



Ministry of Finance
of the Republic of Uzbekistan

November, 2021

NEWSLETTER № 27

Ministry of Finance of the Republic of Uzbekistan

1. Key developments



Macroeconomic expectations reflected in the draft publication of the “Budget for Citizens”

- ❖ 2021 GDP growth rate expectation: **7.0 %** (2022 forecast - 6.0%);
- ❖ 2021 Inflation rate: **10.0 %** (2022 forecast - 9.0%);
- ❖ 2021 Foreign Trade Turnover: **U.S.\$ 42.0 bn** (2022 forecast – U.S.\$ 46.6 bn).

S&P Global Ratings

The GDP growth is expected to rebound sharply in 2021 to 6.5%, led by a recovery in the services sector and the economic recoveries of key trading partners

- ❖ On December 6, 2021, S&P Global Ratings published a summary report maintaining sovereign credit rating of the Republic of Uzbekistan's at “**BB-**” with **a stable outlook**. (page 22)



International cooperation has been enhanced

- ❖ On November 23, 2021, with the initiative of the United Nations Development Program and in cooperation with the Ministry of Finance, an international conference was held on the topic “**SDGs and new tools for the mobilisation of resources**”; (page 21)
- ❖ On December 6, 2021, MoF of the Republic of Uzbekistan and “**TheCityUK**” have signed a Memorandum of Understanding to establish a partnership on developing Uzbek capital market.



The cryptocurrency market has been opened for residents of Uzbekistan

- ❖ Charter on the procedure for licensing the activities of cryptocurrency exchanges have been changed that enabled the right to the residents of Uzbekistan to **conduct all types of transactions with cryptocurrencies and tokens** in the national currency as well as non-residents can only sell cryptocurrencies in foreign currency. (page 3)



Small and Medium Enterprises' Development in Uzbekistan will be promoted

- ❖ On December 9, 2021, the ADB approved a **U.S.\$ 100 mn** policy-based loan to help Uzbekistan undertake reforms to improve the enabling environment for small and medium-sized enterprises in the country.

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2. Statistics at a glance



Macroeconomic Statistics

- ❖ The inflation rate for November, 2021 declined to **10.3% (yoy)** from 10.6% in October, 2021. The decrease for the same month has been consequently observed for the third consecutive year 10.3% (2021), 11.3% (2020) and 15.6% (2019). CBU has been conducting the strong anti-inflationary policy to curb inflation level and establish a permanent inflation target of 5% from 2023;
- ❖ Official reserve assets of the country amounted to **U.S.\$ 35.2 bn** as of November 1, 2021, showing an increase of U.S.\$ 1.8 bn from November 1, 2020;
- ❖ In January-October 2021, the total foreign trade turnover amounted to **U.S.\$ 32.7 bn**, an increase of U.S.\$ 2.6 bn compared to January-October 2020;
- ❖ In January-October 2021, the volume of industrial products equaled **UZS 356.1 tn** (~U.S.\$ 33.7 bn)¹ with a real growth rate of 9.5%(yoy);
- ❖ In January-October 2021, the volume of provided services equaled **UZS 229.4 tn** (~U.S.\$ 21.7 bn)¹ with a real growth rate of 19.4%(yoy);
- ❖ In January-October 2021, the volume of construction amounted to **UZS 85.9 tn** (~U.S.\$ 8.1 bn)¹ with a real growth rate of 5.1%(yoy);
- ❖ As of October 1, 2021, total state debt amounted to **U.S.\$ 25.3 bn (38.4% of GDP)**, of which, external state debt – **U.S.\$ 22.7 bn (34.4% of GDP)**, and domestic state debt – **U.S.\$ 2.6 bn (4.0% of GDP)**. Apparently, state debt-to-GDP ratio declined for the four quarters in a row, being 38.9% for 4Q2020, 1Q2021 - 38.6%, 2Q2021 - 38.5% and 3Q2021 – 38.4%, as a reflection of macro-prudential approach and fiscal rules in debt management since 2020.
- ❖ As of December 1, 2021 MoF had outstanding treasury bills and bonds equal to **UZS 4.6 tn** (~U.S.\$ 0.42 bn)². According to planned schedule, in January-November 2021, auctions were conducted and the total volume of issued T-bills and bonds reached **UZS 4.4 tn** (~U.S.\$ 0.42 bn)³.

Note 1: Average official exchange rate for January – October 2021, USD/UZS = 10 578

Note 2: Official exchange rate for 1 December 2021, USD/UZS = 10 779

Note 3 : Average official exchange rate for January – November 2021, USD/UZS = 10 592

Indicators	As of Nov 1, 2020	As of Nov 1, 2021
Inflation, % (yoy) ¹	11.3	10.3
Industry, UZS tn	290.5	356.1
Services, UZS tn	177.6	229.4
Construction works, UZS tn	71.9	85.9
Official Reserve Assets, U.S.\$ bn	33.4	35.2
Foreign trade turnover, U.S.\$ bn	30.1	32.7
State external debt, U.S. \$ bn ²	18.5	22.7
State domestic debt, U.S. \$ bn ²	2.3	2.6

¹ For November 2020 and 2021

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

Sovereign Eurobonds	Currency	Price ³	YTM ³
UZBEK 4 ¾ 20 02 24	USD	103.88%	2.92%
UZBEK 5 ¾ 20 02 29	USD	106.45%	4.32%
UZBEK 3.7 25 11 30	USD	94.19%	4.49%
UZBEK 3.9 19 10 31	USD	94.81%	4.56%
UZBEK 14.0 19 07 24	UZS	101.67%	13.21%
UZBEK 14 ½ 25 11 23	UZS	102.44%	13.06%

³ As of December 1, 2021

Source: Bloomberg BVAL pricing

Exchange rates as of November 1, 2021

Currencies	Changes from 01.10.2021
 USD / UZS = 10 674.21	+17.70 
 RUB / UZS = 151.30	+4.33 
 EUR / UZS = 12 438.66	-33.45 
 GBP / UZS = 14 720.80	+261.06 
 CNY / UZS = 1 668.73	+15.30 

Source: Central Bank of the Republic of Uzbekistan

Key institutional reforms in the area of anti-corruption will further be continued

(7 December 2021)

- ❖ The following additional tasks assigned to the Anti-Corruption Agency:
 - ✓ instructing the state bodies in preparation of materials ensuring the transparency of their activities;
 - ✓ financing projects of NGOs and other civil society institutions aimed at ensuring the openness of the activities of state bodies and organisations, as well as research and opinion polls carried out in this direction;
 - ✓ rendering assistance in training, retraining and advanced training of personnel in the field of combating corruption.
- ❖ **Fund for the Development of Public Control under the Anti-Corruption Agency** will be established, which provides assistance in financing measures.
- ❖ Starting January 1, 2022, the Agency will have the following rights:
 - ✓ obtaining information about corruption offenses from electronic databases of law enforcement agencies;
 - ✓ the creation of joint working groups for research and administrative investigations, as well as the preparation of analytical materials;
 - ✓ sending reports to law enforcement agencies about the facts of corruption in order to initiate a criminal case or take other measures of influence; holding joint press conferences with law enforcement agencies considering cases of corruption that have caused a wide public outcry and controversy.
- ❖ Starting January 1, 2022, a procedure is being introduced for informing the public by the Agency, together with law enforcement agencies, about corruption crimes:
 - ✓ on reports of facts of corruption that have caused a wide public outcry and controversy - within 10 days;
 - ✓ for other corruption crimes and offenses - at the end of each quarter or six months in agreement with the interacting authorities;
 - ✓ on the state, trends, reasons and conditions of committing corruption crimes, as well as measures taken to prevent and combat corruption - at the end of the year.

Source: <https://lex.uz/pdfs/5763360>

The cryptocurrency market has been opened for residents of Uzbekistan

(23 November 2021)

- ❖ Charter on the procedure for licensing the activities of cryptocurrencies were approved in 2019.
 - ✓ Residents of Uzbekistan have the right to conduct all types of transactions with cryptocurrencies and tokens in the national currency. Non-residents can only sell cryptocurrencies in foreign currency;
 - ✓ In this case, the choice of cryptocurrencies as the object of purchase and the relevant consequences of this choice will be based on the buyer's own risk;
 - ✓ As well as changes to the definition of the token and a number of operations with it, including the issuance, placement and registration of the issue;
 - ✓ All tokens sold on Uzbek cryptocurrency exchanges must have property security. Issuance and placement of unsecured tokens is prohibited;
 - ✓ The inspection of the collateral's actual existence, in the form of tangible or intangible property should be provided. Also, at least 10% of the planned amount must be deposited in a special account of the cryptocurrency exchange.

Source: <https://www.lex.uz/docs/5737126>

Main directions of tax and customs policy for 2022

According to the draft of the “Budget for citizens” published and prepared in cooperation with the UNDP, the following tax and customs policy reforms are to be implemented in 2022:

- ❖ Leaving rates unchanged on the main types of taxes;
- ❖ Continue work to abolish ineffective tax and customs benefits;
- ❖ Introduction of a modern model of taxation of subsoil users;
- ❖ Reducing the tax rate on property of legal entities from 2% to 1.5%;
- ❖ Indexation of property tax rates from individuals by 1.1 times;
- ❖ Indexation of water use tax rates (excluding rates for irrigation of agricultural lands and water used for fish farming) to 1.1 times the inflation rate;
- ❖ Application of a coefficient of 1.05 to the tax rate on the volume of water used for irrigation of agricultural lands and fish farming;
- ❖ Increase of marginal rates of depreciation deductions included in tax expenses:
 - for buildings from 3% to 5%;
 - for construction objects from 5% to 10%;
 - for transmission devices, power machines and equipment from 8% to 15%;
 - for machinery and equipment from 15% to 20%;
 - for computers and data processing equipment from 20% to 40% being increased.
- ❖ Increase the amount of investment discounts on the amount of funds directed to:
 - purchase of new technological equipment - from 10% to 20%;
 - Expansion of production in the form of new construction - from 5% to 10%.
- ❖ To maintain the procedure for the transfer of losses for the next 10 years in the calculation of income tax by lifting the limit on the total amount of future losses.

Source: Ministry of Finance of the Republic of Uzbekistan

The new Law on Insurance Activities has been adopted

(23 November 2021)

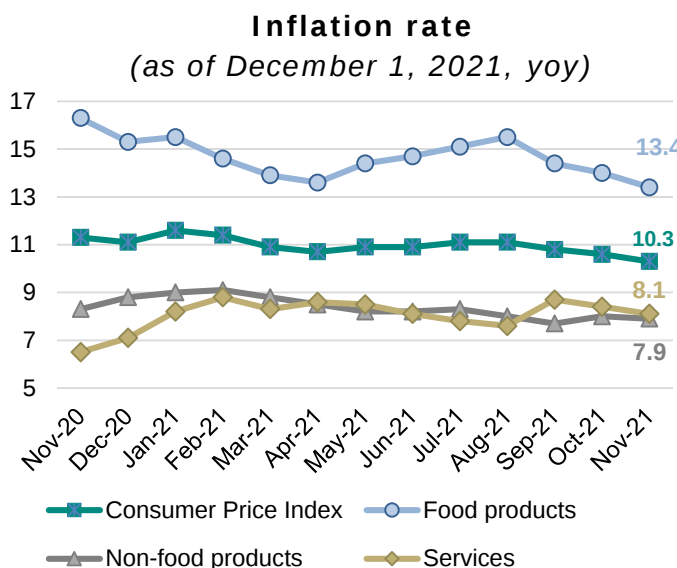
- ❖ A new edition of the Law on the Insurance Activities has been adopted. The followings have been stated in the new edition of the Law:
 - ✓ It is provided that insurance and reinsurance companies may only be established in the legal form of a joint-stock company;
 - ✓ New qualification requirements for top managers and chief accountants of insurers, reinsurers, insurance brokers, and their sub-divisions are set;
 - ✓ Rules for exchanging documents related to insurance activities in an electronic form are set; it is provided relevant documents executed electronically have equal legal force with paper documents;
 - ✓ Insurers and reinsurers must comply with prudential standards which include the following requirements: requirements for a minimum amount of the charter capital; for the adequacy of the solvency marginal for amounts of liabilities under specific risks; for the formation and placement of insurance reserves; other requirement as set forth by the Ministry of Finance;
 - ✓ Basic rules for the protection of consumers of insurance services are set.

Source: <https://www.lex.uz/docs/5739120>

4. Macroeconomic Environment

Inflation rate

The inflation rate for November, 2021 declined to **10.3% (yoy)** from 10.6% in October, 2021. The decrease for the same month has been observed for the third consecutive year 10.3% (2021), 11.5% (2020) and 16.3% (2019). CBU has been conducting the strong anti-inflationary policy to curb inflation level and establish a permanent inflation target of 5% from 2023.

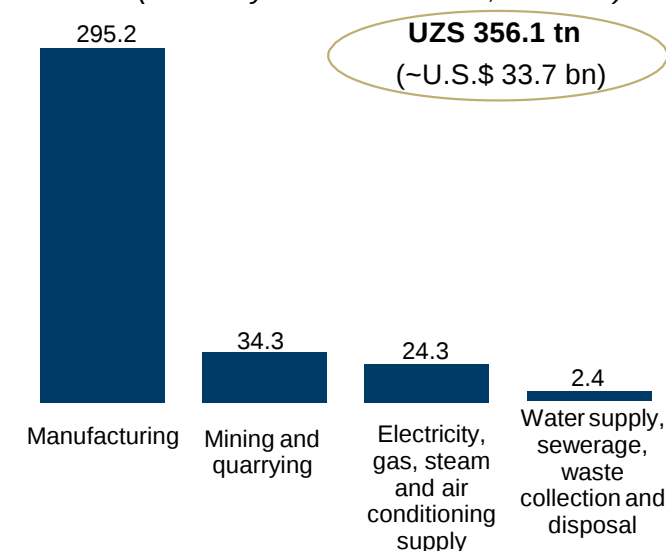


Industry statistics

In **January-October 2021**, the volume of the industrial products amounted to **UZS 356.1 tn (~U.S.\$ 33.7 bn)¹**, the index of physical volume of industrial production in January-October 2021 amounted to 9.5% (yoy)².

In the structure of production manufacturing amounted to UZS 295.2 tn (~U.S.\$ 27.9 bn)¹, mining and quarrying UZS 34.3 tn (~U.S.\$ 3.2 bn)¹ electricity, gas, steam and air conditioning UZS 24.3 tn (~U.S.\$ 2.3 bn)¹ and water supply, sewerage, waste collection and disposal UZS 2.4 tn (~U.S.\$ 0.2 bn)¹.

Industrial output (January-October 2021, UZS tn)

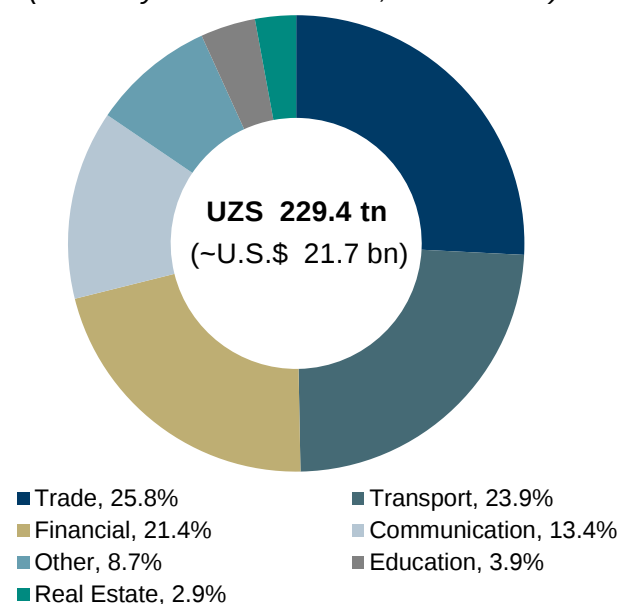


Service statistics

Market services in **January-October 2021** reached **UZS 229.4 tn (~U.S.\$ 21.7 bn)¹** with a real growth rate of 19.4% (yoy)².

As of November 1, 2021 the largest share of enterprises and organisations operating in the service sector constituted 65.4% of the total number of organisations. In the structure of market services falls on trade services (25.8%), transport (23.9%), financial services (21.4%), communication and information services (13.4%).

Services statistics (January-October 2021, % in total)

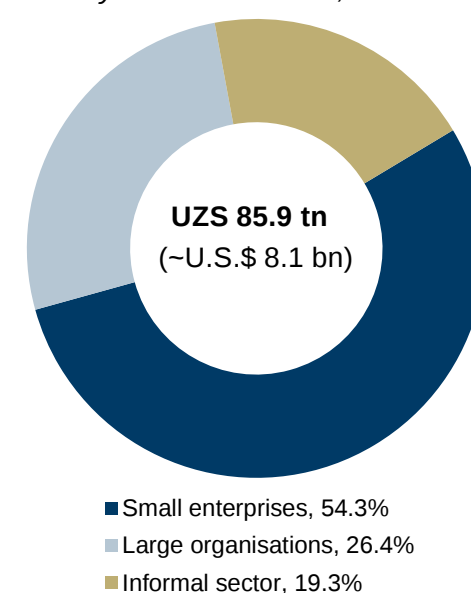


Construction statistics

In **January-October 2021**, the construction works amounted to **UZS 85.9 tn (~U.S.\$ 8.1 bn)¹** with a real growth rate of 5.1% (yoy)².

As of November 1, 2021, the number of enterprises and organisations in the construction sector amounted to **45.3 thousand units** with 4.9 thousand units increase compared with the last year.

Construction works (January-October 2021, % in total)



Note 1: Average official exchange rate for January – October 2021, USD / UZS = 10 578

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

Source: State Committee of the Republic of Uzbekistan on Statistics

5. Macroeconomic Forecast

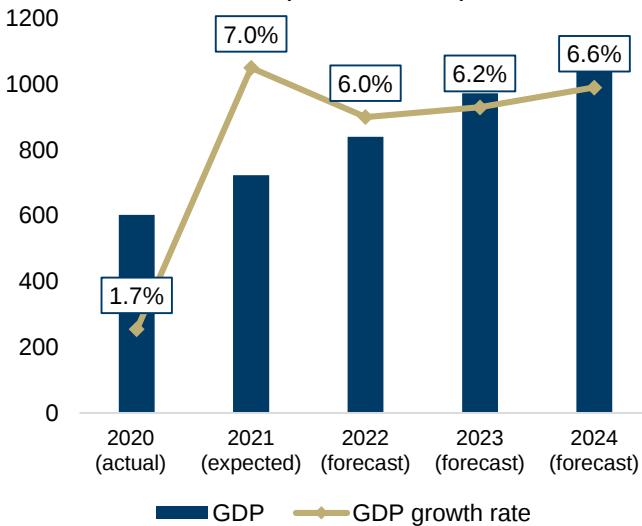
Gross Domestic Production¹

tn, UZS

With the gradual recovery of economic activity by the end of 2021, GDP growth is projected at 7% (1.7% in 2020).

The economic growth forecast for 2022 is 6.0% and the economic growth rate is expected to reach 6.6% by 2024. The main factors of GDP growth in 2022 are the gradual recovery of economic growth to pre-crisis values, growth of final consumption of households, investment in fixed assets, as well as the growth of export-import operations during the recovery of foreign trade.

Gross Domestic Production (2020-2024)

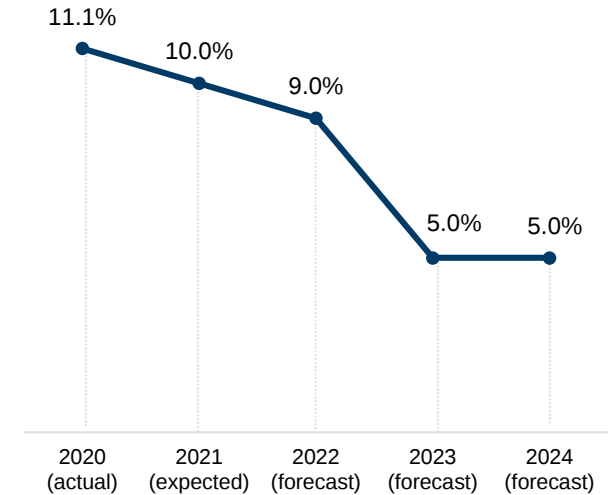


Inflation rate²

Inflation rate is expected to fall to 10% by 2021, as well as it is projected to slow to 5% in 2023 and beyond.

This year, the volume of foreign economic activity is expected to recover to pre-crisis levels. Foreign trade turnover is projected to grow in 2022 and the next two years.

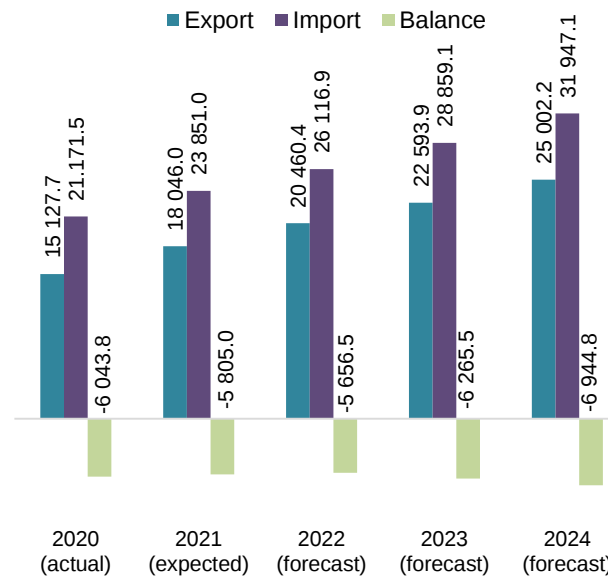
Inflation rate (2020-2024)



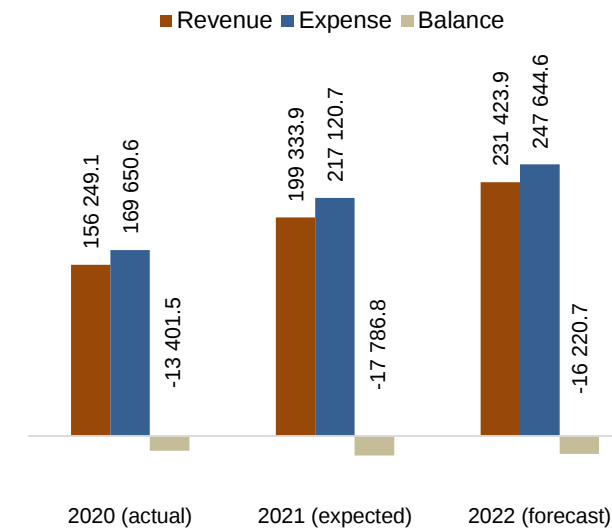
Foreign trade turnover³

This year, the volume of foreign economic activity is expected to recover to pre-crisis levels. Foreign trade turnover is projected to grow in 2022 and the next two years.

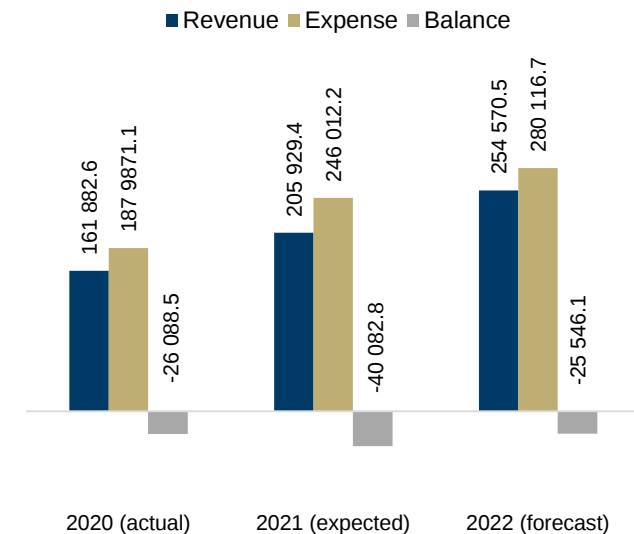
Services statistics (2020-2024)



State budget and target funds⁴ (2020-2022)



Consolidated budget⁴ (2020-2022)

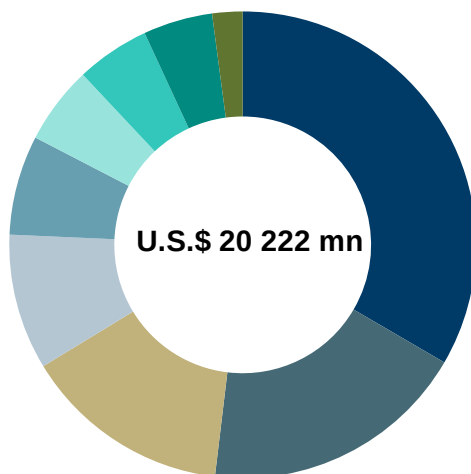


6. Foreign Trade Turnover

Structure of Imports

(January-October 2021, % in total)

- Machinery and transport equipment, 33.4%
- Manufactured goods, 18.5%
- Chemicals and similar products, 14.4%
- Food and live animals, 9.4%
- Services, 6.9%
- Various finished goods, 5.4%
- Mineral fuels and similar materials, 5.1%
- Non-food raw materials, 4.8%
- Other goods, 2.1%



Foreign Trade Turnover

In January-October 2021, the foreign trade turnover (FTT) constituted **U.S.\$ 32 657 mn**, an increase by U.S.\$ 2 551 mn, compared to the same period last year (an increase of 8.5%).

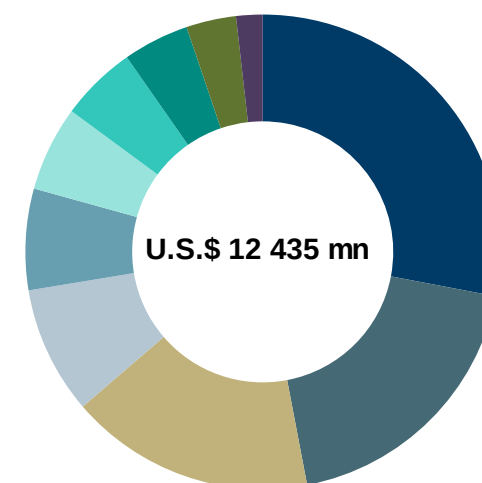
As of November 1, 2021, exports reached **U.S.\$ 12 435 mn**, while the total number of exporting entities amounted to 6 035 units. Uzbekistan has a very diversified export structure including manufactured goods, gold, service, foods, animals and other goods.

Imports amounted to **U.S.\$ 20 222 mn** with the dominance of investment goods. In the structure of imports, the main share is occupied by machinery and transport equipment (33.4%) that serves for the long-term growth in the future.

Structure of Exports

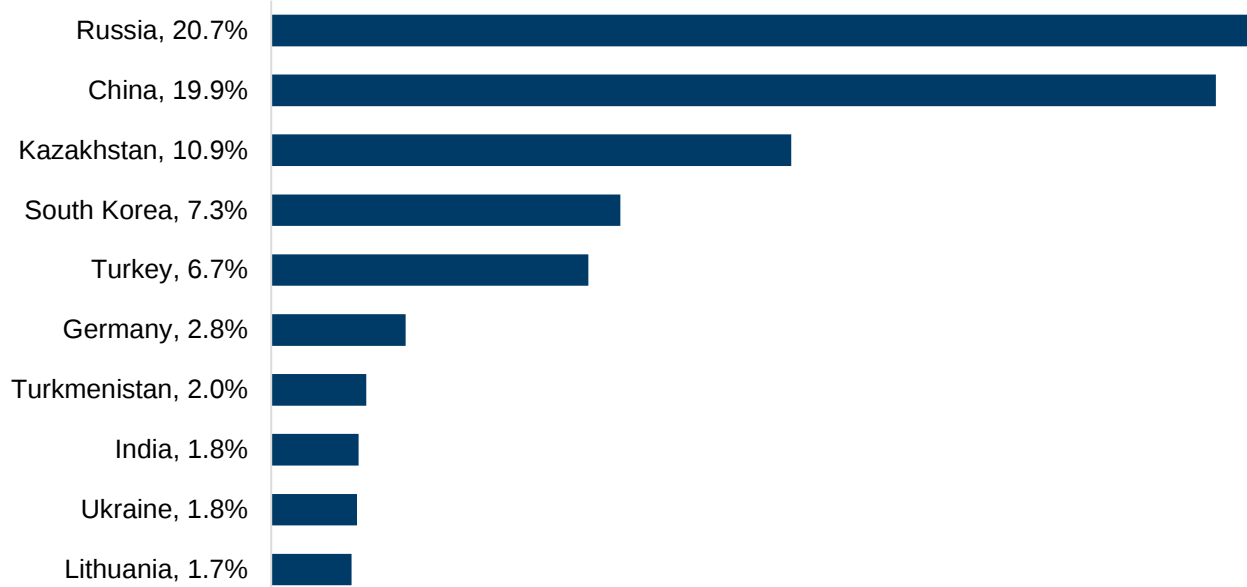
(January-October 2021, % in total)

- Manufactured goods, 28.0%
- Gold, 19.0%
- Services, 16.7%
- Food and live animals, 8.7%
- Chemical products, 6.9%
- Mineral fuels, 5.8%
- Various finished products, 5.2%
- Machinery and transport equipment, 4.5%
- Non-food raw materials, 3.4%
- Other goods, 1.8%



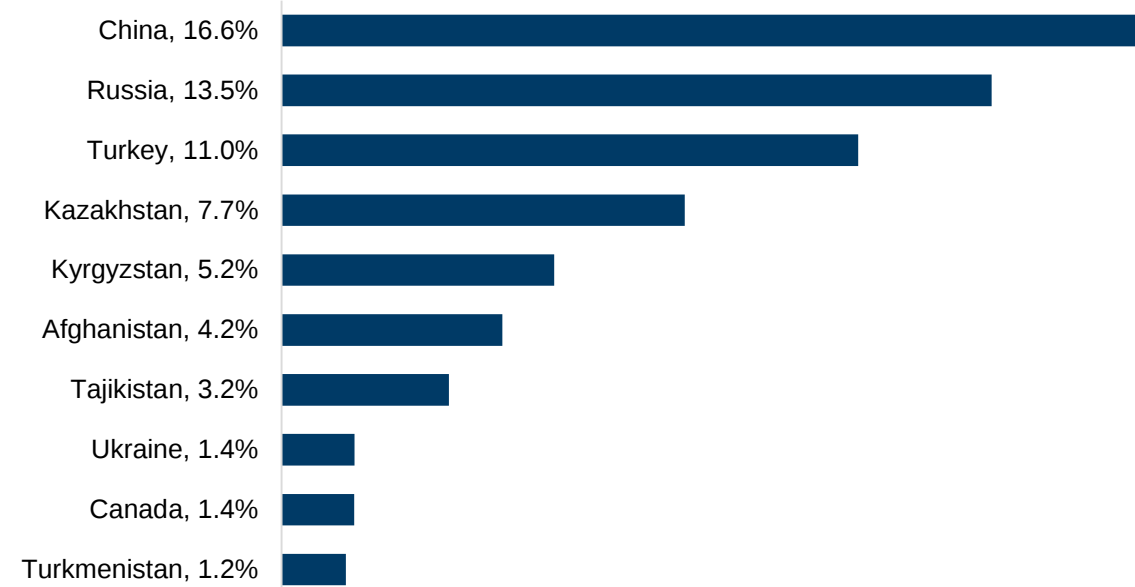
Top 10 countries in imports of goods and services

(January-October 2021, % share in total imports)



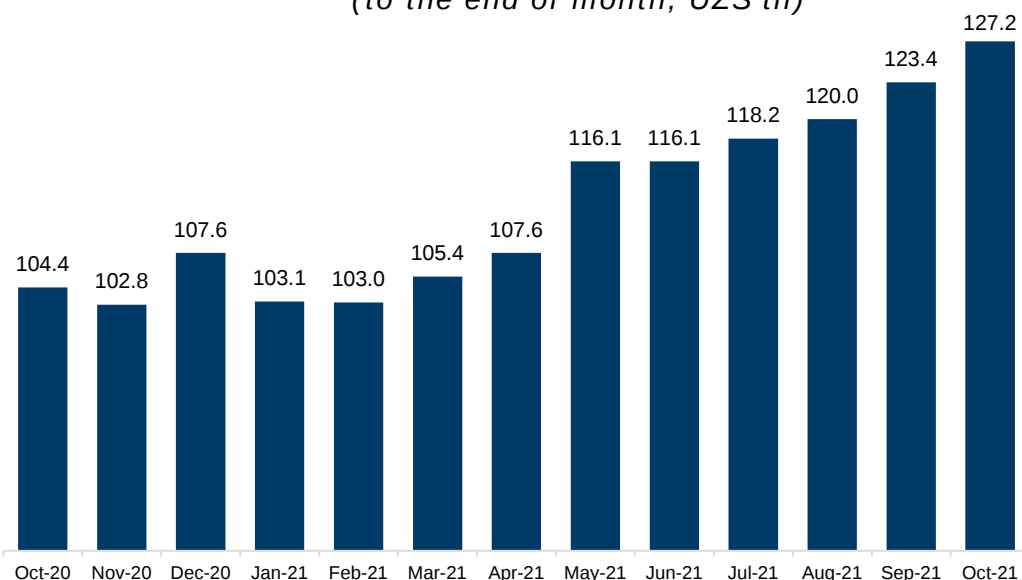
Top 10 countries in exports of goods and services

(January-October 2021, % share in total exports)



7. Monetary Policy and Banking Sector

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

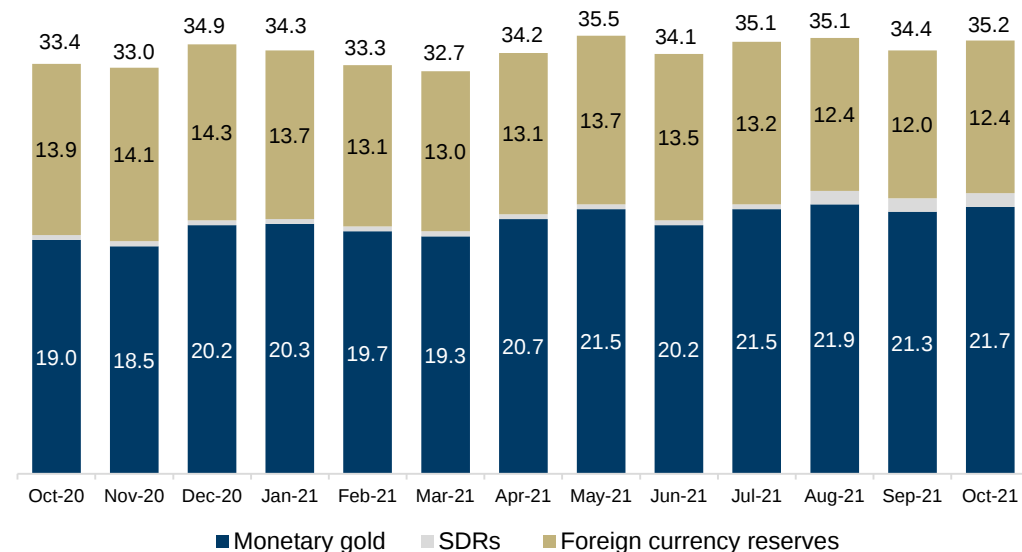


Broad Money (M2)

As of November 1, 2021, broad money constituted **UZS 127.2 tn (~U.S.\$ 12.0 bn)⁽¹⁾**, while the growth rate equaled **21.8 %** compared to the same period of last year.

The volume of money supply in national currency constituted UZS 86.9 tn (~U.S.\$ 8.2 bn)⁽¹⁾, of which currency in circulation and transferable deposits in national currency amounting to respective UZS 29.5 tn (~U.S.\$ 2.8 bn)⁽¹⁾ and UZS 28.3 tn (~U.S.\$ 2.7 bn)⁽¹⁾ and other deposits in national currency UZS 29.1 tn (~U.S.\$ 2.8 bn)⁽¹⁾ and foreign currency deposits in national currency equivalent reached to UZS 40.3 tn (~U.S.\$ 3.8 bn)⁽¹⁾.

Official Reserve Assets
(as of November 1, 2021, U.S.\$ bn)



Official Reserve Assets

Official reserve assets of the country increased to **U.S.\$ 35.2 bn** as of November 1, 2021, showing an increase of U.S.\$ 1.8 bn from November 1, 2020.

In the composition of official reserve assets, foreign currency reserves constituted U.S.\$ 12.4 bn, gold U.S.\$ 21.7 bn and SDRs U.S.\$ 1.1 bn.

Liquidity in the banking system

Indicators	Nov 1, 2020	Nov 1, 2021
Highly liquid assets (bn UZS)	36.0	61.0
Immediate liquidity ratio (minimum: 25%)	67.4%	95.5%
Liquidity coverage ratio (minimum: 100%)	221.5%	167.3%
Net stable funding ratio (minimum: 100%)	108.5%	113.2%
Ratio of highly liquid assets to total assets (in %)	10.8%	15.1%

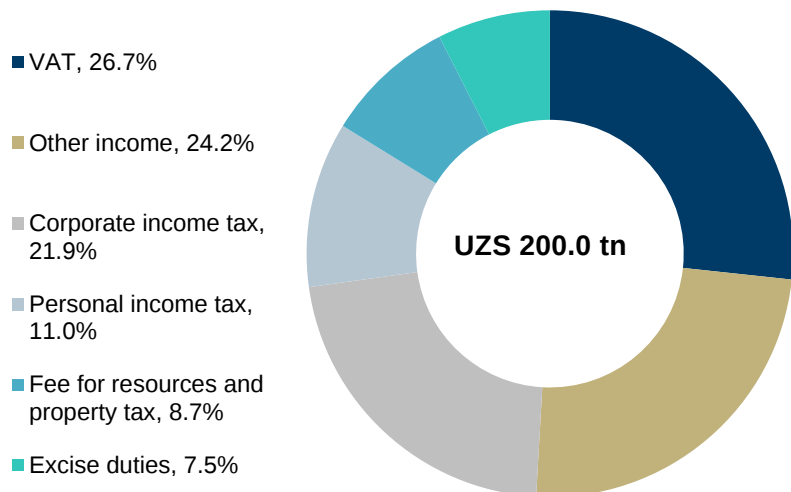
Banking system stability indicators

UZS bn

Indicators	10M2020	10M2021
Regulatory Tier 1 capital to RWA	15.88%	14.46%
Regulatory Tier 1 capital	48 157	55 423
Risk-weighted assets	303 215	383 162
Liquid assets to total assets	12.75%	16.35%
Liquid assets	43 988	68 496
Total assets	345 103	418 034
Capital to risk-weighted assets	18.86%	17.21%
Capital at the end of period	57 194	65 960
Risk-weighted assets	303 215	383 162
NPL to total gross loans	2.40%	5.62%
Non-performing loans	6 560	18 017
Total gross loans	273 377	320 575

8. State budget for 2022¹

State budget revenues² (2022)



State budget revenues

State budget revenues for 2022 are projected at **UZS 200.0 tn** or **23.8 % of GDP** (UZS 170.9 tn or 23.6% of GDP in 2021).

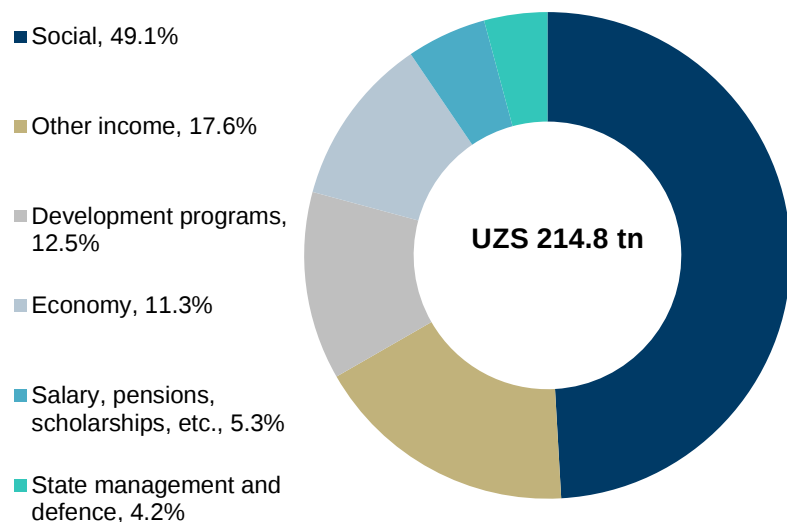
State budget revenues forecast was developed based on the following:

- ❖ With 9% inflation rate forecast, the GDP is projected to grow by 6.0% by 2022 due to socio-economic development;
- ❖ Change in prices of the certain types of strategically important goods' prices in the world markets;
- ❖ Forecast of dynamics of exchange rate;
- ❖ Planned increase in imports of consumer goods;
- ❖ Planned increase in export of natural gas and retention of export prices.

In order to ensure the stability of State budget revenues the following tax rates reserved:

Type	Tax rate
VAT rate	15%
Corporate income tax rate	15%
Personal income tax rate	12%
Turnover tax rate	4%
Dividend tax rate	5%

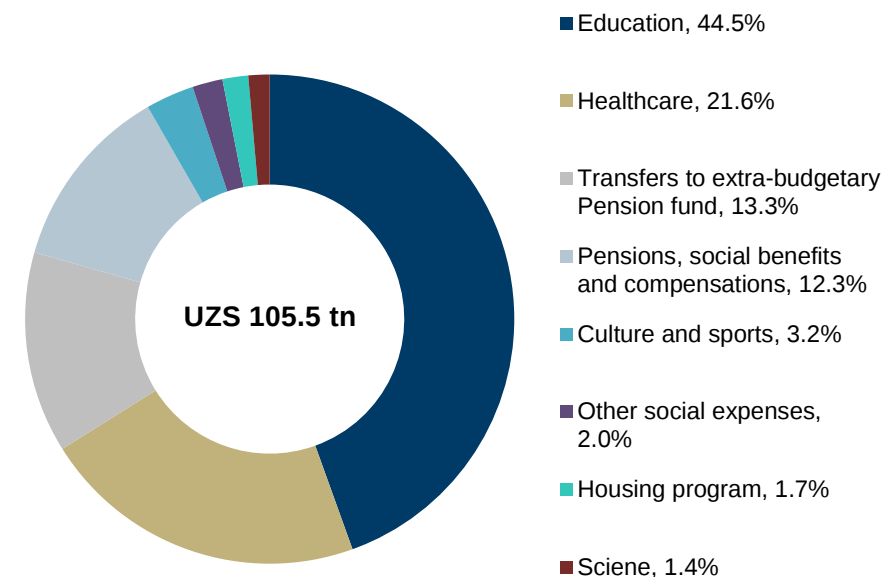
State budget expenses² (2022)



State budget expenses

State budget expenses for 2022 are projected at **UZS 214.8 tn** or **25.6 % of GDP** (UZS 190.8 tn or 26.4% of GDP in 2021). In order to stimulate economic growth, it is planned to increase funding for the implementation of development sector.

In 2022, it is planned to allocate **UZS 105.5 tn** or 49.1% of the total expenditures of the state budget for the social sphere and social support.



9. SDG oriented State Budget Expenses

State budget expenses allocated for SDG

SDG goals	2019 (actual)		2020 (actual)		2021 (expected)		2022 (forecast)	
	Amount, UZS bn	Share in total expense, %	Amount, UZS bn	Share in total expense, %	Amount, UZS bn	Share in total expense, %	Amount, UZS bn	Share in total expense, %
 SDG 1. Reducing the level of poverty in all areas	5 058.0	4.3	17 509.6	12.1	21 464.5	12.9	27 646.0	12.9
 SDG 2. Strengthening food security, improving diet and give assistance the sustainable growth of agriculture	1 360.3	1.2	1 361.7	0.9	1 913.5	1.2	9 194.2	4.3
 SDG 3. Ensuring a healthy lifestyle and promoting the well-being of people of all ages	14 918.6	12.6	21 152.0	14.7	22 048.8	13.3	25 696.8	12.0
 SDG 4. Ensuring comprehensive and fair quality education and encouraging access to lifelong learning for all.	33 140.5	28.1	33 922.0	23.5	40 206.6	24.2	53 019.6	24.7
 SDG 5. Ensuring gender equality and expanding the rights and opportunities of all women	596.0	0.5	715.0	0.5	539.2	0.3	591.7	0.3
 SDG 6. Ensuring the availability and rational use of water resources and sanitation for all.	5 611.6	4.8	6 638.6	4.6	6 004.4	3.6	7 127.7	3.3
 SDG 7. Provide access to cheap, reliable, sustainable and modern energy sources	24.7	0.0	527.3	0.37	93.47	0.06	165.40	0.08
 SDG 8. Promoting sustainable and inclusive economic growth through effective employment and decent employment for men and women	1 608.0	1.4	3 070.5	2.1	2 626.6	1.6	3 721.4	1.7
 SDG 9. Creating sustainable infrastructure, promoting comprehensive and sustainable industrialization and innovation	5 142,1	4.4	4 471.9	3.1	3 989.5	2.4	5 112.9	2.4
 SDG 10. Reducing inequality within the country in all its forms	41.3	0.03	46.9	0.03	850.91	0.51	1612.50	0.75

9. SDG oriented State Budget Expenses

State budget expenses allocated for SDG

SDG goals	2019 (actual)		2020 (actual)		2021 (expected)		2022 (forecast)	
	Amount, UZS bn	Share in total expense, %	Amount, UZS bn	Share in total expense, %	Amount, UZS bn	Share in total expense, %	Amount, UZS bn	Share in total expense, %
 SDG 11. Ensuring openness, safety and environmental sustainability of cities and settlements	9 363.3	7.9	6 535.7	4.5	6 967.0	4.2	7 803.9	3.6
 SDG 12. Ensuring the transition to rational models of consumption and production	19.7	0.02	48.2	0.03	118.90	0.07	135.48	0.06
 SDG 13. Take urgent action to combat climate change and its consequences	99.4	0.1	99.6	0.1	292.8	0.2	151.1	0.1
 SDG 15. Protecting and restoring terrestrial ecosystems, promoting their rational use, rational use of forests, combatting desertification, stopping and reversing land degradation, stopping the process of biodiversity loss	195.9	0.2	262.3	0.2	312.8	0.2	523.3	0.2
 SDG 16. Facilitate the establishment of peaceful and open societies in the pursuit of sustainable development goals, ensure access to justice for all, and establish effective, accountable and participatory institutions at all levels	3 448.5	2.9	3 699.0	2.6	4 347.2	2.6	5 539.6	2.6
 SDG 17. Strengthen implementation tools and intensify work within the framework of the global partnership for sustainable development	2 769.6	2.3	4 078.2	2.8	5 551.2	3.3	7 177.4	3.3
Total	83 399.3	70.7	104 138	72.2	117 327.4	70.7	155 219.1	72.3

Creditors of State external debt¹ (as of October 1, 2021)

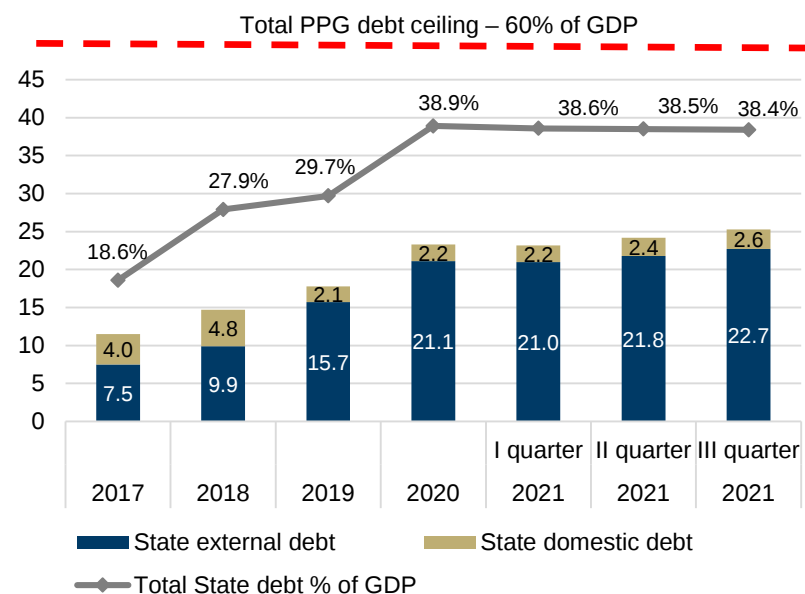
	Asian Development Bank - U.S.\$ 5.1 bn
	World Bank - U.S.\$ 3.9 bn
	China Development Bank and others – U.S.\$ 2.2 bn
	Japan International Cooperation Agency - U.S.\$ 2.1 bn
	Export-Import Bank of China – U.S.\$ 2.0 bn
	International investors - U.S.\$ 2.6 bn
	Islamic Development Bank – U.S.\$ 0.9 bn
	Japanese Bank for International Cooperation - U.S.\$ 0.6 bn
	Economic development and cooperation fund and others - U.S.\$ 1.0 bn
	Other IFIs and foreign government financial organisations - U.S.\$ 2.3 bn
Total State external debt - U.S. \$ 22.7 bn	

Total State debt

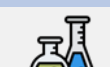
As of October 1, 2021, the total State debt² of Uzbekistan amounted to **U.S.\$ 25.3 bn** equivalent or **38.4%** of GDP. Apparently, state debt-to-GDP ratio declined for the four quarters in a row, being 38.9% for 4Q2020, 1Q2021 - 38.6%, 2Q2021 - 38.5% and 3Q2021 for 38.4%. Maintenance of the ratio at sustainable levels is reached due to the effective debt management measures.

Specifically, debt ceiling is set on external debt attraction, debt sustainability analysis has been conducted, the MTDS is being updated annually, state guarantees provision on domestic obligations has been suspended, SOEs and SOBs started independently finance their investment projects.

Total State debt (as of October 1, 2021, U.S.\$ bn)³



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

	Budget support – U.S.\$ 5.6 bn
	Electric power - U.S.\$ 3.1 bn
	Energy (oil and gas) - U.S.\$ 2.8 bn
	Transport & Transport Infrastructure – U.S.\$ 2.5 bn
	Agriculture - U.S.\$ 2.4 bn
	Housing & communal services - U.S.\$ 2.0 bn
	Commercial banks - U.S.\$ 1.2 bn
	Chemical industry - U.S.\$ 1.2 bn
	Education & healthcare - U.S.\$ 0.7 bn
	Telecommunications - U.S.\$ 0.2 bn
	Others - U.S.\$ 1.0 bn
Total State external debt - U.S. \$ 22.7 bn	

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

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

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

Source: Ministry of Finance of the Republic of Uzbekistan

11. Domestic Treasury Securities

Auction results of Domestic Treasury Securities

As of December 1, 2021 the Ministry of Finance had outstanding treasury bills and bonds amounting to **UZS 4.6 tn** (~U.S.\$ 0.42 bn)¹. In January – November 2021, the total number of **59 auctions** conducted reached and the total volume of issuance of T-bills and bonds reached **UZS 4.4 tn** (~U.S.\$ 0.42 bn)². In the long term, Ministry of Finance aims at remaining committed to the development of the domestic government debt market, continuous diversification of debt instruments in terms of both tenor and tranche amount and gradually widening the investor base by working in collaboration with the Central Bank of Uzbekistan.

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

Note 1: Official exchange rate for 1 December 2021, USD/UZS = 10 779

Note 2: Average official exchange rate for January – November 2021, USD/UZS = 10 592

Note 3: Nominal value of each bill and bond is equal to UZS 1.0 m.

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

Source: Ministry of Finance of the Republic of Uzbekistan

11. Domestic Treasury Securities

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

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

Source: Ministry of Finance of the Republic of Uzbekistan

11. Domestic Treasury Securities

Type of Government Securities	Date of auction	Maturity date	Announced volume, (UZS bn) ³	Fixed coupon rate	Aggregate amount of bids submitted, (UZS bn) ³	Volume of securities issued, (UZS bn) ³	Weighted average YTM
2021							
12-months	2 Feb 2021	1 Feb 2022	200.0	zero-coupon	483.7	200.0	12.51%
3-months	9 Feb 2021	11 May 2021	50.0	zero-coupon	165.0	50.0	11.67%
6-months	9 Feb 2021	10 Aug 2021	50.0	zero-coupon	180.5	50.0	11.42%
6-months	16 Feb 2021	17 Aug 2021	50.0	zero-coupon	220.0	50.0	12.13%
6-months	23 Feb 2021	24 Aug 2021	50.0	zero-coupon	156.5	50.0	12.42%
2-years	23 Feb 2021	23 Feb 2023	200.0	14%	229.6	200.0	13.35%
12-months	2 Mar 2021	31 Aug 2021	50.0	zero-coupon	111.9	50.0	13.46%
6-months	2 Mar 2021	1 Mar 2022	200.0	zero-coupon	213.7	200.0	14.00%
6-months	9 Mar 2021	7 Sep 2021	50.0	zero-coupon	235.3	50.0	12.44%
6-months	16 Mar 2021	14 Sep 2021	30.0	zero-coupon	85.6	30.0	12.70%
6-months	23 Mar 2021	21 Sep 2021	30.0	zero-coupon	42.3	30.0	12.79%
12-months	30 Mar 2021	29 Mar 2022	200.0	zero-coupon	162.4	122.6	14.00%
3-years	30 Mar 2021	31 Mar 2024	100.0	14%	10.0	10.0	14.00%
6-months	6 Apr 2021	5 Oct 2021	30.0	zero-coupon	108.5	30.0	13.14%
6-months	13 Apr 2021	12 Oct 2021	50.0	zero-coupon	287.2	50.0	12.01%
6-months	20 Apr 2021	19 Oct 2021	50.0	zero-coupon	261.1	50.0	11.11%
5-years	27 Apr 2021	30 Apr 2026	100.0	14%	166.0	100.0	12.65%
12-months	27 Apr 2021	26 Apr 2022	200.0	zero-coupon	497.2	200.0	12.00%
6-months	27 Apr 2021	26 Oct 2021	50.0	zero-coupon	160.1	50.0	12.37%
6-months	4 May 2021	2 Nov 2021	50.0	zero-coupon	87.1	50.0	12.69%
6-months	11 May 2021	9 Nov 2021	50.0	zero-coupon	342.7	10.0	11.87%
6-months	18 May 2021	16 Nov 2021	30.0	zero-coupon	86.4	30.0	11.90%
6-months	25 May 2021	23 Nov 2021	30.0	zero-coupon	85.0	30.0	11.67%
12-months	25 May 2021	24 May 2022	200.0	zero-coupon	433.5	200.0	12.15%

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

Source: Ministry of Finance of the Republic of Uzbekistan

11. Domestic Treasury Securities

Type of Government Securities	Date of auction	Maturity date	Announced volume, (UZS bn) ³	Fixed coupon rate	Aggregate amount of bids submitted, (UZS bn) ³	Volume of securities issued, (UZS bn) ³	Weighted average YTM
2-years	25 May 2021	25 May 2023	200.0	14%	343.9	200.0	13.14%
6-months	1 June 2021	30 Nov 2021	30.0	zero-coupon	65.3	15.3	13.80%
6-months	8 June 2021	7 Dec 2021	30.0	zero-coupon	106.5	30.0	11.90%
6-months	15 June 2021	14 Dec 2021	30.0	zero-coupon	11.3	11.3	13.99%
6-months	22 June 2021	21 Dec 2021	30.0	zero-coupon	5.3	5.3	13.99%
12-months	22 June 2021	21 June 2022	300.0	zero-coupon	40.9	40.9	14.00%
3-years	29 June 2021	30 June 2024	300.0	14%	45.5	45.5	14.00%
6-months	13 Jul 2021	11 Jan 2022	30.0	zero-coupon	60.0	30.0	13.94%
12-months	19 Jul 2021	18 Jul 2022	300.0	zero-coupon	186.7	186.7	13.96%
5-years	27 Jul 2021	30 Jul 2026	200.0	14%	45.1	45.1	14.00%
6-months	27 Jul 2021	25 Jan 2022	100.0	zero-coupon	88.4	88.4	13.99%
6-months	03 August 2021	1 February 2022	100.0	zero-coupon	130.0	100.0	13.63%
6-months	10 August 2021	8 February 2022	100.0	zero-coupon	55.6	55.6	13.99%
12-months	17 August 2021	16 August 2022	300.0	zero-coupon	62.8	62.8	14.00%
6-months	17 August 2021	15 February 2022	100.0	zero-coupon	82.0	82.0	13.99%
6-months	24 August 2021	22 February 2022	100.0	zero-coupon	73.0	73.0	13.97%
6-months	31 August 2021	1 March 2022	100.0	zero-coupon	16.0	16.0	13.99%
2-years	31 August 2021	31 August 2023	200.0	14%	81.0	81.0	14.00%
6-months	07 September 2021	8 March 2022	100.0	zero-coupon	178.1	100.0	13.96%
12-months	14 September 2021	13 September 2022	200.0	zero-coupon	30.0	30.0	14.00%
6-months	14 September 2021	15 March 2022	100.0	zero-coupon	20.7	20.7	13.96%
6-months	21 September 2021	22 March 2022	200.0	zero-coupon	36.0	36.0	13.99%
3-years	28 September 2021	29 September 2023	200.0	14%	89.0	89.0	14.00%
6-months	28 September 2021	29 March 2022	100.0	zero-coupon	110.7	100.0	13.80%
6-months	05 October 2021	05 April 2022	300.0	zero-coupon	300.0	300.0	13.99%

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

Source: Ministry of Finance of the Republic of Uzbekistan

11. Domestic Treasury Securities

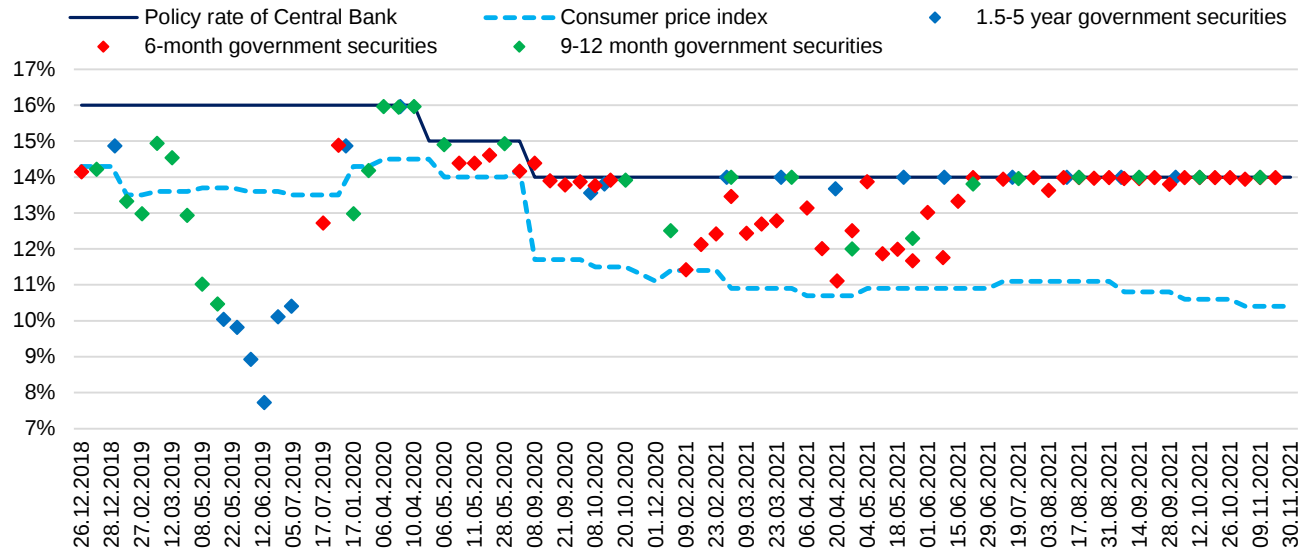
Type of Government Securities	Date of auction	Maturity date	Announced volume, (UZS bn) ³	Fixed coupon rate	Aggregate amount of bids submitted, (UZS bn) ³	Volume of securities issued, (UZS bn) ³	Weighted average YTM
12-months	12 October 2021	11 October 2022	200.0	zero-coupon	120.4	120.4	14.00%
6-months	12 October 2021	12 April 2022	100.0	zero-coupon	66.3	66.3	13.99%
6-months	19 October 2021	19 April 2022	100.0	zero-coupon	99.6	99.6	13.99%
5-years	26 October 2021	29 October 2026	200.0	14%	104.7	104.7	14.00%
6-months	26 October 2021	19 April 2022	100.0	zero-coupon	99.6	99.6	13.99%
6-months	02 November 2021	03 May 2022	100.0	zero-coupon	174.5	100.0	13.94%
12-months	09 November 2021	08 November 2022	100.0	zero-coupon	16.1	16.1	14.00%
6-months	09 November 2021	10 May 2022	50.0	zero-coupon	50.0	50.0	13.99%
6-months	16 November 2021	17 May 2022	100.0	zero-coupon	85.1	85.1	13.99%
2-years	30 November 2021	30 November 2023	200.0	14%	48.7	48.7	14.00%

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

Source: Ministry of Finance of the Republic of Uzbekistan

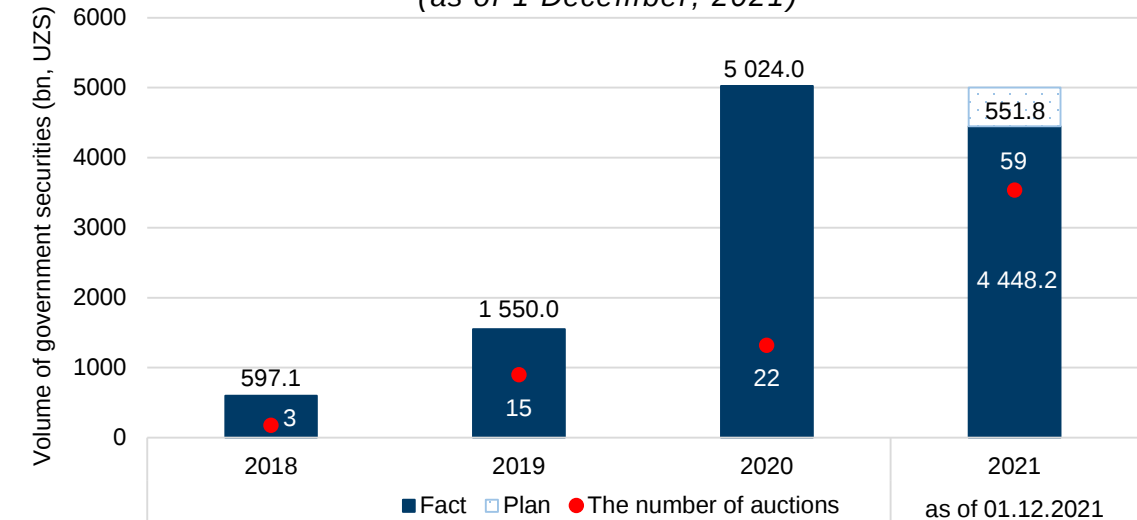
11. Domestic Treasury Securities

Yield of government securities issued in 2018-2021

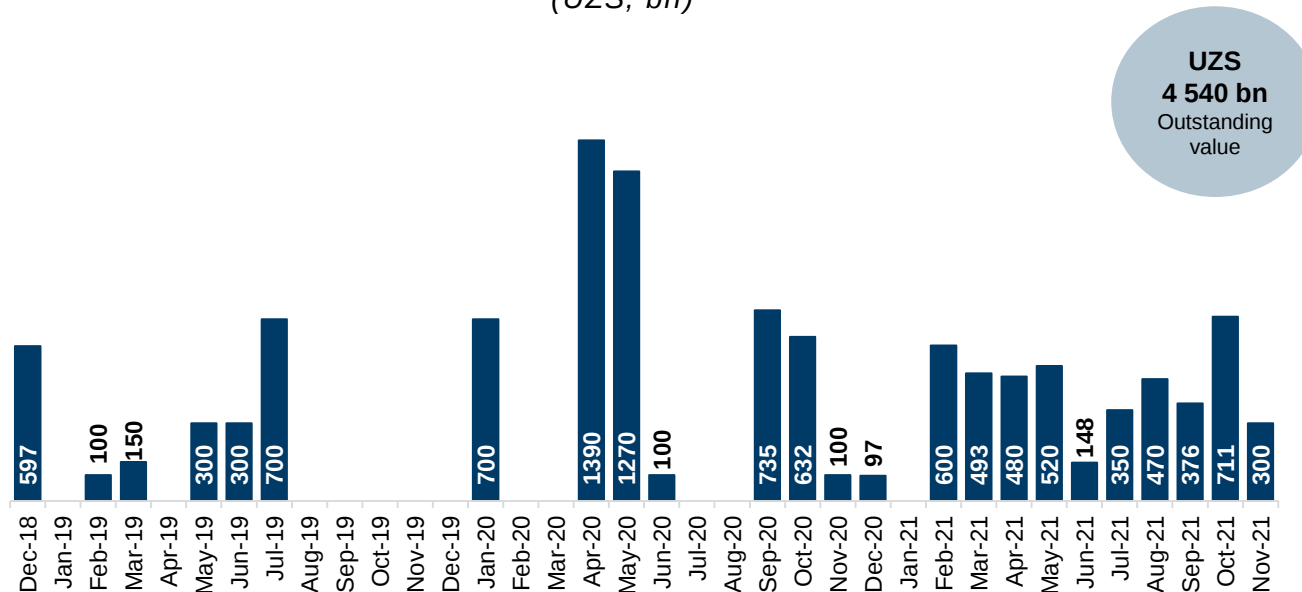


Information on conducted auctions and placed government securities in 2018-2021

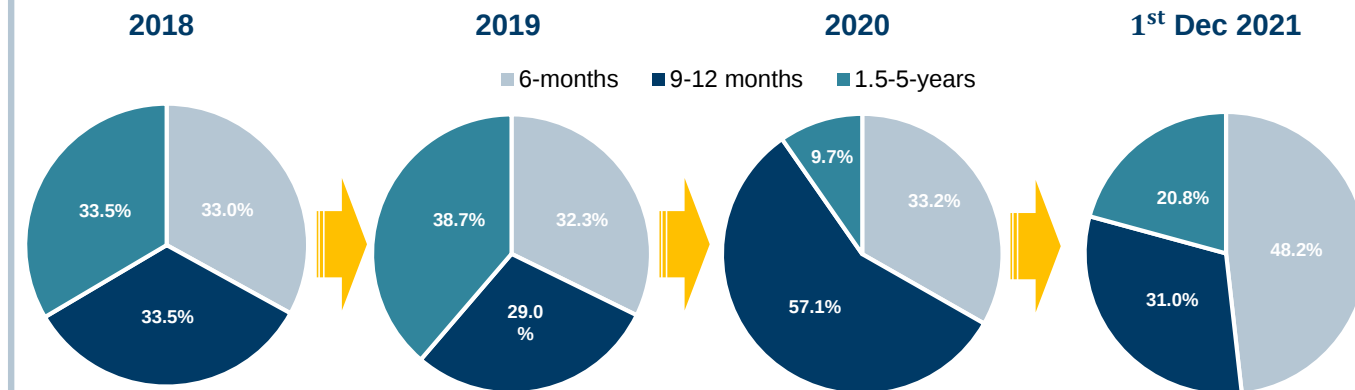
(as of 1 December, 2021)



Domestic issuance volume dynamics (UZS, bn)



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



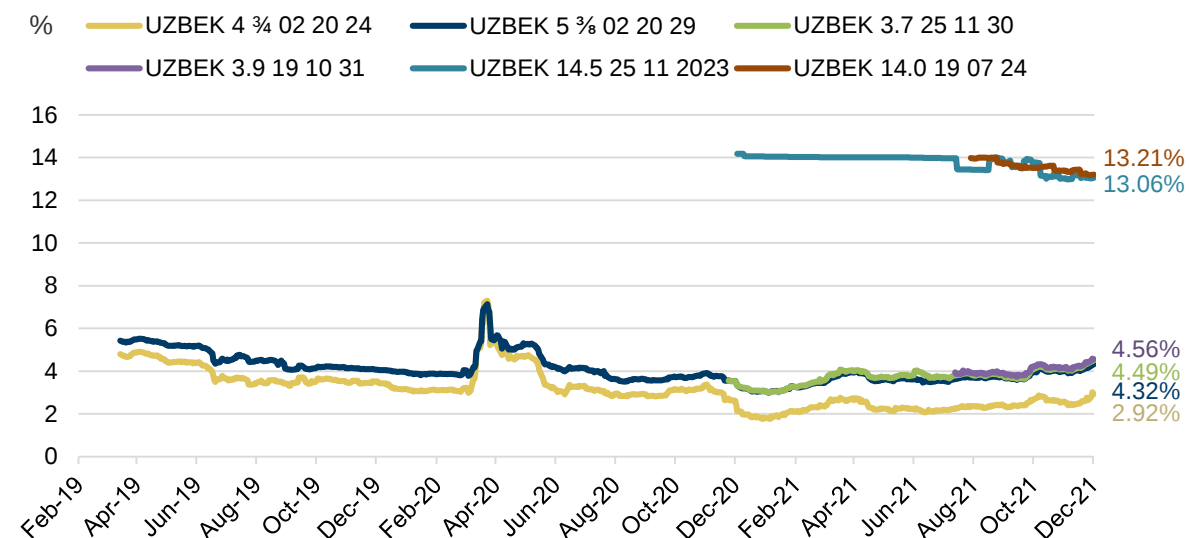
Note 1: Nominal value of each bill and bond is equal to UZS 1.0 m.
All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

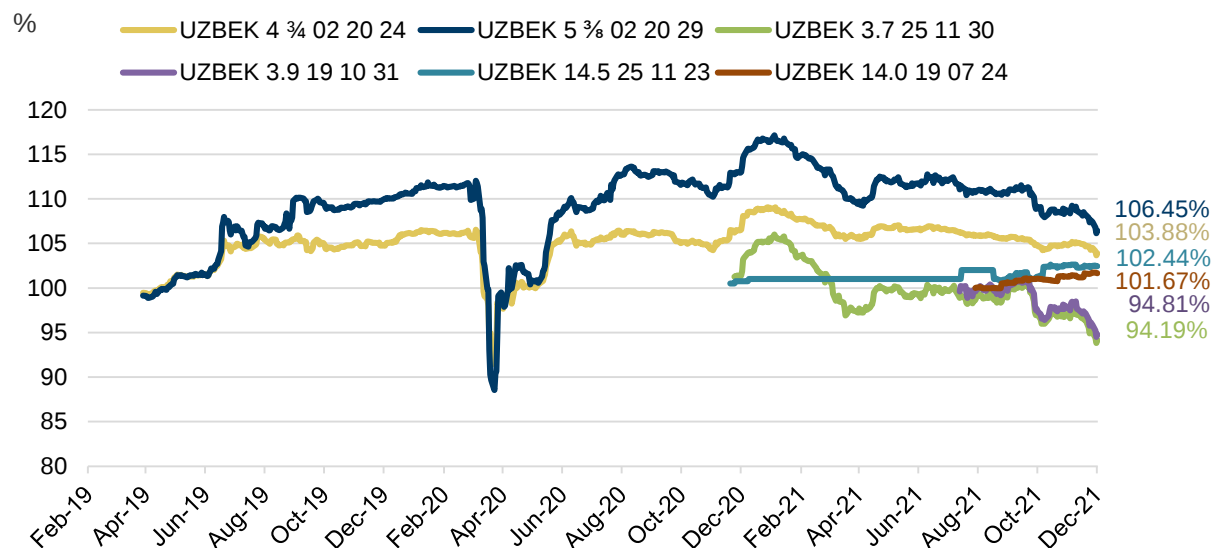
12. Sovereign Eurobonds

Settlement Date	Issuer	S&P	Fitch	Coupon(%)	Volume	Maturity
20 Feb 2019	Uzbekistan	BB-	BB-	4.75	U.S.\$ 500 m	20 Feb 2024
20 Feb 2019	Uzbekistan	BB-	BB-	5.375	U.S.\$ 500 m	20 Feb 2029
25 Nov 2020	Uzbekistan	BB-	BB-	3.7	U.S.\$ 555 m	25 Nov 2030
25 Nov 2020	Uzbekistan	BB-	BB-	14.5	UZS 2.0 tn (~U.S.\$ 192.5 m) ¹	25 Nov 2023
19 July 2021	Uzbekistan	BB-	BB-	3.9	U.S.\$ 635 m	19 Oct 2031
19 July 2021	Uzbekistan	BB-	BB-	14.0	UZS 2.5 tn (~U.S.\$ 235.4 m) ²	19 July 2024

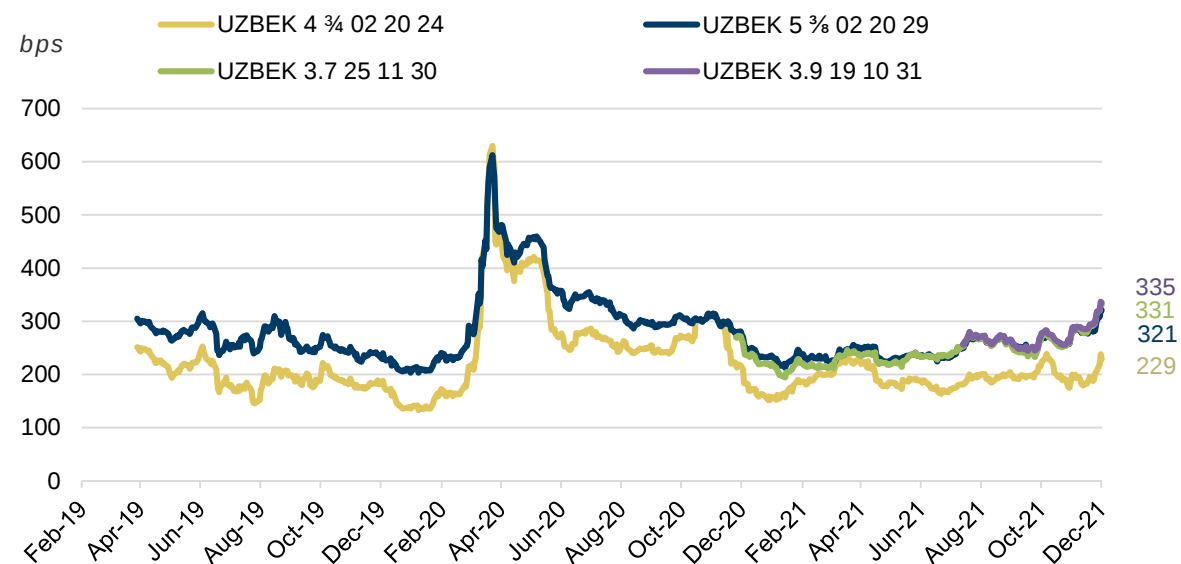
Yield- to-maturity (%)



Price (% , relative to the nominal value)



Spread-over-the-benchmark (bps)



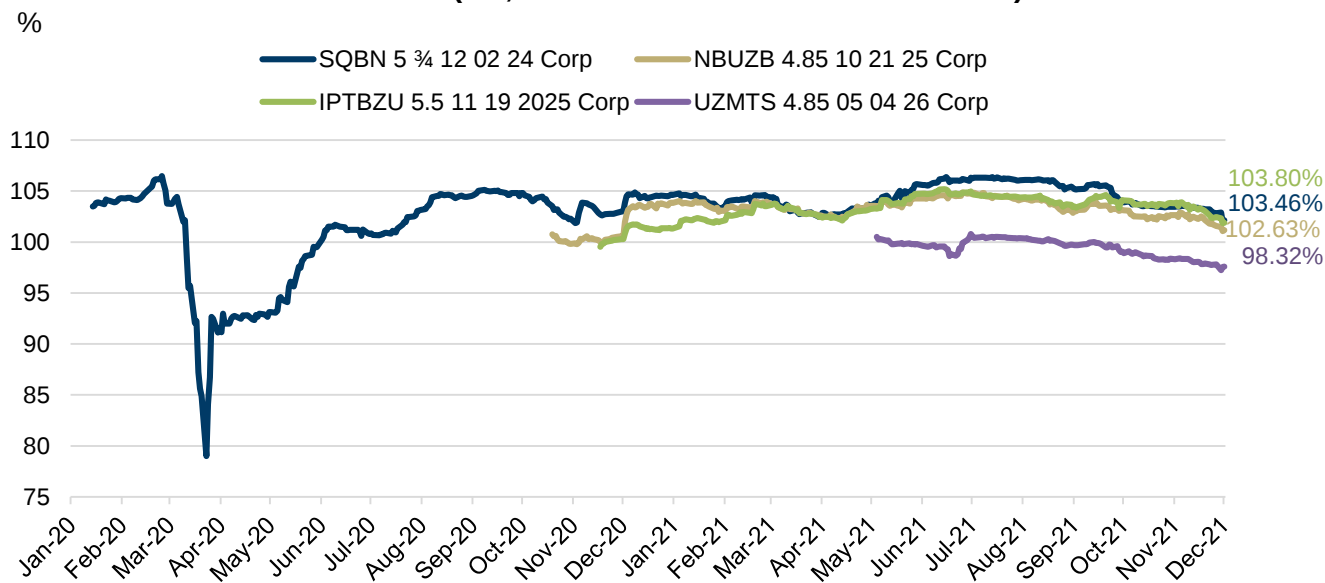
Note 1: Official exchange rate for 19 November 2020, USD / UZS = 10 391

Note 2: Official exchange rate for 12 July 2021, USD / UZS = 10 621

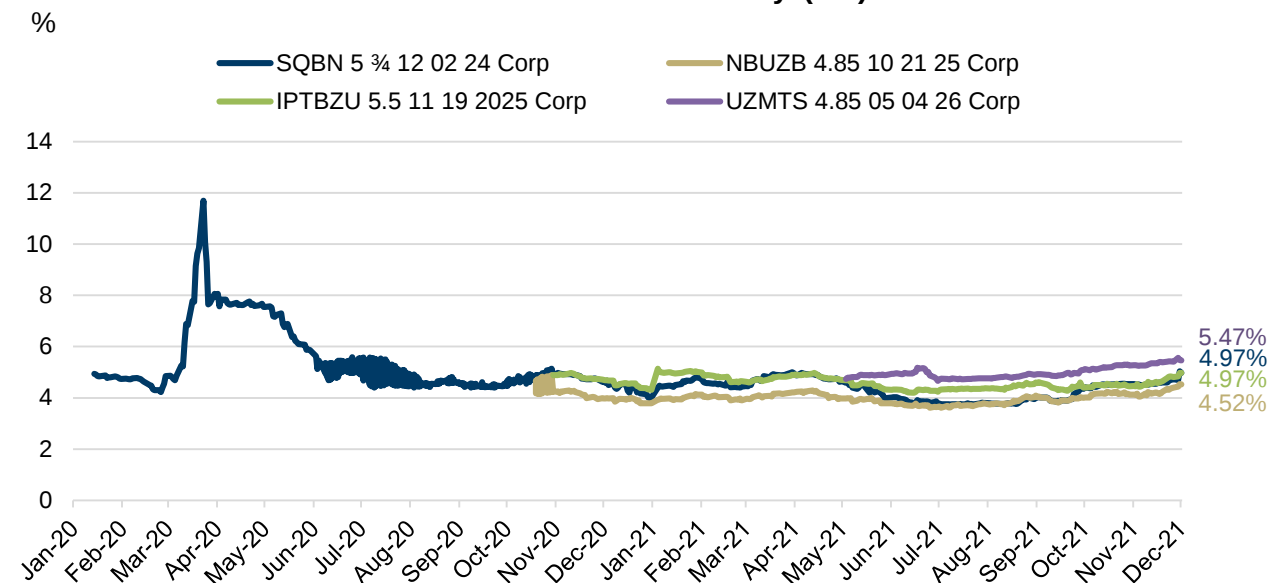
Source: Bloomberg Terminal
(As of December 1, 2021)

13. Uzbek corporate Eurobonds

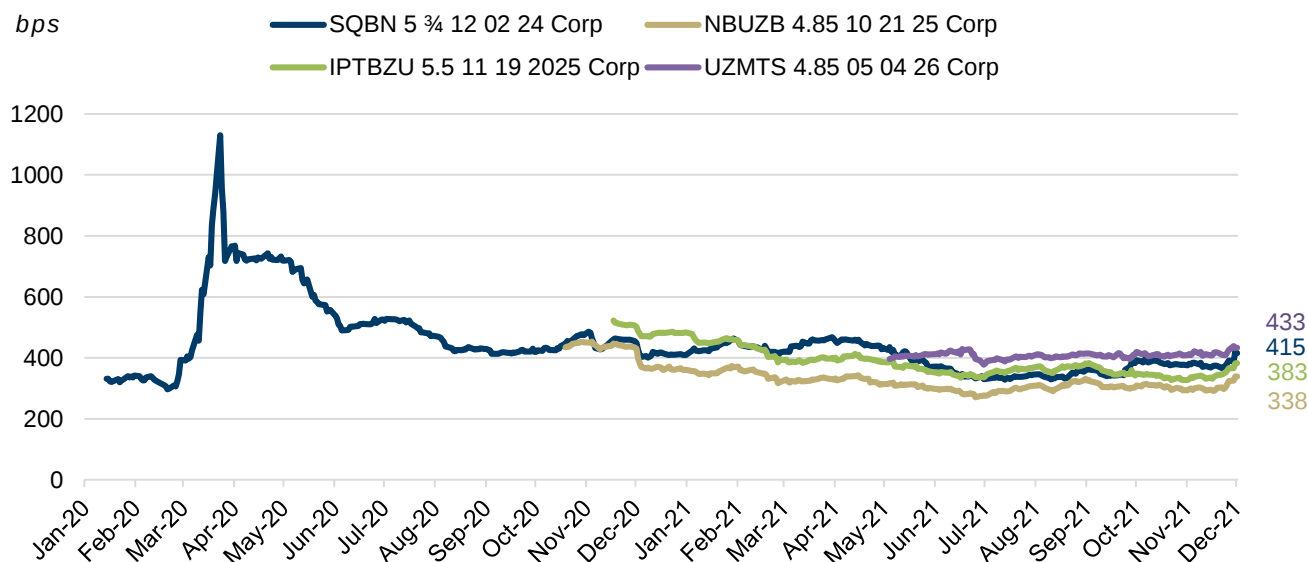
Price (% , relative to the nominal value)



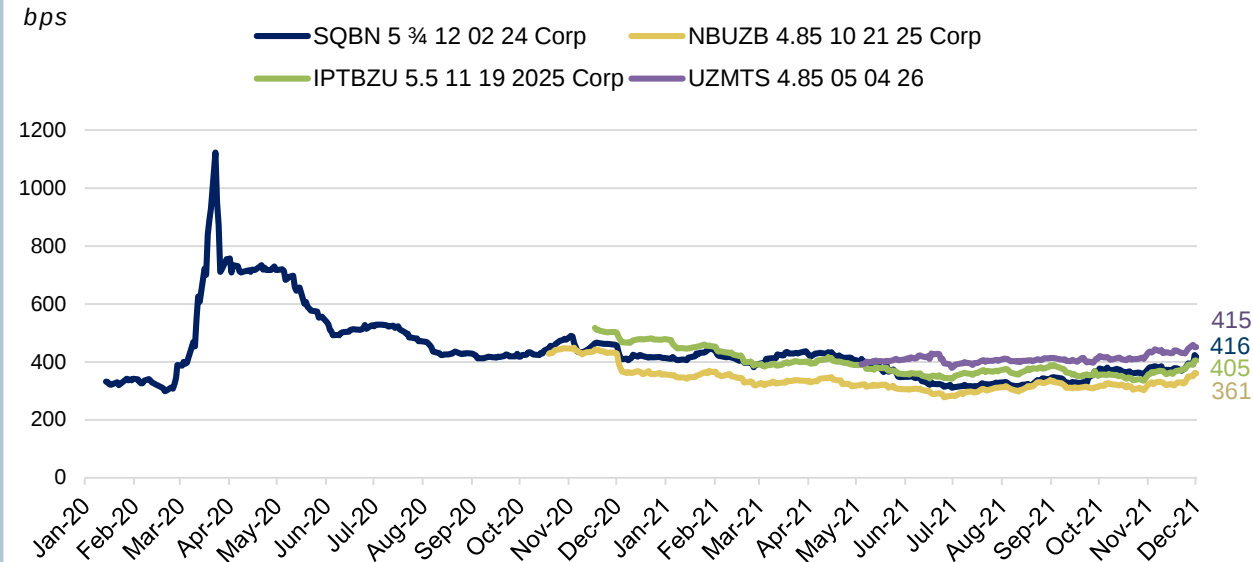
Yield- to-maturity (%)



Spread-over-the-benchmark (bps)



Z-Spread (bps)





Ministry of Finance is continuing capacity building activities on SDG and SDG bonds through conducting international conference and trainings in cooperation with the UNDP

On November 23, this year with the initiative of the United Nations Development Program and in cooperation with the Ministry of Finance, an international conference was held on the topic "SDGs and new tools for the mobilization of resources".

During this event, an open dialogue with the representatives of Ministry of Finance of the Republic of Uzbekistan, the Ministry of Economic Development and Poverty Reduction, Sectoral ministries and government agencies that are actively implementing the SDGs, international development partners, as well as experts from Mexico and Indonesia, made it possible to explore the world experience of introducing new tools for financing sustainable development.



The position of the deputy minister of Finance of the Republic of Uzbekistan in the presentation on the topic "Financing of SDG projects: key achievements in the mobilization of resources of the private sector and global investors" was highlighted by the fact that "green", stability and social bonds can help to accelerate the achievement of national SDGs.

At the same time, it was discussed the issues such as Uzbekistan's achievements in achieving the Sustainable Development

Goals and how the mobilization of additional resources can help accelerate this process.

For reference: The Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution №841 from October 20, 2018 "On measures for the implementation of national goals and objectives in the field of Sustainable Development in the period up to 2030" on achieving the Sustainable Development Goals of the United Nations until 2030.

By the decree of the President of the Republic of Uzbekistan № PD-5635 dated 17 January 2019, the Sustainable Development Goals of the UN are included in the list of 24 priority international ratings and indexes of the Republic of Uzbekistan.

By the decree of the President of the Republic of Uzbekistan № PD-5635 dated 17 January 2019, the Sustainable Development Goals of the UN are included in the list of 24 priority international ratings and indexes of the Republic of Uzbekistan. Noting that the funds in the amount of UZS 2 tn from the first international bonds in the national currency attracted on November 19, 2020 are spent on development projects aimed



at combating poverty, promoting a healthy lifestyle and quality education, accelerating the provision of gender equality, creating opportunities for the use of clean drinking water, supporting suitable working conditions and economic growth, as well as increasing the stability of infrastructure, the results of the selected projects were shared.

After the conference, a three-day workshop on capacity building for network ministries and agencies has been conducted.

14 October 2021

S&P Global Ratings

S&P Global Ratings published a summary report maintaining sovereign credit rating of the Republic of Uzbekistan's at "BB-" with a stable outlook

The S&P Global Ratings expects GDP growth to rebound sharply in 2021 to **6.5 %**, led by a recovery in the services sector and the economic recoveries of key trading partners, by growth in the services, manufacturing, and natural resources sectors. Despite the pandemic, the economy expanded **1.7 %** in real terms over 2020, making Uzbekistan one of the few countries to maintain positive real growth. The Agency expects real GDP growth to average about **5.5 %** annually over our 2022-2024 forecast period. In 2021, we expect a general government deficit of 5.8% of GDP, up from 4.3% in 2020, and an average of 3.8% over 2021-2024.

The Agency could raise the ratings if Uzbekistan's economic reforms and increased integration with the global economy result in stronger economic growth potential and improving fiscal and external metrics.

Source: <https://www.spglobal.com>

23 November 2021



Uzbekistan is the first beneficiary of the UK Enhanced GSP Scheme

On November 22, 2021 a press conference was held to inform the media of the benefits and opportunities of being admitted to the Enhanced Framework GSP.

The event was organised by the British Embassy in Tashkent, in partnership with the Ministry of Investments and Foreign Trade of Uzbekistan. Kenan Poleo, Her Majesty's Trade Commissioner to Eastern Europe and Central Asia, who arrived in Uzbekistan on his first official visit participated in the press conference along with S.Umurzakov, Deputy Prime Minister of Uzbekistan.

Uzbekistan was officially admitted to the UK's EF GSP on the 1st November 2021, after intense efforts by both governments to conclude the process in only 6 months. One of the factors in granting the beneficiary status of EF GSP was that Uzbekistan successfully ratified 27 key international conventions in the areas of human rights, labour standards, the environment, and good governance. Uzbekistan has become the first country admitted to the scheme, which sends a hugely positive signal of intent from both countries to turbo boost the UK-Uzbekistan trading relationship, particularly now that there will be ZERO import duty on more than 7,800 products made in Uzbekistan.

Source: <https://www.gov.uk>



The position of Uzbekistan increased by 14 in the Rule of Law Index

Uzbekistan has improved its position by 14 points in the Rule of Law Index for 2021, published by the World Justice Project on October 14 this year.

It should be noted that **Uzbekistan demonstrated positive dynamics**, having **improved its scores by 4.1 %** in this edition of the report, and became one of the three countries with the greatest improvement in the rule of law indicators. In overall ranking, **Uzbekistan is in 85th place**.

It should be noted that this index is the only international rating in the world that specializes in assessing the rule of law and, in turn, is one of the most important sources of information in the *assessment of the Worldwide Governance Indicators* and the *Corruption Perceptions Index* of Transparency International.

Source: <https://worldjusticeproject.org>

November 2021



"Legatum Prosperity Index" by The Legatum Institute was published for 2021

"Legatum Prosperity Index" published by *The Legatum Institute* announced its following report for 2021. According to the report, **Uzbekistan ranked 100** out of 167 countries and it says that the country performs most strongly in *Social Capital* and *Health* in spite of decrease in this indicators, but is weakest in *Natural Environment* over last 10 years. Besides, the biggest improvement compared to a decade ago came in *Safety and Security*.

In fact, the republic has **rapid growth** by *Enterprise Conditions* (+19 positions), *Infrastructure and Market Access* (+6 positions) and *Education* (+5 positions) indicators in the 2021 report.

THE LEGATUM PROSPERITY INDEX™ 2021			
Indicators	2020	2021	Change in rank
Safety and Security	52	55	-3
Personal Freedom	147	151	-4
Governance	136	141	-5
Social Capital	20	27	-7
Investment Environment	90	93	-3
Enterprise Conditions	124	105	+19
Infrastructure and Market Access	105	99	+6
Economic Quality	78	78	-
Living Conditions	98	103	-5
Health	43	50	-7
Education	85	80	+5
Natural Environment	157	163	-6
Overall rank	97	100	-3

Source: <https://www.prosperity.com/globe/uzbekistan>

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