

# The Effective Ways of Management of Uzbekistan's Public Debt

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**Abstract:** This article analyzes the most efficient approaches to the management of public debt in Uzbekistan and the relationship between fiscal sustainability and economic growth. This study reviews the development of Uzbekistan's debt management since the 2016 economic reforms implemented by President Shavkat Mirziyoyev and examines the historical and contemporary approaches of the country as well as the international best practices. Through comparison with global models and the use of data analysis, this article identifies recommendations that can help Uzbekistan bring its debt policies in line with international standards. It also focuses on the social effects of public debt such as its effects on fiscal stability, investment, and social welfare. Special attention is paid to the improvement of transparency, accountability, and the legal framework to achieve sustainable debt levels and increase economic stability. The outcomes are intended for policy makers, scholars, and other interested parties who seek to develop a strong economic system in Uzbekistan.

**Keywords:** public debt management, fiscal sustainability, Uzbekistan economic reforms, Debt-to-GDP ratio, international best practices, sustainable development, debt strategies, economic resilience

In the context of sustainable economic development, the management of public debt is a crucial facet of national fiscal strategy. Uzbekistan, a rapidly developing Central Asian nation, faces significant challenges in this regard as it balances growth ambitions with fiscal responsibility. If mismanaged, public debt has the potential to hinder economic stability, leading to inflation and impairing social investment. Hence, exploring effective management strategies for Uzbekistan's public debt is essential to ensure that it serves as a catalyst for development rather than a constraint. This article delves into the various methodologies employed in the efficient oversight of public indebtedness, examining historical trends, current practices, and the implementation of innovative financial frameworks. Ultimately, this analysis highlights actionable recommendations tailored to Uzbekistan's unique socioeconomic landscape, fostering a more resilient economy capable of navigating the complexities of global financial systems.

Overview of Uzbekistan’s public debt situation: Uzbekistans’ public debt has experienced significant fluctuations, particularly in the aftermath of the economic reforms initiated post-2016. Under the leadership of Shavkat Mirziyoyev, the country aimed to modernize its economy while grappling with the ramifications of historical debt accumulation strategies set in motion during Islam Karimov’s presidency. The average growth rate of 5% during Karimov’s rule, alongside the strong macroeconomic fundamentals left behind, has provided a contrasting backdrop against current fiscal pressures (Acemoglu et al., 2021). However, with increasing demands for socio-economic development, reliance on public debt has escalated, leading to concerns about sustainability and potential overextension. The implications of foreign investments and international borrowing are critical, as they intertwine with Uzbekistan’s commitment to eradicating state-imposed forced labor, particularly in sectors such as cotton (Hauge et al., 2023). Thus, effective management of public debt is imperative to ensure that economic growth does not compromise fiscal stability.

Year	GDP (USD Billion)	Public Debt (USD Billion)	Debt to GDP (%)
2020	66.1	22.4	33.9
2021	70	23.9	34.1
2022	76.2	30.5	40.1
2023	80	32	40

Table1.Uzbekistan Public Debt Overview

Current strategies for public debt management: Effective management of public debt in Uzbekistan requires a multifaceted approach that integrates prudent fiscal policies with strategic planning to ensure sustainability and economic resilience. Current strategies focus on rigorous control mechanisms to limit liabilities, which are essential for aligning debt levels with national economic priorities and maintaining investment in critical sectors. As observed in recent studies, control over PPP liabilities will be maintained to ensure that they align with national economic priorities and do not exceed sustainable levels, reflecting a commitment to fiscal responsibility. Furthermore, enhancing the domestic financing framework is crucial, as it encourages local currency borrowing to mitigate exchange rate exposure while fostering confidence among investors. By adopting best practices from international benchmarks and strengthening institutional capacities, Uzbekistan can establish a robust debt management framework that facilitates macroeconomic stability and sustainable development, in alignment with contemporary global financial standards. This integrated strategy is vital for navigating the complexities of the modern public debt dynamics.

Strategy	Description	Impact
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Strategy	Description	Impact
Debt Issuance Management	Issuing government bonds to finance public spending while managing repayment schedules effectively.	Increased liquidity in the market, reduced refinancing risk.
Fiscal Consolidation	Implementing policies to reduce budget deficits through increased revenue and controlled expenditures.	Long-term sustainability of public finances.
Debt Restructuring	Negotiating terms with creditors to improve debt sustainability, including extensions or reductions of debt obligations.	Improved cash flow and reduced pressure on domestic resources.
Multi-Currency Debt Strategy	Diversifying debt issuance across multiple currencies to mitigate currency risks.	Better risk management and access to various investor bases.
Strengthening Legal Framework	Enhancing regulations around public debt issuance and management to ensure transparency and accountability.	Increased investor confidence and better governance.
Streamlining State Owned Enterprises (SOEs)	Reducing the fiscal burden by improving efficiency and profitability of SOEs.	Lower demand for public financing and improved overall fiscal health.

Table 2. Public Debt Management Strategies in Uzbekistan (2023)

Analysis of existing debt management frameworks: Existing debt management frameworks must be scrutinized for their adaptability and resilience to address the complexities of public debt in contexts such as Uzbekistan. A key consideration is the interplay between state obligations and the pressures exerted by multinational corporations amid global economic uncertainty. For instance, the brand-to-state boomerang model demonstrates how multinational corporations often prioritize profitability over ethical commitments, particularly in relation to state-imposed labor practices (Hauge et al., 2023). This dynamic suggests that effective debt management frameworks must not only encompass fiscal discipline, but also reflect the geopolitical dimensions that influence investment decisions. Additionally, analyzing how climate change alters resource allocation, especially in water management, underscores the necessity for frameworks that are robust against future uncertainties (Zmak et al., 2018). Therefore, in Uzbekistan, an effective debt management strategy should integrate stakeholder interests with an emphasis on sustainable practices and proactive responses to both economic and environmental challenges.

Year	Total Public Debt (USD Billion)	Debt to GDP Ratio (%)	External Debt (% of Total Debt)
2020	22.4	29.5	75.2
2021	25.2	30.6	74.5
2022	27.9	31.8	73.8
2023	30.5	32.9	72.3

Table 3. Uzbekistan Public Debt Management Framework Analysis

International best practices in public debt management: An effective public debt management strategy hinges on adopting international best practices that prioritize transparency, fiscal discipline, and strategic planning. Established frameworks emphasize the need for robust financial governance, which is particularly relevant for nations such as Uzbekistan, where the complexities of public debt can often hinder economic growth. For instance, by enhancing local capital markets, countries can reduce their reliance on external debt, thus mitigating vulnerability to external shocks. This aligns with the observation that robust local credit and capital markets offer a sustainable long-term approach to financing critical infrastructure projects. Furthermore, the establishment of clear debt management frameworks enables governments to balance borrowing risks and costs. In Central Asia, where states face unique challenges such as political centralization and economic instability, adopting these best practices can ensure a more resilient and effective approach to managing public debt, ultimately fostering economic stability and development.

Country	Debt-to-GDP Ratio (%)	Average Maturity (Years)	Debt Management Strategy
United Kingdom	98.5	15.5	Active management with emphasis on transparency
Germany	68	9.1	Conservative approach with strong fiscal rules
Japan	256	9.4	High reliance on domestic investors
Canada	45	8	Flexible issuance, emphasis on cost-effectiveness
South Korea	50.9	5.1	Comprehensive risk management framework
India	88	10.5	Focus on enhancing market development

Table 4. International Best Practices in Public Debt Management

A comparative study of successful debt management models: A comprehensive analysis of successful debt management models reveals critical strategies that could enhance Uzbekistan’s approach to public debt. By examining global best practices, successful case studies have highlighted the importance of synchronizing access to finance with robust internal capabilities within governments. For instance, in nations that have effectively employed Sectoral Innovation Systems (SIS), it becomes evident that macro-level financial support mechanisms positively influence innovation and performance constructs, as proposed by Bruton, Su, & Filatotchev (2018) in their exploratory work on transition economies (Khaydarov et al., 2020). Additionally, Uzbekistan’s unique developmental trajectory under the first president Islam Karimov, which achieved a commendable growth rate despite non-conventional fiscal policies, sets a foundation for reform that the current president Shavkat Mirziyoyev has capitalized on since 2016 (Acemoglu D et al., 2021). Thus,

recognising the interplay between sound financial infrastructure, access to funds, and innovative capacity is vital for Developing a sustainable and effective public debt management framework in Uzbekistan.

Country	Debt to GDP Ratio (%)	Debt Management Strategy	Public Debt per Capita (£)	Year of Data
Germany	60	Prudent fiscal policy with a focus on balanced budgets and low borrowing costs.	22	2022
Singapore	130	Strong domestic savings, issuance of government bonds to finance infrastructure.	35	2022
Canada	88	Diverse funding sources and maintaining a strong investor base with transparent policies.	30	2022
New Zealand	38	Prudent fiscal management and the use of fiscal rules to ensure long-term sustainability.	15	2022
Sweden	35	Focus on economic stability with low public deficit and issuing longer-term bonds.	10	2022

Table 5. Comparative Study of Successful Debt Management Models

### Conclusion

The management of Uzbekistan’s public debt requires a multifaceted approach that embraces both domestic and international challenges. As highlighted by the complexities surrounding state-imposed forced labor in countries like Uzbekistan, multinational corporations often exhibit reluctance to engage in meaningful governance reforms when their profits are at stake (Hauge et al., 2023). This dynamic underscores the importance of aligning economic incentives with ethical labor practices, which can ultimately contribute to a more robust economic environment. Furthermore, a comprehensive understanding of the role of renewable energy in boosting economic resilience is essential for Uzbekistan, particularly because the energy transition in the Asia-Pacific region is crucial for sustainable development (Raturi et al., 2019). By prioritizing transparency, ethical governance, and sustainable practices in its public debt management strategies, Uzbekistan can foster long-term economic stability, mitigate the risks associated with external dependencies, and ensure that its growth trajectory is both inclusive and sustainable.

Recommendations for enhancing uzbekistan’s public debt management strategies: To improve the efficacy of public debt management, it is crucial to establish a robust legal and institutional framework that promotes transparency and accountability. First, the country should implement a comprehensive public debt management strategy that aligns with international best practices such as the guidelines provided by the International Monetary Fund (IMF) and the World Bank. This strategy should encompass clear governance structures that delineate responsibilities among relevant ministries and agencies to ensure coordinated



decision-making processes. Furthermore, enhancing data collection and reporting mechanisms will facilitate the real-time monitoring of debt levels and associated risks, providing policymakers with the necessary tools to make informed decisions. Ultimately, fostering greater stakeholder engagement, including collaboration with civil society and the private sector, will not only bolster confidence in public financial management but also promote a deeper understanding of the implications of public debt among citizens.

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