

ASSESSMENT OF CORRUPTION RISKS AND THEIR FACTORS IN THE PROCESS OF ALLOCATION OF MORTGAGE HOUSING SUBSIDIES

Anti-Corruption Laboratory Project
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TABLE OF CONTENTS

06	Introduction
08	Chapter 1: Background of the research
10	Chapter 2: Research Methodology
11	Chapter 3: Types of state housing assistance
11	3.1 Subsidies for mortgage loans
11	3.2 Rental of public housing
14	Chapter 4. Brief description of the legal and organizational framework for mortgage housing subsidies
14	4.1 Legal framework and mechanisms for the allocation of state subsidies for mortgage loans
15	4.2 Amount and scope of subsidies paid for mortgage loans
16	4.3 Types of mortgage loans
16	4.4 Criteria for receiving subsidies for mortgage loans
19	4.5 Steps for distributing mortgage loan subsidies
22	Chapter 5. Corruption risk factors in the legal and regulatory framework
23	Chapter 6: Analysis of findings of the anonymous survey
25	6.1 Corruption risk factors in findings of the anonymous survey
26	Chapter 7. Findings of the Secret Buyer survey
27	Chapter 8: Generalized corruption risk factors and recommendations
29	Glossary
30	List of references

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INTRODUCTION

The objective of this study is to identify instances of corrupt behavior ¹ (corruption risks) and the underlying causes (risk factors) associated with the selection of citizens based on social criteria to receive subsidies for the purchase of mortgage housing in different regions of the republic.

The study encompasses as follows:

An analysis of the regulatory framework for the selection of citizens for mortgage subsidies.

An analysis of an anonymous survey involving 205 respondents.

An analysis of the study using the "Secret Buyer" method.

To ensure the impartiality of the study and the collection of reliable and up-to-date data on the subject matter, a working group was constituted, comprising experts from the Ministry of Economy and Finance (hereinafter referred to as the Ministry of Economy), the Tax Committee, the Ministry of Justice, the Ministry of Health, the Committee for Women and Family Affairs, the Cadastre Agency, the District Hokimiyat, the National Bank of the Republic of Uzbekistan, JSC Xalk Banki, and a representative of the Association of Persons with Disabilities of Uzbekistan. The group was constituted as part of the Anti-Corruption Agency's project,

entitled Sphere Without Corruption Office, in sectors deemed to be particularly susceptible to corruption.

The analysis conducted did not reveal any corruption risks. Nevertheless, risk factors inherent to the applicant selection process have been identified that shape the perception of corrupt behavior in the provision of subsidies, in particular, the lack of transparency at some stages of the process and, accordingly, the lack of awareness of the participants in the process about compliance with the necessary requirements and their specifics.

¹ In this study 'Corruption' is understood to mean a range of integrity breaches. These include not only criminal acts of corruption (such as bribery), but also other instances of poor conduct that prevent the process of mortgage subsidy allocation from functioning in an impartial and accountable way.

The study yielded several key recommendations:**THE MINISTRY OF ECONOMY
AND FINANCE:**

reconsider the necessity of mandatory participation of the selection board at the final stages of the subsidy selection process. As the majority of the eligibility assessment of applicants is conducted automatically, the complete automation of the final decision-making process could result in a reduction of the time required for applications and ensure the full transparency of the applicant selection system.

**MINISTRY OF ECONOMY
AND FINANCE:**

to display the online queue of applicants through the ID number of their application on the Public Services Portal, or other publicly available resources, so that citizens can see their chances of receiving subsidies within the current limit.

**THE MINISTRY OF ECONOMY AND FINANCE,
JOINTLY WITH THE NATIONAL AGENCY FOR
SOCIAL PROTECTION:**

develop and publish specific and clear criteria for identifying women in social hardship, and for selecting such applicants to receive mortgage subsidies. Publish provisions that will regulate the process for assessing and recognizing women in social hardship.

MINISTRY OF HEALTH:

to digitize all patient medical record at the local level, thus enabling local health facilities to electronically track and update information on patients' chronic diseases.

**MINISTRY OF HEALTH JOINTLY WITH
THE MINISTRY OF ECONOMY AND FINANCE:**

to approve a list of recognized chronic diseases that are included in the eligibility criteria for a subsidy through the enactment of a regulatory framework. This list should be made publicly accessible. Furthermore, a link should be established between the centralized patient database and the subsidy application approval process, enabling the automatic retrieval of chronic disease data from the relevant database.



CHAPTER 1. RESEARCH BACKGROUND

In 2019 a new procedure for providing housing was introduced in Uzbekistan by Decree of the President of the Republic of Uzbekistan No. PF-5886 ².

The Decree provides for the allocation of funds to commercial banks on market terms for a period of 20 years to provide the mortgage market with long-term resources. These funds, in conjunction with the banks' own resources, are intended to facilitate the provision of mortgage loans to the population, including specific categories of citizens who are afforded the opportunity to cover a portion of the down payment and also to cover a portion of the expenses on mortgage interest.

The state budget of the Republic of Uzbekistan provides subsidies to certain categories of citizens, including those with low income and in need of better housing conditions, to cover part of the down payment and interest on mortgage loans for the purchase of housing in the primary real estate market in the country.

² Presidential Decree No. UP-5886 of 28.11.2019 "On Measures to Implement the Program for Providing Housing to the Population through Mortgage Loans Based on Market Principles for 2023" <https://lex.uz/ru/docs/6433780>

General requirements, strategies and modifications to the system are implemented on annual basis with each specific year's parameters set forth in a Presidential Decree, which is approved by the President and sets parameters for each specific year. These parameters determine the number of citizens who receive subsidies, the number of mortgage loans that are issued and the amount of subsidies that are paid.

Mechanisms of selection of citizens to receive subsidies and requirements for allocating subsidies are regulated by the regulation approved by the Cabinet of Ministers Resolution No. PKM-182 dated March 25, 2020 ³.

At present, applications for subsidies are processed via a dedicated electronic platform, subsidia.idm.uz, without the need for human intervention. Applicants are not required to provide documentation, as all pertinent information is drawn from the electronic databases of the relevant organizations. However, the ultimate decision is made by the selection board.

In August 2023, the Yuksalish Movement conducted a public monitoring ⁴ of the provision of subsidized housing as part of the implementation of Presidential Decrees No. PF-33 of December 9, 2021, "On additional measures to provide the population with housing through mortgage loans on market principles" ⁵, and No. PF-51 of April 13, 2023, "On measures to implement the program for providing the population with housing in 2023 through mortgage loans on market principles" ⁶.

The findings of the public monitoring, conducted in collaboration with the Anti-Corruption Agency of Uzbekistan, served as the foundation for this investigation into the corruption risk factors that impede the attainment of certain indicators outlined in the presidential documents.

Notwithstanding the considerable efforts made to minimize the human factor and to prevent the emergence of corruption risks in the process, the study has identified a number of shortcomings and inaccuracies in the operation of the system. Each of the identified corruption risk factors is described in detail below, accompanied by a recommendation for its elimination or reduction.

³ Resolution of the Cabinet of Ministers No. PKM-182 of 25.03.2020. "On Approval of the Regulations on the Procedure for Payment of Subsidies to Citizens for the Purchase of Housing or Construction and Reconstruction of Individual Residential Houses" <https://lex.uz/docs/4774121>

⁴ https://yumh.uz/ru/news_detail/699

⁵ Presidential Decree, dated December 9, 2021, No. UP-33 "On additional measures to provide the population with housing through mortgage loans on market principles", <https://lex.uz/docs/5767196>

⁶ Presidential Decree, dated April 13, 2023, No. UP-51 "On measures to implement the program for providing housing to the population in 2023 through mortgage loans on market principles" <https://lex.uz/ru/docs/6433780>

CHAPTER 2. RESEARCH METHODOLOGY

The research was divided into the following stages:

Development of research
methodology

Data collection

Data analysis

Development of conclusions
and recommendations

Preparation of the final
report

The research methodology was based on the most up-to-date global practices in identifying corruption risks and the factors contributing to them. In addition, the experience gained in conducting similar studies in earlier projects of the Anti-Corruption Laboratory was taken into account. Data were collected via three methods: desk research, Secret Buyer survey, and an anonymous survey. Desk research included an analytical review of the legislative framework for selecting applicants and allocating subsidies to citizens, an examination of media publications, an analysis of international experience, and an analysis of statistical data. The research also examined Telegram channels and groups that disseminated information about subsidies to the public, as well as developer groups that were open to all.

The Secret Buyer survey was conducted in four regions: Samarkand, Jizzakh, Fergana, and Tashkent regions and in the city of Tashkent. The method entailed conducting interviews with 11 randomly selected developers in both regional and district centers. Samarkand and Tashkent regions were selected based on the highest number of subsidy applications submitted

to the Ministry of Economy. Fergana region was selected based on the high utilization of subsidy funds, while Jizzakh region was selected based on the contrary, given the low utilization of subsidy funds. Tashkent city was selected due to the prevalence of citizen complaints regarding the ratio of the subsidy amount to the cost of housing, as revealed during the public monitoring conducted in 2023 by the Yuksalish Movement.

An anonymous survey among 205 participants from all regions of the country was conducted on google.forms platform. Announcements about the survey were posted in 20 telegram channels and groups of the state and non-state sector, including specialized "Subsidiya Fargona shaxar", "Subsidiya Namangan", "Subsidiya savollarga javob", "Andijon Subsidiya", "Subsidiya Qashqadaryo", "Subsidiya Orayi", as well as on FACEBOOK.

CHAPTER 3. TYPES OF PUBLIC HOUSING ASSISTANCE

3.1 Subsidies for mortgage loans

The mortgage housing subsidy program is designed for citizens who have a stable source of income and are able to meet the financial obligations associated with mortgage payments. The program is not designed to assist socially vulnerable groups within the population; rather, it provides benefits for citizens in social hardship. For instance, benefits are available for women in social hardship or for individuals with disabilities, thereby enhancing the probability of securing a subsidy.

Individuals whose income falls below a specified threshold ⁷, who lack housing, and who are unable to bear the full financial burden of mortgage payments independently are eligible to receive subsidies through the state program. These subsidies assist in covering the down payment and a portion of the interest costs (7–8%) for the initial five-year period. In the case of individual housing construction or reconstruction, the state provides assistance in the form of partial coverage of interest payments on the mortgage, with the subsidy amounting to 7–8% of the state budget and extending for a period of five years. No statistics ⁸ are available at the country level regarding the availability and allocation of social housing.

3.2. Rental of Public Housing

The state, including local authorities, provides temporary housing from the public housing fund for certain categories of citizens who require an improvement in their housing conditions but lack the requisite economic resources. Such citizens include those who are unable to work and individuals afflicted with chronic illnesses. Housing can be rented from the state housing fund for a specified period of time at a rate that is typically lower than

the market rental value. This stipulation is governed by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 170 of February 26, 2019, entitled "On the approval of regulatory legal documents on the distribution of residential premises of the state housing fund and the regulation of the provision of rent to citizens on the terms of the lease agreement."

⁷ Note: The Cabinet of Ministers Resolution No. 182, established the minimum and maximum monthly income thresholds when applying for a mortgage subsidy: the minimum monthly income threshold for all regions of the republic is 3,118,000 soums or approximately \$ 244, and the maximum monthly income threshold is as follows: in the regions (Republic of Karakalpakstan and provinces) – 9,240,000 soums or approximately \$ 723 USD, and in Tashkent city – 10,626,000 soums or approximately \$ 831 (based on the exchange rate of the Central Bank of Uzbekistan as of October 10, 2024) <https://lex.uz/uz/docs/-4774086>

⁸ Resolution of the Cabinet of Ministers "On approval of the Regulation on the procedure for paying citizens subsidies for the purchase of housing or the construction and reconstruction of individual residential buildings", dated March 25, 2020 No. 182, <https://lex.uz/docs/4774121>

There are 4 types of public housing stock:

TARGET MUNICIPAL HOUSING STOCK:

managed by local executive bodies, constructed at the expense of the local budget and intended for socially vulnerable and low-income citizens. It is provided for rent without the right to privatization.

PUBLIC HOUSING STOCK:

includes municipal, departmental, and targeted municipal housing stock managed by various organizations.

DEPARTMENTAL HOUSING STOCK:

housing stock managed by state organizations.

SERVICE HOUSING:

housing located in private, municipal, departmental or targeted municipal housing stock, intended for citizens whose work requires them to live in close proximity to their place of employment⁹.

Housing units from the public housing stock are available for rent for:

- a** Individuals who lack housing or reside in uninhabitable conditions, including those residing in barracks, temporary housing, emergency housing, or basements.
- b** Individuals whose living space is less than 16 square meters per family member, or 23 square meters for individuals using wheelchairs.
- c** Residents of dormitories, industrial and office buildings (excluding seasonal and temporary workers and students).
- d** Two or more unrelated families living in the same apartment.
- e** Individuals with serious chronic illnesses.
- f** Individuals who have lived in a rural area for at least three years and are on the list of beneficiaries.

⁹ Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On Approval of normative legal acts aimed at regulating the order of distribution and provision of residential premises of the state housing fund to citizens on the terms of hire", dated February 26, 2019, No. 170, <https://lex.uz/ru/docs/4216319>

The categories of individuals eligible to receive housing assistance from the targeted municipal housing stock:

a	Veterans of the war of 1941–1945 and participants in combat operations abroad.
b	Military personnel who have been discharged or retired subsequent to the completion of their contractual service.
c	Individuals afflicted with serious chronic diseases.
d	Families comprising multiple children.
f	Families who have assumed the role of primary caretakers for orphans.
g	Families with three or more dependents who have lost their main breadwinner.
e	Unemployed citizens with disabilities of group I and II.
h	Single pensioners – elderly persons living alone or with minors, parents of convicts or long-term care patients in need of care.
i	Families with children under 18 years of age with a childhood disability or group I and II disabilities from childhood.

For instance, as indicated by the administration of the Sergeli district of Tashkent, 34 individuals have been allocated social housing since the beginning of January 2024. Of these, 25 are persons with disabilities, 7 are participants of the Afghan war, 1 is a victim of the Chernobyl accident, and 1 is a person with illness.

At the time of the research, country-level statistics, as well as a breakdown by region, on the amount of allocated social housing in the context of various categories of citizens were not available.

CHAPTER 4. BRIEF DESCRIPTION OF THE LEGAL AND ORGANIZATIONAL FRAMEWORK FOR MORTGAGE HOUSING SUBSIDIES

4.1 Legal framework and mechanisms for the allocation of state subsidies for mortgage loans

The issuance of mortgage subsidies is subject to the provisions set forth in the following fundamental documents:



Regulation "On the Provision of Subsidies to Citizens for the Purchase of Housing or for the Construction and Reconstruction of Individual Housing", approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 182 on March 25, 2020;



Presidential Decree No. UP-51 dated April 13, 2023 "On Measures to Implement the Program to Provide the Population with Housing Through Market Mortgage Loans in 2023".



Presidential Decree No. UP-5886 dated November 28, 2019 "On Additional Measures to Improve the Mechanisms of Mortgage Lending";

Purpose, type and source of funding for subsidies:

The government of the Republic of Uzbekistan provides subsidies to certain citizens, including those with low incomes who require improved housing conditions, to cover a portion of the down payment and interest on mortgage loans for the purchase of an apartment in the primary housing market within the country. The financing for these subsidies is derived from the state budget of the Republic of Uzbekistan.

Legal basis for the provision and payment of subsidies:

The selection mechanisms and requirements for citizens receiving subsidies, as well as the procedure for payment of subsidies, are defined by the "Regulations on the Procedure for Payment of Subsidies to Citizens for the Purchase of Housing or Construction and Reconstruction of Individual Housing," which were approved by the Cabinet of Ministers through the Decree No. 182 ¹⁰.

4.2 Amount and scope of subsidies paid for mortgage loans

Subsidy amount and statistics for 2023 ¹¹

For each citizen who received a subsidy notice:

Subsidy for the initial payment – **32 million soums**;

An interest expense subsidy is available for the first five years, covering the portion of the annual interest rate exceeding 10%. On average, 7–8% of the interest rate is covered. In accordance with the Presidential Decree of April 13, 2023, No. UP-51, 1.6 trillion soums have been allocated for subsidies for 30,000 citizens. Of these, 24,958 citizens received notifications of new subsidies, and 5,042 citizens were paid subsidies based on notifications received in 2022. Furthermore, 523.7 billion soums were disbursed to 33,992 individuals to offset interest expenses associated with mortgage loans originated between 2020 and 2022.

Number of subsidies issued in 2023



GENERAL STATISTICS:

Between 2020 and 2024, the total number of citizens who have received and are receiving subsidies is about 96,000. Given that on average three more people live with each subsidy recipient, about 300,000 citizens will be provided with housing.

Subsidy amount and statistics for 2024 ¹³:

For each citizen who received a subsidy notice:

Subsidy for the initial payment – **30.0 million soums** (2 million soums less than in the previous year);

Subsidy for interest expenses for the first five years – the portion of the annual interest rate exceeding 12% is covered (6% is covered, which is 2 percentage points more than the previous year, thus increasing citizens' expenses).

According to the Presidential Decree No. UP-70 dated April 30, 2024, 2.3 trillion soums have been allocated for subsidies for 27,000 citizens. Of these, 20,000 citizens will receive new subsidy notices for the purchase of new housing, and 7,000 citizens will receive subsidies to cover part of the interest costs for the construction (reconstruction) of individual housing. In addition, 1,409.8 billion soums will be paid to 69,107 citizens to cover interest expenses on mortgage loans issued between 2020 and 2023.

Number of subsidies issued in 2024



¹⁰ Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated March 25, 2020 No. 182 "On approval of the Regulation on the procedure for paying subsidies to citizens for the purchase of housing" <https://lex.uz/docs/4774121>

¹¹ According to unpublished data from the Ministry of Economy and Finance

¹² Decree of the President of the Republic of Uzbekistan dated April 13, 2023 No. UP-51 "On measures to implement the Program for Providing the Population with Housing through Mortgage Loans Based on Market Principles for 2023" <https://lex.uz/ru/docs/6433780>

¹³ According to unpublished data of the Ministry of Economy and Finance

¹⁴ Decree of the President of the Republic of Uzbekistan dated April 30, 2024 No. UP-70 "On additional measures to improve the mechanisms for issuing mortgage loans and improving the housing conditions of the population in 2024"

4.3. Types of mortgage loans

a

Mortgage loans financed by public resources:

12 banks in the republic provide mortgage loans to the population for the purchase of apartments in the primary housing market and/or the construction (reconstruction) of individual houses, with an average term of up to 20 years and an average interest rate of 17–18%. The basic conditions stipulate that mortgage loans are issued for up to 420 million soums in Tashkent city and up to 330 million soums in the regions. The state provides banks with resources at a rate of 13–14%. This is applicable to all individuals seeking to purchase an apartment through a mortgage loan, with or without subsidies. This type of mortgage loan offers citizens the opportunity to secure more favorable conditions than those available through commercial mortgage loans, which are provided by banks at their own expense and are not financed by the state.

b

Mortgage loans from commercial banks' own funds:

Commercial banks issue mortgage loans to citizens for the purchase of apartments and/or individual housing in both the primary and secondary markets. The interest rate on these loans is typically in the range of 26–30%, and borrowers are not required to provide evidence of their monthly income. The state does not offer any benefits associated with such mortgage loans and does not provide financing for them. The aforementioned mortgage loans are available to citizens up to a value of 2 billion soums, which may be used for the purchase of any type of housing.

4.4 Criteria for receiving mortgage loan subsidies:

a

Citizens eligible for subsidies:



Applicants and their spouses who do not own real estate;



Applicants with monthly income within the specified amount;



Applicants classified as young families and not older than 30 years of age;



Labor migrants registered in the "Labor Migration" program;



Highly qualified professionals and/or medical personnel who came from other regions to work in budgetary organizations located in remote and inaccessible areas;



Women in social hardship;



Applicants and their family members belonging to the following categories:



Persons with disabilities of the first group;



Persons suffering from a serious chronic disease;



Persons caring for a child with a disabling illness.

b

Applicant selection criteria:

In evaluating applicants for subsidies, the primary criteria employed are property ownership and monthly income. In the event that income scores are insufficient to qualify for a subsidy, secondary criteria may be taken into consideration. These include the applicant's age under 30, migrant labor status, serious illness requiring separate residence, or status of a woman in social hardship.

On an annual basis, subsidies are distributed in accordance with the budgetary parameters. Local authorities are permitted to utilize a portion of their excess revenues to fund mortgage subsidies for eligible citizens from the local budget. Applications are reviewed by the relevant organizations in the order of their submission. The initial application is given priority.

Health status criterion

The Resolution of the Cabinet of Ministers of Uzbekistan No. 182, dated March 25, 2020, "On Approval of the Regulation on the Procedure for Payment of Subsidies to Citizens for the Purchase of Housing or Construction and Reconstruction of Individual Residential Houses" imposes on the district medical departments the obligation to determine the presence of severe chronic diseases in the applicant and/or his/her family members that require living in a separate room. A list of such diseases has been approved by the Ministry of Health, but it is not publicly

available. In addition, the medical criteria encompass individuals with a Group 1 disability, single women, and those who are caring for a child with a severely disabling illness.

At present, according to unofficial information obtained from the Ministry of Health and the Ministry of Economy and Finance, district medical departments are not issuing opinions regarding the presence of severe chronic diseases or disabilities. This information is now provided by the National Agency for Social Protection, which was established in 2023. The

electronic platform for subsidiya.idm.uz is integrated into the Agency's electronic database, thereby facilitating the automatic confirmation of disability, social hardship, or severe chronic illness. This procedure serves to mitigate the potential for human error to impact the compliance with the established selection criteria ¹⁵.

However, several issues remained unclear, and the Laboratory team identified them as corruption risk factors:



The list of severe chronic diseases was not provided by the Ministry of Health. It is unclear who compiles this list and which diseases are included in it;



For women living alone and caring for a child with a serious illness or disability, there is also no confirmation of the type of illness from the responsible authority.



No information is available on the mechanism for compiling this list;

The absence of publicly available information regarding the diagnostic procedures for serious illnesses or disabilities gives rise to concerns about the potential for corruption risks associated with the assessment of this criterion for receiving a subsidy and determining whether applicants meet these selection criteria.

Social vulnerability criterion

As stated by a representative of the Committee on Family and Women's Affairs of Uzbekistan, the subsidiya.idm.uz platform has been integrated into the electronic database of the Ministry of Justice since 2024. This integration was implemented with the objective of minimizing the influence of the human factor when studying the social status of women and girls in social hardship. The decision to recognize an applicant as the sole breadwinner of a family or a woman in social hardship is now made on the basis of data from the Ministry of Justice and the National Agency for Social Protection.

The electronic report is based on information regarding the divorce or death of the family's sole breadwinner obtained from the Department of Justice's electronic

database. In the absence of evidence pertaining to the dissolution of the family unit's primary source of income or the demise of said individual, this criterion is deemed to have no bearing on the assessment.

The confirmation of the applicant's socially vulnerable situation is based on data from the electronic database of the National Agency for Social Protection, which indicates whether the applicant is included in the Women's Notebook. This information is automatically displayed in the subsidy platform without the need for human intervention.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of

¹⁵ Resolution of the Cabinet of Ministers of Uzbekistan No. 182 dated March 25, 2020 "On Approval of the Regulations on the Procedure for Payment of Subsidies to Citizens for the Purchase of Housing or Construction and Reconstruction of Individual Residential Houses", <https://lex.uz/docs/4774086>

¹⁶ Resolution of the Cabinet of Ministers dated March 31, 2022 No. 145 "On measures to further improve the system of studying and solving women's problems" <https://lex.uz/uz/docs/5932674>

Uzbekistan, dated March 31, 2022, No. 145¹⁶, the electronic system Women's Notebook is fully operational and integrated with the information systems of the relevant ministries and departments. The Women's Notebook generates a list of women, determines financial support for them, and monitors its implementation, thereby reducing the influence of the human factor.

In examining the above criteria, the Anti-Corruption Lab team and Sphere Without Corruption Office identified the following corruption risk factors:



There is no discernible mechanism or delineated methodology for evaluating the applicant's suitability for the category of women in challenging social circumstances included in the electronic database of social services. In particular, the specific criteria used to determine whether women are in social hardship remain unclear.



The degree to which the social worker is involved in the process of recognizing the applicant as a woman in a state of social hardship is uncertain.

4.5. Steps for distributing mortgage loan subsidies

a

Actions to be taken by citizens:

Individuals are able to submit applications for mortgage subsidies via the Unified Portal of Interactive Public Services my.gov.uz, or alternatively, by visiting a State Service Center.

b

Responsibilities of the organizations concerned:

In order to ascertain social eligibility, eligible organizations will undertake a comparison of the applications received with the available data. To illustrate,



The District Medical Department will ascertain the presence or absence of individuals with severe chronic illnesses or those requiring separate housing, in accordance with the list approved by the Ministry of Health. Additionally, the department will determine whether individuals have a group 1 disability and whether women are caring for a child with a disabling illness.



The state tax authority will ascertain and indicate the income of the applicant and his or her family members by means of the Taxpayer Identification Number.



The presence or absence of the applicant and his/her spouse's property in all regions of the republic will be automatically determined using the program system *subsidiya.idm.uz*.

In accordance with the data supplied by the pertinent organizations, the applicant's social compliance will be evaluated through the implementation of a point system.

An applicant who attains a score of 30 points or above in the evaluation process will be deemed eligible and will be duly informed of the grant award in accordance with the decision of the selection board.

C

Timeline for review and approval of the application:



Stage 1:

Applications are accepted through the Unified Portal of Interactive Public Services my.gov.uz or Public Service Centers.



Stage 2:

Applications are accepted, and within 1 working day the district (city) Public Service Center registers the applications and electronically transmits them to the district (city) medical department, state tax inspection and district (city) department of family and women on a first-come, first-served basis.



Step 3:

The medical department, the state tax office and the district (city) departments of family and women review applications within 10 working days of receipt and, based on available data, provide their electronic opinions on the applicants' eligibility for subsidies.

The automated system on the subsidiya.idm.uz platform determines within 3 working days of receiving the application whether the applicant is registered in the "Labor Migration" program, whether he/she is temporarily working abroad (or has worked), whether he/she is under 30 years of age, and whether the applicant or his/her spouse owns real estate in the territory of the country.



Stage 4:

The chairman of the selection board makes a decision on granting or refusing a subsidy based on the results of the selection with the QR code. The decision in electronic form is sent to the applicant through the Public Services Center within 1 working day after the responsible organizations have reviewed the application.

**Step 5:**

An applicant who has received a subsidy notice signs a contract with a private construction (contracting) organization to purchase the planned home through a mortgage loan based on his/her income and capabilities.

To apply for a mortgage loan, the applicant submits a notice of subsidy for the purchase of an apartment to any participating commercial bank, together with a signed contract with a construction organization for the purchase of housing under the terms of the mortgage, a certificate of down payment deposited in his/her bank account, and other documents required by the bank.

**Step 6:**

The participating commercial bank reviews the applicant's documents within 5 working days.

**Step 7:**

The participating commercial bank signs the mortgage loan agreement with the applicant and executes the mortgage within 1 business day.

**Step 8:**

Within 3 working days of submission of registered cadastral documents for the housing to be purchased by the applicant, an electronic order for subsidies for down payment is sent to the subsidyplatform.mf.uz portal.

**Step 9:**

Within 4 working days, the Ministry of Economy and Finance reviews orders received through the subsidyplatform.mf.uz portal and transfers the down payment subsidy funds to the respective applicant's account via electronic payment.

**Step 10:**

After the loan is disbursed, a part of the interest expenses on the mortgage loans granted is reimbursed monthly from budget funds for 5 years by the 25th day of each month. The applicant does not participate in this process.

Transparency and openness of the data relating to the process and to each of its stages.

There is no separate channel for announcing the start of subsidies, but the media actively informs about the process. The start date for applications is always specified in legal acts, such as presidential decrees or Cabinet of Ministers resolutions.

No special counseling centers have been established, so citizens with questions apply to ministries or visit hokimiyats. The first deputy hokim, who represents the selection board for subsidies, can provide the necessary information. The selection board is also represented by the mahalla committee, but it is not clear how they work and what their specific responsibilities are.

CHAPTER 5. CORRUPTION RISK FACTORS IN THE LEGAL AND REGULATORY FRAMEWORK

The analysis of the regulatory framework has enabled the identification of the following corruption risk factors:



The lack of transparency and openness of information related to the commencement of the application process for subsidies on mortgage loans from the official state bodies responsible for subsidizing citizens.



The absence of a transparent and clearly defined mechanism for assessing the social disability of citizens, particularly with regard to the degree of involvement of a social worker in the process of recognizing an applicant as a woman in a social hardship.



There is no list of diseases approved by the relevant authority and accessible and open to all structures that examine the presence among the applicant and his/her family members of persons suffering from severe types of chronic diseases and who need to live in separate premises according to the list approved by the Ministry of Health. Furthermore, there is no list of persons with disability of the first group, nor of women caring for a child with severe disability on their own.



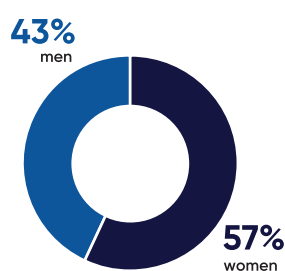
A deficiency in the intake system is evidenced by the fact that when both a spouse and family members apply for a subsidy simultaneously, the system approves both applications.

CHAPTER 6. ANALYSIS OF FINDINGS OF THE ANONYMOUS SURVEY

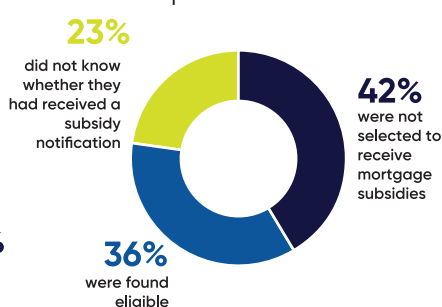
The study employed an anonymous survey of individuals who had engaged in the application process for subsidies.

Findings of the anonymous survey on the application process for subsidies

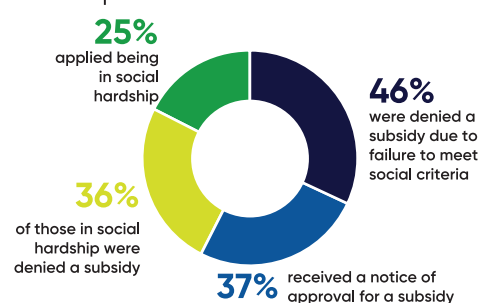
205 respondents:



Among male respondents



Among female respondents



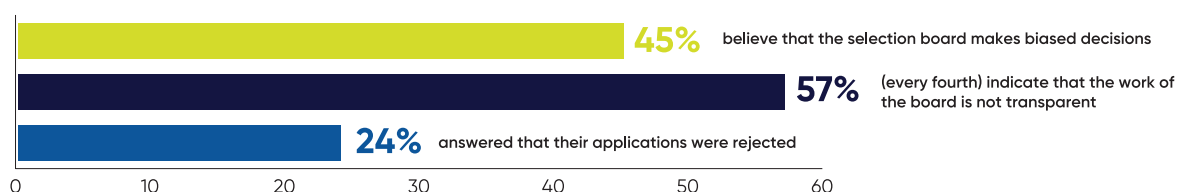
A total of 205 respondents participated in the survey. The survey respondents were predominantly female (57%) and male (43%). The majority of male respondents (15%) participated from Andijan region, and the majority of female participants come from the Namangan regions. Among the male respondents, 42% were not selected to receive mortgage subsidies, 36% were found eligible, and 23% did not know whether they had received a subsidy notification.

Of the female respondents, 46% were denied a subsidy due to failure to meet social criteria, while 37 % received notifications of subsidies. 25% (22 out of 87) of women applied for a subsidy in the status of women in social hardship. 36% of them were subsequently refused (8 out of 22).

The anonymous survey also revealed respondents' perceptions of corruption risks in the process of providing mortgage subsidies. In particular, the following findings are noteworthy:

Notwithstanding this, 24% of those with negative views received positive notifications

The respondents' perceptions of the presence of corruption risks in the process of allocating mortgage subsidies:

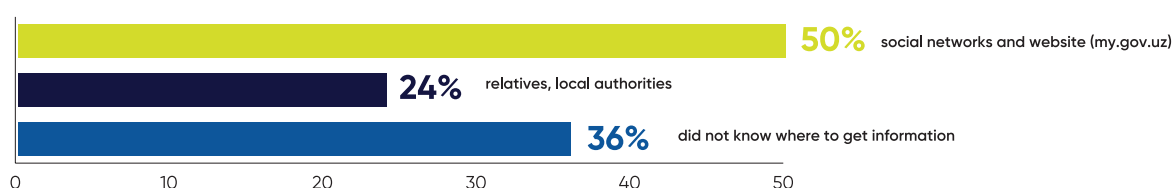


of subsidies, which may be indicative of the probability that in 24% cases (every fourth) the work of the selection board is not transparent. The greatest degree of negative feedback regarding the board's activities was observed among participants from Tashkent, representing 16% of the total negative feedback received. The most negative opinions about the board's activities were expressed by participants from Tashkent.

Moreover, approximately one in seven respondents indicated that responsible employees of state institutions had suggested unofficial remuneration as a means of increasing the likelihood of receiving a subsidy. The aforementioned cases were most prevalent in Navoi, Samarkand, Surkhandarya, and Andijan regions.

It is also noteworthy that 46% of respondents indicated awareness of instances where subsidies were provided through material rewards or personal connections. The aforementioned incidents were most frequently reported in Navoi region (21%), as well as in Jizzakh and Namangand regions and in the city of Tashkent.

Sources of information on the subsidy application process



36% of respondents admitted that they did not know how or where to apply for a subsidy, about their eligibility for a subsidy, the list of required documents, or the amount of the subsidy. At the same time, 16% of respondents received positive notifications about the subsidy. 40% of respondents indicated a lack of awareness regarding the specifics of mortgage subsidy payments, including the amounts allocated for down payments and interest.

Given the absence of a single mortgage loan advice center, 88% of survey participants identified the need for free counseling services for recipients and/or applicants for mortgage subsidies.

6.1 Corruption risk factors in findings of the anonymous survey

The results of the survey analysis corroborate the findings of the legal analysis with regard to the corruption risk factors, namely:

The following factors contribute to the risk of corruption in the application process:



The lack of transparency regarding the specific criteria and procedures involved in the application process.



The lack of transparency and openness regarding the work of the selection board.



The dissemination of information about unofficial remuneration, which increases the likelihood of receiving a subsidy.



The lack of a single advice center and accessible information on the process and conditions for receiving the subsidy.



The incomplete or inaccurate informing of citizens about the rules and procedures related to mortgage subsidies. The survey identified one corruption risk:



Cases of hinting at unofficial remuneration to increase the chances of receiving a subsidy ¹⁷

The responses indicate a conspicuous absence of transparency and public awareness regarding the subsidy process. This suggests that the process itself, as well as the work of the selection board, is non-transparent, biased, and susceptible to influence.

Overall, the study did not identify specific instances of wrongdoing or corruption. However, it does point to risk factors, mainly lack of transparency and awareness that:

- i) increase the likelihood that corrupt behavior will occur;
- ii) create a perception that the process is somehow corrupt, thus undermining trust in it.

¹⁷ While Uzbek legislation does not criminalize hints of unofficial remuneration as corrupt behavior, it is nevertheless recognized as such by international legal standards. For the purposes of this study, it is also considered a potential risk of corruption.

CHAPTER 7. FINDINGS OF THE SECRET BUYER SURVEY

A desk analysis revealed information about potential corrupt practices by developers. Messages on social networks indicated that subsidies could be obtained directly from developers rather than through the official process.

To verify this information and study the opinions of developers as participants in the subsidy process, the Anti-Corruption Laboratory conducted a study of corruption risks among construction companies using the “Secret Buyer” method.

The survey, conducted with the assistance of regional Yuksalish Movement branches, encompassed developers across multiple regions, including Samarkand, Jizzakh, Tashkent, and Fergana, as well as the city of Tashkent. Eleven respondents were interviewed at the sales offices of construction companies. In each region, two organizations were selected for interview: one in the city and one in the district center. The interviews with representatives of construction companies yielded the following findings: all respondents asserted that they have no influence on the selection of applicants for mortgage subsidies and are unaware of any illicit or unlawful methods of obtaining subsidies. This suggests that the platform for submitting applications for subsidies is functioning effectively, thereby minimizing the influence of the human factor.

When asked about advertising on banners and in Telegram channels offering services for obtaining subsidies, respondents explained that developers only assist citizens in submitting applications for subsidies. The “Secret Buyer” method proved that construction companies cannot influence the obtaining of subsidies.

The lack of transparency in the decision-making process of the selection board, coupled with the lack of awareness among citizens about the process of subsidy selection and approval, gives rise to misperceptions and negative attitudes towards the process of applying for subsidies. Such circumstances may serve as a catalyst for corrupt practices among applicants.

In light of the aforementioned corruption risk factors, recommendations for the mitigation of their potential influence on the corruptive behavior of participants in the subsidy process are presented below.

CHAPTER 8. GENERALIZED CORRUPTION RISK FACTORS AND RECOMMENDATIONS

Corruption Risk Factors

Low awareness of citizens about the rules of receiving subsidies for mortgage loans

Recommendations

To the Ministry of Economy and Finance: publish detailed information on subsidies on the website subsidiya.idm.uz or on the Unified Portal of Interactive Public Services my.gov.uz in the public domain. This should include:

Required documents for submitting applications

Deadlines for consideration of applications

Application review process

Criteria for selecting applicants

Start date of accepting applications

Corruption Risk Factors

Possibility to influence the final decision of the selection board 45% of respondents of the anonymous survey assessed the work of selection boards as unsatisfactory. They believe that the board is biased and that its final decision can be influenced.

Recommendations

To the Ministry of Economy and Finance: reconsider the necessity of mandatory participation of the selection board at the final stages of the subsidy selection process. As the majority of the eligibility assessment of applicants is conducted automatically, the complete automation of the final decision-making process could result in a reduction of the time required for applications and ensure the full transparency of the applicant selection system.

Corruption Risk Factors

Lack of publicly available queue for distribution of subsidy limits among applicants. As a result, in the last days of application review by the selection board, citizens do not have an understanding of the subsidy application limit. This creates opportunities for unscrupulous offers of assistance to citizens in obtaining subsidies for material rewards under the pretext that the subsidy limit is nearing completion.

Recommendations

To the Ministry of Economy and Finance: display the queue of applicants in real time through the ID number of their application on the Public Services Portal, or other publicly available resources, so that citizens can see their chances of receiving subsidies within the current limit.

Corruption Risk Factors

Lack of or limited public access to a transparent mechanism for assessing the social status of women, in particular the complexity of their social hardship. Unclear degree of participation of social workers in the process of recognizing the applicant as a woman in a social hardship.

Recommendations

To the Ministry of Economy and Finance, in conjunction with the National Agency for Social Protection: to draft and publish a regulation that will regulate the procedure for studying and recognizing women in social hardship and the criteria for selecting such applicants for a mortgage subsidy.

Corruption Risk Factors

The absence of a list of severe chronic diseases approved by the Ministry of Health, as well as a list of chronic diseases among the applicant and his/her family members who must live in a separate room, approved by the Ministry of Health, creates difficulties. According to Cabinet of Ministers Resolution No. 182, if the applicant or his/her family members suffer from these diseases, the applicant is awarded an additional point in the selection process for the subsidy.

Recommendations

To the Ministry of Health together with the Ministry of Economy and Finance:

Approve by regulation and make publicly available a specific list of recognized chronic diseases that are included in the criteria for subsidy eligibility. Provide a link between the centralized patient database and the subsidy application approval process to automatically retrieve chronic disease data from the relevant database.

Digitize all patient questionnaires at the local level to enable local health facilities electronically to track and update patient chronic disease information.

GLOSSARY

Mortgage housing subsidy	state financial assistance provided to citizens to cover part of the down payment and interest on a mortgage loan.
Primary housing market	housing sold for the first time, usually new construction.
The selection board	the body that decides on a subsidy recipient.
Severe chronic illness list	a list of illnesses for which applicants may receive additional points in the selection process.
Women's Notebook	a system for registering women in social hardship who are on the list for financial assistance
Down payment	the portion of the cost of a home that the subsidy helps the applicant pay for when applying for a mortgage loan.
Interest expense	the portion of the mortgage interest rate that is covered by the subsidy for a specified period (five years).
Subsidy limit	the maximum amount of subsidies allocated by the state for a certain period of time for a specific number of citizens.
A subsidy notice	an official document that confirms a citizen's eligibility for a subsidy.
Subsidy payment procedure	a formally established procedure for granting a subsidy regulated by regulatory acts.
Social criteria for a subsidy	a set of conditions that an applicant must meet in order to receive a subsidy (e.g., no real estate, low income).
Electronic subsidy platform	a system (e.g. subsidiya.idm.uz) that is used to apply for, track and receive a subsidy.
Interest rate subsidization	is the process of the government covering a portion of the interest rate on a mortgage loan for a certain period of time.

LIST OF REFERENCES:



Decree of the President of the Republic of Uzbekistan "On additional measures to improve the mechanisms of mortgage lending" dated November 28, 2019 No. UP-5886



Decree of the President of the Republic of Uzbekistan "On additional measures to provide the population with housing through mortgage loans on the basis of market principles" dated December 09, 2021 No. UP-33



Decree of the President of the Republic of Uzbekistan "On measures to implement the program of providing the population with housing through mortgage loans based on market principles for 2023" dated April 13, 2023 No. UP-51



Decree of the President of the Republic of Uzbekistan "On additional measures to improve mechanisms of allocation of mortgage loans and improvement of housing conditions of population in 2024" dated April 30, 2024 No. UP-70.



On approval of the regulations on the procedure for the payment of subsidies to citizens for the purchase of housing or construction and reconstruction of individual residential houses dated March 25, 2020 No. 182.



Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated March 25, 2020 No. 182 "On approval of the regulations on the order of payment of subsidies to citizens for the purchase of housing."



Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated February 26, 2019 No. 170 "On approval of normative-legal acts aimed at regulating the order of distribution and provision of citizens with residential premises of the state housing fund on the terms of rent"



Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated February 05, 2021, No. 56 "On approval of the regulations on the procedure for granting mortgage loans at the expense of funds placed by the Ministry of Finance of the Republic of Uzbekistan".

