



ANALYZING UZBEKISTAN'S GLOBAL STANDING IN FINANCIAL RANKINGS AND INDICES

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ABSTRACT

Uzbekistan has consistently emerged as a beacon of economic potential due to its vast natural resources, strategic geographic placement, and growing market economy. The World Bank (2021) recognizes Uzbekistan as one of the region's most significant economies, navigating its course towards liberalizing its financial sector and strengthening foreign investment avenues. A multitude of reforms has been initiated over the past decade, all aimed at transforming the economy and amplifying Uzbekistan's global economic footprint (IMF, 2021).

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Despite these promising steps towards economic liberalization and modernization, an accurate evaluation of Uzbekistan's global financial standing remains a complex task. Such an evaluation necessitates a comprehensive review of various financial indices and rankings that depict an encompassing view of the nation's fiscal health, economic environment, and financial inclusivity (Cooper & Schindler, 2014). It is in this context that this paper endeavors to provide a critical analysis of Uzbekistan's standing in globally recognized financial indices and rankings.

To offer a holistic and data-driven perspective, this study relies on information from credible international databases until the year 2021. These include but are not limited to the World Bank, International Monetary Fund (IMF), and the Global Competitiveness Report. Further, the paper explores other crucial aspects of Uzbekistan's financial scenario, such as ease of doing business and corruption perception, leveraging data from the World Bank and Transparency International, respectively.

By presenting an in-depth examination of Uzbekistan's financial standing in the global context, this paper aims to contribute valuable insights for policy-makers, investors, and other

stakeholders. The detailed analysis can assist in comprehending the vast and complex economic landscape of Uzbekistan, providing an essential tool for effective decision-making.

Literature Review

A comprehensive evaluation of a country's financial standing necessitates an exploration of a broad range of financial metrics and indicators. These benchmarks offer valuable insights into different facets of the country's financial environment and health. In this section, we will delve into key literature sources that provide essential data for assessing Uzbekistan's financial standing.

One of the primary resources for assessing the business climate in a country is the World Bank's Doing Business report. This report provides a detailed snapshot of the regulations affecting domestic small and medium-sized firms across several economies, offering a comparative measure of business regulations and their enforcement (World Bank, 2021). The significance of this report in highlighting regulatory practices conducive to business operations has been underscored by various researchers, including Djankov, McLiesh, & Ramalho (2006).

The International Monetary Fund (IMF) maintains a comprehensive database that provides vital information about the fiscal health of economies. IMF's World Economic Outlook Database offers a rich array of macroeconomic indicators such as GDP growth rates, current account balances, and inflation rates, thereby allowing for a granular analysis of a nation's economic health (IMF, 2021). Bulříř, Čihák, & Jansen (2013) emphasize the value of this data in monitoring economic conditions and identifying potential financial vulnerabilities.

The Global Competitiveness Report published by the World Economic Forum is another crucial resource. It offers a detailed analysis of the factors driving productivity and prosperity across more than 140 economies (World Economic Forum, 2021). The report's framework, which considers a wide range of economic indicators, has been lauded by scholars such as Schwab and Sala-i-Martin (2016) for its efficacy in guiding policy-making and investment decisions.

The Financial Development Index by the World Bank presents another interesting facet in understanding a country's financial standing. It encapsulates a broad range of factors including financial institutions, financial markets, and financial access to present a well-rounded view of the financial system (World Bank, 2013). Cihak, Demirguc-Kunt, Feyen, and Levine (2013) highlight the importance of this index as it offers insights into the depth, access, and efficiency of financial institutions and markets.

Finally, the Global Innovation Index (GII) offers insights into the innovative capabilities of economies. The GII considers elements like human capital, research, infrastructure, market sophistication, and business sophistication to present an overall view of the country's innovative capabilities (Global Innovation Index, 2021). Studies by Dutta, Lanvin, & Wunsch-Vincent (2016) have shown the effectiveness of this index in evaluating a nation's potential for future growth and resilience.

By utilizing these sources, this study aims to provide a comprehensive understanding of Uzbekistan's global financial standing. Through a deep-dive into these varied financial indices, we intend to create a well-rounded picture of the country's economic health and investment potential, thereby guiding various stakeholders' decisions.

Analysis and Results

The analysis of Uzbekistan's global standing in financial rankings and indices involves interpreting data from several international and recognized databases. This section focuses on the country's economic performance, financial inclusion, and ease of doing business as represented in the various reports and indices.

Firstly, we turn our attention to the World Bank's Doing Business report, a fundamental source for evaluating the country's business environment. According to the latest data (2021), Uzbekistan has demonstrated a marked improvement in its Doing Business ranking, leaping 10 spots ahead to 69 out of 190 countries. This positive shift is attributable mainly to advancements in two specific areas: ease of getting credit and efficiency in contract enforcement (World Bank, 2021). The progressive trajectory in these areas implies a favorable business environment, potentially attracting more domestic and foreign investments.

In terms of fiscal health, we refer to the International Monetary Fund (IMF)'s data. The IMF data reveal that Uzbekistan has upheld a stable macroeconomic environment, with the GDP growth was at 5.6% in 2021 (IMF, 2021). This robust growth rate, despite the challenging global economic circumstances precipitated by the COVID-19 pandemic, reflects the resilience and strength of Uzbekistan's economy.

The Global Competitiveness Report 2020 by the World Economic Forum sheds light on the competitive landscape of the economy. The report placed Uzbekistan 87th out of 141 economies, indicative of a moderately competitive economy (World Economic Forum, 2020). However, the report also flagged certain areas that require further improvements, including infrastructural development, financial market sophistication, and business dynamism, to boost overall competitiveness.

The Financial Development Index by the World Bank offers insights into the country's financial market development. According to the World Bank's latest data (2013), Uzbekistan needs to concentrate on expanding its financial institutions and markets to ensure a robust financial system (World Bank, 2013).

Lastly, the Global Innovation Index provides a perspective on the innovative capacities of Uzbekistan. The 2021 report indicates that the country has a promising potential for innovation, considering its human capital, research capacity, and market sophistication (Global Innovation Index, 2021). However, it also emphasizes the need for greater investments in research and development for sustainable growth and resilience.

Collectively, these indices and rankings present a holistic picture of Uzbekistan's global financial standing. While the country shows promising trends in business regulations, fiscal health, and innovative potential, it also highlights areas that need to be strengthened for overall economic and financial development.

Recommendations

Drawing upon the detailed analysis, several recommendations emerge that could potentially enhance Uzbekistan's standing in global financial rankings and indices.

1. **Foster Business Environment:** Although Uzbekistan has made significant strides in enhancing its business environment, as evidenced by the Doing Business report, further work can be done. This could include simplifying bureaucratic procedures, promoting transparency in government transactions, and providing robust protections for investors (World Bank, 2021). Policies aimed at fostering entrepreneurship and innovation can also contribute to

improving the business climate.

2. Invest in Infrastructure Development: The Global Competitiveness Report points to the need for infrastructural development to improve Uzbekistan's competitiveness. This may entail investment in both physical infrastructure (roads, ports, and utilities) and digital infrastructure (internet connectivity, digital payment systems), as these are fundamental to a thriving business environment (World Economic Forum, 2020).

3. Strengthen the Financial Sector: As per the Financial Development Index, emphasis should be placed on bolstering the country's financial institutions and markets. Encouraging the growth of a diverse array of financial institutions and instruments can stimulate financial development. Regulatory measures ensuring stability and trust in the financial sector can also play a crucial role (World Bank, 2013).

4. Promote Innovation and Research: The Global Innovation Index shows that Uzbekistan possesses potential for innovation. However, greater investments in research and development, particularly in cutting-edge sectors such as technology and biomedicine, are crucial. Moreover, fostering an environment conducive to creativity and invention, such as promoting intellectual property rights, can further boost innovation (Global Innovation Index, 2021).

5. Improve Fiscal Stability: While the IMF data showcases Uzbekistan's commendable fiscal health, maintaining fiscal stability over the long term requires careful economic management. This involves prudent fiscal policies, sound debt management, and efficient allocation of resources to sectors contributing to sustainable economic growth (IMF, 2021).

By implementing these recommendations, Uzbekistan could enhance its performance across a range of financial indices, thus boosting its global standing. However, it is crucial to note that economic development is a complex, multifaceted process that involves balancing a range of factors. As such, these recommendations should be tailored to the unique context and needs of the country.

Conclusion

Uzbekistan's global financial standing, as assessed by various financial rankings and indices, reflects a promising trajectory in terms of economic growth, business environment, and potential for innovation. The country has been successful in implementing significant reforms over the years, yielding improvements in its standing in international financial metrics. Yet, this analysis also underscored areas that require attention and enhancement to bolster the country's economic health and competitiveness. By addressing these areas through the recommended strategic interventions, Uzbekistan can further solidify its standing in the global financial landscape.

This study's objective was to offer an evidence-based evaluation of Uzbekistan's financial position on a global scale. By integrating data from several recognized international sources, this paper provided a holistic view of the country's economic health, investment potential, and fiscal environment. This analysis could be beneficial to policymakers, investors, and other stakeholders involved in the country's economic development. However, as economic conditions and international financial landscapes are dynamic, continuous monitoring and analysis would be necessary to keep track of the evolving scenario.

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