<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Introduction to Uzbekistan</td>
<td>3</td>
</tr>
<tr>
<td>2. Key Reform Initiatives</td>
<td>8</td>
</tr>
<tr>
<td>3. Fiscal Performance and Debt Management</td>
<td>11</td>
</tr>
<tr>
<td>4. External Sector</td>
<td>18</td>
</tr>
<tr>
<td>5. Monetary Policy and the Banking System</td>
<td>20</td>
</tr>
<tr>
<td>Appendix</td>
<td>23</td>
</tr>
</tbody>
</table>
Key Strengths

Uzbekistan’s Strategic Location
- Access to markets with over 3.3 billion people within 950 km
- Host to large-scale infrastructure investment linking Asia and Europe through Central Asia; forward-looking railway and road construction connects to China
- Export industries leverage the country’s strategic Silk Road trading location: trade and economic corridors connect Central Asia to the markets of East, South and Southeast Asia as well as Europe and the Middle East
- Home to five UNESCO World Heritage Sites at Bukhara, Khiva, Samarkand, Shahrisabz, Western Tien-Shan

Consistently strong macro-economic outperformance
- Average economic growth of c. 6.7% during 2013-2018, which outpaced the world average (3.1%) for the same period
- Demonstrated conservative budgeting policy: up to 2018, several years of budget surplus
- Maintain low external public debt (19.8% of GDP) and possess robust foreign exchange reserves relative to external financing needs
- The government has a fiscal buffer of previously accumulated surpluses as well as access to the UFRD cash holdings

Favourable demographics, young population, largest in Central Asia
- The most populous state (pop. 33.2 million)—with the largest workforce (14.6 million, 2018)—in the Central Asia region
- Policy geared towards expanding education and channelling excess agricultural labour into industrial employment
- Literacy rate approaching 100%; 91 institutions of higher learning with 11 branches of foreign universities
- Low average retirement age at 57.5 years, providing sufficient headroom for future pension reforms

Large Natural Resource Endowment
- Abundant and diversified natural resources provide a platform for growth:
  - 2nd largest producer of gold and uranium, 3rd largest producer of both natural gas and copper among CIS countries
  - 3rd largest gold reserves in the world; in the top-16 for world’s largest reserves of natural gas, copper and uranium
  - “Development Strategy for 2017-2021” aims to harness huge renewable energy potential, including 320 days of sunshine/year

Strong Commitment to Reforms and Transformation Strategy
- Wide-ranging institutional, economic and social reforms, embodied in the President’s “Development Strategy for 2017-2021,” are guiding Uzbekistan’s development the governance and legal systems, rule of law, business environment, academic system and other spheres
- State-owned enterprise reform, focused on the aviation, chemical and energy sectors, is a priority
- Government deeply committed to reforms and increasing transparency, already with significant accomplishments
- Ranking in the World Bank’s “Ease of Doing Business” reports improved by 90 places between 2012 (166) and 2019 (76)

Deep and Varied Support from International Development Partners
- Strong support from the Asian Development Bank (ADB), IMF, World Bank and EBRD for advancing structural reforms and capacity building
- The ADB, EBRD and World Bank are financing c.$1.8 billion of infrastructure projects in the energy and fuel sectors on concessional terms, with billions more of additional concessional support from these and other sources for projects and technical advice[1]
- Attractive debt amortisation profile entirely owed to bilateral and multilateral creditors, with the greater part of debt due in five or more years

[1] As of 3Q2018
1. Introduction to Uzbekistan
Uzbekistan’s Strategic Location

In the heart of Eurasia, the Republic benefits from access to markets with over 3.3 billion people within 950 km.

- **Area**: 448,978 sq. km
- **Population**: 33.2 million
- **GDP**: USD 50.5 billion
- **Capital**: Tashkent
- **Urbanisation**: ~51%
- **Official currency**: "Soum" or UZS; UZS/USD = 8,068.05
- **Languages**: Uzbek (official), Russian (commonly used); English (increasingly popular)
- **Political system**: Presidential, multi-party democratic republic

All figures as of year-end 2018; [1] Alternate spellings of the currency are “sum” and “som”; [2] Average exchange rate for 2018
Natural Resource Endowment

Abundant and diverse mineral resources

- **Gold**: 3rd (rank in CIS), 9th (production global rank), 2nd (production global rank)
- **Natural Gas**: 16th (production global rank), 15th (production global rank), 3rd (reserves global rank)
- **Copper**: 12th (production global rank), 3rd (reserves global rank)
- **Uranium**: 11th (production global rank), 5th (reserves global rank), 2nd (reserves global rank)
- As well as **Oil, Zinc, Silver, Non-Ferrous and Precious Metals**

Diversification of energy sources

- **Hydropower [1]**
  - Installed Capacity: 1,839 MW
  - Potential Output: 27.4 bn KWh
  - Modernisation of hydropower generation facilities and construction of new HPPs worth $890 mn
  - Current investment project
    - New and renovated hydroelectric facilities (over $2.0 bn by 2025)

- **Solar [1]**
  - Installed Capacity: 4 MW
  - Potential Output: over 525 bn KWh
  - Over 2,650 sunlight hours annually
  - Current investment project
    - Photovoltaic solar panel installation for power generation (c.$1.5 bn)

- **Wind [1]**
  - Installed Capacity: 0.85 MW
  - Potential Output: 1 tn KWh
  - Estimated potential capacity of wind power industry is more than 520,000 MW
  - Current investment project
    - European multinational investing in 100MW wind power generation (c.$100 mm)

Human Capital - Strong Potential for Growth

The most populous nation in Central Asia (pop. 33.2 million), with the largest workforce (14.6 million), Uzbekistan is pursuing reforms to more productively and positively leverage its main asset—its human capital.

**Age structure of the population**

Thousands of people

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td>1,002</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,037</td>
<td>1,042</td>
<td>1,048</td>
<td>1,053</td>
<td>1,057</td>
<td>1,061</td>
<td>1,066</td>
<td>1,071</td>
<td>1,075</td>
<td>1,079</td>
<td>1,084</td>
<td>1,089</td>
<td>1,094</td>
<td>1,098</td>
<td>1,103</td>
<td>1,107</td>
<td>1,111</td>
<td>1,115</td>
<td></td>
</tr>
</tbody>
</table>

**Employment by sector as of 1H2018**

Thousands of people

- Agriculture, forestry and fishery\(^[1]\) 26.9%
- Industrial production 13.4%
- IT, membership organisations, personal services, small trades 11.6%
- Trade 10.5%
- Construction 8.9%
- Education 8.5%
- Transportation and storage 4.8%
- State management and defence 4.8%
- Health and social services 4.6%
- Other 6.0%

\(^[1]\) Agricultural employment is partially seasonal; \([\text{2}]\) Latest available data, as of 2015; \([\text{3}]\) As of year-end 2018

 Increased investment in education has started to pay dividends. Literacy rates almost at 100%

Adult total (% of people ages 15 and above), 2016

- Uzbekistan 99.99%
- Brazil \([\text{2}]\) 92.05%
- Vietnam \([\text{2}]\) 94.50%
- Indonesia 95.38%
- Turkey 96.17%
- Azerbaijan 99.79%
- Armenia \([\text{2}]\) 99.80%
- Kazakhstan \([\text{2}]\) 99.80%

**Online and mobile banking is expanding rapidly as Uzbekistan embraces technological change**

Digital banking users, '000

- 2013: 264
- 2014: 535
- 2015: 1,061
- 2016: 2,042
- 2017: 4,454
- 2018: 7,959
Strong Fundamentals Support Growth and Reform

Uzbekistan’s strong economic foundations support reforms and underpin future development. The country has managed high rates of growth without generating large imbalances.

Economic expansion remains robust, following the foreign exchange liberalisation and currency devaluation

- Nominal GDP, UZS tn
- Nominal GDP, USD bn
- Real GDP growth, % YoY

Government debt remains at sustainable levels, despite local currency devaluation

- External Public Sector Debt, USD bn

Uzbekistan has a demonstrated orientation to fiscal prudence
Consolidated Budget, UZS tn, % of GDP

- Revenues
- Expenses
- Fiscal balance (% of GDP)

Highly effective banking sector, which remains stable and supportive of the real economy
Banking sector structure, UZS tn, 2018

- Assets
- Loans
- Deposits
- Equity

Sources: Ministry of Finance, Central Bank of the Republic of Uzbekistan, State Committee on Statistics, State Tax Committee
Structural Reforms to Sustain High GDP Growth

Uzbekistan’s economic growth has outpaced the world average in recent years despite internal and external shocks, and current reforms will build on a strong foundation.

Uzbekistan’s growth continues to be among the highest of its regional peers
Real GDP growth year-on-year (%)

- The real GDP of Uzbekistan increased by average annual rate of c. 6.7% in the period 2013-2018, with investments increasing at around 13% per annum
- Nominal GDP in USD terms decreased in 2017 due to UZS liberalisation in September 2017 and its adjustment to market rate

Government policy and demographics will support growth

The implementation of active investment policy, measures aimed at smoothing negative external effects, improvement of the tax system, and public finance regulation, as well as the country’s favourable demographic position, will increasingly support economic expansion

Currency liberalisation has not deterred growth, which has maintained its positive dynamics

Sources: Central Bank of Uzbekistan, State Committee on Statistics, IMF WEO (for GDP growth data for regional peers)

[1] Data as of year end 2018, preliminary estimate
2. Key Reform Initiatives
Strategy of Innovative Development for 2019-2021

In December 2016, Shavkat Mirziyoyev won democratic presidential elections, receiving 88.6% of the vote.[1] One defining characteristic of this administration has been the initiation of wide-reaching reforms.

<table>
<thead>
<tr>
<th>Development of state governance</th>
<th>Rule of law and legal reforms</th>
<th>Development and liberalisation of the economy</th>
<th>Development of the social sphere</th>
<th>Security, religious tolerance and interethnic harmony, foreign policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Administrative reforms</td>
<td>✓ Transparency of and public involvement in regulations</td>
<td>✓ Foreign currency liberalisation</td>
<td>✓ Improving the quality of education and health services</td>
<td>✓ Protection of sovereignty and territorial integrity</td>
</tr>
<tr>
<td>✓ Adoption of anticorruption laws</td>
<td>✓ Refinement of the judicial system</td>
<td>✓ Trade liberalisation</td>
<td>✓ Increasing the presence of private and international institutions in academia</td>
<td>✓ Strengthening of interethnic concord</td>
</tr>
<tr>
<td>✓ Human rights priorities</td>
<td>✓ Improving administrative, criminal, civil and economic legislation</td>
<td>✓ Tax reform</td>
<td>✓ Extending the coverage and targeting of social protection services</td>
<td>✓ Strengthening of international defense and cybersecurity capabilities</td>
</tr>
<tr>
<td>✓ Introduction of e-Government</td>
<td>✓ Empowerment of local deputies in governance</td>
<td>✓ Agricultural reform</td>
<td>✓ Real income growth</td>
<td>✓ Improvement of the foreign policy base</td>
</tr>
<tr>
<td>✓ Establishment of the Ministry of Innovation</td>
<td></td>
<td>✓ Prioritisation of price stability</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>State-owned enterprise reform</td>
<td>✓ Improved investment and business climate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>✓ Reform of state-owned enterprises, focused on but not limited to the aviation, chemical and energy sectors</td>
<td>✓ Encouraging excess agricultural labour into industrial employment</td>
<td>✓ Increasing women’s participation in political life and social leadership</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Supporting labour migration and remittances</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Reduction of administrative interference in the economy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Transparency of economic data</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Innovation Strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2019-2021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Areas of focus for development, 2017 - 2021

Modernisation of the economy, technological development, promotion of FDI and the investment climate, private property protections, development of the tax system, and investment in efficient infrastructure

For more detail on these reforms, please see the relevant page in the appendix; [1] The president was elected for a five-year term.
Reforms in large state-owned enterprises

Mining and Metallurgy
- Operational management was given to a third-party trust
- Plans to reorganise into a Joint Stock Company (JSC, 2023)
- Plans for IPO and SPO public offerings on local and international stock markets (2023)

Mining and Metallurgy
- Operational management was given to a third party trust
- Plans to reorganise into a JSC (2022)

Mining and Metallurgy
- Reorganisation into a JSC (2019)
- Financial reporting according to IFRS and external audit (2019)
- IPO and SPO public offerings on local and international stock markets (2023)

Energy, Oil and Gas
- Separation into three parts (generation, transmission, retail) with only transmission remaining under control of the government
- Operational management responsibility transferred to a third party
- Planned sale of its assets by auction to private entities

Energy, Oil and Gas
- Operational management responsibility transferred to a third party
- Planned reorganisation of the enterprise and attraction of private, foreign and direct investment

Energy, Oil and Gas
- Takeover by Uzbekistan Railways JSC
- Sale of 45% of shares to a third party trust

Transportation
- Reorganisation on November 28, 2018
- Establishment of Uzbekistan Airways JSC, Uzbekistan Airports JSC, Uzbekistan Helicopters LLC

Chemical
- Sale of shares to investors at market price
- Planned diversification of the chemical industry

Reforms in government structure

- The Ministry of Economy has been reorganised into the Ministry of Economy and Industry (10 January 2019), which has been vested with wider powers
- The State Committee for Assistance to Privatised Enterprises and Development of Competition is dissolved and divided into three separate state bodies:
  - the Agency for Public Asset Management
  - the Anti-Monopoly Committee
  - the Agency for Development of Capital Markets
- Ministry of Investment and Foreign Trade was established on the basis of the Ministry of Foreign Trade and the State Committee on Investments. Three agencies were created under the new Ministry, including a Technology Development Agency
- The Ministry of Energy was established by transferring the powers of Uzbekenergo, Uzbekneftegaz and Uzbekgidroenergo to the new organisation. The Ministry will be responsible for the organisation and regulation of activities in the fuel and energy complex.
- The Ministry of Transport will be created. The Ministry will coordinate activities and implement policies in the spheres of road, rail and air transport as well as light rail and river transport.

Sources: Ministry of Finance; Ministry of Economy; The Republic of Uzbekistan’s national database of national laws (http://lex.uz/), State Committee for Assistance to Privatised Enterprises and Development of Competition
Increased International Cooperation

Uzbekistan has improved ties with foreign governments and multilateral organisations. These support the country with technical assistance and long-term, concessional financing, including for development-enhancing infrastructure.

Cooperation with international organisations

- **ADB**
  - Policy-Based Loans and technical assistance worth $7.4 bn since 1996; pipeline of $3.2 bn
  - Development Policy Operations; 41 projects and loans worth $4.6 bn

- **World Bank**
  - 68 projects worth €1.3 bn, including €0.5 bn of active investment projects

- **European Bank for Reconstruction and Development**
  - Regular Consultations
  - Present in the country since 1993, the UNDP’s work in Uzbekistan is concentrated in two thematic areas: good governance and sustainable development

- **UNDP**
  - To date, 17 projects totaling $0.9 bn have been implemented jointly with the Islamic Development Bank, and 9 projects totaling $1.1 bn are currently being implemented

Increasing bilateral engagement

- In 2017-2018, Uzbekistan signed a number of new investment agreements with trade partners and other states
- Key joint projects are in the oil and gas, petrochemical, nuclear and metals industries
- Forms of participation in the projects: investments, loans, production sharing agreements and trade financing

Sources: Ministry of Finance

[1] Where available, this table shows total expected project financing costs, which are not limited to the IFI’s contribution only.
3. Fiscal Performance and Debt Management
Fiscal Policy – Major Focus Areas

Consolidated 2018 Budget (actual)

Off-budget funds
Revenues UZS32.22 tn
Expenses UZS29.44 tn

State budget
Revenues UZS79.10 tn
Expenses UZS79.74 tn

Republic budget
Revenues UZS56.15 tn
Expenses UZS43.70 tn

Local budgets
Revenues UZS22.94 tn
Expenses UZS36.04 tn

Prudent budget planning and execution has led to:

- Historical record of fiscal surpluses
- Build up of savings buffers
- Low level of indebtedness

- Uzbekistan introduced a medium-term budget process in 2018
- Fiscal policy is likely to remain conservative at the consolidated budget level [1]
- Off-budget expenditures primarily finance housing development, strategic infrastructure and industrialisation projects

Budgeting is conservative. Actual revenues and expenditure are more balanced than plan

State budget, UZS tn, 2018

Plan | Actual | Difference (Actual - Plan)
--- | --- | ---
Total Revenues | 16.9 | 2.9 | 7.9 | 6.1 | 17.6 | 7.6 | 9.9 | (0.64)
of which, Direct Taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0
Indirect Taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0
Other Revenues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0
Total Expenditures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0
of which, Social Spending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0
Other Spending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0
Differences | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06

Sources: Ministry of Finance, State Committee on Statistics [1] Includes the republic budget, local budget and special-purpose funds such as the pension fund.
State tax reforms will lead to increased revenue collection at the state and regional levels by bringing more SMEs into the formal economy, supporting the republic’s continued ability to balance the budget. The tax system is also becoming simpler.

### State taxes – allocated between republican and local budgets

<table>
<thead>
<tr>
<th>Tax</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax</td>
<td>7.5%+8%</td>
<td>General rate 14%; commercial banks 22%;</td>
<td>General rate 12%; commercial banks 20%;</td>
</tr>
<tr>
<td>(payment for social infrastructure development)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single tax payment</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Personal income tax</td>
<td>From 0% to 23%</td>
<td>From 0% to 22.5%</td>
<td>Single flat rate 12%</td>
</tr>
<tr>
<td>VAT (standard rate)</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Excise duties</td>
<td>Absolute amount</td>
<td>Absolute amount</td>
<td>Absolute amount</td>
</tr>
<tr>
<td>Subsoil use tax</td>
<td>From 2.6% to 30%</td>
<td>From 2.6% to 30%</td>
<td>From 2.6% to 30%</td>
</tr>
<tr>
<td>Water resource usage tax</td>
<td>Absolute amount</td>
<td>Absolute amount</td>
<td>Absolute amount</td>
</tr>
<tr>
<td>Fixed tax for certain commercial activities</td>
<td>From 1% to 6%</td>
<td>From 1% to 6%</td>
<td>Absolute amount</td>
</tr>
</tbody>
</table>

### Local taxes – allocated to local budgets

<table>
<thead>
<tr>
<th>Tax</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel consumption tax</td>
<td>Absolute amount</td>
<td>Absolute amount</td>
<td>Abolished[2]</td>
</tr>
<tr>
<td>Corporate property tax</td>
<td>5.0%</td>
<td>5.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Corporate land tax</td>
<td>Absolute amount</td>
<td>Absolute amount</td>
<td>Absolute amount</td>
</tr>
<tr>
<td>Single land tax</td>
<td>0.95%</td>
<td>0.95%</td>
<td>0.95%[3]</td>
</tr>
</tbody>
</table>

### Taxes allocated to non-budgetary funds

<table>
<thead>
<tr>
<th>Tax</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social payments to pension funds</td>
<td>8%</td>
<td>8%</td>
<td>Abolished</td>
</tr>
<tr>
<td>Corporate payments to other funds</td>
<td>1.6%+1.4%+0.5%</td>
<td>single rate 3.2%</td>
<td>Abolished</td>
</tr>
<tr>
<td>Single social payment</td>
<td>25% (15% for small businesses)</td>
<td>25% (15% for small businesses)</td>
<td>12% (25% for gov’t enterprises)</td>
</tr>
</tbody>
</table>

### Uzbekistan is enacting tax reforms with international assistance, including from the World Bank

Amendments made this year will take effect in 2020

**Reduction of the tax burden**
- The tax rate for individual entrepreneurs will be lowered by 30%
- Commercial bank income tax reduced by 1%; for other corporates by 1.5%

**Tax simplification**
- One objective of reforms is to simplify the tax system: for example, several disparate taxes will be combined into one corporate income tax
- Similarly, several social taxes previously dedicated to specific budgets to be replaced by a single allocation to a general fund

**Shoring up local budget revenue**
- Land and water usage taxes increased by 15% each
- Excise duties for some domestic products increased by 10-25%
- Establishment of the right for local governments to set rates for individual property and land taxes
- Individual property tax to reflect cadastral (land) value

**Further prospective reforms**
- Enhancing oversight of tax authorities
- Unified tax-payer database
- Electronic invoice implementation
- Legal enforcement reforms

Sources: Ministry of Finance, State Tax Committee

[1] This list is representative only. It does not intend to reflect comprehensively Uzbekistan’s national and sub-national tax systems; [2] Also re-categorised as an excise tax on gasoline, diesel and gas retail purchases; [3] Except for producers of fruit and vegetables for whom the absolute amount is used
Fiscal Position Remains Strong

Good economic and fiscal management have kept the budget balance in surplus, and the fiscal stance will remain prudent even as the government undertakes public spending initiatives.

Consolidated budget revenue and expense
UZS tn, % of GDP

Consolidated budget revenues structure
Distribution of Consolidated Revenues by source (% of total), 2018

Social spending on healthcare and education comprise a majority of government expenses
Distribution of Consolidated Expenditures by category (% of total), 2018

Sources: Ministry of Finance, State Committee on Statistics, State Tax Committee, State Customs Committee
Low Public Debt is Resource to Relieve Potential Economic Pain

The government’s domestic obligations are predominantly guarantees backing SOEs and public sector-linked entities. The government’s external debt is all owed to international financial institutions and sovereign creditors.

**Government debt structure**[1]

USD bn, 2018

<table>
<thead>
<tr>
<th>Domestic public debt</th>
<th>Total PPG[2] Debt</th>
<th>Bilateral creditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>33% (of total debt)</td>
<td>USD $14.83 bn</td>
<td>29%</td>
</tr>
</tbody>
</table>

**Total external public debt**

External PPG debt, USD mn

<table>
<thead>
<tr>
<th>Year</th>
<th>External PPG Debt (% of GDP)</th>
<th>External PPG Debt (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>7.7%</td>
<td>4.30</td>
</tr>
<tr>
<td>2014</td>
<td>7.4%</td>
<td>4.89</td>
</tr>
<tr>
<td>2015</td>
<td>8.4%</td>
<td>5.57</td>
</tr>
<tr>
<td>2016</td>
<td>9.6%</td>
<td>6.47</td>
</tr>
<tr>
<td>2017</td>
<td>12.8%</td>
<td>7.54</td>
</tr>
<tr>
<td>2018</td>
<td>19.8%</td>
<td>10.03</td>
</tr>
</tbody>
</table>

**External debt currency mix,** 2018

<table>
<thead>
<tr>
<th>Currency</th>
<th>External PPG Debt (bn)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>64%</td>
<td>9.43</td>
</tr>
<tr>
<td>JPY</td>
<td>16%</td>
<td>1.53</td>
</tr>
<tr>
<td>SDR</td>
<td>14%</td>
<td>1.62</td>
</tr>
<tr>
<td>EUR</td>
<td>4%</td>
<td>0.67</td>
</tr>
<tr>
<td>Other (incl. RMB)</td>
<td>3%</td>
<td>0.30</td>
</tr>
</tbody>
</table>

**External public debt maturity profile**

USD mn, 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest</th>
<th>Principal Repayments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>572</td>
<td>116</td>
</tr>
<tr>
<td>2020</td>
<td>572</td>
<td>116</td>
</tr>
<tr>
<td>2021</td>
<td>594</td>
<td>188</td>
</tr>
<tr>
<td>2022</td>
<td>647</td>
<td>157</td>
</tr>
<tr>
<td>2023</td>
<td>694</td>
<td>137</td>
</tr>
<tr>
<td>2024</td>
<td>688</td>
<td>67</td>
</tr>
<tr>
<td>2025</td>
<td>688</td>
<td>62</td>
</tr>
</tbody>
</table>

Sources: Ministry of Finance, Central Bank of Uzbekistan, State Committee on Statistics

[1] Until 26 December 2018, the Government of Uzbekistan had no direct domestic debt. On that date, the government announced it would issue domestic notes with face value of one million soums with maturities of 6 months, 1 year and 3 years.[2] Total public and publicly-guaranteed (PPG) debt = external public and publicly guaranteed debt + domestic publicly guaranteed debt.
Uzbekistan’s private sector, like the public sector, has largely avoided debt financing for growth; in this regard, Uzbekistan is unusual among fast-growing emerging markets.

Low External Debt Provides Margin of Safety for the Economy

Total external debt breakdown[1]
USD bn

<table>
<thead>
<tr>
<th>Year</th>
<th>External Private debt (USD bn)</th>
<th>External PPG debt (USD bn)</th>
<th>Total External debt (% GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.4</td>
<td>17.2%</td>
<td>5.5</td>
</tr>
<tr>
<td>2014</td>
<td>4.7</td>
<td>18.3%</td>
<td>6.9</td>
</tr>
<tr>
<td>2015</td>
<td>5.6</td>
<td>19.3%</td>
<td>7.3</td>
</tr>
<tr>
<td>2016</td>
<td>6.5</td>
<td>21.7%</td>
<td>8.1</td>
</tr>
<tr>
<td>2017</td>
<td>7.6</td>
<td>26.8%</td>
<td>8.2</td>
</tr>
<tr>
<td>2018</td>
<td>10.0</td>
<td>33.7%</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Structure of private external debt by sector assistance 2018

- Oil, gas and energy: 75%
- Banking: 13%
- Information and communication: 3%
- Textiles: 2%
- Other: 6%

Total public debt principal amortisation profile USD mn, 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>External PPG debt</th>
<th>Domestic PPG debt</th>
<th>Total PPG debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3 111</td>
<td>7 685</td>
<td>10 900</td>
</tr>
</tbody>
</table>

Change in principal outstanding of external public and private sector debt, 2018 vs. 2017 USD mn

<table>
<thead>
<tr>
<th>Sector</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government external debt</td>
<td>1 125</td>
<td>2 486</td>
<td>1 361</td>
</tr>
<tr>
<td>Private external debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking</td>
<td>37</td>
<td>134</td>
<td>97</td>
</tr>
<tr>
<td>Information and</td>
<td>53</td>
<td>394</td>
<td>341</td>
</tr>
<tr>
<td>communication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textiles</td>
<td>24</td>
<td>103</td>
<td>79</td>
</tr>
<tr>
<td>Other sectors</td>
<td>14</td>
<td>6</td>
<td>-8</td>
</tr>
<tr>
<td>Oil, gas and energy</td>
<td></td>
<td></td>
<td>-763</td>
</tr>
<tr>
<td>sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommunication sector</td>
<td>-187</td>
<td>-717</td>
<td>530</td>
</tr>
</tbody>
</table>
On 26 December 2018, the Ministry of Finance announced its first issuance of domestic Treasury notes since 2012. The purpose was, in part, to develop domestic capital markets. The programme comprised treasury bills and bonds denominated in soums with a value totaling 597.1 billion soums (US$71.6 million, at USD/UZS 8,339.55). Given budget and current account surpluses and growing international reserves, the Government had no need to issue domestic direct debt for the preceding six years. As of year-end 2018, only 2% of domestic debt was denominated in soums, 91% was denominated in U.S. dollars and the balance, 7%, in euros.

Profile and currency of domestic public debt
USD mn, as of year-end 2018, principal only
- Foreign currency domestic debt
- UZS domestic debt

Domestic debt issuance just launched and remains small
- Current (2019)
- 1-2 years (2020)
- 2-5 years (2021-23)
- Over 5 years (> 2024)

Sources: Central Bank of Uzbekistan, State Committee on Statistics, Ministry of Finance
The Uzbekistan Fund for Reconstruction and Development (UFRD) is the investment arm of the government and supports strategic companies and sectors through the extension of financing.

**Origin**

The UFRD was established in 2006 to finance and co-finance projects of the state investment program. The government founded the fund, which now falls under the purview of the Cabinet of Ministers.

**Purpose**

UFRD grants loans to banks, which refinance projects approved by the state. Among other objectives, UFRD funds are used to procure modern and advanced technology from foreign companies.

**Terms**

The Fund’s loans are granted for a period of 7-15 years, including a grace period of 3-5 years, at a minimum rate of 2.25%.

**Capital**

As of 3Q2018, UFRD’s capital is $18.5 billion. The Fund’s resources come from surplus tax revenues from the subsoil and excise taxes, income from production sharing agreements with foreign partners, and other revenue streams.

**UFRD assets expanding, diversifying**

USD bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments Portfolio</th>
<th>Loans to SOEs and Projects</th>
<th>Reserves in foreign currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>16.6</td>
<td>3.2</td>
<td>13.2</td>
</tr>
<tr>
<td>2016</td>
<td>17.5</td>
<td>3.8</td>
<td>13.4</td>
</tr>
<tr>
<td>2017</td>
<td>18.0</td>
<td>4.8</td>
<td>12.3</td>
</tr>
<tr>
<td>3Q2018</td>
<td>18.5</td>
<td>5.7</td>
<td>11.6</td>
</tr>
</tbody>
</table>

**From 2015 to 2017, the UFRD disbursed USD 2.4 bn to finance investment projects**

Cumulative loan distribution by sector (%)

- **Power & Electricity**: 7%
- **Oil & Gas**: 37%
- **Aviation, Railroad, Road**: 16%
- **Petrochemicals**: 19%
- **Minerals**: 17%
- **Infrastructure Development**: 4%

USD 2.4 bn

As of 3Q2018, the UFRD loan portfolio was equal to USD 10.6 bn, of which USD 7.4 bn was disbursed.

**UFRD injected equity into state-owned banks during foreign exchange liberalisation in 2017**

USD mm

- Asea Bank: 170
- Agrobank: 140
- Uzpromstroybank: 71.0
- National Bank: 51
- Turon Bank: 224
- Other banks: 60

**Sources:** Ministry of Finance, State Committee on Statistics,
4. External Sector
The country’s key balance sheet accounts have remained stable over a five-year period despite broad reforms to and changes in the economy in this period, reflecting fundamental strengths and advantages.

**Stable Balance of Payments position**

<table>
<thead>
<tr>
<th>USD bn</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>36,26</td>
<td>38,06</td>
<td>31,43</td>
<td>36,42</td>
<td>41,66</td>
<td>43,06</td>
</tr>
<tr>
<td>Services</td>
<td>20,71</td>
<td>18,34</td>
<td>10,51</td>
<td>12,56</td>
<td>14,17</td>
<td>12,01</td>
</tr>
<tr>
<td>Primary income</td>
<td>(15,55)</td>
<td>(19,72)</td>
<td>(20,92)</td>
<td>(23,86)</td>
<td>(27,49)</td>
<td>(31,05)</td>
</tr>
<tr>
<td>Capital account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net other Investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net FDI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sizeable foreign exchange reserves contribute to a net creditor position**

<table>
<thead>
<tr>
<th>USD bn</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Exchange reserves</td>
<td>22.5</td>
<td>24.1</td>
<td>24.3</td>
<td>26.4</td>
<td>28.1</td>
<td>27.1</td>
</tr>
<tr>
<td>Monetary gold</td>
<td>8.4</td>
<td>10.6</td>
<td>13.3</td>
<td>13.8</td>
<td>13.7</td>
<td>12.1</td>
</tr>
<tr>
<td>SDR</td>
<td>13.7</td>
<td>13.2</td>
<td>10.6</td>
<td>12.3</td>
<td>14.0</td>
<td>14.6</td>
</tr>
</tbody>
</table>

**Healthy and adequate foreign exchange reserves vs. peers**

<table>
<thead>
<tr>
<th>% of GDP, 2018 (Uzbekistan), 2017 (comparators)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Currency Reserves, % of GDP</td>
<td>60%</td>
<td>70%</td>
<td>60%</td>
<td>70%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>Russia</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>20%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Belarus</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Armenia</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: Central Bank of Uzbekistan, Ministry of Economy, and State Statistics Committee

[1] Starting in 2018, the Central Bank of Uzbekistan began to collect and present BOP data in accordance with the IMF Balance of Payments and International Investment Position Manual. As a result, BOP data for 2016 and 2017 were revised as well. However, they may not be comparable to prior three-years-data. [2] Calculated using the Ministry of Economics’ proprietary methodology till 2014. Starting from 2018 the CBU has adopted the IMF’s recommended methodology, and revised data from 2015.
Uzbekistan’s Diverse Trading Relationships

### Goods trade with main trading partners in 2018[^1]

USD bn, ordered by exports

<table>
<thead>
<tr>
<th>Country</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>(0.69)</td>
<td></td>
</tr>
<tr>
<td>Russian Federation</td>
<td>(1.34)</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>(0.11)</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>(0.30)</td>
<td></td>
</tr>
<tr>
<td>Afghanistan</td>
<td>0.60</td>
<td>0.35</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>0.18</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>0.19</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.38</td>
<td>0.39</td>
</tr>
<tr>
<td>Belarus</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>2.05</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>0.65</td>
<td></td>
</tr>
<tr>
<td>The Republic of Korea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[^1]: Trade data excluding gold. Trading partners ordered by export size.

### Structure of exports[^2]

% of total, 2018, preliminary data

- Services: 21.3%
- Gold: 20.4%
- Energy resources and products: 18.7%
- Ferrous and non-ferrous metals: 8.2%
- Food products: 7.7%
- Chemical products: 6.3%
- Textiles: 1.8%
- Machinery and equipment: 1.5%
- Others: 14.2%

USD 14.3 bn

### Structure of imports[^2]

% of total, 2018, preliminary data

- Machinery and equipment: 42.5%
- Chemical products: 13.1%
- Services: 11.5%
- Ferrous and non-ferrous metals: 9.1%
- Food products: 8.1%
- Energy resources and products: 4.5%
- Others: 11.2%

USD 19.6 bn

[^2]: Goods and services, including gold.

Sources: Ministry of Finance, Central Bank of the Republic of Uzbekistan, State Committee on Statistics, State Customs Committee, IMF.
5. Monetary Policy and the Banking System
The primary goals of the Central Bank of Uzbekistan (CBU) are to ensure price stability through the implementation of appropriate monetary policy measures and to support the overall development of the banking and payment systems.

### Near-term objectives

- Improving the operational capacity of the Central Bank by enhancing monetary policy tools and strengthening the financial system
- Implementing risk-based oversight of the banking industry and stress-tests of banks
- Launching a policy rate band with upper and lower bounds as an operational target
- Further increasing transparency and enhancing communication channels
- Ensuring consistency between fiscal and monetary policies

### Active anti-inflationary monetary policy

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tightened monetary conditions, raising the main policy rate (the refinancing rate) from 9% in June 2017 to 16% in September 2018. This has remained unchanged for the last 3 meetings</td>
<td></td>
</tr>
</tbody>
</table>
| Improving the banking sector and increasing risk resilience by: | • Assessing banks’ risks in line with international practices  
• Introducing modern regulatory mechanisms for commercial banks including a “top-down” stress-test model |
| Abolished and/or waived certain currency restrictions: | • Limitations on foreign currency purchase and sale for residents  
• Obligation to sell 50% of export hard currency revenues to commercial banks  
• Banks now able to set their own tariffs and fees |
| Increased transparency and enhanced communication with the business community and wider public |
| New rules for credit institutions’ mandatory reserves: | • Reserve requirement rates decreased to lower burden on banks  
• Reserves are held only in the national currency  
• Differentiated reserve requirements to stimulate de-dollarisation and “long-term money” |
| Capacity building to improve forecasting and analysis: | • Regular evaluation of inflation expectations and factors in the economy  
• Model-based inflation forecasts |

Sources: Ministry of Finance, Central Bank of Uzbekistan
Monetary Policy Directed at Inflation Moderation

The CBU’s focused monetary policy and effective influence contribute to greater macroeconomic and financial stability in the country. Access to financial services is increasing.

Adjustments of the interest rate channel...

...curbed the acceleration of inflation after foreign exchange liberalisation[2]

Major steps were taken to liberalise the foreign exchange regime in 09/2017, creating conditions for the market determination of foreign exchange rates

USD/UZS, 8 Sept 2017 – 26 March 2019

Tightening of monetary policy slowed down monetary supply growth decreasing inflationary pressure

Broad money (M2), UZS tn

Sources: Central Bank of Uzbekistan, State Committee on Statistics, Ministry of Finance

Banking Sector with Strong Potential for Growth

After currency exchange rate liberalisation, the banking system continues to display strong capital levels, resilient profitability and solid funding.

The banking sector increasingly supports the real economy...

Total Loans, UZS tn

- LCY
- FCY
- Share of foreign exchange loans
- FX liberalization in Sept' 2017 as part of market-oriented reforms

...underpinned by strong asset quality...

- Gross loans, UZS tn
- NPLs, %

...contributes to the relatively strong profitability levels with ROE at 16.2%...

- Profit Before Tax, UZS tn
- Capital, UZS tn
- Return on equity

...boosting already strong capitalisation levels

- Total regulatory capital, UZS tn
- Regulatory Tier 1 capital, USZ tn
- Regulatory capital to risk-weighted assets
- NPLs net of provisions to total capital

Source: Central Bank of Uzbekistan
Appendix
Greater Detail into Reform Agenda

A defining characteristic of President Mirziyoyev’s administration has been the initiation of numerous reforms. This slide provides greater detail regarding the reform agenda, as summarised on slide 8 of this presentation.

<table>
<thead>
<tr>
<th>Development of state governance</th>
<th>Rule of law and legal reforms</th>
<th>Development and liberalisation of the economy</th>
<th>Development of the social sphere</th>
<th>Security, religious tolerance and interethnic harmony, foreign policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Administrative reforms</td>
<td>✓ Transparency of and public involvement in regulations</td>
<td>✓ Foreign currency liberalisation</td>
<td>✓ Improving the quality of education and health services</td>
<td>✓ Protection of sovereignty and territorial integrity</td>
</tr>
<tr>
<td>- restructured 20 public authorities</td>
<td>- increasing transparency of political decision-making</td>
<td>- abolished surrender requirements and barriers to current account transactions</td>
<td>- The ministry of pre-school education founded</td>
<td>- Improvement of information security systems</td>
</tr>
<tr>
<td>✓ Adoption of anticorruption laws</td>
<td>✓ Refinement of the judicial system</td>
<td>✓ Trade liberalisation</td>
<td>✓ Increasing the presence of private and international institutions in academia</td>
<td>✓ Strengthening of interethnic concord</td>
</tr>
<tr>
<td>- realisation of a joint program with the UNDP</td>
<td>- adopted the presidential decree on the enhancement of normative activity;</td>
<td>- foreign trade turnover in 2018 rose by 27.3% and import tariffs followed roadmap to join WTO</td>
<td>✓ Extending the coverage of and targeting of social protection services</td>
<td>✓ Strengthening of international defense and cybersecurity capabilities</td>
</tr>
<tr>
<td>- strengthened control over the main causes of corruption</td>
<td>- enhancement of rule-setting mechanisms</td>
<td>✓ Prioritisation of price stability</td>
<td>- 54.5% of budget expenditure is spent on the social sphere</td>
<td>- Improvement of the foreign policy base</td>
</tr>
<tr>
<td>✓ Human rights priorities</td>
<td>✓ directed legislative regulation stability provision</td>
<td>✓ Improved investment and business climate</td>
<td>✓ Real income and employment growth</td>
<td>✓ Modernisation of the economy, technological development, promotion of FDI and the investment climate, private property protections, development of the tax system, and investment in efficient infrastructure</td>
</tr>
<tr>
<td>- creation of an agency for the protection of human rights;</td>
<td>✓ Improving administrative, criminal, and civil economic legislation</td>
<td>- Doing Business rating jumped from 166 (2012) to 76 (2018)</td>
<td>✓ Annual increase in job creation at around 350-450 thousand per year</td>
<td>✓ Specific areas such as protecting the rights of minority groups, increasing religious tolerance, and enhancing interethnic harmony</td>
</tr>
<tr>
<td>- virtual reception by the President received 2.2mm appeals (2.1mm satisfied)</td>
<td>✓ Agricultural reforms</td>
<td>✓ Reduction of administrative interference in the economy</td>
<td>- new Tax Code stipulates lessening of tax burden for individuals</td>
<td>✓ Strengthening of international defense and cybersecurity capabilities</td>
</tr>
<tr>
<td>- the 207 public complaints reception offices received 1.5mm appeals in a year (and satisfied 1.4mm)</td>
<td></td>
<td>- cluster system, intensive gardens and resource saving technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Introduction of e-Government</td>
<td>✓ Tax reform</td>
<td>✓ Transparency of economic data</td>
<td>✓ Public sector salary indexation to CPI levels</td>
<td>✓ Improvement of the foreign policy base</td>
</tr>
<tr>
<td>✓ Establishment of Ministry of Innovation</td>
<td>✓ Innovation Strategy 2019-2021</td>
<td>- joined IMF e-GDDS</td>
<td>✓ Self-employment support programs</td>
<td></td>
</tr>
<tr>
<td>- Implementing the innovative ways of management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Completed developments, 2017 - 2018
- State-owned enterprise reform
- Reform of state-owned enterprises, particularly in the aviation, chemical and energy sectors
- Transparency of economic data
- Innovation Strategy 2019-2021

Areas of focus for development, 2018 - 2021
- Modernisation of the economy, technological development, promotion of FDI and the investment climate, private property protections, development of the tax system, and investment in efficient infrastructure

Sources: “Development Strategy for 2017-2021”, Uzbekistan Ministry of Finance
The government is prioritising investment and innovation as key tenants of its new direction, creating opportunities for ‘catch-up’ growth as well as leap-frogging peers.

The government has implemented “Innovation Strategy 2019-2021,” key specific commitments of which are:

- Rank in the top 50 in the Global Innovation Index by 2030.
- Increasing public and private financing of innovation and R&D
- Ensuring the protection of property rights, creating a level playing-field for businesses to compete, and developing public-private partnerships
- Creating efficient infrastructure and increasing the share of renewable energy sector in the economy

New construction, renovations, the creation of industrial zones, expansion of the trading networks and development of tourism activities have contributed to an increase in demand for transportation of goods and passengers and the development of logistics infrastructure.

Structurally significant investment projects completed in 2017 include:

- Electrification of the Karshi-Termez and Pap-Kokand-Andijan railway districts
- Expansion of a 900mW thermal power station at Talimarjan
- Construction of a gas processing plant and support facilities at the Kandym cluster of producing fields

The Ministry of Finance in October 2018 established the Agency for the Development of Public-Private Partnerships (PPP), the functions of which are:

- Participating in PPP program development
- Facilitating dialogue between the public and private sectors, including with international organisations
- Protecting the rights and legitimate interests of PPP participants

Source: Ministry of Finance
Thank you!