



# REPUBLIC OF UZBEKISTAN

## STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

April 6, 2021

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The Middle East and Central Asia Department  
(In consultation with other departments)

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# FUND RELATIONS

As of March 31, 2021

## Membership Status

Date of membership: September 21, 1992  
 Status: Article VIII

## General Resources Account

	SDR Million	Percent Quota
Quota	551.20	100.00
IMF Holdings of Currency	734.75	133.30
Reserve Tranche Position	0.01	0.00

## SDR Department

	SDR Million	Percent Quota
Net Cumulative Allocation	262.79	100.00
Holdings	266.14	101.28

## Outstanding Purchases and Loans:

	SDR Million	Percent Quota
RCF Loans	92.02	16.70
Emergency Assistant (RFI)	183.55	33.30

## Latest Financial Commitments

Type	Arrangements	Outright Loans	
	Stand-By	RFI	RCF
Approval Date	December 18, 1995	May 18, 2020	May 18, 2020
Expiration/Drawn Date	March 17, 1997	May 20, 2020	May 20, 2020
Amount Approved (SDR Million)	124.70	183.55	92.05
Amount Drawn (SDR Million)	65.45	183.55	92.05

## Projected Obligations and Projected Payments to the Fund:

	2021	2022	2023	2024	2025
Principal			45.89	91.78	55.09
Charges/Interest	<u>1.45</u>	<u>1.93</u>	<u>1.88</u>	<u>1.14</u>	<u>0.22</u>
Total	<u>1.45</u>	<u>1.93</u>	<u>47.77</u>	<u>92.91</u>	<u>55.31</u>

**Implementation of HIPC Initiative:** Not Applicable

**Implementation of Multilateral Debt Relief Initiative (MDRI):** Not Applicable

**Implementation of the 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 with effect on October 15, 2003 and maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions. With the exchange rate unification in September 2017, as well as the adoption and implementation of regulations liberalizing the FX regime in Uzbekistan, two exchange restrictions and one MCP that had been maintained inconsistently with Article VIII obligations were eliminated. Since then, Uzbekistan maintains an exchange system free from restrictions on the making of payments and transfers for current international transactions. FX is generally freely available for payments and transfers for current international transactions without undue delay.

According to the authorities, the *de jure* exchange rate arrangement is floating. The exchange rate is determined daily based on the supply and demand for foreign currency established on Uzbekistan's currency exchange. The Central Bank of Uzbekistan (CBU) is a direct buyer of monetary gold produced in Uzbekistan, acting as a supplier in the foreign exchange market in amounts equivalent to the volume 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 FX market are not directed at affecting the fundamental trend of the exchange rate and are driven exclusively by the aim of sterilizing additional liquidity from CBU purchases of monetary gold. The *de facto* exchange rate arrangement is classified as crawl-like.

## **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 May 9, 2019.

## **Safeguards Assessment**

The CBU has not undergone a safeguard assessment, which is expected to be initiated in FY22.

## **Resident Representative**

A resident representative for Uzbekistan was appointed in December 2020. A resident representative office was previously open in Tashkent from September 1993 to April 2011.

**Technical Assistance Missions**

May 2019 to March 2021

	<b>IMF Department</b>	<b>Type of Technical Assistance</b>	<b>Mission Date</b>
<b>Public Financial Management</b>			
1	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	May 2019
2	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	Jun 2019
3	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	Jul 2019
4	Fiscal Affairs	Annual Budget Law	Aug 2019
5	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	Sep 2019
6	Fiscal Affairs	Annual Budget Law	Sep 2019
7	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	Oct 2019
8	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	Feb 2020
9	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	Jul 2020
10	Fiscal Affairs	Budget Preparation, Fiscal Risk Analysis, and Public Investment Management	Aug 2020
11	Fiscal Affairs	Fiscal Strategy	Aug 2020
12	Fiscal Affairs	Macro-Fiscal Workshop	Aug 2020
13	Fiscal Affairs	Public Investment Management Assessment	Sep 2020
14	Fiscal Affairs	Rules Based Fiscal Framework	Feb 2021
<b>Tax Administration</b>			
15	Fiscal Affairs	Tax System Reform – Long Term Expert	May 2019 – April 2021
16	Fiscal Affairs	Tax Administration Reform Strategy	Jun 2019
17	Fiscal Affairs	Tax Administration Reform Strategy	Sep 2019
18	Fiscal Affairs	Large Taxpayer Office	Sep 2019
19	Fiscal Affairs	Tax Audit Strategy	Oct 2019
20	Fiscal Affairs	Large Taxpayer Office	Oct 2019

	<b>IMF Department</b>	<b>Type of Technical Assistance</b>	<b>Mission Date</b>
21	Fiscal Affairs	Tax Audit Strategy	Dec 2019
22	Fiscal Affairs	Tax Administration Reform Strategy	Dec 2019
23	Fiscal Affairs	Organization Structure	Jul 2020
24	Fiscal Affairs	Value Added Tax	Aug 2020
25	Fiscal Affairs	Compliance Risk Management	Sep 2020
26	Fiscal Affairs	Medium-Term Revenue Strategy Workshop	Nov 2020
27	Fiscal Affairs	Compliance Risk and Cash Economy	Feb 2021
<b>Tax Policy</b>			
28	Fiscal Affairs	Value Added and Excise Taxes	May 2019
29	Fiscal Affairs	Tax Code Reforms	Jul 2019
30	Fiscal Affairs	Natural Resource Taxes	Oct 2019
31	Fiscal Affairs	Land and Property Taxes	Feb 2020
32	Fiscal Affairs	Natural Resource Taxes	Sep 2020
33	Fiscal Affairs	Land and Property Taxes	Feb 2021
34	Fiscal Affairs	International Taxation	Mar 2021
<b>Macroeconomic Forecasting</b>			
35	Institute for Capacity Development	Financial Programing and Policies	Oct 2019
36	Institute for Capacity Development	Financial Programing and Policies	Oct 2020
37	Institute for Capacity Development	Financial Programing and Policies	Mar 2021
<b>Monetary and Financial Policies and Operations</b>			
38	Monetary and Capital Markets	Monetary and Foreign Exchange Operations	Mar 2020
39	Monetary and Capital Markets	Monetary and Foreign Exchange Operations	Sep 2020
40	Monetary and Capital Markets	Financial Sector Stability Review	Sep 2020
41	Monetary and Capital Markets	Capital Markets Regulation – IOSCO	Nov 2020
42	Monetary and Capital Markets	Financial Sector Stability Review	Nov 2020

	<b>IMF Department</b>	<b>Type of Technical Assistance</b>	<b>Mission Date</b>
43	Monetary and Capital Markets	Capital Account Liberalization	Jan 2021
<b>Statistics</b>			
44	Statistics	Government Financial Statistics	Jul 2019
45	Statistics	Monetary and Financial Statistics	Jul 2019
46	Statistics	External Sector Statistics	Oct 2019
47	Statistics	Government Financial Statistics – Natural Resource Revenues	Oct 2019
48	Statistics	National Accounts	Feb 2020
49	Statistics	Public Sector Debt Statistics	Mar 2020
50	Statistics	Producer Price Index	Oct 2020
51	Statistics	External Sector Statistics	Nov 2020
52	Statistics	Consumer Price Index	Dec 2020
53	Statistics	Export and Import Price Indices	Mar 2021
54	Statistics	National Accounts – Natural Resources	Mar 2021
55	Statistics	Multi-Topic Statistics Diagnostic	Mar 2021

# RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

As of March 31, 2021

## Asian Development Bank:

- Country page: <https://www.adb.org/countries/uzbekistan/main>
- ADB project operations: <https://www.adb.org/projects/country/uzb>

## European Bank for Reconstruction and Development:

- Country page: <https://www.ebrd.com/uzbekistan.html>
- EBRD's lending portfolio: <https://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html?c37=on&keywordSearch=>

## World Bank Group:

- Country page: <https://www.worldbank.org/en/country/uzbekistan>
- Overview of World Bank Group lending: <https://financesapp.worldbank.org/countries/Uzbekistan/>
- IBRD-IDA project operations: [http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode\\_exact=UZ](http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=UZ)

# STATISTICAL ISSUES

As of March 31, 2021

## I. Assessment of Data Adequacy for Surveillance

**General:** Data are broadly adequate for surveillance purposes, with some shortcomings mainly in national accounts, government finance, and external sector statistics. Capturing the informal sector remains a challenge.

**National Accounts:** The State Statistics Committee (SSC) has made important progress in improving national account statistics with the goal of implementing the 2008 System of National Accounts (SNA) standards by December 2021. To do so, the SSC is improving compilation of financial intermediation services, imputed rent, and output of public administration. It is also reconciling data on exports and imports from the balance of payments and national accounts.

The SSC is using supply and use tables to allow faster compilation of GDP estimates and reconcile differences between GDP production and expenditure approaches. Improvements are also being made to quarterly GDP data, with the SSC planning to report discrete quarterly data from September 2021.

The nominal level of GDP is underestimated due to a large non-observed economy (NOE). The SSC is developing surveys of specific sectors (construction, trade, hotels and restaurants, education, health care and other personal services) to improve estimates of the NOE in line with recommendations of IMF technical assistance. The SSC is planning a major revision of national accounts in 2024 which will incorporate the results of these surveys as well as the results of the population survey planned for 2023.

**Price Statistics:** The SSC updated CPI methodology in 2018. They are planning additional improvements with respect to collecting prices for telecommunication services and electronics, imputing missing prices, and improving expenditure weights, sampling, and aggregation.

Regarding producer prices, the SSC compiles and disseminates a monthly PPI for mining and extraction, manufacturing, and utilities. Coverage will be expanded to include PPI for agriculture (planned for early 2022) and for construction. The SSC is expanding coverage to small establishment and improving methods for estimating missing prices.

The SSC has made other improvements to export and import price indices and begun compiling a residential property price index on an experimental basis. Further improvements are planned.

**Government Finance Statistics (GFS):** Detailed data on revenue and expenditure of the consolidated government budget are compiled by the Ministry of Finance on a monthly basis, following the national presentation, and are available after about four weeks. The government has been making good progress expanding GFS to include off-budget accounts of budgetary organizations, extrabudgetary funds, the Fund for Reconstruction and Development, and foreign financed investment in the budget. The government is expected to complete this expansion within the next 12



months. However, there remains a significant statistical discrepancy between the financing of the budget based on above-the-line and below-the-line data, which should be addressed by further improvements to coverage and classification. The government could also improve fiscal statistics by reconciling monetary and fiscal financing data on a regular basis.

The government presents expenditures in the budget according to its own classification system. In 2020, the government presented the budget based on international standards alongside the national format. They plan further improvements to align the budget classification with GFSM 2014.

Information on total proceeds from privatization operations and treasury bills are provided on a quarterly basis and data on issues and repayments of treasury bills are available monthly on request. The Ministry of Finance has established a debt management office which has implemented the UN's debt management financial analysis system (DMFAS) with an improvement in reporting on debt statistics. However, public sector debt statistics (PSDS) are not yet fully compiled according to international standards, and the authorities are not yet reporting to the joint World Bank-IMF Quarterly PSDS database.

The authorities have strong commitment to improve fiscal statistics. The authorities started reporting fiscal data compliant with GFSM 2001 in 2013 and have published annual fiscal data in the GFS Yearbook for the period 2011 onwards. They are also working intensively to implement the recommendations of a 2018 Fiscal Transparency Evaluation and IMF recommendations on GFS and PSDS, including the recommendation to develop a general government sector financial balance sheet.

**Monetary and Financial Statistics:** Following the 2019 monetary and financial statistics mission, the CBU started reporting data in standardized report forms, which fed into a country page for Uzbekistan in the International Financial Statistics (IFS) in December 2019. Further efforts are needed to improve MFS consistency with other data sets and to develop longer time series. Work is in progress to develop data for other financial corporations. CBU also reports data on some key series and of the Financial Access Survey (FAS), including two indicators of the U.N. Sustainable Development Goals.

**Financial Soundness Indicators:** The CBU reports the 12 core financial soundness indicators (FSIs) and 9 of the 13 encouraged FSIs for deposit takers as well as one for other sectors for posting on the IMF's FSI website with a lag of one month. The CBU has improved the FSI reporting frequency from quarterly to monthly and started reporting sectoral financial statements since January 2020. However longer time series are needed.

**External Sector Statistics:** In 2018, the CBU started publishing balance of payments (BOP) and international investment position (IIP) data. Since then, the quality has improved significantly and the CBU has produced historical statistics that start in 2010. Before 2018, BOP and international reserves data were compiled but not published and only limited data on external trade was published. Currently, the CBU and SSC publish comprehensive reports in English, Russian, and Uzbek. In addition, the CBU has begun releasing a flash estimate of the current account within 15 days after the end of the quarter. However, the reserves data template—which includes information beyond official reserves—is not yet disseminated. The CBU needs to continue building up its capacity to compile external sector statistics. In particular, to reduce errors and omissions it will be important to refine

estimates of exports and imports of goods and enhance estimates of trade credit and households' foreign exchange cash holdings.

**Other Statistics.** Labor statistics have sizable limitations. Labor statistics (job vacancies, labor costs and hours worked) definitions need to follow more closely international standards. The quality of employment data in household and enterprises surveys needs to be improved. Currently, statistics are produced by the Ministry of Labor, rather than statistics office.

## II. Data Standards and Quality

Uzbekistan has been participating in the IMF's Enhanced General Data Dissemination System (e-GDDS) since May 2018 and regularly updates the National Summary Data Page (NSDP) on the website of the State Statistics Committee. The authorities are in the process of improving data dissemination with the goal of subscribing to the IMF's Special Data Dissemination Standard (SDDS) by end-2022. To that end, the authorities are working to align data on national accounts, the reserve template, government operations and debt, and external debt with SDDS requirements.

In early 2021, the authorities undertook a comprehensive statistical diagnostic with assistance from the IMF. The diagnostic found that much progress had been made in many areas including balance of payments, government finance, monetary and financial, national account, and price statistics.

No data ROSC is available.

### Table of Common Indicators Required for Surveillance

As of March 31, 2021

	Date of Latest Observation	Date Received <sup>1</sup>	Frequency of Data <sup>2</sup>	Frequency of Reporting	Frequency of Publication
Exchange Rates	Mar 30, 2021	Mar 31, 2021	D	W	W
International Reserve Assets and Reserve Liabilities of the Monetary Authorities <sup>3</sup>	Feb 2021	Feb 2021	M	M	M
Reserve/Base Money	Feb 2021	Feb 2021	M	M	M
Broad Money	Feb 2021	Feb 2021	M	M	M
Central Bank Balance Sheet	Feb 2021	Feb 2021	M	M	M
Consolidated Balance Sheet of the Banking System <sup>4</sup>	Feb 2021	Feb 2021	M	M	M
Interest Rates <sup>5</sup>	Feb 2021	Feb 2021	M	M	
Consumer Price Index	Feb 2021	Feb 2021	M	M	M
Revenue, Expenditure, Balance, and Composition of Financing—General Government <sup>6</sup>	2020 Q4	Mar 2021	Q	Q	Q
Revenue, Expenditure, Balance, and Composition of Financing—Central Government	NA	NA	NA	NA	NA
Stocks of Central Government and Central Government Guaranteed Debt <sup>7</sup>	2020 Q4	Mar 2021	Q	Q	Q
External Current Account Balance	2020 Q4	Mar 2021	Q	Q	Q
Exports and Imports of Goods and Services	Feb 2021	Mar 2021	M	M	M
GDP	2020 Q4	Jan 2021	Q	Q	Q
Gross External Debt	2020 Q4	Mar 2021	Q	Q	Q
International Investment Position	2020 Q4	Mar 2021	Q	Q	Q

<sup>1</sup> The date for the latest observation and the date received reflect when data was transmitted to the area department.

<sup>2</sup> Daily (D); Weekly (W); Monthly (M); Quarterly (Q); Annually (A); Irregular (I); Not Available (NA).

<sup>3</sup> Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

<sup>4</sup> Foreign & domestic bank and domestic nonbank financing.

<sup>5</sup> Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

<sup>6</sup> The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

<sup>7</sup> Currency and maturity composition are not reported regularly.