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Republic of Uzbekistan: Updating and Improving the Social Protection Index (Cofinanced by the Republic of Korea e-Asia and Knowledge Partnership Fund)

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For Asian Development Bank

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Asian Development Bank

ABBREVIATIONS AND ACRONYMS

ADB	–	Asian Development Bank
AusAID	–	Australian Agency for International Development
EU	–	European Union
GDP	–	Gross Domestic Product
GNI	–	Gross National Income
ESCAP	–	European Society for Child and Adolescent Psychiatry
FEA	–	Fund of Employment Assistance
HDI	–	Human Development Index
HIES	–	Household income and expenditure survey
HPI	–	Human Poverty Index
HIV/AIDS	–	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
MDG	–	Millennium Development Goals
LPG	–	liquefied petroleum gas
MDG	–	Millennium Development Goals
MLSP	–	Ministry of Labour and Social Protection of Population of Uzbekistan
NGO	–	non government organization
OIDP	–	Outer Islands Development Programme
PTR	–	poverty targeting rate
GTR	–	gender targeting rate
PF	–	Pension Fund
SP	–	Social Protection
SPI	–	Social Protection Index
TFR	–	Total Fertility Rate
UNICEF	–	United Nations Children's Fund

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I. INTRODUCTION

A. Background

1. Asian Development Bank's (ADB) development of the social protection index contributed to the strengthening of social protection programs in developing member countries (DMCs). ADB will continue its work on updating and improving the Social Protection Index (SPI). The SPI's update will address and incorporate lessons learned from two technical assistance projects¹ that developed the SPI for 35 countries in Asia and the Pacific and introduce new components and institutional arrangements to sustain the effective use of social protection indicators in policy analysis and formulation in the DMCs.

2. These initiatives will be implemented under the ADB commissioned regional technical assistance project² that seeks to (i) improve the methodology in defining social protection for each DMC in order to ensure comparability among DMCs; (ii) improve data gathering for statistical analysis on social protection; and (iii) develop capacity of DMCs in monitoring the SPI and allow comparisons between countries and over time on implementation performance.

3. This country study provides updated information and data on social protection arrangements, legislation, and institutions and calculates the SPI for Uzbekistan in view of the revised SPI methodology. The SPI can be updated periodically to assess progress in social protection arrangements in the country and analyse deeper aspects of targeting, coverage and expenditures on various social protection programs; for example, on the breadth (coverage) of social insurance versus social assistance or labour market programs, or on the depth (size of benefit) of various categories of social protection. The revised SPI methodology also provides scope to measure the gender responsiveness of programs, and poverty targeting of programs.³

4. The primary objective of the Uzbekistan Country Report is to present the results of the research on social protection programs and policies in Uzbekistan from all related ministries, particularly the Ministry of Labour and Social Protection of Population; and, summarize quantitative information on these activities to enable the formulation of a national Social Protection Index (SPI).

B. Definition of Social Protection

5. Social protection is defined as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income.

6. This definition categorizes all programs under the traditional components of social protection as social insurance, social assistance, and labour market programs. Microfinance as a form of social protection is excluded from the calculation of SPI since it does not involve a transfer in cash or kind and beneficiaries incur loans or debt instead of transfers. Thus, by eliminating microfinance from the coverage of social protection programs, three major programs

¹ ADB. 2003. *Technical Assistance for Social Protection Index for Committed Poverty Reduction*. Manila (TA 6120-REG); ADB. 2006. *Technical Assistance for Scaling Up of the Social Protection Index for Committed Poverty Reduction*. Manila (TA 6308-REG).

² ADB. 2010. *Technical Assistance for Updating and Improving the Social Protection Index*. Manila (TA 7601-REG).

³ To be able to calculate with relative accuracy the poverty-targeting rate of programs, household surveys need to contain a social protection data. However, the data of the survey was not available at the time of writing this report.

are left: (i) social insurance (i.e., the categories of old-age insurance, programs for the disabled, and health expenditure on insurance and pensions; (ii) social assistance (i.e., the categories of non-contributory health insurance, conditional cash transfers, child protection, and unconditional cash transfers; and (iii) labour market programs as shown in Table 1.

Table 1: Social Protection Categories and Types of Programs

Social Protection Category	Type of Program
Social Insurance Programs	Pensions Unemployment Benefits Health Insurance - but not universal health insurance Other social insurance (maternity, disability benefits)
Social Assistance	Assistance for the elderly (e.g., non-contributory basic allowances for the elderly, old-age allowances) Health assistance (e.g., reduced medical fees for vulnerable groups) Child protection (school feeding, scholarships, fee waivers, allowances for orphans, street children initiatives) Family allowances (e.g., in-kind or cash transfers to assist families with young children to meet part of their basic needs) – excluding any transfers through the tax system Welfare and social services targeted at the sick, the poor, the disabled, and other vulnerable groups Disaster relief and assistance Cash/in-kind transfer (e.g., food stamps, food aid) Temporary subsidies for utilities and staple foods - only if imposed in times of crisis and if targeted at particular vulnerable groups. General subsidies are excluded even if their rationale is to assist the poor Land tax exemptions
Labor Market Programs	Direct employment generation through public works programs – including food for work programs Direct employment generation through loan-based programs – included if loans are subsidized and/or job creation is an explicit objective of the program Labor exchanges and other employment services – if distinct from social insurance and including retrenchment programs Unemployment benefits – if distinct from social insurance and including retrenchment programs Skills development and training – included if targeted at particular groups (e.g., the unemployed or disadvantaged children. General vocational training is excluded).

Source: ADB. 2011. The Revised Social Protection Index: Methodology and Handbook. Manila.

C. Report Structure

7. The Uzbekistan Country Report is structured as follows:

- Chapter II contains a brief overview of the social and economic development in Uzbekistan.
- Chapter III describes current social protection activities and programs in the country using ADB's typology.
- Chapter IV provides an overview of the derivation of SPI and its disaggregation.

- Chapter V presents the analysis of the country results.
- Chapter VI discusses the conclusion and recommendations.

II. COUNTRY OVERVIEW

8. This chapter presents a brief overview of the social and economic characteristics of Uzbekistan that are considered to be relevant to social protection issues.

A. Geography

9. The Republic of Uzbekistan is the most populous country in Central Asia and shares its borders with Kazakhstan, Turkmenistan, Kyrgyzstan, Tajikistan and Afghanistan. This landlocked country has a total land area of 449,000 sq. km. The length of territory from West to East is 1,400 km and from North to South is 925km.

10. For most of the twentieth century the country was under Soviet rule, but became independent in 1991. Since then the country has tried to lessen its dependence on agriculture, predominantly cotton, and to develop mineral and petroleum reserves. The territory is divided into 12 administrative areas and Republic of Karakalpakstan, and includes 180 administrative areas.

B. Economy

11. The economy significantly improved since 1996. Annual average rates of GDP growth in 2000-2004 were 4.2 – 4.5%, and have almost doubled since 2004, achieving in average 7-9% growth per annum. The Volume of industrial production has grown 3 times during 1990-2010. GDP has grown more rapidly than population growth, which has caused a positive trend in GDP growth per capita

12. According to the official statistics, in 2007-2009 average annual growth was 8.8%. The main factors that led to such economic growth in this period were economic liberalization, including first and foremost the introduction of current account convertibility, agricultural reforms, implementation of large-scale projects in transport and communication, and favourable external market environment.

13. There are certain qualitative changes in the structure of the Gross Domestic Product (GDP). In 2010 the share of industry in GDP achieved 24%, while agriculture share decreased from 26.4 % to 17.5% in 2010. The qualitative changes in the structure of economy are also observed due to the growth of services in GDP to 47.2% in 2009 and further to 49% in 2010.

14. In late 2008 Government of Uzbekistan adopted the anti-crisis program of measures for 2008-2012. In 2009, the implementation of the anti-crisis stimulus package of about 4% of GDP was directed to stimulating domestic demand and production (including tax reductions and incentives for small business, 40% increase in public wages in 2009 and 30% increase in 2010, higher social spending, an allocation of US\$1.7 billion equivalent for employment creation in rural areas, as well as support to banking sector, strategic industries, large state-owned export and import-substituting enterprises). The budget surplus declined from 4.5% of GDP in 2008 to

0.5% in 2009, while the spending of the Reserve Fund (Fund for Reconstruction and Development) increased to 1% of GDP.

C. Population, Employment and Labour Force

15. The population as of 2009 was 27.76 million. The average population density is 64.2 persons per square km. The agricultural population of Uzbekistan as of 2009 was 13.44 million, or 48.4% of the total country population. The female/male population distribution is balanced. In terms of the population structure, 60.1% of people are within the workable age (16-54 years for women and 16-59 years for men); 32.4% are less than 16 years of age; and 5.8% are of the pension age. The average age of the population is 25.5 years, with rural (24.1 years) and urban differences (27.9 years).

16. In recent years there has been a notable decrease in the birth rate, in 2000 the birth rate was 2.58 and it is decreased in 2008 – to 2.41. The decrease of the birth rate has been faster in rural areas than it has been in urban areas. The infantile death rate has decreased from 37.3% in 1990 to 16% in 2005 and further decreased to 11.7% in 2009 and achieved 10.7% in 2010.

17. There has also been a continual outward migration. On average, during the 2000-2005 years the negative balance of external migration equated to 50-66 thousand people per year. Starting 2007 the outward migration decreasing and in 2009 the negative balance of the external migration was about 39 thousand people, compare to 70 thousands in 2007.

Table 2: Population and Employment (000s).

Indicators	2007	% to previous year	2008	% to previous year	2009	% to previous year
Number of resident population (average over period)	26,868.0	101.4	27,302.,7	101.6	27,767	102.5
of which:						
in working age	15,882.9	102.8	16,321.9	102.8	16775.3	102.8
Number of births	608.9	109.5	646,1	106.1	649.7	100.6
Number of employed population, (average over period)	10,735.4	102.6	11,035.4	102.8	11328.1	102.7
Number of citizens registered as those who are looking for a job (end of period)	23.2	91.0	22.9	83.5	20.1	88.0
Jobs created	628.9	110.1	660.9	105.1	940.5	142.3
of which in rural area	429.4	112.4	436.0	101.6	491.1	112.6

Source: Ministry of Labor and Social Protection of Population, 2011.

18. In 2000-2009, Labour growth has noticeably lagged behind the rate of growth of the working age population. Growth of the employed population accelerated in the last 5 years, but there is a more recent trend of a decrease. The share of working age population increased from 56.1% in 2006 to 60.4% in 2009.

19. In 2000-2009 the highest rate has been in the service sectors of economy (education, public health, trade, municipal and household services). The agricultural sector remains the most important sphere of the employment. A significant part of manpower (including self-employed, part-time and seasonal workers that work on personal plots and help members of family) is concentrated in the informal sector.

20. In 2009 60% of the total population was in employable age. 67.6% of the population in employable age, or 11.3 million people were working. The level of economic activity of the population has also decreased, and the share of unemployed and employed has also decreased. The economically inactive population has increased; with the number of people not looking for work now exceeding 1.5 million.

21. In 2009 there were 665.4 thousand people who applied to employment departments for employment, which was 5.6 percent more than in 2008. Out of the total number of citizens registered as those who are looking for a job 0,6 percent - persons at the age of 16-18 years old, 54,3 percent - persons at the age of 18-30 years old, 43,0 percent - persons at the age of 30-50 years old. 86.0 percent of all applied to labour agencies for employment (566.3 thousand persons) were placed in a job⁴.

22. According to The Welfare Improvement strategy for Uzbekistan, employment among women is lower than among men but their share in the structure of formal employment remained stable at about 44%.⁵ There is a general imbalance in the sectoral distribution of female labour, with higher share of women employed in the healthcare and education sector, and fewer in the construction, transportation, and telecommunications sectors.

23. Government of Uzbekistan pays great attention to the support of the employment and creation of new jobs. According to the official statistics of Ministry of Labour within the implementation of "Territorial programs on the new jobs creation and provision of employment for population" in 2009 there were created 940.5 thousands new jobs, with about 68% of the jobs in rural areas. More than 60% of the new employments were in SME sector and farming, (596.2 thousands new jobs) and about 22% were created through the home-based employment (206.7 thousands new jobs). Home based employment provided work for 88.4 thousand women in Uzbekistan. As the result of active Government policy on the labour market and support of the new employment programs the employment rate increased in average for 2.7%, with the higher employment rates in construction (106,4%), service sector (105,3%), transport and communication (104,9%), trade and catering (104,9%).

D. Education

24. Uzbekistan is ranked among the most developed countries of the world in terms of its educational level. The educational index for Uzbekistan is 0.99619 compared to the world average is 0.776. The educational level in Uzbekistan is high, with literacy officially recorded at 99.4%. There is also gender equality between boys and girls in access to education between the ages of 7-15 years. The share of the adult population with secondary professional and higher education exceeds 75%. Net enrolment rates in primary education are 89% for girls and 91% for boys, in secondary education 90% for girls and 93% for boys.

⁴ Source: <http://www.stat.uz/upload/iblock/b66/doklad2009.doc>

⁵ Welfare Improvement Strategy of Uzbekistan, Full Strategy paper for 2008-2010.

⁶ Welfare Improvement Strategy of Uzbekistan, Full Strategy Paper for 2008-2010.

25. Education spending currently stands at 9% of GDP and accounts for over a quarter of the total budget. In the last few years, there has been a tendency of a decrease in expenditure on education as a proportion of GDP, and an increase in capital investments for construction of colleges and reconstruction of schools.

E. Health

26. As of the beginning of 2010, Uzbekistan had 764 hospitals, 4190 out-patient-polyclinic establishments. There were 72,522 doctors in the health system and more than 299 thousand of the paramedical personnel. Due to the health reforms and restructuring of health system institutions the number of doctors per 10,000 population decreased from 29.8 in 1999 to 26.0 in 2009. Number of paramedical personnel is 104 per 10,000 population. At the end of 2009 in Uzbekistan there were 3166 rural medical centres, which were providing medical services to more than 15 million people.

27. Public health services in Uzbekistan are provided to the population free of charge. Medical services are provided at polyclinics and hospitals by residence, including vaccination, services on obstetric aid and services of first aid. Exception is made on dental services. Free-of-charge dental services are provided to children in the age of 16 years old and below and to separate categories of vulnerable groups (aged pensioners, disabled, etc).

28. Financing of public health services is from the state budget. In 2009 the state expenditures on health were 2.6% of GDP. Total healthcare expenditure has grown at an average annual growth rate of 37% (in nominal terms) during the period 1998 to 2005, while the total health expenditure as a percentage of GDP has fallen from 3.5% in 1998 to 2.7% in 2007. The contribution of non-state funding to total health expenditure is increasing from 5% in 1998 to about 8.6% in 2005 and the tendency continues with the growth of medical insurance programs.

29. One of the approaches that Government used for solving the problems of financing and health system management is the development of the health insurance system. Fundamentals of health insurance in the country laid in 2000 when National Insurance Company “Uzbekinvest” started the introduction of voluntary health insurance system. However the real developments of this system took place only in last few years. According to the State Insurance Supervision Body in 2005 there were only 3 companies providing voluntary health insurance services, in 2008 the number had risen to 15.⁷

F. Disability

30. According to statistical data, in 2009 more than 800,000 people were registered as having a physical disability⁸. Since 2000, there has been a tendency to reduce the number of people that were counted as disabled. A parity of disabled in urban and rural areas during last few years is proportional to the distribution of rural and urban population. The share of women among disabled in last few years has increased, and in 2009 reached 51% of the total number of disabled. An overwhelming majority of disabled (more than 95%) are disabled as a result of a disease. Among them about one third have been disabled since childhood.

⁷ Results of Independent Evaluation of Public Health Services, Technical report, WHO and Ministry of Health of Uzbekistan, August 2011

⁸ Pension Fund under the Ministry of Finance of Republic of Uzbekistan

31. There are three programs in Uzbekistan which are targeted directly to disabled: disability pensions (work related); allowances to disabled from childhood and allowances to disabled that do not have necessary record of services. Disability pension depends on the severity of the assessed disability: totally disabled, incapable of any work, and requiring constant attendance (Group I); totally disabled, incapable of any work, and not requiring constant attendance (Group II); and partially disabled and incapable of usual work (Group III).

G. Poverty and Inequality

32. There is no legally defined poverty line in Uzbekistan. According to a World Bank (WB) assessment⁹, carried out based on household budget data, the poverty level in Uzbekistan in 2001 was 27.5%, and 26.2% in 2003. According to WISP Full strategy paper (2007) the poverty rate further decreased and in 2004 it was 25.8%. An average daily consumption level per person of 2,100 Kcal was taken as the poverty line. There is a pronounced tendency in rural and urban poverty level, with the difference between poverty rates growing from 6.7% in 2003 to 11.7% in 2005.

33. According to the information received during the data collection process for this report the share of population who considered as low-income was 19.5% in 2009. According to the State Statistics during the last 5 years there was a stable growth of the households' income at 22-24% per annum and growth of the domestic demand for goods and services.

34. Results of the WB study reveal some basic trends regarding the well-being of the population and the characteristics of low-income households. Firstly, large families are more likely to be poor. The risk of poverty rises if there are unemployed adults in a family. However 50 percent of low-income households are families where the head is employed. The probability of a low-income household is higher among families where members are employed in state bodies, agriculture, are part-time employed, or employed in the informal sector of the economy.

35. Approximately 70% of low income households live in rural areas. Risks of low income remains high for the population living in small cities where there are fewer opportunities for self-employment and access to land resources are limited. At the same time access to land does not always protect one from poverty, due to their small size of land allocations and low efficiency (more than 60 % of dole recipients).

Table 3: Summary development indicators for 1995-2009

	1995	2000	2005	2009
Population, in thousand people	22,684.1	24,650.4	26,167.0	27,767.4
Natural increase of population	23.4	15.8	14.9	18.6
Share of urban population, in %age to total population	38.4	37.3	36.2	51.6
Share of women in population structure, in %age	50.4	50.2	50.1	50
Share of people in 0-15 years to total population, in %age	47.9	40.6	36.6	32.4

⁹ Uzbekistan Living Standards Assessment, World Bank Document, 2003. Vol. 2. Chapter 2, Table 3. *and Welfare Improvement Strategy for Uzbekistan, (2007) Table 3.9. page 42.*

	1995	2000	2005	2009
Share of people in 60 years and above to total population, in %age	8.9	6.5	6	5.8
Average size family, people	5.4	5.4	5.1	5.3
GDP value in current prices, billion UZS	302.8	3,255.6	15,210.4	48,097.0*
Average annual GDP increase in comparative prices, %age to previous year	-0.9	3.8	7	8.1
GDP per capita (PPP based)	1,973	2,422	3,227.9	
GDP per capita growth in comparative prices, %age to previous year	3.4	2.0	2.5	6.2
State budget expenditure, %age of GDP	32.6	29	22.5	21.6
Agriculture value added, %age of GDP	n/a	30.1	25	18.6
Number of employed, million people	8.4	9.0	10.2	11.3
Employment level, %age of able-to-work population	76.3	69.5	68.5	67.6
Employed in agriculture sector, %age of all employed	41.2	33.5	29.1	25.5
Disabled share, in %age to total population	2.4	3.2	3.2	2.9
Coefficient of children's death rate, per 1,000 of newly born	42.5	29.4	n/a	11.7
Life expectancy since birth date, years	69.1	70.8	71.8	72.9
Adult literacy level, %	98.96	99.17	99.4	99.9
Poverty level, %	n/a*	27.5 (2001)	n/a	19.5
Human Development Index (HDI)	0.715	0.736	n/a	0.617

Source: State Committee of Statistics of Uzbekistan (1995-2005) and for 2009 data received from Ministry of Finance and State committee for Statistics. (2008-2009 Statistical reports)
GDP for 2009 data from <http://beta.adb.org/key-indicators/2011/country-tables>)

III. CURRENT SOCIAL PROTECTION PROGRAMS AND ACTIVITIES

36. This chapter provides a summary of major social protection activities and programs in Uzbekistan in 2009. The programs and activities described here include major programs financed by the Government. Main features of the programs are described and key quantitative information required for Uzbekistan' SPI calculation are presented.

A. Data Collection

37. The data and information collected for this study is derived from three main sources: (i) Ministry of Finance of the Republic of Uzbekistan, (ii) Publication and Reports of State Committee for Statistics of the Republic of Uzbekistan ; and (iii) information collected from relevant Government agencies implementing or monitoring the various social protection programs that are considered under this study. Numbers of the Surveys, implemented by other international agencies were used to derive information on social sector developments and living

standards. Information not available from the above sources was collected from relevant government agencies involved in implementing and monitoring social protection programs.

38. Based on the definition of Social Protection established for this Study (see I.C), Table 4 lists the types of programs for which information was collected through the interviews with implementation agencies, specialists, donor organizations and other stakeholders¹⁰. These programs have been classified according to the ADB's typology of SP activities.

39. The following should be noted:

- a. The key criteria for inclusion are that programs must: (a) be clearly targeted at groups in need of Social Protection, e.g. the poor, the unemployed, the old, the sick, the disabled, and children; and (b) involve direct transfers in cash or in kind to beneficiaries.
- b. Social protection activities that are not amenable to quantification, e.g. legislation relating to labour standards, women and children's rights, empowerment and consciousness raising projects and programs, are excluded;
- c. Programs that are generally seen as falling within the health or education sectors, such as health care (including HIV/AIDS and reproductive health), immunisation, nutrition, pre-school education, general vocational and technical education are excluded. Programs to improve the quality of teaching or health care in poor areas are also excluded;
- d. Programs that fall within the general category of rural/community development are excluded along with those that concentrate on the construction of physical assets or social infrastructure, e.g. roads, water supply/ irrigation networks, schools or clinics;
- e. As it was agreed during the Inception Workshop micro-credit finance (MCF) programs were excluded from revised SPI, because they do not involve a transfer in cash or kind to households or individuals but involve them incurring a liability.

Table 4: Social Protection Categories and Types of Programs

Social Protection Category/Types of Program	Comments
Social Insurance Programs	
Pensions	
Unemployment Benefits	
Health Insurance	
Other Social Insurance (maternity, disability benefits)	
Social Assistance	
Assistance for the elderly (e.g. non-contributory basic allowances for the elderly, old-age allowances)	
Health assistance (e.g. reduced medical fees for vulnerable groups)	

¹⁰ The data collection for Uzbekistan was organised through the Ministry of Finance of the Republic of Uzbekistan. The follow-up meetings were with the other stakeholders and donor agencies, as well as with consultants' team, who prepared the previous Country report.

Child protection (school-feeding, scholarships, fee waivers, allowances for orphans, street children initiatives)	
Family allowances (e.g. in-kind or cash transfers to assist families with young children to meet part of their basic needs).	Included
Welfare and social services targeted at the sick, the poor, the disabled and other vulnerable groups	Included
Disaster relief and assistance	N/A for 2009 Uzbekistan SP programs
Cash/in-kind transfers (e.g. food stamps, food aid)	Included
Temporary subsidies for utilities and staple foods	Included, as they targeted at the special categories, who considered to be vulnerable
Land tax exemptions	N/A for Uzbekistan SP programs
Labour Market Programs	
Direct employment generation through public works programs	Including Food for work programs.
Direct employment generation through loan based programs	Included since these programs targeted on direct employment generation
Labour exchanges and other employment services	Included
Unemployment benefits	Included
Skills development and training	Included as targeted at particular groups, e.g. the unemployed or disadvantaged children. General vocational training is excluded.

Source: Adapted from Ortiz ed, Defining an Agenda for Poverty Reduction - Proceedings of the First Asia and Pacific Forum on Poverty, Volume 2, p. 57, ADB, Manila, 2002; ADB, Social Protection Strategy, pp. 14–22, Manila, 2001

40. There is no formal definition of Social Protection in Uzbekistan. Social protection systems in Uzbekistan can be divided generally into two components – social assistance and social insurance. Social assistance is provided to separate categories of citizens without consideration of their participation in the social insurance system, and is financed from the state budget. The social assistance system includes: i) allowances provided based on means testing; ii) allowances and privileges provided to vulnerable groups of the population without means testing.

41. The legal basis for the social protection system is the Law “on State provision of pensions for citizens of the Republic of Uzbekistan” (1993), Law “on Provision of pensions to military” (1992), Decision of the Cabinet of Ministers of the Republic of Uzbekistan “on Social protection of citizens living in the Republic of Uzbekistan which have suffered due to the Chernobyl accident” (1992, with additions in 1994), which states the right of citizens to state provision of pensions (i) by age, (ii) in case of full or partial disability, and (iii) in case of loss of the breadwinner.

42. Decrees of the President of the Republic of Uzbekistan also have legislative force in the area of social protection. Practically, from the first months of independence to current times, in order to provide social protection to the population and protection from essential backlog of

incomes due to a rise in the cost of living, Decrees on increase of wages, pensions, and allowances were accepted by the President of the Republic of Uzbekistan. During 2000-2009, minimum wages, pensions, and allowances increased 20 times and the minimum wage increased 15.4 times. Since 1994 wage increases have only occurred for workers in organizations financed from the state budget. For self-supporting organizations, only the minimum salary level is established. Decrees of the President have also raised social benefits linked to the size of minimum wages.

43. The most important new step in developing the social protection system was the Decree dated August 23rd, 1994 "On Measures on Strengthening Social Protection of Needy Families". This document has begun transition of payment of allowances to the whole population to those most in need. The further development of this approach was made by the Decree dated December 10th, 1996 "on further strengthening of state support to families with children", providing payment of allowances to needy families with young children. Another was the Decree dated January 25th, 2002 "On Strengthening Targeted Support of Socially Vulnerable Groups of Population", which provides payment of allowances to mothers out of the labour force on the care of their children up to 2 years of age, and essentially increasing payments to child-orphan and adoptive parents. The same Decree gives preferences to socially vulnerable groups of the population.

44. The year 2007 was declared as the Year of Social Protection in Uzbekistan. The decree envisages starting from September 1, 2007 the increase in the volume of budget funds allocated to pay material aid to disadvantaged families by 1.5 times with the simultaneous extension of the term of fixing its rate and payment up to 6 months. It also provides for the increase in wages of teachers, teacher assistants and sanitary nurses at the children's boarding schools "Murruvat" by increasing rates by one grade in line with the tariff scale with a simultaneous decrease in the normative workload from 15-18 to 5-6 children per a teacher. The amount of the fund for material encouragement of workers of the Murruvat and Sahovat orphanages and children's boarding schools, as well as retirement houses and houses for disabled persons, specialized colleges for the disabled and health centers for war and labour veterans, rehabilitation centers for the handicapped, welfare services at home will rise up to 25 percent of the fund of the labour payment.

B. Social Insurance Programs

45. The Social insurance system includes various sub-components – provision of pensions (on age, on physical disability, on occasion of loss of breadwinner), insurance of incapacity (illness, pregnancy and birth). Programmes of social insurance include a number of social payments carried out within the limits of obligatory state insurance and which are financed from non-budget funds. A uniform social payment raised from employers is the main source of non-budget funds.

46. The size of social payment in 2009 was 24% from the salary payment fund. The social payment further distributed to non-budget Fund of Employment Assistance (FEA) (0.2%) at the Ministry of Labour and Social Protection of Population of Uzbekistan (MLSP), the non-budget Pension Fund at the Ministry of Finance of Uzbekistan (PF) (23.6%) and Federation of the Trade Unions of the Republic of Uzbekistan (0.2%).

47. Pension Fund sources of financing are: (i) Payments of employers at a rate of 23.6 % of salary payment fund; (ii) Payments of employers at a rate of 1 % of cost of works; (iii) Payments of employees at a rate of 3.5 % of salary paid; (iv) Means of Fund of employment assistance,

that cover expenses on payment of pre-schedule pensions of unemployed; and (v) Means of state budget compensating payment of several social benefits.

48. The following social programmes are financed from PF: (i) provision of pensions on age, on physical inability, on occasion of loss of breadwinner; (ii) allowances on short term disablement (illness); (ii) allowances on pregnancy; and (iv) allowances on child birth.

49. The provision of pensions of military staff and members and their families, those affected by the Chernobyl atomic power station failure, and privileges to pensioners are paid through the PF from the state budget. The provision of pensions of unemployed citizens at a pre-pension age (53-54 years for women and 58-59 years for men) is covered by FEA through the PF.

50. In 2005, the Government of Uzbekistan launched a major reform of the country's pension system, which introduced obligatory saving systems covering all employees as an addition to the state system of provision of pensions on age. Financial means of pension saving system are accumulated on personal pensions saving accounts of employees in branches of Halk Bank by transferring 1% of salaries. As for October 1, 2009 this system covers 5, 866.7 million people. According to the legislation, savings pension will be paid in addition to the state pension when members reach the legal age to receive pensions.

51. The current pension law also provides generous pension privileges in the form of early retirement schemes. These allow certain categories (both men and women) to retire 5 or 10 years earlier than regular retirement ages. According to informal assessments conducted by the Ministry of Finance of Uzbekistan, in 2008, there are about 800,000 early retirees in the pension system, who account for about 27 percent of all pensioners. In general, such early retirement privileges are awarded to individuals who have been occupied for full workdays in underground work, or with extra-harmful and extra-strenuous working conditions. These generous early retirement schemes further threaten the financial stability of the "Pay-as-you-Go" PAYG pension scheme by reducing the number of workers making contributions, and by increasing the number of retirees receiving pension benefits¹¹.

1. Pensions

52. **Pensions by age:** Social assistance bodies pay pensions to employees when they reach their retirement age (55 years for women and 60 years for men), and achieve a necessary record of service (20 and 25 years for women and men, accordingly). Some categories of employees (working in harmful and heavy works, agriculture, teachers, staff of creative works, etc.) have the right to a pre-scheduled retirement and pension if they have the required record of service. People dismissed due to job cuts, not earlier than 2 years before the pension age and who are registered in labour exchange as unemployed, also have the right to pre-scheduled pension.

53. Pensions by age are made up of two levels: (i) the base pension, which makes 55% of average earnings for the last 10 years of work and cannot be below the established minimum; and (ii) additions to the base pension at a rate of 1% for every year of work above the required experience. However, the size of received pension cannot be above the established limit linked to the minimum wages.

¹¹ The Funded Pension Scheme in Uzbekistan: An Analysis; Khasanbaev, Alisher and Pfau, Wade Donald, MPRA, 2009

54. If there is an incomplete record of service, the pension proportionally goes down. Some categories of pensioners receive extra benefits to pensions, including war veterans and disabled veterans. The size of additional payments is differentiated for different categories and varies from 25% of the minimum wage to 100% of the allocated pension.

55. A Civil Service pension is one of the biggest programs in terms of the number of beneficiaries and expenditures. In 2009 the total annual expenditures for the civil service pensions were UZS 3,454.7 billion, in 2010 this program expenditures were UZS 3,553.2 billion. This program covered 2,034 million beneficiaries in 2009, and the number of beneficiaries in 2010 increased up to 2,092 million. Together with Military servants pensions these two programs annual expenditures sum up UZS 4,251.7 billion that is 63.7% of the total SP expenditures in the country.

56. Pensions on disability are paid by social assistance bodies on the basis of recommendation of the Medical-Labour Commission (MLC) with existence of required record of service. Requirements to the record of service are different depending on the length of the disability. If there is an incomplete record of service, the pension proportionally goes down. The following categorisation applies regarding the level of loss of ability:

- a. Disabled 1st Group – people that completely lost their abilities and need permanent care
- b. Disabled 2nd Group – people that have completely lost their abilities and do not need permanent care
- c. Disabled 3rd Group – people that have partly lost their abilities and cannot work in their profession.¹²

57. The size of the pension depends on previous earnings, record of service, degree of disability and physical disability, and ranges from 30% to 100% of actual wages. The disability pension which is due to labour damage and occupational disease does not depend on record of service and is paid at a rate equivalent to 100% of past earnings. In 2009 7677 people benefitted from this program. The annual expenditures of the Pension Fund under Ministry of Finance for this program were UZS 8,329.4 million. Starting 2010 only the disabled under group one and two are eligible for the pensions.

58. **Pensions on the case of breadwinner:** Pensions on the case of loss of the main household breadwinner are provided where the breadwinner has been killed at work, and there are no other breadwinners in the household. The right to these pensions applies to housewives, children and the grandsons who have not reached 18 years. The size of the pension depends on the previous earnings of the deceased, their record of service and the number of dependents.

59. In 2009 UZS 4,274.1bln were allocated and paid from the Pension Fund towards Pensions, which is in total made up 64% of the total annual expenditures on social protection in Uzbekistan.

¹² In April, 2011 new “Regulations about the order of payment of allowances to the aged and disabled citizens who have incomplete record of service requiring for pension appointment” was adopted.

According to this Regulation pension on disability is appointed and paid to disabled of 1 st and 2 nd groups in case of constant or long disability which are not having the record service, irrespective of age. The pension is appointed to all term of disability.

For disabled of 1 and 2 groups which are working and have other sources of income (except for reception of the alimony or grants) allowances are not appointed.

2. Other Social Insurance

60. **Unemployment allowance:** The unemployment benefit is provided to citizens that are officially recognized as such by unemployment department bodies. In accordance with the Law “On Employment of the population”, the unemployment benefit is provided for no more than 6 months within a year at a rate of 50% from the size of the lost earnings for the last 12 months. The allowance at a rate of not less than 75% of the minimal wage level (approx. USD 7.5) is given to the unemployed who had no earnings within the last year. The amount of allowance can be increased by 10% if the unemployed who have children.

61. **Allowances on Temporary disability** Temporary disablement allowances are paid by employer. The size of allowances depends on the record of service and is generally from 60% to 100% of wages. The minimal size of the allowance cannot be less than minimal wage. The basic rate in the main work place is paid, and this allowance is taxable. In the hospital stay is prolonged for 4 months in a year, the patient is directed to Medical-Labour Commission (MLC).

62. **Maternity and birth allowances:** Maternity and birth allowances are paid by the employer on the basis of hospital stay, and are given in a polyclinic at a rate of 100% from wages for a pre- and post- natal period, with duration of 126 calendar days. Unemployed women are not eligible for this allowance. The number of beneficiaries of this SP program decreasing. In 2008 there were 207,128 women receiving maternity and birth allowances, in 2009 the number decreased up to 181,389 and in 2010 further to 127,723 beneficiaries actually received this type of allowance.

C. Social Assistance Programs

63. Social assistance is provided to separate categories of citizens without consideration of their participation in social insurance system and is financed from the state budget. The social assistance system includes allowances and privileges provided to vulnerable groups of the population. Key programmes are described below.

1. Social Assistance - means tested

64. Allowances provided based on means testing include: (i) **allowances to low-income families;** (ii) **allowances to low-income families with children up to the age of 16 years;** and (iii) **allowances to low-income unemployed mothers for child care up to 2 years.**

65. The mechanism of allocating and paying allowances to low-income families is carried out under the uniform scheme through bodies of communal citizens' management – mahalla. Bodies of communal citizens' management are given functions that were earlier carried out by State bodies, which are:

- a. Applications from citizens on reception of monetary payments in the form of state social support
- b. Low-income families requiring social support, which live in *mahalla* territory
- c. Accumulation of means intended for payment of allowances to low-income families on special accounts in branches of the National Bank
- d. Means testing based on the material and property status of family
- e. Decision-making based on allocating and paying allowances

66. Decision-making for approving (or declining) of allowances should be carried out by Citizens Council or assembly of representatives of houses, mahalla streets. Payment of allowances is carried out under the documents prepared by self-governance institutions of citizens, through branches of the National Bank located in almost all settlements. Since there is no legislatively established criteria for poverty in Uzbekistan, self-governance institutions of citizens are given the right to independently define minimum levels of incomes of families entitled to allowances. Today there are about 10,000 citizens assemblies (Mahalla) in Uzbekistan. In 2009 4,014,300 people had benefitted from the means tested based allowances. 864,049.8 million UZS were paid to the needy families through Mahallas.

67. Departments of employment work closely with self-governance institutions of citizens and have the right to:

- a. carry out inspection of any documentation, concerning purposes and payments of allowances and material aid to needy families, including information on incomes, presented by the applicant;
- b. if necessary, request in tax bodies information on incomes of families;
- c. at disagreement with the accepted decision of self-governance institutions concerning purpose of allowances and material aid, address local governments - *khokimiats* – to take measures in relation to heads of self-governance institutions.

68. Staff of Departments of employment, linked to self-governance institutions of citizens, render help to heads of self-governance institutions and prevent infringements and corruption occurring with respect to allowances and material aid. According to operating order of financing of social benefits, staff of department on employment, linked to a territorial self-governance institution, bears the responsibility for target use of funds at the same level as the head of the self-governance institution.

69. In addition to direct transfer of funds to special accounts of self-governance institutions of citizens, district (city) financial bodies carry out:

- a. Control of allocated funds;
- b. Check the correctness of payment documents and reports;
- c. Update and redistribute financial assets between self-governance institutions of citizens arising from the need and level of disbursement of monetary resources.

70. An essential role in management of programmes is carried out by municipalities (khokimiats) of districts and cities, which are responsible for organization of activity of self-governance institutions of citizens, their financing, and material support. Khokimiat responsibility

includes organization of training of staff of self-governance institutions of citizens, including issues of rendering state assistance to needy families.

71. The Republican Charitable organization – “Mahalla Foundation” with its branches nationwide also plays an important role. In particular, the Foundation provides support to staff of self-governance institutions of citizens with producing necessary normative, instructive and accounting materials. The foundation also takes part in organization of regular trainings to heads and staff of self-governance institutions of citizens.

72. At the central (republican) and territorial levels, the management of the system is carried out by the Ministry of Labour and Social Protection of Population and the Ministry of Finance, as well as their regional offices. Goals of central level management bodies include:

- a. Development of normative and instructive documents;
- b. Defining the volume of budget and its distribution among territories; and
- c. Implementation of selective control on the approval and payments of allowances to needy families.

73. In the education sector, number of the social protection programs supporting children from the low income families and orphans. The decision on these programs is made by Parents Committee of the School and School Management.

Table 5: Legally established minimum monthly wages and social payments

	2005	2009
ITEM	UZS / month	UZS / month
Minimum monthly wage	12,420	37,680
Minimum pension by age	24,600	80,136
Allowances to disabled from childhood	24,600	74,660
Allowances to aged and unemployed citizens that do not have enough record of service	14,900	45,216

Source: Goskomstat of Uzbekistan; ** (as of 01 November 2006)

State Committee for statistics and Ministry of Finance of the Republic of Uzbekistan; (2009)

74. **Allowances to needy families with children below 16 years:** The families where monthly income per family member is not more than 1-1.5 of minimal wage receive this type of allowances. Allowance can be paid up to 18th birthday if the child continues their education.

75. The allowance is paid for 6 months after which the family has a right to re-apply. The size of allowance depends on the number of children in the family and paid in cash:

- a. with one child, the allowance is 50% of the minimum wage per month;
- b. with two children - 100%;
- c. with three and more children – 140%

76. In 2009 there were 848,418 families benefitting from this SP program. The annual expenditures of the state budget for this purpose were UZS 387,106.8 million and it is increased in 2010 up to 439,254.7 million.

77. **Allowance for child care for 2 years:** Allowances are paid by employers or at an educational institution from the budget of enterprise/educational institution. The size of

allowance is 2-fold the minimum wage and paid for one year, with the right to re-apply. The allowance can be appointed to the father or other relative of a child who has issued childcare leave. This allowance is paid to staff of Government institutions from the state budget.

78. **Allowances to unemployed mother:** This allowance is paid to unemployed mothers for child care for less than 2 years. The allowance is appointed for a period of 12 calendar months with an opportunity of prolongation of the payment if the financial position of family has not improved.

79. **Winter clothes and educational support:** A complete set of winter clothes and free-of-charge educational accessories is provided to children of grades 1-9, from needy families and is operated by the administration of schools on the basis of the decision of parental committee. The data collected on the school level, collected by the regional departments of education and submitting to the "Talimtainot" under the Ministry of Public Education. This kind of social insurance is limited by 15% of all pupils of comprehensive schools. There were 656,838 pupils from low-income families benefitted from this program in 2009, and the number of beneficiaries decreasing in last three years. Ministry of Public Education, Executing agency for this program, provided winter clothes for the total amount of UZS 20,976.8 million for the students from the needed families.

80. **Material aid to needy families:** This benefit is paid at a rate ranging from 1.5 to 3 minimal wages in a month. Within the limits of the specified interval, the self-government institution councils independently define the size of material aid, based on the perceived needs of the family. The allowance provided for up to 6 months after which the family has the right to re-apply for the allowance. 88,326 families received material aid in 2009 with the total amount of this type of social transfers of UZS 49,133.4 million. Taking into account that the average size of the family is 5.3, it is making up about 468,127.8 beneficiaries. In 2010 the number of families benefitted from this program decreased to 79,767.

2. Social assistance to vulnerable groups – not means tested

81. Besides from allowances, legislation provides many payments and privileges for socially vulnerable categories of the population irrespective of the size of their incomes. Provision of privileges is carried out by social assistance bodies, as well as transport, communal and other organizations and tax bodies.

82. According to the legislation, the following vulnerable categories and groups have the right to state social support through allocation of allowances, privileges and other kinds of social assistance:

- a. Pensioners by age;
- b. Single elderly people requiring support;
- c. Merit pensioners;
- d. Disabled, includes disabled children and those disabled since childhood;
- e. Disabled war veterans;
- f. Families of disabled war veterans who are deceased;
- g. Families of military servants, who were killed in the line of duty;
- h. Those affected by the Chernobyl disaster, and their families if they pass away;
- i. Orphans, graduates of children's homes and schools;
- j. Low-income families;
- k. Low-income families with children;
- l. Unemployed women that look after children up to 2 years of age;
- m. People that suffer from chronic and serious forms of illness;
- n. Children up to 18 years old that were evacuated or re-settled; and
- o. Juvenile prisoners and survivors of prisoners of war.

83. Regional and district employment departments, which are controlled by MLSP of Uzbekistan and local governments, are the executing agencies of social assistance programmes, responsible for appointing and paying allowances.

84. ***Social Assistance to the aged and disabled:*** Allowances to the aged and disabled citizens who have not completed the required number of years of employment to obtain a pension by age, are given allowances of up to 50% of the minimal wage. This is financed from the Pension Fund. This is paid to men of 65 years and over and women 60 years and over, provided they do not have close relatives. The allowance is appointed by regional (city) departments of social assistance on the basis of application from citizens and information from self-government institutions on the issue of absence of people that are obliged to provide material support to the given person.

85. In 2009 the Social assistance programs to elderly people, such as Allowances to aged and unemployed citizens that do not have necessary employment record by the time of pension, allowances to aged citizens that do not have necessary employment record to be eligible for state pension and state support to single elderly and disabled citizens in nursing homes and old people's homes were covering 29,600 beneficiaries, with total financial support provision of 44.973 million UZS.

86. ***Allowances to disabled people since childhood:*** Allowances to people disabled since childhood are provided by social assistance bodies to people. The size of allowance is 200% of the minimal wage. In 2009 225.9 thousand people benefitted from this program.

87. ***Allowances to disabled who do not have necessary record of service:*** Allowances on disability are appointed under the discretion of social assistance bodies to people who have received status of disabled after approach of full age and have no record of work history, provided that the person does not have close relatives who are able to support them. The size of allowance is 50% of the minimum wage. Starting 2010 only disabled of Group 1 and 2 are eligible for this type of allowance.

88. ***Allowances on the occasion of loss of the breadwinner:*** At the discretion of social assistance bodies, members of the family of a victim, who had no record of service, are

provided with social assistance, provided that the given persons do not have close relatives to provide their material support. The size of allowance is 50% of the minimum wage.

89. **Subsidies for housing and municipal services:** Subsidies on payment of housing-and-municipal services are given to all categories of vulnerable groups, as well as to all old-age pensioners from among pedagogical and medical staff. The size of indemnifications is 18-45% of the minimal wage per month. Payments are carried out by social assistance bodies¹³.

90. **Burial allowance** is paid by work places or social assistance bodies on the basis of information provided by the Marriage Registry Office. The allowance is paid to any member of family of the person who died. If all adult members of the family are unemployed, the family has the right to single material aid from local government institutions. If a member of the family has officially registered as unemployed, it has the right to receive the single allowance as per the labour bodies.¹⁴

91. **Provision of free-of-charge food stuff:** Nine basic food products are provided on monthly basis for single pensioners that require special care.

92. **Privileges on payment of public and/or inter-city transport :** Free-of-charge travel on all kinds of city and suburban transport (except taxi) and 50% discount for travel by railway, air, and other inter-city transport once a year, is provided to all socially vulnerable categories of citizens. Transport privileges are paid from budgets of transport companies.

93. **Indemnifications for petrol to owners of personal vehicles:** Participants of the World War II and people equal to them are given indemnifications for petrol.

94. **Privileges on payment of telecommunication:** Privileges on payment of telecommunications are given to: Participants of the World War II and persons equal to them; those disabled from the Chernobyl disaster and the disabled. They are provided a monthly 50% discount on payment of a user's payment and free-of-charge installation of phone.

¹³ According to the Regulation on the system of subsidies for housing and municipal services, registered by the Ministry of Justice of the republic of Uzbekistan on 30.12.2010, N 2175, the following categories of the citizens are eligible for the subsidies in amount of 45% of MSL:

- a) lonely pensioners, including those disabled and need permanent care;
- b) disabled, participants of the Second World War 1941-1945 and other considered with equivalent status, families of the military servants, who died along the duties, and spouses of the died, disabled war participants;
- c) citizens , awarded with "For the healthy generation" order with first or second status;
- d) Heroes of the Soviet Union, Heroes of Socialistic Work, and citizens awarded with the Orders of Glory of three degrees, and personal pensioners;
- e) former juvenile inmates of Nazi concentration camps;
- f) the citizens, who worked during the siege of Leningrad in enterprises, institutions and organizations of the city;
- g) Disabled (Group 1) , visually impaired;
- h) The citizens, affected by Chernobyl; and
- i) people of retirement age, who were military servants in nuclear objects, and other nuclear-radiation facilities;

The recipients of monthly cash payment of compensation in the amount of 18% of the minimum wage are the members of "Working Front" during the Second World War, 1941-1945

¹⁴ The new law of the Republic of Uzbekistan "On burial and funeral services" was adopted in December 2010. The article 9 of the law guarantees the provision of the allowances and material aid for the burial. The allowances provided from the Pension Fund under the Ministry of Finance of RUz. In case of death of the employee of organization, or the member of the employee' family the allowances provided by organization with further compensation of these expenses from Pension Fund.

95. **Annual additional paid vacation:** An additional annual vacation of 14 calendar days is provided by the employer to those:

- a. Working people, who are veterans of World War II and people that, are equal to this category;
- b. Working people disabled from the Chernobyl disaster; and
- c. Working people who in the past have undergone military service on the territory of nuclear test zones and other nuclear sites.

96. **Tax privileges:** Tax privileges are given to all vulnerable categories of citizens and include partial clearing of tax payment on property.

97. **State Support of single elderly citizens in houses-hostels:** In Uzbekistan, there are two types of hostels – those that care for single elderly citizens and medical institutions intended for single disabled people. A stay in the hostels is paid from the state budget.

98. **Health Assistance for Vulnerable Groups:** Several groups receive health assistance. For instance, the following groups receive free food when receiving treatment at treatment-and-prophylactic institutions:

- a. Single pensioners requiring extraneous care
- b. Disabled participants of the World War II other military men.
- c. Those disabled from the Chernobyl disaster
- d. Disabled
- e. Pregnant women with low level of hemoglobin in their blood
- f. Children to the age of 18 years, which were alienated from evacuation zones.

99. Most of these groups also receive provision of free-of-charge medical products and provision of free-of-charge dental services (except for precious metals)¹⁵. Single pensioners requiring extraneous care, disabled participants of the World War II and other disabled persons are eligible for free-of-charge prosthetic-orthopaedic products, disabled carriages, physical supports and hearing devices. Old age pensions, most disabled adults, war veterans and victims of Chernobyl are also eligible for free sanatorium health treatment. These Social Assistance programs (HA-Health Assistance) are among the biggest in terms of coverage and expenditures. HA programs expenditures in 2009 were UZS 779030.5 million, with the biggest share among these programs for Provision of privileges and healthcare subsidies (749,249.8 million). Within the last three years the tendency is characterised by the increase of the number of beneficiaries and expenditures for this type of Social Protection program.

100. Finally, material aid for health improvement at a rate of 2-3-fold of the minimum wage is given to those affected by Chernobyl and those providing military service in nuclear-radioactive sites.

3. Child Protection Programs

101. **Disabled children:** Allowances to disabled children are provided by social assistance bodies under the decision of the Medical-control commissions (MCC) at district clinics. Children under 16 years have a right to the allowance. The size of allowance is 100% of the minimum wage.

¹⁵ This excludes pregnant women and children affected by exclusion.

102. **Allowance to adoptive parents:** Adoptive parents are provided an allowance 3-fold minimum wage per month per child. Purpose and payment of allowances is carried out by trusteeship and guardianship bodies.

103. **Orphans:** An allowance is paid to orphans and children who have remained without the care of their parents after graduation from general educational institutions. This includes (i) purchase of clothes, footwear and household objects to the amount of 100-fold minimum wage, (ii) additional allowance 5-fold minimum wage. The purpose and payment of the allowance is carried out by specialized educational institutions.

104. There are 2 types of orphanage hostels- one for children less than 2 years old and for children between the age of 2-16 years. Children from hostels are educated in usual comprehensive schools. For disabled children and children with health infringements, specialized institutions operate where the children receive treatment and basic secondary education.

105. In order to strengthen social protection of orphans and children without parental care and to further improve the procedures of provision of accommodation facilities the Cabinet of Ministers of the Republic of Uzbekistan adopted the Resolution N 164, dated 02.08.2010 "On measures on provision of accommodation facilities for the orphans and children left without parental care. The accommodation facilities should be provided by the Council of Ministers of the Republic of Karakalpakstan, regional and Tashkent City Khokimiyats¹⁶ in the buildings included into public housing fund, which are temporarily unused, in the state owned dormitories, or vacant apartments situated in the apartment buildings. The dormitories, houses and empty apartments are recognized as temporary unused if for the past 6 month they remained unoccupied in the prescribed manner, or used for other purposes without appropriate grounds, except when accommodation facilities maintained in accordance with the legislation requirements.

106. In cases when the accommodation facilities are unavailable in the area, Local Khokimiyats providing targeted budgetary transfer to orphans and children left without parental care, for the purchasing of house/apartment within the social housing normative. These transfers are covered from the State budget of the Republic of Uzbekistan, or extra-budgetary funds of Local Khokimiyats.

107. Other NGO Programmes Among other programmes directed on protection of children rights and interests, it is necessary to note the "SOS-Children Village" project; the charity fund "You are not lonely" projects; and support programmes for street children, implemented by the NGO "Mehr Tayanchi".

D. Labor Market Programs

108. The implementing agency for the labour market programs in Uzbekistan is Ministry of Labour and Social protection, which determines the priorities for the use of resources under the Employment Fund (Fund for Employment Assistance) Considerable amount of financial resources from Employment Fund is used for funding what is referred to as 'active' measures such as the creation of jobs, training and retraining, job search and the organization of public works. Almost half of its budget is used for creating jobs through issuing credits at low interest rates. However, additional assessment of the efficiency of these measures is required.

¹⁶ Local Government Body in Uzbekistan

109. The following social programmes are financed from FEA: (i) unemployment payments; (ii) one-time payment to officially registered unemployed; (iii) organization of public works; (iv) micro-crediting to support small agriculture producers and family businesses; and (v) professional training and re-training of unemployed.

110. The basic size of allowances depends on the category of the unemployed. Some categories of unemployed are: i) unemployed that are for the first time looking for work, ii) people who have lost work and earnings, iii) people who have retired from the Armed Forces, iv) people looking for work after long break, v) people who have recently left educational institutions. If within 10 days after application, suitable work or re-training cannot be given to the unemployed, the direction of the unemployment benefit is carried out by regional / city departments on employment.

111. Payment of the unemployment benefit stops when: i) the unemployed find work; ii) after 6 months of receiving the allowance; iii) if it is proved that the unemployed person is not actively in search of work (for example, at loss of any communication between unemployed and labour agency). Average period of receipt of allowance is less than 3 months, as 83% of recipients find a job before the end of legislatively stated target date.

112. In the previous SPI report the WB estimates were used for the identification of underemployment. It was noted that underemployment level in Uzbekistan is quite significant and has been taken into account for development of the SPI. The WB estimates¹⁷ that the share of those who work less than 20 hours a week is 10% in the formal and 28.4% in the informal sectors. For current report, the official data on the underemployment was not provided by the Government, and since there were no agreed unified methodology on the identification of underemployment¹⁸ the consultant used only official statistics data on unemployment.

113. Employment through Public Works Organization of public works is carried out by local authorities and territorial bodies of departments on employment and is financed from FEA budget (50%) and from employers (50%). In most cases, khokimiats act as employers. Job creation through public works occurs rarely. According to the different sources in 2009 38.7-46.6 thousand unemployed participated in public works organised by employment departments and Khokimiats.

114. Training and re-training of the unemployed Vocational training and re-training of the unemployed is financed by FEA budget if suitable work cannot be offered to the unemployed. It is important to note that the employment bodies do not have their own educational base and have limited opportunities to use educational bases of average professional educational institutions. Therefore trainings and re-trainings of unemployed are carried out in limited numbers of cases and for limited specialties. 16.8 thousand unemployed (10.9 in rural areas) completed short-term professional trainings and re-trainings in 2009. For this purpose MLSP allocated UZS 1,828.2 million. In 2010 the number of people who attended the training courses for unemployed increased up to 21.7 thousand.

¹⁷ This is based on a Regional Panel Survey data by the WB in 2005, the sample was however very small.

¹⁸ For the comparison purposes the unified methodology should be applied with agreed working hours per week per employee. Since in Uzbekistan many employees who work on the part-time basis usually have two, and sometimes more jobs, as for example accountants practitioners, it is questionable to categorize them to vulnerable group.

115. Assistance with employment According to Uzbekistan's legislation, departments on employment form a database on available vacancies. Employment given at a direction of departments on employment is obligatory for the employer. If the employer for any reason cannot provide a job to the unemployed, he is obliged to present a written document with an explanation of the reasons based on which employment is impossible.

116. According to the State Committee for statistics, in 2009, 658.2 thousand people applied to the employment departments for employment assistance. 566.3 thousand or 86% of all who applied in 2009 were provided with employment. In addition, in accordance with the Territorial Employment development programs 940.5 thousand new jobs created in Uzbekistan in 2009, out of which 88.4 thousand jobs for women employment.

117. Employment of vulnerable groups according to the allocated quotas According to Uzbekistan's legislation, all enterprises, organizations and institutions which employ 100 or more people are obliged to reserve 3% of workplaces for employment of socially vulnerable groups within the population. Employment places are allocated according to quotas. These targets include:

- a. Disabled people;
- b. Single mothers with many children;
- c. Graduates of educational institutions;
- d. People that were demobilized from the Armed Forces;
- e. People that were freed from prison.

118. In 2009 at least 87.5 thousand jobs were allocated for employment of targeted population. 3 thousand jobs were allocated for mothers with many children. In 2010 the quota for employment of representatives of vulnerable groups increased up to 94.9 thousand.

IV. THE SOCIAL PROTECTION INDEX AND ITS DISAGGREGATION

119. The revised Social Protection Index (SPI) has a unitary indicator that can be disaggregated for analytical purposes. The revised SPI is calculated by **Total Social Protection Expenditures per Total Potential Beneficiaries by 25% of the GDP per capita (representing average poverty line expenditures)**. In other words, the total social-protection expenditures spread across all potential beneficiaries are compared to poverty-line expenditures in each country.

120. The revised SPI is calculated by **Total Social Protection Expenditures per Total Potential Beneficiaries by 25% of the GDP per capita (representing average poverty line expenditures)**. In other words, the total social-protection expenditures spread across all potential beneficiaries are compared to poverty-line expenditures in each country.

121. The revised SPI index can be disaggregated into two components, one for the 'depth' of coverage and the other for the 'breadth' of coverage of social protection programs. The first indicator is the **Total Social Protection Expenditures divided by the Total Actual Beneficiaries** (i.e., the average size of benefits actually received or 'depth'). The second indicator is the **Total Actual Beneficiaries divided by the Total Potential Beneficiaries** (i.e., the proportion of potential beneficiaries actually reached or 'breadth').

122. The revised SPI can also be disaggregated by the major categories of social protection programs: social insurance, social assistance and labor market programs. When the total expenditures per total potential beneficiaries for each major program are weighted in population terms, the program SPIs add up to the total SPI.

123. Furthermore, the revised SPI can also be disaggregated by expenditures per potential poor and non-poor beneficiaries. Finally, gender-wise data allows the disaggregation of expenditure by gender.

124. The derivation of SPI poor/non-poor and SPI women/men used poverty and gender targeting rates. The said rates are based on the results of household surveys, administrative reports of social protection implementing agencies and in some instances, on the professional judgment of the compilers.

A. Basic Statistics

125. This Chapter synthesizes the information obtained from the review of Uzbekistan's current Social Protection activities described in Chapter III in order to derive summary indicators that can be used in the formulation of a Social Protection Index. In accordance with the methodology proposed for this study, the revised SPI is derived by dividing total social protection expenditures by total potential beneficiaries (the reference population) and normalising by a quarter of GDP per capita.

Table 6: Uzbekistan Basic Statistics for 2009

Statistic	Unit	2009 Value	Source of Data	Notes
GDP (current prices)	Million Soum	48,097,000	State Committee for Statistics	calendar year
GDP per capita (current prices)	Million Soum	1,732,164	Calculated by Consultant	calendar year
GNI (current prices)	Millions	48,233,500	http://beta.adb.org/key-indicators/2011/country-tables (http://beta.adb.org/key-indicators/2011/country-tables)	calendar year
Total Population	Millions	27.8	State committee for statistics	Mid-year population estimate
Number of unemployed/ underemployed	Millions	2.8	Ministry Of Labour and Social welfare	No data on under- employed population
Population aged 60 years and over	Millions	1.6	State Committee for Statistics	800,00 additional younger beneficiaries
Employed Population	Millions	11.3	State Committee for Statistics	
Population living below national poverty line	Millions	5.5	State Committee for Statistics	0.195

Disabled population	Millions	0.8	Ministry of Social Welfare	Pension Fund
Children aged 0 to 14 years	Millions	8.4	State Committee for Statistics	Information provided for children 0-15, Children of 15 derived
Disaster affected population	Millions	0.0		
Per capita poverty line income (annual)*	Million Soum	1		Derived on the basis of average annual Minimal Wage in 2009 (45215 UZS) * 1,53 (ratio coefficient) * 12 month
Average household size	persons	5.3	State Committee for Statistics	
Exchange rate	US\$1=UZS	1,463	Central Bank	calendar year

*No official monetary poverty line. The results of 8 big poverty surveys of international organizations in different regions in the period of 2000-2006 show that there is a more or less stable dependency ratio between the cost of 2100 Kcal basket and minimal wage. Ratio = 1.53

Source: Country Sources, 2011

B. Social Protection Expenditure

126. As shown in Table 7 below, total expenditure on Social Protection constitutes approximately 10.2% of GDP. Social Insurance makes up 72% of all expenditure, more than 97% of which is for pensions. All social assistance programs are making for 28%, with 72% going to child protection and 25% for other social assistance programs.

Table 7: Social Protection Expenditure by Social Protection Category

	2009 Annual Expenditure (million UZS)	Percent (%)
<i>Pensions</i>	3,145,138	70
<i>Health Insurance</i>	14,828	0
<i>Unemployment Benefit</i>	2,396	0
<i>Other Social Insurance (e.g. maternity, disability benefits)</i>	99,101	2
ALL Social Insurance	3,531,463	72
<i>Assistance for Elderly</i>	46,653	1
<i>Health Assistance</i>	2,983	0
<i>Child Protection</i>	976,811	20
<i>Disaster Assistance and Relief</i>		
<i>Other Social Assistance</i>	336,247	7
ALL Social Assistance	1,362,694	28
Labor Market Programs	2,603	0
Total SP Expenditure	4,896,760	100
GDP (million UZS)	48,097,000	
SP Expenditure Indicator		10.2%

Source: Country Sources, 2011

127. Table 8 shows the largest individual Social Protection programmes in terms of expenditure. Over 55% of social protection in the Uzbekistan is Civil Service Pensions (Pensions by age and long-service bonus), which includes a lower proportion of poor than the average population. This is followed by Disability pensions at 14%. Allowances to unemployed low-income mothers for child care under 2 years and Allowances to low-income families with children below 16 years old and old each constitute at around 17%. At interesting point to make is that only 2 out of the 5 largest programs is specifically targeted at the poor (i.e. allowances to low-income families with children below 16 years old and Allowances to unemployed low-income mothers for child care under 2 years old). The five largest programs combine to make more than 90% of all SP Expenditure.

Table 8: Largest Social Protection Programmes in terms of Expenditure

Rank	Programmes	Annual Expenditure (UZS)	%age
1	Civil Service Pensions (Pensions by age + long-service bonus)	2,689,243	55%
2	Pensions by disability	709,987	14%
3	Allowances to unemployed low-income mothers for child care under 2 years old	427,809	9%
4	Allowances to low-income families with children below 16 years old	387,107	8%
5	Allowances to disabled from childhood	171,985	4%
% of Total SP Expenditure		4,386,131	90%

Source: Country Sources, 2011

128. Expenditure on social protection programmes identified in the preceding Chapter is synthesized in Table 9 below. Most of information shown in the Table has been obtained from published reports of government and public organizations. Additional data was obtained through interviews with representatives from the implementing agencies. In certain cases, estimates had to be made.

Table 9: Expenditures on Social Protection Programmes, 2009

Social Assistance Program	Implementing Agency	Detailed Category	Expenditure (UZS)
Unemployment allowance payments & one-time material aid payment to unemployed	MLSP	UB	2,395.9
Food/Cash for work (Public works organization)	MLSP	LMP	775.2
Professional training and re-training of unemployed	MLSP	LMP	1,828.2
Civil Service Pensions (Pensions by age + long-service bonus)	MLSP and PF	PEN	2,689,243.4
Pensions by disability	MLSP and PF	PEN	709,986.6
Pensions by case of breadwinner lost (work related)	MLSP and PF	PEN	1,828.2

Allowances on temporary disability (sick benefit)	MLSP and PF	HI	14,828.3
Allowances on pregnancy and birth	MLSP and PF	OSI	97,962.6
Allowances at child birth	MLSP and PF	OSA	25,566.6
Allowances on burial	MLSP and PF	OSA	24,332.3
Allowances to low-income families	<i>Mahalla</i>	OSA	49,133.8
Allowances to aged and unemployed citizens that do not have necessary employment record by the time of pension	MLSP and PF	AE	5,260.8
Allowances to aged citizens that do not have necessary employment record to be eligible for state pension	PF	AE	3,072.2
Allowances to disabled from childhood	MLSP and PF	OSA	171,984.8
Allowances to disabled that do not have necessary record of service	MLSP and PF	OSA	360.4
Allowances to breadwinner lost that do not have necessary record of service	MLSP and PF	OSA	1,828.2
State support to single elderly and disabled citizens in nursing homes and old people's homes	MLSP (Consultant' estimation)	AE	36,640
Compensations provided instead of privileges on communal expenses (16 target categories)	MLSP and PF	OSA	59,757.3
Provision of free-of-charge medicine (drugs) (7 target vulnerable categories)	Ministry of Health	HA	2,983
Provision of free food supplies for lonely pensioners	<i>Mahalla</i>	AE	1679.5
Maintenance of children's homes and boarding schools for disabled children and children with special needs	MoHealth, MPE	CP	134,314.4
Allowances to orphans and children left out without parents' support	MPE, MHSSPE	CP	45.2
Allowances to low-income families with children below 16 years old	<i>Mahalla</i>	CP	387,106.8
Support of schoolchildren (grades 1-4) from low-income families with winter cloth and free school supplies	MOPE	CP	27,535.3
Allowances to unemployed low-income mothers for child care under 2 years old	<i>Mahalla</i>	CP	427,809.2
State Pension to the citizens, who participated in Chernobyl AES liquidation	Pension Fund	PEN	14,080
Social allowances to the citizens, who participated in Chernobyl AES liquidation	Ministry of Finance	OSA	1,980.7
Free of charge transportation in urban transport	Ministry of Finance	OSA	1,303.3
Compensation to the employees on disability or professional illnesses related to the job	State Transport Company	OSI	1,138.1
Total			4,896,760

Note: UB-Unemployment Benefits; PEN-Pensions; HI-Health Insurance; OSI-Other Social Insurance; OSA-Other Social Assistance; CP-Child Protection programs; AE-Assistance to Elderly; HA-Health Assistance; LMP- Labour Market Programs

Source: Country Sources, 2011

C. Social Protection Beneficiaries

129. The next Table summarises the data concerning the number of beneficiaries of social protection programs. While this data is not used directly in the calculation of the revised SPI, it is used to disaggregate the SPI into depth and breadth whose formulae both involve the number of beneficiaries. Information on the beneficiaries of each program can also be combined with the information on the populations of potential beneficiaries to compute the coverage rates of particular programs.

Table 10: Beneficiaries of Social Protection Programmes, 2009

Social Assistance Program	Detailed Category	Beneficiaries (000s)
Unemployment allowance payments & one-time material aid payment to unemployed	UB	32.4
Food/Cash for work (Public works organization)	LMP	38.7
Professional training and re-training of unemployed	LMP	16.8
Civil Service Pensions (Pensions by age + long-service bonus)	PEN	2041
Pensions by disability	PEN	530.2
Pensions by case of breadwinner lost (work related)	PEN	416.1
Allowances on temporary disability (sick benefit)	HI	269.8
Allowances on pregnancy and birth	OSI	181.4
Allowances at child birth	OSA	425
Allowances on burial	OSA	101.2
Allowances to low-income families	OSA	468.1
Allowances to aged and unemployed citizens that do not have necessary employment record by the time of pension	AE	14.4
Allowances to aged citizens that do not have necessary employment record to be eligible for state pension	AE	6.9
Allowances to disabled from childhood	OSA	225.9
Allowances to disabled that do not have necessary record of service	OSA	0.7
Allowances to breadwinner lost that do not have necessary record of service	OSA	10.2
State support to single elderly and disabled citizens in nursing homes and old people's homes	AE	8.3
Compensations provided instead of privileges on communal expenses (16 target categories)	OSA	451.4
Provision of free-of-charge medicine (drugs) (7 target vulnerable categories)	HA	452.6
Provision of free food supplies for lonely pensioners	AE	8.4
Maintenance of children's homes and boarding schools for disabled children and children with special needs	CP	27.6
Allowances to orphans and children left out without parents' support	CP	2.3
Allowances to low-income families with children below 16 years old	CP	2,969.4
Support of schoolchildren (grades 1-4) from low-income families with winter cloth and free school supplies	CP	1,143.5
Allowances to unemployed low-income mothers for child care under 2 years old	CP	576.8
State Pension to the citizens, who participated in Chernobyl AES liquidation	PEN	6.1

Social allowances to the citizens, who participated in Chernobyl AES liquidation	OSA	6.3
Free of charge transportation in urban transport	OSA	451.4
Compensation to the employees on disability or professional illnesses related to the job	OSI	0.4
Total		10,883

Note: UB-Unemployment Benefits; PEN-Pensions; HI-Health Insurance; OSI-Other Social Insurance; OSA-Other Social Assistance; CP-Child Protection programs; AE-Assistance to Elderly; HA-Health Assistance; LMP- Labour Market Programs

Source: Country Sources, 2011

130. The largest programs in terms of the number of beneficiaries are: Allowances to low income families with the children below age 16 received by 27% of the beneficiaries of SP programs in Uzbekistan; about 19% of the beneficiaries are receivers of civil service pensions; and 11% of the beneficiaries are school-children grades 1-4, receiving winter clothing and school supplies.

131. With regards to the coverage, the largest number of beneficiaries is covered by Social Assistance programs (about 68% of the total number of SP recipient). Participants of Social Insurance programs make up about 32% and labour market programs beneficiaries are less than 0.5%.

V. ANALYSIS OF COUNTRY RESULTS

132. This Chapter presents the results of the study and the decomposition of the SPI by broad categories of social protection programs, by depth and breadth, by poverty status and gender.

A. Disaggregation by Social Protection Category

133. The Social Protection Index for Uzbekistan was calculated by dividing Total Social-Protection Expenditures per Total Potential Beneficiaries by 25% of the GDP per capita. Uzbekistan's SPI value is 0.343, with the following distribution on the SP categories: social insurance programs 0.248, social assistance programs 0.096 and 0.0002 for labour market programs.

134. The SPI indicates that in 2009, the per capita social protection expenditures of the government is about 34.3% of the poverty line expenditures (set at 25% of the per capita GDP). Likewise, the indices for social insurance and social assistance are 24.8% and 9.6% of the poverty line expenditures, respectively. The expenditures on labor market program is relatively negligible at only 0.02% of the quarter per capita GDP.

Table 11: Disaggregation by Category

	Social Insurance	Social Assistance	Labor Market Programs	All SP Programs
Total SP Expenditure (Million UZS)	3,531,463	1,362,694	2,603	4,896,760
Beneficiaries (000s)	3,471	7,356	56	10,883

Reference Population (000s)	15,448	14,673	2,825	32,947
25% of GDP per capita	433,041	433,041	433,041	433,041
SPI	0.248	0.096	0.0002	0.343

Source: Consultant estimates, 2011.

B. Disaggregation by 'Depth' and 'Breadth'

135. Table 12 presents data on disaggregation of SPI by depth and breadth. The first indicator is calculated as Total Social-Protection Expenditures divided by the Total Actual Beneficiaries (i.e., the average size of benefits actually received). The second indicator is the Total Actual Beneficiaries divided by the Total Potential Beneficiaries, so the proportion of potential beneficiaries actually reached can be assessed. The depth of social protection in Uzbekistan (1.039) which may be interpreted as the average expenditure per actual beneficiary as a percentage of poverty-line expenditure (set at 25% GDP per capita). Thus an average social protection payment is about 104% of per capita poverty line expenditure.

136. Likewise, the breadth of social protection in Uzbekistan is 0.330 which means that more than 33% of all potential beneficiaries are actually receiving some kind of social protection benefit.

Table 12: Disaggregation by Depth and Breadth

	Social Insurance	Social Assistance	Labor Market Programs	All SP Programs
Depth	2.349	0.428	0.108	1.039
Breadth	0.105	0.223	0.002	0.330
SPI	0.248	0.096	0.000	0.343

Source: Consultant estimates, 2011

137. A further disaggregation shows that the depth of social insurance is noticeably high (2.349). This means that on average, payments of social insurance systems (under which public sector pensions is the highest expenditure) is more than twice of per capita poverty line expenditure¹⁹. In 2006-2009 the size of the minimal wage, which is the basis for the pensions size calculation, was increased nine times and achieved in 2009 the average growth of 3.64²⁰.

138. At the same time, the breadth of social insurance is quite low at 0.105, which interprets that only 10% of potential beneficiaries of social insurance (employed population and elderly) currently benefit from social insurance schemes. As it was described in previous chapters of this report a large percentage of employable age population are working in the informal sector and in general are not covered by social insurance schemes. Currently, social insurance coverage is limited to those who employed in public sector; so naturally, the breadth of social insurance is low.

139. In contrast, the depth of social assistance is only 42.8% of per capita poverty line expenditure with a broader coverage of potential beneficiaries (more than 22%). The labour

¹⁹ These findings supported by recent survey prepared within ADB TA 7671 "Sustaining growth and improving welfare": "Social transfers play important role in the household incomes. The most significant of them are payments from the pension system, both in terms of scope of coverage and size of payments. Primarily, this relates to pension age financial support, which covers 38% of the households, and generates nearly a third of an average aggregate family income of the households-recipients".

²⁰ Source: http://avestagroup.com/lib/flash/09/Flash_report_UPMRZP_r.pdf

market programs play an imperceptible role in social protection index with coverage limited to 0.2% and depth of about 11%.

C. Disaggregation by Poverty Focus

140. Table 13 shows the disaggregation of SPI by poverty status. The analysis of the data presented reveals that SPI for non-poor is almost five times that of the poor (0.282 and 0.061 respectively). Of the total social protection spending, roughly 82% of current benefits are enjoyed by the non-poor. One of the factors impacting on the current situation is high spending on public sector pensions which are received mostly by the non-poor part of the population.

Table 13: Disaggregation by Poverty Status

	Poor	Non-Poor
SP Expenditure (Million UZS)	867,175	4,029,585
Reference Population (000s)	32,947	32,947
25% of GDP per capita	433,041	433,041
SPI	0.061	0.282

Source: Consultant estimates, 2011

141. In the absence of data showing the incidence of poor beneficiaries of the different SP programmes identified in this study, it has been necessary to adopt an ad hoc estimation methodology. This involves the assignment of poverty targeting rates (PTRs), i.e. the proportion of the beneficiaries who are poor, to each SP programme.

142. The total SP Expenditures on poor estimated to 867,175 million UZS, which is about 18% of the total SP expenditures. Given that the average income of the poor will be lower than the poverty line income and that not all the poor receive social protection, the impact on the incomes of those receiving social protection benefits will be substantial. One can thus conclude that the level of poverty in Uzbekistan, if not its overall incidence, would be significantly higher without the level of social protection currently provided.

D. Disaggregation by Gender

143. A fourth disaggregation showing gender distribution of benefits can be calculated by applying the percentage of females benefiting from the various SP programs. In Uzbekistan, the SPI for men is 0.035 higher than that of women with 0.189. The accuracy of the gender disaggregation, however, is suspect due to the lack of gender data for most SP programs. The agencies in charge of social protection programs sometimes do not collect raw data that includes gender information. In other cases, gender information may exist in the raw data, but the offices concerned sometimes do not see a need to produce summary statistics or analysis based on gender. Estimates based on relative population size and information, such as the relative rates of hospitalization must be made to infer gender percentages for the various programs.

Table 14: Disaggregation by Gender

	Women	Men
SP Expenditure (Million UZS)	2,200,993	2,695,767
Reference Pop (000s)	32,947	32,947
25% of GDP per capita	433,041	433,041
SPI	0.154	0.189

Source: Consultant estimates, 2011

144. The key information needed to disaggregate SPI by gender is the Gender Targeting Rate (GTR), which is defined as the percentage of program expenditures that are paid to females. The calculation of this indicator involved a series of assumptions on the Gender targeting rates (GTRs) for different SP programmes. In the condition when gender focusing data was not available from secondary sources.

145. Since the gender disaggregated data on the beneficiaries of the social protection programs is lacking, the assignment of GTRs required professional judgment. The following was taken into consideration - the number of the programs specifically targeted at women such as allowances at birth and pregnancy. However, majority of the SP programs are not gender-specific and the assumption was made on the basis of the share of women in population.

VI. CONCLUSION AND RECOMMENDATIONS

146. The in-depth analysis demonstrates that Social Protection Index for Uzbekistan is quite high at 0.343. The average depth of all SP programs is 1.039 representing that the social protection transfers are equivalent to about 104% of the poverty line. The breadth of the social protection is (0.330), thus coverage of SP programs is 33% of potential beneficiaries. There are noticeable differences in coverage and average expenditures as percentage of poverty line between three major SP categories Social Insurance, Social Assistance and Labour Market programs.

147. Social Insurance Component of SPI characterised by the high value of depth and relatively low value of breadth. That reveals that though the social insurance transfers on the average 235% of the per capita poverty line expenditures, they reach only limited number of potential beneficiaries of 10.5%. Although 72% of Uzbekistan's social protection expenditure is accounted for social insurance schemes with 70% of the total expenditure going to pensions, the large vast of population which is currently engaged in non-formal sectors of economy is not covered by social insurance schemes and consequently cannot exercise the right to a pension, sick leave and maternity leave. This gives rise to the potential policy implication that efforts to improve the social insurance system should initially be focused on the coverage of current programs and ensure participation of broader categories of employees, especially those working in informal sector, agriculture and self-employed.

148. There are only few labour market programs which are covering less than 0.2 % of potential beneficiaries. Taking into consideration that in this report the number of under-employed population was not used for SPI calculation, the breadth of LMP is rather limited. It should be however mentioned that the Government address the issue of unemployment through the regional employment programs which are financed from EFA and local regional budgets and are not considered as part of social protection system²¹. Nevertheless, as WISP noted "employment does not protect households from poverty and being employed as a hired worker in agriculture, on *dehqan* plots as well as in the public sector, is also associated with poverty". From this perspective the issues related to the social protection of underemployed population crave considerable attention.

²¹ In practice, the Employment Fund is used not only for payments of allowances but also for funding what are referred to as 'active' measures including the creation of jobs, training and retraining, job searching and the organization of public works. Almost half of its budget is used for creating jobs through issuing credits at low interest rates. However, additional assessment of the efficiency of these measures is required in order to ensure the long term and productive employment of the unemployed.

149. Uzbekistan uses a unique system of targeting social assistance programs, (programs targeted to needy families and provision of child allowances) through *Mahallas*, which is despite of some shortcomings proved to be efficient in addressing need of poor families. At the same time SA programs reach 50% of the reference population, that together with disaggregation by poverty status data suggests that, although the systems and action policies are in place, the coverage of these programs should be expanded and the mechanisms of better targeting should be further developed. For example the differences in poverty level among urban and rural *Mahallas*, as well as regional differences should be taken into consideration in the distribution of the targeted social assistance programs.

150. Examination of SPI disaggregation by poverty revealed that much of the current SP expenditures are directed to non-poor. Based on the analysis one can conclude that despite extensive social protection measures in place, the distribution of social protection benefits towards poor is yet to be further addressed. However the results for the SPI poverty disaggregation should be reviewed carefully, as it should be taken into consideration that the largest SP program in terms of expenditures are Pensions, which are directed mostly to non-poor population²².

151. The principal conclusions that arise from the SP indicators calculated for this study are: (i) expenditure as a percentage of GDP is high and the social protection has a significant impact on the livelihood of the poor and vulnerable; (ii) significant proportions of the poor in general and thus poor children in particular do not receive social protection; and (iii) the coverage level for the unemployed and underemployed population is limited.

152. In turn these conclusions give rise to the following recommendations, the desirability and feasibility of which will become clearer with a more detailed evaluation of individual programs: (i) extending the coverage of the social protection programs to unemployed and underemployed; (ii) extending the coverage of existing social assistance programs; and/or (iii) improving the targeting of existing programs so that a greater proportion of social protection expenditure is channeled to the poor than at present.

153. The amount of funds allocated for social protection is being reduced, such that it is even more important that they are well targeted to the poor and vulnerable. Uzbekistan SP expenditure already represents about 10% of GDP. The potential for increasing total social protection expenditure in the future thus appears to be limited. Taken together these factors imply that the priority should be to improve the targeting of existing programs and thereby reduce the number of non-poor beneficiaries. This approach is in line with government policy and the measures that were taken in the last two years.

²² Pensions are not directly aimed at reducing the poverty rate, and as such are not targeted at the disadvantaged population (their purpose was to protect the incomes of elderly people). However, in Uzbekistan pensioners usually live in large families meaning that families with children also benefit from pensions. According to WISP Pensions play an important role in poverty rate: for example according to the data of Household survey in 2005, if pensions were to be removed from household incomes then the poverty rate would increase by 7-10%.

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FORMULATION OF THE SOCIAL PROTECTION INDEX AND ITS MAJOR DISAGGREGATION

A. Structure of the SPI

1. Based from the 2011 SPI Handbook by Baulch' and McKinley, the SPI is described as a simple and unitary indicator rather than a composite index. It is not an abstract index and should provide a "normative" reference such as the magnitude of the impact on people.
2. The formulation of the revised SPI, under the present study, refers to the total SP expenditures divided by the total potential beneficiaries, and relative to a quarter of GDP per capita. This is mathematically expressed in the following equation:

$$SPI = \frac{\left[\frac{\sum E}{\sum PB} \right]}{Z}$$

where

E represents the sum of all SP expenditures;
 PB represents the sum of all potential beneficiaries; and
 Z represents poverty-line expenditures which is 25% of GDP per capita.

3. The term "Total Expenditures per Total Potential Beneficiaries" has two parts:
 - (i) Total expenditures per total actual beneficiaries – this represents the Depth of the SPI;
 - (ii) Total actual beneficiaries per total potential beneficiaries – this represents the Breadth.
4. It is noted that 25% of GDP per capita is roughly the average national poverty line across ADB's sample of countries.

B. SPI's Major Disaggregation

1. Disaggregation by Depth and Breadth

5. The SPI can be disaggregated into measuring the depth of coverage and also, the breadth of coverage. Depth represents the average expenditures that the government spends for every actual beneficiary as a percentage of poverty-line expenditures.

a. Depth

6. The index is measured as

(Total Expenditures divided by Total Actual Beneficiaries);
 Divide by Z or the poverty-line expenditure.

7. The index is represented by the following equation:

$$D = \frac{\left[\frac{\sum E}{\sum AB} \right]}{Z}$$

where

D represents Depth

E represents the sum of all SP Expenditures, and

Z represents the poverty-line expenditures.

b. Breadth

8. The breadth of coverage index is simply the proportion of the total actual beneficiaries receiving government benefits over the total potential beneficiaries. This is computed as

Total Actual Beneficiaries divided by Total Potential Beneficiaries.

9. The index is represented by the equation

$$B = \frac{\sum AB}{\sum PB}$$

where

B denotes Breadth,

AB represents the sum of all actual SP beneficiaries

PB represents the sum of all potential SP beneficiaries.

2. Disaggregation by Component

10. The second major disaggregation involves the three-way distinction between components.

11. Each of the three components for Expenditures per Potential Beneficiaries of SI, Potential Beneficiaries of SA, Potential Beneficiaries of LMP is multiplied by its weight. The mathematical relationship between the three components is based on weighted average.

- (i) SPI for Social Insurance (includes pensions, health insurance, and unemployment benefit)
- (ii) SPI for Social Assistance (includes assistance for the elderly, health assistance, poverty programs and child protection)
- (iii) SPI for Labor Market Programs (include training and public works scheme)

12. The formula for the SPI of each of the three categories can be illustrated by the formula for SPI_{si}. Deriving the SPI for Social Insurance proceeds as

(SI Expenditures divided by SI Actual Beneficiaries) multiplied by

(SI Actual Beneficiaries divided by SI Potential Beneficiaries) multiplied by
(SI Potential Beneficiaries divided by All SPI Potential Beneficiaries) multiplied by
1/Poverty-Line Expenditures.

13. The SPI for SI is expressed in the equation

$$SPI_{st} = \frac{\left[\frac{\sum E_{st}}{\sum AB_{st}} \right] \times \left[\frac{AB_{st}}{PB_{st}} \right] \times \left[\frac{PB_{st}}{PB} \right]}{Z}$$

14. The last expression in the numerator represents the proportion of SI, which is the potential SI Beneficiaries divided by the Total SPI Potential Beneficiaries.

Z represents the poverty-line expenditures.

15. After each of the three components' expenditures per potential beneficiaries (SI, SA, LMP) has been multiplied by its weight, all three are added together. The resulting total is the country's SPI. This is shown as

$$SPI = SPI(SI) + SPI(SA) + SPI(LMP)$$

3. Disaggregation of Expenditures on Poor and Non-Poor Beneficiaries

16. The SPI can be disaggregated by expenditures on poor and non-poor beneficiaries.

a. SPI (Poor)

17. The index is derived at as follows:

SPI_p represents the total expenditures per poor actual beneficiaries as a ratio to all potential beneficiaries both poor and non-poor. The index is computed as:

(Total Expenditures on the Poor divided by the Total Poor Actual Beneficiaries)
multiplied by (Total Poor Actual Beneficiaries divided by Total Potential Beneficiaries).

18. The index is represented by the following equation:

$$SPI_p = \left[\frac{\sum E_p}{\sum AB_p} \right] \times \left[\frac{\sum AB_p}{\sum AB} \right]$$

b. SPI (Non-Poor)

19. SPI_{np} represents the total expenditures per non-poor actual beneficiaries as a ratio to all potential beneficiaries, both poor and non-poor.

20. The index is derived as

(Total Expenditures on the Non-poor divided by Total Non-poor Actual Beneficiaries) multiplied by (Total Non-poor Actual Beneficiaries divided by Total Potential beneficiaries).

21. The index is represented by the following equation:

$$SPI_{np} = \left[\frac{E_{np}}{\sum AB_{np}} \right] \times \left[\frac{\sum AB_{np}}{\sum AB} \right]$$

22. When SPI (Poor) is multiplied to SPI (Non-Poor), the product represents the SPI of the country.

LIST OF ORGANIZATIONS CONTACTED

No.	Office
1	Ministry of Finance
2	Ministry of Labor and Social Protection
3	Pension Fund under the Ministry of Finance
4	Ministry of Economy
5	Ministry of Education
6	Ministry of Secondary and Higher Vocational Education
7	Ministry of Health
8	World Bank RM
9	Asian Development Bank URM
10	UNDP country office
11	UNICEF country office