

Citizens' Budget

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The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations Development Program.

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INTRODUCTION

The Ministry of Finance presents the next scheduled information publication «Citizens' Budget», in which it discloses information about the draft budget for 2021. It should be noted that this is the third publication of the Citizens' Budget during this year. The previous two editions focused on the execution of the budget in 2019 and on the adopted budget for 2020. Thus, readers can regularly familiarize themselves with the country's budget at all stages of the budget process: starting with the draft budget submitted to the Oliy Majlis and ending with its execution.

This year Uzbekistan, like all the countries of the world, is facing the negative consequences of the COVID-19 pandemic. The considerable deterioration of the epidemiological situation, the decline in economic activity against the background of the introduction of quarantine restrictive measures, and the aggravation of social problems required prompt measures to ease the tax and budgetary policy, significantly increase expenditures on health care and social support for the population. As a result, against the background of a significant slowdown in economic growth, there is an increase in the budget deficit and the volume of external debt, caused by additional external borrowing. In the current context, forecasting of the budget for 2021 was made with due account for the continuing uncertainty.

The forecast of macroeconomic indicators, which is the basis of the budget for 2021, is presented in the first section of this publication. This forecast provides for a gradual improvement in the pandemic situation. Economic activity and aggregate demand in the country are projected to approach the pre-crisis level by the end of 2021.

The fiscal strategy is an important document for budget planning, which is covered in the second section of the publication. The fiscal strategy for 2021-2023 defines the conditions in which the State Budget for 2021 and budget targets for 2022-2023 will be executed.

The main section of the publication focuses on the forecast of the budget revenues, expenditures and deficit. The revenue forecast of the State Budget is presented in terms of revenue sources. The section also discusses the factors that affect the main tax revenues of the budget. In 2021, taking into account the expected recovery in economic activity, as well as changes in the tax policy, revenue growth is projected for all categories of income (except for the subsurface use tax and other revenues).

Budget expenditures in 2021 will remain socially oriented, which is especially important in the period of recovery from the COVID-19 pandemic to support the most vulnerable households. The budget also provides funds for the continuation of planned structural reforms.

With the economy gradually recovering and budget revenues growing, the deficit of the State Budget and state targeted funds is projected to be 2.5% of GDP. To better assess the state of the budget, the publication provides the indicators of the Consolidated budget, which deficit is projected to be 5.4% of GDP, as well as the sources for covering the budget deficit.

Finally, readers can find information about public debt, which, despite the growth, remains at the level acceptable to macroeconomic stability. To ensure timely and complete repayment of the public debt, the Guarantee Fund for servicing public debt was created under the Treasury of the Ministry of Finance of the Republic of Uzbekistan this year.

The Ministry of Finance will continue publishing the information publication «Citizens' Budget», providing information about the country's budget, as well as about reforms and planned changes in the budget sphere to all interested users.

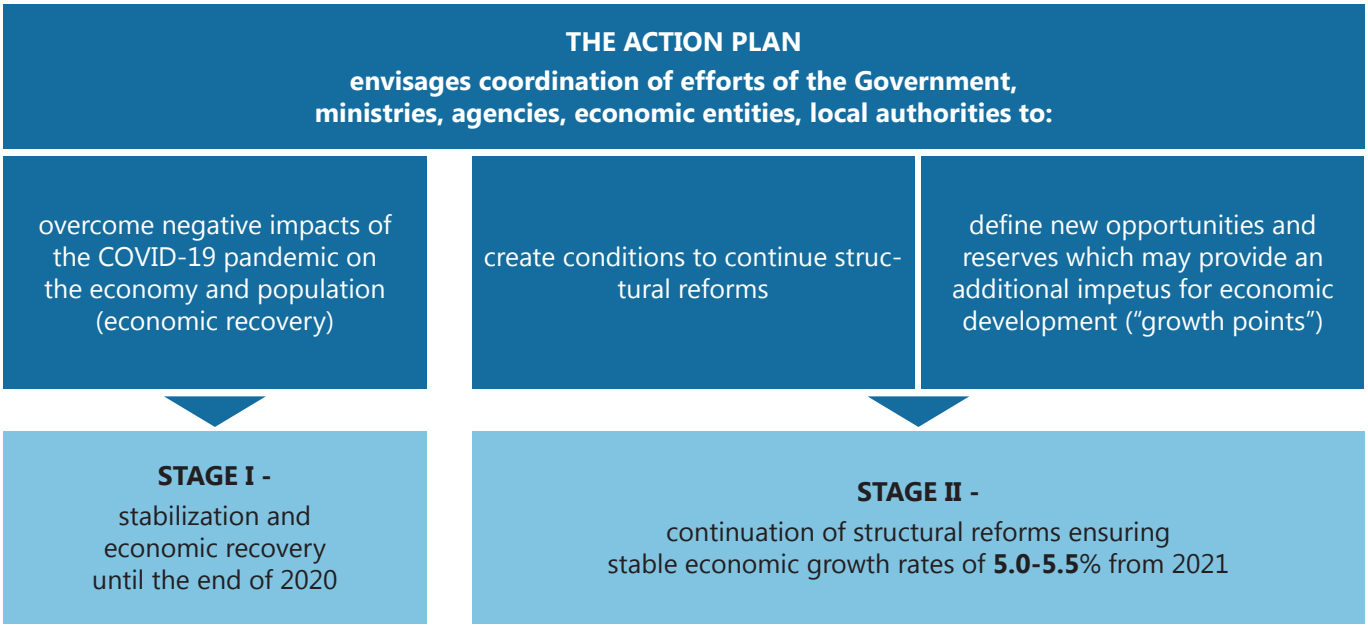
Ministry of Finance of the
Republic of Uzbekistan

1 FORECAST OF MACROECONOMIC INDICATORS FOR 2021 AND TARGETS FOR 2022-2023

The crisis related to the COVID-19 pandemic and restrictive measures introduced to restrain its spread led to significant social and economic shocks. In the current context macroeconomic forecasts are developed taking into account ongoing uncertainty.

Forecasts presented in this section were prepared based on the assessment of social and economic development which envisages the stabilization of epidemiological situation until the end of 2020 and gradual recovery of the economic growth in 2021. At the same time, taking into account the duration of external impact and severity of consequences of the pandemic for individual economic sectors and industries, their recovery to the pre-crisis trends may go beyond 2021.

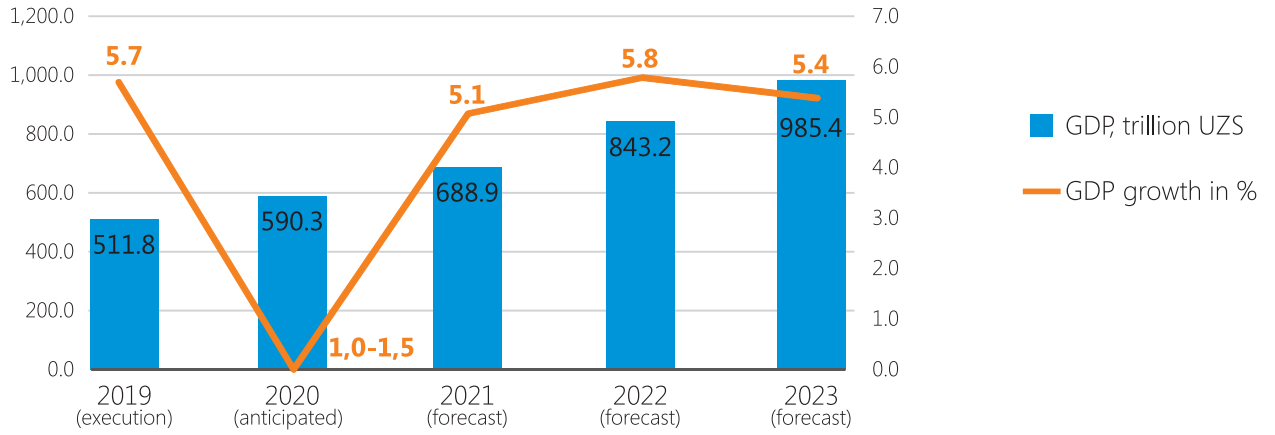
According to forecasts, in the crisis conditions the economic growth this year will slow down significantly (to **1-1.5**%). To support the economy, the Government adopted the Plan of practical actions to restore the economic growth and the continuation of systemic structural reforms in the Republic of Uzbekistan[1].



[1] Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 29.08.2020 No. 526 "On measures to restore economic growth in 2020-2021 and the continuation of systemic structural reforms in the sectors of the economy".

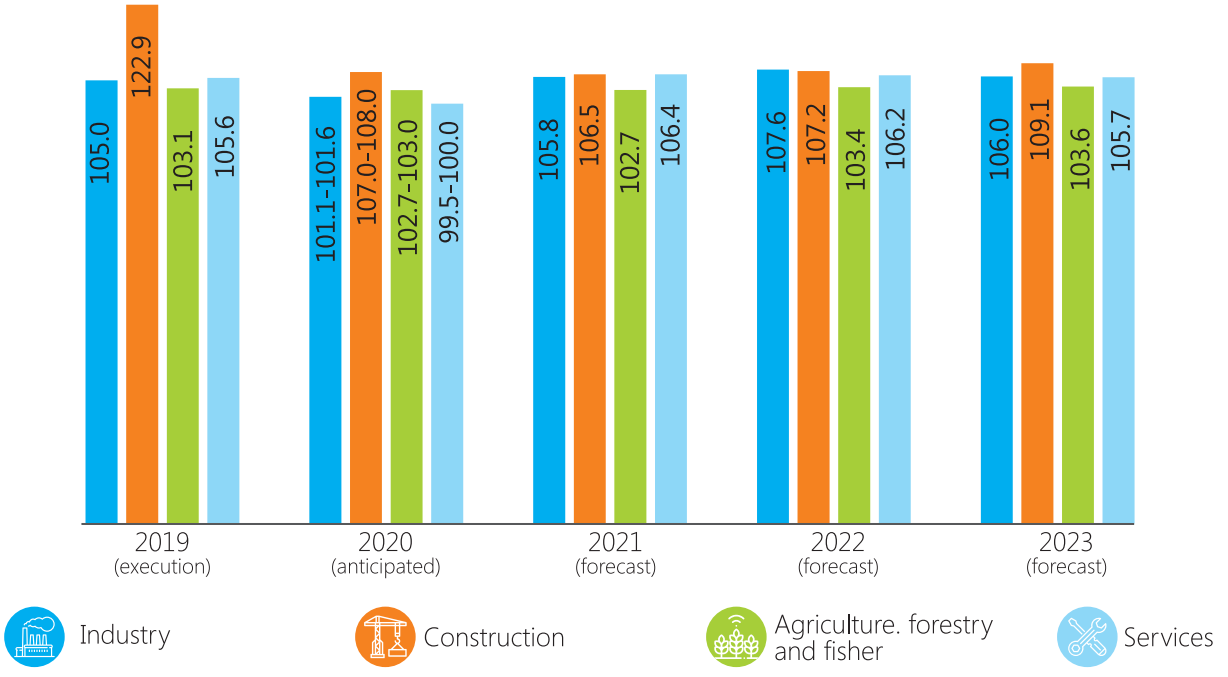
Given the measures to stabilize the macroeconomic situation and continue systemic structural reforms the recovery of the economic growth to the level of **5.1**% is anticipated in 2021. It takes into account high uncertainty in the context of the ongoing pandemic.

GDP GROWTH RATE



Quarantine restrictions had a negative impact on all economic sectors in the form of reduction of their growth rates. In 2021-2023 the gradual recovery of the economic growth rates to the pre-crisis values is projected.

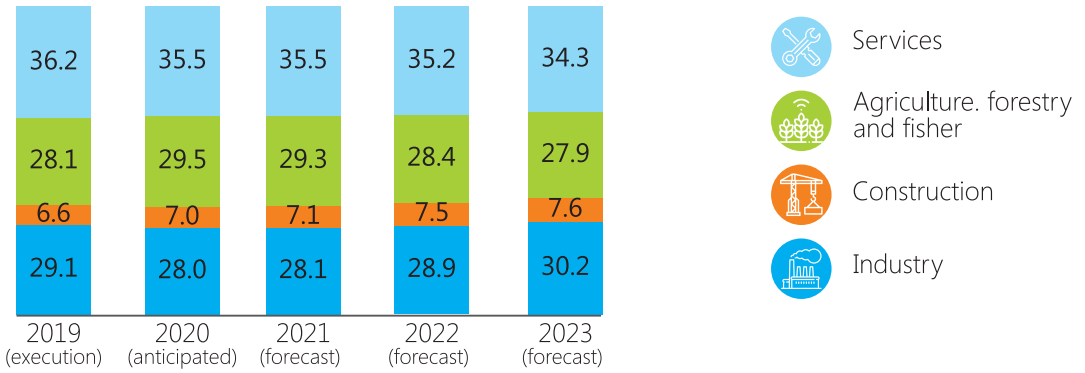
GDP GROWTH RATES BY TYPES OF ECONOMIC ACTIVITY, %



Services sector (tourism, accommodation services, transport, catering etc.) is one of the most affected sectors, which explains reduction of its share in the GDP structure. At the same time the share of agriculture, which was not affected by the crisis so severely, has increased.

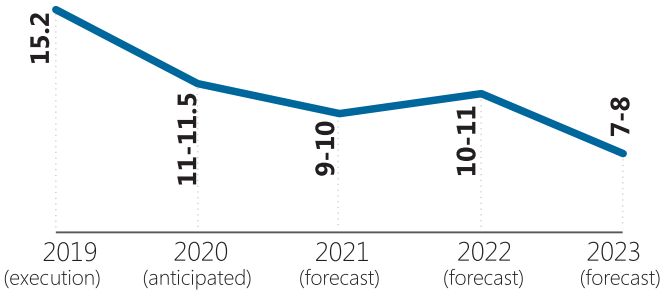
In 2021 and in the next two years the increase of share of the industry and construction in the sectoral structure of GDP is projected.

GDP STRUCTURE BY SECTORS, %



Anticipated rate of inflation at the end of 2020 is 11.0-11.5% and its decrease compared to the previous year is explained by a number of factors: reduction of economic activity, increased demand for foodstuff and essential products, increase of credit exposure and money supply, devaluation of national currency. For 2021 and for the next two years the projected inflation rate is 8-11%.

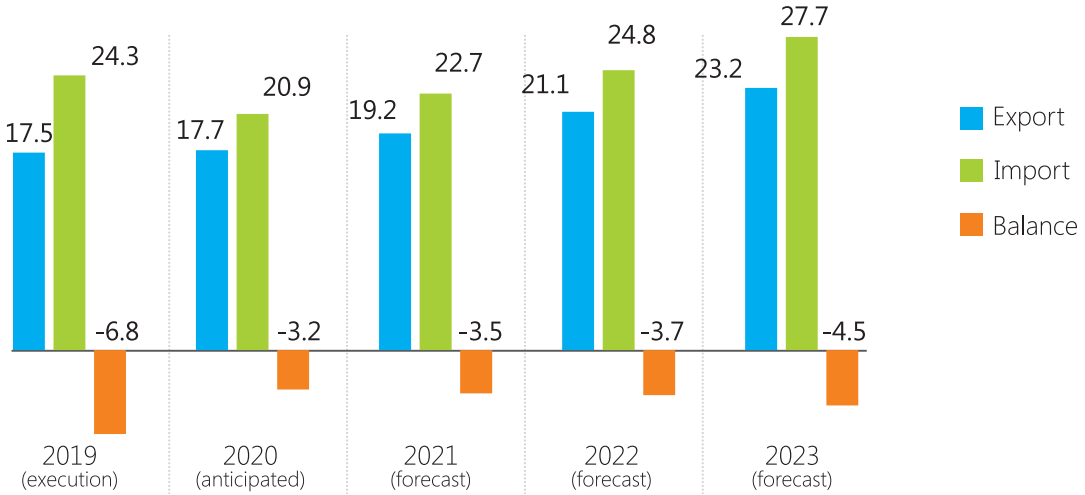
INFLATION RATE, %



Border closure, transportation and logistical restrictions for supply of raw materials and components, suspension of activity of some enterprises had a significant impact on the foreign trade volumes. In 2020 the reduction of imports by 14.0% compared to the previous year is anticipated, as well as the significant reduction of export growth rates caused by, among other things, reduction of demand and prices for raw materials including natural gas and copper.

With the gradual recovery of the global economy and the resumption of foreign trade operations, foreign trade volumes are projected to increase in 2021 to pre-crisis levels of 2019.

FOREIGN TRADE BALANCE, BILLION USD



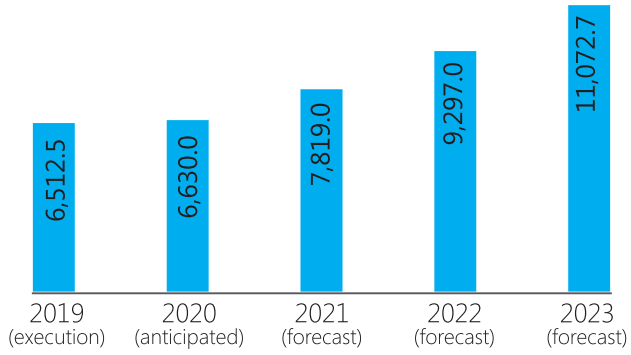
Planned measures for export promotion:

expansion
of export geography (entry to European and Asian markets)

state support
of exporting enterprises (including through provision of subsidies for coverage of transportation expenditures)

How will the COVID-19 pandemic affect foreign investments?

FOREIGN DIRECT INVESTMENTS AND CREDITS, MILLION USD



Following the results of 2020, the slowdown in the growth rates of attracted foreign direct investments and credits (to 1.8%) is anticipated. In 2021-2023, the gradual recovery of the amount of attracted funds to the pre-crisis level is projected with preservation of the main priorities of their allocation for implementation of projects in the field of industry, agriculture, large infrastructure projects.

2 FISCAL STRATEGY FOR 2021-2023

Transition to the medium-term budget planning envisages defining the main directions for the fiscal policy for the medium term. In this regard the fiscal strategy is adopted - the document about main directions for the fiscal policy for the medium term.

The fiscal strategy for the medium term is submitted as part of the budget message to the Oliy Majlis of the Republic of Uzbekistan in the process of reviewing and adopting the Law on the State Budget.

The purpose of the fiscal strategy for 2021-2023 is determination of conditions in which the State Budget for 2021 and budget targets for 2022-2023 will be executed, i.e. directions for the tax and budgetary policy as well as the main factors influencing the projected budget parameters.

The fiscal strategy will allow ministries and agencies to plan their programs and investment projects for the medium term and will serve as the target for development of business plans by investors and taxpayers.

THE FISCAL STRATEGY FOR 2021– 2023 INCLUDES:

I.	MACROECONOMIC REVIEW FOR THE PERIOD OF 2019-2023
II.	ANALYSIS OF EXECUTION OF THE CONSOLIDATED BUDGET OF THE REPUBLIC OF UZBEKISTAN IN 2019 AND ESTIMATION FOR 2020
III.	KEY AREAS FOR IMPROVEMENT OF THE PUBLIC FINANCE MANAGEMENT SYSTEM
IV.	FISCAL POLICY FOR 2021– 2023

I. MACROECONOMIC REVIEW FOR THE PERIOD OF 2019-2023

The macroeconomic review includes the review of development trends in the global economy and the economy of Uzbekistan, macroeconomic indicators reached in 2019, anticipated execution this year and projected estimate for 2021-2023 including factors influencing the projected parameters.

Forecast of macroeconomic indicators for 2021 and targets for 2022-2023 are shown in the first section of this publication.

II. ANALYSIS OF EXECUTION OF THE CONSOLIDATED BUDGET OF THE REPUBLIC OF UZBEKISTAN IN 2019 AND ESTIMATION FOR 2020

MAIN PARAMETERS OF THE CONSOLIDATED BUDGET OF THE REPUBLIC OF UZBEKISTAN EXECUTED IN 2019

№	Indicators	trillion UZS
I.	**Consolidated budget revenues**	**146.7**
1.	Revenues of the State Budget	112.2
2.	Revenues of the state targeted funds*	24.9
3.	Uzbekistan Fund for Reconstruction and Development	9.6
II.	**Transfers between the State Budget of the Republic of Uzbekistan and state targeted funds**	**0.4**
III.	**Consolidated budget expenditures**	**159.8**
1.	Expenditures of the State Budget*	117.6
2.	Expenditures of the state targeted funds	26.9
3.	Uzbekistan Fund for Reconstruction and Development	15.4
IV.	**Balance of Consolidated budget**	**-13.2**

** without transfers between the State Budget of the Republic of Uzbekistan and state targeted funds.*

The following sources will be used to cover the deficit of the Consolidated budget in the amount of **13.2 trillion UZS** and to repay the principal debt in the amount of **2.1 trillion UZS**:

concessional loans from international financial institutions to support the budget	**5.6** trillion UZS
Issue of government treasury bonds	**1.1** trillion UZS
balance of the Uzbekistan Fund for Reconstruction and Development at the beginning of the year	**5.8** trillion UZS
balance of the State Budget and state targeted funds at the beginning of the year	**2.8** trillion UZS

Execution of the State Budget in 2019 is the subject of a separate release of the Citizens' Budget on executed budget for 2019 available on the official website of the Ministry of Finance **(www.mf.uz)** *and in the information portal "Open Budget"* **(www.openbudget.uz).**

ANTICIPATED EXECUTION OF THE CONSOLIDATED BUDGET OF THE REPUBLIC OF UZBEKISTAN IN 2020, TRILLION UZS

№	Indicators	2020		Difference
		Forecast	Anticipated execution	
I.	**Consolidated budget revenues, total**	**159.0**	**155.5**	**-3.5**
1.	Revenues of the State Budget	128.5	129.6	1.1
2.	Revenues of the state targeted funds*	25.4	22.1	-3.3
3.	Uzbekistan Fund for Reconstruction and Development	5.1	3.8	-1.3
II.	**Consolidated budget expenditures, total***	**162.4**	**187.7**	**25.3**
1.	Expenditures of the State Budget	121.9	138.4	16.5
	of which the expenditures of Anti-Crisis Fund		13.4	13.4
2.	Expenditures of the state targeted funds	35.4	36.2	0.8
3.	Uzbekistan Fund for Reconstruction and Development	5.1	13.1	8.0
III.	**Transfers between the State Budget of the Republic of Uzbekistan and state targeted funds**	**9.2**	**10.9**	**1.7**
IV.	**Balance of Consolidated budget**	**-3.4**	**-32.2**	**-28.8**
V	**Expenditures of the state programs funded from the external debt**	**14.4**	**9.1**	**-5.3**

** without transfers between the State Budget of the Republic of Uzbekistan and state targeted funds.*

ANTICIPATED EXECUTION OF REVENUES OF THE STATE BUDGET IN 2020, TRILLION UZS

Indicators	Forecast	Anticipated execution	in %
Revenues - total	**128.5**	**129.6**	**100.9**
Direct taxes	**40.6**	**42.9**	**105.7**
Corporate income tax	22.1	26.8	121.4
Turnover tax	2.5	1.3	52.9
Personal income tax	16.1	14.8	92.2
Indirect taxes	**58.3**	**48.4**	**83.0**
Value-added tax	44.2	33.9	76.7
Excise tax	11.4	11.4	100.2
Customs duties	2.7	3.0	112.3
Resource payments	**20.8**	**21.2**	**102.2**
Property tax	2.4	2.2	91.4
Land tax	2.5	2.3	92.6
Subsurface use tax	15.6	16.4	105.3
Water-use tax	0.3	0.3	101.1
Other revenues	**8.8**	**17.1**	**194.0**

ANTICIPATED EXECUTION OF EXPENDITURES OF THE STATE BUDGET IN 2020, TRILLION UZS

№	Indicators	Forecast	Anticipated execution	in %
	Expenditures - total	**131.1**	**149.3**	**113.9**
1	**Social Expenditures**	**65.0**	**75.3**	**115.8**
	Expenditures on social sector and social protection of which:	55.1	64.3	116.6
	Education	29.9	31.2	104.2
	Health care	14.2	19.3	136.1
	Culture and sports	2.3	2.4	105.5
	Science	1.0	1.0	100.0
	Benefits, financial aid and compensation payments	6.6	8.5	130.0
	Facilitation of employment of population	0.7	1.2	169.4
	Transfers to the Off-budgetary Pension Fund	**8.0**	**9.1**	**113.8**
	Financing the housing construction programs	**1.9**	**1.9**	**100.0**
2	**Expenditures for the economy**	**13.6**	**22.0**	**161.1**
3	**Expenditures to finance centralized investments**	**14.0**	**17.7**	**126.7**
4	**Expenditures on maintenance of government, administrative, judicial authorities, prosecutor's office, courts, local governments**	**6.5**	**7.4**	**113.8**
5	**Reserve funds of the Cabinet of Ministers, the Republican Budget of the Republic of Karakalpakstan, regional budgets of provinces and city budget of Tashkent city, budgets of districts and cities**	**1.4**	**1.4**	**100.0**
6	**Expenditures for the public debt servicing**	**2.6**	**2.7**	**101.3**
10	**Other expenditures**	**22.0**	**21.4**	**97.1**

Anticipated execution of the State Budget revenues takes into account the reduction in economic activity as well as provision of incentives and preferences to business entities which lead to shortfalls in budget revenues. Main risks for the State Budget revenue generation are related to the economic recovery rates in the context of ongoing uncertainty.

The anticipated amount of the State Budget expenditures at the end of the year is projected to be higher than the approved parameters which is caused by additional expenditures on implementing measures for mitigation of negative impacts of the COVID-19 pandemic.

DEFICIT OF THE CONSOLIDATED BUDGET	DEFICIT OF THE STATE BUDGET AND STATE TARGETED FUNDS
32.2 trillion UZS	**22.9** trillion UZS
5.5% GDP	**3.9**% GDP

The overall fiscal balance in 2020 will be **41.3 trillion UZS**, 7.0% of GDP. The following sources will be used to cover the deficit of the Consolidated budget in the amount of **32.2 trillion UZS** and to repay the principal debt in the amount of **4.4 trillion UZS**:

concessional loans from international financial institutions to support the budget	**19.9** trillion UZS
Issue of government treasury bonds	**3.4** trillion UZS
balance of the Uzbekistan Fund for Reconstruction and Development at the beginning of the year	**9.3** trillion UZS
balance of the State Budget and state targeted funds at the beginning of the year	**4.0** trillion UZS

III. KEY AREAS FOR IMPROVEMENT OF THE PUBLIC FINANCE MANAGEMENT SYSTEM

The main document setting out the key areas for planned reforms in the public finance management system is the Strategy for improving the public finance management system of the Republic of Uzbekistan for 2020-2024 (hereinafter - the Strategy), adopted in August this year[1].

The Strategy was developed taking into account the results of the Fiscal Transparency Evaluation carried out by the International Monetary Fund in 2018 and the Public Expenditure and Financial Accountability assessment based on the World Bank's criteria.

[1] Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 24.08.2020 No.506

KEY AREAS OF THE STRATEGY:

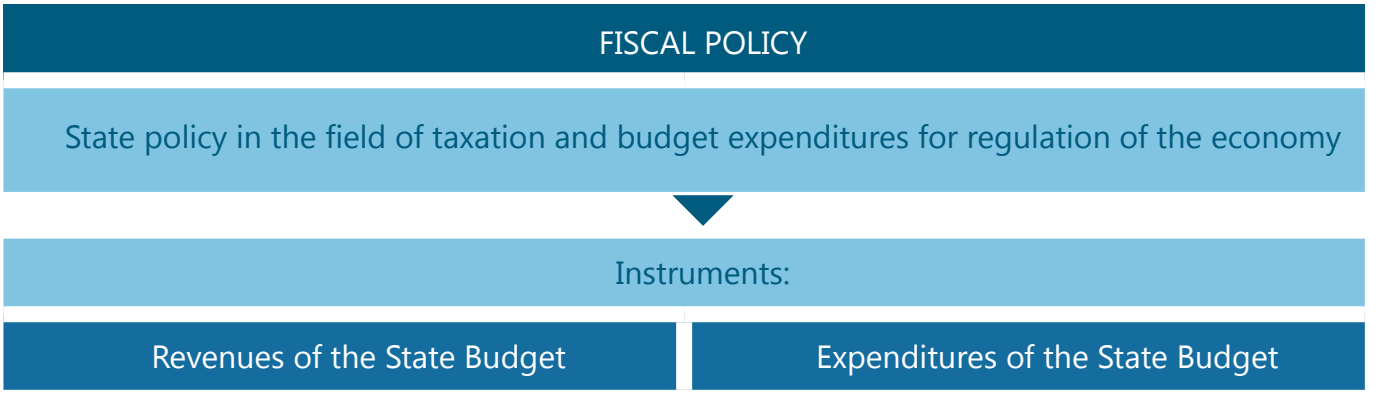
- development of medium-term budgetary frameworks and introduction of the new system - "performance-based budgeting"
- strengthening the institutional capacity and responsibility of participants of the budget process for ensuring credibility of macrofiscal forecasts
- strengthening budget administrators, accountability and responsibility of budget administrators and local authorities
- introducing the fiscal risk assessment system, accounting for financial assets and liabilities
- enhancing financial discipline as well as strengthening the parliamentary and public control over the budget process
- improving the disclosure, completeness, and consistency of budget information with international standards

What is expected from the Strategy implementation?

- availability of comprehensive, credible and transparent information about public finance;
- introduction of a full-fledged medium-term budgeting;
- creation of a sustainable and predictable system of macrofiscal forecasting and medium-term analyzing;
- improving the efficient use of budget funds;
- efficient public investment management;
- introduction of an efficient public debt management system;
- reliable assessment and minimization of fiscal risks, improvement of the public finance management system stability.

IV. FISCAL POLICY FOR 2021–2023

In 2021 and in the next two years the fiscal policy will be aimed at recovering economic growth and ensuring sustainable public finance.



FISCAL POLICY FOR 2021–2023 IS FOCUSED ON:

- Ensuring the entirety of budget revenues, timely and complete financing of salaries and equivalent payments, pensions and benefits as well as support of low-income segments of the population;
- Continuing the tax reform aimed at improvement of business activity, ensuring competitiveness of the economy and enhancement of investment attractiveness;
- Increasing efficiency and effectiveness of the State Budget expenditures;
- Ensuring stable public debt and fiscal risk management;
- Ensuring completeness of the Consolidated budget by including all off-budgetary accounts of ministries and agencies;
- Ensuring stability of the budget, including reduction of deficit of the Consolidated budget to 2% to GDP in the medium term.

WHAT IS PLANNED?

Tax policy

- Ensuring stable State Budget revenues and implementing measures to reduce the "shadow economy"
- Streamlining tax incentives
- Unification of the excise tax rates for imported products and domestic products (gradually)
- Further improvement of taxation for VAT taxpayers

Budgetary policy

- Introduction of fiscal rules ensuring stability of the tax and budgetary system
- Development of arrangements for introducing the program-based budgeting which ensures efficient and effective budget expenditures
- Introduction of the fiscal risk assessment system, accounting for financial assets and liabilities, efficient public debt management
- Support of social focus of the State Budget and development of human capacity through complete financing of state programs in the field of health care, education, science, culture and sports
- Creation of social registers in the process of improvement of the system of social protection of the population
- Development of a new budget calendar considering improvement of the budget process

3 THE STATE BUDGET FOR 2021

Revenues

The decline in business activity in the country and the slowdown of the global economy in the context of ongoing COVID-19 pandemic lead to a decrease in tax revenues. In these conditions, the estimation of the State Budget revenues is exacerbated by the continuing uncertainty.

THE FORECAST OF THE STATE BUDGET REVENUES FOR 2021 WAS DEVELOPED TAKING INTO ACCOUNT:

- the forecast of social and economic development of the Republic for 2021, which envisages the increase in GDP by 5.1% at the inflation rate of 9-10%;
- main aspects of the tax policy for 2021, which envisage the reduction of the tax burden from 26.2% to 24.5% for the Consolidated budget, and from 22% to 21.3% for the State Budget; abolishment of tax and customs exemptions, and other aspects;
- forecast of price changes in global markets for individual types of strategic goods.

THE FOLLOWING TAX RATES WERE MAINTAINED TO ENSURE STABLE REVENUES TO THE STATE BUDGET:

- Value added tax rate - 15%
- Corporate income tax - 15%
- Personal income tax - 12%
- Turnover tax - 4%
- Income tax for dividends – 5%
- Property tax (for legal entities) – 2%
- Land tax for agricultural lands - 0.95%
- Social tax - 12%/25%

FOR STRENGTHENING THE REVENUE BASE OF LOCAL BUDGETS:

- Property tax (for individuals) rate is indexed by 15%. The amount of the property tax charged from individuals in 2021 may not exceed 1.3 times the amount estimated in 2020
- Rates of the water use tax are indexed by 15%
- The volume of water discharged back to natural water bodies is excluded from the tax base (for example, HPP)
- For non-agricultural lands the rate of the land tax is indexed by 15%
- Local authorities will have powers to revise the land tax rates

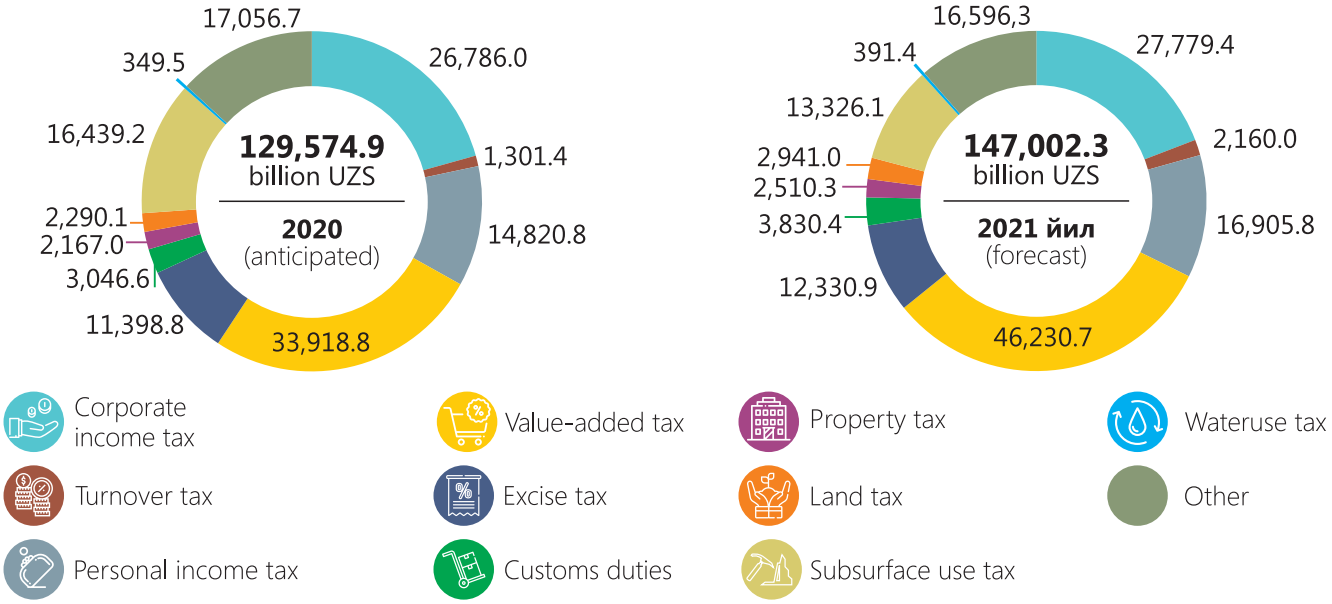
Excise tax is introduced for cement (clinker) in the amount of **10**%

Excise tax rate for mobile communication services is reduced from **20**% to **15**%

FORECAST OF REVENUES OF THE STATE BUDGET FOR 2021

In 2021 the growth of all categories of revenues (except for the subsurface use tax and other revenues) is projected due to the recovery of economic activity as well as the changes in the tax policy. The reduction of revenues from the subsurface use tax is caused by decrease in the rate applied for gold and silver from 20% to 15% (for Almalyk Mining and Metallurgical Combine and Navoi Mining and Metallurgical Combine).

STRUCTURE OF REVENUES OF THE STATE BUDGET



BUDGET REVENUES BY MAIN SOURCES

Indirect taxes - 62.6 trillion UZS, which accounts for 42.6% of the State Budget revenues and 9.1% of GDP.

Main share of revenues (75%) from indirect taxes will be provided by VAT and increase in revenues from the excise tax.

VAT is projected at **47.0 trillion UZS**, which reflects growth by 38.4% compared to the anticipated revenues for this year.

VAT for domestic goods and services	29.3 trillion UZS (+ 37.3%)
VAT for imported goods	24.5 trillion UZS (+ 22.4%)
VAT refund	6.9 trillion UZS

Anticipated economic growth indicators and planned changes for this tax were taken into account when estimating revenues from VAT.

IN 2021 THE FOLLOWING IS ENVISAGED FOR VAT:

Expansion of categories of enterprises paying VAT regardless of their revenues on account of*:

- stationary shopping units involved in retail sale of alcoholic products including beer;
- markets and shopping centers;
- farms with the area of irrigated lands of more than 30 ha.

Abolishment of tax benefits provided under the Tax Code for:

- services of physical culture and sports organizations as well as sports facilities in terms of revenues from holding mass sport events**,
- banking services provided in fixed amount which are auxiliary, as well as certain types of insurance services.

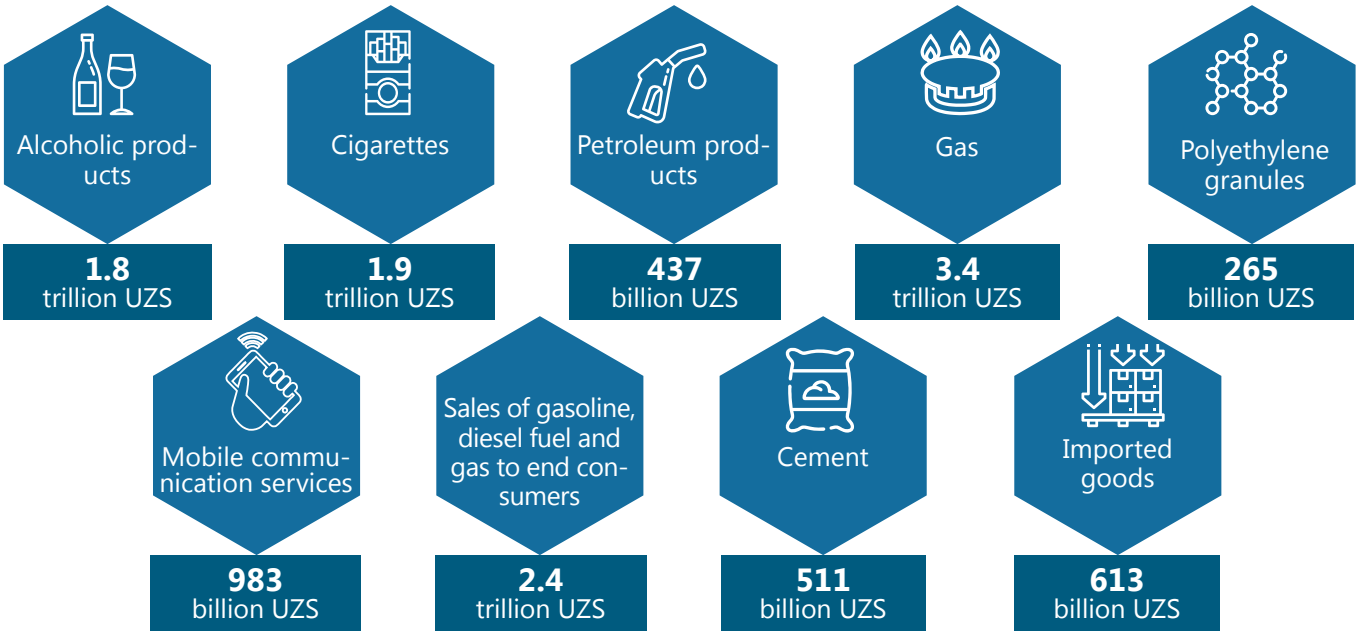
Keeping the practice of applying the zero tax rate for the value-added tax, as well as reimbursement of the overpaid tax which counts to the amount of accrued VAT (negative VAT).

** To ensure integrity of the VAT chain and to prevent the evasion from its calculation and payment.*

*** the incentive will be preserved for physical culture and sports organizations financed from the budget.*

Forecast for the excise tax - **12.3 trillion UZS**, i.e. growth by 8.2% compared to the anticipated revenues for this year.

FORECAST FOR THE EXCISE TAX BY TYPES OF PRODUCTS



The excise tax was estimated taking into account the increase in rates for alcoholic and tobacco products and the unification of rates for domestic and imported goods. The excise tax rates set in the absolute amount are subject to annual indexation below the inflation level. In 2021 the excise tax rate will be indexed in 2 steps.

INDEXATION OF THE EXCISE TAX RATES

№	Products	2020	2021
1	Alcoholic products	in fixed amount (for example, vodka 10 liters - 98,000 UZS, beer 10 liters - 10,600 UZS)	01.02.2021 (in average + 13.5%) 01.10.2021 (in average + 7%)
2	Cigarettes - fixed rate	163,500 UZS for 1,000 pcs	01.02.2021 - 172,000 UZS (+ 5.2%) 01.10.2021 - 185,500 UZS (+ 7.6%)
3	Cigarettes - ad valorem rate	9%	10%
4	Sales of gasoline, diesel fuel and gas to end consumers	285 UZS for 1 liter	01.02.2021 – 350 UZS for 1 liter
5	Liquefied gas (propane)	285 UZS for 1 liter	01.02.2021 – 350 UZS for 1 liter
6	Compressed gas (methane)	1 m^3 - 435 UZS	01.02.2021 – 1 m3 - 500 UZS
7	Gasoline (AI-80)	200,000 UZS/ton	01.02.2021 - 240,000 UZS/ton
8	Gasoline (AI-90, 92, 93, 95 and higher)	250,000 UZS/ton	01.02.2021 - 275,000 UZS/ton
9	Jet fuel	180,000 UZS/ton	01.02.2021 - 200,000 UZS/ton
10	Diesel fuel	200,000 UZS/ton	01.02.2021 - 240,000 UZS/ton
11	Diesel fuel ECO	180,000 UZS/ton	01.02.2021 - 216,000 UZS/ton
12	Motor oil for diesel and carburetor (injector) engine	280,000 UZS/ton	01.02.2021 - 340,000 UZS/ton

FOR UNIFICATION OF THE EXCISE TAX RATES FOR DOMESTIC AND IMPORTED GOODS IN 2021:

Excise tax is introduced for produced tobacco-heating devices, smoking, chewing, snuff, sucking (snus) tobacco and tobacco for hookah, nicotine-containing tobacco-free snus, nicotine-containing liquid.	The excise tax rates for imported and domestic goods were aligned.	Excise tax for jewelry, carpets, silver cutlery, PVC monofilament thread, plastic films: adhesive tape, plastic containers, electrotechnical and other products, tractors and trailers, food products is abolished.	Rates set in absolute value for imports are converted into the national currency.

Customs duties - **3.3 trillion UZS**, which reflects growth by 8.3% compared to the anticipated revenues for this year.

Direct taxes - 46.8 trillion UZS, which accounts for 31.9% of the State Budget revenues and 6.8% of GDP.

Anticipated economic growth, launch of new enterprises, increase in salaries, as well as abolishment of tax benefits for long-term life insurance were taken into account when estimating revenues from direct taxes.

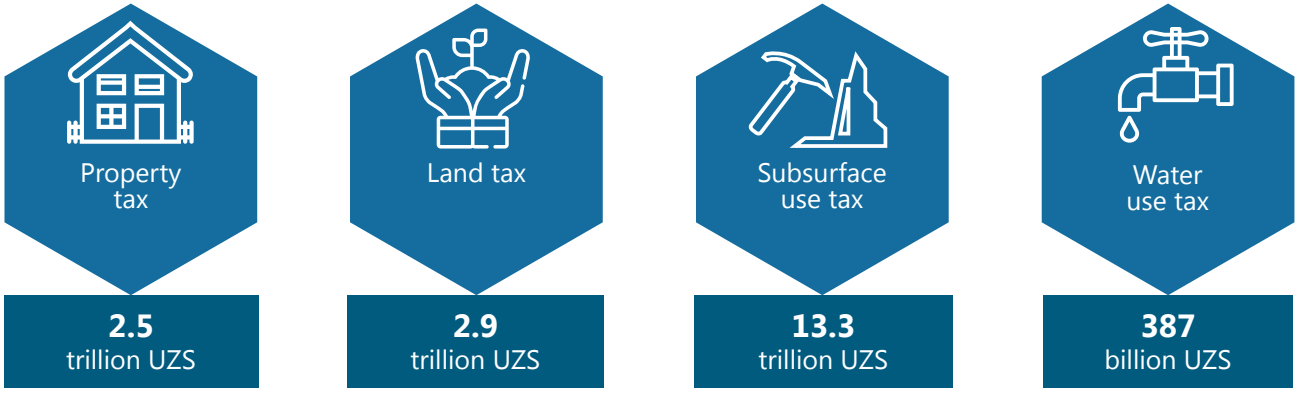
Personal income tax*	Corporate income tax	Turnover tax
16.9 trillion UZS (+14,1%)	**27.8 trillion UZS** (+3,7%)	**2.2 trillion UZS** (+66%)

**Includes the personal income tax charged from individual entrepreneurs (instead of fixed tax), income tax for dividends paid based on the declaration.*

The biggest projected growth is expected for the turnover tax, revenues from which have significantly reduced this year due to the decrease in the goods turnover of the small business entities in the context of quarantine restrictions.

Resource taxes and property tax - 19.2 trillion UZS, which accounts for 13% of the State Budget revenues and 2.8% of GDP.

The projected increase in revenues from these sources is due to the annual indexation of the land tax rates and the increase of low rates of the property tax and land tax for certain types of premises.



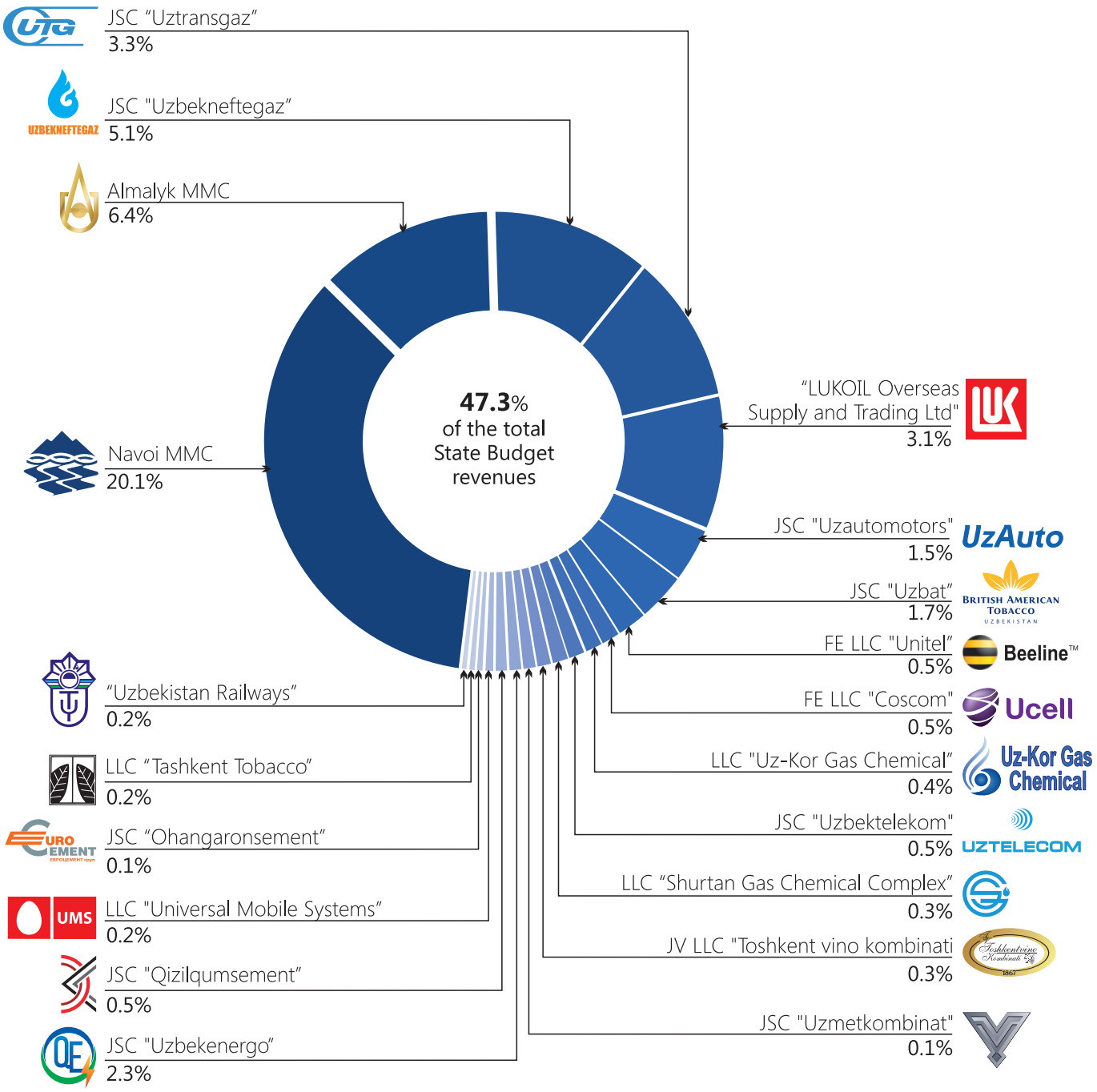
PROPERTY TAX RATE (FOR INDIVIDUALS)			
< 200 m2	200 - 500 m2	> 500 m2	> 200 m2 in rural areas
0.23%	0.3%	0.4%	0.3%

Other revenues - 18.4 trillion UZS, which accounts for 12.5% of the State Budget revenues and 2.7% of GDP.

Other revenues are mainly generated from accrued dividends for state share, state duties, fees and fines.

Budget revenues will largely depend on the economic situation at the enterprises which are large taxpayers.

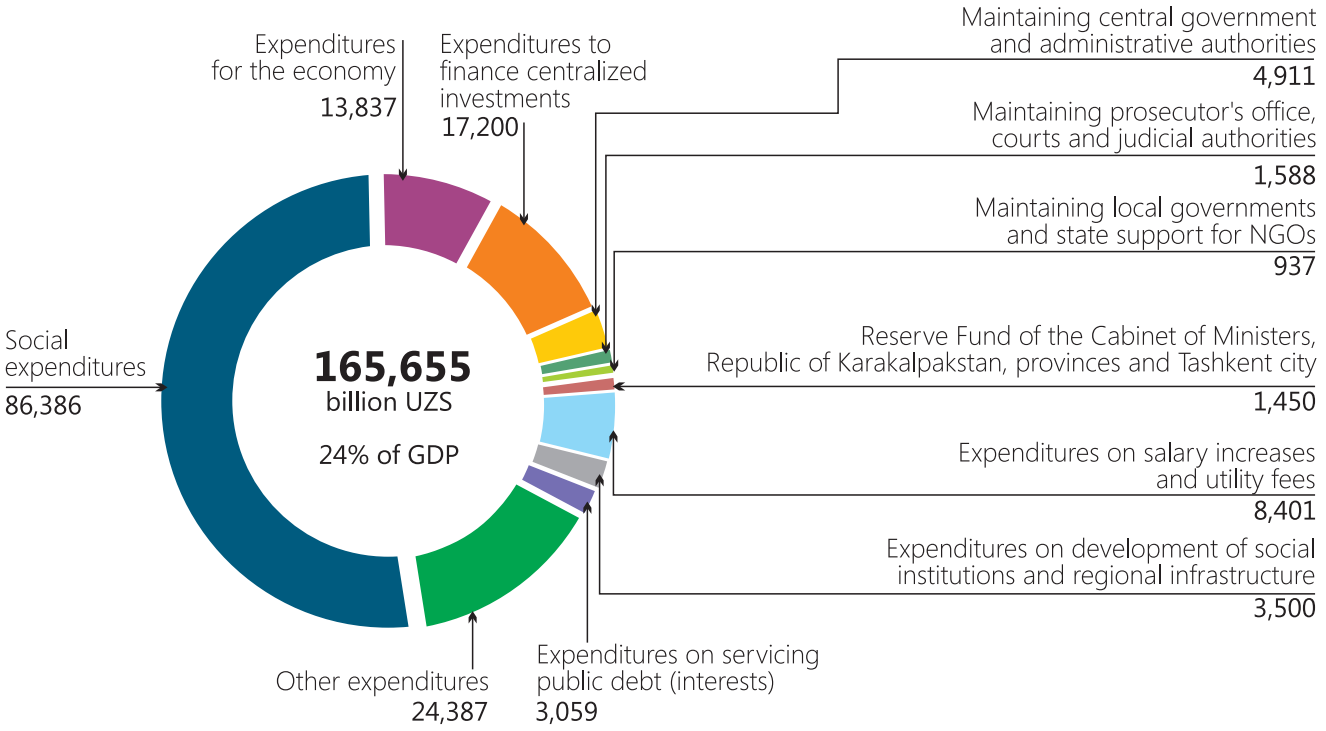
SHARE OF REVENUES FROM LARGE TAXPAYERS TO THE BUDGET OF THE REPUBLIC OF UZBEKISTAN, FORECAST FOR 2021



Expenditures

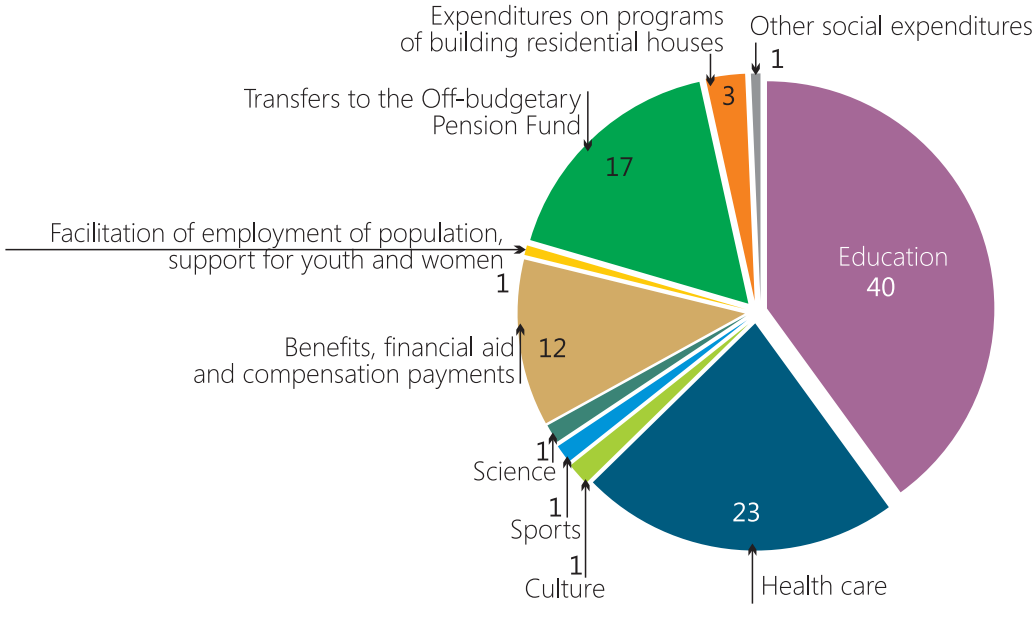
It is planned to increase the amount of the State Budget expenditures from 20.1% of GDP in 2020 up to 24.0% of GDP in 2021.

STRUCTURE OF THE STATE BUDGET EXPENDITURES, FORECAST FOR 2021, BILLION UZS



In the context of the ongoing pandemic, expenditures for the social sector and social support for the population will increase. In 2021, **86,386 billion UZS** is provided for these areas, or 52% of total expenditures.

STRUCTURE OF SOCIAL EXPENDITURES, FORECAST FOR 2021, %



40% of social expenditures in 2021 will be expenditures on education.

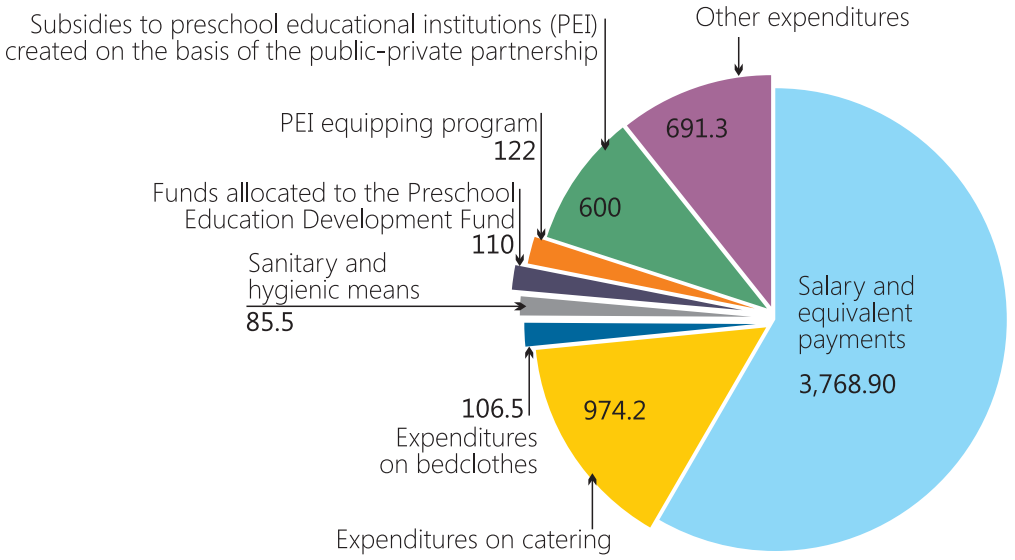
FORECAST OF EXPENDITURES ON EDUCATION IN 2021

34,552.7 billion UZS	Preschool education	**6,458.4** billion UZS
	General education	**23,801.1** billion UZS
	Secondary special and vocational education	**1,671.3** billion UZS
	Higher education	**2,621.9** billion UZS

Preschool education – 6,458.4 billion UZS

Expenditures on preschool education were estimated taking into account expansion of coverage of children by preschool education.

STRUCTURE OF EXPENDITURES ON PRESCHOOL EDUCATION, FORECAST FOR 2021, BILLION UZS



In the field of preschool education, the state actively cooperates with the commercial sector. Public-private partnership (PPP) projects are implemented in Tashkent and Nukus, cities of regional subordination, administrative centers of provinces and districts on a priority basis. Share of the private sector in the field of preschool education in 2021 will be 25%.

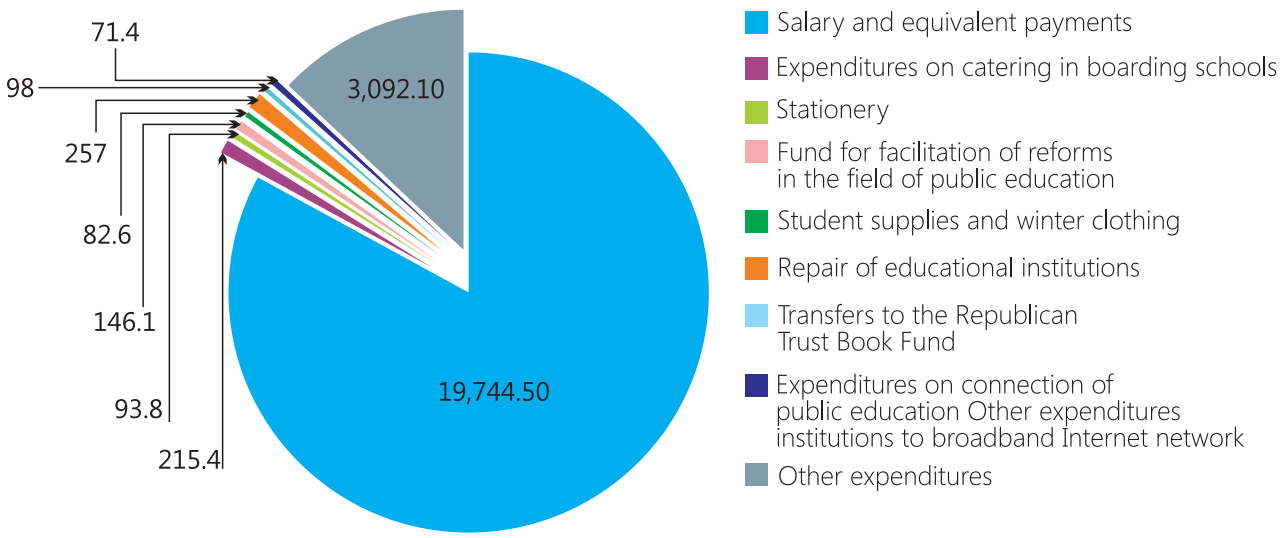
INDICATORS OF STATE PRESCHOOL EDUCATIONAL INSTITUTIONS

INDICATORS	2020	2021
Number of educational institutions for children	15,156	18,345
State educational institutions for children	5,960	5,981
educational institutions for children based on PPP	1,112	1,166
family educational institutions for children	8,084	11,198
Capacity, thousand places	849	852
Number of groups, thousand	42	46
Number of children, thousand	1,346	1,508
in state PEIs	1,048	1,131
in PEIs based on PPP	103	108
in family PEIs	195	270
Children of 3-7 years, thousand	2,770	2,818
Coverage of children of preschool age, %	49	54
State Budget expenditures, billion UZS	5,540	6,458

General education – 23,801.1 мрлд сум.

Almost 70% of expenditures provided in the State Budget on education in general account for school education. At the same time the biggest share of expenditures projected for school education are expenditures on salary (including social insurance contributions).

STRUCTURE OF EXPENDITURES ON GENERAL EDUCATION, FORECAST FOR 2021, BILLION UZS



INDICATORS OF GENERAL EDUCATIONAL INSTITUTIONS

Number of general education institutions

10,520

General education schools	**9,718**
Special schools	**22**
Boarding schools	**221**
Mekhribonlik" houses, Children's Villages "SOS", children's makhalla	**225**
Children's schools "Barkamol Avlod"	**219**
Children's schools of music and arts	**316**

Number of students **6,369** thousand

Extracurricular education – 872,0 мрлд сум.

INDICATORS OF CHILDREN'S SCHOOLS OF MUSIC AND ARTS AND EXPENDITURES FOR THEIR MAINTENANCE, FORECAST FOR 2021

Number of children's music and arts schools	Number of students	State budget expenditures
316	85,488	462.4 billion UZS

INDICATORS OF CHILDREN'S SCHOOLS "BARKAMOL AVLOD AND EXPENDITURES FOR THEIR MAINTENANCE, FORECAST FOR 2021

number of children's schools "Barkamol Avlod"	Number of students	State budget expenditures
219	157,804	409.6 billion UZS

AMOUNT OF MONTHLY PARENTAL FEE FOR CHILD'S EDUCATION AT THE BEGINNING OF 2021*

	Tashkent city	Centers of provinces	Republic of Karakalpakstan and other settlements
Music	**75%**	**50%**	**30%**
Arts	**50%**	**30%**	**20%**

**Estimation based on the base estimated value*

Secondary specialized and higher education – 4,293.2 billion UZS

In the projected expenditures on staff training, the main changes are related to the reorientation of expenditures in secondary specialized and vocational education. This is associated with the introduction of a new system of secondary specialized, vocational education from 2020/2021 academic year, which includes academic lyceums, vocational schools, colleges and technical colleges.

EXPENDITURES ON SECONDARY SPECIALIZED AND HIGHER EDUCATION, BILLION UZS

	2020 (parameters)	2021 (forecast)
Academic lyceums	299.2	265.5
Vocational colleges	1,419.4	368.1
Vocational schools	-	927.2
Technical colleges	-	110.5
Further training courses and institutes	280.2	312.0
Higher education institutions	1,885.5	2,187.7
Methodical, technical and other activities	127.2	122.3
Total expenditures	**4,011.5**	**4,293.2**

MAIN INDICATORS OF SECONDARY SPECIALIZED AND VOCATIONAL EDUCATION, FORECAST FOR 2021

Teachers	Student	Expenditures of the State Budget
18.7 thousand	265.9 thousand	1,671.3 billion UZS

Higher education – 2,187.7 billion UZS

• Salary and equivalent payments	**1,302.0**
• Scholarships	**762.1**
• Other expenses	**123.5**

Higher education institutions financed from the budget – **110**

Staff units - **18,409** thousand	*of which* faculty members - **8,953** people	Number of students *(at the end of the year)* - **115,848** people
Approved enrollment quota *(for all attendance forms)* **46,456** people	Average expenditures on 1 student - **18,884** thousand UZS	

It is envisaged to spend – **19,581 billion UZS** for the **healthcare**.

• Salary and equivalent payments	**12,363**
• Expenditures on combating the COVID-19 pandemic	**3,000**
• Centralized procurements under state programs	**1,037**
• Creation of the fund of financial incentives and development of medical organizations	**526**
• Medicines and medical goods	**1,795**
• Food products	**614**
• Other expenses	**246**

More than 60% of expenditures on healthcare will be spent for salaries to medical workers.

In the context of the ongoing COVID-19 pandemic it is envisaged to spend 3,000 billion UZS for implementing measures to combat the COVID-19.

The next item of expenditures in terms of the amount is expenditures on medicines and medical goods - **1,795 billion UZS**, which comprise:

estimated per person, 1 ambulance call and 1 bed-day*	UZS
• Rural outpatient clinics (per 1 person)	4,890
• Family polyclinics (per 1 person)	4,890
• Multidisciplinary polyclinics (per 1 person)	6,350
• Ambulance services (per 1 call)	7,700
• Regional hospitals (per bed-days)	13,220
• Territorial multidisciplinary health centers (per bed-days)	24,658
• Republican Research Center of Emergency Medicine and its regional divisions (per bed-days)	48,315
• Antituberculosis dispensaries and hospitals (per bed-days)	19,316
• Oncologic dispensaries (per bed-days)	46,391
• Endocrinological hospitals (dispensaries) (per bed-days)	23,099
• Infectious diseases hospitals (per bed-days)	18,169
• Regional perinatal centers, obstetric centers, maternity centers (per bed-days)	24,610

** The standard unit equal to a day of stay of one person occupying a bed.*

The amount of funds allocated to the Ministry of Health for centralized procurements under state program increases year-by-year.

2017	2018	2019	2020	2021
146.4 billion UZS	346.5 billion UZS	455.8 billion UZS	716.9 billion UZS	1,037.1 billion UZS

14.0 billion UZS
State program of development of the Aral Sea region

90.9 billion UZS
Combating spread of the disease caused by the HIV and prevention of hospital-acquired infections

24.7 billion UZS
Improvement of specialized phthisiological and pulmonary care system

37.2 billion UZS
Medical and social care for children with rare (orphan) and other hereditary genetic diseases

198.6 billion UZS
Expenditures on vaccines for children

28.0 billion UZS
Introduction of the e-healthcare system

80.2 billion UZS
Organization of activity of the National Children's Medical Center

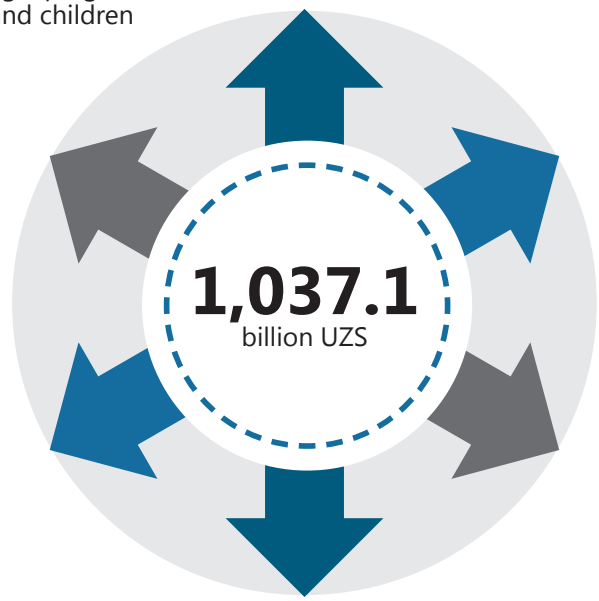
61.7 billion UZS
Activities for improvement of oncologic services

4.4 billion UZS
Measures for improvement of quality of medical aid provided to women of reproductive age, pregnant women and children

91.4 billion UZS
Development of hematology and transfusiology services, as well as further support for people suffering from oncohematological and difficult to cure diseases

3.6 billion UZS
Implementation of the Law "On donations of blood and its components"

6.6 billion UZS
Retraining and further training of medical staff in leading foreign medical and research centers



17.3 billion UZS
Supply of state medical institutions and population with medicines and medical goods

39.3 billion UZS
Early detection of congenital and hereditary diseases in children

137.8 billion UZS
Measures for increasing the efficiency of nephrological and hemodialysis aid

25.8 billion UZS
Approval of the National program on improvement of endocrinological aid

27.8 billion UZS
Cochlear implantations for children with sensorineural deafness and hearing loss

2.4 billion UZS
Flu prevention in communities at increased risk of infection and severe complications

14.2 billion UZS
Prevention of the spread of infectious diseases

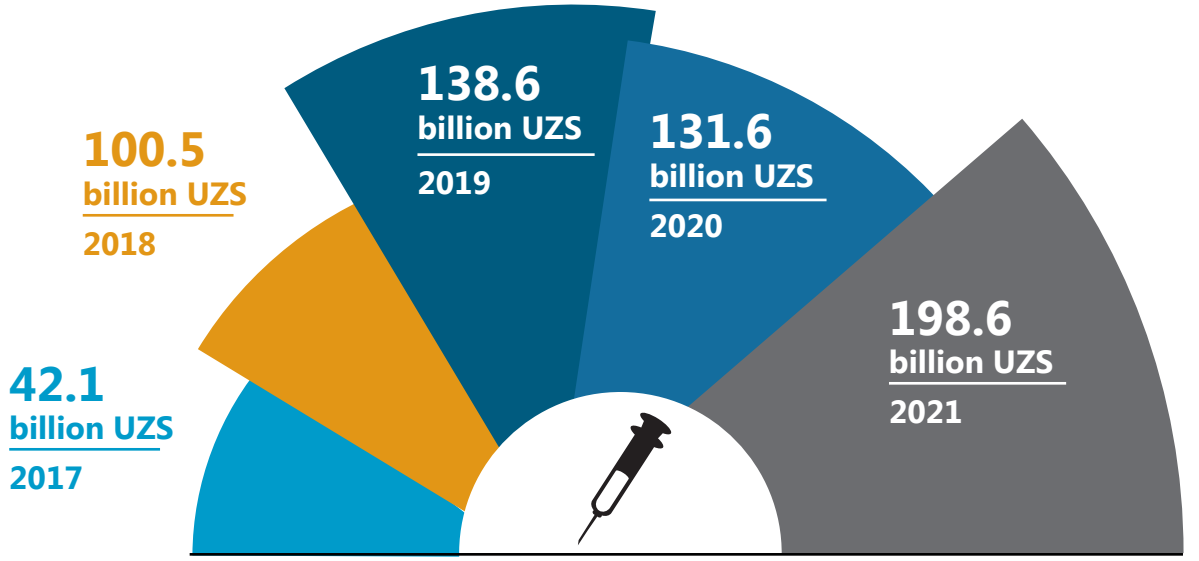
126.0 billion UZS
Hematological services and measures to support people with hematologic malignancies

In 2021 the funds in the amount of:

- **130 billion UZS** will be allocated to the increase of the medical service coverage of patients in need of hemodialysis up to 100%;
- **7%** of revenues from the excise tax for tobacco products will be allocated to the Fund for assistance in recovery of persons suffering from hematologic malignancies and difficult to cure diseases. Strengthening the prevention of these diseases is currently one of urgent tasks in the field of health care. This year the Program of measures for development of hematology and transfusiology services in the Republic of Uzbekistan has been approved[1].

[1] Resolution of the President of the Republic of Uzbekistan No. 4592 dated 10.02.20 "On measures for development of hematology and transfusiology services in the Republic of Uzbekistan, as well as on further support for persons suffering from hematologic malignancies and difficult to cure diseases"

MEASURES TO PROVIDE VACCINES FOR CHILDREN



VACCINES INCLUDED IN THE CALENDAR OF PROPHYLACTIC IMMUNIZATION IN THE REPUBLIC OF UZBEKISTAN

AGE	VACCINE
1 day	(HBV) B hepatitis vaccine
2-5 days	(BCG) Tuberculosis vaccine
2 months	(OPV-1) inactivated polio vaccine; (Rota-1) rotavirus vaccine - virus diarrhea vaccine; (Penta-1) diphtheria, pertussis, tetanus and B hepatitis vaccine; (Pneumo-1) pneumococcal disease vaccine
3 months	(OPV-2) inactivated polio vaccine (Rota-2) rotavirus vaccine - virus diarrhea vaccine; (Penta-2) diphtheria, pertussis, tetanus and B hepatitis vaccine; (Pneumo-2) pneumococcal disease vaccine
4 months	(OPV-3) inactivated polio vaccine; (Rota-3) rotavirus vaccine - virus diarrhea vaccine; (Penta-3) diphtheria, pertussis, tetanus and B hepatitis vaccine; (IPV) inactivated polio vaccine
12 months	(MPR-1) measles, parotitis, rubella vaccine; (Pneumo-3) pneumococcal disease vaccine
16 months	(OPV-4) inactivated polio vaccine; (DTP-4) diphtheria and tetanus toxoids and pertussis vaccine
6 years	(MPR-2) measles, parotitis, rubella vaccine
7 years (1st class)	(OPV-5) inactivated polio vaccine
9-13 years	(CCV) cervical cancer vaccine
16 years	(Td) diphtheria and tetanus toxoids and pertussis vaccine

INDICATORS OF MEDICAL INSTITUTIONS AS OF 1.01.2020

 **MEDICAL INSTITUTIONS,** total **– 3,655**	 **STAFF – 468,314**	 *of which:* **DOCTORS – 105,899**
OUTPATIENT INSTITUTIONS 2,288	194,516	58,225
RURAL OUTPATIENT CLINICS 817	20,369	3,581
PRIMARY HEALTHCARE CENTERS 192	34,123	13,102
INPATIENT HOSPITALS 777	215,668	37,997
SPECIAL HOSPITALS AND HEALTH CENTERS 207	43,256	6,665
SPECIAL RESEARCH AND PRACTICAL CENTERS 16	6,677	1,130
HEALTH AND SOCIAL CARE INSTITUTION 249	11,118	624
OTHER INSTITUTIONS 341	47,013	9,053



Expenditures on culture – 1,428 billion UZS

EXPENDITURES ON CULTURAL FACILITIES, FORECAST FOR 2021

Indicators	Number	Expenditures, billion UZS
Total number of facilities	**1,556**	**1,428**
Republican Center of Spirituality and Enlightenment and its regional divisions	15	22
Libraries for the Blind	15	19
Museums and exhibitions	42	66
Cultural and community centers	813	201
Amateur-talent groups “Xalq Havaskorlic Jamoalari”	324	43
Theaters, philharmonics, arts organizations Maqom, circus	67	258
Department of arts expertise and its regional divisions	9	26
Cultural heritage organizations	15	87
Information and resource centers	169	89
National Television and Radio Company of Uzbekistan and its regional divisions	22	377
Other cultural organizations and expenditures on their maintenance	65	239
of which:		
Production, dubbing, restoration and advertising of feature, short, documentary and animated films of the National Agency "Uzbekkino”.		76

EXPENDITURES ON STATE PROGRAMS, BILLION UZS

Programs	2019	2020	2021
Restoration and recovery, as well as archaeological expenditures for cultural heritage objects	59.1	66.8	73.5
Production, dubbing, restoration and advertising of feature, short, documentary and animated films of the National Agency "Uzbekkino”.	56.1	55.8	76.4
Development of mass media and press services of state authorities		20.0	20.0
Strengthening material and technical resources and development of activity of state theaters	11.6	18.7	8.5
Strengthening material and technical resources of state museums	5.8	19.7	7.9
Creation and equipping of modern centers of culture and recreation of the population	67.9	50.5	55.8



Expenditures on physical education and sports – 1,144.3 billion UZS

NUMBER OF ORGANIZATIONS AND EXPENDITURES ON SPORTS, FORECAST FOR 2021

Indicators	Number	Expenditures, billion UZS
Sports schools for children and young people	245	466.4
Football academies for children and young people	14	51.6
Specialized sports schools for children and young people	55	172.6
Football schools for children and young people	11	10.0
Higher sports schools	9	42.3
Sports schools of the Olympic reserve	3	10.3
Central board of the voluntary sports community of Uzbekistan "Yoshliq" and its regional divisions	15	5,9
Other organizations and expenditures	25	385.2
of which:		
mass events on physical culture and sports based on the calendar plan for 2021		189.2
expenditures on preparation and participation in the Olympics		180.0



Expenditures on science – 1,151.2 billion UZS

• State research and technical programs	**514.3**
• Maintenance of unique scientific facilities and research institutions	**430.9**
• Maintenance of state archives	**38.4**
• Expenditures on postgraduate education (doctoral studies)	**67.6**
• Funds allocated to the Foundation for support of innovative development and innovative ideas	**100.0**



Expenditures on social protection – 10,244.7 billion UZS

The crisis caused by the COVID-19 pandemic has exacerbated social protection issues in all countries. Support measures for the population and its vulnerable categories have become particularly demanded in the budget expenditure agenda.

In 2021, of the projected social protection expenditures, 45% will be used to pay social benefits to families with children and provide financial aid to low-income families.

EXPENDITURES ON SOCIAL BENEFITS AND NUMBER OF RECIPIENTS

№		2019 (execution)		2020 (anticipated)		2021 (forecast)	
		Number of recipients *	Budget expenditures, billion UZS	Number of recipients *	Budget expenditures, billion UZS	Number of recipients *	Budget expenditures, billion UZS
Total expenditures		**3,054,916**	**4,720**	**5,684,583**	**8,519.4**	**4,722,321**	**10,244.7**
of which:							
1	Childcare allowance until they reach the age of 2 years	245,479	1,143.3	332,066	1,807.0	400,000	2,083.2
2	Benefits for families with children under 14 years	240,552	662.4	482,802	1,287.7	700,000	2,074.2
3	Financial aid to low-income families	58,664	229.5	82,852	367.5	100,000	391.2
4	One-time financial aid to families in need in the Republic of Karakalpakstan and Khorezm province	13,860	8.6	17,211	8.6	17,394	9.6
5	Compensation to recipients of benefits from the budget for additional expenditures for purchasing flour and tin bread	544,469	137.9	897,720	487.1	1,200,000	720.0
6	Compensation to pensioners for additional expenditures for purchasing flour and tin bread	1,433,100	456.0	1,599,784	947.0	1,696,031	1,004.0
7	Benefit to persons disabled since childhood	266,325	1,320.1	284,412	1,670.5	300,440	1,745.3
8	Maternity benefit	66,667	317.2	69,707	400.7	80,651	435.6
9	Compensation cash payments instead of benefits for payment of housing and utility services to certain categories of citizens	89,400	87.6	81,554	94.8	77,750	92.5
10	Benefits to elderly persons and incapacitated citizens	83,400	237.6	100,661	387.2	127,266	453.7
11	Benefit for burial	13,000	119.5	15,635	187.6	22,375	265.8
12	Expenditures on provision of housing for orphans and children left without parental care					414	30.0
13	Payments on one-time financial aid			1,720,181	525.4		

**average annual number of recipients*

Coverage of families with social benefits will continue to grow in 2021. The number of low-income families receiving social benefits will almost double in comparison with the beginning of 2020.

The system of allocation of social benefits in 2021 will be fully automated through the launch of a unified social register in all regions..

The system "Unified Register" will automatically identify all citizens who need social assistance to provide them with targeted assistance. To register in the Unified Register, one will need a copy of the passport or birth certificate of the child, marriage registration certificate, which are provided through the makhalla and the Pension Fund. Other data required to determine the needs of the family (on the income of family members: salaries, pensions, scholarships, available real estate, vehicles, unemployed persons, etc.) are automatically transmitted in electronic form from other authorities.

In the coming year, more attention will be paid to supporting children-orphans. For the first time, the budget envisages 30 billion UZS to provide housing to orphans. For this purpose, a new procedure for providing housing to orphans will be developed and lists of applicants for it will be compiled.



Pensions. To balance revenues and expenditures and to ensure timely expenditures of the Off-budgetary Pension Fund, the amount of **14.7 trillion UZS** is provided from the State Budget for 2021 for transfers to the Off-budgetary Pension Fund.



Expenditures on the economy – 13,836.8 billion UZS

• Operational water management expenditures	**4,530.7**
• Geological survey works	**1,200.0**
• Works on improvement of settlements	**2,041.7**
• Maintenance of public roads	**2,200.4**
• Utility works	**909.3**
• Improvement of ameliorative condition of irrigated lands	**403.7**
• Environmental protection works	**284.0**
• Subsidies to cover the cost of electricity consumed by pumping units and irrigation wells on the farm balance sheet	**444.6**
• Expenditures on introduction of drip irrigation for raw cotton producers	**198.9**
• Transfers to the Fund for Support of Winegrowers and Winemakers of the Agency for the Regulation of the Alcohol and Tobacco Market and the Development of Winemaking	**40.0**
• Reimbursement of a part of expenditures on paying the credit interests for agricultural machinery manufactured in the Republic purchased through credit or leasing	**55.0**
• Funds allocated for the assistance and promotion of export to the Export promotion agency	**165.0**
• For further development of tourism in the Republic of Uzbekistan and reimbursement of a part of expenditures on construction of hotels	**100.0**
• Transfers to the State Fund for Supporting Entrepreneurship Development	**200.0**
• Reimbursement of expenditures on pest control, as well as crop safety during emergency situations	**120.0**
• Subsidies to compensate part of transportation expenditures related to export of produce	**100.0**

Centralized capital investments – 17,200 billion UZS

SOCIAL SECTOR

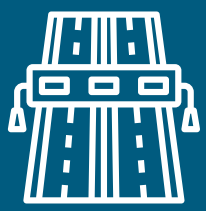
5,450
billion UZS

700	Higher Education Institutions
2 050	General education schools
200	*including equipping of:*
900	Preschool education institutions
1 200	Medical/health and social care institutions
400	Physical culture and sports
150	Culture and arts
50	Science and innovations

ENGINEERING AND COMMUNICATION NETWORKS

900
billion UZS

800	Water supply and sewage
100	Heat supply



ROAD TRANSPORT INFRASTRUCTURE

2 600
billion UZS

2 200



Motor roads

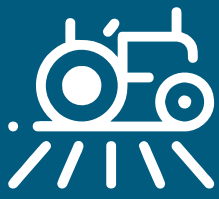
400

including bridges and crossovers

400



Railway transport and metro



IRRIGATION AND MELIORATION

1 100
billion UZS



PUBLIC-PRIVATE PARTNERSHIP PROJECTS

900
billion UZS



OTHER AREAS

6 250
billion UZS

1 400

Improvement and modernization of the architectural appearance of district centers and cities

1 000

Provision of free economic zones, small industrial zones, as well as large production projects with participation of foreign direct investments with engineering and communication infrastructure



Expenditures on maintenance of government, administrative, judicial authorities, prosecutor's office and courts, local governments, NGOs and other civil society institutions –

7,435.8 billion UZS

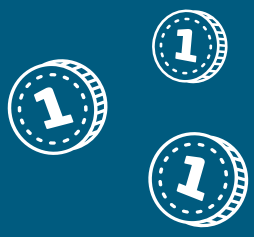
- Central government bodies 403.9 billion UZS
- Central state administration bodies 4,506.8 billion UZS
- Prosecutor's office, courts and judicial authorities 1,588.1 billion UZS
- Planned amount of allocations for maintenance of local governments, NGOs and other civil society institutions will make 937.0 billion UZS



Reserve funds of the Cabinet of Ministers of the Republic of Uzbekistan and local governments - **1,450.0 billion UZS**

Other expenditures

24,386.8 billion UZS



- Maintenance of embassies and consulates
- Payment of membership fees and participation in the financing of international organizations, where the Republic of Uzbekistan is a member (UN, UNESCO and others)
- Financing activities of political parties
- State order for statistical works
- Maintenance of reception offices
- Payment of services of the State Assets Management Agency
- Payment for services of lawyers
- Payment for services of public solicitors and settlors
- Other administration authorities
- Financing other activities of the state

REVENUES AND EXPENDITURES OF STATE TARGETED FUNDS AND UFRD, FORECAST FOR 2021, BILLION UZS

№	Indicators	Revenues	incl. transfers from State Budget	Expenditures
I	**State targeted funds – total**	**42,070.3**	**15,896.4**	**40,740.0**
1	Foundation "El-Yurt Umidi" for training of specialists abroad and dialog with fellow citizens under the Cabinet of Ministers of the Republic of Uzbekistan	30.2	30.0	30.2
2	Centralized fund for recovery of losses for individuals and legal entities in connection with the withdrawal of land plots from them for state and public needs under the Cabinet of Ministers of the Republic of Uzbekistan	150.0	150.0	150.0
3	Off-budgetary Pension Fund under the Ministry of Finance of the Republic of Uzbekistan	38,170.0	14 700.0	36,487.0
4	State Employment Fund under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan	535.0	250.0	532.0
5	Fund for support and protection of the rights and interests of citizens engaged in labor activities abroad under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan	51.0		67.7
6	Public works fund under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan	250.1	250.0	300.1
7	State Fund for Supporting Entrepreneurship Development under the Agency for Development of Small Business and Entrepreneurship	370.0	200.0	814.1
8	Off-budgetary Fund for management, transformation and privatization of state assets under the Agency for Management of State Assets	150.0		150.0
9	Public fund for support of women and family	206.5	125.0	213.0
10	Off-budgetary fund for development of information and communication technologies	620.3		620.3
11	Off-budgetary Republican Trust Book Fund under the Ministry of Public Education of the Republic of Uzbekistan	277.8	71.4	146.8
12	First Medical Aid Development Fund under the Ministry of Health of the Republic of Uzbekistan	67.5		67.5
13	Fund for Support of People with Disabilities under the Ministry of Health of the Republic of Uzbekistan	0.2		0.2
14	Off-budget Tourism Support Fund under the State Committee of the Republic of Uzbekistan for Tourism Development	74.4		73.4
15	Horticulture and Greenhouse Development Fund under the Agency for development of horticulture and greenhouse farming under the Ministry of Agriculture of the Republic of Uzbekistan	125.8	80.0	125.8
16	Fund for Support of Winegrowers and Winemakers under the Agency for Development of Viticulture and Wine-making under the Ministry of Agriculture of the Republic of Uzbekistan	210.0	40.0	180.0
17	Fish Farming Development Fund at the Association "Uzbekbaliqsanoat"	1.5		1.9
18	Guarantee Fund for servicing public debt under the Treasury of the Ministry of Finance of the Republic of Uzbekistan	780.0		780.0
II	**Uzbekistan Fund for Reconstruction and Development**	**5,336.2**		**13,423.6**

FORECAST OF EXPENDITURES OF THE STATE BUDGET OF THE REPUBLIC OF UZBEKISTAN BY ECONOMIC CLASSIFICATION, BILLION UZS

№	Expenditures	2021
	Total	**165,655**
	of which:	
1	Salary and equivalent payments	62,867
2	Social tax	14,852
3	Capital investment	17,200
4	Expenditures on goods and services	16,943
	of which:	
4.1	Travel expenditures	231
4.2	Utility services	4,635
4.3	Maintenance and repair	2,994
4.4	Expenditures on inventories	6,687
	Food products	2,652
	Medicines and medical goods	1,900
	Fuel and lubricants	711
5	Expenses for fixed assets	4,155
	of which:	
	Capital repairs of fixed assets	1,544
	Purchase of fixed assets	2,606
6	Interests	3,059
7	Transfers and subsidies	15,929
8	Grants	73
9	Social benefits and pensions	13,608
10	Other expenditures	14,540
11	Transfers related to changes in financial assets and liabilities	2,429

BUDGET ALLOCATIONS TO FIRST-LEVEL BUDGET ADMINISTRATORS FROM THE REPUBLICAN BUDGET OF THE REPUBLIC OF UZBEKISTAN FOR 2021, BILLION UZS

№	Indicators	Project
	Allocations financed from the Republican budget - total	**135,683.1**
	of which:	
	current expenditures	94,292.1
	capital investments for design, construction (reconstruction) and equipment of facilities	15,022.9
	transfers to state targeted funds	15,896.4
	regulating transfers allocated from the republican budget of the Republic of Uzbekistan to the budget of the Republic of Karakalpakstan, local budgets of provinces and Tashkent city	10,471.7
1	**Ministry of Public Education of the Republic of Uzbekistan**	**21,987.0**
	of which:	
	current expenditures	20,055.2
	of which:	
	funds allocated to the Fund for facilitation of reforms in the field of public education	146.1
	Expenditures on connection of public education institutions to broadband Internet network	98.0
	capital investments for design, construction (reconstruction) and equipment of facilities	1,860.4
	transfers to the Republican Trust Book Fund	71.4
2	**Ministry of Preschool Education of the Republic of Uzbekistan**	**5,422.9**
	of which:	
	current expenditures	4,648.9
	of which:	
	Subsidies to preschool educational institutions created on the basis of the public-private partnership	600.0
	expenditures on compulsory one-year preparation of children for primary education	158.8
	funds allocated to the Preschool Education Development Fund	110.0
	capital investments for design, construction (reconstruction) and equipment of facilities	774.0
3	**Ministry of Higher and Secondary Specialized Education of the Republic of Uzbekistan**	**2,841.8**
	of which:	
	current expenditures	2,663.8
	capital investments for design, construction (reconstruction) and equipment of facilities	178.0
4	**Ministry of Health of the Republic of Uzbekistan**	**3,429.0**
	of which:	
	current expenditures	2,331.4
	of which:	
	expenditures on vaccination of children	198.6
	expenditures on further improvement of methods for diagnostics, prevention and treatment of infectious diseases, including viral hepatitis	14.2
	expenditures on early detection of congenital and hereditary diseases in children	39.3

№	Indicators	Project
	expenditures on development of oncology service and improvement of oncological assistance to the population	61.7
	expenditures on financing measures for the prevention of the spread of disease caused by the HIV	90.9
	expenditures on financing measures for increasing the efficiency of nephrological and hemodialysis aid	137.8
	cochlear implantations for children with sensorineural deafness and hearing loss	27.8
	expenditures on supply of state medical institutions and population with medicines and medical goods	17.3
	expenditures on provision of endocrinological aid to the population	25.8
	expenditures on provision of medical and social care for children with rare (orphan) and other hereditary genetic diseases	37.2
	expenditures on improving the quality and further expansion of coverage of medical aid provided to women of reproductive age, pregnant women and children	4.4
	expenditures on healthcare and preservation of the gene pool of the population under the State program of development of the Aral Sea region for 2017-2021	14.0
	expenditures on prevention of the spread of tuberculosis and nonspecific lung diseases	24.7
	expenditures on development of hematology and transfusiology services in the Republic of Uzbekistan as well as on further support for persons suffering from hematologic malignancies and difficult-to-cure diseases	91.4
	expenditures on wide introduction of the e-healthcare system, creation of the complex of information systems and databases integrated on the basis of unified national standards	28.0
	expenditures on development of donations of blood and its components	3.6
	expenditures on involvement of qualified foreign specialists	6.6
	expenditures on prevention of flu infection and severe complications	2.4
	expenditures of the Fund for assistance in recovery of persons suffering from hematologic malignancies and difficult-to-cure diseases	126.0
	capital investments for design, construction (reconstruction) and equipment of facilities	1,097.5
5	**Ministry of Culture of the Republic of Uzbekistan**	**841.0**
	of which:	
	current expenditures	649.3
	of which:	
	restoration and recovery, as well as archaeological expenditures of cultural heritage objects	73.5
	expenditures on creation of national films based on the state order	76.4
	expenditures related to strengthening material and technical resources of state theaters	8.5
	strengthening material and technical resources of state museums	7.9
	creation and equipping of modern centers of culture and recreation of the population	55.8
	capital investments for design, construction (reconstruction) and equipment of facilities	191.8
6	**Ministry of Physical Culture and Sports of the Republic of Uzbekistan**	**1,201.1**
	of which:	
	current expenditures	750.1
	of which:	
	expenditures on preparation and participation in the Olympics	180.0

№	Indicators	Project
	on mass events on physical culture and sports on the basis of the calendar plan for 2021	182.7
	capital investments for design, construction (reconstruction) and equipment of facilities	451.0
7	**Ministry of Innovative Development of the Republic of Uzbekistan**	**748.4**
	of which:	
	current expenditures	744.4
	of which:	
	funds allocated to the Foundation for support of innovative development and innovative ideas	100.0
	capital investments for design, construction (reconstruction) and equipment of facilities	4.0
8	**Ministry of Housing and Communal Services of the Republic of Uzbekistan**	**1,047.0**
	of which:	
	current expenditures	115.6
	of which:	
	expenditures on maintenance and operation of multi-apartment housing stock	73.6
	capital investments for design, construction (reconstruction) and equipment of facilities	931.4
	of which:	
	expenditures on the development of drinking water supply and sewage systems to provide the population with clean drinking water	782.4
	construction, reconstruction and modernization of heat supply facilities	100.0
9	**Ministry of Agriculture of the Republic of Uzbekistan**	**494.0**
	of which:	
	current expenditures	374.0
	of which:	
	expenditures on pest control and crop safety during emergency situations	120.0
	reimbursement of a part of expenditures on paying the credit interests for agricultural machinery manufactured in the Republic purchased through credit or leasing	55.0
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
	transfers to the Fund for Support of Winegrowers and Winemakers of the Agency for the Regulation of the Alcohol and Tobacco Market and the Development of Winemaking	40.0
	transfers to the Horticulture and Greenhouse Development Fund	80.0
10	**Ministry of Water Resources of the Republic of Uzbekistan**	**2,826.7**
	of which:	
	current expenditures	1,745.1
	of which:	
	expenditures on introduction of drip irrigation for raw cotton producers	198.9
	expenditures on power supply for pumping stations	802.1
	expenditures on repair and recovery works for melioration facilities	365.2
	capital investments for design, construction (reconstruction) and equipment of facilities	1,081.6
11	**Ministry of Energy of the Republic of Uzbekistan**	**43.8**

№	Indicators	Project
	of which:	
	current expenditures	43.8
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
12	**Ministry of Transport of the Republic of Uzbekistan**	**4,951.6**
	of which:	
	current expenditures	2,301.6
	capital investments for design, construction (reconstruction) and equipment of facilities	2,650.0
13	**State Committee of the Republic of Uzbekistan on Ecology and Environment Protection**	**44.7**
	of which:	
	current expenditures	28.7
	of which:	
	expenditures on strengthening material and technical resources of analytical laboratories	17.6
	expenditures on keeping cadasters of waste disposal facilities, natural flora and fauna protection territories	4.0
	capital investments for design, construction (reconstruction) and equipment of facilities	16.0
14	**State Committee of the Republic of Uzbekistan for Geology and Mineral Resources**	**1,299.2**
	of which:	
	current expenditures	1,219.2
	of which:	
	subsidies for geological survey works	1,200.0
	capital investments for design, construction (reconstruction) and equipment of facilities	80.0
15	**Committee of the Republic of Uzbekistan on development of silk farming and karakul sheep breeding**	**12.1**
	of which:	
	current expenditures	12.1
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
16	**State Committee of the Republic of Uzbekistan for Tourism Development**	**148.2**
	of which:	
	current expenditures	143.2
	of which:	
	partial reimbursement of expenditures of investors on construction and equipment of new hotels	100.0
	capital investments for design, construction (reconstruction) and equipment of facilities	5.0
17	**State Committee for Industrial Safety of the Republic of Uzbekistan**	**12.8**
	of which:	
	current expenditures	12.8
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
18	**State Committee of Forestry of the Republic of Uzbekistan**	**58.2**

№	Indicators	Project
	of which:	
	current expenditures	47.8
	of which:	
	expenditures on creation of barrier forests to protect water management facilities from sand and irrigated lands from wind erosion	38.5
	capital investments for design, construction (reconstruction) and equipment of facilities	10.4
19	State Committee of Veterinary and livestock development of the Republic of Uzbekistan	274.1
	of which:	
	current expenditures	250.2
	of which:	
	expenditures on vaccination of domestic animals	112.0
	subsidies to farms producing cattle-breeding products and farms performing intensive breeding of fish and poultry	70.0
	expenditures on introduction of drip and rain irrigation in arid lands and grasslands	10.0
	capital investments for design, construction (reconstruction) and equipment of facilities	24.0
20	Antimonopoly Committee of the Republic of Uzbekistan	7.6
	of which:	
	current expenditures	7.6
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
21	**Standardization, metrology and certification agency of Uzbekistan**	**17.5**
	of which:	
	current expenditures	17.5
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
22	**Capital Market Development Agency of the Republic of Uzbekistan**	**3.5**
	of which:	
	current expenditures	3.5
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
23	**Agency for State Asset Management of the Republic of Uzbekistan**	**7.2**
	of which:	
	current expenditures	7.2
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
24	**Ministry of Employment and Labor Relations of the Republic of Uzbekistan**	**510.5**
	of which:	
	current expenditures	10.5
	of which:	
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
	transfers to the State Employment Fund	250.0

№	Indicators	Project
	transfers to the Public works fund	250.0
25	**State Statistics Committee of the Republic of Uzbekistan**	**290.6**
	of which:	
	current expenditures	255.6
	of which:	
	expenditures on preparation, transfer and processing of materials for pilot registration of the population of the republic of Uzbekistan	80.0
	capital investments for design, construction (reconstruction) and equipment of facilities	35.0
26	**Ministry of Construction of the Republic of Uzbekistan**	**289.0**
	of which:	
	current expenditures	39.0
	capital investments for design, construction (reconstruction) and equipment of facilities	250.0
27	**Ministry of Foreign Affairs of the Republic of Uzbekistan**	**553.9**
	of which:	
	current expenditures	398.6
	of which:	
	expenditures on maintenance of embassies and consulates of the Republic of Uzbekistan located abroad	268.4
	capital investments for design, construction (reconstruction) and equipment of facilities	155.3
28	**Ministry of Investment and Foreign Trade of the Republic of Uzbekistan**	**357.1**
	of which:	
	current expenditures	357.1
	of which:	
	funds allocated for the assistance and promotion of export to the Export promotion fund	165.0
	expenditures to compensate part of transportation expenditures for export	100.0
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
29	**Ministry for Development of Information Technologies and Communications of the Republic of Uzbekistan**	**134.2**
	of which:	
	current expenditures	134.2
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
30	**Ministry of Justice of the Republic of Uzbekistan**	**146.1**
	of which:	
	current expenditures	146.1
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
31	**Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan**	**556.8**
	of which:	
	current expenditures	324.8

№	Indicators	Project
	capital investments for design, construction (reconstruction) and equipment of facilities	32.0
	transfers to the State Fund for Supporting Entrepreneurship Development	200.0
32	**Ministry of Finance of the Republic of Uzbekistan**	**54,373.6**
	of which:	
	current expenditures	25,978.2
	of which:	
	expenditures on increasing salaries, pensions, scholarships and allowances, as well as tariffs for some types of services	8,401.0
	maternity benefits for employees of budgetary organizations	414.2
	social expenditures of the Off-Budgetary Pension Fund	4,517.7
	interests related to servicing the public debt	2,955.9
	financing the housing construction programs	2,409.0
	expenditures on social and economic development of regions according to orders of the President of the Republic of Uzbekistan	3,500.0
	VAT refund resulting from application of the zero tax rate on heat and water supply services provided to population	123.7
	expenditures on provision of housing for orphans and children left without parental care	30.0
	subsidies for reimbursement of expenditures on power supply for farms	444.6
	payment for legal assistance provided by lawyers	23.2
	expenditures on payment for services of divisions (branches) of the Xalq Bank on payment of benefits for families with children, childcare allowances and financial aid	22.8
	expenditures on combating the COVID-19 pandemic and purchase of vaccines	3,000.0
	current expenditures of the Ministry of Finance and organizations included in its structure	136.1
	capital investments for design, construction (reconstruction) and equipment of facilities	3,223.8
	of which:	
	cost of development of infrastructure of free economic zones and small industrial zones, as well as large production projects with participation of foreign direct investments	1,000.0
	financing of projects based on the public-private partnership	900.0
	unallocated funds of investment programs	405.8
	design and survey works of coming years	168.0
	financing of developed programs	300.0
	for conversion of the value of goods, changing on the year-by-year basis, into current prices	300.0
	transfers to the Off-budgetary Pension Fund	14,700.0
	regulating transfers allocated from the republican budget of the Republic of Uzbekistan to the budget of the Republic of Karakalpakstan, local budgets of provinces and Tashkent city	10,471.7
33	**State Tax Committee of the Republic of Uzbekistan**	**1,091.5**
	of which:	
	current expenditures	1,066.5
	capital investments for design, construction (reconstruction) and equipment of facilities	25.0
34	**Cabinet of Ministers of the Republic of Uzbekistan**	**1 511.3**

№	Indicators	Project
	of which:	
	current expenditures	1,350.9
	of which:	
	the Reserve Fund of the Cabinet of Ministers	903.4
	capital investments for design, construction (reconstruction) and equipment of facilities	10.4
	transfers to the centralized fund for recovery of losses for individuals and legal entities in connection with the withdrawal of land plots from them for state and public needs	150.0
35	**Administration of the President of the Republic of Uzbekistan**	**784.3**
	of which:	
	current expenditures	533.0
	of which:	
	funds allocated to the Information and Communication Technologies (ICT) Development Fund of the Republic of Uzbekistan	20.0
	capital investments for design, construction (reconstruction) and equipment of facilities	221.3
	transfers to the Foundation "El-Yurt Umidi"	30.0
36	**Senate of the Oliy Majlis of the Republic of Uzbekistan**	**29.4**
	of which:	
	current expenditures	29.4
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
37	**legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan**	**163.0**
	of which:	
	current expenditures	163.0
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
38	**Authorized Person of the Oliy Majlis of the Republic of Uzbekistan for Human Rights (Ombudsman)**	**4.0**
	of which:	
	current expenditures	4.0
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
39	**General Prosecutor's Office of the Republic of Uzbekistan**	**1,375.7**
	of which:	
	current expenditures	1,058.7
	capital investments for design, construction (reconstruction) and equipment of facilities	317.0
40	**Supreme Court of the Republic of Uzbekistan**	**635.6**
	of which:	
	current expenditures	557.6
	capital investments for design, construction (reconstruction) and equipment of facilities	78.0
41	**Constitutional Court of the Republic of Uzbekistan**	**3.6**
	of which:	

№	Indicators	Project
	current expenditures	3.6
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
42	**High Judicial Council of the Republic of Uzbekistan**	**17.4**
	of which:	
	current expenditures	17.4
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
43	**Anti-Corruption Agency of the Republic of Uzbekistan**	**25.4**
	of which:	
	current expenditures	15.4
	capital investments for design, construction (reconstruction) and equipment of facilities	10.0
44	**Central Election Commission of the Republic of Uzbekistan**	**304.2**
	of which:	
	current expenditures	304.2
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
45	**National Television and Radio Company of Uzbekistan**	**429.1**
	of which:	
	current expenditures	379.1
	capital investments for design, construction (reconstruction) and equipment of facilities	50.0
46	**Uzbekistan National News Agency**	**26.7**
	of which:	
	current expenditures	20.3
	capital investments for design, construction (reconstruction) and equipment of facilities	6.4
47	**Agency "Uzarchive"**	**8.4**
	of which:	
	current expenditures	8.4
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
48	**National Chamber of Innovative Healthcare of the Republic of Uzbekistan**	**2.2**
	of which:	
	current expenditures	2.2
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
49	**Republican Center of Spirituality and Enlightenment**	**7.0**
	of which:	
	current expenditures	7.0
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
50	**Centre of Hydrometeorological Service**	**74.8**
	of which:	

№	Indicators	Project
	current expenditures	63.8
	of which:	
	strengthening material and technical resources of the Centre of Hydrometeorological Service	17.1
	capital investments for design, construction (reconstruction) and equipment of facilities	11.0
51	**National Center for Human Rights of the Republic of Uzbekistan**	**9.6**
	of which:	
	current expenditures	9.6
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
52	**Agency for Youth Affairs of the Republic of Uzbekistan**	**157.3**
	of which:	
	current expenditures	157.3
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
53	**Ministry for the Support of the Mahalla and the Family of the Republic of Uzbekistan**	**140.4**
	of which:	
	current expenditures	15.4
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
	transfers to the Public fund for support of women and family	125.0
54	**Federation of Trade Unions of Uzbekistan**	**120.0**
	of which:	
	current expenditures	120.0
	capital investments for design, construction (reconstruction) and equipment of facilities	0.0
55	**Academy of Sciences of the Republic of Uzbekistan**	**260.1**
	of which:	
	current expenditures	222.5
	capital investments for design, construction (reconstruction) and equipment of facilities	37.6
56	**Other organizations**	**23,570.5**
	of which:	
	current expenditures	22,365.5
	capital investments for design, construction (reconstruction) and equipment of facilities	1,205.0

Budget deficit and sources of its coverage

In conditions of gradual economic recovery and growth of budget revenues in 2021, the deficit of the Consolidated Budget is projected at **37,510 billion UZS** (5.4% of GDP).

PARAMETERS OF THE CONSOLIDATED BUDGET, FORECAST FOR 2021, BILLION UZS

	Revenues	Expenditures	Balance: surplus (+) / deficit (-)
The State Budget and state targeted funds	172,676	190,499	-17,323
Fund for Reconstruction and Development	5,336	13,424	-8,088
State programs funded from the external debt		12,100.0	-12,100.0
Consolidated budget	**178,012**	**216,022**	**-37,510**

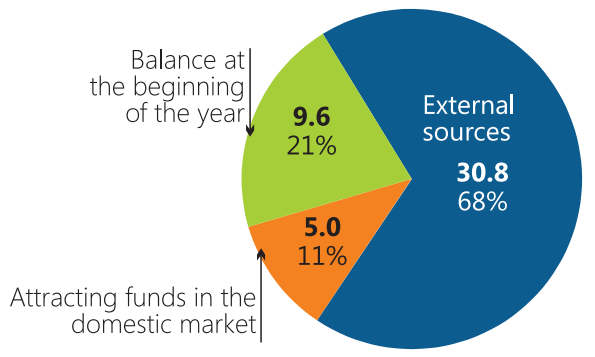
Since 2021 in accordance with international standards, expenses for implementation of state programs funded from the external debt are included in the Consolidated budget of the Republic of Uzbekistan.

The following sources will be used to cover the deficit of the Consolidated budget – **37.5 trillion UZS** - and repay the principal debt in the amount of **7.8 trillion UZS**:

External:	Internal:	Balance at the beginning of the year:
■ credits from international financial institutions – **11 trillion UZS** ■ Eurobonds – **7.7 trillion UZS** ■ loans for implementation of the state targeted programs – **12.1 trillion UZS**	■ issue of state treasury bonds – **5 trillion UZS**	■ Fund for Reconstruction and Development - **8.1 trillion UZS** ■ The State Budget and state targeted funds – **1.5 trillion UZS**

Since 2020, expenditures for repayment of the public debt (principal debt) are not included in the State Budget expenditures. Repayment of the principal debt is reflected in the sources of financing budget deficit.

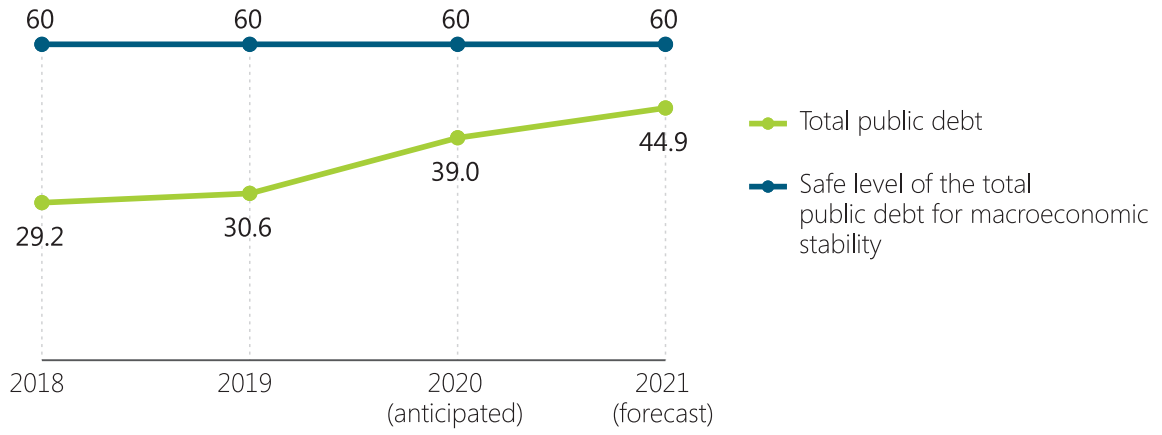
SOURCES OF COVERAGE OF THE CONSOLIDATED BUDGET DEFICIT, FORECAST FOR 2021, TRILLION UZS



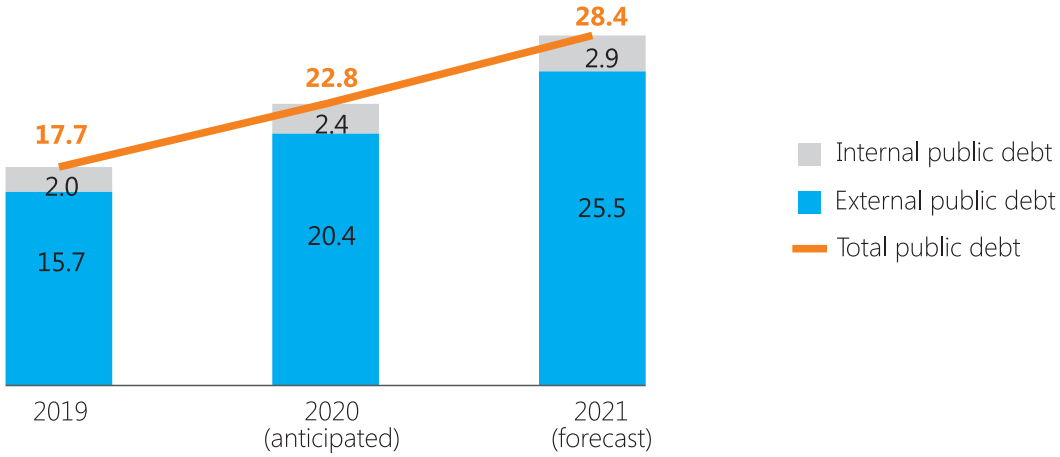
4 PUBLIC DEBT

The total public debt as of the end of 2021 is projected at **28.4 billion USD** (44.9% to GDP). Despite the growth trend, the public debt remains moderate and safe for macroeconomic stability.

DYNAMICS OF THE PUBLIC DEBT (AS OF THE END OF THE YEAR), % TO GDP

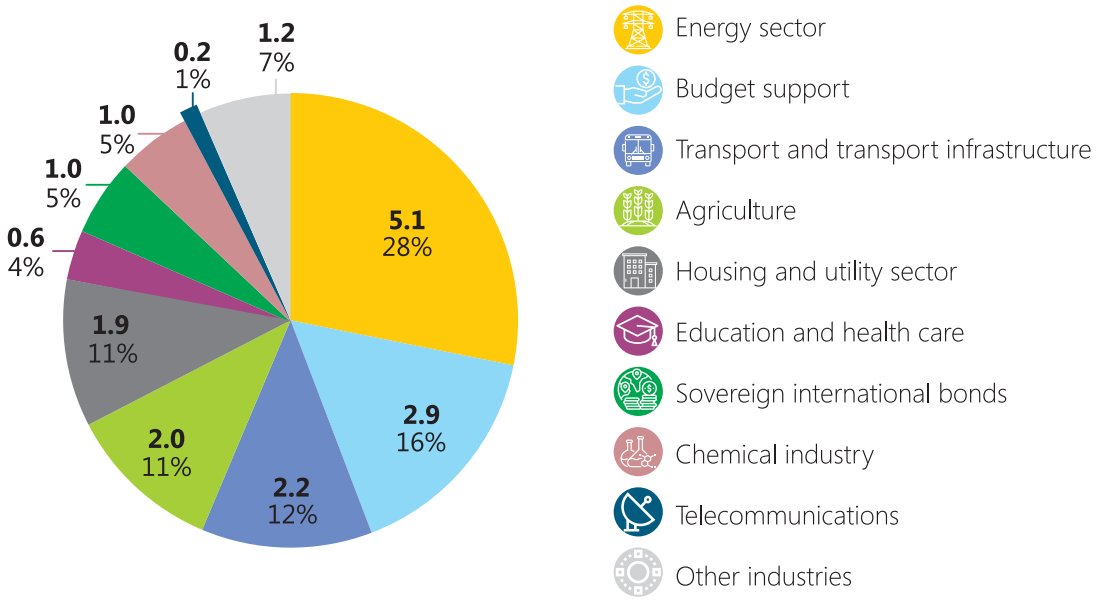


STRUCTURE OF THE TOTAL PUBLIC DEBT IN 2019-2021, BILLION USD



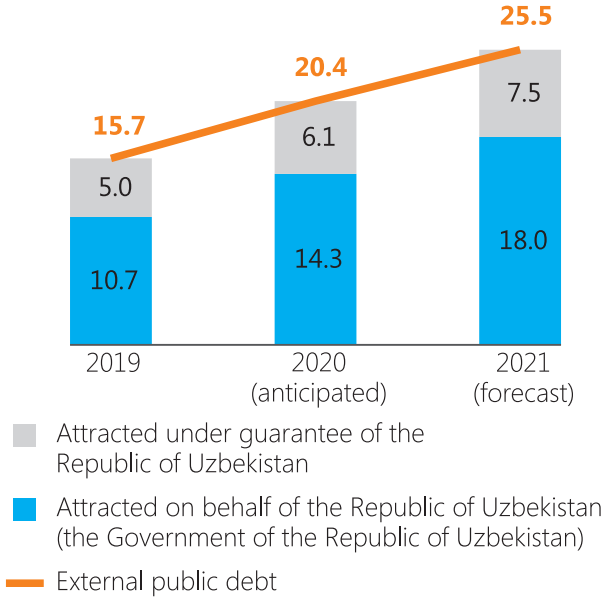
Growth of the public debt this year is related to attraction of new external borrowings for financing additional budget expenditures to overcome negative impacts of the COVID-19 pandemic. The Anti-Crisis Fund was created for these purposes at the expense of concessional loans from international financial institutions.

EXTERNAL PUBLIC DEBT BY ECONOMIC SECTORS AS OF 01.10.2020, BILLION USD

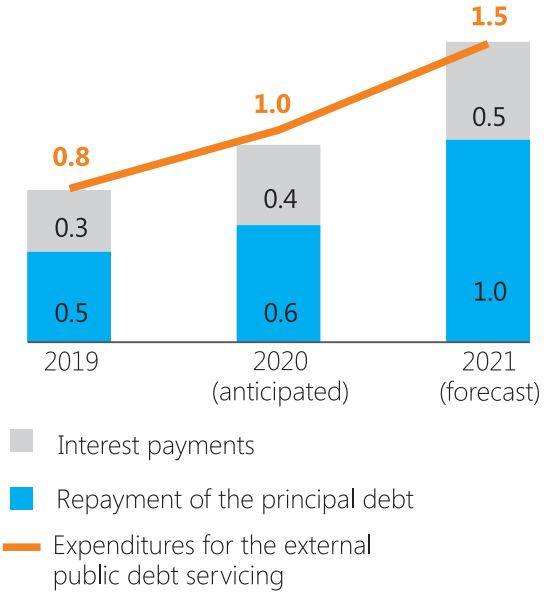


The external public debt as of the end of 2021 is projected at **25.5 billion USD**, of which **18.0 billion USD** - attracted on behalf of the Republic of Uzbekistan (the Government of the Republic of Uzbekistan) and **7.5 billion USD** - guaranteed by the Republic of Uzbekistan.

DYNAMICS OF THE EXTERNAL PUBLIC DEBT (AS OF THE END OF THE YEAR), BILLION USD



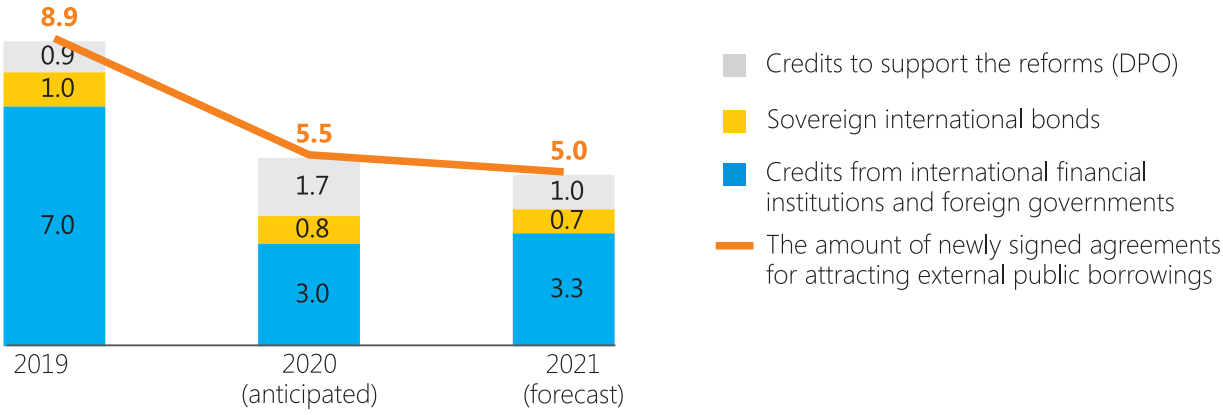
EXPENDITURES FOR THE EXTERNAL PUBLIC DEBT SERVICING, BILLION USD



Since 2020 the restrictions have been placed for attracting external loans on behalf of the Republic of Uzbekistan or guaranteed by the Republic of Uzbekistan. The maximum amount of the newly signed agreements on attraction of external borrowing on behalf or guaranteed by the Republic of Uzbekistan has been set in the amount of 4 billion USD. However, in the context of

the coronavirus pandemic the Government is forced to revise the maximum amount of external borrowing. This year the amount of newly signed agreements for attracting external borrowing is projected at 5.5 billion USD, and in 2021 - within 5 billion USD.

THE AMOUNT OF NEWLY SIGNED AGREEMENTS FOR ATTRACTING EXTERNAL PUBLIC BORROWINGS (AS OF THE END OF THE YEAR), BILLION USD



In order to ensure timely and complete repayment of the public debt, the Guarantee Fund for servicing public debt was created under the Treasury of the Ministry of Finance of the Republic of Uzbekistan.[1]

Directions of use of funds of the Guarantee Fund

Public debt servicing in case of untimely or incomplete payments of corporate debtors

Prevention of foreign exchange risks. Positive difference between interest payments on credits attracted in foreign currency and issued in national or foreign currency is accumulated in the Guarantee Fund, and the difference caused by the exchange rate fluctuations is covered using these funds

Purchase and sale of foreign currency

The Guarantee Fund

Repayment of the debt in case of untimely and incomplete repayment of credits by borrowers (debtors) or by refinancing banks for projects and programs funded at the expense of the public debt*

Reimbursement of the debt, accrued penalties and fines by corporate debtors or refinancing banks

** If funds of the Guarantee Fund are not sufficient, the debt is repaid from the State Budget with further reimbursement of funds to the State Budget.*

[1] Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 21.09.2020 No. 573 "On organization of activity of the Guarantee Fund for servicing public debt under the Treasury of the Ministry of Finance of the Republic of Uzbekistan".

INFORMATION ON LOCAL BUDGETS

Starting in 2020, the powers of local authorities to independently formulate and approve local budgets have been expanded. Thus, the Council of Ministers of the Republic of Karakalpakstan, the khokimiyats of provinces and Tashkent city submit draft budgets for the next year to the Jokargy Kenes of the Republic of Karakalpakstan, the Kengashes of People's Deputies of provinces and Tashkent city, respectively. The Jokargy Kenes of the Republic of Karakalpakstan, the Kengashes of People's Deputies of provinces and Tashkent city approve local budgets.

PROJECTIONS OF REVENUES, EXPENDITURES AND EQUALIZING INTRA-BUDGETARY TRANSFERS OF THE BUDGET OF THE REPUBLIC OF KARAKALPAKSTAN, LOCAL BUDGETS OF PROVINCES AND BUDGET OF TASHKENT CITY FOR 2021, BILLION UZS

№	Regions	Revenues	Expenditures	Equalizing intra-budgetary transfers
1	Republic of Karakalpakstan	1,614.2	2,903.4	1,289.1
2	Andijan province	2,352.2	3,227.7	875.6
3	Bukhara province	1,935.4	2,374.6	439.2
4	Jizzakh province	1,165.0	1,695.5	530.5
5	Kashkadarya province	2,570.3	4,140.5	1,570.2
6	Navoi province	1,535.4	1,535.4	-
7	Namangan province	1,970.6	3,237.7	1,267.1
8	Samarkand province	2,657.0	3,750.5	1,093.5
9	Surkhandarya province	1,717.5	3,047.4	1,329.9
10	Syrdarya province	745.7	1,275.7	530.0
11	Tashkent province	3,003.0	3,003.0	-
12	Ferghana province	2,894.4	3,813.4	919.1
13	Khorezm province	1,442.7	2,070.1	627.5
14	Tashkent city	4,064.7	4,064.7	-
Total		**29,668.1**	**40,139.7**	**10,471.7**



BASIC CONCEPTS

Budget appropriations are funds provided for budgetary organizations and recipients of budgetary funds from the State Budget of the Republic of Uzbekistan and the budgets of state targeted funds.

Budgets of the budget system are the State Budget of the Republic of Uzbekistan, budgets of state targeted funds and extra-budgetary funds of budget organizations.

Budget year is the period during which the approved budget shall be executed.

Budget of the Republic of Karakalpakstan is a part of the State Budget that makes up the cash fund of the Republic of Karakalpakstan, providing for sources and amounts of revenues, and directions and amounts of expenditures during the financial year.

Budget classification is a grouping of revenues and expenditures of budgets of all levels, as well as sources of funding budget deficits and types of public debt, established by similar criteria.

Budget organization is a non-profit organization created by a decision of state authorities in the prescribed manner to carry out functions of government, funded from the State Budget.

Performance-based budgeting (PBB) is a system of budget planning in which the structure and amount of funding are linked to the performance of the recipient of budget funds.

Budget process is the process of forming, compiling, reviewing, adopting, approving and implementing budgets of the budget system, monitoring their formation, compilation and execution, preparing and approving reports on the execution of budgets of the budget system, as well as the relations between them.

Gross domestic product is the total market value of all finished goods and services produced in the country during the year.

The State Budget is a centralized monetary fund of the State, intended for the financial support of the tasks and functions of the State.

Public external borrowing is attracting assets from external sources (foreign states, non-resident legal entities and international organizations) for which obligations of the Republic of Uzbekistan arise as a borrower or guarantor of repayment of credits (loans) by resident borrowers of the Republic of Uzbekistan, and leads to the formation of public external debt.

Public domestic borrowing is attracting assets from internal sources (legal entities and individuals-residents), for which obligations of the Republic of Uzbekistan arise as a borrower or guarantor of repayment of credits (loans) by resident borrowers of the Republic of Uzbekistan and leads to the formation of public internal debt.

Public borrowing is attracting assets for which obligations of the Republic of Uzbekistan as a borrower or guarantor of repayment of credits (loans) of resident borrowers arise.

Government treasury bonds are government securities placed among the population and legal entities, certifying the placement of cash into the budget by their holders and giving the

right to a fixed income during the entire period of ownership of these securities.

Deficit of the State Budget is an excess of the expenditures of the State Budget of the Republic of Uzbekistan over its revenues for a certain period.

The Treasury is a specially authorized financial body that carries out the execution of the State Budget.

Consolidated budget is a budget that is formed for analytical purposes and accounting for all revenues and expenditures of budgets of the budget system. The consolidated budget includes the State Budget, state targeted funds, and the Fund for Reconstruction and Development.

Intra-budgetary transfers are funds transferred from the republican budget of the Republic of Uzbekistan to the budget of the Republic of Karakalpakstan, local budgets of regions and Tashkent city, state targeted funds and vice versa, as well as from the republican budget of the Republic of Karakalpakstan, regional budgets of regions and the budget of Tashkent city to the budgets of districts and cities and vice versa.

Local budget is a part of the State Budget that makes up the cash fund of the corresponding region, district, and city, providing for sources and amounts of revenues, directions and amounts of expenditures during the financial year.

Tax incentives are full or partial tax exemption provided by tax legislation, as well as other mitigation of the tax burden for a taxpayer.

Overall fiscal balance is the total balance, which includes the Consolidated budget of the Republic of Uzbekistan and the expenditures that are made from external borrowing raised for the implementation of state programs and repaid from the State Budget of the Republic of Uzbekistan.

Debt servicing is aggregate payments in repayment of debt obligations on a loan (loans), including obligations on principal debt, payment of interest, commissions and fines.

Primary deficit (surplus) of the State Budget is a deficit (surplus) of the State Budget, excluding expenditures on public debt servicing (interest payments) in a specific period of time.

Recipient of budget funds is a legal entity or an individual receiving funds from the State Budget and the budgets of state targeted funds.

Program-based budgeting is a methodology for planning, execution and monitoring budget execution, which ensures that the process of allocating public expenditures is linked with the results of the implementation of the programs developed on the basis of strategic objectives, taking into account the priorities of the State policy.

First-level budget administrator is a legal entity that distributes budget funds allocated from the Republican budget of the Republic of Uzbekistan in the amount determined by law.

Second-level budget administrator is a legal entity that is attached by the Cabinet of Ministers to the first-level budget administrators and distributes the budget funds allocated to it.

Republican budget is a part of the State Budget used to fund activities at the national level, providing for the sources and amounts of revenues, directions and amounts of expenditures during the financial year.

Cost estimate is a document drawn up by a budget organization or recipient of budget funds for a fiscal year, which reflects the budget appropriations provided for it under expenditure items.

Medium-term budget targets is a financial document (plan) for 3 years, including a forecast of the main macroeconomic indicators and aggregated budget parameters, limits on expenditures according to the functional classification, risks and management measures.

Medium-term budget planning is the process of preparing the State Budget for several years.

Territorial financial bodies are the Ministry of Finance of the Republic of Karakalpakstan, financial departments of regional and Tashkent city administrations, financial departments of district and city administrations.

Fiscal year is a period from January 1 to December 31, inclusive.

Fiscal policy is the State policy in the field of taxation and expenditures for regulation of the economy

Fiscal rule is a long-term limitation of the tax and budgetary policy, expressed in terms of quantitative targets or limits of fiscal indicators that characterize the state of public finances: the State Budget deficit, public debt, new borrowing, budget expenditures, and budget revenues.

Fiscal risks are the assessment of the loss of financial resources in the formation and expenditure of budgets of the budget system for participants of the budget process.

Fiscal strategy is a document on the main aspects of tax and budgetary policy for the medium term.

Wage fund is a target source of financing the costs for wages, payment of bonuses, remuneration.

Functional classification of expenditures is a grouping of expenditures according to the main functions performed by government bodies, local government bodies, as well as other budget organizations.

Economic classification of expenses is a grouping of expenditures by economic purpose and type of payment.

CONTACT INFORMATION



Ministry of Finance
Republic of Uzbekistan

RESPONSIBLE UNIT:

State Budget Department

OFFICIAL WEBSITE
https://www.mf.uz

"OPEN BUDGET" PORTAL
https://openbudget.uz

E-MAIL
info@mf.uz *(only for public communication)*
mf@exat.uz *(only for interagency and government correspondence)*

TELEPHONE NUMBERS:
Inquiries on Reception and calling hours:
(998 71) 239-12-31

Press Service:
(998 71) 239-40-31

Division for control and inquiries related to government correspondence:
(998 71) 239-40-31

Chancellery:
(998 71) 239-12-52
(998 71) 239-15-69

Fax:
(998 71) 244-56-43

ADDRESS
29, Istiqlol street, Tashkent city, 100017, Uzbekistan.
Landmark: Mustakillik square

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