



THE ROLE OF THE INTERNATIONAL MONETARY FUND (IMF) IN THE GLOBAL ECONOMY AND UZBEKISTAN'S ECONOMIC DEVELOPMENT

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ABSTRACT

The International Monetary Fund (IMF) has played a central part in shaping the modern global economy since its creation in 1944. Its main goal has always been to keep international finance stable and to help countries deal with economic problems. This paper explains the IMF's main aims and responsibilities, especially how it supports developing economies such as Uzbekistan. It also looks at how IMF programs have guided Uzbekistan's financial reforms, currency liberalization, and gradual move toward an open market economy.

The IMF was founded in 1944 at the Bretton Woods Conference to prevent another global depression and create a stable international monetary system. After the economic chaos of the 1930s and the Second World War, countries needed a way to cooperate financially and keep exchange rates steady.

Today, the IMF has 190 member countries and continues to influence global trade and economic development. It offers loans, policy advice, and technical assistance to its members. For countries like Uzbekistan, the IMF's involvement has been helpful in building stronger economic systems, improving transparency, and attracting foreign investment.

Main Part

When the IMF began operations in 1945, it had 44 founding members. Its early focus was on helping countries maintain fixed exchange rates and avoid competitive devaluations that could damage global trade.

After the Bretton Woods system collapsed in the 1970s, exchange rates started to float freely. The IMF then shifted its attention to supporting economic stability, providing loans during crises, and helping developing countries build better financial systems.

Over the years, the IMF has taken action during many global crises — such as Latin America's debt problems in the 1980s, Asia's financial crash in the 1990s, and the 2008 global financial crisis in Europe. More recently, during the COVID-19 pandemic, it provided emergency funding to more than 80 countries to protect jobs, health systems, and national economies.

The IMF carries out three main types of work:

- Surveillance: It tracks global and national economies, identifies financial risks, and gives advice through reports such as the World Economic Outlook and Global Financial Stability Report.

- Financial Assistance: When a country faces serious balance-of-payments or currency issues, the IMF provides loans. These loans often come with reform programs that aim to fix underlying economic weaknesses.

- Technical Assistance: The Fund helps governments improve their financial systems, central bank management, and data collection. This kind of support is especially useful for developing and transition economies.

The IMF acts like a global financial first responder. When a country experiences a deep economic crisis, the IMF steps in with advice and funding to prevent things from getting worse.

For example:

- During the 1997 Asian Financial Crisis, it provided rescue packages to Thailand, Indonesia, and South Korea.

- In the 2008 global crisis, the IMF supported European economies such as Greece and Portugal to prevent further collapse.

- During 2020–2021, it offered more than \$100 billion in emergency aid to help countries respond to the COVID-19 shock.

Through these actions, the IMF has shown its importance in keeping international markets stable and helping countries recover faster.

Uzbekistan became a member of the IMF in 1992, shortly after gaining independence. In the early years, the country had strict currency controls and limited trade with other nations. Starting in 2017, major reforms began — many of them designed with IMF advice and technical help. One of the biggest steps came in September 2017, when Uzbekistan made its currency, the soum (UZS), freely convertible. This move attracted more foreign investors and made financial operations more transparent. The IMF supported this reform with analysis and policy guidance.

Since then, Uzbekistan has continued to work with the IMF on improving its monetary policy, strengthening the Central Bank's independence, and making its fiscal system more transparent. As a result, the economy has grown steadily, inflation has gone down, and business confidence has improved.

Although the IMF has a strong record, it is sometimes criticized for the conditions attached to its loans. These can include cutting public spending or increasing taxes, which may cause short-term hardship for citizens.

In recent years, however, the IMF has tried to be more flexible and socially aware. It now encourages governments to protect vulnerable groups, invest in health and education, and consider environmental sustainability. This shift makes IMF programs more balanced and better suited to the needs of countries like Uzbekistan.

Conclusion

The International Monetary Fund remains one of the key institutions in global economic cooperation. Since 1944, it has helped nations prevent crises, rebuild economies, and strengthen their financial systems.

For Uzbekistan, IMF partnership has been an important part of its journey toward a market economy. The Fund's advice and assistance have supported currency reform, improved fiscal management, and encouraged stable, long-term growth. Continued cooperation between Uzbekistan and the IMF will likely help the country achieve stronger economic resilience and attract more international investment in the years ahead.

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