

УДК: 334.02

EFFECTIVE MANAGEMENT AND DEVELOPMENT OF STATE ASSETS IS A DEMAND OF OUR TIME

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Abstract. *The article analyzes the importance of effective management of state property, current requirements in Uzbekistan, and priority areas for managing state assets aimed at socio-economic development. State assets are crucial for sustainable economic development, and their effective management contributes to economic growth, job creation, and private sector development.*

Keywords: *state assets, state-owned enterprises, corporate governance, privatization, market reforms, state asset management strategy, private sector, IPO/SPO, corporate bonds, OECD principles.*

ЭФФЕКТИВНОЕ УПРАВЛЕНИЕ И РАЗВИТИЕ ГОСУДАРСТВЕННЫХ АКТИВОВ - ТРЕБОВАНИЕ ВРЕМЕНИ

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Аннотация. *В статье анализируется важность эффективного управления государственным имуществом, современные требования в Узбекистане и приоритетные направления управления государственными активами, нацеленные на социально-экономическое развитие. Государственные активы имеют ключевое значение для устойчивого развития экономики, и их эффективное управление способствует*

экономическому росту, созданию рабочих мест и развитию частного сектора.

Ключевые слова: *государственные активы, предприятия с государственным участием, корпоративное управление, приватизация, рыночные реформы, стратегия управления государственными активами, частный сектор, IPO/SPO, корпоративные облигации, принципы OECD.*

Effective management of state property is one of the most crucial issues in economic activity, as it affects all aspects of public administration across various spheres. It is essential to establish state asset management based on a strategic vision for the medium and long-term objectives aimed at the country's socio-economic development. For this purpose, some countries (such as the Russian Federation, Republic of Belarus, Republic of Georgia, and Federal Republic of Germany) have adopted key directions for state property management.

The “Uzbekistan-2030” Strategy, approved by the Decree of the President of the Republic of Uzbekistan No. PD-158 dated September 11, 2023, [1] aims to consistently transition monopolistic sectors to market principles, increase the private sector's share in the economy, and create the most favorable conditions for entrepreneurs to operate freely. Within this framework, it is planned to increase the non-state sector's share in the economy to 85% and reduce the number of 2,300 enterprises with state ownership by 6 times. Additionally, in accordance with the goals of implementing the Strategy for Management and Reform of State-Participated Enterprises for 2021-2025, approved by the Cabinet of Ministers Resolution No. 166 dated March 29, 2021 [2], the task was set to reduce state-participated enterprises by 75 percent by 2026.

It is advisable to develop a strategy that determines the optimal allocation of limited resources in accordance with the state's competing needs, plans the

implementation of important steps and measures, and outlines a set of interconnected priorities for further development.

The process of market transformations in Uzbekistan has reached a point where it is necessary to revise the priorities and principles of state policy in managing and disposing of state property, and to develop new approaches to implementing this policy in line with the changes occurring in the country's economy.

Developing and adopting the Strategy at this stage of Uzbekistan's development is significant for identifying the highest priority areas of state asset management, forming a consolidated opinion on this issue, creating a tool for understanding the importance of achieved results, and developing specific tasks in the field of state asset management.

In recent years, significant reforms have been implemented in Uzbekistan, including the liberalization of various economic sectors and the improvement of conditions for private sector development. During the years of market reforms, fundamental changes took place in property relations in Uzbekistan. As a result of large-scale privatization of state-owned enterprises and the stimulation of private entrepreneurship development, the monopoly of state property was abolished, and a multi-layered economy with a predominant non-state sector was formed.

Considering the high population growth rates and the annual influx of young people into the labor market, the country's economic growth should also focus on actively creating jobs through effective management of state assets. To this end, it is crucial to continue the reform program, which includes further economic liberalization and the development of competition.

Meanwhile, in recent years, numerous regulatory documents on state asset management have been adopted in the republic, including the Law of the Republic

of Uzbekistan “On State Property Management” and the Law “On Privatization of State Property”.

In accordance with the Cabinet of Ministers Resolution No. 166 of March 29, 2021, “On Approving the Strategy for Management and Reform of State-Participated Enterprises for 2021-2025”, several measures have been implemented to improve and enhance corporate relations in state-participated enterprises. Specifically:

The Strategy stipulates a 75% reduction in the number of state-participated enterprises by 2025. In practice, there were 2,781 enterprises in 2021, and by the beginning of 2025, their number was reduced to 1,869, representing a reduction rate of 67 percent. Although this figure is below the planned 75 percent, it is considered a significant result.

The goal is to increase the private sector’s share by bringing state-owned enterprises to the stock market. In this direction, several regulatory documents were adopted in 2021-2024, and IPO/SPO is planned for about 40 enterprises. In practice, shares of major enterprises such as the “Republican Commodity Exchange”, “Uzbektelecom”, “Uzbekinvest”, and “UzAutoMotors” have been placed. This marks an important stage in developing the capital market and managing state assets based on the principle of transparency.

It is planned to increase the share of independent members on supervisory boards to 30 percent by 2025. By the end of 2024, out of 569 members of supervisory boards in 85 enterprises, 169 were independent, which is approximately 30%. This is a positive step in developing the corporate governance system in state-owned enterprises based on the principles of independence and accountability.

The plan for issuing corporate bonds envisages organizing 25 issues by 2025. In total, 10 issues were carried out in 2021-2024, including by the Uzbekistan Metallurgical Plant, Uzbekneftegaz, Agrobank, the National Bank,

and Navoi Mining and Metallurgical Combine. This result shows that state-owned enterprises are strengthening their ability to independently raise funds in financial markets.

Corporate governance rules based on OECD (Organization for Economic Cooperation and Development) principles were planned to be implemented in 50% of enterprises by 2025. In accordance with new resolutions adopted in 2023-2025, the rules were implemented in 50 large state-owned enterprises, 98% of which have completed this process. Although the goal has formally lost its significance, practical results show that corporate governance in the public sector is approaching international standards.

By 2023, it was planned to assess the corporate governance system in 100% of state joint-stock companies. In 2021, an assessment was carried out at 113 enterprises, and in 2023, at 44 enterprises.

The goal was to establish committees under all supervisory boards by 2025. Committees were established in 53 percent of enterprises in 2021, 87 percent in 2023, and 91 percent at the beginning of 2025. This trend serves the systematic and effective management of supervisory board activities.

In general, it should be noted that the work carried out within the framework of the Strategy for Reforming State-Owned Enterprises for 2021-2025 has yielded significant results in many areas. Specifically:

Work on reducing state assets and increasing the private sector share is progressing efficiently;

Target indicators for developing the corporate governance system, attracting foreign expertise, and implementing compliance practices have been met or exceeded.

This situation shows that the process of transitioning state-owned enterprises to more efficient and transparent operations in a market economy is being carried out gradually, based on a long-term strategic roadmap.

Currently, there are about 35,582 enterprises with state participation in the Republic of Uzbekistan, including 253 joint-stock companies, 322 state unitary enterprises, 1,425 limited liability companies, and 33,582 state institutions.

Of the 662 existing joint-stock companies in the republic, 38% (252) have state ownership, 87.52% of the total number of shares belong to the state, and slightly more than 2% of the population owns shares.

Additionally, the Corporate Governance Rules for State-Owned Enterprises, developed based on OECD principles, have been implemented in over 60 state-owned enterprises, and the practice of electing (appointing) heads of 392 enterprises has begun. The number of independent members on the supervisory boards of 140 state-owned enterprises has been increased. The liquidation process has started for 382 enterprises (unpromising, non-functioning, loss-making industries). Corporate governance system assessments were carried out at 120 state-owned enterprises. Committees have been established under the supervisory boards of 140 state-owned enterprises.

Conclusion

To reduce the number of state-owned enterprises and optimize management costs, as well as increase revenues from state shares, in our opinion, it is necessary to reduce the number of state-owned shares in economically and socially insignificant enterprises and improve the mechanism for managing state-owned share packages.

For effective management of state-owned companies, it would be advisable to consider transferring the management of state shares to sectoral associations, as well as privatizing state shares in companies of little importance to the state.

The right and responsibility for proper and effective management of state assets should be assigned to the sole authorized body for state asset management - the State Assets Management Agency of the Republic of Uzbekistan. Accordingly, all state power and administrative bodies authorized to manage state

assets must be responsible and accountable to the single authorized body for state asset management - the State Assets Management Agency of the Republic of Uzbekistan.

Sources used:

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