Post-Soviet Institutional Design, NGOs and Rural Livelihoods in Uzbekistan

Deniz Kandiyoti

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Acronyms

BWA	Business Women's Association
FSU	Former Soviet Union
GDP	gross domestic product
GID	Gender in Development
GNGO	government-sponsored non-governmental organization
IMF	International Monetary Fund
MLI	microlending institution
NGO	non-governmental organization
NOVIB	Oxfam Netherlands
RESP	Rural Enterprise Support Project
SIG	Sustainable Income Generation
TACIS	Technical Assistance to the Commonwealth of Independent States
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women

Glossary

Agriprom	Agro-Industrial Workers Trade Union
arenda	leasehold (Russian)
dekhan	smallholder
hokim	governor
hokimiyat	governorate
Kamalot	Civic Movement of Youth in Uzbekistan
kolkhoz *(pl.* ***kolkhozy)***	collective farm (Russian)
kolkhozian	communitarian
Komsomol	Soviet Youth Committee (now Kamalot)
mahalla	neighbourhood
mardigor	casual labourer
oila pudrati	family leasehold
perestroika	restructuring (period of reform under Mikhail Gorbachev, prior to the collapse of the USSR)
pudrat	leasehold (Uzbek)
shartname	contract
shirkat	closed or open joint stock company (former collective enterprise)
sovkhoz *(pl.* ***sovkhozy)***	state farm
tamorka	private subsidiary plot
Zhensoyuz	Soviet Women's Committee (now Women's Committee of Uzbekistan)

Summary / Résumé / Resumen

Summary

The purpose of this study is to analyse the processes of post-Soviet transformation of rural institutions and to discuss their implications for the welfare and livelihoods of the rural population in Uzbekistan.

The first section introduces the institutional framework that all former republics of the Soviet Union shared. The erosion of rural livelihoods in Uzbekistan, as in the rest of Central Asia, must be understood as a result of the decay of an ensemble of institutions involved in production, distribution, vocational training and service delivery. Membership of rural enterprises (*sovkhozy*—state farms, and *kolkhozy*—collective farms) comprised entitlements to household plots, housing, welfare benefits (pension, maternity and disability benefits) and access to kindergartens. Consumer Cooperative Associations provided access to subsidized essential foodstuffs, marketing outlets for surplus private production, vocational training and services. Trade unions (Agriprom, in this case) provided pension and sickness benefits, access to household durables and free holidays. Organs of the Communist Party such as the Women's Committee and the Youth Committee played an adjunct role by protecting members' interests and providing vocational training.

The second section describes change in five major areas: land tenure reform, agricultural enterprise restructuring, the transformation of trade unions and Women's and Youth Committees into voluntary membership organizations, the devolution of targeted social welfare assistance through *mahalla* (neighbourhood) committees, and the interventions of new institutional players, namely international donors and the non-governmental organization (NGO) sector. The current institutional framework of Uzbekistan may best be described as a patchwork of modified Soviet successor organizations, inadequate new palliative structures and donor-driven initiatives. The package of land tenure reform and agricultural enterprise restructuring measures in Uzbekistan suggests that the measures were in fact designed to give a longer lease of life to the mechanisms and institutions of the command economy. However, even partial reforms have led to the decay of Soviet institutions without the creation of workable alternatives, leaving rural populations exposed to increasing levels of vulnerability. Two types of palliative institutions have been introduced: *mahalla* committees, which are used as vehicles to direct benefits to the neediest; and the Dekhan and Farmers' Association, which is intended to assist both private farmers and smallholders and to represent their interests. These institutions are meant to perform a regulatory function on behalf of the state authorities and to represent the interests of their members, albeit with a restricted financial and organizational base. Soviet successor institutions (such as the heirs to the Women's and Youth Committees) have transformed from party organs into government-sponsored NGOs based on voluntary membership. These changes have created a network of "hollow" institutions characterized by an extensive network of subsidiaries from provincial to district level; a precarious financial base that severely restricts their operations; and an ambiguous mandate whereby the protection of members' interests and performing the role of "conveyor belt" for government directives and legislation are simultaneously held objectives.

The third section discusses a new architecture of provision involving international donors and NGOs. A rural income-generation and microcredit scheme is analysed as an illustration of such new partnerships. A disabling policy environment and lack of capacity in the NGO sector have meant that donor-led efforts to ameliorate rural livelihoods have had very limited impact: the employment effects of market reform have received little attention and investment in rural job creation has been extremely weak. The question of how this institutional vacuum might be filled and what forms populist protest might take is key to the future stability of the Central Asian region.

Deniz Kandiyoti is reader in the Department of Development Studies and chair of the Centre of Contemporary Central Asia and the Caucasus at the School of Oriental and African Studies (SOAS) at the University of London in the United Kingdom. This paper was prepared under the

UNRISD project on Evolving Agricultural Structures and Civil Society in Transitional Countries: The Case of Central Asia, which was carried out between 2002 and 2003. The project was implemented in close collaboration with the Food and Agriculture Organization of the United Nations (FAO). Santiago Funes, then Director of the Rural Development Division, initially sponsored the project, and David Palmer from the Land Tenure Service helped to ensure liaison. At UNRISD, the project was led by Kléber B. Ghimire, with research assistance from Francesca Bossano, Lucy Earle and Behzod Mingboev, and secretarial assistance from Anita Tombez.

Résumé

Le but de cette étude est d'analyser la transformation subie par les institutions rurales après la période soviétique et de traiter de ses conséquences sur le bien-être et les moyens d'existence de la population rurale en Ouzbékistan.

Dans la première section, l'auteur présente les institutions communes à toutes les anciennes républiques de l'Union soviétique. L'érosion des moyens d'existence des populations rurales d'Ouzbékistan, comme du reste de l'Asie centrale, doit être comprise comme le résultat de la décomposition d'un ensemble d'institutions qui géraient la production, la distribution, la formation professionnelle et la prestation de services. Le fait d'être membre d'une entreprise rurale (d'un *sovkhoze*—ferme d'Etat, ou d'un *kolkhoze*—exploitation collective) donnait droit à des lopins familiaux, à un logement, à des allocations sociales (retraite, allocations maternité et rente d'invalidité) et accès au jardin d'enfants. Les associations de coopératives des consommateurs donnaient accès à des produits alimentaires de base subventionnés, à des débouchés pour la production privée excédentaire, à la formation professionnelle et à des services. Les syndicats (Agriprom, en l'occurrence) versaient les retraites et des indemnités en cas de maladie, donnait accès à des biens de consommation durables et aux congés payés. Des organes du parti communiste tels que les Comités des femmes et des jeunes jouaient un rôle auxiliaire en veillant aux intérêts de leurs membres et en dispensant une formation professionnelle.

La deuxième section décrit les changements qui se sont produits dans cinq grands domaines: la réforme du régime d'occupation des sols, la restructuration de l'entreprise agricole, la transformation des syndicats et des Comités des femmes et des jeunes en organisations fondées sur la libre adhésion, la distribution de l'aide sociale ciblée par le biais des comités *mahalla*, ou comités de voisinage, et les interventions de nouveaux acteurs institutionnels, à savoir les donateurs internationaux et le secteur des organisations non gouvernementales (ONG). La métaphore la plus apte à décrire le cadre institutionnel actuel de l'Ouzbékistan est peut-être celle du patchwork, car s'y retrouvent des organisations soviétiques modifiées, de nouvelles structures palliatives inadéquates et des initiatives prises sous l'impulsion des donateurs. L'ensemble des mesures visant à réformer le régime d'occupation des sols et à restructurer les entreprises agricoles laisse à penser qu'elles ont en fait été conçues pour prolonger les mécanismes et institutions de l'économie dirigée. Cependant, ces réformes, même partielles, ont entraîné la décomposition des institutions soviétiques sans créer de substituts capables de fonctionner, fragilisant d'autant plus les populations rurales. Deux types d'institutions palliatives sont entrés en scène: les comités *mahalla*, qui servent à diriger les prestations sur les plus démunis et l'Association Dekhan, association d'agriculteurs, dont le but est de venir en aide à la fois aux agriculteurs privés et aux petits exploitants et de défendre leurs intérêts. Ces institutions sont censées remplir une fonction régulatrice au nom des pouvoirs publics et défendre les intérêts de leurs membres, bien qu'avec une base financière et organisationnelle réduite. Les institutions qui succèdent à celles de la période soviétique (les héritiers des Comités des femmes et des jeunes, par exemple) ont cessé d'être des organes du parti pour devenir des ONG parrainées par le gouvernement et fondées sur la libre adhésion de leurs membres. Ces changements ont créé un réseau d'institutions "creuses", filiales de la province et du district, caractérisées par des assises financières précaires qui en limitent sérieusement le fonctionnement, et par un mandat ambigu, puisqu'elles doivent à la fois défendre les intérêts de leurs membres et servir de "courroie de transmission" aux directives et aux lois du gouvernement.

La troisième section traite d'une nouvelle architecture de crédits provenant des donateurs internationaux et des ONG. L'analyse d'un système rural de création de recettes et de microcrédit sert à illustrer ces nouveaux partenariats. A cause d'un environnement politique paralysant et du manque de moyens des ONG, les efforts entrepris sous l'impulsion des donateurs pour améliorer les moyens d'existence des populations rurales ont eu des effets très limités: l'impact de la réforme du marché sur l'emploi a peu retenu l'attention et l'on a très peu investi dans la création d'emplois ruraux. Comment ce vide institutionnel va-t-il être comblé et quelles formes la contestation populiste pourrait-elle prendre? De la réponse à ces questions dépend la stabilité future de l'Asie centrale.

Deniz Kandiyoti est chargée d'enseignement au département des études du développement et présidente du Centre de l'Asie centrale et du Caucase contemporains de la School of Oriental and African Studies (SOAS) de l'Université de Londres au Royaume-Uni. Ce rapport a été préparé dans le cadre du projet de l'UNRISD sur l'Evolution des structures agricoles et la société civile dans les pays en transition: Le cas de l'Asie centrale. Ce projet, mené entre 2002 et 2003, a été mis en oeuvre en étroite collaboration avec l'Organisation des Nations Unies pour l'alimentation et l'agriculture (FAO). Lorsque le projet a débuté, il a reçu un soutien financier de Santiago Funes, alors Directeur de la Division du développement rural. David Palmer, du Service des régimes fonciers nous a alors aidé à maintenir la liaison. A l'UNRISD, le projet a été dirigé par Kléber B. Ghimire avec l'aide de Francesca Bossano, Lucy Earle, Behzod Mingboev et Anita Tombez.

Resumen

El propósito del presente estudio es analizar los procesos de transformación de las instituciones rurales en la era postsoviética, y examinar sus consecuencias para el bienestar y los medios de vida de la población rural en Uzbekistán.

En la primera sección se presenta el marco institucional común a todas las antiguas repúblicas de la Unión Soviética. La disminución de los medios de subsistencia rurales en Uzbekistán, al igual que en el resto de Asia central, debe entenderse como consecuencia del deterioro de una serie de instituciones que intervenían en la producción, la distribución, la formación profesional y la prestación de servicios. La pertenencia a empresas rurales (*sovkhozy*—granjas estatales, y *kolkhozy*—granjas colectivas) incluía derechos a terrenos familiares, vivienda, prestaciones de asistencia social (prestaciones por jubilación, maternidad y discapacidad) y el acceso a jardines de la infancia. Las Asociaciones Cooperativas de Consumidores facilitaban el acceso a productos alimentarios esenciales subvencionados, centros de comercialización para el excedente de la producción privada, formación profesional, y servicios. Los sindicatos (Agriprom, en este caso) facilitaban prestaciones por jubilación y enfermedad, acceso a bienes de consumo doméstico duraderos y vacaciones gratuitas. Órganos del Partido Comunista como el Comité de Mujeres y el Comité de Juventud desempeñaban un papel complementario al proteger los intereses de sus miembros e impartir formación profesional.

En la segunda sección se describen los cambios en cinco esferas fundamentales: la reforma de la tenencia de la tierra; la reestructuración de las empresas agrícolas; la transformación de los sindicatos y del Comité de Mujeres y el Comité de Juventud en organizaciones integradas por miembros voluntarios; la devolución de la asistencia de bienestar social selectiva a través de comités *mahalla* (del vecindario), y las intervenciones de nuevos actores institucionales, en particular donantes internacionales y el sector de las organizaciones no gubernamentales (ONG). El marco institucional actual de Uzbekistán puede describirse mejor como un mosaico de organizaciones sucesoras de las soviéticas modificadas, nuevas estructuras paliativas inadecuadas e iniciativas impulsadas por donantes. El conjunto de medidas adoptadas para la reforma de la tenencia de la tierra y la reestructuración de las empresas agrícolas en Uzbekistán pone de relieve que dichas medidas en realidad estaban encaminadas a prolongar la vida de los mecanismos e instituciones de la economía dirigida. Sin embargo, incluso las reformas parciales han

conducido al deterioro de las instituciones soviéticas sin ofrecer alternativas factibles, dejando a la población rural expuesta a niveles de vulnerabilidad crecientes. Se han introducido dos tipos de instituciones paliativas: los comités *mahalla*, que se utilizan como medios para dirigir los beneficios hacia los más necesitados; y la Dekhan and Farmers' Association, que pretende ayudar tanto a los agricultores privados como a los pequeños propietarios y representar sus intereses. Estas instituciones tienen por objeto desempeñar una función reguladora en nombre de las autoridades estatales y defender los intereses de sus miembros, aunque con una base financiera y organizativa limitada. Las instituciones sucesoras de las soviéticas (como las sucesoras del Comité de Mujeres y el Comité de Juventud) han dejado de ser órganos del Partido Comunista para transformarse en ONG patrocinadas por el gobierno integradas por miembros voluntarios. Estos cambios han creado una red de instituciones "huecas" caracterizadas por una amplia red de instituciones secundarias que abarcan del nivel provincial al nivel de distrito; una base financiera precaria que limita considerablemente sus operaciones, y un mandato ambiguo que tiene un doble objetivo: proteger los intereses de sus miembros, y simultáneamente, desempeñar el papel de "banda transportadora" para las directivas gubernamentales y la legislación.

En la tercera sección se examina una nueva estructura de suministro en la que participan donantes internacionales y ONG. Se analiza un programa rural de generación de ingresos y de microcréditos como ejemplo de estas nuevas asociaciones. Un entorno de política inhabilitador y la falta de capacidad en el sector de las ONG han dado lugar a que los esfuerzos desplegados por los donantes para mejorar los medios de vida hayan tenido un impacto limitado: los efectos en el empleo de la reforma del mercado no se han tenido muy en cuenta, y la inversión en la creación de empleo en el medio rural ha sido sumamente débil. La cuestión de cómo podría lograrse cerrar esta brecha y cuáles formas podría adoptar la protesta populista, es la clave para la futura estabilidad de la región de Asia central.

Deniz Kandiyoti es Profesora Adjunta en el Departamento de Estudios para el Desarrollo y Presidente del Centre of Contemporary Central Asia and the Caucasus en la School of Oriental and African Studies (SOAS) en la Universidad de Londres, Reino Unido. Este documento se preparó como parte del proyecto de UNRISD sobre Estructuras agrícolas en evolución y la sociedad civil en países en transición: El caso de Asia Central, el cual se llevó a cabo entre 2002 y 2003. El proyecto fue implementado en colaboración cercana con la Organización de las Naciones Unidas para la Agricultura y la Alimentación (FAO). Santiago Funes, el entonces Director de la Dirección de Desarrollo Rural, inicialmente patrocinó el proyecto, y David Palmer del Servicio de Tenencia de la Tierra actuó como enlace entre ambos organismos. El proyecto fue encabezado por Kléber B. Ghimire, con la asistencia de investigación de Francesca Bossano, Lucy Earle y Behzod Mingboev y la asistencia secretarial de Anita Tombez.

Introduction

Transition studies of the planned economies of the former Soviet Union (FSU) must necessarily take into account the specificities of the countries that emerged as independent republics after the break-up of the union. The Central Asian republics were, and still are, heavily reliant on agriculture and primary resource extraction. The restructuring of the rural economy therefore presents special challenges, which are different from the configurations of transition in the more industrialized European republics of the FSU. Furthermore, as central transfers from Moscow were withdrawn and the independent republics had to fall back on their respective resource bases, divergent paths of post-Soviet development and consolidation have emerged within Central Asia. Kazakhstan and Turkmenistan, where the elites control lucrative gas and oil reserves, have the makings of rentier states; Kyrgyzstan, a mainly mountainous and resource-poor country, is experiencing serious impoverishment; and in the case of Tajikistan, the poorest republic of the former union, severe dislocations occasioned by civil war have compounded impoverishment. Among the Central Asian republics, Uzbekistan continues to be the most reliant on its agricultural sector and on cotton as the leading export commodity.

Despite these divergences, the Central Asian republics started out on their post-Soviet trajectories with a command/administrative system shared with the rest of the Soviet Union. This institutional design served as the blueprint not only for administration and management of the economy, but also for the distribution of benefits defining the various rights and entitlements of the population (such as housing, pensions, maternity, sickness and disability benefits); in short, production, distribution and social welfare. The process of market reform has entailed different packages of measures dismantling this institutional apparatus, implemented at different speeds. The process of privatization of the state and collective enterprises that citizens had used to realize their social entitlements went much further in some republics (Kazakhstan and Kyrgyzstan) than in others (Uzbekistan and Turkmenistan).[1]

A point that is becoming increasingly clear is that the importance of the agricultural sector in these countries goes far beyond its contribution to gross domestic product (GDP) and economic output. It provides the social context in which rural households (which constitute the majority of the population) are able to subsist and sustain their existence. While a range of economic indicators allows for comparative assessments of the effects of agrarian and land tenure reforms in Central Asian states, the manner in which the complex web of Soviet rural institutions has evolved (or decayed) as a result of these reforms is much more difficult to capture without in-depth, case-by-case investigation. Indeed, with the exception of studies on the restructuring of agricultural enterprises, existing literature on agrarian transition in Central Asia is largely silent regarding the intended and unintended effects of rural institutional transformations. Although adequate data on legislative changes exist, there is relatively little investigation into their actual impact on the institutions that acted to safeguard the rights and entitlements of rural producers.

The purpose of this paper is to shed light on post-Soviet transformations in rural institutions by using Uzbekistan as a case study.[2] Uzbekistan constitutes a particularly pertinent case because agriculture is central to its political economy, accounting for approximately 30 per cent of GDP, 60 per cent of foreign exchange receipts and about 40 per cent of employment. Here as elsewhere, the initial stages of transition were accompanied by economic recession, rising unemployment, and greater reliance on the domestic economy for self-provisioning and on informal self-help networks to palliate increasing pressures on existing safety nets. In Uzbekistan, the initial decline in GDP was tempered by the fact that the country produces a major export crop, cotton, which could find alternative markets. The agricultural sector has acted as a "shock absorber", providing livelihoods for an ever greater number of people despite a shrinking resource base. The government's interest in both maintaining control over the production of the leading export crop (and thereby hard currency earnings) and avoiding the rapid deterioration of employment and living conditions among the rural population has meant that a "gradualist" approach to institutional reform has been favoured (Kandiyoti 2002). However, as will be argued throughout this paper, this has resulted in a "hollowing out" of the functions of former Soviet institutions, and few alternatives are emerging to fill the holes.

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[1] See Spoor (2004) for a comparative discussion of these divergences.

[2] The materials for this study are derived from field work carried out in the provinces of Andijan and Khorezm between 1999 and 2001, and from interviews with heads of various organizations in November 2002.

One of the most hotly contested topics among scholars of Soviet Central Asia concerns the nature of interaction between state and society. Whereas Soviet ideologues cast the transformation of Central Asia as an unambiguous success story of modernization, others, namely Soviet ethnographers such as Poliakov (1992), are a great deal less sanguine and claim that "traditional" forms of social organization survived under a veneer of Sovietization. Thus, two contradictory images have uneasily coexisted: one of societies totally penetrated by an all-encompassing, totalitarian state, and another of societies retaining their autonomy under a thin Soviet institutional carapace.

These contradictory accounts have spilt over into the post-Soviet policy arena and continue to inform perspectives on post-Soviet transition. The most influential perspective, at least in policy terms, has been the extension of the neoliberal "good governance" agenda—promoted by the international donor community—to the special cases of former Soviet command economies. According to this perspective, the totalitarian state captured the societies over which it ruled to the point that it all but obliterated the autonomous associative sphere of civil society. The market transitions ushered in by post-Soviet reforms therefore require as their indispensable adjunct the creation of a robust associative societal sphere that can make the state more transparent and accountable. This has led to the promotion of a "democracy assistance" sector, which in turn has fostered the proliferation of non-governmental organizations (NGOs) as a proxy for an autonomous civil society.

A counter-argument may be found in the work of Roy, who invokes the paradox that the Soviet project of destroying traditional society via social engineering translated into "a recomposition of solidarity groups within the framework imposed by this system" (1999:85). He argues that Central Asian society restructured itself around the very elements that had been conceived to destroy it, namely the *kolkhozian*, or communitarian, system. Thus, paradoxically, it is within these very structures that the elements of a local civil society may be found (rather than in the post-Soviet donor-led window dressing apparent in the nascent NGO sector). In a similar vein, Koroteyeva and Makarova (1998a) talk about the "domestication of the state" by local communities during the Soviet period. According to these perspectives, Soviet institutions allowed for forms of participation that actually gave these same institutions everyday forms of utility. Verdery (1996) argues, furthermore, that Communist Party states were in fact comparatively weak: leaders had weak legitimacy and were therefore constantly undermined by internal resistance and hidden forms of sabotage at all levels of the system. The command economy created a milieu in which survival depended upon multiple forms of collusion and complicity, which themselves finally amounted to passive consent, if not legitimacy. There is also evidence that the paternalistic social contract of the Soviet period, where personal economic and political freedoms were traded in for social protection and entitlements, was deeply internalized by Soviet citizens, an observation that gains some credence in view of the rapid onset of "post-communist nostalgia" in the turbulent years following the demise of the Soviet Union.

It is not my intention to engage with these debates here but rather to attempt a more specific exercise that has not received the attention it deserves, namely to analyse the extent to which Soviet institutions constituted an integrated ensemble that informed the day-to-day reproduction of rural households, and to examine the impact of market reform on a new architecture of provision in rural areas.

Rights and entitlements in rural Uzbekistan are currently mediated by a complex institutional framework produced by a layering of "modified" Soviet institutions, new semi-governmental structures, and civil society initiatives that bear the imprint of a variety of foreign donor agencies and NGOs. An adequate analysis of this evolving framework requires an understanding of Soviet institutions, their transformation under market reform, and the impact of new domestic and foreign players' entry into the policy arena. The first section of the paper provides an introduction to the role of various Soviet institutions in rural Uzbekistan. The second section analyses the effects of market reform on institutional design. The final section illustrates the interventions of new institutional players in rural areas (donor agencies and local NGOs) by means of a case study, the programme for Micro-Credit Development for Income Generation and Job Creation in the Kashkadarya Province of Uzbekistan (referred to as the Kashkadarya microcredit programme here), which has been implemented under the Sustainable Income Generation (SIG) programme of the United Nations Development Programme (UNDP) since 1998. The conclusion will draw out some of the implications of these new developments.

Legacies of the Past: Rural Livelihoods and the Soviet Institutional Framework

Uzbekistan was integrated into the Soviet Union as a raw material producer through the extensive production of cotton. Curtailing imports of foreign cotton was critical for the crash industrialization programme of Stalin's First Five Year Plan (1929–1932). The policy of collectivization was accomplished well ahead of schedule in Uzbekistan. By the end of 1932, 77.5 per cent of all rural households had been incorporated into 9,734 *kolkhozy* (collective farms) and 94 *sovkhozy* (state farms). By 1990, there were some 940 *kolkhozy* and 1,108 *sovkhozy*. In the case of the latter, which functioned as state enterprises, workers were employed at fixed wages, whereas the *kolkhozy* paid their workers from the *kolkhoz's* earnings.

Although collective farming enterprises constituted the backbone of the rural economy, rural Uzbekistan had a relatively diverse occupational structure during the Soviet period. Alongside agricultural jobs, there were numerous agriculture-related technical occupations requiring specialist vocational training (in agronomy, water engineering, machine/tractor maintenance and repair) as well as non-agricultural occupations in rural industry, local administration, and social services (such as health and education). Post-Soviet recession occasioned labour retrenchment (and wage arrears) in industry and services, making an even larger proportion of the population directly dependent on earnings from agriculture, a process I have described elsewhere as "reagrarianization" and "demonetization" (Kandiyoti 2002:65).

The integrated nature of rural institutions meant that the failure or decay of some elements necessarily produced a ripple effect on the others (see box 1). The erosion of rural livelihoods in Uzbekistan, as in the rest of Central Asia, must be understood as the result of the decay of a whole ensemble of integrated institutions involved in production, distribution, vocational training and welfare delivery. State farms and collective farms also provided their members with entitlements including housing, a household plot, pensions, maternity benefits, disability benefits and free access to kindergartens.

Box 1: Ripple effects—The towel factory

Let us consider the example of a towel factory in a village in Andijan as an illustration. This factory was integrated into the local *sovkhoz*, which provided it with cotton and a local vocational school that provided training for workers. In 2000, this factory employed about 140 workers, of which about 60 per cent were women and 40 per cent men. Women were involved in spinning, weaving and dyeing operations. Since the vocational school closed in 1995, only on-the-job training has been available. The factory can no longer count on regular deliveries of cotton from the restructured *sovkhoz*, which is now a *shirkat* (joint stock company): the *shirkat* is barely able to fulfil its delivery quotas of cotton as more of its land is sown with wheat or is available for leasing to individual farmers. As a result, the factory runs out of raw material and experiences interruptions in production that further erode its capacity to maintain and repair its out-of-date machinery. Frequent power cuts compound problems. The management is unable to pay its workforce for months at a time except in kind—that is, in towels. This means that workers have to trade the towels in the bazaar for their wages to take a monetary form. Yet the workers wish to retain their jobs because their benefit entitlements depend on being on the books of the enterprise. Many women continue their work in order to get maternity benefits, and then remain on extended maternity leave. This factory has pinned its hopes on an agreement with a German firm that will provide new equipment, enabling them to produce new types of towels for export.

Among these entitlements, access to a household plot remains crucial to the reproduction of rural households. Collective and state enterprises used to provide their smallholders with access to machinery, irrigation and other inputs for the cultivation of their private plots. Nowadays, farming enterprises lease out their tractors to those who have the ability to pay, and there is a private supply of tractors for hire that squeezes out smallholders who do not have the necessary resources. Access to inputs such as fertilizers, pesticides and machinery is becoming increasingly monetized. Poorer smallholders now resort to substituting these inputs with their own labour and cheap alternatives.[3]

Alongside formal entitlements, the implicit social contract between managers of enterprises and their workers was one of paternalistic responsibility for their welfare in times of crisis or need. Managers reported helping to defray the costs of weddings and funerals by providing the foodstuffs (such as oil, rice and flour) necessary to meet ceremonial obligations. These informal arrangements are also coming under severe strain, deepening the rank-and-file *shirkat* workers' sense of frustration and betrayal.

On the distribution side, Patribitelskie Soyuzi, or Consumers' Cooperative Associations, used to play a central role in marketing *kolkhoz* produce and providing outlets for the surplus produced on workers' smallholdings. Cooperative societies ran shops, catering establishments and rural industrial enterprises that produced canned goods, fruit juices and bakery items. Cooperatives provided:

- access to subsidized essential foodstuffs and domestic commodities;
- market outlets for the surplus produced on private smallholder plots;
- access to facilities such as dining halls and bakeries;
- vocational training (through cooperative educational institutions, training cooks, bakers, accountants and shop assistants); and
- non-agricultural employment in the rural community services.

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[3] For instance, the members of a collective in Khorezm, who cultivate rice on their smallholdings, report using ash as a pesticide and relying on manual labour for all their operations. Reciprocal harvesting arrangements among kin and neighbours are used to supplement family labour at peak times.

The record of Consumers' Cooperative Associations was very mixed, with endemic shortages of rationed, subsidized goods, the distribution of which favoured the cooperatives' managerial cadres. However, *kolkhoz* bazaars offered a marketing outlet for smallholders who had no means of transport or access to markets, and cooperative enterprises (such as canning and food processing workshops) provided some local jobs. Consumers' Cooperative Associations have been among the first enterprises to be privatized through a process that deserves more detailed attention than it has received. Existing evidence suggests that former managers were able to convert the infrastructure of shops and workshops allied to cooperatives into privately owned and operated businesses.

During the Soviet period, the entire working population had automatic membership of trade unions representing the interests of their respective occupational groups. The agricultural trade union, Agriprom (Agro-Industrial Workers Trade Union), was restructured in 1985 to include all rural agricultural and non-agricultural enterprises and workplaces. The responsibilities of the trade union included:

- the distribution of pensions;
- the distribution of housing, cars and household durables;
- the provision of access to sanatoria, rest houses and children's holiday camps; and
- the awarding of paid sick leave.

The "economy of shortages" of the Soviet period meant that trade unions became a vehicle for rationing scarce goods for which demand far exceeded supply. Waiting in a queue for the allocation of an apartment or a car was commonplace, as was jumping the queue by paying unofficial prices which exceeded the subsidized, official ones. Ordinary rural workers' access to paid holidays was, in practice, extremely restricted, with sanatoria and rest houses being available only to managerial cadres. However, entitlements to sick leave and pensions were universal. Trade unions have since been restructured as voluntary membership organizations, and are weakened by the decline of their membership among employees of formal enterprises, the rapid expansion of the informal economy and the restriction of their remit.

An adjunct role in assisting rural livelihoods was played by organs of the Communist Party of Uzbekistan, namely the Zhensoyuzy (Women's Committees) and the Komsomol (Youth Committees), which had representatives in all rural enterprises. The Women's Division of the Communist Party served as a channel for the party's increasing involvement in social welfare, despite its primary role of mobilization and propaganda. Alongside propaganda and "enlightenment" activities, the Women's Committees provided women with a complaints procedure both concerning personal/familial issues (such as drunkenness or abuse) and unfair treatment at work. The Women's Committees performed an advocacy role for the collective interests of women by calling for better working conditions and by giving assistance to individuals, especially single mothers. It also engaged in advocacy for the provision of facilities such as village bakeries, communal baths and laundries, which lightened rural women's burden of labour.[4] Trade unions all had a Zhensoyuz representative to protect the rights of women workers.

The Communist Party of Uzbekistan also recruited its cadres among youth, starting with the Young Pioneers at school and moving on to Komsomol membership. Aside from its propaganda/ enlightenment functions, the Komsomol engaged in a number of vocational training activities directed at village youth (such as the training of mechanics and tractor/harvester operators).[5]

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[4] A preoccupation emerging from the propaganda literature of the time is the need to increase women's labour productivity by decreasing their time-consuming household tasks. For instance Urunov writes: "In development of public catering in rural areas of Uzbekistan the problem of *lepeshka* [flat bread] production is still unsolved. The seriousness of the matter is increased by the fact that rural woman spend 2–3 hours daily for *lepeshka* baking" (Urunov 1979:211).

[5] A new initiative of Komsomol was started in 1975. It was proposed to train 100,000 specialists for mechanized agriculture. At the end of that year more than 120,000 Komsomol members had received certificates as machine operators

Taken in their entirety, Soviet institutions in Uzbekistan constituted an integrated network of organizations that regulated the lives and livelihoods of rural producers. As we shall see in what follows, market reforms have brought about a partial modification and restructuring of these institutions, retaining many features of the command economy, but "hollowing out" the roles and functions of the organizations that were vehicles of social welfare and entitlements.

The Evolving Institutional Framework of Post-Soviet Uzbekistan

The main features of institutional change that affect rural populations in post-Soviet Uzbekistan are:

- land tenure reform;
- agricultural enterprise restructuring;
- the devolution of targeted social welfare assistance through *mahalla* (neighbourhood) committees;
- the transformation of trade unions and Women's and Youth Committees into voluntary membership organizations;
- the interventions of new institutional players—international donors and the NGO sector.

These will be examined in turn.

Land tenure reform

Among the republics of Central Asia, Uzbekistan is noted for pursuing a gradual strategy of partial change in the area of agrarian and land reform.[6] Unlike Kazakhstan and Kyrgyzstan, there has not been a disbanding of collective farms. Instead, state farms, which were centrally funded, have been transformed into collective enterprises, managing their own budgets. Privatization took the form of restructuring the collective enterprises as joint stock companies. The privatization process, which was accomplished in the housing sector and the retail trade during 1992 and 1993, did not extend to agricultural land. Instead, new legislation extended private access to land without redefining property relations (Schroeder 1996).

The official rationale against privatization included concerns over land speculation and the creation of absentee landlords, on the one hand, and the fact that cultivation in Uzbekistan is dependent on a state-run irrigation system. As the leading export crop providing the state's main revenue base, the possible disruption of cotton deliveries is certainly one of the features of agriculture in Uzbekistan that makes it harder to break away from the structures set up under the command economy. Agriculture provides the main source of revenue for the state budget. State elites have a stake in maintaining and controlling existing export revenues. On the other hand, the insolvency of the collective farming sector, the cost of continuing subsidies, the growing land hunger of a population that has increasingly had to fall back on self-subsistence, and pressure from international donors all push toward accelerating the pace of market reform and expanding private access to land. Land reform legislation thus reflects a contradictory bundle of priorities and objectives.

Between 1948 and 1985, the property regime in land remained relatively stable in Central Asia. After some relaxation on the size of private holdings during the Second World War to increase self-sufficiency in food, the collective farming system established itself in the postwar years and

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with different profiles, including more than 12,000 young women. Taking care of the high level of female education, the Party has created all the necessary conditions for their active participation in labour and social life. Data from the 1970 census on women's participation agriculture shows an increase from 23% in 1959 to 37% in animal husbandry; in poultry from 56% to 74%; in horticulture, vegetable-growing and viticulture from 26% to 36%. In 1975, about 75 women were directors of *kolkhozes* and *sovkhozes* (Urunov 1979:271).

[6] Spoor 1995; Ilkhamov 1998, 2000; Lerman 1998.

remained unmodified for several decades. The first wave of change came with *perestroika*. Agricultural reform in Uzbekistan began in 1989 as an extension of President Mikhail Gorbachev's centrally initiated attempts to increase food production and farm efficiency. There has since been a multipronged attempt to expand private access to land. These efforts have taken place on three fronts: (i) moving to a lease or contract system of production in collective farms; (ii) expanding the amount of land allocated to *tamorka* (personal subsidiary plots); and (iii) the creation of an independent farming sector. As a result of this pluralistic approach, the agricultural sector has evolved into a multilayered patchwork of farming enterprises with varying degrees of rights of ownership and use: *shirkats*, cooperatives, individual leasehold plots and independent farm units.

The first step in post-Soviet agricultural reform was the conversion of state farms into cooperative enterprises, an attempt to relieve the state budget of the burden of wage payments to a large agricultural workforce. Within the *kolkhozy*, the practice of *pudrat* (leasehold in Uzbek, *arenda* in Russian) was established. Production is organized and managed by family farming units while the *kolkhoz* provides certain services and inputs and receives a share of the revenues. The *kolkhoz* management and *oila pudrati* (family leaseholds), or sometimes work brigades, sign contracts allocating land in proportion to available labour. The typical arrangement is for the farming unit to meet the state procurement order at a fraction of the price received by the *kolkhoz*, and to share the revenue for above-quota sales according to agreed proportions. This type of contracting is now the norm.

Since the Soviet period, households have also been allowed to have a small plot of land adjoining their house, usually for their own use. New legislation has allocated more private land to households. According to one estimate, the amount of land for personal plots increased from 110,000 hectares before independence to 630,000 hectares in 1994 (362,840 hectares of which was cropland). However, these legal norms are subject to local availability. In areas of high population density, new families may not receive an allocation at all or their plots may be well below the legally allowed norm.

The development of the independent farming sector has gone through various stages.[7] Initially, "leased" peasant farms were created within the framework of collective enterprises. They were typically allocated marginally productive fields from land reserves. Their contracts were transacted with the collective farm manager and their produce sold to the collective at the collective's prices (which were even lower than state procurement prices). Mearns (1996) notes the high level of vulnerability of peasant farms and suggests that the slowdown in their establishment is because they are seen to jeopardize the ability of collective farms to meet state orders of wheat and cotton, as they diverted land and labour from the collective. Moreover, as collectives got into deeper financial troubles they fell into chronic arrears of payments to farmers. A joint report by the European Union's (EU) Technical Assistance to the Commonwealth of Independent States (TACIS) programme and the government of Uzbekistan (1996) on the Bulungur district of Samarkand cites this as one of the main reasons for the failure of many independent farms and the decline in their number between 1991 and 1995. Between 1993 and 1995, 1,646 peasant farms had failed (800 of these in 1995 alone).

The decree of 18 March 1997 separated independent farms from collective enterprises by granting them independent juridical status, the right to hold their own bank accounts and to enter into transactions with buyers of crops and suppliers of inputs in their own right. Until that point, accession to the status of independent farmer had involved a number of administrative hurdles (presentation of a petition and business plan first to the collective farm management, and then at the district level) but had not been tied to formal criteria for eligibility based on minimum sizes of landholdings. A law passed in April 1998 introduced new criteria designed to tighten access to the status of independent farmer and to make a distinction between owners of smallholdings (now called *dekhans*, or peasant farmers) and farmers (independent or private farmers).

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[7] It must be noted here that since 1990 over 55 laws, decrees and resolutions have been passed including revisions to laws related to land reform. Several commentators have pointed to inconsistencies between the various legislative acts.

Independent farms

- are legal entities;
- have leasehold of tenure for minimum 10 years and maximum 50 years, with possibility of renewal;
- use family members, relatives and other full-time workers on open-ended work contracts;
- are established by written application to a *shirkat* and district-level *hokim* (governor), attaching a business plan and the description of the land plot desired;
- have minimum sizes equivalent to 30 animals for livestock farms, minimum 10 hectares for cotton and wheat and minimum one hectare for horticulture and orchard crops—the maximum size of the holding is not specified; and
- land use is restricted to specific agricultural activities (specified in lease contracts).

Dekhan farms

- have optional legal status;
- have lifelong inheritable tenure;
- can only employ family members and relatives as labour;
- may have a maximum holding size ranging between 0.35 hectares and one hectare, depending on climatic conditions and the need for irrigation;
- can use land for any agricultural activity and residential building; and
- are established by application to a *shirkat* and to the district level.

Both farms and *dekhan* farms are subject to land tax after a two-year tax holiday.

The main intent of the April 1998 law appears to be the distinction between a smallholding sector, subject to a size ceiling, on which the state makes no demands aside from land tax, and a commercial sector, which has more latitude for expansion in terms of acquiring land and non-family labourers, but is tied into the state procurement system through *shartname* (contracts).[8] The leasehold contracts stipulate the size of acreage to be allocated to specified crops and the proportion of crops subject to state deliveries—they are an attempt to pass on the risks of production to independent farmers and to maintain the state procurement system of certain strategic crops such as cotton and wheat. These contracts represent a major bone of contention with the international donor community, which would like to see access to private enterprises (if not to the land on which the enterprises operate) accompanied by the legally defined power to make decisions about the use of that property within a framework of long-term security of land tenure and without interference from other institutions.

Despite the gradual nature of the changes in land tenure patterns, the share of the individual sector (household plots and peasant farms) in agricultural production has increased substantially (from 28 per cent in 1990 to 41 per cent in 1994 and 53 per cent in 1997). The production of meat and milk has shifted almost entirely to the household sector. This is in part related to an acute shortage of feed crops, which has worsened with the conversion of land planted with barley and lucerne to wheat. (The aggregate feed available in 1997 was about one-third of that available in 1991.)

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[8] In addition to meeting minimum landholding and herd size requirements, specified by the April 1998 law, aspiring independent farmers now have to pass an examination and obtain a farmer's certificate. This is justified on the grounds that people who have inadequate knowledge about agronomy should not be allocated land, since they would be unlikely to achieve the yields specified in their contracts.

The apparent dynamism of this sector should not, however, allow us to lose sight of the rigidity of what Ilkhamov (1998) has described as a three-tiered rural economy. This structure consists of collective enterprises, still occupying the major part of irrigated, arable land; a thin layer of independent farms ("farmers" under the 1998 law); and a mass of collective farm employees who cultivate smallholdings (or *dekhans*). Ilkhamov argues that the export and smallholder sectors exist in a symbiotic relationship with one another, the former relying on an underremunerated workforce, which is in turn dependent on access to landholdings for its reproduction.

The precarious balancing act represented by the simultaneous attempt to provide smallholders with a subsistence base while developing and diversifying leasehold markets in land cannot be sustained indefinitely. Given the shortage of available land, the presence of different categories of claimants within the same territory sets up a zero-sum game among them. Thus, land leased to farmers on a long-term basis can only lead to a reduction in allocations made to households by collective enterprises (or by ceasing land allocation to new families altogether). The weakest players, namely collective farm workers who rely on their small plots, are likely to lose most from the repercussions of this balancing act, despite the fact that rural producers' retention of a toehold in subsistence farming and smallholder production for the market is a central feature of rural livelihoods in Uzbekistan. How these producers will fare depends to a great measure on the concrete forms that farm restructuring is currently taking in Uzbekistan.

Agricultural enterprise restructuring

Enterprise restructuring in Uzbekistan most commonly takes the form of transformation of former *kolkhozy* and *sovkhozy* into *shirkats*. The assets of the enterprise are evaluated and the total share value (or some portion of it) is distributed to collective farm members on the basis of salary, length of service and other assessments of labour input. The organization of production remains essentially unchanged and continues to rely on the *pudrat*, or family leasehold system. However, a new system of management, making each production unit a separate accounting unit responsible for losses and profits, has since been introduced and is applied and interpreted in various ways by different enterprises.

The complete liquidation of former collective enterprises that are declared bankrupt and the reallocation of the land to independent farmers regrouped in associations of independent farms is another, less common restructuring path. In this case, what is at stake is not the distribution of shares but of actual land parcels, and therefore it requires additional decisions concerning which individuals will exercise legal rights over which land parcels.

Macroeconomic policies, agrarian reform legislation and the characteristics of restructured enterprises have been shown to be an inadequate guide to the microdynamics of change in land access and entitlement at the local level. A whole set of complex influences, from the mix of agricultural activities and crops to the competence of farm managers, affects livelihood outcomes. Two case studies of the transformation of *kolkhozy* and *sovkhozy* into *shirkats* illustrate some of these differences (see boxes 2 and 3).[9]

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[9] Pseudonyms are substituted for the names of enterprises to protect anonymity.

Box 2: The microdynamics of transition—From *kolkhoz* to *shirkat*

Ok Bugday in Khorezm province became a *shirkat* in 1999. All those who had worked for the *kolkhoz* for more than two years (including pensioners) were eligible to receive shares. The criteria for the size of shares were based on length of service and salary level. The shareholders have the right to pass on these shares to their heirs. The benefits accruing from shareholding are, at present, hypothetical rather than substantive since the enterprise is in arrears of debt repayments to various input providers and unable to pay its members regular wages, let alone dividends. Shareholding also brings with it the possibility of having to shoulder the debts of the collective if it were to go into liquidation.

This *shirkat* owns 2,740 hectares of cultivable land, about 60 per cent of which is allocated to growing cotton, followed by rice (15 per cent), sugar beet (11 per cent) and wheat (7 per cent), the remainder being sown with feed crops and vegetables. The land is cultivated by 1,800 family *pudrats*. Although this system has been in place since 1985, the shift to the *shirkat* brought about two further changes: the distribution of shares to members of the collective and the redefinition of family leaseholds as separate accounting units.

During the process of transformation into an association of shareholders, the *kolkhoz* had to shed 425 brigade members, who are now unemployed (almost 20 per cent of the total workforce of 2,250). Of these, 65 per cent are women. The effect of this retrenchment is the casualization of agricultural labour; fewer workers are officially on the books, and they thereby lose their social benefits.

In terms of the organization of production itself, however, the shift to *shirkat* status does not appear to have introduced significant changes. The procurement quotas for each crop are still allocated to different brigades, which divide the land among family *pudrats*. A significant departure from the past is that the brigade is no longer the unit responsible for production. Brigades now only work on common maintenance tasks like cleaning and repairing water canals. The responsibility for meeting production targets rests with each family *pudrat*, which now constitutes a separate accounting unit. Every leaseholder enters into a contract with the *shirkat*, which is transacted yearly, specifying the acreage of land the family leases and how much will be produced and received in payment. The family is provided with a notebook and chequebook where all the expenses incurred for inputs are recorded. At the end of the year, when the family settles accounts, the costs of inputs owed to the *shirkat* and the salary costs of the technical services provided are deducted from the amount owed to the leaseholder according to contract stipulations. The inflated cost of inputs, charges for services and low purchasing prices means that the direct producers are severely squeezed.

Box 3: The microdynamics of transition—From *sovkhoz* to *shirkat*

Eski Kishlak *sovkhoz*, in Andijan province, was transformed into a *shirkat* (in this case, a closed joint stock company) in 1999. The formal features of the process of distribution of shares, the organization of production through contracts with family leaseholders and the chequebook system for accounting were no different from Ok Bugday *shirkat* described in box 2. However, the process of commodification of land through the operations of the leasehold market went much further here. This was due to significant changes in cropping patterns in Eski Kishlak. The drive for self-sufficiency in grain since independence means that part of the acreage previously allocated to feed crops and cotton is now planted with wheat. In 1997, *shirkat* land was allocated to the following crops: cotton (1,429 hectares), wheat (429 hectares), rice (10 hectares), orchards (eight hectares) and other crops (90 hectares). By 2000, this balance had changed in favour of wheat, whose acreage more than doubled (reaching 1,050 hectares) in the space of three years.

These shifts in cropping patterns have had a more profound impact on land tenure and labour deployment than farm restructuring per se. Unlike cotton, wheat makes it possible to plant other crops after the harvest in June. Those who can afford it have started leasing land from the *shirkat* at competitive prices to grow rice after the wheat harvest. Whereas previously local *devzire* rice was planted in early spring, now a second crop of white rice is planted after the wheat harvest in July. This shift from *devzire* to white rice brings much higher yields (almost double) and fetches a high price. The rice is ready for harvest in September. The fact that the rice harvest coincides with the cotton-picking season does not appear to create labour bottlenecks because of the high number of unemployed seeking casual work. Although most people still harvest their own rice, independent farmers and those who have larger plots increasingly employ *mardigors* (casual labourers).

The visible increase in the supply of casual agricultural labour in Eski Kishlak is the result both of growing unemployment and of changing cropping patterns. These have produced a substantial increase in labour-intensive operations, which have in turn expanded the area of *shirkat* land that could be put out to lease, stimulating a lively leasehold market, from which family leaseholders are, however, increasingly excluded. The expansion of rice cultivation on leased plots by better-off tenants has stimulated a demand for *mardigors*, among whom there is now a significant female presence.

A programme of "sanation"[10] of agricultural enterprises was implemented between 1999 and 2002. The main instruments of the process were external management, debt restructuring, sale of unnecessary assets and stock, strengthening financial controls, laying off a surplus workforce and cleaning interfarm irrigation and drainage structures. The Yengi Kishlak Farmers' Association in Khorezm represented one of the early examples of the complete liquidation of former collective enterprises implemented by Special Decree No. 243, dated 13 May 1999 (see box 4).

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[10] Sanation consisted of a two-year pre-bankruptcy process that aimed to re-establish the creditworthiness and economic viability of an enterprise. It was discontinued in 2002, and enterprises now move directly to bankruptcy procedures. However, keeping the collective sector afloat is a government priority, and the solvency of enterprises is as much a political as an economic issue.

Box 4: The liquidation of the Yengi Kishlak *kolkhoz*

The Yengi Kishlak *kolkhoz* (now renamed Yengi Kishlak Farmer Birlashmasi, or Farmers' Association) was declared bankrupt in 1999. A Liquidation Committee, set up by the *hokimiyat* (district governorate), sold all the assets of the collective to pay off its debts and the remainder was taken over by former members of the collective, who became the new independent farmers. The collective's land was made available to prospective farmers by advertisement and applications were sought from members of the former collective. An examination was organized by a committee of 14 experts, headed by the Deputy Governor of the province (in line with the provisions of the 1998 Land Law), and 53 new farms were created as a result. In 2000, there were 65 farms in total, including 12 that had been formed prior to the break-up of the collective: one is a livestock farm, 11 are fruit farms on orchard land and 56 are mixed cotton and grain (rice and wheat) farms.

The existing demarcations of land lots were kept intact, and land parcels were allocated to prospective farmers by lottery to avoid disagreements over size and quality. The parcels range from a maximum of 97.7 hectares to one hectare. Moreover, the enterprises designated as "farms" are not homogeneous entities. They range from single household operations (as in the case of the 11 households that cultivate orchards) to groups of former family leaseholders cultivating the same parcel. On larger tracts of cotton and rice fields there may be anything up to 15 or more former family leaseholders.

Whereas independent farmers were previously allocated land by applying to the collective farm and seeking the approval of its General Meeting, these new farmers had their allocations ratified directly by the Land Registry. In principle, they have leases ranging from a minimum of 10 to a maximum of 50 years; in fact, they appear to have shorter, two-year, probationary leases. Each year a new contract is transacted between the farmers and the district branches of government-controlled product processing associations. The farmers have to meet state orders for different crops. They can receive credit at a discretionary rate of 15 per cent and have a tax holiday for two years.

The occupational distribution of those who have succeeded in receiving titles as farmers suggests a strong bias toward administrative/technical cadres of the former collective. However, being a farmer represents a mixed blessing. Having land may become a liability rather than an asset if it is bound to continuing obligations to fulfil procurement quotas on unprofitable terms, on the one hand, and pressures to retain an existing workforce of family leaseholders, on the other.[a]

[a] Only those who are able to lease land on a long-term basis and engage in activities that are not subject to delivery quotas are able to prosper as independent farmers. However, both access to good land on favourable terms and the ability to obtain timely inputs requires considerable social capital and a proficient familiarity with administrative procedures. Not surprisingly, it is the former technicians and managers of collective enterprises who are able to muster these resources.

The cases above suggest that despite expanding private access to land, strenuous attempts are being made to maintain the state delivery system for crucial commodities. The outcome of partial reform is that rural producers remain locked into administratively regulated, unprofitable activities in a context where land has become a *de facto* commodity and existing safety nets provided through enterprise membership are being eroded.

The government of Uzbekistan is well aware of these deficiencies and has attempted to ease the effects of reform by some institutional innovations. The expansion of the independent farming sector mandated the creation of an association to represent the interests of the new farmers. The Dekhan and Farmers' Association was introduced in 1998: its role will be discussed against the background of the agricultural trade union's declining fortunes. The crisis of collective and state enterprises has also meant that an ever-growing proportion of the population falls through the social safety net. The devolution of targeted assistance to the poorest at the local level via the *mahalla* and village committees represents another policy response, which will also receive attention below.

Ambiguous mandate: The Dekhan and Farmers' Association

Despite the fact that the Land Law passed in April 1998 made important distinctions between *dekhans* and independent/private farmers, the interests of both *dekhans* and farmers are represented by the Dekhan and Farmers' Association, a network with branches set up in all 12 provinces and at district level. The association was formed in accordance with Decree No. 168 of the Cabinet of Ministers passed on 22 April 1998. It is meant to be financed by members' contributions.[11] However, it has been set up both as a membership association to safeguard members' rights and as a monitoring organization to ensure adequate standards of land management. This contradiction in its mandate is further complicated by the heterogeneity of the interests they are supposed to represent.

Three different types of production unit qualify for Dekhan and Farmers' Association membership. These are (i) juridical entities and independent farms meeting the minimal criteria set out in the April 1998 law; (ii) cooperatives with juridical status that may be formed by several farms or *dekhan* farms; and (iii) *dekhan* farms, which can opt for a juridical status but are subject to limits on their holding size. This is clearly a heterogeneous membership with varied interests. Heads of the association interviewed in 2000 acknowledged this, and one even conceded that, as the process of privatization proceeds, there may be further changes in membership, objectives and mode of operation.[12] It is, nonetheless, asserted that what unites *dekhans* and farmers is individual property; they all work on their own, long-term leased land.

The main tasks of the Dekhan and Farmers' Association are as follows:

- defence of the legal rights and interests of *dekhans* and farmers;
- monitoring the activities of *dekhan* farms and farms, including their creation and liquidation;
- systematic study of the efficiency of *dekhans*' and farmers' land use by making suggestions to *hokimiyats* concerning additional land provision or withdrawal, according to procedure established by legislation;
- assisting small- to medium-sized agricultural enterprises with the provision of seeds, planting materials, pedigree cattle and other resources, and with access to information on production technology, as well as transport, juridical, marketing and other services;
- assisting *dekhans* and farmers in the realization of their production in local markets and abroad; and
- providing advisory and technical assistance to *dekhans* and farmers in receiving and assimilating local and foreign credits.

As is clear from this list of duties, the Dekhan and Farmers' Association performs a regulatory function on behalf of the state authorities as well as rendering assistance to its members. It is obligated to transmit government production plans restricting independent farmers' crop selection and to monitor farmers' efforts. Interviews with officials in November 2002 strongly suggest that the association is intended to address some of the effects of partial reform. Independent farmers are, however, now left to their own devices in dealing with agricultural input providers and with crop purchasing agencies (see box 5). Even though a sector of independent farms with a juridical personality may have been created, these farms continue to operate in the context of "missing markets" as regards both inputs and marketing outlets (Spoor 2003).

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[11] In 2000, the Dekhan and Farmers' Association in Khorezm charged a membership fee of 850 sums (1,000 sums = approximately $1) plus 1 per cent of their annual profit.

[12] This heterogeneity of interests is reflected in the coverage of the association in the case of *dekhan* farms: whereas 97 per cent of private farmers surveyed by the World Bank were members, this proportion drops to 19 per cent in the case of *dekhans* (Thurman and Lundell 2002).

Box 5: The Dekhan and Farmers' Association

The Dekhan and Farmers' Association has been set up to help protect the rights of its members. Let us take the case of an independent farmer who has leased land through a *shartname* with the *shirkat*. This farmer must now transact separate contracts with input providers (machine tractor parks, petrol, irrigation, chemical fertilizer and bank credit) and with crop buyers. The association is only supposed to step in when a member's rights are infringed in the course of these transactions; the association is obliged to intervene if a farmer does not receive payment in time or is unable to access irrigation services in time. However, the association has no sanctions at its disposal and only has an advocacy role.

Note: A World Bank report notes that the endeavours of the association have no legal status. The head of the Ellikala association is quoted as saying: "I resolve 70% of the private farmers' problems based on my own (personal) authority, because the law says nothing about the Association and its rights" (Thurman and Lundell 2002:26).

In some senses, the association's main task appears to be to keep the "modified" command economy going by taking on some of the mediation duties formerly performed by enterprise managers. In April 2000, the association experienced a restriction of its mandate when the Cabinet of Ministers eliminated its role as guarantor of input supplies. But the association remains inadequately resourced and equipped for its duties. None of the association's branches are financially viable. All complain of being starved of cash and membership dues do not even cover employees' salaries (and non-payment of contributions is commonplace).[13] Furthermore, half of the money received by district branches of the association is transferred "upward" to province level, making the operations of the association at district level even more precarious and feeble. Nonetheless, branches see themselves as encouraging initiatives that farmers may not be equipped to embark on alone. For instance, the Dekhan and Farmers' Association set up around 100 marketing cooperatives in 2002 to assist producers in exporting their crops. Export procedures are complicated and the association helps to procure the necessary documentation of provenance, quality control and permission from the *hokimiyat*. A cooperative has been set up in Ferghana to export grapes, cucumbers, radishes and turnips to the Russian Federation. Within Uzbekistan the association's cooperatives can act as "middlemen" (for instance, assisting those from Khorezm selling rice to Tashkent by providing transport to city markets).

Given its ambiguous mandate and weak financial base, it is difficult to imagine that the association is able to fulfil its multiple roles and provide its members with legal and business advice, agro-technical extension services, and assistance in pressing their grievances. The predicament is quite typical of the hollowing out of institutions representing different sectoral interests. "Hollow" institutions are characterized by an extensive network of subsidiaries from provincial to district levels; a precarious financial base that severely restricts their operations; and an ambiguous mandate whereby the protection of members' interests and performing the role of "conveyor belt" for government directives and legislation are simultaneously held objectives. The current status of trade unions best exemplifies the weakening and marginalization of a previously powerful body.

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[13] In 2000 only 40 per cent of private farms and 13 per cent of *dekhan* farms registered with the association had paid their dues (Thurman and Lundell 2002:26).

Diminishing responsibility: The Agro-Industrial Workers Trade Union

Trade unions in Uzbekistan have undergone major transformation. From being financially powerful organizations, receiving contributions from all the working population and controlling pension funds, they have now become membership organizations with a declining membership base. In 1993, trade unions were converted into voluntary membership associations receiving contributions amounting to 1 per cent of members' salary. In 2002, approximately 7 million workers were reported as affiliated to the Federation of Trade Unions. Agriprom was restructured in 1985 to cover all rural workplaces (agricultural and non-agricultural). The membership of Agriprom has declined from 3,100,000 workers in 1985 to 2,910,843 members (of which 2,770,973 are workers; the rest are students of agricultural vocational schools and union employees). A total of 6,446 rural enterprises are covered by the union. There is a paid trade union representative for every 1,000 registered workers. One-half of membership contributions goes toward meeting operational costs and the other half is spent on local needs such as assisting members in distress and helping with wedding and funeral expenses.

Since 1993, the mandate of the unions has been restricted to providing sick leave and limited social functions, such as access to children's holiday camps and sanatoria. The trade union is, nonetheless, responsible for monitoring compliance with labour legislation, including minimum wage standards. A vexed issue is whether the unions dispose of any instruments and sanctions to perform this role. Clause 19 of Decree 88 (passed in 2002), for instance, stipulates that enterprises must pay their workers in timely fashion. In practice, however, most enterprises are chronically in arrears of wage payments and their workforce has no avenue of recourse. More importantly, both the creation of an independent farming sector and the massive retrenchment of labour in collective enterprises has meant that a growing proportion of the agricultural workforce is employed on a casual basis in workplaces not covered by unions.[14] Survey data for 2001 indicate that 29 per cent of Uzbek workers labour in the informal sector. As much as two-thirds of informal sector activity is concentrated in agriculture.

Officials interviewed accepted the inevitability of job losses as part of market reform. The role of job centres in providing training and supporting the creation of small- and medium-sized enterprises was mentioned, although there was no evidence provided to show whether unions assist in this process. The concrete examples of how unions work on behalf of their members centred on cases of unfair dismissal and compensation for workplace accidents.[15]

From universal provision to targeted assistance: The role of mahalla *committees*

The erosion of the workplace-based social welfare system and shrinking resources have prompted an innovative response, consisting of the devolution of social benefits distribution to the neighbourhood level.

During the late Soviet period the *mahalla* was not just an administrative unit reaching out to the bureaucracies that dispense benefits or draft young men into the army, but also the focus of an intense communal life, for which it offered an infrastructure to support lifecycle rituals such as weddings and funerals, and the celebration of national holidays (Koroteyeva and Makarova 1998b; Makarova 1999). All *mahallas* provide tables and chairs to seat large numbers of guests, the implements (especially the *kazan*, or large cauldrons) to cook *plov* (festive Uzbek rice), plates and cups, and even premises where gatherings may take place. It is not surprising, therefore, that most scholarly focus has been on the networks of sociability and social capital embedded in the *mahalla* system.[16]

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[14] The question of how the rights of workers in private farming enterprises might be protected was met with evasive responses in interviews. One union official mentioned that they were trying to negotiate with the Dekhan and Farmers' Association on this issue.

[15] A case of an electricity technician's unfair dismissal from a *shirkat* in the Bulungur district of Samarkand resulted in a reversal of the decision and the award of back pay to the worker. However, the *shirkat*'s trade union representative was unable to press for the employee's rights, so the worker went to the province-level union representative in Samarkand, who was able to intervene effectively.

[16] Abramson 1998; Liu 2002; Petric 2002; Sievers 2002.

After independence, the *mahalla* was vested with new meanings and functions. It was hailed as an indigenous form of self-government, which could constitute the basis for more decentralized forms of civic participation. Much is made of the fact that the *mahalla* pre-dates the Bolshevik revolution and has ancient roots representing an authentically Uzbek form of governance. In fact, *mahallas* are also the direct inheritors of local *soviets* (councils). In 1994 *mahalla* committees were entrusted with the distribution of welfare. In 1995 article 105 of the Constitution recognized them as governing bodies with an elected committee chair chosen from a slate of candidates approved by the *hokimiyat*. The chair and secretary fill paid positions, the rest being men of good reputation in the community with one seat as vice-chair reserved for a women's representative. In January 1997 the *mahallas* were empowered to determine the eligibility of families for welfare support and the allocation of child allowance. Reflecting these trends, the share of local government expenditure in total national expenditure increased from 42 per cent in 1991 to 53 per cent in 1997 (UNDP 1998).[17] By 1999, the responsibilities of the *mahalla* committees were wide-ranging: targeting and distribution of assistance to poor families; policing the community by appointing "prevention inspectors"; mediating in marital conflicts, granting or withholding divorce papers; and registering residency. Thus the role of the *mahalla* goes beyond delivering social assistance. It is meant to promote citizen participation and to perform policing functions. The Law on Citizen's Self Management passed in April 1999 vests *mahallas* with the following responsibilities:

- promoting citizens' right to manage state and public affairs;
- involving citizens in finding a solution to local social and economic problems;
- holding public events and assisting authorities in law enforcement; and
- promoting ethnic cohesion in a multiethnic society.

This devolution of responsibility to the local level has partly been motivated by the need to cut costs. Griffin characterized the system as "highly decentralized, unbureaucratic and flexible [and] cheap to administer" (Griffin 1996:152). By relying on "traditional" mechanisms of social cohesion and control, this decentralization is also intended to palliate social dislocation and the negative effects of changing social stratification occasioned by market reforms. There is growing evidence, however, that the very process of co-opting community-level organizations into roles ordained by the government has altered the nature of social interaction at the local level.[18] Volunteerism is being replaced by new expectations of paid incumbents (who are seen as state functionaries), and wealthier members of the community who move to more desirable housing no longer feel the same obligations toward their less fortunate neighbours. The large amount of discretion exercised by heads of *mahalla* committees has also made the system vulnerable to charges of favouritism, corruption and abuse of power. The fact that the number of claimants far exceeds the funds at the disposal of *mahallas* has meant that assistance is rationed, encouraging a degree of arbitrariness.[19]

From organs of the party to government-sponsored non-governmental organizations:[20] The Women's Committee and Kamalot

On the eve of independence in 1991, both the Women's Committee of Uzbekistan and Kamalot (the successor organization to the Komsomol), as organs of the Communist Party of Uzbekistan, benefited from a well-established infrastructure with representation at enterprise, village, district and provincial levels.

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[17] See Coudouel and Marnie (1999) for a more detailed account of the scale of transfers made through the *mahalla* system over time.

[18] In any case, the term *mahalla* has itself become a misnomer. Whereas it used to refer to a bounded, traditional urban quarter, nowadays *mahalla* committees are set up in complexes of high-rise, modern buildings or regions of the country such as Karakalpakstan and other tribal areas where this form of organization was totally unknown. Sievers (2002) distinguishes between four types: rural *mahalla* (former state and collective farms), apartment *mahalla* (urban modern apartment complexes), contemporary *mahalla* (blocks of relatively spread-out family dwellings) and traditional *mahalla* (blocks of densely organized pre-Soviet single-family dwellings).

[19] Ministry of Labour guidelines for the identification of beneficiaries leave room for interpretation. The *mahalla* system relies on local knowledge about problems, but also reflects prejudices that marginalize some claimants, such as divorced women with children (Kamp 20034).

[20] Government-sponsored non-governmental organizations (GNGOs) are defined as social organizations established in the Soviet era, retaining close connections with government and playing a part in implementing government programmes, including poverty alleviation strategies (UNDP 1999). A more comprehensive overview of GNGOs would include ECOSAN (an environmental NGO), the Fund for a Healthy Generation and the organization representing the handicapped and invalids.

The Women's Committee was accorded NGO status in February 1991, in the immediate aftermath of independence. It has since been the focus of both governmental policies for the representation of women and of efforts by UN agencies (UNDP in particular) to create a national mechanism for the advancement of women. On the government side, the committee was given a high profile when its head became deputy prime minister and chair of the Women's Committee. On 2 March 1995 a decree was passed making the appointment of a woman vice-chair compulsory, integrating women at all levels of governance from the province to the village. The last level that carries a salary entitlement is district level, with representatives below that working on a voluntary basis. There are women volunteers in enterprises, schools and *mahallas*. In *mahalla* committees, *aksakals* (heads of committee) are paid and 30–35 per cent of *aksakals* are women.

UNDP collaborated with the Women's Committee in preparing the National Action Plan for the 1995 UN Conference on Women in Beijing. In 1997, the UNDP established a Gender in Development (GID) Unit to assist national capacity building, and this was separated from UNDP in 1999. The GID Unit eventually stopped having a separate existence as gender concerns are now, in principle, mainstreamed, and each branch ministry has a gender focal point.

The Women's Committee is now part governmental (with core personnel receiving salaries from the public purse) and part non-governmental, in the sense that it has no operational budget and has to rely on grant monies to execute specific projects. However, the committee has difficulties in raising grants since donors consider it a governmental organization.[21] This leaves the committee in a weak financial position unless it collaborates with independent NGOs to implement its projects. And such collaboration has not been without its problems.[22] Thus, the Women's Committee finds itself with an extensive infrastructure and no means of initiating projects or delivering services. It is, nonetheless, responsible for conveying government policy[23] and for the country-wide implementation of the National Action Plan for Women. The Women's Committee runs some joint projects with United Nations agencies. It collaborated on a reproductive health project with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the United Nations Population Fund (UNFPA). They have also been involved in a United Nations Development Fund for Women (UNIFEM) project entitled Life Free of Violence, which aims to combat domestic violence in Uzbekistan.

The lack of an operational budget means that the activities of the committee are severely restricted. With the GID Unit no longer active and the gender focal points in the branch ministries performing no more than a cosmetic function, very little is now invested in ameliorating rural women's quality of life and livelihoods. There is widespread recognition that former Zhensoviet activities had a more tangible impact on rural livelihoods by encouraging domestic production among home-based rural women, who used to sew sheets, pillows and other items of bedding as well as pyjamas and uniforms. The quality of the products was inferior, but they did find a domestic market in public hospitals, hostels and the army, and secured some additional income for rural households. A former Minister of Social Protection recalled in an interview that the Ministry of Rural Industry and the Zhensoviet cooperated to provide home-based women with jobs. Women received training in embroidery and weaving and their products were marketed through state-run souvenir shops. This provided them with salaries based on piecework as well as pension rights.[24] At present, with the exception of a few donor-funded microcredit projects (discussed below), there are no rural NGOs involved in income generation.

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[21] Given that women who act as deputies at district and provincial levels are also representatives of the Women's Committee (under the stipulations of the March 1995 decree), there is indeed a case for this view.

[22] For instance, the committee collaborated with an NGO, Women and Society, which it assisted in obtaining $400,000 from the Konrad Adenauer Foundation to create seven consultation centres providing legal advice and vocational training for women. Women and Society purchased equipment, transport and accommodation but did not get beyond organizing a few training sessions. The committee had no power to hold the NGO accountable, and only the committee itself was directly accountable to the funding agency.

[23] This ranges from disseminating family planning messages on birth spacing to organizing national televised competitions for the best daughter-in-law. These competitions are used to convey both messages about Uzbek national values and about best practice in health, environmental protection and child rearing.

The Civic Movement of Youth of the Republic of Uzbekistan (Kamalot) moved to a new organizational structure by presidential decree in January 2001 and now has three main sources of support: sponsors (individual and corporate), government funding and its own non-governmental, non-profit enterprises. It also owns its premises and rents out some of its properties. It is well-endowed with cadres, with 21 full-time employees in the central office. It registered as Kamalot Yashlar Ichtimai Teshkilati (Civic Movement of Youth of the Republic of Uzbekistan) on 25 April 2001. Since 60 per cent of the population of Uzbekistan is under 29 years, the potential membership is the largest of any organization, 13,000,000 youths (7,400,000 in the 14–28 age group). Membership of Kamalot is voluntary and free of charge. Kamalot owns 14 publications (newpapers and periodicals, the leading one being the paper *Turkistan*) and its own printing press. It also participates in media activities via the Youth Channel on national television. Kamalot has extensive representation, with a network of children's and youth representatives and *serdar* (prefects) in 9,661 schools. It stages intelligence, knowledge and poetry contests, participates in bilateral youth exchanges and funds 60 scholarships per year.

The importance of youth as a target group is evident in the amount of support Kamalot receives from both the government and international agencies. Its nationwide network, covering 12 provinces, makes it an attractive partner for mass education campaigns. Kamalot is currently collaborating with UNESCO and UNFPA on a long-term reproductive health project planned to continue until 2006. The pilot project, which started in Khorezm, Karakalpakstan and Samarkand provinces, involves 600 trainers who work with teachers and students. The United Nations Children's Fund (UNICEF) is also collaborating with Kamalot in the Youth against AIDS campaign, which started in 209 districts in 2002. Kamalot is active in the international anti-AIDS campaign and the fight against drug abuse. There is little evidence, however, of training activities among rural youth. The vocational training programmes of Kamalot centre around foreign-language training, and the use of computers and the Internet, and appear to have an urban bias.

The part governmental, part voluntary organization status of the Women's Committee and Kamalot has strengths and weaknesses. Their major potential strength lies in access to a nationwide infrastructure. Their central weakness is that without public funds for operational activities they have limited outreach and depend on donor funding to carry out projects. Kamalot has been relatively successful in attracting both government and donor funding because it offers access to an important target group for mass education and propaganda campaigns. However, neither the Women's Committee nor Kamalot have the penetrative capacity of their Soviet predecessors in rural areas, nor do they play significant roles either as civil society organizations or as agents of service delivery.

As must now be clear, the combined effects of partial agricultural reform, the refashioning of Soviet institutions in such a way that they are hollowed out, and the creation of inadequate new structures have contributed to the increasing vulnerability of the rural population. The extent to which the international donor community and the developing NGO sector are able to make positive contributions to sustaining rural livelihoods is an important issue, given the increasingly threadbare nature of existing safety nets.

New institutional players: The international donor community and the NGO sector

The broad agrarian reform agenda of international donor and lending agencies focuses on four main goals: (i) macroeconomic stability; (ii) progress in structural reforms (privatization); (iii) the establishment of secure and tradeable property rights; and (iv) market-determined exchange and interest rates (Herman 1999). More specifically, the removal of barriers to farmers' incentives by eliminating the state order system for cotton and wheat, and instituting mechanisms that could stimulate efficient and environmentally sound methods of irrigation, have taken centre stage in Uzbekistan. Technical assistance and loans have concentrated on these four goals the activities of the TACIS programme and of the World Bank, and are indicative of funders' priorities.

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[24] "Nowadays," the former minister commented, "all the women are out selling in the bazaar. With their men unemployed and no one else helping them they do what they can to survive."

The TACIS programme has taken a leading role in providing technical assistance for agricultural reform. It has, among other things, given the Farm Restructuring and Development Programme of the Government of Uzbekistan technical assistance to develop the basis for a National Real Property and Title Registration System. This project's stated objective is the acceleration of land reform by the introduction of a uniform system of land administration and management consistent with land and real estate market development. The partner organizations are Goskomzem, the State Committee on Land Resources and Uzgeocadastre, the Main Directorate of Geodesy, Cartography and State Cadastre. Goskomzem was established in accordance with Resolution No. 314 passed on 27 July 1998 and reports directly to the Cabinet of Ministers as the organization responsible for land management, land registration and monitoring of land usage. A new administrative infrastructure is being promoted by donors to stimulate transparency and security of property rights. The loss in revenue arising from the reduction and eventual phasing out of state orders is eventually meant to be compensated for by the institution of land tax, the termination of subsidies and the introduction of water charges. The registration of all land users for the purposes of taxation is therefore high on the policy agenda.

The World Bank has initiated a Rural Enterprise Support Project (RESP), which is being piloted in five districts. The project has four main components:

- *rural business advisory services*: providing farmers with legal, agricultural policy, agro-technical and marketing information, and business planning services;
- *irrigation and drainage*: rehabilitation of irrigation and drainage services, and establishment of water users' associations to manage irrigation;
- *rural finance*: introducing competition into rural finance and providing working capital for private farms and rural businesses; and
- *private companies for agro-services*: providing alternative input supply and machinery services, and establishing cooperatives for private farmers.

The major thrust of RESP is to substitute market mechanisms for the existing command/administrative system by expanding private access to land and water resources as well as promoting private sector providers for credit and agro-services.

Despite the strong correlation between levels of employment and poverty, it must be said that the employment effects of these agency-sponsored reform policies have not received sufficient attention. The growth of employment in Uzbekistan has consistently lagged behind the growth of GDP, as shown below:[25]

Table 1: Growth of GDP and employment *(annual growth rate, per cent)*

	1996	1997	1998	1999	2000	2001
GDP	1.7	5.2	4.3	4.4	3.8	4.5
Employment	1.3	1.4	1.4	1.0	1.1	1.7
Ratio of employment to GDP	76	27	33	23	29	38

Source: Ministry of Macroeconomics and Statistics (personal correspondence)(courtesy of the Centre for Economic Research, Tashkent).

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[25] The percentage of household members of employment age that have jobs explains about 83 per cent of the variations in income, the correlation being strongest at lower levels of household income.

This would suggest that an important policy priority ought to be rural employment generation. The role of the NGO sector in sustaining rural livelihoods and poverty alleviation has been absolutely minimal in Uzbekistan. The development of the NGO sector has taken place under relatively unfavourable conditions. There was a high initial level of mistrust vis-à-vis the notion of independent civil society organizations, and the government chose to sponsor government-sponsored non-governmental organizations (GNGOs) as proxies. Registration procedures for independent NGOs are complex, there is little space for advocacy activities, and grants received from foreign donor organizations are heavily taxed (INTRAC 1998).[26] The policy environment for the operation of NGOs, especially international NGOs, has been deteriorating since 2003 (ICG 2004).[27] Moreover, most NGOs are urban-based, donor-driven and ill-equipped for service delivery to rural areas.[28] The only partial exception so far has been in the area of rural microfinance, which has income generation and employment creation as its explicit goals. Donor agencies, government bodies, GNGOs and independent NGOs have only recently started exploring new ways of collaborating with one another. The Kashkadarya microcredit programme, implemented by the Kashkadarya branch of the Business Women's Association (BWA) and funded by Oxfam Netherlands (NOVIB) and UNDP, represents an example of such collaboration. This programme began in 1998 in the rural collective of Beshchasma, Chiracchi region, Kashkadarya. In 1999, it expanded to urban neighbourhoods in Karshi, the provincial capital, and in 2000 to the semi-urban Bishkent region. This project, which has been through an impact assessment, will be used as a case study to illustrate the potentials and limitations of this new architecture of provision in rural areas.

New types of partnership: Rural income generation and microcredit in Kashkadarya

Kashkadarya province is a semi-arid region of Uzbekistan dotted with collective and state farms, which provide the bulk of employment for its inhabitants. These farms are now on the brink of collapse and the majority of workers are unable to sustain themselves on their wages. This is compounded by the fact that Kashkadarya is a dry region where household plots cannot be cultivated without extensive irrigation from deep wells, which are expensive to dig and to maintain.[29] Unlike the cases of enterprises discussed above, *shirkat* workers here cannot rely on produce from their landholdings either for self subsistence or for additional income. The combination of animal husbandry and dry farming of grain crops that predominates in Kashkadarya is less labour intensive than cotton or rice cultivation. As a result, those who lose their earnings on collective farms or other waged employment have few alternatives. There are a few urban enclaves where some industries are located, but which are not running at full capacity (due to inefficient production lines, lack of capital for upgrading or reconstruction, and lack of raw materials). The provision of rural microcredit was therefore seen as a means of stimulating microenterprises in a cash-starved environment.

The programme was originally started under the UNDP's SIG project. This project focused on local handicrafts development in Kashkadarya under the Empowering Women in Uzbekistan programme, with microcredit forming only a small component (as a pilot project with $10,000). UNDP launched the project with the Women's Committee. However, the local administrators' low level of familiarity with microfinance and the lack of a dedicated organization to administer microfinance loans created serious problems.[30] Eventually, UNDP subcontracted the project to local branches of the BWA, an NGO that received training in managing microfinance lending. When NOVIB decided to fund the activity, it still had to operate through UNDP because of currency convertibility problems and because of the absence of any legal framework for microfinance.[31] Pilot surveys were conducted between August and December 2001 and May and October 2002 in Beshchashma (a rural collective), Beshkent (a semi-urban area) and Karshi city (an urban area) to assess the impact of the programme. In 2001 the majority of clients (70.6 per cent) were unemployed and used the credit to establish small businesses. The remaining 29.4 per cent had salaried jobs (such as teacher, nurse, mechanic) but their earnings were barely enough to cover their daily needs, since their salaries had not been increased to match the cost of living. In 2002, 400 active clients of the programme and a control group of 200 non-clients were interviewed. The ratio of female to male clients revealed higher female participation in every location. The rate of unemployment was significantly higher in the rural location, Beshchashma (43 per cent as compared to only 7 per cent in Karshi and Beshkent), making access to credit for income generation even more important there.

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[26] Just as deleterious as the tax system is the fact that organizations had to operate using the "official" dollar exchange rate, which substantially cuts the real value of the grants received. NGOs have to devise ingenious ways of staying afloat in a difficult fiscal climate.

[27] In December 2003, the Ministry of Foreign Affairs announced that international NGOs would be required to re-register with the Ministry of Justice by March 2004. This was a clear move to increase state control over international organizations. Indeed, the Open Society Institute was closed down as it was denied re-registration.

[28] Some, such as Abramson, are scathing in their critique of the practices of foreign donors who fetishize participation by reducing it to a number of training exercises for NGOs, while the NGO sector itself acts as a gravy train for displaced elites whose state salaries have plummeted and who are looking for richer pickings, which leads to mistrust of the motives of NGOs. "The problem is that the rapid influx of money and resources often foster an environment of intense competition and pandemic mistrust of the 'public sphere'" (1999:246).

[29] During a field trip to the region in 1997 the author was struck by the number of wells that had fallen into disuse because of the inability to pay for water pump repairs or for fuel to keep the pumps running.

The majority of women clients are engaged in trade (74.4 per cent), followed by small production (which includes carpet weaving, sewing, bakery and the production of ready-cooked foods). Male clients were also mainly involved in trade (45.4 per cent) alongside agriculture (41.8 per cent—this includes animal husbandry, poultry and crop cultivation). The spread of activities is shown in table 2.

Table 2: Distribution of loan use in 2002 *(percentage)*

	Male			**Female**		
Locality	**Beshchashma**	**Karshi**	**Beshkent**	**Beshchashma**	**Karshi**	**Beshkent**
Small production	—	4.9	11.1	8.7	14.4	12.5
Agriculture	58.9	14.6	37.0	13.0	0.8	10.0
Trade	38.4	63.4	37.0	68.1	79.2	70.0
Service	1.4	17.1	14.8	8.7	5.6	7.5
Not used for business	1.4	—	0.7	1.4	—	—

Source: Report on a pilot impact assessment and monitoring evaluation conducted within a microcredit programme in Kashkadarya (unpublished and undated; obtained from the Chief Technical Advisor).

The client group appeared to fare better than the control group on a wide range of indicators, from better nutrition to higher levels of saving and spending on lifecycle ceremonies. By the end of January 2002, the number of active clients of the Kashkadarya microcredit programme reached 857, with the value of the outstanding portfolio at 52,858,739 sum. The cumulative value of loans disbursed was 225,589,000 sum, with a cumulative total of 3,097 loans.

The UNDP programme Capacity Building of NGOs within the Framework of Social and Economic Development of Kashkadarya Region provided the BWA with technical training in microfinance. However, their delivery of the microcredit programme was not without problems. There was discontinuity in personnel at the BWA, and training had to begin again with the new personnel.[32] Volunteerism, which many grassroots and community organizations normally rely on, was absent and NGO boards were largely cosmetic entities set up to capture grants. The spirit of service to rural communities also appeared weak. For instance, defaults increased when BWA personnel decided to stop visiting villages to collect payments, and instead demanded that beneficiaries come to Karshi, the capital. These problems were minor, however, compared to the BWA Karakalpak branch (charged with microcredit activities in Karakalpakstan province), which was affected by serious fraud. Money was embezzled by NGO personnel, who created fictitious loan contracts and invented clients (Moauro 2002). Clearly, NGOs do not appear to be sufficiently robust for the delivery of microcredit, and institutional capacity for microlending activities is seriously lacking.

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[30] Initially, the payments had to be ratified by the deputy *hokim* of Kashkadarya, who was also the local head of the Women's Committee, and eventually signed by the deputy prime minister as national head of the Women's Committee. This created a level of bureaucratic inertia and interference that made the project unworkable.

[31] As a United Nations organization, UNDP has the right to make disbursements in dollars. Grants made directly to NGOs, on the other hand, have to be converted into the local currency at the official rate. Collaborating with UNDP provides legal cover for grant monies, which can then be disbursed at their real market value rather than the depressed official rate. (The government of Uzbekistan has been making efforts to close the gap in the currency rates.)

It is difficult to envisage how NGOs, in the short term, might transform themselves into self-sustaining microlending institutions (MLIs) free of UNDP tutelage. The fact that the BWA has received technical assistance and training in microlending from UNDP without charge and that it does not have to pay tax on its grants has undoubtedly shielded the organization from financial pressures. One of the main recommendations emerging from a recent evaluation report (Moauro 2002) is that UNDP should shift from a project-focus approach to an institution-building one, offering assistance to MLIs through a Microfinance Unit providing business development services. This recommendation, however, assumes a broadly supportive policy environment, an assumption that is difficult to sustain in Uzbekistan.

For a long time, microcredit activities were in a legal limbo, despite repeated pressures for the creation of a legal framework for microlending. A decree was finally passed on 30 August 2002 legalizing microcredit and giving international donors and NGOs a tax holiday until 2006. However, the benefits of these new regulations were offset by earlier regulations passed on 11 July 2002 imposing a punitive tax on imports to Uzbekistan. This was, however, superseded by another decree (on 28 July 2002) lowering the tax rate after it became clear that the bazaars had closed down, depriving numerous informal traders of their earnings. (Among the new regulations imposed were the requirements that bazaar traders should show documents of provenance, have a cash register and a shop.[33] This had an important knock-on effect on the beneficiaries of microcredit, most of whom make a living from petty trade in unregistered enterprises.)

These policy decisions are subject to varying interpretations. An obvious consideration is that the alarming rate of contraction of public sector employment and the proliferation of unregistered activities has eroded the taxation base of the government, which finds it harder and harder to finance public services. However, from the perspective of ordinary citizens the breach of the Soviet social contract represented by the loss of formerly guaranteed jobs is compounded by an even more serious breach; the state's predatory stance vis-à-vis their last remaining enclaves of survival in the informal economy. Another interpretation considers the pressures put on the state by international financial institutions. The International Monetary Fund (IMF) has been urging the government to achieve the convertibility of the Uzbek sum by eliminating differences between official and black market rates of foreign exchange. The government pushed ahead with convertibility at an artificially high rate by effectively closing its borders to private trade and introducing high tariffs for goods, thus reducing demand for dollars.[34] Ultimately, the livelihoods generated through microlending are unsustainable in a state where legislation is used to exact resources from marginalized rural producers.

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[32] Despite the fact that Counterpart Consortium (an NGO funded by the United States Agency for International Development) provided training in NGO management to some 16 NGOs in Karshi, ranging from crisis centres to youth support and English language training, the sole microcredit provider is BWA.

[33] This has created a great deal of distress and dissatisfaction at the grassroots. There is anecdotal evidence of mounting tension. A Korean trader in Andijan is said to have set his stock of coats alight rather than allow confiscation by a police force that is seen as predatory and corrupt.

[34] The government also reduced the currency in circulation by delaying salary and welfare payments and instructing banks to limit cash withdrawals. This enabled the government to announce in October 2003 that it had achieved a convertible currency, thereby complying with IMF's Article 8 (on the general obligations of IMF members). However, there is still no foreign exchange market as such, and despite roughly the same exchange rates, the black market flourishes because of distrust in the banking system.

It is possible to conclude that the combined efforts of international donor agencies and the NGO sector to assist the process of agrarian reform have yielded meagre results. The main thrust of technical assistance and donor lending has been to expedite transition to a market infrastructure, with limited results so far. The employment effects of market reform have received little attention, and investment in rural job creation has been weak. The developing NGO sector has had a very marginal input into service delivery to rural areas and the enhancement of rural livelihoods. In the case of microfinance, it is quite clear that local NGOs are far from able to act as MLIs. These deficiencies are compounded by a difficult and unpredictable policy environment. Government policies contain a contradictory mix of limited openings to market mechanisms and tightening administrative controls that stifle initiative and innovation. More recently, attempts to ostensibly combat money laundering by local NGOS have made it extremely difficult for foreign donors to assist non-state entities. Foreign NGOs have been required to re-register with the Ministry of Justice and some (already mentioned in an earlier footnote) face the prospect of being denied the right to operate in Uzbekistan. If these governmental policies persist, the fledgling NGO sector of Uzbekistan would be decimated.

Conclusion: Whither Post-Soviet Institutions?

Post-Soviet reform in the republics of Central Asia is conditioned by a complex range of factors reflecting the differing resource bases of each country's economy and the nature of their successor regime. The policy dilemmas of an underpopulated, resource-rich and ethnically divided country such as Kazakhstan are quite distinct from those of the overpopulated and ethnically more homogeneous Uzbekistan. In Uzbekistan, continued reliance on a major agricultural export crop, cotton, has made the process of agrarian reform particularly difficult and halting. This is reflected in a package of land tenure reform and agricultural enterprise restructuring measures that has given a longer lease of life to the mechanisms and institutions of the command economy. However, partial reforms and the decay of Soviet institutions have left rural populations exposed to increasing vulnerability.

The current institutional context of Uzbekistan may best be described as a patchwork of modified Soviet successor organizations and inadequate new palliative structures. The Women's Committee and Kamalot, redeployed as GNGOs, and the Agro-Industrial Workers Trade Union have been discussed as examples of successor organizations. While retaining the organizational blueprint of their Soviet predecessors, they have been emptied of their main functions and cut off from their sources of funding. New palliative or bridging structures are meant to address the gaps in provision created by market reforms. Thus, the Dekhan and Farmers' Association was created to assist the developing sector of independent/private farmers, and *mahalla* committees were empowered to distribute welfare entitlements at the local level (as the workplace-based system of entitlements declined). However, these new structures suffer from inadequate resources and ambiguous mandates: they are meant to function as representatives of membership or community interests when in fact they are primarily vehicles for government policy enforcement. This institutional design leaves little room for the organized representation of sectoral interests and achieves very partial results in terms of mitigating the loss of social safety nets.

Equally, the growth of a donor-funded NGO sector has so far achieved relatively little in addressing the gaps created by post-Soviet transition. NGOs in Uzbekistan lack the capacity required of professional service providers and have made few inroads into rural poverty alleviation. Their record in rural microfinance, discussed above, suggests that they have a long way to go in capacity building. Their role as civil society organizations, articulating and promoting the interests of different grassroots constituencies, is equally limited. The increasing pressures put on the operations of international and local civil society organizations by the government are only likely to restrict the reach of poverty alleviation projects further. A policy environment that stifles initiative through heavy-handed regulation is certainly one of the factors hampering institutional innovation, although some critics also point to the limitations inherent in the promotion of a donor-assisted proxy for a version of civil society with little purchase in Central Asian societies (Roy 2002).

Many questions remain. How will the institutional vacuum created by the combination of factors described above be filled? The notion that Central Asian societies will continue, as they always have, to rely on social capital and modes of association embedded in their traditional forms of organization is no longer tenable. In many respects, encounters with the market are proving a great deal more corrosive and transformative than the social engineering of the Soviet period. Discourses on cultural continuity and the return to indigenous patterns cannot conceal the reality of social dislocation and rapid changes in social stratification. Forms of populist protest inherent in radical Islamist movements are likely to increase their appeal in the region if the so-called transition turns into a developmental dead end. A great deal depends on the speed with which the so far stalled process of institutional innovation can be (re-)activated and allowed to grapple with rapidly changing realities.

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