



## HUMAN CAPITAL AS A FACTOR OF ECONOMIC GROWTH

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Article history:		Abstract:
<b>Received:</b> 7 <sup>th</sup> March 2026		The article examines the role of human capital as a key factor in sustainable economic growth in the Republic of Uzbekistan. Based on the analysis of strategic documents, data from international organizations and statistical reports, the author considers the theoretical foundations of the relationship between human capital and economic development, as well as the practical aspects of implementing public policy in this area. Particular attention is paid to the analysis of the dynamics of the World Bank Human Capital Index and the UNDP Human Development Index, assessing the effectiveness of investments in education and healthcare, as well as the problems and prospects for the development of human capital in the context of the implementation of the updated Strategy "Uzbekistan 2030". The work identifies the main achievements (reduction of the poverty rate to 5.8%, GDP growth, increase in investment in the social sphere) and systemic challenges (insufficient quality of education, persistent regional disparities, "brain drain") that hinder the realization of human potential. Based on the analysis, recommendations are formulated for improving public policy in the field of human capital development.
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It is widely recognized in modern economics that human capital—the sum of knowledge, skills, competencies, and health—is a critical factor in long-term economic growth and enhancing national competitiveness. For Uzbekistan, which is implementing large-scale socioeconomic reforms and setting ambitious goals to achieve above-average income levels by 2030, the issue of effectively developing and utilizing human capital is particularly pressing.

The updated "Uzbekistan 2030" Strategy, officially launched in April 2026, identifies human capital development as one of five key priorities, along with sustainable economic growth, green development, modern public administration, and security. Within this priority area, 44 specific goals have been set, covering education, healthcare, employment, and social protection. The strategy envisions increasing GDP from \$145 billion to over \$240 billion by 2030, and GDP per capita from \$3,800 to \$5,800.

The concept of human capital, developed in the works of G. Becker, T. Schultz and J. Mintzer, considers investments in education, health care and vocational training as capital investments that bring long-term economic effects both at the micro level (increase in individual income) and at the macro level (increase in labor productivity and acceleration of economic growth).

In the context of Uzbekistan, empirical research confirms a significant positive relationship between investment in human capital and economic growth. Specifically, calculations conducted by the Institute for Forecasting and Macroeconomic Research (IFMR) based on data from 14 regions of Uzbekistan for the period 2010–2021 showed that a 1% increase in investment in the education system leads to a 0.52% increase in gross regional product, while an increase in investment in healthcare leads to a 0.43% increase. These data convincingly demonstrate that investment in infrastructure, which is linked to human capital growth, has the greatest impact on economic growth.

The impact of human capital on economic growth is manifested through several channels:

*Increased labor productivity* : More educated and healthier workers are more productive, leading to increased output per unit of labor.

*Innovative activity* : human capital is the basis for the generation and implementation of new technologies, which is especially important in the context of the transition to the sixth technological paradigm.

*Attracting investment* : The quality of human capital is an important factor in foreign investors' decisions on production location.

To assess the state of human capital in Uzbekistan, it is advisable to refer to data from international indices.



World Bank Human Capital Index ( Human Capital The Human Capital Index (HCI), which measures the productivity of future workers given full education and good health, for Uzbekistan in 2023–2024 was 0.62. This means that a child born in Uzbekistan today will reach adulthood with only 62% of the productivity they would have had with full access to quality education and healthcare. By this indicator, Uzbekistan ranks 57th in the world, in the same group as Mauritius and Mongolia.

Human Development Index ( Human Development The United Nations Development Programme (UNDP) Human Development Index (HDI) gave Uzbekistan a score of 0.740 in 2025 , ranking it 107th out of 193 countries and territories, maintaining its position in the high human development category. Since 2000, Uzbekistan's HDI value has increased by 22.7%, demonstrating significant, albeit uneven, progress.

State policy in the field of human capital development.

1. Strategy "Uzbekistan-2030"

The updated Strategy "Uzbekistan–2030" sets ambitious goals in the area of human capital:

Sphere	Goals for 2030
Education	Pre-school education coverage is 80%; teachers' salaries have doubled; 500,000 education workers have received advanced training; 200 internationally accredited programs are offered at universities.
Science	Science funding is 1% of GDP; inclusion in the top 60 of the Global Innovation Index
Healthcare	Average life expectancy is 78 years; healthcare funding is 5% of GDP
Employment and social security	Unemployment rate is 4%; 2 million citizens are being trained in new skills
Youth	7 million young people will receive free foreign language training; 3 million will receive AI-based job training; 300,000 will find employment in the IT sector.

At the same time, a number of problematic aspects remain. The quality of education remains insufficient: according to international comparative studies (PISA, TIMSS), students in Uzbekistan perform below the OECD average. Regional disparities in access to quality education and healthcare persist: Tashkent is the absolute leader in terms of educational services, accounting for almost half of the national total.

According to the National Statistics Committee, in January–November 2025, the volume of market services in the education sector reached 34.2 trillion . sums , indicating growing public demand for educational services. In the first half of 2025, 42.6 trillion soums were allocated from the state budget for education. sums .

\$ 100 million concessional loan to improve the quality of STEM education in 200 secondary schools across the country. The project includes modernizing laboratories, developing ICT infrastructure , training teachers in six STEM subjects, and special programs to encourage girls to choose STEM careers. "This project reflects Uzbekistan's commitment to investing in human capital and expanding youth opportunities," noted ADB Country Director for Uzbekistan Kanokpan. Lao Araya .

In 2025, 41.3 trillion rubles were allocated from the state budget for healthcare. sums , which is 19.8% more than in 2024. In the first half of 2025, healthcare spending amounted to 19.4 trillion. sums .

Through a partnership with the UN (2021–2025), specialized medical care was provided to 1.8 million women and newborns. The new UN Cooperation Framework for 2026–2030 proclaims "investing in people" as a core principle.

Uzbekistan has made significant progress in reducing poverty. By the end of 2025, the poverty rate in the country was 5.8%, 3.1 percentage points lower than the previous year's figure (8.9% in 2024). Over the past year, approximately 1.5 million citizens have been lifted out of poverty. The unemployment rate has fallen to 4.8–4.9%.

For the further development of human capital as a factor in economic growth in Uzbekistan, the following measures seem appropriate:

*Improving the quality of education* through the implementation of modern educational standards focused on the development of critical thinking and practical skills, as well as through the expansion of professional retraining programs for teachers.

*Strengthening the link between education and the labour market* through the development of a system of career guidance, internships and dual education.

*Reducing regional disparities* through targeted investment programs for lagging regions, including the development of distance education and telemedicine.

*Managing labor migration* with a focus on the return of skilled workers and leveraging their experience to



develop the national economy. The creation of centers to prepare for employment abroad, as planned in Tashkent's Uchtepa district, is a step in the right direction.

*Increasing investment in science and innovation* to a target of 1% of GDP to stimulate innovation and improve global competitiveness.

*Developing digital skills* in line with the strategy's goals to train 3 million young people in AI-powered professions.

Human capital is a key factor in Uzbekistan's economic growth. The country has made significant progress in developing human capital: poverty has fallen to historic lows, investment in education and healthcare is growing, and large-scale social reforms are being implemented. However, serious challenges remain, including the insufficient quality of education, regional disparities, and the outflow of skilled workers.

The updated "Uzbekistan 2030" Strategy, with its ambitious human capital goals, lays the foundation for further progress. Successful implementation of these goals requires not only increased funding but also institutional reforms aimed at increasing the efficiency of resource use and improving the quality of services. Empirical research shows that investments in human capital have the greatest impact on economic growth, and they should remain at the center of Uzbekistan's public policy as it seeks to achieve upper-middle-income status by 2030.

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