

# Coronavirus response in 2021: building back better

## Update on Uzbekistan (20 December 2021)



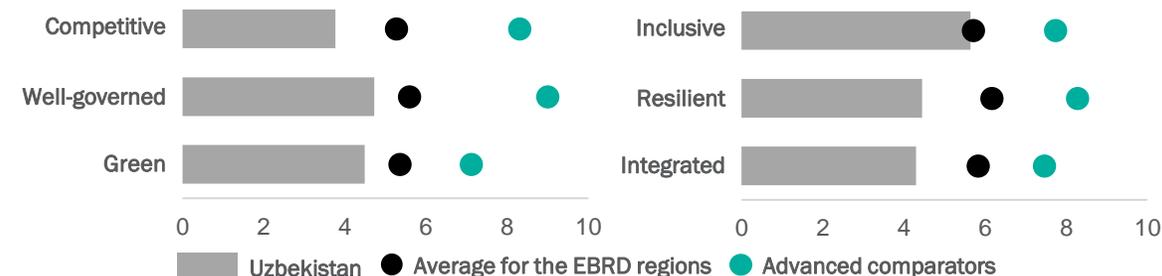
### Covid-19 policy response

- **UZS 3 trillion (US\$ 280 million) is earmarked in the 2021 state budget for mitigating the economic impacts of the Covid-19 pandemic.** The government is supporting households and businesses via interest-rate compensation, a revolving export credit facility, subsidies for the unemployed and a range of other measures.
- **To address the issue of rising debt,** new measures were introduced to optimise public investment expenditures, ensure more efficient spending of externally borrowed funds and restrict the issuance of new external debt.

### Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	5.4	5.6	1.6	<b>EBRD GDP growth forecast (Nov 2021)</b> <b>2021: 6.8%; 2022: 6%</b> GDP growth: 6.9% (Jan-Sep 2021, y/y) Exports: -6,7% Jan-Sep 2021, y/y) Retail sales: 9,8% (Jan-Sep 2021, y/y) Inflation: 10.6% (Sep 2021, y/y) Sovereign bond yield: 4.29% (3 Dec 2021) Remittances: +35% (Jan-Aug 2021, y/y)
Annual inflation (year end)	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	-3.0	
Public debt/GDP (year end)	20.4	29.4	37.9	
Unemployment rate (year end)	9.3	9.0	10.5	

### EBRD assessment of transition qualities (ATQs), 2021<sup>1</sup>



### Building back better: key ongoing initiatives

<b>Competitive</b>	<ul style="list-style-type: none"> <li>• New laws on privatisation and state property management will be adopted at the end of 2021. Key targets under the strategy are a 75 per cent reduction in the number of enterprises with state participation.</li> </ul>
<b>Well-governed</b>	<ul style="list-style-type: none"> <li>• Reforms to strengthen the judicial system include enhancing judicial accountability, monitoring prisons, improving the appeals court and fostering judicial independence and authority.</li> </ul>
<b>Green</b>	<ul style="list-style-type: none"> <li>• To reach carbon neutrality in power generation by 2050, the authorities aim to develop power sources with low-carbon emissions, including solar, hydro, wind and nuclear power, and to modernise the electricity grid.</li> </ul>
<b>Inclusive</b>	<ul style="list-style-type: none"> <li>• Uzbekistan has made major progress on eliminating child labour and forced labour in the cotton industry.</li> </ul>
<b>Digital</b>	<ul style="list-style-type: none"> <li>• Under the “Digital Uzbekistan-2030” strategy, more than 280 projects will facilitate the digital transformation of regions and sectors, with a view to doubling digital services as a share of gross domestic product (GDP) over the next two years. Also, every settlement will be connected to the internet by the end of 2022 and given upgraded digital skills, among other things.</li> </ul>

### Key short-term priorities

- Ensure that the healthcare system has sufficient capacity.
- Invest in broadband infrastructure and digital skills to enable remote working and learning for all population groups.
- Prioritise macroeconomic stabilisation and continue to improve the investment climate, alongside other measures to build investor confidence.

To learn more about EBRD's support to Uzbekistan visit: <https://www.ebrd.com/uzbekistan.html>.

<sup>1</sup> For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.