

BTI 2016 | Uzbekistan Country Report

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Key Indicators

| | | | | | | |
|--------------------------|--------|------|--------------------------------|-------|----------------------|--------|
| Population | M | 30.7 | HDI | 0.661 | GDP p.c., PPP \$ | 5575.9 |
| Pop. growth ¹ | % p.a. | 1.6 | HDI rank of 187 | 116 | Gini Index | 35.3 |
| Life expectancy | years | 68.2 | UN Education Index | 0.651 | Poverty ³ | % 87.8 |
| Urban population | % | 36.3 | Gender inequality ² | - | Aid per capita \$ | 9.7 |

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

Executive Summary

The period from 2013 to 2015 in Uzbekistan can be briefly characterized by increasing political and economic stagnation reminiscent of the Soviet Union in the 1970s-1980s. The strong authoritarian political regime, biased ideological and propaganda machine, a culture of bribery in social relations, and rent-based economic system – all can be described by the term “Soviet syndrome.”

Several factors add to this stagnation, namely: President Islam Karimov has been ruling the country since 1990; key figures in the governmental structures likewise remain unchanged and continue to run their key posts along with the president; the political and economic systems are contaminated by kleptocratic features; state agencies have isolated themselves from the public; the presidential apparatus has become an omnipotent “fourth (and real) power” in the political system of the country; the convertibility of the national currency is postponed for an unspecified period of time; Uzbekistan’s humble civil society remains passive.

The scandal related to the President’s elder daughter, Gulnara Karimova, reached its peak in 2014: Karimova is currently kept under house arrest and the General Prosecutor’s Office announced that her case is under investigation. Her close associates Gayane Avakyan and Rustam Madumarov are reported to have been arrested, and they are in custody now.

Throughout this period, the functioning of the ideological machine has been strengthened. A new “fashionable” cliché was invented and is frequently reiterated by mass media, namely, “The world is in turmoil, but we live in peace and tranquility.” Stability is the main obsession of the state, and used to justify the status quo. That is why some “showcase” reform activism in domestic politics and the economy has been substituted for real and dynamic political and economic reforms.

Uzbekistan, just like all other post-Soviet countries has been in 2014, among other things, under the influence of the Ukrainian tragedy, which spoiled a “normal” situation in the country because

Ukraine became a number one issue in post-Soviet space and demanded certain reactions from Tashkent. And Tashkent did react. Initially, Uzbekistan's position was quite principled – it supported Ukraine's sovereignty and territorial integrity. Later on, in the SCO Summit in September, Karimov stated that Russia's interests should be taken into account and the Ukrainian crisis could be resolved through direct negotiations between Moscow and Kiev.

At the same time, the deadline for NATO ISAF withdrawal from Afghanistan passed and Tashkent again had to return to a balancing act between the U.S. and the Russian Federation.

Meanwhile, the year 2014 ended with the “culmination” of political activity in Uzbekistan on 21 December when parliamentary elections were held and the country began preparations for the next – presidential – elections which will take place in March 2015.

History and Characteristics of Transformation

Throughout the independence period, from 1991 up until the present day, Uzbek authorities have utilized the following argument as a political guidance, “Liberal approaches to democratization and market reforms usually associated with so-called shock therapy cannot be applied to the conditions of Uzbekistan.” Therefore, the state chooses the so-called “model of step-by-step reforms.” Since the beginning of independence, President Karimov has adopted five key principles of reforms: 1) the total de-ideologization of the economy; 2) preserving the state's role as the main reforming force during transition; 3) the primacy of law in all aspects of life; 4) sound social policy; 5) an evolutionary manner of transition to a market economy without “revolutionary changes,” “shock therapy,” or any deterioration in people's standard of living.

President Karimov has based Uzbekistan's foreign policy on the following six principles: 1) the supremacy of national interests while demonstrating respect for mutual interests; 2) equality and mutual benefit, non-interference in the internal affairs of other states; 3) openness to cooperation with other states, irrespective of their ideological outlooks, adherence to universal values, in the interest of preserving peace and security; 4) prioritizing the norms of international law over national laws; 5) the development of external ties on the bases of both bilateral and multilateral agreements; 6) non-participation in political military blocks.

However, most of these guiding principles have remained solely on paper. Uzbekistan's foreign policy has generated a certain degree of isolation from both international and regional affairs; since 2012, foreign policy has prioritized bilateral relations.

According to evaluations made by international organizations and local experts, as well as the sociological data, Uzbekistan has one of the most corrupt political and economic systems in the world. As a result, more than three million of its citizens have moved to Russia and other countries as labor migrants.

The 23-year post-Soviet transformation of Uzbekistan has revealed a large gap between de jure democracy and de facto autocracy, which has caused serious criticism abroad and inside the country. Against this backdrop, the Uzbekistan authorities proclaimed a new slogan in 1999, “From strong state to strong civil society.” However, this de jure project has so far resulted de facto in a weak civil society. Particularly, the seeming multiparty system in Uzbekistan (four political parties and one political movement) is actually artificial; none dares to proclaim itself an opposition party or express any criticism towards the government and its policies. Their electoral platforms simply replicate each other. Similar artifices are present in almost all public domains. The state remains omnipotent and the civil society impotent.

Today, Uzbekistan stands face to face with new challenges. On the one hand, the parliamentary elections that took place on 21 December 2014 once more revealed the political apathy of the populace, although the elections occurred in the atmosphere of stability. On the other hand, the next presidential elections are expected in March 2015. The country is approaching that event with the 77-year-old incumbent who has exhausted all possible legal means for prolonging his term by being re-elected president several times since 1990. It is clear that his daughter Gulnara is now completely deprived the opportunity to claim her status as successor. But it is not yet clear what the incumbent can claim. Nonetheless, when the presidential election campaign started in January 2015, Islam Karimov was officially nominated once again for a fourth term.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

In principle, the state's monopoly on the use of force is established nationwide. In practice, it is not the Weberian state that possesses this monopoly, but oligarchic groups (clans) held together by the supreme oligarch (the president). Law enforcement agencies and so-called power ministries have degenerated under the regime to economic enterprises holding the monopoly on the use of force. These economic enterprises function only as elongated arms of the oligarchic regime that forcefully extract profits from the middle class and suppress both free economic competition and political dissent.

One of the specific features of stateness in terms of a monopoly on the use of force is that the ruling regime/oligarchic groups have always demonstrated their readiness to quell any riot, social protest or action that might cause regime instability. Law enforcement agencies stand ever ready to prevent possible disturbances and suspicious activities. This monopoly on the use of force, albeit normal and right, often leads to its abuse by those who are authorized to use it.

Formal citizenship and state identity are one thing, and how citizens identify with the state in daily life is another. On the one hand, there is no discrimination in acquiring citizenship with respect to gender, race, religion or language. On the other, state identity as a matter of allegiance to the state by ordinary citizens is a more complicated issue.

The self-identification of some groups of citizens is a subtle issue, which differs to a certain degree from state identity. For instance, the Russian-speaking population in Uzbekistan can feel hidden sympathies towards Russia; indeed, an emigration trend among Russian-speakers living in Uzbekistan leaving for Russia continues to exist. Even Uzbek labor migrants to the Russian Federation sometimes apply for Russian citizenship.

Question
Score

Monopoly on the
use of force

9

State identity

7

The longer Uzbekistan is independent and constructing new national and state identities, the more persistently local ties, clan and regional allegiances and nepotism manifest themselves as archaic and conservative sub-national and sub-state identities, deemed a serious challenge to the national coherence of Uzbekistan's entire population, and likewise to stateness.

Formally, the state is secular. Religious dogmas have no noteworthy influence on legal order or political institutions. All religious institutions and congregations in the country are strictly controlled by the state, which forbids the influence of religious dogmas and norms on not only state institutions, but even on the society, unless these dogmas and norms are sanctioned by the state. The regime has been employing dogmas of the main denomination (Hanafi Islam) for its own reasons, primarily to secure regime stability and secondarily for its nationalistic nation-building project.

At the same time, the regime ensures that Islam and Muslim culture are duly respected. In 2014, Karimov visited the At-Termizi Shrine in Termez, in southern Uzbekistan and publicly prayed there. He has almost never prayed publicly previously. In September 2014, Minor, the biggest mosque in Tashkent, the capital of Uzbekistan, was newly built. President Karimov himself authorized the mosque's erection and personally inspected it during the construction process. All such symbolic events related to the state's religious policy may be considered a very specific form of "interference" of religion in state affairs – interference organized and controlled by the state as a means of adjusting its secular policy to fit with the Muslim identity of the majority of the population.

Other faiths (Russian Orthodoxy, Judaism, Protestantism and Catholicism) are tolerated because they are largely irrelevant to the regime. All other religious groups and missionaries are banned and suppressed.

The administrative structures of the state provide most basic public services throughout the country, but their operation is deficient. State administration (as a set of bodies and institutions organized in a hierarchical way throughout the country) has the capacity to deliver services, but rampant corruption, mismanagement, bureaucrats' lack of qualifications and a lack of financial resources often cause public frustration in many locations.

The UNDP Country Program Action Plan 2010–2015 estimates that only 21% of Uzbekistan's rural population has access to clean water. Those living in the Zarafshan River Basin are disproportionately affected. The Agriculture and Water Resources Ministry has recognized that there is no permanent water supply system in many Uzbek provinces, while those provinces that do have a water supply experience disruptions. The decrepit potable water supply system built during the Soviet period does not meet the needs of the country's population, which has almost doubled in size since independence in 1991.

No interference of
religious dogmas

8

Basic
administration

6

During 2013-2014, disruptions to the electricity supply not only in provinces but also in the capital, Tashkent, occurred on several occasions. On the one hand, there is a construction boom and sobering reports of investments in the sphere of social development. But, on the other, Uzbekistan suffers from degradation of its road system, legal abuse and use of unnecessary force by law enforcement, injustice in the courts, a crisis in education and a growing distance between civil society and administrative bodies. The omnipotent state apparatus is essentially isolated from citizens, which has a negative impact on the quality of governance and delivery of services.

2 | Political Participation

The electoral system in Uzbekistan is quite sophisticated. At first glance, general, multiparty elections are held, conducted properly and accepted as the means for filling political posts. On the de jure level the constitution and corresponding election legislation provide for universal and equal suffrage in free, fair, periodic elections conducted by secret ballot. However, elections in Uzbekistan are far from being genuinely free and fair. The last parliamentary and city councils elections, held on 21 December 2014, were fraught with serious democratic deficits and systematic election fraud. As a consequence, given the total loyalty of political parties to the president and government, the status quo went more or less unchallenged. Second, Uzbekistan's election legislation does not allow independent candidates to be nominated to run for election to parliament, only parties can nominate candidates. Third, the election campaigns and TV debates between political "parties" revealed ideological and political confusion and an absence of divergences in principles among them making it hard for the electorate to adequately evaluate respective competences. Fourth, in many districts candidates did not campaign among the electorate. Therefore, when voting day arrived, voters could not differentiate among candidates well enough to choose one over the other. These factors gave international observers, such as the OSCE, reason to criticize the elections and call them "elections with no choice." In addition, Islam Karimov was officially nominated for the next (fourth) presidential term in the upcoming elections, a move that is in total violation of the constitution.

Free and fair elections

2

Elected political representatives have very limited power, if any, to govern. The omnipotent presidential apparatus, powerful oligarchic groups and, of course, the president himself have exceptional veto powers in undermining democratic procedures.

Effective power to govern

2

Local executive power structures, especially provincial and city mayors (called "hokims," all appointees and the extended arms of oligarchic groups from Tashkent) exercise almost unlimited power and dominate the locally elected councils. Hokims serve as speakers of the provincial councils, which makes the elected body dependent on the executive.

The rights to association and assembly are formally guaranteed by the constitution. Likewise, formally, there are four political parties, an ecological movement and, according to official data, more than 3,000 NGOs legally registered in Uzbekistan. However, there are no registered opposition parties, and most strong and active NGOs are in fact GONGOs informally affiliated with the existing political regime. The other NGOs are either very small or weak or work in spheres that do not cause the government concern. There are severe restrictions on freedom of assembly and association for all citizens. Moreover, the government can use intimidation, harassment or threats of retaliation to prevent citizens from exercising their rights to association and assembly (e.g. by arbitrarily arresting, detaining and imprisoning peaceful demonstrators or using excessive force).

Association /
assembly rights
2

Unfortunately, the government does not use transparent and non-discriminatory criteria in evaluating requests for permits to associate and/or assemble. More often than not, groups are not able to operate free from unwarranted state intrusion or interference in their affairs.

For example, the government adopted a rule in 2013 that NGOs receiving the grants from international organizations or foundations must open a special bank account for those grants and a special commission would review the grant and issue permission for their use. Such a measure was established as means to control NGO activities.

A very illustrative example of the above is provided by the non-governmental education institution Knowledge Caravan – the first and the only independent NGO in Uzbekistan specializing in research and teaching in the social and political sciences. The organization faced serious restrictions on its activity in 2013-2014 and was deprived of a license (official state permission) to engage in educational activity. Its seminars were interrupted by the intrusion of law enforcement agents. Several useful and student-oriented projects of the center supported by the international sponsors were disallowed by the government.

Freedom of expression and freedom of press are almost totally restricted in the country. A number of journalists and writers have been imprisoned for their journalist activity, and a number of other journalists and writers have been forced to flee Uzbekistan and apply for asylum in other countries. Uzbekistan is one of 15 countries classified by Reporters without Borders as an enemy of the Internet because the government blocks sites critical of the regime. There are lists of forbidden topics, words and visual materials for all types of media. International NGOs and media, with a very few exceptions, are denied accreditation to operate in the country.

Freedom of
expression
2

Although there is no special censorship agency in Uzbekistan, the functions of such a body are carried out by the presidential apparatus, which strictly controls all mass media, especially TV. Unfortunately, plurality is not welcomed in the mass media,

which takes a pro-regime position and is saturated with cult of personality of the president.

Very modest signs of independent media exist only in the Internet, where some websites such as www.anhor.uz operate and publish measuredly critical material.

3 | Rule of Law

The Constitution of Uzbekistan provides for separation of powers among legislative, executive and judicial, as well as between a strong presidency and a bicameral parliament called the Oliy Majlis (Supreme Assembly), which has the authority to approve the budget. However, in reality the structure of Uzbekistan's political system looks like a pyramid with the president and his apparatus at the top. The president's apparatus has the informal status as the "fourth power" which outweighs legislative, executive and judicial powers. In parallel, there is a shadow power – the omnipotent National Security Service (NSS), which over time has turned into a source for candidates for key governmental posts and a filter through which state cadres are recruited.

Separation of powers

2

In 2013-2014, President Karimov's daughter Gulnara Karimova was implicated in a controversy regarding her involvement in an ongoing conflict related to multi-million dollar corruption schemes and illegal businesses. In response to NSS reports of her involvement, she pointed to the NSS's overwhelming power in appointing representatives and affiliates to key posts in government, which drew attention to the lack of separation of powers in Uzbekistan.

The judiciary in Uzbekistan is constitutionally differentiated and independent from the executive. In reality, it is completely corrupt and thus open to executive directives, especially from the president's office, the National Security Service and the prosecutor's office. The judiciary serves as a conveyor belt for the regime. Every office holder achieves his position only through paying bribes to the directors of the respective agencies. Office holders exploit their positions to extract large bribes.

Independent judiciary

2

This is true for the Court of Criminal Affairs (guided by the criminal code). The Court of Civil Affairs (guided by the civil code) is also highly corrupt and dependent on the executive branch.

Lawyers are, more often than not, reluctant to take politically sensitive cases or to defend citizens when they have a complaint against the state structures or officials' abuses of power or concerning an injustice done to them.

There has been an increasing number of officeholders arrested and prosecuted for alleged corruption. However, this prosecution is neither systematic and impartial nor is it a result of an anti-corruption policy run by the Uzbek government and law enforcement agencies. Rather office abuse has a systematic character within the governance system in Uzbekistan, as even low offices are considered a “financial instrument” to create “profit” because they must be “purchased” before a person is appointed. Therefore, the notion of conflict of interest is totally unknown to the state and civil servants.

Prosecution of
office abuse

3

Due to the absence of a strong and impartial judiciary, lawbreakers within the state apparatus have, by and large, become unrestrained in their corruption. Moreover, in many instances, prosecutions have turned out to be the product of the power struggles among rival oligarchic groups. In 2013-2014, shocking and well-grounded corruption allegations against the president’s daughter, Gulnara Karimova, and her associates, received international news coverage. In the wake of this event, the Prosecutor General’s Office announced in September 2014 that an investigation of this scandalous case is under way.

Although guaranteed by the constitution, civil rights are heavily restricted and poorly observed by law enforcement agencies or the judiciary. Although there are not much reliable data on discrimination on the basis of gender, sexual orientation or ethnicity, traditionally cases of such discrimination are not widespread in the sphere of public relations and political system. However, political rights are seriously restricted.

Civil rights

2

There are some formal institutions whose mandate is to protect human rights, for instance, the Office of Ombudsmen on Human Rights and the Committee on Democratic Institutions, NGOs and Citizens’ Self-Governing Bodies in the parliament’s Legislative Chamber, as well as the National Center on Human Rights and one officially registered human rights NGO Ezgulik. In reality, they mostly fail to protect human and civil rights.

Meanwhile, in November 2014 a law On Appeals of Individuals and Legal Entities was adopted which establishes, among other things, a 15-day term (reduced from 30 days) for considering appeals and describes in detail the rules for consideration of such appeals. Beyond this, people can make online appeals and complaints through the government website. To what extent such measures will improve the protection of civil rights in Uzbekistan is yet to be seen.

4 | Stability of Democratic Institutions

Uzbekistan is an authoritarian state with an antidemocratic establishment. Its democratic institutions are merely a façade on an oligarchic regime. There are formal institutions in Uzbekistan – the parliament, electoral commission, central and local executive branches, press, etc. – that, according to the constitution are supposed to provide for democratic choice. However, in reality they operate only within the frameworks established by the rigorous political regime and fulfill the agenda imposed upon them by the top leadership, primarily the president’s apparatus. This means that democratic institutions, albeit democratic only in name, are able to perform basic tasks relatively efficiently, as long as they display loyalty and obedience to the regime.

Performance of democratic institutions

1

Even so, all branches of power have the potential for democratic reforms. For instance, the parliament adopts laws which are internationally evaluated as democratic; the Cabinet of Ministers and provincial executive branches, despite deeply rooted corruption, manage Uzbekistan’s economic, social, cultural, military, tax and other spheres and deliver at least a minimum of required services. Peace and stability – the main obsessions of the government – are preserved by focusing virtually all institutions. The last electoral TV debates among political parties, although well-orchestrated from the top as a show event, were a new phenomenon in the sense that they were designed to make a smallest, cautious and modest step in the direction of educating people in how pluralistic political participation works.

Interestingly, on the one hand, all quasi- (or pseudo-) democratic institutions in Uzbekistan are accepted as legitimate by all relevant actors, but on the other, the omnipotent authoritarian regime holds veto rights and can incapacitate those institutions, should they dare to overstep the political boundaries which have been outlined to them by the regime. The legitimacy of democratic institutions is never questioned, only because these institutions are widely believed to be the elements of a so-called “Uzbek national model” of democracy. The official propaganda machine has managed to persuade the broader public, especially the country’s youth, that this model represents Uzbekistan’s path to democracy.

Commitment to democratic institutions

1

5 | Political and Social Integration

The party system of Uzbekistan is stable, but this stability is a product of its artificiality. The party system is not socially rooted, but rather politically affiliated with the regime. On the surface of political life, parties articulate and aggregate societal interests in general, not because they actually represent different social strata and groups, but rather because they have been designed as mechanical instruments decorating the political process and creating an artificial environment of political pluralism.

Parties do so by articulating the interests and needs of small business, entrepreneurship and private ownership (the key focus of the Liberal Democratic Party, UzLiDeP); or by articulating the idea of national revitalization and strengthening national culture, traditions and values (the main focus of the National Rebirth Party, Milliy Tiklanish); or by articulating the ideas of social protection, equality, socially oriented market reforms and supporting laborers (the platform of the People's Democratic Party, PDPU); or by articulating the ideas of advancing social justice and supporting vulnerable population groups (the Social Democratic Party, Adolat). Thus, parties receive a special niche in the political system, as if they were specialized state agencies, not political parties. In this capacity, parties essentially serve to recruit individuals for service to the government, parliament and other state structures who will form a cadre of political elites.

Although party leaders and activists always state that they have a stable electorate, in fact, citizens are not well aware of parties' activities, leaders or ideologies. During the review period, there were reports that some people found their names in the membership lists of two different parties simultaneously.

The 21 December 2014 parliamentary elections resulted in the UzLiDeP again, just as in the previous elections in 2007, winning the majority of seats. According to a new constitutional amendment adopted in 2013, UzLiDeP has the right to nominate the candidate for prime minister. Not surprisingly, in January 2015, UzLiDeP nominated Karimov for president and the acting prime minister for this post again – quite in line with the wishes from the very top. Although in 2013 the amendments were introduced in the constitution and corresponding laws allowing any political party to proclaim itself an opposition party, so far none has done so.

Party system
2

Uzbekistan does not have a strong and liberal tradition of mediation between society and the political system by networks of cooperative associations or interest groups. Oligarchic capitalism and the rent economy created in Uzbekistan predetermined the prevalence of clientelism as the main mechanism within the political machine, and all significant domestic actors are clients and supporters of the president and related oligarchic groups.

Interest groups
2

Other interest groups are either dysfunctional (like the Association of International law) or, as in the case with political parties, fulfill the function of GONGOs, displaying some activism in representing the interests of certain segments of society. For instance, such NGOs/GONGOs as the Mahalla Foundation (Self-Governing Neighborhood Foundation), Sog'lom Avlod Foundation (Healthy Generation Foundation), Al Bukhoriy Foundation (Islamic Heritage Foundation), the Association of Business Women, the Kamolot Movement (Youth Movement), ECOSAN (Ecology and Sanitary) Center ecological movement the Association of the Disabled, the Federation of Trade Unions, the Association of Medical Doctors, and so on, are supposed to mediate between specific social groups and the political system by representing certain societal interests.

For this purpose, the Association of Non-Governmental and Non-Commercial Organizations of Uzbekistan and the Fund for the Support of Non-Governmental and Non-Commercial Organizations of Uzbekistan were established in 2005. It is reported that the association embraces more than 200 different NGOs; and that the fund provided seven billion Uzbek som in financing in 2013 and 8.2 billion Uzbek som in 2014 for supporting various NGO projects. It has been announced that in 2015 the funds will be increased by 2.2 times.

At the same time, the effectiveness of representation of a broad range of societal interests by these instruments of mediation is very low because of over-etatization of this sphere, contrasting the officially proclaimed liberalization course, "From strong state towards strong civil society."

In an authoritarian country such as Uzbekistan neither the shaping nor the study of public opinion represents an everyday attribute of the country's political life. Some sporadic, single and narrow scale public opinion polls remain weak and ineffective. Very often, people reveal neither an understanding of the goals of polls and the meaning of the questions posed to them nor the readiness to openly express their opinions. And very often, too, local authorities try to hinder the conducting of interviews.

Approval of
democracy
n/a

Given over-etatization of public life, the social capital of many potential and actual associations created for self-help remains latent and largely unrealized. Mutual trust and solidarity among the population are limited to very few social spaces and domains, for instance, to mahallas (neighborhood communities) and kinship networks. Family and community rites and ceremonies, and sub-ethnic and local, as well regional based patron-client networks unite people to promote their private or group interests vis-à-vis state-controlled resources.

Social capital
3

The capacity to self-organize is distributed unevenly in society and depends on an individual's ethnic background, lifestyle (rural/urban), level of education and professional qualification. Ethnic minorities, for instance, are provided the right and opportunity to organize national cultural centers, which can be considered operational in terms of the promotion of cultural interests.

Meanwhile, the institutionalization of self-help and self-organization in the Uzbek context is mostly based on informal and narrow-radius relations like “gap” – the grouping of friends (men and women separately), which plays the function of a network for socializing among former classmates, colleagues, neighbors or relatives. However, in terms of broader social activism towards voluntary cultural, environmental or social associations that transcend traditional and narrow interests, mutual trust and cooperation among the population will become enhanced with further liberalization of the political system.

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

In Uzbekistan the rentier economy contaminates market relations and impedes the liberalization of the socioeconomic system. This cannot but exacerbate poverty and inequality, which are pronounced and partially structurally ingrained. A high rate of unemployment and the outflow of millions of migrants from Uzbekistan are two of the egregious characteristics of such a system and reflect the scope of socioeconomic exclusion. One can distinguish several types of global migration to which Uzbekistan contributes its share: 1) labor; 2) permanent residence; 3) “brain drain”; and 4) human trafficking.

Socioeconomic
barriers
4

Corruption and an overall crisis in the education system of Uzbekistan have already led to the exclusion of many talented young people from access to higher education. In addition, some branches of scholarship were either closed (political science) or significantly reduced (philosophy).

Due to the lack of accountability and transparency in the management of resources, and due to bureaucratic restrictions and state-imposed monopolies and related corruption, the income gap between average citizens and oligarchic groups associated with the ruling regime has been constantly widening in recent years. The rural population is particularly disadvantaged. Rural children are systematically exploited in agricultural work. Also hard hit are women, especially those whose husbands have emigrated, Karakalpaks living in the environmental disaster zone of the desiccated Aral Sea, and people living in the provincial outback.

Another indicator of exclusion is the subsistence economy, which is widely accepted in Uzbekistan as a traditional source of living. Given this, the government adopted resolutions that provide support to those engaged in the subsistence economy and to those engaged in so-called home production or home services.

Uzbekistan plans to create 987,500 jobs in 2015, a significant number of which will be in rural areas, reports the Ministry of Labor and Social Security's press service. The Uzbekistan parliament's upper house has approved an action plan for creating jobs in 2015. The effectiveness of such measures is yet to be seen.

According to the UNDP Human Development Report for 2014, Uzbekistan's figures for various international socioeconomic indicators are as follows:

Human Development Index 0.661; Gini Index – 36.7; Poverty rate – 0.008; Literacy rate – 99.4%; ratio of female to male enrollment – 0.945 of HDI; Female labor force – 47.6%

| Economic indicators | | 2005 | 2010 | 2013 | 2014 |
|---------------------------|----------|---------|---------|---------|----------------|
| GDP | \$ M | 14307.5 | 39332.8 | 56795.7 | 62644.0 |
| GDP growth | % | 7.0 | 8.5 | 8.0 | 8.1 |
| Inflation (CPI) | % | - | - | - | - |
| Unemployment | % | 11.0 | 11.0 | 10.7 | - |
| Foreign direct investment | % of GDP | 1.3 | 4.1 | 1.9 | - |
| Export growth | % | 12.0 | 6.6 | 10.9 | -10.2 |
| Import growth | % | 4.4 | -4.1 | 6.7 | -22.3 |
| Current account balance | \$ M | - | - | - | - |

| Economic indicators | | 2005 | 2010 | 2013 | 2014 |
|----------------------------|----------|--------|--------|---------|-------------|
| Public debt | % of GDP | 28.2 | 10.0 | 8.3 | 8.5 |
| External debt | \$ M | 4655.8 | 7782.4 | 10604.8 | - |
| Total debt service | \$ M | 795.0 | 618.1 | 701.6 | - |
| Cash surplus or deficit | % of GDP | - | - | - | - |
| Tax revenue | % of GDP | - | - | - | - |
| Government consumption | % of GDP | 17.6 | 23.5 | 15.8 | 15.7 |
| Public expnd. on education | % of GDP | - | - | - | - |
| Public expnd. on health | % of GDP | 2.3 | 2.8 | 3.1 | - |
| R&D expenditure | % of GDP | - | - | - | - |
| Military expenditure | % of GDP | - | - | - | - |

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

7 | Organization of the Market and Competition

Market competition is present only in small segments of the economy, although its institutional framework is formally developed. Elements of the command economy persist. Antitrust and antimonopoly policies look prudent mostly on de jure level. De-facto, the regime maintains control over the distribution of key resources, thereby undermining competition and other market mechanisms. The practice of bribery and extraction puts some businesses at a disadvantage compared to competitors run by influential clans and patron-client networks. The informal sector is significant.

One long lasting problem in Uzbekistan's economy is the non-convertibility of the national currency, the som. There are two currency rates – state and black market. One U.S. dollar is equal to 2420 Uzbek som (state rate) or to 3800 Uzbek som (black market). Prices for goods, including staple foods, are constantly rising.

Although there are numerous joint ventures and companies with foreign investments, many of them complain of difficulties withdrawing profits and converting currency. Some foreign companies had to close their business in Uzbekistan due to an unfavorable investment climate.

The government's official rhetoric recently critically evaluated the extent of the state's presence in the national economy and set the task of limiting this presence to strategic and economically reasonable levels. The president states that only in this

Market-based
competition
2

way will the country be able to rid itself of the remnants and stereotypes of the old administrative command distribution system. The effectiveness of such measures is yet to be seen.

Some regulation to prevent monopolistic structures and conduct exists, but it is rarely enforced. The basics of antimonopoly legislation were set in 1992. In the same year, the State Committee for Privatization, Demonopolization and Competition Development was created, and, in 2000, the government endorsed its independent status, supporting it with a number of antimonopoly laws. It deals with administrative regulations in the sphere of developing private ownership, investments, stock transactions, capitalization and the profitability of joint stock companies, bankruptcy, and controlling the implementation of legislation, and so on. In general, on the one hand, cartelistic structures in Uzbekistan are not characteristic of the national economy, but on the other, a relatively small group of companies and firms are owned and/or controlled by members of the regime and their relatives. These enjoy informally established privileged positions in the market which result in monopolistic conduct and predatory pricing.

Anti-monopoly
policy
3

At the same time, the committee is not entitled to implement structural changes that might lead to the destruction of the artificial sector monopolies created by the regime. Nor does it have the right to conduct investigations and identify anticompetitive practices among enterprises.

Foreign trade follows non-discrimination principles in form, but is significantly distorted by state interference, special rules, tariff and non-tariff barriers, etc. The economy is extensively dissociated from the world market, which might have had some positive effects during the global economic crisis. During the review period, legal regulations and the government's informal activities have served to restrict foreign trade liberalization significantly. The government continues to interfere with free trade and enterprise, and it exercises strict control over payments, transactions and the transfer of funds, as well as the repatriation of profit. Foreign trade policy remains restrictive, often influenced by those with vested interests. Foreign trade is completely controlled by oligarchic groups closely affiliated with the regime.

Liberalization of
foreign trade
2

Effective rates of protection against consumer imports are high. The government imposes a heavy regulatory burden on individual entrepreneurs and petty trade business, on the one hand, and provides legal and other formal and informal privileges to its "own" big companies functioning under cover of state enterprises, on the other. The situation is further aggravated by the widespread practice of bribery and extortion by local government officials and tax and law enforcement agencies. Tax rates on a wide range of consumer imports are higher than on domestic goods. Other regulatory "behind-the-border" barriers to trade include the regulation of wholesale and retail trade, which affects the domestic marketing of imports. Export activity is restricted by requiring licenses and government approvals for most important commodities,

such as cotton and chemicals. Additionally, the restrictive currency exchange regulation also discourages free foreign trade activity. More often than not foreign trade deals are controlled by corporations affiliated with the ruling regime.

While subjective and objective problems persist in the process of liberalizing foreign trade, a protracted process has also been taking place between Uzbekistan and the WTO regarding the country's entry into this organization. Particularly, Resolution No.190 was adopted on 11 July 2014 by the Cabinet of Ministers of Uzbekistan. This indicates new basic measures as a framework for the process of Uzbekistan entering the WTO.

In Uzbekistan, there are 30 commercial banks (three state-owned, 13 joint-stock, five with foreign capital, nine private), 4600 branches and retail offices, 110 credit unions, 82 microfinance entities, as well as the Central Bank and the Fund for Reconstruction and Development.

Banking system
3

In almost every speech, President Karimov points out achievements in the development of Uzbekistan's banking system and calls attention to the urgent task of reforming it as crucial to further economic development. Indeed, banks have been very active and visible in Uzbekistan's economic life. International rating agencies such as Moody's, Standards & Poor's, and Fitch Ratings have appraised the activity of the banking system of Uzbekistan as stable. In 2014, 26 commercial banks of Uzbekistan were awarded such rating, whereas in 2011 the number was only 13.

Within the National Bank for Foreign Economic Activity, a special fund was created to provide support to small businesses and private entrepreneurs. This fund has provided financial and legal services to 2400 SMEs to promote their goods and services in foreign markets. Due to assistance from the fund, these SMEs have signed \$1.25 billion in contracts.

At the same time, the banking system, which serves as a banking system and an informal control mechanism in placing pressure on the middle class, remains far from meeting liberal market economy standards. This hybridity makes it impossible to establish a truly liberal banking system and capital market.

Rampant corruption and mismanagement, as well as the requirement that all transactions with enterprises must be settled on a non-cash basis, and the obligation that all businesses must deposit their earnings in a bank account on a daily basis, have also contributed to low public confidence in the banking system. It is common for private and commercial banks to experience interference from the regime via law enforcement agencies, which are entitled to invade the privacy of individual bank accounts under the pretext of security interests.

The aforementioned Moody's agency pointed out that Uzbekistan's credit positive elements are partly offset by some fundamental weaknesses in the banking system,

such as weak corporate governance, lax credit underwriting standards, banks' high exposures to single borrowers and single industries, as well as their significant reliance on large corporate depositors. Other weaknesses include a somewhat high level of problem loans and banks' rapid lending growth, which necessitates regular capital increases. According to the World Bank, Uzbekistan's bank capital to assets ratio for was 13.3 in 2010, 12.2 in 2011, 11.4 in 2012 and 11.2 in 2013. As for the non-performing loans to total gross loans ratio, Uzbekistan recorded 1.0% in 2010, 0.7% in 2011, 0.5% in 2012 and 0.4% in 2013.

8 | Currency and Price Stability

The central bank regulates inflation and foreign exchange policies mainly via administrative measures, an inadequate system for a market economy. The bank itself is far from independent and goes along with the government's mercantilist, rent-seeking policy.

Anti-inflation /
forex policy
3

Though inflation control is purportedly a component of Uzbekistan's economic system, it is institutionally and politically subordinated to other goals. The government seeks to control inflation and prices by artificially tightening the money supply through both regulatory and informal measures. Foreign exchange policy is essentially used to satisfy the vested interests of some corrupt circles doing lucrative, shadow business by playing with the official and "market" exchange rates. The som has gradually depreciated against the U.S. dollar and euro. The official rate of the dollar to the Uzbek som during the period of January 2014 to January 2015 fluctuated between 2203 and 2430. The "market" rate fluctuated between 3300 and 3600 Uzbek som.

At the end of 2003, local currency conversion was introduced but not really practiced. The free use and transfer of profits encounter political and administrative barriers. Local currency exchange rates were harmonized primarily through monetary measures, wage and pension arrears, blocking access to individual bank accounts, and the presence of artificial barriers between cash and bank transactions, all of which diminish the value of transactions.

Officially, the 2013 and 2014 inflation rates were 6.8% and 6.1% respectively. However, international financial institutions, like the IMF, point to the escalation of prices for electricity, gas, food and medicines, as well as higher production and labor costs, estimating the actual inflation rate to be at least 11% for 2013.

Over the last several years the GDP growth rate has been kept stable at around 8% level annually.

Macrostability
4

The government has taken a careful and conservative stance on debt, especially its external debt (estimated \$8.77 billion as of 31 December 2013), with the goal to avoid debt reaching levels that pose a risk to the national economy. According to the World Bank, external debt is low and debt sustainability is not a concern. GDP growth and current account surpluses over the past decade have translated into rapidly falling indebtedness, with external debt also declining rapidly from 64% of GDP in 2001 to 18.7% of GDP in 2013. External debt has been serviced comfortably. The debt service ratio was 4.5% of exports in 2013.

However, the World Bank also pointed to the fact that net inflow of foreign direct and portfolio investment declined from 3.6% of GDP in 2011 to 1.2% of GDP in 2012 and 2013. Cumulative FDI inflows since independence remain low in per capita terms, reflecting foreign investors' concerns and the government's reluctance to open up the economy and address the lagging areas of the foreign investment climate and the business environment.

Current account balance is kept at the level of 2.1% of GDP, down from 3.9% in 2013. Public debt constituted 6% of GDP in 2014, down from 8.6% in the previous year. Government consumption is about 22-23% of GDP.

An essential gap persists between official and unofficial exchange rates, which creates a huge space for black market speculation and the rise of criminal groups that control currency exchange markets. It also fuels corruption in the police and the banks. Thus, this affects both macroeconomic and social stability.

The consolidated fiscal balance, including the Fund for Reconstruction and Development, remained at a surplus of an estimated 2.1% of GDP in 2013. It was expected to increase to 3.5% of GDP in 2014. In general, the government's fiscal and debt policies promote macroeconomic stability, but lack institutional safeguards and are prone to populist policy changes.

9 | Private Property

Property rights and regulations on acquisition, benefits, use and sale of property are defined formally in law, but they are not implemented or enforced consistently. Property rights are not adequately safeguarded against arbitrary intervention by the state authorities. Cases of private property expropriation by government entities are quite frequent.

Property rights
3

According to the official data from Tashkent (UzReport Information Agency), the share of small businesses and private entrepreneurship as a percentage of GDP has grown from 31% in 2000 to 56% in 2014. Within the industrial production sector, this share has increased from 12.9% to 31.1% during the same period. As of 2014, private-sector workers comprise 76.5% of the employed population, as compared to 49.7% in 2000.

Although private companies can, in principle, act without encumbrance, they encounter huge economic, political and social barriers to development. This is especially true for the agricultural sector, in which private farmers are treated as serfs or peasants. The state dictates to them what crops they can plant, to whom they will sell their produce, and at what price. Cases of private property expropriation by government entities are quite frequent.

State companies and monopolies built up by regime members and related oligarchic groups dominate all strategic business sectors. At the same time, the government declared its commitment to support the private sector and small- and medium-sized enterprises. But regulations in this sphere lack transparency and are often inconsistent and unevenly applied. In 2015, Uzbekistan was ranked 141st out of 185 economies in the Ease of Doing Business Index of the World Bank. According to the index, it takes 12 days (2010: 15 days) to start a business in Uzbekistan. But many other data point to a bad or worsening situation: trading across the border (rank 189 in 2015, down from 169 in 2010) and dealing with construction permits (rank 149 in 2015, down from 145 in 2010). Only enforcing contracts (rank 28 in 2015, up from 44 in 2010) and paying taxes (rank 118 in 2015, up from 154 in 2010) show improvements.

10 | Welfare Regime

While considerable portions of the population are still at risk of poverty, the system of social protection more often than not fails to provide for even basic needs. State salaries and pensions are below actual subsistence levels. If the pensioner is continuing to work for a salary, then one-half of his pension is withheld by the authorities. The government has also abolished subsidies to some categories of the disabled.

It was officially announced that in 2015 60% of the state budget will be directed to the development of the social sphere, and that since 1 January 2015 individual incomes in the amount of one minimal monthly salary will not be taxed. Increasing salaries, pensions, stipends and social allowances by 22% and real incomes of the population by 10% in 2015 is envisaged. Social allowances and material support for families in need and compensation payments are paid out of 1.4% of the GDP.

Private enterprise
3

Social safety nets
4

At the same time, the government and its labor agencies mask unemployment statistics, reporting unemployment at about 4-5%. However, independent survey data suggest that unemployment is at least 20%. However, taking into account underemployment, when a job is available, but at very low remuneration, the rate may be as high as 45%. Unemployment pressures have been partly mitigated by massive labor emigration, mainly to the relatively wealthier states of Russia and Kazakhstan. Uzbekistanis account for the biggest population of labor immigrants in these two countries.

The total amount of remittances by labor migrants in 2014 is estimated to reach about \$5-6 billion which will constitute about 10% of the GDP (in the first two quarters of 2014 Uzbekistan received \$2.54 billion). However, due to the economic crisis in Russia, this amount has already decreased by \$120 million in January to March 2014 as compared to the same period in 2013 (according to figures from Russia's Central Bank).

On the down side, the period of time Uzbekistan citizens work in other countries is counted against the number of years of employment needed for eligibility for state pensions. There are institutions to compensate for gross social differences, but they are limited in scope and quality. The system of voluntary insurance against illness, unemployment and disability is in its nascent phase.

Equality of opportunity is largely achieved. Women and members of ethnic or religious groups have near-equal access to education, public office and employment. There are a number of legal provisions against discrimination, but their implementation is at times insufficient.

Equal opportunity
5

The literacy rate is almost 100% because primary and secondary education is obligatory in Uzbekistan and the system of schools, albeit often corrupt and malfunctioning, serves the whole population of the country. Rural youth have fewer opportunities, in comparison with those living in big cities, to acquire a decent education and jobs. Girls and young women have equal rights to education and often exercise these rights.

Unemployment and poverty rates in Uzbekistan are very high, but this does not affect particular ethnic or gender groups. There is almost no explicit discrimination against certain categories of citizens in employment. There are a lot of job announcements displayed in newspapers and on the Internet requesting applications from different kinds of people. Gender equality is officially established and promoted. Thirty percent of seats in the parliament are reserved. The Committee of Women of Uzbekistan – a quite active GONGO – represents women's rights in all social spheres. Women are active in the labor force: 48% of the total female population, according to World Bank data (2013), and 39.7% of the total labor force, according to ILO data (2011).

11 | Economic Performance

According to the Asian Development Bank (ADB), the GDP growth rate in Uzbekistan in 2014 was 8.1% (8% in 2013). These claims, however, are not supported by indirect indicators such as living standards and unemployment that cause massive labor migration to Russia (approximately 2.75 million annually).

Output strength

4

Uzbekistan's major exports are gas, gold, cotton and uranium. Hydrocarbon exports, primarily natural gas, comprised about 35.3% of Uzbek exports in 2013. Uzbekistan is the world's ninth-largest gold producer, with a production of 90 tons in 2012. Uzbekistan is also the world's fifth-largest producer of uranium, all of which is exported (2.2 tons annually; Uranium Oxide Price \$89,287/t – May 2013). Prices for wheat, one of the main import commodities, also increased during the period under observation. The hike in taxes as well as significant increase in domestic prices for wheat, natural gas, petrol, utilities and public transport services from 2013 to 2014 underscore the budgetary strains felt in 2014.

Official macroeconomic data every year reflect steady economic dynamism. However, a relatively high unemployment rate, high consumer price inflation, the absence of currency convertibility and corruption cannot but undermine real progress and diminish confidence on the part of foreign investors.

All in all, the climate for private internal and direct foreign investments remained very unfavorable. Internal investments have been sluggish for the following reasons: devastating taxation, open and hidden; overly strict administrative control and extortion; and weak rule of law. Major internal investments have been provided by the government, which controls most monetary resources, and by government-controlled corporations whose style of management remains old-fashioned. Foreign investments also were sluggish for almost the same reasons: the unpredictability and opacity of the national regulatory system, corruption and the weak rule of law, and an absence of genuine currency convertibility. Those foreign companies that invested in domestic production have suffered from the inability to convert and export their incomes.

Meanwhile, more than 130 projects at total cost of over \$7.4 billion are planned in Uzbekistan in 2015, according to a recent decree by the president. According to the decree, 45 new production facilities will be constructed at a total cost of over \$4.9 billion and 87 projects to modernize existing structures will be accomplished at a total cost \$2.54 billion.

12 | Sustainability

In the 2014 Environmental Performance Index, Uzbekistan ranked 117th out of 178 countries (in 2010, its rank was 144th out of 163 countries). The country ranks 121st in health impacts, 92nd in air quality, 58th in water and sanitation, 145th in water resources, 149th in agriculture, 35 on forests, 161st in biodiversity and habitat, and 62nd in climate and energy. Uzbekistan suffers from one of the worst environmental disasters in the world – the drying up of the Aral Sea. In 2014, it was announced that the eastern part of the Aral Sea had completely disappeared. The ecological situation in the sea basin continues to worsen.

Uzbekistan regularly improves its ecological legislation; particularly, a law on environment control was adopted in December 2013 and the Cabinet of Ministers adopted Regulations of Control Procedures in August 2014.

Uzbekistan has ratified the Rio Declaration on Environment and Development, the UN Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, the UN Convention on Biological Diversity (CBD), the Convention to Combat Desertification (UNCCD), the Vienna Convention for the Protection of the Ozone Layer, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques, as well as the Convention on Wetlands of International Importance. Uzbekistan participates in the Council of the Land, which is part of the Charter of the Land project.

In a number of universities of Uzbekistan, courses on ecology have been introduced; there are a few NGOs, ECOSAN being most prominent among them, which are active and realize various projects in the sphere of environmental issues. International organizations, such as UN/UNDP, OSCE, UNESCO, EU, World Bank, Regional Environmental Center for Central Asia, JICA (Japan's International Cooperation Agency) and others, are also deeply engaged in this sphere and provide technical, financial and information support, as well as expertise to assist state agencies and NGOs in nature protection, mitigation of environmental problems (such as soil, water, agriculture), helping local population exposed to the consequences of environmental catastrophes, awareness raising, etc.

Uzbekistan possesses a significant potential of renewable energy. Work on the draft law on alternative sources of energy is currently underway in parliament. Meanwhile, construction of a 100 megawatt solar power station, the first in the Central Asian region and one of the largest in the world, was launched in 2013 in Uzbekistan's Samarkand Province.

Environmental
policy
5

One important direction of environmental policy is CO² reduction. Currently, Uzbekistan takes measures towards CO² reduction, particularly within the framework of \$120 million spent on 14 projects on the Clean Development Mechanism under the Kyoto Protocol.

The Ecological Movement of Uzbekistan – a quasi-political party which is guaranteed 12 seats in the parliament – is becoming active in uniting environmentalists. However, it is highly ideologized in terms of promoting the government's unilateral policy against Tajikistan's grand project to construct the Rogun Hydropower Station.

In general, environmental concerns and issues of sustainable development are taken into account, but occasionally subordinated to growth efforts. Environmental regulation and incentives are in place, but their enforcement at times is deficient.

Officially, about 7.5% of GDP was directed to education and 0.05% of GDP to R&D in 2014. Education in Uzbekistan is run by the state under the direct and strict administrative control of the Ministry of General Education and the Ministry of Higher and Specialized Education. Although private educational institutions are legally possible, in practice any private initiatives to create schools independent from state control are subject to suspicion and closed down. Education is becoming increasingly commercialized through constant tuition and fee hikes.

Education policy /
R&D
5

There are 75 higher education institutions in Uzbekistan: 19 universities, 37 institutes, 2 academies, 11 university branches in rural areas and six branches of international universities. In September 2014, a new foreign university branch – Korean Inha University – was opened in Tashkent and received its first students. The international universities provide international diplomas and are relatively better equipped and stronger in terms of quality of education. Education in them is conducted in English or, when it comes to the Russian universities, in the Russian language. However, Uzbekistan's educational institutions are facing serious problems. The bulk of investments in the education sphere goes to capital construction of new buildings, with the beneficiaries found mainly among those officials who represent the interests of construction companies. A very low share of funds goes to research, maintaining the library system, purchasing literature and improving the remuneration of the faculty, who then extort bribes from their students. It is very common for students to get higher grades in exchange for bribes to their tutors and university administrators. At the bachelor's level, 69% of students study on a fee basis (individual contract), and 75% of students study on a fee basis at the master's level.

Non-governmental educational institutions (NEI) enjoy a very narrow corridor of opportunity because of highly restrictive licensing rules and strict government control. NEIs teaching school subjects, mostly English language, are better off than

others. NEI teaching social or other sciences, not to mention private universities, do not exist because of behind-the-scene restrictions. Moreover, the whole education system from kindergartens to universities and academies is highly ideologized and regime-centric.

The U.N. Education Index ranks Uzbekistan 78th-80th out of 188 countries with an index score of 0.71.

Academic progress is further inhibited by inadequate technical and information resources, underpaid teachers, under-qualified staff, a shortage of qualitatively good textbooks, insufficient equipment, insufficient gas and electricity supplies to the buildings, as well as the lack of close collaboration between educators, science and industry.

Transformation Management

I. Level of Difficulty

The structural constraints on governance are significant. Key structural problems include a doubly landlocked geographical location of Uzbekistan; high agricultural dependence on water resources that originate elsewhere, with up to 90% of water coming from neighboring Tajikistan and Kyrgyzstan; and the desiccation of the Aral Sea in combination with an environmental disaster in Karakalpakstan.

Structural
constraints

7

During the late Soviet period, Uzbekistan became a regional leader in terms of science and research capacities. A number of research and academic institutes of mathematics, physics, chemistry and biology emerged. Today, many well-educated specialists find themselves working menial jobs in Russia and Kazakhstan, or engaged in retail or service industries domestically and brain drain has become a quite troublesome tendency in Uzbekistan.

Another serious problem is the persistence of the high birth rate (2014: 17.02 births per 1,000 inhabitants) causing rapid population growth and an increasing ratio of young people in the population. Each year, around 300,000 young people enter the labor market without prospects of acquiring a decent job. Existing economic policies are not sufficiently favorable for small- and medium-sized enterprises that would otherwise absorb this labor surplus.

Given growing poverty, severe unemployment and infrastructural deficiencies in provincial areas (in many towns and villages the local population suffers from lack of gas, electricity and water supply), internal migration, side by side with external migration, together have led to the overpopulation of the capital Tashkent. This development has created a serious imbalance in the distribution of the labor force and national wealth. It has also exacerbated problems with corruption in social, economic and political structures.

Traditions of civil society are fairly weak. Elements of civil society emerged initially in the late 1980s and early 1990s, but have failed to develop. Since 2004, civil society has been subjected to considerable pressure from the authorities, who regard independent and active NGOs as subversive organizations and instruments used by the West to encourage “color” revolutions. Due to their limited personnel and reliance

Civil society
traditions

9

on foreign grants, NGOs failed to root themselves firmly in society during the more or less favorable period from the mid-1990s until 2003.

A traditional institution, such as the “mahalla,” with its family, kin, neighbor and other informal connections, could have potentially become a basis for civil society, but was instead integrated into the state apparatus and crafted into an instrument of surveillance and social and political control over the population. The intelligentsia, which could potentially spark civil society activities, holds a marginal existence as a consequence of the dire economic situation and a tendency toward conformism. It has turned into a kind of new poor, having once belonged to the Soviet-style middle class.

A civic culture of participation in public life manifests itself mostly in a form of actions mobilized and orchestrated from the top; public life itself is very ideologized, reminiscent of the traditions of the recent Soviet “civil society.” There is a sizable distance between the state and the embryonic civil society, which is usually filled with showcase public activism. The most important feature of civil society – pluralism – is strongly suppressed by the state, which sees in any attempt at social activism and self-expression as a challenge to the regime and its tranquility.

Although there are no actual violent incidents based on social, ethnic or religious differences, nonetheless latent divisions exist within society and the political elite along local, regional and social lines. The polarization is also implicit between the center and the periphery as well as between the extremely rich and the desperately poor.

Inter- and intra-religious conflicts are least likely due to deeply rooted religious and inter-ethnic tolerance among the population. There are a few remnants of Islamic extremist groups, which after the crackdown which occurred in 1990-2005, lost their strength and recruiting manpower.

Tensions between the regime and religious opposition groups derive in part from the varying theological interpretations of Islam, but also from the country’s acute social, economic and political problems.

The regime has suppressed, but not resolved, ethnic conflicts that flared up in the late 1980s and early 1990s between different ethnic groups in the Fergana Valley. The risk of ethnic conflict has increased as a reaction to the abuses of ethnic minority rights in southern Kyrgyzstan. To reduce this risk, intensive cooperation between Uzbekistan, Kyrgyzstan and Tajikistan would be required.

Conflict intensity
5

II. Management Performance

14 | Steering Capability

Question
Score

Prioritization
2

The government does not always pursue in practice the strategic priorities it airs to the public. Often the publicly articulated policies remains empty declarations, while in reality the government pursues short-term priorities often contradicting each other. There are no independent think tanks or academic institutions that can speak out and critically assess the current situation in the country, its governance and most pressing issues, and offer strategic vision and solutions. The only prominent think tank – the Institute for Strategic and Regional Studies under the President of Uzbekistan – remains very weak and lacks strong strategic expertise. The decision-making process is highly opaque and often depends on the president's moods. In other cases, decision-making is interfered with by vested interests of oligarchic groups, not least (until 2014) by the president's politically ambitious daughter, Gulnara Karimova.

The government and administration are mostly composed of functionaries and bureaucrats who do not even have a free voice, and certainly no strategic vision. There are a few individuals within the government with a progressive outlook and expertise, but they are subject to strict restrictions.

Another set of quasi-strategies has been the government's attempts to concentrate each year on one particular program goal or social priority. These one-year programs, such as the Year of Attention and Care for the Older Generation (2015), the Year of the Healthy Child (2014), the Year of Prosperity and Well-Being (2013), the Year of the Family (2012), the Year of Small Business and Enterprise (2011), the Year of the Harmoniously Developed Generation (2010), the Year of Rural Improvement and Development, the Year of Youth (2008), the Year of Social Protection (2007), the Year of Charity and Medical Workers (2006), the Year of Health (2005), and the Year of Kindness and Mercy (2004), though accompanied by some legislative initiatives and activities, have largely been propaganda campaigns aimed at demonstrating that the government cares about social issues and concerns. Each of these programs was discontinued at the end of the designated year and quickly forgotten.

Although the president and, following his lead, official propaganda regularly talk about the so-called mythic Uzbek model of economic and social success, based on a correctly worked out development strategy, in fact, this strategy appears to be autocratic status quo policies in domestic affairs and an isolationist pendulum policy in international relations. Though official sources frequently make statements about

political and economic liberalization strategies, unfortunately, these remain largely solely on paper.

On the one hand, the government and administration do possess strong technical capacity to collect information across the country, observe overall development dynamics, implement adopted decisions and control stability. On the other hand, however, a rent economy, corruption and heavy authoritarianism impede and paralyze strategic decision-making.

The administrative capacity for implementation per se is very strong, but it is constrained by the nature of the authoritarian regime. Every year in February, the president delivers a report in a Cabinet of Ministers meeting devoted to the results of the country's socioeconomic development over the previous year, and the Cabinet approves a new strategic plan for 2015. This report contains basic statistic information on macro- and micro-economic achievements and outlines new horizons.

Implementation
3

With regards to such tasks as the construction of new railroads and highways and bridges, the building of new plants and industrial projects (like the solar power station in Samarkand), the cultivation of cotton and mining of gold and uranium, etc., strategic plans are usually well developed and implemented. But when it comes to developing small and medium-size business, entrepreneurial freedom, political and economic liberalization, the development of civil society, education and medicine, social allowances and so on, the corrupt management system paralyzes reforms. Prime Minister Shavkat Mirziyaev is known as one of the most conservative status quo men, who is rude and disrespectful towards cabinet members and provincial and district executives. Under such conditions, the process of working out and implementing the most needed reforms and strategic plans becomes illusory and doomed to failure.

There are no independent think tanks and academic institutions that would critically review existing policies or analyze problems the government faces and the mistakes it makes. Criticism and independent thinking, as a precondition of policy learning, is not only discouraged, but even punished. The political leadership in Uzbekistan is portrayed as faultless; for this reason, monitoring and evaluation practices are not encouraged as they may identify mistakes and faults in existing policies and thereby undermine the leadership's authority. How can the government be flexible or open to learning when even the results of public opinion polls conducted by the GONGO Ijtimoiy Fikr (Public Opinion) are artificially garbled and glossed over before being delivered to the administration and Cabinet of Ministers?

Policy learning
1

To an equal extent, the political leadership dismisses knowledge exchange with international institutions. The expertise provided by international experts is accepted only in very specific areas, and they are allowed to work on improving primarily technical aspects of functioning institutions. Thus, strategic thinking is the exclusive prerogative of the president and his narrow circle of advisers.

15 | Resource Efficiency

The Uzbek government's management of available resources is very inefficient. The regime wastes all available human, financial and organizational resources. Most resources are controlled by oligarchic groups and serve their interests rather than those of society. The regime has created an economy subservient to power. Unless they are supported by patron-client networks, newcomers cannot access the country's resources, which are controlled by oligarchic groups within the regime. This severely reduces the development capacity of the economic system. The regime pursues a "constant pie orientation" policy in which power groups in the central and regional governments have secured a constant set of benefits for themselves and are not interested in increasing economic or other resources.

Efficient use of
assets

2

The country enjoys vast natural resources, including gas, gold, non-ferrous metals, uranium, good climate conditions for agriculture and various crops, including cotton, fruits and vegetables; yet the ratio of value added product in the GDP remains low, due to the failure to create a favorable institutional environment for private business, investments and fair market competition. The government still relies on the accumulation of export revenues in its own hands and prefers to act as a chief investor, which is akin to the old Soviet system of top-down economic planning.

However, unlike Soviet times, the Karimov regime is deficient in appropriate human resources to tackle short-, mid- and long-term challenges. It does not have competent policies in the sphere of human resources and has not yet established competitive recruiting procedures. Frequent dismissals of public officeholders without clear explanation of the reasons behind these decisions suggest that many of them are driven by competition between different oligarchic groups within and around the regime, and patron-client considerations.

Although the government proclaimed an official course towards decentralization of the administrative system, in reality there has been no "responsible" decentralization (i.e., establishing local self-government with legal and financial autonomy), backed by arrangements for public review of the local administration's activities. On the contrary, the system has become increasingly centralized with the president maintaining a monopoly on the managerial knowledge and activities.

The government system is completely non-transparent and policy coordination mechanisms are kept hidden from public view.

Policy
coordination

3

The regime combines various coordination styles – hierarchical bureaucratic, informal network, personalist, centralized, even ideological – and such tactics are often functionally efficient in terms of implementing governmental tasks. In this way, a facade of policy coherence is created. Such a sophisticated policy coordination model is based on strict executive discipline which focuses on vigilant surveillance from above.

President Karimov frequently replaces the hokims (mayors) of provinces and cities – his policy pursues three interrelated objectives, namely: to prevent concentration of too much local power in the hands of hokims, who more often than not abuse their power; to limit the scope of corruption; and to ensure executive discipline.

The president's power is vast, but it is limited by the need to maneuver between influencing oligarchic groups and maintaining a balance between them, as a peculiar kind of check-and-balance system he nurtured within the executive branch of government exclusively for the sake of maintaining his own grip on power. The president's divide-and-rule style prevents the government from achieving better coordination in pursuing policies and concentrating on longer-term priorities that require a complex approach. The president cannot claim that he has a united team; his team is a deeply divided group of officeholders, and this is a natural outcome of his governance style.

Every politically important and resource-distributing state office is seen as a financial instrument and is therefore controlled by oligarchic groups. The regime does not take any serious measures to curb the country's widespread and rampant corruption at the institutional level, apart from periodic cadre purges that only replace one office abuser with another. Government-controlled media prefer not to discuss the topic of corruption within government agencies. Fighting corruption is only an instrument in the hands of the president, used for intimidating the noncompliant. Prosecutors and courts only consider corruption charges when accusations of corruption – following the leadership's instructions – are brought against officials who have fallen out of favor with the head of state and forced to retire, or independent journalists and human rights activists for allegedly extorting bribes

Anti-corruption
policy

2

The regime is not willing to create an institutional requirement that would limit the scale of corruption in the country. It has not yet adopted a rule on conflicts of interest or a transparent public procurement system. There is no freedom of press in Uzbekistan that would create space for investigative journalism and protect investigative journalists from persecution for their professional activity. Although the Criminal Code stipulates punishment for corruption, such integrity mechanisms as auditing state spending, regulating party financing, access by citizens and the media

to information, accountability by officeholders (including declaring their assets), conflict of interest rules, codes of conduct, and a transparent public procurement system are not well established. It is difficult to make such mechanisms function because corrupt relations completely permeate the social, education, economic and political spheres.

The regime has imposed too many restrictions and bans in the economic sphere, forcing economic actors to resort to informal and illegal transactions, for instance, in the sphere of currency exchange. These restrictions only create a chain of corruption that can be traced to the top of the state. The available evidence suggests that large-scale corruption deals are systematic and an integral part of the regime. From time to time, allegations circulate in public that a certain high-ranking official was punished for corruption. In particular, the Prosecutor General's Office is currently investigating the mega-corruption case of Gulnara Karimova and her associates. In January 2015, it was announced that 10 people related to this case have already been sentenced to serve prison sentences.

The government is only partly willing and able to contain corruption, while the few integrity mechanisms implemented are mostly ineffective.

16 | Consensus-Building

Uzbekistan's major political actors actually agree on establishing or consolidating democracy and a market economy as the strategic, long-term goals of transformation but this consensus concerns only what is called the "Uzbek model" for reforms (or democracy). The visible unanimity regarding long-term goals is based on the well-established loyalty of all actors to the regime. Moreover, the explicit pro-democracy and pro-market rhetoric of the authoritarian president and other loyal actors does not challenge or renounce real democracy and market economy as an ultimate and long-term goal.

At the same time, any proclaimed consensus on goals is ambivalent, quite fragile and likely to face serious political and economic crises, should the status quo persist in the near future; and the "Uzbek model" has revealed that the longer the formal commitment to democracy and market economy stagnates, without real and dynamic reforms, the less it will meet the real expectations of the population.

Contrary to their rhetoric, the president himself and his milieu are obviously against democracy and do everything in their power to prevent its establishment in the country.

Consensus on goals

2

The government has declared a course toward market economy, but in practice creates many bureaucratic restrictions that make the economy only partially driven by the market rules.

There is obviously consensus on market economy, at least. Thousands of companies and enterprises have been created and entered the market and the entrepreneurial aspirations of the people are enormous. Market-oriented legislation and institutions are also in place. Meanwhile, the nascent business class and some parts of the banking sector will definitely be interested in a more stable and transparent institutional system, with much clearer rules of the game. It may take advantage of the period of political thaw that is inevitable, as soon as President Karimov is gone, to promote a new generation of politicians determined to change the political and governance system more substantially.

The question “To what extent can reformers exclude or co-opt anti-democratic actors?” in the context of Uzbekistan could be reformulated as follows: “To what extent can the authoritarian regime include or co-opt pro-democratic actors and reformers?” The president and the government are pro-democratic in words and anti-democratic in deeds. Accordingly, the system is quite sophisticated and pro-democratic actors are latent, both within the government and in society.

Anti-democratic
actors

1

Reformers have no control over anti-democratic actors. The major opponent to democracy in Uzbekistan is its president and his milieu. Some militant Islamists operating underground are also opposing democratic principles of governance but most of them fled the country after government’s crackdown on them. There are some professionals within the government who are receptive and sympathetic to the idea of reforms, but they are very weak and are not able to control antidemocratic actors. The political opposition, weak and disorganized, is operating outside of the country. Hope for democracy could emerge either from the grassroots level if citizens rise in rebellion against the corrupt regime or when a political thaw occurs.

The regime has not yet faced serious cleavages in society along social, religious and ethnic lines. The regime is trying to scaremonger the society and the international community by exaggerating the Islamic threat, but it does this mainly for populist and political purposes, to justify its hold on power.

Cleavage /
conflict
management

3

There is allegedly an inherent division in society among regional clans struggling for power and control of resources. However, such a division has not yet manifested itself explicitly in the political and party systems, and remains latent.

In general, Uzbekistan’s political leadership is able to moderate cleavage-based conflict, in part due to deeply rooted inter-ethnic, religious and cultural tolerance, which makes potential cleavages less likely.

The political leadership obstructs civil society participation. It suppresses civil society organizations and excludes its representatives from the policy process. Since the so-called color revolutions and as a reaction to them, the Karimov regime has adopted a policy of restricting civil society initiatives and associations.

Civil society participation
1

Only very few NGOs remain active in the country. The registration of new NGOs is always a difficult venture. The third sector is dominated now by GONGOs (government organized NGOs), which are indeed periodically invited to various meetings at local and top levels. But these organizations shouldn't be confused with the genuine civil society.

On the one hand, relatively active civil society actors try to utilize sophisticated formal and informal channels for delivering their information and demands to the political level. They sometimes collaborate with certain GONGOs (such as the Institute for Monitoring of Formation of the Civil Society), or use Internet channels (such as the government website, which has a call center and mechanisms for delivering complaints) or even use personal communication channels. On the other hand, the government uses its own specific channels, including the security service, to observe moods among the population and fix and register specific social and potential political trends.

The political leadership manipulates memories of historical injustice as a weapon against political opponents. In post-Soviet Uzbekistan, major injustice was done to the protesters in Andijan in May 2005. According to independent sources, more than 1000 people were massacred on May 13 after they staged a mass rally in Andijan. Hundreds were detained and sentenced to long prison terms without having been provided access to legal defense. Some of them died due to ill-treatment and torture. Around 400 escaped from the country and received asylum in Western countries. Many of them were separated from family members who left home. The government prevents them from reuniting by blocking the refugees' close relatives from leaving the country. The government rejected calls for an independent international investigation into the events. The injustice done to these people is yet to be addressed.

Reconciliation
2

17 | International Cooperation

Uzbekistan is implementing its Millennium Development Goals program. After the completion of the measures envisaged in Uzbekistan's Welfare Improvement Strategy (WIS) for 2008-2010, the government adopted the WIS for 2013-2015. At the same time, it accepts international assistance very selectively, embracing cooperation with some international (mainly the UN and World Bank) agencies, and rejecting cooperation with others. For instance, UNHCR was expelled from the country after it facilitated asylum applications by Andijan refugees.

Effective use of support
2

Since 2004, a large number of international NGOs were also deprived of their accreditation in the country and the right to operate there.

In spite of years of cooperation with international organizations in the field of maternity health and family planning, in 2011 the government again returned to the old practice of forced sterilization of women. International agencies that operate in the country often experience political pressure from the government, which wants them to keep silent on various human rights issues, as happened with UNICEF when it tried to address the issue of forced child labor.

Another telling example is that the OSCE Center in Tashkent was renamed the Project Coordinator in Uzbekistan in 2006, which meant significant limitation of its scope of activity in the country.

In terms of reform policies on the way to democracy and a market economy, the government of Uzbekistan has not been able to obtain international credibility because of its excessive cautiousness regarding the mythic “democracy promotion” agenda.

Credibility

2

Uzbekistan authorities try to demonstrate pro-democracy and pro-market activism by organizing well-orchestrated international conferences, which are designed to display only the positive aspects of its reforms, successes and progress. One of the most telling examples of this was the international conference on Public Administration Reform – Priorities in Democratization, Modernization and Strengthening of Civil Society, held on the 2 December 2014 in Tashkent. The conference was organized by the Institute for Monitoring Current Legislation under the President of Uzbekistan, the Senate and Legislative Chambers of the Oliy Majlis (parliament) of the Republic of Uzbekistan, and the UNDP in Uzbekistan. The event was attended by members of the senate and deputies from the Legislative Chamber of the Oliy Majlis, representatives from ministries and agencies, academia, as well as international experts from the National Democratic Institute for International Affairs (USA), the Konrad Adenauer Foundation (Germany), UNDP’s Global Centre for Public Service Excellence (Singapore) and the European Risk Forum (Switzerland). Nonetheless, all the international participants just played a role similar to that of local GONGOs, since discussion was limited to general exchanges without any criticism of abuses, deficiencies and problems.

The only international agencies that are allowed to implement projects in the sphere of market reforms and democratization are the UNDP, the EU and the OSCE, which do not directly tackle the issues of democracy and market economy, but rather cautiously focus their statements on less controversial issues, like human development, Millennium Development Goals, environment, irrigation, renewable energy, prevention of corruption, seminars for local executive and legislative branches of power, and so on. A few international NGOs, such as the German

Friedrich Ebert Foundation and the Konrad Adenauer Foundation, do operate in Uzbekistan, but their activity is very restricted; they cannot undertake any project without complete authorization by the state structures, such as Ministry of Foreign Affairs and the Justice Ministry.

In terms of maintaining measured and limited contacts with the international community in the sphere of democracy and market economy reforms, Uzbekistan demonstrates visible activism with just a little real effect. Most of the prominent international organizations, such as Human Rights Watch, Transparency International, Freedom House, International Crisis Group and others, critically evaluate the state of reforms in Uzbekistan. The government tries to present itself as a credible and reliable partner, but it is not trusted by most of the international community.

The political leadership cooperates selectively or sporadically with individual neighboring states and is reluctant to accept the rules set by regional and international organizations. Though showing a measure of activity in organizations such as the CIS and the Shanghai Cooperation Organization, Uzbekistan generally tries to navigate the surrounding geopolitical pressures through avoidance.

That said, in recent years, the Karimov regime has grown increasingly hostile toward Tajikistan's plans to complete the construction of the Roghun hydroelectric power station, which was started in the Soviet period. The regime's main argument against this project is that it is an ecological disaster risk and could create a water shortage with devastating consequences for Uzbekistan's agriculture. But the Uzbek leadership ignores Tajikistan's need to achieve energy independence. For years, Uzbekistan has used its privilege as an exclusive gas exporter to neighboring countries, Kyrgyzstan and Tajikistan in particular, as an instrument of political pressure, constantly cutting off supply and often leaving the population of these two countries without heating during the winter period. To prevent the construction of the Roghun power station, Uzbekistan has imposed a transport blockade by impounding thousands of rail carriages with supply materials for the construction and other economic needs of Tajikistan. The Uzbek government has tried to mobilize international public opinion in order to isolate Tajikistan and condemn its construction plans. This conflict remains heated because the Uzbek government has dismissed so far the idea of a dialogue with Tajikistan on political, diplomatic and expert levels.

At the same time, recently, some signs of thaw have appeared in regional affairs. On 13 June 2013, Uzbekistan signed a strategic partnership agreement with Kazakhstan. This event can indeed be considered a breakthrough in bilateral relations between the two states, which have until recently been perceived as competitors for regional leadership in Central Asia. Trade turnover between Kazakhstan and Uzbekistan has

exceeded \$3 billion (compared to less than \$1 billion in 1990s), which is obviously tangible progress.

Official sources announced in January 2015 that air traffic between Tashkent, capital of Uzbekistan, and Dushanbe, capital of Tajikistan, would be revived beginning in late March 2015. This long-awaited event is considered by many as a real sign of rapprochement between the two countries. The disruption of flights between the two capitals has been symbol of persistent tension between them. It was announced that both sides intend to cancel their visa regime for citizens visiting the other country.

The president of Uzbekistan regularly meets with his Turkmenistan counterpart to discuss bilateral relations. These meetings display quite warm relations between these countries.

Meanwhile, Uzbekistan maintains overall relations with neighboring states bilaterally and ignores the value of regional integration – a long-term goal proclaimed right after the dissolution of the Soviet Union in 1991 by all five countries in Central Asia, including Uzbekistan.

Strategic Outlook

Uzbekistan's political leadership tends to capitalize on the concept it invented of the "Uzbek model" for political and economic reforms. However, this concept has only misled public opinion inside the country and the international community because the country has not demonstrated significant progress in either democratic and market economy transformation. As a highly personalized and president-centric system, the political sphere remains closed to the public. It does not tolerate any criticism of domestic or foreign policy or pluralism of opinions, and severely restricts freedom of speech and association. Civil society is represented primarily by government NGOs, which create an image of civic activism.

There is a major gap in Uzbekistan between stated commitments to international standards regarding human rights and constitutional norms and the reality on the ground. Another acute problem is the priority given to by-laws adopted by ministries over laws and the constitution. These skewed priorities reflect the executive's disproportionate power over the parliament and judiciary.

Despite a relatively high GDP growth rate (8%), the economic system suffers from rent relations, corruption and state interference in small business. The high unemployment rate speaks for itself. Social tension within the country has been mitigated thus far thanks mainly to the growing number of labor migrants leaving the country for Russia and Kazakhstan in search of work. Out-migration absorbs excessive labor, while remittances keep the economy afloat.

At a certain point, labor migration will stop letting off steam, thereby stoking people's discontent with the regime. To avoid a social explosion and to prevent protest movements from spilling into the streets, as happened in several Arab countries in 2011, the regime should immediately resume reforms in all sectors of the state, economy and society.

Yet, in 2003, the EBRD recommended the following as benchmarks for further cooperation with Uzbekistan. Given the little progress made since implementation of those benchmarks, they can be recommended again:

- Ensure greater political openness of the system and freedom of media. The assessment of the situation in this area by the OSCE representative on freedom of media would be an important factor in measuring actual progress;
- Open up the political processes to a variety of interests. Registration and free functioning of independent local NGOs, including those involved in the area of rule of law and protection of human rights, would be an essential element of this process;
- Further progress in eliminating remaining foreign exchange distortions and the achievement of currency convertibility;

- Opening the economy to effective competition, including through elimination of discriminatory barriers against foreign trade, improving conditions for the entry of domestic businesses and protecting businesses' property rights, the acceleration of privatization through the sale of at least a few large enterprises and determined efforts to attract more FDI.

These EBRD benchmarks can be complemented with the following recommendations:

A real opposition party and opposition parliamentary faction must be allowed, not only de jure, but also de facto. In general, open and critical discussions of existing political, economic and social problems should be initiated and demonstrated primarily by those groups who claim opposition status.

The rule of law must be strengthened. This will entail reforms to make the judiciary genuinely independent from the executive. Secondly, measures need to be taken to hold law enforcement agencies accountable to society and make them ruled by law, not by political office.

Election legislation needs to be reformed. Election principles, rules and procedures must be fixed firmly to a degree that does not leave any possibility for manipulation, distortions and abuse. The incumbent's fourfold re-election as president has been possible so far due to tricky manipulation of election legislation.

Transparent and resolute anticorruption policies should be enacted. An efficient, functional and strong mechanism for fighting corruption in all spheres of political, economic and social life needs to be established. In this regard, the extension to Uzbekistan of best international practices and successful experiences should be encouraged.

International organizations, primarily the United Nations, OSCE, EU, as well as leading democratic states, could demonstrate greater resolution and persistence in promoting democratic and market economy reforms. This would entail exercising soft power, offering rewards for progress and imposing strict sanctions for undemocratic government action.