



UZBEKISTAN'S PATH TO SUSTAINABLE DEVELOPMENT

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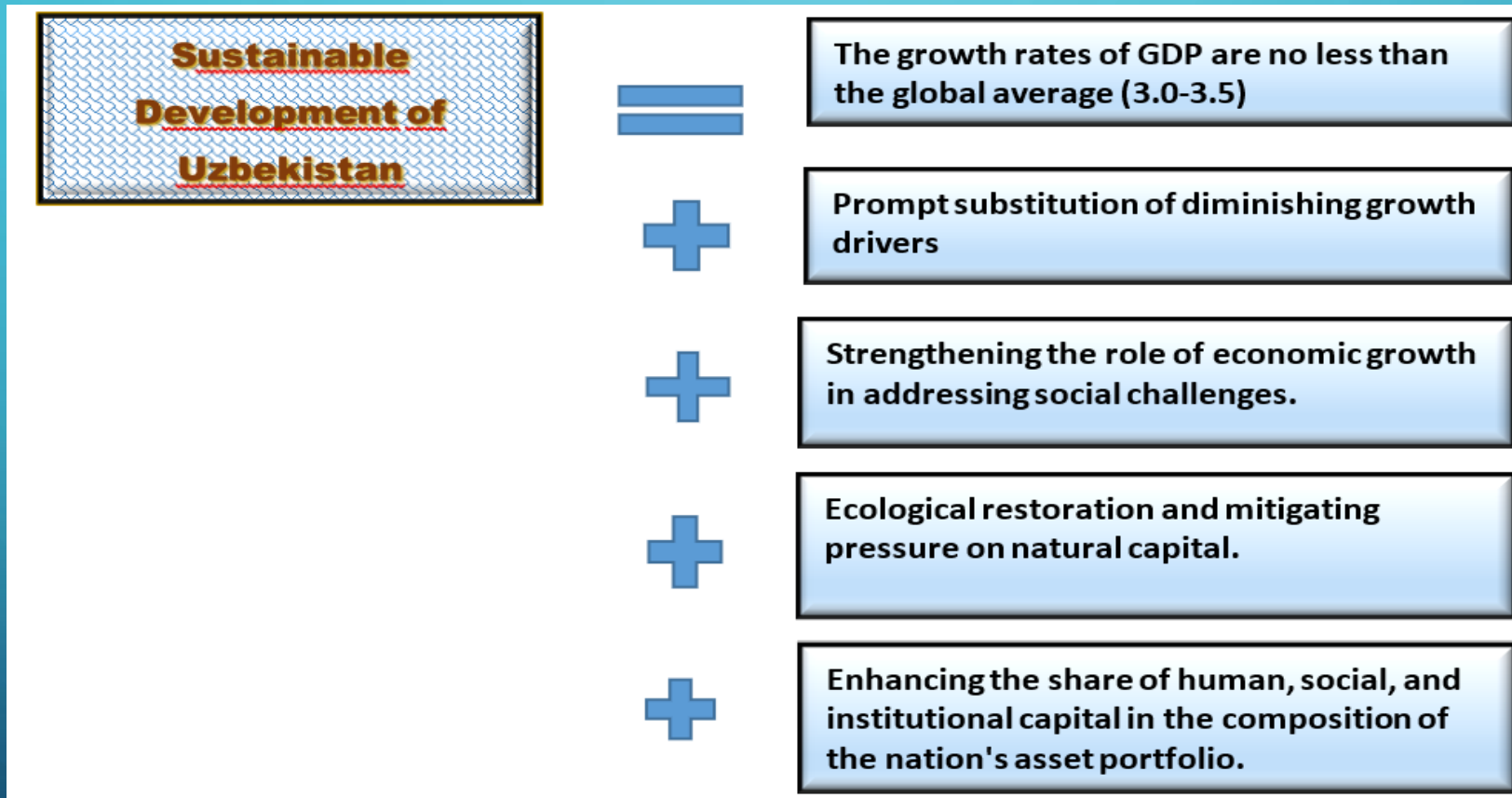
INSTITUTE FOR MACROECONOMIC AND REGIONAL STUDIES

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CONTENT:

- Conditions of Uzbekistan's Sustainable Development;
- Current Performance of Uzbek Economy;
- Future Goals;
- Risks and Challenges (could Uzbekistan catch-up with Upper middle income countries? What are the main External Shocks?);
- Policy recommendations (Strategic planning, Changing the priorities).

CONDITIONS FOR THE SUSTAINABLE DEVELOPMENT OF UZBEKISTAN:



Source: S.Chepel (2023). Journal "Economy: Forecasts and Analysis" №1(21), Tashkent

MAIN ECONOMIC INDICATORS (2023):

	GDP growth (annual %)	Inflation, consumer prices (annual %)	Gross capital formation (% of GDP)	External balance on goods and services (% of GDP)	Government Budget deficit (% of GDP)	General government gross debt (% of GDP)
Kazakhstan	5.1	9.8	28.6	7.0	-2.4	22.8
Belarus	3.9	5.0	24.1	0.6	0.7	40.7
China	5.2	0.2	42.1	2.2	-5.8	84.4
Russia	3.6	7.42	25.7	4.3	-2.3	19.5
Uzbekistan	6.3	8.77	43.1	-18.9	-4.0	32.5

Source: World Bank, ADB and IMF Dataset

THE UZBEK GOVERNMENT HAS INCREASINGLY FOCUSED ON SUSTAINABLE DEVELOPMENT

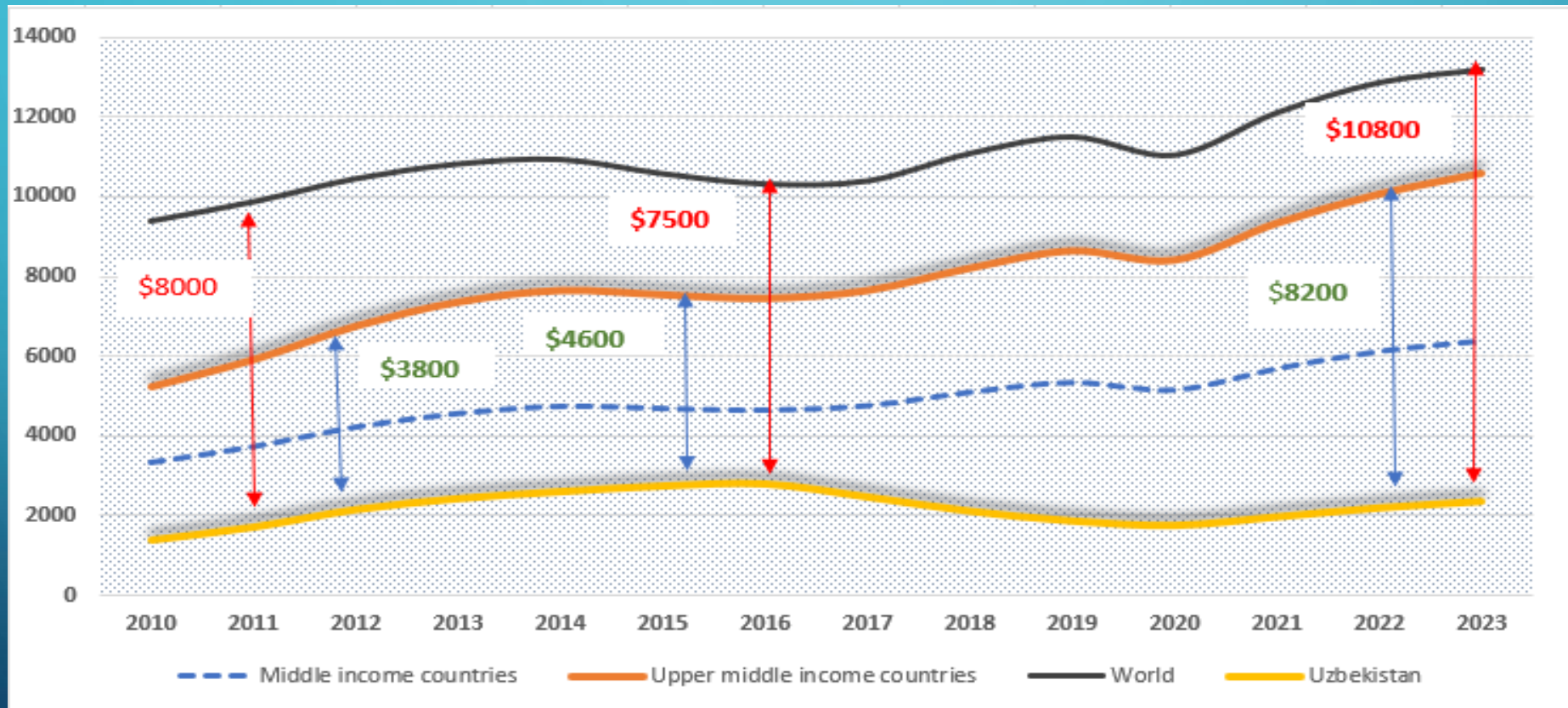
- The Uzbekistan-2030 Strategy;
- The Action Plan for Transition to a Green Economy until 2030;
- Large-scale "From Poverty to Prosperity" Program;
- Digital Uzbekistan 2030;
- Sustainable Development Goals (SDGs) 2030;
- Development Strategy of New Uzbekistan for 2022-2026;
- more than 60 strategic documents in recent years.

FUTURE GOALS :

- Uzbekistan's GDP is projected to grow to \$200 billion by 2030 (\$50 billion in 2017, \$110 billion in 2024);
- GDP per capita is expected to rise from \$3 050 (2024) to \$5 000 by 2030, reflecting positive economic growth prospects;
- Reduction of greenhouse gas emissions per unit of gross domestic product by 35% from the level of 2010;
- By 2026, inflation should stabilize at 5-6%, with further reductions to 5% or lower by 2027.
- The goal is to decrease the poverty rate to 6 percent by the end of 2025 (23% in 2019, 11% in 2023).

THESE EFFORTS ARE NOT YET SUFFICIENT TO CLOSE THE GAP

Gross national income per capita 2010-2023, Atlas method



Source: World Bank Dataset.

RISKS AND CHALLENGES :

- High level of macroeconomic instability (inflation above the Central Bank's targets; budget deficit greater than 3%, high level of external trade balance deficit and external debt);
- External shocks reduce the accuracy of macroeconomic forecasts and their role in economic decision-making. The risks of decrease policy coherence of economic development due to difficulties in accounting for complex macroprocesses;
- Underdeveloped commodity and financial markets, with big monopolists dominating these markets – producers of goods and services, and ineffective antimonopoly regulation;
- Critical level of technological dependence on external factors;
- Low level of resource management efficiency (or productivity based on primary resources – energy, water, land, investment, labor, etc.).

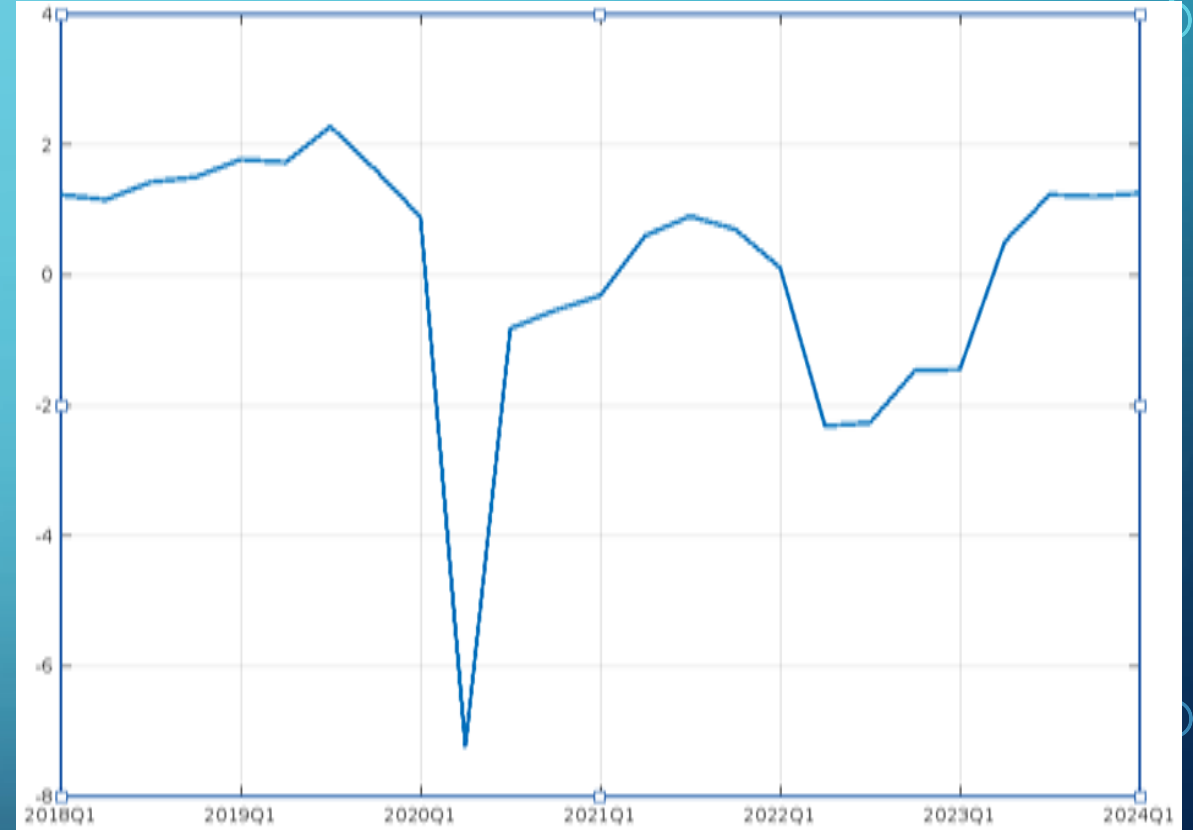
EXTERNAL SHOCKS

Estimates of Uzbekistan's output gap using various filters (% change)



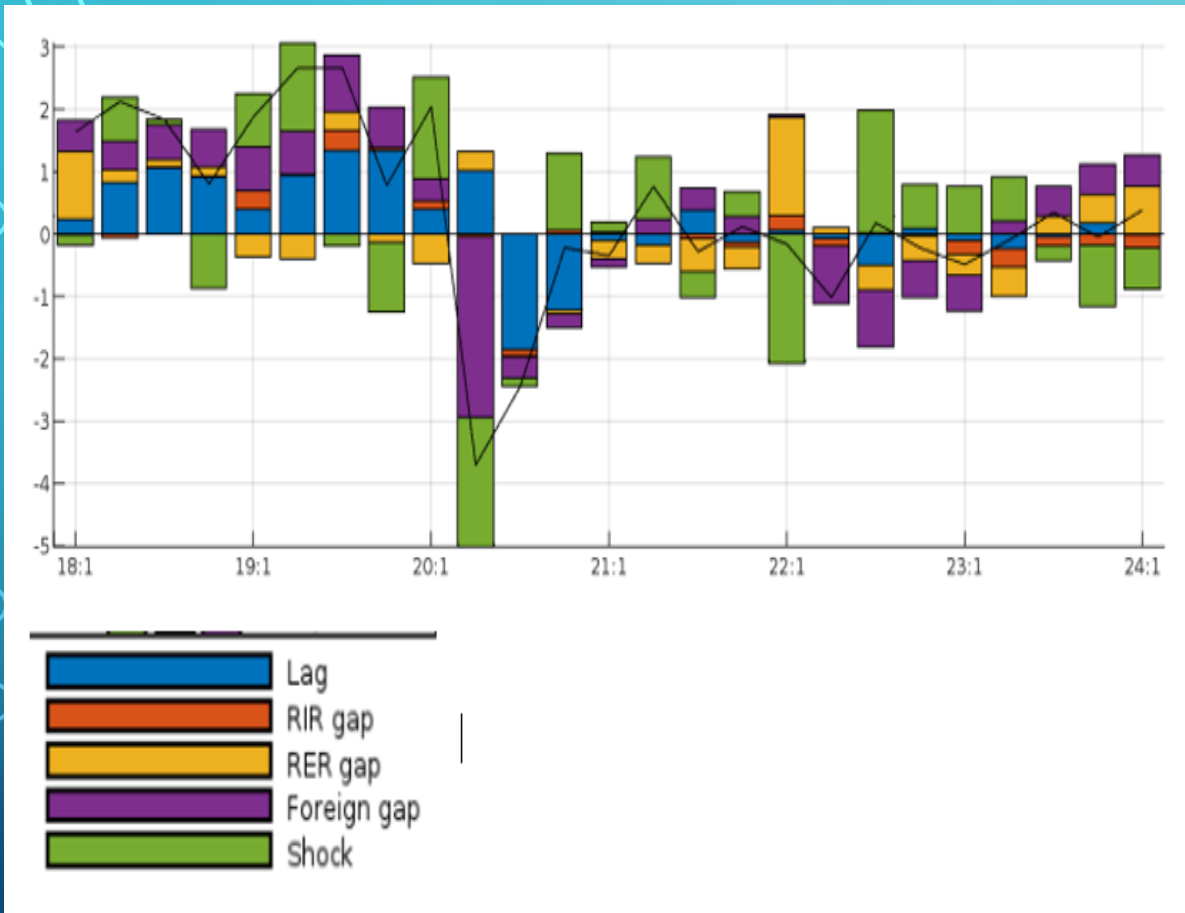
Source: Author's calculations

Output gap of Russia (% change)



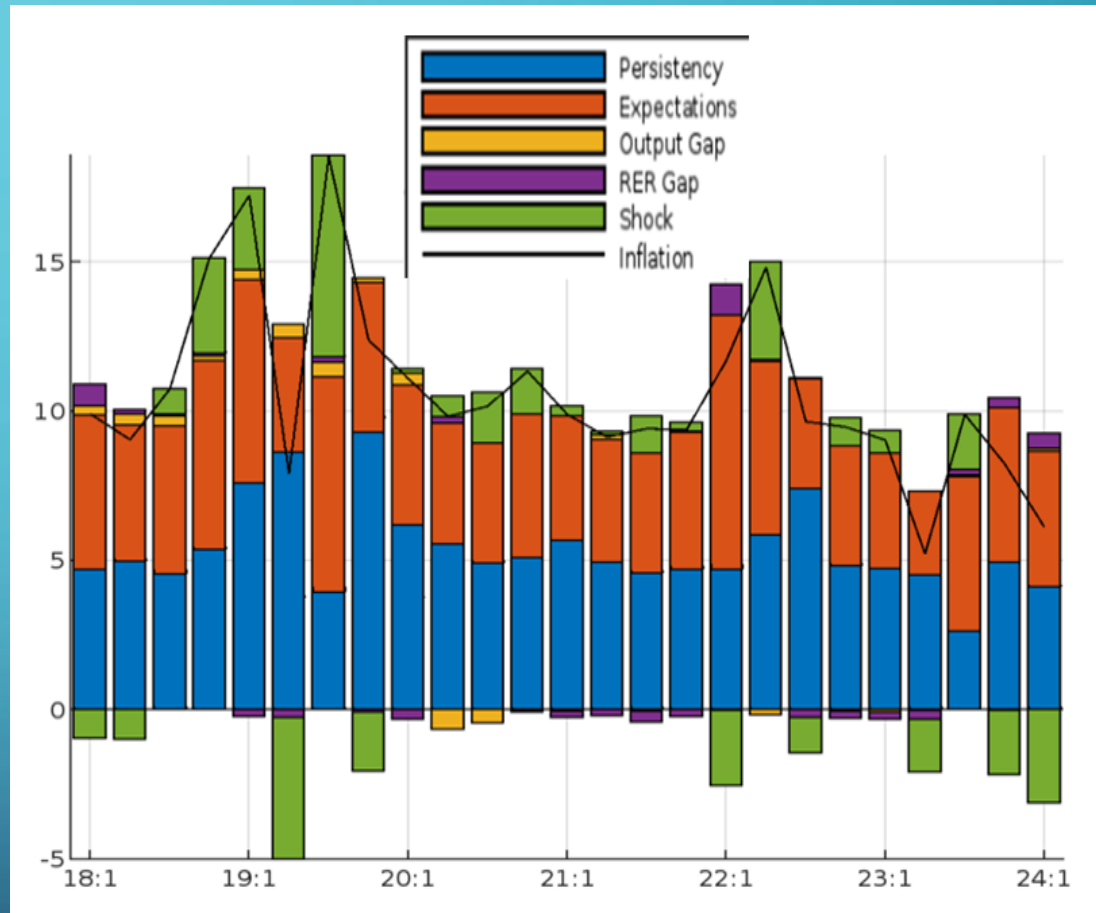
Source: Author's calculations

Decomposition of Uzbekistan's output gap



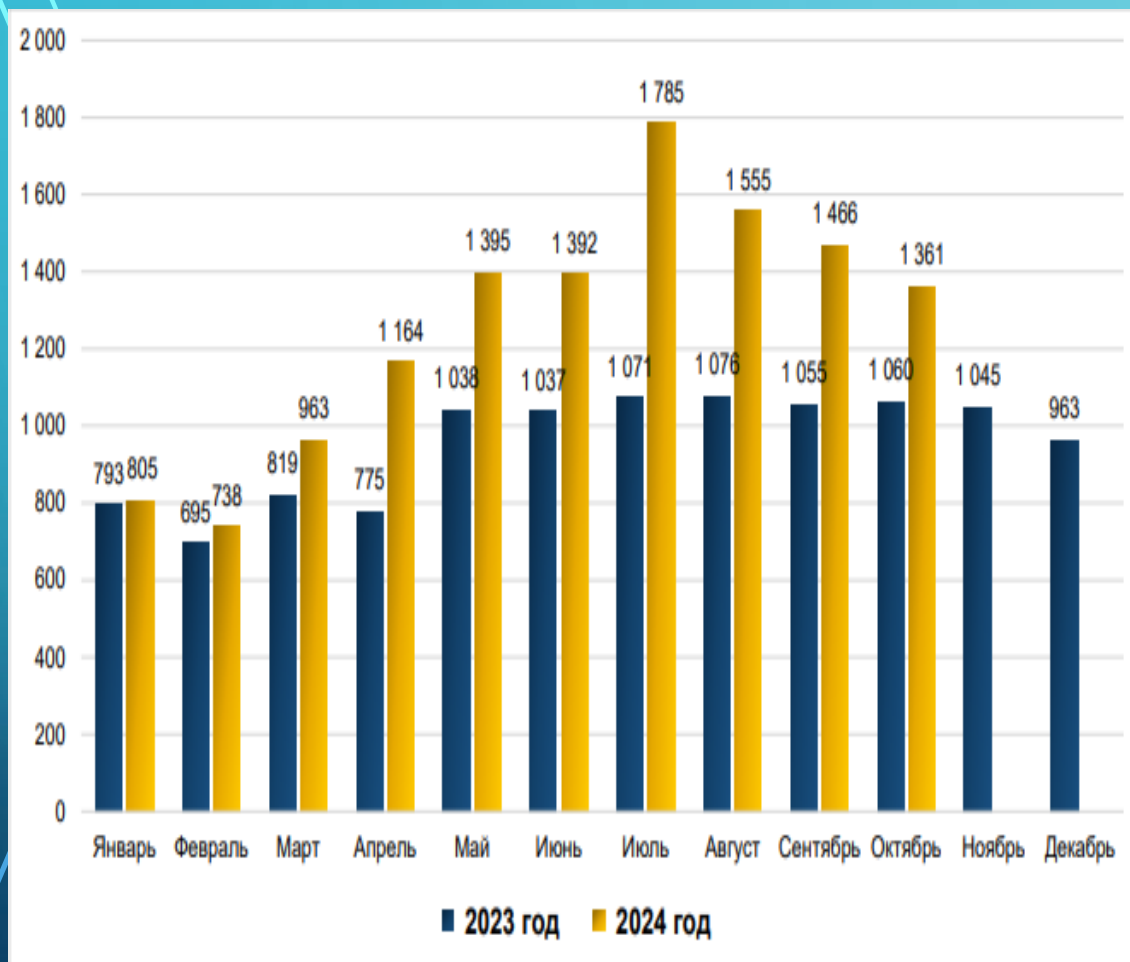
Source: Author's calculations

Decomposition of annualized quarterly inflation (CPI)



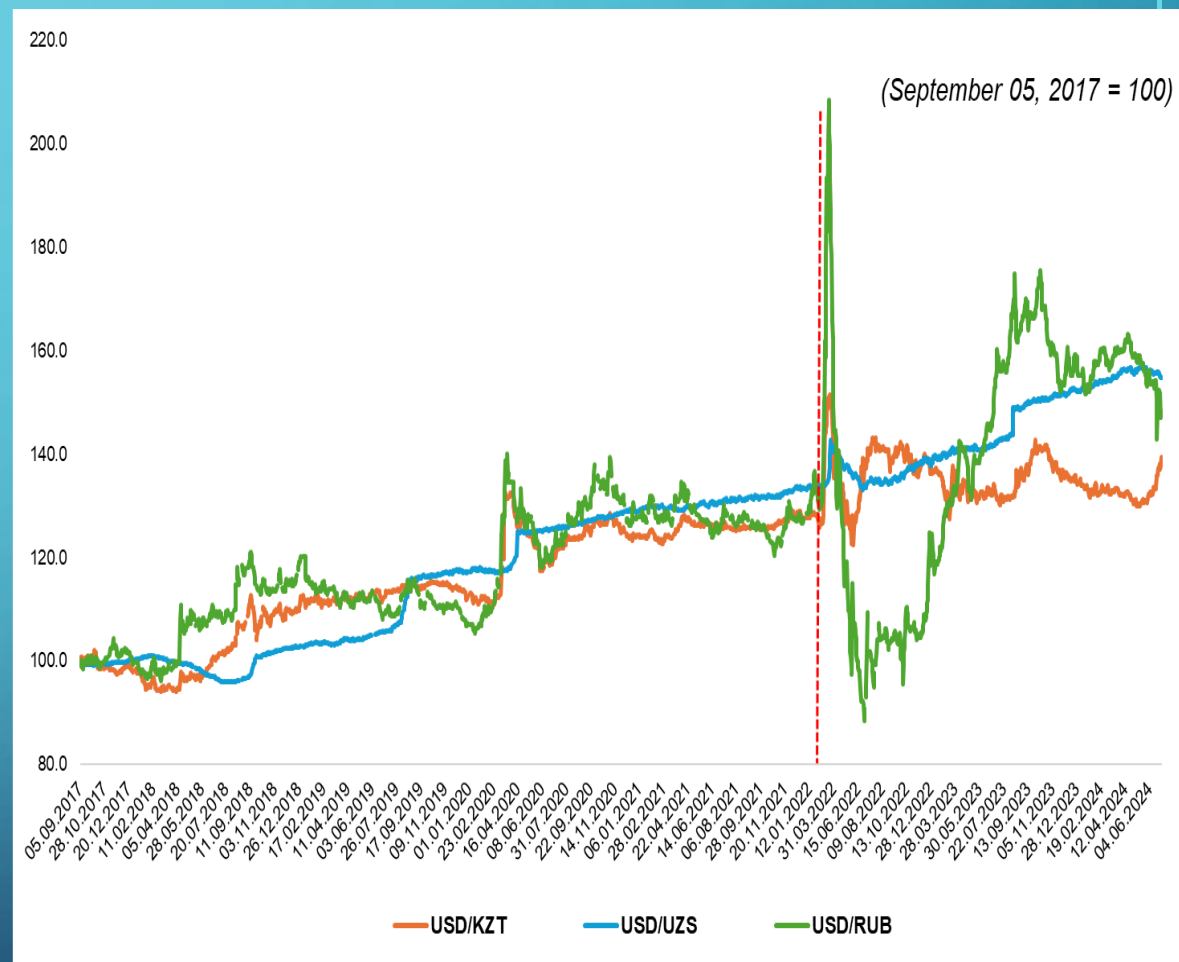
Source: Author's calculations

INWARD REMITTANCES, MLN DOLLARS



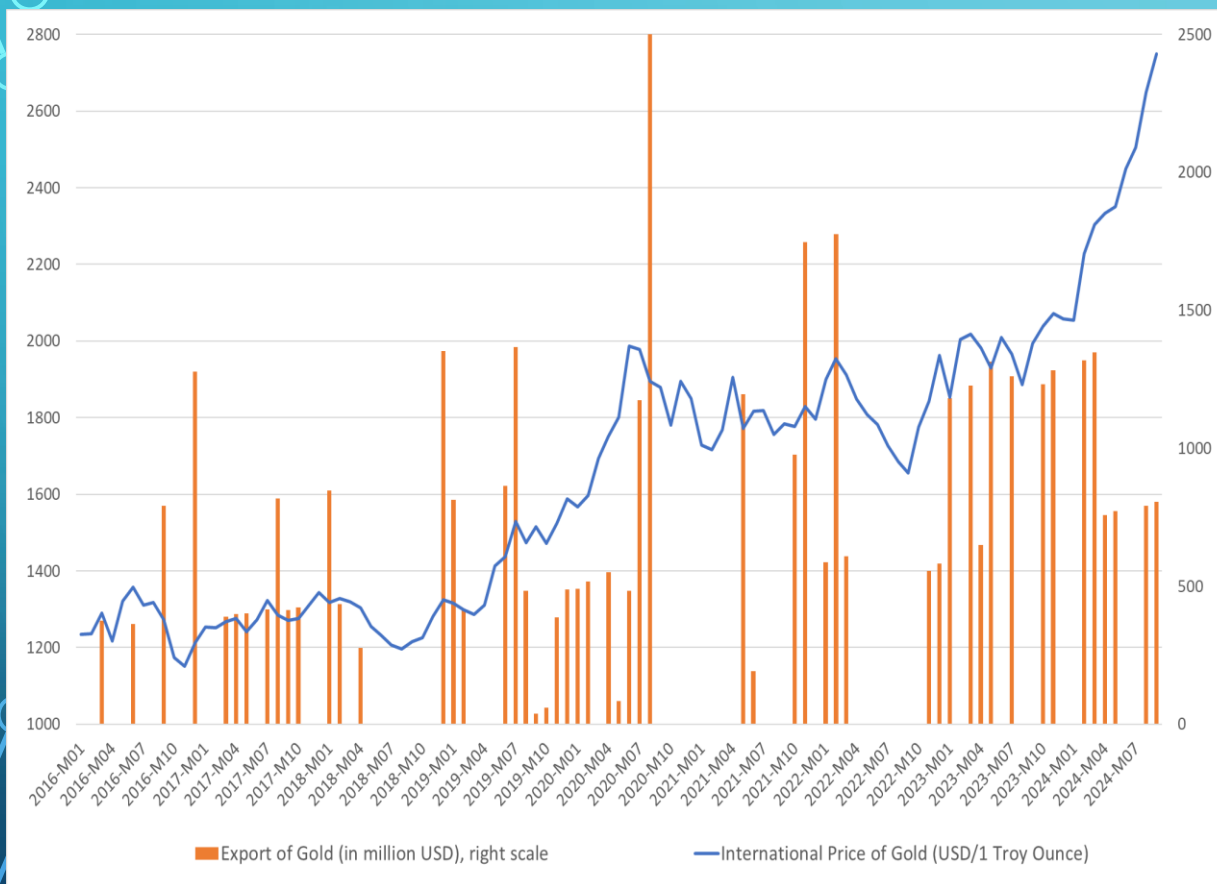
Source: Central Bank of Uzbekistan

Exchange rates



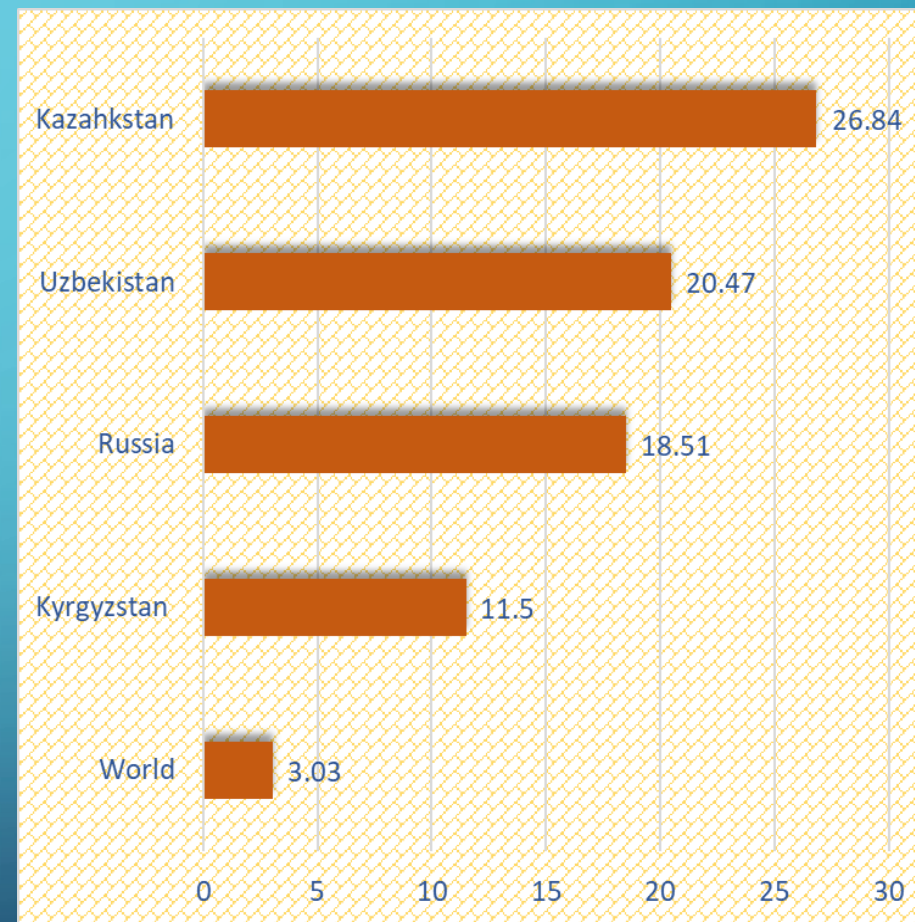
Source: based on data of Central Bank of Uzbekistan, Bank of Russia, National Bank of Kazakhstan

Volatility of Global Gold prices and Export of Gold from Uzbekistan



Source: calculations based on Statistics Agency of Uzbekistan: www.stat.uz; and <https://www.investing.com/>

Excessive burden on natural capital in Uzbekistan (Total natural resources rents (% of GDP. 2021))



Source: World bank Dataset

THE INTRODUCTION OF STRATEGIC PLANNING PRINCIPLES (WORLD EXPERIENCE)

- **EU** - Strategic Plan 2020-2024 DG REFORM – Directorate-General for Structural Reform Support. European Commission. 2020.
- **Germany** - German Sustainable Development Strategy 2021. The Federal Government.
- **France**- French Policy : 2024-28 action plan.
- **Turkey** - Twelfth Development Plan (2024-2028):
- **China** - Outline of the National Innovation-Driven Development Strategy issued by the CPC Central Committee and the State Council.

FURTHER RECOMMENDATIONS:

- Formulating a strategic planning system in order to mitigate high external shocks and increase coherence of macroeconomic policy. Develop relevant legislative framework, methodology, hierarchy of documents;
- Increasing the effectiveness of public administration, maintaining a low and controlled level of corruption, simplifying the existing regulations;
- Developing competition and creating other conditions for the increase in the efficiency of using energy, water, investment, and other development resources.;
- Developing clusters of modern production for deep processing of local raw materials with a completed technological process, reducing the burden on natural capital;
- Creating clusters of small and medium-sized businesses around each large enterprise for deep processing of its produced goods (metallurgical, electrical engineering, chemical, pharmaceutical, building materials, etc.).

The image features a blue gradient background with white circuit-like lines in the corners. These lines consist of straight paths that branch out and terminate in small circles, resembling a stylized PCB or network diagram. The lines are positioned in the top-left, top-right, bottom-left, and bottom-right corners, framing the central text.

THANK YOU FOR YOUR ATTENTION!