
UZBEKISTAN ANGLES FOR \$100M JOB CREATION LOAN

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Under the late President Islam Karimov, the government in Uzbekistan boasted unconvincingly about its record on job creation. And that was despite the million of people forced to leave the country to find work elsewhere.

In an acknowledgement that not all is well on the labor front, Tashkent is now angling for a \$100 million loan from the World Bank for a five-year program to create 500,000 new jobs.

The proposed line of credit is seen as part of the World Banks new Country Partnership Framework for Uzbekistan for 2016-2020, which was the focus of discussion last week during a visit to the country from the lenders recently appointed director for Central Asia, Lilia Burunciuc.

The official unemployment rate in Uzbekistan in the first half of 2016 was 5.2 percent of the active population, or around 720,000 people. Government data in Uzbekistan is notoriously unreliable, but the figure may indeed be relatively contained due to migration. Around three to four million Uzbeks currently live and work abroad, mainly in Russia, because of a lack of jobs inside the country. Karimovs unemployment-busting strategies typically focused on reliance on internal resources, and they have returned disappointing results.

Still, the would-be jobs to be created with the hoped-for World Bank support are not yet defined and the \$100 million sum looks far too small to realistically generate that level of economic activity.

The World Bank said in a September 27 statement, which referred to a meeting between Burunciuc and first deputy Prime Minister Rustam Azimov, that the goal of rapid job creation was contingent on increasing the economys competitiveness, improving the business environment, and developing ... infrastructure.

Indeed, despite the governments bluster, Uzbekistan is looking down the barrel of a incomes and employment crunch at this period.

As the World Bank noted in a snapshot of Uzbekistan in April, real incomes have stagnated this year due to falling remittances and increased unemployment created by returning migrants. Revenue from commodity exports is down, containing the governments spending power, which is already being trimmed to limit sharp growth in external debt.

While it is clearly far too early to evaluate the performance of Uzbekistans post-Karimov leadership, there is a sense that the new people in charge sense that the country is in a hole and that any help going should be welcomed.

Kaynak/Source: