

**COVID-19
and Central Asia:
Socio-economic
impacts and key policy
considerations for
recovery**



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Executive Summary

The economies of Central Asia remain vulnerable to shocks such as the one caused by COVID-19. Structural issues, including an overreliance on commodities, migrant labour (especially in Tajikistan and Kyrgyzstan), low levels of diversification, dual labour markets and inefficient social protection systems, will hamper long-term resilience unless reforms can be addressed. Negative impacts on the drivers of growth, such as trade disruptions, declines in consumption and investment, migrant remittances, oil and mineral export revenues, are impacting gross domestic product (GDP). However, declines in domestic consumption caused by lockdowns account for over half of the current declines in growth, with the exception of Turkmenistan.

The impact of the crisis on household income is being felt primarily through the disruptions to activities of firms and businesses, the subsequent loss of working hours and declines in remittances. Small and medium-sized enterprises (SMEs) and the self-employed are particularly vulnerable as the demand for services has plummeted. The effect on firms is mixed, due in large part to a duality in the economies. Surveys show that SMEs, especially those in tourism and hospitality, but also the small manufacturing, construction, transport and trade sectors, are the most vulnerable and are mostly located in urban areas. Many large enterprises also have a strong state presence, which implies that governments have a direct stake in keeping them afloat.

The impact of the COVID-19 pandemic on household income has three ramifications: (i) a loss of wage income and revenues from informal work; (ii) a loss of remittances; and (iii) price inflation, particularly food price inflation. Loss of incomes affect households significantly, adding to spillover effects such as rising household debt, inability to afford out-of-pocket payments for health services and reduced access to education. Some aspects of the crisis have affected women more than men. Women usually have fewer opportunities to get a job or compete in the labour

market due to prevailing social norms regarding family distribution of household work, child and elderly care responsibilities and other reasons. The high incidence of informality makes the impact on precarious employment significant.

The pandemic is having an unprecedented public health impact and in turn the associated socio-economic impacts are accumulating across the region. Arguably, these issues are more challenging than the financial crisis of 2008–2009 and the trade-offs that need to be managed are more complex. This paper argues that several public policy reforms are needed:

- 1.** An emphasis towards health governance to build greater levels of certainty in domestic economies, thereby supporting a rebound in domestic consumption;
- 2.** Public financial management needs to focus on financing recovery in specific policy areas, on debt management and on improving transparency and conditions for private investment and modernization;
- 3.** An overhaul of labour market policies and institutions, especially with a gender focus to improve women's access to decent employment and incentives to reduce chronic informality;
- 4.** An adaptation to trends in the use of technology for delivery of government services and the trade of goods and services in the local/regional/global marketplace;
- 5.** Social protection reforms and social infrastructure, which should have an important role to play in sustainable development going forward from the pandemic.

The main task is to build greater resilience to socio-economic shock both from COVID-19 and from the ongoing impacts from climate change. Therefore, it would be short-sighted to ignore the current trends, and in that regard integrating aspects of the green recovery is highly relevant for both recovery and for sustainable development, a vision all countries aspire to.

Introduction

The COVID-19 pandemic has put a significant strain on public health systems. Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan have been addressing the effects of a second wave of infections as they navigate a way out of lockdown policies from the first wave of COVID-19. Turkmenistan continues to report no cases of COVID-19. In its wake, governments and partners are assessing the socio-economic impacts still unfolding, while at the same time implementing response measures aimed at maintaining the economic base and minimizing the social implications.

The economies of Central Asia suffer from weaknesses, making them vulnerable to shocks such as the one unfolding. Structural issues, including an over-reliance on commodities, migrant labour (especially Kyrgyzstan and Tajikistan), low levels of diversification, dual labour markets and inefficient social protection systems, will hamper recovery efforts. A world adapting to COVID-19 requires policy reforms in different areas and a stimulus for recovery. For the economies of Central Asia this includes looking at areas which may not have been priority considerations prior to the pandemic.

This paper examines the socio-economic impacts of the COVID-19 pandemic in Central Asia¹, especially the impact on micro-, small and medium-sized enterprises (MSMEs) and on households. Efforts to contain the direct health impact—as in other parts of the world—have led to a breakdown in supply chains and stoppages of production units, as well as demand shocks caused by declines in domestic consumption, fixed investment and exports. This has led to forced leaves, to furloughs, to underemployment and to job losses resulting in declines in household income.

Apart from these supply and demand shocks, two other key external factors are influencing the scope and length of the socio-economic impact in the subregion: the volatility in commodity prices which is negatively affecting the economies of Kazakhstan, Turkmenistan and, to a lesser extent, Uzbekistan; and the impact of border closures and the economic downturn in Russia on the demand for migrant labour from Central Asia. This has implications for the remittance-receiving countries of Kyrgyzstan, Tajikistan and Uzbekistan. It is likely that the social and economic impacts could last longer than the human health impacts, although the importance of managing the health impacts is critical.

This paper begins by examining the main macroeconomic weaknesses and the potential impact of these on: (i) the economy and businesses/ SMEs; and (ii) households in Central Asia. It concludes with some observations on social policy reforms that should be addressed to help build resilience against future shocks. It takes a perspective that addressing health governance, managing fiscal frameworks, improving social protection, labour market reforms and promoting a digital future are going to be fundamental issues to address a long-term recovery agenda focused on human development.

Methodological note: This paper relies on primary and secondary data to describe the relevant social conditions across the region. It has to the extent possible used both primary data collected and the findings from United Nations system socio-economic surveys and the associated response plans that have been prepared. However, the paper is not intended to be a synthesis of these documents.

¹ Turkmenistan has not recorded any cases of COVID-19. Therefore this paper does not assert that the impacts outlined herein are linked specifically to any COVID-19 cases in that country.

Macroeconomic vulnerabilities

The macroeconomic impact is occurring through a mix of both external and internal factors. The internal ones are caused by lockdown restrictions, leading to the closure or disruption of business activities, diminished consumption and the impact on the real economy. The external ones include: (i) international market prices; (ii) border closures and the pandemic effects in other countries; and (iii) trade restrictions/disruptions.

International commodity prices

Economies with a reliance on commodities are vulnerable to shocks due to volatility in international market prices which also occurred during the pandemic. Oil prices fell dramatically in March 2020 (a 50 percent drop since January). Kazakhstan's energy revenues account for almost half of its GDP, and extractive industries are the primary beneficiary of foreign direct investment. Turkmenistan is vulnerable to a decline in prices and may already be exporting gas for lower than market prices². Uzbekistan is also an exporter of petroleum and gas, but these represent only 8 percent of total export value. Some stability does appear to have entered commodity markets since the March/April lows, but prices are still up to 30 percent below January highs.

On the other hand, changes in international market prices for gold and minerals appear to be acting in favour of the Kyrgyz, Tajik and Uzbek economies. Gold represents 44 percent of the total value of exports for Uzbekistan and 37 percent for Kyrgyzstan, and gold prices have increased to around US\$1,900/ounce, as of mid-October 2020. For Tajikistan, gold represents 17 percent of the value of its exports, mineral products 35 percent and metals, including raw aluminum, 23 percent.

Reliance on a few commodities presents risks that are associated with relatively undiversified economies. This is because a large share of government revenue and export value is derived from limited sectors. Central Asian economies have a very low 'economic complexity' of exports, with the situation

deteriorating between 2000 and 2017, despite an increase in GDP per capita (see Figures 1 and 2). While benefits have accrued from price increases, the predominance of commodities in their export baskets makes them vulnerable to price volatility.

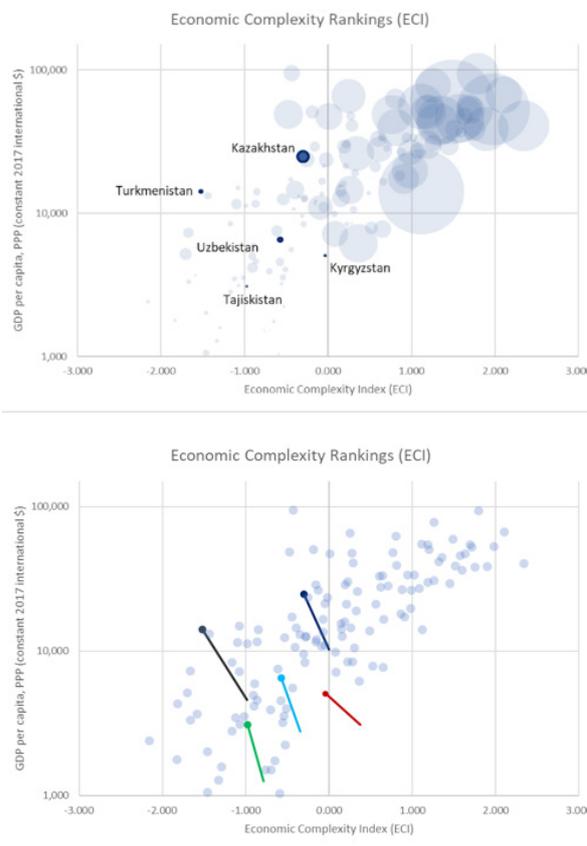


Fig. 1 and 2: Economic complexity and GDP per capita (Left, chart for 2017. Right, chart showing changes between 2000 and 2017) (Bubble size corresponds to total export amount.)

Source: The Observatory of Economic Complexity, <https://oec.world/> for Economic Complexity Index (ECI). GDP and export data are from the World Bank.

Declines in growth

Initial International Monetary Fund (IMF) estimates predicted the overall macroeconomic impact would be relatively short-lived. However, as many countries are experiencing second waves, the situation remains uncertain. While the overall growth rebound may take longer than anticipated, we can ascertain declines are being driven mainly by lockdown policies and by spillovers from global supply

2 <https://www.rferl.org/a/qishloq-ovozi-plunging-oil-prices-kazakhstan-turkmenistan-economic-problems/30572905.html>

and demand shocks and disruptions in value chains (Fig 3). Apart from Turkmenistan, declines in domes-

tic consumption caused by lockdowns account for over half of the declines in growth.

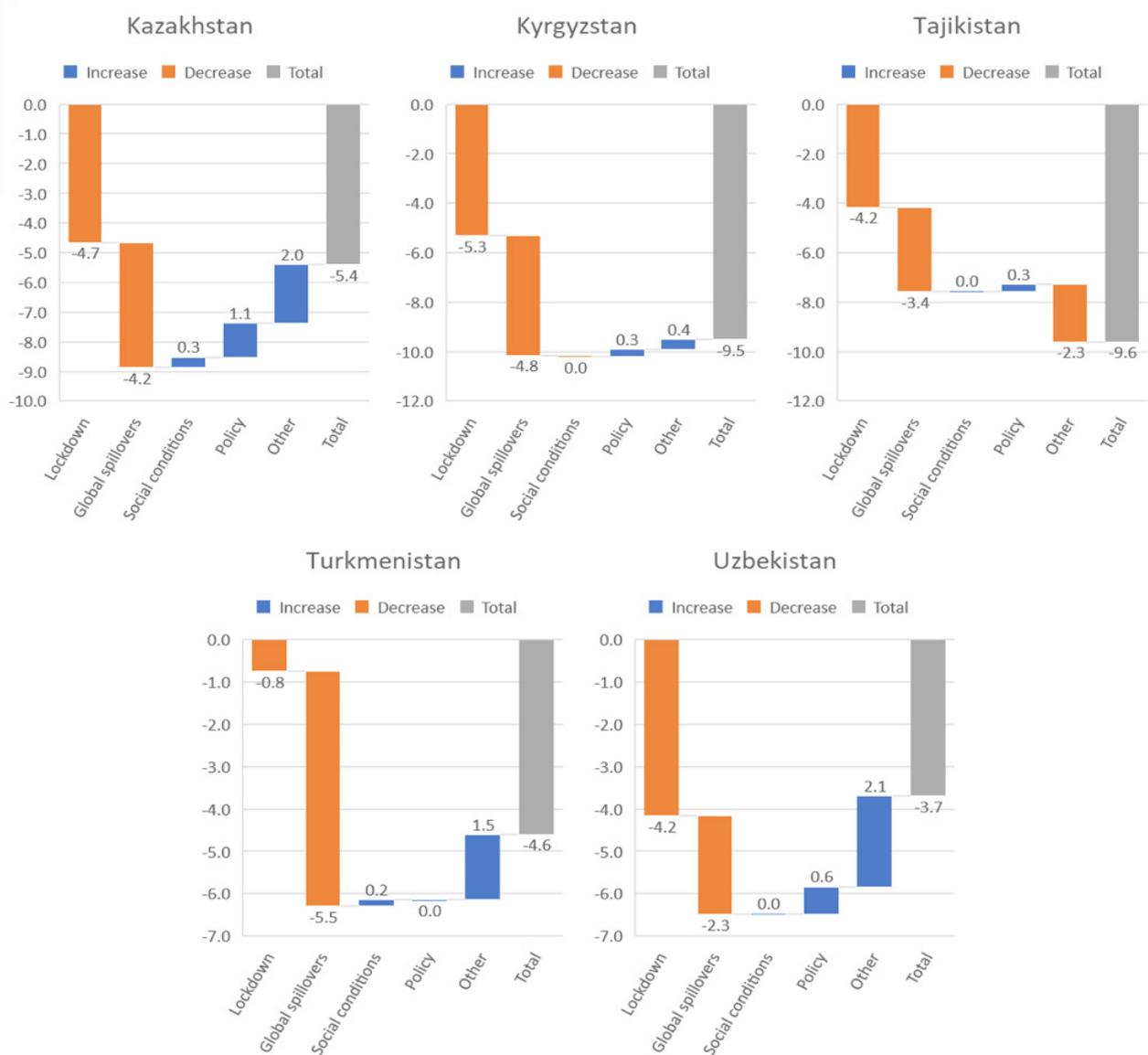


Fig. 3 Decomposition of GDP impact, baseline estimate: lockdowns and global spillover (pre-COVID baseline)

Source: United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), 2020. Assessing the impact of COVID-19 in Asia and the Pacific and designing policy responses: An Excel-based model. See www.unescap.org/resources/assessing-impact-covid-19-asia-and-pacific-and-designing-policy-responses-excel-based

All countries will be affected by trade slowdowns, especially in demand and in the disruptions in mining, services and the construction sectors. For example, in Kazakhstan, official data suggest SMEs in the trade, tourism and catering sectors will be most severely affected. These sectors employ over 1.6 million workers. Surveys are showing the overall impact on the commercial services sectors has been considerable. The ongoing fiscal stimulus will help

to partially offset these effects. However, projections on continuing declines are very difficult to estimate given the uncertainty about the duration of the outbreak and the measures to contain it.

Border closures and remittances

The closure of borders affects labour migrants. Kyrgyzstan and Tajikistan are two of the most

remittance-dependent countries in the world, currently ranking fourth and fifth respectively³, with remittance inflows accounting for about one third of GDP (33 percent and 29 percent respectively). In Uzbekistan, remittances represent a smaller share of GDP (15 percent), but the value of remittances is larger in Uzbekistan than in Kyrgyzstan and Tajikistan. They stood at \$2.8 billion in 2018, but recent statements suggest the total amount of remittances, in addition to those from Russia, are almost double this amount. Turkmenistan also receives remittances from migrant workers in Russia and Turkey, but data on overall amounts⁴ are difficult to calculate.

The World Bank predicts remittance inflows to Central Asian countries will fall by around 28 percent this year⁵. In Kyrgyzstan, remittance inflows had already dropped by 14 percent as of 15 April, and in Tajikistan, approximately 500,000 labour migrants are reported to be returning home from Russia with a consequential sharp fall in remittance inflows⁶. This in turn places an additional burden on local labour markets for jobs which are often non-existent.

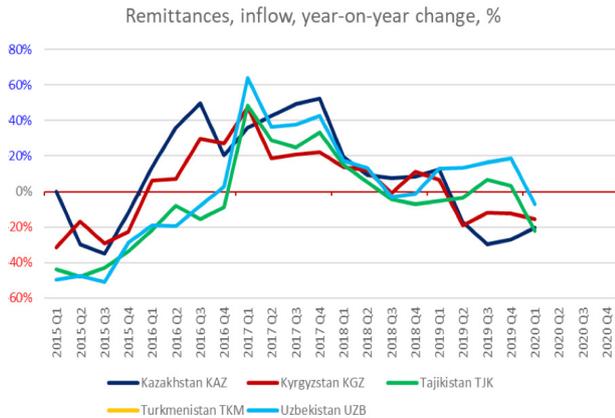


Fig. 4 Remittances inflow

Source: National sources. Data for Tajikistan and Uzbekistan are from the Central Bank of Russia and cover only transfers from Russia.

Box 1: Households and labour income in Tajikistan

Many households in Tajikistan rely on remittances for income. The United Nations Development Programme (UNDP) Socio-Economic Impact Assessment (SEIA) survey showed that about 77 percent of surveyed HHs reported incomes from migrant labour, making them vulnerable to changes in migrant labour employment in Russia and other neighbouring countries. Along with self-employment and non-registered jobs, migrant labour incomes have shown the largest declines (43 percent–53 percent) as a direct result of the COVID-19 outbreak. Estimates suggest as many as 50 percent of able-bodied persons from Tajikistan were in Russia in 2019 (Mogilevskii, 2020).

These findings stress the particularly high financial vulnerability of migrant labour for several reasons: the unknown period of borders closures, the high probability of diminished economic activities and demand for migrant labour in recipient countries after the borders reopen and the lack of alternative domestic employment opportunities. The World Bank underscores these data, highlighting the following: (i) Tumbling remittances are expected to push the poverty rate higher; (ii) Future migration expectations have evaporated, or significantly diminished; and (iii) The share of HHs with current migrants abroad remains quite high.

3 <https://www.rferl.org/a/analysis-do-oil-price-cuts-signal-bad-economic-times-will-return-to-central-asia-/30488141.html>
 4 http://www.xinhuanet.com/english/asiapacific/2019-08/01/c_138276317.htm
 5 <https://www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-of-remittances-in-recent-history>.
 6 <http://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-central-asia-5305f172/>

Inflationary pressure

Economies with a high exposure to commodities are also vulnerable to currency fluctuations. The sharp fall in the demand for, and in the price of, fossil fuels puts pressure on the Kazakh currency (Tenge (₸), KZT), leading to a depreciation and a fall in the exchange rate from about ₸380/\$1 on 3 March 2020 to ₸456/\$1 on 19 March 2020 and is currently around ₸420/\$1.⁷ The devaluation of the Russian rouble and the Kazakhstani tenge put the other Central Asian currencies under pressure. Weaknesses in the currencies of Kyrgyzstan, Tajikistan and Uzbekistan have persisted since March. Currency declines can

make imports more expensive in turn resulting in price increases.

Projected inflation rates for 2020 predict significant price increases in Kyrgyzstan and to a lesser extent in other countries, and even to a decline in Uzbekistan (Table 1). Evidence, particularly for Kyrgyzstan and Tajikistan, shows that a large share of consumer goods in both countries, including food products, are imported and paid for in U.S. dollars, with the falling exchange rates resulting in an increase in prices for staple goods. This in turn is impacting household budgets.

Table 1. Consumer Price Inflation, annual average (%)

	2019	2020 (projected)	2021 (forecast)
Kazakhstan	5.2	6.9	6.8
Kyrgyzstan	1.1	10.6	7.2
Tajikistan	7.8	8.1	6.9
Turkmenistan	5.1	8.0	6.0
Uzbekistan	14.5	12.6	10.6

Source: IMF, April 2020

Box 2: Inflation and household costs in Kyrgyzstan

Kyrgyzstan remains vulnerable to exchange rate fluctuations and to a rise in domestic prices. After running at or below 2 percent for most of 2018-2019, annual inflation rates jumped in 2020 (especially on the back of its depreciating exchange rate). In June 2020 consumer prices were 5.8 percent above the previous year, while food prices had risen 10.7 percent during this time. Market monitoring by the World Food Programme (WFP) found that wheat flour prices in April 2020 were 20 percent above February 2020 levels. Recent World Bank simulations indicate that a 5 percent increase in consumer prices can increase the national poverty level by 3.6 percentage points. Access to food is at risk due to falling incomes and rising food prices. According to a WFP survey, 93 percent of respondents expressed concerns about high food costs, a particularly alarming trend as the poor spend upwards of two thirds of their income on food. The survey also reported declines in the consumption of nutritious foods in 2020.

7 <https://www.bloomberg.com/quote/USDKZT:CUR> (Accessed on 20 September 2020).

Finance considerations

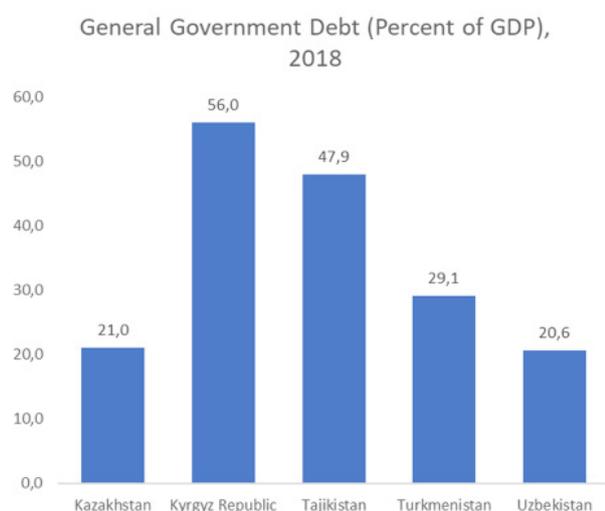


Fig. 5 General Government Debt

(Source: World Development Indicators (WDI))

Government budgets are under increasing strain from the following factors: revenue losses from oil, remittances and import taxes; currency devaluations; tax relief measures introduced as part of the crisis-response programmes; the increases in expenditure to address the health emergency; and the provision of relief to businesses and households. While Kazakhstan, Turkmenistan and Uzbekistan seem to have a manageable level of debt, Kyrgyzstan and Tajikistan remain in a more fragile position (Fig. 5) and a substantial hit to GDP will increase fiscal deficits and worsen debt positions. Kyrgyzstan has already applied for and been granted support via the IMF's Rapid Financing Instrument/ Rapid Credit Facility to help fill an estimated \$500 million expenditure gap.

The financing needs of each country will be determined by debt structure, loan maturity and the ability to access concessional financing. Debt-servicing may significantly reduce the countries' fiscal space and make them even more vulnerable to fluctuations in the exchange rate and any continuing downturn. For Kyrgyzstan and Tajikistan additional financing needs could increase to 10.9 percent and 7.7 percent of GDP respectively, and weaknesses in the fiscal frameworks could become a key source of concern in the wake of the continuing shock from global and domestic conditions⁸.

Discussion

The countries of Central Asia are suffering from negative impacts on the drivers of growth such as trade disruptions, declines in consumption and investment, migrant remittances and oil and mineral export revenues. Furthermore, pre-existing vulnerabilities such as limited diversification in the Central Asian economies combined with high levels of informality are exposing structural weaknesses. The combination of stringent lockdowns dealing with a health pandemic and declining global trade and investment are presenting policymakers with a much more complex situation than during the financial crisis of 2008–2009.

All of this is impacting macroeconomic conditions via the exchange-rate volatility and the growing public financing gaps and increasing public debt. Reinvigorating domestic economic activity will need greater confidence in health responses such as testing, tracing and treatment, allowing social interaction and consumption levels to rebound and, along with these initiatives, support to ailing SMEs in affected sectors. The financial position of SMEs and the viability of the banking system in the wake of significant defaults could become an additional issue of concern going forward. The likelihood for Central Asian economies to continue experiencing difficulties into 2021 remains high, but much depends on the policy choices going forward and on global conditions.

Given high debt levels, the short- to medium-term prospects in Kyrgyzstan and Tajikistan and the relative vulnerability of these economies are particularly worrisome. Long-term public and external debt considerations will be issues for all countries given the likely limitations these will have for financing development post-pandemic. The relationship of state-owned assets and the risk of contingent liabilities on public fiscal positions will need to be monitored while exploring the potential for transitions to more private sector-led engagement. This also begs the question on opportunities for accelerating modernization reforms and conditions for recovery in the medium- to long-term. This will depend on the management of fiscal frameworks and on the potential for supporting financing strategies that address relevant recovery policy areas.

8 E. Vinokurov, N. Lavrova and V. Petrenko, Tajikistan and the Kyrgyz Republic Post-COVID-19: Debt Sustainability, Financing Needs, and Resilience to Shocks, Eurasian Fund for Stabilization and Development Working Paper WP/20/3 (2020) (Eurasian Development Bank).

Microeconomic impacts

The impact of the crisis on household income is being felt primarily through disruptions to activities of firms and businesses, and the subsequent loss of working hours,¹⁰ as well as declines in remittances. SMEs and the self-employed are particularly vulnerable as demand for services has plummeted. Smaller entities are less likely to be able to sustain several months of revenue losses as they usually have limited reserves to cover longer periods of inactivity or loss-making; they are less likely to have collateral (or the confidence) to access loans, and thus the ability to purchase the know-how and equipment needed to reprofile and adapt to new products and new ways of doing business, for example, e-commerce.

Micro-, Small and Medium-Sized Enterprises

The effect on firms is mixed, due in large part to a duality in the economies of the subregion. Many

large enterprises also have a strong state presence, which implies governments' direct stake in keeping them afloat. In addition, larger firms may be able to capitalize more readily on the support programmes introduced in response to the COVID-19 than smaller MSMEs.

Surveys suggest that SMEs in tourism and hospitality, but also small manufacturing, construction, transport and trade sectors are most vulnerable to the impact of the pandemic. Hotels and restaurants have shut down, and even when the lockdown is lifted, tourism seems likely to be affected for some time to come. Construction is likely to suffer from a fall in demand in the residential construction sector due to job losses, from declines in remittance flows and from pessimistic business expectations about market conditions, while funds for public investment in social infrastructure may be diverted in order to finance other aspects of the crisis response.

Table 2. Percentage share of economic sectors in GDP and in total employment, 2019

	Agriculture		Industry		Services	
	% of GDP	% of employment	% of GDP	% of employment	% of GDP	% of employment
Kazakhstan	4.1	16.2	33.4	20.4	55.4	63.3
Kyrgyzstan	11.6	21.9	27.4	23.5	49.7	54.4
Tajikistan	19.2	45.7	27.4	15.5	42.0	38.7
Turkmenistan	NA	20.3	NA	42.1	NA	37.5
Uzbekistan	28.7	24.5	28.4	24.5	31.6	46.3

Source: WDI Database¹⁰

Agriculture represents a relatively large share of GDP for some countries (e.g. Uzbekistan at over 28 percent) concomitantly with greater shares of employment (45 percent in Tajikistan, 25 percent in Uzbekistan and 20 percent in Kyrgyzstan). This reflects the fact that—apart from the northern regions of Kazakhstan—agriculture is characterized by the low productivity of smallholder farmers. The latter will likely suffer from a loss of sales in the local bazaars and in the big urban markets, but production seems unlikely to be greatly

affected. There may be longer term problems with accessing fertilizers and other inputs from abroad. The World Food Programme in Kyrgyzstan suggests problems may arise both in supply and in the ability of small farmers to pay for these inputs. Current results appear to suggest that rural households may have a better capacity to cope with the ongoing shock than their urban counterparts, who are more reliant on cash incomes and have limited opportunities to re-deploy their labour.

⁹ State-owned enterprises and the informal sector are predominant segments of the labour market in Central Asia, hence statistics are not capturing any significant cutbacks on jobs.

¹⁰ The figures for services in table 2 are based on International Labour Organization (ILO)-modelled estimates and also include public services. In Kyrgyzstan national data point to the fact that the trade and services, construction and transport sectors (i.e. excluding the public sector) account for approximately 40 percent of GDP and 42 percent of all employment.

Box 3: Impact of lockdown on SMEs in Kazakhstan

In Kazakhstan, SMEs account for employing around 3.3 million people. COVID-19 is devastating small businesses, with 69.6 percent of SMEs being forced to suspend their economic activities and another 2.2 percent having completely ceased their operations during the quarantine. The self-employed suffered even more, with 71 percent suspending their activities due to the introduction of quarantine measures. The most affected sectors are tourism, other services and construction.

According to the results of the UNDP SEIA survey, quarantine measures have led to the rupture of supply chains for 42 percent of SMEs. Half of SMEs noted their inability to continue their current activities from a lack of capital. Many are worried about the instability of the national currency, a point noted by 40 percent of SMEs; 31 percent—about the future; and 18 percent of SMEs pointed to fund-raising problems.

Survey results confirm the negative impacts of lockdown measures taken to fight Covid-19 on services and the smaller businesses (Figs. 6 and 7). These results reflect the initial lockdown measures which were implemented to stem the health impacts. It is also clear that women-run enterprises are being more severely affected with 68 percent reporting suspension of activities versus 56 percent for businesses owned by men.¹¹ In addition, in Kyrgyzstan and Tajikistan many SMEs are already temporarily closing their businesses (Fig 8). What is not clear from the survey data is the extent of the informality of the surveyed businesses.

While many government schemes have been implemented to protect the private sector, it is also unclear if these schemes are reaching the many self-employed, micro- and small firms operating in the informal economy. Many of these firms are also likely to have limited creditworthiness and limited access to formal bank loans/credit. These microenterprises and self-employed workers often operate in a grey area between the formal and the informal sectors.

In Kyrgyzstan, the informal sector usually refers to the large numbers of own-account workers, the self-employed, or microenterprises which are not registered as a legal identity (*iuridicheskoe litso*), but which operate under the so-called 'patent' tax regime¹². There were approximately 400,000 individual entrepreneurs

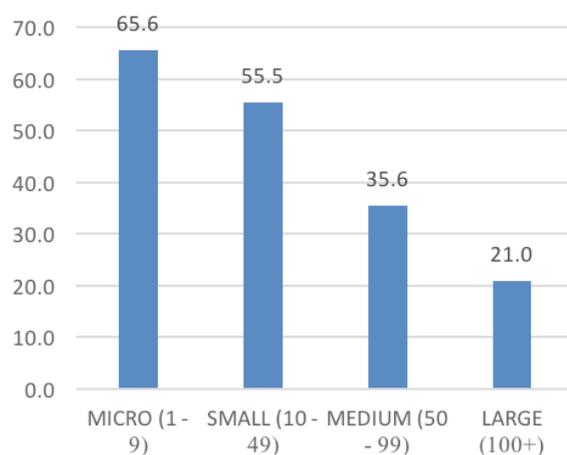
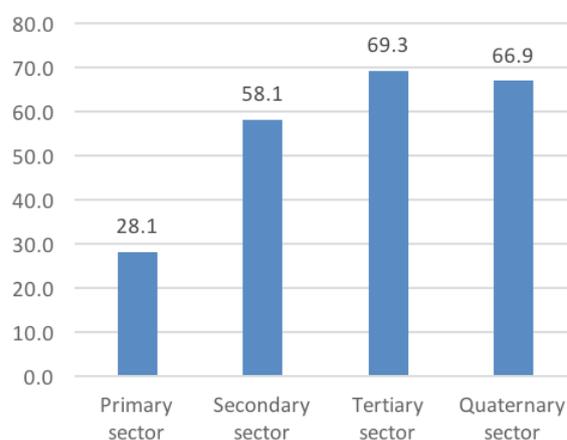


Fig. 6 and 7: SMEs that temporarily stopped operations by sector and size (aggregate for Kazakhstan, Kyrgyzstan and Tajikistan; n=3207)

(Source: UNDP Socio-Economic Impact Assessment Surveys)

11 Data taken from UNDP Socio-Economic Impact Assessment Surveys conducted in each of the countries.

12 The "patent" regime allows small enterprises to enter the marketplace quickly thereby avoiding excessive red tape. Those with 'patents' differ from other SMEs as they are not subject to the same tax regime (i.e. they are taxed significantly less) and are exempt from a number of bureaucratic inspections. They are often sole traders or micro businesses but can have an annual turnover of up to \$110,000.

in 2019 and 15,000 small firms, and the number of the latter is reported to have increased by 45 percent over the last decade. The informal sector is thus dominated by microenterprises/self-employed workers who are not necessarily operating illegally as patent-holders and who are legally registered. However, some patent-holders and SMEs may employ workers informally/illegally, without contracts. According to national statistics, 70.8 percent of the workforce, or 1.69 million workers, are employed in the informal sector comprising 61 percent of women's employment and 76.9 percent of men's employment.

In Uzbekistan, MSMEs are dominated by microenterprises. Microenterprises employ eight people, on average, and make up 91.8 percent of all registered businesses; small firms represent around 8.2 percent (18,900) of such businesses. They comprise 59.4 percent of GDP, 27 percent of exports and 76.3 percent of employment¹³. A survey conducted by the Ministry of Employment suggests that 59.8 percent of the workforce, totalling 7.9 million workers, are in the informal sector, although this number appears to include 2.6 million labour migrants.¹⁴

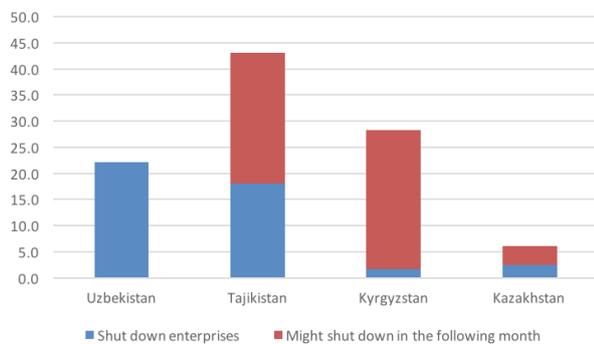


Fig. 8 Percentage of business closures surveyed in June 2020 (n=3760)

(Note: Uzbekistan survey did not include a question on next month business outlook as the survey will be repeated)

In Tajikistan, registration and the reporting systems for patent-holders are relatively simple, and the preferred option for many individual or micro-businesses. About 39 percent of all employees in Tajikistan are estimated to work in the informal sector; 13 percent are in the formal private sector; 10 percent are

self-employed; 28 percent are in the public sector, including state-owned enterprises, and 18 percent are unpaid family members.¹⁵

The impact of COVID-induced disruptions on women will be greater (see discussion below). Surveys suggest a higher predominance of women employed in the services sector, apart from Kyrgyzstan, and they are likely to be the most affected (Fig 9 and 10). Evidence also suggests that women head a low proportion of MSMEs. Thus, they are likely to have more limited access to any schemes to support SMEs given their higher participation in the informal economy as compared to men. In the agricultural sector they are also less likely to be landowners than men, and typically own smaller plots of land.

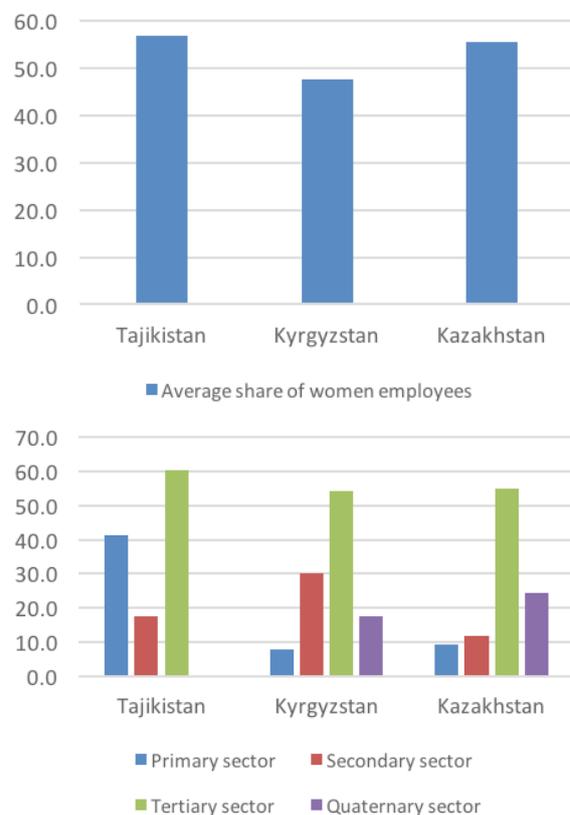


Fig. 9 and 10 Breakdown of business survey by sector and average share of women employees (n=3207)

Impact on households

The impact of COVID-19 pandemic on household income has three ramifications: (i) a loss of wage

13 Dildora Tadjibaeva, *Small- and Medium-Sized Enterprise Finance in Uzbekistan: Challenges and Opportunities*, ADBI Working Paper Series [Tokyo: Asian Development Bank Institute, 2019].

14 <https://tashkenttimes.uz/national/2988-nearly-60-of-uzbekistan-s-employed-population-are-in-the-informal-economy>

15 Victoria Strokova and Mohamed Ihsan Ajwad, *Tajikistan Jobs Diagnostic: Strategic Framework for Jobs*, Jobs Series No. 1 (World Bank, 2017).

income and revenues from informal work; (ii) a loss of remittances; and (iii) price inflation, particularly a rise in food prices. Loss of incomes affect households significantly, and in addition cause spillover effects, including rising household debt, inability to afford out-of-pocket payments for health services and reduced access to public health and education. Exacerbating factors, such as child nutrition due

to loss of access to school meals for children and an increased risk of domestic violence, also play an important role. Surveys highlight that disproportionate impacts on households will exacerbate inequality and increase poverty. Specifically, these differential impacts will affect women who generally earn less and are often in more precarious employment.

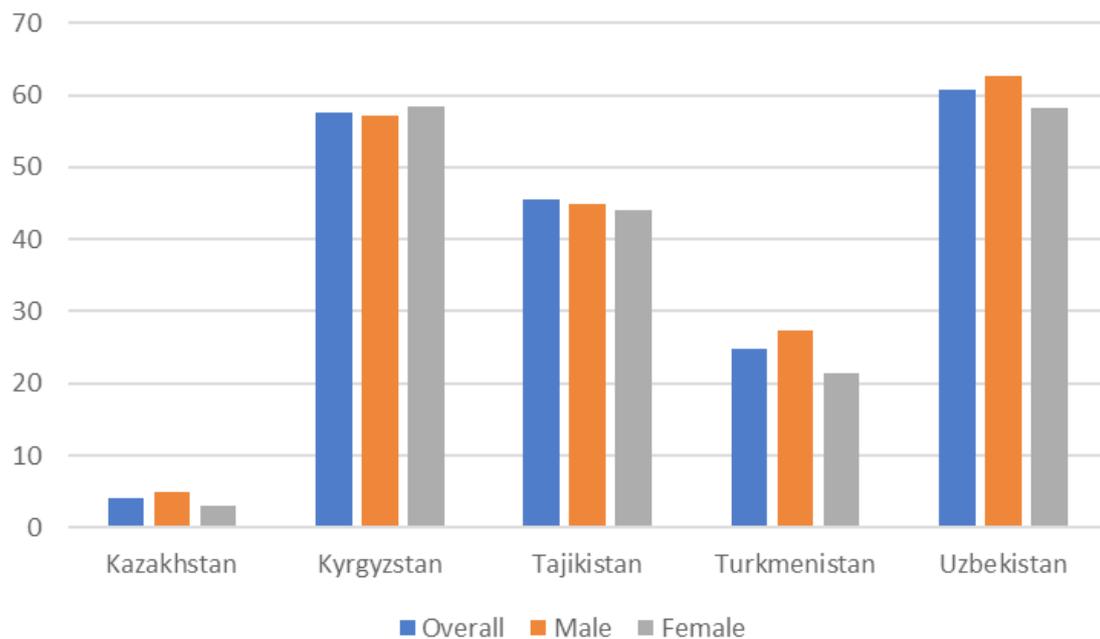


Fig. 11 Share of population aged 15+ years below the \$5.5 PPP poverty line: the working poor (2020)

Source: ILO-modelled estimates: https://www.ilo.org/shinyapps/bulkexplorer51/?lang=en&segment=indicator&id=EMP_2EMP_SEX_AGE_CLA_DT_A

Using ILO-modelled estimates, the share of the population over 15 years living below the \$5.5 PPP poverty line (taken as a proxy to estimate those vulnerable to poverty) is 57 percent in Kyrgyzstan, 45 percent in Tajikistan and 60 percent in Uzbekistan (Figure 11). This vulnerability can be largely explained by the lack of decent formal sector employment: a high concentration of the labour force in vulnerable or precarious forms of employment, either as self-employed workers or in small businesses. In Tajikistan, the largest margin of change in monthly income is attributed to: (i) individual entrepreneurs (53.4 percent decline), (ii) migrant labour (52.3 percent decline), and (iii) informal workers (43.8 percent decline). In Kazakhstan, according to the Socio-Economic Impact Assessment, a deterioration of the financial situation was

noted by 51 percent of the unemployed, by 45 percent of low-income people, by 42 percent of persons with disabilities and by 36 percent of the economically active population.¹⁶

Loss of remittances

Households with labour migrants in Kyrgyzstan, Tajikistan and Uzbekistan are vulnerable since seasonal migrants cannot leave for their destination work country, and demand for migrant labour in the receiving countries, mainly Russia¹⁷, is falling. In 2019, almost 10 million Central Asian migrants were registered in Russia. Relative to the total number of people of working age, the number of migrants from Tajikistan is huge with some 50 percent of all

16 UNDP Tajikistan. Covid-19 Socio-Economic Impact Assessment Report, 2020 <https://www.tj.undp.org/content/tajikistan/en/home/presscenter/pressreleases/2020/09/undp-covid-19-social-and-economic-impact-assessment-report--wome.html>

17 In 2015, about 90 percent of all Tajik migrants were in Russia. See Strokova and Ajwad, op.cit.

able-bodied people working in Russia in 2019; more than 20 percent of all people of working age in Kyrgyzstan and Uzbekistan and 6 percent, a significant figure even for Kazakhstan. Around 7 million of these migrants from Central Asia were looking for jobs in Russia in 2019.¹⁸ There are differences in terms of the gender ratios and the migration of women is much more widespread in Kyrgyzstan than in Tajikistan and Uzbekistan. Women made up 31 percent of labour migrants from Kyrgyzstan in 2015, 13.4 percent of those from Uzbekistan and 9.6 percent of those from Tajikistan¹⁹. In Kyrgyzstan, remittances are estimated to have resulted in a 9.8 percent decline in the national poverty rate in 2018, i.e. they helped lift 620,000 people out of poverty²⁰. Therefore, a decline in remittances is going to have a significant impact on households in Kyrgyzstan, Tajikistan and Uzbekistan.

Price inflation

Households in the bottom deciles spend a larger share of their disposable income on food consumption. Higher food prices are also likely to have the greatest negative effect on poverty²¹. In turn, this impacts on food availability and these households face higher levels of food and nutrition insecurity. For the bottom deciles in Kyrgyzstan, food comprises more than 70 percent of total household consumption and an increase in food prices will adversely affect them. WFP rapid assessment carried out in April, based on a survey of 1,253 households, suggest that poor households are suffering from high food prices, combined with decreases in income. A total of 70 percent of respondents in the sample had taken on new loans to cover essential consumption over the previous month and 29 percent had used their savings.

Even before the pandemic the inflation rate in Uzbekistan was high, while Kyrgyzstan had a high inflation rate in 2020 (see Table 1). In Tajikistan, in the first half of 2020, consumer prices rose by 7.5 per-

cent compared to 6.6 percent during the same period in the previous year. In the second half of 2020 inflation is expected to be lower due to depressed demand for goods and services, lower disposable incomes, a decline in business activities and the virtual standstill in private investment. However, staples such as food will face inflationary pressure.

Gender Impacts

Some aspects of the crisis have affected women more than men. First, women dominate in health sector employment (78 percent in Kyrgyzstan), and they have had a strong presence among the ranks of 'frontline' workers and being more exposed to the risk of contagion. For example, 20 percent of all those contracting the virus during the pandemic's initial phase in Kyrgyzstan were health sector employees²².

Women's labour force participation rates and employment rates remain below those of men in all countries. The employment gap is particularly significant for women aged 20–34 years, the group most likely to leave formal employment to care for young children and infants.²³ Women have less opportunities to get a decent job, due to prevailing social norms, their disproportionate concentration in household work and caregiving responsibilities and other reasons.

Significant wage gaps exist for those in paid employment. For example, in Tajikistan on average, women earn 34.6 percent less than men. This gap between men and women is likely to have widened even further due to the COVID-19 outbreak. Women-headed households will be particularly affected. While women's unemployment rates have been generally lower than for men due to their lower overall participation in the labour market and higher employment in agriculture, labour statistics point to less work opportunities for women in the formal sector.

18 Roman Mogilevskii, *Labour Market and Technological Development in Central Asia*, University of Central Asia Working Paper #58 (2020) (Bishkek, Kyrgyz Republic: University of Central Asia).

19 Anna Rocheva and Evgeni Varshaver, "Gender dimension from Central Asia to the Russian Federation", *Asia-Pacific Population Journal*, Vol. 32, No. 2 (December 2017), p. 92.

20 Kyrgyzstan policy note on migration.

21 World Bank presentation, Webinar 13 May 2020. See also *Ob urovne zhizni i inflitsii*, Uzbekistan Central Bank, February 2020. Food accounts for approximately 70 percent of total consumption for households in the lowest income quintile.

22 ADB/UNDP, *COVID-19 in the Kyrgyz Republic: Socioeconomic and Vulnerability Impact Assessment and Policy Response*, Aug. 2020.

23 ADB, *Kyrgyz Republic Country Gender Assessment*, December 2019, <https://www.adb.org/sites/default/files/institutional-document/546966/kyrgyz-republic-country-gender-assessment-2019.pdf> and ADB, *Kazakhstan Country Gender Assessment*, December 2018, <https://www.adb.org/documents/kazakhstan-country-gender-assessment-2018>

However, invariably men occupy a larger proportion of the labour market and numbers of the unemployed will likely be greater for men. In Kyrgyzstan, unemployment estimates to the end of 2020 suggest that unemployment rates will be 11.8 percent for women, an increase by 4.9 percentage points com-

pared to 2018, and 14.7 percent for men, an increase of 9 percentage points). Given the underlying socio-economic vulnerabilities and specific sectors hit by the crisis where women's labour participation is predominant, gender equality might also be affected during the recovery phase.

Table 3. Labour force participation rates, employment ratios and unemployment rates (2019)

Country	Labour participation (%)		Employment rate (%)		Unemployment Rate (%)	
	Women	Men	Women	Men	Women	Men
Kazakhstan	64.8	76.8	60.8	73.2	5.6	4.1
Kyrgyzstan	47.7	75.7	43.4	70.9	8.8	6
Tajikistan	27.6	59.8	24.9	52.9	9.7	11.4
Turkmenistan	52.6	78.1	51.4	74.1	2.1	4.9
Uzbekistan	53.3	78	50.5	73.6	5	5.3

Source: World Bank Gender Database

The lockdown has amplified the caregiver burden that is overwhelmingly the task of women given the extended closures of schools and of childcare facilities, the overstretched health systems requiring sick patients to be cared for at home and the long-

standing gender inequalities in performing unpaid care work. UN Women's rapid gender assessment in Kyrgyzstan shows that during the lockdown women spent 3.6 times more time on unpaid work than men and two times more time on childcare.

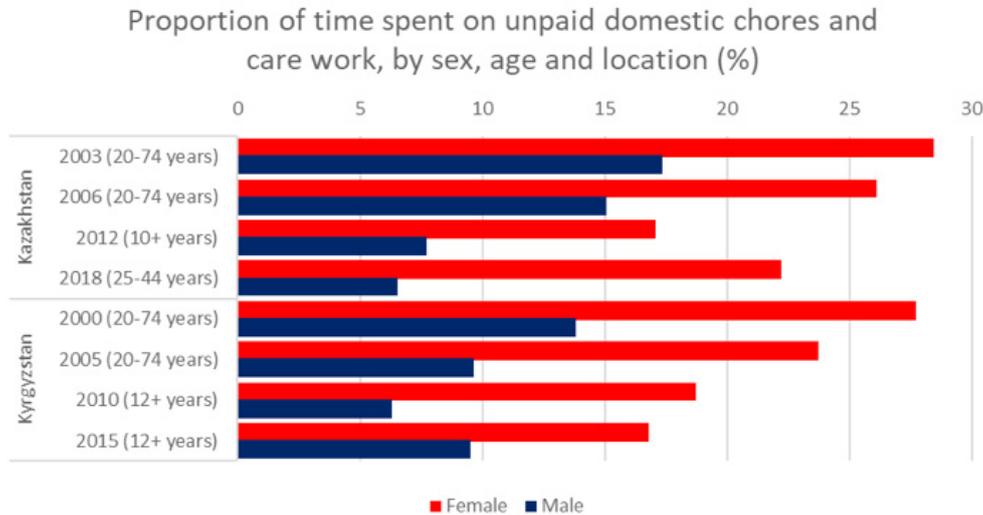


Fig. 12 Proportion of time spent on unpaid domestic work

Furthermore, lockdowns have exacerbated the risk of violence, exploitation and abuse against women. Increases in the incidence of domestic violence have been registered. In Kyrgyzstan, there were 2,319 cases of domestic violence reported in March 2020, 1,425 involving physical violence, 65 percent more than in

the same period in 2019.²⁴ The same situation is also likely to be occurring in other countries. Women are also underrepresented in decision-making positions across key public institutions bringing the risk that their perspectives and expertise are being ignored in the formulation of policy responses to the crisis.

24 Rapid gender assessment carried out by UN Women 2020.

Discussion

What can be ascertained is that lockdown policies have impacted the operations of the self-employed and MSMEs across Central Asia, and the specific sectors that are being disproportionately affected at this point include tourism, hospitality, personal services, construction and small-scale manufacturing. In particular, microenterprises (1–9 employees) and small enterprises (10–49) are bearing the brunt, although medium and larger businesses are also feeling the effects of lockdown measures. Therefore, implementing policies and systems that help bring about effective health and sanitization measures and help recover domestic consumption patterns need significant support. As the vast majority of MSMEs in the subregion rely on domestic consumption, this would appear to be a priority. The ability of these businesses to engage in the digital economy should also be a high priority area in order to foster contactless transactions as much as possible.

However, if global value chains continue to be disrupted larger firms may be increasingly impacted.

Rebounds in Russia and China, the two main markets for Central Asian economies, will be good catalysts to bring about an economic revival in domestic markets and will need to be monitored to help identify potential support measures.

The high incidence of informality exposes the impact of precarious employment when shocks occur. Informal businesses may not be benefiting from relief and business recovery programmes, households are at higher risks of falling back into poverty, public health and medical resources are undermined and social safety nets weakened. These vulnerabilities have amplified the economic shock to livelihoods in the face of COVID-19. A rethinking of policies and programmes that address informality, labour market inequalities, contracting and access to social protection is required for future resilience to be built into the economic systems of the Central Asian countries. These are high priority policy reform areas that need to be tackled in the medium- to long-term (see next section).

Box 4: Income poverty in Uzbekistan (Source: *Uzbekistan: Consolidated Multilateral COVID-19 Socio-Economic Response and Recovery Offer*. UN Country Team)

Baseline projections indicate that per capita income growth will be flat, and that 1.3 percent of the population, or 448,000 people, may already have fallen into poverty as a result of the crisis. Using the poverty line appropriate for lower middle-income countries (\$3.2 per person per day in PPP terms), poverty is expected to rise in 2020. The World Bank estimates the share of people living in poverty will be 8.7 percent following the outbreak, compared with a projection of 7.4 percent pre-crisis. This could quickly increase if the most disruptive restrictions to economic activity are extended. Many more are at risk of falling into poverty or of facing considerable hardship.

Increases in household-income poverty are occurring, attributable to significant downturns in domestic consumption and reductions in remittances. UNDP surveys conducted in four Central Asian countries show that these impacts are disproportionately affecting urban households and the more vulnerable. This could be explained by the dramatic changes in the structure of domestic employment in all countries of the region during 2000–2019. Sector-wise, a major

shift from agriculture to services took place and, to a lesser extent, to industry²⁵. In addition, some evidence points to some poorer regions being disproportionately affected, a trend largely due to the concentration of labour migrants from lower-wage areas and the associated decline in remittances. These factors highlight the need to address medium- to long-term structural weaknesses in the labour market and to provide better targeted social support to households.

25 Mogilevskii, op.cit.

Key policy considerations to address socio-economic impacts

Previous sections have framed the various socio-economic impacts of the COVID-19 pandemic and the overall macroeconomic vulnerabilities. This, of course, is shown to be variable depending on each country's context. However, there is a growing realization that its impacts are exposing pre-existing weaknesses both in economic vulnerabilities and in the ability of social policies and institutions to alleviate the long-term negative consequences on human development. To protect years of progress on human development, policymakers are faced with difficult choices and trade-offs about the structure of the future Central Asian economies when they start to recover from the pandemic. There is evidence that weaknesses in natural resource-based transition economies point to a need to chart new directions focusing on sustainable development, a vision that most governments embrace. Paying attention to “modernization”, long-term investment in human/social capital, strengthening demand for domestic production, building socio-economic resilience and a transition to green technology should define future policy directions.

Social protection

The socio-economic risk to households is being heightened due to low coverage and the inadequacy of existing social protection transfers. In theory, in crisis situations, countries with well-developed social protection systems—such as those in the subregion—should be able to respond immediately by expanding the systems horizontally, namely by expanding coverage to new households, and vertically by increasing the value or duration of benefits. It should also be possible to ‘piggyback’ on existing systems to deliver a separate emergency response. Social protection response programmes in the subregion are predominantly built on the existing cash-benefit schemes. While they were effective in terms of distributing top-ups to existing beneficiaries, they were less effective in identifying and expanding coverage to the new vulnerable. To a certain extent Kazakhstan and Uzbekistan have expanded

coverage, but the fact that coverage was already so low and the eligibility criteria so restrictive has meant that, even with expansion, the impact does not meet the current needs.

Social protection systems were built based on the assumption that full employment will provide and ensure guaranteed access to social insurance and minimum income. However, these conditions have never been met and despite adjustments in the face of changes in labour market conditions and poverty trends, the ill-design of these systems means significant gaps have emerged during the COVID-19 crisis, especially in the coverage of the working-age populations and those in the informal sector.

Coverage gaps in other areas of social protection, such as unemployment protection or pensions for seniors, have an impact on the management of the current crisis. Public expenditure on social protection is relatively high, e.g. it amounted to 10.7 percent of GDP in 2015 in Kyrgyzstan, which is more than the combined expenditure on health and education, but it is heavily skewed towards expenditure on pensions for the elderly.²⁶ Pension coverage is high, almost universal, but coverage of other benefits is very low. State expenditures on other types of social assistance stand at a modest 1.3 percent and targeted social assistance to low-income families at just 0.6 percent of GDP.

Pensions are in theory contributory, but high levels of labour market self-employment and informality, as well as migration among the working-age population in some countries, have reduced the employer and employee contributions to the Pension Fund, and led to ever increasing transfers from the state budget to supplement it in order to ensure pension payments.

Pension expenditure is prioritized with state spending on pensions dwarfing all other social protection programmes. Coverage of social protection for the working-age population is particularly low, and expendi-

26 Organisation for Economic Co-operation and Development (OECD) Development Pathways, *Social Protection System Review for Kyrgyzstan, 2020*.

ture on labour market programmes insignificant. The low levels of unemployment benefits and low levels of confidence in the Public Employment Services, mean that there is little incentive for the unemployed to register. Again, restrictive eligibility criteria mean that many persons are excluded: for example, those in rural areas with access to a land plot are usually considered to be employed, whether they earn income from the plot or not. Once again, such rules are likely to discriminate unfairly against women.

The worry is that the large shares of the working populations employed in the informal sector, or returning migrants, in the subregion will not be able to access social protection support due to the strict eligibility criteria. It will be vital to provide support that can prevent households resorting to the sale of assets, as this can lead to a longer and more difficult post-crisis recovery period and increases the risk of households moving from transitory poverty into chronic poverty.

The challenge in the *longer term* 'new normal' phase is to review national social protection strategies through the lens of how social protection can both provide better protection and also contribute to promoting longer-term resilience among the vulnerable. This will call for both expanding the existing social protection system, and for synchronization and interaction with employment policies and other policies. The fiscal space and new financing options to fund old and new social protection programmes will also need to be explored. In the longer term, financing to improve coverage and an adequate degree of social protection will be needed.

In this regard, the current crisis creates an opportunity to rethink and redesign social protection systems to become more flexible, shock-responsive and countercyclical. Combining social benefits programmes with measures that will increase access to and the quality of public services becomes increasingly important. The abrupt withdrawals of social benefits as an individual commences working can discourage participation in the formal labour market, and begin a downward spiral of labour market participation of vulnerable and low skilled labour.

Social protection systems in Central Asia have an important task ahead in developing a policy mix of tax incentives, income support and social services, including care services for children, the elderly and persons with disabilities, that will attract more people in the formal workplace, render labour markets more inclusive and jobs more resilient.

Labour market reforms

After Central Asian countries gained their independence, agriculture acted as an absorber for excess labour. However, in the last decade a significant shift to urban service-based industries is noticeable. Many rural residents have resorted to either internal or external migration in order to supplement their income from their agricultural plot. Small-scale informal trading, include re-exports, represented another coping mechanism²⁷.

Demographic patterns, characterized by large shares of the youth population entering the labour market each year, have added to the employment challenge. All in all, insufficient attention to employment, or reliance on the slow-to-emerge private sector to create employment, has led to a situation where Tajikistan and Kyrgyzstan are migration-led/remittance dependent to a large degree, and Uzbekistan's labour force is comprised of a large labourer component. Labour markets are still dominated by large shares of low-productivity agricultural employment and high levels of precarious and unprotected informal activity.

Kazakhstan is somewhat different but also has some characteristics of dual labour markets, with over a quarter of its workforce, either self-employed, or own-account workers, being concentrated in agriculture and in the wholesale and retail trade. Although there is significant government support for entrepreneurs, and while there are more than 10 SMEs per 100 working-age populations, very few of them reach any significant scale, and only 2.5 per cent of small firms access export markets²⁸.

The "leaving behind" of considerable sections of the active workforce has never been reflected in stan-

27 One interesting point—agriculture still appears to act as an absorber. In Kyrgyzstan, in 2019, out of 93,018 new jobs created, 33,035 were in agriculture, forestry and fishing. See <http://www.stat.kg/en/statistics/zanyatost/>

28 *SME and Entrepreneurship Policy in Kazakhstan 2018* [OECD, November 2018]; *Building Inclusive Labour Markets in Kazakhstan. A Focus on Youth, Older Workers and People with Disabilities* [OECD, July 2017].

standard unemployment rates, as many of those at the bottom of the income scale cannot afford to be “idle” (i.e. register as unemployed), and have little choice but to engage in low quality or vulnerable employment. Moreover, the low levels and limited duration of support for the registered unemployed means that many workers without jobs do not formally register for unemployment benefits. They either withdraw from the labour force, as is indicated, for example, in the lower labour force participation rates for women (see Table 3), accept low-quality jobs, or join the ranks of often informal or seasonal labour migrants.

Addressing these shortcomings needs a three-pronged policy effort to undertake the following: (i) tackle employment challenges faced by the most vulnerable, through a mix of employment and social protection support; (ii) improve the quality of employment and address duality in the labour market through a comprehensive approach to incentivizing and supporting formalization; and (iii) strengthen the

institutional capacity of the Public Employment Services and of the business advisory and agricultural extension services.

Digital future

Increasing economic diversification must include the digital future and embracing new technologies. Disruptions caused by COVID-19 have seen the acceleration and application of advanced technologies as a business response to service delivery and applications aimed at minimizing human-to-human contact. However, in Central Asia, apart from Kazakhstan, Internet usage remains low for most countries and this is a bottleneck for the adoption and growth of digital businesses (Table 4). The Central Asia region remains one of the least digitally connected regions, but most governments in the region have made a commitment to a digital future. With the onset of the COVID-19, these plans will need to be accelerated.

Table 4. Access to Internet and mobile phone networks (2018)

	Internet users (% of population)	Mobile phone subscribers (per 100 persons)
Kazakhstan	79	142
Kyrgyzstan	38	127
Tajikistan	22.5	107
Turkmenistan	21	151
Uzbekistan	55	74

Source: WDI, Human Development Report Office, 2018 Statistical Update

Digitalization has beneficial effects in a multitude of different areas, for example, improving public services and raising standards, while creating new jobs for the region’s youth and streamlining the transport of goods between countries. There are countless other examples where digitalization improves productivity and efficiency that recovery strategies will have to consider carefully. Digitalization is the key to ensuring the participation in global value chains. A significant investment is needed in digital infrastructure and in digital skills to equip MSMEs to tap into new opportunities, and to benefit from digital ecosystems and new technologies, all of which will have a transformative effect.

However, significant downside risks to digitization remain, especially in Central Asia, an extremely large

region of varied geography, including mountains, vast deserts and steppes. The major capital investments required for building infrastructure in remote areas presents a potential for a digital divide to exacerbate the socio-economic impacts, especially in situations where education is driven online. There is also a risk of deepening the rural-urban and the gender divides and alienating sections of society that are unfamiliar with the use of digital technology. This is particularly problematic if digital infrastructure development becomes too concentrated in cities and urban areas, as is typically the case.

Kazakhstan has the potential to reap some rewards from accelerating digital engagement given that Internet users represented 78.9 percent of the adult

population giving it a global ranking of 47 out of 141 countries.²⁹ However, other countries in the region could suffer a negative social impact given the low levels of digital access. Internet users in 2016 represented just 22.5 percent of the population in Tajikistan and 34.5 percent in Kyrgyzstan.

These limitations affect a number of areas: the ability of children to access online education; the ability of households to access online banking and receive cash transfers electronically; the ability of the unemployed to access online employment support; and the possibility to exploit new online income-generating possibilities. It should be noted, however, that the levels of mobile phone subscriptions and users are very high. Providing that low-cost mobile Internet access can be guaranteed, some of this disadvantage can be overcome. Yet in Central Asia nearly 30 percent fewer women than men have access to the Internet³⁰ and the gender gap in mobile Internet usage remains at around five percent,³¹ preventing women from fully benefiting from digital services for jobs and education.

Conclusions

The pandemic is causing unprecedented public health impacts and in turn the socio-economic ramifications are considerable, and they are accumulating. Arguably, these issues are more challenging than the financial crisis of 2008–2009 and the trade-offs that need to be managed more complex. This paper has highlighted the significant vulnerabilities and impacts that continue to unfold in the Central Asian economies. The evidence presented also supports the view that natural resource-reliant and remittance-reliant economies are no longer sustainable in the face of the current shock, and that recovery must chart a different course to support the sustainable development objectives all countries aspire to.

This paper has highlighted several which need public policy measures to adapt to the new conditions:

1. The emphasis towards health governance and responses from public health services to manage, track and trace infection rates are shown to

be key to help build greater levels of certainty in domestic economies. Paying attention to these factors will help quicker rebounds in domestic consumption and support the services sector which are an important part of the Central Asian economies.

2. Clearly, prudent public financial management and debt servicing will be central issues for governments. However, a focus on financing the recovery and on reforms for long-term socio-economic development, as well as reducing the burden of impacts on society, will be needed. Improving transparency and conditions for private investment are central to this vision. The relationship between the public sector and state-owned assets and fostering new investments has been widely promoted previously as necessary for overall economic reform in Central Asia.³²
3. The overhaul of labour market policies and institutions, especially those with a gender focus to improve the access of women to decent employment, is related to this. Increasing incentives to reduce chronic informality and improve the tax and revenue base and productivity in the private sector is needed.
4. Adapting to trends in the use of technology for delivery of government services and the trade of goods and services in the regional/global marketplace should go hand-in-hand with these reforms.
5. Lastly, social safety nets are not functioning in the way intended and there has been an unprecedented response to prop up social welfare as the pandemic has unfolded. Significant reform efforts are needed to provide an array of social services that build certainty and trust to attract more people to the formal workforce, and that provide care services and support to the disadvantaged. Social protection reforms should have an important role to play in embedding resilience and in sustainable development going forward from the pandemic.

Significant implementation support will be needed, along with customized solutions across each of the

29 *The Global Competitiveness Report 2019*, Dr. Klaus Schwab, Editor (Geneva, Switzerland: World Economic Forum, 2019).

30 Intel Corporation and Dalberg Global Development Advisors, *Women and the Web: Bridging the Internet gap and creating new global opportunities in low- and middle-income countries* (Intel Corporation, 2012).

31 GSMA, *Mobile for Development, The Mobile Gender Gap Report 2019*, February 2019.

32 See <https://development.asia/policy-brief/reforming-state-owned-enterprises-central-asia>

countries. Many of these public policy reforms are known in the Central Asian region and the willingness to prioritize these in the wake of the pandemic should be central to government review mechanisms aimed at revising development and financing plans.

The main task is to build greater resilience to socio-economic shock, both from the COVID-19 and

from the ongoing impacts of climate change. Therefore, it would be short-sighted to ignore the current trends and the including aspects of a green recovery is highly relevant for recovery and sustainable development to which all countries aspire. Addressing this complex policy and programme landscape needs to be achieved with support from development partners and stakeholders.



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