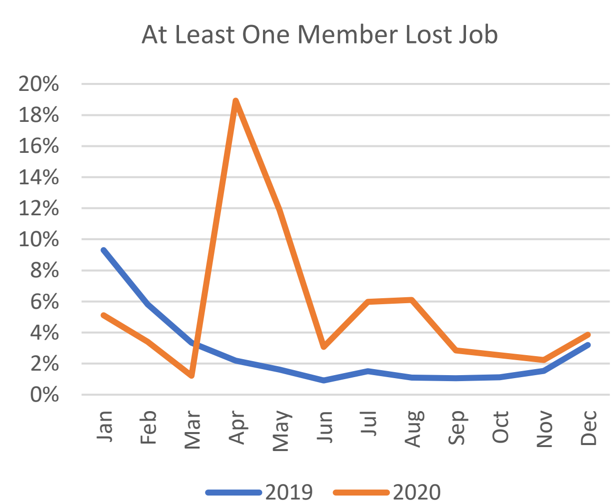
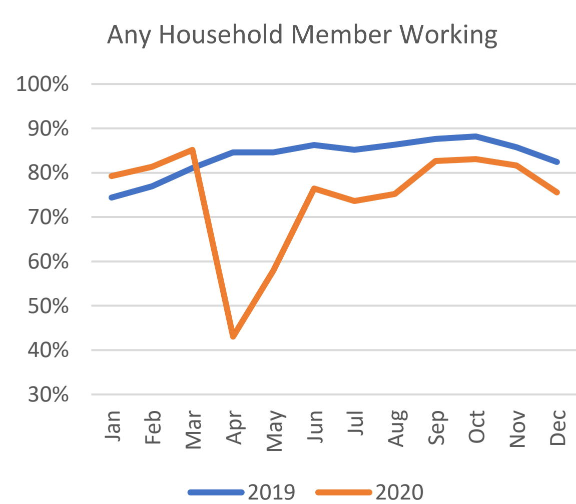
Crisis and Recovery in Uzbekistan
Economic and Social Impacts of COVID-19

Uzbekistan began 2020 on a high note: the labor market showed clear signs of strengthening over the previous year, incomes were notably higher, and most respondents to the Listening to the Citizens of Uzbekistan (L2CU) survey were upbeat about the country's economic future. But by April, the outbreak of COVID-19 had thrown millions of lives into turmoil. Less than half as many respondents reported anyone in their household working after lockdowns began. This led to a steep decline in labor income, the population's principal source of revenue. As migration abroad also came to an abrupt halt, tens of thousands of families were left without the remittance income they typically rely on. Although most of the initial work disruptions proved temporary, the employment recovery later stalled below its previous trend, especially among the formerly self-employed. Posts to online job boards fell more than 54 percent in April over the previous year – and were still down by 20 percent in December – while the number of job seekers surged more than 18 percent. Rising prices were a concern of more than 90 percent of citizens in November 2020, and neighborhood leaders increasingly reported abnormally high price increases toward the end of the year. However, reported mental health improved in the latter half of 2020, as did access to (and satisfaction with) healthcare. Very few respondents said they believe the country is not following the right track for reforms, and almost all are optimistic about the country's economic future.

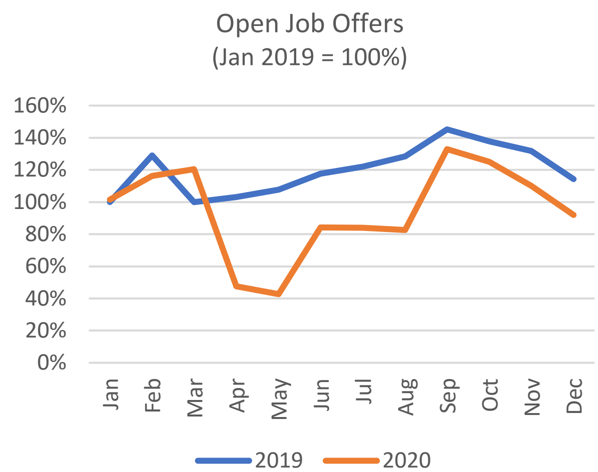
Livelihoods

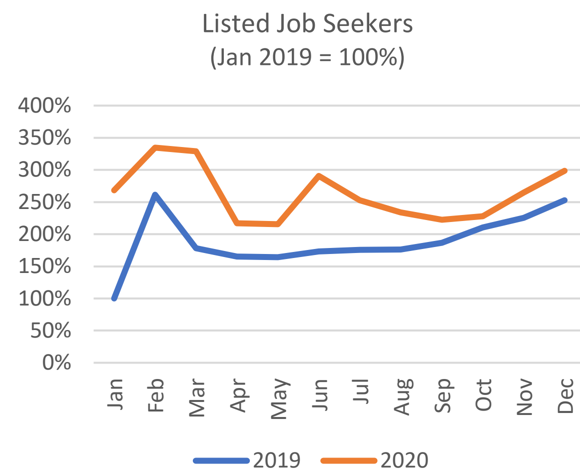
After an initially swift recovery during the summer, employment stalled below its previous trend. The share of households with at least one working member fell by more than 40 pp in April – equivalent to almost 2.8 million households – before rebounding by 33 pp by June. But employment did not fully recover at any point in 2020, and in December remained stalled more than 6 percentage points below 2019 levels. Reporting that someone newly "lost a job or stopped work" spiked to 19 percent of respondents in April and remained above 2019 levels for the rest of the year. Although the number of COVID-19 related job losses slowed substantially later in the year, a rising share reported their job loss was permanent, from about 2 percent in April to more than 83 percent in December. In January 2021, 67 percent of respondents reported that they were worried about losing their job, the highest share yet recorded in the L2CU survey.

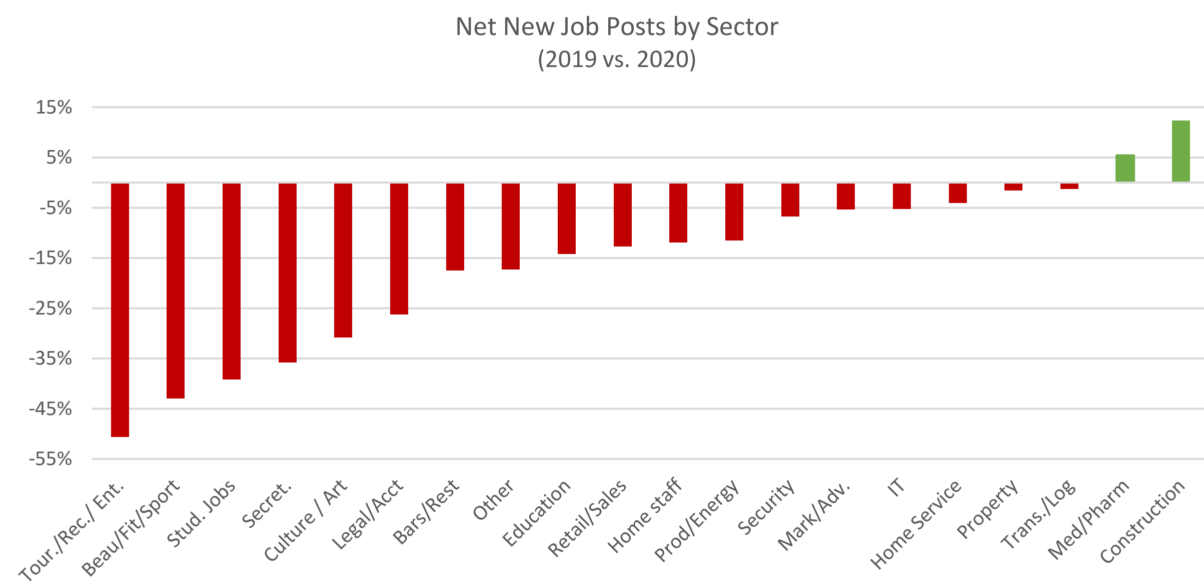




Online job listing data[1] shows that after plunging in April, new open positions did not recover their previous level in 2020. Sectors with particularly large declines between April and December compared to the previous year included tourism (-51%); beauty, fitness, and sports (-43%); student jobs (-39%); and secretarial jobs (-36%). Only the medical and construction sectors ended the year above 2019 levels.







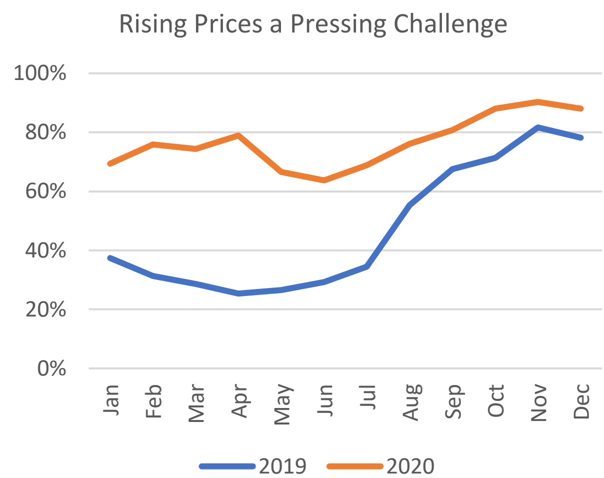
Local mahalla leaders reported sharply increased concern about unemployment toward the end of 2020. The share that consider local unemployment as a large or very serious problem rose from 11 percent in August 2020 to 24 percent in January 2021, more than 10 percentage points higher than the previous year. Work disruptions and job losses were concentrated in services and manufacturing, and especially in informal activities. Disruptions in public works reported early in the pandemic fell to low levels by the end of the year, and relatively few disruptions or losses in agriculture were reported by mahalla leaders. The leaders of better off mahallas (in terms of both income and consumption per capita) consistently reported higher levels of concern about the economic impacts of COVID-19, potentially driven by lower levels of disruption reported in rural labor markets, and particularly in agriculture.

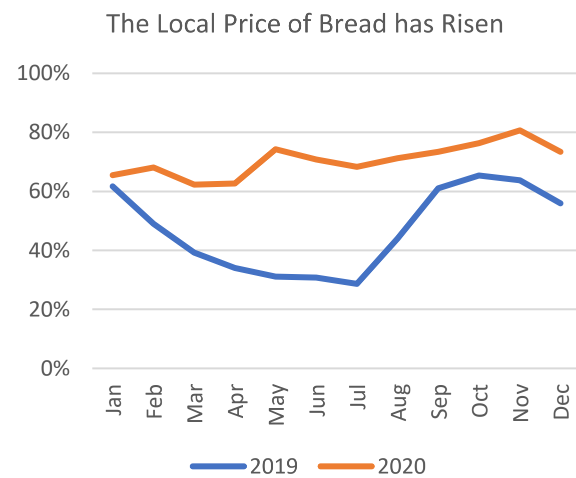
[1] *Data courtesy of olx.uz, author's calculations*

Long-lasting job losses have been heavily concentrated among the self-employed. The share reporting any self-employment fell by 67 percent in April and remained down 20 percent in December compared to the year before. For most of the year, the decline in self-employment was more severe in urban than rural areas, though by December they had converged. In sharp contrast, wage employment fully recovered by June and remained stable for the rest of the year, despite also falling by more than 25 percent in April. The share of respondents reporting that it was a bad time to find a job remained highly elevated throughout 2020, as did reporting it was a bad time to start a business.

Financial Well-being

At more than 93 percent in January 2021, reported concern about rising prices reached its highest level yet in the L2CU survey (up 23 pp over the previous year), overtaking the labor market as the most cited concern. Rising bread and flour prices were of special focus, with more than 80 percent of household reporting noticeable increases in the final months of 2020. About 11 percent of mahalla leaders noted rapid and abnormal price increases in August, rising to nearly 59 percent in October before falling to around 35 percent for the remainder of the year.





Household finances continued to deteriorate throughout 2020: in December, about 65 percent of households reported that they had no financial savings (14 percentage points higher than the previous year). The share reporting their finances were worse[2] doubled to more than 24 percent, and more than 12 percent of households categorized themselves as "poor" in January 2021, the highest share since summer 2019. Existing vulnerabilities make female headed households less equipped to cope with negative economic shocks. Although both experienced similar rates of job and remittance loss, median monthly income in female headed household was already 240,000 So'm less prior the pandemic. In December, only 58 percent of FHH said they could pay an emergency expense of 100,000 So'm compared to 75 percent of MHH.

However, some measures of resilience also improved: about 27 percent that they could not currently pay an emergency expense of 100,000 So'm ($9.4), after steadily improving from 40 percent reported in May 2020.

[2] compared to two years before

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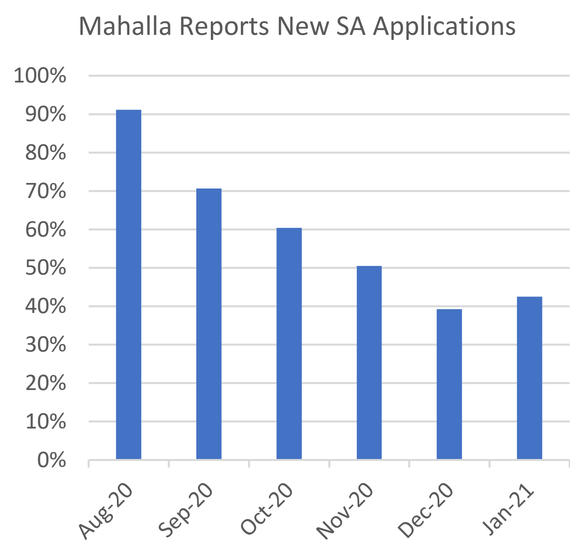
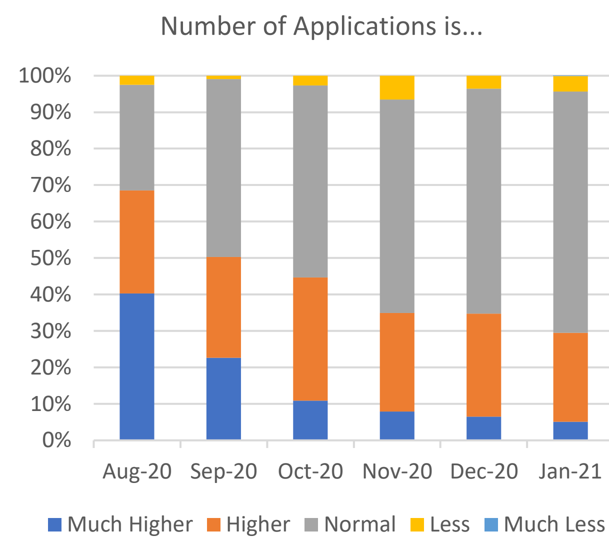
Social Assistance

In the last months of 2020, Mahalla leaders reported reduced need for social assistance in the local population, and a falling number of applications. In August, more than 90 percent of mahalla offices processed new social assistance applications, and more than 70 percent reported that the number of applications was abnormally high. The share consistently fell over the following months, and in January 2021 less than 37 percent of mahalla leaders reported that the number of applications was abnormally high. Processing new applications for childcare allowances for families with children (aged 0-2), fell from 58 percent of mahallas in August to 28 percent in January 2021. New applications for low-income benefits for families with children (older than 2) fell from 51 percent to 32 percent over the same period. Requests for other low-income allowances (not specifically tied to the presence of children in the household) fell from 56 percent of mahallas in August to 21 percent in January 2021. Requests for other charitable funds were processed in 46 percent of mahallas in August, falling to nearly zero in the new year.





An estimated 5.2 million people received some form of emergency support at least once since April. Nearly 16 percent of people reported receiving direct assistance at some point since the outbreak. Most assistance came as in-kind benefits or vouchers (68 percent among those reporting), or one-time cash benefits (29 percent among those reporting) and reporting having received assistance was more than twice as common in urban areas. However, more than half of benefits were reported by the poorest 40 percent of the population, and short-term support was often reported by households with work stoppages and other challenges that only temporarily affected their income. Overall, receiving assistance is strongly associated with lower household income, indicating that programs have been disproportionately beneficial to vulnerable households. Female headed households were more likley to report new government support, while there were no systematic differences in the share of households with disabled members receiving new government support.

When asked about vulnerable groups during COVID, mahalla leaders most often pointed to increased need among the poor. About 56 percent report elevated needs among poor people, 42 percent the elderly, and 24 people living with disabilities. About 9 percent cited increased needs among women, 4 percent cited migrants and internally displaced people, and nearly none among ethnic minorities.

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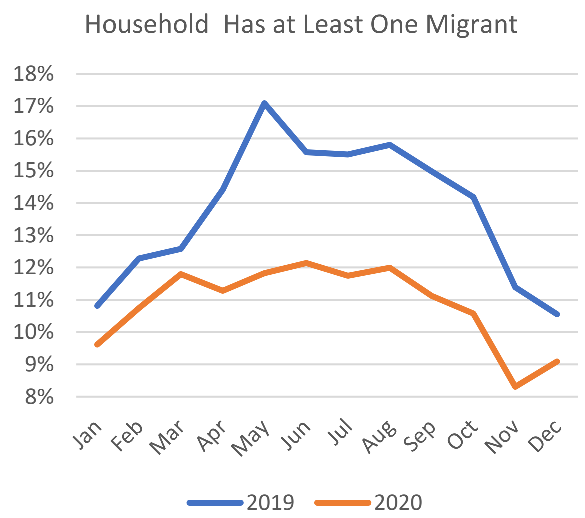
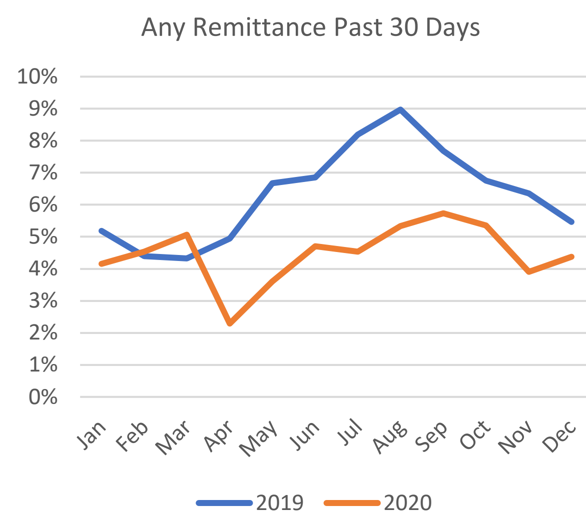
Migration and Remittances

The share of households receiving remittances recovered lost ground but remained well below 2019 levels. In April, the share of households receiving any remittances was cut in half over the same period the previous year, recovering somewhat in May and continuing to gain through September. Among those that did receive remittances, the value of the median transfer fell by 21 percent (in inflation adjusted So'm) in April, but recovered lost ground as the Russian Ruble strengthened, ending the year at similar levels to 2019.





A much lower share report household members working abroad. In April, the share of households with members currently abroad was 3 percentage points lower than the same time in 2019 and remained well below previous levels for the remainder of the typical labor migration season. Among those still abroad, active employment fell from 88 to about 73 percent in April, with several rounds of partial recovery and declines through the rest of the year. Following the outbreak, the share of households reporting members actively considering future migration abroad fell nearly to zero.

Between August 2020 and January 2021, about 42 percent of mahalla leaders reported international migrants coming home due to COVID-19. In half of these cases, leaders reported 13 or more international migrants returning home. Between 10 and 17 percent of mahalla leaders list an inability for workers to travel abroad as one of the most pressing local economic challenges. Returnees were slightly more common in urban areas than in rural areas. At the same time, more than 45 percent of mahalla leaders reported domestic migrants due to COVID-19 throughout the same period – with a significantly higher share of rural mahallas are reported as receiving domestic migrants.

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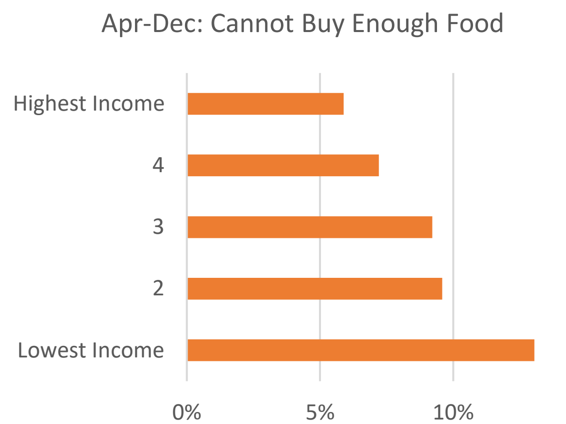
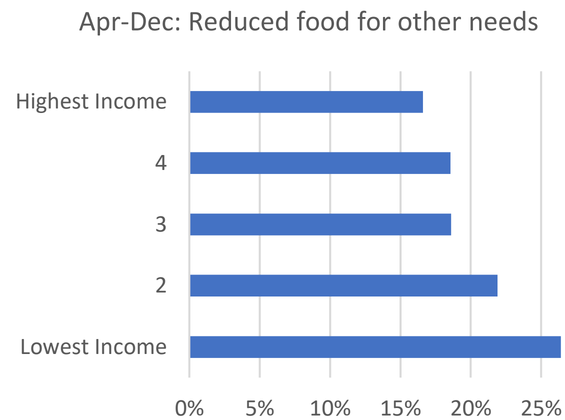
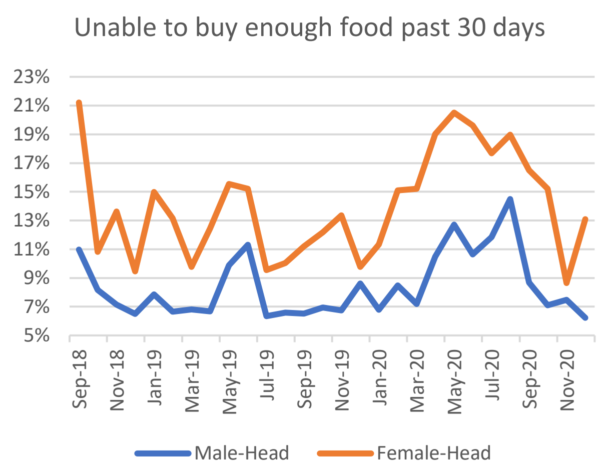
Food Security

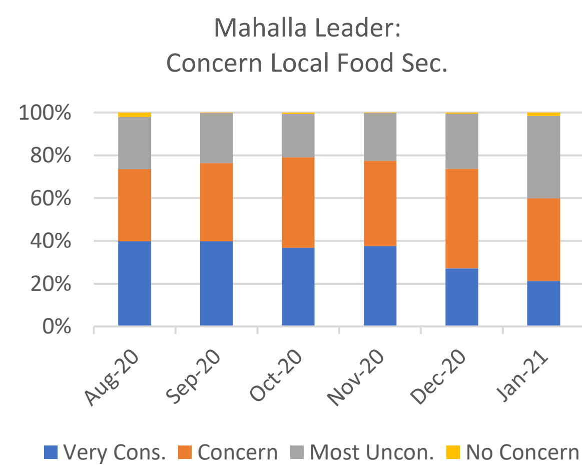
The share of households reporting reduced food consumption spiked to 26 percent in April and remained elevated through August, before falling to typical levels toward the end of the year.





Female headed households reported higher rates of food insecurity. In May, 21 percent of FHH said they were unable to buy enough food for members of their household. While FHH have historically reported higher rates of food insecurity, the gap widened during the pandemic – on average they were 7 percent more likely compared to 4 percent during the same period in 2019.





In August, about 40 percent of mahalla leaders were very concerned about the food security of local people, and 34 percent somewhat concerned. By January 2021, this had fallen to 27 percent, with another 47 percent somewhat concerned. The share of local leaders concerned about potential food shortages fell from about 4 percent in August to nearly zero in January 2021. Those living in rural areas were much less likely to report concerns about food security than urban areas. Among the roughly 30 percent of mahalla leaders reporting abnormal price increases between August 2020 and January 2021, most increases were related to food, while very few reported shortages.

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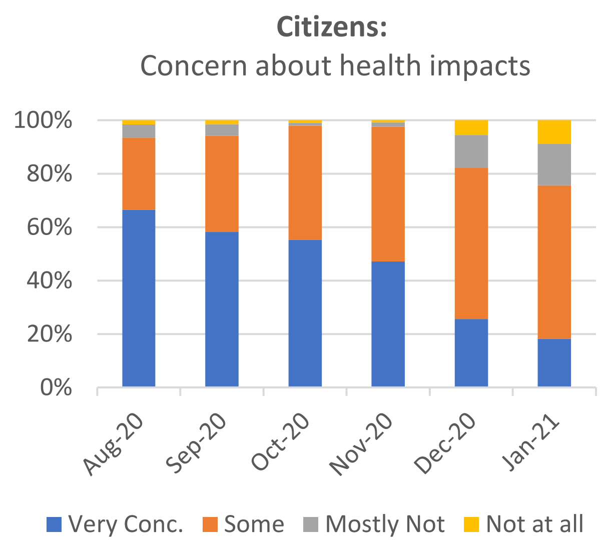
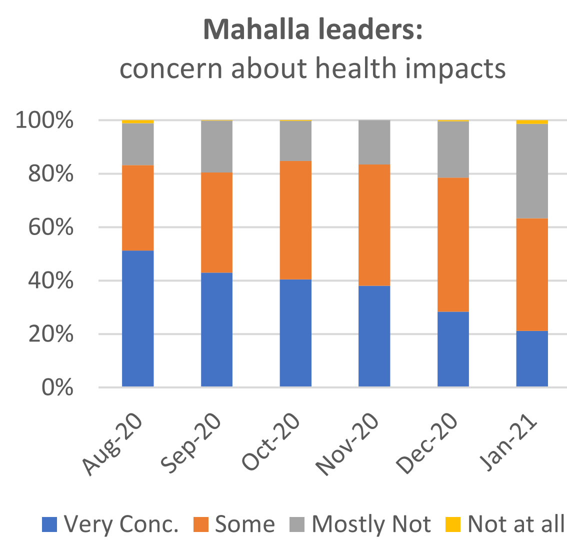
Health and Subjective Wellbeing

Access to healthcare and satisfaction with services markedly improved in the final months of 2020. The share of households reporting delays in obtaining medicine fell from 5 percent in July to less than 2 percent in Jan 2021. Dissatisfaction with the quality and safety of care fell from 23 percent in July to less than 5 percent in January 2021. Delays in scheduling appointments with primary doctors fell from 2 percent to negligible levels over the same period. Similar improvement was reported in waits for households receiving treatment, access to medical equipment, and testing. By November 2020, no household reported delays in obtaining child immunizations. Nonetheless in the second half of 2020 about 18 percent of households on average reported that at least one household member did not seek treatment of some type due to cost. Mahalla leaders also increasingly cited healthcare services as a pressing local challenge, rising from 21 percent in August, to 39 percent or more later in the year.

Concerns specifically about COVID-19 related health impacts moderated late in the year. Both citizens and mahalla leaders less commonly responded that they were "very concerned" about the potential health impacts of COVID-19 on themselves or their communities, falling from more than 60 percent in August to less than 20 percent in January 2021 among citizens, and from about 50 percent to similar levels among mahalla leaders over the same period.





Reported life satisfaction has largely been resilient during the crisis, and most people describe their mental health as good or fair. The share reporting being very dissatisfied with their lives rose by less than 2 percentage points following the outbreak and has remained at modest levels throughout the crisis. In August, about 8 percent reported they felt sad or depressed at least somewhat in the past month, falling to about 3 percent in January 2021. By the end of the year, mental health interfering with daily life and personal relationships was reported only rarely. In July, about 40 percent of people cited COVID-19 related concerns as their biggest challenge over the preceding two weeks. But by January this had fallen to 11 percent, overtaken by economic concerns (rising from 13 percent in July to 37 percent in January 2021).

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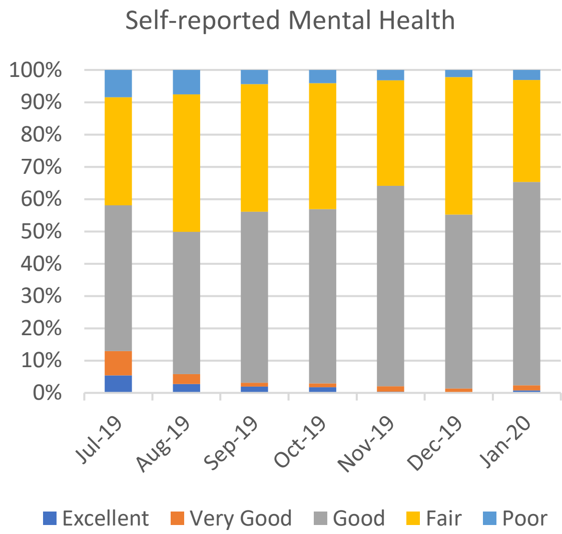
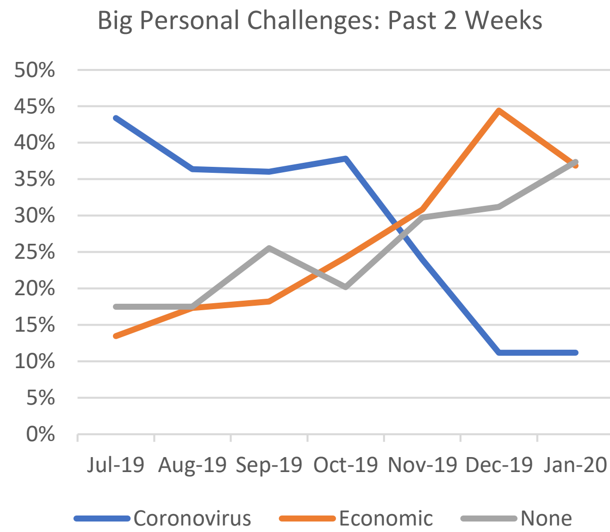
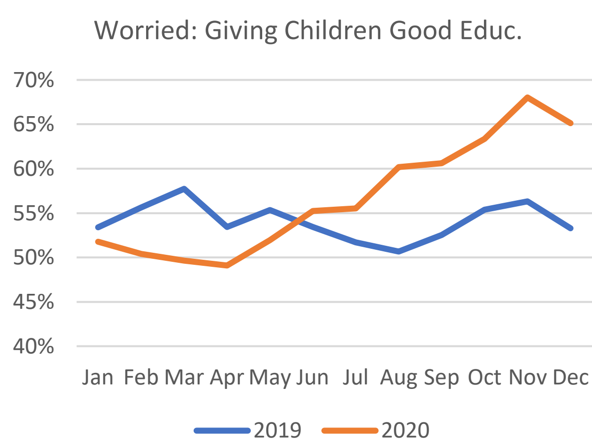


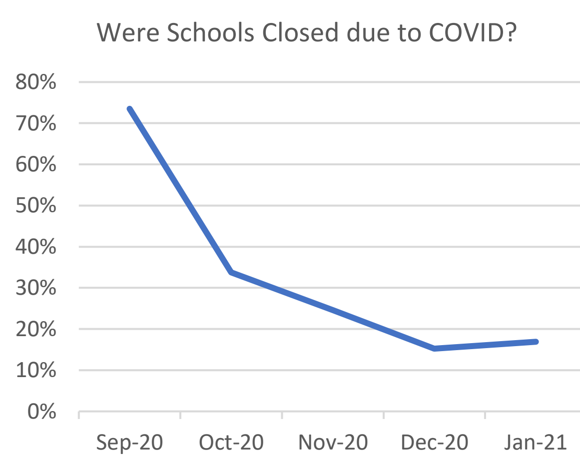


However, people with disabilities and women reported worse mental health than others. From July to December 2020, 51 percent of people with disabilities rated their mental health as only "fair" or "poor" compared to 43 percent of people without disabilities (as opposed to rating it as "good", "very good", or "excellent"). This peaked in August when 61 percent of people with disabilities said their mental health was only "fair" or "poor." A similar gap was present between female and male respondents: about 55 percent of female respondents reported "fair" or "poor" mental health in August.

Education

Disruptions is schooling continued from the start of the outbreak through the end of 2020, accompanied by rising concern about providing children with "a good education." During disruptions, most children followed government-sponsored television programs (87 percent) with only 13 percent primarily using other options. Nearly all caregivers report that they are either moderately or very satisfied with the temporary programs, though the highest income households were least likely to report being satisfied with the education options for their children.





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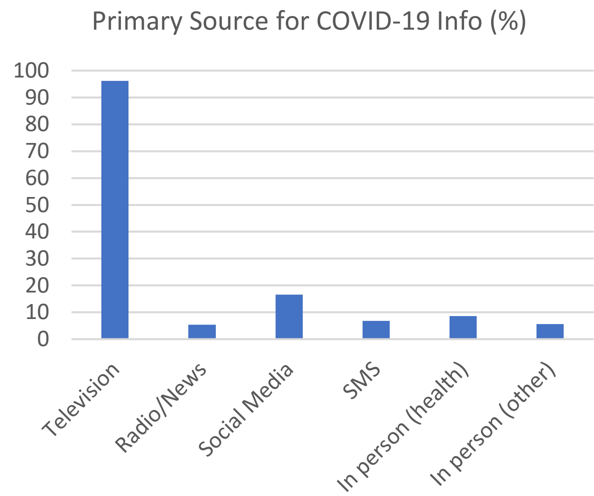
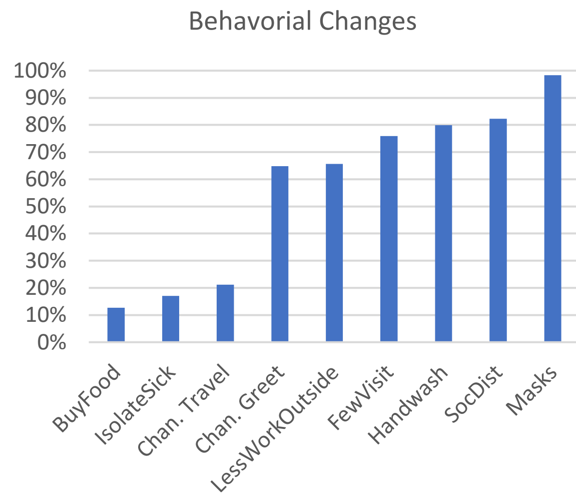
Prevention and Communications

Between 80 and 90 percent of mahalla leaders reported actively recommending precautions to locals due to COVID-19. Mask wearing was the most common (97 percent) and about 70 percent of mahalla leaders reported that almost everyone usually wears masks when going out in public in their mahalla. The next most common recommendation was social distancing (95 percent), while about 76 percent reported recommending more handwashing, and 71 percent that people avoid handshakes.

Since the outbreak, households reported very similar prioritization in their behaviors to prevent the spread of coronavirus. Nearly all respondents reported changing their behavior with respect to wearing masks, and 82 percent reported practicing social distancing.





A high share of people reported having heard COVID-related official government announcements in the preceding week. Following the outbreak, 78 percent of respondents on average reported personally hearing official announcements about COVID-19. Nearly all listed television as a primary source of information. Very few people report hearing official announcements through newspapers, radio, or in-person. On average, about 55 percent of respondents reported receiving COVID-relevant guidance from local Mahalla officials.

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