

N Uzbekistan

Syr Darya

KAZAKHSTAN

Balqash  
Köli

# UZBEKISTAN and LAWS



# N Uzbekistan

## Country Economic Profile

- GDP: US\$ 25.3bn
- GNI per head: US\$810
- Annual GDP Growth: 7.0%
- Inflation: 17%
- Major Industries: Gold, copper, zinc, lead, tungsten, uranium, molybdenum, natural gas reserves, coal and oil production.

• Major trading partners: Russia, Germany, Switzerland, UK, Kazakhstan, Tajikistan, Korea, Japan

Foreign direct investment: US\$ 182m

# N Uzbekistan

## Administrative Barriers

“ ...set of regulations, policies or doctrines required by businesses to supply government with mandatory information and acquire from government licenses necessary to operate under national laws and regulations”



# N Uzbekistan

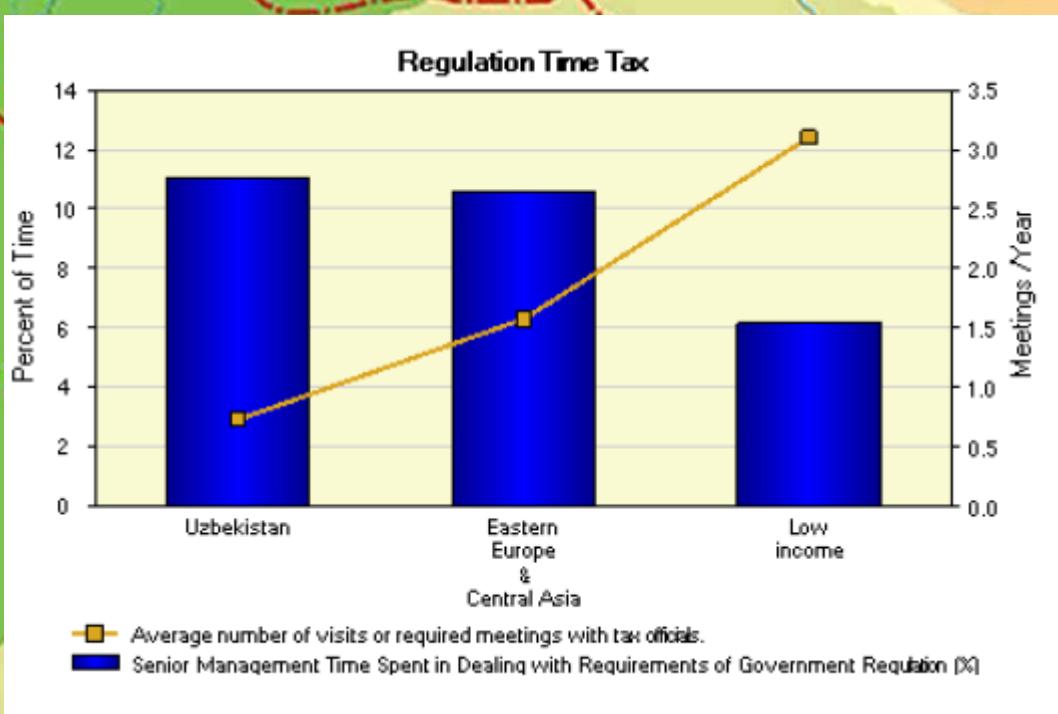
## Main Administrative Barriers in Uzbekistan

- High Tax Rates and Inefficient Tax Administration
- Limited access to External Finance
- Voluminous and confusing licensing system
- Corruption and Informality
- Unfavorable conditions for Trade Across Borders



# N Uzbekistan

## High Tax Rates and Inefficient Tax Administration



TURKMENIS

Feet	Meters
10000	3050
5000	1525
2000	610
1000	305
500	153
Sea Level	

IRAN

60°

65° AFGHANISTAN 70°

Syr Darya

KAZAKHSTAN

Aral  
Sea

Balqash  
Köli

45°

KYRGYZSTAN

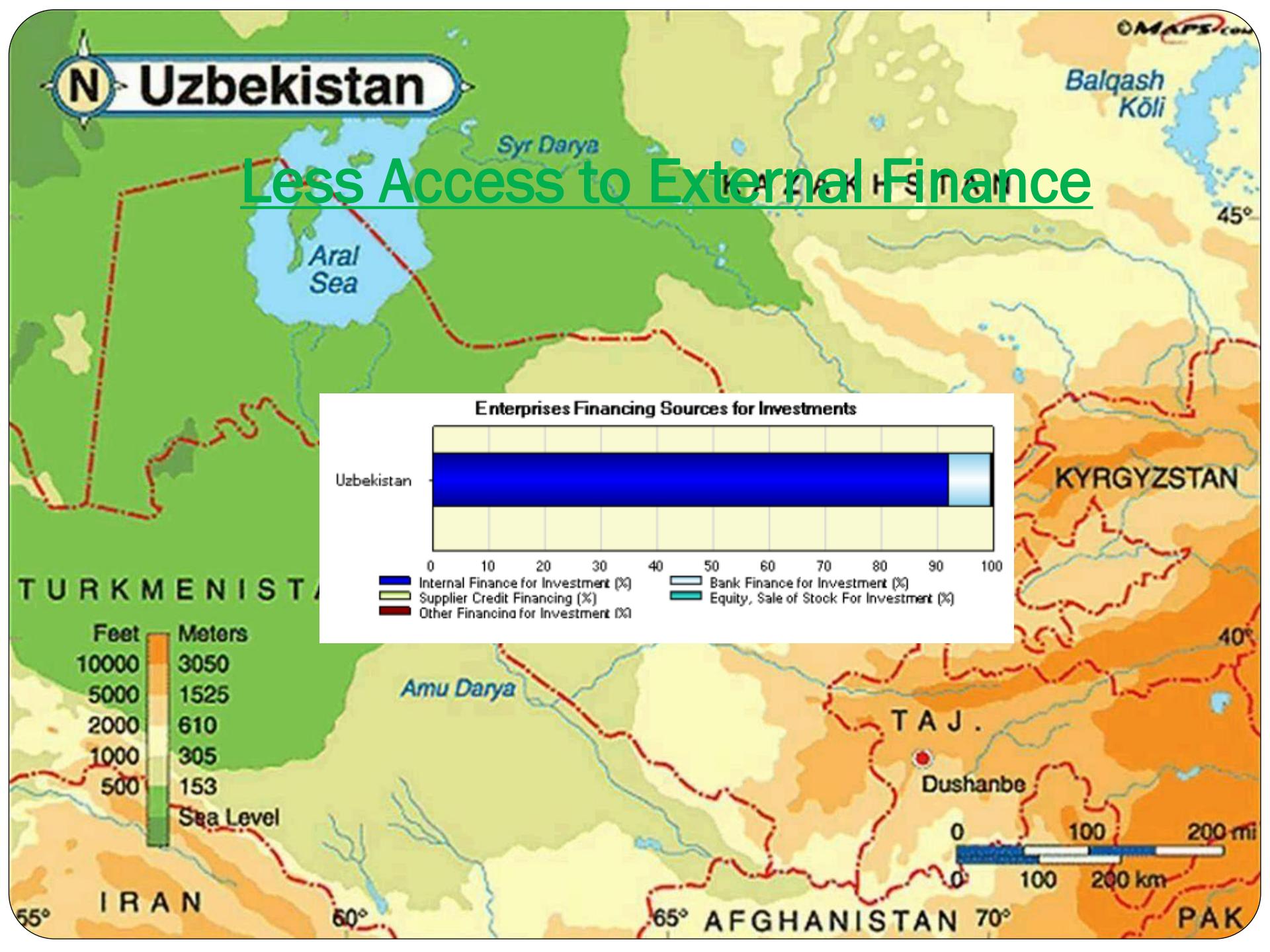
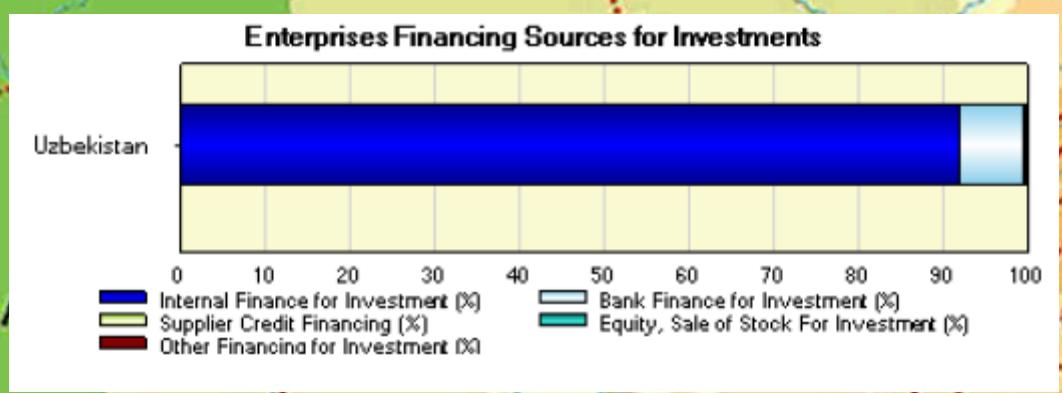
40°

0 100 200 mi  
0 100 200 km  
PAK

55°

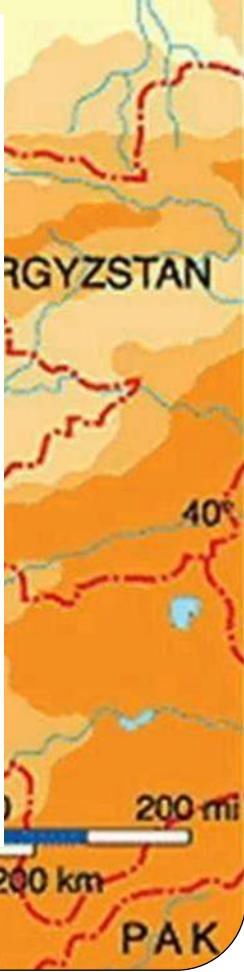
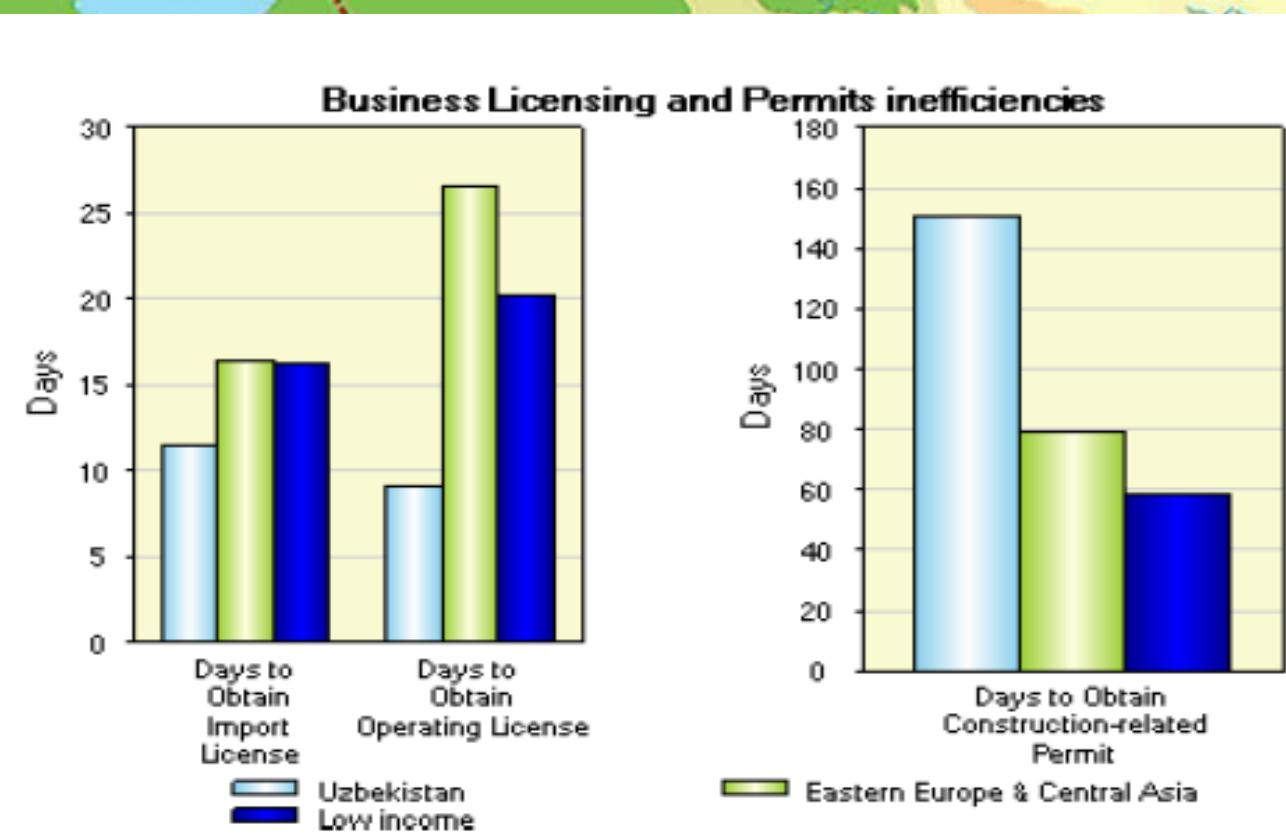
# N Uzbekistan

## Less Access to External Finance



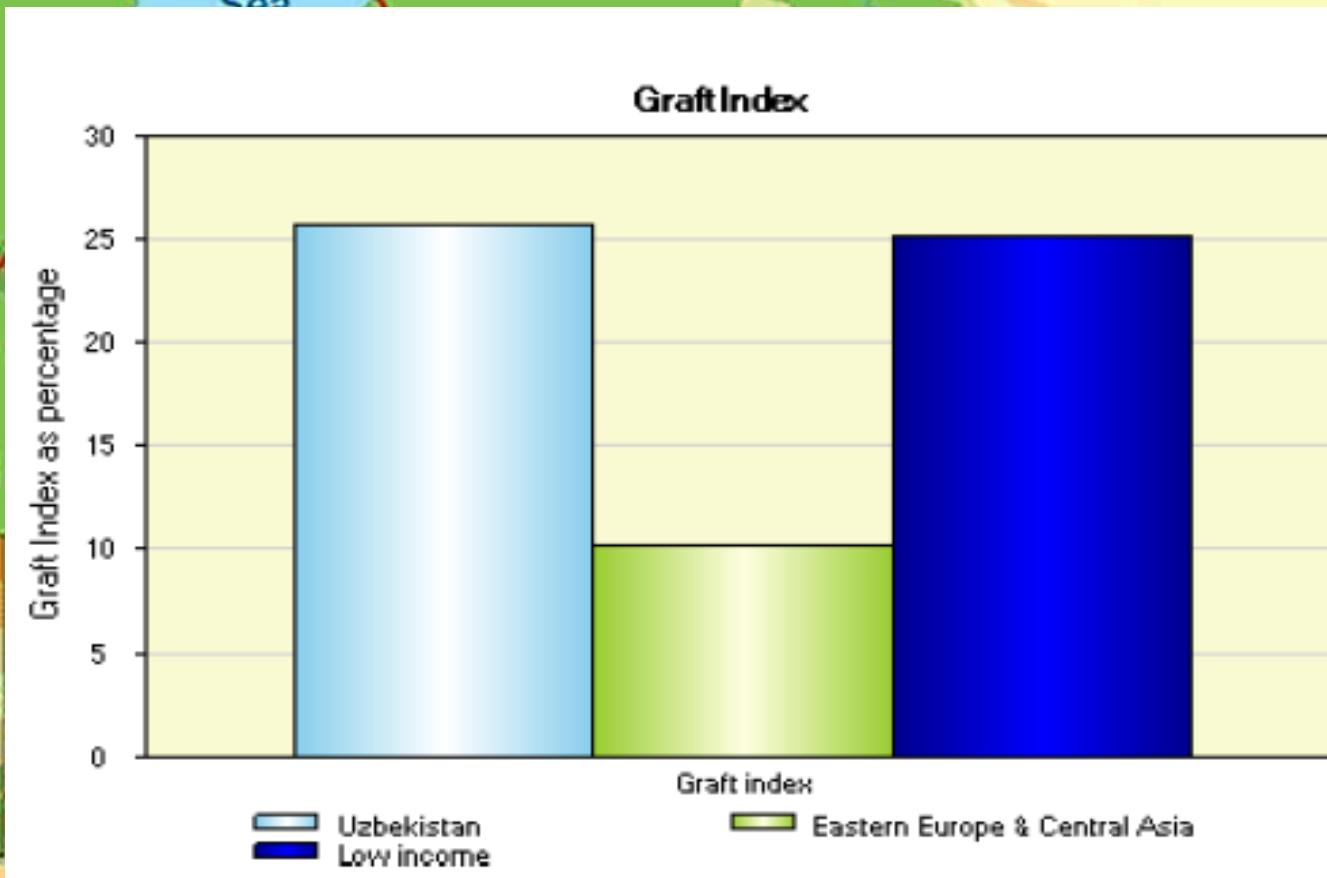
# N Uzbekistan

## Voluminous and confusing licensing and permit system



# N Uzbekistan

## Corruption and Informality



TURKM

Feet  
10000  
5000  
2000  
1000  
500

IRAN

Uzbekistan  
Low income

Eastern Europe & Central Asia

55°

60°

65°

AFGHANISTAN 70°

Balqash  
Köli

45°

KYRGYZSTAN

40°

200 mi  
200 km

PAK

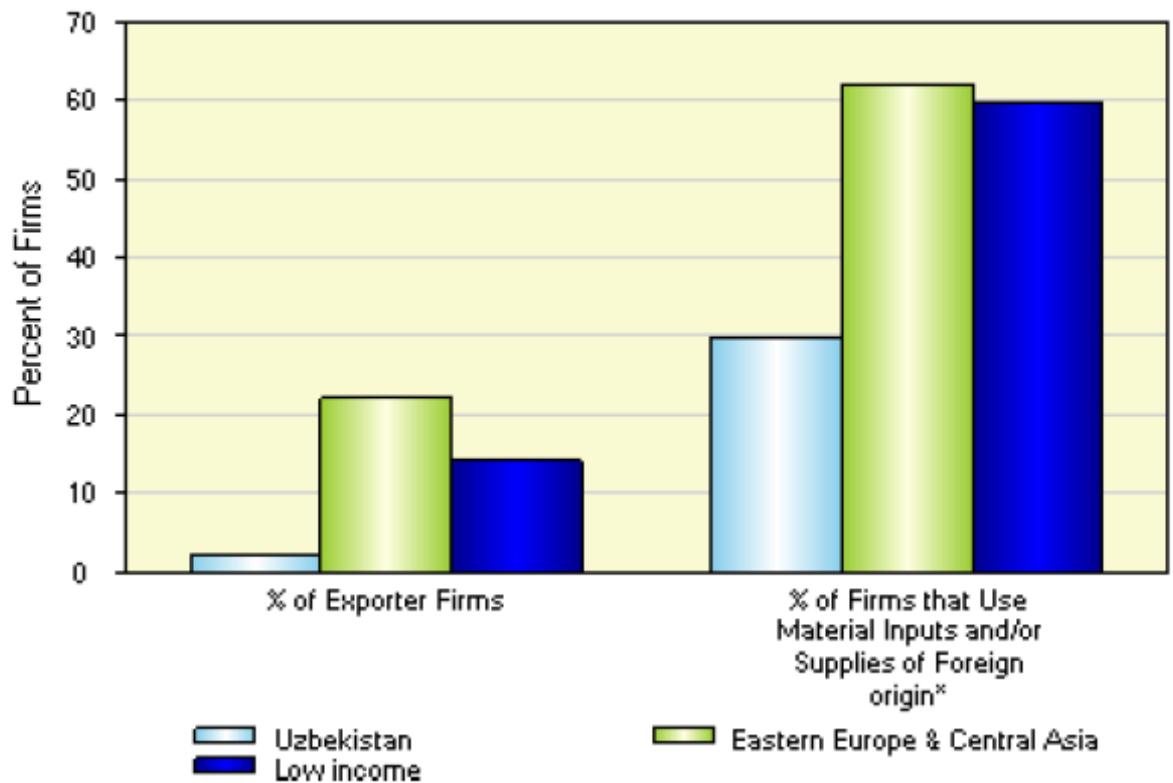
# N Uzbekistan

## Trade across Borders

### Indicator of Trade Across Borders

Indicator	Import	Export
Number of Documents	11	7
Time (Days)	104	80
Cost (US\$ per Container)	4600	3100

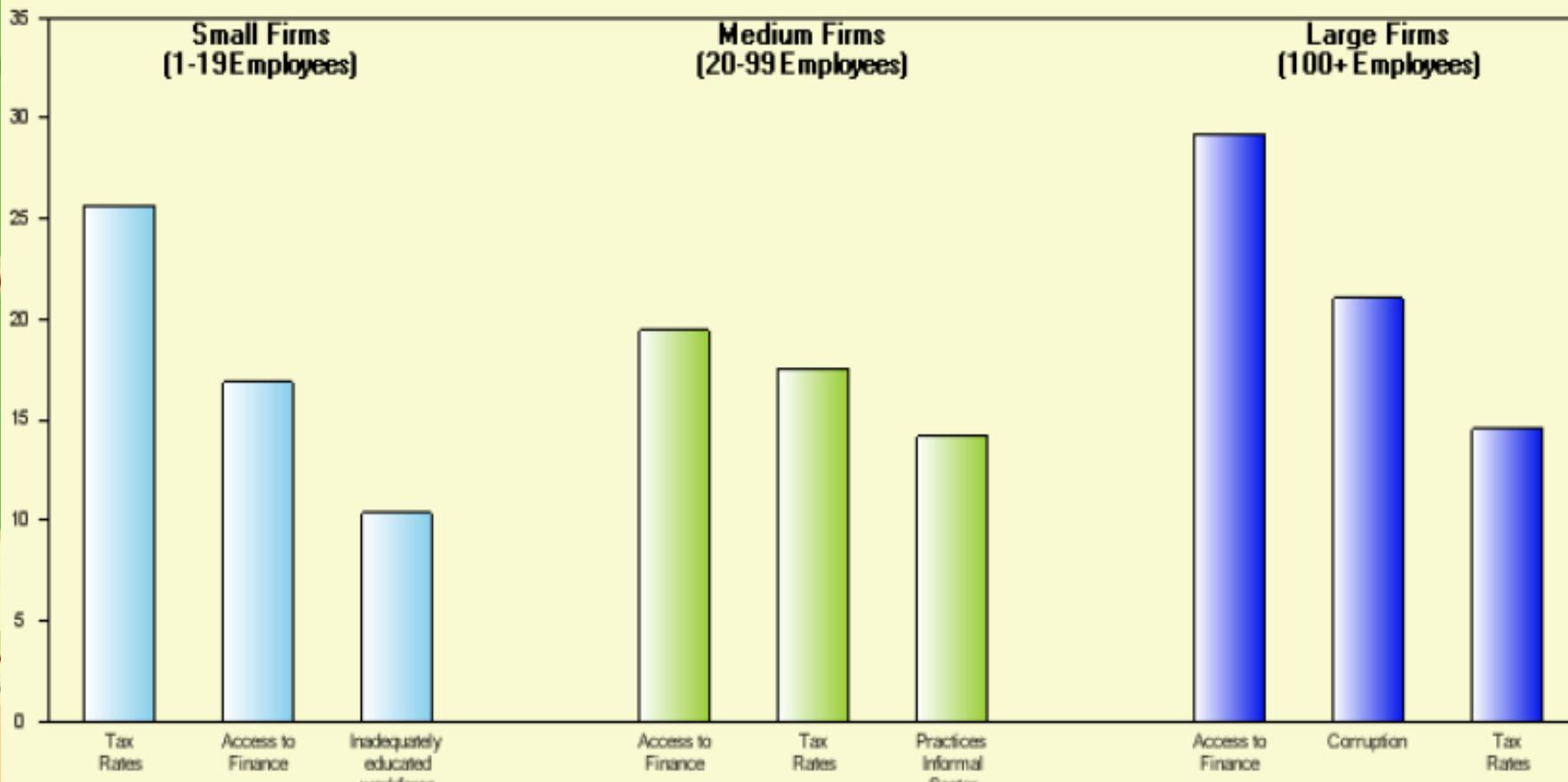
Trade Activities



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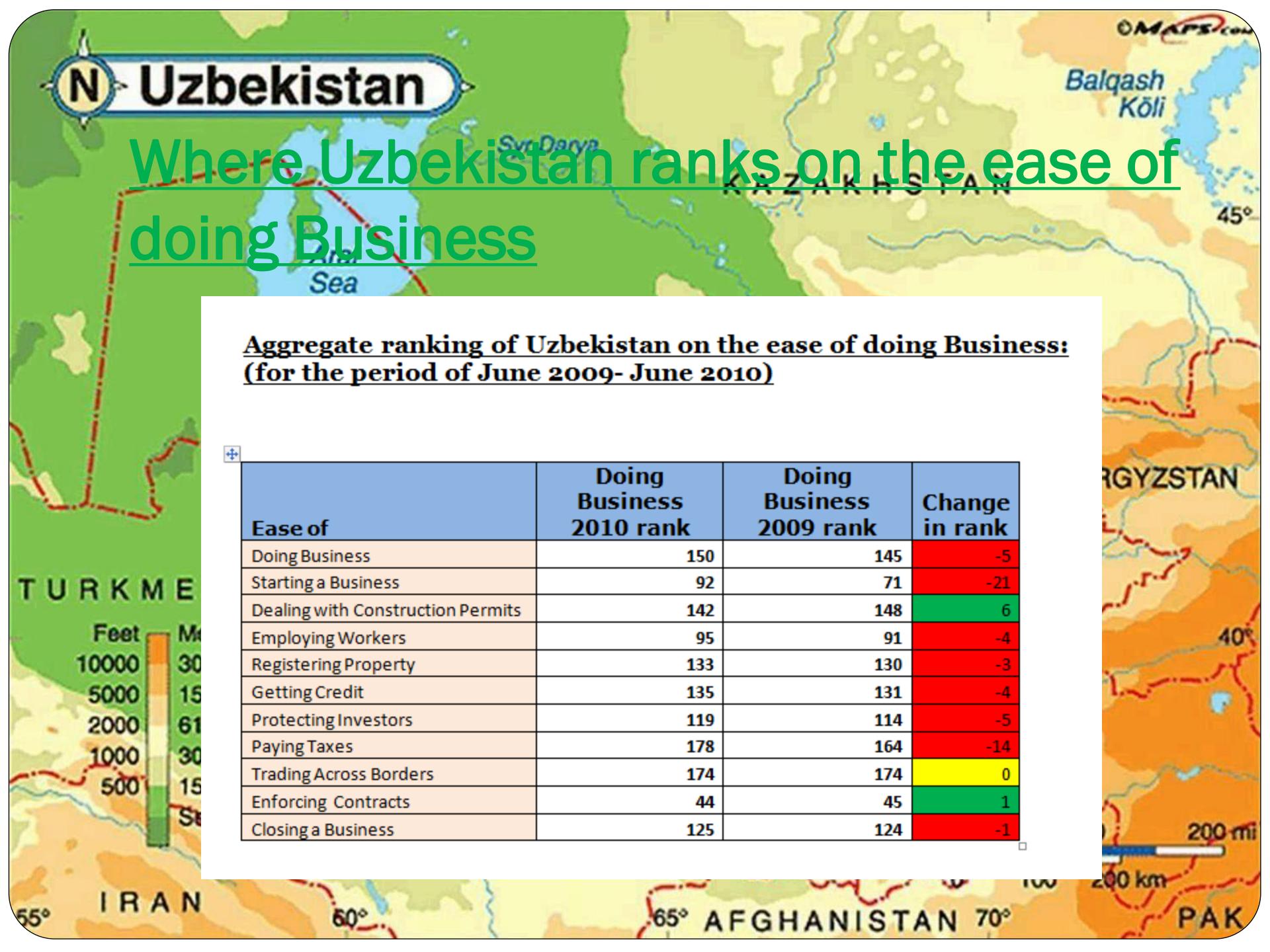
## How different firms face the barriers

Percent of Firms Identifying the problem as the Main Obstacle



IRAN

65° 55° 60° 70° AFGHANISTAN 100 200 KILOMETERS PAK



# N Uzbekistan

## Where Uzbekistan ranks on the ease of doing Business

Aggregate ranking of Uzbekistan on the ease of doing Business:  
(for the period of June 2009- June 2010)

Ease of	Doing Business 2010 rank	Doing Business 2009 rank	Change in rank
Doing Business	150	145	-5
Starting a Business	92	71	-21
Dealing with Construction Permits	142	148	6
Employing Workers	95	91	-4
Registering Property	133	130	-3
Getting Credit	135	131	-4
Protecting Investors	119	114	-5
Paying Taxes	178	164	-14
Trading Across Borders	174	174	0
Enforcing Contracts	44	45	1
Closing a Business	125	124	-1

# N Uzbekistan

## Recent Reforms in Uzbekistan

- A new tax code combining income tax provisions.
- A presidential resolution reduced building permit fees.
- Established a private credit bureau and a public credit registry .



# N Uzbekistan

## Corporate Governance

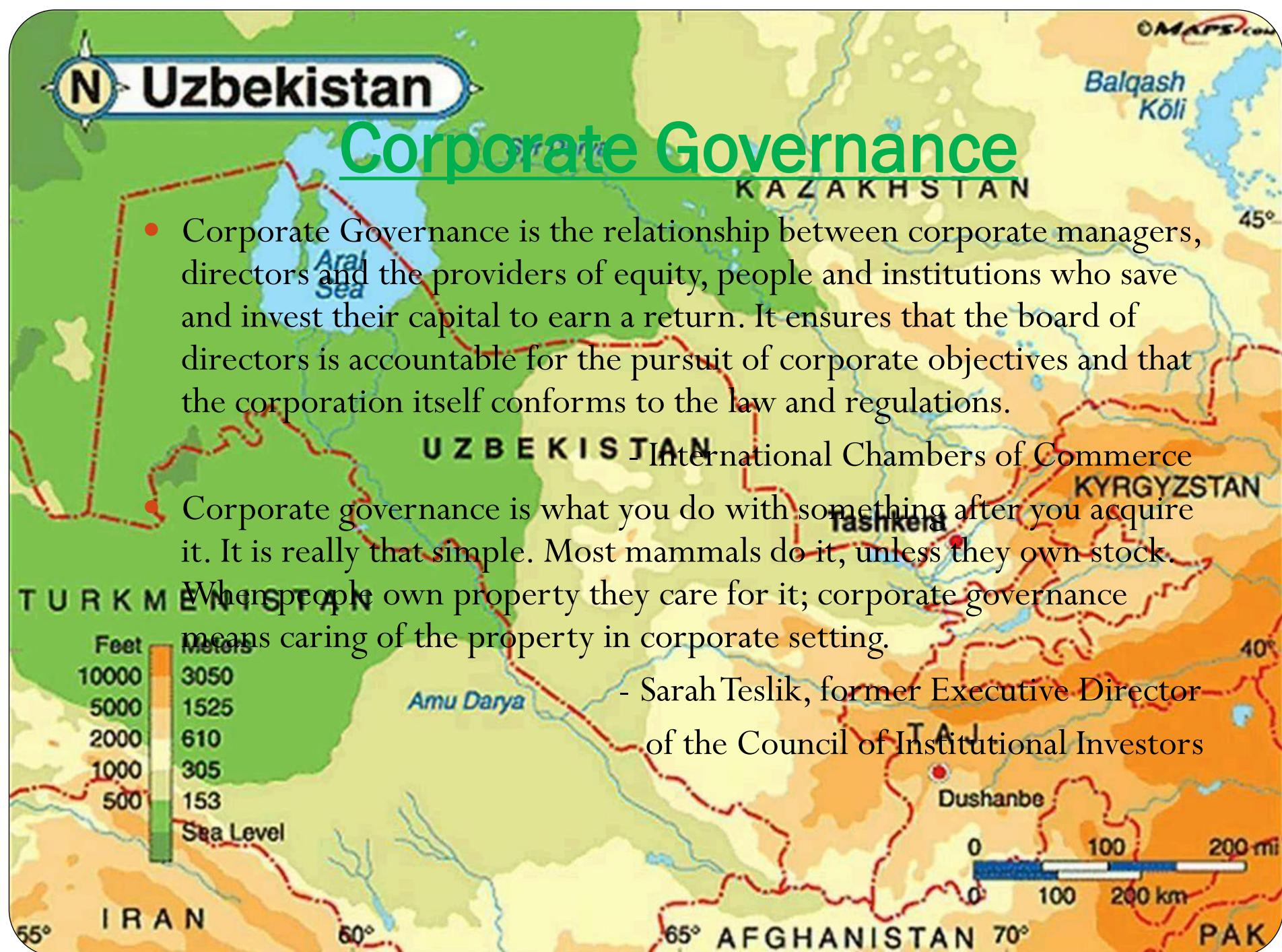
- Corporate Governance is the relationship between corporate managers, directors and the providers of equity, people and institutions who save and invest their capital to earn a return. It ensures that the board of directors is accountable for the pursuit of corporate objectives and that the corporation itself conforms to the law and regulations.

U Z B E K I S T A N

International Chambers of Commerce

Corporate governance is what you do with something after you acquire it. It is really that simple. Most mammals do it, unless they own stock. When people own property they care for it; corporate governance means caring of the property in corporate setting.

- Sarah Teslik, former Executive Director  
of the Council of Institutional Investors



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## Corporate Governance in Uzbekistan

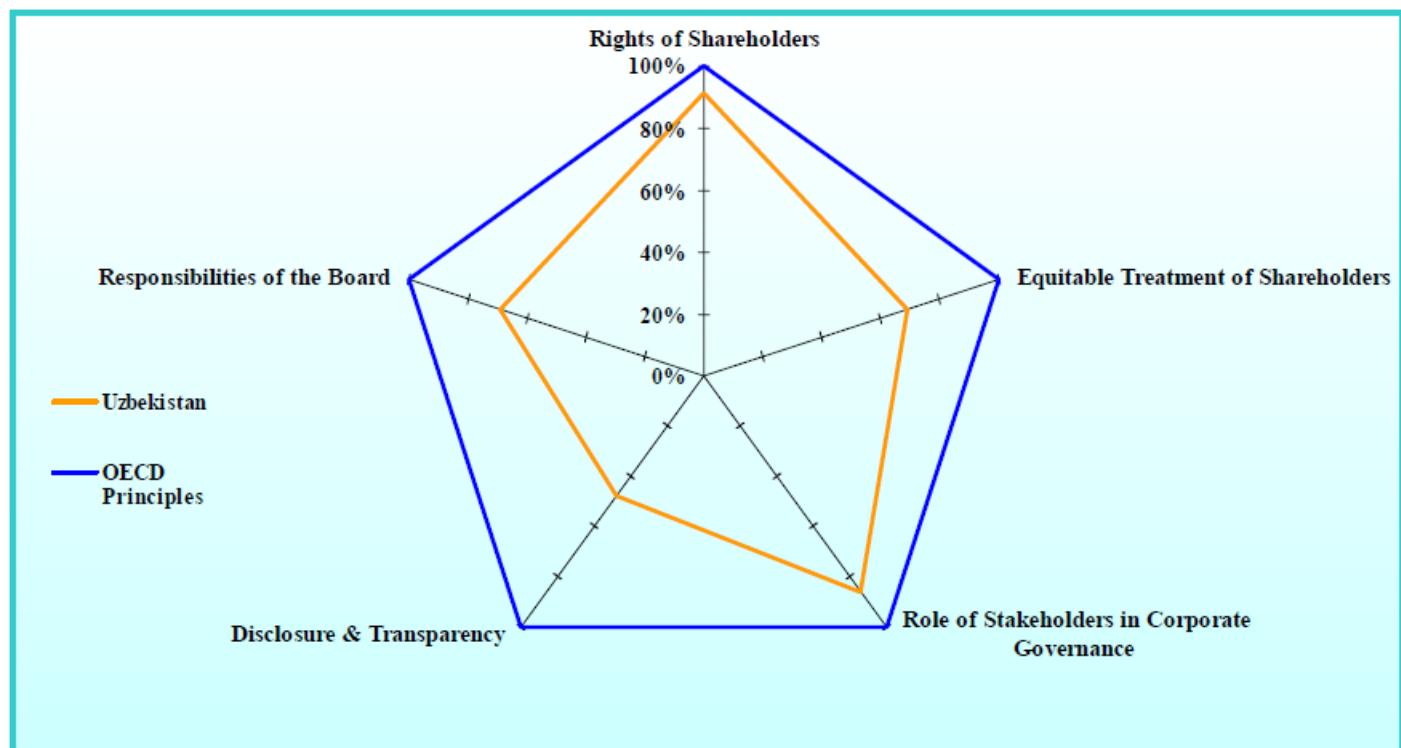
- Corporate Governance Legislation (Extensiveness)
- Corporate Governance Law in Action (Effectiveness)



# N Uzbekistan

## Different aspects of Corporate Governance law - Uzbekistan

Different aspects of corporate governance law – Uzbekistan



Note: The extremity of each axis represents an ideal score, i.e., corresponding to OECD Principles of Corporate Governance. The fuller the 'web', the closer the corporate governance laws of the country approximates these principles.

# Progresses and Shortcomings

## Progresses

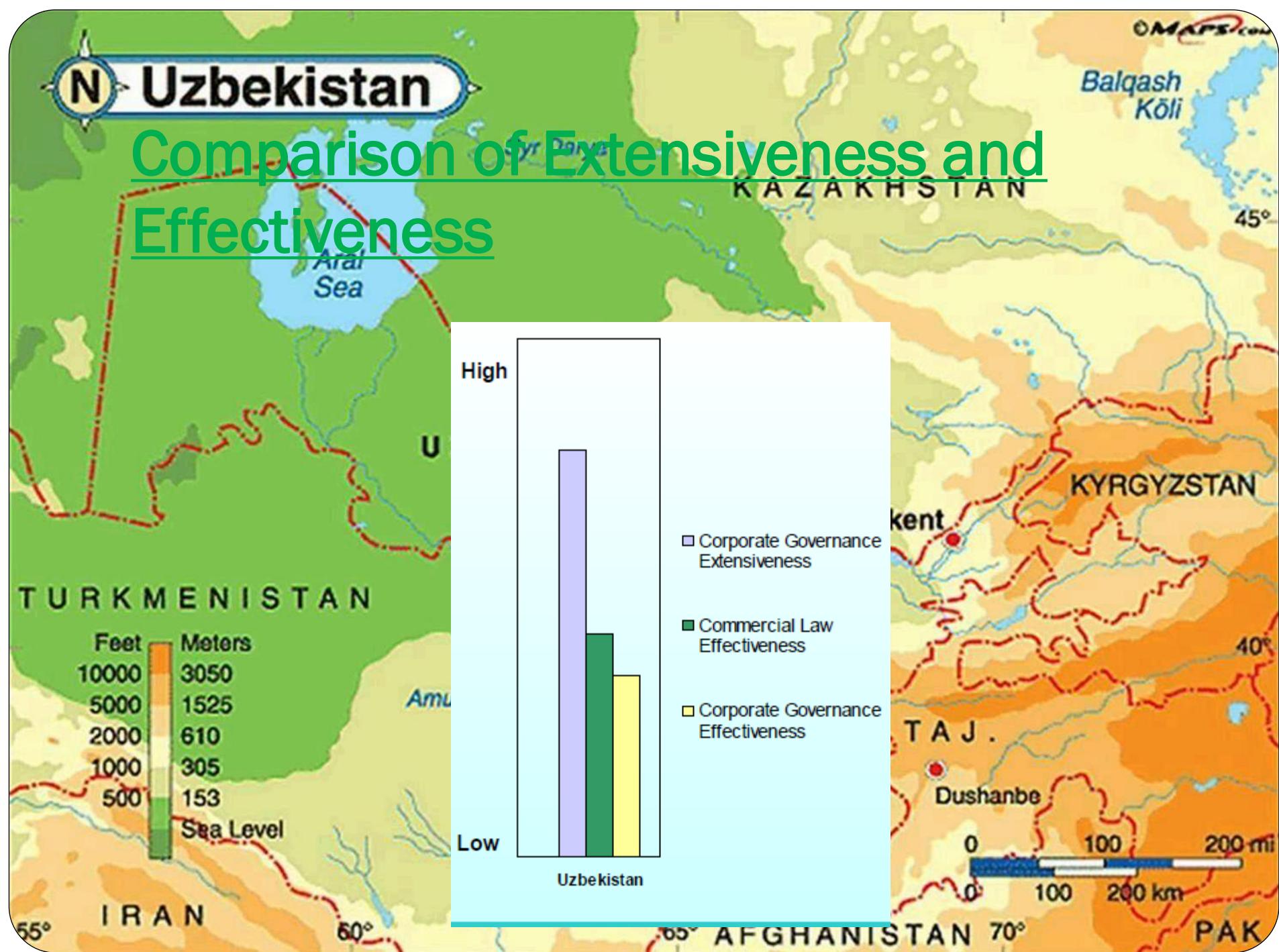
- Middle level of compliance to overall corporate governance laws and practices.
- Substantial work by ADB in enhancing transparency and disclosure, both ~~in the state~~ and private sector.

## Shortcomings:

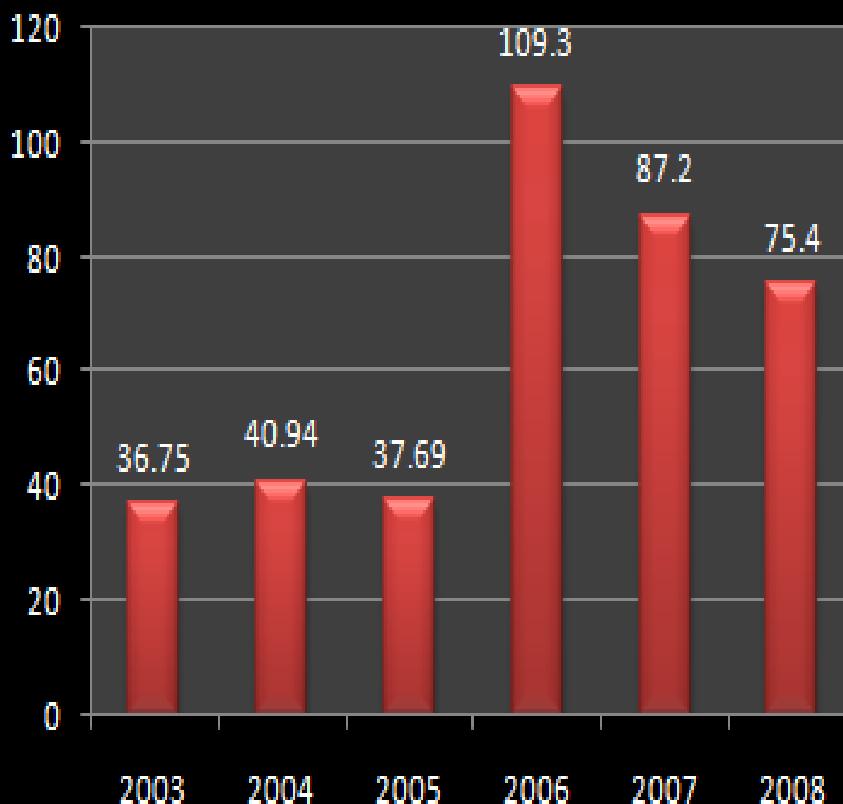
- There remains room for improvement under the existing Uzbek legal and regulatory framework.
- Also the underdeveloped supporting infrastructure is also preventing Uzbekistan from fostering better corporate governance in practice.

# N Uzbekistan

## Comparison of Extensiveness and Effectiveness



## RSE Tashkent



KAZAKHSTAN

- Developed after 1993 with medium & mass privatization of State owned enterprises & Government agencies.
- Net transactions July 2009- 9.7 Bn Soums.
- 52 Companies Listed , 50Mn shares traded in 400 transactions in a month.
- P/E ratio of 2-5.
- Expected to reach 100Bn UZS

Tashkent

Dushanbe

0 100 200 mi

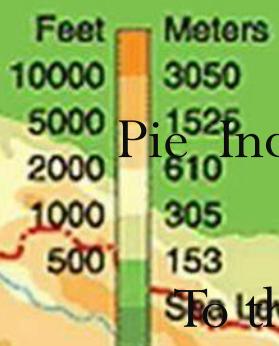
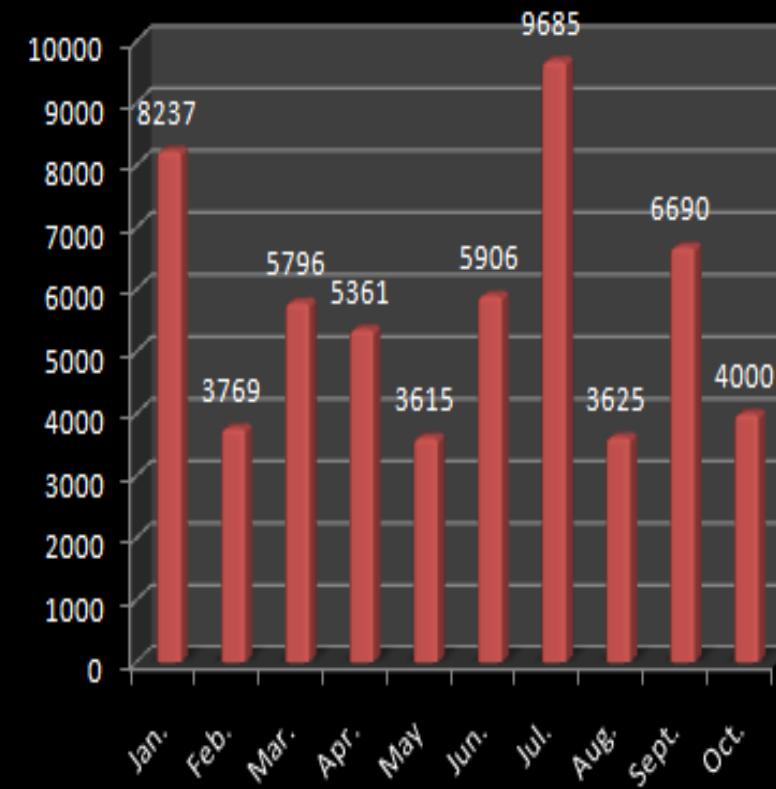
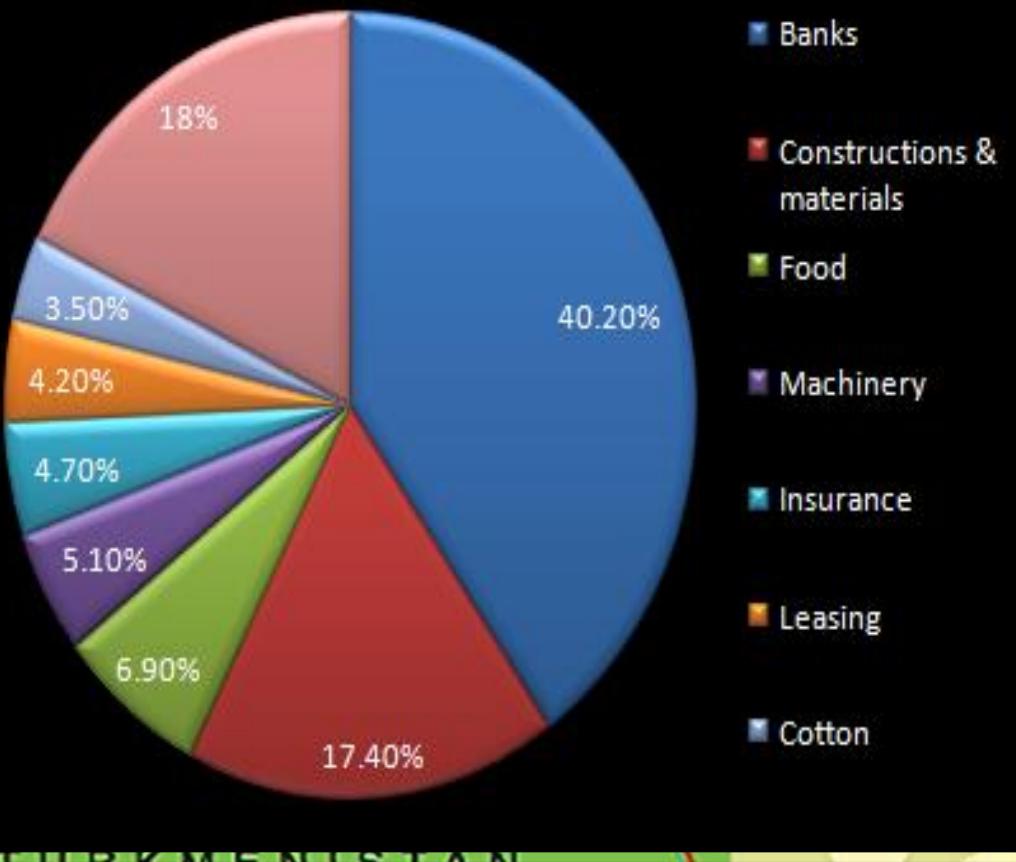
0 100 200 km

IRAN

50°

65° AFGHANISTAN 70°

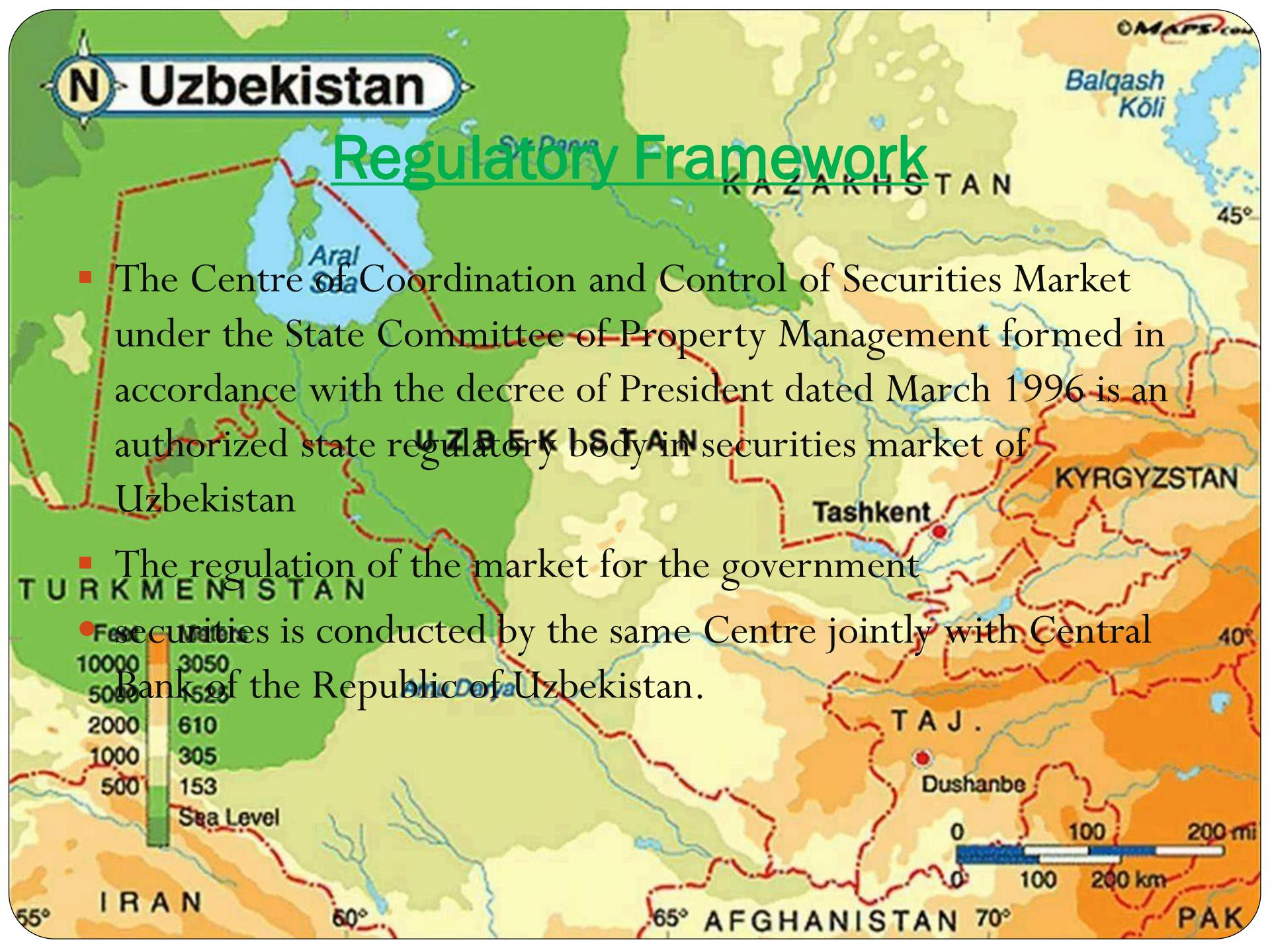
PAK



Pie Indicates share of Sectors in Securities market for 2008-09 transactions.

To the right is the trend of Market turnover in Mn SOUM





# N Uzbekistan

## Regulatory Framework

- The Centre of Coordination and Control of Securities Market under the State Committee of Property Management formed in accordance with the decree of President dated March 1996 is an authorized state regulatory body in securities market of Uzbekistan
- The regulation of the market for the government securities is conducted by the same Centre jointly with Central Bank of the Republic of Uzbekistan.

# N Uzbekistan

## 16 years of establishment & Low Pace.

- Sluggish approach towards privatisation.
- Investors had no real incentive or opportunities to trade securities.
- Absence of mandatory disclosures leading to subsequent high risk of such investments.
- Lack of transparency between the government & investors.
- Low yield & high price of securities.
- Low liquidity of securities-25 days to liquidize the securities.



# N Uzbekistan

## Laws & Regulations for Foreign Investors

- Minimum capital requirement doubled from 1 Jan. 2009.

- Acts of legislation, including departmental regulations are not retroactive in cases where their performance is detrimental to the foreign investor or foreign investment.
- Introduction of quantitative restrictions on the volume & size of investments and including through an increase in the minimum amount of foreign investment in enterprises with foreign investment

Foreign authorities in the field can not interfere in economic activities of foreign investors.

Meters	Feet
3050	10000
1525	5000
610	2000
305	1000
153	500

The statutory capital not less than 150,000 USD equivalent

- At least one of the foreign investors must be a legal entity.



## Resolution of parliament:Securities infrastructures

**This Resolution of Parliament provides for adoption from 2011 on Integration soft wares for ensuring securities market:**

- 1) improvement of cooperation between infrastructure institutes of securities market, simplification of settlement and clearing systems for service participants of securities market by «one window» principle;**
- 2) unification and standardization to software-technical supporting of securities market participants, extensive introduction of EDM;**
- 3) simplification of access for transactions on securities market for individuals, including ways on making sales operations with securities by using plastic cards;**
- 4) creation of conditions for forming unified informative database on securities market.**

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## Partnering IMF: Move & Signal

- Uzbekistan accepted the obligations of Article VIII, Sections 2(a), 3, and 4 of the IMF's Articles of Agreement, with effect from October 15, 2003.
- IMF members undertake to refrain from imposing restrictions on the making of payments and transfers for current international transactions, and not to engage in, or permit any of their fiscal agencies to engage in, any discriminatory currency arrangements or multiple currency practices, except with IMF approval.
- Signal to the international community to pursue a restrictions free economic policies.

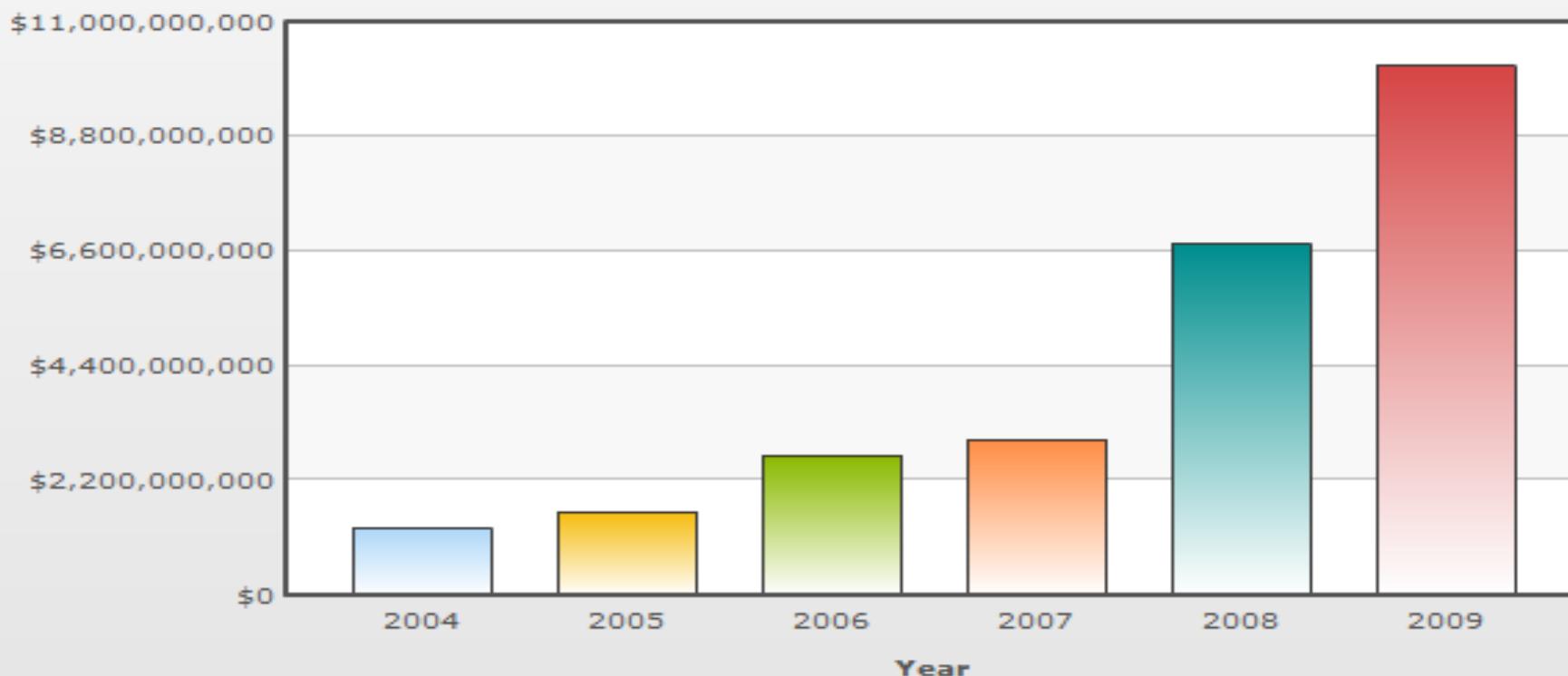


# N Uzbekistan

## Exchange Laws for Foreign Investors

- Companies with foreign investments in accordance with the law have the right:
  - open, use and dispose of accounts in any currency in any bank in the territory of the Republic of Uzbekistan, as well as outside it;
  - to receive and repay loans in foreign currency.
- Foreign investors are guaranteed the free transfer of funds in foreign currency in the Republic of Uzbekistan and out without any restrictions, subject to payment of taxes and other obligatory payments in the manner prescribed by the legislation of the Republic of Uzbekistan.

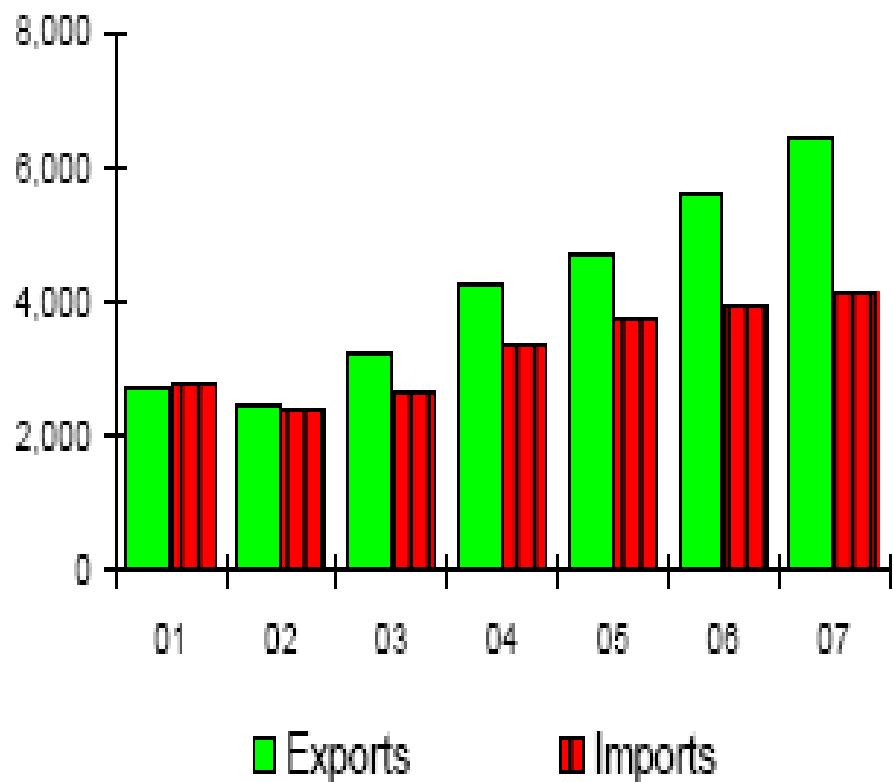
### Reserves of foreign exchange and gold



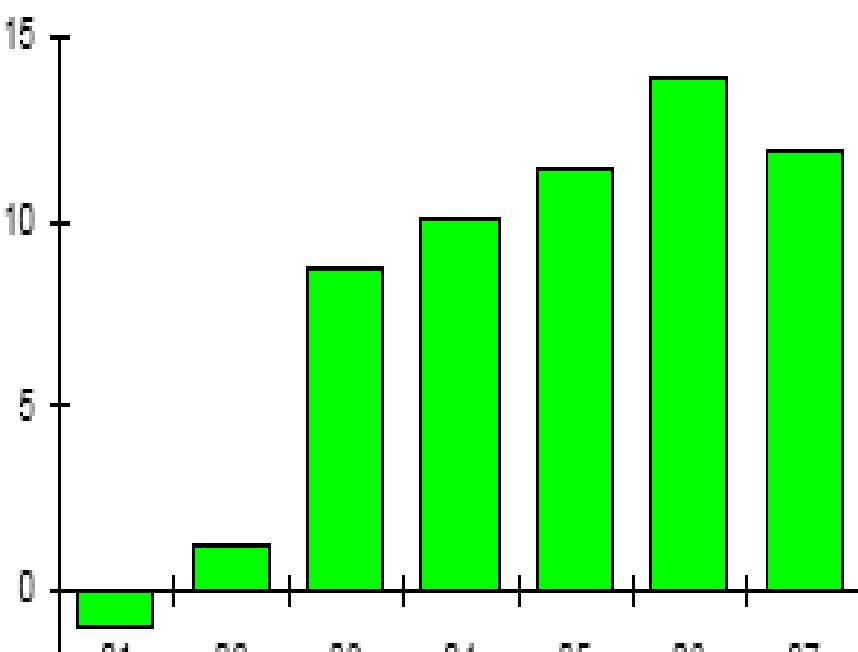
Year	Reserves of foreign exchange and gold	Rank	Percent Change
2004	\$1,286,000,000	93	
2005	\$1,603,000,000	90	24.65 %
2006	\$2,681,000,000	81	67.25 %
2007	\$2,986,000,000	84	11.38 %
2008	\$6,750,000,000	72	126.05 %
2009	\$10,150,000,000	65	50.37 %

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Export and import levels (US\$ mill.)



Current account balance to GDP (%)



IRAN

55°

60°

65°

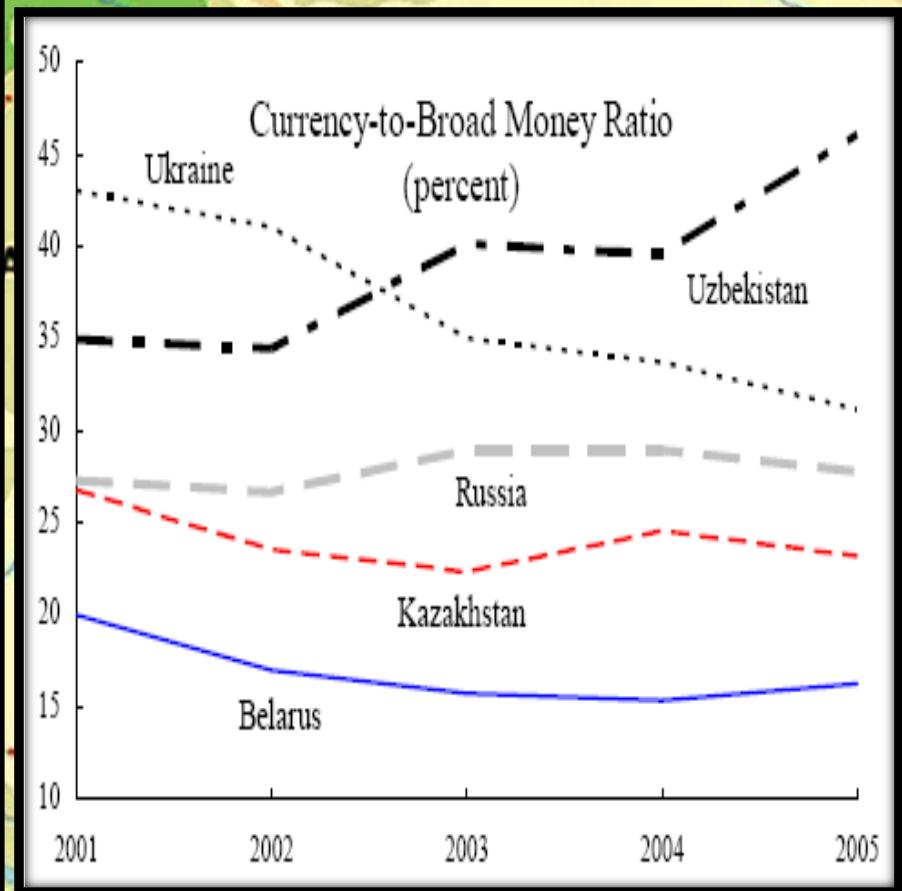
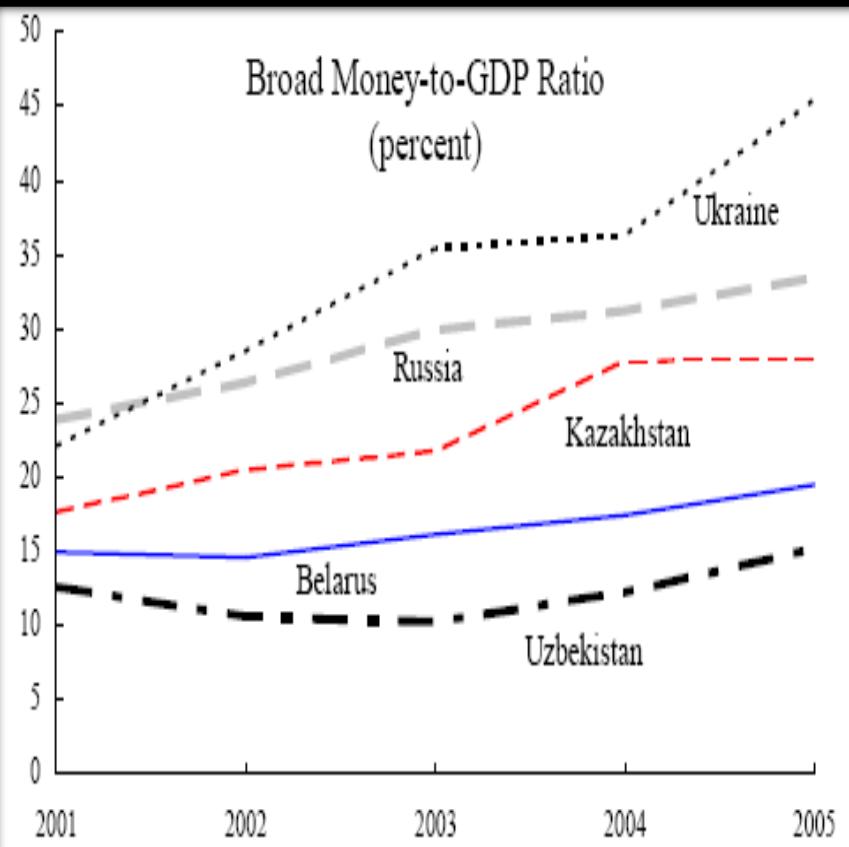
AFGHANISTAN 70°

100 200 km

PAK

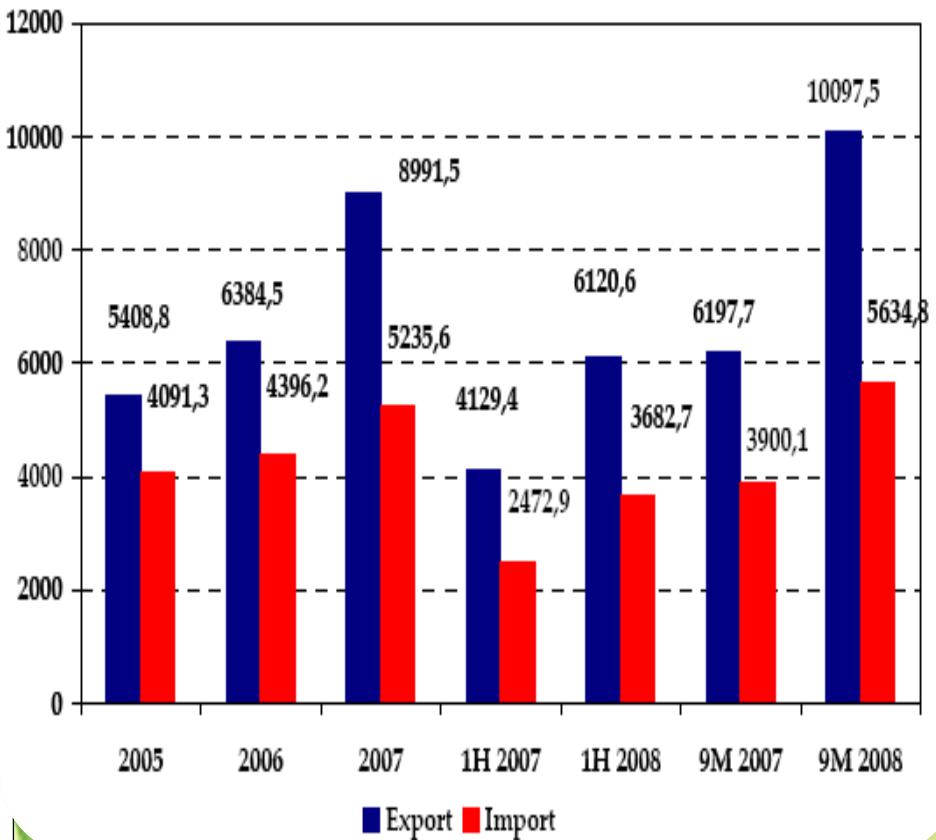
# N Uzbekistan

## Broad Money Ratios

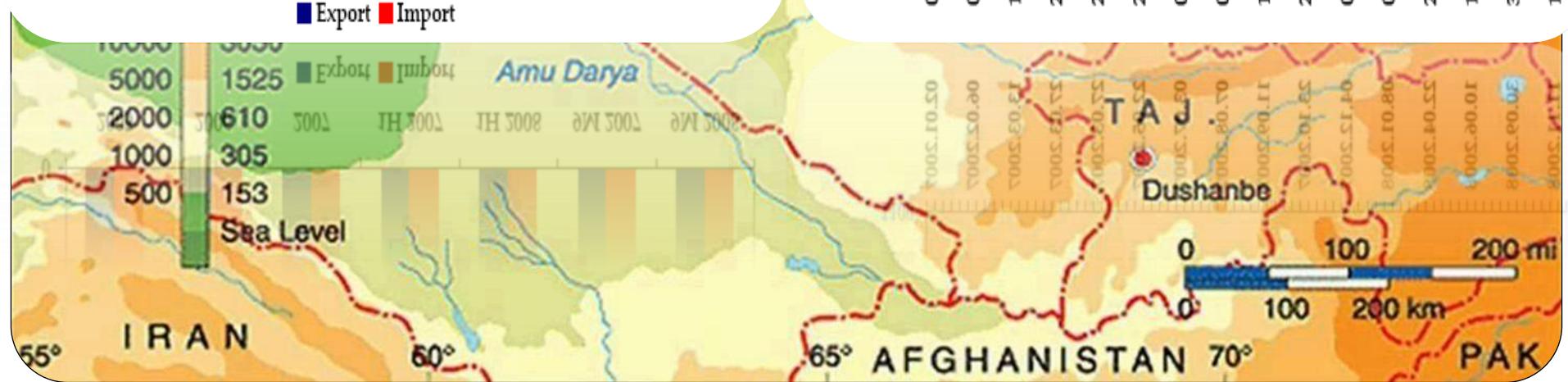
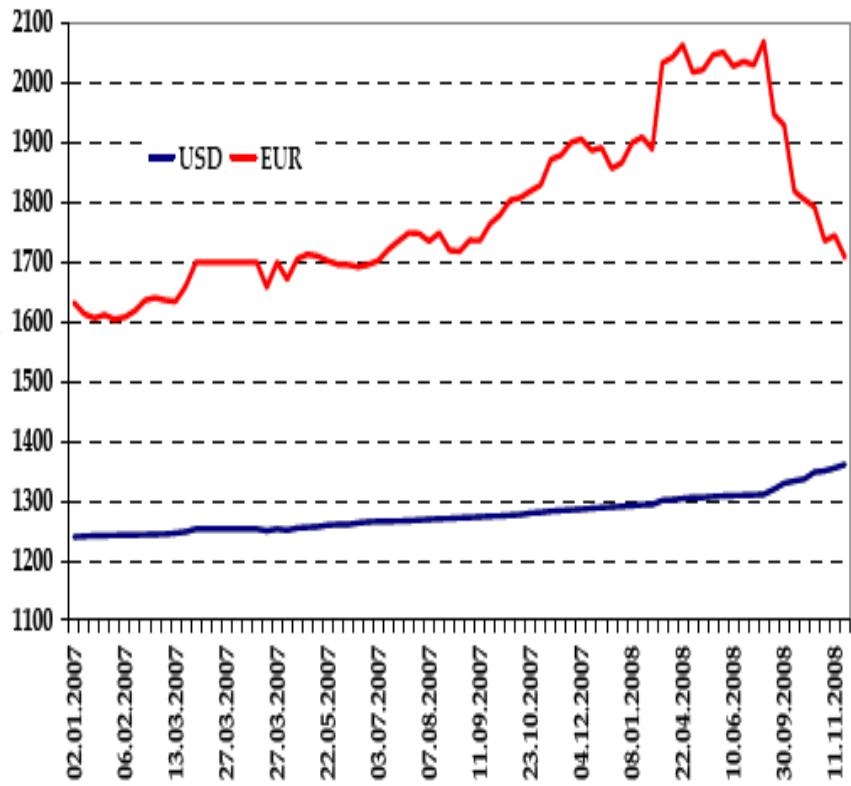


# The growth of foreign trade turnover

Export and import volume, in bln. UZS.



# Change dynamics of some foreign currency exchange rates



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## Role of Central Bank of Uzbekistan

- The volume of exports in 2008 increased at 28.7%, increasing trade balance accounting to 69.2% of GDP.
- To regulate the money supply, stabilising the interest rates and liquidity of financial markets.
- Sterilising the excess liquidity in the money market to control the trade balance.
  - In addition, the Central Bank of Uzbekistan actively pursued the purchase and sale transactions in the primary and secondary market in government long-term treasury bills and bonds of the Central Bank.

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## Currency Convertibility & Flow

- Liberalized currency convertibility on current account transactions and abolished the practice of multiple exchange rates all legal entities should conduct foreign exchange operations through authorized banks
- An enterprise wishing to purchase foreign currency must provide the following documents to its bank:
  - an application form
  - import contract (agreement, treaty) with a foreign partner.
  - A contract between the authorized bank and the commercial entity .

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## Currency Convertibility Flaws

- There is a lack of transparency regarding the strategy and practices of the Central Bank regarding conversion.
- The converted foreign currency can be used only for the purposes indicated on the application form and the import contract submitted at the time of application for currency conversion.
- If not used within 7 days from the time of converting it needs to be returned to the bank.
- It is also not allowed to transfer foreign currency from its foreign currency account to the foreign currency account of another local commercial entity.



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# COMPETITION LAWS



# N Uzbekistan

## The K-Quotient

- The Purpose of the Law.
- Sphere of application of the law.
- Basics concepts used in the law.

Goods, Market, Undertaking, Competition, Monopolistic Activities.



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## Monopolistic Activity

- Price Discrimination.
- Inappropriate comparison.
- Monopolistic high price.
- Monopolistic low price.



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## Threats Posed by Monopoly

- Dominant position in market.
- Agreement of undertakings limiting competition.
- No control of state administrative bodies or authority bodies.
- Unfair competition.

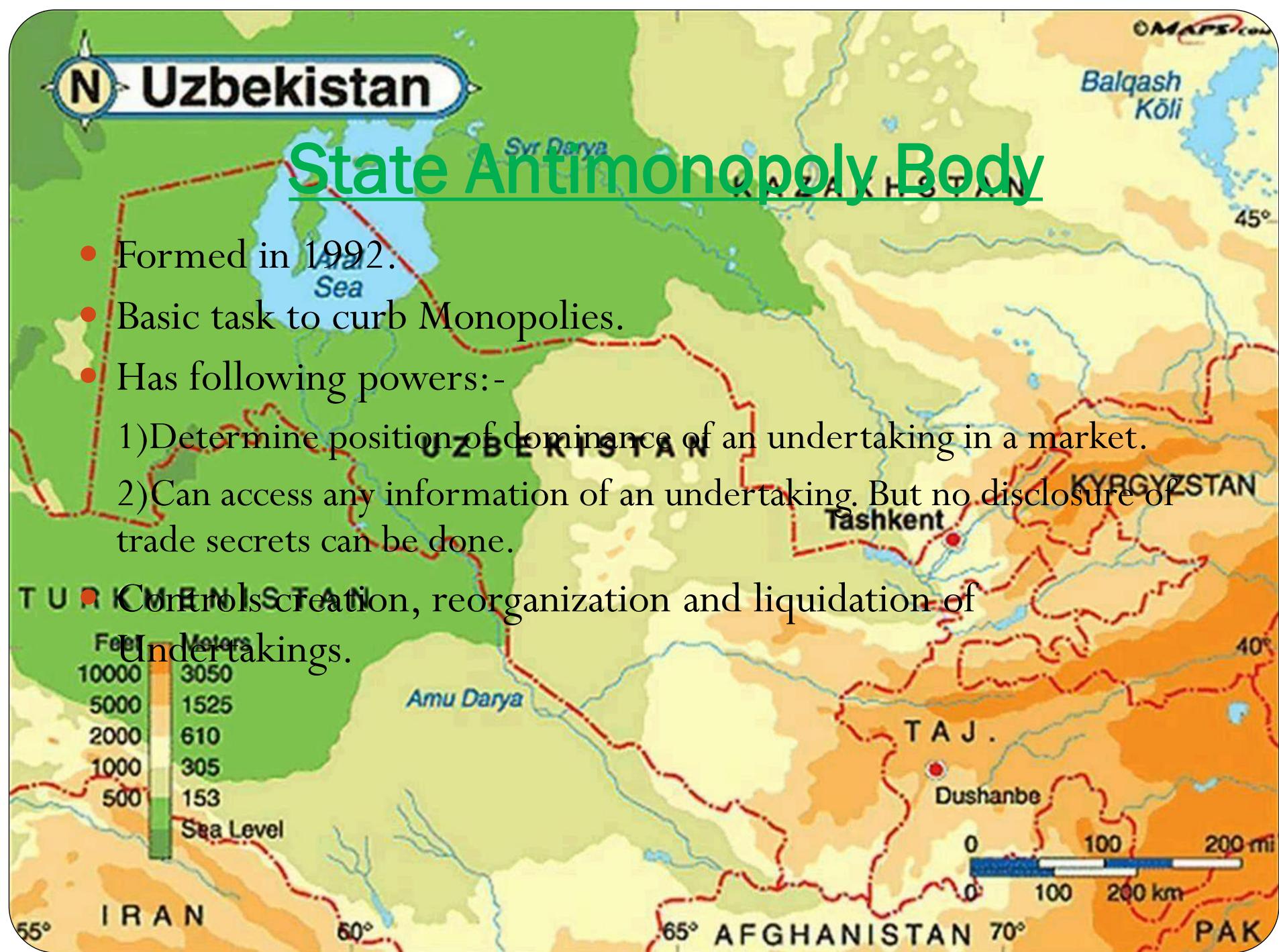


## N Uzbekistan

# State Antimonopoly Body

- Formed in 1992.
- Basic task to curb Monopolies.
- Has following powers:-
  - 1) Determine position of dominance of an undertaking in a market.
  - 2) Can access any information of an undertaking. But no disclosure of trade secrets can be done.

Controls creation, reorganization and liquidation of Undertakings.



# N Uzbekistan

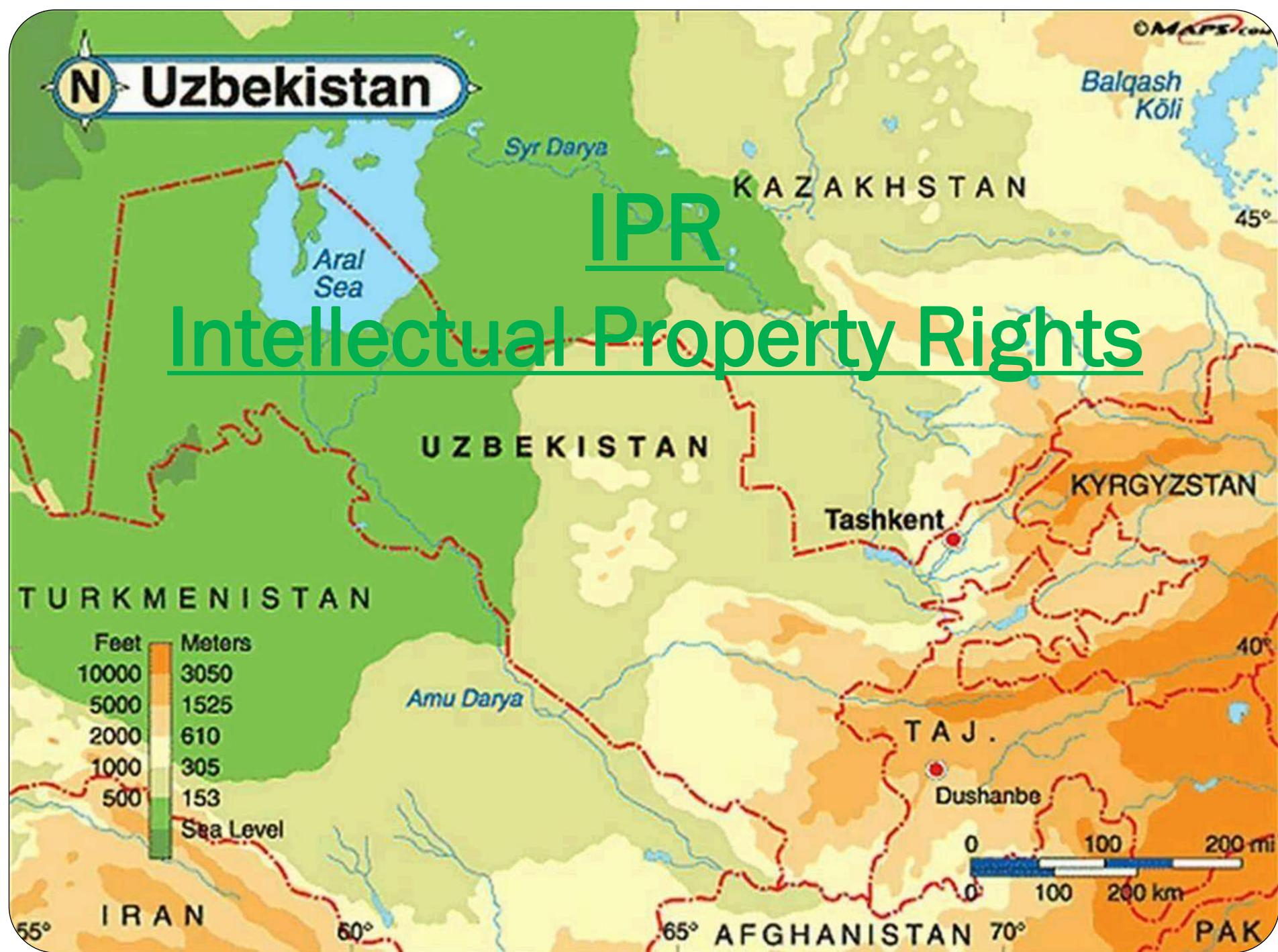
## Violation of Antimonopoly Legislation

- Consequences:- Compensation and can be considered under criminal code.
- Penalties:- 100-500times of minimum salary on legal bodies and 5-7times on physical bodies.
- Provision given if any Undertaking or any of the State bodies including State Antimonopoly Body violates any undertaking, an appeal can be made as per the Legislation.
- Resolution passed in OLIY MAJLIS regarding the competition laws in 1996.

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IPR

# Intellectual Property Rights



# N Uzbekistan

## W's of IPR

- What?
- Why?
- Where?



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## IPR in Uzbekistan

- State Patent Agency of Republic of Uzbekistan is regulating authority for IPR.
- U.S.-Uzbekistan Bilateral Agreement of 1994, joined the Berne Convention in 2005 and is part of International Patent Law Treaty since July 2006.
- In 2004 signed Trade Investment Framework Agreement (TIFA) with U.S. Government.
- In 2006, Copyright Law amendments were made, for the most part, as a move toward eventual WTO accession.
- All fees for the procedure has been set as percentages of minimum national salary of an individual.
- In the year 2008 almost 6000 thousand applications were filed with major chunk related to inventions.

# N Uzbekistan

## Membership of International Bodies

### a. Membership of WIPO Treaties:

- WIPO Convention, since December 1991.
- Paris Convention (Industrial Property), since December 1991.
- Berne Convention (Literary and Artistic Works), since April 2005.
- PCT (Patents), since December 1991.
- PLT (Patent Law Treaty), since December 2006.
- Madrid Agreement (International Registration of Marks), since December 1991, denounced effective January 2008.
- Nice Agreement (International Classification of Goods and Services), from January 2002.
- Locarno Agreement (International Classification for Industrial Designs), since July 2006.

Strasbourg Agreement (International Patent Classifications), from October 2002.

- Budapest Treaty (Deposit of Micro-organisms), from January 2002.
- TLT (Trademarks), since September 1998.

### b. WTO: Observer.

### c. Membership of other bodies/treaties: UPOV

Member of UPOV since November 2004.



# N Uzbekistan

## Reality Check

- IPR regime is weakest among C.I.S. countries.
- Currently violating both bilateral and multilateral treaties.
- In 2005 Uzbekistan benefited from \$11.4 million worth of GSP benefits, although in 2006, that number decreased to \$1.7 million and just \$1.9million in first 11 months of 2008.
- The level of music piracy is estimated at 95%. ~~Tashkent~~ losses for 2005, were estimated, exceeding \$30 million.
- Weak in protecting IPR on both sides of the border.
- Fine for violation is just 50-100 times of minimum wage.
- Case pending in GSP regarding violation of the treaties.
- IIPA recommended to remove Uzbekistan to be removed from the list of countries eligible to receive GSP benefits.

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## Recommendations

- Adherence to the Geneva Phonograms Convention.
- Amending the Copyright Law to provide protection for pre-existing works and sound recordings for a minimum of 50 years (and preferably, 70 years).
- Amending the Criminal Code to include “neighboring rights” violations (the current code only applies to infringements of “works”).
- Amending the Criminal Code to raise the penalties for IPR violations to deterrent levels (for example, to 500 times the minimum wage).
- Adherence to the WIPO digital treaties: the WIPO Copyright Treaty (“WCT”) and the WIPO Performances and Phonograms Treaty (“WPPT”), plus enacting all of the appropriate implementing legislation in the Copyright Law.

# N Uzbekistan

## Competition Laws & IPR

### Conclusion

- Innovation has always been a catalyst in a growing economy resulting in more innovation. The advent of fresh innovations gives rise to healthy competition at macro as well as micro economic levels. IP laws help protect these innovations from being exploited unlawfully. In view of this IP and Competition laws have to be applied in tandem to ensure that the rights of all stake holders including the innovator and the consumer or public in general are protected.
- The common objective of both policies is to promote innovation which would eventually lead to the economic development of a country however this should not be to the detriment of the common public. For this the competition authorities need to ensure the co-existence of competition policy and IP laws since a balance between both laws would result in an economic as well as consumer welfare.
- More & more FDI can be attracted by implication of these both policies which would further assist in rapid growth of the Economy.

# N Uzbekistan

## Taxation of land

- Land tax is a local tax in the country.
- The land tax is calculated separately for each region and city.
- The rates are expressed in som (the Uzbekistan currency) per one hectare of land.
- Legal entities and individuals who own, possess or use land plots pay the land tax.
- Exemptions are given for land plots allocated for construction under the projects included in the investment program.

### • Arable land & agriculture

- Agriculture in arid central Asia is heavily dependent on irrigation.
- Arable land comprises only 9 percent of the territory bcoz much of the land is desert.
- Only 1 % is covered by permanent crops, about 3 percent is occupied by forests, and 46 percent is permanent pastures used by sheep and other livestock

### • Real estate sector & regulations

- The global financial crisis has now moved to the real estate and construction sectors.
- the real estate and property business has been stagnant for too long.



# N Uzbekistan

## Key Issues on Establishment of SEZs in Uzbekistan

### Korean Experience on Special Economic Zones And its Implication

- Korean experiences show that **a clear vision and aim should be set** before embarking on establishment of special economic zones(SEZs). The vision and aim should be worked out on the ground of the longterm targets of national economy.
  - **a strategy to utilize national comparative advantages**
- connection between foreign firms in the SEZ and local economy outside the SEZ



## N Uzbekistan

# Critical Evaluation of Proposed SEZ Sites in Uzbekistan

- purpose of SEZs is to attract FDI in order to support industrialization of the Uzbek economy
- all of 6 proposed sites are more or less lacking of basic concept as industrial clusters.
- It seems that most of the sites do not have a clear vision of development, based on conditions and environment around the SEZs and the national economy as a whole.

# Institutional Arrangements for Establishing SEZs in Uzbekistan

The tax (or financial) incentives for foreign investors is not the most needed thing for successful start of Uzbekistan's SEZs.

- More urgently required thing is a firm will of Uzbek government and existence of official institutions and organizations which can execute the law in a proper manner to support foundation and operation of foreign firms in the early stage of SEZs.
- Also, an efficient and well-organized system of attracting foreign direct investment and providing one-stop-service for foreign investors in the SEZs is needed.

# N Uzbekistan

## “Law on Special Economic Zone” : a dead letter

- **Governmental designation of a new SEZ** should be done in consideration of the following criteria :
  - Feasibility and profitability of the SEZ development plan submitted by local government
  - Low difficulty in securing necessary site and financing development costs
  - Possibility of attracting foreign investment
  - Practicability of plan for securing specialists and other manpower
  - Ripple effect on national and local economy
  - Business environment and living condition of surrounding areas near SEZ
  - Plan on infrastructure construction such as great-sphere traffic and telecommunication network, water and electricity supply etc.
  - Accessibility to neighboring countries
  - Possibility to form a cluster with surrounding industries

# N Uzbekistan

## Overview of labor force in Uzbekistan

Parameters	Uzbekistan	World
<u>Labor force</u> (in millions)	15.37	37
<u>Unemployment rate</u> ( in %)	1	0.8

Parameters	Uzbekistan	Region	All countries
% of Firms Offering Formal Training	9.63	34.96	34.84
Average Number of Seasonal/Temporary, Full-Time Employees	3.40	5.69	15.21
Average Number of Permanent, Full Time Employees	23.60	43.95	61.37
% of Firms Identifying Labor Regulations as a Major Constraint	11.76	9.74	11.93

# N Uzbekistan

## DESCRIPTION OF THE LABOR SCENE

### ➤ Government

Ministry of Labor and Social Protection is divided into Monitoring & Labor Regulations Development, Demography, Job Markets & Employment, Pensions, Social Aid and Support

### ➤ Unions

- Most significant union is state-run Board of the Trade Union Federation of Uzbekistan.
- There are regional and industrial trade union committees that operate under this

### ➤ Employers

- Employees of either **owned or foreign owned enterprises** enjoy many rights by law, such as minimum wage and pensions.
- No state institution responsible for labor arbitration.
- General court system is responsible for resolving labor-related disputes.
- Supreme Economic Court is responsible for resolving economic cases at the national level.

### ➤ The Economy and Labor

- Underemployment in the agricultural sector is particularly high
- stagnant economy has contributed to an accelerated migration of workers



# N Uzbekistan

## LABOR LAW AND SYSTEM

- **Labor Code** establishes the following rights and guarantees:
  - right to fair remuneration of labor,
  - right to holidays with pay;
  - right to social protection,
  - right to have normal working conditions,
  - right to be a trade union member;
  - right to appeal to the court if labor rights have been violated.

- ~~Forced child labor~~. The law **establishes a right to have a part-time job**
- no non-State workers' rights organizations in Uzbekistan
- The General Prosecutor's office is responsible for implementation of labor legislation.



# N Uzbekistan

## Ratified ILO Conventions on Forced Labor

- 40-Hour Week;
- Holidays with Pay;
- Rights to Organize and Collective Bargaining;
- Equal Remuneration;
- Maternity Protection; Abolition of Forced Labor;
- Discrimination;
- Employment Policy, Workers' Representatives; and
- Collective Bargaining.



# N Uzbekistan

## LABOR STANDARDS AND WORKER RIGHTS

### ➤ The Right of Association

- All workers have the right to form and join voluntarily unions of their choice.
- Declares that all unions are independent of governmental administrative

### ➤ Prohibition of Forced or Compulsory Labor

- The Constitution prohibits forced or bonded labor, ratified ILO Conventions # 29 and 105
- continued mobilization of youth for work in the cotton harvest.

### TURKMENISTAN

### ➤ Status of Child Labor Practices and Minimum Age for Employment

- Labor Code mandates that the minimum working age is 16.
- Children between the ages of 14 and 16 may only work with written permission of parents.
- Persons under 18 must undergo annual medical health checkup at the employer's expense.
- regulations on underaged, including a prohibition of night shifts and limitations on manual.



# N Uzbekistan

Difficulties that employers face in hiring and firing workers  
 (values between 0 and 100, with higher values representing more rigid regulations)

Indicator	Uzbekistan	Eastern europe & Central Asia	OECD average
Difficulty of hiring index (0-100)	33	31.9	26.5
Rigidity of hours index (0-100)	33	29.9	30.1
Difficulty of redundancy index (0-100)	30	25.9	22.6
Rigidity of employment index (0-100)	32	29.2	26.4
Redundancy costs (weeks of salary)	22	27.8	26.6

# N Uzbekistan

Labor migration has had many positive outcomes for Uzbekistan

- Remittances contributed to GDP growth.
- The country's balance of payments improved.
- National and currency income increased considerably and stabilized.
- The population's income and savings went up
- Unemployment-related tensions were eased on the domestic labor market



# N Uzbekistan

OMAPSCON

## Overview of Innovation and Technology in Uzbekistan

Parameters	Uzbekistan	OECD region	All Countries
% of Firms With Internationally-Recognized Quality Certification	1.33	19.91	15.43
% of Firms with Annual Financial Statement Reviewed by External Auditor	25.85	37.92	46.78
% of Firms Using Technology Licensed from Foreign Companies	10.52	21.65	14.76
% of Firms using its Own Website	6.56	48.47	34.89

# N Uzbekistan

## Recent Technologies in Uzbekistan

### Review of Information and Communication Technologies in Uzbekistan

The Review examines ICT development indicators and provides recommendations in six areas :

- Access to information resources;
- ICT in education;
- Public use of ICT;
- Electronic government;
- Electronic commerce;
- Electronic healthcare;
- Government policy in ICT



# N Uzbekistan

## ICT in Uzbekistan Includes:

- cellular communication
- Ministry of Higher and Secondary Special Education (MHSSE) is forming a corporate network that enables connecting all HEIs of the country into single information system.
- Tashkent city Transport Service) joint stock company, American Asian Transport Group Inc. and Uzbek Alinkon Technologies plan to launch joint venture in an effort to build information transport network.
- Automated payment system (APS) will be designed and applied in the subway at the early stage.
- programs build on IREX's work to **promote Internet access and computer training** in Uzbekistan under ECA's Internet and Access Training Program (IATP).

identified overall positive trend in ICT development in the country

# N Uzbekistan

## 2. POWER SECTOR

- wide introduction of small hydro power plants and renewable energy
- introduction of hydro-accumulating power plants
- introduction of detander-generating equipment for usage of excessive pressure of gas pipelines.
- technical capacity of reduction of CHG emission in oil and gas sector
- Methane emission from waste sector
- Application of modern technologies of high-temperature fermentation of wastes containing organic matter

## 3. MÄKTECHNOLOGIES TACTICAL TRAINER :

fills the gap between PC-based games and traditional military high-resolution simulations

Feet	Meters
10000	3050
2000	610
1000	305
500	152
Sea Level	0

## existing barriers to technology transfer in Uzbekistan

1. Economic situation:
2. Peculiarities of the fuel and energy sector:
3. Lack of awareness:
4. Lack of skilled professionals in energy conservation and efficiency



# N Uzbekistan

## Possible ways of overcoming the above barriers

1. Extension of grants & privileged credits;
2. Formulation of standards and norms of energy resources consumption
3. Development of a system of specialized information services;
4. Targeted development of human capacity and training of specialists for the public and private sectors
5. Prospective Use of FOSS for Development of Uzbekistan
6. Mind the digital gap

For overcoming the identified barriers and utilization of existing capacity there is a need in an integrated approach that would include :

- Legislative measures
- Strengthening the institutional capacity
- Financial measures
- Removal of information barriers

# N Uzbekistan

# OPPORTUNITIES

## 1) New Financing Opportunities for Clean Technologies

- ❖ Implementing Projects that Reduce Greenhouse Gas Emissions or Enhance Sequestration
- ❖ The World Bank Can Help to Realize these Opportunities

## 2) Uzbek gamers pick up computer skills

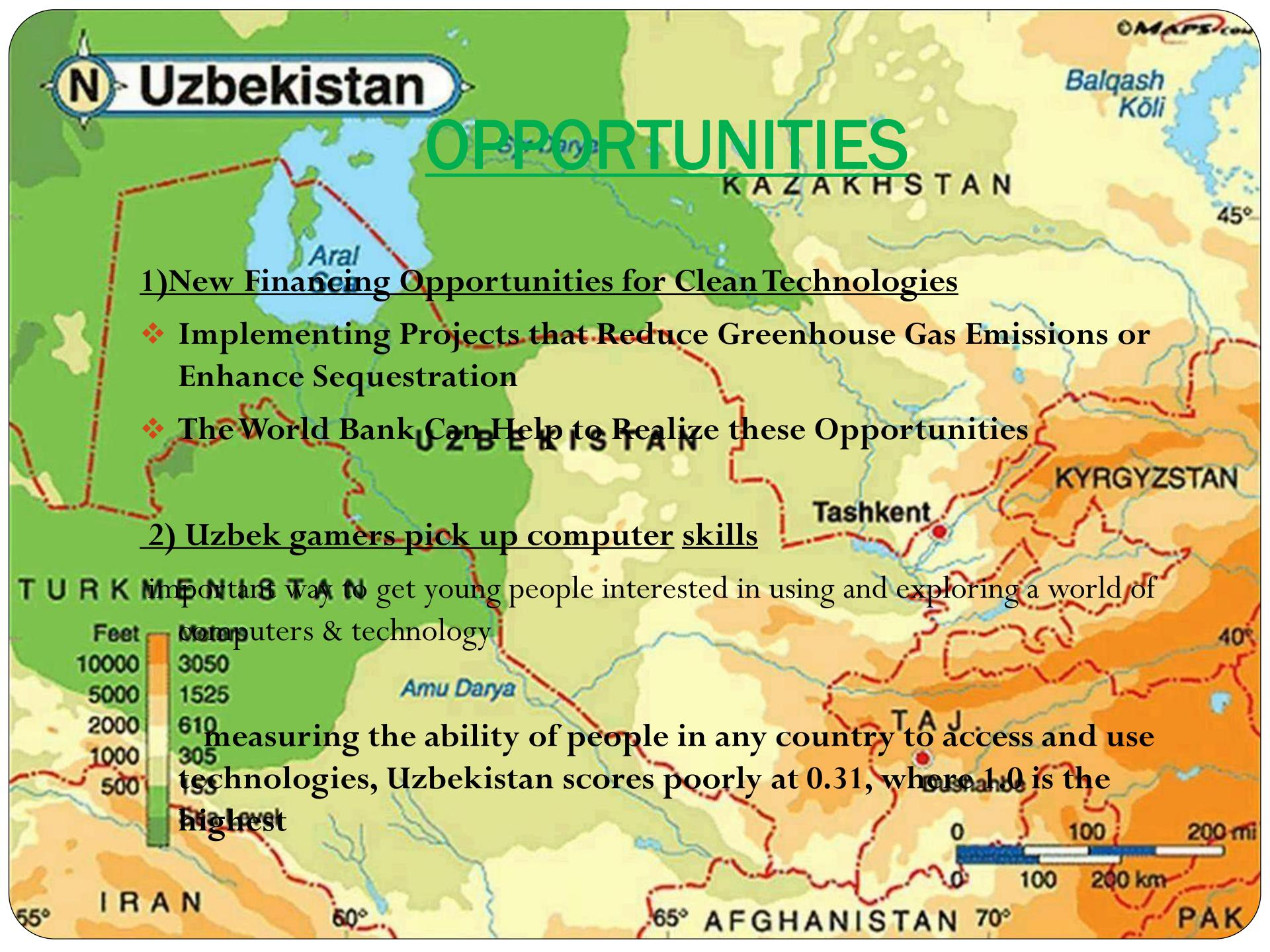
Important way to get young people interested in using and exploring a world of computers & technology

measuring the ability of people in any country to access and use technologies, Uzbekistan scores poorly at 0.31, where 1.0 is the highest

Feet  
10000  
3050  
5000  
2000  
1000  
500

Computer skills

0 100 200 mi  
0 100 200 km



# N Uzbekistan

## CONCLUSIONS

- Financial crisis stimulates insurance sector in Uzbekistan.
- The contribution of the insurance sector to the GDP in Uzbekistan is at present only 0.26%, whereas in the EU countries the corresponding figure is 9%.

Government's attention is yielding positive results.



# N Uzbekistan INSURANCE

- Uzbekistan has 31 insurance companies of which 29 worked in non-life insurance market , one operated in life insurance and one re-insurance company.
- Total authorized capital stock of the insurance companies is over \$ 66.7 million.
- The total insurance premium share in GDP is 0.3 % as in 2007



# N Uzbekistan

## BACKGROUND

- **De-monopolization**

The developments began after the de-monopolization of the insurance sector.

- **Government reforms**

Past government reforms and development measures have rendered some very successful years for the insurance sector.

- **Creation of specialized insurance companies**

Companies like Uzbekinvest, Madad, Kafolat were created.

# N Uzbekistan

## STRUCTURE

- **Voluntary property insurance**

Premiums on property insurance rose by 14.7% and the share of property insurance in total collected premiums comprised of 68.2% as in 2007.

- **Voluntary liability insurance**

Growth rate of 42.9% as calculated in 2008

- **Voluntary personal insurance**

Growth rate of 42.2% as in 2008

- **Mandatory insurance**

In 2008, the share of mandatory insurance in the total volume of collected premiums rose by a factor of 1.6 and made up 8.3%.

Premiums collected on mandatory insurance products doubled to US\$5 million.



# REQUIREMENTS FOR INSURANCE COMPANIES

- Insurance company assets are broken into two groups under the Ministry of Finance classification - liquid and free.
- Free assets must make up no more than 20% of annual premiums on non-life including reinsurance operations.
- Liquid assets must be 20% of premiums but not less than \$75,000 on non-life insurance and 15% but not less than \$100,000 for life insurance.
- Loans on life insurance policies must not exceed 50% of the policy value.

# N Top ten insurance companies of Uzbekistan

Company	Market Share, %
"Uzbekinvest"	22.32
"UzAgroSugurta"	18.18
UVT Inshurans	12.94
Standard Insurance Group	12.86
"Kafolat"	6.61
ALSKOM	3.04
Asia Inshurans	2.80
UzAIG	2.76
Alfa Invest	1.94
UzbekInvest Hayot	1.78

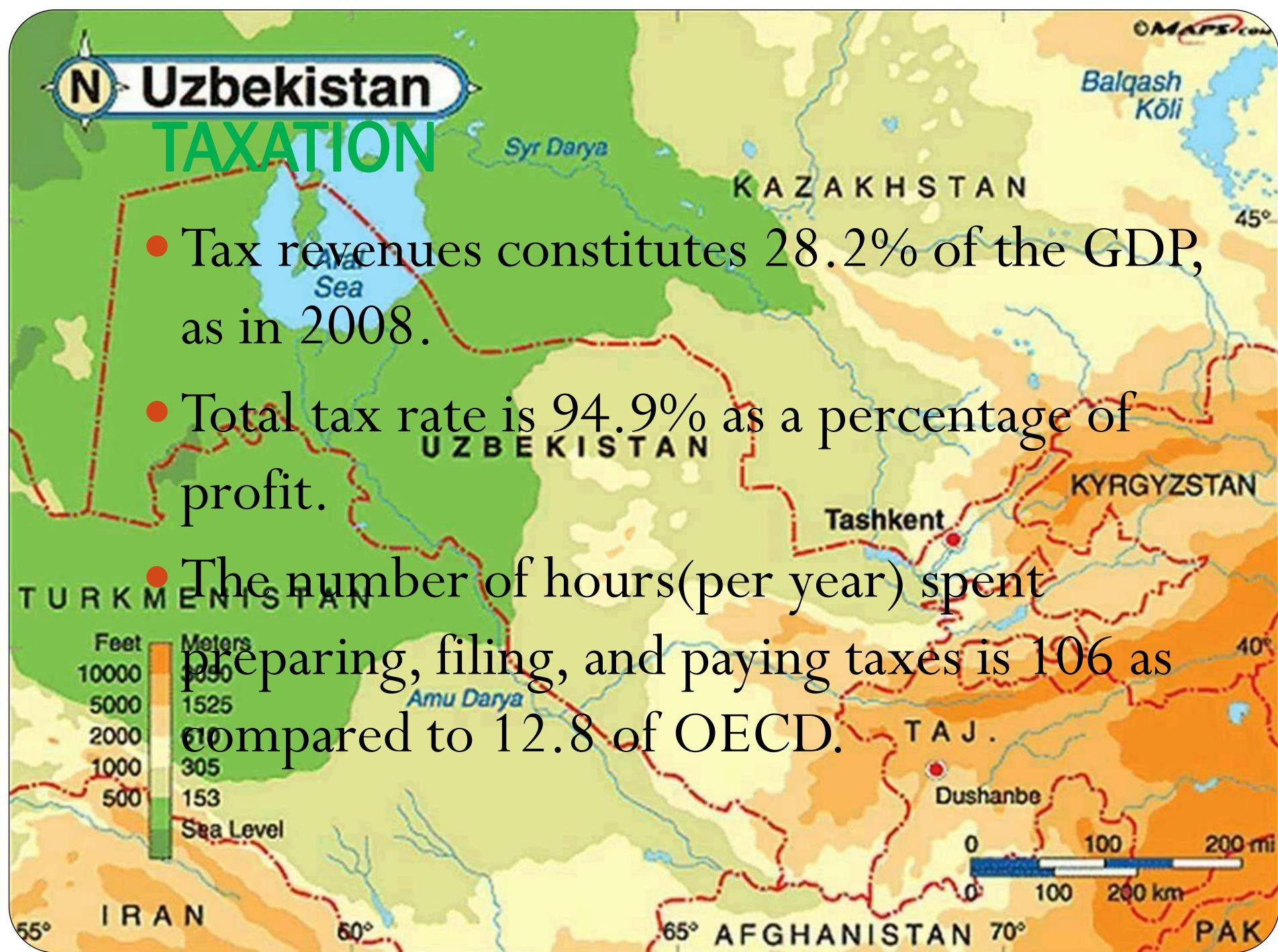
# N Uzbekistan CONCLUSIONS

- Financial crisis stimulates insurance sector in Uzbekistan.
- The contribution of the insurance sector to the GDP in Uzbekistan is at present only 0.26%, whereas in the EU countries the corresponding figure is 9%.
- Government's attention is yielding positive results.



# N Uzbekistan TAXATION

- Tax revenues constitutes 28.2% of the GDP, as in 2008.
- Total tax rate is 94.9% as a percentage of profit.
- The number of hours(per year) spent preparing, filing, and paying taxes is 106 as compared to 12.8 of OECD.



# TAX STRUCTURE

- **Common Taxes**

Common taxes system is implemented for micro-firms and small organizations, companies occupied in trade business and public catering, private notaries.

- **Common Land Taxes**

Common Land taxes are paid by organizations producing agricultural products, experimented farms, research work in the agricultural sector, except forestry and collective farms.

- **Fixed Taxes**

Fixed taxes are paid by Juridical and Physical persons caring out some particular business whose category is determined by the Tax Law.

N Uzbekistan

# Types of Taxes established in the Tax Code of Uzbekistan

- Profits taxes for Juridical Persons
- Profits taxes for Physical Bodies
- Excess profits taxes
- Excise taxes
- Taxes on the special payments and the exploitation of entrails of the Earth.
- Taxes on the exploitation of water resources
- Taxes on property for Juridical Persons



# N Uzbekistan

## Main taxes affecting foreign investors

- Corporate income (profits) tax, including income tax withholding at source of payment of income (withholding tax)
- Value-added tax and turnover charges
- Personal income tax and other payroll charges
- Customs duties
- Other taxes and charges (e.g. subsurface use tax, excise tax, property tax, land tax, water use tax and other local taxes and charges).

# N Uzbekistan TAX STATS

- Average time to clear customs  
4.71 days
- CPIA fiscal policy rating  
3.5
- Highest marginal tax rate, corporate rate  
12 %
- Highest marginal tax rate, individual on income exceeding, US\$
- Highest marginal tax rate,



# N Uzbekistan

## EDUCATION



# N Uzbekistan

## Bird's Eye View..

- Literacy Rate: 99.4%
- Education System
  - Development of education system began right from the time of independence and there had been 4 major stages of the process.
  - 5 Phases of education:
    - Pre-School: age 3-6 years, free and obligatory.
    - General Secondary: age 7-15, free and obligatory.
    - Secondary Special and Vocational: age 16-18, free.
    - Higher
    - Post-Graduate

• International Assistance and Aids: UNESCO, UNICEF, World Bank, ASD, Japanese Bank for International Cooperation, the Government of Japan, the Government of India..



# N Uzbekistan

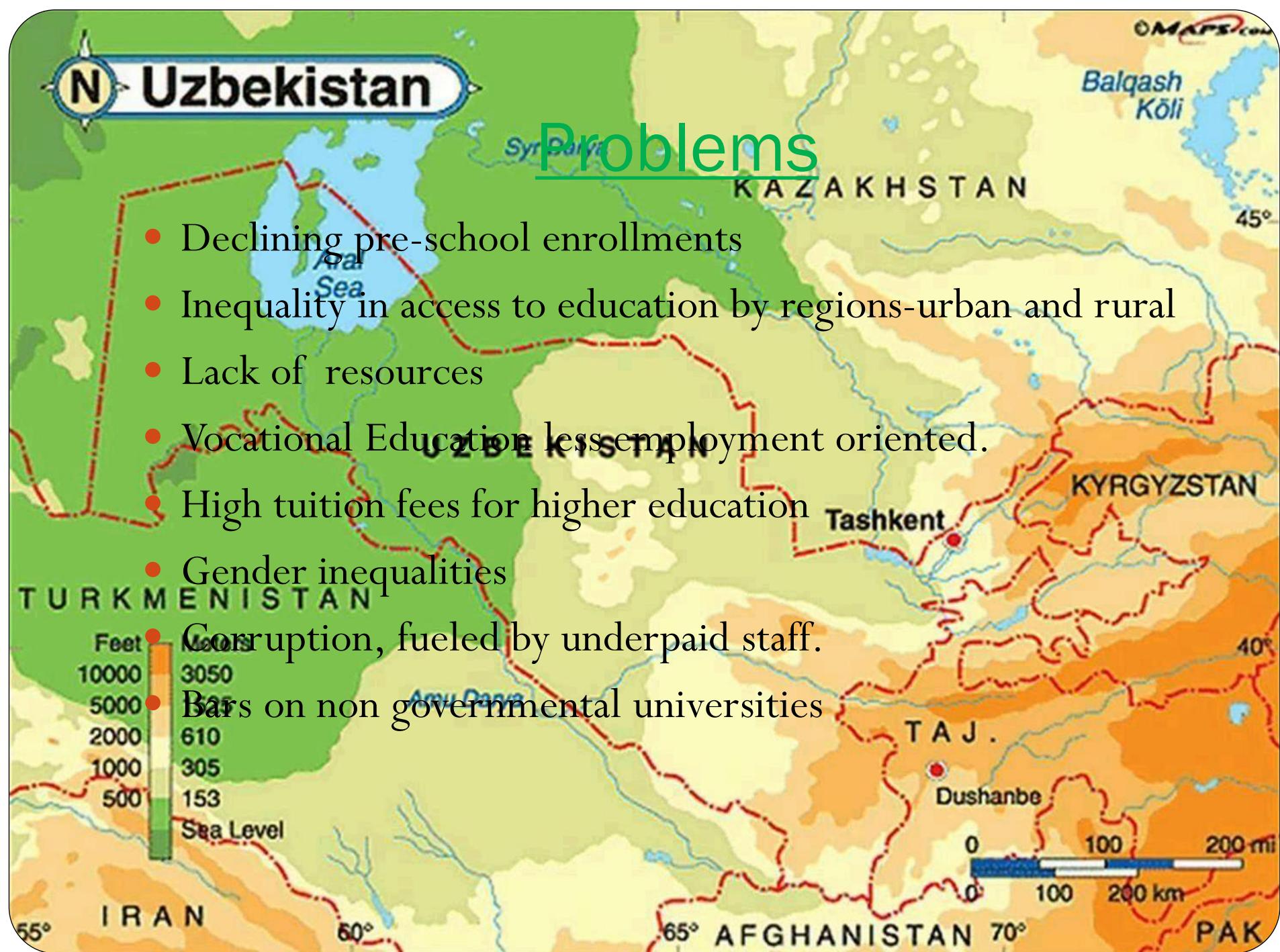
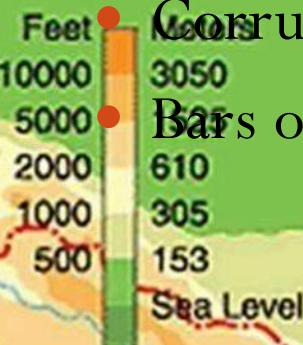
## EDUCATION in NUMBERS

Indicator	Units	2000	2001	2002	2003	2004	2005	2006	2007
Pre-school institutions: children enrolled	'000 persons	624.6	642.5	631.1	591.7	575.1	565.6	562.2	571.2
General Education enrollment	'000 persons	6,037.4	6,076.4	6,329.1	6,263.1	6,151.4	5,961.3	5,715.1	---
Secondary Special and Vocational: Students Enrolled	'000 persons	324.1	446.1	546	684	788.1	890.6	1,075	---
Higher Education : Students Enrolled	'000 persons	183.6	207.2	232.3	254.4	263.6	278.7	286.3	---
Post-graduate Admissions	Number of persons	---	873	810	699	576	---	---	---

# N Uzbekistan

## Problems

- Declining pre-school enrollments
- Inequality in access to education by regions-urban and rural
- Lack of resources
- Vocational Education less employment oriented.
- High tuition fees for higher education
- Gender inequalities
- Corruption, fueled by underpaid staff.
- Bars on non governmental universities



# N Uzbekistan

MAPS.com

Balqash  
Köli

## IMPACTS

### Health and education in the budget surveys in Uzbekistan

(% of adult members of households)

The educational level of the head of household	Did not experience or experienced temporary health problems		Constantly experienced health problems and have severe chronic disease	
	2002	2005	2002	2005
Secondary and below.....	88.8	91.9	10.5	8.1
Incomplete secondary.....	90.4	92.9	8.0	6.9
General secondary.....	95.2	97.1	4.0	2.5
Specialized secondary	94.0	95.7	5.3	4.0
Incomplete higher.....	92.0	94.7	7.5	4.7
Higher .....	95.0	94.8	5.0	5.0

### Distribution of households according to educational level in Uzbekistan

	On average		Poor		Non-poor	
	2004	2005	2004	2005	2004	2005
Share of households with heads having the following education, %:						
- 0-9 years of education.....	14.4	15.4	17.3	17.1	13.7	14.9
- full secondary education	40.5	39.5	48.7	48.9	38.4	36.9
- incomplete and complete specialized secondary professional education	28.8	28.5	25.2	24.0	29.7	29.8
- incomplete higher, complete higher education and above	16.3	16.6	8.8	10.0	18.2	18.4

Source: State Statistics Committee, Household survey

TURKM

Feet

10000

5000

2000

1000

500

IRAN

KYRGZSTAN

40°

200 mi

50 km

PAK

55°

N Uzbekistan

# Education Industry



N Uzbekistan

# HEALTHCARE



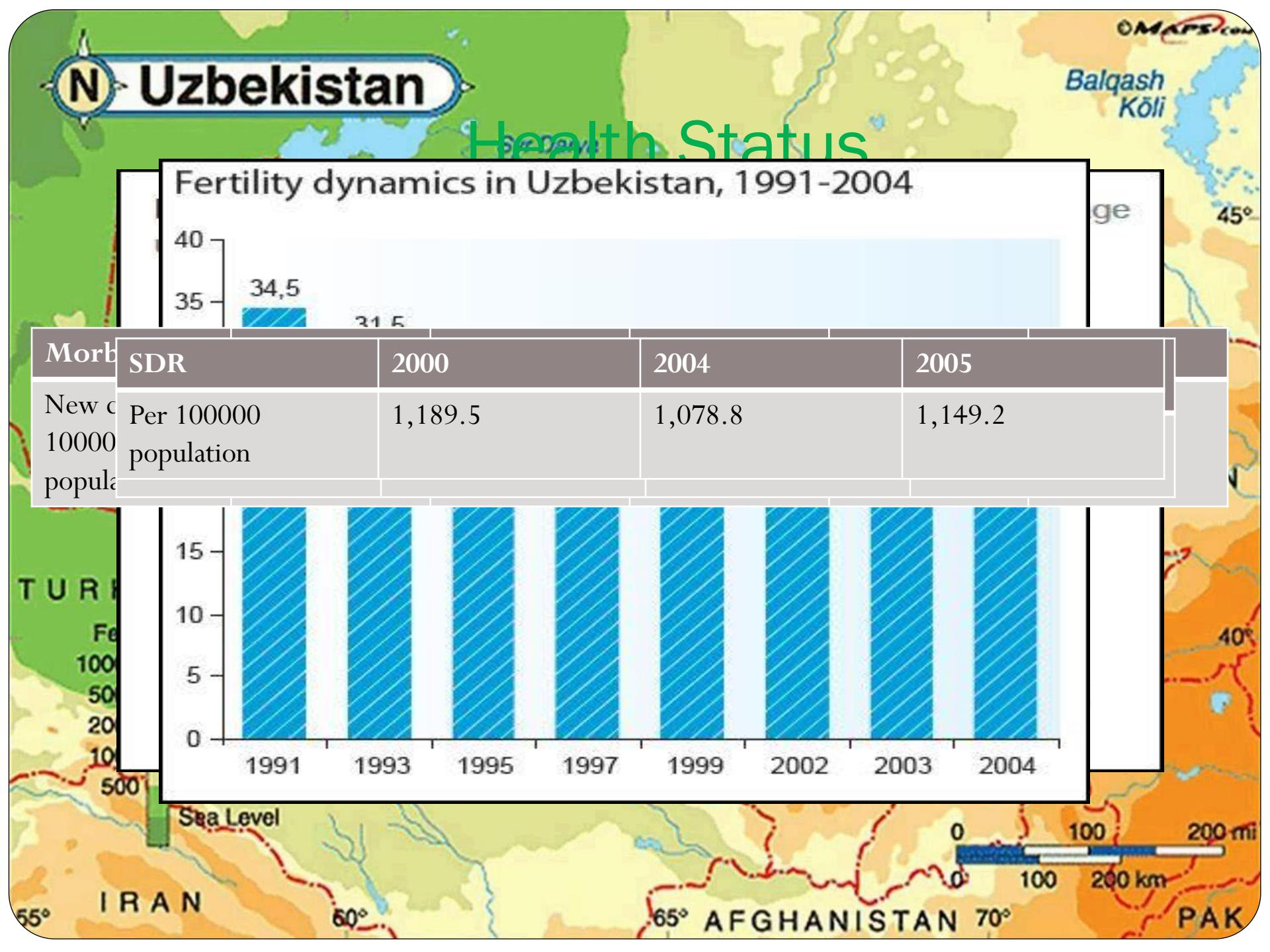
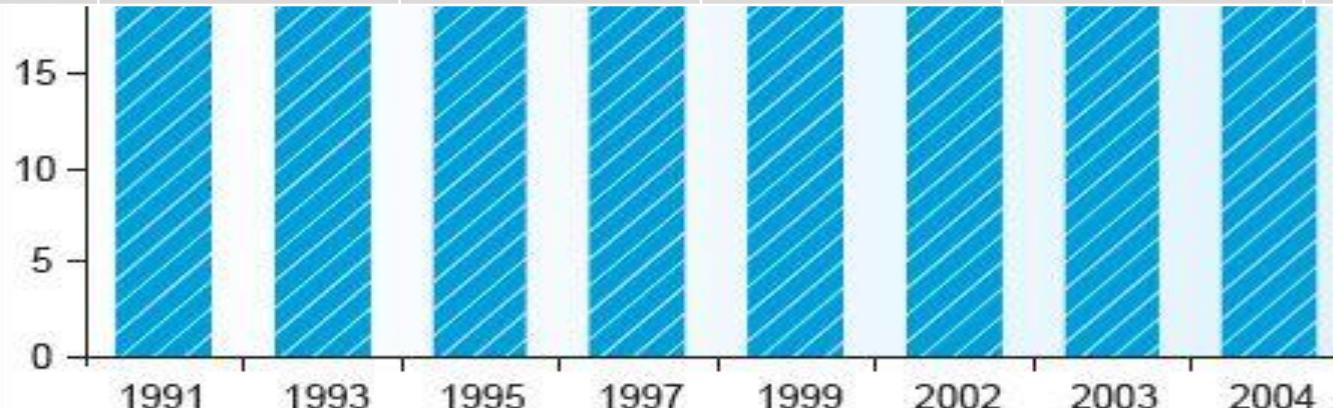
# N Uzbekistan

## Health Status

### Fertility dynamics in Uzbekistan, 1991-2004



Morb	SDR	2000	2004	2005
New c 10000 popula	Per 100000 population	1,189.5	1,078.8	1,149.2



**N Uzbekistan**

# Health Care Services

Indicator	Unit	2000	2001	2002	2003	2004	2005	2006
Hospitals	At the end of the year	1,162	1,159	1,174	1,173	1,165	1,149	1,150
Hospital Beds	Per '10000 population	55.9	55.8	57.8	57.4	54.9	54.1	53.9
Doctors	'000 persons	2,139	1,989	1,948	2,208	2,631	2,876	2,998
General Practitioners	per 10 000 population	7.8	8.6	8.6	8.1	7.9	7.5	7.4
Midwives	per 10 000 women at the fertility age	5.2	5.2	5	4.9	4.7	4.6	4.4



# Opportunities-Challenges and WHO Assistance

KAZAKHSTAN

OPPORTUNITIES	CHALLENGES
<ul style="list-style-type: none"><li>• Government cooperation with UNDP to develop an interim document on <i>Increasing Incomes of the Population</i></li><li>• Well functioning immunization programmes provide important surveillance information to disease control programmes</li><li>• A National Plan on Safe Injection to address the need for safe vaccination practices and to prevent HIV/AIDS</li><li>• The national Institute of Health may take responsibility for health promotion activities</li><li>• New financing mechanisms to address access and equity issues are being considered</li><li>• A close relationship exists between WHO and the Ministry of Health (MOH).</li></ul>	<ul style="list-style-type: none"><li>• Increasing poverty and inequity, not officially recognized; insufficient investment in health services; poor access and increasing financial burden for patients</li><li>• Highly centralized governance and lack of policy to guide health system development; weak institutional capacity and information systems</li><li>• Obsolete command and control management style, sustaining the former soviet tradition of punishment for non-compliance with orders, leads to denial of problems, non-transparent and consensual decision-making and demotivation of staff</li><li>• Shortage of staff for primary care and uneven distribution; low professional skills of doctors and, even more, nurses, and inadequate medical, nursing and public health education; poor quality of health services; outdated medical practices raising many safety issues; overuse of hospital services and over-prescription of drugs; brain drain to more attractive countries</li><li>• Inadequate equipment, drug procurement and distribution systems; lack of quality assurance for pharmaceuticals to meet international standards.</li></ul>

# N Uzbekistan

Balqash  
Köli

## Development of Private Health Care

Incentives for private health care

In order to  
Uzbekist

- Rental  
permits
- Private  
quarantine
- Regional  
health
- Uztdad

Republic of

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nt of private

Specialty	Number of licenses issued
Dentistry	694
General practice	284
Obstetrics-gynecology	250
Pediatrics	134
Neuropathology	134
Otolaryngology	105
Surgery	93
Urology	66
Dermatology	65
Cardiology	50
Ophthalmologists	44
Physiotherapy	35
Total	1,954

IRAN

65° AFGHANISTAN 70°

PAK

200 mi

200 km

55°

60°