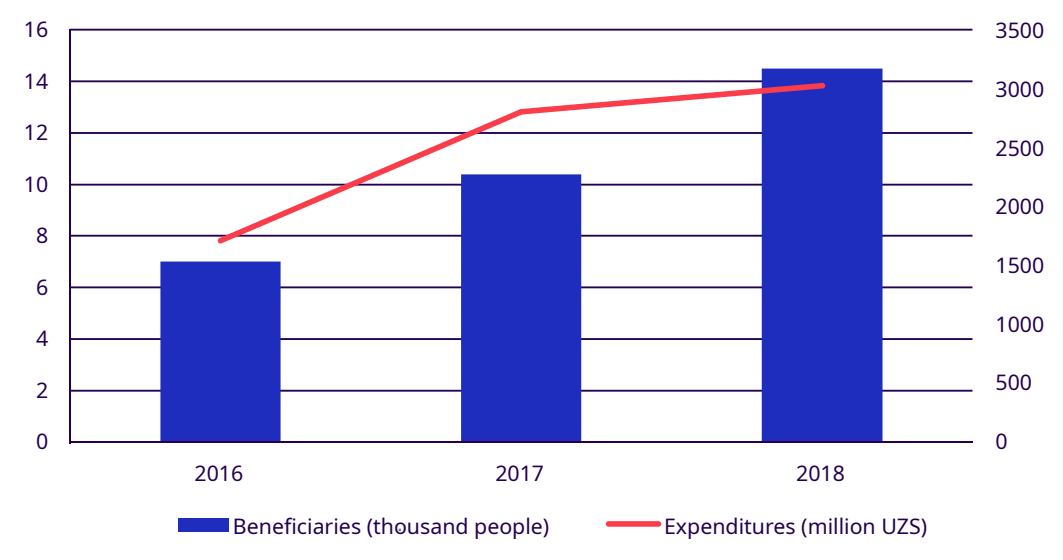
Table 3. Social services in Uzbekistan: Expenditure and beneficiaries

	2016		2017		2018	
	expenditure (million UZS)	number of beneficiaries (thousands)	expenditure (million UZS)	number of beneficiaries (thousands)	expenditure (million UZS)	number of beneficiaries (thousands)
Residential care for elderly and PWD (Sakhavat, Muruvvat)	35.200,9	6,8	71.159,7	6,9	98,727.7	6.5
Residential care for children	27.510,4	2,8	50.484,2	2,8	63,501.0	2.7
Care services provided at home	23.436,4	1,9	26.384,5	2	39,627.3	15.9
Rehabilitation of PWD	19.584,7	0.7	22.302,9	0,7	27,170.1	20.9

Source: Ministry of Finance.

Labour market programmes represent a small share of the social protection system budget. Unemployment benefits, public works and professional training, retraining and advanced training are the main programmes implemented. These programmes are funded through general budget resources, although the Unemployment Fund gets a small contribution (0.1%) from the employer social insurance contribution.

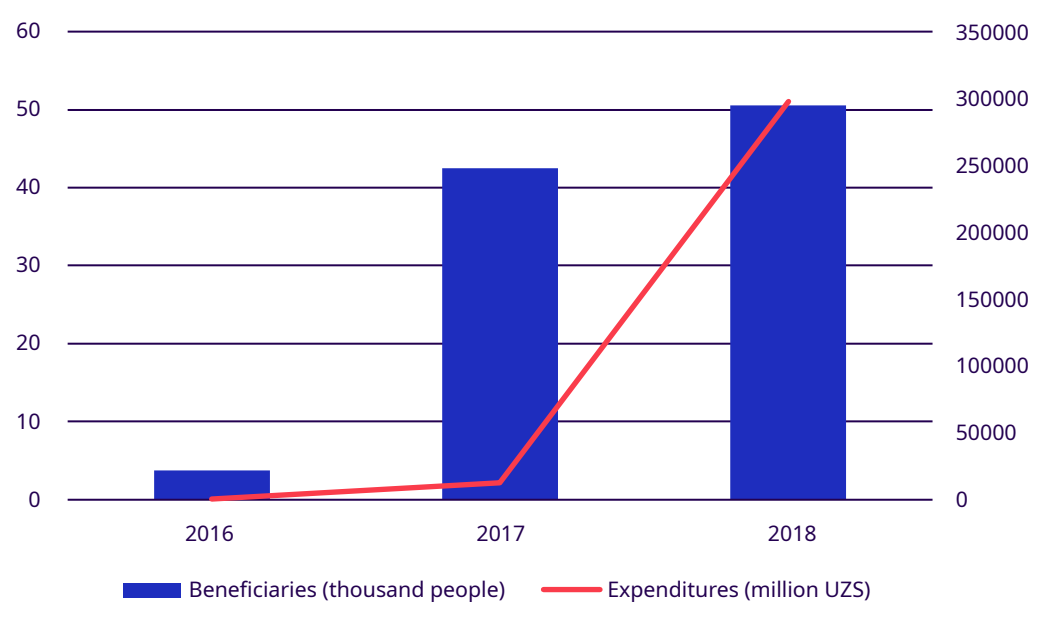
Figure 10. Unemployment benefits in Uzbekistan: expenditure and number of beneficiaries, 2016–18



Source: Ministry of Employment and Labour Relations.

LMPs thus consist of traditional passive measures to minimize income loss due to unemployment (unemployment benefits) and active labour market measures, which include public works (**Figure 11**) and vocational training (**Figure 12**); retraining and advanced training; subsidized programmes supporting entrepreneurship; and hiring and training subsidies to employers (introduced in 2019). Expenditure on unemployment benefits has increased steadily (**Figure 10**). Conversely, active LMPs have increased in terms of expenditure and beneficiaries alike in recent years, particularly with the introduction of the large Public Works programme in 2017.

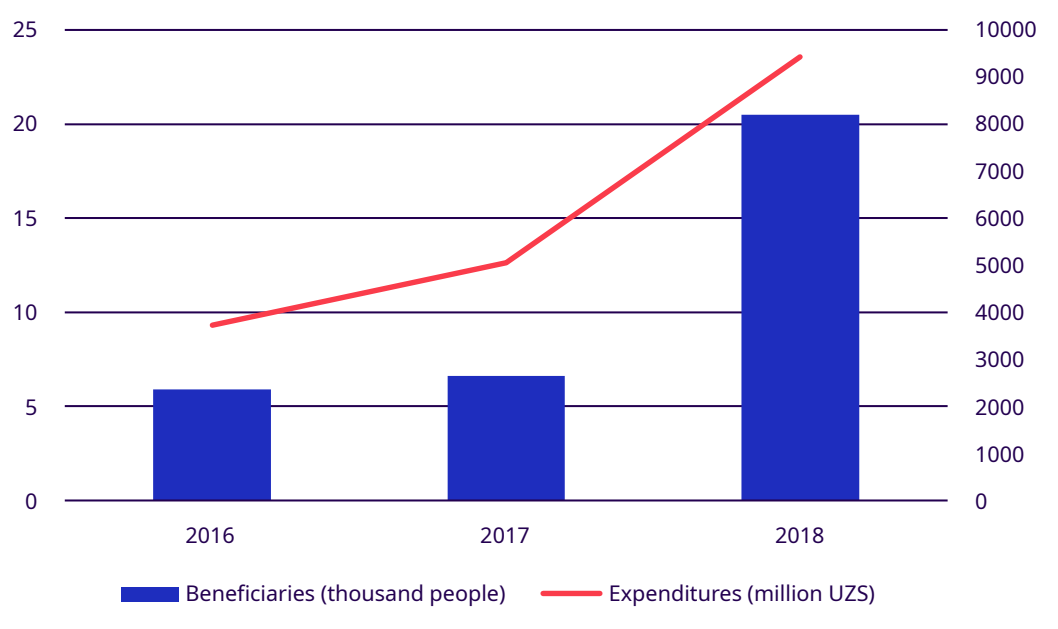
Figure 11. Expenditure (wages and wage subsidies) and beneficiaries of Public Works Programme in Uzbekistan, 2016–18



Source: MELR.

Note: Expenditures include only wages and wage subsidies.

Figure 12. Expenditure and beneficiaries of Professional Training Programme in Uzbekistan, 2016–18



Source: MELR.

Apart from these programmes, there are one-off programmes for job creation. For example, in 2018, the Government announced its intention to create 346,000 permanent workplaces, especially for youth[42] and members of low-income households.[43] In addition to this, a number of programmes targeting young people and women were introduced at the beginning of 2018. The employment strategy for young people, launched in July 2018, aims to increase the socioeconomic participation of young people by offering assistance for the development of businesses and start-ups; provision of preferential loans and property leases; and training for skills in demand. The programme was resourced with UZS 768.7 billion (US$98.6 million) and was scheduled to run until the end of 2018.

A recent set of measures to promote the position of women were set out in the Presidential Decree on Measures for the Fundamental Advance to Support Women and Strengthen the Institution of the Family.[44] These measures offer social support to women and mothers in their role as carers in the family, while also addressing employment issues.[45] The fund was allocated UZS 100 billion (approximately US$12 million) for preferential loans for women entrepreneurs, half of which were disbursed in 2018. UZS 55 billion (approximately US$6.5 million) was also allocated for down payments on housing for women with disabilities.[46]

In addition to specific programmes that target young people and women, a family-based programme, Each Family is An Entrepreneur,[47] was launched in summer 2018 to stimulate private entrepreneurship, with a particular focus on less developed regions and localities with severe climate conditions. The programme offers loans for family businesses; administrative support in setting up and registering businesses; provision of entrepreneurship trainings; creation of business mini-clusters (when successful entrepreneurs are assigned as mentors to beginner entrepreneurs); infrastructure development; and provision of a plot of land for new family businesses. Presidential Resolution "On additional measures to facilitate extending loans to projects implemented with the support the state programmes of family entrepreneurship" stipulates allocations in 2020 of UZS352.6 billion in the Andijan region, UZS400 billion in the Fergana region, and UZS51.7 billion to the Sirdarya region for different family and individual business projects.[48]

3.4 Coverage

The total number of beneficiaries of all SP programmes presented in this report fell from 8.1 million people in 2012 to 6.4 million people in 2017, with an average annual decline of 3.6 per cent. This resulted in a cumulative fall of 21 per cent throughout the 2012–17 period, during which the greatest fall was recorded among beneficiaries of unemployment benefits and low-income family allowances/child benefits. There was a slight increase in the number of social insurance beneficiaries in the same period due to a rise in the number of those eligible for the old age pension. The number of pensioners with disabilities, however, decreased due, in large part, to the removal of the benefit from those in Category III disability. LMPs, conversely, expanded, especially with regard to public work programmes, reflecting the growing emphasis on job creation, promotion, and activation.

42 Youth (young citizens) are defined as persons aged 14 to 30, inclusive, according to the Law No. ЗРУ-406 of September 14, 2016, on the State Youth Policy (www.lex.uz/docs/3026250).

43 Presidential Decree No. 3506 of February 3, 2018, on Measures for the Realization of the State Program of Employment Assistance for the Population in 2018 (www.lex.uz/docs/3550818).

44 Presidential Decree No. UP-5325 of 2 February 2018 (https://lex.uz/docs/3546745).

45 Point 17 of Presidential Decree UP-5325.

46 Presidential Decree No. UP-5325 of 2 February 2018 (www.lex.uz).

47 Presidential Resolution No. PP-3777 of June 7, 2018, on Implementation of the "Each Family is Entrepreneur" Program (www.lex.uz/docs/3772866).

48 Presidential Resolution No. PP-4498 "On additional measures to facilitate extending loans to projects implemented with the support the State programmes of family entrepreneurship" of October 24' 2019 (www.lex.uz/ru/docs/4569648).

3.5 Monitoring and evaluation

Overall monitoring of SP at the national level is the responsibility of the national Parliament. SP is overseen by the Committee on Labour and Social Issues in the Legislative Chamber while, in the Senate, the Committee on Budget and Economic Reform focuses on financing and the Committee on Science, Education, and Healthcare has oversight of administrative matters. The roles of the committees include initiating legislative change; reviewing legislative draft of proposals; exercising parliamentary control over public officials in the Executive Branch; and obtaining regular reports from state officials.

Formal responsibility for overall reporting lies on the Information Analytical Department of the Cabinet of Ministers. Budget and expenditure monitoring is the responsibility of the Department of Financial Control under the MoF, which collaborates with each line ministry and the relevant offices within local governments on budget planning and reviews, and ensuring allocations are disbursed as agreed. The Chamber of Accounts checks that actual payments correspond to budget allocations. Financial monitoring, based on similar principles, is carried out in each ministry, agency, and local government unit. Thus, the approach to monitoring is mainly based on financial audits and checks, comparing actual payments against those planned, and ensuring that the payments made are justified from a legal point of view.

Each institution places particular attention on the monitoring of essential supporting documentation justifying eligibility for the various programmes and schemes. Most of the information is recorded on paper, particularly at the local level, with the exception of the Pension Fund which has an electronic management information system (MIS). This Pension platform has a detailed profile for every pensioner.[49] The MELR is in the process of piloting its own MIS that will store and analyse up-to-date information on all aspects related to labour relations, employment and inspections, providing the labour supply and demand statistics needed for policy making. Additionally, the MoF introduced on October 1, 2019, the pilot of a single registry to simplify, coordinate and increase the transparency of the administration of the three poverty-targeted family allowances.[50] The Ministry of Health has its own electronic register of persons with disabilities. On the whole, these MISs will speed up the data entry process and monitor compliance.

Various types of MIS have become popular worldwide, including the ECIS region. Experience shows, however, that their usefulness depends on a number of factors in terms of purpose, conceptual design (e.g., storage of information on various programmes or data collection on poverty reduction programme recipients), and protection of privacy. One of its underutilized functions is the capacity to carry out a baseline assessment and monitor for evaluation outcomes. Supplemented by qualitative data and analyses, this aspect would not only improve programme design but would also inform financial allocation decision-making.

Such an integrated monitoring and evaluation framework, with clear targets and indicators, exists neither in relation to the SP system nor for individual programmes. Rather, targets for certain programmes are expressed in relative numbers, out of context, or expressed as shares of the relevant target population. While there are a number of data collection attempts to gather the quantitative information that is essential to inform programme targets, it is not always clear whether or not the various targets are aligned.

None of the SP programmes has been evaluated so far. There is evidence, however, that an attempt to evaluate active LMPs has been initiated by Employment Promotion Centres (hereafter, employment centres). Evidence indicates that while LMP evaluations for monitoring purposes have taken place, they have been carried out somewhat superficially. Nevertheless, they should be taken into account in programme revisions or in the design of new programmes so as to ensure they are strengthened within the reform process. Best practice would call for the collection of data to undertake in-depth programme evaluation to benefit improved methodology and/or scale up of programmes. Data also can be used to evaluate regular work processes, as well as external and independent evaluations of programmes to demonstrate user impact.

49 The Pension MIS contains information on the pensioner's address; copies of supporting documents; pension amount; records of payment and employment history; and social contributions.

50 See a Cabinet of Ministers resolution №308 approved on April 13, 2019, which regulates the key elements of the single registry.

3.6 Summary and key messages

Despite the Constitution setting out citizen rights to SP, Uzbekistan has neither a SP policy nor a strategy that reflects its vision for a national SP system. There are various laws on the rules that govern SP schemes, but there is no document that sets out the future direction of the system. As a result, key decisions on SP schemes have been made in a rather piecemeal manner over the last decade. Moreover, SP is fragmented across various institutions, with none having the overall lead to link or integrate interventions to optimize individual programmes. While each institution may have a well-developed vertical organizational structure, the horizontal structure across programmes and schemes appears to be absent. A well-coordinated policy framework is essential for consolidating and strengthening Uzbekistan's SP system at the strategic, organizational, legal, and programme levels.

SP in Uzbekistan can be generally described as a system of cash transfers and benefits. There is little understanding of social care services, nor of the role of the professional social worker. While some services are available, these are aimed at specific segments of the population with no link between benefit and social service; that is, complementarities are not exploited to better promote social inclusion and the quality of life of those at risk of exclusion.

A specific characteristic of the Uzbek SP system is the official role of its traditional local community structure, the mahalla, which assesses social assistance eligibility based on needs. While this has been, to some extent, advantageous in the past, especially during the initial years of independence, the support provided is rarely under professional guidance. It appears timely, therefore, to expand the role of the professional social worker. In some instances, the mahallas fill the gaps that exist in support from the state by providing extra cash or in-kind support; that is, they supplement state-financed schemes and, in some cases, attract additional resources from non-State organizations.

Moreover, there is no complementarity between the (i) local level (mahalla) that assesses the support needs of community members and shares information on available programmes and (ii) the design of policy and financing allocations, the latter of which reflects a top down approach. There is no apparent information system to collect data on the needs of the community or the impact of programmes – all of which are available at the mahalla level – and convey this upwards, while ensuring that it feeds into evidence-based central policy and budget decisions.

Overall levels of expenditure on SP are in medium range by international comparison, with the majority of spending on social insurance schemes, in particular old age pensions. Despite this, coverage of the working age population by the contributory pension scheme has decreased considerably, and the culture of social contribution payment has been eroded, as evidenced by the large share of workers working informally. High levels of informality are not unique to Uzbekistan; according to the ILO, more than 60 per cent of the world's employed make their living in the informal sector. The poor tend to have higher rates of informal employment and, conversely, poverty rates tend to be higher among workers in informal employment (ILO, 2018a). Attempts to improve coverage are being made by removing employee contributions and replacing them with individual accounts, financed by income tax, and reducing employer contributions. These may represent attempts to incentivize formal employment, although it is too early to draw any conclusion on their impact. However, this is quite a significant change in funding mechanisms and, as such, it should be carefully monitored. Proposals to increase the pension age and the minimum threshold of contribution years for eligibility are also under discussion.

There has been a considerable reduction in the number of recipients of targeted social assistance over the past decade, especially in relation to targeted child benefits, indicating perhaps that the desire to contain general budget spending has a significant impact on poor children. As a result, social insurance programmes—particularly pension programmes—contribute to poverty reduction among children living in households where there are members receiving pensions; that is, they go beyond their primary purpose of providing income replacement and consumption smoothing in old age to contribute to poverty reduction among all household members.

The shares of expenditure on active and passive LMPs alike remain low. The numbers eligible for and receiving unemployment benefits have fallen and are strikingly low, and there has been little change in the amount or coverage of employment benefits (i.e., for passive LMPs). Unlike in other countries, there is no, or only a minimal insurance element for workers to insure themselves in the event of unemployment, which is a core element of international social security standards. With the recent removal of employee contributions to the Unified Social Payment system, the insurance element appears to have disappeared even for those employed in the formal sector.

There has been increasing expenditure on active LMPs to help improve the employability of young people, women, and other segments of the working age population. Expenditure has been directed to training programmes, and there have been one-off programmes (not funded through the Fund for Employment Assistance) to support new entrepreneurs, especially women and young people. Employment promotion is being prioritized, seemingly not to complement but rather to replace receipt of/reliance on social assistance benefits. This should be monitored carefully, as it may be counterproductive in a situation when decent jobs are rare and/or unsustainable. Despite the fact that the processes for registration of businesses have been improved, the stability (or sustainability) of jobs created through these types of programmes may neither be sufficient for them to have the desired impact on irregular employment nor the ability, therefore, to contribute to social insurance programmes, especially in the absence of adequate back-up support services.[51]

Furthermore, programme focus on the creation of home-based jobs is presumably meant to stimulate family-based entrepreneurship and, in particular, the employment of women. This, however, can be seen as further displacing the responsibility for SP issues onto families, as it is unclear who is the employer and how social security risks (e.g., sickness, unemployment, work related injury, and maternity, which are not enshrined in national legislation) are regulated in this type of employment/labour arrangement. Moreover, these programmes reflect the view that home-based entrepreneurship is particularly suited for women, as this type of labour arrangement allows them also to perform domestic and child care duties. In effect, they are encouraged to perform double jobs, while the structural issues of female labour market participation, equal opportunity, and poverty reduction remain.

As indicated above, the understanding of SP, reflected in the Constitution and legislation, is that of a system of income replacement in case of particular risks (e.g., old age, disability, and loss of breadwinner); cash transfers for defined risks and in case of poverty; and employer liability (i.e., maternity protection, sickness, and employment injury). This is not compatible with international social security standards, as the social insurance system addresses major life-changing events, but it does not provide for comprehensive protection of workers and their families. Instead, provision against risks is shifted to employers and families and, in the case of poverty, to non-contributory programmes. The importance of social insurance programmes, including as a source of revenue, is evidenced, however, by the fact that at the time when the share of funding for non-contributory programmes was declining, the share of funding from social insurance programmes was increasing.

In addition to the decline in insurance principles, there is little attention paid to other potential areas of SP, including social welfare services performed by social workers. A national social work system is usually regarded as an essential public service that provides tailored support to the vulnerable and those citizens at risk of exclusion, and that is able to connect them to a range of other public services. The absence of an effective and comprehensive social work and social care system means that many citizens of Uzbekistan are missing out on this core area of support. Social welfare services neither appear to address the potentially complex issues faced by individuals or families nor do they have a preventive character or role. SP cash benefits and social services should be more complementary, with both being seen as essential to ensuring that all citizens can access SP rights and guarantees.

Monitoring of SP schemes tends to concentrate on financial audits and checks to control funds being spent in accordance with planned allocations, as well as to ensure that the paperwork and documentation relating to applications for support are in order. There is no single registry system and, apart from the Pension Fund, few elements of electronic management. There is little evidence of impact assessments being used to evaluate the effectiveness of schemes and their actual impact on users, and there is no monitoring and evaluation framework for the system as a whole. This raises questions regarding the evidence base for strategic policy decisions.

51 "... only 55 per cent of 780,000 jobs created in 2014 had a fixed (stable) contract." (Dugarova, 2016).

4. Social protection programmes: design and implementation

This section examines, in more detail, the eligibility criteria, benefit design, benefit delivery, and institutional responsibility and, to the extent possible, the coverage and monitoring of each of the main SP schemes in Uzbekistan. Section 4.1 covers contributory-based insurance schemes; Section 4.2 covers those benefits for which employers are liable; Section 4.3 covers tax-funded non-contributory social assistance schemes; Section 4.4 covers active labour market policies; Section 4.5 covers social services; Section 4.6 covers in-kind benefits and subsidies; and Section 4.7 covers access to essential medication.

4.1 Social insurance

4.1.1 Contributory pension programmes

Social insurance programmes relate to old age, disability, and breadwinner-loss pensions. People who do not have the required contributory period sufficient to be eligible for social insurance benefits are entitled to a tax-funded social old age pension and to disability and breadwinner-loss allowances. Since 2011, however, only those elderly (over 65 years for men and over 60 years for women) who live alone and do not have grown-up children or relatives to care for them, are entitled to social old age pensions[52] (Section 4.3.3).

Eligibility criteria

(a) Old age pension

Uzbekistan's old age pension scheme is based on notionally defined contributions and a mandatory accumulation pension system. Women of the age of 55, with employment records of no less than 20 years, and men at the age of 60, with employment records of no less than 25 years, are entitled to an old age pension. The eligibility criteria are reduced for a number of specific groups of workers/employees. In addition, the beneficiary's work record can include years spent in military service; full-time study for undergraduate, graduate, and doctorate degrees (including abroad); maternity leave (no longer than three years); and full-time care of a child with disability, among others. People with an insufficient insurance contribution period are eligible to a pension proportionate to their actual years of contribution if they have contributed for at least seven years.

Currently, workers who are made redundant due to enterprise restructuring, technological change, production downsizing, or enterprise closure are entitled to retire two years earlier if they have the required employment record (i.e., men at the age of 58 instead of 60 and women at the age of 53 instead of 55).

The Government of Uzbekistan has developed a concept for pension system reform, which proposes a gradual increase of the minimum years of contribution years for pension eligibility from seven to 10 years and then to 15; as well as a gradual increase in retirement age from 55 to 58 for women and from 60 to 63 for men. The reform concept also contains proposals to strengthen the link between pension size and amount of contributions.

(b) Disability and breadwinner-loss pensions

If a disability or death is caused by work injury or professional disease, the pension is assigned, regardless of the years of employment and contributory years. If a disability or death is caused by a general disease, then the full pension is assigned to a family member if the worker's employment record reaches a specific number of years, which varies from two to 20 years, depending on the age of the worker.

Disability pensions are assigned depending on the level of disability which, in turn, is determined on the basis of a medical examination carried out by medical and labour advisory commissions, referred

52 See Article 8 of the Order, Assigning and Paying Allowances to Citizens Unable to Work (including the Elderly) and Who Have No Sufficient Work Experience (Resolution No. 107 of the Cabinet of Ministers, April 7, 2011).

to as VTEK. Mental health issues; intellectual difficulties; speech, writing, reading, or impairments in verbal and nonverbal communication; sensory and physical impairments; disorders in blood circulation, breathing, digestion, metabolism, and the immune system; and a change in the physical appearance that is non-standard are assessed as disability. The severity of disability is measured against the impairment's impact on a person's ability for self-care, mobility, communication, behavior control, ability to acquire knowledge, and ability to work. There are three categories of disability: Category I (assessed as completely unable to care for self and to perform other tasks), Category II (can perform tasks with support|), and Category III (takes longer than average to perform tasks).

Disability pensions for persons assigned to Category III disabilities were discontinued in 2011.[53] These pensioners still are entitled to old age pensions if they meet the eligibility criteria. The concept of pension system reform, however, includes a proposal to reintroduce a pension for people with Category III disabilities.

Benefit design

(a) Calculation of pension amount

The pension consists of three components: (i) base pension; (ii) supplement for longer employment record; and (iii) an incremental part. The base for the old age pension is determined as 55 per cent of the recipient's average estimated monthly salary, but no lower than 100 per cent of the minimum old age pension (UZS 436,150 since August 1, 2019[54] (approximately US$50)).

The average estimated monthly income used to determine the base pension is calculated on the basis of gross income earned during any five consecutive years (selected by the pensioner) within the last 10 years of work. The gross income of these five years is divided by 60, to arrive at the average monthly income. The average estimated monthly income, however, is capped at eight times the monthly minimum wage. (The draft concept of pension system reform contains a proposal to raise the maximum cap for average monthly income to 12 times the monthly minimum wage.) Any income from which social contributions have been paid is added to calculate gross income. If a monthly income cannot be determined, or if it is lower than the monthly minimum wage, then the monthly minimum wage is considered the monthly income for that period.

For disability and breadwinner-loss pensions, if a worker has less than five years of contributions, the gross income is divided by the actual number of contribution months. The base pension for the disability pension is determined as 55 per cent of the average estimated monthly salary, but no lower than 100 per cent of the minimum old age pension.

The base pension for the breadwinner-loss pension is determined as 30 per cent of the average estimated monthly salary, but no lower than 50 per cent of the minimum old age pension. If the pension is for children who have lost both parents or the children of a deceased single mother, the pension is 55 per cent of the average estimated monthly income but no lower than 100 per cent of the minimum old age pension.

If a pensioner does not have a sufficient work record to receive a full pension, the pension is determined on the basis of his/her existing work record. This pension, however, cannot be lower than 50 per cent of the minimum old age pension and 100 per cent of the minimum old age pension if the beneficiary, in the case of the breadwinner-loss pension, is a child or orphan.

(b) Indexation

Upon determination of five consecutive years to calculate for gross income, monthly coefficients are calculated by dividing the actual income of every month with the corresponding monthly minimum wage. The monthly coefficients are multiplied by the monthly minimum wage, averaged over the last 12 months, at the time of application. This will result in an indexed monthly income that is summed up, with the total value being divided by 60 (or the actual number of months if the work experience is less than five years in the case of the disability or breadwinner-loss pension). The result is taken as the average monthly estimated income used for determining the base pension amount.

53 Resolution of the Cabinet of Ministers 252 of September 8, 2011.

54 Presidential Decree No. 5765 of July 12, 2019, on Increasing Salaries, Pensions, Scholarships and Benefits. For further information, see http://lex.uz/ru/docs/4416984

Indexation is carried out on the basis of presidential decrees, usually adopted at the end of a calendar year. These decrees apply to the wages of public sector employees, pensions, social allowances, and student stipends. The usual rate of increase is in the range of 10–15 per cent.

(c) Supplement for longer employment record

In the case of old age and disability pensions, this can be 1 per cent (0.5 per cent for breadwinner-loss pension) of the average estimated monthly income for every year of employment above the required number. The incremental part is added to the pensions of certain groups of pensioners in an amount ranging from 30 per cent to 150 per cent of the minimum monthly wage, depending on the category of pension.[55]

Benefit delivery

The central institution responsible for the administration and financing of state pensions in Uzbekistan is the Pension Fund under the MoF. The main functions of the Pension Fund include:

- maintaining a database of the employment records of eligible pensioners;
- assigning pensions and allowances to eligible citizens;
- financing payments of pensions and allowances; and
- collecting contributions from employers when applicable.

As of the first quarter of 2019, 77.6 per cent of the Pension Fund's revenues were insurance contributions paid by employers and workers.[56] The Pension Fund also received budgetary allocations for the base part of the pensions, preferential pensions, pension supplements, and military pensions. Most of these budgetary allocations were used to cover the base part of pensions.

Each employer pays the Unified Social Payment, which is distributed between the Pension Fund, State Employment Promotion Fund (SEPF), and Federation of Trade Unions, with the lion's share going to the Pension Fund. The tax reform implemented as of January 1, 2019, includes a provision that abolishes employees' social insurance contributions. Instead, 0.1 per cent of the general individual income tax (out of the 12 per cent flat-rate income tax) is directed to individual pension accounts. Employers will have to contribute 25 per cent of wage bill tax as a compulsory social contribution only if they are majority state-owned enterprises. For enterprises with other forms of ownership, employers will have to pay 12 per cent of their wage bills.

Revenues of the Pension Fund also include 85 per cent of the sums reimbursed by employers to finance payments of pensions relating to the loss of the breadwinner or work injury (Section 4.2); reimbursements from the SEPF to finance the pension payments for early retirement of workers made redundant due to the liquidation of an enterprise; and reimbursement from employers to finance payments of the old age pension for those entitled to early retirement due to dangerous and hazardous work conditions. The state-owned bank, Xalq Bank, is tasked with responsibility for the delivery and payment of pensions. It should be noted that other banks are not allowed to process payments of pensions.

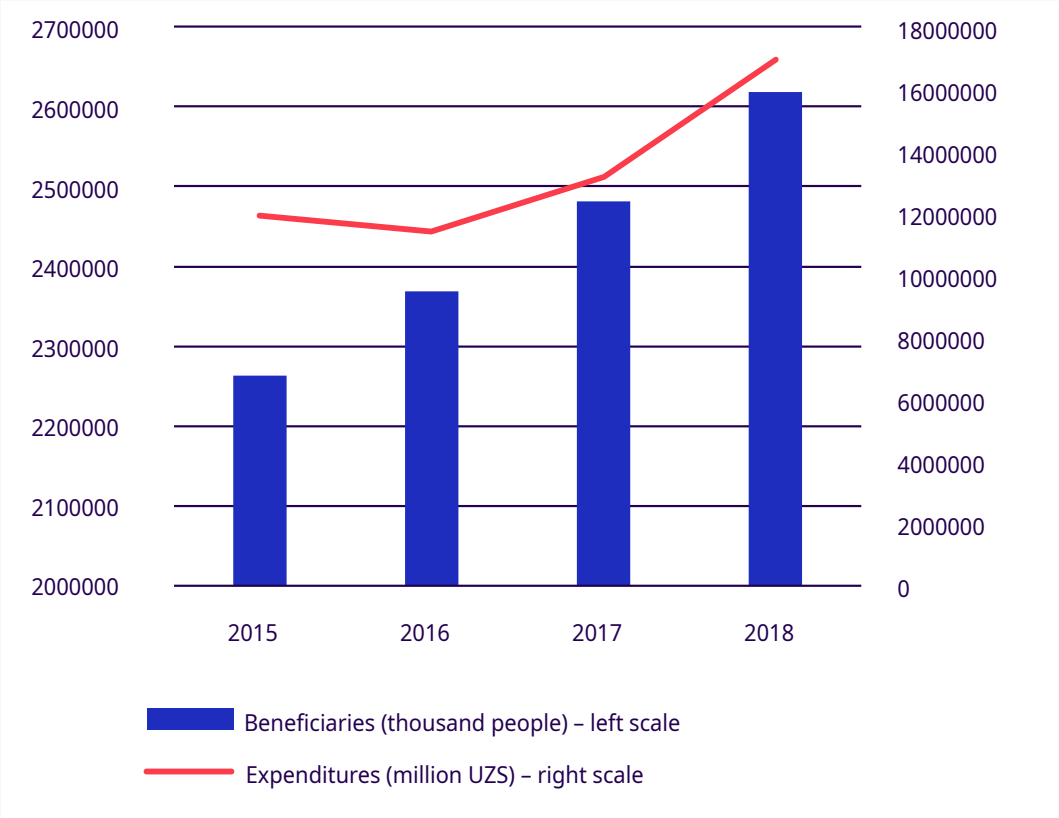
Coverage

82 per cent of the elderly population is covered by contributory old age pensions, meaning that almost one-fifth of elderly people do not have access to old age income security. Pension Fund data show that 998,100 elderly people in 2014 and 1,002,600 people in 2015 did not receive old age pensions. If an elderly person does not have the minimum required years of employment, she/he is eligible to receive a social old age social pension, but only if she/he lives alone and has no family to assume responsibility for her/his income security (old age and disability pensions expenditures and number of beneficiaries are presented in **Figure 13** and **Figure 14**).

55 War veterans and people with equivalent status (50 per cent of the monthly minimum wage); pensioners who worked during the 1941–45 war (30 per cent of the monthly minimum wage); parents and widows of military servicemen who died in action (30 per cent of the monthly minimum wage); people honored for special deeds for Uzbekistan (e.g., holding the title of Hero of Uzbekistan) (from 100 per cent to 150 per cent of the monthly minimum wage); pensioners aged 100 years and over (100 per cent of the monthly minimum wage); musicians, actors, and artists, among others (75 per cent of the monthly minimum wage); teaching and administrative personnel of educational institution that train theatre actors and singers, among others (50 per cent of the monthly minimum wage).

56 See http://pfru.uz/uploads/content/1558345273_%D0%A0%D1%83%D1%81.pdf _ percentD0 percentA0 percentD1 percent83 percentD1 percent81.pdf

Figure 13. Old age pensions in Uzbekistan: Expenditure and number of beneficiaries, 2015–2018



Source: Ministry of Finance, 2018; Uzbekistan State Statistical Committee, 2020.

Monitoring and management

Monitoring and evaluation procedures are not fully comprehensive, but are more advanced than for other SP programmes. The Pension Fund uses the MIS, Pension, for programme monitoring purposes. The MIS contains detailed information, which includes every pensioner's personal information, the amount and duration of the pension assigned, a record of pension payments, as well as records of employment history and social contributions.

4.1.2 Unemployment benefits

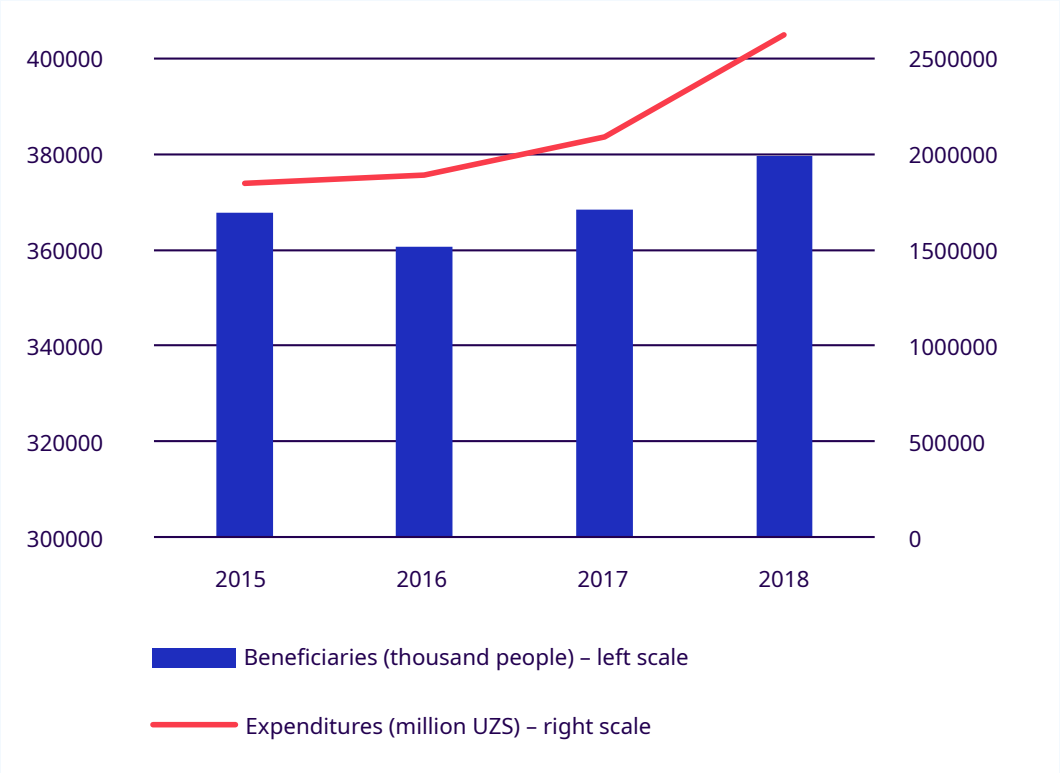
Unemployment benefits are disbursed from the SEPF. In 2018, the Fund received 0.1 per cent[57] from the Unified Social Payment, paid by employers (Section 4.1.1).

Eligibility criteria

The unemployment benefit is intended for persons whose unemployment status has been officially recognized. **Unemployed persons** are able-bodied persons over the age of 16 who are registered with employment centres as job seekers until they acquire the right to pension benefit and who, at the time of

57 Presidential Decree No. 3454 of December 29, 2017, on Forecast of the Main Macroeconomic Indicators and Parameters of the State Budget of the Republic of Uzbekistan for 2018 (http://www.lex.uz/docs/3480354).

Figure 14. Disability pensions in Uzbekistan: expenditure and number of beneficiaries, 2015–2018



Source: Ministry of Finance, 2018; Uzbekistan State Statistical Committee, 2020.

registration, are not working or realizing earnings (labour income[58]) or are ready to either work, undergo vocational training and retraining, or advanced skill training. The employment centres are available in every district centre (200 units across the country).

In the period of receipt of the unemployment benefit, an unemployed person must seek work and apply to a local labour authority at least once every two weeks to receive a referral for work or vocational training, retraining, or advanced training. An employment centre attempts to offer two jobs to the applicant within the first 10 days and, if she/he refuses the job, then she/he is not classified as unemployed. Were the applicant to refuse employment by the potential employer or were there no suitable job available, then the unemployment benefit would commence the 11th day following application.

The following people cannot be granted unemployed status:[59]

- Those who, within the first 10 days from the date of registration, twice refuse jobs proposed to them as suitable jobs.
- Those who do not present themselves (without a valid reason), within the first 10 days from the date of registration with the employment centre, to receive an offer of suitable work.
- Students in educational institutions with no links to production, regardless of their type, except for long-distance learning.

58 Legislation does not specify other types of income (e.g., transfer and rent, among others) except labour income.

59 Law No. 831 of October 13, 1999, on the Regulations on the Procedure for Registration of Citizens in Labour Authorities, Their Employment, Appointment, and Payment of Unemployment Benefits (www.lex.uz/ru/docs/462031).

- Persons with disabilities and pensioners, irrespective of age and type of pension received, as well as persons who, according to pension legislation, are eligible for a pension, even if they have not applied for it.
- Unemployed women caring for a child up to the age of two.
- Those wishing to change jobs but who, at the time of registration, are still working or are enrolled as company staff, regardless of the organizational and legal form of the employer.
- Those convicted by a court sentence to correctional labour without imprisonment.
- Heads and members of farms (indicated in a self-government body of citizens as such), as well as persons registered in Government bodies as entrepreneurs without formation of a legal entity.
- Members of dekhan farms, who are paying contributions to the Off-Budgetary Pension Fund under the MoF.

The decision on granting the status of unemployed is taken by the director of the district (city) employment centre (based on the decision of the centre's commission). Recognition of the status of unemployed is provided no later than 11 days after the applicant's registration as a jobseeker, unless within the first 10 days from the date of registration she/he was not offered a suitable job or the employment centre has received a refusal from a company to employ her/him. For unemployed men under the age of 35, who have less than three dependents, eligibility to unemployment benefit is conditional on their participation in paid public works.

Benefit design

The amount of unemployment benefit depends on the employment history of the applicant. The minimum level is:

- 75 per cent of the minimum wage for those without work experience; and
- 100 per cent of the minimum wage for those with work experience.

The maximum level cannot exceed the average national monthly salary at the time the benefit is calculated.[60] The unemployment benefit for those with work experience is set as a percentage of the average wage at the previous place of work for the last year of work; the benefit amounts to 50 per cent of the average wage at the previous place of work, but not below the national minimum wage[61] and not above the average national wage at the time the benefit is calculated. In other cases, the unemployment benefit is set as a percentage of the minimum wage. Unemployed persons with children under the age of 16 and other dependants receive a 10 per cent supplement to the benefit.

The procedure for applying regional coefficients in calculating the amount of unemployment benefit is determined by the MELR. The following rules also apply:

- For those leaving military service, Ministry of Home Affairs, and State Security Service, as well as those who did not work before applying to local labour authorities, the amount of the benefit is calculated at the level of the minimum wage.
- Those who have not worked for more than one year are entitled to the following benefits:
  - For persons with a skill qualification, not less than the minimum wage, provided that their employment does not require professional retraining or advanced training.
  - In other cases, 75 per cent of the established minimum wage.
- Persons recognized as unemployed after completion of vocational training, retraining, or advanced training with separation from production, are eligible to receive unemployment benefits not lower than the minimum wage.

The unemployment benefit is paid for not longer than:

60 Average monthly salary is calculated according to the Resolution of the Cabinet of Ministers No. 133 of March 11, 1997, on Approval of Normative Acts Necessary for the Implementation of the Labour Code of the Republic of Uzbekistan (www.lex.uz/ru/docs/517040#851669).

61 UZS 202,730 (US$25) is the minimum wage (since November 1, 2018), established by Presidential Decree No. 5553 of October 13, 2018, on Increase in the Size of Salary, Pensions, Grants, and Benefits (http://lex.uz/pdfs/3984488).

- 26 calendar weeks over any 12-month period for those who have lost their jobs and earnings (labour income) or who are trying to resume employment following a long break (more than one year); and
- 13 calendar weeks over any 12-month period for those who have not worked before and are seeking employment for the first time.

Benefit delivery

Employment centres, which are territorial units under the MELR, are responsible for the allocation of unemployment benefits. Unemployment benefits are processed by the SEPF, and paid through Xalq Bank branches at the place of residence of the unemployed. The bank branches are available in every district centre.

Coverage

Coverage appears rather low, as eligibility is conditional on meeting strict criteria (see above). In 2017 a total of only 10,428 people received unemployment benefits. The total budget for unemployment benefit in 2017 was UZS 2,801.7 million (US$0.36 million). Based on the data available, it would appear that coverage is limited to approximately 1 per cent of the registered unemployed.

Monitoring and management

The MELR compiles administrative data on the employed and unemployed. These are based on the registration cards used for those registering with employment centres. The following registration cards exist:

- **Counselling:** those without jobs who apply for counselling are registered, and the registration card of the person who applied for counselling is filed.
- **Registration of job seekers:** those who applied for a job are registered and the personal registration card is filed. In the absence of proposals for a suitable job or when it is impossible to offer/find employment, an applicant is recognized as unemployed and the unemployment benefit is assigned.
- **Registration of inactive persons:** carried out to determine the number and composition of those who do not have job and earnings (labour income) and who have not applied to the labour authority for a job. All persons between the ages of 16 and pension age, including those with disabilities, are subject to registration as unoccupied/inactive, and a registration card of non-employed is opened for them. Moreover, household checks for identification and registration of the inactive/unoccupied population are conducted by the mahalla committees at least once every six months, covering all households located on the territory of the mahalla assigned to a particular local employment centre.

The above registration cards should be recorded in the single computer database MIS, Labour Market, under the MELR. The database, however, has yet to become fully operational.

4.2 Employer liability

Employer liability programmes in Uzbekistan include two types of benefits. These are sickness and maternity (one-off child birth benefit and maternity leave).

Eligibility criteria

(a) Sickness benefit

Employers are required by law to reimburse employees in the event of sickness.

(b) Maternity leave and benefit

Pregnant women employed in public and private enterprises have the right to paid maternity leave. The duration of leave is 56 days prior to and 56 days after childbirth. Maternity leave may be extended to 70 days in the event of complications or multiple births.

Employed women also have the right to a one-off child benefit upon the birth of a child. The benefit is the equivalent of two monthly minimum wages and is paid by the employer or educational facility if the woman is in work or study. If a woman is not engaged in paid employment and does not study, her husband is entitled to receive this allowance at his workplace or at the educational institution where he studies. If neither the wife nor husband work or study, they have to apply to the local branch of the Pension Fund not later than six months following the birth of a child.

Non-working women are eligible for child benefits (child birth grant and benefits for children under two years of age) in the form of social assistance only if they are members of a low-income family (Section 4.3).

Benefit design

(a) Sickness benefit

The sickness benefit amounts to 60 per cent of the last month's wage if the duration of uninterrupted employment is less than eight years and 80 per cent for those with more than eight years of uninterrupted employment.

(б) Maternity leave and benefit

The beneficiary of a maternity benefit receives 100 per cent of her monthly wage. The leave and benefit are provided at the employer's expense. Upon completion of maternity leave, working women have the right to a monthly allowance until their child reaches the age of two. The allowance is twice the monthly minimum wage and is financed by the employer if the woman is employed in the private sector (which is in contradiction to international standards) or from the general budget if a woman is employed in the public sector. Working mothers are also entitled to paid leave when caring for a child aged two to three. Fathers can use unpaid paternity leave for up to three months, provided their wives work during this time.

Benefit delivery

Both benefits are paid directly by the employer to the beneficiary from the employer's own resources. If a beneficiary works in the public sector, the benefits are covered by the state budget through the MoF. Self-employed people are not entitled to these benefits.

Benefits are paid through the Pension Fund, but employers have to reimburse the Pension Fund for disability and breadwinner-loss benefits caused by a work injury or professional disease. When employers fail to comply with regulations, they are referred to the courts, the decisions of which form the basis for forced reimbursement from employers. It is thought that this practice increases the employers' responsibility to pay more attention and direct more resources to improve health and safety conditions in the workplace.

Monitoring and management

The maternity protection scheme is managed by employers and monitored by the MELR as part of compliance with the country's employment legislation. Employers are not only responsible for ensuring working conditions secure the occupational safety and health of their female workers, but also for ensuring fair, equitable, and effective compensation of female workers for the loss of income as a

consequence of maternity leave. Monitoring of provision in case of sickness is carried out by the district public health department under the Ministry of Health and the Department of State Financial Control under the MoF.

4.3 Non-contributory cash benefit programmes

Of the approximate 30 programmes that are considered part of the SP system, only those non-contributory cash benefit programmes that have SP as their primary objective are discussed in this section of the report. These programmes have the greatest potential for income replacement in case of job loss and poverty, and can potentially prevent recipients from falling into (deeper) poverty. If carefully designed and integrated with other programmes and services, they also can play activation and social inclusion roles.

4.3.1 Low income family allowances and child benefits

Benefits for low-income families are schemes, primarily for those with children of different ages. These are administered by the local mahallas (Section 3) and consist of three types of benefits: child allowance for families with young children (under the age of two); child allowance for families with children aged two to 14; and low-income family allowance.

Eligibility criteria

Families with an average monthly per capita gross income below 1.5 times the basic calculation unit[62] are eligible to apply for the three low-income family allowance, but they can receive only one of the three at any given time.

According to the decree[63], the following members are included in the family:

- Both parents (including parents who adopted a child/children)
- Children living with parents and being their dependents, as well as children older than 16 years of age if they live with their parents but have not yet started their own families
- Child(ren)'s grandparents if they live with the family
- Other people living together with the child(ren).

The family composition must be confirmed by the mahalla administration. If there are two or more families with children residing at one legal address, then each family is taken to comprise of the children's parents, grandparents, and the children. Even though two families may reside under the same roof (household), for the purposes of the allowances they are considered as separate families sharing the same legal address.

A family's eligibility is determined on the basis of an application and supporting documents, as well as the outcome of the visit to the family home by the mahalla administration. The application is submitted in writing by a family member on behalf of the entire family. If there are no adult family members, then the application may be submitted by a head of the mahalla administration.

The following supporting documents are required for the application:

- Household income statement and documents confirming stated incomes
- Child(ren)'s birth certificate(s)
- Copy of the decision note of the guardianship and trusteeship body (if applicable)
- Other documentation supporting the claims made to justify the application.

The application must be submitted no later than the 15th day of the month preceding the month from which the applicant expects to receive the allowance. Applications are considered by the special mahalla commission (consisting of a minimum of five people) on SP. The commission comprises advisors, the secretary of the mahalla administration, a representative of the district finance department, and the

62 Since September 1, 2019, according to Presidential Decree No. 5723 of May 21, 2019 (https://www.lex.uz/docs/4346131), the basic calculation unit is set at UZS 223,000.

63 Ibid.

inspector of the district public employment centre. If necessary, representatives of the tax authorities and other state bodies may be included.

Once the application and supporting documentation are submitted, within the next three days the mahalla secretary calculates the family total income by adding together the incomes of all adult members of the family over the last three months preceding the month of the application. A minimum income floor of 2.5 times the basic calculation unit is applied for a personal income – if the personal income of an adult family member is lower than the minimum income floor, then the floor's value is assigned as a personal income for the adult family member. Personal incomes of non-working mothers, full-time students, and non-working pensioners are exempt from this rule.

Once the mahalla secretary establishes that the family's average monthly per capita gross income is below 1.5 times the basic calculation unit, then within the next seven days the mahalla commission must visit the family to determine its living standards and assets. The commission fills in a special form reflecting the family composition, information on the land plot, assessment of living standards, and recommendation on whether to assign the allowance or to reject the application. There is no detailed description of how a family visit should be conducted or of assessment criteria and items to check. Based on the findings of the family visit, the mahalla commission makes a recommendation on whether to assign a benefit or to reject the application.

The commission's recommendation must then be approved by a majority vote from the general assembly of the mahalla. This latter procedure should guarantee transparency and accountability of the commission. In practice, however, there is some tension between this procedure (aimed at guaranteeing transparency and reducing the space for discretionary decision-making on eligibility by the mahalla commission) and the need to guarantee the confidentiality of applicants. Anecdotal evidence suggests, however, that in practice a general assembly of all mahalla members is rarely held.

Benefit design

The allowance for low-income families may amount to 1.5 to 3 times the basic calculation unit. The benefit is awarded for six months, after which the beneficiary may reapply for an extension.

The childcare allowance amounts to 200 per cent of the basic calculation unit for the duration of 12 months. Once this period expires, the beneficiary may reapply for an extension. The benefit is paid for one child only.

The allowance for children aged up to 14 in the case of families with one child is 60 per cent of the basic calculation unit, 100 per cent for families with two children and 140 per cent for three or more children. The benefit is paid for six months and once expired, the beneficiary may reapply for an extension. Extension is conditional upon an evaluation of whether or not the family situation fits the eligibility criteria.

As stated above, families with an average monthly per capita gross income of below 1.5 times the basic calculation unit are eligible to apply, whereby gross income is defined as all monetary income received by all members of the family.[64] A family's average per capita monthly income is calculated as the total sum of average monthly incomes of all employable (working age and without disability) members of the family, divided by the total number of family members. Each family member's average monthly income is calculated for the three months preceding the application.

The following family members/relatives are not included in the household for the purpose of calculating the household's average per capita monthly income:

- Siblings of the applicants if the siblings have their own families.
- The children of applicants with respect to whom they have been deprived of parenthood rights.
- Children who are in full state care and those under care of guardianship and trusteeship bodies.
- A parent (or guardian) who is absent due to military service or military education.
- A parent (or guardian) who is absent due to incarceration by court decision.

The duration of receipt of the allowance is six months for a low-income family allowance and an allowance for children of age two to 14; and 12 months for the childcare allowance (for children aged 0 to two). Duration can be curtailed whenever eligibility criteria are not met: for example when a child turns two or 14 years of age. The same regulation allows for reapplication, but only childcare

64 It includes potential income from the cultivation of a plot if a household has one. The potential income is calculated based on the area of the plot (in hundred square meters) multiplied by 20 per cent of the basic calculation unit.

allowance (for children aged 0–2 years) beneficiaries are allowed to apply before the current entitlement expires. The recepients of the other two allowances have to wait until the current enrolment ends. That means there will be at least one month interruption in the receipt of benefits. A recent study reveals that the reapplication process varies significantly across regions. In practice, families have to wait three to six months before they can reapply, because usually the mahallas are managing "capped resources", so they choose to give everyone a chance to receive support (World Bank, forthcoming (c)).

Benefit delivery

As outlined above, since the early 1990s, the responsibility for selecting recipients of the social allowance schemes has been given to the mahallas. Public employment centre inspectors, however, are expected to participate in visits to the family to evaluate the living conditions of applicants, participate in community meetings, and vote on the final selection of recipients. The inspectors also are responsible for noting community decisions on each application and submitting the information to the district monitoring specialist at the employment centre. The specialist consolidates the information and prepares the payroll that is approved by the district finance division within the MoF and the head of the employment centre. The payroll also is sent to Xalq Bank so that it can make the necessary payments to recipients.

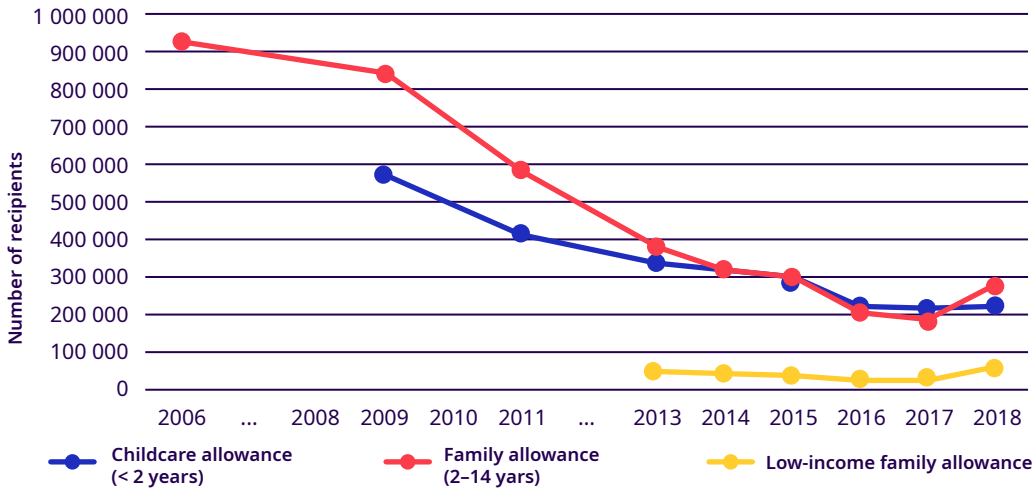
Coverage

Coverage of all low-income family allowances consistently declined, both in absolute and in relative terms, in the 2015–17 period. Since 2018, however, the government has taken steps to increase the number of beneficiaries by raising the funding available for these programmes. The current budget, though, remains insufficient to cover all families in need.

Coverage, moreover, is disparate across the country, although it is broadly in line with differences in regional poverty rates. Overall, from 2006 to 2017, the number of families receiving child benefits fell by 70 per cent, while the number of recipients of childcare allowances fell by 60 per cent. Despite an increase in the number receiving child benefits in 2018, coverage remains low (Figure 15). According to UNICEF estimates, in 2018 67 per cent of families with incomes below the eligibility threshold were not receiving the young child allowance and 88 per cent of these families were excluded from the allowance for low-income families (UNICEF, 2019a).

Due to insufficient funding, child benefits have been responsible for only 12 per cent of the overall reduction in the child poverty rate (UNICEF, 2019a). Of particular concern is the fact that the old age pension is being relied upon to support children, since this is not its purpose.

Figure 15: Number of families in receipt of childcare and family allowances in Uzbekistan, 2006–18



Source: Background figures for CODI, 2018.

Monitoring and management

Monitoring is undertaken by the district public employment centre under the MELR and the Department of State Financial Control of the MoF. The Chamber of Accounts is the state agency responsible for monitoring government expenditures and revenues, and engages in checks and validations. Since the monitoring usually takes the form of financial audits, it primarily aims to match actual payments to those allocated, as well as accuracy—from a legal standpoint—of allowance allocations. Special attention is paid to the required supporting documents, as specified in the legislation. Overall, monitoring is undertaken for control purposes only; no formal evaluation or impact assessment is undertaken. MELR staff claim that they understand the value of evaluation and impact assessments, but they lack the necessary resources (i.e., funding and staff) to undertake these exercises.

4.3.2 Old age pensions

Eligibility criteria

Women older than 60 years and men above 65 years, with or without an insufficient social insurance contribution record, are eligible for old age social pensions. Applicants are required to indicate whether or not they have adult children, relatives, or others who are, according to the Family Code, obliged to support them. If the applicant's current income and the incomes of the children, relatives, or others are assessed as insufficient to support the applicant, an old age social pension is granted.[65]

Benefit design

The size of the old age social pension in 2018 amounted to UZS 396,500 per month (or US$48), almost twice as much as the minimum wage which was UZS 202,730 (or US$25) in 2018. The size of the benefit was set administratively and was increased during the 2015–18 period as a result of annual indexation, based on increases in the minimum wage.[66]

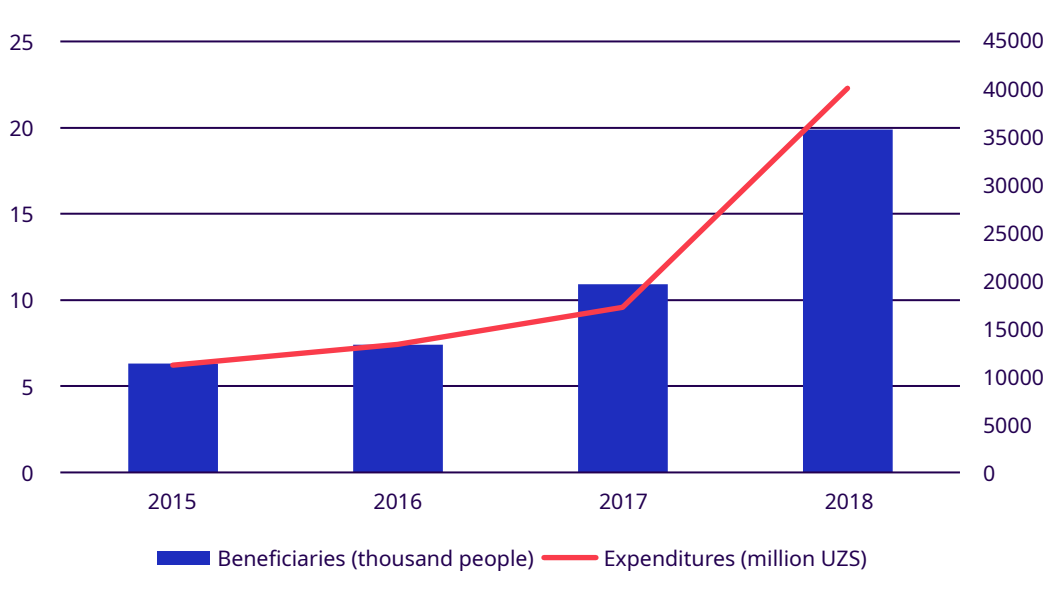
65 The programme is regulated by the following three documents: (i) Law No. 938-XII of September 9, 1993, on State Pension Provision of Citizens; (ii) Presidential Decree No. PD-5245 of November 20, 2017, on Increasing Wages, Pensions, Scholarships, and Allowances; and (iii) Resolution of the Cabinet of Ministers No. 107 of April 7, 2011.

66 Fifteen per cent in 2017.

Benefit delivery and coverage

The Pension Fund is responsible for the delivery and management of social pensions. The number of beneficiaries of the old age social pension increased from 6,300 in 2015 to almost 20,000 in 2018 (**Figure 16**).

Figure 16. Expenditure and beneficiaries of old age social pension in Uzbekistan



Source: Ministry of Employment and Labour Relations, 2018.

4.3.3 Breadwinner-loss allowance

Eligibility criteria

Family members, who are dependents of a person and not eligible for a contributory-based breadwinner-loss pension, have the right to an allowance in the event of the loss of the breadwinner.

Benefit design

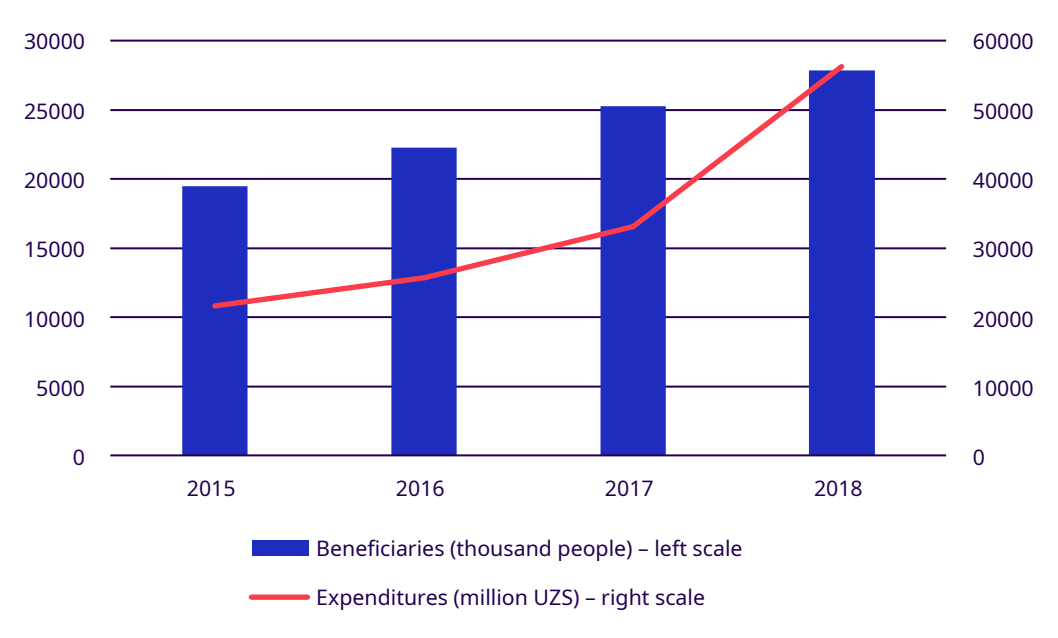
The size of the allowance is determined as a share of the minimum wage. It also depends on the number of dependents—for each additional dependent, the amount increases marginally. For example, if the breadwinner were not disabled from childhood or not living with HIV, his/her family would be entitled to UZS 243,300 (US$29) for three or more dependents; UZS 182,475 (US$22) for two dependents; or UZS 121,650 (US$15) for one dependent (**Figure 18**).[67]

Coverage

The number of beneficiaries of the breadwinner-loss social allowance increased from 19,461 people to 27,848 between 2015 and 2018 (**Figure 17**).

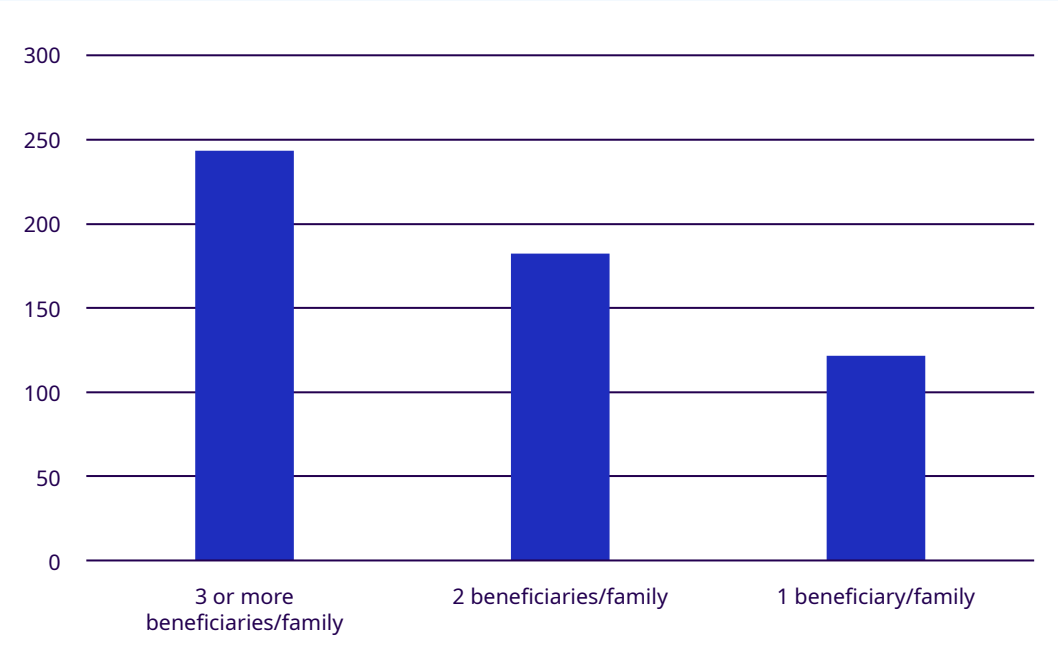
67 Data refer to the first quarter of 2019.

Figure 17. Beneficiaries and expenditure for breadwinner-loss allowance in Uzbekistan, 2015–18



Sources: Ministry of Employment and Labour Relations, 2018; State Statistical Committee, 2020.

Figure 18. Average monthly size of breadwinner-loss allowance in Uzbekistan, 2018 (thousands of Uzbek soms)



Source: Ministry of Employment and Labour Relations, 2018.

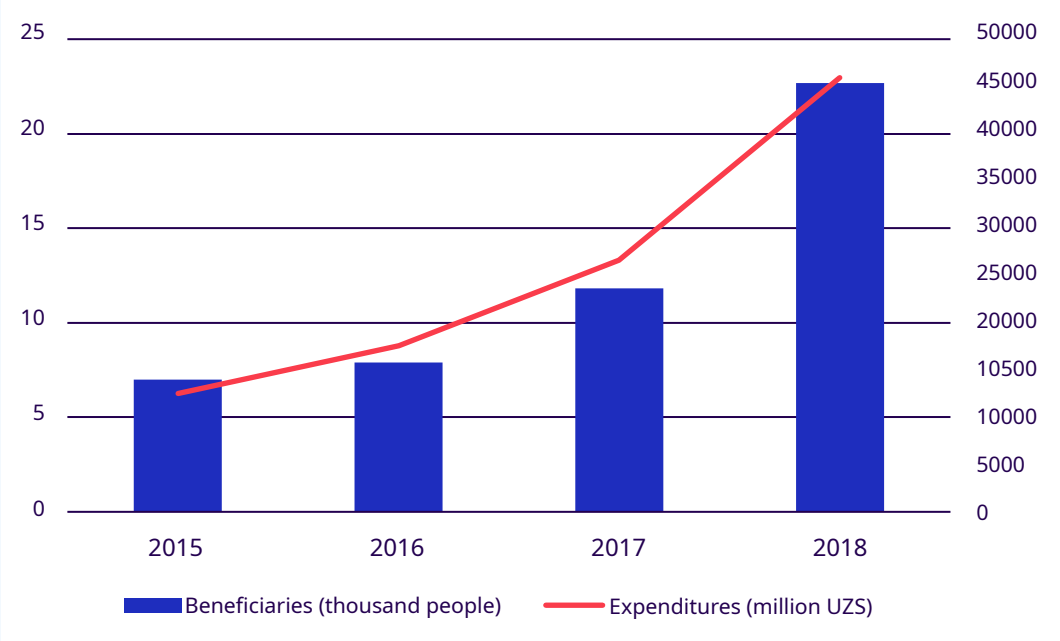
Benefit delivery, monitoring, and management

Benefits are paid monthly through the local branches of Xalq Bank. Delivery, as well as overall programme implementation, is monitored by the Department of State Financial Control of the MoF, which undertakes audits and financial validations. The Chamber of Accounts is responsible for the overall monitoring of government revenues and expenditures.

4.3.4 Disability allowance

Eligibility is determined on the basis of a certificate that sets out the health status and category of the applicant's disability. There are three categories for disability, whereby the applicant is expected to undergo a medical and labour advisory commission assessment under the Ministry of Health. Those in Category I and Category II are entitled to a disability allowance should they have no work record and, therefore, no right to a disability pension under social insurance.[68] Those disabled in Category I and Category II, who work or have other sources of livelihood – with the exception of those receiving alimony or school stipends – are not entitled to the allowance.[69]

Figure 19. Expenditure and beneficiaries of disability allowance in Uzbekistan



Source: Ministry of Employment and Labour Relations, 2018.

Benefit design

Similar to the breadwinner-loss allowance, the size of the benefit is determined by the medical condition of the beneficiary and indexed according to the rate of change in the minimum wage. There are no gender-based differences in the size of benefits. According to the operational manual for the programme, special needs may be taken into account when determining the size of the allowance. For example,

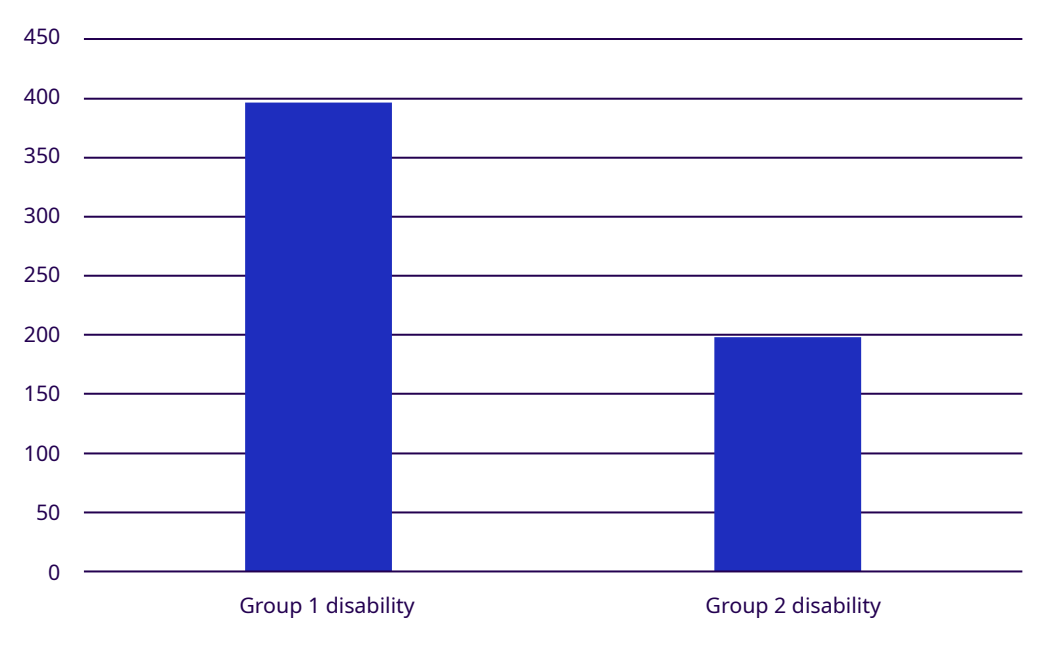
68 Allowances for Category III disability were discontinued in 2011; however, the current concept for pension reform envisages their reinstatement.

69 Ministerial Resolution No. 107 of April 7, 2011 (Annex 2, para 12).

children with disabilities under the age of 16, people who have had a disability (Category I and Category II) for 16 or more years, and HIV- infected people under the age of 18 are entitled to a higher allowance.

As is clear from **Figure 20**, the disability allowance increased in line with changes to the minimum wage rate, reaching UZS 396,500 (US$ 48) and UZS 198,250 (US$24) per month for Category I and Category II, respectively. Indexation is carried out annually, in line with official increases in the minimum wage. Benefits are delivered monthly through Xalq Bank's local branches.

Figure 20. Size of disability allowance in Uzbekistan, 2018 (thousands of Uzbek soms)



Source: Ministry of Employment and Labour Relations, 2018.

Coverage

The number of recipients of the disability allowance increased noticeably between 2015 and 2018, from 7,000 to 22,700 people, respectively (**Figure 19**).

4.3.5. Child disability allowance

Children with disabilities are some of Uzbekistan's most vulnerable, and they receive fewer opportunities than their non-disabled peers. The number of children receiving a disability allowance increased from approximately 80,000 in 2013 to 98,100 in 2018 (UNICEF, 2019b). The analysis of the Listening to the Citizens of Uzbekistan 2018 household survey, however, indicates that only 52 per cent of children with severe disabilities are in receipt of a disability benefit (UNICEF, 2019b). This may be due to a number of reasons, including limited awareness of the scheme as well as the challenges families may face in obtaining an official classification of disability for their children. It will be essential to undertake research

to determine the cause of this potential exclusion and take measures to ensure that all children with severe disabilities are able to access the scheme.

The Government of Uzbekistan should take proactive measures to identify those children with severe disabilities so that they may apply for the benefit. Since disabled children have varying levels of needs and their additional costs will vary, the Government would benefit from developing, in the long term, a system of variable transfer values that are able to respond to the specific needs of each disabled child. Of course, it will be essential that these children receive the regular child benefit in addition to the child disability allowance.

Often, a child disability allowance alone is not sufficient to provide a child a good start in life. Since many parents are unable to work due to being full-time caregivers of their disabled child, the President's initiative on recognizing the time spent caring for a disabled child as an equivalent for work experience is truly commendable. However, this step needs to be followed by the introduction of a caregiver benefit to compensate caregivers for their loss of income.[70] It would provide the chance for children to remain in the family home rather than be placed in an institution as a result of their parents being unable to care for them. Since this would become an income replacement scheme, the caregiver benefit should be set, at a minimum, to the same value as the minimum old age pension.

4.4 Labour market policies

Labour market policies are intended to increase employability and facilitate inclusion of the unemployed. According to the MELR, the number of people in need of employment in 2017 was 837,000, while the unemployment rate was 5.8 per cent. The number of citizens registered with employment centres as job seekers at the end of December 2017 amounted to 14,400, an increase of 2.9 times the figure of 2016 (GoU, 2017).

LMPs include:

- public works (employer wage subsidy);
- professional skills training;
- wage subsidies (quotas) for vulnerable groups;
- apprenticeships;
- hiring and training subsidies to employers (2019); and
- entrepreneurship support programmes (i.e., micro-loans).

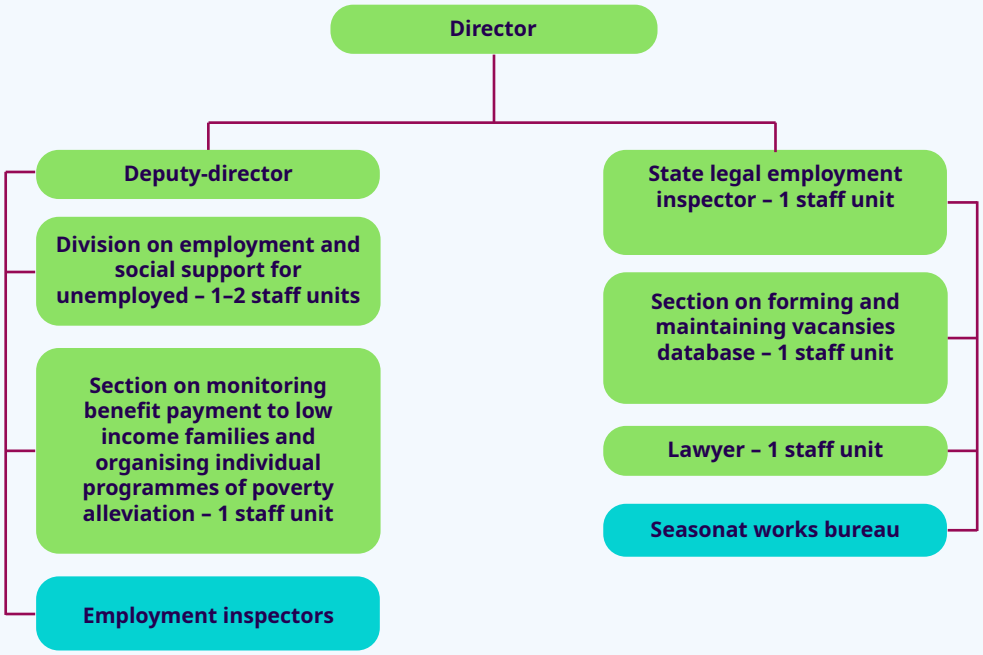
Institutional set up

Employment centres, under the MELR, manage active labour market policies. Together with local employers and other entities, they determine the type and volume of public works that have been agreed by the district (city) khokim (governor). No analysis has been carried out to determine whether or not the infrastructure and human resources put in place for identification and registration purposes are, in fact, adequate to respond to the volume of requests for the scheme; nor has there been an analysis of other programmes introduced to promote employment. The organogram of an employment centre (Figure 21) suggests that there are one to two staff members who handle the unemployed.

Each oblast (region) has a network of rayon-level (district-level) employment centres, each of which has a specialist responsible for the monitoring of benefit payments. Each centre has an employment inspector, responsible for approximately five to nine mahallas. A typical centre will have one or two specialists to manage social support for the unemployed, as well as someone to coordinate and organize job fairs, retraining, and public works.

70 For further information, see https://upl.uz/policy/9800-news.html

Figure 21. Organogram of an employment centre in Uzbekistan



Source: Presidential Resolution No. 3913 of August 20' 2018.

4.4.1 Public works

Public works represent one of the two main LMPs. The Public Works Fund under the MELR implements measures to attract unemployed or inactive citizens from all regions of the country, especially in rural and remote areas, to public works. It is a non-contributory scheme that does not require special pre-vocational training and can provide temporary work for officially recognized unemployed and unoccupied people, [71] the latter of whom do not have official unemployment status.

Types of public works include:

- landscaping (e.g., gardening, cleaning, whitewashing, cleaning of cemetery ditches, places of pilgrimage, and cultural sites) of cities, districts, settlements and mahallas, among others;
- repair of housing facilities, adjacent territory of housing and communal and other infrastructure;
- reparation of streets, roads and sidewalks;
- seasonal agricultural work, harvesting, storage and processing of agricultural products, reparation of irrigation and melioration of soils;
- care for the disabled, elderly and sick, among others;
- work in the industrial and service sectors; and
- construction, reconstruction and reparation of facilities.

Other types of public works may be envisaged, depending on local needs.

71 Resolution of the Cabinet of Ministers No. 799 of October 5, 2017, on the Organization of Activities of the Public Works Fund under the Ministry of Employment and Labour Relations of Uzbekistan (lex.uz/ru/docs/3370296).

Programme and benefit delivery

Minimum monthly remuneration for public works cannot be less than the first category established by the Unified (Wage) Tariff Scale (2.5 times the minimum wage[72]). Employers, however, are able to provide additional remuneration at their own expense.

Coverage

Those officially recognized as unemployed by the employment centre, or are registered as persons seeking employment, are eligible to participate in public works. The number of those in public works in 2017 was 42,476. The scheme was resourced with a total of UZS 12,538.2 million (US$1.61 million) per annum, from which the Public Works Fund was allocated UZS 784 billion (US$94 million) in 2018, marking a major expansion of the programme.

4.4.2 Vocational training, retraining, and advanced training

The second main LMP involves vocational training, retraining, and advanced training. Participation is based on competition, whereby applicants registered with the employment centre are required to pass an entrance exam set by a vocational training centre. When the number of training placement jobs exceeds that of the applicants, the entrance exam is waived.

There are several training programmes in Uzbekistan, although they tend to be small in scale and are not linked to the skill demand of employers. In fact, a recent skills study points to the lack of job-relevant, demand-driven skills as a serious issue of the Uzbek labour market (Ajwad et al., 2014). The study evidenced that there is not only a specific need for various types of training for vulnerable groups but also incentives for firms to offer on-the-job training to their workers.

Applicants accepted into the programmes are trained within 10 months. Training lasts for 40 weeks and is divided into two semesters, each of which includes theoretical study, practical training, and a final one-week exam. The centre's diploma is equivalent to that of post-secondary vocational level education. Students receive a monthly stipend based on the minimum wage.[73]

Programme delivery

The employment centre may refer the unemployed to a vocational training centre for training, retraining, or advanced training in new professions and specialties.

Vocational training centres are state educational institutions under the responsibility of the MELR. Guidance in terms of educational content and methodology is provided by the Ministry of Higher and Secondary Specialized Education. The main objectives of the vocational training centre are:

1) to implement free retraining and advanced training for a period of one year of persons with secondary specialized, vocational education who are unemployed, including those who do not have a permanent job within the skills and professions that are in demand; and
2) organize short-term professional development courses at a cost for those interested, with the exception of those registered as unemployed, to not more than 15 per cent of the total annual number of trainees

At present, there is a vocational training centre located in Tashkent, Samarkand, and Shakhrisabz. The three have been established with the support of the Korea International Cooperation Agency. In addition, there is a state plan to increase the number of vocational training centres for the unemployed in various Uzbek territories between 2017 and 2020, with a view to expanding throughout the country.[74]

72 UZS 202,730 (US$25) is the minimum wage since November 1, 2018, established by Presidential Decree No. 5553 of October 13, 2018, on Increase in the Size of Wages, Pensions, Grants, and Benefits (lex.uz/pdfs/3984488).

73 UZS 202,730 UZS (US$25) is the minimum wage since November 1, 2018), established by Presidential Decree No. 5553 of October 13, 2018, on the Increase in the Size of Wages, Pensions, Grants, and Benefits (lex.uz/pdfs/3984488).

74 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan №199 of April 10, 2017, " On Measures to Establish Vocational Training Centers for Unemployed Citizens in the territories of the Republic of Uzbekistan" (lex.uz/docs/3163903).

Coverage

The number of unemployed participating in vocational training, retraining, and advanced training in 2017 was 6,563 at an amount of UZS 5,047 million (US$0.65 million) for the programme. Apart from the Public Works and training programmes, there are one-off programmes for job creation (**Section 3.3**).

Financing of LMPs is managed by the Employment Assistance Fund under the MELR, which also is responsible for financing the unemployment benefits and training programmes. The fund receives 0.1 per cent of the Unified Social Payment (a payroll tax) in addition to funding from various other sources (e.g., profits of enterprises owned by the MELR).

The share of expenditure for LMPs accounted for approximately 0.1 per cent in 2017. The growth rate in expenditures, however, has been considerable, reflecting an increase in the funding of public works and a growing emphasis on job creation.[75] Vocational training programme funding is managed by the SEPF, the main sources of which represent donor grants and funds from the state budget.

Support for entrepreneurship in terms of micro-credit programmes. With the economy currently facing a job shortage, the Government has boosted its support for self-employment, whereby subsidized micro-credit is widely favoured to create entrepreneurship opportunities for low-income individuals. At present, there are two micro-credit programmes under the MELR, a micro-loan programme for entrepreneur craftsmen, funded by the Public Works Fund, and a similar programme for socioeconomically vulnerable groups—particularly unemployed youth and women in rural areas where almost half of Uzbekistan's population lives—funded by the SEPF. Both programmes function in similar ways and are intended to promote activation as well as graduation and income support. While funding is relatively generous, there is uncertainty with regard to its sustainability. As such, the SEPF is granting soft loans to micro-credit banks for concessional lending to an amount of UZS 50 billion and UZS 35.7 billion between 2017 and 2022 for each micro-credit programme, respectively. A July 2018 regulation requires at least 50 per cent of the SEPF budget (UZS 150–175 billion for the 2019–21 period) to target micro-credit schemes in the future. No budget projections have been made for post-2021 (World Bank, forthcoming (a)).

4.5 Social care services

Uzbekistan has a strong value-based tradition of family care for the elderly and members with disabilities. Additional support is provided by the mahalla system. The approach to care and support has been legislated by the Family Code,[76] stipulating that only the elderly, living alone and with no relatives, are eligible for s social care services. A similar approach applies to persons with disabilities, although support at home and various types of part-time and day care are available in addition to family care. Services such as hotlines and shelters for women survivors of family- and gender-based violence are beginning to emerge.

State-organized social care services predominantly take the form of support for daily chores and self-care or placement in residential institutions. Services that focus on empowerment and self-representation of those with disabilities remain few and far between. The few that exist are a result of civil society organizations that represent people with physical and/or sensory impairments, who have scarce and insecure funding resources.

4.5.1 Social services for children

Social care services for children are delivered by the Ministry of Health, Ministry of Education, State Prosecutor's Office, mahallas, and police at the local level. Responsibility is thus fragmented institutionally, with poor coordination between them (Table 4 and Section 5).

The responsibility to report to the Guardianship and Trusteeship bodies under the Ministry of Public Education that a child is without adequate parental care falls on a range of actors (e.g., relatives, mahalla administration, commission on minors, family centres, school authorities, and police). The role of these

75 The allocation for public works increased more than eight times between 2017 and 2018, from UZS 84 billion (US$10.77 million) to UZS 714 billion (US$91.54 million), respectively.

76 For further information, see ILO's database on national labour, social security, and related human rights legislation (NATLEX) at www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=90264

bodies is to intervene in a timely manner, analyse the family situation, and select the form of care that is most suitable for the child. Options include institutional care for those under 4; mekhribonlik (orphanage) for age 4 to 18; Muryvvat (orphanage for children with disabilities) for children with disabilities; boarding schools for children with special learning needs; and SOS-type villages for children. Non-institutional options are to either place the child in the care of relatives, offer the child for adoption, place the child in a foster family, or care for the child in a family-type home. There are presently four specialised correctional education institutions for children with behavioural issues, including two for girls and two for boys of various ages. They provide services for children in conflict with the law. If judged by international standards, the placement of a child in such an institution would be considered the denial of a human right.

Overall, there is a strong reliance on residential care institutions for children with inadequate or no parental care.[77] State Statistical Committee data show that in 2016 there were 24,125 children placed under guardianship or trusteeship care, representing one of the few family-based alternative care options available in Uzbekistan; and 19,969 children were living in various types of residential institutions, 75.2 per cent (15,019) of whom were children with disabilities. The rate of children living in residential care institutions is 255 per 100,000 of the child population, which is below the regional average for Eastern Europe and Central Asia (666 per 100,000), although it is above the global average. In 2018, a total of 3,345 children were adopted domestically in Uzbekistan.[78] Public expenditure for this type of service has been increasing year to year from 2016 to 2018. It amounted to UZS 27,510.4 million (approximately US$4.26 million) in 2016, UZS 50,484.2 (approximately US$6.25 million) in 2017, and is estimated at UZS 63,501.0 million (approximately US$7.45 million) in 2018.

The intention, however, of the new Child Care Strategy – to be developed in line with Presidential Resolution No. 4185 of February 2019[79] – is to reduce reliance of the child care system on institutional care and expand the coverage of social services provided by the Government; that is, to provide support and care to more children and families who need it and to respond to each case appropriately. The strategy aims to invest in a gatekeeping system to ensure that the decision-making process is in the best interest of the child; to expand and diversify family support and alternative family- and community-based care services; to gradually scale down the use of institutional care; and to improve the efficiency and cost-effectiveness of care.

4.5.2 Services for women survivors of violence: hotline and shelters

In the context of the recent policy emphasis on the need to improve the position and inclusion of women into social, political, and economic spheres and to ensure unconditional respect for the rights of women, increased recognition has been made of family- and gender-based violence and the need not only to address the consequences but also to prevent it. While the legal framework provides for equality between women and men and punishes physical assault, it does not define domestic violence. As such, it is difficult to judicially report, determine, and punish acts of domestic and gender-based violence. Statistical information available does not provide a realistic picture of the situation.

Domestic violence is traditionally considered a private issue, to be addressed by the mahalla. Each mahalla committee has a female deputy chair who leads the local Women's Committee. One of the tasks of the committee is to mediate in family disputes, while providing advice and support to the women.

If a woman reports a dispute or act of violence, or the mahalla becomes aware of an occurrence, mediation is initiated with the family to identify the cause, establish the guilty party, and propose new forms of interactions between partners with a view to overcoming the violence. According to anecdotal evidence, domestic violence that takes place within the family usually stays within the family, despite signs or warnings (Martinez, 2017).

The Women's Committee at the national and regional levels, over the past few years, has been advocating for a more transparent and consistent legal framework to address the issue of domestic violence. As a result, so far, a 1146 Hotline has been introduced for women facing harassment and/or violence. Following this, a Presidential resolution was issued in 2018 regarding the prevention of domestic violence, thus providing the basis for a new law outlawing domestic violence, providing legal protection of victims,

77 According to legislation, children are considered to be denied parental care in case of the death of the parent(s); the parent(s) is missing for unknown reasons; the parental right of parent(s) is limited or fully denied; parent(s) are incapable of raising the child(ren); parent(s) illness is longer than two months, resulting in the incapacity to care for the child(ren); parent(s) refusal to take care of the child(ren); and when the child(ren) are placed in the care of relatives or friends for longer than six months (if this is no longer in the best interest of the child(ren)).

78 State Statistics Committee, data provided in July, 2019

79 Presidential Resolution No. 4185 of February 11, 2019, on Additional Measures to Enhance the Social Protection of Children Left without Parental Care (lex.uz/docs/4199123).

and punishing the perpetrators. The first two shelters for women were opened in spring 2019 to serve Tashkent and surrounding regions, offering professional medical, psychological, and legal support to survivors of domestic violence. Six more shelters are planned for various other regions.

The 2018 Presidential resolution also addresses the protection of child victims of domestic violence and the witnesses of such crimes, ensuring legal safeguards are in place. Jointly with other United Nations agencies, UNICEF has proposed, within Uzbekistan's legal framework, to define the forms of violence against children, and has introduced an expert group to the Ministry of Justice and the Women's Committee. Children who experience violence, abuse, neglect, or injuries that are not accidental do not always have access to the appropriate social protection services. In many cases, they are placed in residential care institutions due to the current capacity gaps in the child protection system. The 2017 assessment of the child protection system in Uzbekistan indicates that local government authorities, as well as education and health professionals, are ill-equipped (i.e., lack of knowledge, skills, and tools) to identify those children in need of protection, let alone address their needs.

4.5.3 Social services for the elderly living alone and those with disabilities

Respect for the elderly is a traditional social value in Uzbekistan. In line with this, caring for the elderly is considered the duty of the family and community. Existing services, therefore, are intended to support only those who live alone and have no family support network. The elderly and persons with disabilities who are able to live independently, but with additional support, are eligible for care services in the home. Those who require continuous and long-term care are placed in residential care institutions.

Home care services: eligibility

Women older than 55 and men over 60 years of age, as well as those belonging to disability Category I and Category II who need care, are eligible for social services if they do not have children. This includes those adopted (except disabled minors); spouse and parents (except the disabled elderly); and guardians, trustees, and those who are assigned by the court to support and care for them.

Social services are provided to people meeting these criteria only if and when they are included in the local authorisation list of the elderly living alone and the elderly and disabled who live alone and are in need of care. Provision of services is based on the decision of the district khokim (governor).

Design

Based on the authorization list, mobile teams are organized by local health institutions, in cooperation with the mahalla, to assess the individual's situation and prepare a tailored programme of social services. The programme includes (i) assessment of living conditions; (ii) enrolment to the official list of those who live alone, are elderly living alone, or are disabled; (iii) the required social services; and (iv) monitoring and evaluation, revision, and completion of the programme.

Urgent provision of social services and social assistance for an elderly or disabled person whose health and life are identified as threatened, due to a complete loss of ability for self-care, is provided in the form of home care and health-improvement measures within one day.

Eligibility: residential care for adults

In principle, women above 55 and men above 60 years of age who live alone, and those with disabilities aged 18 years with no relative legally obliged to support them, are entitled to apply for residential care. The application documentation procedure, however, requires the submission of medical documents,[80] disability assessment records, and registration with the district governor confirming that the person, indeed, lives alone. In the case of adults with "manifested or significantly manifested" intellectual/mental health impairments, application for placement in residential care may sought by a parent, adoptive parent, or legal guardian. Confirmation from the city (district) governor also is required. Those with an active stage of tuberculosis, infectious disease of the skin and/or hair, acute infectious disease, malignant tumour or relevant relapse, and venereal disease are ineligible for residential care.

80 Medical documentation includes a medical card or record of disease; blood and urine analyses; Wasserman syphilis test; Hepatitis B analysis with the Australian antigen; cervical esophagography; and professional conclusions.

Delivery

There are two types of residential care facilities for the elderly living alone and those with disabilities, referred to as sakhovat and muruvvat, managed by the Ministry of Health.[81] Sakhovats are residential care institutions for the elderly living alone and for those with Category 1 and Category II disabilities aged 18 years and above, with no relatives or others obliged by law to support them. Muruvvat residential care institutions are medical and social care institutions for adults with Category I and Category II disabilities, with "manifested or significantly manifested" intellectual/mental disabilities.

Residential care facilities provide (i) day care, social services, rehabilitation, and medical and social assistance; (ii) social and legal protection of the legitimate rights and interests of residents, ensuring the protection of their health; (iii) primary medical and health care; (iv) full medical examination twice a year; (v) treatment in specialized hospitals if necessary; (vi) prosthetic and orthopaedic products, and assistive devices for those with disabilities; and (vii) cultural activities.

A retired person placed in residential care is entitled to receive the difference between the pension and the cost of living in the institution, but no less than 10 per cent of the pension (no less than 20 per cent should the pensioner be a war veteran with a disability).

Financing

Resources for the elderly living alone and those with disabilities in need of external care are allocated from state and local budgets. Total expenditure of state support to these affected persons in the two types of residential institutions (Sakhovat and Muruvvat) amounted to UZS 71,159.7 million (approximately US$9.1 million) in 2017.

Coverage

There are 33 residential care institutions in Uzbekistan as follows:

- Muruvvat: 26 (20 for adults and 6 for children) with accommodation for 8,705, of which 8,261 were occupied in 2018.
- Sakhovat: 6 plus one residential institution for veterans of war and labour, with accommodation for 1,125, of which 749 were occupied in 2018.

Institutional responsibility

Residential care institutions fall under the responsibility of the Ministry of Health and are financed entirely by the state budget and an extra-budgetary fund to support the two types of residential care institutions. Legislation allows for the charitable donations of individuals and legal entities, as well as funding from other sources that are legally acceptable.

Monitoring

A number of agencies are involved in the monitoring of residential care facilities, including the Analytical and Information Centre, Control Inspection, and internal audits and controls of the Ministry of Health; the Department of Financial Control of the MoF; and the Chamber of Accounts, the latter a state agency responsible for monitoring government expenditures and revenue, all of which may carry out audits as necessary. The function of monitoring focuses on the control of financial flows and expenditures.

81 Service provision is regulated by the Resolution of the Cabinet of Ministers №455 of July 3, 2017, "On Measures for Further strengthening of Social Support of the Disabled and Elderly Living in Residential Facilities, Muruvvats and Sakhovats."

Table 4. Summary of social services for children in Uzbekistan

Child-focused social services			
Target group	**Service**	**Agency**	**Legislation**
Children left without parental care	Services of Guardianship and Trusteeship bodies: ▶ Identification and registration ▶ Assessment of families for guardianship, fostering, and adoption ▶ Assessment of children to identify type of care ▶ Referral to residential care or family-type care ▶ Monitoring of the wellbeing of the child in out-of-home care (including institutions) ▶ Protection of the rights of the child relating to property/ state housing programme ▶ Participation in court process on denial and restoration of parental rights ▶ Provision of short-term placement (Transit Centre under the Ministry of Home Affairs)	Ministry of Public Education; Guardianship and Trusteeship body; Ministry of Home Affairs; centre for social and legal protection of minors; mehribonlik home; family type of care (state children's towns, SOS-type villages))	▶ Law of the Republic of Uzbekistan on Custody and Guardianship (2013) ▶ Law of the Republic of Uzbekistan on Prevention of Child Neglect and Juvenile Delinquency (2010) ▶ Resolution №263 of the Cabinet of Ministers of the Republic of Uzbekistan on Improving the System of Social Support for Children without Parental Care (2016) ▶ Resolution №269 of the Cabinet of Ministers of the Republic of Uzbekistan on Approval of Regulatory Legal Acts on Implementation of the Law of the Republic of Uzbekistan on Custody and Guardianship (2014) ▶ Resolution №110 of the Cabinet of Ministers of the Republic of Uzbekistan on Approval of The Regulations on the Procedure for Submission to the Guardianship Authority of Information on Children Left without Parental Care ▶ Resolution №230 of the Cabinet of Ministers on Mehribonlik Homes ▶ Resolution №158 on Family-Type Houses for Adopted Children ▶ Resolution №409 of the Cabinet of Ministers of the Republic of Uzbekistan on Additional Measure to Improve Material Wellbeing of Teachers and Students
	Provision of residential care ▶ Meeting basic needs of children (food, clothes, shelter, etc.) ▶ Conducting child's needs assessment ▶ Developing an individual rehabilitation and learning plan ▶ Social adaptation and rehabilitation services ▶ Facilitating reintegration into family environment ▶ Consulting parents, relatives on reintegration and rehabilitation of children		

Table 4. Summary of social services for children in Uzbekistan

Child-focused social services			
Target group	**Service**	**Agency**	**Legislation**
Children with disabilities	Needs assessment and referral to specialized care	Ministry of Employment and Labour Relations, Ministry of Health, National Rehabilitation Centre, child care institutions, baby home, Ministry of Public Education, sanatorium-type specialized boarding schools, non-government organizations	▶ Resolution №171 of the Cabinet of Ministers on Baby Homes; ▶ Resolution №256 of the Cabinet of Ministers on state sanatorium-types specialized educational institutions (boarding schools) ▶ Resolution №240 of the Cabinet of Ministers on specialized boarding schools for children with disabilities.
	Psychological, legal, pedagogical, social, and living support to families		
	Socio-medical rehabilitation, including provision of technical rehabilitation devices and social skills training		
	Provision of residential care ▶ Social adaptation and rehabilitation ▶ Life skills education and vocational training ▶ Facilitation to reintegrate into family environment		
	Free medical care including highly specialized care		
	100 per cent tuition fee waiver in state specialized boarding schools	Ministry of Public Education	Joint resolution of the Ministry of Public Education and Ministry of Finance (June 25, 2016) on Order of Paying for Tuition in Preschool Institutions and Boarding Schools)
Children in contact with the law (street children, children who drop out of school and have difficulties in behaviour, victims of violence)	Service of Commission on Minors ▶ Social rehabilitation of minors who are in a difficult social situation ▶ Referral to closed educational institutions ▶ Trial representation ▶ Monitoring and support to re-socialise children leaving institutions ▶ Correctional education services ▶ Life skills education and vocational training ▶ Rehabilitation of drug-addicts ▶ Prevention of offences by involving children in extra-curricular courses	General Office of the Prosecutor, Interagency Commission on Minors, Ministry of Health, Ministry of Home Affairs	▶ Law on Prevention of Child Neglect and Juvenile Delinquency (2010) ▶ Resolution №13 of the Cabinet of Ministers on Additional Measures for Improvement of the Activity of the Commission of Minors (2011) ▶ Presidential Decree on Measures to Further Improve the System of Prevention of Offenses and Struggle Against Crime (2017) ▶ Law on Prevention of Child Neglect and Juvenile Delinquency (2010) ▶ Resolution №13 of the Cabinet of Ministers on Additional Measures for Improvement of the Activity of the Commission of Minors (2011) ▶ Presidential Decision on Measures to Further Improve the System of Prevention of Offenses and Struggle Against Crime (2017)

Source: Authors.

4.6 In-kind benefits and subsidies

4.6.1 Provision of free winter clothes to schoolchildren from disadvantaged families

Eligibility criteria

Children of school age from disadvantaged families are eligible for free winter clothes. The scheme is entirely application based, with a 15 per cent quota of total number of schoolchildren in each school. The family's low-income status must be confirmed by the local mahalla committee. If the applicant is already on the local community's list of disadvantaged families, the applicant is required to submit a signed letter of confirmation from the head of the local community administration.

Design

The set of clothes comprises a winter coat, high winter boots, a hat, and a pair of gloves. According to MoF data in 2018, the average value of the benefit for schoolchildren in school Grades 1 to 4, inclusive, was UZS 108,490 UZS; and for those in Grades 5 to 9, inclusive, the average value amounted to UZS 115,200.

The procedure for the scheme is as follows:

- Local mahalla administrations identify eligibility of students and issue letters of authorization.
- Parents submit the letters of authorization to the school administration, which makes a list of those needing clothes for submission to the Department of Education at the district level.
- Department of Education consolidates the school lists into one for submission to the Ministry of Public Education.
- Ministry of Public Education consolidates all district lists into a national one that is sent to a central supplier, the Talimta'minot.
- Talimta'minot delivers the clothes to the regional education departments of the Ministry of Public Education.
- Regional departments deliver the clothes to district education departments from which they are delivered to the schools.
- School administration is responsible for the distribution and delivery of clothes to relevant schoolchildren.

Winter clothes usually are distributed to beneficiaries in the presence of classmates, parents, and the school administration. Anecdotal evidence suggests that this practice puts significant psychological pressure on the child, stigmatizing her/him as being disadvantaged. There have been reports of children asking their parents not to apply to the scheme so as to avoid this practice. Reports also have come forward of parents having complained about the low quality of the clothing.

Coverage

The free winter clothes scheme currently covers schoolchildren from Grades 1 to 9, inclusive; however, there are plans to extend this to include Grades 10 and 11. According to MoF data, there were 322,000 beneficiaries in 2018, down from 490,500 in 2015, amounting to UZS 33.6 billion (approximately US$4 million).

4.6.2 In-kind assistance for the elderly living alone

Eligibility

In-kind benefits (i.e., food and hygiene products) are provided to all those included in the official list of the elderly living alone and the elderly who are disabled and living alone and in need of care. The decision is made by the district (city) khokim (governor).

Design

In-kind benefits are provided based on an individual social service programme, jointly prepared and monitored by local health institutions (polyclinics) and the mahalla. The programme for the elderly and disabled persons living alone includes free:

- basic food items and hygiene products (non-contributory);[82]
- regular home visits (usually once a week) by personnel of district department of health;
- free prescription medicines.

4.6.3 Fully subsidized placement in state preschool nurseries of children from disadvantaged families

Eligibility for fully subsidized placement in a state preschool facility is determined based on a confirmation letter of low-income status by the mahalla. The decision also depends on a monthly per capita household income of less than 1.5 times the minimum monthly wage and on the outcome of a household visit by the mahalla (procedures are outlined in Section 4.3.1).

Preschool facilities reserve up to 15 per cent of their total capacity for children eligible for this scheme. Parents must submit an application with a letter confirming low-income status to the preschool, which are then reviewed by the nursery administration and parental committee. If both parents suffer from a Category 1 or Category II disability, the application is given priority as are those homes with the lowest per capita income level.

The list of children granted free placement is reviewed by the nursery director by September 25 of each academic year. Those who apply after this date are added to a waiting list. If a child within the scheme withdraws from the nursery, the next child on the waiting list is given precedence.

4.6.4 Provision of subsidized placement in private preschool nurseries for children from disadvantaged families

Families in need of social support include those from low-income households, those with disabled members, those without a breadwinner, and those where the parents work within the public sector in regions mandated by state allocation or quota. Subsidized placements are reserved for 15 per cent of the total number in a nursery, depending on the type of public-private partnership. Parents are required to submit an application with supporting documentation to the district education department, which reviews it within three days. If approved, the department issues a placement request for the parent to send to the nursery administration. Since a private nursery may have no ceiling with regard to student numbers or monthly fees, the subsidy only partially covers the monthly fee at the rate for a state-owned nursery. Parents are thus required to pay the balance.

4.7 Access to essential medicine

Improving the health care system and access to health services is one of the Uzbek Government's current priorities until 2021. In line with this, a scheme has been designed to provide 13 vulnerable groups access to free medicine in local polyclinics and pharmacies, as well as social pharmacies.

Eligibility to free medicine by those patients undergoing ambulatory treatment is determined by a list of categories under the responsibility of the Cabinet of Ministers. The list includes patients with oncological disease, tuberculosis, leprosy, diabetes, mental health difficulties, HIV infection, and cardiovascular disease (i.e., surgery for prosthetic heart valve and organ transplant). Eligibility includes the elderly living alone who require care; WWII veterans and their dependents; persons with a disability as a consequence of the Chernobyl disaster; military personnel who participated in international operations; and retirees who have served in nuclear facilities.

82 Free food and hygiene products per person per month include 3 kilograms (kg) of flour of the highest grade; 1 kg of rice; 0.5 kg buckwheat; 0.5 kg macaroni; 1 kg boneless beef; 1 kg poultry; 0.2 kg butter; 15 eggs; 1 kg sugar; 1 litre sunflower oil; 0.2 kg green or black tea; 0.1 kg bath (toilet) soap; 0.2 kg household soap (65 per cent of fatty acids); 0.15 kg washing powder; and 8 sanitary towels.

Coverage

The number of people who took advantage of this scheme in 2017 was 256,300. Expenditure amounted to UZS 7,349.3 million (approximately US$0.94 million).

Delivery

Primary healthcare polyclinics under the Ministry of Health are responsible for implementing the scheme. In order to increase the accessibility and quality of medical care to the population, the following have been put in place within the existing medical institution network:

- 161 district and 28 city medical associations to support the operation of 819 rural medical stations;
- 793 rural and 178 city family polyclinics and central multidisciplinary polyclinics, as well as central district hospitals and other medical institutions;
- 13 territorial multidisciplinary medical centres for adults and 13 for children; and
- 441 ambulance substations.

The programme, in 2017, was financed to the amount of UZS 7,349.3 million (approximately US$0.94 million) from the general state budget.

Monitoring and management

The Analytical and Information Centre of the Ministry of Health monitors the scheme. Overall monitoring and financial auditing is performed by the Ministry's Department of Control Inspection, its own internal audit and financial control services, Department of State Financial Control of the MoF, and the Chamber of Accounts.

Key messages

This section shows that the gaps in contributory-based insurance schemes are widening in terms of coverage and adequacy as well as individualizing responsibilities for finding routes out of poverty through engagement in entrepreneurship programmes and for provision of care services for children and older and family members with disabilities. It also points out to a disconnect between contributory and non-contributory programmes meeting the needs of different groups across the lifecycle. While there has been increase in investment in ALMPs their impact and outcome for users has not been assessed yet.

The chapter also demonstrated that tax-funded non-contributory social assistance schemes are underfunded with limited coverage of individuals and families with insufficient incomes. Rather complex eligibility criteria are not always clear to benefit applicants and the complaint procedures do not address grievances. Importantly, the size of the benefits or the duration of its receipt is inadequate to support exit from the poverty.

Recently there have been some attempts to re-design financing and eligibility criteria of some of contributory (old-age insurance financed through personal income tax; maternity and sickness and occupational injury as employer's liability) and some non-contributory programmes. These changes have been introduced in silo from each other, resulting in further fragmentation with blurred aims of each of the programmes. Importantly, links between programmes have been erased. The results of such attempts at re-design can be summarized in:

- Limiting the mandatory contributory schemes which ensure higher income replacement in case of insured risks;
- Underfunded non-contributory programmes delinked from services supporting access to LMPs, education and health services cannot fully support access to the decent employment opportunities;
- Growing number of 'missing middle' population: workers in agriculture, own account workers, self-employed or in informal economy and their families who do not qualify for social insurance based programmes, such as in case of maternity, sickness, unemployment, because of no or limited contributory capacity. Since they earn some income, they do not qualify for non-contributory programmes based on very strict means tested eligibility criteria;
- Unclear sustainability of ALMPs and different employment support programmes since no impact assessment which include assessment of contributory capacity has been planned.

Access to services for children, persons with disabilities and in older age is limited and focused on provision of institutional care in cases where there are no family members to take on care functions. Coverage with institutional care seems to be corresponding to the demand. The quality of care is difficult to assess given that independent complaint mechanisms are far few between. Most recently there is a clear nascent attempt to support survivors of gender-based violence. These attempts seem to be introducing innovative elements in that they link shelters housing support, psycho-social support and access to economic opportunities.

Importantly, the evidence presented here shows the need to establish continuum of cash benefits and care services that would address risks across the lifecycle and support inclusion into social and economic life. Such a continuum of cash benefit programme and services can enable move towards social inclusion framework which aims at strengthening access to basic social services, in particular health, education, child care and long-term care, as well as employment services and other measures to enable access to economic opportunities.

Finally, neither of the system's elements are fully fledged, meet the criteria of effective coverage, adequacy and having a participatory management and monitoring of the system in the sense of full involvement of state agencies, social partners and other interested parties.

5. Assessment of social protection system performance

5.1 Introduction and summary

As already noted, the core objectives of the national SP system are outlined in Uzbekistan's Constitution as well as in its national legislation, decrees, and resolutions. The broad policy aim pursued over the past two decades has been to maintain a life cycle system that is financed by general taxation and social insurance contribution.

In the light of the country's on-going demographic transition, as well as the high level of informal employment, the Government has initiated reforms of:

- the old age pension system;
- LMPs, including the strengthening of labour market institutions; improvement in the design of LMPs in terms of the measures they offer and in their financing; creation of programmes to stimulate youth and women's employment; and private entrepreneurship incentivization; and
- health system reform, while taking into account the need for some form of social (health) insurance programme.

In addition, discussions on the design and adequacy of poverty reduction programmes, with a focus on child poverty, have been initiated. This chapter assesses the performance of Uzbekistan's system of SP from the perspective of related international standards. This is complemented by the participants' insights on the basis of the CODI Assessment Matrix completed by the participants and the team leading diagnostics (the Evaluation of Uzbekistan's SP System Using the CODI Assessment Matrix is presented in the Annex 5).

International social security standards, enshrined in the ILO Social Security (Minimum Standards) Convention, 1952 (No 102), provide useful reference when evaluating national SP systems since they set out the core principles and benchmarks for building, maintaining, and progressively expanding national social security. Social insurance programmes that are guided by international standards clearly define the risks; qualifying criteria; minimum coverage and level of benefit; and benefit duration within national legislation. More importantly, such standards provide a clear basis for protecting the rights of citizens in times of economic downturn.

The Convention states that minimum social security standards should ensure access to medical care, sickness benefits, unemployment benefits, old age benefits, employment injury benefits, family allowances, maternity benefits, invalidity benefits, and survivor benefits (Box 6). Previous sections of this report have shown that the social security system in Uzbekistan provides insurance, unemployment, work-related disability, and breadwinner loss, but has recently discontinued social insurance principles in case of old age. Those who do not have a contributory history, or have contributed insufficiently, but comply with additional eligibility criteria are eligible for (i) maternity and work-related injury benefits, categorised as employer liability; and (ii) old age pensions, low-income family allowances, non-work-related disability, survivor benefits, and maternity benefits for non-working mothers—all of which are non-contributory and are financed by the state budget.

Box 6. Social Security (Minimum Standards) Convention, 1952 (No. 102)

International Labour Organization social security standards are internationally agreed norms and principles on establishing the national normative substance to protect the human right to social security. Social Security (Minimum Standards) Convention, 1952 (No. 102) systematized, for the first time, the set of nine life risks to be covered by social security: medical care, sickness, unemployment, old age, employment injury, cost of maintenance of children, maternity, invalidity, and survivorship. It represents the main international reference that provides the core set of principles and benchmarks for building, maintaining, and progressively expanding comprehensive national social security systems.

There are, however, numerous non-contributory programmes within the system that are managed by a number of stakeholders. These tend to be underfunded and offer limited coverage, despite an increase in funding during 2018. Neither contributory nor non-contributory social insurance is fully fledged, and do not meet the criteria of effective coverage, adequacy, let alone having a participatory management system (e.g., state involvement, social partners, among others).

It is currently unclear how or to what extent the Government of Uzbekistan intends to apply international social security benchmarks and standards to strengthen its social insurance or whether or not it will link it with the non-contributory system to ensure financing and coverage for the entire population. It is internationally accepted that non-contributory, tax-financed schemes should offer a minimum nationally accepted level of income security. Such programmes would represent a national social protection floor that would require expansion in the case of Uzbekistan. Mandatory, contributory schemes, however, also need strengthening in terms of their diversity, coverage, adequacy and, ultimately their alignment with international best practice. Contributory schemes, in comparison to non-contributory schemes, will ensure higher income replacement benefits against insured risks.

Overall in the last decade, there has been a shift of responsibility for SP from the state to the employer (e.g., maternity, sickness), family (e.g., care and financial support for the elderly), and individual (e.g., declining unemployment benefits and emphasis on self-employment). There is a lack of clarity regarding its sustainability and the contributory capacity of participants.

This study has demonstrated that old age pensions continue to dominate the SP system in terms of expenditure and revenues, despite the declining number of contributors. There also is evidence of a widening gap in relation to pension coverage (just over 80 per cent of the elderly population receive pensions), due in part to the falling share of the elderly having been covered by contributory-based age pensions, as well as limited coverage and amount. The latter goes against the spirit of the international Social Protection Floors Recommendation that calls on governments to gradually achieve universal coverage and guarantee basic income security for all age groups. The impact on the elderly (i.e., loss of independence and dignity) is potentially negative, as is the potential increase in poverty risk for the family providing the care.

With regard to the design and delivery of low-income family benefits, the advantage of the mahalla to determine eligibility was its local knowledge and speedy reaction (i.e., non-bureaucratic) to changing circumstances of households. Today, however, the mahalla system operates on formal as well as informal mechanisms to determine eligibility. Although there is a formal criterion of the calculated per capita income, a family may still be found ineligible if they do not meet other criteria, which are not clearly defined and may be subjectively enforced by mahalla committees. The system's regulations and the lack of human and financial resources thus severely limit the ability to react as speedily and flexibly. For example, the formal criteria to calculate per capita household income for the allocation of benefits are somewhat restrictive and, in some respects, are inconsistent and/or unclear. Furthermore, the upper limit that is placed on the amount available for a low-income benefit in each mahalla may lack a need or impact assessment. The mahallas' limited outreach, moreover, reflects the fact that they lack the resources to cover all low-income families. Recent literature and anecdotal evidence suggest that family benefits have to be assigned rotationally.

Unemployment coverage is strikingly low, at approximately 1 per cent of the registered unemployed and, despite recent increases, there are large funding gaps in terms of LMPs for those who are of active age.

This would appear contrary to not only the significant labour market and employment challenges that face Uzbekistan, outlined in Section 2, but also to the current policy priorities relating to the creation of jobs. Recent investments in training centres, moreover, are financed by external (donor) sources, raising the question of sustainable funding. Employment centres appear to be under-resourced in their attempt to cope with LMPs, presenting a threat to their operation and impact. While investing in LMPs is a positive move, it should not only rely on the creation of jobs regardless of cost. It is essential that a review be carried out of the type of contracts, quality of employee training, sustainability, gender equality, impact on workers' rights, and capacity for contribution.

Regarding gender equality, maternity benefits currently are paid from employer funds (i.e., employer liability). This represents a potential disincentive to employ young women in the formal sector, which places them at a disadvantage in instances of significant job competition.

The multidimensional factors of poverty and exclusion in Uzbekistan are not being addressed, given the shortage and lack of social services and the disassociation between the benefits and care services offered, particularly in relation to families with children. The most common care option for children without parental care and those with disabilities is the residential care institution, although due to economic factors in many cases, children with one or both parents may be placed in institutions. A coherent child care system should be in place to provide short- or long-term mentoring, as well as psychological and practical support to address the social needs of children and families.

Best international practice in the delivery of social services follows two principles: services must be designed to meet the needs of the user first, at the exclusion of the provider, and services must be delivered in a manner that will enable people to live independently or within families and communities wherever possible. It is considered more appropriate to provide people with greater access to community services at the local level – services that will address families in need, often in their own home, and that will effectively resolve any issue at an early stage to prevent exacerbation. Services also have proven effective in reducing social isolation and exclusion, and in contributing to the creation of new decent jobs.[83] It would be useful to have a clear cost comparison between a child in the care of an institution and in the family home to inform policymaking and funding.

As noted in Section 3, there is little evidence of the use of impact assessment data to enable an adjustment of programmes and their resources. The data used appears to be for control purposes only (e.g., control of funds used, fulfillment of eligibility criteria). In general, the participatory approach to policy design is limited, implying that there is minimal information relating to the main concerns of the populace.

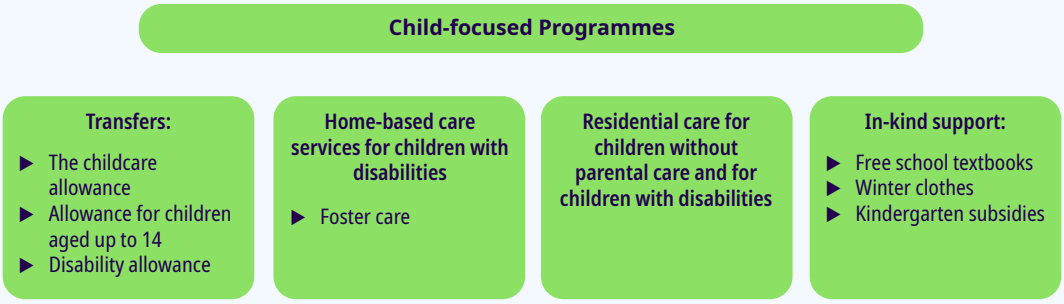
Finally, in terms of accountability, there is no specific complaint mechanism for each allowance and pension, other than a general complaint procedure. The Law on Citizens' Enquiries, adopted on December 3, 2014, sets the procedures for submitting an inquiry to a state agency, the process of due consideration, and the agency's timely response. Accordingly, citizens have the right to submit inquiries, whether a request, suggestion, or complaint, in writing or via email, providing their full name and address. Inquiries must be submitted to the relevant agency, depending on the issue, or to the court. The agency must respond within 15 working days following submission, but this can be extended to two months in the case of the need for additional information or further action. Since October 2016, citizens may either submit their inquiries through a special electronic Presidential Portal or they may visit the regional offices in person. There are concerns, however, that persons placed in residential care are unlikely to have access to electronic means of communication, should they wish to file a complaint through the Presidential Portal.

5.2 Social protection for vulnerable children: minimum income security and social services

Uzbekistan's child-focused social protection system consists of targeted child benefits for low-income households; care services for children with disabilities and children with inadequate or no parental care; and the recently-introduced child protection services for children in contact with the law. There also are smaller, in-kind schemes such as provision of free schoolbooks, winter clothes, and subsidies for placement in preschool facilities. The main SP programmes for children are summarized in **Figure 22.**

83 A study of the case of Turkey shows that increasing investments in social care will help to create 2.5 times more formal sector jobs compared to the number created by an equivalent investment in the construction or infrastructure sectors (Ilkkaracan, Kim, and Kaya, 2015; and UNDP, 2017b).

Figure 22. Child-focused programmes in Uzbekistan



Source: Table 1 of this report.

Inclusiveness

From gender perspective, the workshop participants found formal eligibility criteria of the child benefits for low-income families favourable for women. In particular, only non-working mothers (or people replacing them) are eligible to apply for the childcare allowance, while the eligibility criteria of the allowance for children aged up to 14 are formally gender-neutral. However, given that these programmes are administered jointly, they are perceived as interlinked. As a result, the majority of the beneficiaries in both programmes are women. Besides, a prevailing cultural norm that it is shameful for men to apply for a child benefit for low income families contributes to the fact that men are literally non-existent among the beneficiaries.

Formally there are no restrictions to apply. However, many mahallas report that they have a monthly cap on the number of beneficiaries and the budget. This results in rationing behaviour and mahallas reportedly discourage applications when the cap has been used up. Informal waiting lists are formed. As a result, many eligible families find themselves excluded from the programmes. As set out in Section 4, coverage is very low for the childcare allowance and child benefits that target the poorest families. Coverage for both decreased considerably (by 60 and 70 per cent, respectively) in the 2006–17 period and, despite an increase in the number receiving child benefits in 2018, coverage has remained low. Coverage also varies across the country, but it is broadly in line with differences in regional poverty rates. There are signs, however, that the Uzbek Government will increase the funding allocated to these schemes to the share of families with children with access to income support.

The procedures for assessing eligibility for low-income child benefits and the role of the mahallas have been described above. Mahalla guidelines for assessing living standards leave some room for flexibility. On the one hand, this allows for the exploitation of local knowledge of an individual's household situation to be able to react quickly to emerging needs; in practice, however, the lack of human and financial resources, as well as well-developed social services, means that this flexibility, in fact, is rarely exploited. On the other hand, this space for discretionary decision leaves the mahalla open to criticism for its subjectivity, especially given the lack of professional social workers. While this could lead to errors of inclusion, anecdotal evidence indicates that the main problem faced by the mahalla is the fiscal constraint, as situations often arise when the number of households in need of support within the mahalla is greater than the amount allocated to the mahalla for any given period. The mahalla then has to "select the poorest of the poor", resulting in the discretionary exclusion of some households from benefits.

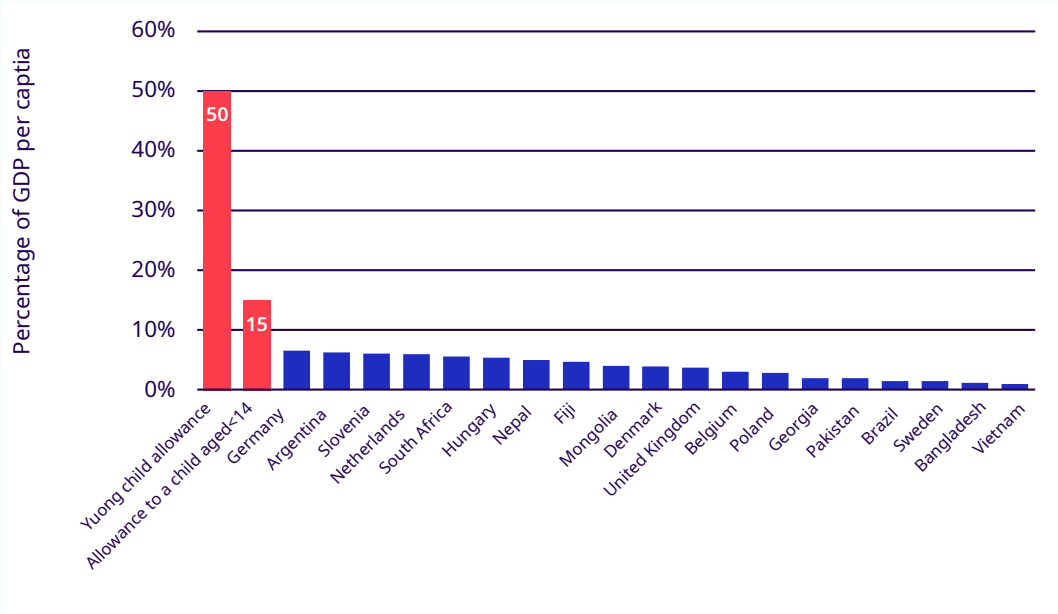
A recent study suggests that the low coverage considerably limits the effectiveness of the child benefit system. In fact, the recent data from L2CU survey indicates that 75 per cent of eligible low-income families are not accessing child benefit. Hence, its relative contribution to poverty reduction in the country, despite it being targeted to low-income families, is minimal, at only 8 per cent. For comparison, old age pensions account for 77 per cent of poverty reduction. Moreover, child benefits have been responsible for only 12 per cent of the overall reduction in the child poverty rate (UNICEF, 2019b). Conversely, the old age pension has had the largest impact on child poverty reduction (70 per cent reduction).

As to child-focused social services, the workshop participants indicated certain problems with inclusiveness in Guardianship and Trusteeship services.[84] Although these services represent the core of the child protection system in Uzbekistan at the institutional level, they are not functioning effectively due to human resource gaps, insufficient funding, and weak interagency coordination. They target mostly one category of children – those deprived of parental care – who are basically placed in residential care institutions. Services and interventions for the prevention of and response to violence, abuse, neglect, and exploitation are underdeveloped. Children with disabilities are particularly prone to be overlooked.

Adequacy

The workshop participants assessed the adequacy of the allowances to low-income families as high, although they stated that benefit levels were lower than the minimum subsistence level by 1.7 times. This assessment falls broadly in line with the comparison across different countries. **Figure 23** provides comparison of the child benefit (the childcare allowance and allowance to children aged up to 14) levels across different countries.

Figure 23. Value of child benefits compared to other countries, as a percentage of GDP per capita (using values for families with one child)



Source: UNICEF, 2019a.

As it can be seen from **Figure 23**, levels of the child benefits are much higher than in many other countries. However, the following caveats should be taken into account. Firstly, the benefit size per child falls substantially for multi-child families, resulting in similar levels as in other countries. Secondly, due to rationing applied by mahallas, the average duration of child benefits is significantly shorter than specified in the legislation. For example, UNICEF examination reveals that in 2012 the childcare allowance was paid on average for 6.7 months instead of 12 months, while the average duration of the allowance to children aged up to 14 years was 4.7 months, although it must be assigned for 6 months (UNICEF, 2019a).

84 Main functions of Guardianship and Trusteeship services were described in Section 4.5.

Benefit levels are indexed approximately every 10–12 months, although the rate is usually below the overall increase in price levels. The indexation happens in form of updating the value of the basic calculation unit, to which the benefit levels are tied. However, starting from September 2019, the benefit levels were no longer tied to the basic calculation unit and are set in absolute terms. At the moment, the Government's plan on indexing mechanisms remain unclear.

Appropriateness and institutional capacity

The workshop participants pointed to the lack of clarity (despite attempts to improve them) in the instructions on how to evaluate the property of the household when assessing the eligibility of individual households in assigning social allowances for families with children. Analysts also have pointed to problems with the formula to determine a household's gross per capita income. All sources of family income must be considered, including any old age or disability pension. This is a serious issue in that resources allocated for the specific needs of those two groups are considered to be part of the overall family income. This presents a significant risk for children with disabilities, who often require additional services, including various forms of therapy or prosthetics to meet their basic needs.

The workshop participants also indicated that beneficiaries of the childcare allowance may experience negative employment incentives that arise due to the specificities of the eligibility requirements for the benefit. Non-working mothers (or people replacing them) are eligible for the benefit. If a beneficiary becomes employed, then she becomes ineligible for the benefit. According to anecdotal evidence many women, especially in rural areas, prefer to remain unemployed even if there are other caregivers available to look after their children, due to unwillingness to lose their benefits, as income levels are often similar to the level of child care allowance.

From the social services perspective, Guardianship and Trusteeship bodies are staffed with only one specialist in each district (rayon), which is insufficient. According to workshop participants, these bodies in practice only deal with orphans, and cannot cover children with special needs. This is particularly a challenge in districts where there are many parents who migrate for work. The specialists employed by the Guardian and Trusteeship bodies should also form part of judicial cases, including those concerned with the restoration of parental rights. However, there is insufficient support for families at risk, including for the reintegration of children into families. There is no database on children without adequate parental care and no links between the district specialists. There is no standard form for evaluating family and child needs in line with international norms. Moreover, there are no mechanisms in place for carrying out regular assessments of the system.

A functional analysis of Guardianship and Trusteeship bodies and the Commission on Minors, conducted in cooperation with the Ministry of Public Education in 2017 (GoU and UNICEF, 2017), found that one of the main challenges to ensuring that the system can respond adequately to the needs of children is the insufficient number of qualified specialists. This is particularly the case for children in contact with the law. There is a need for more staff with social work training. There also is a need to ensure compensation of travel expenses and mobile phone expenses for staff, and to develop a system to monitor the quality of service provided. As with other stages of the life cycle, governance responsibility for SP for children is shared across several institutions (see above) without clear horizontal coordination.

Other problems identified by the workshop participants include inefficient financing mechanisms, when financing for the child benefits and child protection services is allocated based on historical trends rather than on the needs and priorities of the sector. Controlling functions are performed mostly on ensuring fulfillment of formal requirements only. There is no effective monitoring and evaluation framework.

Policy-making process is fully top-down with extremely limited citizens' participation.

Rights and dignity

As has been indicated in Section 4, eligibility verification for child benefit implies visiting applicants' households by mahalla commission. The workshop participants found those visits intrusive to the applicants' privacy and erosive to their dignity. They stated that there were numerous cases when families in need would refrain from applying for child benefits due to the sense of shame and discomfort entailed by household visits. At the same time, the workshop participants indicated that the household visits were necessary due to the impossibility of independent verification of someone's income due to widespread informal employment and entrepreneurship in the country. Therefore, the household visits were seen as a necessary step, while violation of the applicants' rights and erosion of their dignity was unfortunate but an inevitable side effect.

Financial and fiscal sustainability

Child benefits and the child protection services are underfunded and under-resourced. The financing is itemized and based on historical trends rather than real needs and priorities. For example, 75 per cent of eligible families are not accessing child benefits due to insufficient financing that leads to rationing at the mahalla level.

Coherence and integration

The institutional framework is fragmented. Child benefits are administered separately from other social protection programmes. There is no interagency coordination in case management. UNICEF supported the Government of Uzbekistan to design and launch the pilot of an integrated management information system, Single Registry of social protection, that, once fully capacitated and rolled-out, should enable the Government to integrate all social protection programmes into one single system.

5.3 Social protection for the working age population: minimum income security and support services

Workshop participants discussed the major programmes for the working age population, mainly employment, and did not cover those programmes that are currently classified as employer liability, although the lack of insurance programmes to cover the maternity benefits, unemployment benefits, and employment-related injuries arguably represents a critical gap in the system.

Inclusiveness

As noted above, low-income benefits for families with and without children have been declining in terms of coverage over the past decade. In fact, SP for women and men of working age in Uzbekistan is rather focused on employment and support for entrepreneurial activities, while programmes enabling the access of families, women and young people to livelihoods and employment are gaining prominence in public policymaking. In addition, services supporting women in the roles they perform daily, women in difficult life situations, and survivors of gender-based violence have recently been introduced.

The increased focus on LMPs, as noted above, is a response to under- and unemployment and the growing influx of new, young entrants into the labour market. While legally, all unemployed are eligible to participate in LMPs, actual coverage appears limited although growing. For instance, 42,500 participated in public work programmes in 2017 and 6,600 in training and retraining programmes. The eligibility criteria for unemployment benefits appear to be rather restrictive, and approximately 1 per cent of the unemployed receives the unemployment benefit while 10 per cent are registered.

In the absence of evaluations based on survey data, it would appear that individuals not placed into jobs following participation in an employment programme and who are without (adequate) income would apply for a low-income household allowance. Coverage of low-income allowances, however, has been falling in recent years, and the focus is on families with children, rather than on those of working age. The problems associated with the conflation of child benefits with low income benefits were mentioned above.

Adequacy

Workshop participants claimed that unemployment benefits were more than adequate for the short-term unemployed, but not for the long-term. It is worth nothing that there are no disincentives for job search, as the benefits are not sufficiently high.

Appropriateness/rights and dignity

The focus on women's employment is a part of a broader attempt to ensure respect for women's rights and their inclusion in the political and socioeconomic spheres.[85] This approach is mixed with strong support for the institution of family and motherhood. Thus, on the one hand, support for women's entrepreneurship is viewed through the prism of improvement of family living standards while preserving family values and nurturing intergenerational relationships and solidarity within the family. On the other hand, recently organized social care services that include a telephone hotline and shelter

85 Presidential Decree No. 5325 of February 2, 2018, on Measures for the Fundamental Advance to Support Women and Strengthen the Institution of the Family (lex.uz/docs/3546745).

for women survivors of gender-based violence are based on the acknowledgment that families are not always functional.

Intergenerational and intrahousehold solidarity is strongly encouraged, with women performing the bulk of unpaid care work, in particular care for young and older family members as well as the sick and those with disabilities. The latter is also legislated—although not explicitly mentioning women as care takers – in the Family Law (ILO, 2019d), which stipulates that families and relatives are to care for the elderly while the State intervenes only in cases when the elderly have no one to support them. The allocation of responsibility for care duties to the family appears slightly at odds with programmes that promote entrepreneurship among women.

Governance and institutional capacity

No analysis has been carried out as to whether the human resources are in place and adequate to meet the needs of the 837,000 unemployed who are officially registered, nor of the estimated 1.3 million unoccupied and 500,000–700,000 annual new entrants into the labour market. There will be considerable strain on existing staff to cope with the volume of requests associated with the rising numbers participating in LMPs. At present, the centres rely on the mahalla system to disseminate information about the different schemes, identification and referral of scheme participants, and partially monitor whether all participants meet their obligations under the scheme.

Workshop participants pointed to problems with staffing, with the high turnover due to low pay. They also pointed to some issues with the professionalism of staff. From the user point of view, while there have been improvements in accessibility in that it is no longer necessary to go in person to the employment office and there is less bureaucracy, there nevertheless are issues around providing information to the public.

Financial and fiscal sustainability

Finance for LMPs has been increasing, but the sustainability of this and the long-term vision is lacking. There is a need to assess the efficacy of public works and training programmes, as well as the one-off job creation schemes for youth and women.

Coherence and integration

The MELR is responsible for the main social assistance schemes and for the unemployment benefit, financed by the Fund for Employment Assistance, as well as maternity and sickness benefits that are financed by employers, public works, and training for the unemployed. The Minister of Employment is directly responsible for public works and is supported by three deputy ministers who are responsible for different areas. One deputy minister oversees the Department of Monitoring the Payment of Allowances to Low-Income Families, which is responsible for overseeing childcare, family and low-income allowances, as well as other poverty alleviation programmes; another deputy minister is responsible for training programmes; and a third deputy minister oversees employment programmes.

Nevertheless, the question is the extent to which the various departments within the ministry link up, and the extent to which they are linked to other ministries and public agencies. There is no long-term strategy for SP of the unemployed, and not enough horizontal coordination between the agencies responsible for employment, economy, finance, and education. There also appears to be poor integration between training and job creation programmes. The structure of expenditure is not optimal in terms of investment in unemployment benefits and labour market programmes which continue to be underfunded compared to specific annual programmes and therefore should be determined on the basis of discussions with stakeholders, including trade unions.

The MELR delivers the schemes for which it is responsible through its regional (oblast) and district (rayon) offices. At the regional level, the ministry has various employment departments, including a section that monitors the benefit payments to low-income families and coordinates individual poverty alleviation programmes. The regional employment department is responsible for overall supervision and information consolidation, as well as reporting to the central office of the Ministry.

The newly designed programmes to promote youth, women's, and family-based entrepreneurship[86] are under the responsibility of a number of state actors such as the Service for Youth Policy Issues under the Office of the President, Republican Commission for Development of Youth Entrepreneurship, Women's Committee, and MoF. Alignment of these programmes with overall employment and SP policy

86 Presidential Resolution No. PP-3777 of June 7, 2018, on Implementation of the "Each Family is Entrepreneur" Program (lex.uz/docs/3772866).

and coordination between implementing actors, in particular at the local level, does not appear to be established yet.

Additionally, the coordination mechanisms between labour market and poverty reduction schemes are unclear, apart from the fact that mahalla committees are in a position to follow the transit of individual users from one scheme to the other and that there is coordination between unemployment benefits and low income benefits. There appears to be limited integration, however, between benefits and training programmes, and between training and job creation programmes.

Appropriateness, responsiveness, and cost effectiveness

Significant investment is being made in LMPs, and there is a need for evaluations and impact assessments. While finance has been increasing, it is based, at present, on one-year allocations and programmes, so it is difficult to plan long term, and budget processes are not sufficiently flexible to respond to changing needs.

International experience would suggest a need to distinguish between self-employment and entrepreneurship. They are often used synonymously; that is, the two terms become conflated, meaning that there is not sufficient differentiation in policy and programme interventions, despite the fact that self-employment and entrepreneurship in practice imply different motivating factors and opportunities. Self-employment often is a reflection of hidden unemployment, rather than of latent entrepreneurship. From the point of view of the population, self-employment is often viewed as a coping mechanism rather than a longer-term employment aspiration (O'Higgins, 2017: Chapter 5). Programmes supporting entrepreneurship for women and young people should ensure that self-employment is not seen as a dynamic and highly profitable venture, as is sometimes portrayed, since it is often a highly vulnerable employment status in terms of the levels of pay, work protection and job security offered. In order to be successful, several elements are required, including access over the longer term to an ecosystem of affordable business support services and training. Moreover, the self-employed usually do not have the capacity to make social insurance contributions, raising questions about their access to SP now and in old age.

5.4 Social protection for older men and women: income security and social services

Inclusiveness

Contributory and non-contributory-based old age, disability, and survivor pension programmes are designed to ensure income security for older men and women above statutory age, or their dependents, through (i) non-contributory schemes (social pensions) that ensure basic income security and (ii) contributory schemes designed to replace lost income. Although pension coverage is in principle universal, the data suggest that only 67 per cent of those at pension age receive a pension, and that there has been a decline in coverage over the last decade. This may be partly due to restrictions in the eligibility criteria for the social pension, introduced in 2011, whereby the elderly with no or insufficient contributions and/or children or relatives who have sufficient income to take care of them are no longer entitled. With regard to the contributory pension, the large share of informal employment and migration also is leading to a declining share of retirees being covered. With restrictions on eligibility, and with 59 per cent of the employed workforce not covered by the formal contributory schemes, the gaps in pension coverage are likely to grow in coming years. This would contradict the right to SP in old age, set out in the Constitution and embedded in the SP floor approach.

Participants in the CODI assessment workshop pointed out that any gender differences are in favour of women; that is, eligibility for women is based on a lower pension age and lower work record for eligibility. It is not clear, however, whether or not this compensates for time out for children and unpaid care duties. Moreover, a higher share of women are employed in agricultural employment and are therefore likely to have less or lower contributions. In fact, the average pension for women is lower than for men (Figure 16). A recent review of SP in the Europe and Central Asia region also points out that:

"Women have on average longer life expectancy than men, but tend to have lower pension entitlements due to a combination of factors, including the fact that they have taken time out for child care; lack of local care services means that there is an over-reliance on unpaid work by women to perform care duties for young and elderly family members; and the fact that women tend to be over-represented in low-paid service sector jobs in health and education, and among the informal agricultural sector workers, means that they are more likely to have either no or low pension rights." [87]

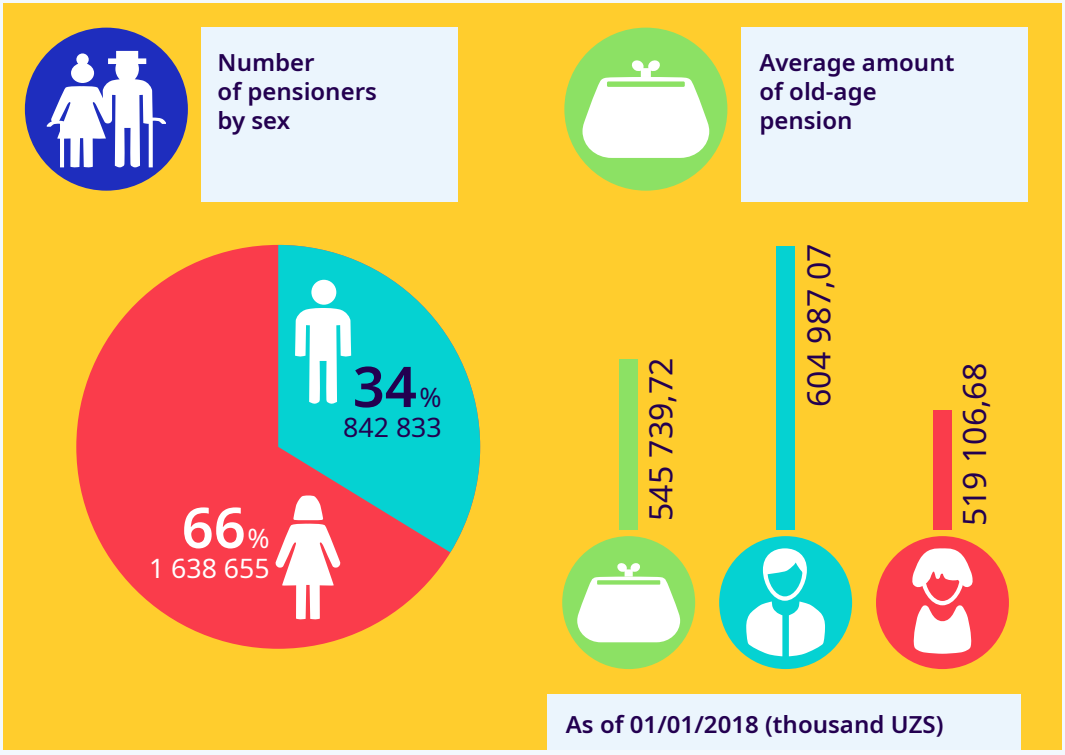
The rules and regulations on pension entitlement and delivery procedures are set out clearly. According to participants in the assessment workshop, however, some of the procedures can still be burdensome in terms of bureaucracy.

Social support services are available for those elderly living alone, with no family members to look after them, and who are on the official list (drawn up by the local authorities) of those entitled to support services. This a priori excludes elderly living with families and places the care burden on family members, usually female members. The mobile social services and day centres cover only a small percentage of the elderly population.

Adequacy

The majority (66 per cent) of beneficiaries are women, whose pension size is, on average, 5.3 percentage points lower than the average pension and 16.5 percentage points lower than the average pension for men (**Figure 24**). The size of pensions for women and men alike has gradually increased since 2013 due to increases in the minimum wage and indexation (**Figure 25**).

Figure 24. Old age pensions by sex and amounts in Uzbekistan, January 2018

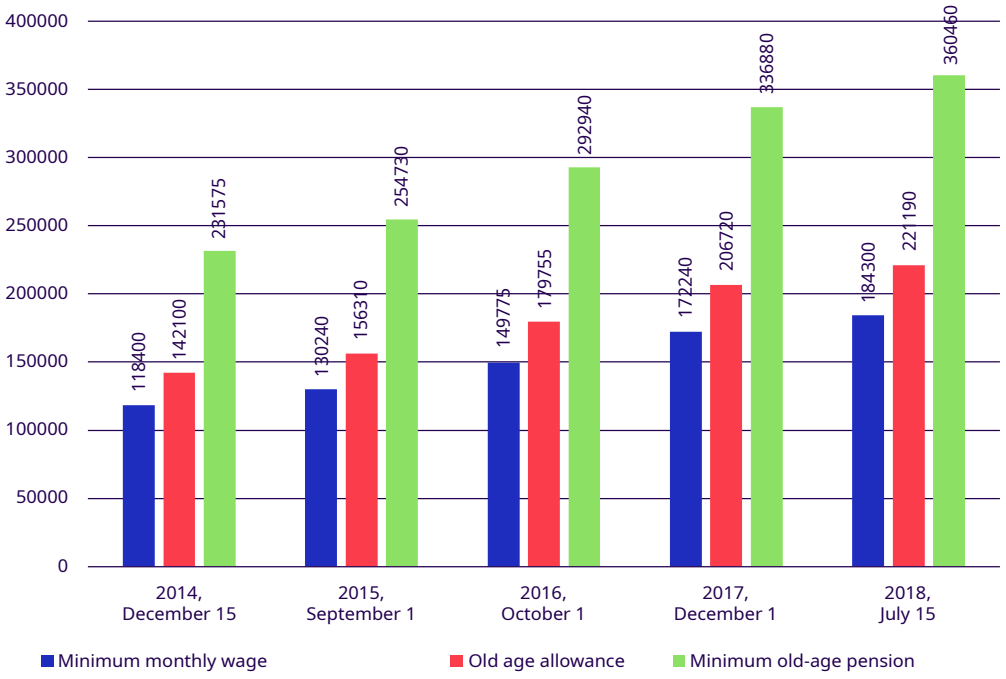


Source: Off-Budgetary Pension Fund under the Ministry of Finance.

87 From Mapping of SP in the ECA Region, UN Regional Issue Based Coalition on SP (2019), forthcoming.

Participants evaluated the pension size as generous, although this may require some qualification. Goskomstat data show that from January to December 2017, the average monthly nominal wage in Uzbekistan (excluding small enterprises and agriculture) was UZS 1.4532 million (US$178) and had risen by 12.3 per cent since 2016.[88] Statistics from the ILO and OECD put the average wage for 2017 in Uzbekistan at US$235. This ranks Uzbekistan 118th out of 157 countries.[89] Thus, the average wage (according to Goskomstat data) at the close of 2017 (excluding unofficial employment) was 3.4 times the minimum wage, and the minimum represented 29.4 per cent of the average wage in 2017 (ILO, forthcoming). This would imply that the minimum old age pension is above the minimum wage, but is well below the average monthly nominal wage and is likely insufficient to cover the cost of living. It is worth noting that since November 1, 2018, there have been increases in the minimum wage and pension (the minimum monthly wage is USZ 202,730; social pension is UZS 243,300; and minimum old age pension is UZS 396,500 per month).

Figure 25. Size of old age benefits in Uzbekistan (in Uzbek soms)



Source: Pension Fund of Uzbekistan.

88 State Statistics Committee of the Republic of Uzbekistan, available at https://stat.uz/ru/506-ofytsyalnaia-statystyka-ru/r-osrd-mvf-ru/tablitsa-svodnykh-dannykh-ru/realnyj-sektor/2681-dinamika-srednej-nominalnoj-nachislennoj-zarabotnoj-platy-tablitsa-svodnykh-dannykh. It should be noted that after 2010, the MoF and Goskomstat no longer publish the average wage as such and indicate only its growth as a percentage.

89 See http://istory.kz/21330/srednyaya-zarplata-po-stranam-mira-2017.

Adequacy of services

The limited range and entitlements to home-based services are mentioned above. Apart from these, there are residential care homes for the elderly. According to participants in the workshop, the Sakhovat residential care homes cover demand for this type of care (Section 4.5.3: 701 persons were placed in 2018, while 1,375 places were available).

Workshop participants also pointed to a lack of coordination between the system of free medicine for those entitled, specialist services offered in residential care homes, and the services provided at home for the elderly living alone. Currently the elderly living alone are not included in the list of those entitled to free medicine.

In theory, the elderly living alone are entitled to free transport although, in practice, this exists only in three regions of the country. There is a need to expand to include all transport systems.

Appropriateness, rights, and dignity

The transfer of responsibility for income and care support to families (apart from elderly living alone) raises questions around individual rights and dignity.

Governance and institutional capacity

The fact that all payments and calculation of pension rights are done electronically means that there are no major implementation issues, and accountability has been enhanced. Information is provided online as well as by SMS, based on workshop participants information.

Financial and fiscal sustainability

Social insurance programmes – the lion's share of which represent old age pensions – accounted for 83 per cent of SP expenditure in 2018, and their share had risen slightly since 2012 (80.1 per cent). Expenditure for pensions is prioritised and relatively stable. This is not unusual since the funds and expenditures resulted from employee's and employer's contributions (and state budget to an extent) as well as expenditures based on acquired rights. There are on-going challenges, however, not only in terms of sustainability, but importantly in terms of the erosion of the concept of insurance in old age through tax reform. This introduced personal income tax of which a share will be invested in individual accounts.

As indicated earlier, the Pension Fund has proposed a number of reforms to social insurance schemes. Some of which (e.g., increase in retirement age) will reduce the cost of pension provision while others (e.g., reintroducing the disability benefits for those classified as having a Category III disability) will increase expenditures.

Measures to improve financial sustainability have to be balanced with incentives to participate in the contributory old age pension scheme. This also applies to economic entities and individuals so that they are able to operate in the formal rather than the informal sector.

The tax reform of January 1, 2019, abolishes the worker's social security contribution to the Pension Fund which is, as already noted is in conflict with international standards. The concept for pension reform also envisages a rise in the pension age, in the minimum work records required for eligibility, and in the maximum cap on pension size. It is too early, however, to draw any conclusions on the impact of these actual and proposed changes.

Overall

The pension system is considered a priority, has wide (if no longer universal) coverage, provides SP, and is based on clear legal regulations and standards. While no longer in line with international standards, it nevertheless has relatively well-functioning delivery mechanisms.

In terms of incentive incompatibilities, there are weak links between individual contributions and pensions, and employer contributions are considered burdensome. Workshop participants raised some question over incentives for administrators and called for a reduction in bureaucracy.

Financing is currently stable, and forecasting is based on socioeconomic scenarios and demographic trends. Nevertheless, the contributory scheme and the Pension Fund do face sustainability issues. Moreover, participants considered that it would be better to have a clearer separation of insurance from non-insurance-based programmes in the administration of pensions.

The restrictions on the rights to social pensions (only those with no family members to look after them are entitled to these) are in line with other aspects of the SP system which, to a greater or lesser extent, place the burden of care for the vulnerable on other family members. It therefore represents a step back in terms of rights of the elderly to minimum income floors.

Participants pointed to the data gaps due to the fact that the last census was held in 1989, and there is therefore no strong basis for demographic forecasting. There is, for example, no life expectancy data disaggregated by sex and age group.

The contingent of the elderly entitled to home support services is extremely limited, as are the services available. There is little link or coordination between services and benefit provisions.

5.5 Social protection for people with disabilities

People with disabilities have the right to disability pensions and allowances on the basis of their disability category (Category I, Category II, or Category III). The adequacy of the disability and survivor benefits is rather difficult to assess, as individual circumstances should be taken into account in addition to the general criteria.

A person assessed as belonging to a Category III disability is generally able to work in another job and, as such, has the potential to supplement their disability pension. Whether or not she/he is able to do so is questionable. This presupposes that there are other jobs a person can perform, and does not take into account that he or she may require retraining to be employable in another job. A disability benefit of 50 per cent of the minimum wage for those in this category is unlikely to provide them with more than a subsistence standard of living.

Regarding care services, there is a heavy reliance on residential care. Muruvvat residential care homes for persons with disabilities, however, do not have sufficient capacity. According to participants in the assessment workshop, they cover only 70–80 per cent of demand. The limited support for those living at home with their families has already been mentioned. While the family (and, to a certain extent, the community) approach to support and care for the elderly and persons with disabilities, in principle, enables living in the community, the limited network and type of services provided do not appear to allow for meaningful independence and full inclusion in the world of education, work, or the social and cultural life of the community. The bulk of this unpaid care work is performed by female family members, most of whom are of working age. Social norms favouring the role of women as home and family caretakers and the lack of jobs available, in combination with a legal and policy framework that leans toward family-based social policy, contribute to the exclusion of women from the labour force, as well as from social and political participation.

People with disabilities are not included in the list of those entitled to free medicine. Furthermore, while they are entitled to free transport, accessibility to transport infrastructure and vehicles for the disabled is an issue.

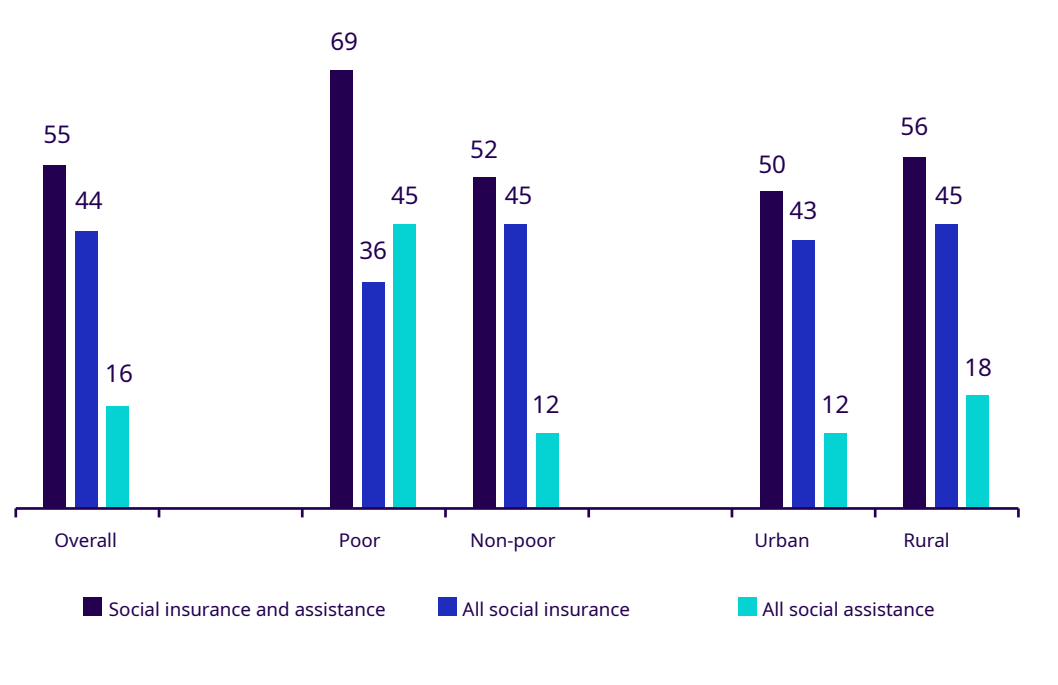
Assessing the situation of children with disabilities, a child disability allowance alone is not sufficient to provide a child a good start in life. Many parents are unable to work due to being full-time caregivers of their disabled child. A caregiver benefit to compensate caregivers for their loss of income should be considered for parents/guardians of children with disabilities. It would provide the chance for children to remain in the family home rather than be placed in an institution as a result of their parents being unable to care for them.

5.6 Overall impact of the social protection system

Uzbekistan has a relatively articulated and comprehensive SP system covering most of the life-cycle risks through social insurance, social assistance, or labour market interventions; however, nearly half of the population and one-third of the poor are not included in any of the existing SP schemes and the benefit levels for some programmes are inadequate. Household survey data (L2CU, 2018) show that the SP system (including social assistance, social insurance, and LMPs) support approximately 55 per cent of the population, mostly through social insurance, which covers 44 per cent of the population (**Figure 26**) (World Bank, 2018d). Old age pensions cover close to 38 per cent of the population (and 85

per cent of the elderly above 65 years) and are by far the SP instrument with largest coverage, including coverage of the poor[90] (29 per cent) (**Figure 27**). Overall population coverage by social insurance and assistance programmes is relatively high and such percentage increases further among the poor, with social assistance targeting the poor. People in rural areas also are somewhat more likely to receive social assistance than citizens in urban areas (**Figure 26**).

Figure 26. Coverage of social insurance and social assistance by poverty and urban/rural status in Uzbekistan

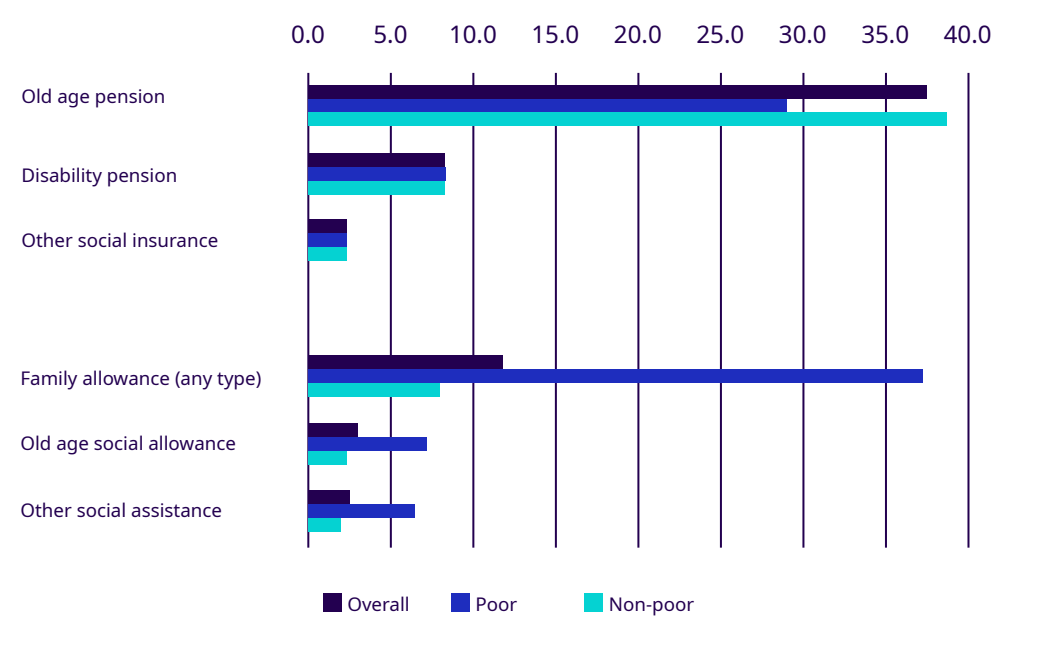


Source: World Bank (2018d).

Note: The poor are defined using the international poverty line of US$3.2 purchasing power parity. Social insurance includes old age pension, disability pensions, survivor pension, sickness benefit, and child/maternity leave. Social assistance includes family allowances (the three types), old age allowance, disability allowance (for adults and children), and other allowances (e.g., loss of breadwinner), in-kind support and monetary compensations of communal expenses for vulnerable groups.

90 At the World Bank international poverty line of US$3.2 a day.

Figure 27. Coverage by selected social protection programmes in Uzbekistan



Source: World Bank (2018d).

Note: Poor are defined using the international poverty line of US$3.2 purchasing power parity.

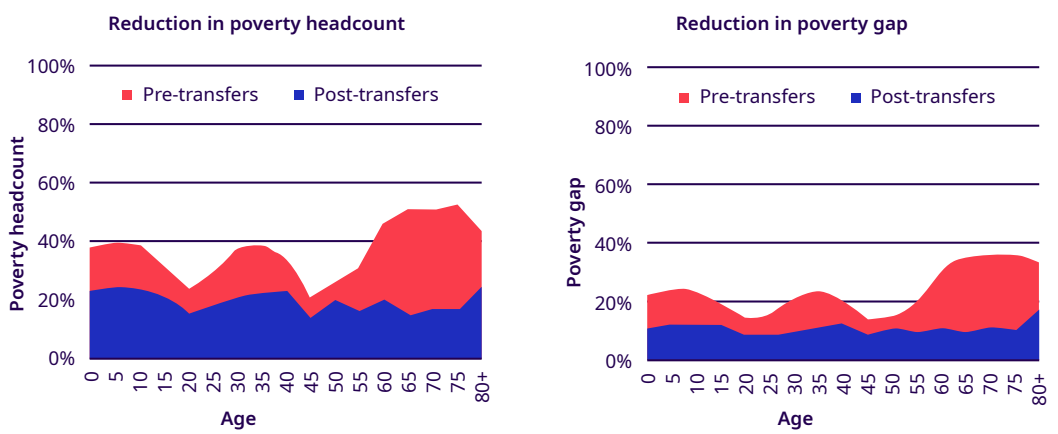
A recent study suggests that the national SP system plays an important role in reducing poverty across Uzbekistan (UNICEF, 2019a). Overall, it reduces the poverty rate by 39 per cent and the poverty gap by 50 per cent.[91] **Figure 28** illustrates the impact on poverty rates across age groups. The highest relative reduction in the poverty rate, at 61 per cent, is for older people aged 60 years and above, while for children aged 0–17 years, it falls by 37 per cent. The reduction in the poverty rate across the working age population is 35 per cent. The decrease in the poverty gap is greater; that is, from an average of 21 per cent pre-transfers to 11 per cent post-transfers, representing a relative reduction of nearly half.

Given the dominance of the old age pension system, it is not surprising that pensions are the main contributors to the reduction in the national poverty rate. As shown in **Figure 29**, calculations suggest the old age pension system is responsible for 77 per cent of overall reduction in the poverty rate generated by the SP system, while disability benefits account for 11 per cent. The relative contribution of the child benefit system – despite it being targeted on low-income families – is minimal, at only 8 per cent. Due to insufficient funding, child benefits have been responsible for only 12 per cent of the overall reduction in the child poverty rate (UNICEF, 2019b). The old age pension, on the other hand, has had the largest impact on child poverty reduction (70 per cent), even though only 39 per cent of children live with an old age pensioner. Of particular concern is the fact that the old age pension is being relied upon to support children since this is not its purpose. When assessed against the poverty gap, the child benefit system contributes a little more, at 12 per cent.

Across recipient households, the system makes a significant impact across all wealth deciles; however, among the poorest decile of the population, the poverty reduction impact is approximately 80 per cent. Overall, the impact is positive, but is heavily driven by pensions, confirming again that pensions play a poverty reduction role that goes far beyond their primary function of providing the elderly with income replacement and smoothing consumption.

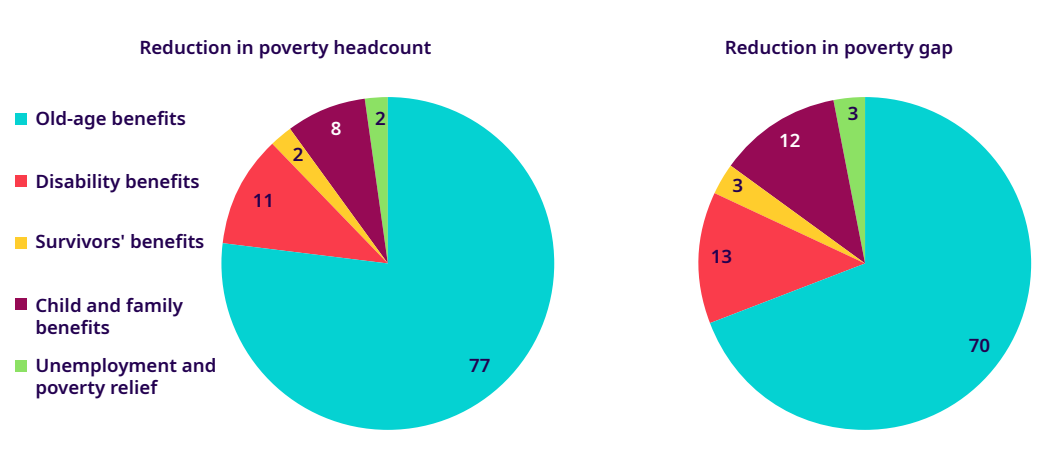
91 The poverty line in this estimate is set at 50 per cent of median income. The technique used to estimate the reduction in poverty is a simple micro-simulation, wherein the value of the transfers is deducted from household income and the pre-transfer poverty rate. The poverty gap is a measure showing how close all of those below the poverty line are to reaching it. It is a measure of the depth of poverty.

Figure 28. Impact on the poverty rate and gap across age groups by the national Social Protection System in Uzbekistan



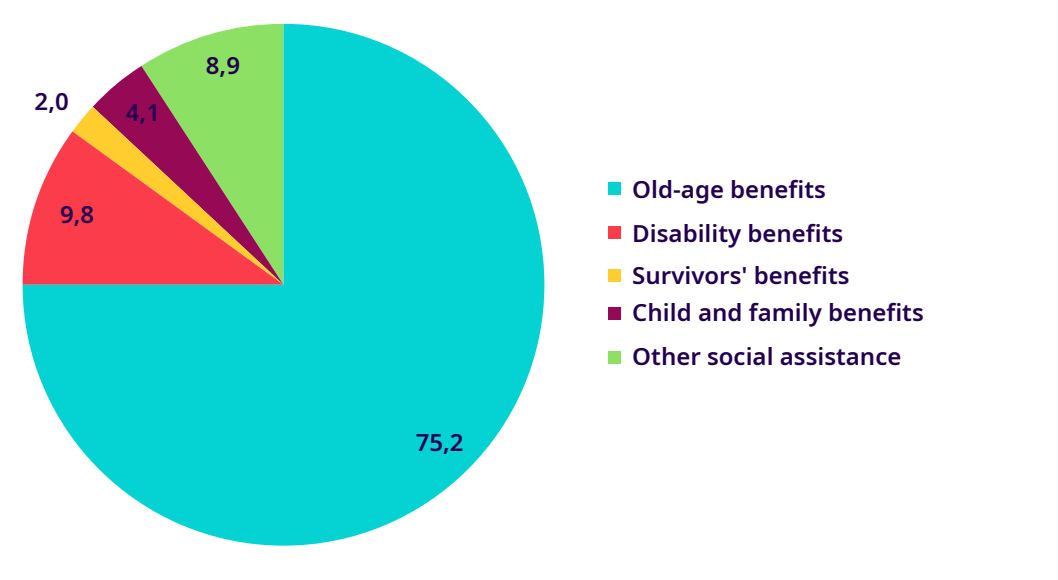
Source: UNICEF (2019a).

Figure 29. Contribution of various components of the national Social Protection System to reductions in the national poverty rate in Uzbekistan



Source: UNICEF (2019a).

Figure 30. Contribution of various social protection schemes to the reduction in inequality in Uzbekistan



Source: UNICEF (2019a).

The impacts of the national SP system on inequality also are significant. Overall, when only transfers are taken into account, the national Gini coefficient is reduced from 0.524 to 0.445, a fall of 15 per cent.[92] It likely would be even more significant if taxation were taken into account. Again, however, as Figure 30 shows, it is the old age pension system that accounts for most of this reduction, at 75 per cent. Child benefits, despite targeting those living in poverty, make a minimal contribution of only 4 per cent due to the low level of investment and coverage.

Despite having an explicit poverty reduction purpose, the impact of low-income family benefits on poverty is very limited, especially relative to that of pensions. This also raises questions about the priority to guarantee children's rights to adequate standards of living, as well as investment in the country's future human capital. Gaps in the capacity of families to guarantee adequate expenditure to meet children's nutrition, education, and health needs can have significant negative long-term impacts on child development.

92 The simulations have not taken into account the necessary taxes for the SP schemes. Since most taxes are likely to be paid by those in a more advantageous position, if they were taken into account, the pretransfer Gini coefficient is likely to be even higher than shown here. This implies that the impact of the SP transfers would be greater than indicated.

6. Conclusions and recommendations

6.1 Conclusions

Uzbekistan, in the last 10–15 years, has witnessed a period of impressive economic growth. As in other countries, however, some sections of the population have benefited more than others, and poverty reduction and decent employment creation have lagged behind growth rates. This, in large part, is due to the considerable number of new entrants to the labour market each year, coupled with a shortage of decent work opportunities, in particular in rural and remote areas, and for those affected by the Aral Sea disaster. This may prevent the country from reaping the demographic dividend. Migration and remittances, as well as the growing share of informal employment have, to some extent, eased the situation, but building long-term resilience remains a challenge. The country is currently embarking on a new phase of economic and governance reforms to expand and improve economic opportunities and job creation. In this situation, it is crucial that the national SP system is prepared to take on new roles to meet old and new challenges and ensure that no one is left behind.

In taking on this task, the country has a good starting point, in that it has a well-developed SP system. Overall levels of expenditure on SP are moderate by international comparison, and there are schemes in place to address the rights and needs of the population and to ensure protection across the life cycle, including for the low-income population. This is primarily due to spending on social insurance, although spending on social assistance remains below regional average. Citizens' rights to SP are enshrined in the Uzbek Constitution, with the rights of the elderly, disabled, and those who have lost the main family breadwinner being singled out. The analysis in this report, however, points to gaps in coverage, adequacy, and funding, particularly of child benefits, low-income benefits, and active and passive LMPs for those of working age as well as for the elderly who do not qualify for contributory pensions. Moreover, contributory social insurance programmes cover only a fraction of the workforce, due to the large shares of informal employment and migration. Social services to complement income support and foster social inclusion are limited in scope and coverage.

Lack of national social protection strategy and coordination of programmes and institutions

One major shortcoming, which has been highlighted throughout this report, is the fact that **Uzbekistan does not have a unified SP policy or strategy that outlines the overall vision for its national SP system**. There are various laws that set out the rules governing the different SP schemes, but there is no document setting out the future direction of the system. As a result, reforms to SP schemes have been conceived and carried out in a rather piecemeal manner over the last decade, with inconsistent or minimal monitoring of impact. International experience suggests that an approach that focuses on reform of one element of the system at a time is suboptimal from the perspective of the overall efficiency of the system as well as from the impact on users.

Responsibility for SP programmes is currently fragmented across various institutions, with no single state body that has the overall lead to coordinate, oversee, and integrate different individual programmes. Within each of the institutions responsible for a specific SP scheme, there is a well-developed system of vertical reporting; however, the horizontal links across programmes and schemes are missing, particularly (but not only) between benefits and services.

Moreover, comparison of the national SP system with international social security standards shows increasing fragmentation within and between contributory and non-contributory elements of the system. Importantly, the contributory and social insurance elements have been scaled down over the past three decades, resulting in reduced protection for workers and their families. There also have been cuts to non-contributory elements, such as low-income allowances and allowances for one category of the disabled population. It has been argued that due to reduced fiscal space for SP, choices had to be made to maintain the focus on the most disadvantaged. Such policy decisions, however, have led to a change in the perception of the role of the country's SP system. Its main purpose is perceived as meeting the needs of the most disadvantaged, and there is far less emphasis on its role of protecting all citizens against a defined set of risks.

Limited coverage of child benefits and family allowances

Uzbekistan used to offer child benefits to all children. In the last two decades the coverage has been drastically reduced to covering only children from the poorest families. Recent investigation has evidenced even from those eligible low income families only 25% are able to access child benefits due to insufficient funding. This greatly limits the programme's effectiveness, contributing to a reduction of poverty headcount at 8 per cent, to a reduction of inequality at 12 per cent (Figure 28 and Figure 29). The old age pension, on the other hand, has had the largest impact on child poverty reduction, given the wider coverage, even though it is not its primary purpose.

The design of the programmes appears to be suboptimal in terms of eligibility criteria, budget allocation, and delivery mechanisms. A version of community targeting at the mahalla level to determine eligibility is being used. The advantages of the mahallas determining eligibility are the use of local knowledge to react quickly (and non-bureaucratically) to the changing circumstances of households within the mahalla. The system now has a mix of formal and informal mechanisms, however, to determine eligibility. Moreover, the regulations and lack of human and financial resources allocated to the system severely limit its ability to react in a quick and flexible manner. The formal criteria used for calculating the per capita household income, as the main justification for allocation of benefits, are quite restrictive and, in some respects, are inconsistent and/or unclear, while the upper limits placed on the amounts available for low-income benefits for each mahalla do not appear to be based on analyses of need and impact assessments. There also is a lack of outreach, which may be due to the fact that mahallas do not have the resources to cover all low-income families. Recent studies and anecdotal evidence suggest that the benefits have to be assigned in rotation to different families due to limited resources. This, in turn, creates tensions in the mahalla and impacts the social community fabric as it is often unclear what the choice of one family over another equally low-income family is based on.

Expenditure for low-income allowances has been decreasing from 2012 to 2017 (the share in overall SP expenditure decreased from 19.4 per cent in 2012 to 13.9 per cent in 2017); this trend, however, was reversed in 2018 (15.4 per cent). The decrease was mostly due to the fall in expenditure for allowances to low-income families with children aged 2 to 14. Budget formulation, however, neither appears to be based on an assessment of the level of household needs nor on the impacts on the benefits of poverty reduction and child wellbeing. It is also complicated for mahallas to receive increases in their budget within the fiscal year, should they need to react to the changing circumstances of households within the community.

In terms of delivery, the system relies on mahallas to identify those households in need of services and identify those eligible for targeted social assistance, as well as monitor general trends within the community. They also are responsible for communicating on developments at the local level and on problems at the level of government. Over the years, the mahalla administration has gained experience in conducting these tasks. As the risks to which families and individuals are exposed to change over time, however, it would appear there is a growing need to introduce professional social work practice to respond to the particular needs of children and their families.

Limited coordination of labour market programmes

LMPs are delivered by various agencies, thus making it a challenge to plan them with a long-term perspective, monitor their impact, and evaluate the extent to which they complement other active and passive programmes. LMPs currently take the form of public works, administered through employment centres, as well as training programmes, delivered through the new network of training centres. Apart from these, there are one-off programmes (neither funded through the Fund for Employment Assistance nor delivered through the employment centres) that have been launched to support new entrepreneurs, especially among women and young people. These are under the responsibility of various state actors, such as the Service for Youth Policy Issues under the Office of the President, Republican Commission for Development of Youth Entrepreneurship, Women's Committee and MoF. There are few signs of integration or coordination between benefits and training programmes or between training and public work programmes and, between these, and entrepreneurship programmes and support for self-employment.

Additionally, **the coordination mechanisms between LMPs and other low-income benefit schemes are unclear**, although mahalla committees are in a position to follow the transit of individual users from one scheme to the other, and ensure that recipients receive only one of the benefits (either unemployment benefits or low-income benefits). As with other elements of SP, the programmes appear very fragmented,

with few signs of horizontal coordination between agencies responsible for employment, training, or economic development and finance.

Limited social security of working age population

The shares of expenditure on active and passive LMPs alike have been increasing, although they remain strikingly low, especially in light of the considerable employment challenges facing the country. Coverage of unemployment benefits is approximately 1 per cent of the registered unemployed, and there is no or only a minimal insurance element for workers to insure themselves in the event of unemployment, which is a core element of international social security standards. This is in part due to the high levels of informal employment (approximately 60 per cent of the working age population is in the informal sector), but with the recent removal of employee contributions to the Unified Social Payment system, the social insurance element appears to have disappeared, even for those employed in the formal sector.

Mechanisms for the insurance in case of unemployment have been further blurred with the introduction of the flat-rate tax. There also is a lack of clarity in responsibilities for ensuring how contributions are made.

Maternity benefits, under an employer liability programme, create a disincentive to employ young women in the formal sector. These benefits paid from employers' own funds and, coupled with family care responsibilities, place women at a disadvantage in a situation where the competition for jobs is significant and where local community care services are relatively scarce.

Insufficient pension coverage

Coverage of the elderly population by the contributory pension scheme has decreased in recent years. As indicated above, with almost 60 per cent of the workforce employed informally and diminished contributory capacity erosion has occurred in the culture of contributory payments, and coverage likely may shrink further in the future. Low levels of contributors also raise concerns about the sustainability of the Pension Fund. Attempts to improve coverage are currently underway by removing employee contributions and replacing them by individual accounts financed through a percentage of the new flat-rate income tax; and reducing private sector employer contributions. Proposals to increase the relatively low minimum retirement age (while retaining the different minimum ages for men and women) and minimum threshold of contribution years for eligibility are under discussion as part of a pension reform package, as is raising the cap (upper limit) on the size of pension payments. In terms of administrative and institutional responsibility for pension design and delivery, there is no clear demarcation between insurance- and non-insurance-based programmes in the administration of pensions.

Coverage for social pensions (i.e., for those with insufficient work record and contributions to be eligible for a contributory pension) **has been restricted, in that only those with no family members to support them financially are eligible for social pensions.** This is in line with other aspects of the SP system which, to a greater or lesser extent, place the burden of care for the vulnerable on other family members, and which aim to reduce the burden on the state budget. This represents a step back, however, in terms of the rights of the elderly to minimum income security. The transfer of responsibility for income and care support to families (apart from the elderly living alone) also raises questions around the rights and dignity of the individual.

Scantiness of social services

Another specific feature of the SP system is the explicit reliance on traditions of family care for children, elderly, and disabled family members. Intergenerational and intrahousehold solidarity is strongly encouraged, with women performing the bulk of unpaid care work, in particular care for young, older, and disabled family members. When adequate family support is not available, the current system relies heavily on residential care for children, elderly, and disabled, rather than support services provided at home. The allocation of responsibility for care duties to the family appears slightly at odds with the recent programmes promoting entrepreneurship among women.

The general understanding and tradition of SP in the country is fundamentally that of a system of cash transfers and benefits (a combination of tax-funded and insurance based) **and less on the culture of social care services and LMPs.** There is little evidence of complementarity between benefits and services being exploited to better promote the social inclusion, labour market inclusion, and quality of life of those segments of the population most at risk of being left behind.

The number and diversity of social services, especially for families with children and disabled members, are limited. For children without parental care and children with disabilities, the most common type of care is institution based, although a large share of children in institutions have both or one parents and are placed due to economic reasons. Moreover, data suggest that there are rising numbers of children being placed in residential care, and that state investments in this type of care are increasing, while there is no equivalent investment being made in the support available for parents who are prepared to take the child home. Delivery of non-residential support and care services for families and children at risk are again very fragmented, with a wide variety of players involved.

Social support services are available for those elderly living alone, with no family members to look after them. This a priori excludes the elderly living with families and, once more, places the care burden on family members, usually female members. Mobile social services and day centres cover only a small percentage of the elderly population. While the family – and, to a certain extent, the community – approach to support and care for the elderly and persons with disabilities, in principle, enables living in the community, the limited network and type of services provided do not appear to allow for meaningful independence and full inclusion in the world of education, work, and social and cultural life of the community. There is growing recognition of the need for support services for women and children affected by domestic violence, and steps toward developing professional services are now being taken.

Suboptimal financial allocations for non-contributory social protection programmes

As noted above, overall levels of expenditure on SP are in the medium range by international comparison. Contributory social insurance programmes, make up 80 per cent of the overall budget. In practice, this means that pensions, for which workers and their employers made contributions, take on roles beyond their primary one of guaranteeing income security in old age. Analyses show that pensions have the most impact on poverty reduction – not only among the elderly, but also among extended families with children. Those benefits that have an explicit poverty reduction function, namely low-income and child family allowances, have a limited poverty impact due to insufficient funding. This demonstrates the importance of contributory programmes not only for the size of overall social protection budget, but also the impact the contributory programmes have beyond their primary function. The need to increase the funding for low income and family allowances has been demonstrated through this report. This can be achieved through combination of contributory element, that is introduction of family benefits guarantees and non-contributory financing.

Room for improvement of governance and administration of social protection programmes

A specific characteristic of Uzbekistan's SP system, in terms of design and delivery, is the official role assigned to its traditional local community structure, the mahalla, in assessing eligibility for social assistance as well as the needs of residents for other aspects of support. While the official role assigned to the mahalla has had some advantages in the past, especially in the initial years of independence, the important role played by it today is rarely supported by professional guidance and, indeed, cannot be supported, since, while the network of professional social workers is growing, the network is at a nascent stage and is not systematically planned or anchored in the SP system.

In terms of delivery and institutional responsibility for child and low-income benefits, the system now has a mix of formal and informal mechanisms to determine eligibility; however, the regulations and lack of human and financial resources allocated to the system severely limit its ability to cover all eligible families and react in a quick and flexible manner. The amounts available for low-income benefits for each mahalla in the current year are based on available budget, while increases in allocations in a given budget period are, in principle, possible, in practice they are bureaucratic and difficult to obtain. This points not only to a high risk of exclusion for eligible families but it also disincentivizes outreach on the part of the mahalla to encourage low-income families to apply.

Another specific feature is (i) the disconnect between the responsibility at the local (mahalla) level for assessing the need of citizens for support and the provision of information to citizens on the support available to them; and (ii) the top down approach to policy design and decisions on financing. There appears to be no clear system to collect the information on local needs and on the impact of available support, all of which are available at the mahalla level, and to convey this upwards while ensuring that it feeds into evidence-based central policymaking and budget decisions.

Monitoring and evaluation of the SP system requires further improvement and development. At present, the monitoring of SP schemes tends to concentrate on financial audits and checks to ensure

that funds have been spent in accordance with planned allocations, and that all the paperwork and documentation relating to applications for support are in order. There is no single registry system. Apart from the Pension Fund, there are few elements of electronic management. Currently, the Ministry of Finance is piloting Single Registry for Social Protection in Syrdariya region with support of UNICEF. The pilot is planned to be assessed and the registry scaled up nationwide with support from the World Bank and UNICEF. There is little evidence of impact assessments being used to evaluate the effectiveness of schemes and their actual impact on users, and there is absence of a monitoring and evaluation framework for the system as a whole.

Data gaps have emerged as an issue; that is, survey data are not available to monitor coverage, impact, and adequacy of the various benefits. Apart from the limited data available to monitor poverty and the impact of the country's various SP schemes, there also is a lack of migration-related statistics, which negatively impacts the design and monitoring of employment and SP policies alike. The fact that the last census was held in 1989 also confirms that there is no strong basis for demographic forecasting to allow projections for demand for old age pensions, LMPs, and child benefits.

Most benefits are based on a share of the minimum wage or pension which, in turn, is based on the calculation of the minimum subsistence level, thus becoming significantly restrictive. Poverty levels are calculated using the cost of a minimum food basket as the poverty threshold, without any calculation of the cost of essential services and other payments. This puts the adequacy of many benefits into question and makes it difficult to evaluate the impact of current income support schemes. While the impact on extreme poverty can be estimated, the impact on vulnerability is not as easy to monitor.

Regarding accountability to beneficiaries, there are no specific complaint mechanisms for each allowance or pension. There is, rather, only a general complaint procedure. Since October 2016, citizens' complaints are usually channeled through the special Presidential Portal electronically or by visiting regional offices. Apart from insufficient awareness of rights, due in part to lack of outreach, not all beneficiaries have access to electronic means of communication should they wish to file their complaint through the Presidential Portal.

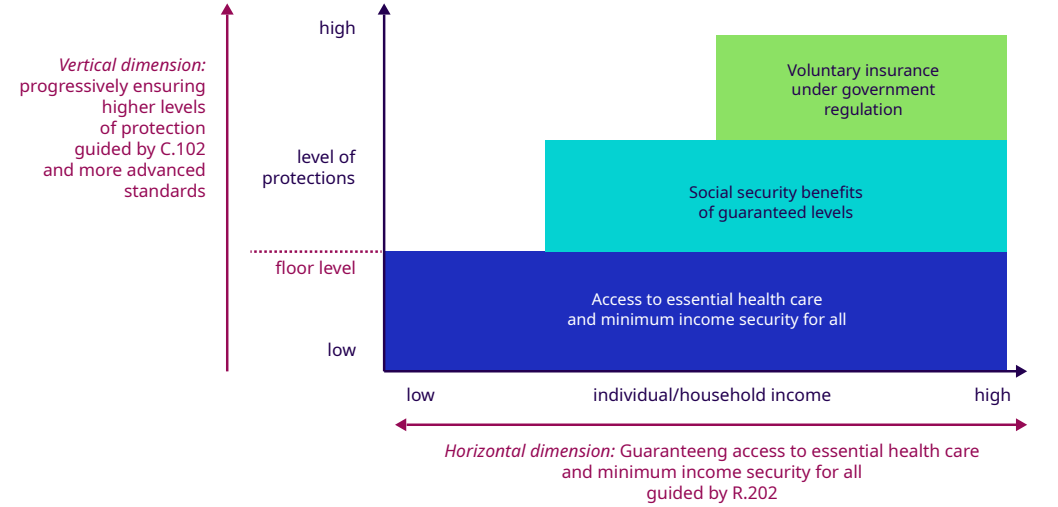
6.2 Recommendations

Formulating a national social protection strategy and ensuring coordination of programmes and institutions

A well-coordinated legal and policy framework is necessary in order to achieve integration and strengthening of Uzbekistan's system of SP at the strategic, institutional, and programme levels. Uzbekistan therefore should develop a national comprehensive SP strategy, in line with international child and adult SP standards, to ensure that (i) social protection is extended to all members of the society along the life cycle and the links are made between social insurance, social assistance, social support services, and employment programmes; (ii) SP priorities are aligned with needs and rights; and (iii) there is better coordination among agencies involved in design and delivery at all levels. It is recommended that international SP standards be used as the point of reference for the design of the national SP strategy. These include Social Protection Floors Recommendation 2012 (No. 202)[93] and Social Security (Minimum Standards) Convention 1952 (No. 102). Social Protection Floors Recommendation No. 202 (Figure 31) calls for national SP systems to guarantee at least a basic level of social security for all throughout the life course, including effective access to essential health care, maternity protection, and income security (ILO, 2019b).

93 As already recommended to the Government of Uzbekistan in World Bank and UN (2018).

Figure 31. Effective national social security strategies



Source: ILO (2012).

Internationally agreed minimum standards of social security are embedded in Convention No. 102, which sets out the nine branches of social security to which citizens should have a right: medical care, sickness leave/benefit, support during unemployment, security in old age, compensation for employment injury, support to cover costs associated with bringing up children, maternity rights, invalidity rights, and support for survivors in case of loss of breadwinner. The national strategy should envisage the gradual extension of coverage and adequacy of programmes to meet international standards in these areas (**Figure 32**).

The new national SP strategy should set out the vision for the country's national SP floor, prioritizing steps for the gradual extension to meet international standards in these areas and agreed requirements (e.g., Convention No. 102).

As part of this exercise, it would be useful to review and redefine the roles that SP overall, as well as its individual elements, should be expected to play. In rethinking the roles and instruments for SP in the country, it is recommended to start with categorizing them according to the four broad roles that SP and other social policy measures usually can be expected to play (Devereux and Sabates-Wheeler, 2004).

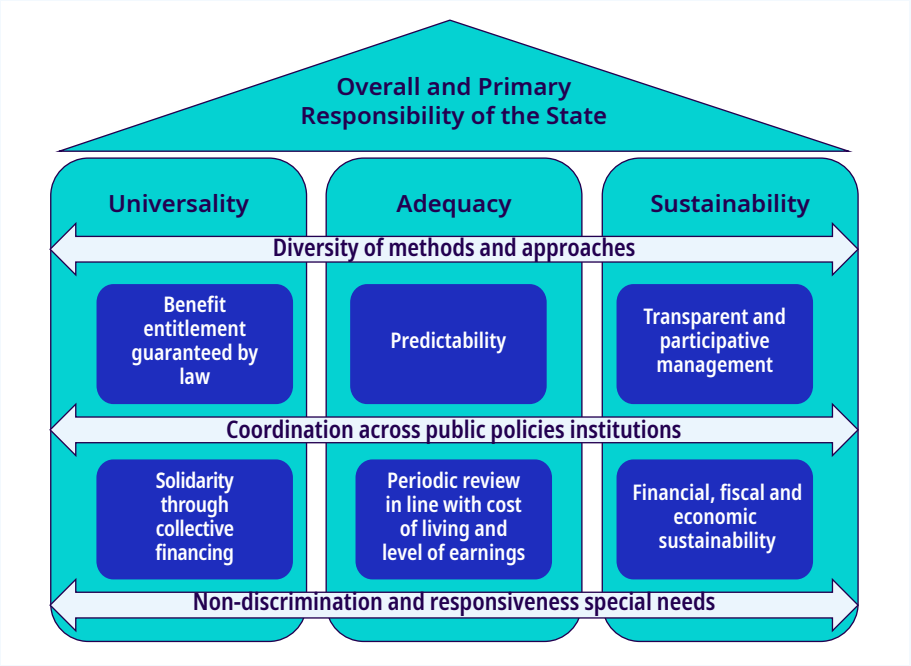
(i) The **provision role** is usually fulfilled by social assistance measures. These are tax-financed measures for people living in poverty (i.e., those unable to work and earn a livelihood), as well as vulnerable groups particularly at risk (e.g., people with disabilities). Instruments commonly used to achieve provision aims include tax-funded cash transfers (child benefits, social pensions, unconditional cash transfers), food transfers (supplementary feeding), social services (health fee waivers), and humanitarian assistance.

(ii) The **preventive role** is played by social insurance schemes, the most common being pension schemes designed to help smooth consumption over the life cycle and insure in the event of specific contingencies, such as maternity benefits, sickness insurance, unemployment insurance, family benefits. These are usually financed through contributions from workers and employers in formal sector employment,[94] aimed at providing higher levels of protection in the case of changes in circumstances.

(iii) The **promotional role** is played by measures (usually dovetailed with protective and preventive measures) that help those eligible for support to gain the skills, information, or assets to help

94 More recently, there has been more emphasis on "weather insurance" for farmers and others at risk of impact from extreme weather events associated with climate change.

Figure 32. Core Principles and Standards



Source: ILO, 2019a.

them access productive jobs and improve their situation over the long term. Promotional measures commonly take the form of labour market policies, including access to micro-finance. Cash transfers encouraging pro-poor access to education and health services also are a form of promotive support, as are agricultural input subsidies, public works, school meals, and support to enable participation in community life.

(iv) The **transformative role** goes beyond transfers to the poor and disadvantaged, and focuses more on enhancing the social status and rights of the excluded and marginalized. Instruments include legislation on rights; anticorruption measures; antidiscrimination legislation; sensitization; determination of methodology for poverty measurement; changes to the regulatory framework to protect the socially vulnerable against abuse; and reviewing the composition of the minimum consumption basket and setting a minimum wage.

(Note that examples of instruments are given for each "role"; this should not imply, however, that they are useful only for that role. There is much fluidity between the instruments and roles.)

An integrated system of SP should ideally contain elements of all four roles, adapted to the national context in Uzbekistan. The current national SP system and current reform proposals reflect awareness and acceptance of the provisional role and, to an extent preventive role, while there has been less attention paid to the last two roles.

In order to embrace and enhance the system's ability to play promotional and transformative roles, the conceptualization of SP in the country will have to change from that of two separate non-complementary elements, namely cash benefits and social support services, to one that embraces comprehensive approaches to SP (with beneficiaries being entitled to a tailored mix of social insurance, cash transfers, services, and enrolment in LMPs, among others). Moreover, the role of social insurance and social assistance schemes in ensuring adequate living standards and life in dignity will have to be strengthened.

To ensure effective coordination and integration of numerous SP programmes, it is strongly recommended to ensure consolidation of SP functions under one dedicated SP entity. The entity will provide leadership in ensuring accountability and responsibility for the SP system nationally, as well as serve as an implementing mechanism for the national comprehensive SP strategy developed in line with international child and adult SP standards. The system should effectively integrate social security, social assistance, social services and active labour market programmes. Moreover, it should anchor and develop national social work system, including introduction of the case management approach.

Additionally, it is recommended to continue developing a Single Registry to provide a basis for more and better coordination between different schemes. Having such unified database in place is crucial, given that the information received through the Single Registry, supplemented by qualitative data and analyses, not only would improve programme design but also provide evidence for decision-making about financial allocations and overall strategy of the development of social policy in the country. The national strategy should envisage the gradual extension of coverage and adequacy of programmes to meet international standards in these areas.

Expanding coverage and improving design of child benefits and allowances for low-income families

It is advised expand the coverage of child benefits, in line with the recommendation for Uzbekistan of the UN Committee on the Rights of the Child. Given that the country is at the early demographic dividend stage, failure to invest in social protection of children could result in significant losses and risks for Uzbekistan's human capital of tomorrow (e.g., worse nutrition, health, and education outcomes leading to lower productivity).

The coverage for all low-income family allowances needs to increase so as to ensure all households in need are protected and so as more objective and transparent selection rules are implemented. This includes a series of steps; for example, budgeting process adjustment. One of the most significant reasons for exclusion of beneficiaries is a cumbersome targeting process, lack of awareness, low coverage of those in need, and the way budgeting works in practice, since many mahallas report that they have a monthly cap on the number of beneficiaries and the budget. The cap (i) results in rationing behavior, whereby limited resources are spread across eligible households, assigning allowances at a lower amount; or (ii) triggers a rotating approach, such that applications, de facto, are postponed or payments of eligible applicants are delayed. While the MoF increased budget allocations for low-income allowances, the issue at the local level, however, might be due to old expenditure patterns and behaviors. It is necessary to investigate and clarify the practical obstacles to establishing more flexibility in the use of budget to respond to actual demand. Ensuring budget flexibility and a responsive system is extremely important if social assistance intends to respond to difficulties created by the Government's macroeconomic reforms. Budget should not simply be based on previous expenditure patterns; more should be done to estimate the needs of each community. In this regard a single registry would help produce a more complete picture of such needs, in turn forming the basis for better budget allocation. More transparent rule-based assignment of categories of households eligible for financial aid also is necessary to include adjustments to income calculation rules so as to ensure transparency and fairness.

Integrating delivery mechanisms is essential in order to improve coverage, effectiveness, and user friendliness. This also requires better social work practice to improve needs assessment and to engage different elements of the system to respond to these needs in an integrated way.

Additionally, it is important to evaluate how all available social protection programmes (i.e., child and low-income benefits, old age social pensions and contributory schemes) work together to reduce poverty and build human capital of tomorrow. It is essential to ensure more effective resource allocation and to make possible any adjustments to programme design (e.g., are there coverage gaps? are there households left out of the system?).

Limited coordination of labour market programmes

Coordination of LMPs is needed to be able to improve impact. Monitoring and evaluation of different programmes (i.e., currently delivered by different agencies with insufficient horizontal coordination between them) would allow for an understanding of the extent to which they complement other active and passive programmes and how they could provide support for different groups of the population, including women and young people.

It is recommended that low-income support for the working age population should be expanded and coordinated with LMPs to promote inclusion into the labour market. The participation in LMPs should not lead automatically to loss of eligibility for unemployment or low-income benefits, as this can discourage participation and job search. Employment promotion should complement rather than replace social assistance benefits, especially in a context where decent jobs are hard to find.

Expanding social security coverage of the working age population

It is recommended to extend social security coverage for the working age population (including social insurance, maternity protection, decent working conditions, and minimum wage) by seeking ways to extend social insurance programmes to workers in the informal economy, independent of their status, while also making parallel and concerted policy efforts to formalize employment.

Successful examples from other countries of extending social security coverage to workers in the informal economy have focused on two broad mutually supportive policy approaches. One could be summarized as "extend SP by formalization". This approach tends to focus on specific groups of workers that already are close to the formal economy and have some contributory capacity, and which can therefore relatively easily be covered by employment-based SP mechanisms.

The other approach is based on the extension of social security to larger groups of the population through a large-scale extension of non-contributory SP mechanisms to previously uncovered groups – independent of their employment status. This approach could be summarized as "extend SP independent of status," based on the conviction that "investing in people" through SP helps to facilitate access to health and education, enhances income security, and enables workers to take greater risks, thereby enhancing productivity and facilitating the formalization of employment in the medium and long terms.

In short, there is at present, at the international level, considerable discussion on how best to extend social insurance and other SP rights to those engaged in precarious and/or informal employment. On the basis of this assessment, it is advised to carefully craft the improvements to the pension system and to monitor the impact of interventions regularly, while also (i) conducting a diagnostic of the causes leading to informality and designing an action plan for transition from informality to formality; (ii) assessing possibilities for expansion of coverage with social insurance and creating an action plan for expansion to those with some contributory capacity; and (iii) strengthening social dialogue and institutionalizing this in order to fully integrate the voices and concerns of worker and employer organizations.

Given that the Government of Uzbekistan has ratified one of the international instruments on maternity protection (ILO, 2019a), it would be advisable to bring all maternity protection benefits under social insurance, as is normal practice (ILO, 2019a: Article 4). Maternity protection legislation needs to be analysed in detail and aligned with international standards, including the possible reintroduction of contributory-based maternity protection (social insurance), in line with International Maternity Protection Convention No. 183.

It is advisable to assess both options of financing insurance in case of unemployment, and to design the scheme on the basis of a financial valuation of possible sources of funding, sustainability, and impact. Mechanisms for insurance in case of unemployment have been further blurred with the introduction of the flat-rate tax and lack of clarity around responsibilities to ensure how contributions are made. While the approaches to financing the contingency include contributory (from employer and worker alike) as well as general tax sources, it is advisable to assess both options, and to design the scheme on the basis of a financial valuation of possible sources of funding, sustainability, and impact.

We recommend that a comprehensive jobs diagnostic be carried out for Uzbekistan to better understand the challenges and strengths of the labour market and employment/business support services, and to indicate how more and better jobs can be created for the hard-to-employ groups of the population. A functional review of employment centres may be undertaken to guide investment in increasing their capacity to deliver activation programmes and those aimed at labour market insertion of the particularly hard to employ.

Expanding coverage of pensions

The following actions are recommended to improve the contributory pension scheme:

i) Conduct an actuarial assessment of the pension system and ensure it is repeated at regular intervals.

ii) Develop insurance mechanisms to extend social insurance coverage to workers who are engaged in the informal economy.

iii) Establish bilateral agreements with countries of destination for migrant workers in order to ensure portability of social insurance contributions and rights.

iv) Ensure regular indexation of pensions based on a clarified indexation rule that would be linked to objective economic indicators; for example, some combination of inflation and wage growth or purchasing power index.

Development of social services for families

Best international practice in social service delivery follows two important principles: **services should be designed to meet the needs of the user first rather than the convenience of providers; and services should be delivered in a manner that enables people to live independently or in families and communities wherever possible.** It is considered more appropriate to provide people with much greater access to community services at the local level. These services can address the needs of the families, often in their own home, and can resolve issues effectively at an early stage, before problems become exacerbated. They also are effective at reducing social isolation and social exclusion.

A comparison of the cost of keeping a child in an institution or in a family needs to be undertaken in order to inform policy and funding for social services. The community-based care for different groups of people would entail building the skills of professionals, not only in the SP sector but also in education, the labour market, and other institutions in order to ensure inclusion into mainstream services.

A system based on three types of care services for families is recommended

Community services/care represent the first port of call for children and families, as well as an entry point into the social service system. They are provided at the community level and aim not only to prevent families from finding themselves in difficulty but also to identify and meet most of their needs should they require assistance. Assistance provided at this level is usually sufficient to resolve the issue. Sometimes, however, the person may need more specialist care and is then referred to the next level in the system. Because these services are quite general and respond to people's needs before they become more severe and costly to address, they are relatively inexpensive to provide.

Community care services include services provided in community centres, including parent and baby groups, after-school clubs, and social groups for parents, young people, and the elderly, among other groups. Often, these services are open to anyone who wishes to use them. These help to prevent social isolation and promote information sharing and support. They also include services provided by a social worker/community counsellor (e.g., provision of information and advice, counselling, and family support); home help (provided by a social worker); social canteens that deliver hot meals to beneficiaries, either in a central location or in their home; and emergency funds (i.e., cash and in-kind support).

Specialist care services are provided to a smaller number of children and families with more specialized needs and aim to be available for everyone who needs them. These services are provided usually at the district level and include consultation with specialists working in statutory structures at the district and regional levels and in day care services. They may include, for example, the services of a psychologist or physiotherapist; the identification, training, and support of substitute families (i.e., guardians, adoptive or foster families); family support and reintegration support for children who return to their families from full-time residential care; temporary placement centres; small group homes for children at risk, homeless children, and others that provide more intensive professional care; social accommodation for young adults who have left residential institutions, or for young people with disabilities; short-term parent and baby centres to prevent child abandonment; rehabilitation and intermediate care services such as the provision of additional support for a few weeks to a person with a disability; respite care which may allow carers to have a break from their regular care duties; and prosthetics and mobility aids that may be sufficient to prevent a person with disabilities from needing full-time residential care.

Very high need services are provided to people who require extremely specialized support, particularly 24-hour continuous care and often in residential institutions (although this does not have to be the case). Only a very small proportion of people need services of this sort. These services tend to be significantly expensive because of their highly specialist nature (e.g., services for victims of people trafficking, domestic abuse, and drug and alcohol addiction). Note that in line with best international practice, all residential institutions fall under this category of services that are designed to provide intensive support

only to the people most in need. At the moment, a lot of people are being inappropriately served with this level of extremely highly resourced care when they do not need it, and they would be better served by regular specialist services that allow them to live closer to their community. This may apply, for example, to the many children who have been placed in residential care because their parents work abroad or cannot look after them.

Ensuring financial stability and enhancing fiscal space

It would be advisable to carry out a SP public expenditure review to analyse the impact and performance of existing SP schemes. The new national SP strategy will have to be cost with a clear indication of funds available and those that are needed in order to close the gaps in financing. Coverage would be analysed not only with regard to the proportion of the relevant population covered but also in relation to the adequacy of benefits (e.g., replacement rates). The public expenditure review would provide estimates of the additional financial resources likely to be incurred in the on-going process of economic liberalization. In short, a public expenditure review would provide the evidence base for evaluating current costs and impact of the entire system and would guide changes in budget allocations as well as contribute to the identification of fiscal space for SP.

Ensuring good governance and efficient administration

It is recommended to improve the quality and availability of data. Such information as surveys of the labour force, household budget, migration, and skills demand are essential to conduct labour market and performance analyses of SP programmes. Lack of up-to-date demographic data (the last census was carried out in 1989) makes it difficult to conduct long- and medium-term forecasting of need, especially with regard to the pension system. A pilot for the Single Registry is currently being implemented in one region. Once rolled out nationally, the single registry will play a critical role in obtaining better data for policy making and budgeting as well as administration of benefits and services.

An integral part of the national SP strategy would be a national monitoring and evaluation (M&E) results framework for the entire SP system, including indicators and data sources. This M&E mechanism should be aligned with SDG indicators. Such a M&E system is crucial for informed decision-making of efforts to optimize the operational costs of the individual programmes, to be able to track SP programme performance indicators, and to ensure that everyone is able to access his/her right to social security. The M&E system would have to be based on an expanded data base, including a publicly available data base relating to the national household budget survey, coupled with a labour force survey. This would help with the evidence base required to monitor the impact of LMPs and benefits on labour market inclusion, poverty reduction and human capital development.

In order to increase the transparency of the SP system, it will be crucial to introduce specific complaint mechanisms for each allowance, pension, and service. This will not only enhance accountability but also will help ensure better effectiveness of programmes. There is a need to introduce a culture of outreach into all of the entities responsible for delivering programmes. At present, the system of controls encourages preventing inclusion of those who are not eligible, sometimes at the expense of outreach to those eligible. Such information would include their rights, the rule of eligibility, and an encouragement to apply for support. Outreach should include improved information about programmes, less bureaucratic application procedures, and effective complaint mechanisms.

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ANNEX 1. Social protection programmes in Uzbekistan

No.	Name of the Social Protection Scheme or Programme	Name of the Social Scheme or Programme (in Russian)	Legislation
1	**Social Insurance Programmes (Contributory)**		
1.1	Old age pension	(государственная) пенсия по возрасту	Law No. 938 on the Provision of the State Pension to Citizens, adopted on September 3, 1993; Decree of the Cabinet of Ministers No. 30 on the Off-Budget Pension Fund under the Ministry of Finance (MoF), adopted on February 19, 2010; Decree of the Cabinet of Ministers No. 252 on Regulations on the Allocation and Payment of State Pensions, adopted on September 8, 2012; Decree of the MoF No.18 (466) on Regulations on the Payment of Pensions to Working Pensioners, adopted on April 30, 2011.
1.2	Disability pension	(государственная) пенсия по инвалидности	Law No. 938 on the Provision of the State Pension to Citizens, adopted on September 3, 1993; Decree of the Cabinet of Ministers No. 30 on the Off-Budget Pension Fund under the MoF, adopted on February 19, 2010; Decree of the Cabinet of Ministers No. 252 on Regulations Relating to the Allocation and Payment of State Pensions, adopted on September 9, 2012; Decree of the Cabinet of Ministers No. 195 on Regulations Relating to the Examination of Citizens by Medical and Labour Expert Committees, adopted on July 1, 2011; Decree of the MoF No. 18 (466) on the Regulations Relating to the Payment of Pensions to Working Pensioners, adopted on April 30, 2011.
1.3	Breadwinner-loss pension	(государственная) пенсия по случаю потери кормильца	Law No. 938 on the Provision of the State Pension to Citizens, adopted on September 3, 1993; Decree of the Cabinet of Ministers No. 30 on the Off-Budget Pension Fund under the MoF, adopted on February 19, 2010; Decree of the Cabinet of Ministers No. 252 on Regulations Relating to the Allocation and Payment of State Pensions, adopted on September 8, 2012.
1.4	Unemployment benefits[95]	Пособие по безработице	Labour code; Ministry of Labour Order of August 30, 1999, on the Procedures for Employment Centres Relating to the Registration of Citizens, and the Allocation and Payment of Unemployment Benefits.

95 Unemployment benefits include social insurance programmes and labour market programmes since, in theory, they are contributory; in practice, however, the line between contributory and tax-funded is somewhat blurred. Few eligible unemployed have contributed due to the widespread informality in the labour market. Furthermore, benefits are paid mostly to those without a work record or history of contribution.

No.	Name of the Social Protection Scheme or Programme	Name of the Social Scheme or Programme (in Russian)	Legislation
2	**Employer Liability**		
2.1	Sickness benefit	Пособие по временной нетрудоспособности	Labour code; Order of the Minister of Social Protection No. 21 on the Procedures for the Allocation and Payment of State Social Insurance Benefits.
2.2	Maternity benefit	Отпуск по беременности; отпуск по уходу за ребенком до достижения им возраста трех лет	
2.3	Child birth benefit	(Единовременное) пособие при рождении ребенка	Labour code.
2.4	Young (under 2 years old) child benefit for working mothers	Пособие по уходу за ребенком до достижения им возраста двух лет (работающим матерям)	
3	**Social Assistance Programmes (Non-contributory)**		
3.1	Childcare allowance (up to 2 years old)	Пособие по уходу за ребенком до достижения им возраста двух лет (пособие по уходу за ребенком)	Resolution of the Cabinet of Ministers on the Allocation and Payment of Social Benefits and Material Support to Low-Income Families.
3.2	Allowance to families with children (2–14 years old)	Пособие семьям с детьми в возрасте до 14 лет (пособие семьям с детьми)	
3.3	Low-income family allowance	Материальная помощь малообеспеченным семьям (материальная помощь)	
3.4	Funeral grant	Пособие на погребение	Cabinet of Ministers Resolution No. 174 (June 14, 2011) on the Procedures for the Allocation and Payment of Funeral Grants.
3.5	Old age allowance (social pension)	Пособие по возрасту (престарелым и нетрудоспособным гражданам, не имеющим стажа работы, необходимого для назначения пенсии)	Cabinet of Ministers Resolution No. 107 (July 4, 2011) on Approval of Legislative Acts for Implementation of the Law of the Republic of Uzbekistan Relating to the Amendment and Completion of the Law and Labour Code on the Provision of State Pensions.
3.6	Disability allowance (social pension)	Пособие по инвалидности (кроме инвалидов с детства) (престарелым и нетрудоспособным гражданам, не имеющим стажа работы, необходимого для назначения пенсии)	
3.7	Breadwinner-loss allowance (social pension)	Пособие по случаю потери кормильца (престарелым и нетрудоспособным гражданам, не имеющим стажа работы, необходимого для назначения пенсии)	
3.8	Disability social allowance for disabled from childhood	Пособие инвалидам с детства старше 16 лет	
3.9	Child disability allowance	Пособие детям-инвалидам в возрасте до 16 лет и ВИЧ-инфицированным, не достигшим восемнадцатилетнего возраста	
3.10	Monetary compensations on communal expenses to vulnerable groups	Денежные компенсации взамен льгот по оплате жилищно-коммунальных услуг	

No.	Name of the Social Protection Scheme or Programme	Name of the Social Scheme or Programme (in Russian)	Legislation
	Social Assistance Programmes: In-Kind Benefits and Subsidies		
3.11	Provision of free places in state preschool nurseries for children from low-income families	Предоставление бесплатных мест в государственных дошкольных учреждениях для детей из малообеспеченных семей	Joint Resolution No. 2821 of the MoF and the Ministry of Public Education of August 23, 2016, on the Adoption of the Order Relating to Payments for Children in Preschool Education Institutions and Boarding Schools.
3.12	Provision of subsidized places in private preschool nurseries for children from families in need of social support	Обучение определенного количества воспитанников из семей, нуждающихся в социальной поддержке и направляемых районным (городским) отделом дошкольного образования, с установлением для них льготных размеров родительской платы (в размерах, не превышающих установленные для государственных дошкольных образовательных учреждений в данной местности)	Presidential Decree No. 3651 on Measures to Further Stimulate Development of the Preschool Education System
3.13	Free provision of winter clothes to schoolchildren from low-income families	Бесплатное обеспечение школьников начальных классов из малообеспеченных семей комплектом зимней одежды	Resolution No. 409 of the Cabinet of Ministers on Additional Measures to Improve the Material Living Conditions of Teachers and Schoolchildren.
3.14	Provision of residential care to children left without parental care	Предоставление государственного обеспечения детям, лишенным родительской опеки	Law of The Republic of Uzbekistan on Custody and Guardianship 2013. Law of the Republic of Uzbekistan on the Prevention of Child Neglect and Juvenile Delinquency (2010). Resolution No. 263 of the Cabinet of Ministers on Improving the System of Social Support for Children without Parental Care (2016). Resolution No. 269 of the Cabinet of Ministers on the Approval of Regulatory Legal Acts on the Implementation of the Law of the Republic of Uzbekistan Relating to Custody and Guardianship (2014). Resolution No. 110 of the Cabinet of Ministers on the Approval of Regulations on the Procedure for Submission to the Guardianship Authority of Information of Children Left without Parental Care; Resolution No. 230 of the Cabinet of Ministers on Mehribonlik Homes; Resolution No. 158 on the Type of Family Houses for Adopted Children.

No.	Name of the Social Protection Scheme or Programme	Name of the Social Scheme or Programme (in Russian)	Legislation
3.15	Children with disabilities: ▶ Provision of residential care ▶ Needs assessment and referral to specialized care ▶ Social rehabilitation and facilitation of reintegration into family environment ▶ Consulting parents and relatives on reintegration and rehabilitation of children ▶ Free medical care, including highly specialized treatment ▶ 100 per cent tuition fee waiver in state specialized boarding schools	Предоставление государственного обеспечения детям с инвалидностью Проведение оценки потребностей и направление на специализированные услуги ▶ социальная адаптация и интеграция детей с инвалидностью ▶ консультации для родителей и родственников детей с инвалидностью о интеграции и реабилитации детей ▶ Бесплатное медицинское лечение в специализированных учреждениях ▶ Бесплатное образование в школах-интернатах для детей с инвалидностью	Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 171 "On ratification of Regulations of Baby homes" (2012); Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 256 "On ratification of regulations of state specialized educational institutions for children with disabilities" (2011); Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 240 on specialized boarding schools for disabled children "On ratification of Regulations of medical and social institutions of the Ministry of Health of the Republic of Uzbekistan" (2011); Joint Resolution of the Ministry of Education MNO No. 8-mh and the Ministry of Finance MoF No. 55 "On ratification of Regulations of payment procedure for children support in preschool institutions and boarding schools (2016).
3.16	Children in contact with the law, street children, children who drop out of school and have difficulties in behaviour ▶ Social rehabilitation of minors who are in a difficult social situation	Социальная реабилитация несовершеннолетних детей с проблемным поведением	Law on the Prevention of Child Neglect and Juvenile Delinquency (2010); Resolution No. 13 of the Cabinet of Ministers on Additional Measures to Improve the Activity of the Commission of Minors (2011); Presidential Decision on Measures to Further Improve the System Relating to the Prevention of Offenses and the Struggle against Crime (2017).
3.17	State support to single, elderly, and disabled in nursing and old people's homes (sakhovat and muruvvat, respectively)	Государственное обеспечение одиноких престарелых граждан и инвалидов в домах-интернатах "Саховат" и домах-интернатах для инвалидов «Мурувват»	Law of Uzbekistan №ЗРУ-415 dd. 26.12.2016 "On social services for the elderly, disabled and other socially vulnerable categories of the population" (http://www.lex.uz/docs/3083194). Resolution of the Cabinet of Ministers №455 dd. 03.07.2017 "On measures for further strengthening of social support of the disabled and elderly living in boarding houses "Muruvvat" and " Sakhovat»" (http://www.lex.uz/ru/docs/3258047) Order of the Ministry of Health №2785 dd. 12.05.2016 "On approval of the rules for the registration of lonely elderly and disabled people in the Republican boarding house for veterans of war and labour, boarding houses "Sakhovat" and "Muruvvat" of the system of the Ministry of Health of the Republic of Uzbekistan" (http://www.lex.uz/ru/docs/2953857)

No.	Name of the Social Protection Scheme or Programme	Name of the Social Scheme or Programme (in Russian)	Соответствующее законодательство
3.18	Provision of medicine free of charge for 13 vulnerable categories	Обеспечение бесплатными лекарственными препаратами (13 категорий уязвимых групп)	Law of the Republic of Uzbekistan №265-I dd. 29.08.1996 "On health protection of citizens" (http://www.lex.uz/docs/41329) Law of the Republic of Uzbekistan №3РУ-399 dd. 04.01.2016 "On medicines and pharmaceutical activities" (http://www.lex.uz/docs/2856466) Resolution of the Cabinet of Ministers of the Republic of Uzbekistan №204 dd. 22.07.2013 "On measures to further improve the procedure for providing medicinal products to certain categories of persons on a preferential basis" (http://www.lex.uz/docs/2211624); Resolution of the Ministry of Health and Ministry of Finance №2522 dd. 13.11.2013 "On approval of the list of drugs intended for the preferential provision of outpatient treatment" (http://www.lex.uz/docs/2270349).
3.19	Provision of orthopaedic products free of charge for three categories of disabled	Предоставление протезно-ортопедических изделий (3 категории)	Resolution of the Cabinet of Ministers of the Republic of Uzbekistan №204 dd. 22.07.2013 "On measures to further improve the procedure for providing medicinal products to certain categories of persons on a preferential basis" (http://www.lex.uz/docs/2211624).
3.20	Free of charge transportation in urban transport for seven vulnerable categories	Бесплатный проезд в городском или пригородном общественном транспорте в пределах административного района (7 категории)	Law of the Republic of Uzbekistan №278-I dd. 30.08.1996 "On the regulation of free use of urban passenger transport" (http://www.lex.uz/ru/docs/39857).
3.21	Provision of free food supplies (nine staples) for pensioners living alone	Бесплатное обеспечение набором из 9 видов продуктов питания одиноких пенсионеров	The procedure for providing social assistance to lonely elderly, pensioners and disabled people №900 dd. 23.02.2000 (http://lex.uz/ru/docs/515427).
3.22	Provision of textbooks free of charge to disabled students in boarding school; and those who are in schools for children with special needs	Расходы по обеспечению учебниками учащихся из числа воспитанников домов "Мехрибонлик", специализированных школ и школ-интернатов	Joint Resolution No. 2577 of the Ministry of Public Education, MoF, Ministry of Culture and Sports, Agency on Mass Media and Communications of April 28, 2014, on Regulations for the Provision of Textbooks and Learning Materials to General Education Schools.
3.23	Assistance at home for the elderly living alone	Социальная помощь на дому одиноким гражданам, нуждающимся в постоянном уходе	The procedure for providing social assistance to lonely elderly, pensioners and disabled people №900 dd. 23.02.2000 (http://lex.uz/ru/docs/515427)
4	**Labour Market Programmes**		
4.1	Public Works	Общественные работы	Resolution No. 799 of the Cabinet of Ministers of October 5, 2017, on Organizing the Public Works Fund under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan.
4.2	Vocational training/ retraining	Профессиональное обучение и переобучение безработных	Presidential Decree No. 616 of April 6, 2007, on Measures Supporting Employment and the Improvement of Activities of the Institutions of the Labor Market and Social Protection Programmes.
4.3	Unemployment benefits	Пособие по безработице	Labour code; Ministry of Labour Order of August 30, 1999, on Procedures to Register Citizens in Employment Centres, and the Allocation and Payment of Unemployment Benefits.

ANNEX 2. Social protection programmes at a glance: social assistance programmes in Uzbekistan

Table A2.1. Social Assistance Programmes (non-contributory)

Social Protection Programmes	Old age allowance (Social Pension)	Disability allowance (Social Pension)	Disability social allowances to disabled since childhood	Child disability allowance	Breadwinner-loss allowance (Social Pension)	Low-income family allowance	Allowances for families with children (2–14 years old)	Childcare allowance (under 2 years old)	Funeral grant
Risk covered/function	2=Old age	4=Disability	4=Disability	4=Child benefit	3= Survival	12=Poverty and social exclusion	12=Poverty and social exclusion	12= Poverty and social exclusion	3= Survival
Target population	Older persons (Male 60+ and Female 55+)	Persons with disability	Persons with disability	Persons with disability	Other	Low-income families	Families with children (3–14 years old)	Family with children (0–2 years old)	Other
Benefit level	UZS 243,300/ month	Depends on severity of disability: UZS 243,300/month	UZS 396,500/month	UZS 396,500/month	UZS 243,300/month for 3 or more beneficiaries; UZS 182,475/month for 2 beneficiaries; UZS 121,650/month for 1 beneficiary	UZS 305,000–610,000/month	UZS 122,000 for 1 child; UZS 203,000 for 2 children; UZS 284,000 for 3 or more children per month	UZS 406,000/ month per child	UZS 810,920/ per application
Universal/targeting method	C=Categorical	C=Categorical	C=Categorical	C=Categorical	C=Categorical	Means tested/ community based	Means tested/ community based	Means tested/ community based	C=Categorical
Periodicity	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Once
Duration	Lifetime	Lifetime, subject to confirmation by a medical commission	Lifetime, subject to confirmation by a medical commission	Up to the age of 16, subject to medical commission confirmation	Subject to eligibility (e.g., under 6 years old)	6 months	6 months	12 months	Once
Responsible implementing agency	Pension Fund	Pension Fund	Ministry of Finance	Ministry of Finance	Ministry of Employment and Labour Relations	Ministry of Employment and Labour Relations	Ministry of Employment and Labour Relations	Ministry of Employment and Labour Relations	Ministry of Finance

Social Protection Programmes		Old age allowance (Social Pension)	Disability allowance (Social Pension)	Disability social allowances to disabled since childhood	Child disability allowance	Breadwinner-loss allowance (Social Pension)	Low-income family allowance	Allowances for families with children (2–14 years old)	Childcare allowance (under 2 years old)	Funeral grant
Geographic areas		Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide
Individual beneficiaries (monthly)	Number	19,855	22,749	149,967	102,034	27,848	61,500 (household)	283,600 (household)	222,600 (household)	137,283
	Most recent year	2018	2018	2018	2018	2018	2018	2018	2018	2018
Total expenditure LCU	Value (UZS millions)	40,105.1	45,950.7	620,872.2	422,426.8	56,250.2	212,827.7	441,959,30	920,322.60	101,171.3
	Most recent year	2018	2018	2018	2018	2018	2018	2018	2018	2018

Table A2.2(a). Social Assistance Programmes (non-contributory): In-kind benefits and subsidies

Social protection programmes		Maintenance of orphanages and boarding schools for disabled children and children with special needs	Monetary compensations on communal expenses for vulnerable groups	Free-of-charge provision of medicine (for 13 vulnerable categories)	Free-of-charge provision of orthopaedic products (for 3 categories of disabled)	Free-of-charge transportation in urban areas (for 7 vulnerable categories)	Provision of free food supplies (9 staples) for pensioners living alone
Risk covered/function		4=Disability	3=Survivor	12=Poverty and social exclusion	4=Disability	4=Disability	2=Old age
Target population		Persons with disability	Other	Other	Other	Persons with disability	Older persons (Male: 60+ and Female: 55+)
Benefit level		Entity-based	UZS 50,683, UZS 91,229, or UZS 101,365/month	In-kind, based on a prescription	in-kind, based on a prescription	in-kind, based on a category	In-kind, based on an application
Objective		4=Disability	3=Survivor	12=Poverty and social exclusion	4=Disability	4=Disability	2=Old age
Universal/targeting method		C=Categorical	C=Categorical	C=Categorical	C=Categorical	C=Categorical	Categorical/ community based
Periodicity		Ongoing	Monthly	In-kind, by demand	in-kind, by demand	in-kind, by demand	Monthly
Duration		Ongoing	Lifetime	Lifetime, subject to medical commission confirmation	Lifetime, subject to medical commission confirmation	Lifetime	Lifetime
Responsible implementing agency		Ministry of Finance	Ministry of Finance	Ministry of Finance	Ministry of Employment and Labour Relations (previously Ministry of Labour)	Ministry of Finance	Ministry of Finance
Geographic areas		Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide
Individual beneficiaries (monthly)	Number	2,683	92,231	386,723	32,700	10 500	3,600
	Most recent year	2018	2018	2018	2018	2015	2018
Total expenditure LCU	Value (UZS millions)	63 501,0	76 484,3	11 020,2	8 984,4	5 651,48	6 602,9
	Most recent year	2018	2018	2018	2018	2018 (planned)	2018 (planned)

Table 2A.2(b). Social Assistance Programmes (non-contributory): In-kind benefits and subsidies

Social Protection Programmes		Free-of-charge provision of winter clothes to schoolchildren of low-income families	Free-of-charge provision of school supplies to schoolchildren of low-income families	Free-of-charge provision of textbooks to students in boarding schools for disabled children and to those who are in schools for children with special needs	Allowances to orphans and children left without parental support	State support to single elderly and old disabled in residential institutions ("Sakhovat" and "Muruvvat"
Risk covered/function		12=Poverty and social exclusion	12=Poverty and social exclusion	4=Disability	7=Child/family benefit	2=Old age
Target population		Children (0–4) and (5–14); Youth (15-25)	Children (0–4) and (5–14); Youth (15–25)	Persons with disability	Children (0–14) and (5–14)	Older persons (Male: 60+ and Female: 55+)
Benefit level		In-kind, based on a category	In-kind, based on a category	In-kind	In-kind + UZS 405,460/ month	Entity based
Objective		12=Poverty and social exclusions	12=Poverty and social exclusions	4=Disability	7=Child/family benefit	2=Old age
Universal/targeting method		Proxy means/community based	Proxy means/ community based	Proxy means/community based	C=Categorical	C=Categorical
Periodicity		Annual	Annual	Annual	Monthly	ongoing
Duration		During study at a secondary school	During study at a secondary school	During study at a secondary school	During study in vocational or higher education level	ongoing
Responsible implementing agency		Ministry of Finance	Ministry of Finance	Ministry of Finance	Ministry of Finance	Ministry of Finance
Geographic areas		Nationwide	Nationwide	Nationwide	Nationwide	Nationwide
Individual beneficiaries (monthly)	Number	322,000	224,000	9,000	3,200	6 457
	Most recent year	2018 (planned)	2018 (planned)	2018 (planned)	2018	2018
Total expenditure LCU)	Value (UZS millions)	35,933.7	4,284.90	3,032.10	18,973.10	98,727.7
	Most recent year	2018	2018 (planned)	2018 (planned)	2018 (planned)	2018

Table A2.3. Social Insurance Programmes (contributory)

Social Protection Programmes		Unemployment benefits	Old age pensions	Disability pensions	Breadwinner-loss pensions
Risk covered/function		9=Unemployment	2=Old age	4=Disability	3=Survivor
Target population		Unemployed	Older persons (Male: 60+ and Female: 55+)	Disabed people	Other
Benefit level and indexation method		Base pension is determined as 55 per cent of average estimated monthly income, but no lower than 100 per cent of minimum old age pension	Base pension is determined as 55 per cent of average estimated monthly income, but no lower than 100 per cent of minimum old age pension	Base pension is 55 per cent of pensioner's average salary; average salary estimate is capped at UZS 2,027,300/month	Each beneficiary receives 30 per cent of deceased worker's average salary but no less than UZS 198,250/month. If children lost both parents, each child receives 30 per cent of average salary but no less than UZS 396,500/ month.
Objective		9=Unemployment	2=Old age	4=Disability	3=Survivor
Universal/targeting method		C=Categorical	C=Categorical	C=Categorical	C=Categorical
Mandatory/voluntary		Voluntary	Mandatory	Mandatory	Mandatory
Suplementary/ exclusive		Exclusive	Exclusive	Exclusive	Supplementary
Periodicity		Monthly	Monthly	Monthly	Monthly
Duration		26 weeks	Lifetime	Lifetime	Until beneficiary fits the category of nonworkable person (e.g., until child achieves 16 years of age)
Responsible implementing agency		Ministry of Employment and Labor Relations	Pension Fund	Pension Fund	Ministry of Finance
Geographic areas		Nationwide	Nationwide	Nationwide	Nationwide
Individual beneficiaries (monthly)	Number	14,477	2,618,045	370,363	173,349
	Most recent year	2018	2018	2018	2018
Total expenditure LCU	Value (UZS millions)	3,028.0	16,942,266.1	2,384,727.5	693,353.3
	Most recent year	2018	2018	2018 (planned)	2018 (planned)

Table A2.4. Employer liability

SP Programmes		Sickness benefit	Maternity benefits (Child-birth leave and maternity benefit)	Young (under 2 Years Old) child benefit for working mothers	Child birth allowance
Risk covered/function		6=Sickness	5=Maternity	5=Maternity	7=Child benefit
Target population		All workers	Women	Women	Women
Benefit level and indexation method		No data available	100 per cent of beneficiary's latest salary	UZS 405,460/month	UZS 405,460/month
Objective		6=Sickness (income replacement due to temporary inability to work)	5=Maternity	5=Maternity	7= Child benefit
Universal/targeting method		C=Categrical	C=Categorical	C=Categorical	U=Universal
Mandatory/voluntary		Voluntary	Employer's liability	Mandatory	Mandatory
Suplementary/ exclusive		Exclusive	Supplementary	Supplementary	Supplementary
Periodicity		Monthly	Once	Monthly	Once
Duration			56 days prior to and 56 days following childbirth. Period may be extended to 70 days if there are complications or multiple births	24 months	one time
Responsible implementing agency		Employer	Ministry of Finance	Employer	Employer/Ministry of Finance
Geographic areas		Nationwide	Nationwide	Nationwide	Nationwide
Individual beneficiaries (monthly)	Number	No data	92,400	UZS 222,600 (including beneficiaries of social young child allowance)	710,300
	Most recent year	No data	2018	2018	2018
Total expenditure LCU	Value (UZS millions)	No data	238,992.50	UZS 920,322,60 (including expenditures on social young child allowance)	238 962.1
	Most recent year	No data	2018	UZS 222,600 (including beneficiaries of social young child allowance)	2018

Table A2.4. Labour Market Programmes

Social Protection Programmes		Unemployment benefits	Public works	Vocational training
Risk covered/function		9=Unemployment	9=Unemployment	9=Unemployment
Target population		Unemployed	Unemployed	Unemployed
Benefit level and indexation method		Base pension is determined as 55 per cent of average estimated monthly income, but no lower than 100 per cent of minimum old age pension	100 per cent wage subsidy for government organization; 50 per cent wage subsidy for a private employer	UZS 202,730/month [from November 1, 2018 to August 1, 2019] (indexed per Presidential Decree approximately every 10–12 months)
Objective		9=Unemployment	11=Labour market programmes	11=Labour market programmes
Universal/targeting method		C=Categorical	C=Categorical	C=Categorical
Mandatory/voluntary		Voluntary	Voluntary	Voluntary
Suplementary/exclusive		Exclusive	Exclusive	Exclusive
Periodicity		Monthly	Monthly	Monthly
Duration		26 weeks	2 weeks–3 months	2–6 months
Responsible implementing agency		Ministry of Employment and Labour Relations	Public Works Fund/Minisry of Employment and Labour Relations	Ministry of Employment and Labour Relations
Geographic areas		Nationwide	Nationwide	Nationwide
Individual beneficiaries (monthly)	Number	14,477	50,579	20,543
	Most recent year	2018	2018	2018
Total expenditure LCU	Value (UZS millions)	3,028.0	298,024.0	9,437.8
	Most recent year	2018	2018	2018

ANNEX 3. Social protection programme statistics: Uzbekistan

Table A3.1. Labour Market Programmes, 2016–18

Type of Labour Market Programme	2016		2017		2018	
	Beneficiaries (thousands population)	**Annual expenditures** (UZS millions)	**Beneficiaries** (thousands population)	**Annual expenditures** (UZS millions)	**Beneficiaries** (thousands population)	**Annual expenditures** (UZS millions)
Unemployment benefits	7.0	1,710.4	10.4	2,801.7	2.4	4,510.7
Public works	3.7	442.6	42.5	12,538.2	50.6	298,024.0
Professional training and retraining of the unemployed	5.9	3,721.5	6.6	5,047.0	20.5	9,437.8

Source: Ministry of Finance, 2018.

Table A3.2. Old age pensions: number of beneficiaries and annual expenditure

	2015	2016	2017	2018
Beneficiaries (number of people)	2,262,990	2,369,317	2,481,488	2,618,427
Annual expenditures (UZS millions)	11,925,225.5	11,393,081.6	13,179,917.1	16,942,266.1

Sources: Ministry of Finance, 2018; State Statistical Committee, 2020.

Table A3.3. Disability pensions: number of beneficiaries and annual expenditure

	2015	2016	2017	2018
Beneficiaries (number of people)	304,287	307,539	308,595	370,363
Annual expenditures (UZS millions)	1,679,228.5	1,720,030.4	1,901,451.3	2,384,727.5

Source: Ministry of Finance, 2018.

Table A3.4. Low income and child allowances: number of beneficiaries and budget expenditure

Type of Labour Market Programme	2015		2016		2017		2018	
	Beneficiaries (number of people)	**Annual expenditures** (UZS millions)	**Beneficiaries** (number of people)	**Annual expenditures** (UZS millions)	**Beneficiaries** (number of people)	**Annual expenditures** (UZS millions)	**Beneficiaries** (number of people)	**Annual expenditures** (UZS millions)
Low-income family allowances	40 289	86 142,0	28 600	69 712,6	30 600	82 450,4	61 500	212 827,7
Child allowance for low-income families (2–14 years old)	302 009	366 221,0	208 400	294 666,8	190 700	297 525,0	283 600	441 959,3
Child allowance (up to 2 years old)	288 877	822 055,0	229 449	747 658,3	214 197	768 476,8	222 631	920 332,6

Source: Ministry of Finance, 2018.

Table A3.5. Old age social pensions: number of beneficiaries, expenditure and average Level

	2015	2016	2017	2018
Beneficiaries (monthly/thousands)	6.3	7.4	10.9	19.9
Annual expenditures (UZS millions)	11,200.0	13,363.62	17,208.9	40,105.1
Benefit level (monthly/UZS millions)	156,310	179, 755	206,720	396,500

Source: Ministry of Employment and Labour Relations, 2018.

Table A3.6. Breadwinner-loss social assistance benefit: number of beneficiaries, expenditure and average level

	2015	2016	2017	2018
Beneficiaries (monthly/thousands)	31.1	20.4	23.4	27.8
Annual expenditures (UZS millions)	21,600	25,735.3	33,092.5	56,250.2
Benefit level (3 and more beneficiaries) (monthly/UZS)	156,310	179,755	206,720	243,300
Benefit level (2 beneficiaries) (monthly/UZS millions)	117,233	134,486	155,040	182,475
Benefit level (1 beneficiary) (monthly/UZS millions)	78,155	89,877	103,360	121,650

Source: Ministry of Employment and Labour Relations, 2018.

Table A3.7. Beneficiaries and expenditures of disability social allowance

	2015	2016	2017	2018
Beneficiaries (monthly/thousands)	7.0	7.9	11.8	22.7
Annual expenditures (UZS millions)	12,500.0	17,568.0	26,647.5	45,950.7
Benefit level (Category 1 disability) (monthly/UZS millions)	254,730	292,940	336,880	396,500
Benefit level (Category 2 disability) (monthly/UZS millions)	127,365	146,470	168,440	198,250

Source: Ministry of Employment and Labour Relations, 2018.

ANNEX 4. Country at a glance

Indicators	2018	2017	2016	2015	Source
Economic indicators					
Gross domestic product per capita (US dollars)*	1,535	1,533,852	2,117,744	2,137,577	World Development Indicators (2017), World Bank
Gross domestic product per capita (in purchasing power parity US dollars)		6,879.57	6,520.05	6,087.76	World Bank
Consumer price index (per cent)	117.5	109.5	105.6	105.5	Goskomstat
Average wage (Uzbek soms)	1,822,200.0	1,453,202.3	1,293,764.3	1,171,669.3	Goskomstat
Minimum wage (Uzbek soms)	184,300	172,240	149,775	130,240	
Demographic Indicators					
Total male population (thousands of people)	16,397.9	16,121.0	15,838.9	15,552.2	Goskomstat
Total female population (thousands of people)	16,258.8	15,999.5	15,736.0	15,470.3	Goskomstat
Dependency rate (per 1,000 population of working age)	681	665	652	640	Goskomstat
Age dependency ratio (per cent of working-age population)		48.046	47.729	47.680	World Bank staff estimates based on age distributions of United Nations Population Division's World Population Prospects: 2017 Revision.
Age dependency ratio, young (per cent of working-age population)		41.43	41.332	41.431	
Age dependency ratio, old (per cent of working-age population)		6.616	6.397	6.249	
Fertility rates (births per woman)		2.419	2.455	2.491	Goskomstat
Life expectancy (at birth), years	–	73.7	73.8	73.6	Goskomstat
	71.4	71.42	71.31	71.19	World Bank
Infant mortality rate (deaths per 1,000 live births)		11.5	10.7	11.4	Goskomstat
Maternal mortality rate (deaths per 100,000 live births)		19.3	17.4	18.9	Ministry of Health, Goskomstat (2018)
Net migration rate (per 1,000 population)					

Indicators	2018	2017	2016	2015	Source
Labour Market Indicators					
Employed (thousands of people)	13,273.1	13,520.3	13,298.4	13,058.3	Goskomstat
Female	5,523.8	6,189.2	6,073.6	5,964.3	Goskomstat
Male	7,749.3	7,331.1	7,224.8	7,094.0	Goskomstat
Unemployed (thousands of people)	1,368.6	837.0	724.0	709.4	Goskomstat
Female	722.2	367.1	317.5	311.2	Goskomstat
Male	646.4	469.9	406.5	398.2	Goskomstat
Labour force participation rate (per cent of total population ages 15–64) (modeled ILO** estimate)	68.54	68.31	68.06	67.82	ILOSTAT
Employment rate (per cent) (national estimate)	67.4	69.2	68.7	68.2	Goskomstat
Unemployment rate (per cent) (national estimate)	9.3	5.8	5.2	5.2	Goskomstat
Unemployment rate (per cent) (modeled ILO estimate)		8.7	8.8	8.8	ILOSTAT
Inactive (per cent of working age population)	21.3	22.1	23.1	23.5	Goskomstat
Workers employed by enterprises and organizations by age group (per cent)					Goskomstat
Under 18	0.0	0.0	0.0	0.0	
18–29	28.9	28.8	29.1	29.8	
30–39	29.9	30.1	29.2	28.7	
40–49	24.8	25.0	25.5	25.3	
50–54	11.0	10.9	11.0	11.1	
55 and over	5.4	5.2	5.2	5.1	
Self-employed (per cent of total employment) (modelled ILO estimate)		28.30	29.00	29.40	ILOSTAT
Contributing family workers, total (per cent of total employment) (modelled ILO estimate)		2.70	2.50	2.20	ILOSTAT
Employment in agriculture (per cent of total employment) (modeled ILO estimate)	24.60	25.29	25.93	26.67	ILOSTAT

Indicators	2018	2017	2016	2015	Source
Employment in industry (per cent of total employment) (modeled ILO estimate)		23.90	23.90	23.80	ILOSTAT
Employment in services (per cent of total employment) (modeled ILO estimate)		47.10	46.60	46.10	ILOSTAT
Share of economically active population in urban (per cent)		52.1	54.0	54.1	Goskomstat
Social Indicators					
National poverty rate (per cent)	11.4	11.9	12.3	12.8	Goskomstat
School enrollment, primary (per cent net)		96.225	95.064	94.41	UNESCO Institute of Statistics***
Primary school completion rate (per cent of relevant age group)		97.716	96.254	97.9	UNESCO Institute of Statistics
School enrollment, secondary (per cent net)		90.57	89.56	88.48	UNESCO Institute of Statistics
Lower secondary school completion rates (per cent of relevant age group)		76.235	76.804	76.631	UNESCO Institute of Statistics
Human development index	n/a	0.710	0.703	0.698	United Nations Development Programme
Government revenue (billions UZS)		73,876	66,757	57,945	International Monetary Fund
Government expenditures (billions UZS)		68,904	57,169	51,086	International Monetary Fund
Government expenditure by functions (billions UZS)					International Monetary Fund
Education		16,127	14,220	12,529	
Health		6,785	5,836	5,236	
Social Protection		19,551	16,889	15,466	
Number of health staff per 10,000 population					Goskomstat
Paramedical personnel	107.3	106.6	106.3	106.5	
Doctors	27.0	26.1	26.2	26.4	

*Current U.S. dollars; ** ILO = International Labour Organization; *** For information from the database, see http://uis.unesco.org.

ANNEX 5. Evaluation of Uzbekistan's social protection system using the CODI assessment matrix

The assessment applies a life cycle approach and, to the extent possible, follows CODI assessment criteria:

- Inclusiveness
- Adequacy
- Appropriateness
- Rights and dignity
- Governance and institutional capacity
- Financial and fiscal sustainability
- Coherence and integration
- Responsiveness
- Cost-effectiveness
- Incentive compatibility

It has been noted that there is little tradition or tailored data collection for conducting impact assessments, or for using clear monitoring and evaluation frameworks, implying that it is not always possible to provide statistical or other evidence to support the evaluation of the various schemes according to the above criteria. Participants were asked to provide scores from 1 to 4 (1 being the lowest score and 4 being the highest) for each of the life cycle categories using the CODI assessment criteria. The overall scores provided by participants are mixed with the author's observations and are summarized in Table A5.1.

Table A5.1. Evaluation of effectiveness of social protection system of Uzbekistan using the CODI assessment matrix

	Children	Working age	Old age
Inclusiveness: Refers to the system's capacity to protect all members of society along their life cycle, with special consideration for the most vulnerable.	**Score: 1** The coverage gap for benefits is estimated at 75 per cent.	**Score: 1** 1 per cent of those without jobs and 10 per cent of officially registered unemployed have access to benefits. Insurance elements are weak or nonexistent for unemployment benefits; on gender equality, the score is 3, because slightly more of the registered unemployed are women; the accessibility score is also 3, as improvements have been made and the Public Employment Services can be accessed remotely.	**Score: 3** While people engaged in the informal sector are not covered, whoever has a legal right to the pension receives his/her pension in a timely manner and in the full amount.
Adequacy: Refers to the sufficiency of the system's benefit levels.	**Score: 2** Social allowances represent only 40 per cent of poor household consumption.	**Score: 2** Score is assigned because of the lack of programmes for the long-term unemployed. On the positive side, the procedures in employment centres are there to work with the unemployed.	**Score: 3**[96] Participants' perspective was that given that 55 per cent of the salary is used as a base for calculation of a pension, this might indicate adequacy of the pension. In reality, this assessment of the adequacy can be challenged, based on the fact that minimum pension is US$46 and the average old age pension is US$109, while nominal wage amounts to US$178 and average wage to US$235 per months.
Appropriateness: Refers to the system's overall arrangements to respond to national context and needs.	**Score: 1** Due to the lack of national strategy and lack of links between social protection and employment policy, there is a decline in the number of social insurance programmes. No evidence-based policymaking.		
Rights and dignity: Refers to SP entitlements and implementation arrangements being anchored in terms of the law.	**Score: 2** Confidentiality of private information is sometimes a concern. Dignity is not always respected. Formal grievance mechanisms, however, are in place and they are functional.		
Governance and institutional capacity: Assesses system rules, roles, responsibilities, and related implementation capacities.	**Score: 3** Legislation is very clearly defined for the system as it is now. It neither provides sufficiently, however, for the expansion of social insurance programmes nor for the strengthening of the role of noncontributory programmes. **Score: 2** With regard to implementation, there are concerns, especially in relation to benefits where eligibility is determined by the mahallas, where there is evidence of lack of transparency and clear guidelines; lack of human resources and capacity; staff mentoring; and large heterogeneity among mahallas; among others.		

96 The high score appears to be the result of the participants' assumption that 55 per cent of a base salary is used to calculate the pension, which implies that the replacement rate is 55 per cent

	Children	Working age	Old age
Financial and fiscal sustainability: Refers to the system's financial and fiscal sustainability.	**Score: 2** On the positive side, the finance is domestic and sustainable; on the other hand, spending is low, and demographic trends are not taken into account. There is no long-term strategy and financial planning. There is no national SP strategy and priorities to which finance can be aligned.	**Score: 2** Funding is being significantly increased with international organizations delivering funds for training. This raises questions of sustainability because it will be externally financed in its entirety. There is a need to expand the contributory side of social protection [e.g., unemployment insurance, maternity protection, and insurance coverage in the informal sector].	**Score: 2** Deficits of the pension fund, sustainability concerns, declining coverage of potential contributors, and declining share of eligible population receiving benefits.
Coherence and integration: Refers to alignment and coherence of the system across its policies, programmes, and administrative structures, as well as coherence with related policy areas.	**Score: 1** The need for a coherent social protection strategy at the institutional, policy, and programme levels.		
Responsiveness: Refers to the system's monitoring and evaluation framework and flexibility to adjust/ adapt in response to socioeconomic crises.	**Score: 1** No monitoring and evaluation, no adaptability, and little or no shock responsiveness.		
Cost-effectiveness: Refers to cost effectiveness for those financing and for those benefiting from a programme.	**Score: 2** For the beneficiary, very time consuming to apply; paper based so also hard to process. There are differences, however. For example, for old age pensions, it is more efficient, and for family and public works benefits, it is less efficient.		
Incentive compatibility: Refers to ensuring that the system's programmes do not generate distortionary effects.	**Score: 1** Not identified.		

Participants of the workshop gave a positive assessment to many aspects of the SP system, pointing to the range and number of programmes and their coverage; and the legislative base that sets out the mechanisms, time frames, and institutional responsibilities for implementation, delivery, and control functions. Most of the staff is considered professional; budgeting is made available in accordance with officially adopted programmes; and use of clear internationally accepted budget expenditure categories means that it is possible to control if expenditure has been made in accordance with budget allocations. The system as a whole provides a basis for scaling up if necessary, and for emergency response, and there are few signs of incompatible or unwanted incentives for recipients and administrators of the system.

Regarding weak points, participants agreed that the lack of an overall social strategy is an issue ("... there are many legal acts, but no unifying strategy..."), as is the fact that there is no one government agency with overall responsibility to ensure coordination and collaboration across the entire SP system, in particular between benefits and services. They also highlighted certain gaps that have emerged in the coverage of all stages of the life cycle, namely children, young people, persons of active (working) age, and the elderly. In addition, while the social services that are available work quite well, the range of services on offer, nevertheless, is limited. This means that gaps exist in the care/support available, particularly for women in vulnerable domestic (or other) situations and people with disabilities. Moreover, there is no mechanism to ensure coordination and avoid duplication between the various services and service providers, in particular between government and non-government providers. Lack of data to improve evaluation, in particular to evaluate the changing needs of the population and inform policy design, also was considered a challenge. Lack of up-to-date demographic data (the last census was

carried out in 1989) makes it difficult to make long- and medium-term forecasting of need, especially in relation to the pension system. There is currently no single registry or unified data base in place to provide the basis for more and better coordination between the various schemes. Attempts are on-going, however, to set up such a system. Furthermore, while there is a system for dealing with complaints and appeals, in some cases, citizens are not sufficiently informed of their rights.

ANNEX 6. List of participants: CODI workshop (November 2018)

No	Name	Position	Institution
1	Shakhnoza Rustamova	Actuary of the department for monitoring the payments of benefits to low-income families	Ministry of Employment and Labour Relations
2	Gulnora Murodova	Head of the vocational training sector for the unemployed	
3	Anvar Eshaliev	Head of sector responsible for the development and organization of individual programs lift out of low-income status	
4	Rafael Klivleev	Head of the Unit for financing of social benefits	Ministry of Finance
5	Bakhzod Karimov	Head of media control department	Extrabudgetary Pension Fund
6	Makhmud Razzakov	Chief specialist	
7	Yunus Khusanov	Specialist of the guardianship authority of Sergeliysky district	Ministry of Education
8	Kholnazar Rakhmonov	Specialist of the guardianship authority of Uchtepinsky district	
9	Mukhammadaziz Kudratkhodzhaev	Chief specialist on consumer budget and living standards forecasting	Ministry of Economy
10	Ms Khasanbaeva		Ministry of Health
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