

Coronavirus response in 2021: building back better

Update on Uzbekistan (16 June 2021)



Covid-19 policy response

- **An anti-crisis fund of UZS 10 trillion (US\$ 1 billion) was established in 2020** to strengthen the healthcare system and support vulnerable workers and affected businesses. The fund spanned government spending to provide liquidity, interest subsidies and guarantees to businesses, as well as public works to improve regional infrastructure and support employment.
- **The government has undertaken Covid-response measures worth around UZS 82 trillion in total** (US\$ 7.7 billion or 13% of GDP), including UZS 66 trillion of loan deferrals.
- **UZS 3 trillion (US\$ 280 million) is earmarked in the 2021 state budget to mitigate the effects of the pandemic.** Measures to support households and businesses include interest-rate compensation, a revolving export credit facility and subsidies for the unemployed.

Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	5.4	5.6	1.6	EBRD GDP growth forecast (June 2021) 2021: 5.6%; 2022: 6.0% Quarterly GDP growth: 3% (Q1 2021, y/y) Exports: -20% (Jan-Apr 2021, y/y) Retail sales: 2.8% (Jan-Mar 2021, y/y) Annual inflation: 10.9% (May 2021) Sovereign bond yield: 3.59% (June 2021) Remittances: +34% (Jan-Apr 2021, y/y)
Annual inflation (end-year)	14.3	15.2	11.1	
Government balance/GDP	1.7	-0.3	-3.3	
Current-account balance/GDP	-7.1	-5.8	-5.4	
Net FDI/GDP	-1.2	-4.0	-0.5 (Q1-Q3)	
Public debt/GDP (end-year)	20.4	29.4	37.9	
Unemployment rate (end-year)	9.3	9.0	10.5	

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Competitive	• Privatisation is ongoing, with the sale of 550 state-owned enterprises planned for H1 2021.
Well-governed	• A new public procurement law was approved in April 2021. The goal is to make it easier for businesses to participate in and increase reliance on e-procurement.
Green	• A hydrogen energy strategy was signed in April 2021 to develop renewable and hydrogen energy in line with the National Low Carbon Energy Strategy approved in May 2020.
Inclusive	• Development strategies are being composed for each region to reduce income disparities and equalise opportunities.
Resilient	• An independent energy regulator is to be set up by end 2021. It will be responsible for setting tariffs and regulating electricity and gas markets.
Integrated	• The country has joined the Generalised Scheme of Preferences (GSP+) trade scheme, implying full removal of tariffs on two-thirds of all goods on the EU's official product list.
Digital	• The Digital Uzbekistan – 2030 strategy was approved in October 2020. It includes connecting all settlements to the internet by end 2022 and upgrading digital skills.

Key short-term priorities

- Improve the governance of state-owned enterprises and accelerate their privatisation through a transparent tendering process.
- Continue banking-sector reforms to enhance financial intermediation.
- Facilitate business climate reforms, including via dialogue with the Foreign Investors Council.