

February, 2022

NEWSLETTER № 30

Ministry of Finance of the Republic of Uzbekistan



Ministry of Finance
of the Republic of Uzbekistan

1. Key developments



Residents and non-residents of the Republic of Uzbekistan are allowed to purchase government securities

- ❖ **Inflation-linked government securities** will be issued;
- ❖ **Primary** and **secondary dealership** concepts are being introduced to perform dealer functions in the Government Securities Market. **(page 3)**



Cotton Campaign ends its call for a global boycott of cotton from Uzbekistan

- ❖ The Cotton Campaign encourages **international brands** to assess opportunities for responsible sourcing of Uzbek cotton yarn, textiles, and clothing and challenges brands to invest in and commit to **maintaining high labor standards**.



WORLD BANK GROUP

Uzbekistan has committed to become a low-carbon and climate-resilient green economy based on the resilient, inclusive, sustainable and efficient use of natural resources for its economy, people, and the planet

- ❖ Uzbekistan's progress toward meeting its climate change commitments as outlined in Strategy on Transition to a Green Economy for 2019–2030. **(page 16)**



ADB has approved a loan to upgrade Uzbekistan roads and boost regional connectivity

- ❖ ADB has approved a loan in the amount of **U.S.\$ 273.85 mn** to reconstruct and upgrade national roads in Uzbekistan that are vital to regional connectivity.



European Bank
for Reconstruction and Development

EBRD's first swap transaction with Central Asia's most populous economy, and it will help Uzbekistan to hedge currency risk arising from foreign currency

- ❖ The European Bank for Reconstruction and Development and Uzbekistan have entered a **U.S.\$ 20 mn cross-currency swap**. This pilot transaction will support the Ministry of Finance of Uzbekistan's efforts to develop **the derivatives market** and highlight the importance of **managing currency risk**.



National Program in order to increase the participation of women in all spheres of economic, political and social life of the country in 2022-2026

- ❖ From September 1, 2022, women in private enterprises and organizations will be paid **maternity benefits** from the state budget;
- ❖ From the 2022/2023 academic year, **UZS 1.8 tn** (~U.S.\$ 164 bn) will be allocated annually from the state budget to finance interest-free educational loans for **7 years**;
- ❖ From April 1, 2022, the amount of subsidies for women entrepreneurs will be increased from **UZS 7 mn** (~U.S.\$ 0.6 bn) to **UZS 10 mn** (~U.S.\$ 0.9 bn);
- ❖ At least **40%** of the products made by women entrepreneurs are placed in the craft centers of the Craftsmen's Association.

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Macroeconomic Statistics

- ❖ The inflation rate for February of 2022 declined to **9.7 % (yoy)**. The decrease for the same month has been observed for the third consecutive year 11.4% (2021), 13.5% (2020) and 13.5% (2019). The Government and the CBU has been conducting the strong anti-inflationary policy to curb inflation level and establish a permanent inflation target of 5% from 2023;
- ❖ The Fitch Rating Agency forecasted the growth of **3.1%** and **4.5%** in 2022 and 2023, respectively;
- ❖ Official reserve assets of the country amounted to **U.S.\$ 34.4 bn** as of February 1, 2022, in comparison to U.S.\$ 34.3 bn as of February 1, 2021;
- ❖ In January 2022, the total foreign trade turnover amounted to **U.S.\$ 3.5 bn**, an increase of U.S.\$ 1.2 bn compared to January 2021;
- ❖ In January 2022, the volume of industrial products equaled **UZS 32.9 tn** (~U.S.\$ 3.0 bn)¹ with a real growth rate of 8.5%(yoy);
- ❖ In January 2022, the volume of provided services equaled **UZS 23.7 tn** (~U.S.\$ 2.2 bn)¹ with a real growth rate of 16.9%(yoy);
- ❖ In January 2022, the volume of construction amounted to **UZS 7.0 tn** (~U.S.\$ 0.6 bn)¹ with a real growth rate of 1.0%(yoy);
- ❖ As of January 1, 2022, total state debt amounted to **U.S.\$ 26.3 bn** (38.0% of GDP), of which, state external debt – **U.S.\$ 23.6 bn** (34.0% of GDP), and domestic state debt – **U.S.\$ 2.7 bn** (4.0% of GDP). Apparently, state debt-to-GDP ratio declined for the four quarters in a row, being 38.6% for 1Q2021, 2Q2021 - 38.5% and 3Q2021 – 38.4%, 4Q2021 - 38.0% as a reflection of macro-prudential approach and fiscal rules in debt management since 2020;
- ❖ As of January 1, 2022 MoF had outstanding treasury bills and bonds equal to **UZS 4.7 tn** (~U.S.\$ 0.42 bn)³. According to planned schedule, in 2021, 64 auctions were conducted and the total volume of issued T-bills and bonds reached **UZS 4.9 tn** (~U.S.\$ 0.46 bn)³ (net amount is UZS 4.1 tn (~U.S.\$ 0.38 bn)⁴).

Note 1: Average official exchange rate for January 2022, USD/UZS = 10 829

Note 2: Official exchange rate for 2021, USD/UZS = 10 838

Note 3 : Average official exchange rate for 2021, USD/UZS = 10 610

Note 4: Calculated based on the exchange rate of USD/UZS on the auction date

Indicators	As of Feb 1, 2021	As of Feb 1, 2022
Inflation, % (yoy) ¹	11.4	9.7
Industry, % (yoy)	-1.2	8.5
Services, % (yoy)	4.6	16.9
Construction works, % (yoy)	0.3	1.0
Official Reserve Assets, U.S.\$ bn	34.3	34.4
Foreign trade turnover, U.S.\$ bn	2.3	3.5
State external debt, U.S. \$ bn ²	21.1	23.6
State domestic debt, U.S. \$ bn ²	2.3	2.7

¹ For February 2021 and 2022









² As of January 1, 2021 and January 1, 2022

Sovereign Eurobonds	Currency	Price ³	YTM ³
UZBEK 4 ¾ 20 02 24	USD	100.07%	4.71%
UZBEK 5 ¾ 20 02 29	USD	98.73%	5.60%
UZBEK 3.7 25 11 30	USD	84.41%	6.02%
UZBEK 3.9 19 10 31	USD	82.32%	6.39%
UZBEK 14.0 19 07 24	UZS	100.76%	13.59%
UZBEK 14 ½ 25 11 23	UZS	101.65%	13.36%

³ As of March 1, 2022

Source: Bloomberg BVAL pricing

Exchange rates as of February 1, 2022

Currencies	Changes from 01.01.2021
 USD/UZS = 10 804.86	-0.30% 
 RUB/UZS = 139.49	-5.43% 
 EUR/UZS = 12 074.43	-1.23% 
 GBP/UZS = 14 527.13	+0.07% 
 CNY/UZS = 1 698.61	-0.17% 

Source: Central Bank of the Republic of Uzbekistan

A legal basis has been created for the purchase of government securities by non-residents and individuals

(21 February 2022)

- ❖ All **residents** of Uzbekistan, both **legal entities** and **individuals**, as well as **non-residents**, have now the right to purchase government bonds at primary auctions. Prior to that, non-residents and resident individuals could not buy them;
- ❖ The concepts of **primary** and **secondary dealership** are being introduced to perform dealer functions in the Government Securities Market;
- ❖ **Inflation-linked government securities** will be issued;
- ❖ The formulas used by **the International Association of Capital Markets (ICMA)** can be used to calculate **profitability** and **interest**;
- ❖ The volume of liabilities placed for purchase by non-residents will be determined by the Ministry of Finance and the Central Bank. Accounting for the result of auctions will be carried out on the basis of **T+0, T+1, and T+2 settlement modes**;
- ❖ It is possible to issue government securities by issuing **International Securities Identification Number (ISIN)**;
- ❖ Interest payments on government securities will be paid every **6 months** in accordance with international standards;
- ❖ Ministry of Finance will consider measures to increase the issuance of government securities and develop their secondary market. This will help **diversify debt portfolio** and **reduce the level of currency risks**;
- ❖ Information on operations in the government securities market (auction announcements, auction results and necessary information for investors) will be regularly published on the official websites of the Ministry of Finance, the Central Bank and the UZCE.

Source: <https://lex.uz/uz/docs/-5870172>

National goals and objectives for sustainable development have been set for the period up to 2030

(21 February 2022)

By 2030, the following national goals and targets are planned to be achieved for sustainable development:

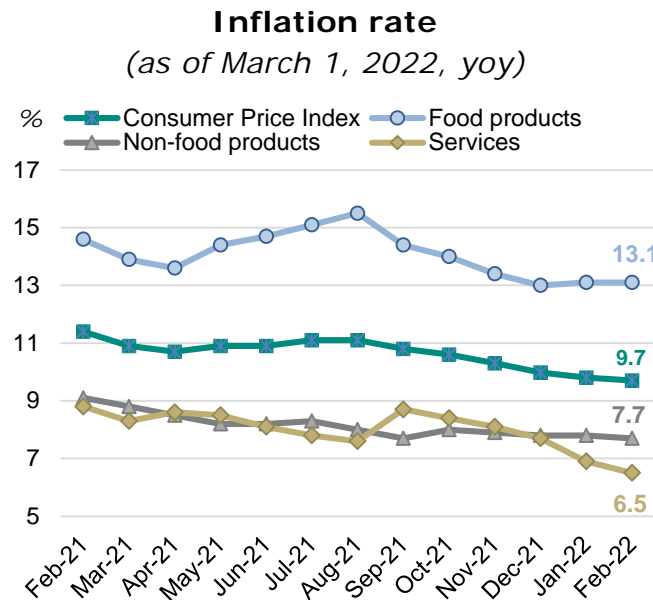
- ❖ To reduce **the level of poverty** in the country by **2 times**;
- ❖ To enhance the addressivity and efficiency of **the social protection system**, the quality of **social services**, as well as the achievement of full coverage of all those in need of social protection;
- ❖ To strengthen the **food security**, improve the **food rations** and promote **sustainable agricultural development**;
- ❖ To reduce **maternal mortality** by **one-third**;
- ❖ To eliminate all forms of violence against **all women** and **children**;
- ❖ To fully integrate **the principle of gender equality** in the process of adopting state programs at different levels of governance;
- ❖ To significantly increase **water efficiency** in all sectors of the economy and ensure universal and equal access to clean drinking water for the entire population;
- ❖ To ensure universal access to **affordable, reliable** and **modern energy**;
- ❖ To raise **GDP per capita** by **2.6 times**;
- ❖ To strengthen control and monitoring on **child labor** and the worst forms of forced labor;
- ❖ To provide access to **housing** and **communal services** for all citizens.

Source: <https://lex.uz/uz/docs/-5870397>

Inflation rate

The inflation rate for February of 2022 declined to **9.7 % (yoy)**. The decrease for the same month has been observed for the third consecutive year 11.4% (2021), 13.5% (2020) and 13.5% (2019).

The Government and the CBU has been conducting the strong anti-inflationary policy to curb inflation level and establish a permanent inflation target of 5% from 2023.

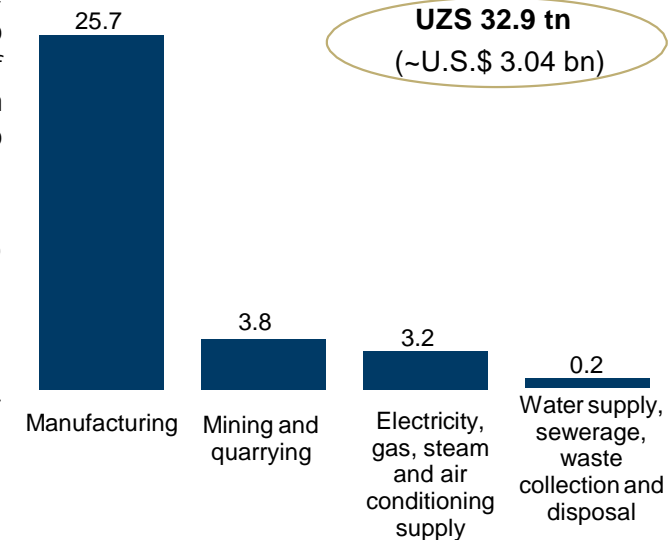


Industry statistics

In **January 2022**, the volume of the industrial products amounted to **UZS 32.9 tn (~U.S.\$ 3.0 bn)¹**, the index of physical volume of industrial production compared to January 2021 amounted to 8.5% (yoy)².

In the structure of production manufacturing amounted to UZS 25.7 tn (~U.S.\$ 2.37 bn)¹, mining and quarrying UZS 3.8 tn (~U.S.\$ 0.35 bn)¹ electricity, gas, steam and air conditioning UZS 3.2 tn (~U.S.\$ 0.30 bn)¹ and water supply, sewerage, waste collection and disposal UZS 0.2 tn (~U.S.\$ 0.02 bn)¹.

Industrial output (as of February 1, 2022, UZS tn)

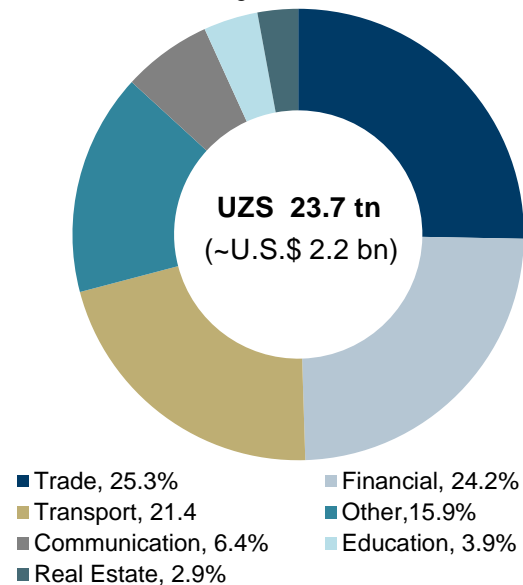


Service statistics

Market services in **January 2022** reached **UZS 23.7 tn (~U.S.\$ 2.2 bn)¹** with a real growth rate of 16.9% (yoy)².

As of February 1, 2021 the largest share of enterprises and organisations operating in the service sector constituted 65.7% of the total number of organisations. In the structure of market services falls on trade services (25.3%), financial services (24.2%), transport (21.4%), communication and information services (6.4%).

Services statistics (as of February 1, 2022, % in total)

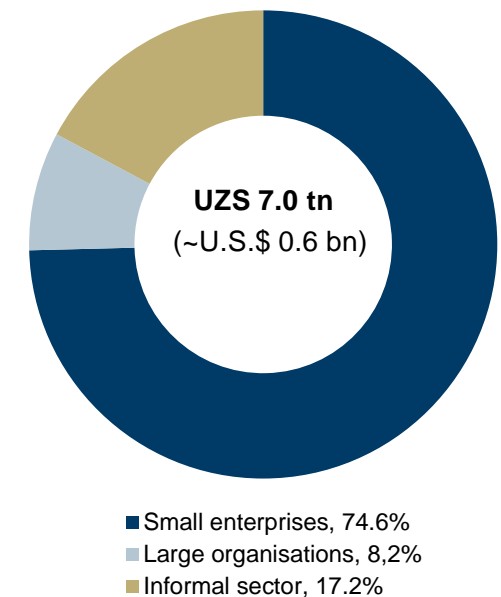


Construction statistics

In **January 2022**, the construction works amounted to **UZS 7.0 tn (~U.S.\$ 0.6 bn)¹** with a real growth rate of 1.0% (yoy)².

As of February 1, 2022, the number of enterprises and organisations in the construction sector amounted to **44.0 thousand units** with 2.6 thousand units increase compared with corresponding period last year.

Construction works (as of February 1, 2022, % in total)



Note 1: Average official exchange rate for January 2022, USD/UZS = 10 829

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

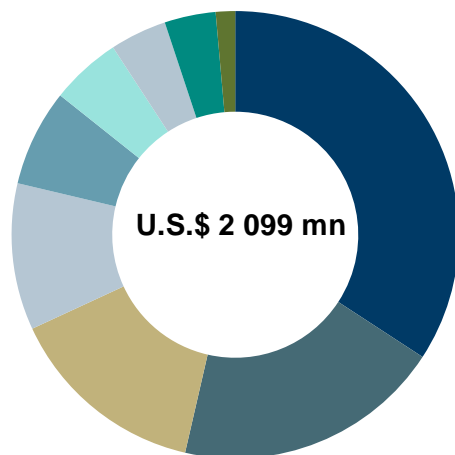
Source: State Committee of the Republic of Uzbekistan on Statistics

5. Foreign Trade Turnover

Structure of Imports

(as of February 1, 2022, % in total)

- Machinery and transport equipment, 34.2%
- Industrial goods, 19.4%
- Chemicals and similar products, 14.5%
- Food and live animals, 10.6%
- Services, 7.0%
- Various finished goods, 5.1%
- Mineral fuels and similar materials, 4.1%
- Non-food raw materials, 3.7%
- Other goods, 1.4%



Foreign Trade Turnover

In January 2022, the foreign trade turnover (FTT) constituted **U.S.\$ 3 498 mn**, an increase by **U.S.\$ 1 164 mn**, compared to the same period last year (an increase of **49.9%**).

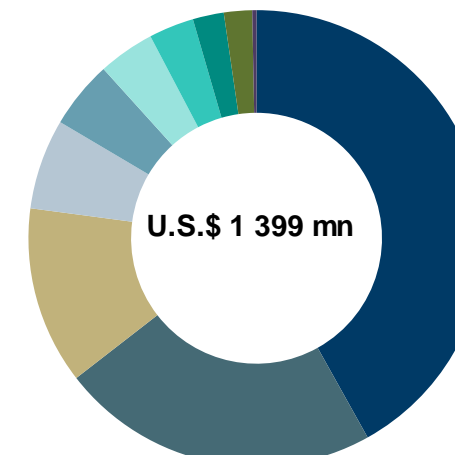
As of February 1, 2022, exports reached **U.S.\$ 1 399 mn**, while the total number of exporting entities amounted to 2 312 units. Uzbekistan has a very diversified export structure including manufactured goods, gold, service, foods, animals and other goods.

Imports amounted to **U.S.\$ 2 099 mn** with the dominance of investment goods. In the structure of imports, the main share is occupied by machinery and transport equipment (34.2%) that serves for the long-term growth in the future.

Structure of Exports

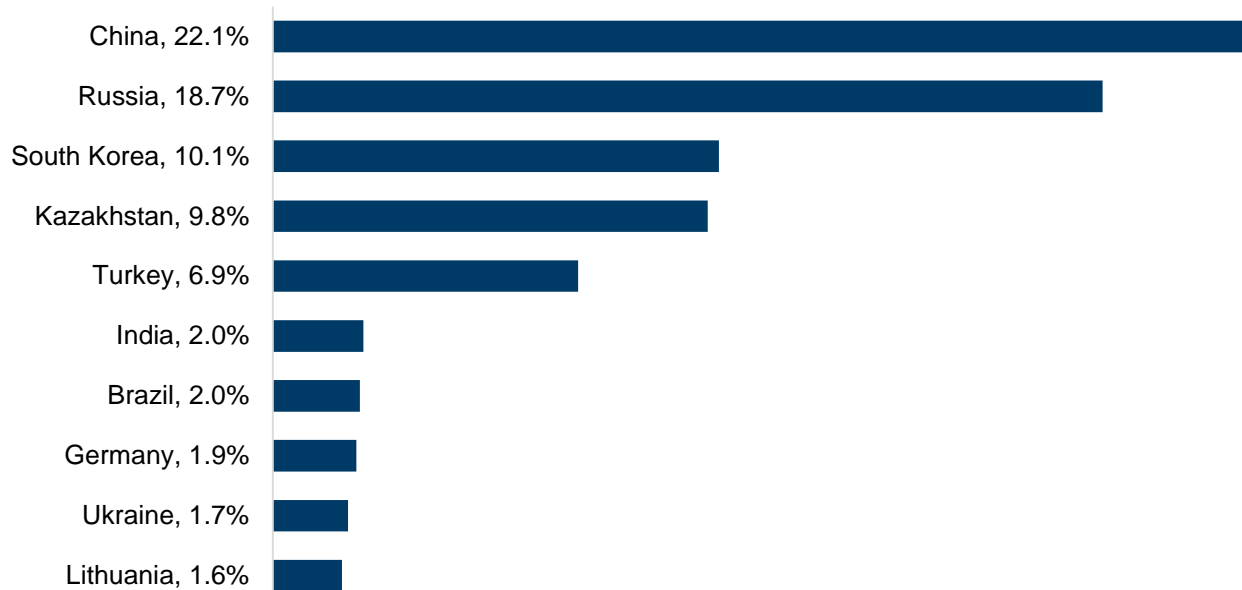
(as of February 1, 2022, % in total)

- Gold, 41.9%
- Industrial goods, 22.6%
- Services, 12.6%
- Food and live animals, 6.4%
- Various finished products, 4.8%
- Chemical products, 4.0%
- Non-food raw materials, 3.2%
- Machinery and transport equipment, 2.2%
- Mineral fuels, 2.0%
- Others, 0.3%



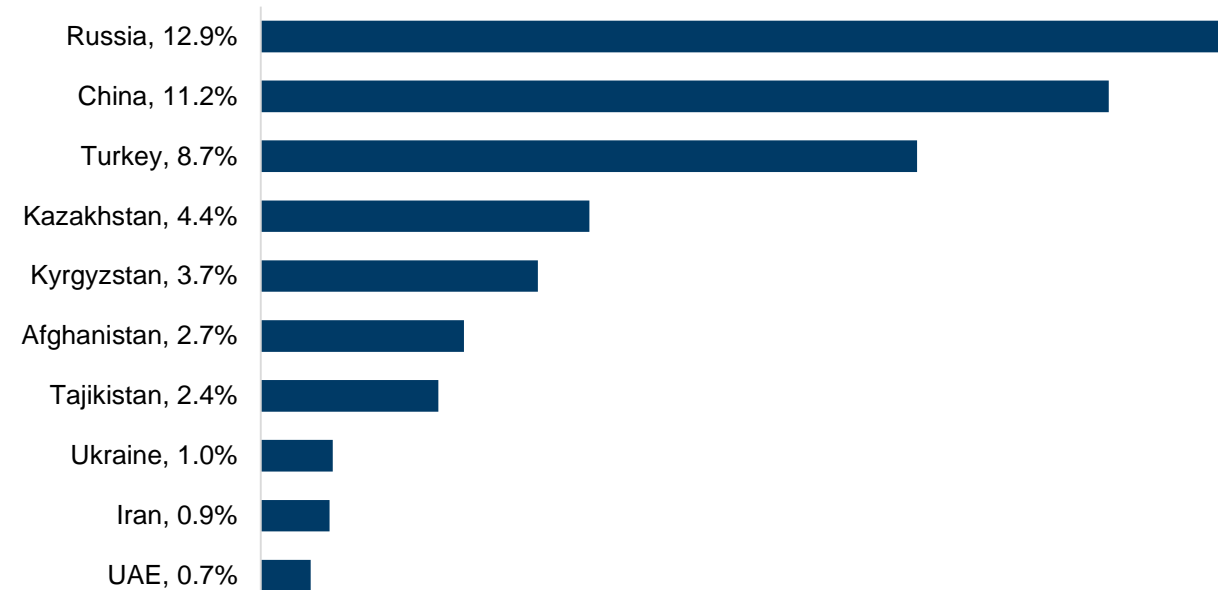
Top 10 countries in imports of goods and services

(as of February 1, 2022, % share in total imports)

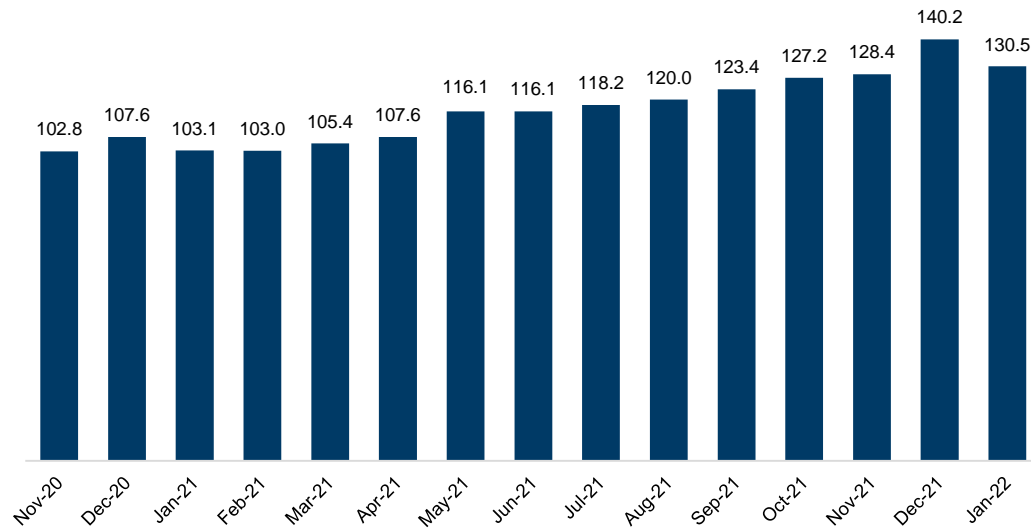


Top 10 countries in exports of goods and services

(as of February 1, 2022, % share in total exports)



Broad Money (M2)
(to the end of month, UZS tn)

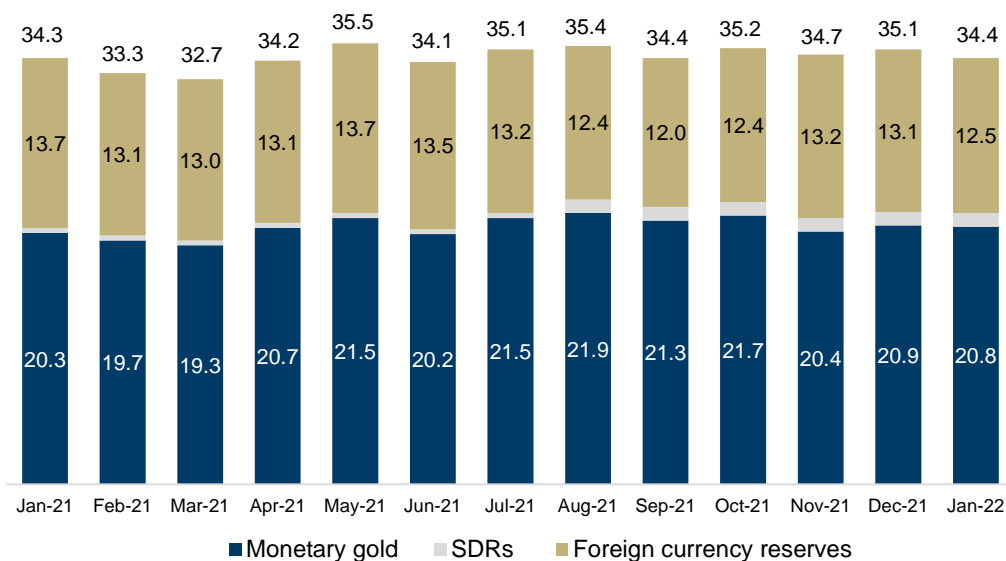


Broad Money (M2)

As of February 1, 2022, broad money constituted **UZS 130.5 tn** (~U.S.\$ 12.1 bn)⁽¹⁾, while the growth rate equaled **26.6%** compared to the same period of last year.

The volume of money supply in national currency constituted UZS 88.3 tn (~U.S.\$ 8.2 bn)⁽¹⁾, of which currency in circulation and transferable deposits in national currency amounting to respective UZS 26.5 tn (~U.S.\$ 2.4 bn)⁽¹⁾ and UZS 28.7 tn (~U.S.\$ 2.7 bn)⁽¹⁾ and other deposits in national currency UZS 33.1 tn (~U.S.\$ 3.1 bn)⁽¹⁾ and foreign currency deposits in national currency equivalent reached to UZS 42.2 tn (~U.S.\$ 3.9 bn)⁽¹⁾.

Official Reserve Assets
(as of February 1, 2022, U.S.\$ bn)



Official Reserve Assets

Official reserve assets of the country amounted to **U.S.\$ 34.4 bn** as of February 1, 2022, in comparison to **U.S.\$ 34.3 bn** as of February 1, 2021.

In the composition of official reserve assets, foreign currency reserves constituted U.S.\$ 12.5 bn, gold U.S.\$ 20.8 bn and SDRs U.S.\$ 1.1 bn.

Liquidity in the banking system

Indicators	Feb 1, 2021	Feb 1, 2022
Highly liquid assets (bn UZS)	46.2	65.7
Immediate liquidity ratio (minimum: 25%)	66.8%	107.3%
Liquidity coverage ratio (minimum: 100%)	135.3%	169.5%
Net stable funding ratio (minimum: 100%)	110.3%	115.4%
Ratio of highly liquid assets to total assets (in %)	13.2%	15.6%

Banking system stability indicators

UZS bn

Indicators	1M2021	1M2022
Regulatory Tier 1 capital to RWA	16.68%	15.51%
Regulatory Tier 1 capital	53 415	64 302
Risk-weighted assets	320 246	414 538
Liquid assets to total assets	14.35%	16.89%
Liquid assets	52 001	73 454
Total assets	362 309	434 777
Capital to risk-weighted assets	18.50%	17.39%
Capital at the end of period	59 259	72 104
Risk-weighted assets	320 246	414 538
NPL to total gross loans	2.66%	5.26%
Non-performing loans	7 487	17 294
Total gross loans	281 494	328 683

Creditors of State external debt¹

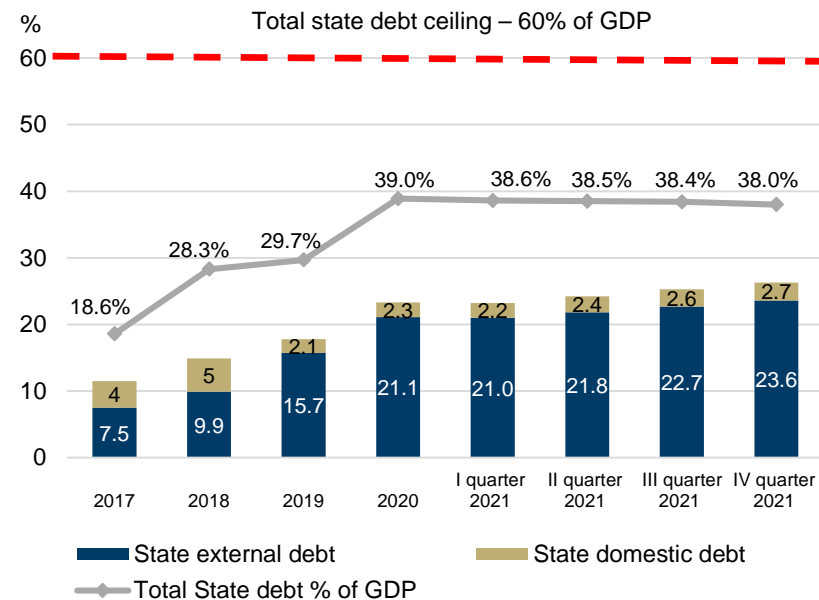
(as of January 1, 2022)

	Asian Development Bank - U.S.\$ 5.2 bn
	World Bank - U.S.\$ 4.3 bn
	China Development Bank and others – U.S.\$ 2.2 bn
	Japan International Cooperation Agency – U.S.\$ 2.1 bn
	Export-Import Bank of China – U.S.\$ 2.0 bn
	International investors - U.S.\$ 2.6 bn
	Islamic Development Bank – U.S.\$ 0.9 bn
	Japanese Bank for International Cooperation - U.S.\$ 0.6 bn
	Economic development and cooperation fund and others - U.S.\$ 1.0 bn
	Other IFIs and foreign government financial organisations - U.S.\$ 2.7 bn
Total State external debt - U.S. \$ 23.6 bn	

Total State debt

As of January 1, 2022, the total State debt² of Uzbekistan amounted to **U.S.\$ 26.3 bn** equivalent or **38.0%** of GDP. Apparently, state debt-to-GDP ratio declined for the four quarters in a row, being 39.0% for 4Q2020, 1Q2021 - 38.6%, 2Q2021 - 38.5% and 3Q2021 for 38.4%. Maintenance of the ratio at sustainable levels is reached due to the effective debt management measures.

Specifically, annual borrowing limit is set on state debt attraction, state guarantees provision on domestic obligations has been suspended, SOEs and SOBs started independently finance their investment projects.

Total State debt
(as of January 1, 2022, U.S.\$ bn)³
Use of proceeds of State external debt¹

(as of January 1, 2022)

	Budget support – U.S.\$ 5.9 bn
	Electric power - U.S.\$ 3.1 bn
	Energy (oil and gas) - U.S.\$ 2.9 bn
	Transport & Transport Infrastructure – U.S.\$ 2.6 bn
	Agriculture - U.S.\$ 2.4 bn
	Housing & communal services - U.S.\$ 2.1 bn
	Commercial banks - U.S.\$ 1.2 bn
	Chemical industry - U.S.\$ 1.2 bn
	Education & healthcare - U.S.\$ 0.7 bn
	Telecommunications - U.S.\$ 0.2 bn
	Others - U.S.\$ 1.3 bn
Total State external debt - U.S. \$ 23.6 bn	

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

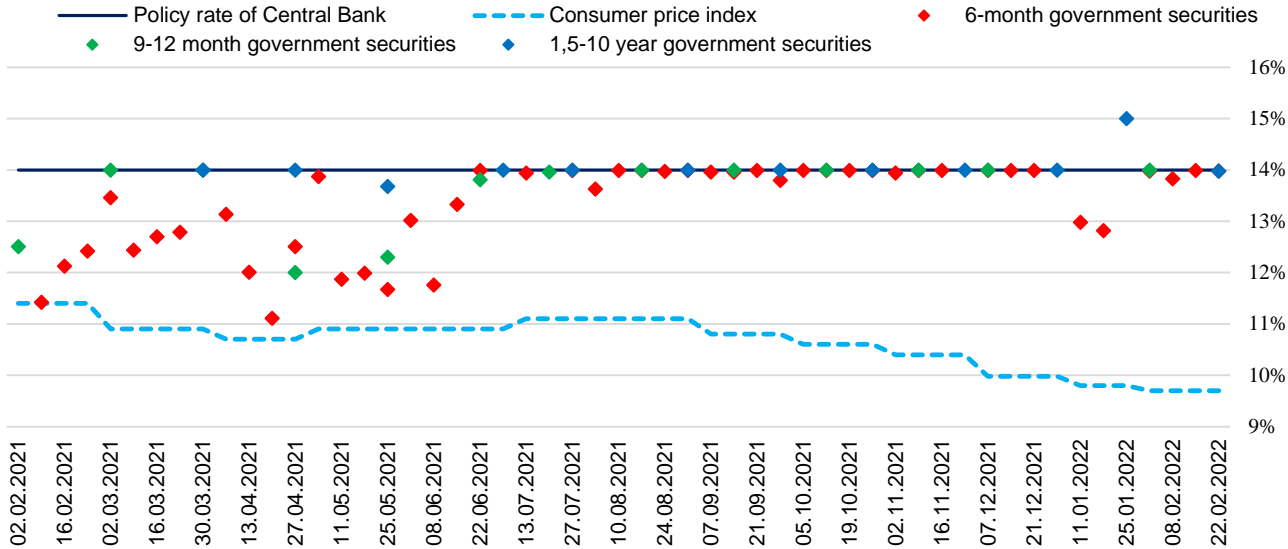
Note 2: Debt borrowed on behalf of the Republic of Uzbekistan and under its guarantee

Note 3: Debt-to-GDP ratios have been revised reflecting GDP revision for 2010-2020 years

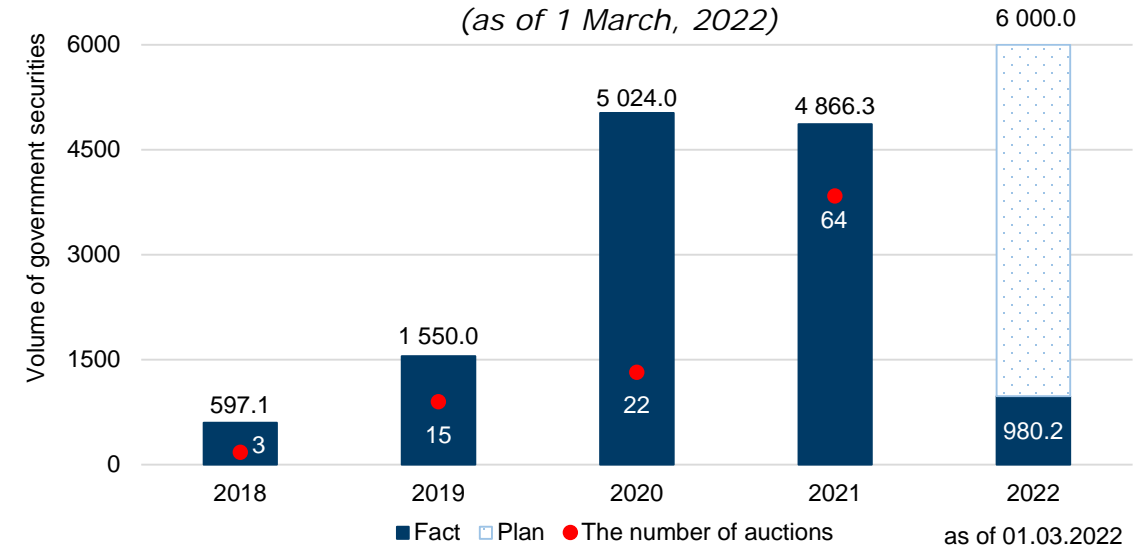
Source: Ministry of Finance of the Republic of Uzbekistan

8. Domestic Treasury Securities

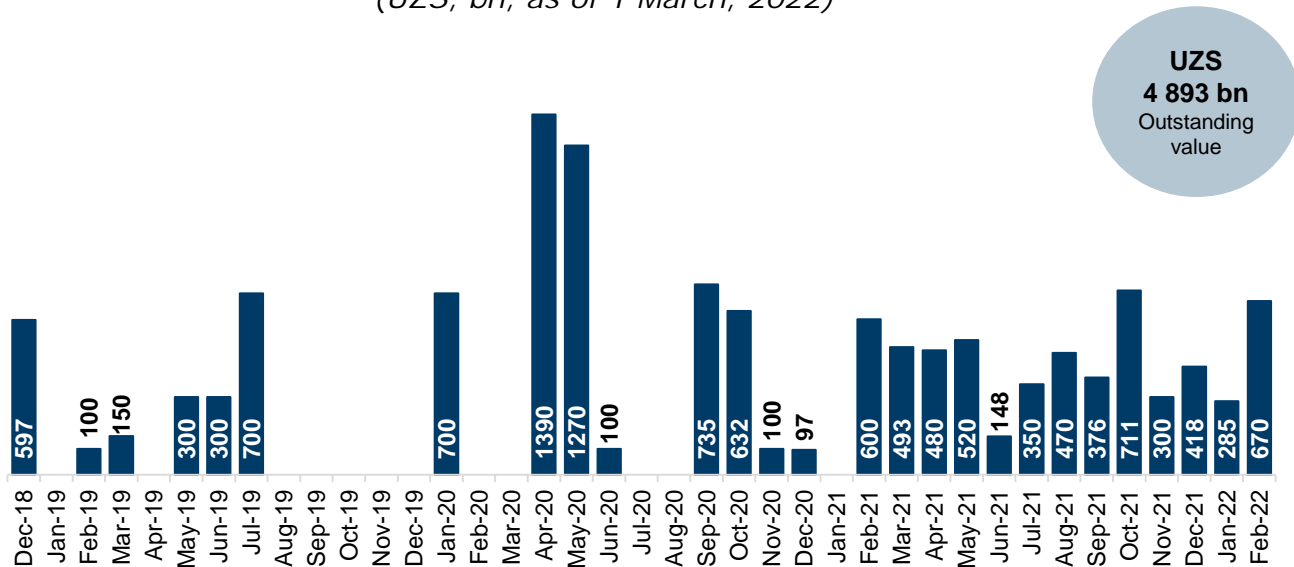
Yield of government securities issued in 2018-2022



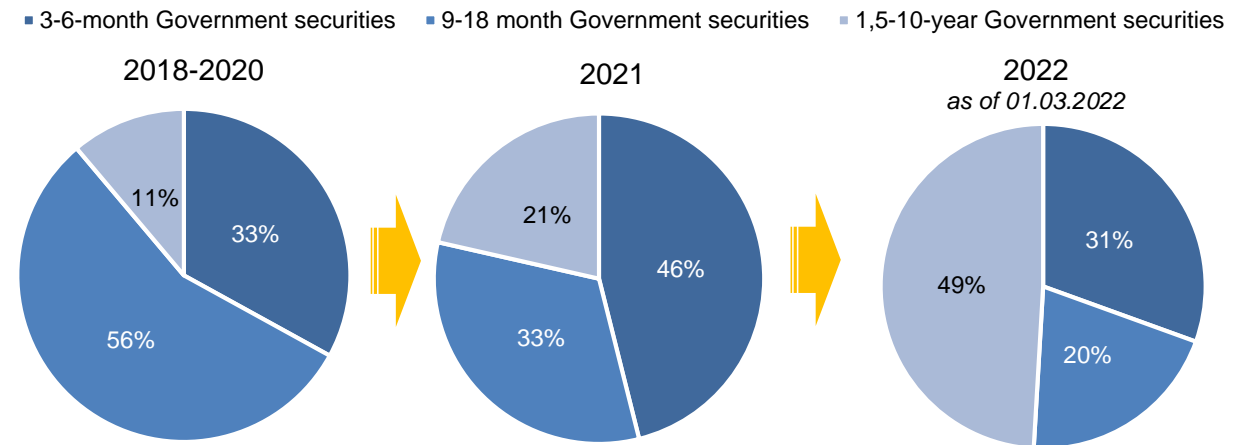
Information on conducted auctions and placed government securities in 2018-2022 (UZS, bn) (as of 1 March, 2022)



Domestic issuance volume dynamics (UZS, bn, as of 1 March, 2022)



Treasury bills and bonds by maturity (% of total issuance)



Note 1: Nominal value of each bill and bond is equal to UZS 1.0 m
Note 2: All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

Auction results of Domestic Treasury Securities

Domestic treasury securities were issued at the amount of **UZS 0.6 tn** through **3 auctions** in 2018, **UZS 1.5 tn** through **15 auctions** in 2019, **UZS 5.0 tn** at **22 auctions** in 2020, **UZS 4.9 tn**, net amount - **UZS 4.1 tn** through **64 auctions**¹.

As of March 1, 2022 the Ministry of Finance had outstanding treasury bills and bonds amounting to **UZS 4.9 tn** (~U.S.\$ 0.45 bn)². In January-February 2022, the total number of **10** auctions-conducted reached and the total volume of issuance of T-bills and bonds reached **UZS 1.0 tn** (~U.S.\$ 0.09 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.

Type of Government Securities	Date of auction	Maturity date	Announced volume, (UZS bn)	Fixed coupon rate	Aggregate amount of bids submitted, (UZS bn)	Volume of securities issued, (UZS bn)	Weighted average YTM
December, 2021							
6-months	07 December 2021	07 June 2022	100.0	zero-coupon	54.5	54.5	13.99%
12-months	07 December 2021	06 December 2022	200.0	zero-coupon	200.0	200.0	14.00%
6-months	14 December 2021	14 June 2022	50.0	zero-coupon	32.1	54.5	13.99%
6-months	21 December 2021	21 June 2022	50.0	zero-coupon	11.7	11.7	13.99%
3-years	28 December 2021	29 December 2024	200.0	14%	119.8	119.8	14.00%
January, 2022							
6-months	11 January 2022	12 July 2022	50.0	zero-coupon	296.7	50.0	12.98%
6-months	18 January 2022	19 July 2022	50.0	zero-coupon	71.4	50.0	12.82%
5-years	25 January 2022	28 January 2027	200.0	14.5%	200.0	200.0	14.50%
10-years	25 January 2022	27 January 2032	200.0	15%	10.0	10.0	15.00%
February, 2022							
12-months	01 February 2022	31 January 2023	200.0	zero-coupon	200.0	200.0	14.00%
6-months	01 February 2022	02 August 2022	50.0	zero-coupon	73.3	50.0	13.98%
6-months	08 February 2022	09 August 2022	50.0	zero-coupon	151.4	50.0	13.83%
6-months	15 February 2022	16 August 2022	50.0	zero-coupon	49.2	49.2	13.99%
2-years	22 February 2022	22 February 2024	300.0	14.0%	271.0	271.0	13.98%
6-months	22 February 2022	23 August 2022	50.0	zero-coupon	60.0	50.0	13.98%

Note 1: For more detailed auctions information go through the following link: www.mf.uz/uz/?option=com_content&view=article&id=744

Note 2: Official exchange rate for 1 March 2021, USD/UZS = 10 872

Note 3: Average official exchange rate for January-February 2022, USD/UZS = 10 837

Note 4: Calculated based on the exchange rate of USD/UZS on the auction date

Note 5: Nominal value of each bill and bond is equal to UZS 1.0 m

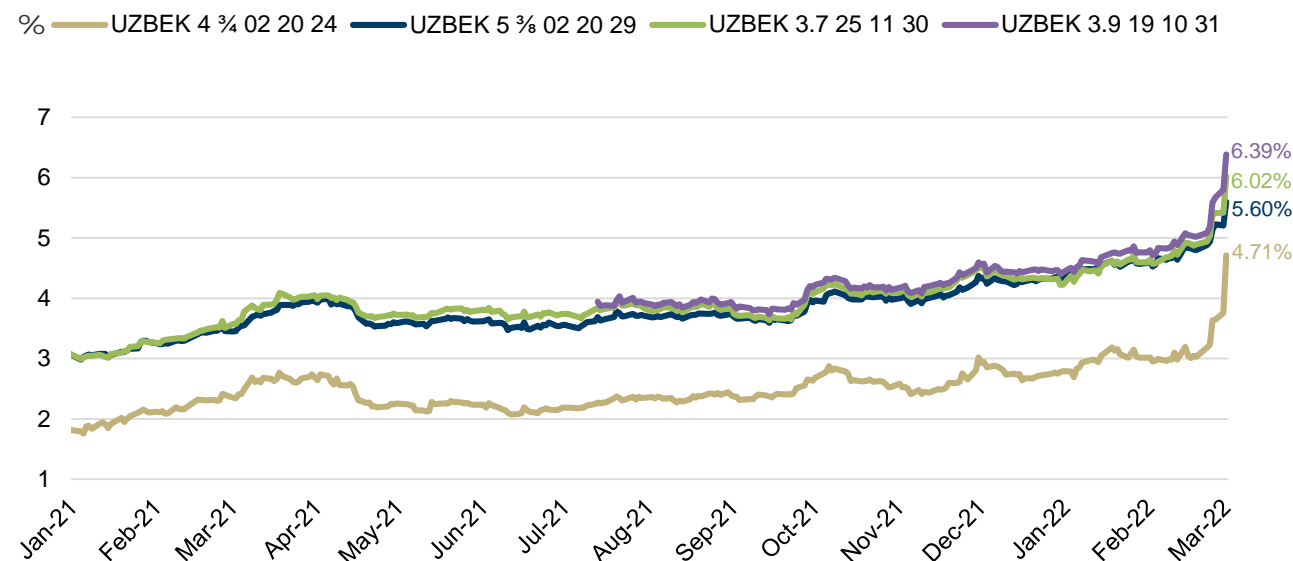
Note 6: All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

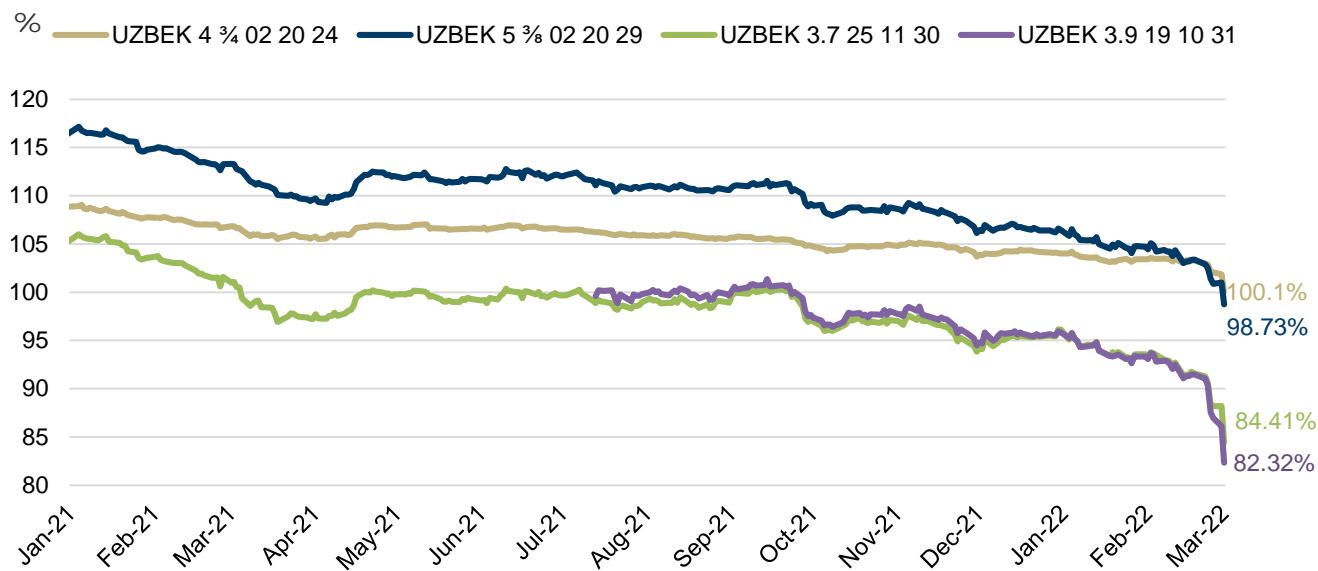
10. Sovereign Eurobonds

Settlement Date	Issuer	S&P	Fitch	Coupon(%)	Volume	Maturity
20 Feb 2019	Uzbekistan	BB-	BB-	4.75	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-	3.7	U.S.\$ 555 m	25 Nov 2030
25 Nov 2020	Uzbekistan	BB-	BB-	14.5	UZS 2.0 tn (~U.S.\$ 192.5 m) ¹	25 Nov 2023
19 July 2021	Uzbekistan	BB-	BB-	3.9	U.S.\$ 635 m	19 Oct 2031
19 July 2021	Uzbekistan	BB-	BB-	14.0	UZS 2.5 tn (~U.S.\$ 235.4 m) ²	19 July 2024

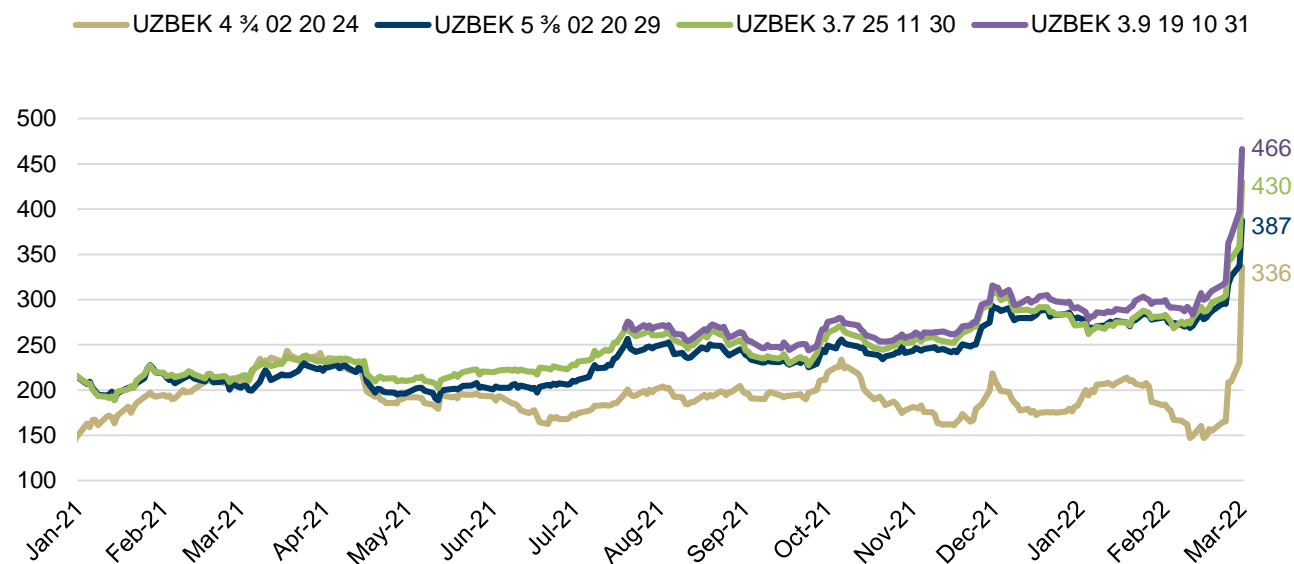
Yield- to-maturity (%)



Price (%)



Spread-over-the-benchmark (bps)

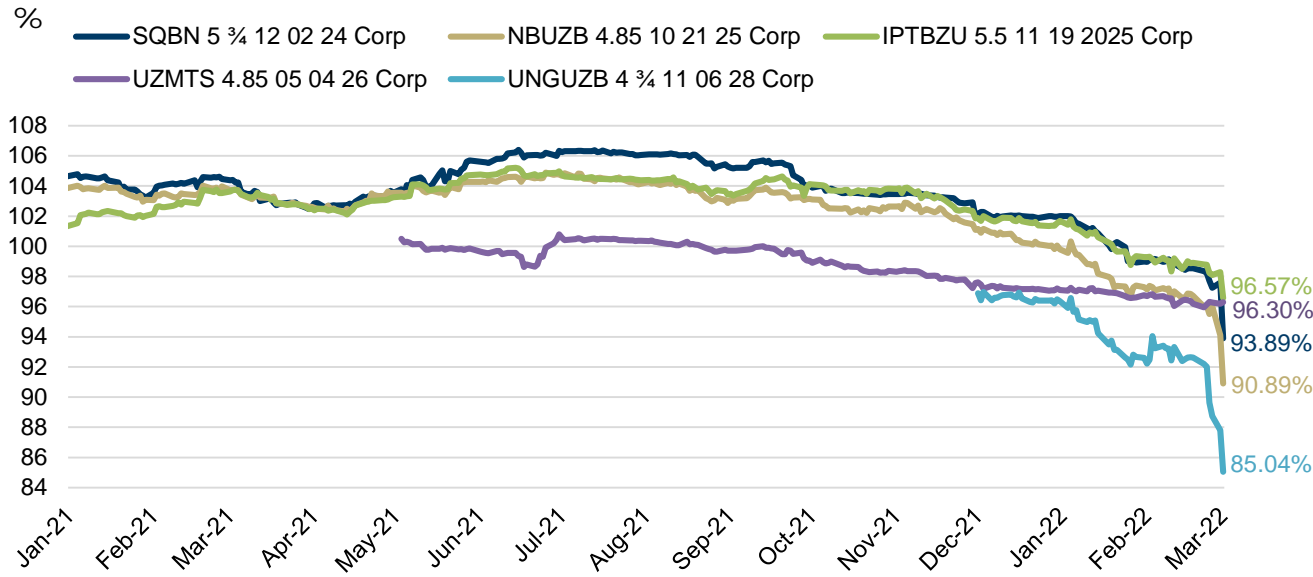


Note 1: Official exchange rate for 19 November 2020, USD/UZS = 10 391
 Note 2: Official exchange rate for 12 July 2021, USD/UZS = 10 621

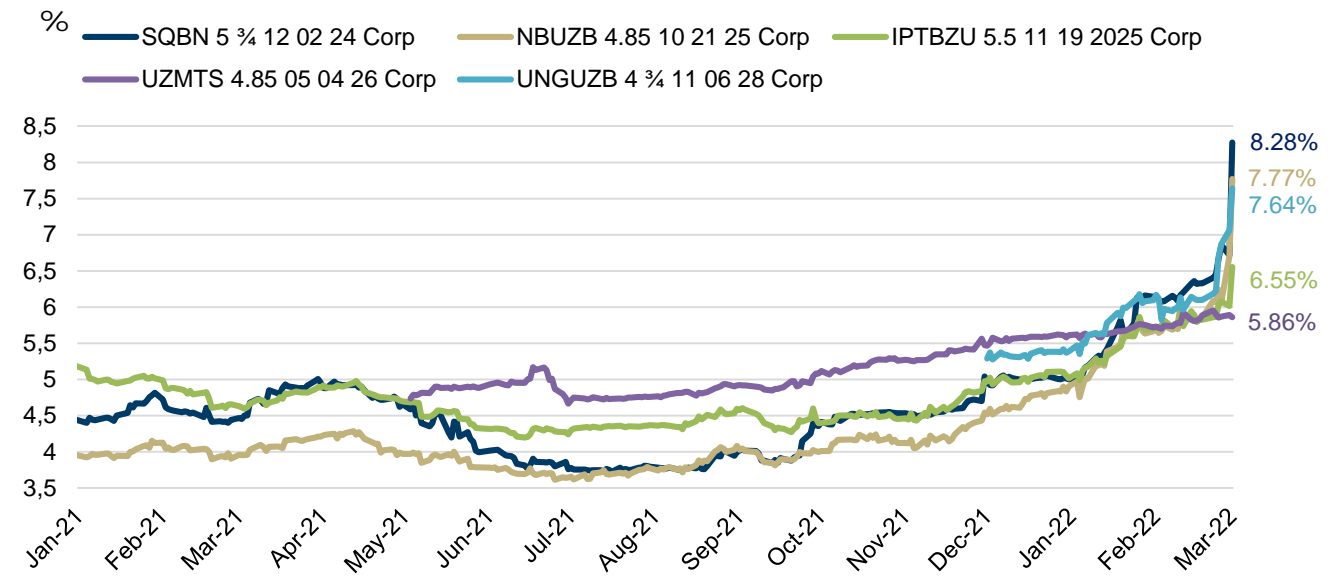
Source: Bloomberg Terminal
 (As of March 1, 2022)

11. Uzbek corporate Eurobonds

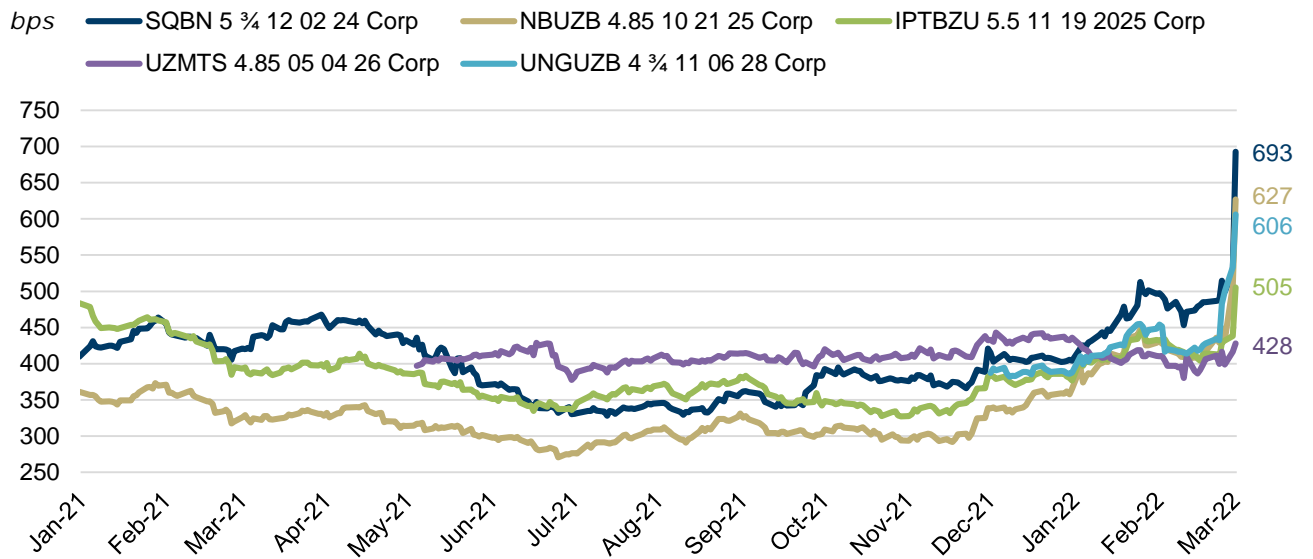
Price (%)



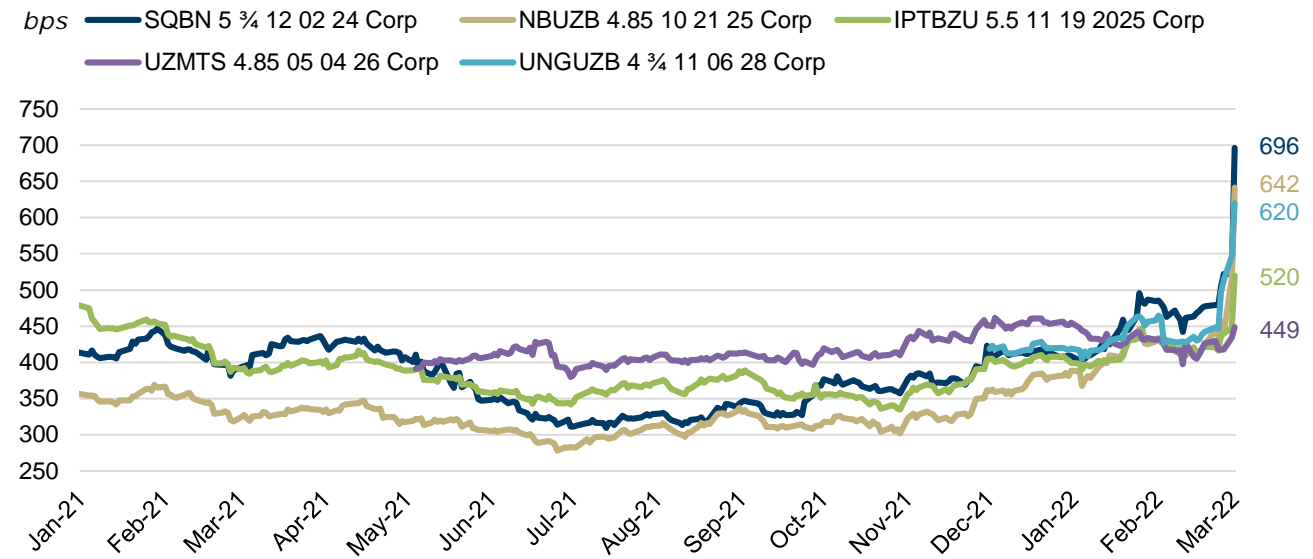
Yield- to-maturity (%)



Spread-over-the-benchmark (bps)



Z-Spread (bps)



11 February 2022

Uzbekistan rose by 5 positions in Democracy Index

Uzbekistan increased by **5 positions** in **Democracy Index 2021** and ranked **150th** compiled by The Economist Intelligence Unit. In this report, 165 countries were included.

According to the report, Uzbekistan's democracy level has not changed compared to last year – the country scored 2.12 points and remained among the group of countries with an “authoritarian regime”.

Indicators	Score
Electoral process and pluralism	0.08
Functioning of government	1.86
Political participation	2.78
Political culture	5.00
Civil liberties	0.88

** Uzbekistan had the same scores in 2020, but rose by several places only in the overall ranking.



In the Eastern European, Tajikistan ranked 157th and Turkmenistan 162nd are behind Uzbekistan in the world. Kazakhstan again took 128th place in the global ranking, and Kyrgyzstan decreased by 8 positions and ranked 115th.

“There has been a precipitous decline in individual freedoms during the past two years as governments have responded to the coronavirus pandemic with an unprecedented withdrawal of civil liberties” said in the report.

Source: <https://eiu.com>

The Heritage Foundation published Index of Economic Freedom report for 2022

15 February 2022

In the annual report “*Index of Economic Freedom 2022*”, Uzbekistan ranked 117th, declining by 9 positions from the previous 108th rank (in 2021), and according to the methodology of the index remained among the countries whose economies are mostly unfree.

The striking point is that the Republic of Uzbekistan achieved the higher results from the following indicators:

- ❖ *Investment Freedom* – **50 points (+30)**, **129th rank (+35)**;
- ❖ *Trade Freedom* – **75.6 points (+20.2)**, **64th rank (+99)**;
- ❖ *Financial Freedom* – **40 points (+20)**, **116th rank (+44)**;
- ❖ *Monetary Freedom* – **61.6 points (+1.3)**, **165th rank (+7)**.

Note: Index of Economic Freedom has been published annually by the Heritage Foundation in collaboration with the Wall Street Journal since 1995, and studies on Uzbekistan have been conducted since 1998.

2021

Uzbekistan increased in Competitive Industrial Performance Index 2021

The Republic of Uzbekistan has improved by **1 position** and ranked **94th** in **Competitive Industrial Performance** compared to the previous year and has remained among the countries with *lower middle quintile of development*.

According to the results of 2021, the Republic of Uzbekistan scored **0.017** (according to the latest report, the indicator rose by +0.001).

The county's performance increased in *Share of Manufacturing Value Added in GDP Index (+4)*, *Manufacturing Export per Capita Index (+3)*, and *Share in World Manufacturing Export Index (+5)*. Also, according to the regional distribution of the rating, Uzbekistan is among the countries of Central and West Asia, ranked 11th out of 22 countries, and improved its position by 2 places compared to last year.

Moreover, Uzbekistan ranks 5th in CIS countries, namely after Russia, Belarus, Kazakhstan and Ukraine.

Source: <https://www.unido.org>

23 February 2022

8 February 2022



Uzbekistan has the potential to become a champion of green growth in Central Asia

Over the last few decades, Uzbekistan's remarkable economic growth has been fueled by resource extraction and the mining and manufacturing sectors of the economy. Yet, this progress has come at a high price. The country's economy is now the fifth most intensive in terms of greenhouse gas (GHG) emissions in the world and is the most intensive in Europe and Central Asia due to a fossil-fuel heavy energy mix and an energy-intensive industrial sector.

Like the rest of Central Asia, Uzbekistan is also highly vulnerable to climate change. The changing climate threatens its natural capital, agriculture, land and water productivity, and exacerbates natural disaster risks. The country ranks 96 out of 191 countries in climate vulnerability (ND-GAIN 2019). It is prone to earthquakes and floods that affect an average of 1.4 million people and cause almost \$3 billion in losses every year. Severe water scarcity and land degradation further threaten agricultural productivity and food security.

Today, Uzbekistan has a unique opportunity to overcome limits to growth under its current development pattern and to strengthen its economic competitiveness in a global marketplace that has become more climate and environmentally aware. Building on the impetus of structural reform, Uzbekistan can chart a path towards a low-carbon and climate-resilient green growth model based on the resilient, inclusive, sustainable and efficient use of natural resources for its economy, people and the planet.

This unprecedented multisectoral and multistakeholder platform has elevated the green transition agenda as a core national development priority across all levels of government as signaled by a high-level address affirming these commitments at the UN Climate Change Conference of the Parties (COP26) in Glasgow in November 2021. To make the win-win case for a green transition, the dialogue series focused on building awareness of and technical capacity for the top green economy transition priorities. It leveraged partnerships and expertise in Uzbekistan and across Central Asia, and from among the international development community including the United Nations Development Program, European Bank for Reconstruction and Development, African Development Bank, Organization for Economic Co-operation and Development, Asian Development Bank, and a rich network of non-governmental organizations, academic and research institutions.

Source: <https://www.openknowledge.worldbank.org>

BROOKINGS

FUTURE DEVELOPMENT

High expectations in Uzbekistan

Uzbekistan's economic transition from plan to market started three decades ago when it became an independent country. It started structural reforms — how it managed macroeconomic policy, how it regulated enterprise, and how it provided public services—with a breadth and speed that exceeded even what we had observed in some of the earlier reformers like Kazakhstan at a similar stage of the process. In 2019, **The Economist** declared Uzbekistan the most improved economy — **the Country of the year**.

The Uzbek government started by focusing on the main vulnerabilities of the economic model that had guided their development strategy. The state had planned and led the distribution of resources and outputs among state-owned enterprises (SOEs).

Where is Uzbekistan today in its transition from plan to market?

- The government proceeded most resolutely with liberalizing prices and foreign trade and unifying the exchange rate;
- Public spending has changed through the reorientation of capital expenditures toward priority areas for reform and a large increase in social sector—education, health, and government assistance—outlays;
- The tax system has been simplified and made more neutral through a complete overhaul of tax policy and improved tax administration;
- Fiscal and debt transparency has substantially improved;
- The changes in fiscal policy and the structure of government finances have supported the transformation of the economic model and have laid the groundwork for future economic expansion.
- Progress with enterprise restructuring, privatization, and introducing a supportive investment framework for new private firms has been a lot slower;

The next stage of market and institutional reforms is aiming to increase the efficiency of labor, capital, land, and resource markets. It should be starting soon.

Source: <https://www.brookings.edu>

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Ministry of Finance of the Republic of Uzbekistan
Debt Management Office

Contact us

29, Istiqlol, Yunusobod distr., Tashkent city, 100017, the Republic of Uzbekistan

Phone: (+99871) 239-48-12, E-mail: DMO@mf.uz

Web-site: www.mf.uz