Master Thesis Research Grant

Report about Field Research in Uzbekistan

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Research topic: Macroeconomic policies for the economic growth and poverty reduction in Central Asia: the case of Uzbekistan
CONTENTS

Abstract .................................................................................................................................................................................. 3

Objective of the field research .................................................................................................................................................. 4

Time plan ................................................................................................................................................................................ 4

Assessment of field research ................................................................................................................................................ 7

Experiences ............................................................................................................................................................................. 7
  5.1. Positive experiences ................................................................................................................................................... 7
  5.2. Negative experiences ................................................................................................................................................... 8

6) References .......................................................................................................................................................................... 10
1. Abstract

The issues of development remain as the most significant among others in the period of political and economic transformation of the developing countries. Especially in the time of globalization when the political, economic and social integration already reached the high level of interconnectedness and interdependence among the different regions, countries and individuals all over the globe, development issues receive more attention of the international community as those needed to be solved in order to overcome the growing gap between the richest and the poorest and at the same time contribute to the sustainable economic growth and development of the whole planet. These global objectives require the global approach as well as the wide range of political, economic and social instruments to their achievement.

Central Asia is one of the regions of the World recently opened up to the international community after the collapse of the USSR. Five post-soviet Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan became members of the community of independent states in the year 1991. All countries right after their independence faced many political, economic, environmental and other problems left from the Soviet past which remained unsolved or overlooked by the former political regime. These problems led to dramatic consequences, such as civil war in Tajikistan or environmental disaster of Aral Sea in Uzbekistan, ethnic conflicts in the region affecting the lives and well-being of the millions of people. Moreover, the declared war against international terrorism in Afghanistan, drugs trafficking from this country are still key external factors destabilizing international and regional security and being a challenge for the development of the region. All these require from the Central Asian countries new economic, political and social strategies for the development.

This particular research has been carried out with objective of studying and analyzing the macroeconomic policies aimed at the development of the domestic financial sector for the economic growth and development in Uzbekistan. Also, in the context of translating economic growth to the poverty reduction the government labor policies for the creation of productive and decent employment for all have been analyzed as well as related instruments/policies have been suggested. The research has generated valuable data that could be helpful for the further research and understanding of the problems of the domestic financial sector and employment creation policies in transition economies.
2. **Aim of the field research**

The general goal of the study was to analyze implemented macroeconomic measures for the development of the domestic financial sector in Uzbekistan as well as examine the employment creation policies in order to suggest related macroeconomic measures for the development of the domestic financial sector and decent, full and productive employment creation instruments for the economic growth and poverty reduction. Those policies have been analyzed within the macroeconomic policy framework. In order to have a more precise focus on the both aspects *a)* of macroeconomic policies for the development of the domestic financial sector and *b)* decent, full and productive employment creation policies, the analysis within the research has been divided in a manner addressing the above mentioned aspects.

3. **Time plan**

**M.A. Thesis Research Grant Program 2011 for Social Sciences & Organic Agricultural Sciences**

FIELD RESEARCH (Conducted interviews/collected data)

**Field research country:** Uzbekistan  
**City:** Tashkent/regions  
**Applicant:** M.A. student in Global Political Economy, Bakhrom Radjabov  
**Topic of the M.A. thesis:** Macroeconomic policies for the economic development and poverty reduction in Central Asia: the case of Uzbekistan
<table>
<thead>
<tr>
<th>Month</th>
<th>Devoted time</th>
<th>Work items</th>
<th>Respondent/Contact Person (Name/Position and organization)</th>
<th>Location</th>
<th>Comments</th>
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<tbody>
<tr>
<td>August</td>
<td>7 working days</td>
<td>Develop questioners</td>
<td>Bakhrom Radjabov/MA GPE</td>
<td>Kassel, Germany</td>
<td></td>
<td>Questioners</td>
</tr>
<tr>
<td></td>
<td>7 working days</td>
<td>Discuss questionnaire with supervisor, revise questionnaire</td>
<td>Prof. Dr. Hansjörg Herr/Global Labor University, HRW</td>
<td>Kassel/Berlin, Germany</td>
<td></td>
<td>Questioners</td>
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<tr>
<td>September - October</td>
<td>4 weeks</td>
<td>Contact with the experts of local organizations/authorities and conduct the interviews, collect data.</td>
<td>Elyor Rakhmanov / The interview has been conducted with the leading expert from the Chamber of Trade and Commerce, department of mini-technologies and FDI</td>
<td>Tashkent, Uzbekistan</td>
<td>Conducted</td>
<td>Field research, interviews</td>
</tr>
<tr>
<td>October - November</td>
<td>4 weeks</td>
<td>Contact with UN experts in Uzbekistan and conduct the interviews, collect data.</td>
<td>Hurshid Rustamov/ Senior lecturer on international finance at MDIS (Management and development Institute of Singapore) in Tashkent</td>
<td>Tashkent, Uzbekistan</td>
<td>Conducted</td>
<td>Field research, interviews</td>
</tr>
<tr>
<td>November</td>
<td>Contact with experts from GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit)</td>
<td>Prof. Dr. Yunusov/ ILO Coordinator in Uzbekistan (Moscow office)</td>
<td>Dr. Ralf Peveling/ Team leader, Shameer Khanal/ Senior Economic Advisor, Jasmina Popin/ Associate Expert, Dilshod Akbarov/ ABT Coordinator</td>
<td>Tashkent, Uzbekistan</td>
<td>Conducted</td>
<td>Conducted</td>
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4. Assessment of the field research

The research has been carried out in a manner presenting and analyzing the bottlenecks in the development of the domestic financial sector and decent, full and productive employment creation policies in Uzbekistan. The field research to Uzbekistan allowed accessing the up to date data regarding Central Bank and government credit, exchange rate and currency policies. Alternatively, the data collected from the sources of international organizations and the expert interviews with the staff members of these organizations gave another vision to the government macroeconomic policies for the development of the domestic financial sector as well as decent, full and productive employment creation policies for the poverty reduction.

I based my theoretical analysis on the Neoclassical and Keynesian theories of International Political Economy which I have chosen among the other theories of political economy and economic development. The accurate review of the academic literature concerning the economic development in the countries with transition economies and the information collected from the reports and official documents published by the international organizations working in Uzbekistan highlighted the theoretical and empirical problems in the macroeconomic policies for the development of the domestic financial sector, decent and full productive employment creation for the economic growth and poverty reduction reflected in the policy oriented decision making.

5. Experiences:

5.1. Positive experiences

Even though Uzbekistan is my home country, however doing research for my M.A. thesis has been very exciting and relatively new experience for me. The positive aspects of the research and stay in Uzbekistan have been the following:
1. While conducting interviews with the local experts, the academic techniques obtained during the classes on advanced research methods and writing skills have been tasted in practice. Sometimes, it was difficult to follow the academic requirements; nevertheless this experience became a perfect example of successful symbiosis of theory and practice of conducting expert interviews.

2. Accommodation and traveling is relatively cheap within the country. The public and private transportation system in the capital, Tashkent is developed very well and consists of the underground, trams, busses as well as private taxies which allow to reach the required destination.

3. Fresh food markets are also available all around the city center and suburbs.

**5.2. Negative experiences**

The drawbacks of my approach mainly revolved around my ability to access required data. While collecting data during the field research in Uzbekistan I faced to the following major obstacles:

1. The estimations of the economic achievements and macroeconomic measures which have been taken by the government authorities during the 1991-2010 were sometimes contradicting to the estimations of the international financial institutions and international organizations working in the country or responsible for the region where Uzbekistan is located. The fact of the contradicting outcomes can be easily explained by the difference in the methodological approach to the analysis and assessment of the macroeconomic policy and economic achievements for the time indicated as the research period.

2. Conducting expert interviews with the government authorities and Republican trade unions association as well as access to the data available in those organizations became complicated and challenging because of the unwillingness of the staff members of these organizations to communicate and to respond to the questions without the special permission from the chief staff and heads of these organizations. Also, in case of enrollment in the local university the written permission from the university has to be presented. The availability of the official letter from the University of Kassel or ICDD indicating the research purposes of my interest in these organizations will be less likely useful for accessing the information and conducting the interviews. With other words, the sources of information remained relatively close which to
some extent put some limitations on my research. In cases when the interviews with the experts became possible, the responses of the government experts from different governmental or semi-governmental organizations were still limited. Also, in some cases the respondents indented to review and select the questions in advance. Of course, this was contradicting to the academic rules of conducting expert interviews.

3. Conducting interviews with experts in some UN agencies in Tashkent and Center of economic research (CER) of UNDP which supposed to be more open, nevertheless, have been also complicated because of the same reasons mentioned above. However, I managed to conduct the interviews with the several experts and got the access to the resource center of CER which was helpful for the collection of the most recent data on my research topic. By this meaning I carried out sustainable research for the M.A. thesis. Because of the impossibility to conduct interviews with several experts some changes in the plan of the field research have been done. These changes, however, have not negatively affected the whole study.

4. The airfares (air tickets) from/to Uzbekistan are relatively expensive and have to be booked in advance. The fair price for the ticket (both sides) is around 800 euro.

Overall, I would evaluate my stay and research in Uzbekistan as successful and very useful for the completion of my M.A. thesis. I believe that the up to date data collected during the field research as well as discussion of the research topic with the experts have helped to have a more precise focus and solid base in the macroeconomic policies for the development of the domestic financial sector for the economic growth as well as to analyze employment policies and suggest instruments for the decent and full productive employment creation for the poverty reduction in Uzbekistan.
6. References


German development cooperation with Uzbekistan [http://www.bmz.de/en/what_we_do/countries_regions/asien/usbekistan/cooperation.html#t1](http://www.bmz.de/en/what_we_do/countries_regions/asien/usbekistan/cooperation.html#t1)


The EU and Central Asia: Strategy for a new partnership


Wirtschaftspolitik im postsowjetischen Raum. SWP-Studie http://www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=118904