Bakhodur Eshonov is an expert in development policy. In the early 1990s, he worked in a range of government institutions in Uzbekistan (State Planning Committee, Ministry of Foreign Economic Relations, State Committee for Forecasting and Statistics). In 1994, he joined UNDP as the coordinator of the first National Human Development Report of UNDP. He later worked in different positions at UNDP. While working for the UNDP Country office in Uzbekistan, he introduced and implemented a number of important projects and initiatives, including support to the Government of Uzbekistan in the formulation of the first national medium-term Welfare Improvement Strategy. Bakhodur Eshonov was the founding director of the Center for Economic Research (www.cer.uz), one of the most well-known and respected think tanks in Central Asia; and of the “Economic Review” (www.review.uz), one of the most prestigious periodicals in the country. The Center for Economic Research (CER) has worked with many talented researchers and has published over 200 research reports covering a wide range of development issues.

TRANSITION OR TRANSFORMATION?
SOCIAL AND GENDER ASPECTS OF RURAL DEVELOPMENT AS AN INTEGRAL PART OF THE REFORM STRATEGY IN UZBEKISTAN

The transition from a centrally planned economy to a market economy, which had become the ultimate aspiration by the end of the 1980s, has not been as fast and as easy as many initially expected. Moreover, almost a quarter of a century later, many of the postulates of this transition, based on the so-called Washington Consensus, are not necessarily considered to be the only right ones anymore. Markets cannot be built overnight, free trade doesn’t always create jobs, private initiatives do not necessarily ensure better quality and accessibility, and the openness of immature financial systems can make national economies extremely vulnerable to external shocks.

In analysing the experience of reforms in Uzbekistan, it is important to consider the many factors that determined the choice of development strategy and instruments of its implementation (which are not static, but change and are adjusted at each stage of the reforms)1. Furthermore, an analysis must look beyond the transition from a centrally planned economy to a market one, to consider the systematic and gradual transformation of the economy, society, institutions and spatial development, all within a coherent development strategy. This transformation was not so much an economic transformation, but a social one, covering all dimensions of development. Accordingly, the numerous components and dimensions of development are neither static nor isolated from each other: they must be understood in a broader context of transformational dynamics capturing their complexity and interrelatedness.2

Since 2000, the main objective of socio-economic policy has been to maintain the delicate balance between the goal of reducing poverty and the need to mobilize investment for the development of industry and infrastructure and to accelerate structural transformation as a basis for sustainable longer term growth.3

1 See also, McKinley, 2010.
2 See also, UNDP & ILD, 1995.
3 UNDP & CER, 2015.
Expenditure on the social sphere and social protection in Uzbekistan has traditionally been very high. In the period 2001 to 2013, during an era of accelerated economic growth and an increase in the total expenditure of the state budget, the share of social expenditures in the state budget grew from 47.6 to 58.6 percent. While it is important to highlight the direct impact of these commitments by the State, we must also take into account the effects on domestic political economy and transformational changes. Firstly, social spending involves taxes on the real economy and, accordingly, the limitation of resources for private sector investment. In contrast to the fast growing economies of South-East Asia, where social spending has only recently started to increase after decades of rapid growth, Uzbekistan (as well as other countries in the region) have consistently maintained a high level of social spending in their budgets.

Secondly, investment in the social sector actually represents investment in human capital, in social transformation, and, in the end, in a new quality of human development. Thirdly, the maintenance and increase of expenditure on education and health care also means the maintenance and increase of employment, in particular women's employment. Although the wages in the so-called ‘budget sphere’ (public sector) are, as a rule, lower than in other sectors, employment in the social sectors, as well as in the rapidly growing service sector, has helped to maintain the level of participation by women in economic activity, in particular against a backdrop of significant pressure on the labour market due to structural and institutional changes, both in industry and in agriculture.

The government has managed not only to reduce the level of poverty, but also to prevent serious income level stratification. However, in the medium and long term, the issues of maintaining and boosting people's incomes and ensuring their sustainability, and reducing the gaps in living standards between the urban and rural populations, and between women and men, could be addressed not so much by expanding social support programmes, but by increasing the employment rate in the processing industries (including agro-processing industries) and in the fast-growing service sector, especially in rural and peri-urban settlements.
This is particularly relevant given the current and expected transformation of the demographic structure including: a sharp rise in the working age population (especially in rural areas); growth in the number of retirees; and a corresponding change in the demand for social services. However generous the programmes of social support are, they will not be able to offer a long-term solution to the issues of growth in incomes and the improvement of living standards, without creating productive jobs for both women and men in the formal sector.

Uzbekistan is pursuing an active industrial policy designed to mobilize investments, provide sustainable, high rates of economic growth and a shift in focus from the production of raw materials to finished products with higher added value. By the mid-2000s, on the back of improved terms of trade, the share of investment reached 25 percent of GDP. This has helped to radically change the structure of the economy. The share of agriculture in GDP fell from 35 percent in the late 1990s, to less than 20 percent by 2010. Moreover, it is anticipated that the share of agriculture in GDP and in the employment sector will further decrease due to an increase in the share of industry and services.

The changing structure of agricultural production, involving a growing share of fruit, vegetable and oil crops, the introduction of new agricultural technologies and the establishment of new, modern supply chains and value chains, also encompasses corresponding changes in the pattern of agricultural enterprises. At present, there are no large cooperative farms, established on the basis of the Soviet collective farms, and there is no fragmentation into small plots.

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7 UNECA, 2016.
8 See also, Pogov & Chowdhury, 2016.
9 The issue of the size of land plots was discussed in the framework of preparation for the study, “Macroeconomic Policy and Poverty in Uzbekistan”, UNDP & CER. 2005, and remains a subject for debate.
The main focus was, and remains, on the search for the optimal size of plots, thereby ensuring “economies of scale”, increasing the productivity of agricultural enterprises, and promoting cross-sectoral cooperation, in which agriculture / rural settlements are not only the suppliers of agricultural products, but also generate a new type of demand for infant national / domestic industries, the service sector and R&D.10

The development of small business and entrepreneurship (along with investment in the social sector, where the rate of women’s employment has been traditionally high) has improved the employment rate of women.11

In the period from 2000 to 2013, the proportion of women in employment has increased from 44 percent to 45.7 percent. In 2012, the heads of 40.4 percent of small businesses and 13 percent of microenterprises were women.12 However, although women accounted for more than half (52.6 percent) of all workers in the agricultural sector in 2008, only 17 000 (7.2 percent) out of a total of 235 000 registered farms were headed by women. Within the general reduction of the employment rate in agriculture, the share of women is declining more rapidly. In 2005, 32 percent of all working women and 26.4 percent of male workers were engaged in agriculture; by 2010, the share of women had declined to 28.5 percent, and the share of men to 25.5 percent.13

However paradoxical it may appear, the empowerment of women in rural areas is related to the displacement of women from agriculture and their engagement with the growing employment opportunities in the processing industries and in the service sector. This is also essential for ensuring the future of agricultural development and food security.14

More importantly, these structural changes – the pattern of ownership and the structure of GDP (particularly in the agricultural sector) – generate respective positive multiplying effects going far beyond pure economics.

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10 A good example of stimulating the connection between science and production is the annual Innovation Fairs (see for example “Uzbekistan plans to boost R&D”).
12 UNDP & CER, 2015.
13 Ibid.
14 FAO, 2011.
There are no “blueprint” solutions to gender equality issues in agriculture, but some principles are universal and lessons can be drawn from best practices.\(^{15}\)

In Uzbekistan, this issue has been addressed by a range of institutions, and targeted interventions aimed at: i) eliminating gender inequality in education; ii) eliminating gender inequality in employment; and iii) ensuring equal opportunities for women and men in, for example, decision-making processes, among others.\(^{16}\)

However, the impact of these programmes and, ultimately, the improvement of the status of women (and men) in rural (and urban) areas, depends not only on the presence or absence of targeted programmes, but on how effectively and harmoniously these programmes are integrated into the overall logic and dynamics of transformations associated with changes in the economic structure and the pattern of the real sector, with the reformatting of spatial structure with new poles of growth, and in the end, with the transformation of the structure of society, including up to patterns of behaviour.\(^{17}\)

The empowerment of women in rural areas is very strongly associated with the pace and quality of industrialization and urbanization\(^{18}\). Not only does the employment of rural women in the processing industries and in the service sector result in decent jobs, higher and more sustainable incomes, and the spillover effects of demand for industrial products. The most important consequences are the new quality of the representation of women in the labour market, the new status of women, increased levels of education, improved socialization, and in the end, new opportunities for realizing the potential of human development.

**References**


\(^{15}\) Ibid.

\(^{16}\) UNDP & CER, 2015.

\(^{17}\) A study undertaken by CER (2014) is of note in this context and addresses the issues of a changing social contract.

\(^{18}\) FAO & CFS, 2016.


