



Ministry of Finance
of the Republic of Uzbekistan

February, 2021

NEWSLETTER № 18

Ministry of Finance of the Republic of Uzbekistan



2021 State Program – transformation, public administration, free competitive environment, etc:

- ❖ The share of the Eurobonds issued in national currency will be increased from **25%** to **40%** in 2021-2023;
- ❖ The State-owned enterprises such as **Navoi Mining and Metallurgical Combinat, Uzbekneftegaz and Uzavtosanoat** are supposed to tap into the international financial markets;
- ❖ Market mechanisms will be introduced by abolishing the monopoly in **electricity** and **natural gas supply**;
- ❖ The order of **free sale of silver** to producers through the exchange will be established and etc. (page 3)

Privatisation:

- ❖ Transformation of **large 32 enterprises** and industries will be carried out;
- ❖ Presidential Decree №6167 **“On further acceleration of the process of privatisation of state assets”** has been passed which stipulates the necessary procedures and measures to accelerate the privatisation process, including specified list of 29 companies offered for sale in March and April, 2021. (page 4)

International Ratings and International Cooperation:

- ❖ **Fitch Ratings** maintained Uzbekistan's Long-Term Foreign-Currency Issuer Default Rating at '**BB-**' with a **Stable Outlook** throughout 2020 and stated that it was among the few sovereigns to avoid an economic contraction in 2020, as timely support from official creditors underpinned anti-crisis measures; (page 14)
- ❖ **Moody's Investors Service** stated in a new report that the structural reforms that the Government of Uzbekistan (**B1 stable**) has undertaken since 2016 have addressed many inefficiencies in the economy; (page 14)
- ❖ Uzbekistan ranked 155th among 165 countries with 2.12 points (out of a maximum 1.000) in the **“Democracy Index 2020”**, having improved by **+2 positions**; (page 14)
- ❖ Uzbekistan ranked 67th among 144 countries with 58.3 points (out of a maximum 100) in the **“Statistical Capacity Indicators 2020”**, having improved by **+7 positions**; (page 15)
- ❖ Uzbekistan ranked 108th among 184 countries with improved its position in **Economic Freedom Index**, having improved by **+6 positions**; (page 15)
- ❖ Uzbekistan joins the **Global Trade Facilitation Program** that contributed greatly to further enhance the potential of foreign trade.

Reports:

- ❖ Uzbekistan Publishes First-Ever Sovereign an **Environmental, Social, and Governance (ESG) Report, “Progress in Uzbekistan,”** to measure and assess the country's advancement of a reform program that has transformed the country since 2017; (page 16)
- ❖ Uzbekistan Staff Concluding Statement of the 2021 **Article IV Mission** has been published. (page 16)

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Economic Statistics

- ❖ Inflation rate in February, 2021 was at **11.4 % (yoy)** in comparison to 13.5% (yoy) of the same period last year as a reflection of the strong anti-inflationary commitment conducted to curb inflation levels and establish of a permanent inflation target of 5% from 2023;
- ❖ Real GDP growth in 2021 is projected at **4.5%-5.5%**, in 2022-2023 is expected to accelerate to **5.0%-6.5%**;
- ❖ As of February 1, 2021, official reserve assets of the country reached **U.S.\$ 34.3 bn**, an increase of U.S.\$ 4.4 bn compared to the same period in the previous year;
- ❖ In January 2021, the total foreign trade turnover amounted to **U.S.\$ 2 303 bn**, a decrease of U.S.\$ 658 bn compared to the same period last year mainly due to disrupted international trade chains as a result of the Covid-19 pandemic;
- ❖ In January 2021, the volume of provided market services equaled **UZS 20.5 tn** (~U.S.\$ 2.0 bn)¹ with a growth rate of 4.6% (yoy);
- ❖ In January 2021, the volume of construction amounted to **UZS 5.9 tn** (~U.S.\$ 0.6 bn)¹ with a growth rate of 0.3% (yoy);
- ❖ In 2020, state budget revenues amounted to **UZS 132.9 tn** (~U.S.\$ 13.2 bn)², while state budget expenses accounted for **UZS 143.9 tn** (~U.S.\$ 14.3 bn)².
- ❖ As of January 1, 2021, total State debt amounted to **U.S.\$ 23.3 bn** (40.4% of GDP), of which, State external debt – **U.S.\$ 21.1 bn** (36.5% of GDP) and State domestic debt – **U.S.\$ 2.2 bn** (3.9% of GDP);
- ❖ As of February 1, 2021 MoF had outstanding treasury bills and bonds equal to **UZS 3.8 tn** (~U.S.\$ 0.4 bn)³.

Indicators	As of Feb 1, 2020	As of Feb 1, 2021
Inflation, % (yoy) ¹	13.5	11.4
Industry statistics, UZS tn	26.2	26.8
Service statistics, UZS tn	17.9	20.5
Construction works, UZS tn	4.4	5.9
Official Reserve Assets, U.S.\$ bn	29.9	34.3
Foreign trade turnover, U.S.\$ bn	3.0	2.3
Broad money, U.S.\$ bn	9.4	9.8
State domestic debt, U.S.\$ bn ²	2.1	2.2
State external debt, U.S.\$ bn ²	15.7	21.1

¹ As of March 1, 2020 and March 1, 2021













² As of January 1, 2020 and January 1, 2021

Sovereign Eurobonds	Currency	Price ³	YTM ³
UZBEK 4 ¾ 02 20 24	USD	106.82%	2.35%
UZBEK 5 ¾ 02 20 29	USD	113.30%	3.45%
UZBEK 3.7 25 11 30	USD	101.01%	3.58%
UZBEK 14 ½ 11 25 23	UZS	101.00%	14.02%

³ As of March 1, 2021

Source: Bloomberg BVAL pricing

Exchange rates as of February 1, 2021

 USD/UZS = 10 518.99	+18.18	
 RUB/UZS = 139.72	-2.94	
 EUR/UZS = 12 798.46	+115.58	
 GBP/UZS = 14 394.19	+127.79	
 CNY/UZS = 1 623.05	+2.55	
 CHF/UZS = 11 883.18	+93.79	

Source: Central Bank of the Republic of Uzbekistan

Note 1: Average official exchange rate for January 2021, USD/UZS = 10 483

Note 2: Average official exchange rate for January –December 2020, USD/UZS = 10 054

Note 3: Official exchange rate for 1 February 2021, USD/UZS = 10 519

The State Program for 2021

(3 February 2021)

- ❖ On February 3, 2021 the President of Uzbekistan Shavkat Mirziyoev approved the State program for 2021:
- ❖ Transformation of the State-owned enterprises:
 - ✓ The State-owned companies such as Navoi Mining and Metallurgical Combinat, Uzbekneftegaz, and Uzavtosanoat are supposed to enter the international financial markets and attract funds without state guarantees;
 - ✓ Transformation of large 32 enterprises and industries will be carried out;
 - ✓ The state share of the number of large enterprises will be put up for sale.
- ❖ Public administration:
 - ✓ A permanent procedure for immediate granting Uzbek citizenship to stateless persons who have resided in Uzbekistan for 15 years will be implemented;
 - ✓ The Republican Public Council on Women will be created;
 - ✓ 5% of district budget will be spent on solving problems in the communities (mahalla);
 - ✓ UZS 100 bn will be allocated from the budget to the «Nuroniya» Republican Fund for the provision of permanent assistance to the elderly.
- ❖ Maintaining macroeconomic and price stability:
 - ✓ The Central Bank and other government entities will take measures to keep the inflation rate below 10% in the framework of inflation targeting;
 - ✓ The share of the Eurobonds denominated in national currency in total issuance will be increased from the current 25% to 40% in 2021-2023;
 - ✓ The measures will be undertaken to maintain the external debt at the moderate level.
- ❖ Formation of free competitive environment:
 - ✓ Market mechanisms will be introduced by abolishing the monopoly in electricity and natural gas supply;
 - ✓ Custom duties on liquefied gas imports will be abolished;
 - ✓ The order of free sale of silver to producers through the exchange will be established;
 - ✓ The number of manufacturers in the automotive industry will be increased.
- ❖ Supporting the entrepreneurship and small business:
 - ✓ The Business Ombudsman will be empowered to bring to administrative responsibility for violations of property rights of entrepreneurs;
 - ✓ On the basis of "Taxpayer-Assistant" entrepreneurs will be able to obtain information about whether their business partners have tax arrears;
 - ✓ Normative and legal acts will be revised and their number will be reduced, also Entrepreneurship Code will be developed;
 - ✓ UZS 6 tn of consessional loans will be allocated within the framework of family business program;
 - ✓ UZS 1.6 tn will be allocated to create the necessary infrastructure in free economic and small industrial zones.

The followings will be extended until December 31, 2021 in relation to the event of pandemic:

- ✓ payment of arrears on payment of land tax and property tax of entities operating in the field of tourism, transport and public catering;
- ✓ suspension of the accrual of penalties on property tax and land tax debts for economic entities experiencing temporary difficulties as of December 31, 2020;
- ✓ moratorium on tax audits of small businesses that pay taxes and other mandatory payments on time.

Presidential Decree №6167 «On further acceleration of the process of privatisation of state assets»

(11 February 2021)

- ❖ According to the Decree followings have been stated:
 - ✓ At the time of placement of public assets to the public auction and organising the process of their sale:
 - Involvement of professional organizations is carried out by the State Asset Management Agency (hereinafter – “UzSAMA”) or investment company “UzAssets” on the basis of selection of the best proposals;
 - The value or range of values determined by professional organizations for the purpose of selling government assets (regardless of the requirements of the national standard of valuation activities) is allowed to be taken into account as a target in the trading process;
 - the requirement to set the price recommended by the appraisal organisation in the appraisal report and determined in its expert opinion as the starting price of the state asset does not apply;
 - ✓ In the sale of state property, the State Commission for Tenders is authorized to make announcements of sales without announcing the starting price of state assets and to make decisions on sales on the basis of the best of at least 2;
 - ✓ UzSAMA together with the interested ministries and departments till August 1, 2021 will introduce the procedure for selection of the appraisal organisations in privatisation of state-owned property, determination of cost of their services and selection of the best commercial offers.
 - ✓ Specified list of 29 companies offered for sale in March and April, 2021 has been approved.

Law of the Republic of Uzbekistan №674 «On international trade arbitration»

(16 February 2021)

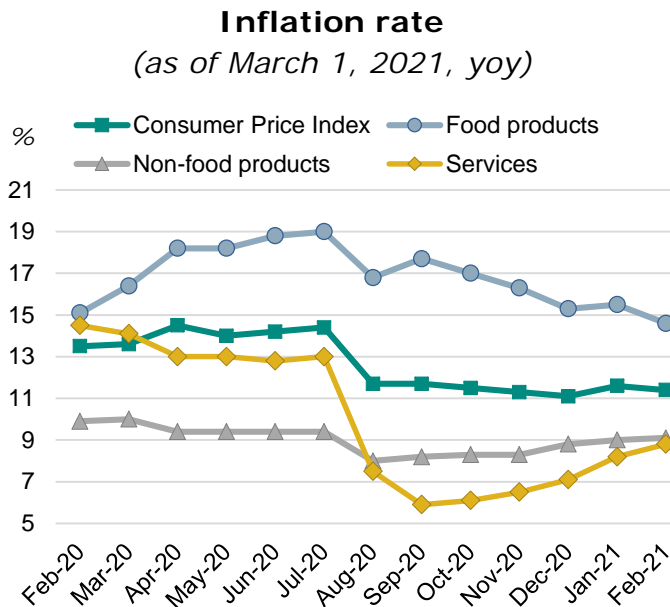
- ❖ This Law shall apply to international commercial arbitration in accordance with the agreements in force between Uzbekistan and another state. According to the Law:
 - ✓ The parties may, at their discretion, determine the number of arbitrators. In the absence of such an agreement, three arbitrators shall be appointed.
 - ✓ The powers of the arbitrator shall be terminated in the following cases:
 - fails to perform their duties legally or in practice, or fails to perform them due to unjustified delays for other reasons;
 - if the arbitrator refuses the appointment;
 - if the parties agree on such termination.
 - ✓ The arbitral tribunal may decide on its own jurisdiction, including any objection to the existence or validity of the arbitration agreement.
 - ✓ Unless otherwise agreed by the parties, the arbitral tribunal may, at the request of either party, impose enforcement measures.
 - ✓ The procedure, place and language of the arbitral proceedings, as well as the grounds for the commencement of the arbitral proceedings, representation in the arbitral proceedings, hearings and written discussions, presentation of evidence, decision-making, conclusion of a settlement agreement and termination of the arbitral proceedings are specified.
 - ✓ The grounds for appealing and rejecting the decision of the arbitral tribunal are established.
 - ✓ An appeal against the decision of the arbitral tribunal may be made in court only by filing an application for annulment in accordance with the provisions of this Law.
 - ✓ The grounds for recognizing and enforcing the award of the arbitral tribunal, as well as for denying its recognition or enforcement, have been established.
 - ✓ The decision of the arbitral tribunal shall be binding, regardless of the country in which it was made, and shall be enforced upon written application to the court.

4. Macroeconomic Environment

Inflation rate

Inflation rate settled **11.4% (yoy)** in February, 2021, following 0.2% decline compared to January, 2021 (from 11.6% to 11.4%). This decline was associated with a reflection of the strong anti-inflationary commitment conducted to curb inflation levels and to establish a permanent inflation target of 5% from 2023.

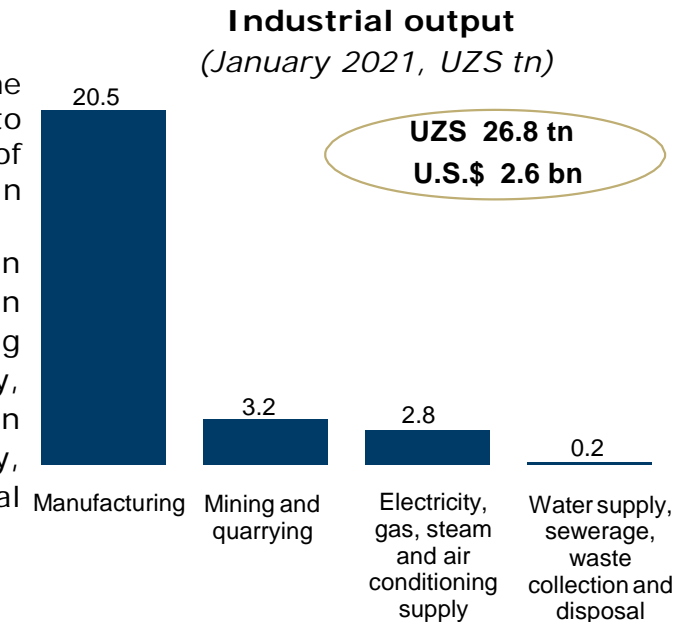
Inflation is expected to fall to **9-10%** by the end of 2021 due to the unchanged administrative prices and balanced impact of drivers of inflation.



Industry statistics

In **January 2021**, the volume of the industrial products amounted to **UZS 26.8 tn (~U.S.\$ 2.6 bn)¹**, the index of physical volume of industrial production in January 2020 amounted to 98.8% (yoy)².

In the structure of production manufacturing amounted to UZS 20.5 tn (~U.S.\$ 2.0 bn)¹, mining and quarrying UZS 3.2 tn (~U.S.\$ 0.3 bn)¹ electricity, gas, steam and air conditioning UZS 2.8 tn (~U.S.\$ 0.3 bn)¹ and water supply, sewerage, waste collection and disposal UZS 0.2 tn (~U.S.\$ 0.02 bn)¹.

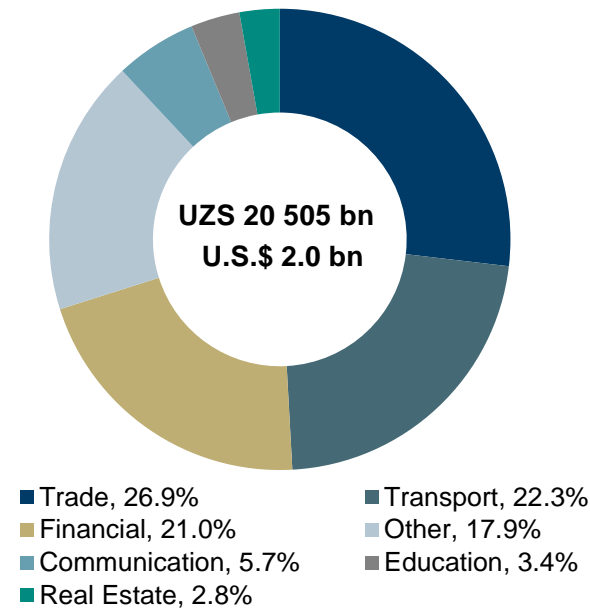


Service statistics

The volume of market services in **January 2021** reached **UZS 20.5 tn (~U.S.\$ 2.0 bn)¹** with a growth rate of 4.6 % (yoy)².

As of February 1, 2021 the largest share of enterprises and organisations operating in the service sector constituted 65% of the total number of organisations. In the structure of market services falls on trade services (26.9%), transport (22.3%), financial services (21.0%), communication and information services (5.7%).

Services statistics
(January 2021, % in total)



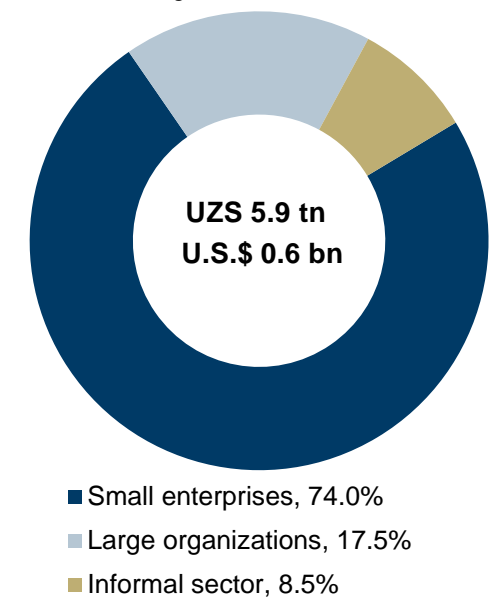
Construction statistics

In **January 2021**, the construction works amounted to **UZS 5.9 tn (~U.S.\$ 0.6 bn)¹** with a growth rate of 0.3% (yoy)².

As of February 1, 2021, the number of enterprises and organisations in the construction sector amounted to **41.4 thousand units** with the thousand units increase compared with the last year.

As of February 1, 2021, 96.8% of construction work is carried out by government organisations and 3.2% by non-government organisations.

Construction works
(January 2021, % in total)



Note 1: Average official exchange rate for January 2021, USD/UZS = 10 483

Note 2: The information provided in service, industry and construction section is preliminary, the growth rates in these sectors are calculated based on comparative price level indices that are relative indicators that characterize the change in the volume of products (goods and services) in the compared periods

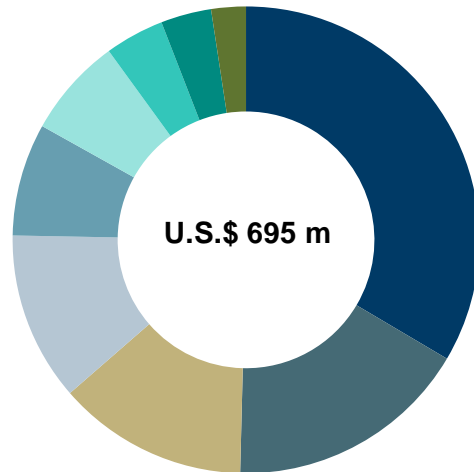
Source: State Committee of the Republic of Uzbekistan on Statistics

5. Foreign Trade Turnover

Structure of Imports

(January 2021, % in total)

- Machinery and transport equipment, 33.5%
- Manufactured goods, 16.9%
- Chemicals and similar products, 13.2%
- Food and live animals, 11.7%
- Various finished goods, 7.8%
- Mineral fuels and similar materials, 6.9%
- Non-food raw materials, 4.1%
- Services, 3.5%
- Other goods, 2.4%



Foreign Trade Turnover

In January 2021, the foreign trade turnover (FTT) constituted **U.S.\$ 2 303 m**, a decrease by U.S.\$ 658 m, compared to the same period last year. Negative balance of foreign trade in the amount of U.S.\$ 913 m was recorded.

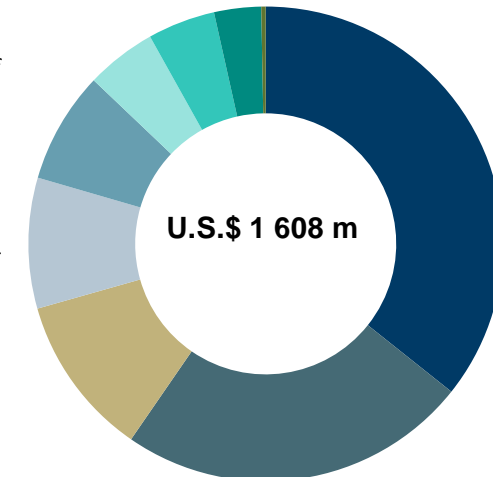
As of 1 February 2021, exports reached **U.S.\$ 695 m**, while the total number of exporting entities amounted to 2 046 units.

Imports amounted to **U.S.\$ 1 608 m**, the main share of which is occupied by industrial goods (35.7%), service (23.9%) as well as food and live animals (11.0%).

Structure of Exports

(January 2021, % in total)

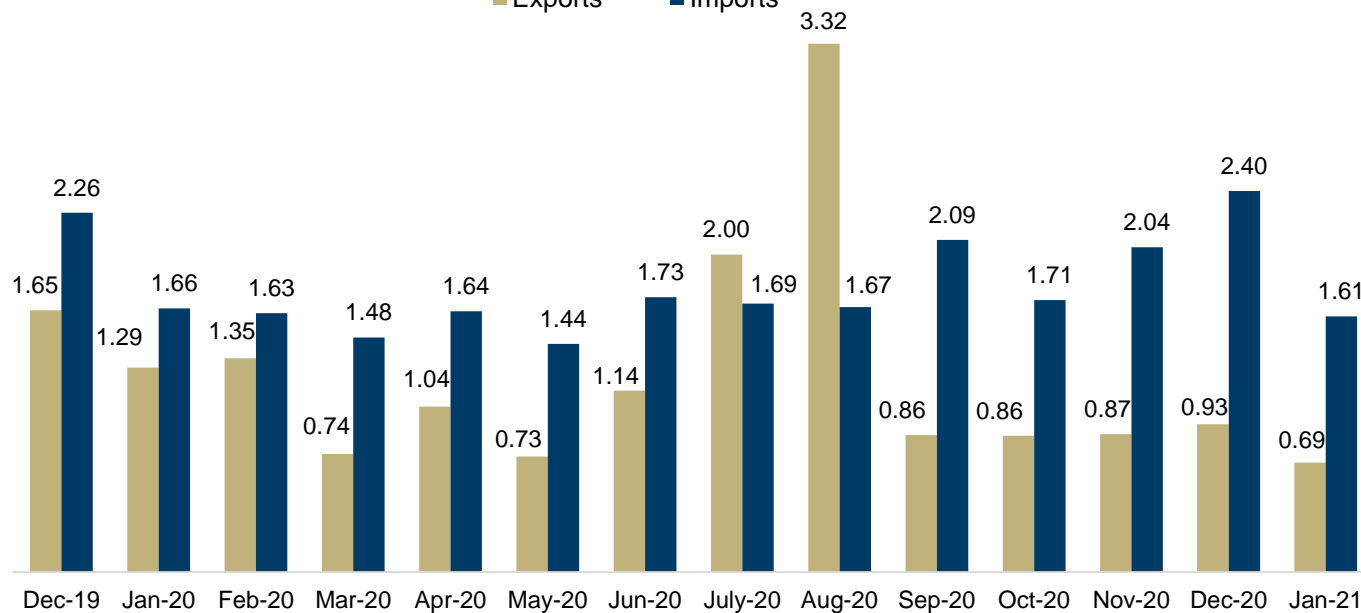
- Manufactured goods, 35.7%
- Services, 23.9%
- Food and live animals, 11.0%
- Chemical products, 8.9%
- Various finished products, 7.6%
- Machinery equipment, 4.8%
- Mineral fuels, 4.6%
- Non-food raw materials, 3.2%
- Other goods, 0.3%



Exports and Imports of goods and services

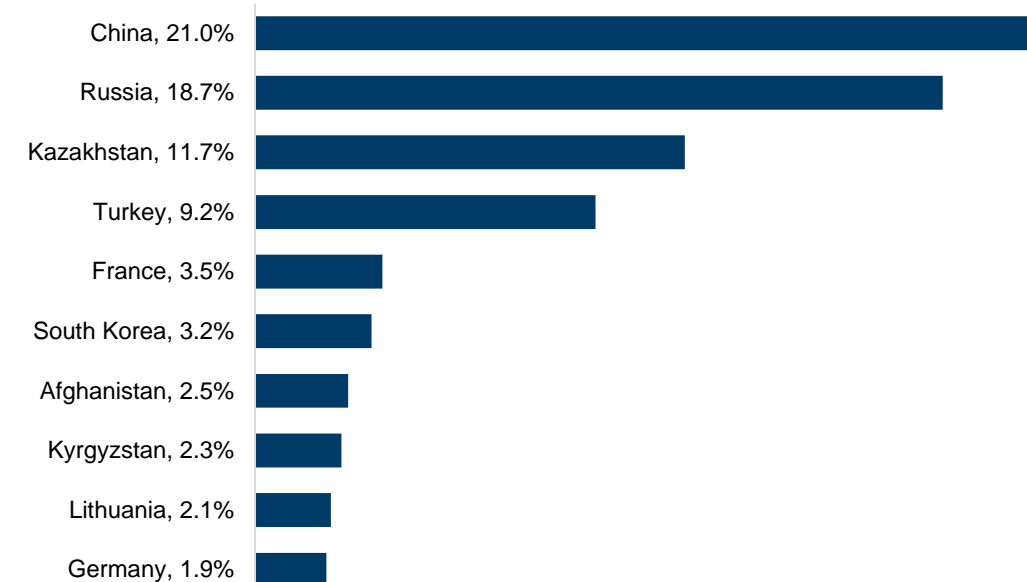
(U.S.\$, bn)

■ Exports ■ Imports



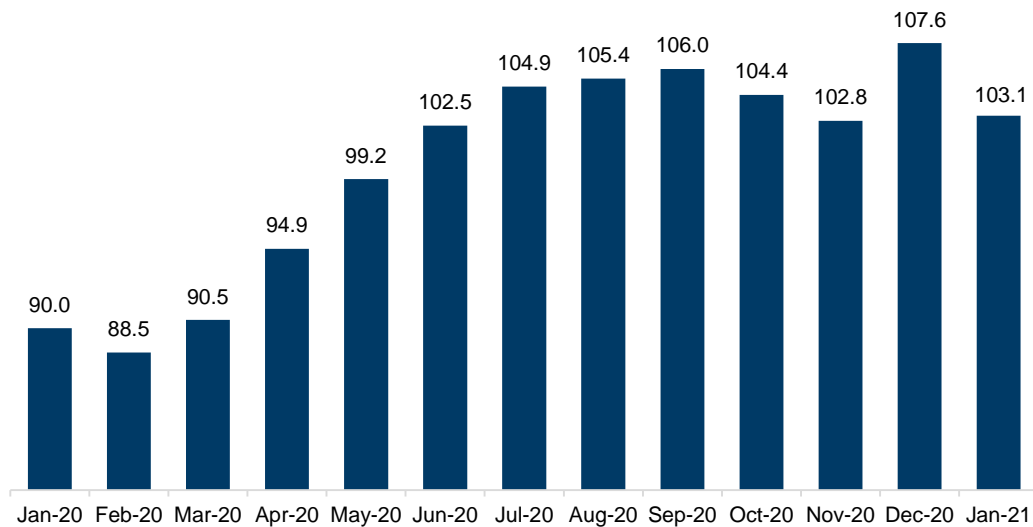
Top 10 countries in foreign trade with Uzbekistan

(January 2021, % share in total FTT)



Broad Money (M2)

(to the end of month, UZS tn)



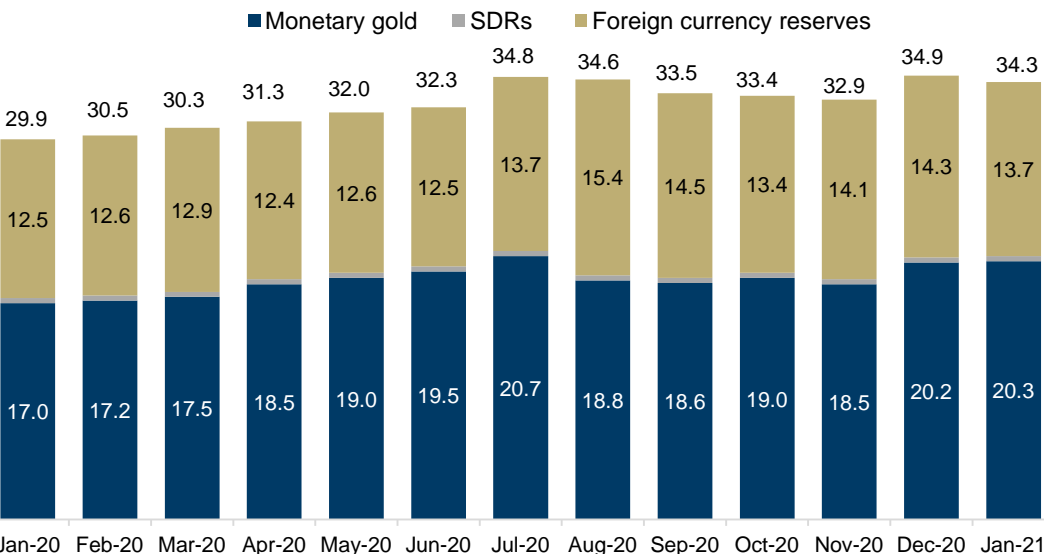
Broad Money (M2)

As of February 1, 2021, broad money constituted **UZS 103.1 tn** (~U.S.\$ 9.8 bn)⁽¹⁾, while the growth rate equaled **14.6%** compared to the same period of last year.

The volume of money supply in national currency constituted UZS 67.1 tn (~U.S.\$ 6.4 bn)⁽¹⁾, of which currency in circulation and transferable deposits in national currency amounting to respective UZS 22.9 tn (~U.S.\$ 2.2 bn)⁽¹⁾ and UZS 21.1 tn (~U.S.\$ 2.0 bn)⁽¹⁾ and other deposits in national currency UZS 23.1 tn (~U.S.\$ 2.2 bn)⁽¹⁾. As of February 1, 2021, foreign currency deposits in national currency equivalent reached to UZS 36.0 tn (~U.S.\$ 3.4 bn)⁽¹⁾.

Official Reserve Assets

(as of February 1, 2021, U.S.\$ bn)



Official Reserve Assets

As of February 1, 2021, official reserve assets constituted **U.S.\$ 34.3 m** with an increase of **14.7%** in comparison to the previous year.

In the composition of official reserve assets, foreign currency reserves constituted U.S.\$ 13.7 bn, gold U.S.\$ 20.3 bn and SDRs U.S.\$ 0.4 bn.

Liquidity in the banking system

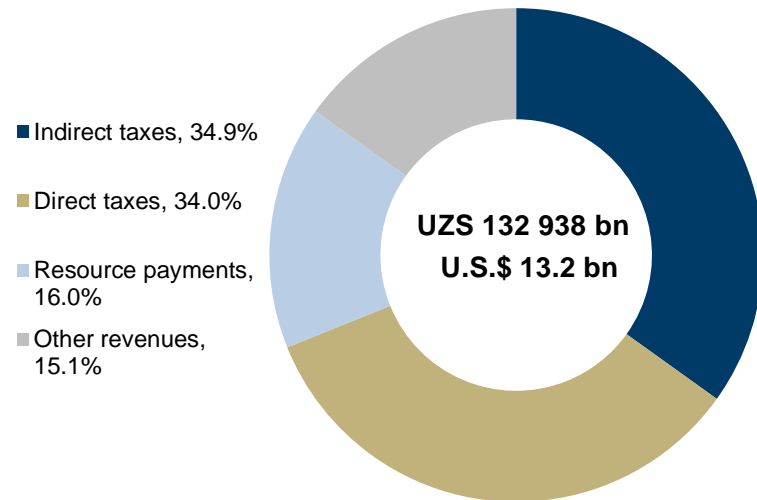
Indicators	Feb 1, 2020	Feb 1, 2021
Highly liquid assets (bn UZS)	28 895	46 194
Immediate liquidity ratio (minimum: 25%)	47.2%	66.8%
Liquidity coverage ratio (minimum: 100%)	198.0%	135.3%
Net stable funding ratio (minimum: 100%)	112.8%	110.3%
Ratio of highly liquid assets to total assets (in %)	10.5%	13.2%

Banking system stability indicators UZS bn

Indicators	2020	1M2021
Regulatory Tier 1 capital to RWA	15.20%	16.68%
Regulatory Tier 1 capital	43 143	53 415
Risk weighted assets	316 811	320 246
Liquid assets to total assets	15.37%	14.35%
Liquid assets	56 264	56 001
Total assets	366 121	362 309
Capital to risk-weighted assets	18.36%	18.50%
Capital at the end of period	58 164	59 259
Risk-weighted assets	316 811	320 246
NPL to total gross loans	2.06%	2.66%
Non-performing loans	5 785	7 487
Total gross loans	280 728	281 494

State budget revenues¹

(as of January 1, 2021, UZS tn)



State budget

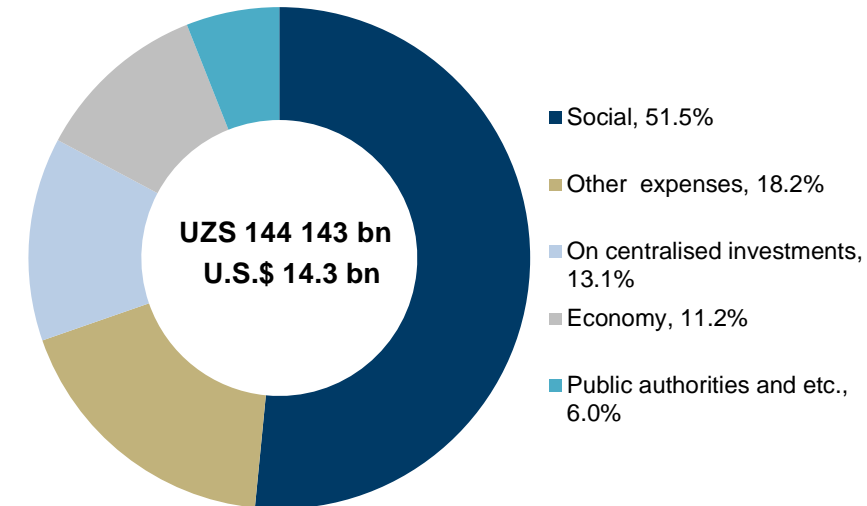
In 2020, receipts from direct taxes amounted to **UZS 45.2 tn** (~U.S.\$ 4.5 bn)² and increased by more than 1.5 times compared to 2019. Payments on indirect taxes amounted to **UZS 46.4 tn** (~U.S.\$ 4.6 bn)² and the share of them in the structure of budget revenues was reduced from 44.3% to 34.9%. Losses from indirect taxes and resource payments were associated with the limitation of economic activity during the coronavirus pandemic, **the provision of tax incentives and preferences to business entities.**

In 2020, **UZS 74.2 tn** (~U.S.\$ 7.4 bn)² of budget funds were allocated to the social sphere in 2020 (more than 1.3 times higher than the level of 2019).

The State budget deficit amounted to **UZS 11.2 tn** (~U.S.\$ 1.1 bn)² or 1.9% of GDP in 2020.

State budget expenses¹

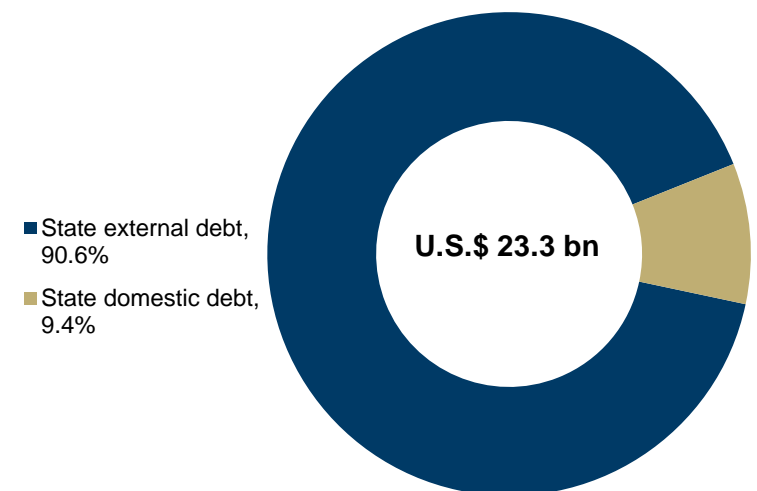
(as of January 1, 2021, UZS tn)



Source: Ministry of Finance of the Republic of Uzbekistan

Total State debt

(as of January 1, 2021)



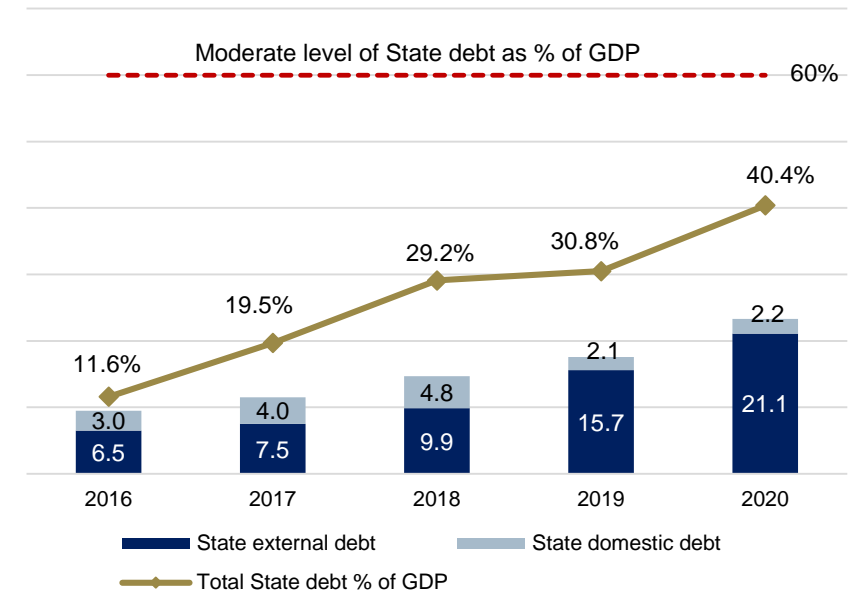
Total State debt

As of January 1, 2021, State to **U.S.\$ 23.3 bn** or **40.4 % GDP**. In particular, by the end of 2020, the country's external increased by **U.S.\$ 5.4 bn** or **34.4%** compared to the beginning of the year, and accounted for **U.S.\$ 21.1 bn** or **36.5 % of GDP**. Of which, external State debt on behalf of the government – **U.S.\$ 15.1 bn** and guaranteed by the government – **U.S.\$ 6.0 bn**.

State domestic debt accounted to **UZS 23.3 tn** (~U.S.\$ 2.2 bn) or **3.9% of GDP**. Of which, Treasury bills and bonds **UZS 4.0 tn** (~U.S.\$ 0.4 bn) and guaranteed by the government – **UZS 19.3 tn** (~U.S.\$ 1.8 bn).

Total State debt

(as of January 1, 2021)



Source: Ministry of Finance of the Republic of Uzbekistan

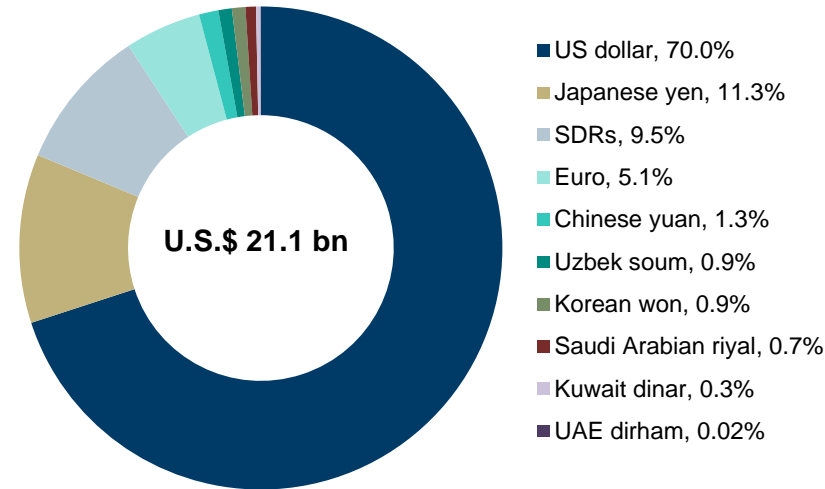
Note 1: Preliminary estimate

Note 2: Average official exchange rate for January-December 2020, USD/UZS = 10 054

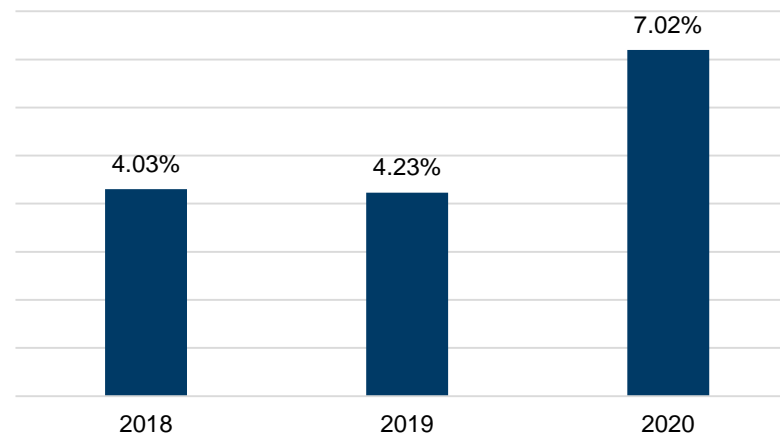
Sources of financing of State external debt¹ (as of January 1, 2021)



Currency mix of State external debt (as of January 1, 2021, % in total)



Total State external debt service to exports (as of January 1, 2021, in %)



Use of proceeds of State external debt¹ (as of January 1, 2021)



Note 1: State debt statistics are constantly being improved with the help of IFIs and lending institutions

Note 2: Proceeds of 5Y and 10Y sovereign Eurobonds (maturing in 2024 and 2029, respectively) were allocated as deposits to commercial banks, subordinate debt and budgetary loans. In 4Q2020, the MoF has issued sovereign Eurobonds in the amount of U.S.\$ 555 m (10-years at 3.7%) and UZS 2 tn (~U.S.\$ 192.5 m)

Source: Ministry of Finance of the Republic of Uzbekistan

8. Domestic Treasury Securities

Auction results of Outstanding Domestic Treasury Securities

As of February 1, 2021 the Ministry of Finance had outstanding treasury bills and bonds amounting to **UZS 3.8 tn** (~U.S.\$ 0.4 bn)¹. In 2020, the total number of auctions conducted reached 22. The total volume of issuance of T-bills and bonds in 2020 reached **UZS 5.0 tn** (~U.S.\$ 0.5 bn)², the figure increased more than 3 times compared to the issuance of 2019 (~U.S.\$ 0.2 bn)³. In the long term, Ministry of Finance aims at remaining committed to the development of the domestic government debt market, continuous diversification of debt instruments in terms of both tenor and tranche amount, and gradually widening the investor base by working in collaboration with the Central Bank of Uzbekistan.

Date of auction	Maturity date	Announced volume, (UZS bn) ³	Fixed coupon rate	Aggregate amount of bids submitted, (UZS bn) ³	Volume of securities issued, (UZS bn) ³	Weighted average YTM	Outstanding amount, (UZS bn) ³
26 Dec 2018	26 Jun 2019	200.0	zero-coupon	239.3	197.1	14.15%	Redeemed
27 Dec 2018	27 Dec 2019	200.0	16%	225.8	200.0	14.22%	Redeemed
28 Dec 2018	24 Dec 2021	200.0	16%	216.5	200.0	14.87%	200.0
Total for 2018		600.0		681.5	597.1		
19 Feb 2019	19 Feb 2020	60.0	15%	122.0	60.0	13.33%	Redeemed
27 Feb 2019	27 Feb 2020	40.0	15%	82.0	40.0	12.98%	Redeemed
5 Mar 2019	4 Mar 2020	30.0	15%	30.0	30.0	14.94%	Redeemed
12 Mar 2019	11 Mar 2020	40.0	15%	109.3	40.0	14.54%	Redeemed
19 Mar 2019	18 Mar 2020	80.0	15%	140.5	80.0	12.94%	Redeemed
8 May 2019	7 May 2020	100.0	15%	494.1	100.0	11.02%	Redeemed
15 May 2019	14 May 2020	100.0	15%	463.9	100.0	10.47%	Redeemed
22 May 2019	18 Nov 2020	100.0	15%	283.4	100.0	10.04%	Redeemed
4 Jun 2019	1 Dec 2020	100.0	15%	231.4	100.0	9.82%	Redeemed
12 Jun 2019	9 Jun 2021	100.0	15%	315.0	100.0	8.93%	100.0
19 Jun 2019	16 Jun 2021	100.0	15%	479.0	100.0	7.73%	100.0
5 Jul 2019	1 Jul 2022	100.0	15%	375.0	100.0	10.11%	100.0
12 Jul 2019	8 Jul 2022	100.0	15%	176.3	100.0	10.41%	100.0
17 Jul 2019	24 Dec 2019	200.0	zero-coupon	202.1	200.0	12.72%	Redeemed
19 Jul 2019	26 Dec 2019	300.0	zero-coupon	435.0	300.0	14.89%	Redeemed
Total for 2019		1550.0		3 938.9	1 550.0		

Note 1: Official exchange rate for 1 February 2021, USD/UZS = 10 519

Note 2: Average official exchange rate for January – December 2020, USD/UZS = 10 054

Note 3: Nominal value of each bill and bond is equal to UZS 1.0 m. All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

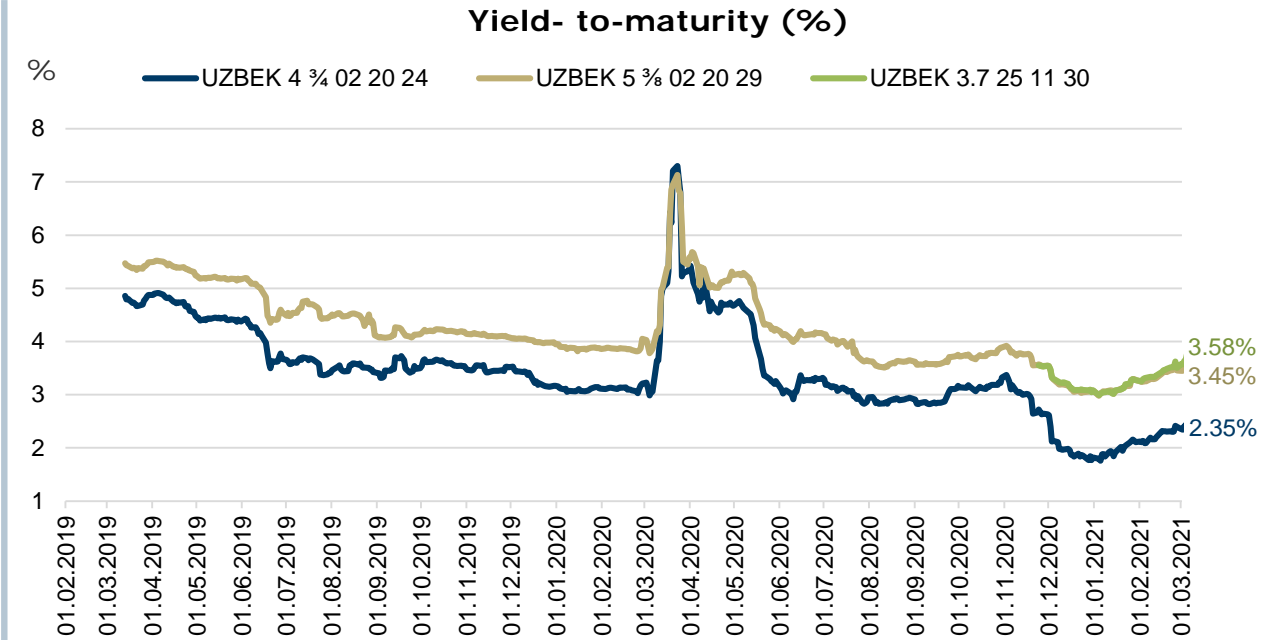
8. Domestic Treasury Securities

Auction results of Outstanding Domestic Treasury Securities

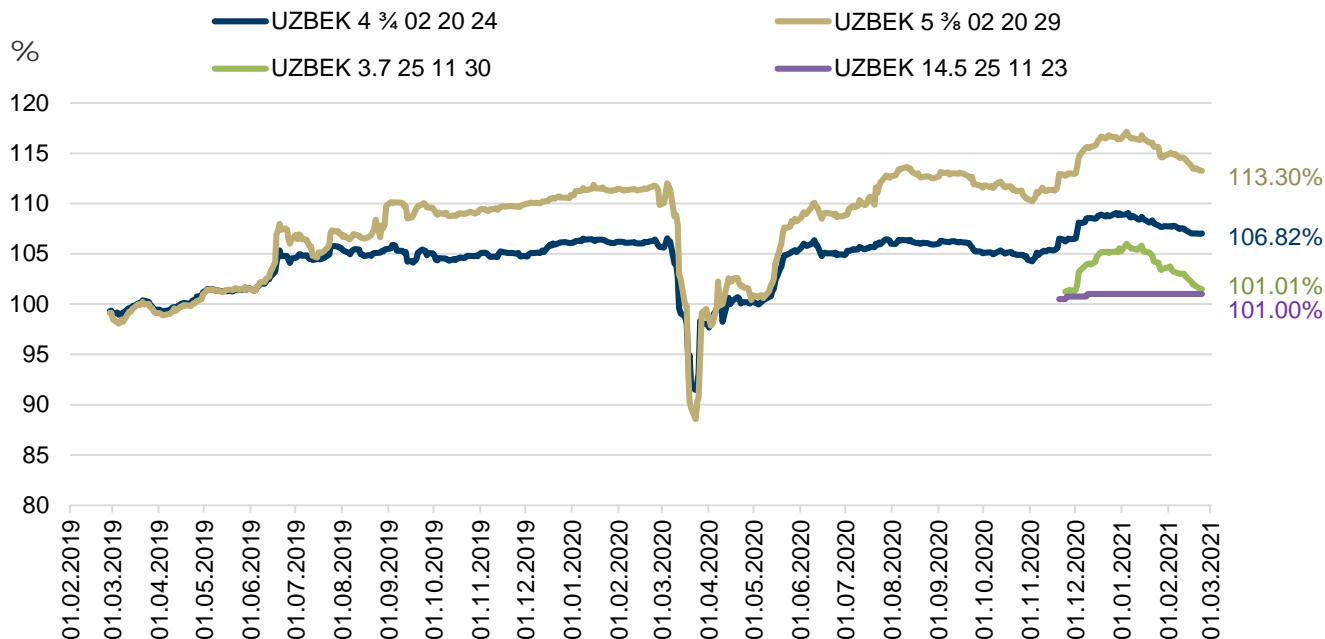
Date of auction	Maturity date	Announced volume, (UZS bn) ¹	Coupon rate	Aggregate amount of bids submitted, (UZS bn) ¹	Volume of securities issued, (UZS bn) ¹	Weighted average YTM	Outstanding amount, (UZS bn) ¹
17 Jan 2020	16 Jan 2021	200.0	16%	628.0	200.0	12.98%	Redeemed
20 Jan 2020	19 Oct 2020	300.0	zero-coupon	368.0	300.0	14.18%	Redeemed
20 Jan 2020	17 Jan 2022	200.0	16%	453.2	200.0	14.87%	200.0
6 Apr 2020	6 Apr 2021	750.0	16%	770.0	750.0	15.97%	750.0
9 Apr 2020	9 Apr 2021	250.0	16%	360.0	250.0	15.95%	250.0
10 Apr 2020	10 Apr 2021	300.0	16%	310.0	300.0	15.97%	300.0
13 Apr 2020	11 Oct 2021	150.0	16%	89.8	89.8	15.97%	89.8
6 May 2020	4 Nov 2020	500.0	15%	550.0	500.0	14.91%	Redeemed
8 May 2020	7 Aug 2020	100.0	zero-coupon	241.0	100.0	14.39%	Redeemed
11 May 2020	8 Sep 2020	100.0	zero-coupon	141.0	100.0	14.39%	Redeemed
14 May 2020	21 Sep 2020	100.0	zero-coupon	241.5	100.0	14.61%	Redeemed
28 May 2020	26 Nov 2020	470.0	15%	570.0	470.0	14.93%	Redeemed
12 Jun 2020	9 Nov 2020	100.0	zero-coupon	261.0	100.0	14.17%	Redeemed
8 Sep 2020	05 Feb 2021	100.0	zero-coupon	296.0	100.0	14.39%	100.0
17 Sep 2020	18 Mar 2021	300.0	zero-coupon	350.0	300.0	13.90%	300.0
21 Sep 2020	18 Feb 2021	100.0	zero-coupon	104.0	100.0	13.78%	100.0
28 Sep 2020	29 Mar 2021	235.0	zero-coupon	285.0	235.0	13.87%	235.0
8 Oct 2020	8 Apr 2021	235.0	zero-coupon	305.0	235.0	13.77%	235.0
9 Oct 2020	9 Apr 2021	300.0	zero-coupon	397.0	300.0	13.92%	300.0
20 Oct 2020	20 Jul 2021	300.0	zero-coupon	97.2	97.2	13.92%	97.2
18 Nov 2020	18 May 2022	100.0	14%	138.0	100.0	13.56%	100.0
1 Dec 2020	31 May 2022	100.0	14%	97.0	97.0	13.81%	97.0
Total for 2020		5 290.0		7 052.7	5 024.0		
Total		7 440.0		11 673.2	7 171.1		3 754.0

9. Sovereign Eurobonds

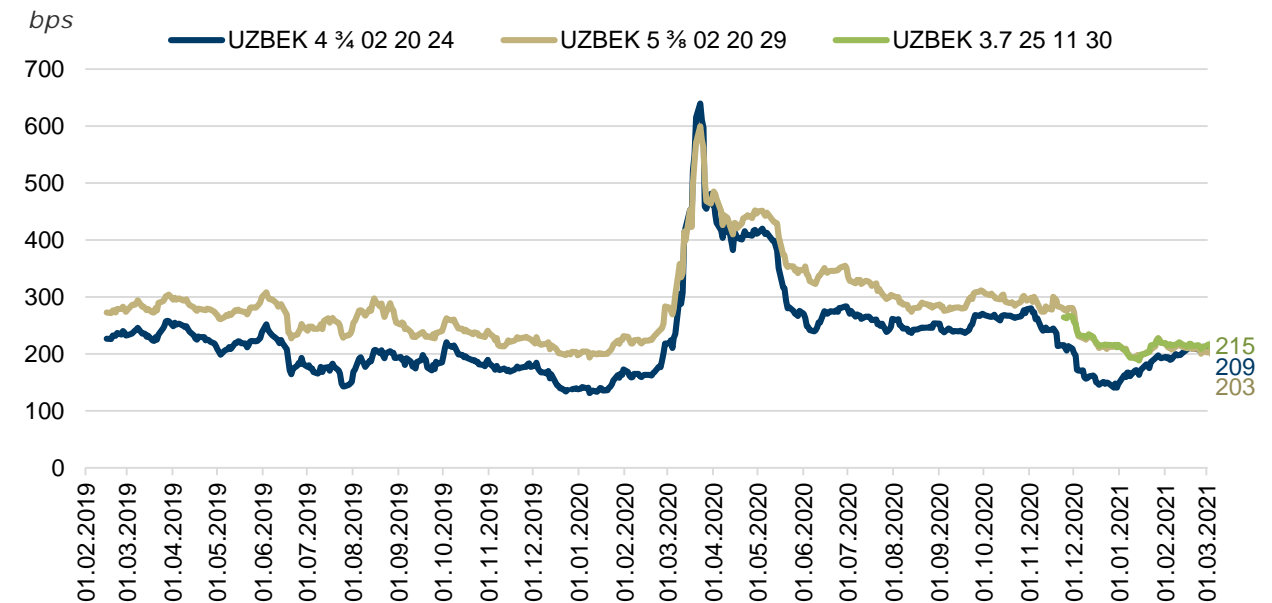
Settlement Date	Issuer	S&P	Fitch	Coupon(%)	Volume	Maturity
20 Feb 2019	Uzbekistan	BB-	BB-	4.750	U.S.\$ 500 m	20 Feb 2024
20 Feb 2019	Uzbekistan	BB-	BB-	5.375	U.S.\$ 500 m	20 Feb 2029
25 Nov 2020	Uzbekistan	BB-	BB-	3.700	U.S.\$ 555 m	25 Nov 2030
25 Nov 2020	Uzbekistan	BB-	BB-	14.500	UZS 2.0 tn (~U.S.\$ 192.5 m) ⁽¹⁾	25 Nov 2023



Price (% , relative to the nominal value)



Spread-over-the-benchmark (bps)

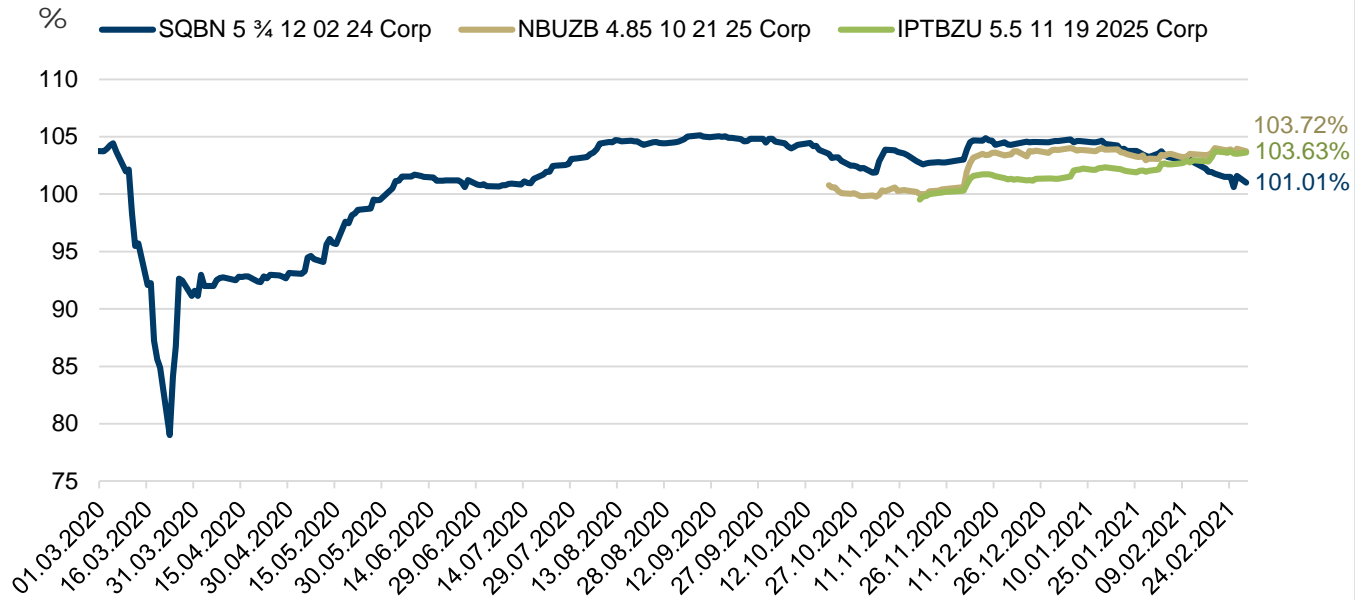


Note 1: Official exchange rate for 19 November 2020, USD/UZS = 10 391

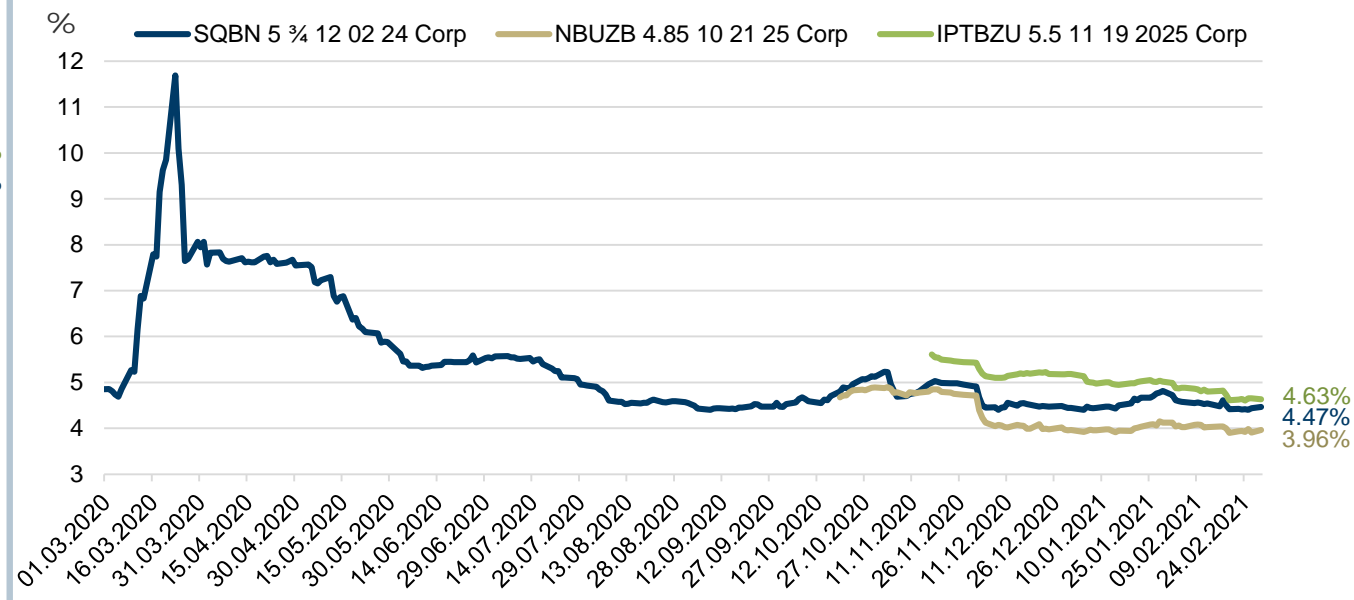
Source: Bloomberg Terminal

10. Uzbek corporate Eurobonds

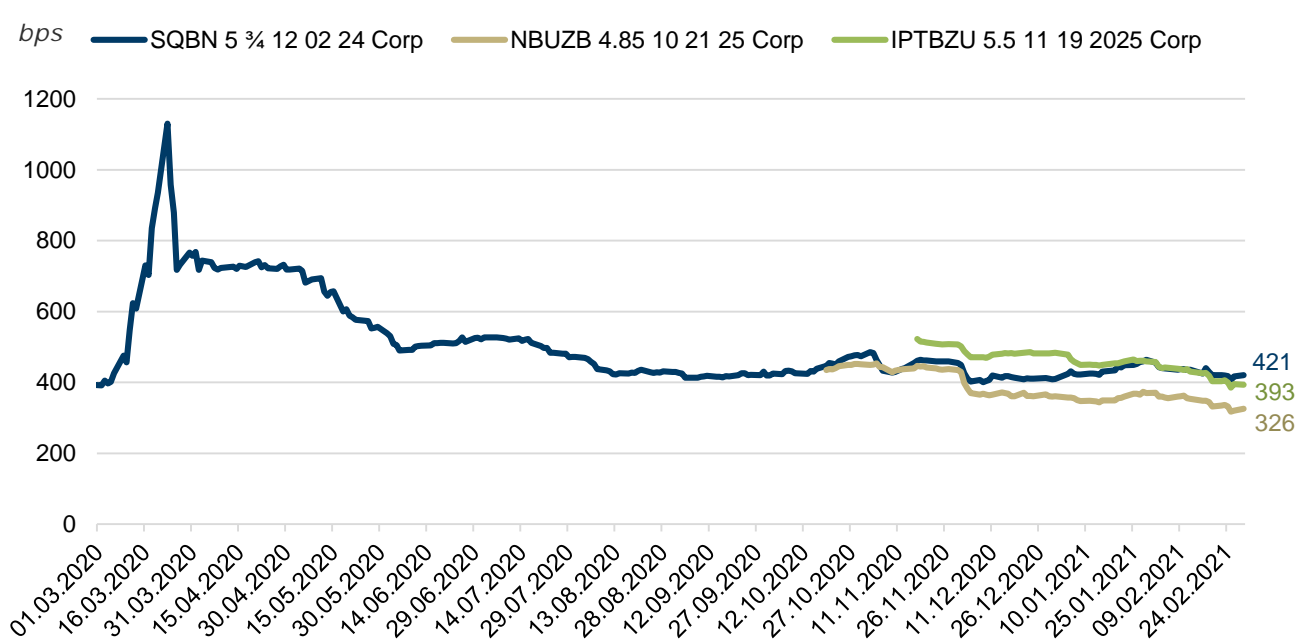
Price (% , relative to the nominal value)



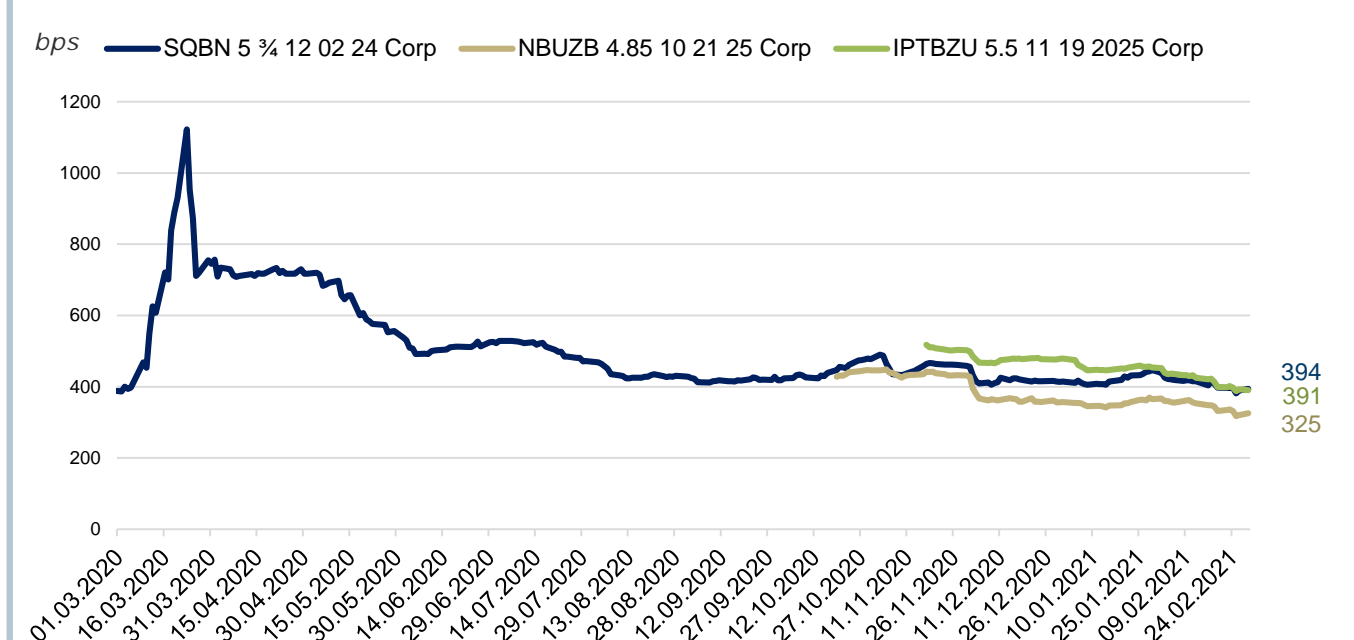
Yield- to-maturity (%)



Spread-over-the-benchmark (bps)



Z-Spread (bps)



24 February 2021

FitchRatings

Uzbekistan's Rating Resilient to Pandemic; Challenges Ahead

The Republic of Uzbekistan has demonstrated resilience to the coronavirus pandemic, supported by its robust external and fiscal buffers, access to external financing and diversified economy. It was among the few sovereigns to avoid an economic contraction in 2020, as timely support from official creditors underpinned anti-crisis measures. High gold prices benefitted exports, public finances and international reserves. Fitch Ratings maintained Uzbekistan's Long-Term Foreign-Currency Issuer Default Rating at 'BB-' with a Stable Outlook throughout 2020, most recently affirming in October.

As the global health conditions improve, the Uzbek authorities face the challenge of maintaining policy consistency to improve macroeconomic stability, moderate the rapid growth of government and external debt, and maintain reform momentum to address structural weaknesses. Fiscal policy will remain supportive of the economic recovery, and the reduced scale of policy lending will mitigate near-term risks to macroeconomic stability. Nevertheless, the current account deficit and inflation will remain high.

Government debt (estimated at 36% of GDP in 2020) is low relative to peers, but the pace of borrowing has been rapid in recent years and it is almost entirely foreign currency-denominated. Mitigating factors include the maturity and cost structure of government debt and the government's high cash buffers (27% of GDP).

Source: <https://www.fitchratings.com/research/sovereigns/uzbekistan-rating-resilient-to-pandemic-challenges-ahead-24-02-2021>

23 February 2021

MOODY'S

Moody's - Uzbekistan's structural reforms support its credit profile, but challenges lie ahead

Moody's Investors Service says in a new report that the structural reforms that the Government of Uzbekistan (B1 stable) has undertaken since 2016 have addressed many inefficiencies in the economy, but the most difficult reforms, which carry significant political and execution risk, are still ahead.

"Uzbekistan's current reform agenda is a source of both positive and negative pressures. By loosening state control, reforming government institutions and reorienting foreign policy, the reforms directly tackle institutional weaknesses that are a key constraint on Uzbekistan's rating," says Nishad Majmudar, a Moody's Assistant Vice President and Analyst.

Specifically, the authorities have dismantled price controls, removed restrictions on foreign currency purchases and implemented agricultural and land reforms, and are in the process of restructuring the judiciary.

Longer term, Uzbekistan faces more complex and sensitive reforms, including building effective institutions that tackle corruption and privatising more than 500 state-owned enterprises (SOEs), which dominate the economy and are often shielded from competition.

Uzbekistan's public debt is set to rise moderately through 2023, but remain below the B-rated median.

Source: https://www.moody.com/research/Moodys-Uzbekistans-structural-reforms-support-its-credit-profile-but-challenges--PBC_1266708

3 February 2021

Democracy Index 2020

In sickness and in health?

Uzbekistan improved its position in the Democracy Index 2020

The Republic of Uzbekistan in the following edition of the Democracy Index, published by the British company "The Economist Intelligence Unit", took 155th place with 2.12 scores. This result was achieved due to a significant improvement in the country's scores on the indicator "Political participation".

In general, the analysis given in the index first of all testifies to the consistently and stably promoted policy in the political and legal sphere without any deviations.

In turn, the expert group in the general review on the countries of the region, including Uzbekistan, especially noted the growth of confidence in the views of the government and political parties.

Indicators	Index score out of 10
Overall score	2.12
Electoral process and pluralism	0.08
Functioning of government	1.86
Political participation	2.78
Political culture	5.00
Civil liberties	0.88

Source: <https://www.mf.uz/en/news-mf-jx/item/1433-1433.html>

4 March 2021



Uzbekistan improved its position in Economic Freedom Index

In the first week of March this year, the Heritage Foundation published a report on the Economic Freedom Index for 2021.

According to the report, Uzbekistan took 108th place with 58.3 points among 184 countries (178 of which received the rating). At the same time, in comparison with the 114th place (57.2 points) recorded in the previous year, an increase of 6 points was achieved.

The positive change was followed by an increase of 16.6 points in the "efficiency of judicial activity" index, by 5.2 points in the "government expenditures" index, as well as positive changes in other indicators.

The best change among the countries of the Commonwealth of Independent States was noted by the Republic of Tajikistan, which rose from 155th place last year to 134th place. Among the member countries, only the Republic of Belarus decreased by 7 points compared to last year.

№	Countries	2020		2021		A change
		Position	Score	Position	Score	
1.	Armenia	34	70.6	32	71.9	↑2
2.	Kazakhstan	39	69.6	34	71.1	↑5
3.	Azerbaijan	44	69.3	38	70.1	↑6
4.	Kyrgyzstan	81	62.9	78	63.7	↑3
5.	Moldova	87	62.0	85	62.5	↑2
6.	Russia	94	61.0	92	61.5	↑2
7.	Belarus	88	61.7	95	61.0	↓7
8.	Uzbekistan	114	57.2	108	58.3	↑6
9.	Tajikistan	155	52.2	134	55.2	↑21
10.	Turkmenistan	170	46.5	167	47.4	↑3

Source: <https://www.eiu.com/n/campaigns/democracy-index-2020/>

2 February 2021



Statistical Capacity Indicators

Uzbekistan improved its position in World Bank's Statistical Capacity Index

Uzbekistan rose to 67th position in the World Bank's Statistical Capacity Index. In the World Bank's "Statistical Capacity Index", which assesses the level of development of national statistical systems of countries, with 67.8 points, Uzbekistan took 67th place out of 154 countries.

The main factors that influenced the increase of Uzbekistan to the 67th place in the "Statistical Capacity Index" at the end of 2020, are:

- The Committee's website publishes over 2 million summaries of statistical indicators and metadata in the form of 279 tables in 20 sections. Also, one of the main changes was the introduction of a geo-information data service on the updated website of the Committee.
- On the Enhanced General Data Dissemination System (e-GDDS) National Summary Data Page (NSDP) of the International Monetary Fund, the publication of 422 types of summaries of macroeconomic, financial and social statistical indicators of the Republic of Uzbekistan in 24 directions has been established.
- The State Committee on Statistics together with the United Nations Development Program has developed and launched a website for monitoring the achievement of the national Sustainable Development Goals in Uzbek, Russian and English.

Source: <https://datatopics.worldbank.org/statisticalcapacity/SCI/dashboard.aspx>

Progress in Uzbekistan

Environment, Social and
Governance Report 2020

1 February 2021

"We have put Uzbekistan on a journey to become a modern country, integrated into the fabric of the global community of nations, with a growing economy and rising standard of living"

*Shavkat Mirziyoyev,
President of the Republic of Uzbekistan*

17 February 2021



INTERNATIONAL MONETARY FUND

Uzbekistan Staff Concluding Statement of the 2021
Article IV Mission

Uzbekistan Publishes First-Ever Sovereign ESG Report

- ❖ For the first time ever, Uzbekistan has published an **Environmental, Social, and Governance (ESG) report, "Progress in Uzbekistan,"** to measure and assess the country's advancement of a reform program that has transformed the country since 2017.
- ❖ Key findings from the report include:
 - ✓ In historical context, Uzbekistan made a sharp and dramatic turn toward a more open society in recent years and the progress accelerated in 2017;
 - ✓ Uzbekistan is rapidly moving up independent world rankings and indices that measure good governance, civil liberties, economic activity, and development;
 - ✓ New digital, financial, and transportation infrastructure, along with more attractive economic conditions, has increased business activity in Uzbekistan, including a steep rise in foreign direct investments;
 - ✓ Since 2017, Uzbekistan has made great strides in transforming its centralised economy to a liberal market economy;
 - ✓ Cooperation with acknowledged international organizations has led to more transparency, legal certainty, and better enforcement of existing laws;
 - ✓ New laws have been created in accordance with internationally accepted legal standards to provide more civil and economic rights;
 - ✓ Efforts to work with international NGO's to eradicate forced labor in the agricultural sector are re-positioning the country to become an attractive partner for reliable sourcing for cotton-based textiles, a crucial cash crop for the economy;
 - ✓ Efforts to use the natural resources of Uzbekistan more sustainably are well underway, putting Uzbekistan on track to achieve the goals of the Paris Agreement and transform its economy in a sustainable manner in the long run.

Source: https://changeinuzbekistan.com/wp-content/uploads/2021/01/ESG_Report-Progress-in-Uzbekistan.pdf

An International Monetary Fund (IMF) staff team conducted a mission

- ❖ The following concluding statements were issued by Mr. van Rooden:
 - ✓ The COVID-19 pandemic has had a marked, but so far relatively short-lived, adverse impact on Uzbekistan's economy;
 - ✓ The authorities' large support package was timely and well-targeted;
 - ✓ Growth is expected to pick up further in 2021, but the level of uncertainty remains high and the recovery will depend especially on vaccine rollout;
 - ✓ The recovery will also depend on continued economic policies to protect lives, support growth, and mitigate economic scarring from the pandemic;
 - ✓ The higher budget deficit this year can be offset by a gradual fiscal consolidation in subsequent years;
 - ✓ The CBU's monetary policy stance remains appropriate. The CBU should closely monitor the banking system, as the full impact of the pandemic on its financial health is likely yet to be observed;
 - ✓ The authorities not only face the challenge of supporting the recovery, but also continuing with Uzbekistan's transformation to a modern market economy;
 - ✓ Structural reform implementation needs to be accelerated to lay the basis for strong, sustainable, and more inclusive economic growth;
 - ✓ Improving incentives, institutions, and inputs are key to creating a vibrant private sector and attracting more private investment;
 - ✓ The successful implementation of the reform agenda will require the steadfast determination of the authorities, but also the continued support of the international community.

Source: <https://www.imf.org/en/News/Articles/2021/02/17/mcs-021721-uzbekistan-staff-concluding-statement-of-the-2021-article-iv-mission>



Ministry of Finance of the Republic of Uzbekistan
Debt Management Office

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