

**THE LEGAL BASIS OF THE DEBT POLICY OF THE REPUBLIC OF
UZBEKISTAN**

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Abstract: The Republic of Uzbekistan has been developing its debt policy since its independence in 1991. This policy is crucial for maintaining the country's economic stability and fostering sustainable development. This article examines the legal frameworks and institutional arrangements that underpin Uzbekistan's debt policy. It provides an analysis of the legislation governing public debt, the roles of various government bodies, and the mechanisms for debt management. Furthermore, the article explores the challenges and opportunities faced by Uzbekistan in managing its public debt and suggests potential improvements to the existing legal structures.

Keywords: Uzbekistan, public debt, debt policy, legal framework, economic stability, debt management.

Introduction

The management of public debt is a critical aspect of economic governance. In Uzbekistan, the legal basis for debt policy has evolved significantly since the country gained independence. Effective debt management ensures that the country can meet its financial obligations without compromising its economic stability. This article explores the legal underpinnings of Uzbekistan's debt policy, focusing on the legislative framework, institutional responsibilities, and the mechanisms employed to manage public debt.

Legislative Framework

The foundation of Uzbekistan's debt policy is established through various legislative acts and regulations. The primary legal documents include the Constitution of the Republic of Uzbekistan, the Law on the Budget System, and the Law on Public Debt. These documents outline the principles and procedures for borrowing, debt servicing, and debt management.

Constitution of the Republic of Uzbekistan

The Constitution provides the overarching legal framework for economic governance, including public debt management. It emphasizes the principles of transparency, accountability, and sustainability in public finance.

Law on the Budget System

This law governs the formulation, approval, and execution of the state budget. It includes provisions related to public debt, specifying the procedures for borrowing and the limits on public debt.

Law on Public Debt

The Law on Public Debt is the cornerstone of Uzbekistan's debt policy. It defines the types of debt instruments that the government can use, the

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procedures for issuing debt, and the responsibilities of different government entities in managing public debt.

Institutional Framework

Several government bodies play critical roles in the formulation and implementation of Uzbekistan's debt policy. These include the Ministry of Finance, the Central Bank of Uzbekistan, and the State Committee for Investments.

Ministry of Finance:

The Ministry of Finance is the principal authority responsible for public debt management. It oversees the issuance of government securities, monitors debt levels, and ensures compliance with legal and regulatory frameworks.

State Committee for Investments:

This committee coordinates foreign investments and ensures that borrowed funds are used efficiently for development projects. It works closely with the Ministry of Finance to align debt policy with the country's investment strategy.

Mechanisms for Debt Management

Uzbekistan employs various mechanisms to manage its public debt effectively. These include debt issuance, debt servicing, and debt restructuring.

Institutional Mechanisms

Ministry of Finance

The Ministry of Finance is the primary institution responsible for managing public debt in Uzbekistan. It oversees the issuance of government securities, negotiates loans with international financial institutions, and ensures compliance with debt-related laws and regulations. The Ministry also prepares regular reports on the status of public debt and presents them to the government and the parliament.

Central Bank of Uzbekistan

The Central Bank plays a supportive role in debt management by implementing monetary policy measures that affect interest rates and inflation, which in turn impact debt servicing costs. The Central Bank also collaborates with the Ministry of Finance in managing foreign currency reserves and external debt.

State Debt Management Agency

Established to enhance the efficiency of debt management, the State Debt Management Agency is tasked with developing strategies for public debt management, conducting risk assessments, and advising the government on borrowing decisions. The agency works closely with both domestic and international stakeholders to ensure prudent debt practices.

Implications of Debt Policy

The legal framework governing Uzbekistan's debt policy has several important implications:

Fiscal Sustainability

By setting clear rules and guidelines for borrowing, the legal framework helps maintain fiscal sustainability. It ensures that the government borrows

within its capacity to repay, thereby avoiding excessive debt accumulation and potential fiscal crises.

Economic Growth

Properly managed debt can finance critical infrastructure projects and other development initiatives that spur economic growth. The legal framework ensures that borrowed funds are used efficiently and for purposes that contribute to the country’s long-term development goals.

Transparency and Accountability

The legal requirements for regular reporting and public disclosure of debt-related information promote transparency and accountability. This builds public trust and helps attract investment by demonstrating the government’s commitment to sound fiscal management.

Debt Issuance

The government issues various debt instruments, including government bonds and treasury bills, to raise funds. The issuance process is governed by the Law on Public Debt, which ensures transparency and accountability.

Debt Servicing

Debt servicing involves the payment of interest and principal on outstanding debt. The Ministry of Finance is responsible for ensuring that debt service obligations are met on time, thereby maintaining the country's creditworthiness.

Debt Restructuring

In cases where debt becomes unsustainable, the government may engage in debt restructuring. This process involves negotiating new terms with creditors to reduce the debt burden and restore fiscal sustainability.

Challenges and Opportunities

Despite significant progress in developing a robust legal framework for debt management, Uzbekistan faces several challenges. These include the need for greater transparency in public debt transactions, improving debt sustainability, and enhancing institutional capacities for debt management.

Opportunities for improvement include strengthening the legal framework, enhancing coordination among government bodies, and adopting best practices in debt management. By addressing these challenges, Uzbekistan can ensure that its debt policy supports long-term economic growth and stability.

Conclusion

The legal basis of the debt policy of the Republic of Uzbekistan is well-established through comprehensive legislation and institutional frameworks. Effective debt management is crucial for maintaining economic stability and fostering sustainable development. By continually refining its legal and institutional arrangements, Uzbekistan can enhance its capacity to manage public debt effectively, ensuring fiscal sustainability and economic prosperity.

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