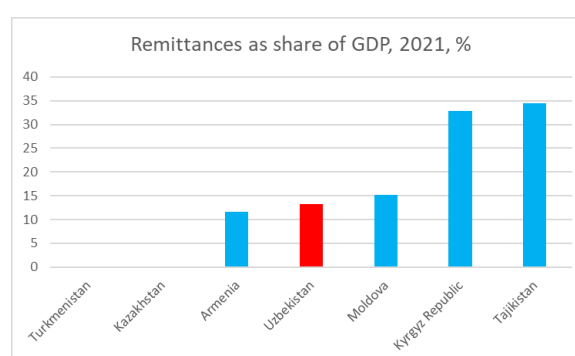
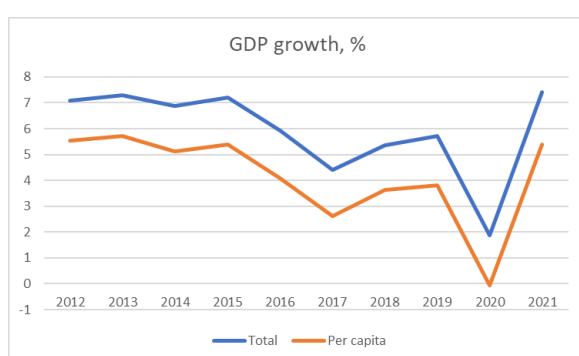


UZBEKISTAN

Economic Overview

Steady economic expansion supported by a growing population

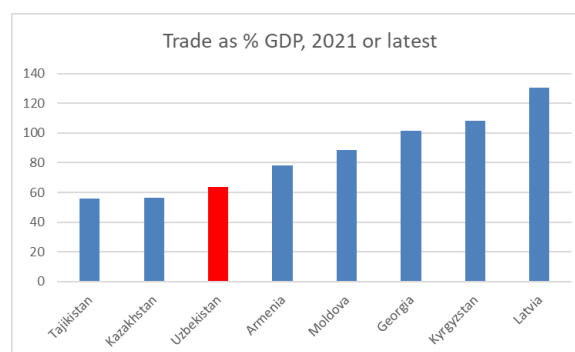
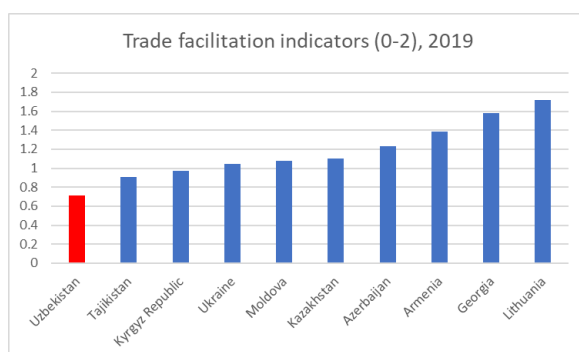
Uzbekistan is the most populated economy in Central Asia, with population expanding at compound growth rate of 1.8% over the last decade. The increase in the population explains partly the dynamism of economic activity but growth on a per capita basis has also been robust, albeit it has been affected recently by the short-term impact of the introduction of reforms and the COVID-19 pandemic. GDP per capita at PPP is almost 50% higher than a decade ago. However, limited employment opportunities and large wage differentials have resulted in significant migratory outflows and large remittances inflows.



Source: World Bank Development Indicators

Further reforms will facilitate reaping the benefits of trade

Uzbekistan is a double landlocked economy which therefore faces significant constraints in accessing world markets. Geographic limitations are compounded by transport and logistic bottlenecks which prevent the country from fully reaping the benefits of integrating in the global economy. Uzbekistan is not yet a WTO member, but the process of accession will trigger continued regulatory reforms and further advances in trade facilitation.

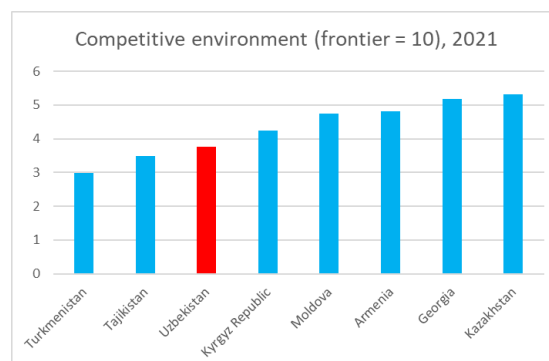
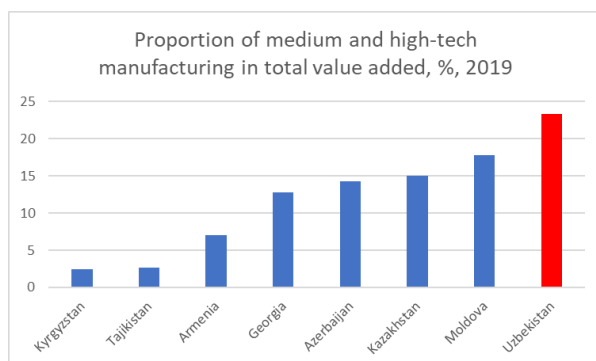


Source: OECD, World Bank

Increasing activities with a higher added value will contribute to prosperity

Uzbekistan has a comparatively larger and more sophisticated manufacturing base than other Central Asian economies, although the agricultural sector remains still substantial. Strengthening further the innovation system and introducing regulatory reforms that encourage SMEs development would

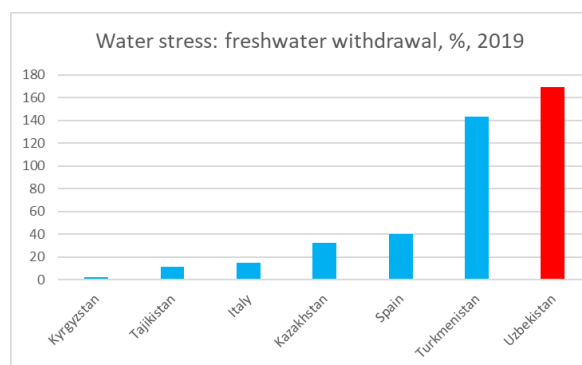
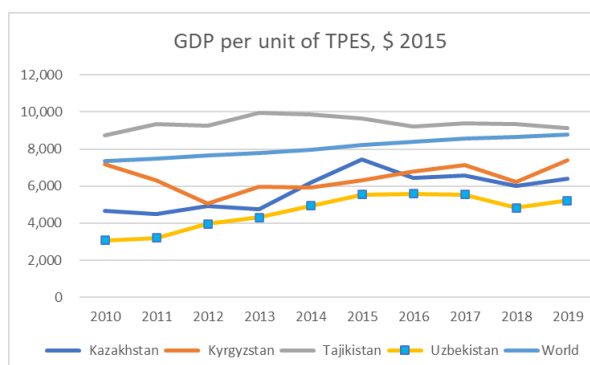
facilitate further prosperity increases. Addressing existing weaknesses in the competitive environment, including those that related to infrastructure deficiencies, will foster economic dynamism and contribute to more inclusive growth.



Source: SDG UNECE database, EBRD

Environmental problems require further attention

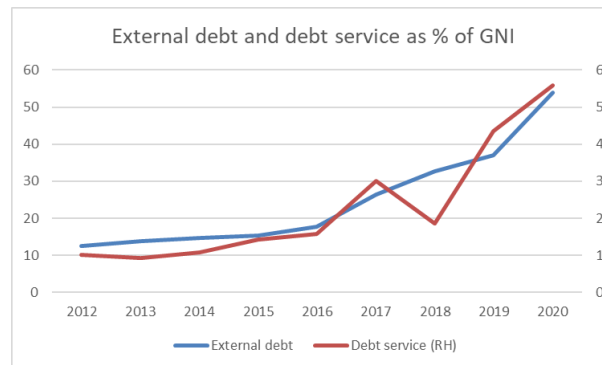
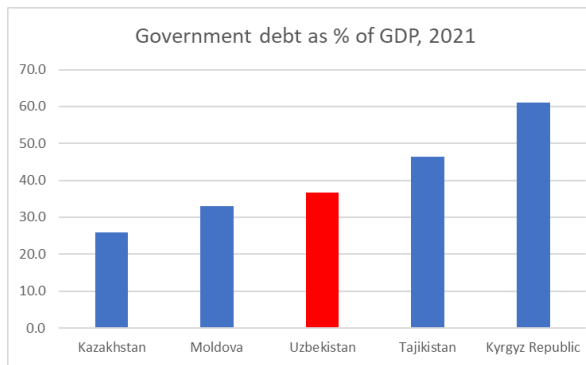
Although the overall environmental footprint is limited, given existing income levels, environmental pressures are significant and would be exacerbated by climate change. Water stress, in particular, is the highest in Central Asia, which represents a key vulnerability. Energy efficiency has improved steadily in recent years but remains very low, including in comparison with other Central Asia countries. This contributes to air pollution and associated negative health outcomes. Ongoing initiatives on enhancing environmental governance and greening the economy should contribute to improve environmental performance.



Source: IEA; SDG UNECE database

Financing options remain open

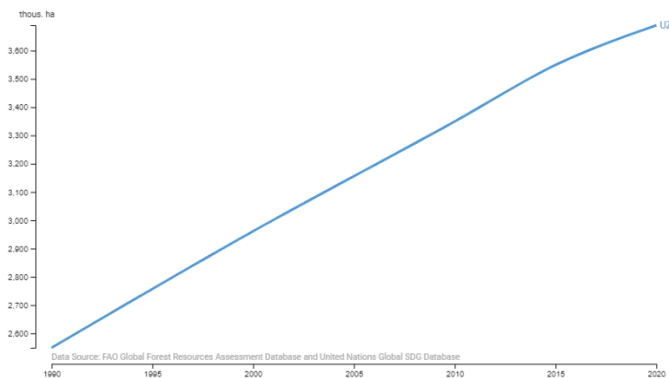
Uzbekistan government debt remains moderate, despite expansionary policies adopted as a response to the pandemic. The country benefits from donor support and has been able to tap into capital markets, including the recent issue of a pioneering SDG bond. Public finances management has improved markedly. External debt has increased rapidly but the risk of distress remains low. Uzbekistan's PPP programme creates opportunities for the engagement of the private sector.



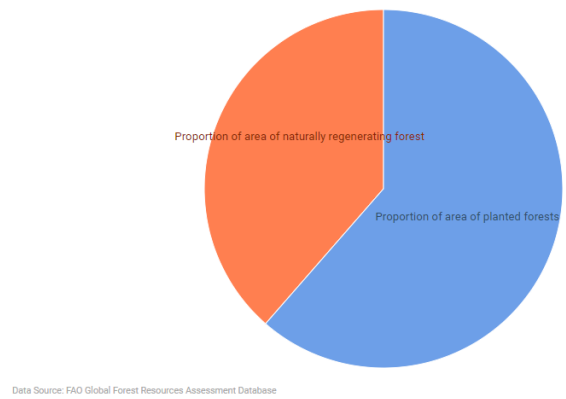
Source: IMF, World Bank Development Indicators

Forests, green growth and the environment

Identified challenges of the forest sector in Uzbekistan are land degradation, the protection of existing forests, as well as the effectiveness of forest related institutions and administrations. Fragile forest ecosystems, as a result of unsustainable livestock management and resource use, are threatening the livelihoods of forest dependent communities. Due to major national efforts, Uzbekistan increased its forest cover in the last three decades; however, a decrease of the reforestation rate can be observed in the recent years. Likewise, the share of planted forests increased. Forest landscape restoration and urban forestry are supportive for these progresses and enhance likewise the sustainable development of cities and rural areas.



Forest area, thous. ha



Forest origin, % of forest area