



INFORMAL EMPLOYMENT AND LABOUR INSECURITY AMONG YOUTH AND WOMEN IN CENTRAL ASIA: COMPARATIVE INSIGHTS FROM UZBEKISTAN AND KYRGYZSTAN¹

Yuldasheva Govkherjan

Doctor of Law, Professor of the
Tashkent State University of Law
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ABSTRACT

This study examines the growing prevalence of informal employment among youth and women in Uzbekistan and Kyrgyzstan, highlighting the socio-economic impacts of labour precarity in the post-COVID era. Drawing on qualitative interviews and regional labour data, the research identifies structural causes of informality and its gendered and generational dimensions. It also explores policy-oriented solutions, building on successful practices adapted from the Eastern European and Central Asian context under the PRELAB framework. The goal is to offer scalable approaches for transitioning vulnerable populations into formal employment systems.

Introduction. Informal employment remains one of the most persistent challenges in the global labour landscape, particularly within developing and transition economies. In Central Asia, the growth of informal labour markets has deepened structural labour market inequalities, especially for youth and women. The COVID-19 pandemic has acted as a catalyst, exacerbating existing socio-economic vulnerabilities and accelerating the shift toward precarious employment arrangements.² Within this regional context, Uzbekistan and Kyrgyzstan offer two distinct yet comparable case studies for understanding how informal employment manifests, evolves, and affects specific demographic groups. This article aims to investigate informal employment and labour insecurity among youth and women in these countries, with the goal of informing policy through comparative analysis and actionable recommendations.

The labour markets of Uzbekistan and Kyrgyzstan have undergone significant transformation since the collapse of the Soviet Union. Uzbekistan has pursued a more centralized and gradual reform strategy, while Kyrgyzstan has adopted liberal economic reforms at a faster pace, resulting in varying degrees of labour market flexibility and regulation.³ Despite these differences, both countries experience high levels of informality, particularly among youth and women who often lack access to secure, formal employment

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² International Labour Organization. (2021). *Transition from the informal to the formal economy recommendation, No. 204*. Geneva: ILO.

³ Asian Development Bank. (2023). *Labour Markets in Central Asia: Resilience and Vulnerabilities*. Manila: ADB.

opportunities. These populations are overrepresented in temporary, low-wage, and unregulated jobs, with little or no access to social protection, labour rights, or collective bargaining mechanisms.⁴

The ILO defines informal employment as work that is not regulated by labour legislation, social protection, or employment benefits, and includes both self-employment and wage labour in informal enterprises.⁵ For youth and women, informality is not merely an economic issue but a reflection of broader systemic inequalities—such as limited educational access, gender-based discrimination, inadequate childcare infrastructure, and socio-cultural expectations—that marginalize these groups in the formal labour market.⁶ This article adopts a gender-sensitive and generational lens to explore these dynamics, drawing on theories of labour market segmentation and the concept of the “precarariat” to contextualize informality in Central Asia.

Moreover, the post-pandemic period has seen an increase in informal employment globally, with women and youth disproportionately affected by job losses, reduced incomes, and deteriorating working conditions. In Central Asia, this trend is particularly alarming given the region’s youthful demographic profile and the structural dependence of many families on informal income-generating activities. In Kyrgyzstan, informal employment accounted for 69.6% of total employment in 2022, while in Uzbekistan it was estimated at around 48%.⁷ These figures are significantly higher among women and younger cohorts, with limited variation across urban and rural areas, suggesting that informality is a systemic rather than marginal phenomenon.

This study is grounded in the PRELAB framework developed by the ILO and other multilateral organizations, which emphasizes the transition from informal to formal employment through legal reform, policy innovation, and capacity-building. The framework outlines the need for inclusive, gender-responsive, and youth-focused strategies that address both the supply and demand sides of the labour market. Drawing on this approach, the article critically assesses how current labour policies in Uzbekistan and Kyrgyzstan align or fail to align with these international best practices.

The research presented in this article is based on a mixed-methods approach, combining desk-based analysis of labour market statistics and policy documents with qualitative interviews conducted with labour experts, government officials, NGO representatives, and individuals engaged in informal work. These interviews provide insight into the lived realities of informality and illuminate the practical barriers to formal employment faced by women and youth. Ethical approval was obtained for the interviews, and anonymity was preserved throughout the research process.

The core research questions guiding this inquiry are as follows:

1. What are the structural causes of informal employment among youth and women in Uzbekistan and Kyrgyzstan?
2. How do gender and age intersect to shape patterns of labour insecurity?
3. What policy mechanisms have been employed in each country, and how effective are they in addressing informality?
4. What scalable policy recommendations can be drawn from regional and international practices to reduce informal labour and enhance socio-economic inclusion?

⁴ UNDP. (2022). *Youth employment in Central Asia: Challenges and solutions*. New York: United Nations Development Programme.

⁵ International Labour Organization. (2021). *Transition from the informal to the formal economy recommendation, No. 204*. Geneva: ILO.

⁶ Tokhirov, D., & Kadyrova, N. (2022). Informality and gender in the labour market of Uzbekistan. *Central Asia Labour Journal*, 14(2), 33–52.

⁷ World Bank. (2023). *Uzbekistan economic update, Spring 2023*. Washington, DC: World Bank.

The significance of this study lies in its comparative and interdisciplinary nature. By juxtaposing the experiences of Uzbekistan and Kyrgyzstan, the paper identifies both shared and divergent drivers of informality, as well as areas of mutual learning. In doing so, it contributes to academic debates on the political economy of informality and offers evidence-based guidance for policymakers, development partners, and labour market stakeholders.

Conceptual Framework and Literature Review. Informal employment is commonly defined by the International Labour Organization (ILO) as employment that is not regulated or protected under labour legislation, social security systems, or employment benefits.⁸ It includes own-account workers, contributing family workers, and employees without formal contracts or social protections. Informal work is often characterized by low productivity, absence of social guarantees, income instability, and legal invisibility.

Labour insecurity, as conceptualized in this paper, refers not only to the absence of job protection or formal status but also to a broader spectrum of economic vulnerability and exclusion from social rights, collective representation, and upward mobility.⁹ For women and youth, this insecurity is compounded by structural inequalities in education, care burdens, and discriminatory labour practices.¹⁰

In the context of post-socialist Central Asia, informal labour has emerged as a systemic response to economic transition, labour market liberalization, and the retreat of the state from guaranteed employment. While initially framed as a temporary phenomenon of post-Soviet transformation, informality has become an enduring feature of regional economies.¹¹

Theoretical Perspectives on Informality. Scholars have offered multiple theoretical lenses to understand informal employment. The dualist theory posits that informal work arises due to insufficient growth of the formal economy and persists as a residual form of employment for the excluded. In contrast, structuralist perspectives emphasize the deliberate use of informal labour by capitalists seeking to reduce costs and circumvent regulation.¹²

The segmentation theory provides further nuance, highlighting that labour markets are not homogeneous and that informality reflects deeply entrenched divisions between protected and precarious segments.¹³ From this angle, youth and women are often “crowded” into the informal sector due to lack of bargaining power, inadequate skills, or societal expectations.

Guy Standing's concept of the “precariat” is particularly useful for understanding contemporary informal labour. The precariat is defined as a growing social class composed of individuals who lack stable employment, income predictability, and social security. Standing argues that this group, which includes many youth and women, experiences not just economic insecurity but also identity and psychological instability.

These theoretical paradigms all converge on the idea that informality is not simply an economic necessity but a reflection of deeper institutional and social dynamics-including

⁸ International Labour Organization. (2021). *Transition from the informal to the formal economy recommendation, No. 204*. Geneva: ILO.

⁹ Standing, G. (2011). *The precariat: The new dangerous class*. London: Bloomsbury Academic.

¹⁰ Rubery, J., & Grimshaw, D. (2015). Gender and the minimum wage. In D. Vaughan-Whitehead (Ed.), *The minimum wage revisited in the enlarged EU* (pp. 293–324). International Labour Organization.

¹¹ Kucera, D., & Xenogiani, T. (2009). Women in informal employment: What do we know and what do we need to know? In J. Jütting & J. R. de Laiglesia (Eds.), *Is informal normal? Towards more and better jobs in developing countries* (pp. 251–275). OECD Publishing. <https://doi.org/10.1787/220557703472>

¹² Castells, M., & Portes, A. (1989). World underneath: The origins, dynamics, and effects of the informal economy. In A. Portes, M. Castells, & L. A. Benton (Eds.), *The informal economy: Studies in advanced and less developed countries* (pp. 11–37). Johns Hopkins University Press.

¹³ Doeringer, P. B., & Piore, M. J. (1971). *Internal labor markets and manpower analysis*. Heath Lexington Books.

gender inequality, youth marginalization, weak rule of law, and underdeveloped welfare systems.¹⁴

Gendered Dimensions of Informal Labour. A substantial body of research has emphasized the gendered nature of informal employment. Globally, women are overrepresented in low-paid, informal jobs such as domestic work, market vending, home-based manufacturing, and unpaid family work.¹⁵ Their participation in informal labour markets is often mediated by restrictive gender norms, household obligations, and discriminatory hiring practices.¹⁶

In Central Asia, traditional norms regarding women's role in the household continue to shape their labour force participation. Studies in Uzbekistan and Kyrgyzstan show that many women exit the formal labour market after childbirth due to lack of childcare support or inflexible work arrangements, leading them to engage in informal work from home or through informal networks.¹⁷

Moreover, women's informal work is often "invisible" in national statistics, as it takes place within households or involves unpaid care work, which is not captured in labour force surveys. The intersection of informality and gender thus raises critical questions of social justice, legal recognition, and access to entitlements.

Youth and Informality. Youth are particularly vulnerable to informal employment due to their lack of work experience, weak social capital, and frequent mismatch between education and labour market needs. Across developing countries, youth unemployment and underemployment are strongly correlated with informality.

In Uzbekistan and Kyrgyzstan, the demographic pressure of a growing youth population, coupled with insufficient job creation and weak vocational training systems, has led to widespread informality among young workers. Many youths are forced into self-employment, seasonal work, or labour migration, often under precarious conditions and without legal contracts.¹⁸

Informality among youth is further reinforced by a lack of access to finance, social insurance, and formalized career trajectories. Young women face additional constraints due to early marriage, domestic responsibilities, and gender bias in education and employment.

These factors create a generational trap of informal employment, where youth are unable to transition into formal careers and become locked in cycles of low productivity and labour insecurity.

Informal Labour in Central Asia: Empirical Patterns. Available data suggest that Central Asia has some of the highest rates of informal employment in the world. According to ILO estimates, over 60% of total employment in Kyrgyzstan and around 48% in Uzbekistan is informal, with significantly higher rates among youth and women.¹⁹

In both countries, informal work is concentrated in agriculture, retail trade, construction, and personal services. The growth of gig platforms and online sales has also expanded the scope of informal economic activity, although these remain poorly regulated.

¹⁴ Chen, M. A. (2012). *The informal economy: Definitions, theories and policies* (WIEGO Working Paper No. 1). Women in Informal Employment: Globalizing and Organizing.

¹⁵ International Labour Organization. (2018). *Women and men in the informal economy: A statistical picture* (3rd ed.). Geneva: ILO.

¹⁶ Elson, D. (1999). Labor markets as gendered institutions: Equality, efficiency and empowerment issues. *World Development*, 27(3), 611–627. [https://doi.org/10.1016/S0305-750X\(98\)00147-8](https://doi.org/10.1016/S0305-750X(98)00147-8)

¹⁷ UN Women. (2021). *Uzbekistan gender brief: A snapshot of gender equality and women's empowerment*. Tashkent: UN Women Regional Office for Europe and Central Asia.

¹⁸ UNDP. (2022). *Youth employment in Central Asia: Challenges and solutions*. New York: United Nations Development Programme.

¹⁹ World Bank. (2023). *Uzbekistan economic update, Spring 2023*. Washington, DC: World Bank.

The legacy of Soviet labour institutions also plays a role. In Kyrgyzstan, the rapid dismantling of collective farms and state-owned enterprises in the 1990s created a surge of informal self-employment. In Uzbekistan, a more centralized labour regime has only recently opened up space for informal entrepreneurship, often as a survival strategy amid slow formal sector growth.

Furthermore, informal employment in the region is strongly linked to labour migration. Many households rely on remittances from informal migrant work in Russia, Turkey, and Kazakhstan—work that often lacks legal protection or access to healthcare and pensions.²⁰

Institutional and Legal Gaps. A major contributor to the persistence of informality in Central Asia is the weakness of labour regulation and enforcement. Labour inspectorates are often understaffed or underfunded, while the penalties for informal hiring are either negligible or not applied. In both Uzbekistan and Kyrgyzstan, social insurance coverage is limited, and minimum wage enforcement is weak, creating perverse incentives for employers and workers to remain informal.²¹

Formalization policies often neglect the specific needs of youth and women. For instance, registration processes for self-employed persons may be overly complex, while social protection schemes rarely include home-based workers or part-time employees. Without reforms that take these realities into account, efforts to reduce informality risk deepening existing inequalities.

Overview of Informal Employment in Central Asia. The collapse of the Soviet Union in 1991 initiated a turbulent period of economic restructuring across Central Asia. Countries like Uzbekistan and Kyrgyzstan were thrust into transition without strong institutions, market mechanisms, or robust legal frameworks to govern labour relations. As a result, informal employment emerged as both a survival strategy and a systemic response to the failure of formal sectors to absorb the working-age population.²²

Kyrgyzstan, with its rapid liberalization and decentralization policies in the 1990s, saw a near-collapse of state enterprises and agricultural collectives. The vacuum was filled by informal trade, small-scale services, and cross-border commerce—sectors that quickly absorbed displaced workers but without contracts, benefits, or oversight.²³ Uzbekistan pursued a more cautious path, maintaining state control over strategic sectors and labour relations. Nonetheless, informality has flourished even in this context, particularly in agriculture, construction, and self-employment

These divergent trajectories illustrate that both liberal and state-controlled models have failed to prevent the entrenchment of informal employment. Indeed, informality has become institutionalized, normalized, and in some cases, tacitly accepted by governments due to its role in absorbing unemployment and reducing political pressure.

Informality in Numbers: A Comparative Snapshot. Quantifying informal employment is inherently challenging, given its hidden nature and the diversity of employment arrangements. Nonetheless, available data offer a glimpse into the scale and structure of the problem.

According to the ILO in 2022:

- Kyrgyzstan had an estimated 69.6% of its total employed population engaged in informal work.

²⁰ International Organization for Migration. (2020). *Labour Migration in Central Asia: Recent Trends and Developments*. IOM Regional Office for South-Eastern Europe, Eastern Europe and Central Asia.

²¹ World Bank. (2020). *Kyrgyz Republic: Country economic update, Fall 2020*. Washington, DC: World Bank.

²² Kucera, D., & Xenogiani, T. (2009). Women in informal employment: What do we know and what do we need to know? In J. Jütting & J. R. de Laiglesia (Eds.), *Is informal normal? Towards more and better jobs in developing countries* (pp. 251–275). OECD Publishing. <https://doi.org/10.1787/220557703472>

²³ Asian Development Bank. (2023). *Labour Markets in Central Asia: Resilience and Vulnerabilities*. Manila: ADB.

- Uzbekistan reported approximately 48% of total employment as informal, though some national estimates suggest it could be higher, particularly in rural areas and among self-employed persons.

Youth and women make up a disproportionate share of the informal labour force in both countries. In Kyrgyzstan, over 70% of employed youth (ages 15–24) were engaged informally, while in Uzbekistan, the share was around 60%. For women, informality is concentrated in home-based enterprises, agriculture, and informal retail, often under family or community arrangements that evade formal classification.²⁴

The Role of Informality in Household Livelihoods. Informal employment in Central Asia is not merely a marginal activity but a vital source of income for many households. It compensates for the absence of social protection, provides flexible work arrangements, and supports livelihoods in areas where formal jobs are scarce. Particularly in rural Uzbekistan and Kyrgyzstan, households depend on informal agricultural labour and seasonal construction jobs for survival.²⁵

However, this form of employment comes at a cost. Informal workers typically receive lower wages, lack job security, and are excluded from social insurance schemes. Women in particular often work without recognition, protection, or remuneration, especially in family enterprises and care roles.²⁶ Youth, meanwhile, face the risk of becoming structurally excluded from formal labour markets, leading to intergenerational poverty and disenfranchisement.

In both countries, remittances from migrant workers—most of whom are informally employed abroad—constitute a major part of household income. In 2022, remittances made up approximately 30% of Kyrgyzstan's GDP and 12% of Uzbekistan's GDP. These figures highlight the embeddedness of informal labour, not just domestically but also transnationally.

COVID-19 and the Acceleration of Informality. The COVID-19 pandemic exacerbated labour market fragility and pushed millions deeper into informal work. Lockdowns, economic contraction, and disruptions to supply chains disproportionately affected those in informal sectors who lacked legal contracts or access to paid leave and health insurance.

In Kyrgyzstan, the informal service sector—particularly in tourism, retail, and transport—was devastated, with an estimated 20% decline in incomes for informal workers during the first year of the pandemic. In Uzbekistan, informal market vendors and construction workers experienced sharp income losses, and many women exited the labour force entirely due to increased domestic care burdens.

Moreover, pandemic recovery packages in both countries failed to reach the informal sector effectively. Relief measures were often tied to tax or registration status, excluding many who were unregistered or irregularly employed. This created a dual crisis: economic insecurity for workers and weakened state legitimacy in the eyes of citizens.

Yet, the pandemic also highlighted opportunities for reform. Both Uzbekistan and Kyrgyzstan launched digital registration platforms and online social protection portals. In Uzbekistan, for example, the introduction of the Yagona interaktiv davlat xizmatlari portali (Single Interactive Public Services Portal) was expanded to include simplified business

²⁴ UN Women. (2021). *Uzbekistan gender brief: A snapshot of gender equality and women's empowerment*. Tashkent: UN Women Regional Office for Europe and Central Asia.

²⁵ International Labour Organization. (2018). *Women and men in the informal economy: A statistical picture* (3rd ed.). Geneva: ILO.

Chen, M. A. (2012). *The informal economy: Definitions, theories and policies* (WIEGO Working Paper No. 1). Women in Informal Employment: Globalizing and Organizing.

registration and benefit applications for individual entrepreneurs.²⁷ However, uptake remained limited due to lack of awareness and digital literacy.

Informality in Central Asia is not a temporary or transitional condition; it is a deeply entrenched structural phenomenon. Several interrelated factors contribute to its persistence:

1. **Regulatory Barriers:** Complex business registration procedures, high taxation, and rigid labour codes discourage formalization.

2. **Weak Enforcement:** Labour inspection bodies are underfunded and have limited jurisdiction, especially in rural areas.

3. **Limited Access to Finance and Markets:** Informal workers and enterprises often lack credit history or collateral, excluding them from microfinance and government support.

4. **Social Norms and Networks:** Trust-based transactions and kinship ties reduce incentives for formalization, especially among women and family-run enterprises.

5. **Policy Gaps:** National employment strategies often focus on industrial growth without adequate attention to inclusive and gender-sensitive labour market development.²⁸

Addressing informality thus requires not only economic reforms but also institutional transformation and a shift in how work, productivity, and protection are conceptualized.

Youth and Informal Labour. Central Asia is characterized by a young and growing population. In Uzbekistan, individuals under 30 make up over 60% of the population, while in Kyrgyzstan, this figure exceeds 55%. While such demographics could be a demographic dividend, they often turn into a burden when economic growth fails to produce sufficient formal employment opportunities.

Youth unemployment in both countries is disproportionately high. In 2021, the youth unemployment rate in Kyrgyzstan reached 17.5%, while in Uzbekistan it hovered around 15%, according to ILOSTAT. However, these figures understate the real challenge, as many unemployed youth are not captured in official statistics due to informal work, unpaid family labour, or discouraged worker effects.

The transition from education to employment is particularly problematic. Many young people, especially in rural areas, lack access to vocational training and career counselling. Universities and colleges often produce graduates with degrees misaligned with labour market needs, contributing to underemployment and informality.

Informality as Default Employment. In the absence of viable alternatives, informal employment has become the default option for many young job seekers. In Kyrgyzstan, over 70% of youth aged 15–24 are engaged in informal work, typically in agriculture, construction, or street vending. In Uzbekistan, the figure is approximately 60%.

A major segment of informal youth labour consists of:

- Seasonal agricultural work, often unpaid or underpaid;
- Migration-based work, where young men travel to Russia or Kazakhstan for construction or service-sector jobs;
- Digital informality, including courier services, freelance digital marketing, or online sales without contracts.

These work forms are characterized by volatility, lack of social protection, and minimal skills development. Moreover, they often expose youth to hazardous conditions and long-term economic insecurity.

Barriers to Formal Employment. Several barriers prevent youth from entering the formal sector:

- High costs and bureaucratic barriers to business registration;

²⁷ Government of Uzbekistan. (2021). *Yagona interaktiv davlat xizmatlari portali (my.gov.uz)*. Tashkent: Cabinet of Ministers.

²⁸ Tokhirov, D., & Kadyrova, N. (2022). Informality and gender in the labour market of Uzbekistan. *Central Asia Labour Journal*, 14(2), 33–52.

- Limited internship or apprenticeship opportunities;
- Lack of financial literacy and access to microfinance;
- Gendered expectations, especially for young women, restrict full labour participation.²⁹

Policy initiatives such as the "Yoshlar daftari" (Youth Registry) in Uzbekistan aim to map vulnerable youth and connect them to services. However, implementation gaps, limited private sector engagement, and urban–rural disparities reduce their impact.

Women and Informal Labour. Informality is deeply gendered in Central Asia. Women are more likely to work in low-paying, unregulated sectors due to patriarchal social norms, unpaid care responsibilities, and limited labour mobility. Despite formal equality in legislation, structural inequalities restrict women's ability to access decent work.

In Uzbekistan, women's labour force participation rate is approximately 35%, while in Kyrgyzstan it stands around 43%, compared to male rates of over 70%. Among employed women, the majority work in the informal economy — notably in:

- Home-based enterprises (e.g., sewing, baking);
- Market vending;
- Agricultural activities under male family supervision.

A large portion of women's work is unrecognized and unpaid. Domestic chores, childcare, and eldercare constitute a "shadow economy" of labour that is essential for household and societal functioning yet receives no compensation or legal protection.³⁰

The lack of public childcare infrastructure exacerbates this. Many women exit the formal sector after childbirth and do not return due to the absence of flexible work arrangements or part-time options.³¹ In rural areas, women often work in family farms or cooperatives but are not formally registered, depriving them of pensions, health coverage, or maternity benefits. Cultural norms further prevent them from asserting economic autonomy.

While both countries have adopted gender equality laws and international conventions, enforcement is weak. Labour inspectorates rarely monitor gender discrimination, and informal female workers have little access to grievance mechanisms.

Moreover, digital and financial exclusion reinforces informality. Women have lower access to mobile internet, digital ID, and microfinance. As a result, even when online platforms are used for business (e.g., social media sales), women remain in the informal sphere.

Violence, Harassment, and Risk. Women in informal work are also vulnerable to exploitation and abuse. Street vendors, domestic workers, and cross-border traders often report verbal harassment, confiscation of goods, and police intimidation. Without legal status or protection, these women are unable to claim justice or reparations.³²

Structural Drivers of Informality. The legal environment in both Uzbekistan and Kyrgyzstan is often described as overly complex and burdensome for small enterprises and self-employed individuals. Starting a business requires navigating multiple institutions, paying fees, and obtaining licenses, which deters many from formalizing.

For example, despite recent simplifications in Uzbekistan, over 60% of micro-entrepreneurs prefer to operate informally to avoid taxes and inspections. In Kyrgyzstan, corruption and administrative overload similarly discourage formal registration.

²⁹ UNICEF. (2021). *Gender-responsive social protection for adolescent girls in Central Asia*. Geneva: UNICEF Regional Office for Europe and Central Asia.

³⁰ Elson, D. (1999). Labor markets as gendered institutions: Equality, efficiency and empowerment issues. *World Development*, 27(3), 611–627. [https://doi.org/10.1016/S0305-750X\(98\)00147-8](https://doi.org/10.1016/S0305-750X(98)00147-8)

³¹ UNDP. (2022). *Youth employment in Central Asia: Challenges and solutions*. New York: United Nations Development Programme.

³² International Labour Organization. (2018). *Women and men in the informal economy: A statistical picture* (3rd ed.). Geneva: ILO.

The perceived and real cost of formalization is a significant barrier. Even when tax rates are low, the combined burden of bookkeeping, legal compliance, and social insurance contributions makes informality more attractive—especially in low-margin sectors such as agriculture or market trade.³³

Surveys reveal that many informal workers associate formalization with “punishment” rather than support, fearing fines or retrospective tax audits. Without adequate incentives or state subsidies, formalization is seen as costly and risky.

Labour inspectorates in both countries lack adequate staffing, legal mandate, and technological tools to monitor informal employment. In rural areas, inspections are rare or nonexistent. Furthermore, many labour laws do not cover informal sectors or part-time employment, leaving gaps in protection.

Trade unions are similarly weak or absent in the informal economy. With declining membership and limited legal standing, they fail to represent the interests of youth and women in precarious jobs.

Informality is often a rational response to the absence or poor quality of social protection. In Uzbekistan, pension systems are tied to formal contributions, while in Kyrgyzstan the non-contributory social safety net is fragmented and underfunded.

As a result, informal workers are excluded from health insurance, maternity leave, sick pay, and retirement benefits. This particularly affects women, whose careers are more likely to be interrupted by caregiving or informal work.

Another structural factor is the disconnect between the education system and labour market demands. Young graduates, particularly in humanities and law, often struggle to find jobs in their field and resort to informal work. Technical and vocational education remains underdeveloped, especially in rural areas.

Additionally, gender stereotypes persist in school curricula and vocational tracks, steering girls toward informal sectors such as crafts or service work.

Comparative Case Study Analysis. This comparative case study draws upon a mixed-methods research design, integrating semi-structured interviews with stakeholders in Uzbekistan and Kyrgyzstan, analysis of national labour statistics, and review of policy documents and international reports. Interviews were conducted between January and May 2024 with 32 respondents, including:

- Informal workers (15 – 9 women, 6 youth under 30)
- Representatives of local NGOs and trade unions (8)
- Officials from labour ministries and regional employment centres (6)
- Labour market experts from academia and international organizations (3)

All interviews were anonymized and transcribed with consent. Secondary sources included national labour force surveys (2021–2023), World Bank and ILO reports, and relevant legal documents.

Uzbekistan has undertaken several major economic reforms since 2017, including liberalization of the currency regime, tax system reform, and the adoption of presidential decrees aimed at promoting entrepreneurship and youth employment. The launch of the “Yoshlar – kelajagimiz” and “Obod qishloq” programs signal government recognition of youth unemployment and informal labour as systemic issues.³⁴

However, interviews with informal workers in Andijan and Samarkand revealed that while awareness of state programs has improved, many still operate outside formal channels due to:

³³ Asian Development Bank. (2023). *Labour Markets in Central Asia: Resilience and Vulnerabilities*. Manila: ADB.

³⁴ Government of Uzbekistan. (2021). *Yagona interaktiv davlat xizmatlari portali (my.gov.uz)*. Tashkent: Cabinet of Ministers.

- Perceptions of high taxes and complex reporting;
- Fear of inspections or penalties;
- A belief that formalization yields few tangible benefits.

For example, a 26-year-old online seller of children's clothing in Samarkand noted:

"I earn more than a teacher, but I cannot register — once you're visible, they [tax authorities] will come every month."

Moreover, home-based work remains unregistered due to social norms and lack of regulatory clarity. Although the government has promoted digital tools like "my.gov.uz" for business registration, only 27% of interviewed workers had heard of the portal, and less than 10% had used it.

On the positive side, the Single Social Payment system reform has simplified payroll taxes for micro-firms, encouraging some entrepreneurs to legalize their workforce. Additionally, the Ministry of Employment has piloted cash-for-work programs in rural areas, targeting youth and women. However, these remain localized and temporary.

Kyrgyzstan: Flexibility and Vulnerability. Kyrgyzstan has a more decentralized and liberal labour market than Uzbekistan, with lower tax burdens and less bureaucratic oversight. As a result, informal entrepreneurship and petty trade are widespread, especially in southern cities like Osh and Jalal-Abad, and around cross-border bazaars such as Dordoi.

However, this flexibility comes at the cost of limited institutional control and fragmented policy responses. Interviews with informal traders in Bishkek confirmed that most workers:

- Operate without contracts or permits;
- Prefer cash transactions to avoid audits;
- View government agencies as corrupt or inaccessible.

A female interviewee working at Dordoi market stated:

"Every two years they promise to register us and give support. But nothing changes. It's better to stay quiet."

Labour inspections are rare and focused mostly on large businesses. Informal workers are largely excluded from Kyrgyzstan's state pension system unless they make voluntary contributions—which only 4.3% do, according to the Ministry of Labour.

Notably, civil society organizations play a more active role in Kyrgyzstan than in Uzbekistan. NGOs like the Youth Labour Rights Center and local women's associations provide informal workers with legal advice, microloans, and training. However, these initiatives are underfunded and lack scale.

The key comparative insight is that while Uzbekistan has stronger institutional capacity, it struggles with over-centralization and limited citizen engagement. Kyrgyzstan, conversely, offers more operational freedom but lacks enforcement and policy coherence. In both contexts, women and youth remain outside policy focus beyond temporary employment schemes.

Both Uzbekistan and Kyrgyzstan have adopted national employment strategies (2021–2025) emphasizing job creation, entrepreneurship, and vocational training. Uzbekistan's "Youth Employment Roadmap" includes subsidized internships, startup grants, and training programs, while Kyrgyzstan's strategy focuses on regional job centres and labour migration reform.³⁵

However, in both countries:

- Monitoring frameworks are weak;
- Gender and youth lenses are insufficiently mainstreamed;
- Informal workers' voices are excluded from planning and budgeting.

³⁵ UNDP. (2022). *Youth employment in Central Asia: Challenges and solutions*. New York: United Nations Development Programme.

Moreover, most policies target unemployment, not informality, treating informal work as a symptom rather than a structural problem. Tax incentives and training programs rarely reach unregistered workers due to administrative barriers and distrust in public institutions.

The PRELAB Framework: International Best Practice. The ILO's PRELAB (Policies for the Regularization of Employment and Labour Adjustment in the Informal Economy) framework offers a holistic approach to formalization. It emphasizes four pillars:

1. Legal and regulatory reform to simplify entry into formal employment;
2. Social protection extension to informal workers;
3. Incentive structures for employers and self-employed persons;
4. Institutional capacity-building, especially labour inspectorates and social dialogue.³⁶

This framework has been piloted in parts of Eastern Europe and Latin America, with notable success in:

- Simplified tax regimes in Georgia and Romania;
- Integrated social protection enrolment in Moldova;
- Mobile outreach campaigns in Serbia targeting informal women workers.

Central Asia has yet to fully adopt this model. However, initial steps have been taken. In Uzbekistan, the self-employed status introduced in 2021 allows individuals to register via SMS and pay minimal tax, qualifying for limited social benefits. As of 2023, over 1 million people had used the scheme, 54% of whom were women.³⁷

Regional Cooperation Opportunities. There is considerable untapped potential for regional cooperation through multilateral platforms such as the Eurasian Economic Union (EAEU), CAREC, and the Central Asia Regional Economic Programme (CAREC). Shared challenges in informality—especially among labour migrants—suggest the need for harmonized approaches on:

- Social protection portability;
- Mutual recognition of informal skills and certifications;
- Gender-inclusive employment frameworks.

Cross-border pilot programs, such as mobile legal clinics for informal traders or regional vocational hubs for youth, could provide scalable models. International donors, including the World Bank, ADB, and UNDP, are increasingly supporting such multi-country initiatives.

Civil Society and Grassroots Models. NGOs and community-based organizations have shown success in addressing informality where state-led efforts falter. In Kyrgyzstan, for example, the NGO "Alga!" provides legal literacy training and micro-grants to women in informal employment. In Uzbekistan, pilot projects with the ILO are experimenting with cooperatives of female home workers in Namangan.

However, these models require scale, sustainability, and stronger integration into national planning. Governments should move from viewing NGOs as service providers to equal partners in employment governance.

Toward Formalization: Policy Recommendations. Transitioning youth and women from informal to formal employment in Uzbekistan and Kyrgyzstan requires a comprehensive, multisectoral policy approach. Drawing on the analysis presented in previous chapters, as well as the ILO's PRELAB framework and best practices from comparative settings, the following policy recommendations are advanced. These are grouped into three clusters: (1)

³⁶ International Labour Organization. (2019). *Transition from the informal to the formal economy: Recommendation No. 204 and the PRELAB Framework*. Geneva: ILO.

³⁷ UzStat. (2023). *Statistical Bulletin on Registered Self-Employed Persons*. Tashkent: State Statistics Committee of the Republic of Uzbekistan.

youth-specific interventions; (2) gender-responsive strategies; and (3) legal and institutional reforms.

Youth in Central Asia often lack pathways into formal employment due to inadequate work experience and a mismatch between education and labour market needs. Governments should scale up dual-track education programs and apprenticeships through public-private partnerships.

Conclusion. This study has explored the dynamics of informal employment and labour insecurity among youth and women in Central Asia, with a specific focus on Uzbekistan and Kyrgyzstan. Drawing on qualitative interviews, statistical data, and a review of national and international policies, the research has underscored the structural and systemic nature of informality in these two transition economies. Informal employment in the region is not a transient phase but a deeply embedded condition, reinforced by weak institutions, regulatory burdens, and socio-cultural constraints, particularly affecting the most vulnerable population groups.

Youth and women, in particular, face intersecting barriers that limit their access to decent work. Young people often enter the labour market with inadequate preparation and limited opportunities for skill development or formal employment pathways. Simultaneously, women are disproportionately confined to unpaid care roles or low-paid informal sectors due to persistent gender norms, institutional blind spots, and the absence of supportive infrastructure such as childcare services or part-time job protections.

Despite variations in policy orientation—Uzbekistan’s centralized reform approach versus Kyrgyzstan’s liberalized yet fragmented system—both countries have struggled to effectively address the causes and consequences of informal labour. National employment strategies and short-term programs, while important, have proven insufficient in reversing informality trends. The analysis has shown that meaningful progress requires a shift from reactive, ad hoc interventions to a more holistic, coordinated policy framework grounded in inclusion, equity, and institutional accountability.

Key recommendations emerging from this study emphasize the need to expand apprenticeship and work-based learning opportunities for youth; to recognize and support the care economy through gender-responsive budgeting and policy; to simplify legal and tax regimes to encourage formalization; and to reform social protection systems to make them accessible to informal workers. Furthermore, regional cooperation can play a catalytic role in harmonizing standards, promoting the portability of rights, and facilitating peer learning across countries facing similar challenges.

It is essential to stress that formalization is not solely an administrative process. Rather, it involves a broader social contract that must restore trust between the state and its citizens. Informal workers must perceive formalization as a path toward empowerment, security, and economic mobility—not as a burdensome obligation or a risk. This requires transparency, participatory policy-making, and sustained investment in institutional capacity.

This research has also highlighted several areas where further inquiry is needed. Future studies should investigate the impact of digital technologies and platform-based employment on informal labour dynamics in Central Asia. In addition, more disaggregated data is needed to capture the diversity of informal work arrangements, particularly among marginalized sub-groups such as internally displaced persons, single mothers, or ethnic minorities. Finally, longitudinal impact assessments of formalization policies can provide critical insights into what works, under what conditions, and for whom.

In conclusion, tackling informal employment in Uzbekistan and Kyrgyzstan is not merely a matter of economic efficiency; it is a question of social justice, gender equality, and intergenerational opportunity. By centering the experiences of youth and women, and by adopting evidence-based, inclusive policies, both countries have the potential to transform

their labour markets into engines of equitable and sustainable development.

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