INTERNATIONAL MONETARY FUND

IMF Country Report No. 25/143

# REPUBLIC OF UZBEKISTAN

## 2025 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

June 2025

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with the Republic of Uzbekistan, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its June 16, 2025, consideration of the staff report that concluded the Article IV consultation with the Republic of Uzbekistan.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 16, 2025, following discussions that ended on April 17, 2025, with the officials of the Republic of Uzbekistan on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 29, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.

The documents listed below will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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**International Monetary Fund**
**Washington, D.C.**

PRESS RELEASE

PR 25/206

# IMF Executive Board Concludes 2025 Article IV Consultation with the Republic of Uzbekistan

**FOR IMMEDIATE RELEASE**

- *Uzbekistan's economic performance has remained strong, with robust growth, narrowing consolidated fiscal and current account deficits, and ample international reserves.*
- *Despite elevated external uncertainty, growth is projected to stay robust amid ongoing reforms and strong remittances, while inflation is expected to moderate under tight macroeconomic and macroprudential policies.*
- *The priorities ahead are to cement macro-financial stability and continue with the economic reform agenda to reduce the state's footprint while fostering private sector-led and inclusive growth.*

**Washington, DC - June 18, 2025:** On June 16, 2025, the Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for the Republic of Uzbekistan.[1] The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

Uzbekistan's economic performance has remained strong. Real GDP growth stood at 6.5 percent in 2024, underpinned by robust domestic demand, and remained buoyant at 6.8 percent year-on-year in the first quarter of 2025. Inflation had trended downward through end-April 2024 but rose to 10.6 percent year-on-year in May 2024 that saw the implementation of needed energy price reform. By end-April 2025, it has only marginally eased to 10.1 percent. The current account deficit narrowed by 2.6 percentage points of GDP to about 5.0 percent in 2024, driven by strong remittances, rapidly growing non-gold exports, favorable commodity prices, and the unwinding of a one-off spike in imports in 2023. International reserves have remained ample. The consolidated fiscal deficit narrowed by 1.7 percentage points of GDP to 3.2 percent of GDP in 2024, largely on the back of growth-friendly expenditure measures, although borrowing and spending from the broader public sector were higher than anticipated.

The outlook remains broadly positive. Despite heightened global trade policy uncertainty, real GDP growth is projected to remain robust under the baseline, at close to 6 percent this year

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/Uzbekistan page.

and next, supported by sustained strength in private consumption, investment, and advancement of structural reforms. The latter, continued tight monetary and macroprudential policies, and solidified fiscal discipline are expected to reduce inflation to the Central Bank of Uzbekistan's (CBU) 5 percent target by end-2027. The external current account deficit is foreseen to stay at or slightly below 5 percent over 2025-26 while international reserves are expected to remain adequate, at 9.2 months of imports by end-2026.

Downside risks to the outlook include prolonged and deeper trade policy shocks, more volatile commodity prices, tighter external financing, and contingent liabilities from state-owned enterprises and banks, and public-private partnerships. On the upside, opportunities stem from faster implementation of structural reforms, stronger inflows of income and capital, and favorable commodity prices.

**Executive Board Assessment**[3]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed Uzbekistan's positive economic outlook amid continued progress in the transition to a market-oriented economy. Directors noted, however, that significant vulnerabilities persist, including from the still large state footprint in the economy and rising external uncertainty. Against this background, they emphasized the importance of sustaining the momentum in structural and institutional reforms, supported by Fund technical assistance, to entrench macroeconomic stability and maintain robust and resilient growth.

Directors commended the authorities for the significant fiscal consolidation achieved. They broadly called for reversing the decline in the tax-to-GDP ratio and improving expenditure efficiency to create fiscal space for priority social and development needs. Directors stressed the importance of adhering to external borrowing limits and avoiding government spending procyclicality in response to high gold prices to support inflation reduction. They also advised improving monitoring and management of fiscal risks from SOEs and public-private partnerships and further strengthening PFM and fiscal transparency.

Directors welcomed the commitment of the Central Bank of Uzbekistan (CBU) to reduce inflation. They agreed that monetary policy should remain data driven and be tightened further if core inflation or inflation expectations do not decline. Directors encouraged the CBU to continue strengthening communication and monetary policy transmission. They also recommended adopting greater exchange rate flexibility and implementing outstanding safeguards recommendations to strengthen central bank governance and independence.

Directors called for enhancing bank supervision and regulation to safeguard financial stability, while reducing the state's role in the financial sector. In this regard, they recommended bolstering the commercial orientation of state banks and their corporate governance, phasing out directed and preferential lending, and expediting and expanding privatization efforts. Directors also advised the authorities to strengthen asset classification, NPL reporting and resolution, and the regulatory, supervisory, crisis management, and AML/CFT frameworks following the recommendations of the country's first Financial Sector Assessment Program.

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[3] At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

Additional macroprudential measures could help mitigate risks from rapid growth in microcredit.

Directors encouraged deepening and accelerating structural reforms. While welcoming the progress with WTO accession and energy sector reform, they emphasized that it will be essential to complete price and trade liberalization, phase out support to SOEs, and accelerate privatizations while carrying them out in line with international best practices. Directors called on the authorities to make further progress in governance reforms, including improvements in transparency and accountability and the approval of the National Anti-Corruption Strategy. Closing data gaps and improving data quality remain priorities.

It is expected that the next Article IV consultation with Uzbekistan will be held on the standard 12-month cycle.

## Uzbekistan: Selected Economic Indicators 2022-2026

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| | | | Est. | Proj. | Proj. |
| **National income** 1/ | | | | | |
| Real GDP growth (percent change) | 6.0 | 6.3 | 6.5 | 5.9 | 5.8 |
| Nominal GDP (in trillions of Sum) | 996 | 1,204 | 1,455 | 1,733 | 2,005 |
| GDP per capita (in U.S. dollars) | 2,555 | 2,849 | 3,113 | 3,487 | 3,805 |
| Population (in millions) | 35.3 | 36.0 | 36.9 | 37.7 | 38.5 |
| **Prices** | | | (Percent change) | | |
| Consumer price inflation (end of period) 2/ | 12.3 | 8.7 | 9.8 | 8.4 | 6.5 |
| GDP deflator | 14.5 | 13.8 | 13.3 | 12.5 | 9.4 |
| **External sector** | | | (Percent of GDP) | | |
| Current account balance | -3.2 | -7.6 | -5.0 | -5.0 | -4.8 |
| External debt | 49.2 | 54.5 | 56.2 | 55.4 | 55.2 |
| | | | (Level) | | |
| Exchange rate (in sums per U.S. dollar; end of period) | 11,225 | 12,339 | 12,920 | … | … |
| Real effective exchange rate | | | | | |
| (ave, 2015 =100, decline = depreciation) | 61.8 | 58.8 | 55.4 | … | … |
| **Government finance** | | | (Percent of GDP) | | |
| Consolidated budget revenues | 28.8 | 26.7 | 26.5 | 26.3 | 26.4 |
| Consolidated budget expenditures | 32.3 | 31.6 | 29.7 | 29.3 | 29.4 |
| Consolidated budget balance | -3.5 | -4.9 | -3.2 | -3.0 | -3.0 |
| Adjusted revenues 3/ | 27.7 | 25.9 | 25.5 | 25.3 | 25.5 |
| Adjusted expenditures 3/ | 31.3 | 29.9 | 27.8 | 27.3 | 27.8 |
| Adjusted fiscal balance | -3.7 | -4.0 | -2.3 | -2.0 | -2.3 |
| Policy-based lending | -0.1 | 0.9 | 0.9 | 1.0 | 0.7 |
| Overall fiscal balance 3/ | -3.5 | -4.9 | -3.2 | -3.0 | -3.0 |
| Public debt | 30.5 | 32.2 | 32.6 | 33.3 | 33.2 |
| **Money and credit** | | | (Percent Change) | | |
| Reserve money | 31.4 | 4.9 | 9.5 | 9.2 | 8.8 |
| Broad money | 30.2 | 12.2 | 30.6 | 19.4 | 16.3 |
| Credit to the economy | 21.4 | 23.2 | 4.0 | 19.3 | 16.0 |

Sources: Country authorities; and IMF staff estimates.
1/ Incorporates latest revision to national accounts data, which raised the average nominal GDP for 2017-2023 by about 11 percent.
2/ The CPI projection incorporates the effect of the announced increases in energy prices in 2024 and 2025.
3/ IMF staff adjusts budget revenues and expenditures for financing operations, such as equity injections, policy lending, and privatization of state enterprises. The overall fiscal balance until 2021 is more negative than the consolidated budget balance as the latter excluded privatization receipts. Since 2022, there is no difference as the authorities started including all privatization receipts as financing.

INTERNATIONAL MONETARY FUND

# REPUBLIC OF UZBEKISTAN

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

May 29, 2025

## KEY ISSUES

**Context.** Uzbekistan has made remarkable progress in its transition to a market-oriented economy. Far-reaching economic reforms have transformed the economy and spurred capital inflows which, combined with buoyant remittances and favorable commodity prices, have driven robust growth. The authorities remain firmly committed to their reform agenda to entrench macro-financial stability, reduce the footprint of the state in the economy, and foster a vibrant private sector.

**Outlook and Risks.** Despite elevated external uncertainty, growth is projected to remain robust at 5.9 percent in 2025 and 5.8 percent in 2026. Headline inflation is expected to ease to 8.4 percent in 2025 and gradually decline to the central bank's 5 percent target by end-2027 as monetary policy remains tight, fiscal consolidation is completed, and structural reforms advance. Key risks include protracted trade policy shocks, commodity price volatility, and contingent liabilities from state-owned enterprises and public-private partnerships.

**Policy Advice.** The planned adjustment in the broader public sector is appropriate to keep debt at moderate levels and will help reduce domestic demand pressures. Adhering to borrowing limits is essential. Further efforts are needed to reform the tax system and broaden the tax base, enhance the efficiency of public spending, and strengthen public financial management. Monetary policy should continue to focus on reducing inflation to the central bank's target and be tightened if core inflation and inflation expectations do not fall. Financial sector policy should further bolster supervision, strengthen the commercial orientation and governance of state-owned banks, and phase out preferential and directed lending. Following ongoing progress on structural reforms, priority should now be given to privatizing large state-owned enterprises and banks, improving governance and transparency, completing energy price reform and World Trade Organization (WTO) accession, advancing labor market policies, and accelerating climate adaptation and transition efforts.

Approved By
**Thanos Arvanitis and Jarkko Turunen (SPR)**

Discussions for the 2025 Article IV consultation were held in Tashkent during April 3–17, 2025. The staff team comprised Yasser Abdih (head), Lawrence Dwight, Etibar Jafarov, Alejandro Simone, Koba Gvenetadze (all MCD), and Sarvar Ahmedov and Galina Kostina (local office). Vassili Prokopenko (MCM), FSAP mission chief, attended the concluding meetings. Patryk Loszewski and Nodirbek Achilov (both OED) joined some of the meetings. The mission met with the Minister of Economy and Finance, Central Bank Governor, other Ministers and senior government officials, banks, and representatives from the private sector and civil society. Carlos Segura and Shuyi Wang (MCD) provided research assistance. Svetlana Zolotareva (MCD) provided administrative assistance.

## CONTENTS

**ANNEXES**

# CONTEXT

1. **Robust economic performance has continued on the back of sustained reform implementation**. Since 2017, significant reforms—commencing with exchange rate unification, the elimination of exchange restrictions, and liberalization of trade and most prices for goods and services—have transformed the economy and attracted sizable capital inflows. These, combined with favorable commodity prices and strong remittances, boosted economic activity, with real GDP and employment growth averaging 5.7 percent and 3.6 percent over 2018-2023, respectively. Meanwhile, inflation has trended downwards from about 20 percent annually in early 2018 to high single digits by end-2023. These favorable developments facilitated a sizable decline in poverty (Figure 1).

2. **Nevertheless, important challenges remain and need to be addressed to sustain this performance.** These include a relatively large state's footprint in the economy, through numerous state-owned enterprises (SOEs) and commercial banks (SOCBs), lingering directed and preferential lending, and remaining administered prices, all of which hinder competition and the development of a vibrant and diversified private sector. There is also room to improve governance and transparency.

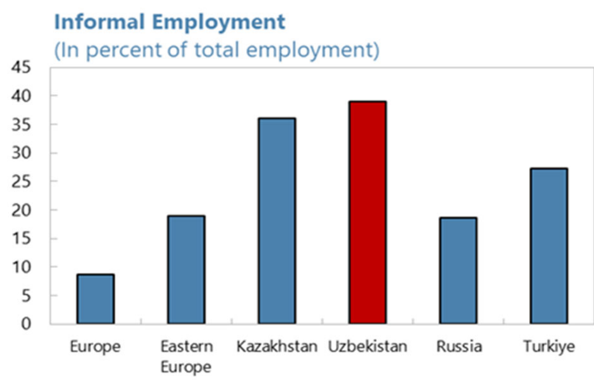
# RECENT DEVELOPMENTS, OUTLOOK, AND RISKS

## A. Recent Developments

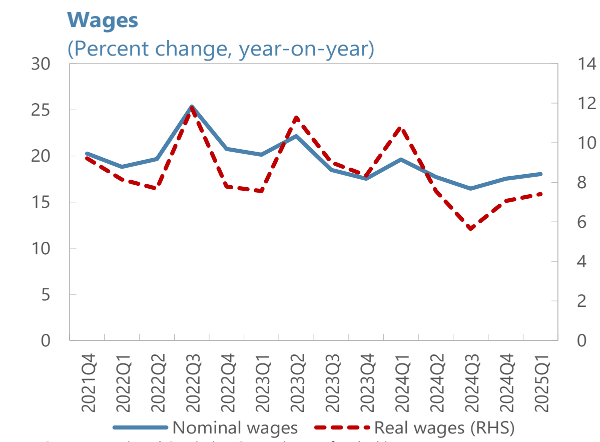
3. **Political support for economic reforms remains strong.** Parliamentary and local elections were held in October 2024. The new Parliament approved the reappointment of a largely unchanged cabinet and continues to support the President's reform agenda. This promoted continuous reform implementation across policy areas (Annex I).

4. **Strong growth continued.** Real GDP growth rose from 6.3 percent in 2023 to 6.5 percent in 2024, driven by robust domestic demand. A surge in remittances and strong wage growth bolstered household consumption, while significant increases in foreign direct investment (FDI) and foreign borrowing supported investment. On the supply side, growth was broad based, with construction, industry, and services expanding most rapidly (Table 2, Figure 2). Activity remained buoyant in 2025-Q1, with real GDP expanding by 6.8 percent year-on-year (y/y).

5. **Robust job creation and declining poverty have accompanied output growth**. Employment rose significantly in 2024, but informality remains prevalent despite recent declines. The unemployment rate fell from 6.8 percent at end-2023 to 5.5 percent at end-2024, but the International Labor Organization estimates unemployment for youth (aged 15-24) to have remained persistently elevated at about 11 percent. Growing wages of migrants in Russia and increasing migration to advanced economies supported strong remittances, which, together with domestic wage growth, contributed to a decline in poverty from 11 percent in 2023 to 8.9 percent in 2024.



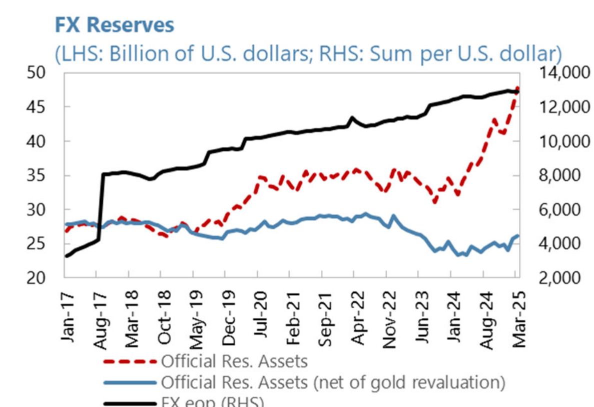

Note: Data are for 2024 or latest available year.
Source: ILO, Adam Research, RosStat, World Economics, Uzbekistan Labor Force Surveys.




Source: National Statistics Committee of Uzbekistan.

**6. The adjustment in the consolidated government was stronger than expected but was accompanied by expanded fiscal activity in the broader public sector (BPS)[1].** The consolidated government fiscal deficit (CGD) declined by 1.7 percentage points of GDP to 3.2 percent of GDP in 2024, outperforming the 4 percent target. This favorable outcome was primarily due to a faster-than-expected decline in energy subsidies and better-than-anticipated results in targeting social expenditures. Despite high gold prices[2], tax revenue continued to decline in percent of GDP because of incentives eroding the tax base (e.g., in the rapidly growing services sectors like information technology), inadequate audits, operational deficiencies in the large taxpayers' office, and surging VAT refunds arising from higher investment levels and, reportedly, fraud. The reduction in domestic demand from the consolidated government adjustment was likely dampened by additional BPS spending (including from SOEs), mostly to finance investment, funded by a 2-percentage point of GDP increase in the 2024 external borrowing ceiling (Table 3, Figure 3).

**7. The current account deficit (CAD) narrowed by 2.6 percentage points of GDP to 5 percent in 2024**. This was supported by surging remittances, rapidly growing exports of non-gold goods and services, and favorable commodity prices. Meanwhile, growth of imports of goods and services slowed as one-off imports in 2023 wound down and import prices remained stable. The CAD was primarily financed by FDI and long-term borrowing. International reserves remain ample, growing by $6.6 billion to $41.2 billion (above 200 percent of the Assessing Reserve Adequacy (ARA) metric) at end-2024 due to higher gold prices.



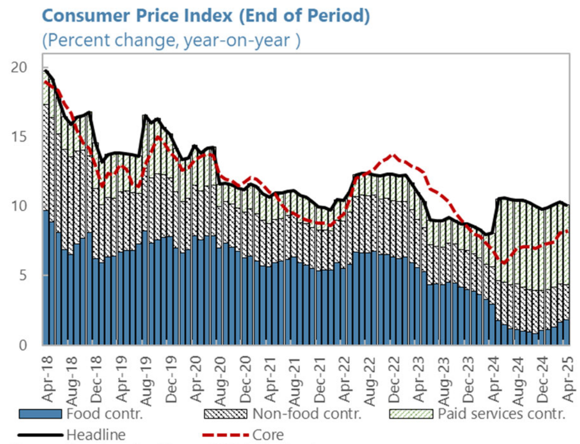

Sources: Country authorities and IMF staff estimates.

[1] The consolidated government covers the state budget, including central and local government institutions and their own revenue accounts, and extrabudgetary funds, including the pension fund and the fund for reconstruction and development.

[2] Higher gold prices increase tax revenue (through corporate income taxes and the mining tax) and non-tax revenue (i.e., mining sector dividends). Most of the impact of gold price increases is reflected in tax revenue.

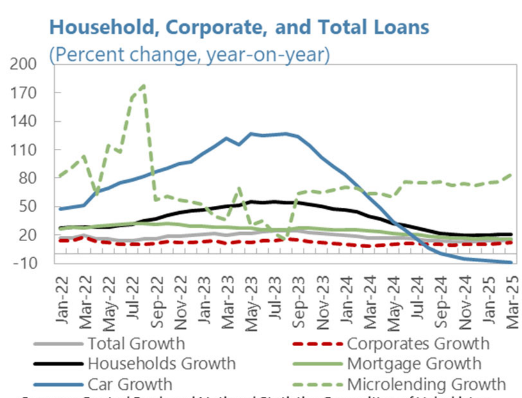
Staff assesses Uzbekistan's external position in 2024 as in line with the level implied by fundamentals and desirable policies (Table 4, Figure 4, Annex II).

8. **Inflationary pressures remain**. Despite strong domestic demand, headline inflation had been trending downward, reaching 8.1 percent y/y at end-April 2024. It jumped to 10.6 percent y/y at end-May 2024, reflecting needed energy tariff increases, and has remained elevated since then despite lower food price inflation. Core inflation rose to 8.2 percent at end-April 2025 from 5.9 percent at end-June 2024, on the back of second-round effects from increases in energy tariffs and the removal of VAT exemptions for pharmaceuticals and medical services. Meanwhile, inflation expectations of households and firms had increased, overall, from July 2024 through February, although they receded somewhat in March-April 2025. In response, the Central Bank of Uzbekistan (CBU) increased the policy rate by 0.5 percentage points to 14 percent at end-March 2025.

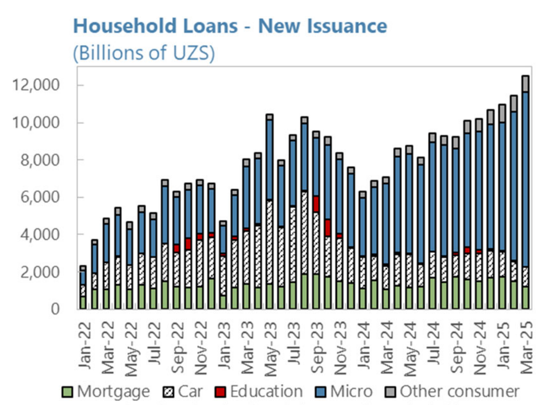


Sources: Country authorities; and IMF staff estimates.

9. **Reported bank performance indicators suggest that banks' positions are sound and systemic risks are contained, but the indicators may not fully capture risks**. March 2025 data show an aggregate bank capital adequacy ratio of 17.6 percent, compared to the 13 percent regulatory minimum. Non-performing loans (NPLs) stood at 4.3 percent of total loans, with the highest NPL ratios in construction (8.7 percent), agriculture (7.6 percent), and household business development loans (6.7 percent). Yet, reported statistics underestimate NPLs, and NPL ratios would double if International Financial Reporting Standards were followed.[3] At 196.8 percent, the liquidity coverage ratio was well above the required 100 percent, pointing to continued excess liquidity. While declining, dollarization remained considerable (24.5 percent for deposits and 42.1 percent for loans).



Sources: Central Bank and National Statistics Committee of Uzbekistan.



Sources: Central Bank and National Statistics Committee of Uzbekistan.

[3] This discrepancy is mainly due to differences in classification criteria and the requirement to do more write-offs under national regulations than under International Financial Reporting Standards (IFRS).

**10. Credit growth slowed considerably but remains high in the microcredit segment.** Macroprudential measures taken over the last two years[4] have slowed household lending growth, which moderated to 21.1 percent y/y at end-March 2025 from 40.1 percent a year earlier. However, with less stringent credit assessment requirements, microlending has been growing rapidly from low levels, with household microloans rising 84 percent y/y at end-March 2025 and corporate microcredits surging 116 percent. Total corporate lending growth remains more moderate (below nominal GDP growth). However, the share of foreign currency lending in total corporate lending[5] continues to increase (from 58.8 percent at end-2019 to 63.5 percent at end-March 2025; Table 5 and Figure 5).

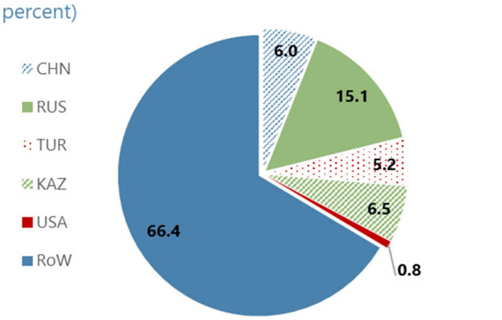
**11. Governance and structural reforms continue, although the reform agenda remains significant**. The Law on Conflict of Interests became effective in December 2024, and training of government officials to implement it is underway. WTO accession negotiations are advancing, with 23 of 33 bilateral negotiations completed. A small state-owned bank was privatized last year. Energy tariffs saw another increase in May 2025, bringing tariffs closer to cost recovery and encouraging more efficient energy consumption (Annex I). Uzbekistan continued to make progress in female labor force participation and empowerment and was recognized as one of the top 5 countries achieving the most improvement in gender equality. Still, issues remain around the dominant role of SOEs, governance, and competition, which weaken the business environment (¶34 -38).

## B. Outlook and Risks

**12. The economic outlook is broadly positive, but external uncertainty has ratcheted up recently.**

- **Real GDP growth** is projected to remain strong at 5.9 percent in 2025, 5.8 percent in 2026, and 5.7 percent thereafter as strong remittances and structural reforms continue to propel consumption and investment. These are expected to offset the drag from BPS consolidation (¶17), and the headwinds from the US tariff increases announced in April 2025 and heightened global trade tensions. While the tariff increases may have only a small direct effect on Uzbekistan's exports given limited US market exposure, they could affect Uzbekistan through weaker external demand from trading partners, commodity price volatility, and tighter financial conditions.

**Export Shares by Market, 2024**
(In percent)




Notes: The share of exports to the U.S. in total exports is less than 1 percent. Most exports to the U.S. are exempt from the tariffs.
Sources: National Statistics Committee of Uzbekistan, and IMF staff estimates.

[4] These include a concentration limit on car loans (25 percent of total loans), reduced loan-to-value (LTV) ratio ceilings for car and mortgage loans, mandatory limits on debt service-to-income (DSTI) for household loans, and higher capital requirements for loans with elevated LTV and DSTI ratios.

[5] Lending to households in foreign currency is not allowed.

- **Inflation** is forecast to decline to 8.4 percent by end-2025 as the effect of the May 2024 energy tariff increases dissipates and tight fiscal and monetary policies (¶17 & ¶23) more than offset price pressures from the smaller May 2025 energy tariff increases and rising food prices. Inflation is projected to gradually decline to the CBU's 5 percent target by end-2027, but this would require restrictive monetary policy, tightened macroprudential policy (¶23-24 & ¶32), sustained fiscal discipline, and supportive structural reforms (e.g., SOE restructuring and privatization, labor market reforms, WTO accession, increased competition, and energy tariff reform completion (¶34-38)).

- **The current account deficit (CAD)** is foreseen to remain unchanged at 5 percent of GDP in 2025, as higher gold exports and BPS consolidation offset weaker non-gold export performance brought about by slower growth in trading partners. It is expected to narrow to slightly below 5 percent of GDP over the medium term (Annex II). These deficits, driven by substantial investment-related imports, are expected to be primarily financed through FDI and long-term borrowing, including support from international financial institutions (IFIs) and bilateral donors. Given the long maturity of these financing sources, debt rollover risks are expected to stay low. While **international reserves'** coverage of imports will gradually decline from the current high levels, it is projected to remain adequate at more than six months of imports by 2030.

**13. Elevated uncertainty presents both risks and opportunities**. External risks stem from larger and protracted trade policy shocks, spillovers from the war in Ukraine (including changes in gold prices and remittances), reduced availability of external financing, and commodity price volatility. Domestic risks include higher-than-expected fiscal deficits, upward adjustments to borrowing ceilings, weakened bank balance sheets, and contingent liabilities from SOEs, SOCBs, and public-private partnerships (PPPs). Opportunities could arise from faster implementation of structural reforms, stronger capital and remittance inflows, and higher gold prices (Annex III)[6].

**14. Staff's policy advice under the baseline is largely robust to an adverse scenario with larger and more protracted trade policy shocks.** As outlined in Box 1.1 of the April 2025 World Economic Outlook, such a scenario could involve weaker growth in Uzbekistan's largest trade partners due to trade tensions, greater uncertainty over macroeconomic policies and commodity prices, and tighter financial conditions than assumed in the baseline scenario, creating risks of stagflation. In such a scenario, the baseline policy mix (¶16-39) would remain broadly appropriate, but there would be more urgency to increase exchange rate flexibility to facilitate shock absorption, tighten monetary policy to limit impacts from imported inflation, and accelerate structural reforms and trading partner diversification to increase productivity, competition, and resilience. Temporary and targeted fiscal support would need to be provided, as needed, to mitigate temporary negative impacts on vulnerable households and aggregate demand.

[6] The low correlation between gold prices and other commodity prices makes gold a good hedge. In particular, as observed recently, gold prices tend to rise in periods of high uncertainty.

***Authorities' Views***

**15. The authorities broadly agreed with staff on the economic outlook and risks but were more optimistic about medium-term growth and inflation prospects.** Staff real GDP growth projections are closer to the upper end of the authorities' baseline range forecast (of 5.5–6.0 percent) for 2025, but slightly below the authorities' projection range (of 6.0-6.5 percent) for 2026-27. The authorities noted that elevated gold prices have provided some support to the external current account balance. They believe growth will remain strong, supported by ongoing structural reforms, robust investment, and continued expansion of non-gold exports, particularly services and manufacturing. They recognize downside risks from elevated external uncertainty, but also see improved terms of trade from favorable commodity price dynamics as mitigating factors. The authorities also expect faster convergence of inflation to the CBU target (in 2026 instead of 2027), although they acknowledge temporary risks over the short term from ongoing price liberalization reforms.

# ADVANCING REFORMS TO SUSTAIN ROBUST AND RESILIENT ECONOMIC PERFORMANCE

**16. Discussions focused on entrenching macro-financial stability and advancing reforms to achieve sustainable, inclusive, and greener growth**. In particular, discussions focused on policies to entrench fiscal discipline to ensure debt sustainability while protecting the vulnerable; monetary policy actions to ensure that inflation converges to the CBU's 5 percent target; financial sector policies to maintain financial stability, enhance supervision, and advance the commercial orientation and governance of SOCBs; and on structural reforms to prioritize real sector reforms and make growth more sustainable and inclusive, and reduce vulnerabilities to climate change.

## A. Fiscal Policy

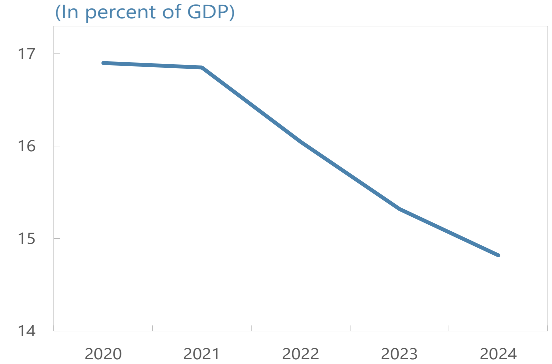
**17. Staff welcomed the decline in the consolidated government fiscal deficit (CGD) in 2024 but called for stronger control over spending pressures.** The 2025 budget appropriately envisions a CGD target of 3 percent of GDP in 2025 and over the medium term. It also reduces the external borrowing ceiling for the consolidated government and the BPS by about 2 percentage points of GDP from the 2024 level, thereby lessening demand pressures on inflation. Key areas of discussion were the following:

- **External borrowing limits**. While the consolidated government deficit target of 3 percent of GDP is consistent with keeping Uzbekistan at a low risk of debt distress (see Debt Sustainability Analysis), this assumes that the annual external borrowing limits—covering the consolidated government and the broader public sector—will be binding. Repeatedly relaxing borrowing limits, in addition to weighing on public debt, would undermine budget credibility and invite demand and inflationary pressures. To guard against these, staff advised the authorities to adhere to the borrowing limits for 2025 and, going forward, to set limits that ensure a non-increasing path of public and publicly guaranteed (PPG) debt as a share of GDP. Doing so would also mitigate fiscal risks from SOEs and PPPs.

- **Response of government spending to gold price changes**. The current CGD target could encourage inflationary spending pressures when gold prices are high and pressures to reduce spending when they are low, exacerbating macroeconomic fluctuations. To address this concern, staff advised the authorities to minimize responses of government spending to gold price changes.

**18. There is a need to broaden the tax base and reverse the decline in the tax revenue-to-GDP ratio.** The 2025 budget, on net, adds new tax exemptions and envisages extension of some of the existing ones, undermining tax base growth in 2025 and beyond, thereby limiting the ability of tax revenues to grow in response to GDP growth. Staff recommended that the government develop a medium-term revenue strategy to recoup the 2 percentage points of GDP loss in the tax-to-GDP ratio since 2020 over the next three years and make the tax system more equitable. The following combination of measures could yield at least 2 percentage points of GDP:

**Tax Revenue**
(In percent of GDP)




Sources: Ministry of Economy and Finance and IMF staff estimates.

- On the **tax policy** side, as advised by IMF technical assistance, the focus should be primarily on increasing specific excise taxes (e.g., alcohol, fossil fuels, vehicles, and sugar) (up to 1.1 percent of GDP in revenue), complemented by measures to broaden the tax base to increase revenue. The latter include: (i) reducing investment allowances, and revisiting income-based tax incentives and exemptions in the corporate income tax (while avoiding the extension of existing or the granting of new ones) (up to 1.1 percent of GDP in revenue); and (ii) eliminating existing ineffective custom duty exemptions, while refraining from granting new ones (with a yield of up to 3.2 percent of GDP). To make the tax system more equitable, the current flat-rate personal income tax should be made progressive.

- On the **tax administration** front, to further broaden the tax base, the focus should be on revamping the audit program, improving the operations of the large taxpayer office, and addressing key weaknesses identified by the Tax Administration Diagnostic Assessment Tool (TADAT). These include insufficient access to financial data for risk assessment and tax return verification, the absence of tax gap analysis to assess tax compliance risks, shortcomings in staff integrity procedures, and the lack of public surveys to measure public confidence in the Tax Committee. To comprehensively address these issues, staff recommended swift approval of the strategy for Tax Committee Reform 2025-2030. Staff also welcomed the strategy for Combatting the Shadow Economy, which would benefit from a stronger focus on facilitating cashless payment as a tool to reduce the shadow economy.

**19. There are opportunities to increase spending efficiency.** Building on welcome progress to date, the social protection agency should continue to consolidate social assistance programs—by eliminating overlaps and further improving targeting to those most in need—while improving their design to provide adequate incentives for participants to seek employment. The authorities should also rationalize the wage bill once proper preparations are completed; accelerate reforms of SOEs while reducing support to them; and reduce the cost of goods and services by limiting non-competitive procurement and creating a central purchasing body, leveraging recent welcome procurement digitalization reforms. The current pension system would need to be reformed to ensure its medium-term sustainability while providing adequate pensions. This can be achieved by gradually increasing the low retirement ages; gradually raising the standard contribution rate while phasing out reduced contribution rates for certain organization types; basing the pension benefit on career-average earnings; and applying automatic price-based pension indexation. Any social pension seeking to reduce poverty in old age should be means tested, funded from the budget, and managed with other safety net benefits to avoid overlaps.

**20. Revenue mobilization and spending rationalization could create room to address development and social needs**. They could help meet demands on fiscal resources to strengthen infrastructure; facilitate the implementation of structural reforms; and improve the quality of public service delivery, especially in health, education, and other Sustainable Development Goals-related areas.

**21. Fiscal institutions need further reform to strengthen fiscal discipline and transparency**.

- Staff commended the authorities for adhering to the budget calendar and preparing the fiscal strategy paper (FSP) along with the fiscal risks statement (FRS) in 2024 on a timely basis. The authorities should sustain these practices in 2025 and beyond. Moreover, to ensure that more attention is paid to the annual borrowing limits and PPP caps (see below), the FSP for 2025 should discuss and specify these limits and caps over a three-year projection period and the FRS should examine the impact of deviations from borrowing limits and PPP caps, especially on PPG debt and direct and contingent PPP liabilities.[7]

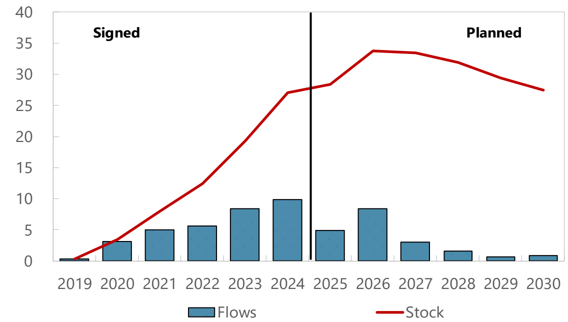
- Staff also welcomed the adoption of the Public Financial Management Reform Strategy 2025-2030 in April 2025 and recommended its full implementation. Nevertheless, staff underscored that further progress is needed to reorganize the Ministry of Economy and Finance, following the merger of the Ministry of Economy and the Ministry of Finance in 2023, to ensure it supports effective policy making. At the same time, and in line with Public Investment Management Assessment (PIMA) recommendations, staff advised the authorities to unify the public investment process irrespective of the financing source; cover all capital expenditures institutions are responsible for when setting their budget ceilings; publish these ceilings alongside information on major capital projects with the budget documents; and better align and integrate the preparation of capital and current budgets.

[7] Borrowing limits reduce fiscal risks from SOEs by reducing government exposure to contingent liabilities from their borrowing and also build room to mitigate risks from PPP contingent liabilities on PPG debt.

- Importantly, to address fiscal risks from a rapidly growing pipeline of PPPs—whose value stood at 27 percent of GDP as of end-2024—the authorities should ensure appropriate project selection, conduct sensitivity analyses of key assumptions to prevent optimism bias, and make sure contracts follow best practices to eliminate future risks. They should also take steps to fully address fiscal risks by including direct PPP costs in the budget, integrating PPPs into the broader public investment management framework, and lowering the annual PPP cap in line with limited absorption capacity (Selected Issues Paper on PPPs). Meanwhile, the authorities should improve Government Financial Statistics (GFS) reporting and publish their debt management strategy and annual borrowing plan to strengthen fiscal transparency and facilitate investor relations.

**Historical and Planned PPPs, 2019-2030**

(In percent of GDP)




Notes: Actual future flows may be higher if the government signs more PPPs or lower if execution is below expectations.

Source: Yannick Vel and Rui Monteriro (2024). Republic of Uzbekistan - Reviewing PPP Commitment Cap Options. IMF Technical Assistance Report.

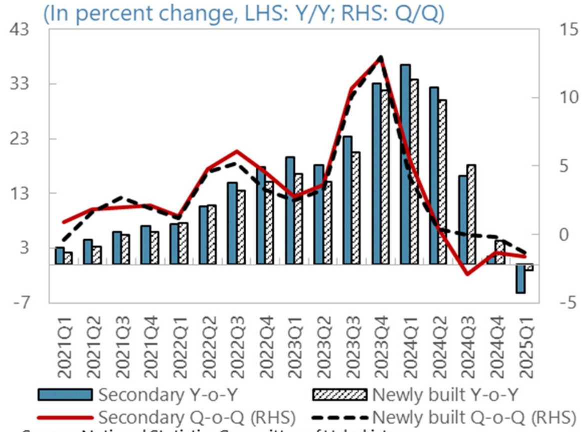
***Authorities' Views***

**22. The authorities broadly agreed with staff's assessment and advice.** They reiterated their commitment to a 3 percent deficit target and to setting external borrowing ceilings that maintain public and publicly guaranteed debt broadly at current levels. They also underscored their determination to address the decline in the tax-to-GDP ratio by implementing tax policy and revenue administration reforms, including customs modernization informed by IMF technical assistance. On minimizing responses of public expenditure to gold price changes, the authorities noted that it can be challenging, as high gold prices often coincide with weakness in some other economic sectors requiring government support. Nevertheless, they highlighted their intentions to rationalize the wage bill for civil servants, reduce non-competitive procurement, create a central purchasing body, and design a pension reform in 2025. Regarding PPPs, the authorities emphasized that, while the value of PPPs stood at 27 percent as of end-December 2024, they estimated direct and contingent liabilities to the government at 15 percent of GDP. In addition, they pointed to several actions they have taken to reduce PPP fiscal risks: (1) the introduction of a ceiling on the value of PPPs signed in a given year; (2) a rigorous project selection process; (3) the use of scenario analysis for PPP proposals; and (4) the work towards establishing a cap on the stock of PPPs. The authorities also indicated that they will continue to work with IMF technical assistance to improve the monitoring and management of fiscal risks from PPPs and will publish fiscal statistics in GFS standards by the end of this year.

## B. Monetary and Exchange Rate Policies

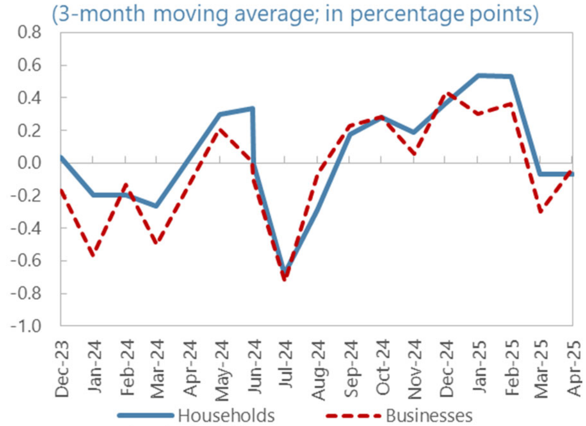
**23. Monetary policy should remain restrictive to reduce inflation and inflation expectations to the CBU's 5 percent inflation target**. The recent policy rate hike was warranted to address inflationary pressures. CBU empirical analysis suggests that the current policy rate is above a range of estimates of the neutral rate. IMF staff also judges that the current monetary policy stance is appropriately tight, as interest rates for loans remain elevated in real terms (12.4 percent for enterprises and 13.3 percent for individuals in March 2025), inflation is expected to continue to moderate through year-end, and both credit growth and housing price growth have slowed significantly. Staff stressed that the CBU should carefully assess incoming data—including readings on labor market conditions, inflation expectations of households and businesses, and financial and international developments—and stand ready to tighten further if needed. In particular, if core inflation and inflation expectations do not consistently fall, this would signal the need for additional rate increases to reinforce policy credibility and ensure convergence to the inflation target.[8] In this context, clear communication to signal the CBU's monetary policy intentions is essential to reduce uncertainty, guide expectations, and strengthen policy transmission. In this regard, staff welcomed the CBU's recent efforts to enhance communication, including by reaching out to bloggers and the media, and recommended bolstering it further.

**Housing Prices**
(In percent change, LHS: Y/Y; RHS: Q/Q)




Source: National Statistics Committee of Uzbekistan.

**Monthly Changes in Inflation Expectations**
(3-month moving average; in percentage points)



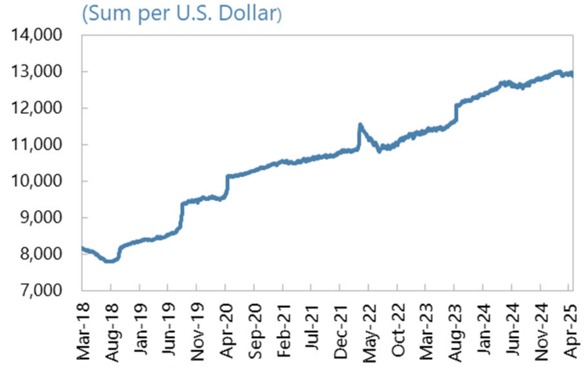

Source: Central Bank of Uzbekistan.

**24. Efforts to strengthen monetary policy transmission should continue**. This requires addressing structural deficiencies (i.e., significant state role in the banking sector and high dollarization), further strengthening liquidity management—by effectively mopping up excess liquidity via central bank instruments and improving liquidity forecasting—and modernizing the reserve requirements framework. On the latter, the CBU broadened the reserve base to include a wider range of liabilities in April 2025 and introduced full averaging compared to the previous 80 percent ratio in July 2024. These changes accompanied a reduction of reserve requirements for deposits in foreign currency to minimize any impact on liquidity. Consistent with IMF technical assistance advice, staff recommended that the CBU continue the gradual expansion of the reserve base, remunerate required reserves, and allow them to be held in the same currency as the associated deposits.

[8] Staff considers trends and changes in survey data of household and firm inflation expectations in their analysis rather than the level of inflation expectations given some statistical issues.

**25. Adopting greater exchange rate flexibility would provide a stronger buffer against shocks**. It would also safeguard international reserves, incentivize firms to hedge foreign exchange (FX) exposures, strengthen monetary policy transmission, and help avoid persistent depreciation expectations. To balance these benefits against the FX risk exposure of government and commercial bank balance sheets[9], staff advised the CBU to gradually allow the exchange rate to fluctuate in wider ranges. Staff also recommended limiting CBU FX interventions to instances that require adherence to the neutrality principle—where the CBU sells foreign exchange equal to the value of gold it purchases from local producers to sterilize its liquidity impact—or exceptional circumstances that would otherwise lead to excessive exchange rate volatility, as in the aftermath of Covid-19 pandemic (2021) and the first two years of the war in Ukraine (2022-23). In this context, staff underscored the importance of clearly defining the criteria for exceptional circumstances to reduce uncertainty and facilitate market participants' expectations formation. Noting that the CBU has sold less foreign exchange than implied by the neutrality principle during 2024, staff also stressed the need to adhere to the principle within the calendar year, which will not only prevent having to address unwarranted liquidity injections from gold purchases with other means at an interest cost but will also facilitate exchange rate flexibility.

**Exchange Rate**
(Sum per U.S. Dollar)



Source: Haver Analytics.

**26. The authorities should implement the remaining safeguards recommendations to further strengthen the CBU's governance and independence**. The CBU has made notable progress in addressing most of the safeguards recommendations, including adoption of (i) an external audit policy; (ii) a plan to establish an enterprise risk management framework; (iii) an Emergency Liquidity Assistance (ELA) framework to operationalize the CBU's lender of last resort function; and (iv) International Financial Reporting Standards (IFRS). Moreover, the CBU plans to begin publishing its audited financial statements, with the first expected by July. Nonetheless, the recommendation regarding legal reforms to introduce a majority of non-executives to the Governing Board and to improve the financial and personal autonomy safeguards remains outstanding, and staff advised its prompt implementation. Staff also stressed that while the involvement of the CBU in initiatives aimed at enhancing financial inclusion and deepening is welcome, it should remain within the core mandates of ensuring price and financial stability to prevent buildup of financial stability risks.

***Authorities' Views***

**27. The CBU reiterated its commitment to bringing inflation down to target.** It is monitoring closely inflation developments and drivers and stands ready to raise the policy rate if

[9] About 90 percent of public and publicly guaranteed debt and more than 60 percent of banks' corporate loan portfolios are in foreign currency, with significant exposure for the latter to unhedged corporate borrowers.

needed. It also recognizes the critical role of effective communication in anchoring inflation expectations and remains committed to strengthening monetary policy transmission. The CBU—in collaboration with the Bilateral Assistance and Capacity Building for Central Banks program, supported by the Swiss State Secretariat for Economic Affairs, and the University of Chicago—plans to improve its inflation expectations surveys by aligning them with international best practices. Moreover, the authorities were receptive to staff's advice of letting the exchange rate fluctuate in wider ranges to better reflect market conditions and serve as a shock absorber. On the neutrality principle, although the authorities sold less foreign exchange than implied by gold purchases in 2024, they stressed that they had mopped up the related liquidity injection using other instruments. Regarding safeguards, the authorities noted that most of the recommendations have been implemented, and remaining ones are expected to be implemented over the medium term. Additionally, they indicated that most decisions at the CBU are made on a collegial basis, in the spirit of the safeguards' recommendations. The authorities also underscored their efforts to support financial literacy and inclusion and explained these would not interfere with the CBU's price and financial stability mandates.

## C. Financial Sector Policies

**28. The state remains the dominant player in the financial system**. While one large and two small state-owned commercial banks (SOCBs) were privatized in 2023-2024—Ipoteka, Agroexportbank, and Poytakht, respectively—the remaining nine still account for about 65 percent of banking system assets. The state also has minority shares in some private banks. Private banks, which tend to be smaller, are typically encouraged to participate in various preferential lending programs, such as subsidized mortgages or support for small businesses and youth. Although the share of preferential lending in total banking system loans has declined in recent years, it remains sizable at 24.1 percent as of end-2024.

**29. Non-commercial activities have an adverse impact on the profitability of state-owned commercial banks**. A large share of SOCB lending continues to be directed to priority sectors or priority borrower types, often at non-market rates and backed by explicit or implicit government guarantees. This affects the quality of bank credit screening, leading to higher non-performing loans and lower capital adequacy, requiring periodic recapitalization with government funds (ranging from 0.4 to 2.0 percent of GDP per year since 2017). In contrast, domestic private and foreign-owned banks tend to be more profitable and liquid than SOCBs.

**30. State-owned commercial bank reform should be advanced to promote financial stability and efficient resource allocation.** In particular, and in line with the Financial Sector Assessment Program (FSAP):

- **Mandates should be clarified to focus on commercial operations**. The mandates should avoid multiple objectives, with those beyond commercial profitability gradually phased out. They should also be clearly specified in corporate plans with measurable key performance indicators (KPIs). Lending serving non-commercial objectives (i.e., directed and preferential lending) should be clearly separated from commercial lending in SOCBs' financial statements to make the costs of such objectives transparent. Until they are phased out, costs arising from non-commercial objectives should be fully and transparently compensated from the budget. Ensuring the commercial orientation of SOCBs will facilitate their privatization, promote SOE restructuring, strengthen monetary policy transmission, and increase the availability of affordable credit to the private sector.

- **Corporate governance should be strengthened**. Appointing a critical mass of independent and qualified bank board and management members is essential for proper corporate plan implementation. In this regard, the recent appointments of such majorities in two large and one small SOCBs are welcome, and the authorities are encouraged to pursue similar appointments in other SOCBs. The members should have autonomy to oversee bank operations and be accountable for ensuring the KPIs are met. The government needs to refrain from direct involvement in SOCB operations to make governance arrangements effective.

- **Privatization should be accelerated**. Proper preparation is essential to avoid privatization delays and ensure adequate asset value. In addition to ensuring proper corporate governance and rationalizing non-commercial operations, priorities should include adopting international accounting and auditing standards, strengthening credit risk management, recognizing already incurred losses, including via recapitalization where needed, and resolving non-performing assets. Given privatization delays related to the bank-by-bank internal workout strategy for NPLs, the authorities should assess if systemic NPL resolution strategies would be more appropriate. When selling banks, transparent privatization procedures, strong regulatory frameworks, good creditor and shareholder rights, and competitive bidding processes help attract qualified investors and maximize asset value. The authorities should also seek to identify suitable strategic investors with valuable banking experience. Staff advised against current plans to keep systemic state-owned banks as policy banks, which could increase financial risks or costs to the budget.[10]

**31. The banks' regulatory and supervisory frameworks should be enhanced, including by aligning them with international standards**. Key FSAP recommendations include strengthening bank regulation; implementing robust risk-based supervision; enhancing systemic risk analysis and stress testing; strengthening the capital requirements framework; aligning asset classification and bank-by-bank NPL resolution with international best practices; establishing adequate bank resolution, crisis management, and financial safety net arrangements; and improving payment system oversight (Annex IV).

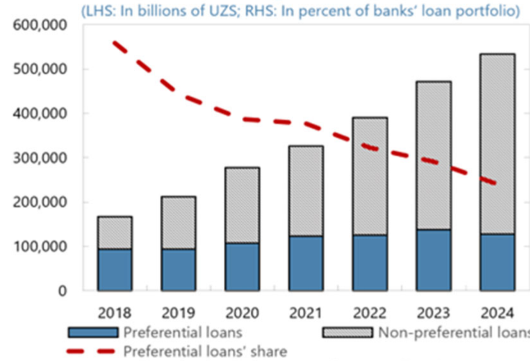
**32. Despite the moderation of credit growth, the CBU should continue to closely monitor developments and stand ready to address emerging financial stability risks**. Rapid microcredit growth may reflect the circumvention of macroprudential measures implemented on car loans and mortgages as well as less demanding credit assessment requirements. In response, the authorities

[10] Fiscal Monitor - April 2020, Chapter 3, State Owned Enterprises: The Other Government, Page 55.

introduced a 25 percent concentration ceiling on microloans, but this may not be binding for large banks. To contain risks from an increasing household debt burden, existing borrower-based measures should be strengthened by broadening their scope (e.g., to buy-now-pay-later schemes), reducing exemptions, and closing existing loopholes. The CBU should also strengthen risk-based supervision and intensify the supervision of loans granted to borrowers without formal income. To increase resilience against systemic risks, the CBU should strengthen the capital requirements framework, including by introducing a countercyclical capital buffer and a buffer for systemically important banks. Other important risks include FX lending to unhedged corporate borrowers, which the CBU could address by adopting higher risk weights or—to the extent they are judged systemic—additional releasable capital buffers; and lending to corporates facing heightened risks of insolvency or illiquidity (Annex V), which the CBU can address by using its supervisory powers over banks to encourage corporate borrowers to take actions to restore viability (e.g., restructuring programs) or face bankruptcy if infeasible. Importantly, preferential and directed lending should be gradually phased out and related systemic risks should be addressed through stringent capital requirements.

**Preferential Lending**

(LHS: In billions of UZS; RHS: In percent of banks' loan portfolio)




Sources: Central Bank of Uzbekistan; and IMF staff estimates.

***Authorities' Views***

33. **The authorities remain committed to reforming State-Owned Commercial Banks while maintaining financial stability.** While noting delays, they expressed determination to continue with the privatization of SOCBs and are making efforts to privatize two large ones— SQB and Asakabank—with support from IFIs and private consultants. Importantly, they appointed a significant number of independent members (foreign professionals) to the boards of these banks (and a smaller bank), a good step towards enhancing their corporate governance. The authorities also noted that the macroprudential measures adopted in 2023-2024 helped slow down household lending growth considerably, and they recently introduced concentration limits for microlending and credit card operations to contain risks from their rapid increase from low levels. Moreover, the authorities expressed their appreciation for the findings and recommendations of the recent FSAP mission and noted that the FSAP documents would be used to shape the country's financial sector reforms over the next several years. They have expressed interest in receiving IMF technical assistance to effectively implement the FSAP recommendations.

## D. Structural and Governance Reforms

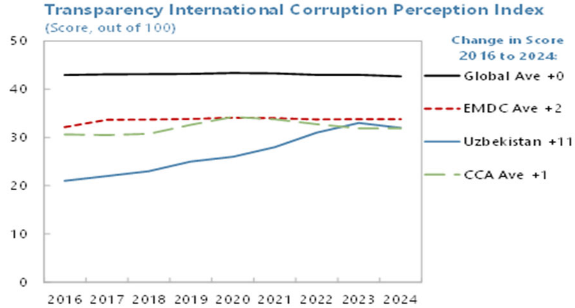
34. **After significantly advancing economic transition reforms, Uzbekistan needs to complete them and accelerate the implementation of deeper institutional reforms.** Given where Uzbekistan is in the transition process, the priorities should now be: (1) bringing to completion price and trade liberalization so that prices fully reflect market forces; (2) phasing out

support to SOEs and SOCBs and enhancing their corporate governance so that they respond better to price incentives, ensuring the efficient reallocation of resources, and levelling the playing field with the private sector; (3) reducing the state footprint further—by accelerating privatization of large SOEs and SOCBs following international good practices—and transforming its role, replacing discretionary direct intervention and controls with effective regulation and market institutions; and (4) following international good practices to facilitate private sector growth, including facilitating firm entry and exit to stimulate a competitive environment for enterprises (Selected Issues Paper on Sequencing and Speed of Reforms in Transition Economies).

**35. In addition, Uzbekistan should harness opportunities to increase trade and FDI with other Caucasus and Central Asia (CCA) countries and regions**. The authorities have intensified and improved relations with neighboring countries and are increasing engagement with countries from other regions, including the European Union and the Gulf Cooperation Council. Staff welcomed progress on WTO accession. Accession will help boost transparency, cement reforms, and unlock economic potential. Moreover, in line with findings from regional analytical work on trade diversification, staff advised the government to continue to remove barriers to trade, improve infrastructure and trade logistics (e.g., land/rail connectivity), and enhance oversight and digitalization of the domestic payment system which would contribute to facilitating cross-border payments.

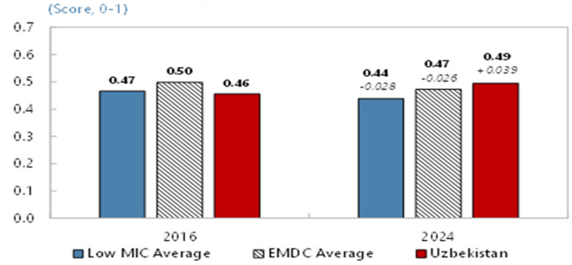
**36. Further governance reforms would entrench confidence and foster greater foreign and domestic investment**. Governance indicators have improved significantly since 2016. They started though from low levels and thus have only recently converged to the emerging market and developing country average. Staff welcomed the positive developments, in general, and recent achievements, notably the enactment of the Conflict-of-Interest Law and the high rating provided by the OECD on the integrity in public procurement. The procurement framework entails disclosure of beneficial owners of firms that bid for government contracts. Staff also noted that the anti-money laundering and combatting the financing of terrorism (AML/CFT) regime is largely effective. Nevertheless, additional efforts are needed to enact the laws on Whistleblower Protection and Asset Declaration as soon as possible. Further improving transparency by creating a right to appeal denials of access to information and finalizing the National Strategy on Anti-Corruption would also contribute to improved efficiency of public spending and administration. On the AML/CFT front, the FSAP pointed out that the regime should be further strengthened through imposition of sanctions

**Transparency International Corruption Perception Index**
(Score, out of 100)




Source: Transparency International
The CPI draws on surveys of perceived corruption collected by 12 institutions covering more than 100,000 citizen and business respondents in over 100 countries.
EMDC = Emerging Market and Developing Country, CCA = Caucasus and Central Asia

**World Justice Project Rule of Law Index**
(Score, 0-1)




Notes: **Bold numbers** = index score; *Italicized numbers* = change 2016 to 2024
EMDC = emerging market and developing country; MIC = middle income country
Source: The index is based on questionaires administered to experts and the general public on 8 factors, covering: constraints on government, absence of corruption, open government, rights, order and secruity, and enforecment of regulations, civil justice, and criminal justice.

for legal persons, greater transparency of beneficial ownership, and tracking and responding to emerging money laundering and terrorist financing risks related to virtual assets.

**37. Labor market reforms can help address key structural issues, including low female labor force participation, high informality, and skill mismatches**. Staff acknowledged the substantial progress made in closing gender gaps in labor participation and employment (see Annex I) and noted that such gaps could be reduced further by promoting flexible work arrangements and providing affordable quality childcare. At the same time, increasing investment in digital and technical education for women and youth would boost their employment opportunities and reduce gender wage inequality. Further reducing informality requires simplifying registration, raising awareness about the benefits of formal employment, and enhancing enforcement measures coupled with support for businesses transitioning to formal operations. Addressing skill mismatches necessitates upgrading vocational training and aligning curricula with market demands (Figure 6).

**38. Efforts to reduce vulnerabilities to climate change should continue**. Uzbekistan is accelerating its green transition through the ongoing electricity and gas tariff reform, large-scale renewable energy projects, and other initiatives such as carbon trading mechanisms and reforestation efforts. Staff advised completing energy price reform accompanied by targeted support to the vulnerable. In line with the World Bank's Uzbekistan Country Climate and Development Report (2023), staff also recommended promoting green technologies and investments, enhancing water use efficiency, diversifying crops, improving waste management, strengthening early warning systems for hydro-meteorological hazards, and further expanding reforestation efforts. Additionally, staff supported policies to encourage private funding for the green transition, while ensuring adequate climate-related public expenditure.

***Authorities' Views***

**39. The authorities emphasized their commitment to continued structural reforms.** Bilateral and multilateral negotiations for WTO accession are well-advanced, and the authorities are aligning legal and regulatory systems with WTO requirements—including by abolishing exclusive rights to procure or trade in certain products—and plan to complete accession by March 2026. Although the privatization of large state-owned enterprises has been complicated by restructuring delays, capacity constraints, and external shocks (such as COVID-19 and the War in Ukraine), the authorities remain resolute to accelerate their restructuring and privatization. The authorities welcomed recognition of their significant progress on governance and reiterated their commitment to make further progress. They noted the Whistleblower Protection Law, currently under consideration by the cabinet, will be submitted to parliament soon. And the government aims to finalize amendments to the Asset Declaration Law and open it for public discussion in the near future. With help from the OECD and the UN, the authorities underscored that the Anti-Corruption Agency is drafting a National Anti-Corruption Strategy focusing on transparency, prevention, identifying risks, and enforcement. They welcomed recognition by the World Bank and the Global Governance Forum of Uzbekistan as one of the leading countries worldwide in improving gender equality. To advance its green transition, Uzbekistan is implementing a range of mitigation and adaptation measures, and the authorities have declared 2025 as "the Year of Environmental Protection and Green Economy in Uzbekistan."

## E. Data Adequacy

**40. Data availability and coverage have improved in recent years, but challenges to the compilation of statistics remain.** Significant progress has been made in including off-budget accounts and the Fund for Reconstruction and Developments in the fiscal accounts, expanding the coverage of the informal sector in the National Accounts, and aligning the CPI with the Special Data Dissemination Standards (SDDS). However, data gaps continue to affect the quality and timeliness of Government Finance Statistics and Public Sector Debt Statistics compilation. Challenges include insufficient granularity, limited standardization, and limited coverage, classification, and sectorization of public sector units. These challenges are compounded by inadequate staffing and information and communication technology (ICT) resources, as well as ineffective inter-agency coordination.

**41. Data are broadly adequate for surveillance but would benefit from improvements in several areas**. Proper sectorization is needed to distinguish private from public sector activity and to separate general government entities from public corporations. Improving remittance and direct investment data would improve external sector statistics. Broadening the budget institutional coverage above-the-line to match that of the PPG debt is critical to reconcile the fiscal balance with financing. Financial soundness indicators should be improved to bring them fully in line with international standards. The timeliness, periodicity, and publication frequency of certain variables on the National Summary Data Page website should be enhanced and the reserves adequacy template compiled to meet SDDS standards (Annex VI).

***Authorities' Views***

**42. The authorities have expressed their desire to significantly improve statistics.** They highlighted the significant progress made in transitioning towards SDDS, the planned population and agriculture censuses, and the availability of additional resources to improve statistics. There are also plans to expand the use of surveys to improve statistics quality and for memoranda of understanding among key data-producing institutions to improve coordination and data sharing. The authorities are working to classify institutional units by economic sector; implement the 2025 system of national accounts; better measure the informal economy; strengthen the coverage and calculation of the CPI; use big data and artificial intelligence to better integrate and use administrative data; and disseminate discrete GDP, trade, and industry data. The authorities are engaging with the IMF and other IFIs to make improvements in these areas and are preparing a national strategy for the development of statistics.

# STAFF APPRAISAL

**43. Uzbekistan has made significant progress in transitioning to a market economy.** The implementation of economic reforms has set in motion a virtuous cycle of higher investment, growth, and poverty reduction. Growth has remained robust despite sizable shocks in recent years from the COVID-19 pandemic, the war in Ukraine, and commodity price volatility. The external position in 2024 was in line with the level implied by medium-term fundamentals and desirable policies. Looking ahead, the key challenge is to sustain the reform momentum and promote sustainable and inclusive economic growth, which the authorities are determined to do by completing price and trade liberalization, reducing the role of the state in the economy, and enabling a business environment that fosters market competition and empowers the private sector to thrive.

**44. Fiscal policy should remain focused on entrenching fiscal discipline and further strengthening fiscal institutions.** The sizable reduction of the fiscal deficit of the consolidated government in 2024 and the commitment to a 3 percent target this year and over the medium term are commendable. Nevertheless, there is a need to reverse the decline in the tax-to-GDP ratio and improve expenditure efficiency to create fiscal space to address Uzbekistan’s development and social needs. It is also paramount to adhere to external borrowing limits in line with debt sustainability objectives and resist pressure to increase government spending when gold prices are high to reduce aggregate demand pressures and support monetary policy in reducing inflation. Further reforms of fiscal institutions are also needed to reorganize the Ministry of Economy and Finance for more effective policy making; unify the public investment process; improve the monitoring and management of fiscal risks from SOEs and PPPs; and strengthen fiscal transparency and investor relations by publishing on a timely basis GFS-compliant fiscal statistics, the debt management strategy, and the annual borrowing plan.

**45. Monetary policy should remain tight until inflation converges to the CBU’s 5 percent target.** The recent policy rate hike in response to rising inflation and inflation expectations demonstrates the CBU's readiness to address existing pressures. Monetary policy should remain data-driven and tighten further if core inflation or inflation expectations do not decline. Building on recent progress, communication could be bolstered further to help anchor inflation expectations and make monetary policy more predictable. Efforts to strengthen monetary policy transmission should continue. Adopting greater exchange rate flexibility would boost the resilience of the economy to shocks. Implementing the remaining safeguards recommendations would strengthen the CBU’s independence and enhance monetary policy credibility.

**46. Reducing the state’s role in the financial sector and enhancing financial sector supervision and regulation will support the development of a modern and more efficient banking system and safeguard financial stability.** Despite recent reform efforts, the state remains the dominant player in the financial sector—both in terms of ownership and through directed and preferential lending programs—resulting in inefficiencies, high interest rates for the private sector, elevated credit risk, and sizable fiscal costs. A key priority should be to reduce the state’s footprint while improving efficiency by bolstering the commercial orientation of SOCBs, modernizing their governance, phasing out directed and preferential lending, and expediting and expanding privatization efforts. Ensuring accurate asset classification and NPL reporting and resolution in line with best international practices should also be pursued. The regulatory and supervisory frameworks, safety nets, and crisis management frameworks need to be strengthened following FSAP recommendations.

**47. Structural and institutional reforms have advanced, but the agenda remains substantial, requiring acceleration of reforms**. Necessary energy tariff and administrative price increases have advanced price liberalization and should be continued to completion. Substantial progress with WTO accession and increased engagement with neighboring countries and other regions has significantly advanced trade liberalization and diversification. Support for SOEs should be transparent, conditional on restructuring, and gradually phased out to level the playing field with the private sector. State involvement in the economy should continue to be reduced, and the privatization of large SOEs should be accelerated and carried out according to international best practices. Controls and direct intervention should be replaced with effective regulation and market institutions. Facilitating firm entry and exit would further stimulate a competitive environment for the private sector. Labor market reforms should be accelerated to address low female labor participation, high informality, and skill mismatches.

**48. Uzbekistan can build on its significant efforts in governance and anti-corruption reforms to make further progress.** Over the last eight years, Uzbekistan has made significant progress in governance reforms. However, there is a need for further improvement to address corruption vulnerabilities and improve transparency and accountability. Staff welcomes the enactment of the Conflict-of-Interest Law and training officials under it, and enhancements to the procurement framework. The authorities should expedite adoption of the Whistleblower Protection and Asset Declaration laws and approve the National Anti-Corruption Strategy.

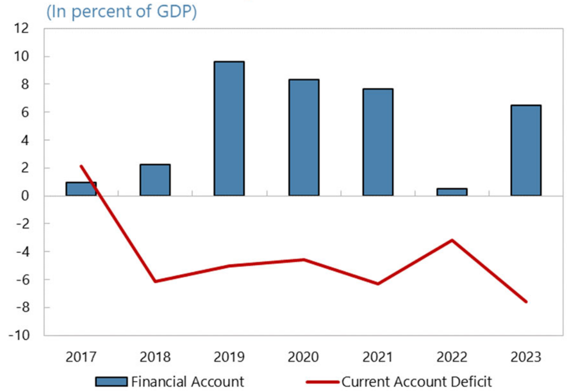
**49. Data are broadly adequate for surveillance, but some shortcomings need to be addressed.** Improvements are particularly needed in sectorizing institutions as public/private, producing discrete quarterly GDP, and aligning financial soundness indicators with international standards. The authorities' eagerness to improve statistics and work with international and IMF experts is welcome.

**50. Staff proposes the next Article IV consultation with Uzbekistan take place on the standard 12-month cycle.**

## Figure 1. Uzbekistan: Selected Economic Indicators 2017-2023

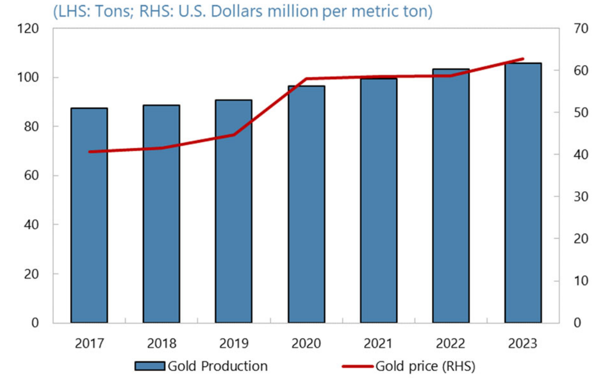
*Economic reforms attracted sizable capital inflows and led the current account to shift from a surplus to a deficit starting in 2018.*

**Current Account and Capital Flows**
(In percent of GDP)



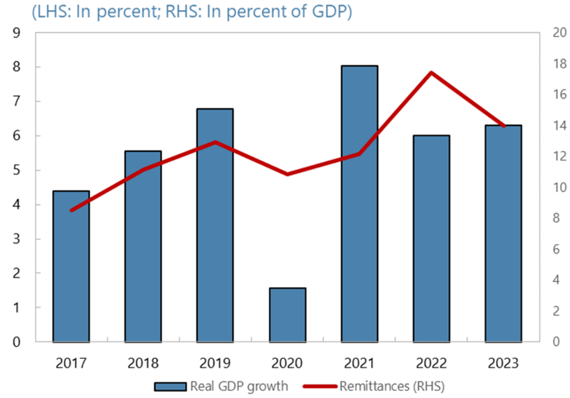

*Favorable commodity prices…*

**Gold Price and Gold Production**
(LHS: Tons; RHS: U.S. Dollars million per metric ton)



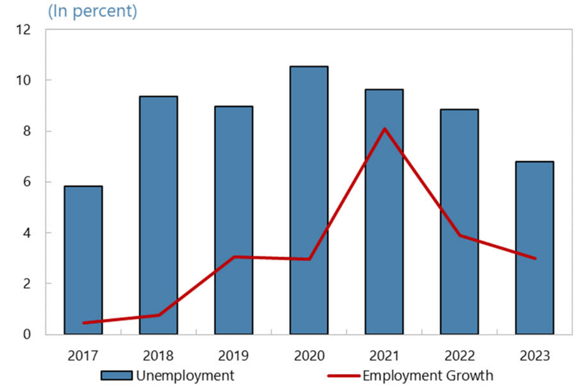

*…combined with capital inflows and remittances supported strong growth.*

**Real GDP Growth and Remittances**
(LHS: In percent; RHS: In percent of GDP)



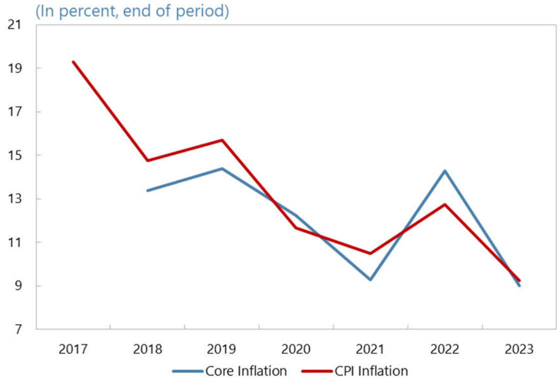

*Employment growth picked up and unemployment fell after peaking during the pandemic.*

**Employment Growth and Unemployment Rate**
(In percent)



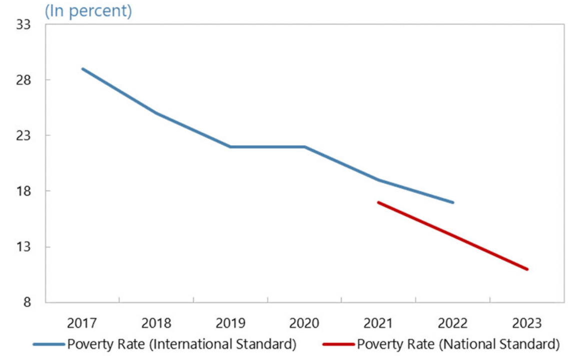

*CPI Inflation has trended downward from high double digits at end-2017 to high single digits by end-2023.*

**Inflation and Core Inflation**
(In percent, end of period)




*These favorable macroeconomic developments facilitated a sizable decline in the poverty rate.*

**Poverty Rate**
(In percent)

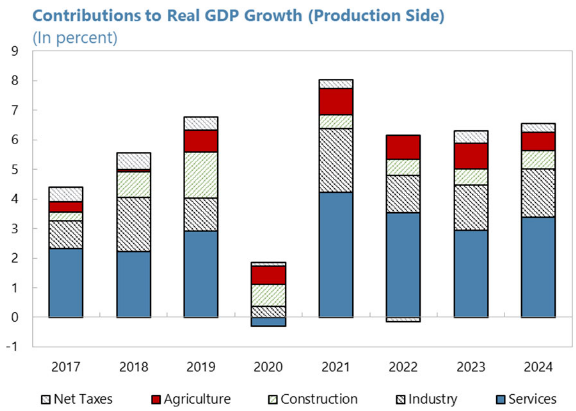



Notes: The World Bank calculation is based on international standard (2017PP). Latest available data point is for 2022. For national standard of poverty rate calculations started in 2021.

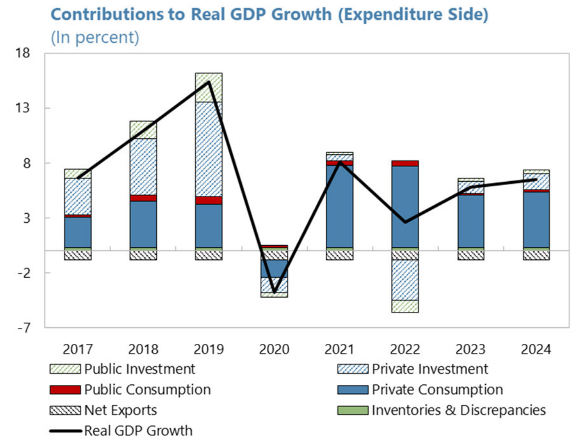
Sources: National Statistics Committee and Central Bank of Uzbekistan, and the World Bank.

## Figure 2. Uzbekistan: Real Sector

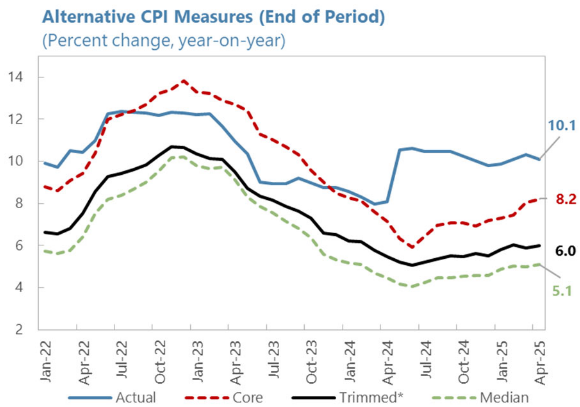
*In 2024, the economy recorded strong and broad-based growth…*




*…driven by private consumption and investment.*

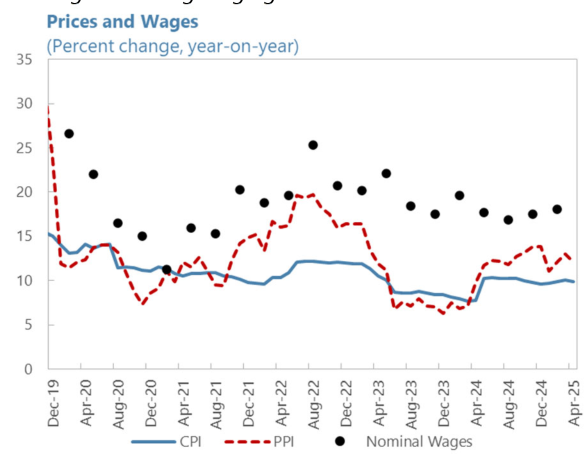



*Inflation remains elevated…*

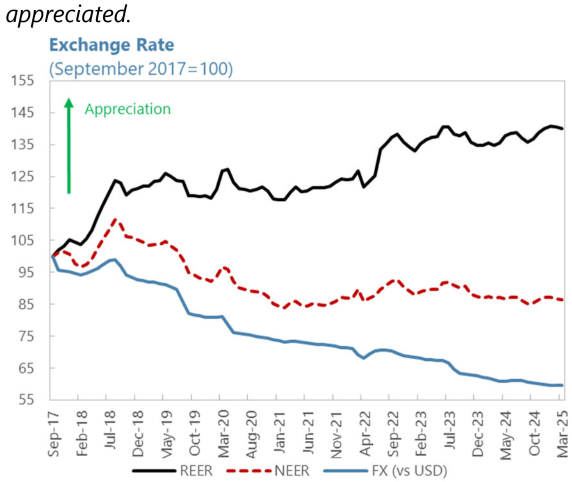



Note: Trimmed inflation eliminates 15 percent of goods and services (in terms of weights) with the highest growth and the lowest growth from the CPI basket.

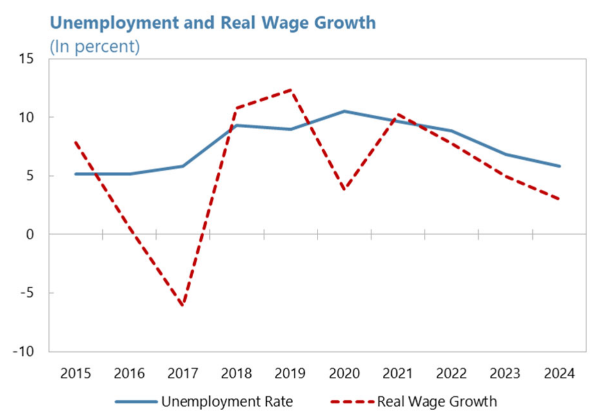
*…alongside strong wage growth.*




*The NEER remained broadly stable while the REER appreciated.*



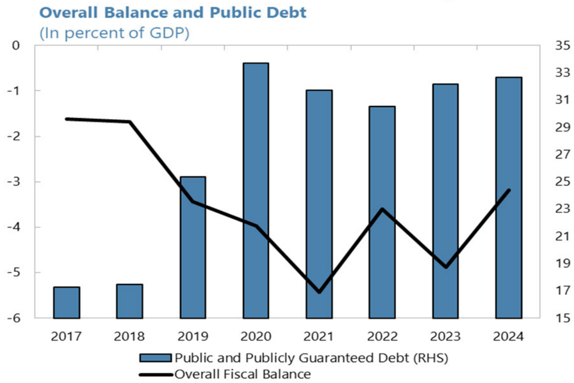

*The unemployment rate declined while real wages continued to grow robustly.*



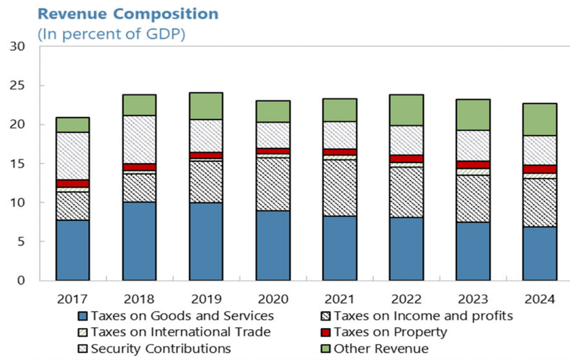

Sources: National Statistics Committee and Central Bank of Uzbekistan.

## Figure 3. Uzbekistan: Fiscal Sector

*Despite the narrowing of the overall deficit in 2024, PPG debt increased due to higher than budgeted external borrowing to fund BPS fiscal activity.*

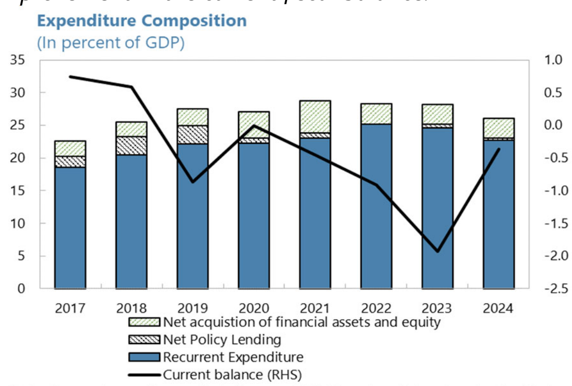



*Revenue has continued to decline due to declining tax revenue, especially VAT and non-mining corporate taxes…*



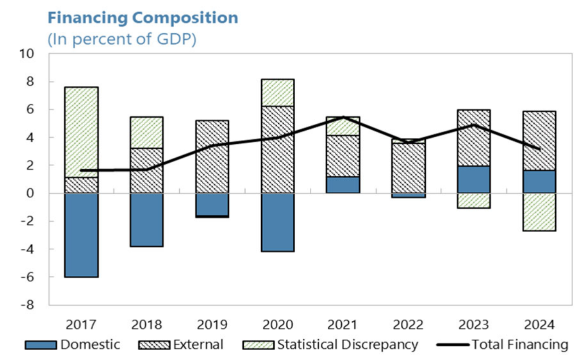

Notes: Revenue composition = adjusted revenue (Table 3) - revenue from non-budget accounts of entities (NBAE)

*…while recurrent expenditure declined due to the significant reduction in energy subsidies and better targeting of social expenditure, generating an improvement in the current fiscal balance.*



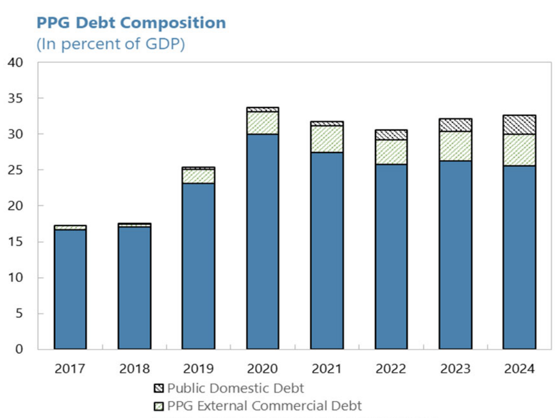

Notes: Recurrent expenditure = adjusted revenue (Table 3) + net equity investment and political lending - expenditure from NBAE.

*While domestic financing has grown, the consolidated budget remains mainly financed by multilateral and official lenders…*

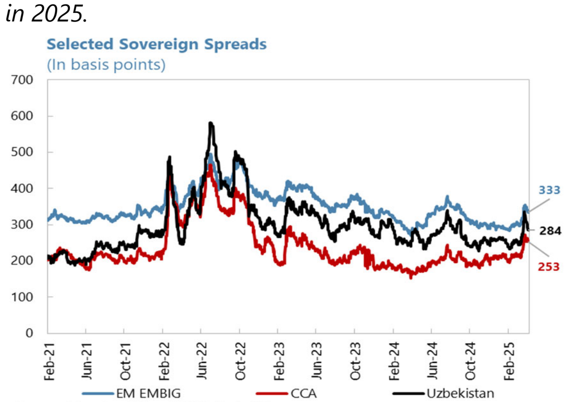



Notes: Domestic includes the financial system, privatization receipts, and domestic debt issuance. External includes multilateral institutions, bilateral official lenders, and commercial borrowing.

*…and PPG multilateral and official external debt accounts for most of the PPG debt stock.*




*Uzbekistan's spreads followed closely the CCA average, decoupled in 2023, coinciding with a significantly larger fiscal deficit than budgeted, but are getting closer again in 2025.*

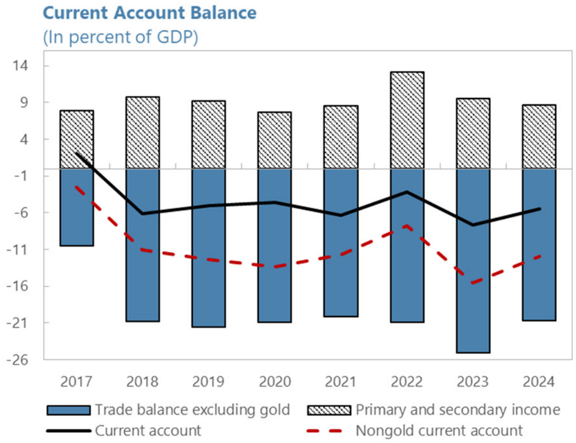



Sources: Bloomberg LP, and IMF staff calculations.
Note: CCA includes ARM, AZE, GEO and KAZ.

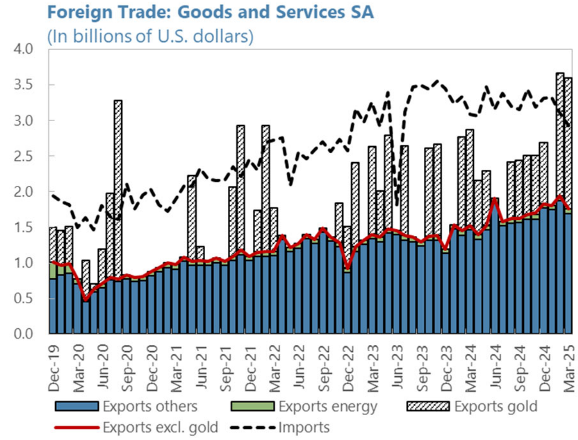
Sources: Ministry of Economy and Finance and Central Bank of Uzbekistan unless otherwise noted.

## Figure 4. Uzbekistan: External Sector

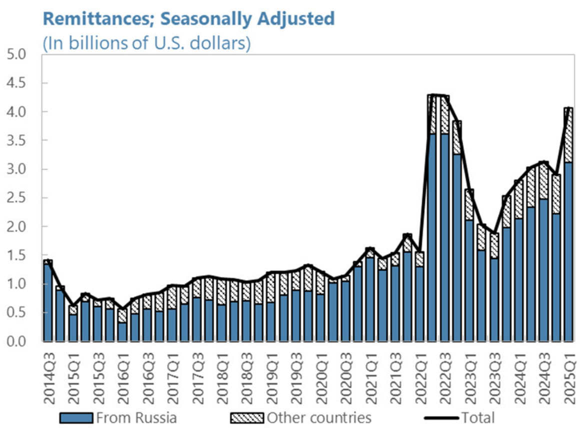
*The current account deficit narrowed in 2024…*



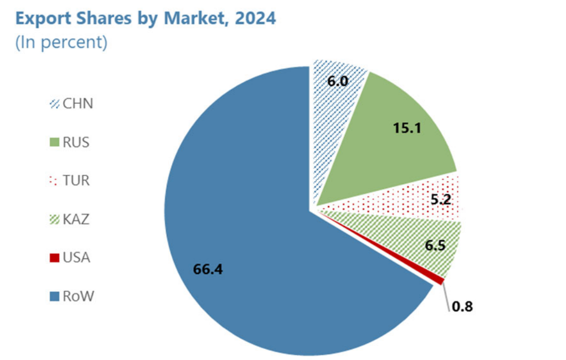

*…. reflecting the reversal of one-off imports in 2023, strong non-gold exports…*




*…and surging remittances.*

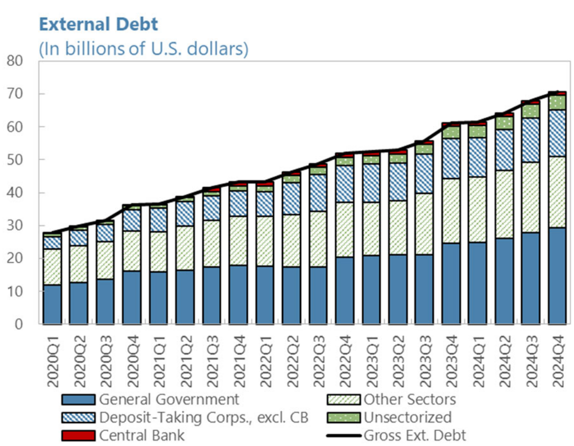



*Russia and China account for about one-fifth of exports.*

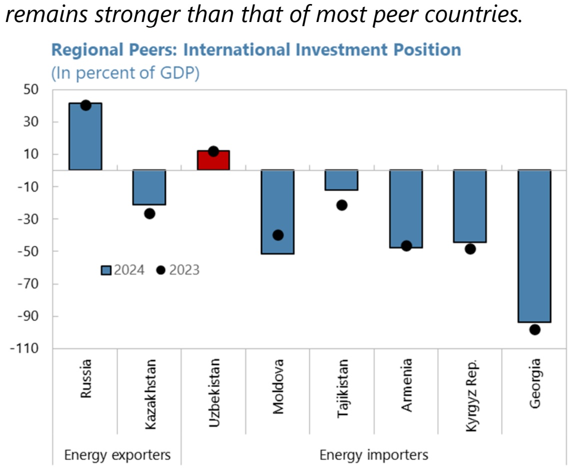



Notes: The share of exports to the U.S. in total exports is less than 1 percent. Most exports to the U.S. are exempt from the tariffs.
Sources: National Statistics Committee of Uzbekistan, and IMF staff estimates.

*External debt has been rising rapidly from low levels…*




*… but Uzbekistan's international investment position remains stronger than that of most peer countries.*



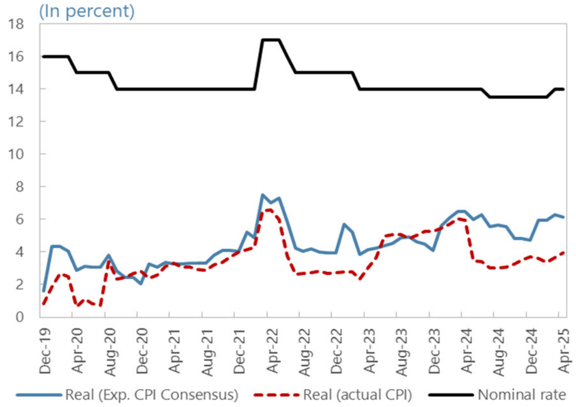

Source: World Economic Outlook, IMF.

Sources: Central Bank of Uzbekistan unless otherwise noted.

## Figure 5. Uzbekistan: Monetary Sector

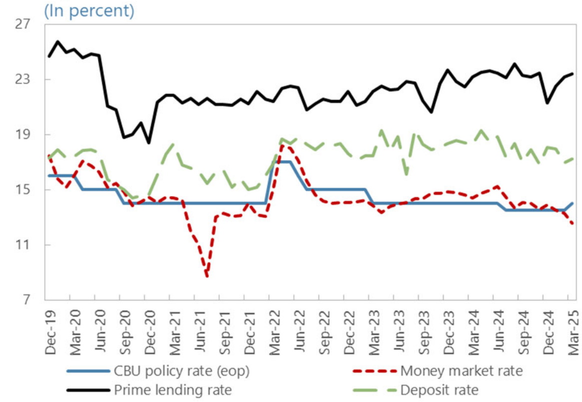
*The real policy interest rate remains positive and sizable…*

**Monetary Policy Rate**
(In percent)



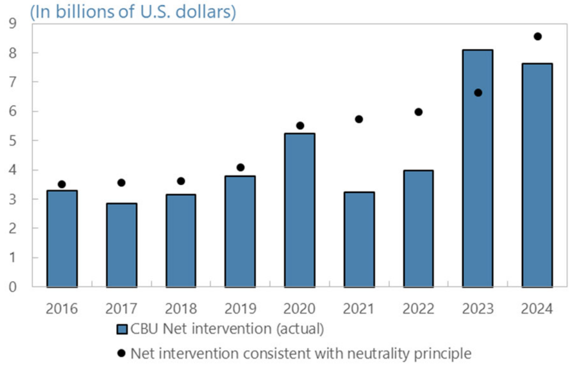

*…while bank lending and deposit rates continue to show constrained monetary transmission.*

**Key Interest Rates**
(In percent)




*Foreign exchange interventions did not fully sterilize gold purchases in 2024.*

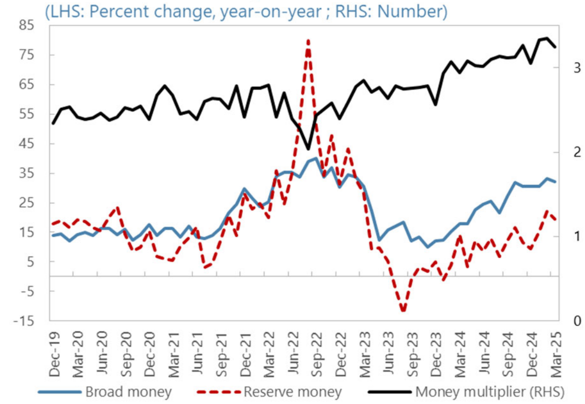
**CBU Net Intervention**
(In billions of U.S. dollars)




Notes: Net intervention consistent with neutrality principle represents the amount of CBU intervention needed to sterilize the gold purchases.

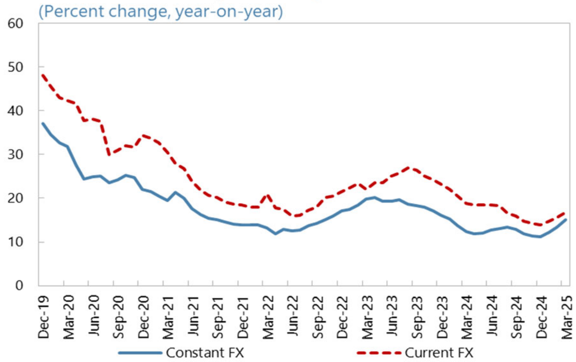
*Broad money has grown significantly, driven by strong deposit growth.*

**Broad and Reserve Money**
(LHS: Percent change, year-on-year ; RHS: Number)




*Credit to the economy has moderated reflecting the impact of macroprudential measures on car and mortgage loan growth…*

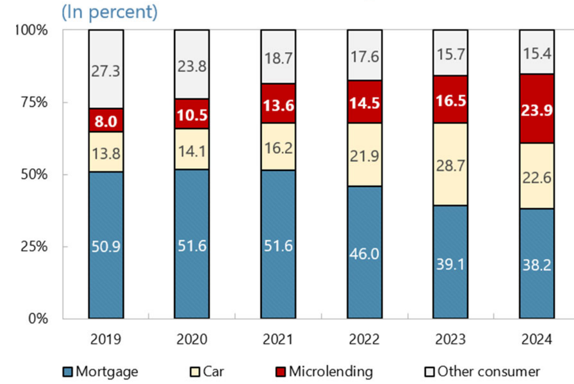
**Credit to the Economy (excluding Government)**
(Percent change, year-on-year)




Notes: The Current and Constant FX credit to the economy series were adjusted for loans transferred to the UFRD from January to November 2020.

*… but the share of microlending in household lending is rapidly increasing due to its brisk growth.*

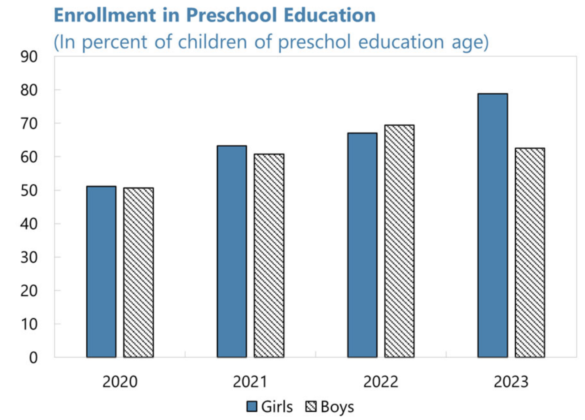
**Composition of Household Lending**
(In percent)



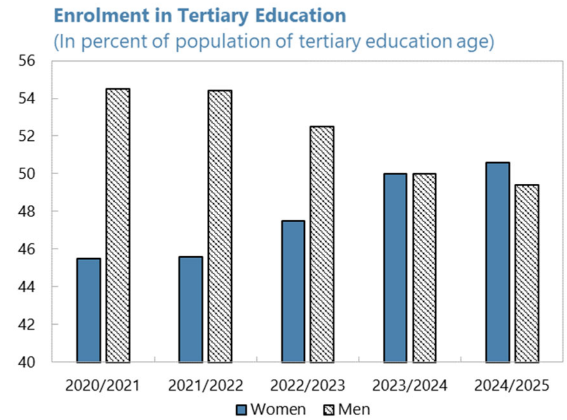

Sources: Central Bank of Uzbekistan unless otherwise noted.

## Figure 6. Uzbekistan: Progress with the Empowerment of Women[1]

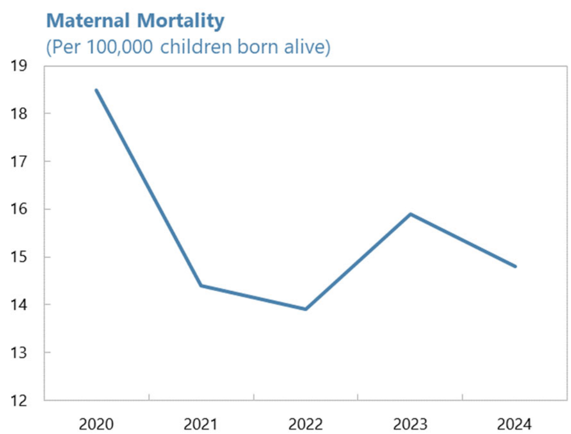
*Female school enrollment has significantly improved, now exceeding male enrollment in preschool education…*



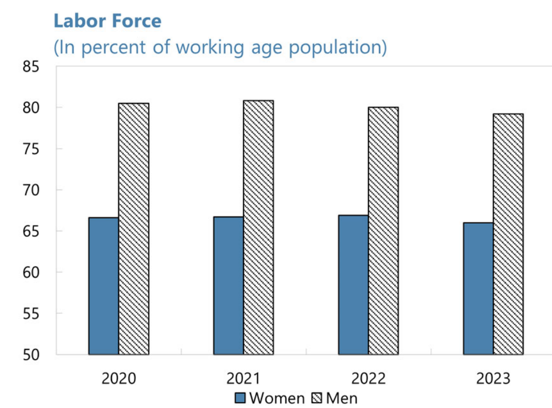

*…and in tertiary education.*



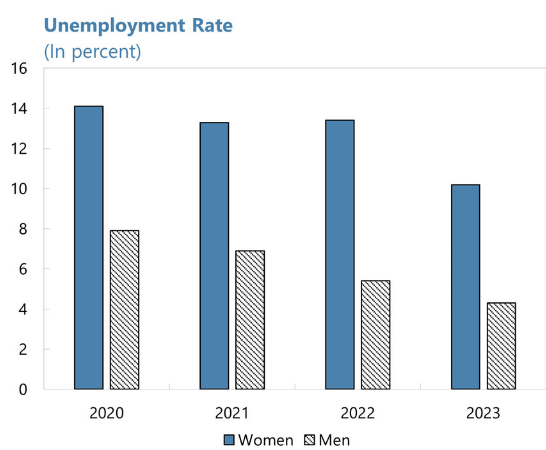

*Maternal mortality has overall trended downwards.*



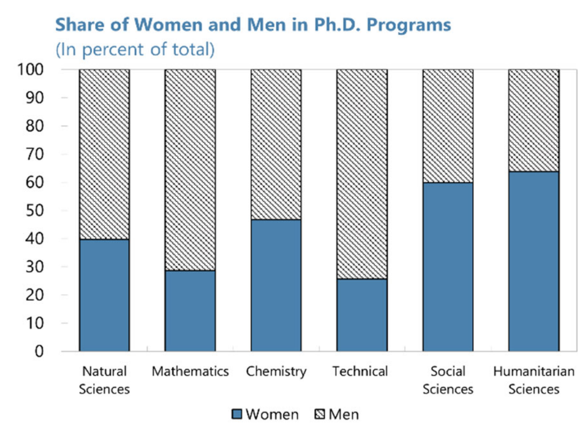

*Nevertheless, female labor force participation remains significantly below that of men…*




*… and gender gaps persist in unemployment, despite a significant decline in female unemployment,…*




*… and in STEM education.*




Source: National Statistics Committee of Uzbekistan.

[1] For some charts, 2024 data are not available yet.

## Table 1. Uzbekistan: Selected Economic indicators, 2020-2030

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| **National income** | | | | | | | | | | | |
| Nominal GDP (in trillions of Sum) | 668 | 821 | 996 | 1,204 | 1,455 | 1,733 | 2,005 | 2,282 | 2,577 | 2,907 | 3,277 |
| Population (in millions) | 33.9 | 34.6 | 35.3 | 36.0 | 36.9 | 37.7 | 38.5 | 39.3 | 40.1 | 41.0 | 41.8 |
| GDP per capita (in U.S. dollars) | 1,960 | 2,238 | 2,555 | 2,849 | 3,113 | 3,487 | 3,805 | 4,113 | 4,443 | 4,805 | 5,193 |
| **Real sector** | (Annual percent change) | | | | | | | | | | |
| GDP at current prices | 12.3 | 22.8 | 21.3 | 21.0 | 20.8 | 19.1 | 15.7 | 13.8 | 12.9 | 12.8 | 12.7 |
| GDP at constant prices | 1.6 | 8.0 | 6.0 | 6.3 | 6.5 | 5.9 | 5.8 | 5.7 | 5.7 | 5.7 | 5.7 |
| GDP deflator | 10.6 | 13.7 | 14.5 | 13.8 | 13.3 | 12.5 | 9.4 | 7.7 | 6.8 | 6.7 | 6.6 |
| Consumer price index (eop) | 11.2 | 10.0 | 12.3 | 8.7 | 9.8 | 8.4 | 6.5 | 5.0 | 5.0 | 5.0 | 5.0 |
| Consumer price index (average) | 12.9 | 10.8 | 11.4 | 10.0 | 9.6 | 9.0 | 7.4 | 5.9 | 5.0 | 5.0 | 5.0 |
| **Money and credit** | (Annual percent change) | | | | | | | | | | |
| Reserve money | 15.4 | 28.3 | 31.4 | 4.9 | 9.5 | 9.2 | 8.8 | 8.2 | 8.0 | 8.0 | 8.0 |
| Broad money | 17.7 | 29.7 | 30.2 | 12.2 | 30.6 | 19.4 | 16.3 | 16.1 | 15.8 | 15.7 | 15.6 |
| Credit to the economy | 34.4 | 18.4 | 21.4 | 23.2 | 14.0 | 19.3 | 16.0 | 14.0 | 13.1 | 12.9 | 12.9 |
| Velocity (in levels) | 6.0 | 5.6 | 5.3 | 5.7 | 5.2 | 5.2 | 5.2 | 5.1 | 5.0 | 4.9 | 4.7 |
| | (Percent of GDP) | | | | | | | | | | |
| Broad money | 16.8 | 17.7 | 19.0 | 17.6 | 19.0 | 19.1 | 19.2 | 19.6 | 20.1 | 20.6 | 21.1 |
| Credit to the economy | 42.0 | 40.5 | 40.5 | 41.2 | 38.9 | 39.0 | 39.1 | 39.1 | 39.2 | 39.2 | 39.3 |
| **External sector** | (Percent of GDP) | | | | | | | | | | |
| Current account | -4.6 | -6.3 | -3.2 | -7.6 | -5.0 | -5.0 | -4.8 | -4.8 | -4.7 | -4.7 | -4.7 |
| External debt | 52.6 | 51.8 | 49.2 | 54.5 | 56.2 | 55.4 | 55.2 | 54.7 | 54.2 | 53.1 | 52.7 |
| | (Annual percent change) | | | | | | | | | | |
| Exports of goods and services | -14.6 | 13.1 | 27.5 | 19.5 | 4.5 | 12.2 | 10.8 | 9.2 | 8.1 | 8.6 | 7.9 |
| Imports of goods and services | -14.9 | 23.4 | 27.6 | 19.6 | 2.3 | 10.6 | 8.9 | 7.6 | 7.6 | 7.5 | 6.6 |
| Exchange rate (in Sums per U.S. dollar; eop) | 10,477 | 10,838 | 11,225 | 12,339 | 12,920 | … | … | … | … | … | … |
| Exchange rate (in Sums per U.S. dollar; ave) | 10,054 | 10,609 | 11,047 | 11,736 | 12,653 | … | … | … | … | … | … |
| Real effective exchange rate CPI based (2015=100, - = dep) | 65.5 | 65.3 | 61.8 | 58.8 | 55.4 | 54.2 | 53.3 | 52.3 | 51.4 | 50.7 | 50.1 |
| Gross international reserves (in billions of U.S. dollars) | 34.9 | 35.1 | 35.8 | 34.6 | 41.2 | 43.1 | 43.2 | 43.2 | 43.2 | 43.2 | 43.2 |
| Gross international reserves (months of imports) | 15.0 | 11.8 | 10.1 | 9.5 | 10.2 | 9.8 | 9.2 | 8.5 | 7.9 | 7.4 | 6.2 |
| **Government finance** | (Percent of GDP) | | | | | | | | | | |
| Consolidated budget revenues 1/ | 24.0 | 24.9 | 28.8 | 26.7 | 26.5 | 26.3 | 26.4 | 26.5 | 26.6 | 26.7 | 26.7 |
| Consolidated budget expenditures 1/ | 27.9 | 29.9 | 32.3 | 31.6 | 29.7 | 29.3 | 29.4 | 29.5 | 29.6 | 29.7 | 29.7 |
| Consolidated budget balance | -3.9 | -5.0 | -3.5 | -4.9 | -3.2 | -3.0 | -3.0 | -3.0 | -3.0 | -3.0 | -3.0 |
| Adjusted revenues 2/ | 23.1 | 23.3 | 27.7 | 25.9 | 25.5 | 25.3 | 25.5 | 25.6 | 25.7 | 25.8 | 25.9 |
| Adjusted expenditures 2/ | 26.0 | 27.4 | 31.3 | 29.9 | 27.8 | 27.3 | 27.8 | 28.0 | 28.1 | 28.1 | 28.2 |
| Adjusted fiscal balance | -2.9 | -4.1 | -3.7 | -4.0 | -2.3 | -2.0 | -2.3 | -2.3 | -2.3 | -2.3 | -2.3 |
| Policy lending | 1.0 | 1.3 | -0.1 | 0.9 | 0.9 | 1.0 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Overall fiscal balance | -4.0 | -5.4 | -3.5 | -4.9 | -3.2 | -3.0 | -3.0 | -3.0 | -3.0 | -3.0 | -3.0 |
| Total public & publicly guaranteed debt | 33.7 | 31.7 | 30.5 | 32.2 | 32.6 | 33.3 | 33.2 | 32.8 | 32.6 | 31.8 | 31.5 |
| **Labor market** | | | | | | | | | | | |
| Formal sector employment growth (percent) | 3.0 | 8.1 | 2.5 | 3.0 | 2.9 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Working-age population growth (percent) | 1.0 | 1.0 | 0.9 | 1.1 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Unemployment rate (percent) | 10.5 | 9.6 | 8.9 | 6.8 | 5.5 | 5.0 | 4.5 | 4.0 | 3.7 | 3.4 | 3.1 |
| Labor migrants (millions) | 1.8 | 1.5 | 1.9 | 2.0 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.5 | 1.5 |

Sources: Country authorities; and IMF staff estimates.

1/ Beginning in 2022, off-budget accounts of ministries and agencies were included in the budget and all privatization receipts are treated as financing.

2/ Adjusted fiscal data are budget data adjusted for financing operations, such as equity injections, policy lending, and privatization receipts before 2022.

## Table 2. Uzbekistan: National Accounts, 2020-2030

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| | | | | (Share of GDP) | | | | | | | |
| **GDP** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| Final consumption expenditures | 79.0 | 80.8 | 83.4 | 82.9 | 81.9 | 78.7 | 76.5 | 74.6 | 72.9 | 71.0 | 69.0 |
| Private | 64.4 | 65.9 | 68.5 | 68.4 | 68.0 | 64.8 | 61.9 | 59.9 | 58.1 | 56.1 | 54.0 |
| Public | 14.6 | 14.9 | 15.0 | 14.5 | 13.9 | 13.9 | 14.6 | 14.7 | 14.8 | 14.9 | 14.9 |
| Gross investment | 33.2 | 34.0 | 32.9 | 34.3 | 33.3 | 35.7 | 37.2 | 38.4 | 39.7 | 41.0 | 42.4 |
| Gross fixed capital formation | 34.5 | 32.2 | 29.3 | 32.4 | 37.1 | 38.1 | 39.1 | 40.1 | 41.2 | 42.4 | 43.6 |
| Investories and stat. discrepancy | -1.4 | 1.9 | 3.6 | 1.9 | -3.8 | -2.3 | -2.0 | -1.8 | -1.6 | -1.4 | -1.2 |
| Net exports | -12.2 | -14.8 | -16.3 | -17.3 | -15.2 | -14.4 | -13.7 | -13.0 | -12.6 | -12.0 | -11.4 |
| Exports of goods and services | 21.9 | 21.3 | 23.3 | 24.4 | 22.8 | 22.3 | 22.2 | 22.0 | 21.5 | 21.2 | 20.7 |
| Imports of goods and services | 34.1 | 36.2 | 39.6 | 41.7 | 38.0 | 36.7 | 35.9 | 35.0 | 34.1 | 33.2 | 32.1 |
| Gross national savings | 28.6 | 27.7 | 29.7 | 26.7 | 28.3 | 30.7 | 32.4 | 33.6 | 34.9 | 36.3 | 37.7 |
| Savings-investment balance | -4.6 | -6.3 | -3.2 | -7.6 | -5.0 | -5.0 | -4.8 | -4.8 | -4.7 | -4.7 | -4.7 |
| | | | | (Annual percent change) | | | | | | | |
| **GDP at constant prices** | **1.6** | **8.0** | **6.0** | **6.3** | **6.5** | **5.9** | **5.8** | **5.7** | **5.7** | **5.7** | **5.7** |
| Domestic demand | -3.4 | 7.4 | 2.7 | 5.4 | 6.0 | 8.1 | 6.0 | 5.7 | 5.8 | 5.6 | 5.4 |
| Final consumption expenditures | -1.7 | 10.1 | 9.8 | 5.9 | 6.4 | 5.2 | 3.3 | 3.3 | 3.5 | 3.0 | 2.7 |
| Private | -2.3 | 11.9 | 11.5 | 7.0 | 7.5 | 3.3 | 1.9 | 2.9 | 3.0 | 2.5 | 2.1 |
| Public | 1.4 | 3.1 | 3.5 | 1.1 | 1.1 | 6.7 | 11.1 | 5.6 | 5.6 | 6.0 | 5.6 |
| Gross investment | -6.8 | 1.9 | -12.6 | 4.0 | 5.2 | 15.2 | 12.2 | 10.6 | 10.4 | 10.2 | 10.1 |
| Exports of goods and services | -20.1 | 13.4 | 19.0 | 17.3 | -5.9 | 5.6 | 10.6 | 8.4 | 7.2 | 7.4 | 6.6 |
| Imports of goods and services | -14.9 | 23.4 | 13.6 | 15.3 | -1.5 | 11.9 | 9.1 | 7.3 | 6.9 | 6.5 | 5.6 |
| | | | | (Contribution to real growth) | | | | | | | |
| **GDP at constant prices** (contributions) | 1.6 | 8.0 | 6.0 | 6.3 | 6.5 | 5.9 | 5.8 | 5.7 | 5.7 | 5.7 | 5.7 |
| Domestic demand | 0.8 | 13.1 | 6.9 | 8.3 | 7.4 | 9.1 | 6.8 | 6.4 | 6.5 | 6.3 | 6.2 |
| Final consumption expenditures | -1.3 | 7.9 | 7.9 | 4.9 | 5.3 | 3.2 | 2.8 | 2.6 | 2.6 | 2.3 | 2.0 |
| Gross fixed capital formation | -1.9 | 1.1 | -0.1 | 6.9 | 9.0 | 4.4 | 3.7 | 3.4 | 3.5 | 3.6 | 3.7 |
| Inventories and stat. discrepancy | 4.0 | 4.0 | -1.0 | -3.5 | -6.9 | 1.6 | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 |
| Net exports | 0.8 | -5.0 | -0.9 | -2.0 | -0.8 | -3.2 | -1.0 | -0.7 | -0.8 | -0.6 | -0.4 |
| **Deflators** | | | | | | | | | | | |
| GDP | 10.6 | 13.7 | 14.5 | 13.8 | 13.3 | 12.5 | 9.4 | 7.7 | 6.8 | 6.7 | 6.6 |
| Domestic demand | 8.5 | 12.6 | 15.9 | 13.9 | 11.4 | 9.4 | 8.5 | 7.1 | 6.3 | 6.3 | 6.3 |
| Final consumption expenditures | 13.1 | 14.1 | 14.0 | 13.5 | 12.1 | 8.7 | 9.0 | 7.4 | 6.6 | 6.6 | 6.6 |
| Private | 13.6 | 12.6 | 13.3 | 12.6 | 11.6 | 10.0 | 8.5 | 7.1 | 6.3 | 6.3 | 6.3 |
| Public | 12.1 | 21.5 | 17.6 | 15.7 | 15.0 | 11.1 | 9.9 | 8.4 | 7.4 | 7.2 | 7.1 |
| Gross investment | 15.7 | 20.9 | 28.4 | 15.5 | 10.4 | 11.0 | 7.2 | 6.3 | 5.7 | 5.8 | 5.8 |
| Gross fixed capital formation | 11.1 | 10.8 | 10.9 | 8.5 | 8.1 | 9.3 | 8.4 | 7.3 | 6.7 | 6.7 | 6.7 |
| Exports of goods and services | 21.6 | 5.3 | 11.3 | 8.3 | 19.7 | 10.6 | 4.1 | 3.8 | 3.3 | 3.3 | 3.4 |
| Imports of goods and services | 13.7 | 5.4 | 16.9 | 10.5 | 11.7 | 3.0 | 3.7 | 3.5 | 3.1 | 3.1 | 3.2 |
| **Prices** | | | | | | | | | | | |
| CPI (average, in percent) | 12.9 | 10.8 | 11.4 | 10.0 | 9.6 | 9.0 | 7.4 | 5.9 | 5.0 | 5.0 | 5.0 |
| CPI (end-of-period, in percent) | 11.2 | 10.0 | 12.3 | 8.7 | 9.8 | 8.4 | 6.5 | 5.0 | 5.0 | 5.0 | 5.0 |
| Minimum wage (in thousands of Sum) | 650 | 767 | 889 | 1,011 | 1,140 | 1,281 | 1,424 | 1,562 | 1,694 | 1,830 | 1,976 |
| Average formal sector wage (in thousands of Sum) | 1,714 | 2,022 | 2,426 | 2,759 | 3,112 | 3,495 | 3,886 | 4,261 | 4,622 | 4,993 | 5,393 |
| Growth (percent) | 12.6 | 18.0 | 20.0 | 13.7 | 12.8 | 12.3 | 11.2 | 9.6 | 8.5 | 8.0 | 8.0 |
| Average government wage (in thousands of Sum) | 2,026 | 2,390 | 2,772 | 3,152 | 3,555 | 3,993 | 4,440 | 4,869 | 5,281 | 5,705 | 6,162 |
| Growth (percent) | 12.6 | 18.0 | 16.0 | 13.7 | 12.8 | 12.3 | 11.2 | 9.6 | 8.5 | 8.0 | 8.0 |
| **Employment** | | | | | | | | | | | |
| Formal sector employment growth (percent) | 3.0 | 8.1 | 2.5 | 3.0 | 2.9 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Working-age population growth (percent) | 1.0 | 1.1 | 0.9 | 1.1 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Unemployment rate (percent) | 10.5 | 9.6 | 8.9 | 6.8 | 5.5 | 5.0 | 4.5 | 4.0 | 3.7 | 3.4 | 3.1 |
| Labor migrants (millions) | 1.8 | 1.5 | 1.9 | 2.0 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.5 | 1.5 |

Sources: Country authorities; and IMF staff estimates.

## Table 3a. Uzbekistan: General Government, 2020-2030

(Billions of sum)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| **Consolidated budget revenues** | **160,394** | **204,453** | **286,504** | **321,863** | **385,781** | **456,076** | **530,060** | **605,155** | **685,395** | **775,062** | **875,239** |
| Tax revenues | 112,892 | 138,257 | 159,750 | 184,509 | 215,538 | 252,457 | 292,881 | 336,935 | 382,710 | 433,891 | 491,171 |
| Taxes on incomes and profits | 45,207 | 58,930 | 64,447 | 73,104 | 90,833 | 108,866 | 125,280 | 144,658 | 164,415 | 186,484 | 211,220 |
| Taxes on property | 4,361 | 6,540 | 9,321 | 11,988 | 15,020 | 17,582 | 22,507 | 27,937 | 34,126 | 41,653 | 50,767 |
| Taxes on goods and services | 59,771 | 68,022 | 80,236 | 89,811 | 99,683 | 114,899 | 132,213 | 149,656 | 167,553 | 187,036 | 208,251 |
| Value added tax | 31,177 | 38,439 | 52,189 | 57,885 | 59,281 | 67,742 | 78,553 | 89,814 | 102,053 | 115,499 | 130,229 |
| Excises | 11,697 | 13,087 | 13,455 | 15,834 | 19,060 | 22,348 | 25,815 | 29,412 | 33,235 | 37,469 | 42,049 |
| Mining tax | 16,417 | 15,812 | 13,887 | 15,300 | 20,170 | 23,675 | 26,432 | 28,720 | 30,223 | 31,641 | 33,101 |
| Taxes on international trade | 3,554 | 4,765 | 5,746 | 9,606 | 10,001 | 11,109 | 12,882 | 14,684 | 16,616 | 18,718 | 20,933 |
| Other revenues 1/ | 24,601 | 37,130 | 88,529 | 90,318 | 115,187 | 137,179 | 155,020 | 175,098 | 197,529 | 222,513 | 250,315 |
| Funds | 22,901 | 29,065 | 38,225 | 47,036 | 55,057 | 66,441 | 82,159 | 93,122 | 105,155 | 118,657 | 133,753 |
| Social security contributions | 20,737 | 26,786 | 33,264 | 39,961 | 47,327 | 59,143 | 72,412 | 82,398 | 93,046 | 104,995 | 118,354 |
| Other | 2,164 | 2,279 | 4,961 | 7,076 | 7,730 | 7,298 | 9,747 | 10,724 | 12,109 | 13,662 | 15,399 |
| **Consolidated budget expenditures** | **186,483** | **245,223** | **321,733** | **380,674** | **432,030** | **508,098** | **590,219** | **673,603** | **762,682** | **862,272** | **973,419** |
| Social | 55,550 | 69,369 | 81,165 | 98,145 | 112,345 | 116,009 | 134,511 | 153,761 | 174,032 | 196,601 | 221,775 |
| Social safety net | 40,547 | 48,139 | 64,167 | 71,084 | 79,323 | 93,951 | 101,674 | 116,454 | 132,038 | 149,398 | 168,769 |
| Economy | 17,098 | 22,002 | 31,703 | 42,241 | 36,972 | 37,829 | 37,393 | 43,037 | 48,788 | 55,195 | 62,345 |
| Public administration | 8,691 | 10,366 | 12,608 | 17,002 | 19,251 | 19,989 | 21,885 | 25,067 | 28,421 | 32,158 | 36,328 |
| Public investment | 26,568 | 47,409 | 29,853 | 39,984 | 41,161 | 50,062 | 54,072 | 60,276 | 68,238 | 77,131 | 87,060 |
| Interest expenditure | 1,816 | 2,238 | 3,529 | 8,221 | 14,200 | 18,824 | 22,482 | 25,788 | 28,631 | 30,344 | 33,309 |
| Other expenditure 1/ | 27,358 | 38,134 | 92,975 | 94,711 | 113,674 | 152,594 | 197,176 | 225,054 | 255,517 | 290,962 | 329,475 |
| Externally Financed Expenditure | 8,854 | 7,565 | 5,733 | 9,286 | 15,103 | 18,840 | 21,025 | 24,168 | 27,017 | 30,484 | 34,359 |
| **Consolidated budget balance** | **-26,089** | **-40,771** | **-35,229** | **-58,811** | **-46,249** | **-52,022** | **-60,159** | **-68,449** | **-77,288** | **-87,210** | **-98,180** |
| *Adjustments to revenues* | -6,232 | -12,961 | -10,782 | -9,738 | -14,682 | -17,387 | -18,966 | -20,238 | -22,340 | -24,624 | -27,110 |
| Adjusted revenues 2/ | 154,162 | 191,491 | 275,722 | 312,126 | 371,098 | 438,690 | 511,094 | 584,917 | 663,054 | 750,438 | 848,129 |
| *Adjustments to Expenditures* | -12,614 | -20,115 | -9,652 | -19,989 | -28,091 | -34,825 | -32,960 | -35,614 | -39,603 | -44,126 | -49,162 |
| Adjusted expenditures 2/ | 173,869 | 225,109 | 312,081 | 360,685 | 403,939 | 473,274 | 557,258 | 637,990 | 723,080 | 818,146 | 924,256 |
| **Adjusted fiscal balance** | **-19,707** | **-33,617** | **-36,359** | **-48,559** | **-32,840** | **-34,584** | **-46,165** | **-53,073** | **-60,025** | **-67,707** | **-76,127** |
| Policy-based lending operations | 6,792 | 10,968 | -1,130 | 10,252 | 13,409 | 17,438 | 13,994 | 15,376 | 17,262 | 19,502 | 22,053 |
| **Overall fiscal balance** | **-26,499** | **-44,585** | **-35,229** | **-58,811** | **-46,249** | **-52,022** | **-60,159** | **-68,449** | **-77,288** | **-87,210** | **-98,180** |
| Statistical Discrepancy | -13,092 | -10,591 | -2,596 | 12,982 | 39,122 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Financing** | **13,407** | **33,993** | **32,633** | **71,792** | **85,371** | **52,022** | **60,159** | **68,449** | **77,288** | **87,210** | **98,180** |
| Domestic | -28,022 | 9,572 | -2,818 | 23,301 | 23,560 | -25,213 | -12,673 | 3,584 | 5,215 | 27,093 | 24,637 |
| Domestic banking system | -30,636 | 4,970 | -16,134 | 8,758 | 870 | -47,444 | -26,294 | -13,812 | -16,373 | 481 | -4,697 |
| Deposits at the central bank | -13,503 | 23,236 | 4,618 | 28,649 | 9,219 | 10,262 | 4,931 | 5,028 | 5,254 | 5,490 | 5,744 |
| Deposit money banks | -17,133 | -18,266 | -20,751 | -19,891 | -8,348 | -57,706 | -31,225 | -18,840 | -21,628 | -5,009 | -10,442 |
| Treasury bills & bonds | 2,204 | 787 | 8,296 | 8,878 | 17,325 | 16,641 | 7,815 | 11,410 | 15,460 | 20,351 | 22,938 |
| Privatization proceeds | 410 | 3,814 | 5,019 | 5,666 | 5,365 | 5,589 | 5,806 | 5,986 | 6,129 | 6,261 | 6,397 |
| External | 41,429 | 24,422 | 35,451 | 48,491 | 61,812 | 77,235 | 72,832 | 64,865 | 72,072 | 60,116 | 73,543 |
| Multilateral | 25,565 | 10,097 | 33,068 | 33,207 | 32,776 | 33,417 | 33,000 | 32,491 | 35,984 | 35,190 | 40,655 |
| *of which: IMF* | 3,770 | ... | ... | 5,833 | ... | ... | ... | ... | ... | ... | ... |
| Bilateral | 8,349 | 5,105 | 2,288 | 4,737 | 17,930 | 24,048 | 30,653 | 31,099 | 31,545 | 31,888 | 32,343 |
| Commercial | 7,515 | 9,220 | 95 | 10,547 | 11,105 | 19,770 | 9,179 | 1,275 | 4,544 | -6,962 | 544 |
| Memorandum items | | | | | | | | | | | |
| GDP | 668,038 | 820,537 | 995,573 | 1,204,485 | 1,454,574 | 1,732,874 | 2,005,168 | 2,281,989 | 2,576,649 | 2,907,236 | 3,276,799 |
| Primary Balance | -24,682 | -42,347 | -31,700 | -50,590 | -32,049 | -33,198 | -37,677 | -42,661 | -48,657 | -56,866 | -64,871 |

Sources: Country authorities; and IMF staff estimates.

1/ Beginning in 2022, off-budget accounts of ministries and agencies were included in the budget.

2/ Adjusted fiscal data are budget data adjusted for financing operations, such as equity injections, policy lending, and privatization of state enterprises before 2022. Since 2022, the authorities include all privatization proceeds as financing.

## Table 3b. Uzbekistan: General Government, 2020-2030

(Percent of GDP)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| **Consolidated budget revenues** | **24.0** | **24.9** | **28.8** | **26.7** | **26.5** | **26.3** | **26.4** | **26.5** | **26.6** | **26.7** | **26.7** |
| Tax revenues | 16.9 | 16.8 | 16.0 | 15.3 | 14.8 | 14.6 | 14.6 | 14.8 | 14.9 | 14.9 | 15.0 |
| Taxes on incomes and profits | 6.8 | 7.2 | 6.5 | 6.1 | 6.2 | 6.3 | 6.2 | 6.3 | 6.4 | 6.4 | 6.4 |
| Taxes on property | 0.7 | 0.8 | 0.9 | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 | 1.3 | 1.4 | 1.5 |
| Taxes on goods and services | 8.9 | 8.3 | 8.1 | 7.5 | 6.9 | 6.6 | 6.6 | 6.6 | 6.5 | 6.4 | 6.4 |
| Value added tax | 4.7 | 4.7 | 5.2 | 4.8 | 4.1 | 3.9 | 3.9 | 3.9 | 4.0 | 4.0 | 4.0 |
| Excises | 1.8 | 1.6 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Mining tax | 2.5 | 1.9 | 1.4 | 1.3 | 1.4 | 1.4 | 1.3 | 1.3 | 1.2 | 1.1 | 1.0 |
| Taxes on international trade | 0.5 | 0.6 | 0.6 | 0.8 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Other revenues 1/ | 3.7 | 4.5 | 8.9 | 7.5 | 7.9 | 7.9 | 7.7 | 7.7 | 7.7 | 7.7 | 7.6 |
| Funds | 3.4 | 3.5 | 3.8 | 3.9 | 3.8 | 3.8 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 |
| Social security contributions | 3.1 | 3.3 | 3.3 | 3.3 | 3.3 | 3.4 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 |
| Other | 0.3 | 0.3 | 0.5 | 0.6 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| **Consolidated budget expenditures** | **27.9** | **29.9** | **32.3** | **31.6** | **29.7** | **29.3** | **29.4** | **29.5** | **29.6** | **29.7** | **29.7** |
| Social | 8.3 | 8.5 | 8.2 | 8.1 | 7.7 | 6.7 | 6.7 | 6.7 | 6.8 | 6.8 | 6.8 |
| Social safety net | 6.1 | 5.9 | 6.4 | 5.9 | 5.5 | 5.4 | 5.1 | 5.1 | 5.1 | 5.1 | 5.2 |
| Public administration | 1.3 | 1.3 | 1.3 | 1.4 | 1.3 | 1.2 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Economy | 2.6 | 2.7 | 3.2 | 3.5 | 2.5 | 2.2 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Public investment | 4.0 | 5.8 | 3.0 | 3.3 | 2.8 | 2.9 | 2.7 | 2.6 | 2.6 | 2.7 | 2.7 |
| Interest expenditure | 0.3 | 0.3 | 0.4 | 0.7 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 |
| Other expenditures 1/ | 4.1 | 4.6 | 9.3 | 7.9 | 7.8 | 8.8 | 9.8 | 9.9 | 9.9 | 10.0 | 10.1 |
| Externally financed expenditure | 1.3 | 0.9 | 0.6 | 0.8 | 1.0 | 1.1 | 1.0 | 1.1 | 1.0 | 1.0 | 1.0 |
| **Consolidated budget balance** | **-3.9** | **-5.0** | **-3.5** | **-4.9** | **-3.2** | **-3.0** | **-3.0** | **-3.0** | **-3.0** | **-3.0** | **-3.0** |
| *Adjustments to revenues* | -0.9 | -1.6 | -1.1 | -0.8 | -1.0 | -1.0 | -0.9 | -0.9 | -0.9 | -0.8 | -0.8 |
| Adjusted revenues 2/ | 23.1 | 23.3 | 27.7 | 25.9 | 25.5 | 25.3 | 25.5 | 25.6 | 25.7 | 25.8 | 25.9 |
| *Adjustments to Expenditures* | -1.9 | -2.5 | -1.0 | -1.7 | -1.9 | -2.0 | -1.6 | -1.6 | -1.5 | -1.5 | -1.5 |
| Adjusted expenditures 2/ | 26.0 | 27.4 | 31.3 | 29.9 | 27.8 | 27.3 | 27.8 | 28.0 | 28.1 | 28.1 | 28.2 |
| **Adjusted fiscal balance** | **-2.9** | **-4.1** | **-3.7** | **-4.0** | **-2.3** | **-2.0** | **-2.3** | **-2.3** | **-2.3** | **-2.3** | **-2.3** |
| Policy-based lending operations | 1.0 | 1.3 | -0.1 | 0.9 | 0.9 | 1.0 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| **Overall fiscal balance** | **-4.0** | **-5.4** | **-3.5** | **-4.9** | **-3.2** | **-3.0** | **-3.0** | **-3.0** | **-3.0** | **-3.0** | **-3.0** |
| Statistical Discrepancy | -2.0 | -1.3 | -0.3 | 1.1 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Financing** | **2.0** | **4.1** | **3.3** | **6.0** | **5.9** | **3.0** | **3.0** | **3.0** | **3.0** | **3.0** | **3.0** |
| **Domestic** | **-4.2** | **1.2** | **-0.3** | **1.9** | **1.6** | **-1.5** | **-0.6** | **0.2** | **0.2** | **0.9** | **0.8** |
| Domestic banking system | -4.6 | 0.6 | -1.6 | 0.7 | 0.1 | -2.7 | -1.3 | -0.6 | -0.6 | 0.0 | -0.1 |
| Deposits at the central bank | -2.0 | 2.8 | 0.5 | 2.4 | 0.6 | 0.6 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Deposit money banks | -2.6 | -2.2 | -2.1 | -1.7 | -0.6 | -3.3 | -1.6 | -0.8 | -0.8 | -0.2 | -0.3 |
| Treasury bills & bonds | 0.3 | 0.1 | 0.8 | 0.7 | 1.2 | 1.0 | 0.4 | 0.5 | 0.6 | 0.7 | 0.7 |
| Privatization proceeds | 0.1 | 0.5 | 0.5 | 0.5 | 0.4 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 |
| **External** | **6.2** | **3.0** | **3.6** | **4.0** | **4.2** | **4.5** | **3.6** | **2.8** | **2.8** | **2.1** | **2.2** |
| Multilateral | 3.8 | 1.2 | 3.3 | 2.8 | 2.3 | 1.9 | 1.6 | 1.4 | 1.4 | 1.2 | 1.2 |
| *of which: IMF* | 0.6 | ... | ... | 0.5 | ... | ... | ... | ... | ... | ... | ... |
| Bilateral | 1.2 | 0.6 | 0.2 | 0.4 | 1.2 | 1.4 | 1.5 | 1.4 | 1.2 | 1.1 | 1.0 |
| Commercial | 1.1 | 1.1 | 0.0 | 0.9 | 0.8 | 1.1 | 0.5 | 0.1 | 0.2 | -0.2 | 0.0 |
| Memorandum items | | | | | | | | | | | |
| Primary Balance | -3.7 | -5.2 | -3.2 | -4.2 | -2.2 | -1.9 | -1.9 | -1.9 | -1.9 | -2.0 | -2.0 |

Sources: Country authorities; and IMF staff estimates.

1/ Beginning in 2022, off-budget accounts of ministries and agencies were included in the budget.

2/ Adjusted fiscal data are budget data adjusted for financing operations, such as equity transactions, policy lending, and privatization proceeds before 2022.Since 2022, the authorities include all privatization proceeds as financing.

## Table 4a. Uzbekistan: Balance of Payments, 2020-2030

(Millions of U.S. dollars, unless otherwise indicated)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| **I. Current account balance** | **-3,028** | **-4,898** | **-2,847** | **-7,799** | **-5,738** | **-6,592** | **-7,029** | **-7,756** | **-8,431** | **-9,217** | **-10,167** |
| Balance of goods and services | -8,102 | -11,494 | -14,677 | -17,597 | -17,451 | -18,905 | -20,009 | -21,022 | -22,444 | -23,673 | -24,697 |
| Merchandise trade balance | -6,216 | -8,767 | -11,660 | -14,859 | -13,534 | -14,474 | -15,964 | -17,329 | -18,907 | -20,342 | -21,736 |
| **Exports of goods** | **12,832** | **14,142** | **16,649** | **19,617** | **19,626** | **21,819** | **23,372** | **24,894** | **26,401** | **28,159** | **29,810** |
| Cotton fiber | 147 | 137 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energy | 659 | 915 | 1,224 | 940 | 1,315 | 1,531 | 1,494 | 1,455 | 1,435 | 1,435 | 1,443 |
| Gold | 5,804 | 4,110 | 4,110 | 8,154 | 7,481 | 9,116 | 9,550 | 9,723 | 9,723 | 9,723 | 9,723 |
| Food Products | 1,444 | 1,472 | 1,824 | 1,962 | 2,417 | 2,516 | 2,719 | 2,932 | 3,168 | 3,429 | 3,704 |
| Other exports of goods | 4,778 | 7,509 | 9,487 | 8,560 | 8,413 | 8,656 | 9,610 | 10,783 | 12,075 | 13,571 | 14,939 |
| **Imports of goods** | **19,048** | **22,909** | **28,309** | **34,476** | **33,160** | **36,293** | **39,337** | **42,223** | **45,308** | **48,501** | **51,546** |
| Food Products | 1,944 | 2,633 | 3,557 | 3,728 | 3,884 | 4,235 | 4,573 | 4,891 | 5,231 | 5,608 | 5,697 |
| Energy products | 984 | 1,401 | 1,615 | 2,370 | 3,558 | 3,580 | 3,649 | 3,821 | 4,065 | 4,368 | 4,704 |
| Machinery and equipment | 8,015 | 8,509 | 9,876 | 14,861 | 13,506 | 15,071 | 16,702 | 18,098 | 19,690 | 21,524 | 23,610 |
| Other imports of goods | 8,105 | 10,366 | 13,261 | 13,516 | 12,212 | 13,407 | 14,412 | 15,413 | 16,323 | 17,001 | 17,535 |
| **Balance of services** | **-1,885** | **-2,727** | **-3,018** | **-2,738** | **-3,917** | **-4,432** | **-4,045** | **-3,693** | **-3,537** | **-3,330** | **-2,960** |
| Credit | 1,704 | 2,300 | 4,317 | 5,433 | 6,547 | 7,536 | 9,165 | 10,632 | 11,998 | 13,560 | 15,206 |
| Debit | 3,590 | 5,027 | 7,334 | 8,171 | 10,464 | 11,967 | 13,210 | 14,325 | 15,535 | 16,890 | 18,166 |
| **Primary income (net)** | **160** | **357** | **1,014** | **992** | **1,135** | **1,011** | **896** | **383** | **501** | **282** | **-138** |
| Primary income: Credit | 1,939 | 2,554 | 4,321 | 5,318 | 5,667 | 6,193 | 6,570 | 6,689 | 6,872 | 7,151 | 7,353 |
| Primary income: Debit | 1,779 | 2,197 | 3,308 | 4,325 | 4,533 | 5,182 | 5,674 | 6,306 | 6,371 | 6,869 | 7,491 |
| **Secondary income (net)** | **4,914** | **6,239** | **10,817** | **8,805** | **10,578** | **11,302** | **12,083** | **12,883** | **13,512** | **14,174** | **14,668** |
| Secondary income: Credit | 5,396 | 6,892 | 11,685 | 9,685 | 11,604 | 12,423 | 13,155 | 14,076 | 14,968 | 15,869 | 16,686 |
| Secondary income: Debit | 482 | 653 | 867 | 880 | 1,025 | 1,122 | 1,072 | 1,193 | 1,456 | 1,695 | 2,018 |
| **II. Capital transfers** | **25** | **32** | **22** | **8** | **8** | **39** | **44** | **48** | **53** | **59** | **65** |
| **III. Financial account balance 1/** | **-5,528** | **-5,919** | **-480** | **-6,681** | **-6,804** | **-2,943** | **-6,939** | **-7,738** | **-8,455** | **-9,197** | **-10,139** |
| **Direct investment** | **-1,717** | **-2,278** | **-2,653** | **-2,145** | **-2,799** | **-2,562** | **-3,085** | **-4,115** | **-4,695** | **-5,344** | **-6,133** |
| **Portfolio investment** | **-1,390** | **-1,996** | **-27** | **-994** | **-3,121** | **-2,087** | **-1,466** | **-1,193** | **-1,340** | **902** | **-445** |
| **Other investment** | **-2,428** | **-1,658** | **2,190** | **-3,544** | **-883** | **1,707** | **-2,388** | **-2,430** | **-2,420** | **-4,754** | **-3,560** |
| Loans, net (- = net inflow) | -7,756 | -4,987 | -4,365 | -5,742 | -3,723 | -6,016 | -6,557 | -6,565 | -6,990 | -9,873 | -9,930 |
| Public and publ. guaranteed debt | -3,969 | -2,029 | -2,853 | -2,878 | -3,723 | -3,515 | -3,848 | -3,731 | -3,903 | -3,804 | -4,239 |
| Commercial nonguaranteed | -3,787 | -2,958 | -1,511 | -2,864 | 0 | -2,500 | -2,709 | -2,834 | -3,087 | -6,069 | -5,691 |
| Others | 5,329 | 3,329 | 6,555 | 2,198 | 2,840 | 7,723 | 4,168 | 4,135 | 4,569 | 5,118 | 6,370 |
| **IV. Errors and omissions** | **-1,129** | **-1,520** | **1,020** | **-1,581** | **-1,685** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Overall balance ( I + II - III + IV )** | **1,397** | **-466** | **-1,324** | **-2,691** | **-611** | **-3,610** | **-46** | **30** | **78** | **39** | **37** |
| **V. Financing** | **-1,397** | **466** | **1,324** | **2,691** | **611** | **3,610** | **46** | **-30** | **-78** | **-39** | **-37** |
| Use of reserves (- = increase/accumulation) | -1,772 | 466 | 1,324 | 2,752 | 732 | 3,684 | 71 | -6 | -53 | -14 | -12 |
| Use of IMF credit (net) | 375 | 0 | 0 | -61 | -120 | -74 | -25 | -25 | -25 | -25 | -25 |
| VI. Gold purchases not exported & valuation changes | 4,348 | 701 | 1,952 | 1,549 | 7,349 | 5,614 | 117 | 0 | 0 | 0 | 0 |
| **Change in reserves ( - V + VI ; + = increase)** | **5,745** | **235** | **628** | **-1,203** | **6,617** | **1,930** | **46** | **6** | **53** | **14** | **12** |
| ***Memorandum items:*** | | | | | | | | | | | |
| **Current account balance (in percent of GDP)** | **-4.6** | **-6.3** | **-3.2** | **-7.6** | **-5.0** | **-5.0** | **-4.8** | **-4.8** | **-4.7** | **-4.7** | **-4.7** |
| Underlying current account (in percent of GDP) 2/ | -4.9 | -4.1 | -1.0 | -9.1 | -4.3 | -3.8 | -3.9 | -4.1 | -4.1 | -4.1 | -4.1 |
| **Gross international reserves** (billions of U.S. dollars) | **34.9** | **35.1** | **35.8** | **34.6** | **41.2** | **43.1** | **43.2** | **43.2** | **43.2** | **43.2** | **43.2** |
| Gross international reserves (months of imports) | 15.0 | 11.8 | 10.1 | 9.5 | 10.2 | 9.8 | 9.2 | 8.5 | 7.9 | 7.4 | 6.2 |
| **Gross international reserves excl. FRD** (billions of U.S. dollars) | **24.4** | **26.5** | **27.8** | **28.5** | **35.7** | **37.7** | **37.8** | **37.9** | **38.0** | **38.1** | **38.2** |
| Gross international reserves excl. FRD (months of imports) | 10.5 | 8.9 | 7.8 | 7.8 | 8.9 | 8.6 | 8.0 | 7.5 | 7.0 | 6.6 | 5.4 |
| Real exchange rate CPI based (2015=100) | 65.5 | 65.3 | 61.8 | 58.8 | 55.4 | 54.2 | 53.3 | 52.3 | 51.4 | 50.7 | 50.1 |
| Remittances (billions of U.S dollars) | 7.2 | 9.4 | 15.7 | 14.4 | 16.8 | 17.8 | 18.6 | 19.5 | 20.5 | 21.5 | 22.4 |
| Total debt service payment (billions of U.S. dollars) | 3.4 | 6.3 | 7.4 | 8.3 | 11.6 | 9.9 | 9.4 | 9.8 | 10.5 | 14.0 | 13.8 |
| Gross external financing needs (billions of U.S. dollars) | 5.6 | 10.1 | 8.8 | 13.6 | 15.0 | 13.9 | 14.3 | 15.9 | 17.1 | 22.0 | 22.0 |

Sources: Country authorities; and IMF staff estimates.

1/ Positive values means outflows.

2/ Underlying current account assumes the annual gold production is exported.

## Table 4b. Uzbekistan: Balance of Payments, 2020-2030

(Percent of GDP, unless otherwise indicated)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| **I. Current account balance** | **-4.6** | **-6.3** | **-3.2** | **-7.6** | **-5.0** | **-5.0** | **-4.8** | **-4.8** | **-4.7** | **-4.7** | **-4.7** |
| Balance of goods and services | -12.2 | -14.9 | -16.3 | -17.1 | -15.2 | -14.4 | -13.7 | -13.0 | -12.6 | -12.0 | -11.4 |
| Merchandise trade balance | -9.4 | -11.3 | -12.9 | -14.5 | -11.8 | -11.0 | -10.9 | -10.7 | -10.6 | -10.3 | -10.0 |
| **Exports of goods** | **19.3** | **18.3** | **18.5** | **19.1** | **17.1** | **16.6** | **16.0** | **15.4** | **14.8** | **14.3** | **13.7** |
| Cotton fiber | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Energy | 1.0 | 1.2 | 1.4 | 0.9 | 1.1 | 1.2 | 1.0 | 0.9 | 0.8 | 0.7 | 0.7 |
| Gold | 8.7 | 5.3 | 4.6 | 7.9 | 6.5 | 6.9 | 6.5 | 6.0 | 5.5 | 4.9 | 4.5 |
| Food Products | 2.2 | 1.9 | 2.0 | 1.9 | 2.1 | 1.9 | 1.9 | 1.8 | 1.8 | 1.7 | 1.7 |
| Other exports of goods | 7.2 | 9.7 | 10.5 | 8.3 | 7.3 | 6.6 | 6.6 | 6.7 | 6.8 | 6.9 | 6.9 |
| **Imports of goods** | **28.7** | **29.6** | **31.4** | **33.6** | **28.8** | **27.6** | **26.9** | **26.1** | **25.4** | **24.6** | **23.7** |
| Food Products | 2.9 | 3.4 | 3.9 | 3.6 | 3.4 | 3.2 | 3.1 | 3.0 | 2.9 | 2.8 | 2.6 |
| Energy products | 1.5 | 1.8 | 1.8 | 2.3 | 3.1 | 2.7 | 2.5 | 2.4 | 2.3 | 2.2 | 2.2 |
| Machinery and equipment | 12.1 | 11.0 | 11.0 | 14.5 | 11.7 | 11.5 | 11.4 | 11.2 | 11.0 | 10.9 | 10.9 |
| Other imports of goods | 12.2 | 13.4 | 14.7 | 13.2 | 10.6 | 10.2 | 9.8 | 9.5 | 9.2 | 8.6 | 8.1 |
| **Balance of services** | **-2.8** | **-3.5** | **-3.3** | **-2.7** | **-3.4** | **-3.4** | **-2.8** | **-2.3** | **-2.0** | **-1.7** | **-1.4** |
| Credit | 2.6 | 3.0 | 4.8 | 5.3 | 5.7 | 5.7 | 6.3 | 6.6 | 6.7 | 6.9 | 7.0 |
| Debit | 5.4 | 6.5 | 8.1 | 8.0 | 9.1 | 9.1 | 9.0 | 8.9 | 8.7 | 8.6 | 8.4 |
| **Primary income (net)** | **0.2** | **0.5** | **1.1** | **1.0** | **1.0** | **0.8** | **0.6** | **0.2** | **0.3** | **0.1** | **-0.1** |
| Primary income: Credit | 2.9 | 3.3 | 4.8 | 5.2 | 4.9 | 4.7 | 4.5 | 4.1 | 3.9 | 3.6 | 3.4 |
| Primary income: Debit | 2.7 | 2.8 | 3.7 | 4.2 | 3.9 | 3.9 | 3.9 | 3.9 | 3.6 | 3.5 | 3.4 |
| **Secondary income (net)** | **7.4** | **8.1** | **12.0** | **8.6** | **9.2** | **8.6** | **8.3** | **8.0** | **7.6** | **7.2** | **6.8** |
| Secondary income: Credit | 8.1 | 8.9 | 13.0 | 9.4 | 10.1 | 9.5 | 9.0 | 8.7 | 8.4 | 8.1 | 7.7 |
| Secondary income: Debit | 0.7 | 0.8 | 1.0 | 0.9 | 0.9 | 0.9 | 0.7 | 0.7 | 0.8 | 0.9 | 0.9 |
| **II. Capital transfers** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **III. Financial account balance 1/** | **-8.3** | **-7.7** | **-0.5** | **-6.5** | **-5.9** | **-2.2** | **-4.7** | **-4.8** | **-4.7** | **-4.7** | **-4.7** |
| **Direct investment** | **-2.6** | **-2.9** | **-2.9** | **-2.1** | **-2.4** | **-1.9** | **-2.1** | **-2.5** | **-2.6** | **-2.7** | **-2.8** |
| **Portfolio investment** | **-2.1** | **-2.6** | **0.0** | **-1.0** | **-2.7** | **-1.6** | **-1.0** | **-0.7** | **-0.8** | **0.5** | **-0.2** |
| **Other investment** | **-3.7** | **-2.1** | **2.4** | **-3.5** | **-0.8** | **1.3** | **-1.6** | **-1.5** | **-1.4** | **-2.4** | **-1.6** |
| Loans, net (- = net inflow) | -11.7 | -6.4 | -4.8 | -5.6 | -3.2 | -4.6 | -4.5 | -4.1 | -3.9 | -5.0 | -4.6 |
| Public and publ. guaranteed debt | -6.0 | -2.6 | -3.2 | -2.8 | -3.2 | -2.7 | -2.6 | -2.3 | -2.2 | -1.9 | -2.0 |
| Commercial nonguaranteed | -5.7 | -3.8 | -1.7 | -2.8 | 0.0 | -1.9 | -1.8 | -1.8 | -1.7 | -3.1 | -2.6 |
| Others | 8.0 | 4.3 | 7.3 | 2.1 | 2.5 | 5.9 | 2.8 | 2.6 | 2.6 | 2.6 | 2.9 |
| **IV. Errors and omissions** | **-1.7** | **-2.0** | **1.1** | **-1.5** | **-1.5** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Overall balance ( I + II - III + IV )** | **2.1** | **-0.6** | **-1.5** | **-2.6** | **-0.5** | **-2.7** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **V. Financing** | **-2.1** | **0.6** | **1.5** | **2.6** | **0.5** | **2.7** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| Use of reserves | -2.7 | 0.6 | 1.5 | 2.7 | 0.6 | 2.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Use of IMF credit (net) | 0.6 | 0.0 | 0.0 | -0.1 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **VI. Gold purchases not exported & valuation changes** | **6.5** | **0.9** | 2.2 | 1.5 | 6.4 | 4.3 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Change in reserves ( V + VI ; + = increase)** | **8.6** | **0.3** | **0.7** | **-1.2** | **5.8** | **1.5** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| ***Memorandum items:*** | | | | | | | | | | | |
| **Current account balance** (percent of GDP) | **-4.6** | **-6.3** | **-3.2** | **-7.6** | **-5.0** | **-5.0** | **-4.8** | **-4.8** | **-4.7** | **-4.7** | **-4.7** |
| Underlying current account (percent of GDP) 2/ | -4.9 | -4.1 | -1.0 | -9.1 | -4.3 | -3.8 | -3.9 | -4.1 | -4.1 | -4.1 | -4.1 |
| **Gross international reserves** (billions of U.S. dollars) | **34.9** | **35.1** | **35.8** | **34.6** | **41.2** | **43.1** | **43.2** | **43.2** | **43.2** | **43.2** | **43.2** |
| **Gross international reserves excl. FRD** (billions of U.S. dollars) | **24.4** | **26.5** | **27.8** | **28.5** | **35.7** | **37.7** | **37.8** | **37.9** | **38.0** | **38.1** | **38.2** |
| Real exchange rate CPI based (2015=100) | 65.5 | 65.3 | 61.8 | 58.8 | 55.4 | 54.2 | 53.3 | 52.3 | 51.4 | 50.7 | 50.1 |
| Remittances (percent of GDP) | 10.8 | 12.2 | 17.4 | 14.0 | 14.6 | 13.5 | 12.7 | 12.1 | 11.5 | 10.9 | 10.3 |
| Gross external debt (percent of GDP) | 52.6 | 51.8 | 49.2 | 54.5 | 56.2 | 55.4 | 55.2 | 54.7 | 54.2 | 53.1 | 52.7 |
| PPG external debt (percent of GDP) | 33.1 | 31.1 | 29.2 | 30.4 | 30.0 | 30.1 | 30.1 | 29.5 | 29.1 | 28.0 | 27.4 |
| Total debt service payment (percent of GDP) | 5.1 | 8.1 | 8.2 | 8.1 | 10.1 | 7.6 | 6.4 | 6.1 | 5.9 | 7.1 | 6.4 |
| Gross external financing needs (percent of GDP) | 8.5 | 13.1 | 9.7 | 13.2 | 13.0 | 10.6 | 9.8 | 9.8 | 9.6 | 11.2 | 10.1 |
| Nominal exchange rate (avg.) | 10,054 | 10,609 | 11,047 | 11,736 | ... | ... | ... | ... | ... | ... | ... |
| Nominal exchange rate (eop) | 10,477 | 10,838 | 11,225 | 12,339 | ... | ... | ... | ... | ... | ... | ... |

Sources: Country authorities; and IMF staff estimates.

1/ Positive values means outflows.

2/ Underlying current account assumes the annual gold production is exported.

## Table 5. Uzbekistan: Depository Corporations Survey, 2020-2030

(in billions of sum, unless otherwise indicated)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| Net foreign assets (billions of U.S. dollars) | 37.7 | 38.1 | 41.0 | 38.3 | 45.6 | 47.5 | 47.5 | 47.5 | 47.4 | 47.3 | 47.2 |
| Official exchange rate (Sum/U.S. dollar, eop) | 10,477 | 10,838 | 11,225 | 12,339 | 12,920 | 13,444 | 13,940 | 14,294 | 14,613 | 14,921 | 15,252 |
| **Net foreign assets** | **285,284** | **275,806** | **276,353** | **274,440** | **361,650** | **417,224** | **413,265** | **403,154** | **389,803** | **368,764** | **338,824** |
| Foreign assets | 394,574 | 412,988 | 460,038 | 472,757 | 588,741 | 633,914 | 656,533 | 673,302 | 687,345 | 699,958 | 713,820 |
| Foreign liabilities | 109,290 | 137,183 | 183,685 | 198,317 | 227,091 | 216,690 | 243,269 | 270,148 | 297,542 | 331,195 | 374,996 |
| **Net domestic assets 1/** | **-173,272** | **-130,551** | **-87,268** | **-62,354** | **-84,586** | **-86,393** | **-28,392** | **43,861** | **127,810** | **230,303** | **353,514** |
| Net domestic credit | 67,562 | 119,055 | 177,066 | 277,659 | 356,967 | 425,109 | 520,094 | 616,387 | 721,450 | 861,092 | 1,013,927 |
| Government, net | -212,804 | -212,879 | -226,030 | -219,127 | -209,206 | -250,125 | -263,072 | -276,743 | -288,968 | -279,960 | -274,493 |
| Local government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nonfinancial public corporations | 62,996 | 66,194 | 74,358 | 78,081 | 76,950 | 86,286 | 93,805 | 100,188 | 106,112 | 112,299 | 118,713 |
| Private sector | 214,936 | 263,027 | 325,645 | 413,809 | 482,910 | 581,428 | 680,659 | 783,038 | 893,125 | 1,016,136 | 1,155,487 |
| Other financial corporations | 2,434 | 2,714 | 3,093 | 4,896 | 6,312 | 7,520 | 8,702 | 9,903 | 11,182 | 12,617 | 14,220 |
| *Rest of economy* | 280,366 | 331,935 | 403,096 | 496,786 | 566,173 | 675,235 | 783,166 | 893,130 | 1,010,419 | 1,141,052 | 1,288,420 |
| Other items, net | -240,835 | -249,606 | -264,334 | -340,012 | -441,553 | -511,503 | -548,486 | -572,526 | -593,640 | -630,789 | -660,413 |
| Deposits excl. from broad money | -138 | -127 | -199 | -235 | -290 | -346 | -400 | -455 | -514 | -580 | -654 |
| Other securities than shares excl. from broad money | -121 | -104 | -45 | -46 | -284 | -339 | -392 | -446 | -504 | -569 | -641 |
| Loans | -15,472 | -16,713 | -13,963 | -20,045 | -21,757 | -25,919 | -29,992 | -34,133 | -38,540 | -43,485 | -49,013 |
| Fin. derivates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance technical reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shares and other equity | -227,824 | -234,042 | -249,865 | -328,306 | -439,642 | -509,226 | -545,852 | -569,528 | -590,256 | -626,970 | -656,108 |
| Others | 2,720 | 1,380 | -262 | 8,619 | 20,421 | 24,328 | 28,150 | 32,037 | 36,173 | 40,814 | 46,003 |
| **Broad Money** | **112,012** | **145,255** | **189,085** | **212,086** | **277,065** | **330,831** | **384,873** | **447,015** | **517,613** | **599,066** | **692,338** |
| Currency outside depository corporations | 24,920 | 28,657 | 42,206 | 45,608 | 53,329 | 60,534 | 67,652 | 74,507 | 80,839 | 87,150 | 94,696 |
| Transferable deposits | 27,200 | 35,683 | 44,776 | 50,946 | 66,471 | 79,371 | 96,185 | 116,185 | 139,711 | 167,687 | 200,718 |
| Quasi-money | 59,892 | 80,915 | 102,103 | 115,533 | 157,265 | 190,926 | 221,036 | 256,323 | 297,063 | 344,229 | 396,924 |
| *Memorandum items:* | | | | | | | | | | | |
| FRD (in billions of U.S. dollars) | 11.6 | 9.6 | 9.5 | 7.7 | 7.1 | 6.9 | 7.0 | 7.1 | 7.2 | 7.4 | 7.5 |
| FRD in reserves at CBU | 10.5 | 8.6 | 8.5 | 6.5 | 5.9 | 5.4 | 5.3 | 5.3 | 5.2 | 5.1 | 5.0 |
| FRD Loans to banks | 1.1 | 1.0 | 0.9 | 1.2 | 1.2 | 1.5 | 1.7 | 1.8 | 2.0 | 2.2 | 2.5 |
| Deposits in Broad Money (Billions of sum) 1/ | 87,092 | 116,598 | 146,879 | 166,478 | 223,736 | 270,462 | 318,491 | 374,386 | 438,689 | 513,713 | 600,619 |
| **Growth Rates** | | | | | | | | | | | |
| Broad money | 17.7 | 29.7 | 30.2 | 12.2 | 30.6 | 19.4 | 16.3 | 16.1 | 15.8 | 15.7 | 15.6 |
| Net foreign assets | 23.0 | -3.3 | 0.2 | -0.7 | 31.8 | 15.4 | -0.9 | -2.4 | -3.3 | -5.4 | -8.1 |
| Net domestic assets | 26.6 | -24.7 | -33.2 | -28.5 | 35.7 | 2.1 | -67.1 | -254.5 | 191.4 | 80.2 | 53.5 |
| Domestic bank credit to government | 23.7 | 0.0 | 6.2 | -3.1 | -4.5 | 19.6 | 5.2 | 5.2 | 4.4 | -3.1 | -2.0 |
| Domestic credit to rest of economy | 34.4 | 18.4 | 21.4 | 23.2 | 14.0 | 19.3 | 16.0 | 14.0 | 13.1 | 12.9 | 12.9 |
| Domestic credit to the private sector | 39.8 | 22.4 | 23.8 | 27.1 | 16.7 | 20.4 | 17.1 | 15.0 | 14.1 | 13.8 | 13.7 |
| **Memorandum Items** | | | | | | | | | | | |
| Velocity (in levels) 2/ | 6.0 | 5.6 | 5.3 | 5.7 | 5.2 | 5.2 | 5.2 | 5.1 | 5.0 | 4.9 | 4.7 |
| Ratio of currency outside banks to deposits (in percent) | 0.3 | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Ratio of currency outside banks to broad money (in percent) | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 |
| Credit to the economy (percent of GDP) | 42.0 | 40.5 | 40.5 | 41.2 | 38.9 | 39.0 | 39.1 | 39.1 | 39.2 | 39.2 | 39.3 |
| Credit to the private sector (percent of GDP) | 32.2 | 32.1 | 32.7 | 34.4 | 33.2 | 33.6 | 33.9 | 34.3 | 34.7 | 35.0 | 35.3 |

Sources: Uzbekistan authorities and IMF staff estimates and projections.

1/ Includes Securities

2/ Velocity is calculated using nominal GDP over end of period money supply.

## Table 6. Uzbekistan: Financial Soundness Indicators for the Banking Sector, 2016-2025

(End of Period in precent, unless otherwise indicated)

| | 2016 | 2017 | 2018 | 2019 [1] | 2020 | 2021 | 2022 | 2023 | 2024 | 2025'Mar |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital adequacy** | | | | | | | | | | |
| Regulatory capital to risk-weighted assets | 14.7 | 18.8 | 15.6 | 23.5 | 18.4 | 17.5 | 17.8 | 17.5 | 17.4 | 17.6 |
| Regulatory tier 1 capital to risk-weighted assets | 12.5 | 16.5 | 14.3 | 20.4 | 15.2 | 14.6 | 14.5 | 14.1 | 14.3 | 15.2 |
| Tier 1 capital to total assets | 9.8 | 14.5 | 11.7 | 16.7 | 13.2 | 13.2 | 12.2 | 13.0 | 13.3 | 14.5 |
| **Asset quality** | | | | | | | | | | |
| Non-performing loans to total gross loans | 0.7 | 1.2 | 1.3 | 1.5 | 2.1 | 5.1 | 3.5 | 3.5 | 3.9 | 4.2 |
| Non-performing loans net of provisions to capital | 2.3 | 3.0 | 4.7 | 2.7 | 3.6 | 13.1 | 9.0 | 9.9 | 9.3 | 9.4 |
| Provisions/NPLs | 50.2 | 54.0 | 46.7 | 56.7 | 63.7 | 45.9 | 46.6 | 36.7 | 45.4 | 46.3 |
| Large exposure/tier 1 capital | … | … | … | 165 | 224 | 221 | 223 | 184 | 181 | 148 |
| **Profitability** | | | | | | | | | | |
| Interest margin to gross income | 39.5 | 32.5 | 48.4 | 50.7 | 54.3 | 49.0 | 42.1 | 40.8 | 38.3 | 34.7 |
| Non-interest expenses to gross income | 64.8 | 59.3 | 54.4 | 49.5 | 45.1 | 47.1 | 46.5 | 46.2 | 51.9 | 43.9 |
| Return on assets | 2.0 | 1.9 | 2.0 | 2.2 | 2.2 | 1.3 | 2.5 | 2.6 | 1.4 | 2.1 |
| Return on equity | 17.9 | 17.1 | 16.2 | 13.0 | 10.3 | 6.1 | 13.3 | 14.2 | 6.6 | 11.6 |
| **Liquidity** | | | | | | | | | | |
| Liquid assets to total assets (Liquid asset ratio) | 25.4 | 23.6 | 13.6 | 13.9 | 15.4 | 18.6 | 21.5 | 16.2 | 18.7 | 17.1 |
| Liquid assets to short-term liabilities | 48.4 | 55.7 | 41.2 | 40.3 | 39.9 | 46.9 | 47.3 | 37.1 | 42.6 | 39.3 |
| **FX Vulnerabiliteis** | | | | | | | | | | |
| Net FX open position in foreign exchange to capital | 12.6 | 14.0 | 2.3 | 11.3 | 4.0 | 6.0 | 1.7 | 2.8 | -0.4 | 0.1 |
| Ratio FX loans to total loans | 44.1 | 63.2 | 56.6 | 47.1 | 49.2 | 49.2 | 46.7 | 44.1 | 42.0 | 41.3 |
| Ratio FX liabilities to total liabilities | 44.8 | 67.6 | 62.1 | 56.9 | 59.7 | 57.5 | 55.4 | 52.5 | 48.3 | 46.8 |

Sources: Country authorities; and IMF staff estimates.

[1] In December 2019, loans to SOEs valued at Sum 41 trillion were transferred from state banks to the Fund for Reconstruction and Development, improving capital ratios.

## Table 7. Uzbekistan: Central Bank Survey, 2020-2030

(in billions of sum, unless otherwise indicated)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Est. | Proj. | Proj. | Proj. | Proj. | Proj. | Proj. |
| Gross international reserves (billions of U.S. dollars) | 34.9 | 35.1 | 35.8 | 34.6 | 41.2 | 43.1 | 43.2 | 43.2 | 43.2 | 43.2 | 43.2 |
| Official exchange rate (Sum/U.S. dollar, eop) | 10,477 | 10,838 | 11,225 | 12,339 | 12,920 | 13,444 | 13,940 | 14,294 | 14,613 | 14,921 | 15,252 |
| **Net foreign assets** | **361,722** | **368,829** | **396,663** | **424,315** | **529,828** | **573,292** | **595,413** | **610,980** | **625,748** | **639,521** | **654,253** |
| Foreign Assets | 365,688 | 380,829 | 408,482 | 431,204 | 536,840 | 579,600 | 601,610 | 616,983 | 631,523 | 645,048 | 659,524 |
| Foreign liabilities | 3,966 | 12,000 | 11,819 | 6,889 | 7,012 | 6,308 | 6,198 | 6,002 | 5,775 | 5,527 | 5,271 |
| **Net domestic assets** | **-314,845** | **-308,696** | **-317,677** | **-341,439** | **-439,088** | **-474,245** | **-487,647** | **-494,368** | **-499,813** | **-503,483** | **-507,374** |
| Net domestic credit | -149,125 | -146,754 | -148,317 | -114,666 | -121,542 | -114,976 | -113,316 | -110,538 | -107,234 | -103,553 | -99,666 |
| Government, net | -151,822 | -133,298 | -132,570 | -113,746 | -108,709 | -102,142 | -100,482 | -97,705 | -94,401 | -90,719 | -86,832 |
| Local government, net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public nonfinancial corporations, net | 295 | 303 | 419 | 738 | 819 | 819 | 819 | 819 | 819 | 819 | 819 |
| Private sector, net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial corporations, net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Banks | 2,402 | -13,759 | -16,166 | -1,658 | -13,653 | -13,653 | -13,653 | -13,653 | -13,653 | -13,653 | -13,653 |
| Other items, net | -165,721 | -161,942 | -169,360 | -226,773 | -317,546 | -359,269 | -374,332 | -383,829 | -392,578 | -399,930 | -407,708 |
| Deposits excl. from broad money | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Securities other than shares excl. from broad money | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fin. derivates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shares and other equity | -169,470 | -163,125 | -170,299 | -231,227 | -324,853 | -367,975 | -384,405 | -395,293 | -405,522 | -414,535 | -424,169 |
| Other items (net) | 3,749 | 1,183 | 939 | 4,454 | 7,307 | 8,705 | 10,073 | 11,464 | 12,944 | 14,605 | 16,461 |
| **Monetary base** | **46,877** | **60,133** | **78,986** | **82,875** | **90,740** | **99,047** | **107,766** | **116,613** | **125,935** | **136,038** | **146,879** |
| Currency in circulation | 27,799 | 32,792 | 48,843 | 54,628 | 64,915 | 73,822 | 83,521 | 91,984 | 99,801 | 107,593 | 116,908 |
| Liabilities to other depository corporations | 18,800 | 27,122 | 29,914 | 27,898 | 22,734 | 21,543 | 19,985 | 19,780 | 20,659 | 22,268 | 23,009 |
| Other liabilities (incl in monetary base) | 278 | 219 | 229 | 349 | 3,090 | 3,682 | 4,260 | 4,848 | 5,474 | 6,177 | 6,962 |
| **Growth rates** | | | | | | | | | | | |
| Reserve money | 15.4 | 28.3 | 31.4 | 4.9 | 9.5 | 9.2 | 8.8 | 8.2 | 8.0 | 8.0 | 8.0 |
| Net foreign assets | 32.0 | 2.0 | 7.5 | 7.0 | 24.9 | 8.2 | 3.9 | 2.6 | 2.4 | 2.2 | 2.3 |
| Net domestic assets | 34.9 | -2.0 | 2.9 | 7.5 | 28.6 | 8.0 | 2.8 | 1.4 | 1.1 | 0.7 | 0.8 |
| Net credit to government | 20.3 | -12.2 | -0.5 | -14.2 | -4.4 | -6.0 | -1.6 | -2.8 | -3.4 | -3.9 | -4.3 |
| Nominal GDP | 12.3 | 22.8 | 21.3 | 21.0 | 20.8 | 19.1 | 15.7 | 13.8 | 12.9 | 12.8 | 12.7 |
| Money multiplier (in levels) | 2.4 | 2.4 | 2.4 | 2.6 | 3.1 | 3.3 | 3.6 | 3.8 | 4.1 | 4.4 | 4.7 |

Sources: Uzbekistan authorities and IMF staff estimates and projections.

## Table 8. Uzbekistan: Sustainable Development Goals, 2000-Latest

| | 2000 | 2005 | 2010 | 2015 | 2020 | Latest |
|---|---|---|---|---|---|---|
| **No Poverty** | | | | | | |
| Poverty headcount ratio at $3.65/day (2017 PPP, %) | 77.5 | 73.4 | 65.0 | 50.2 | 43.4 | 29.9 |
| **Zero Hunger** | | | | | | |
| Prevalence of undernourishment (percent of population) | 18.0 | 14.8 | 5.8 | 2.5 | 2.5 | 2.5 |
| **Good Health and Well-Being** | | | | | | |
| Maternal mortality ratio (modeled estimate, per 100,000 live births) | 43 | 45 | 38 | 31 | 30 | ... |
| Mortality rate, under-5 (per 1,000 live births) | 62 | 46 | 30 | 20 | 15 | 13 |
| Incidence of tuberculosis (per 100,000 people) | 107 | 120 | 97 | 79 | 66 | 83 |
| Life expectancy at birth (years) | 66 | 67 | 69 | 70 | 70 | 71 |
| **Quality Education** | | | | | | |
| Primary completion rate, total (percent of relevant age group) | 96 | 97 | 92 | 98 | 106 | 98 |
| Lower secondary completion rate, total (percent of relevant age group) | 64 | 95 | 96 | 93 | 95 | 98 |
| Literacy rate, adult total (percent of people ages 15 and above) | 99 | ... | ... | 100 | 100 | 100 |
| **Gender Equality** | | | | | | |
| Ratio of female-to-male mean yesrs of education received | 95 | 96 | 96 | 97 | 97 | 97 |
| Ratio of female-to-male labor force participation rate | 64 | 62 | 58 | 56 | 55 | 55 |
| School enrollment, secondary (gross), gender parity index (GPI) | 0.97 | 0.97 | 1.00 | 0.99 | 1.00 | 1.00 |
| Proportion of seats held by women in national parliaments (percent) | 7 | 18 | 22 | 16 | 32 | 35 |
| **Clean Water and Sanitation** | | | | | | |
| People using at least basic drinking water services (percent of population) | 87 | 90 | 92 | 94 | 96 | 97 |
| People using at least basic sanitation services (percent of population) | 93 | 94 | 95 | 95 | 96 | 96 |
| **Affordable and Clean Energy** | | | | | | |
| Access to electricity (percent of population) | 100 | 99 | 100 | 100 | 100 | 100 |
| Renewable electricity output (percent of total electricity output) | 13 | 13 | 18 | 21 | ... | ... |
| **Decent Work and Economic Growth** | | | | | | |
| Employment in agriculture (percent of total employment) (modeled ILO estimate) | 39 | 34 | 27 | 28 | 27 | 26 |
| Wage and salaried workers, total (percent of total employment) (modeled ILO estimate) | 53 | 52 | 57 | 62 | 53 | 54 |
| **Industry, Innovation, and Infrastructure** | | | | | | |
| CO2 emissions from production (metric tons per capita) | 5.0 | 4.6 | 3.8 | 3.4 | 3.3 | 3.5 |
| Researchers in R&D (per million people) | 662 | 633 | 545 | 497 | 424 | 490 |
| **Sustainable Cities and Communities** | | | | | | |
| PM2.5 air pollution, mean annual exposure (micrograms per cubic meter) | 29 | 29 | 32 | 31 | 31 | 32 |
| **Responsible Consumption and Production** | | | | | | |
| Production-based air pollution (DALYs per 1,000 population) | 3.4 | 3.2 | 3.5 | 3.8 | 4.0 | 3.5 |
| **Life on Land** | | | | | | |
| Forest area (percent of land area) | 7.0 | 7.4 | 7.9 | 8.1 | 8.4 | 8.4 |
| **Technology** | | | | | | |
| Individuals using the Internet (percent of population) | 0.5 | 3.3 | 16 | 43 | 71 | 84 |

Source: The World Bank and United Nations

# Annex I. Implementation of 2024 Article IV Recommendations

| Recommendations | Current Status |
|---|---|
| **FISCAL POLICY** | |
| **Budget Policy** | |
| **Near term:**<br>*Return to a consolidation path.* Reduce the consolidated government deficit (CGD) to 4 percent of GDP in 2024. | Helped by a faster reduction in energy subsidies and better targeting of social expenditure than expected, the CGD was reduced to 3.2 percent of GDP in 2024 from 4.9 percent of GDP in 2023. However, an increase in the external borrowing ceiling by about 2 percentage points of GDP in December 2024 financed higher spending (mostly investment) than planned in the broader public sector (BPS). The reduction in domestic demand from the adjustment at the level of the consolidated government was therefore likely dampened by the additional BPS spending. |
| **Medium term:**<br>*Commit to a 3 percent of GDP CGD in 2025 and the medium term* to rebuild fiscal buffers, support monetary policy in reducing inflation, and facilitate external adjustment. | The government appropriately committed in the 2025 budget to reduce the consolidated deficit to 3 percent in 2025 and maintain that level in the medium term. The budget also envisages an overall reduction in the level of borrowing and a lower external borrowing ceiling relative to 2024, which will help contain fiscal activity in the BPS. |
| **Revenue Administration and Tax Policy** | |
| *Broaden the tax base and reform the tax system* to create space for priority social and development needs and support the planned fiscal adjustment. | The authorities are working to approve strategies for reforming the tax administration for 2025–30 and combatting the shadow economy to implement TADAT assessment recommendations. Progress with reducing tax incentives and exemptions was mixed. While the authorities abolished several tax exemptions, some existing tax incentives were extended, and new tax incentives for IT parks were granted in the 2025 budget. More generally, progress with tax system reform was limited as tax policy remained broadly unchanged in the 2025 budget. |

| **Recommendations** | **Current Status** |
|---|---|
| **Public Financial Management** | |
| **Budget Framework:**<br>*Adhere strictly to the budget calendar and limit within year changes to the budget. Finalize and publish the 2026-2028 Fiscal Strategy Paper, and complete a comprehensive Fiscal Risk Statement* to enhance fiscal transparency and risk management. | The authorities made significant progress in this area. They broadly adhered to the budget calendar and published the Fiscal Strategy paper on time, linking the medium-term fiscal framework (MTFF) with the budget. A Fiscal Risk Statement was published in May 2024 for the first time. However, the 2024 Budget was amended in December 2024 to increase borrowing limits, highlighting continued challenges in containing within-year changes to the budget. The authorities have formally approved and published their 2025-2030 PFM strategy focusing on core budget processes as advised by capacity development. |
| **Debt Management:**<br>*Publish a debt management strategy and an annual borrowing plan in line with the public debt law and continue progress in building a yield curve.* | A medium-term debt management strategy and annual borrowing plan are yet to be published.<br>The Ministry of Economy and Finance and the Central Bank of Uzbekistan have successfully established a yield curve for government securities, which is updated weekly and made available on the CBU's website. |
| **Public Investment Management (PIM):**<br>*Integrate the public investment management (PIM)* budget *with the budget calendar, unify the selection and appraisal process across all financing sources, and establish a single project pipeline* to improve public investment management | The government continues to regulate the methodology for determining investment projects, their maintenance, and their ex-post evaluation through two separate legal instruments. As a result, the PIM system remains fragmented along with institutional responsibilities and sources of financing, and there is no unique project pipeline that includes PPPs and externally financed projects. The authorities have undertaken in February 2025 a public investment management assessment (PIMA) to help identify gaps and are working to implement the recommendations. |
| **Fiscal Risks**<br>*Introduce a quantitative ceiling on PPP guarantees* as authorized in the public debt law taking into account the results of the ongoing stock taking exercise. | The authorities adopted an annual cap of $6.5 billion on the total value of new PPP projects and a revised version of the Regulation on the Procedures for Implementation of PPP Projects, mainly to clarify and streamline project execution procedures. An initial stocktaking exercise was completed, and a new PPP Project office under the Ministry of Economy and Finance was established. Efforts to address information gaps (from the initial stock taking exercise) to implement a PPP stock ceiling—and improve |

| Recommendations | Current Status |
|---|---|
| | the process of monitoring fiscal risks from PPP—are ongoing, supported by IFI capacity development. |
| **Expenditure Management** | |
| *Improve spending efficiency and advance social protection and pension reform.* In particular, wage bill should be rationalized, procurement efficiency improved, and SOE support phased out while accelerating SOE reforms. | The authorities have transferred most social protection programs to the National Agency for Social Protection. The Agency is seeking to consolidate programs with a view to eliminate overlaps, improve targeting, and reduce administrative costs. Efforts to restore the long-term financial sustainability of the pension system have begun. A Pension Workshop was held in December 2024 to inform the preparation of a pension reform concept note, which is due to be submitted to the President of Uzbekistan by September 2025. However, progress remains to be made in rationalizing the wage bill, reducing the cost of goods and services building on recent procurement reforms, and phasing out support to inefficient SOEs. |
| **Fiscal Transparency** | |
| *Align government statistics with international standards,* particularly with regard to expenditure classification and GFS reporting. | While coverage of the consolidated budget has improved in recent years, the resumption of GFS reporting remains to be achieved. Efforts to resume GFS statistics production began in 2024, but further work is needed to reconcile the fiscal deficit derived from revenue and expenditure with financing transactions to reduce statistical discrepancies. Broadening and matching the institutional coverage of revenue and expenditure data with the broader institutional coverage of financing information will be essential in this process. |
| **MONETARY AND EXCHANGE RATE POLICIES** | |
| **Monetary Policy:**<br>*Monetary policy should remain focused on reducing inflation and anchoring inflation expectations around the CBU's medium-term inflation target.* | The authorities maintained a significantly positive real policy rate which, combined with macroprudential measures that reduced credit growth, contributed to containing the inflationary impact of the sizable and needed energy price increases. Inflation increased in the aftermath of the administrative energy price increases in May 2024 and, while it gradually moderated thereafter, it remains above the CBU's target. The authorities have taken several steps to strengthen monetary policy |

| Recommendations | Current Status |
|---|---|
| | transmission and improve policy communication with the public and markets. |
| **Exchange Rate Policy:**<br>*Allow additional exchange rate flexibility to help absorb potential shocks*. Moreover, CBU intervention should remain in line with the neutrality principle, whereby purchases of domestically produced gold are offset by sales of foreign exchange within a given year. Additional intervention should be limited to addressing disorderly market conditions. | In 2024, the nominal USD/UZS rate depreciated by 4.7%, despite strong FX inflows, continuing to trade within a narrow range. This result was in part due to the CBU selling less foreign currency than what the neutrality principle would have implied. |
| **Central Bank Operations:**<br>*Implement outstanding safeguards assessment recommendations.* These include reforms to strengthen the CBUs independent oversight, collegial decision-making, financial and personal autonomy safeguards, and internal controls. Other outstanding recommendations covered key functions, including enterprise risk management and emergency liquidity assistance framework. | The CBU made notable progress in implementing safeguards assessment recommendations. In particular, the CBU adopted an external auditor selection and rotation policy, a multi-year plan to establish an enterprise risk management framework, and an emergency liquidity assistance framework drafted with Fund technical assistance to operationalize its lender of last resort function.<br>IFRS implementation is advancing, with ongoing efforts to publish the 2024 external audit report by July 2025.<br>While legal amendments were made to ensure that the Audit Committee consists exclusively of independent members, further legislative work is needed to ensure a majority of nonexecutives on the CBU’s Governing Board, align the CBUs functions with leading practices, and strengthen the financial and personal autonomy safeguards. |

| Recommendations | Current Status |
| --- | --- |
| **FINANCIAL SECTOR POLICY** | |
| **Financial Stability:**<br>*Conduct independent asset quality reviews and closely monitor emerging risks from household lending and housing prices. Continue enhancing the quality of stress tests.*<br>*Subject microbanks to prudential requirements in line with Basel's framework on a proportional basis.* | Asset quality reviews have been conducted for SOCBs that are being prepared for privatization.<br>The CBU has closely monitored banks' health, including through regular stress testing. To mitigate risks, the minimum capital requirements have been gradually increased as of January 1, 2025. The CBU is working with some private banks to ensure full compliance.<br>The CBU has continued to publish a semi-annual Financial Stability Report that includes stress tests covering emerging risks and monitoring the corporate sector's financial situation. The authorities have also continued enhancing stress testing with the help of IMF capacity development.<br>Legislative amendments enabling the establishment of micro banks were adopted in February 2025. The law outlines prudential requirements applicable to micro banks. The CBU is currently drafting the regulatory framework for their supervision and oversight. |
| **Supervision:**<br>*Implement risk-based supervision following international standards to adequately measure financial risks, detect vulnerabilities, and act on them.* | The CBU identified and published a list of domestic systematically important banks for 2025 and is currently developing an enhanced supervision framework for them. The CBU has requested technical assistance to strengthen financial system supervision in line with the recommendations of the FSAP. |
| **Macroprudential Policy, Resolution Framework, and Deposit Insurance**<br>*Closely monitor the impact of new macroprudential policy changes and adjust policy if needed. Strengthen the resolution framework and deposit insurance by adopting new laws to facilitate bank restructuring, and cap deposit insurance to reduce moral hazard.* | The Debt Service to Income (DSTI) and Loan to Value (LTV)-based macroprudential measures that became effective in July 2024 have helped moderate credit growth and contain related risks. The CBU has amended capital adequacy and liquidity requirements to align them with Basel III standards, set to become effective by the end of May 2025. Additionally, the CBU recently introduced concentration limits on microlending and credit card operations.<br>Amendments to the deposit insurance law were enacted in February 2025. The new bank resolution law was |

| Recommendations | Current Status |
|---|---|
| | passed by the Senate in April 2025 and is headed to the President's office to be signed into law. |
| **Privatization of State Banks:** *State banks should focus on achieving commercial objectives and preparations for privatization of selected banks should be accelerated. Banks that remain state-owned should be reformed to minimize financial stability risks.* | The financial sector remains dominated by SOCBs (9 of 36 banks), accounting for 65 percent of banks' assets. One small SOCB (Poytakht Bank, with less than one percent of the bank assets) was privatized in September 2024. The privatization process of two large banks is ongoing but has encountered delays. Improvements in the state-owned banks' governance are ongoing, with independent members appointed to their Boards in some. However, further progress remains to be achieved to phase out SOCBs' dominant position to improve competition, financial intermediation, and access to financial services. |
| **STRUCTURAL AND GOVERNANCE REFORMS** | |
| **Pace of Structural Reforms:** *Appropriately sequence and accelerate structural reforms.* | The authorities appropriately and significantly increased energy tariffs while protecting the vulnerable in 2024-2025, making progress towards price liberalization in the energy sector. However, as initial economic reforms such as this one are completed, making progress with institutional reforms, such as the privatization and restructuring of large SOEs and SOCBs, is becoming more challenging. |
| **State Footprint in the Economy:** *Reduce state intervention in the economy to accelerate growth by further opening up markets and enhancing competition, while improving governance and the rule of law. Continue efforts to accelerate WTO accession negotiations and certification processes.* | Several exclusive rights were abolished effective from January 1, 2025, to align national standards with the WTO principles.<br>WTO accession negotiations have made good progress. Multilateral negotiations are largely completed. In addition, bilateral negotiations have been concluded with 23 out of 33 countries. |
| **Anticorruption Framework:** *Further address corruption vulnerabilities, strengthen anticorruption institutions, and enact pending legal reforms.* | The *Conflict-of-Interest Law* became effective in December 2024 and government officials have gone through training for its implementation. The draft *Whistleblower Protection Law* completed public discussion in May 2025. It is now under review by the Cabinet of Ministers before submission to Parliament. The Anti-Corruption Agency is amending the draft *Asset Declaration Law* following |

| Recommendations | Current Status |
|---|---|
| | comments by government ministries and agencies. The amendments are expected to be completed by end-May. The draft law will then go for public discussion. A *National Anti-Corruption Strategy* has been drafted with assistance from the OECD and United Nations, covering transparency, prevention, identification, and enforcement. The authorities indicated they believe they have a sufficiently robust framework to enforce access to information and that special anti-corruption courts are not currently on the agenda. |
| **Climate Change:** *Take bold measures to decarbonize and adapt to climate change.* | In 2024, the energy tariff reform encouraged more efficient energy consumption, and 2.6 GW of solar and wind capacity was added to the grid. Forty-two green generation facilities are being built with foreign capital support with a total capacity of more than 20 GW to meet Uzbekistan's climate commitments by 2030. Other implemented initiatives included the introduction of policy-linked carbon trading mechanisms to reduce emissions and the allocation of 6.3 million hectares of land for conservation. |
| **Labor Market:** *Unlock the potential of women in the labor market.* | Uzbekistan was recognized by the World Bank's *Women, Business, and the Law 2024* report as one of the top five countries achieving the most improvement in gender equality, reflecting recent reforms such as labor code amendments for equal pay, removing job restrictions for women to work in high-risk professions, and addressing domestic violence. Health and education advancements have closed the gender gap in tertiary education enrollment, boosted pre-school attendance of girls, and reduced infant and maternal mortality. Female employment has increased robustly, narrowing the employment gender gap. |

# Annex II. External Sector Assessment

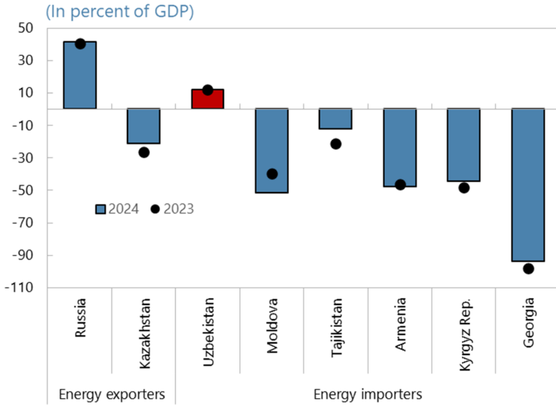
**Overall Assessment**: *Uzbekistan's external position in 2024 is assessed to be in line with the level implied by medium-term fundamentals and desirable policies. The current account (CA) deficit narrowed from 7.6 percent of GDP in 2023 to 5.0 percent of GDP in 2024, reflecting a surge in services and non-gold exports and remittances, high gold export prices, and a reversal of one-off increases in imports in 2023. In 2025 and over the medium term, the CA deficit is projected to remain close to the norm, currently estimated at 4.8 percent of GDP. The country's external risks remain high due to an uncertain geopolitical and global trade environment, but the sizable foreign exchange (FX) reserves, the significant IFI and bilateral official funding, and the long maturity of external debt mitigate external stability risks. Moreover, Uzbekistan's significant gold exports tend to provide a hedge against potential declines in other commodity prices.*

**Potential Policy Responses**: *The ongoing structural reforms and high investment level combined with restrictive monetary policy and strengthened fiscal discipline are expected to help sustain robust increases in exports while keeping import growth in check, thus maintaining the CA broadly in line with fundamentals and desirable policies. More exchange rate flexibility would provide additional protection from external risks by helping absorb shocks and safeguard FX reserves.*

## Foreign Assets and Liabilities: Position and Trajectory

**Background**. From 2018 to 2024, Uzbekistan's international investment position (IIP) in percent of GDP declined considerably (by 25.7 percentage points) as external borrowing by the government, state-owned enterprises (SOEs), and state-owned banks expanded, including to finance significant investment. Nevertheless, Uzbekistan's IIP has remained stronger than most of its regional peers and is characterized by large foreign reserves, FX cash held by the public, moderate external debt, and small FDI liabilities.

Regional Peers: International Investment Position
(In percent of GDP)




Source: World Economic Outlook, IMF.

International Investment Position
(In Billions of USD unless otherwise specified)

| | 2018 | 2024 |
|---|---|---|
| **Assets** | **49.1** | **96.7** |
| Direct investment | 0.2 | 0.2 |
| Other invest.: Deposits and FX cash | 19.7 | 51.2 |
| Other invest.: Others | 2.2 | 4.1 |
| Reserve assets | 27.1 | 41.2 |
| **Liabilities** | **27.1** | **83.0** |
| Direct investment | 9.0 | 16.7 |
| Other investment and portfolio | 18.1 | 66.3 |
| of which: Gov. | 7.8 | 29.4 |
| of which other sectors (incl. SOEs) | 9.9 | 35.7 |
| **IIP** | **22.1** | **13.7** |
| **IIP (in percent of GDP)** | **37.6** | **11.9** |

Source: Country authorities; and IMF estimates.

**The external balance sheet is partially insulated from global financial market volatility**. This is because foreign assets mainly comprise FX reserves and private FX cash holdings while liabilities are largely multilateral and bilateral loans with concessional and semi-concessional rates and long maturities.

**Assessment**. Uzbekistan's external balance sheet offers significant protection against external shocks, with the composition of assets and liabilities implying limited exposure to global financial market fluctuations. Liabilities carry limited rollover risk in the short term, and assets are primarily invested in safe instruments. However, the rapid growth of external borrowing (including by state-owned banks and enterprises) poses medium-term risks.

| 2024 (% GDP) | NIIP: 11.9 | Gross Assets: 84.1 | Res. Assets: 35.8 | Gross Liab.: 72.2 | Debt Liab.: 56.6 |
|---|---|---|---|---|---|

## Current Account

**Background**. Significant structural reforms, including liberalization of the foreign exchange market and the removal of trade restrictions, accelerated investment, and the adverse effects of the COVID-19 pandemic shock on exports led to a shift in the current account (CA) balance from an average surplus of 3.9 percent of GDP over 2000-2017 to an average deficit of 5.4 percent of GDP over 2018–24. A shift to CA deficits of this magnitude has been a common feature of transitions from planned to market-based economies like Uzbekistan. A surge in remittance inflows following the start of Russia's war in Ukraine in 2022 had the opposite effect, primarily reducing the CA deficit. In 2023, the CA deficit widened to 7.6 percent of GDP because of a reversal in remittances to the pre-2022 trend, an unplanned fiscal expansion, an investment surge, including sizable lumpy mining sector capacity expansion projects, temporary increase in some imports (airplanes, buses and cars, and gasoline), higher foreign debt interest payments, and repatriation of earnings by foreign companies. In 2024, the current account (CA) deficit narrowed to 5.0 percent of GDP, reflecting high gold prices, an increase in exports of services and non-gold exports, a reversal of one-off increases in imports in 2023, and robust growth in remittances. Over the medium term, the CA deficit is expected to stabilize at about 4¾ percent of GDP.

**Assessment**. Staff estimates the 2024 CA norm at -4.8 percent of GDP (table), reflecting Uzbekistan's labor productivity gap relative to the rest of the world—which requires increased investment to boost capital per worker and, thereby, investment levels that surpass domestic savings—and its favorable demographics. After accounting for the cycle and the import content of the mining sector capacity expansion projects, staff estimates the 2024 adjusted CA balance at -3.9 percent of GDP. Thus, the overall CA gap is 0.9 percent of GDP, pointing to an external position in 2024 in line with the level implied by fundamentals and desirable policy settings. The policy gap, estimated at 2.2 percent of GDP, is mainly explained by lower fiscal deficit and health spending relative to the rest of the world. This still implies a non-policy gap of -1.3 percent of GDP. Staff is of the view that this non-policy gap reflects uncertainty around the econometric estimates and does not capture fully some Uzbekistan specificities and structural challenges related to the country's transition to a market economy, including large investment needs.

**EBA-lite Model Results, 2024**

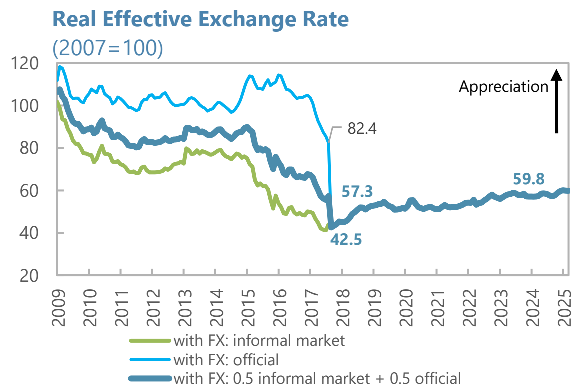
| | CA model 1/ | REER model 1/ |
|---|---|---|
| | (in percent of GDP) | |
| **CA-Actual** | **-5.0** | |
| Cyclical contributions (from model) (-) | 0.2 | |
| Additional temporary/statistical factors (-) 2/ | -1.3 | |
| Natural disasters and conflicts (-) | 0.0 | |
| **Adjusted CA** | **-3.9** | |
| **CA Norm** (from model) 3/ | **-4.8** | |
| Adjustments to the norm (+) | 0.0 | |
| **Adjusted CA Norm** | **-4.8** | |
| **CA Gap** | **0.9** | **10.1** |
| o/w Relative policy gap | 2.2 | |
| Elasticity | -0.2 | |
| **REER Gap** (in percent) | **-4.8** | **-54.3** |

1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment to account for the investments of about 2.3 percent of GDP in 2024 by two mining companies, assuming a 55 percent import component for investments. These took place under capacity expansion projects planned for 2023-2026, aiming at increasing their exports.
3/ Cyclically adjusted, including multilateral consistency adjustments.

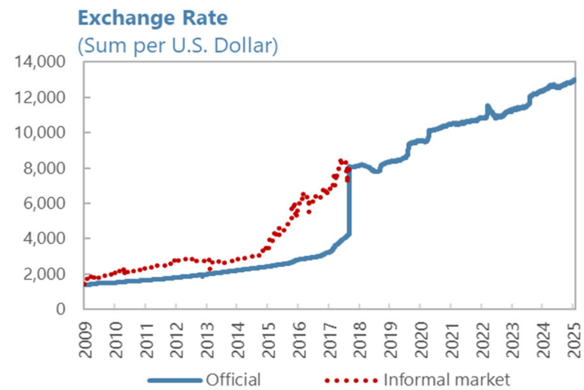
## Real Exchange Rate

**Background**. On September 5, 2017, Uzbekistan unified its official and parallel market exchange rates and liberalized access to foreign exchange. This led to a nominal exchange rate depreciation of the official rate from 4,250 to 8,100 sum per dollar. Since then, the nominal exchange rate has shown limited daily volatility, with gradual depreciations in response to external shocks affecting regional trading partners' currencies. The average annual nominal depreciation has remained less than 10 percent since

2022, while the real effective exchange rate has been relatively stable since mid-2018, although with an appreciation trend. The latter underscores the need to accelerate structural reforms to sustain productivity gains, which can counter any REER-related competitiveness losses. According to the Uzbek authorities, the de jure exchange arrangement is floating, while the de facto regime is classified as a crawl-like arrangement under the IMF Annual Report on Exchange Arrangements and Exchange Restrictions methodology given that the nominal exchange rate path seems highly predictable and that the nominal exchange rate shows only minimal day-to-day volatility.




Notes: REER based on CPI (as in INS methodology).
Sources: IMF staff estimates.




Sources: IMF staff estimates.

**Assessment**. The EBA-IREER results suggest that the sum is undervalued. The EBA-CA approach, however, indicates that the sum is neither undervalued nor overvalued. Staff believes the EBA-CA approach gives more reliable results than the EBA-IREER approach. This is because the EBA-IREER results depend on the historical trend of the real exchange rate and the sharp structural break in 2017 complicates the assessment and makes it less informative for Uzbekistan. Thus, anchoring its judgment on the EBA-CA approach, staff is of the view that the real exchange rate is in line with the level implied by fundamentals and desirable policies.

**Capital and Financial Accounts: Flows and Policy Measures**

**Background**. Financial flows are increasing to cover the sizable current account deficits. Long term loans and FDI represent the main inflows. During 2022–24, net loans averaged about 4.6 percentage points of GDP, net FDI inflows were about 2.5 percentage points of GDP, and portfolio flows (bonds) were about 1.2 percentage points of GDP. Since 2018, the government, SOEs, and SOCBs have significantly increased long-term external borrowing. While official borrowing at concessional and semi-concessional rates dominates external borrowing, Uzbekistan also borrows at market terms. For example, the government placed Eurobonds in the amount of about $1.5 billion in 2024 ($600 million, €600 million, and UZS3 trillion) and about $1.5 billion in February 2025 ($500 million, €500 million, and UZS6 trillion). In addition, state-owned banks have increased borrowing from international commercial banks, official development banks, and IFIs, which increased the banking sector's external debt from 9.4 to 9.6 percent of GDP between 2021 and 2024. Spreads on 10-year Uzbekistan's Eurobonds declined from a peak of close to 500 bps in 2022 due to Russia's war in Ukraine to an average of 287 bps in 2023, 270 bps in 2024, and averaged around 260 bps so far in 2025. In the near and medium term, FDI inflows and long-term private sector borrowing are expected to increase while official external borrowing is expected to moderate.

**Assessment**. The government will continue to fund itself primarily from multilateral institutions and official sources over the forecast horizon but will also likely tap the sovereign bond market to maintain a stable presence, given its goal to increasingly finance itself from markets over time. Since external borrowing has been increasing rapidly—notably by SOCBs and SOEs—increased vigilance is needed to mitigate risks effectively.

## FX Intervention and Reserves Level

**Background**. Uzbekistan's FX reserves are large by all metrics. At $41.2 billion at end-2024, they were equivalent to about 35.8 percent of GDP or about ten months of projected imports of goods and services in 2025. These reserves exceed considerably the IMF's ARA reserve adequacy metric for emerging markets or developing countries. As a commodity exporter, Uzbekistan is at risk of shocks arising from declines in its main exports and the impact of gold price declines on its FX reserves, given that gold accounts for 78.2 percent of reserves. However, these risks are partially mitigated since the price of gold, Uzbekistan's primary export, tends to provide a hedge against declines in other commodity prices in periods of increased global uncertainty and/or recession. As the price of gold increases in such episodes, the FX-reserve revaluation provides additional capacity to face shocks.

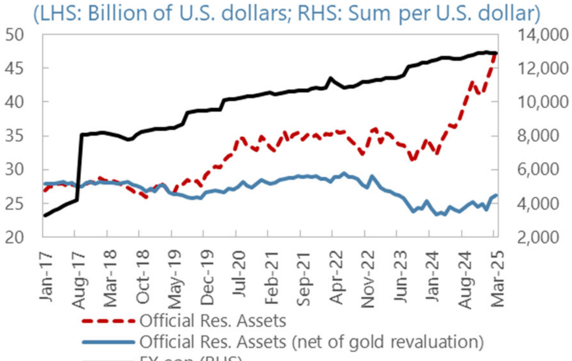
**Calculation ARA Metric 2024**

| | (In USD Billions) | Weights: Fixed FX | Weights: Floating FX |
|---|---|---|---|
| Reserves (end 2024) | 41.2 | | |
| of which UFRD (end 2024) | 5.9 | | |
| of which other (end 2024) | 35.3 | | |
| Nominal GDP (2024) | 115.0 | | |
| Exports of G& S (2024) | 26.2 | 10.0% | 5.0% |
| Imports of G&S (2024) | 43.6 | | |
| ST Debt (proxied with 2024 amortiza | 9.8 | 30.0% | 30.0% |
| Broad Money (2024) | 21.4 | 10.0% | 5.0% |
| Other Portfolio Liabilities (2024) | 56.5 | 20.0% | 15.0% |
| Metric UZB (In USD Billions) | | 19.0 | 13.8 |
| (In percent of ARA metric) | | | |
| Uzbekistan Reserves | | 217% | 299% |
| Uzbekistan Reserves excl FRD | | 186% | 256% |

In its FX interventions, the CBU seeks to broadly adhere to the so-called "neutrality principle," whereby the CBU sells FX to withdraw liquidity generated from its gold purchases so that exchange rate trends are primarily determined by market demand and supply (within a given year). But there have been departures from this policy, especially during 2022–24. Specifically, the CBU sold much less FX during 2022, a year marked by exceptionally high remittance inflows related to Russia's war in Ukraine, and increased sales in 2023 when remittances reverted to the pre-war trend. The CBU also sold less than the level implied by the neutrality principle in 2024. In addition, there was a notable decline in the deposits of the Fund for Reconstruction and Development (FRD) with the central bank in 2023-2024. As a result, reserves net of gold revaluation fell marginally in 2024 even though reserves increased by $6.6 billion (due entirely to higher gold prices).

**FX Reserves**

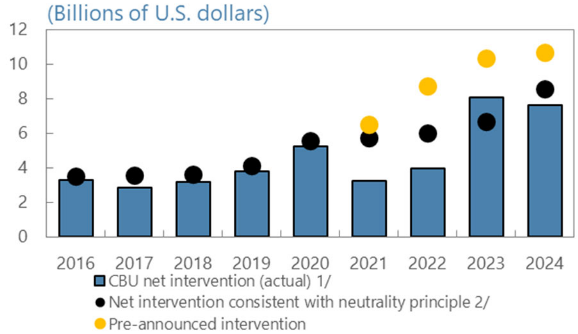
(LHS: Billion of U.S. dollars; RHS: Sum per U.S. dollar)




Sources: Country authorities and IMF staff estimates.

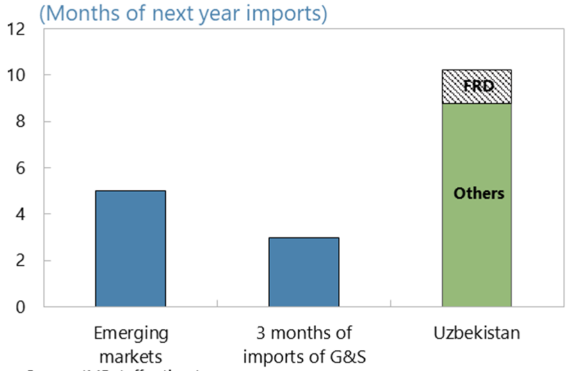
**CBU Net Intervention**

(Billions of U.S. dollars)



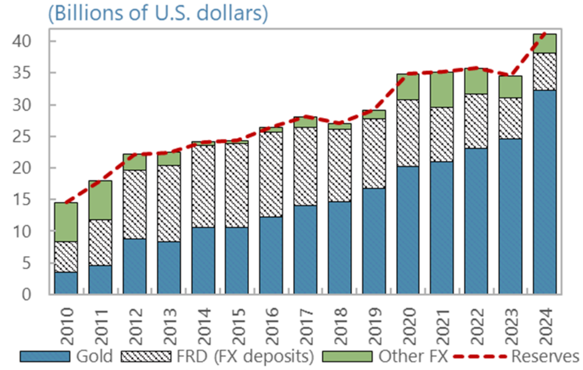

1/ Represents the amount of CBU gold purchases that needs to be sterilized.
2/ From 2021, MoF / FRD FX transactions are outside of the currency exchange.
Sources: Country authorities and IMF staff estimates.

**FX-Reserve Adequacy Indicators, 2024**
(Months of next year imports)




Source: IMF staff estimates.

**FX-Reserves**
(Billions of U.S. dollars)




Sources: Country authorities; and IMF staff estimates.

**Assessment**. Uzbekistan’s international reserve coverage exceeds standard adequacy metrics: at end-2024, reserves were about 217 percent of the ARA metric for fixed exchange rate regimes. Even excluding FRD deposits, this ratio would be 186 percent of the ARA metric (for fixed exchange rate regimes), still well above the recommended 100-150 percent range. The CBU’s neutral intervention policy is appropriate. While departures can be justified in exceptional circumstances (e.g., unusually large capital/income flows such as those created by the war in Ukraine), as a general rule, the CBU should adhere to the neutrality principle and allow more flexibility in the exchange rate to absorb shocks.

# Annex III. Risk Assessment Matrix

| Risk 1/ | Description of Potential Shock | Likelihood / Timeframe | Possible Impact *(if realized)* / Transmission Channels | Policy Advice |
|---|---|---|---|---|
| **External Risks and Spillovers** | | | | |
| **Regional Conflicts** | Intensification of conflicts (i.e., escalation of the war in Ukraine) or terrorism could disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, payment systems, and increase refugee flows. | **Medium**<br>**Short to Medium-Term** | **High**<br>An intensification of the war in Ukraine could have a significant impact on trade, tourism, remittances, capital flows, migrant flows, and gold prices.<br>While most of these effects benefited Uzbekistan at least temporarily after Russia's war in Ukraine broke out in 2022 (surging remittances, migrant flows, capital flows, and gold prices but with a negative impact on trade due to disruption of trade routes), it is not clear whether the effects of any further intensification of the conflict will continue to be favorable overall. | In the event of such shock, allow the exchange rate to act as a shock absorber and address any potential disorderly market conditions in the FX market, as needed. Should the shock lead to inflationary pressures, tighten monetary policy to avoid adverse impacts on core inflation.<br>Given the existence of fiscal space, use fiscal policy to smooth output fluctuations viewed as temporary: Limit spending responses to any windfalls (e.g., from higher gold prices) if the shock is favorable to the economy overall or provide targeted support to vulnerable groups if it has an adverse effect instead.<br>Deploy a tailored policy response that ensures macro-financial stability should the overall shock impact be more mixed.<br>Further intensify efforts to open alternative trade routes. |

| Risk 1/ | Description of Potential Shock | Likelihood / Timeframe | Possible Impact *(if realized)* / Transmission Channels | Policy Advice |
| --- | --- | --- | --- | --- |
| **Sovereign Debt Distress** | Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries. | **High**<br>**Short to Medium Term** | **High**<br>Given the importance of concessional and semi-concessional loans (about 60 percent of total gross government borrowing) in financing the consolidated government and the broader public sector and a still nascent market access, a significant reduction in the availability of these loans would force significant expenditure adjustment triggering a growth slowdown. Gold prices are likely going to fall in such scenario given weaker global growth and weaker gold demand, further exacerbating the shock. | In the event of such shock, allow the exchange rate to act as a shock absorber and address any potential disorderly market conditions in the FX market, as needed.<br>Given the likely more durable nature of this shock, a permanent fiscal adjustment will be needed to address a tighter financing constraint, either by increasing revenue or reducing expenditure while supporting the vulnerable with improved spending composition.<br>While inflation pressures are likely to be reduced in this scenario given the growth slowdown, the room to use monetary policy to cushion the impact of the shock will depend on the extent of capital mobility and the extent to which inflation is below the CBU target.<br>Step up structural reforms that increase potential growth. |
| **Trade Policy and Investment Shocks** | Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar | **High**<br>**Short to Medium Term** | **Medium**<br>As a double landlocked country suffering from trade disruptions since the war in Ukraine started, Uzbekistan | In the event of such shock, allow the exchange rate to act as a shock absorber and address any potential disorderly market conditions in the FX market, as needed. Given the likely inflationary pressures, monetary policy may need to be tightened |

| Risk 1/ | Description of Potential Shock | Likelihood / Timeframe | Possible Impact *(if realized)* / Transmission Channels | Policy Advice |
|---|---|---|---|---|
| | appreciation, tighter financial conditions, and higher inflation. | | would suffer from further increases in already high trade costs. Impacts would be further magnified by lower external demand from key trading partners. In such a scenario, given high global uncertainty, gold prices may remain higher for longer benefiting the country as an offset to other possible negative terms of trade effects.<br>Moreover, imported global inflation may complicate efforts to get inflation to the CBU 5 percent target. | to avoid adverse impacts on core inflation.<br>Given the existence of fiscal space and to the extent the shock is temporary, use fiscal policy to smooth output fluctuations and provide targeted and temporary support to the most vulnerable groups. Any windfalls from high gold prices not needed for fiscal support to the economy should not trigger additional expenditure. A permanent shock would need to be addressed by increasing revenue or reducing expenditure or both permanently.<br>Continue with trade openness and structural reforms to promote export diversification and improve competitiveness. |
| **Commodity price volatility** | Supply and demand volatility (e.g., due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, | **Medium**<br>**Short to Medium-Term** | **Medium**<br>Uzbekistan's economy is sensitive to changes in the prices of gold it exports, and the price of natural gas and oil it imports.<br>Adverse commodity price movements could worsen the trade balance, fiscal | Allow the exchange rate to adjust and act as an absorber to a commodity price shock. Meanwhile, address any potential disorderly conditions in the FX market, as needed.<br>Given fiscal space, fiscal policy can support the economy, if necessary and if the shock is viewed as temporary, potentially helped by higher gold prices should this materialize as a result of the shock.<br>Continue with trade openness and structural reforms to |

| Risk 1/ | Description of Potential Shock | Likelihood / Timeframe | Possible Impact *(if realized)* / Transmission Channels | Policy Advice |
|---|---|---|---|---|
| | social discontent, and economic instability. | | revenues, and contribute to uncertainty which would dampen investment.<br>There may be some capital account offset to higher oil prices since that benefits some FDI investors that may have more resources to invest. | promote export diversification and improve competitiveness. |
| | | **Domestic Risks** | | |
| **Weakening of bank balance sheets** | Failure to address poor lending practices of SOCBs and phase out policy lending, including due delays in privatizing large banks, lead returns on lending and bank profits to decline and non-performing loans (NPLs) to rise. In such context, bank balance sheets weaken, credit availability diminishes and the cost of borrowing increases. The authorities need | **Medium**<br>**Short Term to Medium Term** | **High**<br>Insufficient attention to borrower repayment capacity in the context of ongoing and new policy lending initiatives would lead to an increase in NPLs and a decline in the capital adequacy of the SOCBs that dominate the system. The need to provide capital to state owned banks to prevent a reduction in the availability of credit would worsen government finances. | Continue to improve banks' corporate governance. Continue to improve bank supervision, crisis preparedness, and emergency liquidity framework. Continue to reduce the share of policy loans so that banks finance projects with the highest returns. Accelerate privatization of state banks with the assistance of IFIs to the extent possible to increase the commercial orientation of the system. Establish sound levels of provisioning. Further develop macro-prudential policy tools to protect and monitor emerging risks. |

| Risk 1/ | Description of Potential Shock | Likelihood / Timeframe | Possible Impact *(if realized)* / Transmission Channels | Policy Advice |
|---|---|---|---|---|
| | to provide more capital to banks. | | | |
| **Increased Ad Hoc State Intervention** | State intervention increases, preventing market forces from allocating resources efficiently. Reliance on ad-hoc measures on specific issues, results in less coherent and certain policy making and special treatment of certain groups or industries with unintended consequences. | **Medium**<br>**Short to Medium Term** | **High**<br>An increase in uncertainty regarding economic policies and lack of a level playing field deter investment. The accumulation over time of impacts from ad hoc measures could significantly lower GDP growth. | Focus on comprehensive approaches that do not single out particular groups or industries and that increase and improve the role of market forces in allocating resources. Have ministries develop and implement policies after appropriate consultation and analysis of implications. |
| **Reform Fatigue** | Lack of implementation capacity, disappointment, or impatience with reforms results in frustration and a counter-productive ad-hoc state intervention increase. | **Low**<br>**Short Term**<br><br>**Medium**<br>**Medium Term** | **High**<br>Structural reform implementation is becoming more challenging as the focus shifts from economic reforms to institutional reforms. These reforms require careful preparation, proper sequencing, and time to bear fruit. This increases the risk of reform fatigue. | Reiterate the government's commitment and communicate that reforms are needed to address current shortcomings (e.g., misallocation of resources, lack of sufficient investment in health, education, and infrastructure).<br>Focus on the highest priority reforms including completing price and trade liberalization, reforming and privatizing state enterprises, increasing the commercial orientation of the banking system, and improving governance and the business environment more broadly. |

| Risk 1/ | Description of Potential Shock | Likelihood / Timeframe | Possible Impact *(if realized)* / Transmission Channels | Policy Advice |
|---|---|---|---|---|
| | | | If reform fatigue materializes and a slowdown in reforms occurs, this could result in lower investment and productivity, and slower growth. Impatience and frustration with results could lead to increased ad-hoc state intervention (see above) magnifying the negative impacts. | |
| **Inability to consolidate as planned.** | Public debt has risen rapidly since 2017 and stood at about 33 percent of GDP at end-2024. Inability to sustain consolidation in the consolidated government or reign in broader public sector borrowing may result in further increases in the public and publicly guaranteed debt ratio instead of the projected medium-term baseline path. | **Medium**<br>**Medium-Term** | **Medium**<br>Higher debt service could squeeze out investment and/or social spending. Alternatively, concerns about the debt trajectory could lead to higher financing costs or a tighter financing constraint from major sources of external financing. | Finalize and sustain the planned reduction of the fiscal deficit to 3 percent of GDP and accompany it with borrowing ceilings that are consistent with keeping a non-increasing PPG debt path. Ensure continued implementation of the new public debt law which caps commitments of new debt, and limits public debt to 60 percent of GDP while requiring corrective action at 50 percent. |

| Risk 1/ | Description of Potential Shock | Likelihood / Timeframe | Possible Impact *(if realized)* / Transmission Channels | Policy Advice |
|---|---|---|---|---|
| | | | | |
| **Materialization of contingent liabilities from State Owned Enterprises and PPPs** | Many state enterprises remain unprofitable or must provide public services below cost. PPPs signing is accelerated without carefully considering the fiscal risks they create. The government needs to take over debt service and/or face unexpected budget shocks from SOEs and PPPs. | **Medium**<br>**Medium-Term** | **Medium**<br>Taking on state enterprise debt or having to face unexpected budget shocks from PPPs would increase the fiscal deficit and raise the debt to GDP ratio. This would squeeze out other needed spending or raise borrowing costs and tighten external financing availability. | Continue restructuring and privatizing SOEs, phase out policy lending, and tighten SOE budget constraints by phasing out all forms of support to them. Have the government take over public services provided by SOEs—those that are needed—to increase SOE commercial orientation. Continue to refine the analysis of the medium-term fiscal implications of the exiting PPP portfolio and impose a stock ceiling on PPPs. Tighten the flow cap in line with the current limited capacity to implement PPPs. |

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

# Annex IV. Selected FSAP Recommendations[1]

| | |
|---|---|
| **Reduce the role of the state** | • Expedite privatization of SOCBs.<br>• Gradually phase out directed and preferential lending, improve transparency of this lending, and address its systemic risks through stringent capital requirements (see below).<br>• Strengthen remaining policy banks by: i) reviewing mandates with a focus on additionality, ii) completing corporate governance reforms, iii) improving credit risk assessment and management, and (iv) ensuring operation on a level playing field with the private sector. |
| **Strengthen bank regulation and implement robust risk-based supervision.** | • Safeguard CBU operational independence by ensuring that it is not weakened by other legal instruments (e.g., laws) that infringe upon its banking stability mandate.<br>• Enhance the evaluation of banks' risk profiles and internal controls during off-site supervision and on-site inspections and improve supervisory reporting.<br>• Accelerate the implementation of consolidated supervision.<br>• Ensure accurate asset classification.<br>• Strengthen and expand supervision to all non-bank credit providers and ensure micro finance banks are subject to adequate oversight.<br>• Clarify the treatment of large exposures and related party regimes.<br>• Extend risk-based supervision to include operational resilience. |
| **Enhance systemic risk analysis and stress testing** | • Augment solvency stress tests by adjusting the data to address regulatory gaps.<br>• Conduct stress tests for currency-induced credit risk for corporate lending.<br>• Complement existing liquidity stress tests with an analysis of depositor concentration. |
| **Strengthen the capital requirements framework** | • Align capital definitions and risk-weighted asset calculations with the Basel framework.<br>• Introduce capital buffers for banks, including a countercyclical capital buffer and a capital surcharge for domestic systemically important banks. |
| **Align asset classification and bank-by-bank NPL resolution with international best practices** | • Ensure accurate asset classification by addressing existing regulatory misalignments regarding the NPL definition, forborne exposures, and classification rules.<br>• Ensure that high NPL banks reach the objectives set in the NPL reduction plans and that all banks comply with NPL management standards set in the regulation for risk management.<br>• Develop the market for distressed assets and enhance out-of-court restructurings.<br>• Implement the new insolvency law. |
| **Establish adequate bank resolution, crisis management, and financial safety net arrangements** | • Adopt guidelines for recovery planning and establish a supervisory framework for validation of recovery plans; define an early warning framework for the activation of supervisory measures.<br>• Establish a fully-fledged resolution regime and harmonize the legal powers provided in law for bank resolution and liquidation.<br>• Operationalize the new deposit insurance framework.<br>• Complete the Emergency Liquidity Assistance arrangements by developing the collateral framework and clarifying the potential use of government guarantees.<br>• Constitute the Financial Stability Board as an interagency body for policy coordination, with separated crisis prevention and crisis management mandates. |
| **Improve Payment Systems Oversight** | • Finalize and operationalize the payment systems oversight framework and expedite the Principles for Financial Market Infrastructures self-assessment of the most important systems. |

[1] Based on the FSSA and other FSAP documents, including the BCP assessment and technical notes prepared by the World Bank.

# Annex V. Corporate Finances[1]

**1. Staff analyzed a total of 70 non-financial companies over the period 2020 through mid-2024.** Of these, 36 are in the industrial sector, followed by 18 companies in the agriculture, forestry, and fishing sector, and 7 in the construction sector. In terms of ownership, the sample includes 24 private companies, 14 SOEs with less than 50 percent government share, 28 SOEs with 50–99 percent government share, and 4 fully state-owned companies. Industry and government ownership details were taken from public sources, including openinfo.uz and davaktiv.uz.

**2. The financial performance of the companies is mixed.** While average leverage and interest expenses are at healthy levels, some enterprises rely heavily on borrowing and are experiencing declining profitability and tight liquidity. A few have reported persistent losses in recent periods. Enterprises in the agriculture, forestry, and fishing sector appear the most vulnerable, given their high debt, low liquidity, and profitability challenges. Enterprises in the construction sector benefit from an ongoing investment boom but are heavily leveraged and, thus, are vulnerable to economic fluctuations.

**3. Profitability has been trending downward for some companies.** Seven, representing 1.7 percent of the total assets of the 70 companies, had a net loss for the period 2022 through mid-2024 (all ten quarters). Sixteen companies had a net loss in the six quarters of 2023 through mid-2024. Declining profits reduce a company's ability to service debt, increasing default risks.

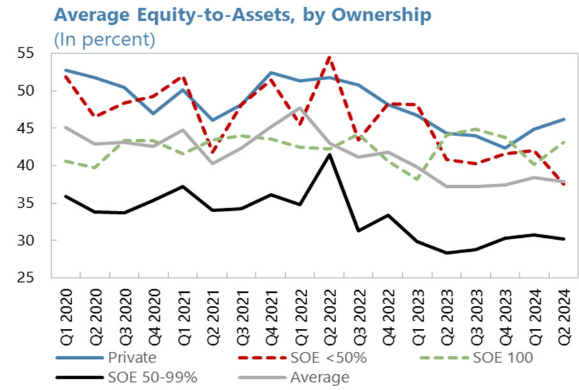
**4. An increasing number of enterprises have a low interest coverage ratio (ICR), indicating a declining ability to manage their debt.** While the average ICR is quite high (the weighted average is around 465 percent), more than one-third of companies (including small, medium, and relatively large companies) have an ICR below 100 percent, which means these companies cannot generate enough operating income to cover their interest expenses. If this situation persists, these companies may experience difficulties in servicing their debt in the future.

**5. At 66 percent, the share of FX loans in total loans of the corporate sector remains at high levels.** The share of FX in total newly issued loans has been increasing since 2020. Significant shares of these loans are to unhedged borrowers.

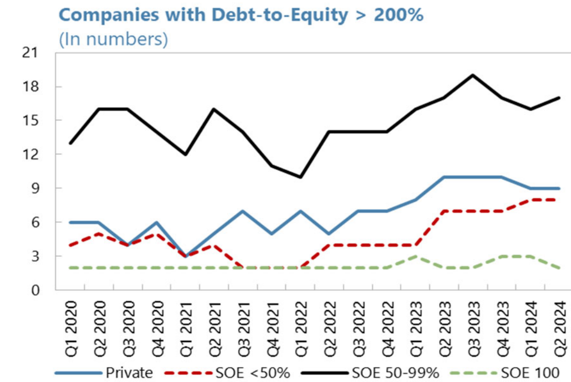
[1] Prepared by Etibar Jafarov and Sarvar Ahmedov.

## Figure1. Uzbekistan: Corporate Sector Developments[1]

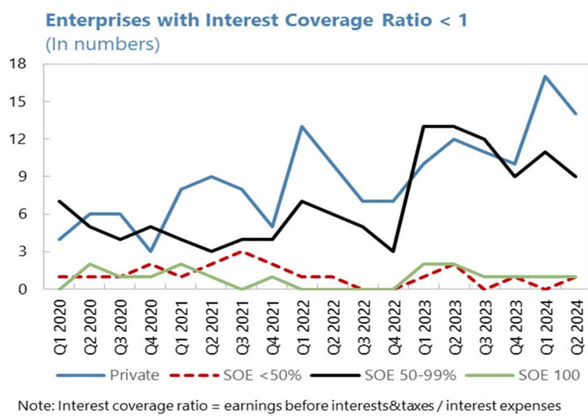
*Private companies generally have higher equity than those with state ownership.*



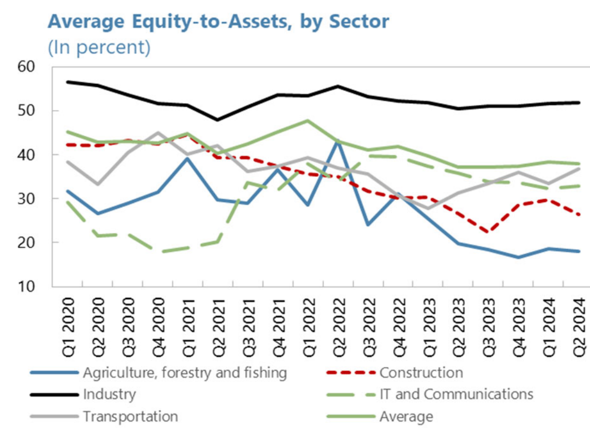

*Majority state-owned companies account for much of the companies with high debt.*



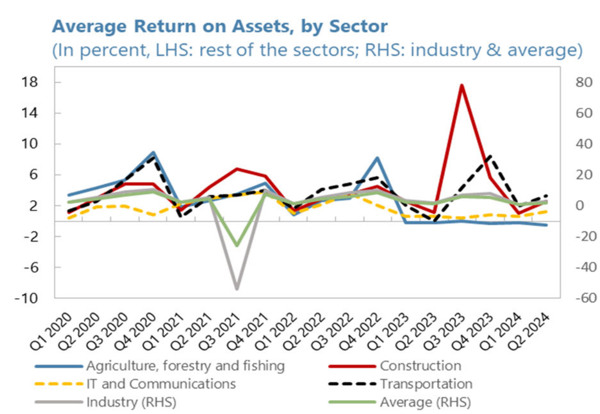

*Private and majority state-owned firms account for most of the companies with low interest coverage ratio.*



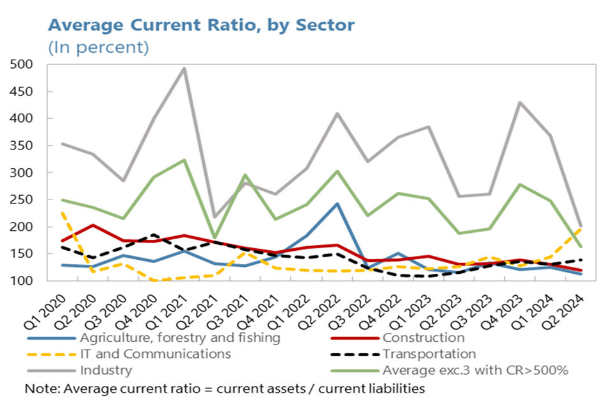

*Firms in agriculture and construction have the lowest equity ratios.*




*Agriculture and IT/communication sectors have experienced negative/low profitability for some time.*




*Though IT/communications' current ratio has increased in recent quarters.*




[1] The sample includes 70 non-financial enterprises.
Source: Central Bank of Uzbekistan, openinfo.uz, davaktiv.uz, and IMF staff estimates.

# Annex VI. Data Issues

## Table 1. Uzbekistan: Data Adequacy Assessment Rating 1/

| B | | | | | | | |
|---|---|---|---|---|---|---|---|
| Questionnaire Results 2/ | | | | | | | |
| Assessment | National Accounts | Prices | Government Finance Statistics | External Sector Statistics | Monetary and Financial Statistics | Inter-sectoral Consistency | Median Rating |
| | C | C | C | B | B | B | C |
| Detailed Questionnaire Results | | | | | | | |
| Data Quality Characteristics | | | | | | | |
| Coverage | C | C | C | A | B | | |
| Granularity 3/ | D | | C | B | A | | |
| | | | B | | D | | |
| Consistency | | | D | B | | B | |
| Frequency and Timeliness | B | B | B | B | A | | |

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

| | |
|---|---|
| A | The data provided to the Fund are adequate for surveillance. |
| B | The data provided to the Fund have some shortcomings but are broadly adequate for surveillance. |
| C | The data provided to the Fund have some shortcomings that somewhat hamper surveillance. |
| D | The data provided to the Fund have serious shortcomings that significantly hamper surveillance. |

**Rationale for staff assessment**. While there are significant weaknesses in few areas and the median rating is a borderline C, staff judges that overall Uzbekistan's official statistics are broadly adequate for surveillance for the following reasons. The coverage of fiscal statistics has improved in recent years and the authorities published a fiscal risks statement for the first time in 2024. The coverage of GDP statistics was broadened to better capture informal economic activity. The authorities are taking steps to improve coordination among institutions providing statistics. And statistical reforms are continuing in a positive direction.

**Changes since the last Article IV consultation.**
***Government Finance Statistics*** (GFS): The government has made progress on staff training and revived efforts to compile GFS statistics.
***External Sector Statistics*** (ESS): The Central Bank of Uzbekistan (CBU) compiles and disseminates the balance of payments (BOP), international investment position (IIP), and gross external debt according to the latest edition of the relevant statistical manuals.
***Monetary and Financial Statistics*** (MFS): The CBU is expanding coverage of MFS to Other Financial Corporations (OFCs). In March 2024 the CBU began reporting standardized quarterly data on OFCs.
***National Accounts*** : The National Statistics Committee (NSC) will implement new questionnaires in 2025 to improve compilation of estimates of discrete quarterly GDP.
***Prices*** : The NSC compiles consumer and producer price indices along SDDS standards.
***Special Data Dissemination Standard*** (SDDS). The authorities' efforts towards restoring GFS reporting are welcome since it is an important stumbling block for achieving SDDS, but GFS reporting remains to be restored.

**Corrective actions and capacity development priorities**. Overall, greater interagency coordination and additional staff in several areas are needed to improve the quality of economic statistics.
***Government Finance Statistics*** : Further actions are needed to standardize reporting of source data; include all externally financed expenditure in the budget, accelerate progress with institutional sectorization, starting with major SOEs; and expand the institutional and instrument coverage of GFS and public debt.
***External Sector Statistics*** : Following up previous efforts, the authorities could reconcile trade in goods with partner countries and improve statistics on travel, remittances, and direct investment. The timeliness of publication of balance of payment statistics could be improved.
***Monetary and Financial Statistics*** : The CBU could improve Financial Sector Indicators, by reporting FSIs with definitions that are more aligned with international standards, especially in the area of asset quality, and expanding MFS to Other Financial Corporations (OFCs) and nonfinancial sectors.
***National Accounts*** : Rebased GDP should be backcast prior to 2017. The NSC should continue to improve the discrete monthly Industrial and Production Index, review the sectorization of institutional units in the context of national accounts to delineate clearly private and public activity, and ensure that value added of SOEs in GDP is correctly measured. The revised sectorization of institutional units should be used consistently across all economic sectors.
***Price Statistics:*** The publication of data on core inflation, fruits and vegetables, and administered prices could be improved.
***Special Data Dissemination Standard*** (SDDS). To participate in the SDDS, the authorities need to compile the reserves template and improve the timeliness and periodicity of several data categories and ensuring this data is published on a timely basis in the National Data Summary Page.

**Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff.**
Staff use official statistics for all sectors. Government budget statistics are adjusted to ensure that the definition of revenue, expenditure, and policy lending are in line with GFS.

**Other data gaps**.

## Table 2. Uzbekistan: Data Standards Initiatives

Uzbekistan participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since May 2018.

## Table 3. Uzbekistan: Table of Common Indicators Required for Surveillance

As of May 27, 2025

| | Data Provision to the Fund | | | | Publication under the Data Standards Initiatives through the National Summary Data Page | | | |
|---|---|---|---|---|---|---|---|---|
| | Date of Latest Observation | Date Received | Frequency of Data[6] | Frequency of Reporting[6] | Expected Frequency[6,7] | Uzbekistan[8] | Expected Timeliness[6,7] | Uzbekistan[8] |
| Exchange Rates | 20-May-25 | 21-May-25 | D | D | D | M | ... | 1M |
| International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1] | Apr-25 | May-25 | M | M | M | M | 1M | 1M |
| Reserve/Base Money | Apr-25 | May-25 | M | M | M | M | 2M | 2M |
| Broad Money | Apr-25 | May-25 | M | M | M | M | 1Q | 1Q |
| Central Bank Balance Sheet | Apr-25 | May-25 | M | M | M | M | 2M | 2M |
| Consolidated Balance Sheet of the Banking System | Apr-25 | May-25 | M | M | M | M | 1Q | 1Q |
| Interest Rates[2] | Apr-25 | May-25 | M | M | M | M | ... | 2M |
| Consumer Price Index | Apr-25 | May-25 | M | M | M | M | 2M | 10D |
| Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4] | 2025 Q1 | May-25 | Q | Q | A | Q | 3Q | 40D |
| Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government | 2025 Q1 | May-25 | Q | Q | Q | Q | 1Q | 1Q |
| Stocks of Central Government and Central Government-Guaranteed Debt[5] | 2025 Q1 | May-25 | Q | Q | Q | Q | 2Q | 2Q |
| External Current Account Balance | 2024 Q4 | Mar-25 | Q | Q | Q | Q | 1Q | 1Q |
| Exports and Imports of Goods and Services | Mar-25 | Apr-25 | M | M | M | M | 12W | 20D |
| GDP/GNP | 2025 Q1 | Mar-25 | Q | Q | Q | ... | 1Q | ... |
| Gross External Debt | 2024 Q4 | Mar-25 | Q | Q | Q | Q | 2Q | 2Q |
| International Investment Position | 2024 Q4 | Mar-25 | Q | Q | A | Q | 3Q | 1Q |

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[3] Foreign, domestic bank, and domestic nonbank financing.

[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[5] Including currency and maturity composition.

[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

# Annex VII. Capacity Development

## Context

**1. Uzbekistan continues to receive substantial capacity development (CD) assistance from international and bilateral donors and was the fourth largest recipient of IMF CD in FY24.** Uzbekistan's authorities are highly engaged and have demonstrated strong ownership of their CD. But challenges remain especially capacity to absorb CD, staff turnover, and coordination among donors.

## Ongoing Capacity Development

**2. The IMF provides CD assistance via missions by headquarters staff and short-term experts, periodic visits by experts from the Caucasus and Central Asia Technical Assistance Center (CCAMTAC), and resident advisors (revenue administration and public financial management).** Areas include:

- **Fiscal**: On revenues, CD was provided to eliminate *tax expenditures,* improve the *mining tax regime, and strengthen revenue administration*. On public expenditure, CD has focused on rationalizing the wage bill, making the pension system sustainable, and on public financial management (PFM), including to improve *public investment management* and *cash management*. CD has also been given to reduce fiscal risks from PPPs and the macroeconomy through improved *macro-fiscal monitoring and forecasting.* Given the authorities' objective of increasing financing from financial markets, CD was also provided on local currency bond market development.

- **Monetary Policy and Central Bank Operations:** In the monetary area, CD continues to be provided on *improving monetary transmission, foreign exchange and monetary operations, central bank internal audit,* and bringing financial statements fully in line with IFRS.

- **Financial Sector Stability:** In 2024, Uzbekistan began a review under the Financial Sector Stability Program (FSAP). Technical notes focused on *the role of the state* in the banking system, *bank stress testing*, *macroprudential policies*, the *financial safety net* and *emergency liquidity assistance*, and *local capital market development* were prepared, among others.

- **Statistics:** CD provided included *sectorization*, discrete quarterly *national accounts*, and the consumer, producer, and real estate *price indices*.

**3. Priorities over the next year**

- **Fiscal:** Continuing ongoing CD, categorizing enterprises into public or private sector through sectorization, and reorganizing the Ministry of Economy and Finance.

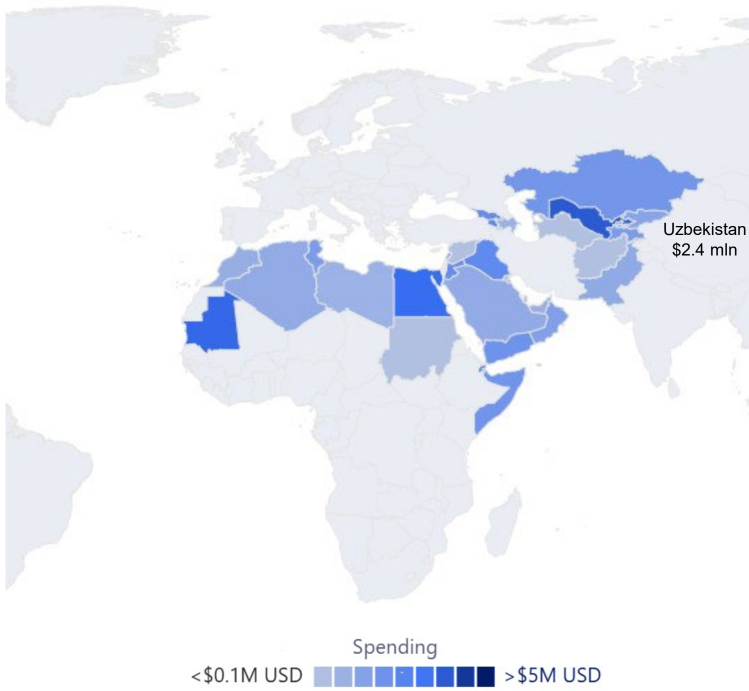
- **Monetary:** Continued CD on macroeconomic forecasting, strengthening monetary policy transmission, and improving CBU internal operations.

- **Financial System:** Implementing FSAP recommendations especially on improving monitoring of the banking system through stress testing, enhancing supervision and macroprudential policy frameworks, and reforming the financial safety net.

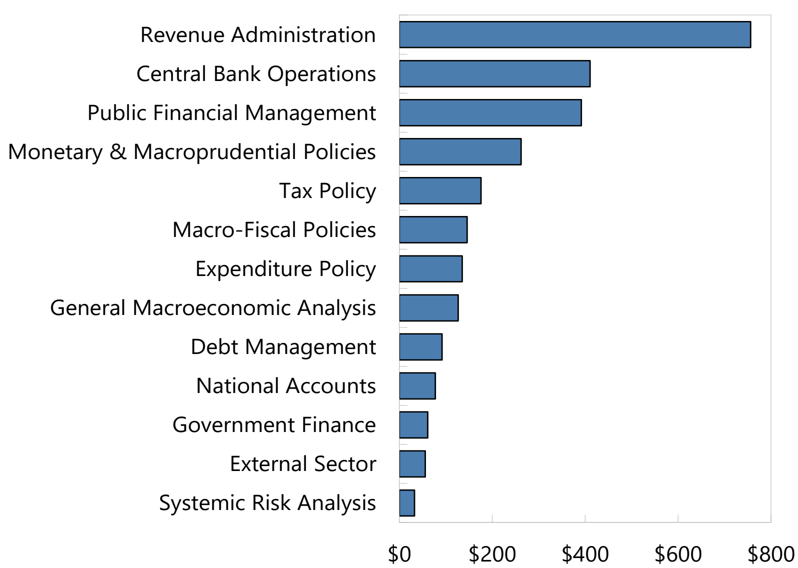
- **Statistics.** Improving financial soundness indicators, government finance statistics, and national accounts in line with TA priorities identified in Annex VI.

**Figure 1. Expenditure on Capacity Development by Country and, for Uzbekistan, by Capacity Development Area**
**May 2024 – Apr 2025**

By Country




By Capacity Development Area
(in USD thousands)



INTERNATIONAL MONETARY FUND

# REPUBLIC OF UZBEKISTAN

May 29, 2025

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By: Middle East and Central Asia Department

## CONTENTS

# FUND RELATIONS

(As of April 30, 2025)

The latest data may be found on the IMF Members' Financial Data by Country website and choosing Uzbekistan and the date.

**Membership Status:**

| | |
|---|---|
| Joined: | September 21, 1992 |
| Status: | Article VIII |

| **General Resources Account:** | **SDR Million** | **Percent of Quota** |
|---|---|---|
| Quota: | 551.20 | 100.00 |
| IMF Holdings of Currency | 574.14 | 104.16 |
| Reserve Tranche Position | 0.01 | 0.00 |

| **SDR Department:** | **SDR Million** | **Percent of Quota** |
|---|---|---|
| Net Cumulative Allocation | 791.09 | 100.00 |
| Holdings | 419.66 | 53.05 |

| **Outstanding Purchases and Loans:** | | |
|---|---|---|
| Emergency Assistance (RFI) | 22.94 | 4.16 |
| RCF Loans | 92.05 | 16.70 |

**Latest Financial Commitments:**

**Arrangements:**

| Type | Date of Arrangement | Expiration Date | Amount Approved (SDR Million) | Amount Drawn (SDR Million) |
|---|---|---|---|---|
| Stand-By | Dec 18, 1995 | Mar 17, 1997 | 124.70 | 65.45 |

**Outright Loans:**

| Type | Date of Commitment | Date Drawn/Expired | Amount Approved (SDR Million) | Amount Drawn (SDR Million) |
|---|---|---|---|---|
| RFI | May 18, 2020 | May 20, 2020 | 183.55 | 183.55 |
| RCF | May 18, 2020 | May 20, 2020 | 92.05 | 92.05 |

Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e., Board approval date.

**Projected Payments to Fund** [1]
(SDR Million; based on existing use of resources and present holdings of SDRs):

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| Principal | 32.15 | 18.41 | 18.41 | 18.41 | 18.41 |
| Charges/Interest | 8.73 | 11.14 | 11.14 | 11.14 | 11.13 |
| **Total** | 40.88 | 29.55 | 29.55 | 29.55 | 29.54 |

[1] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

| | |
|---|---|
| **Implementation of HIPC Initiative:** | Not Applicable |
| **Implementation of Multilateral Debt Relief Initiative (MDRI):** | Not Applicable |
| **Implementation of Catastrophe Containment and Relief (CCR):** | Not Applicable |

## Exchange Rate Arrangements

Uzbekistan accepted the obligations of Article VIII Sections 2(a), 3, and 4 of the Fund's Articles of Agreement and maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions and of multiple currency practices.

According to the authorities, the de jure exchange rate arrangement is floating. The exchange rate is determined based on foreign currency supply and demand on Uzbekistan's currency exchange. The Central Bank of the Republic of Uzbekistan (CBU) has a priority right to directly buy gold produced in Uzbekistan, acting as supplier in the foreign exchange market in amounts equivalent to the value of gold purchased from producers. The CBU also intervenes in the foreign exchange market to smooth out undue short-term volatility. Foreign exchange sales by the CBU in the foreign exchange market are not directed at affecting the fundamental trend of the exchange rate and are driven by the aim of sterilizing additional liquidity from the CBU purchases of gold. The exchange rate of the sum to the US dollar is used as an operational benchmark, as most trading operations are carried out in US dollars.

Under the IMF's classification system, the de facto exchange rate arrangement is classified as crawl-like given a predictable nominal exchange rate path with minimal day-to-day volatility.

## Safeguards Assessment

A first-time safeguards assessment of the CBU was completed in March 2022 in connection with the Rapid Credit Facility and Rapid Financing Instrument approved by the IMF Executive Board on May 18, 2020. While the assessment found significant vulnerabilities in the safeguards framework at the CBU, including in the areas of governance, financial reporting, and key functions such as internal audit, reserves management, lender of last resort, and risk management, the CBU has made notable progress in implementing most of the safeguards recommendations. The CBU also plans to begin publishing its audited financial statements by July 2025. Nevertheless, additional efforts are needed to address the remaining recommendation regarding legal amendments to strengthen the CBU's internal oversight by ensuring a majority of non-executives on the CBU's Board, introduce collegial decision-making for the executive management, align the CBU's functions with leading practices, and improve the financial and personal autonomy safeguards.

**Article IV Consultation**

The Republic of Uzbekistan is on the standard 12-month Article IV consultation cycle. The previous Article IV consultation was concluded on June 13, 2024.

**Resident Representative**

The IMF has had a resident representative in Uzbekistan since December 2020. Previously, a resident representative office was open in Tashkent from September 1993 to April 2011.

# RELATIONS WITH OTHER INTERNATIONAL INSTITUTIONS

**Asian Infrastructure Investment Bank (AIIB):**
AIIB - Project List - Uzbekistan

**Asian Development Bank (ADB):**
Uzbekistan and ADB

**European Bank for Reconstruction and Development (EBRD):**
The EBRD in Uzbekistan

**Organization for Economic Cooperation in Europe (OECD):**
OECD - Uzbekistan - Sustainable Infrastructure Programme in Asia

**World Bank Group:**
The World Bank in Uzbekistan

# REPUBLIC OF UZBEKISTAN

May 29, 2025

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—DEBT SUSTAINABILITY ANALYSIS

Approved By
**Thanos Arvanitis and Jarkko Turunen (IMF) and Asad Alam and Manuela Francisco (IDA)**

Prepared by the International Monetary Fund and the International Development Association.

| | |
|---|---|
| **Risk of External Debt Distress** | Low |
| **Overall Risk of Debt Distress** | Low |
| **Granularity in the Risk Rating** | Not Applicable |
| **Application of Judgement** | No |

*The Debt Sustainability Analysis (DSA) finds Uzbekistan's risk of external debt distress is low[1] and debt carrying capacity is strong.[2] Under the baseline scenario, public and publicly guaranteed (PPG) external debt and total external debt gradually fall from their levels of 30 and 56 percent of GDP, respectively, in 2024.[3] Compared to the previous DSA of July 2024, the path of the PPG external and total external debt-to-GDP ratios are modestly higher over the medium term[4] due to higher external borrowing to fund investment.*

*Under stress scenarios, most of the indicators for PPG external debt remain well below relevant thresholds. The greatest potential shock to the PV of PPG external debt-to-GDP ratio would arise from the realization of contingent liabilities from state enterprises, public-private partnerships (PPPs), and financial markets. Under a large negative shock to exports, the PPG external debt service-to-exports ratio would approach, but not breach, its threshold in 2028 and 2032.*

[1] This DSA was prepared jointly by IMF and World Bank staff and is based on the Joint Bank-Fund Low-Income Country Debt Sustainability Analysis (LIC-DSA) methodology.

[2] Uzbekistan's Composite Indicator score is 3.30 based on data from the Fall 2024 World Economic Outlook and 2023 Country Policy and Institutional Assessment.

[3] In 2024, the government revised GDP statistics to more accurately reflect the size of the informal economy. Reported GDP rose by about 12 percent, and debt-to-GDP fell by a corresponding amount. Thus, the debt ratios in this DSA are not directly comparable to the ratios in the 2024 country report.

[4] The medium term in this DSA refers to 2025-2030 compared to 2024-2029 in the 2024 DSA.

*Overall, the probability that risks will materialize is about the same as in the 2024 DSA. Risks arising from trade policy shocks and global sovereign distress have risen, while risks from regional instability, while elevated, have fallen. Risks are mitigated by Uzbekistan's relatively high foreign exchange reserves (10 months of imports and 36 percent of GDP) and a large share of official borrowing (78 percent of total PPG debt) at long maturities and relatively low interest rates. Government policies also mitigate risk. The public debt law limits total PPG debt to 60 percent of GDP and requires government action if the PPG debt reaches 50 percent of GDP. Total PPG debt was 32.6 percent of GDP at end-2024. In addition to the public debt law, the annual budget law limits the overall fiscal deficit and new commitments of PPG external debt. The government introduced a new annual cap on new PPPs in the 2025 budget and is working to further reduce the risk from PPPs in the future.*

# PUBLIC DEBT COVERAGE

**1. Public debt coverage is broad** (Text Table 1). Public debt coverage comprises public and publicly guaranteed debt of the central, regional, and local governments; extra-budgetary funds (including the pension fund); and guaranteed debt of state enterprises. At end-2024, total PPG debt amounted to 32.6 percent of GDP, of which public debt was 27.9 percent of GDP and publicly guaranteed debt was 4.7 percent of GDP (Text Table 3). PPG debt excludes non-guaranteed debt of state enterprises and direct and contingent liabilities of PPPs. Non-guaranteed debt of state enterprises was estimated at 11 percent of GDP at the end of 2024. The nominal value of PPPs outstanding stood at 27 percent of GDP at end-2024, with the authorities estimating direct and contingent liabilities at 15 percent of GDP. The government does not have outstanding debt to the central bank. External debt is based on currency. While public debt coverage is broad, publishing more information on the liabilities of non-financial public corporations (especially those that borrow externally) and PPPs in the fiscal risk statement would facilitate risk analysis.

**Text Table 1. Uzbekistan: Coverage of Public Sector Debt**

| | Subsectors of the public sector | Sub-sectors covered |
|---|---|---|
| 1 | Central government | X |
| 2 | State and local government | X |
| 3 | Other elements in the general government | X |
| 4 | o/w: Social security fund | X |
| 5 | o/w: Extra budgetary funds (EBFs) | X |
| 6 | Guarantees (to other entities in the public and private sector, including to SOEs) | X |
| 7 | Central bank (borrowed on behalf of the government) | X |
| 8 | Non-guaranteed SOE debt | |

**2. Contingency stress tests are based on a mix of standard and tailored shocks** (Text Table 2). The financial market shock is standard (5 percent of GDP). For SOEs, the stress test assumes a tailored shock (3.7 percent of GDP) equivalent to 35 percent of the stock of non-guaranteed debt. For PPPs, the stress test assumes a tailored shock (5.4 percent of GDP) equivalent to 35 percent of the value of PPPs direct and contingent liabilities. Thus, the total contingent liability shock used for the analysis is 14 percent of GDP. The contingent liability shock can also be used to estimate the impact of a climate shock that requires the government to take on debt of a similar magnitude.

**Text Table 2. Uzbekistan: Magnitude of Contingent Liability Stress Test 1/**

| | | | | |
|---|---|---|---|---|
| 1 | **The country's coverage of public debt** | The general government, central bank, government-guaranteed debt | | |
| | | **Default** | **Used for the analysis** | **Reasons for deviations from the default settings** |
| 2 | Other elements of the general government not captured in 1. | 0 percent of GDP | 0.0 | |
| 3 | SoE's debt (guaranteed and not guaranteed by the government) 1/ | 2 percent of GDP | 3.7 | Non-guaranteed SoE debt stock (11% of GDP) * shock (35%) |
| 4 | PPP | 35 percent of PPP stock | 5.4 | Direct and contingent liabilities of PPPs (15% of GDP) * shock (35%) |
| 5 | Financial market (the default value of 5 percent of GDP is the minimum value) | 5 percent of GDP | 5.0 | |
| | **Total (2+3+4+5) (in percent of GDP)** | | **14.1** | |

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

# DEBT BACKGROUND

**3. Uzbekistan's public and external debt rose rapidly prior to 2020 but has remained stable since then**.

- ***Total PPG debt*** rose steadily from 6 percent of GDP in 2014 to 34 percent of GDP in 2020. The rise in the stock of PPG debt can be attributed to the large exchange rate depreciation in 2017 as Uzbekistan unified the official and parallel market exchange rates and to government borrowing to finance its reform efforts. From 2021 to 2024, the stock of total PPG debt remained somewhat above 30 percent of GDP. Total PPG debt is primarily composed of multilateral and bilateral borrowing, with an increase in sovereign bond issuance in the last few years reflecting the authorities' goal to deepen market access. At the end of 2024, total PPG debt was 32.6 percent of GDP (US$ 36.8 billion). Of this amount, PPG external debt was 30.0 percent of GDP (US$ 33.7 billion), about the same as end-2023. In 2024, Uzbekistan issued Eurobonds with nominal values of USD 1.3 billion and UZS 3 trillion (about USD 240 million). And in February 2025, Uzbekistan issued Eurobonds in the amounts of EUR 500 million, USD 500 million, and UZS 6 trillion (about USD 460 million). Demand was strong, with the bonds oversubscribed three times. Government domestic debt has grown rapidly over the last five years as the authorities seek to develop the local debt market. From zero percent of GDP in 2018, domestic debt rose to 2.7 percent of GDP at end-2024. Domestic debt now represents eight percent of total PPG debt.

**Text Table 3. Uzbekistan: Total Public and Publicly Guaranteed Debt Stock** 1/
(As of end-December 2024)

| | USD Blns | % of GDP | % of Total |
|---|---|---|---|
| **By Creditor Type** | **$36.8** | **32.6%** | **100%** |
| **External** | **$33.7** | **30.0%** | **92%** |
| Multilateral | $19.1 | 17.0% | 52% |
| Bilateral | $9.7 | 8.6% | 26% |
| Commercial | $4.9 | 4.3% | 13% |
| **Domestic** | **$3.0** | **2.7%** | **8%** |
| Domestic (in UZS trillions) | 39 | | |
| **By Public & Guaranteed** | **$36.8** | **32.6%** | **100%** |
| Public | $31.4 | 27.9% | 85% |
| External | $28.4 | 25.2% | 77% |
| Domestic | $3.0 | 2.7% | 8% |
| Publicly Guaranteed | $5.3 | 4.7% | 15% |

Sources: Authorities' data and IMF and World Bank staff estimates.

1/ In 2024, the government revised GDP statistics to more accurately reflect the size of the informal economy. Reported GDP rose by about 12 percent and debt-to-GDP fell by a corresponding amount. Thus, the debt ratios in this DSA are not comparable to debt ratios in the 2024 DSA.

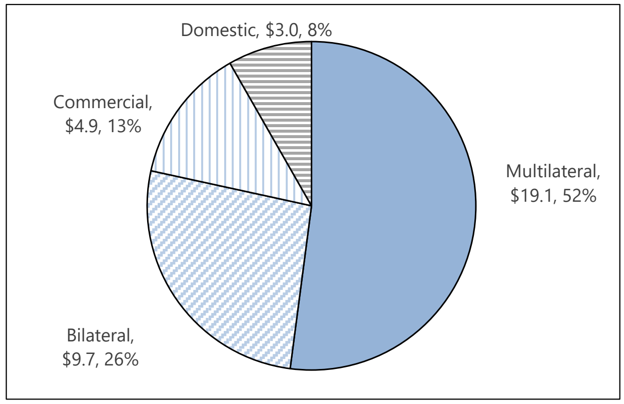
- ***Total external debt*** (the sum of PPG external debt, non-guaranteed SOE external debt, and private external debt) was 56.2 percent of GDP (US$ 63.9 billion) at end-2024, up 3 percentage points of GDP from a year earlier.

**4. The composition of external debt reduces Uzbekistan's exposure to shocks** (Text Table 3). Uzbekistan primarily borrows from official creditors at long maturities.

- **Type of Creditor**: At end-2024, multilateral creditors provided 52 percent of Uzbekistan's total PPG debt. Domestic residents provided 8 percent, bilateral creditors provided 26 percent, and commercial creditors provided 13 percent. The Asian Development Bank and the World Bank are Uzbekistan's largest multilateral creditors. China and Japan are the largest bilateral creditors. Commercial debt is comprised primarily of Eurobonds, although the government also borrowed from commercial banks.

  In terms of borrowing, domestic debt has been growing and comprised 20 percent of funds borrowed in 2024.

**Text Figure 1. Uzbekistan: Public and Publicly Guaranteed Debt Stock, by Creditor**
(USD Billions and Percent of the Total, end-2024)




Source: Authorities' data and IMF and World Bank staff estimates.

- **Public and Guaranteed Debt**: Of ***total PPG debt***, public external debt comprised 77 percent at end-2024. Publicly guaranteed external debt comprised 15 percent, and public domestic debt comprised 8 percent. As of end-2024, about 13 percent of the stock of ***public domestic debt*** has a maturity of less than a year and about 87 percent maturities of a year or longer. In new domestic debt issuance, about 35 percent has maturities over a year. Interest rates on domestic debt were about 14-15 percent, compared to the current central bank policy rate of 14 percent, and consumer inflation of 9.8 percent at the end of 2024.

# RECENT DEVELOPMENTS AND UNDERLYING ASSUMPTIONS

## A. Assumptions for the Macroeconomic Forecast

**5. Since the 2024 DSA, Uzbekistan's economic performance has remained strong, although possible risks include protracted trade policy shocks, spillovers from the war in Ukraine, reduced access to foreign financing, and/or commodity price volatility.**[5] In particular:

- **Growth**: Real GDP growth remained robust, rising from 6.3 percent in 2023 to 6.5 percent in 2024. Growth was driven by strong household consumption, fueled by wage growth and increases in remittances, while increases in FDI and foreign borrowing supported domestic investment. On the production side, growth was strong across the construction, industry, and services sectors.

[5] For additional detail, see Republic of Uzbekistan: 2025 Article IV Consultation-Press Release and Staff Report.

Staff have raised their projections for Uzbekistan's average real growth rate in the medium term to 5.8 percent, up from 5.5 percent in the 2024 DSA, reflecting the new historical long-term average in the revised GDP series, strong remittances, and continued structural reforms. The latter included a substantial reduction in energy subsidies, strong investment, and some progress on privatization and restructuring of state banks and enterprises. These factors are expected to continue to support strong consumption and investment over the medium term.

- **Inflation**: Annual average consumer price inflation fell to 9.6 percent in 2024 from 10.0 percent in 2023. However, needed increases in energy prices caused inflation to rise in the second half of the year. In 2025, average consumer inflation is expected to fall to 9.0 percent despite additional increases in administered energy prices and higher food prices than in 2024. Over the medium term, restrictive monetary policy, tight fiscal policy, and supportive structural reforms are expected to bring inflation down to the central bank's target of 5 percent.

- **Fiscal outlook**: After the consolidated government primary deficit expanded to 4.2 percent of GDP in 2023, Uzbekistan's government successfully reduced it to 2.2 percent of GDP in 2024. The decline largely reflected a fall in energy subsidies and better targeted social expenditure.

  Over the medium term, with the government's commitment to a sustainable fiscal position, Uzbekistan's overall fiscal deficit is projected to remain in line with the government's target of 3 percent of GDP. This will result in a primary deficit of about 2 percent of GDP. Risks to the outlook include continued tax revenue weakness and the realization of contingent fiscal liabilities of state enterprises and public-private partnerships.

**Text Table 4. Uzbekistan: Comparison of Key Macroeconomic Assumptions**
(Percent of GDP unless otherwise indicated)

| **DSA Vintage:** | **Actual** | **2024 Art IV** | | **Current** | |
|---|---|---|---|---|---|
| **Key macroeconomic variables** (annual averages) | 2020-24 | 2024-29 | 2030-44 | 2025-30 | 2031-45 |
| | | **(percent change)** | | | |
| Real GDP growth | 5.7 | 5.5 | 5.5 | 5.8 | 5.5 |
| GDP deflator (UZS) | 13.2 | 9.6 | 7.0 | 8.3 | 7.0 |
| Nominal GDP (UZS) | 19.6 | 12.2 | 12.9 | 14.5 | 12.9 |
| Exports of goods & services (USD) | 9.0 | 10.5 | 10.0 | 9.5 | 10.0 |
| **Fiscal balance** | | **(percent of GDP)** | | | |
| Revenues & grants | 25.1 | 29.8 | 32.3 | 25.6 | 27.6 |
| Primary expenditure (including policy lending) | 28.8 | 31.8 | 33.7 | 27.6 | 29.1 |
| Primary deficit (incl policy lending) | 3.7 | 2.0 | 1.4 | 1.9 | 1.5 |
| **External balance** | | **(percent of GDP)** | | | |
| Non-interest current account deficit | 3.6 | 3.3 | 2.3 | 3.2 | 2.3 |
| Current account deficit | 5.3 | 6.0 | 5.0 | 4.8 | 4.8 |

Source: Authorities' data and IMF and World Bank staff estimates.

In 2024, the government revised GDP statistics to more accurately reflect the size of the informal economy. Reported GDP rose by about 12 percent and indicators expressed as a ratio to GDP fell by a corresponding amount. Thus, the indicators expressed as a percent of GDP in this DSA are not comparable to those in the 2024 DSA.

- **External outlook**: The non-interest current account deficit fell from 5.5 percent of GDP in 2023 to 2.4 percent of GDP in 2024. This was due to strong remittances, rapidly growing exports of non-gold goods and services, and higher commodity prices. Meanwhile, growth of imports of goods and services slowed as one-off imports in 2023 wound down and import prices remained stable.

  Over the medium term, staff expects the non-interest current account deficit at 3.0-3.5 percent of GDP.

- **Financing Strategy**: In 2024, Uzbekistan's overall fiscal deficit was 3.2 percent of GDP, down from 4.9 percent of GDP in 2023. Deficits have primarily been financed with external borrowing. As of end-2024, the outstanding stock of multilateral debt stood at 17.0 percent of GDP, bilateral debt stood at 8.6 percent of GDP, commercial borrowing (primarily Eurobonds) at 4.3 percent of GDP, and domestic bills and bonds at 2.7 percent of GDP. The government has also obtained financing from privatization and occasionally from Uzbekistan's Fund for Reconstruction and Development. In some years, financing has exceeded the fiscal deficit, resulting in an increase in government deposits at commercial banks.

  Public gross financing needs are expected to rise from 4.8 percent of GDP in 2025 to 5.9 percent of GDP in 2030. **Domestic financing** is projected to comprise about 30 percent of government gross borrowing, largely from the issuance of domestic bonds, with real interest rates averaging 6.3 percent. The share of **external financing** is expected to remain high, at about 70 percent of total financing. About half of external debt disbursements are projected to be multilateral, about one-third bilateral, and one-sixth commercial, primarily issuance of Eurobonds.

## B. Realism Tools

**6. The realism tools show that unexpected increases in Uzbekistan's debt were less than in other low-income countries.**

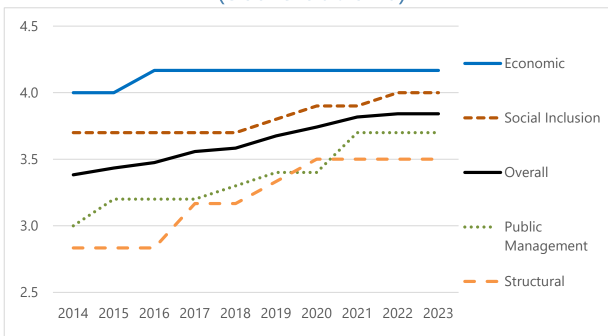
- **Forecast errors**. Over the last 5 years, the increase in ***PPG external debt*** was 5 percentage points of GDP. The largest, unexpected change came from the residual (SOE borrowing). Despite this increase***, total PPG debt*** is projected to decline 1.2 percentage points of GDP over the medium term, reflecting stronger GDP growth and a lower residual (SOE borrowing). The cumulative increase in Uzbekistan's total PPG debt over the last 5 years was 7 percent of GDP (Figure 3, bottom panel). Most of the unexpected change in debt came from larger-than-expected primary fiscal deficits.
- ***Total external debt*** is projected to decline 3.5 percentage points of GDP from 2024 to 2030, reflecting higher direct investment and transfers.
- **Fiscal adjustment**. The realism tools (Figure 4) suggest that the projected fiscal adjustment over the next three years (close to zero) is around the median of the distribution for historical adjustments by low-income countries.
- **Investment and growth**. Over the last five years, government investment averaged about 8 percent of GDP. In 2024, consolidated government investment declined to 7.3 percent of GDP,

as measures were implemented to constrain fiscal deficits. Government investment is expected to average 6.7 percent of GDP over the medium term. Estimated private investment rose about 7.5 percentage points of GDP over the last five years and measured 36 percent of GDP in 2024. It is projected to rise to 46 percent of GDP in 2030 as the government promotes a shift to a more market-oriented economy.

# COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

7. **Uzbekistan's debt-carrying capacity is assessed as strong**. The IMF-World Bank Composite Indicator (CI) score for Uzbekistan is 3.30, up from 3.24 in the 2024 DSA.[6] The increase in the CI score reflects a strong Country Policy and Institutional Assessment (CPIA) rating and improvements in average growth, import coverage of reserves, remittances, and world growth.

**Country Policy & Institutional Assessment, 2014-2023**
(Score out of 6)




Source: World Bank CPIA Databank

**Text Table 5. Uzbekistan: Calculation of the Composite Index of Debt Carrying Capacity**

| Components | Coefficients (A) | 10-year average values (B) | CI Score components (A*B) = (C) | Contribution of components |
|---|---|---|---|---|
| CPIA | 0.4 | 3.8 | 1.47 | 45% |
| Real growth rate (in percent) | 2.7 | 5.7 | 0.16 | 5% |
| Import coverage of reserves (in percent) | 4.1 | 58.0 | 2.35 | 71% |
| Import coverage of reserves^2 (in percent) | -4.0 | 33.6 | -1.34 | -41% |
| Remittances (in percent) | 2.0 | 13.1 | 0.27 | 8% |
| World economic growth (in percent) | 13.5 | 3.0 | 0.40 | 12% |
| CI Score | | | 3.30 | 100% |
| CI rating | | | Strong | |

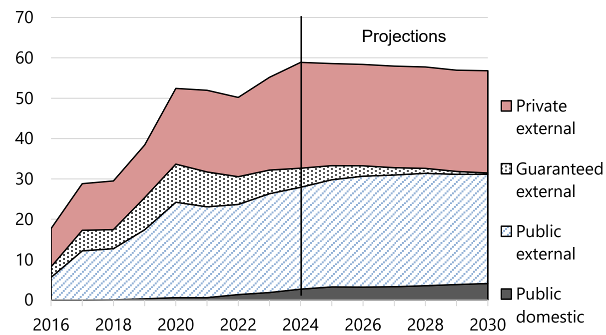
CI scores are used to classify a country's debt carrying capacity. Countries with CI scores below the 25th percentile (2.69) are classified as weak. Countries with CI scores above the 75th percentile (3.05) are classified as strong. Countries with CI scores in between are classified as medium.

[6] Based on the Fall 2024 World Economic Outlook and 2023 Country Policy and Institutional Assessment.

# EXTERNAL DEBT SUSTAINABILITY ANALYSIS

8. **According to the analysis, Uzbekistan's risk of external debt distress is low.** Total external debt is projected to fall from 56.2 percent of GDP in 2024 to 55.4 percent of GDP in 2025. Including private external debt and non-guaranteed debt of state enterprises, total external debt is projected to fall from 56 percent of GDP at end-2024 to 53 percent of GDP at end-2030. Over the medium term, PPG external debt is projected to fall from 30.0 percent of GDP at end-2024 to 27.4 percent of GDP at end-2030 (see Table 1).

**Projected Evolution of Debt by Type, 2016-2030**
(Percent of GDP)




Source: Authorities' data; IMF-World Bank staff estimates.

9. **The vulnerability of PPG external debt remains below applicable thresholds under stress scenarios.** (see Figure 1 and Table 3). The PV of debt-to-GDP ratio would be most impacted by a contingent liabilities shock. The PV of debt-to-exports and debt service-to-exports ratios are most sensitive to a shock to exports. Finally, the debt service-to-revenue ratio would be most sensitive to a depreciation shock. Under these scenarios, debt ratios would remain below applicable thresholds. However, an export shock would cause the debt service-to-exports ratio to come very close to its threshold in 2028 and 2032 as principal payments from sovereign bonds are due. The maximum projected gross financing need during the next three years (2025-2027) is 5.8 percent of GDP, below the benchmark of 14 percent of GDP. The average spread on Uzbekistan's USD Eurobonds in the first quarter of 2025 was 272 basis points, well below the DSA benchmark of 570 basis points (Figure 5).

10. **Total external debt, which includes private external debt and non-guaranteed debt of SOEs, would be vulnerable to a contingent liabilities shock**. To manage this vulnerability, the government categorizes SOEs according to risk, with SOEs in higher risk categories requiring higher level permission to borrow. The government also sets annual limits on total PPG borrowing. Debt of PPPs, which is not included in the definition of PPG debt, is another source of contingent liabilities. The value of PPPs has grown rapidly in recent years (up 8 percentage points of GDP in 2024 alone) and stood at 27 percent of GDP in 2024, much higher than in other countries. PPPs in the energy sector account for 93 percent of the total. These projects include modernizing the heating system in the capital, Tashkent, and construction of wind projects in several provinces. To manage risks from PPPs, the authorities introduced a cap on the nominal value of new PPP projects in the 2025 budget, but the cap is relatively high compared to the authorities' capacity to manage them. Given the difficulties some countries have experienced with PPPs, it is important for the government to establish tighter limits on PPP projects.

# OVERALL RISK OF PUBLIC DEBT DISTRESS

**11. Uzbekistan's overall risk of public debt distress is assessed as low**. Total PPG debt is projected to decline modestly from 32.6 percent of GDP at end-2024 to 31.5 percent of GDP at end-2030 and remain around that level thereafter (see Table 2). Growth of domestic debt is projected to partially offset the decline in PPG external debt. By 2045, public domestic debt is projected to make up one quarter of total PPG debt, up from 8 percent in 2024.

**12. Stress tests suggest Uzbekistan's ratios for total PPG debt are robust to shocks and most sensitive to the realization of contingent liabilities from SOEs and PPPs.** (see Figure 2 and Table 4). As a climate shock could cause the government to borrow more to mitigate the shock, the contingent liability shock can also be used to estimate the impact of a similar sized climate shock. The realization of 35 percent of contingent liabilities plus the 5 percent of GDP financial market shock (14 percent of GDP) would cause the PV of PPG debt-to-GDP ratio to peak at 46 percent of GDP in 2026 and would significantly impact debt-to-revenues and debt service-to-revenue ratios as the government would need to borrow to cover repayment of funds borrowed by SOEs and PPPs. Nonetheless, under the realization of a contingent liabilities shock, the PV of debt-to-GDP ratio would remain well below the threshold of 70 percent.

**13. To prevent risks from high PPG debt, the government implements limits on fiscal deficits and government borrowing in the annual budget and on overall debt according to the Debt Law.** The government is targeting an overall budget deficit of no higher than three percent of GDP over the medium term. It also sets an annual cap on total PPG borrowing in the budget. The Debt Law limits overall PPG debt to 60 percent of GDP. If public debt reaches 50 percent of the GDP, the Law requires the government to make proposals to reduce debt. The debt law gives the government the authority to introduce a ceiling on contingent liabilities arising from PPPs as the authorities did in the 2025 budget. As noted in paragraph 10, PPPs have been rising rapidly and are at high levels compared to other countries. Thus, there is an urgent need to limit risks from PPP projects, such as by tightening the annual cap on new projects and establishing a ceiling on the overall stock of PPPs.

# RISK RATING AND VULNERABILITIES

**14. Uzbekistan is at low risk of external and public debt distress.** External and public debt indicators are relatively low and below relevant thresholds, although the PPG external debt service-to-exports ratio would approach its threshold under a shock to exports. Under the baseline scenario, debt is expected to fall modestly in the medium- and long-term. Public debt is primarily official borrowing at long maturities and low interest rates. At the same time, Uzbekistan has relatively strong buffers, including significant remittances and international reserves equivalent to 10 months of imports. Uzbekistan's policies and institutions are relatively strong and have improved significantly as measured by the World Bank's Country Policy and Institutional Assessment. Continued reforms will help Uzbekistan deal with shocks arising from growth, exports, interest rates, the exchange rate, and realization of contingent liabilities.

15. **The greatest risk to debt sustainability would come from the realization of large contingent liabilities from SOEs and PPPs.** Current estimates suggest that non-guaranteed debt of state enterprises is 11 percent of GDP while data available from the authorities suggest that direct and contingent liabilities of PPPs are about 15 percent of GDP. The standard DSA shock (realized contingent liabilities of 35 percent) would result in liabilities of 3.7 percent of GDP from state enterprises and 5.4 percent of GDP from PPPs. However, even with shocks of this size, debt indicators would remain below DSA thresholds. Government limits on the annual fiscal deficit, new external and domestic borrowing, guarantees of state enterprise debt, and on the stock of public debt have contributed to a sustainable position and modest debt levels. To further limit risk from contingent liabilities, IMF and World Bank staff urge the government to tighten the annual PPP cap in the budget and impose stock ceilings on PPPs as soon as feasible.

**Authorities' Views**

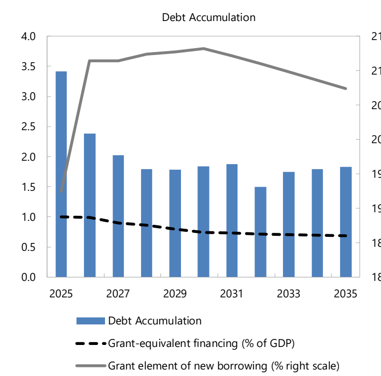
16. **The authorities generally agreed with staffs' baseline projection, which shows public and publicly guaranteed debt remaining on a stable path—modestly above 30 percent of GDP— over the medium term.** They welcomed the assessment that the risks of debt distress for overall debt and for external debt are low and that public and external debt ratios would remain below DSA thresholds under standard and tailored contingent liability shocks. They highlighted the measures they have taken to improve the monitoring and management of fiscal risks. These include lowering the external borrowing limit in the 2025 budget relative to the 2024 actual, introducing a US$6.5 billion annual cap on the total value of new PPP projects, and the close monitoring of SOEs and PPPs undertaken by the Fiscal Risk Assessment Division of the Ministry of Economy and Finance. In particular, the largest 26 SOEs are subject to quarterly monitoring, and SOEs are classified as low, medium, or high risk, with progressively more senior level approvals needed for borrowing as risk increases. Regarding PPPs, the authorities agreed that they require close monitoring but argued that their nominal value overestimates the government's exposure. While at end-December 2024 the nominal value of PPPs was 27 percent of GDP, the authorities estimate that direct and contingent PPP liabilities of the government were lower, at 15 percent of GDP. Moreover, they stressed that the high returns of energy projects—which account for the lion's share of the existing portfolio— progress on tracking and monitoring PPP projects, and a rigorous selection process for projects before approval, mitigate risks from contingent liabilities. With respect to the PPP pipeline, the authorities indicated that several large projects will be implemented in tranches, spreading their execution and risks over time.

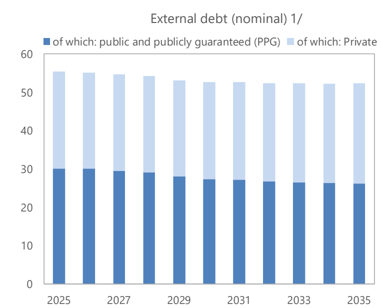
# Table 1. Uzbekistan: External Debt Sustainability Framework, Baseline Scenario, 2022-2045

(in percent of GDP, unless otherwise indicated)

| | Actual | | | Projections | | | | | | | | Average 8/ | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2035 | 2045 | Historical | Projections |
| **External debt (nominal) 1/** | 48.9 | 53.3 | 56.2 | 55.4 | 55.2 | 54.7 | 54.2 | 53.1 | 52.7 | 52.3 | 51.5 | 39.1 | 53.4 |
| ***of which: public and publicly guaranteed (PPG)*** | 29.2 | 30.4 | 30.0 | 30.1 | 30.1 | 29.5 | 29.1 | 28.0 | 27.4 | 26.2 | 23.5 | 22.8 | 27.9 |
| Change in external debt | -2.5 | 4.5 | 2.9 | -0.8 | -0.2 | -0.5 | -0.5 | -1.1 | -0.4 | 0.0 | -0.2 | | |
| **Identified net debt-creating flows** | -7.1 | -0.4 | -3.2 | 0.2 | -0.2 | -0.6 | -0.7 | -0.8 | -0.9 | -0.6 | -0.6 | -1.0 | -0.6 |
| **Non-interest current account deficit** | 1.7 | 5.5 | 2.4 | 2.9 | 3.0 | 3.1 | 3.3 | 3.3 | 3.4 | 2.3 | 2.4 | 2.3 | 2.8 |
| Deficit in balance of goods and services | 16.3 | 17.1 | 15.2 | 14.4 | 13.7 | 13.0 | 12.6 | 12.0 | 11.4 | 10.1 | 10.1 | | |
| Exports | 23.3 | 24.4 | 22.8 | 22.3 | 22.2 | 22.0 | 21.5 | 21.2 | 20.7 | 22.0 | 22.0 | | |
| Imports | 39.5 | 41.6 | 37.9 | 36.7 | 35.9 | 35.0 | 34.1 | 33.2 | 32.1 | 32.1 | 32.1 | | |
| Net current transfers (negative = inflow) | -12.0 | -8.6 | -9.2 | -8.6 | -8.3 | -8.0 | -7.6 | -7.2 | -6.8 | -4.7 | -1.9 | | |
| *of which: official* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Other current account flows (negative = net inflow) | -2.6 | -3.1 | -3.5 | -2.9 | -2.4 | -1.9 | -1.7 | -1.5 | -1.2 | -3.1 | -5.8 | | |
| **Net FDI (negative = inflow)** | -2.9 | -2.1 | -2.4 | -1.9 | -2.1 | -2.5 | -2.6 | -2.7 | -2.8 | -2.8 | -2.8 | -2.3 | -2.6 |
| **Endogenous debt dynamics 2/** | -5.8 | -3.8 | -3.2 | -0.8 | -1.1 | -1.2 | -1.4 | -1.5 | -1.5 | -0.1 | -0.2 | -0.9 | -0.7 |
| Contribution from nominal interest rate | 1.4 | 2.1 | 2.5 | 2.1 | 1.8 | 1.7 | 1.4 | 1.3 | 1.3 | 2.5 | 2.4 | | |
| Contribution from real GDP growth | -2.6 | -2.7 | -3.1 | -2.9 | -2.9 | -2.8 | -2.8 | -2.8 | -2.7 | -2.6 | -2.6 | | |
| Contribution from price and exchange rate changes | -4.6 | -3.2 | -2.6 | ... | ... | ... | ... | ... | ... | ... | ... | | |
| **Residual 3/** | 4.6 | 4.9 | 6.0 | -1.0 | 0.0 | 0.1 | 0.3 | -0.3 | 0.5 | 0.7 | 0.4 | 5.1 | 0.2 |
| *of which: exceptional financing* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| **Sustainability indicators** | | | | | | | | | | | | | |
| **PV of PPG external debt-to-GDP ratio** | ... | ... | 32.0 | 31.0 | 30.0 | 29.0 | 27.9 | 26.9 | 26.0 | 23.2 | 19.7 | | |
| **PV of PPG external debt-to-exports ratio** | ... | ... | 141 | 139 | 135 | 132 | 130 | 127 | 126 | 105 | 90 | | |
| **PPG debt service-to-exports ratio** | 8.0 | 9.9 | 15.5 | 12.2 | 13.9 | 13.7 | 14.1 | 12.9 | 11.7 | 9.8 | 8.9 | | |
| **PPG debt service-to-revenue ratio** | 6.7 | 9.4 | 13.8 | 10.8 | 12.1 | 11.7 | 11.8 | 10.6 | 9.4 | 8.0 | 6.7 | | |
| Gross external financing need (Million of U.S. dollars) | 7,616 | 13,396 | 14,357 | 13,649 | 14,025 | 14,485 | 15,956 | 19,438 | 19,599 | 37,513 | 98,518 | | |
| **Key macroeconomic assumptions** | | | | | | | | | | | | | |
| Real GDP growth (in percent) | 6.0 | 6.3 | 6.5 | 5.9 | 5.8 | 5.7 | 5.7 | 5.7 | 5.7 | 5.5 | 5.5 | | |
| GDP deflator in US dollar terms (change in percent) | 9.9 | 7.1 | 5.1 | 8.0 | 5.3 | 4.4 | 4.3 | 4.5 | 4.4 | 3.9 | 3.9 | | |
| Effective interest rate (percent) 4/ | 3.3 | 5.0 | 5.3 | 4.3 | 3.6 | 3.4 | 2.9 | 2.7 | 2.7 | 5.2 | 5.1 | | |
| Growth of exports of G&S (US dollar terms, in percent) | 27.5 | 19.5 | 4.5 | 12.2 | 10.8 | 9.2 | 8.1 | 8.6 | 7.9 | 9.6 | 9.6 | | |
| Growth of imports of G&S (US dollar terms, in percent) | 27.6 | 19.6 | 2.3 | 10.6 | 8.9 | 7.6 | 7.6 | 7.5 | 6.6 | 9.6 | 9.6 | | |
| Grant element of new public sector borrowing (in percent) | ... | ... | ... | 18.7 | 20.6 | 20.6 | 20.7 | 20.8 | 20.8 | 20.2 | 18.8 | | |
| Government revenues (excluding grants, in percent of GDP) | 27.7 | 25.9 | 25.5 | 25.3 | 25.5 | 25.6 | 25.7 | 25.8 | 25.9 | 27.0 | 29.1 | | |
| Aid flows (in Million of US dollars) 5/ | 0.0 | 0.0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Grant-equivalent financing (in percent of GDP) 6/ | ... | ... | ... | 1.0 | 1.0 | 0.9 | 0.9 | 0.8 | 0.7 | 0.7 | 0.6 | | |
| Grant-equivalent financing (in percent of external financing) 6/ | ... | ... | ... | 18.7 | 20.6 | 20.6 | 20.7 | 20.8 | 20.8 | 20.2 | 18.8 | | |
| Nominal GDP (Million of US dollars) | 90,125 | 102,634 | 114,962 | ... | ... | ... | ... | ... | ... | ... ... | ... | | |
| Nominal dollar GDP growth | 16.5 | 13.9 | 12.0 | 14.3 | 11.4 | 10.4 | 10.3 | 10.4 | 10.3 | 9.6 | 9.6 | | |
| **Memorandum items:** | | | | | | | | | | | | | |
| PV of external debt 7/ | ... | ... | 58.3 | 56.3 | 55.1 | 54.2 | 53.0 | 52.0 | 51.4 | 49.3 | 47.7 | | |
| In percent of exports | ... | ... | 256 | 252 | 248 | 246 | 246 | 245 | 248 | 224 | 217 | | |
| Total external debt service-to-exports ratio | 41.6 | 39.7 | 54.8 | 42.3 | 39.1 | 38.1 | 38.5 | 43.6 | 40.8 | 52.0 | 54.1 | | |
| PV of PPG external debt (in Million of US dollars) | | | 36,831 | 40,756 | 43,887 | 46,848 | 49,744 | 52,929 | 56,545 | 79,589 | 169,387 | | |
| (PVt-PVt-1)/GDPt-1 (in percent) | | | | 3.4 | 2.4 | 2.0 | 1.8 | 1.8 | 1.8 | 1.8 | 1.6 | | |
| Non-interest current account deficit that stabilizes debt ratio | 4.2 | 1.0 | -0.4 | 3.7 | 3.2 | 3.6 | 3.7 | 4.4 | 3.8 | 2.3 | 2.6 | | |

| | |
|---|---|
| **Definition of external/domestic debt** | **Currency-based** |
| **Is there a material difference between the two criteria?** | **Yes** |




Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

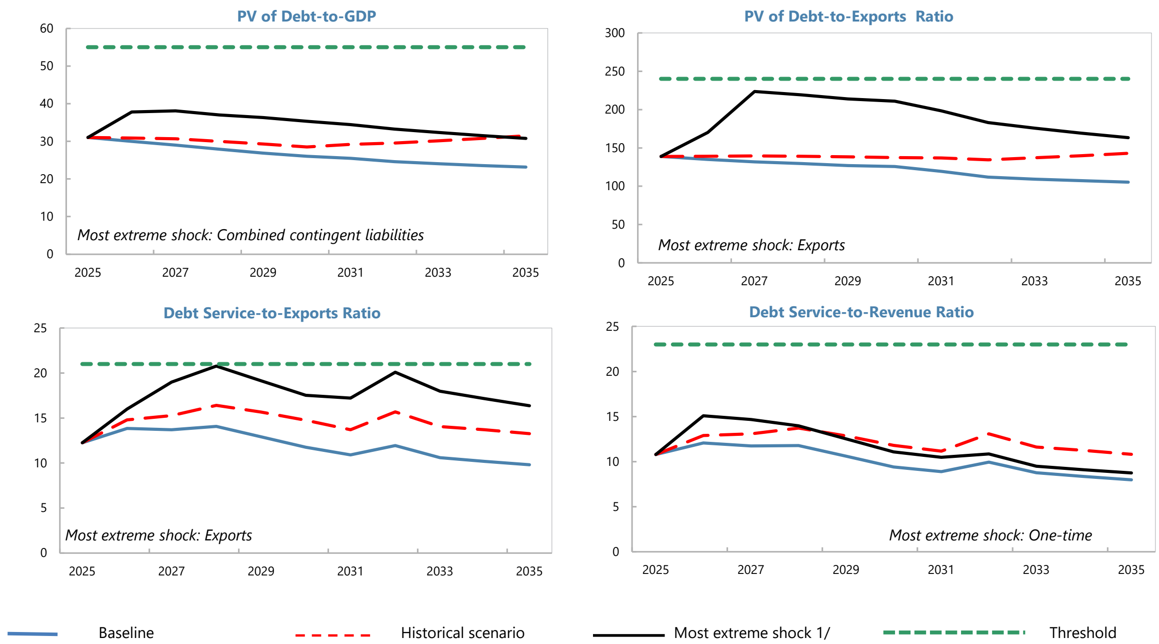
5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

## Figure 1. Uzbekistan: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2025-2035




| Customization of Default Settings | | |
|---|---|---|
| **Tailored Stress** | **Size** | **Interactions** |
| **Standardized Tests** | Yes | |
| Combined CL | Yes | |
| Natural disaster | n.a. | n.a. |
| Commodity price 2/ | n.a. | n.a. |
| Market financing | No | No |

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

| Borrowing assumptions on additional financing needs resulting from the stress tests* | | |
|---|---|---|
| | **Default** | **User defined** |
| Shares of marginal debt | | |
| External PPG MLT debt | 100% | |
| Terms of marginal debt | | |
| Avg. nominal interest rate on new borrowing in USD | 3.4% | 4.3% |
| USD Discount rate | 5.0% | 5.0% |
| Avg. maturity (incl. grace period) | 20 | 16 |
| Avg. grace period | 4 | 4 |

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

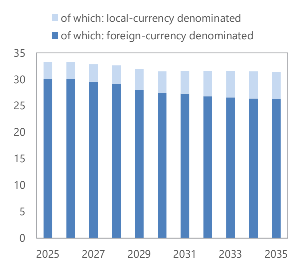
1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.
2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

## Table 2. Uzbekistan: Public Sector Debt Sustainability Framework, Baseline Scenario, 2022-2045

(in percent of GDP, unless otherwise indicated)

| | Actual | | | Projections | | | | | | | | Average 6/ | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2035 | 2045 | Historical | Projections |
| **Public sector debt 1/** | 30.5 | 32.2 | 32.6 | 33.3 | 33.2 | 32.8 | 32.6 | 31.8 | 31.5 | 31.4 | 31.3 | 23.6 | 32.1 |
| **of which: external debt** | 29.2 | 30.4 | 30.0 | 30.1 | 30.1 | 29.5 | 29.1 | 28.0 | 27.4 | 26.2 | 23.5 | 22.8 | 27.9 |
| Change in public sector debt | -1.2 | 1.7 | 0.5 | 0.6 | 0.0 | -0.5 | -0.2 | -0.8 | -0.4 | -0.1 | -0.3 | | |
| **Identified debt-creating flows** | -1.2 | 2.0 | -1.1 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.4 | -0.2 | 1.3 | 0.5 |
| **Primary deficit** | 3.3 | 4.2 | 2.2 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 1.7 | 1.1 | 2.6 | 1.9 |
| Revenue and grants | 27.7 | 25.9 | 25.5 | 25.3 | 25.5 | 25.6 | 25.7 | 25.8 | 25.9 | 27.0 | 29.1 | 24.3 | 26.1 |
| *of which: grants* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Primary (noninterest) expenditure | 30.9 | 30.1 | 27.7 | 27.2 | 27.4 | 27.5 | 27.6 | 27.8 | 27.9 | 28.7 | 30.1 | 26.9 | 27.9 |
| **Automatic debt dynamics** | -4.0 | -1.8 | -2.9 | -1.3 | -1.2 | -1.2 | -1.2 | -1.3 | -1.3 | -1.1 | -1.2 | -1.1 | -1.2 |
| Contribution from interest rate/growth differential | -3.1 | -1.8 | -1.3 | -1.3 | -1.2 | -1.2 | -1.2 | -1.3 | -1.3 | -1.1 | -1.2 | | |
| *of which: contribution from average real interest rate* | -1.3 | 0.0 | 0.7 | 0.5 | 0.6 | 0.6 | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 | | |
| *of which: contribution from real GDP growth* | -1.8 | -1.8 | -2.0 | -1.8 | -1.8 | -1.8 | -1.8 | -1.8 | -1.7 | -1.6 | -1.6 | | |
| Contribution from real exchange rate depreciation | -0.9 | 0.0 | -1.6 | ... | ... | ... | ... | ... | ... | ... | ... | | |
| **Other identified debt-creating flows** | -0.5 | -0.5 | -0.4 | -0.3 | -0.3 | -0.3 | -0.2 | -0.2 | -0.2 | -0.2 | -0.1 | -0.2 | -0.2 |
| Privatization receipts (negative) | -0.5 | -0.5 | -0.4 | -0.3 | -0.3 | -0.3 | -0.2 | -0.2 | -0.2 | -0.2 | -0.1 | | |
| Recognition of contingent liabilities (e.g., bank recapitalization) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Debt relief (HIPC and other) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Other debt creating or reducing flow (please specify) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| **Residual** | 0.0 | -0.3 | 1.5 | 0.3 | -0.4 | -0.8 | -0.6 | -1.2 | -0.8 | -0.6 | -0.1 | 1.4 | -0.6 |
| **Sustainability indicators** | | | | | | | | | | | | | |
| **PV of public debt-to-GDP ratio 2/** | ... | ... | 35.4 | 34.8 | 33.7 | 32.6 | 31.7 | 31.0 | 30.4 | 28.7 | 27.8 | | |
| **PV of public debt-to-revenue and grants ratio** | ... | ... | 139 | 138 | 132 | 127 | 123 | 120 | 117 | 106 | 96 | | |
| **Debt service-to-revenue and grants ratio 3/** | 6.7 | 14.8 | 17.6 | 12.8 | 16.0 | 16.2 | 16.6 | 16.1 | 15.9 | 18.1 | 16.5 | | |
| Gross financing need 4/ | 4.6 | 7.6 | 6.3 | 4.8 | 5.7 | 5.8 | 5.9 | 5.9 | 5.9 | 6.4 | 5.7 | | |
| **Key macroeconomic and fiscal assumptions** | | | | | | | | | | | | | |
| Real GDP growth (in percent) | 6.0 | 6.3 | 6.5 | 5.9 | 5.8 | 5.7 | 5.7 | 5.7 | 5.7 | 5.5 | 5.5 | 5.8 | 5.6 |
| Average nominal interest rate on external debt (in percent) | 2.6 | 4.0 | 4.9 | 4.7 | 4.3 | 4.0 | 3.8 | 3.4 | 3.3 | 3.9 | 3.3 | 2.6 | 4.0 |
| Average real interest rate on domestic debt (in percent) | -12.6 | -4.1 | -3.0 | -9.6 | -2.5 | -0.7 | 0.2 | 0.4 | 0.9 | 1.8 | 2.9 | -11.2 | -0.3 |
| Real exchange rate depreciation (in percent, + indicates depreciation) | -3.1 | 0.1 | -5.4 | ... | ... | ... | ... | ... | ... | ... | ... | 7.4 | ... |
| Inflation rate (GDP deflator, in percent) | 14.5 | 13.8 | 13.3 | 12.5 | 9.4 | 7.7 | 6.8 | 6.7 | 6.6 | 7.0 | 7.0 | 16.2 | 7.7 |
| Growth of real primary spending (deflated by GDP deflator, in percent) | 15.1 | 3.4 | -1.9 | 4.0 | 6.3 | 6.2 | 6.2 | 6.3 | 6.1 | 6.0 | 6.0 | 7.0 | 6.0 |
| Primary deficit that stabilizes the debt-to-GDP ratio 5/ | 4.4 | 2.5 | 1.7 | 1.3 | 1.9 | 2.3 | 2.1 | 2.7 | 2.3 | 1.8 | 1.4 | 2.9 | 2.0 |
| PV of contingent liabilities (not included in public sector debt) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |

| | |
|---|---|
| **Definition of external/domestic debt** | **Currency-based** |
| **Is there a material difference between the two criteria?** | **Yes** |




Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The general government, central bank, government-guaranteed debt . Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

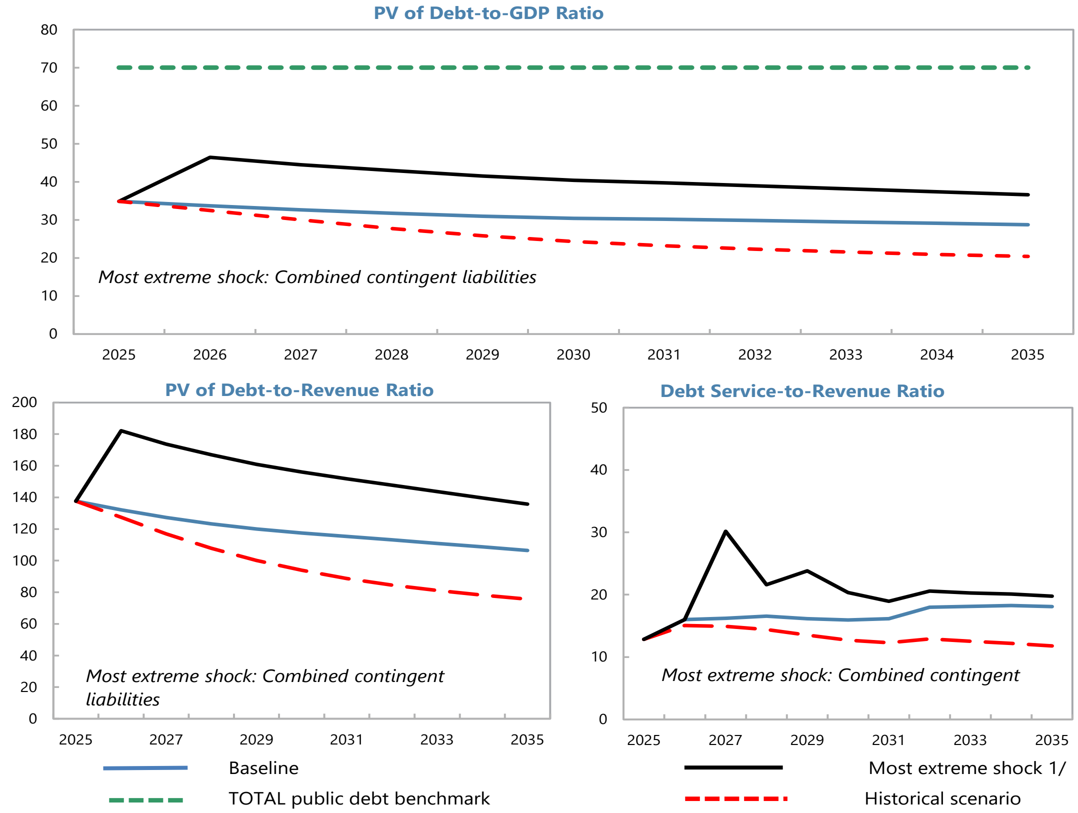
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

## Figure 2. Uzbekistan: Indicators of Public Debt Under Alternative Scenarios, 2025-2035




| Borrowing assumptions on additional financing needs resulting from the stress tests* | Default | User defined |
|---|---|---|
| Shares of marginal debt | | |
| External PPG medium and long-term | 65% | 65% |
| Domestic medium and long-term | 12% | 12% |
| Domestic short-term | 23% | 23% |
| Terms of marginal debt | | |
| External MLT debt | | |
| Avg. nominal interest rate on new borrowing in USD | 3.4% | 3.4% |
| Avg. maturity (incl. grace period) | 20 | 20 |
| Avg. grace period | 4 | 4 |
| Domestic MLT debt | | |
| Avg. real interest rate on new borrowing | 3.5% | 3.5% |
| Avg. maturity (incl. grace period) | 3 | 3 |
| Avg. grace period | 2 | 2 |
| Domestic short-term debt | | |
| Avg. real interest rate | 2.5% | 2.5% |

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

## Table 3. Uzbekistan: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2025-2035

(In percent)

| | Projections 1/ | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| **PV of Debt-to GDP Ratio** | | | | | | | | | | | |
| **Baseline** | 31 | 30 | 29 | 28 | 27 | 26 | 25 | 25 | 24 | 24 | 23 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 31 | 31 | 31 | 30 | 29 | 28 | 29 | 30 | 30 | 31 | 31 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 31 | 31 | 31 | 29 | 28 | 27 | 27 | 26 | 25 | 25 | 24 |
| B2. Primary balance | 31 | 31 | 33 | 32 | 31 | 30 | 29 | 28 | 27 | 27 | 26 |
| B3. Exports | 31 | 33 | 37 | 36 | 34 | 33 | 32 | 31 | 29 | 28 | 27 |
| B4. Other flows 3/ | 31 | 34 | 37 | 35 | 34 | 33 | 32 | 30 | 29 | 28 | 27 |
| B5. Depreciation | 31 | 37 | 31 | 30 | 29 | 28 | 28 | 27 | 27 | 27 | 27 |
| B6. Combination of B1-B5 | 31 | 36 | 37 | 36 | 34 | 33 | 32 | 31 | 29 | 28 | 28 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 31 | 38 | 38 | 37 | 36 | 35 | 34 | 33 | 32 | 32 | 31 |
| C4. Market Financing | 31 | 33 | 32 | 31 | 30 | 29 | 28 | 27 | 27 | 26 | 26 |
| **Threshold** | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 |
| **PV of Debt-to-Exports Ratio** | | | | | | | | | | | |
| **Baseline** | 139 | 135 | 132 | 130 | 127 | 126 | 119 | 112 | 109 | 107 | 105 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 139 | 139 | 139 | 139 | 138 | 137 | 137 | 134 | 137 | 140 | 143 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 139 | 135 | 132 | 130 | 127 | 126 | 119 | 112 | 109 | 107 | 105 |
| B2. Primary balance | 139 | 141 | 150 | 148 | 146 | 145 | 137 | 128 | 125 | 122 | 119 |
| B3. Exports | 139 | 170 | 224 | 219 | 214 | 211 | 198 | 183 | 176 | 169 | 163 |
| B4. Other flows 3/ | 139 | 153 | 167 | 163 | 160 | 157 | 148 | 136 | 131 | 126 | 122 |
| B5. Depreciation | 139 | 135 | 115 | 113 | 111 | 110 | 105 | 99 | 98 | 97 | 97 |
| B6. Combination of B1-B5 | 139 | 171 | 159 | 185 | 181 | 179 | 168 | 155 | 150 | 145 | 140 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 139 | 170 | 173 | 172 | 171 | 170 | 161 | 151 | 147 | 143 | 140 |
| C4. Market Financing | 139 | 135 | 132 | 130 | 127 | 126 | 119 | 111 | 109 | 107 | 105 |
| **Threshold** | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 |
| **Debt Service-to-Exports Ratio** | | | | | | | | | | | |
| **Baseline** | 12 | 14 | 14 | 14 | 13 | 12 | 11 | 12 | 11 | 10 | 10 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 12 | 15 | 15 | 16 | 16 | 15 | 14 | 16 | 14 | 14 | 13 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 12 | 14 | 14 | 14 | 13 | 12 | 11 | 12 | 11 | 10 | 10 |
| B2. Primary balance | 12 | 14 | 14 | 15 | 14 | 13 | 12 | 13 | 12 | 11 | 11 |
| B3. Exports | 12 | 16 | 19 | 21 | 19 | 18 | 17 | 20 | 18 | 17 | 16 |
| B4. Other flows 3/ | 12 | 14 | 14 | 16 | 14 | 13 | 13 | 15 | 13 | 13 | 12 |
| B5. Depreciation | 12 | 14 | 14 | 13 | 12 | 11 | 10 | 10 | 9 | 9 | 9 |
| B6. Combination of B1-B5 | 12 | 15 | 17 | 18 | 17 | 15 | 16 | 17 | 15 | 15 | 14 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 12 | 14 | 15 | 16 | 14 | 13 | 12 | 13 | 12 | 11 | 11 |
| C4. Market Financing | 12 | 14 | 14 | 15 | 13 | 12 | 12 | 13 | 11 | 9 | 9 |
| **Threshold** | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| **Debt Service-to-Revenue Ratio** | | | | | | | | | | | |
| **Baseline** | 11 | 12 | 12 | 12 | 11 | 9 | 9 | 10 | 9 | 8 | 8 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 11 | 13 | 13 | 14 | 13 | 12 | 11 | 13 | 12 | 11 | 11 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 11 | 12 | 12 | 12 | 11 | 10 | 9 | 11 | 9 | 9 | 8 |
| B2. Primary balance | 11 | 12 | 12 | 13 | 11 | 10 | 10 | 11 | 10 | 9 | 9 |
| B3. Exports | 11 | 12 | 12 | 13 | 12 | 11 | 11 | 13 | 11 | 11 | 10 |
| B4. Other flows 3/ | 11 | 12 | 12 | 13 | 12 | 10 | 11 | 12 | 11 | 10 | 10 |
| B5. Depreciation | 11 | 15 | 15 | 14 | 13 | 11 | 10 | 11 | 10 | 9 | 9 |
| B6. Combination of B1-B5 | 11 | 13 | 13 | 14 | 12 | 11 | 11 | 13 | 11 | 11 | 10 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 11 | 12 | 13 | 13 | 12 | 11 | 10 | 11 | 10 | 9 | 9 |
| C4. Market Financing | 11 | 12 | 12 | 13 | 11 | 10 | 10 | 11 | 9 | 8 | 7 |
| **Threshold** | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

## Table 4. Uzbekistan: Sensitivity Analysis for Key Indicators of Public Debt, 2025-2035

| | Projections 1/ | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| | | | | | | **PV of Debt-to-GDP Ratio** | | | | | |
| **Baseline** | 35 | 34 | 33 | 32 | 31 | 30 | 30 | 30 | 29 | 29 | 29 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 35 | 32 | 30 | 28 | 26 | 24 | 23 | 22 | 22 | 21 | 20 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 35 | 35 | 36 | 37 | 37 | 37 | 38 | 39 | 39 | 40 | 40 |
| B2. Primary balance | 35 | 36 | 38 | 37 | 36 | 35 | 34 | 34 | 33 | 33 | 32 |
| B3. Exports | 35 | 37 | 41 | 39 | 38 | 37 | 37 | 35 | 34 | 33 | 32 |
| B4. Other flows 3/ | 35 | 38 | 40 | 39 | 38 | 37 | 36 | 35 | 34 | 33 | 32 |
| B5. Depreciation | 35 | 40 | 36 | 33 | 30 | 28 | 26 | 24 | 22 | 21 | 19 |
| B6. Combination of B1-B5 | 35 | 34 | 35 | 33 | 32 | 31 | 30 | 30 | 29 | 28 | 27 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 35 | 46 | 45 | 43 | 42 | 40 | 40 | 39 | 38 | 37 | 37 |
| C4. Market Financing | 35 | 34 | 33 | 32 | 31 | 30 | 30 | 30 | 29 | 29 | 29 |
| **TOTAL public debt benchmark** | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| | | | | | | **PV of Debt-to-Revenue Ratio** | | | | | |
| **Baseline** | 138 | 132 | 127 | 123 | 120 | 117 | 115 | 113 | 111 | 109 | 106 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 138 | 127 | 117 | 108 | 100 | 94 | 89 | 85 | 81 | 78 | 76 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 138 | 138 | 142 | 142 | 143 | 144 | 146 | 147 | 148 | 149 | 150 |
| B2. Primary balance | 138 | 140 | 147 | 142 | 138 | 134 | 131 | 128 | 125 | 122 | 119 |
| B3. Exports | 138 | 143 | 158 | 153 | 148 | 144 | 140 | 134 | 130 | 125 | 121 |
| B4. Other flows 3/ | 138 | 148 | 158 | 152 | 147 | 143 | 139 | 134 | 129 | 124 | 120 |
| B5. Depreciation | 138 | 156 | 141 | 128 | 118 | 108 | 100 | 92 | 84 | 77 | 70 |
| B6. Combination of B1-B5 | 138 | 133 | 135 | 129 | 124 | 120 | 116 | 113 | 109 | 105 | 101 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 138 | 182 | 174 | 167 | 161 | 156 | 152 | 148 | 144 | 140 | 136 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C4. Market Financing | 138 | 132 | 127 | 124 | 120 | 118 | 115 | 113 | 110 | 108 | 106 |
| | | | | | | **Debt Service-to-Revenue Ratio** | | | | | |
| **Baseline** | 13 | 16 | 16 | 17 | 16 | 16 | 16 | 18 | 18 | 18 | 18 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 13 | 15 | 15 | 14 | 14 | 13 | 12 | 13 | 13 | 12 | 12 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 13 | 16 | 18 | 19 | 19 | 20 | 20 | 23 | 23 | 24 | 24 |
| B2. Primary balance | 13 | 16 | 19 | 20 | 19 | 18 | 18 | 20 | 20 | 20 | 20 |
| B3. Exports | 13 | 16 | 17 | 18 | 17 | 17 | 18 | 21 | 21 | 20 | 20 |
| B4. Other flows 3/ | 13 | 16 | 17 | 18 | 17 | 17 | 18 | 21 | 20 | 20 | 20 |
| B5. Depreciation | 13 | 17 | 19 | 18 | 18 | 17 | 17 | 19 | 18 | 18 | 17 |
| B6. Combination of B1-B5 | 13 | 16 | 17 | 18 | 17 | 17 | 17 | 18 | 18 | 18 | 18 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 13 | 16 | 30 | 22 | 24 | 20 | 19 | 21 | 20 | 20 | 20 |
| C4. Market Financing | 13 | 16 | 16 | 18 | 17 | 16 | 17 | 19 | 18 | 17 | 17 |

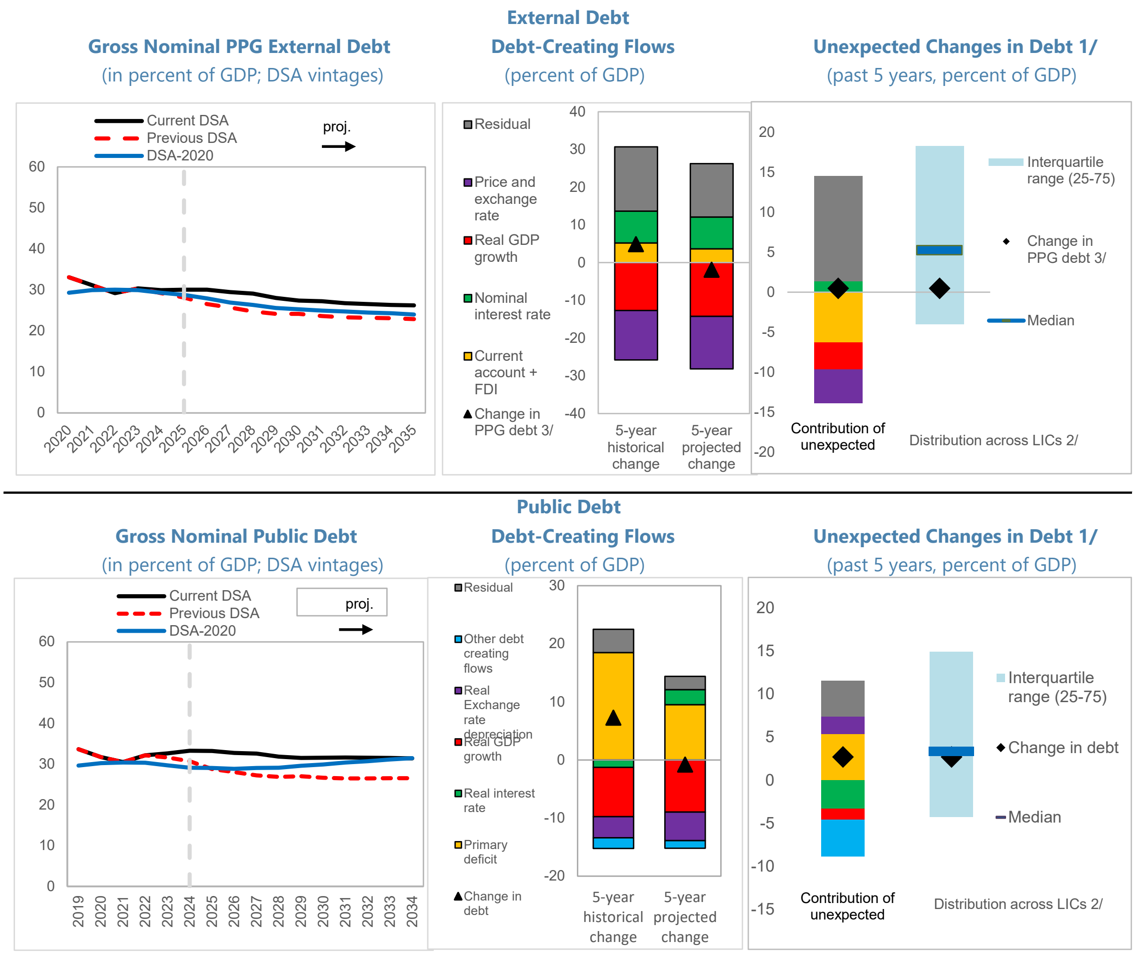
Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

## Figure 3. Uzbekistan: Drivers of Debt Dynamics – Baseline Scenario



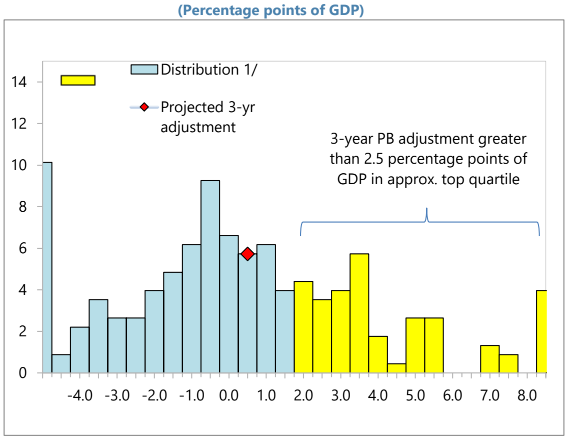

1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

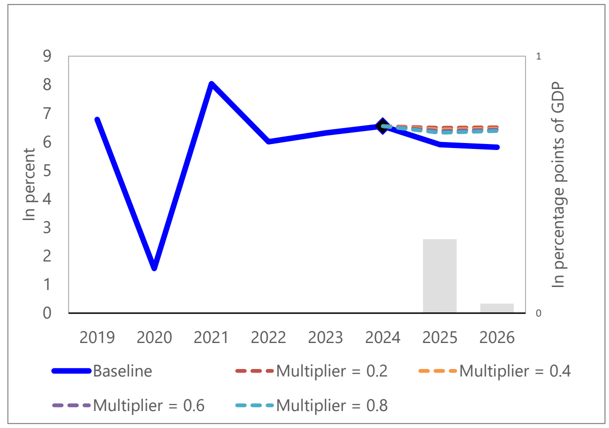
## Figure 4. Uzbekistan: Realism Tools

**3-Year Adjustment in Primary Balance**
**(Percentage points of GDP)**



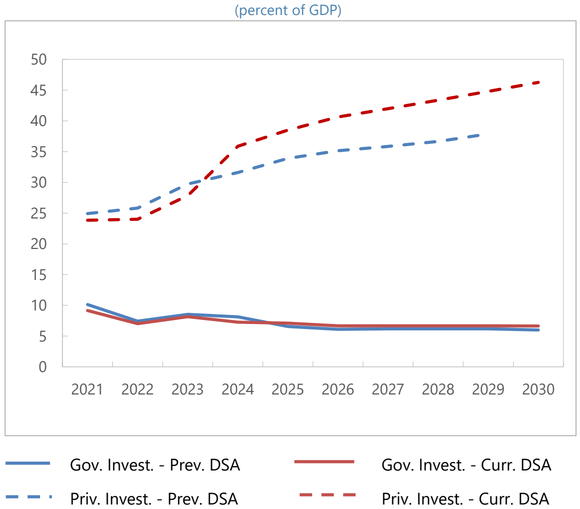

1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

**Fiscal Adjustment and Possible Growth Paths 1/**

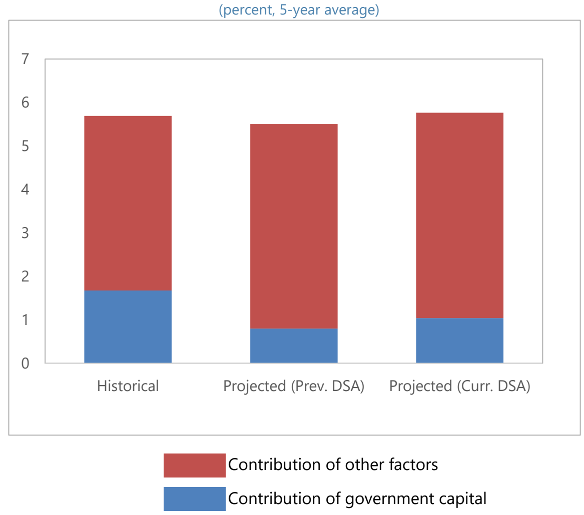



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

**Public and Private Investment Rates**
(percent of GDP)




**Contribution to Real GDP growth**
(percent, 5-year average)

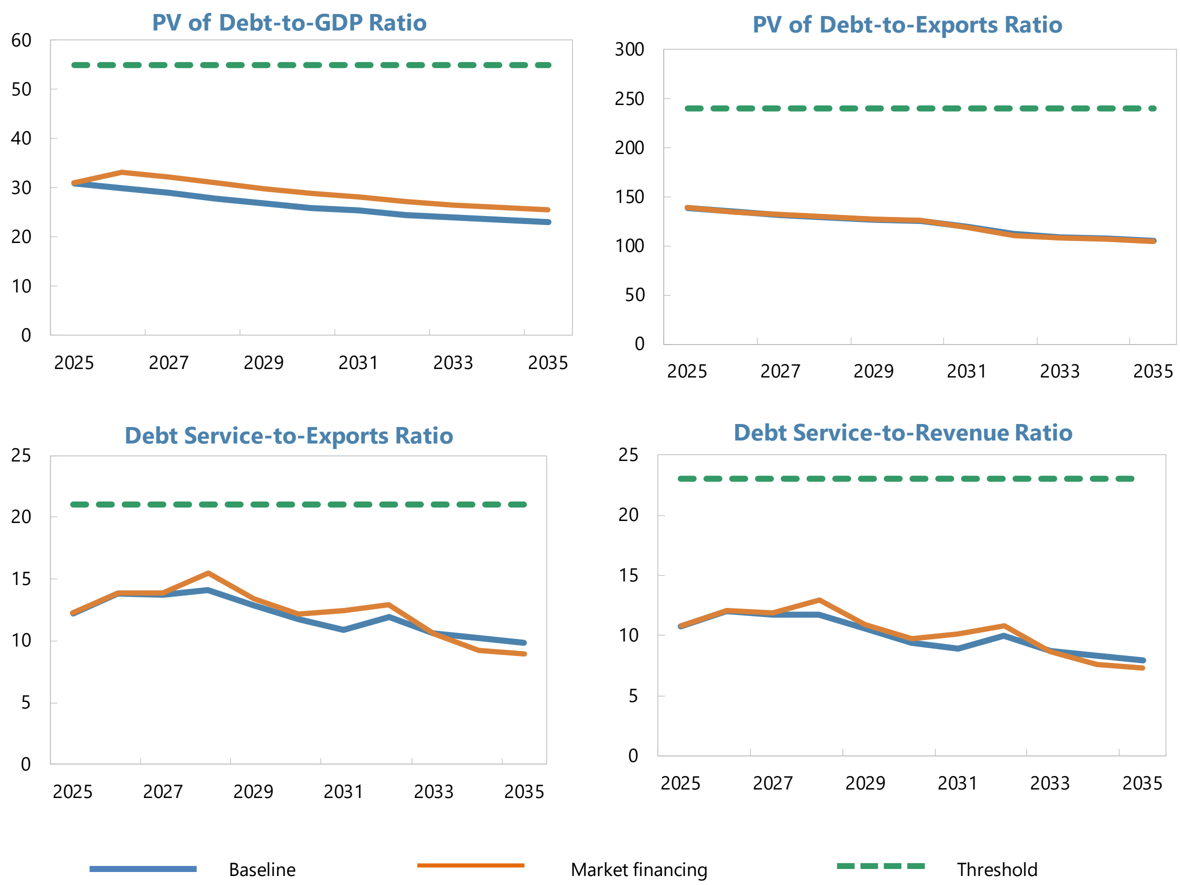


## Figure 5. Uzbekistan: Market – Financing Risk Indicators

| | GFN 1/ | EMBI 2/ |
|---|---|---|
| Benchmarks | 14 | 570 |
| Values | 5.8 | 272 |
| Breach of benchmark | No | No |
| Potential heightened liquidity needs | Low | |

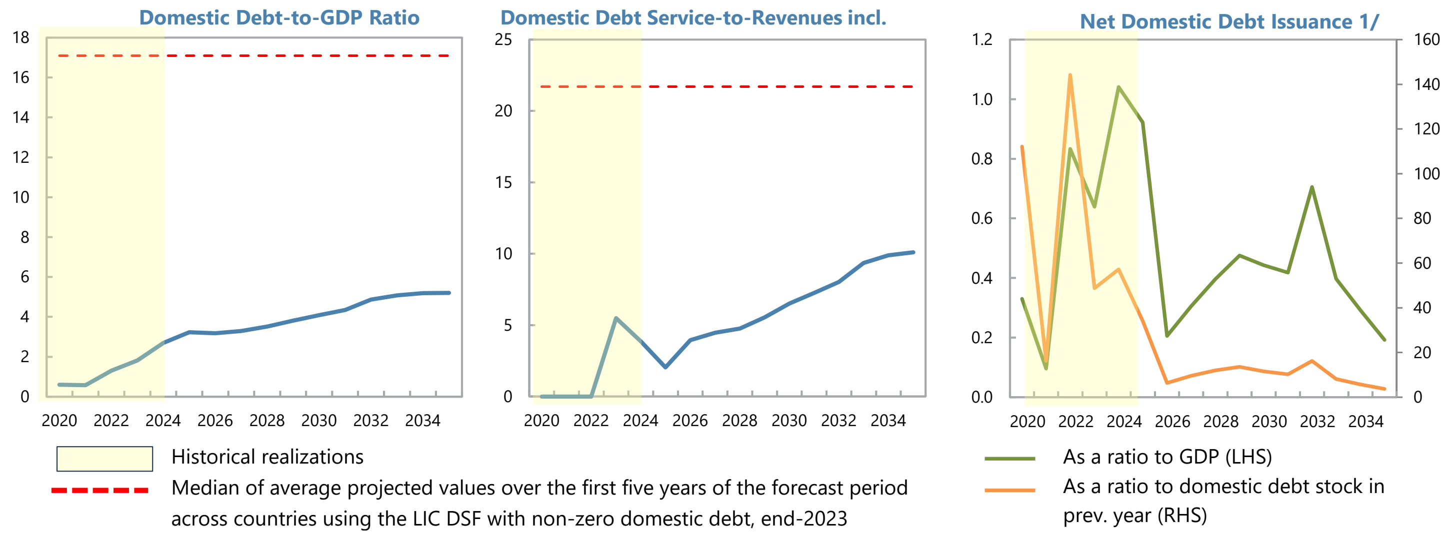
1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.

2/ EMBI spreads correspond to the latest available data.




Sources: Country authorities; and staff estimates and projections.

## Figure 6. Uzbekistan: Indicators of Public Domestic Debt, 2020-2034




| Borrowing Assumptions (average over 10-year projection) | Value |
|---|---|
| **Shares in new domestic debt issuance** | |
| Medium and long-term | 35% |
| Short-term | 65% |
| **Borrowing terms** | |
| **Domestic MLT debt** | |
| Avg. real interest rate on new borrowing | 3.5% |
| Avg. maturity (incl. grace period) | 3 |
| Avg. grace period | 2 |
| **Domestic short-term debt** | |
| Avg. real interest rate | 2.5% |

Sources: Country authorities; and staff estimates and projections.

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.