SPECIAL DAILY EDITION IMF/WORLD BANK
VIRTUAL, WEDNESDAY OCTOBER 13, 2021
PREVIOUSLY KNOWN AS EMERGINGMARKETS
GlobalMarkets
MARKETS | DEVELOPMENT | ECONOMY WWW.GLOBALCAPITAL.COM/GLOBALMARKETS

WORLD BANK
Post-Covid agenda
PAGE 2

EL SALVADOR
Funding pressures
PAGE 4

CBDCs
The promise and the peril
PAGE 6

NEWS

Georgieva's exoneration revives longstanding worries over IMF credibility

By Phil Thornton and Oliver West

After a month of allegations and rebuttals and no fewer than eight meetings of the International Monetary Fund's executive board over the fate of Kristalina Georgieva, the IMF chief will finish this week's annual meetings still at the helm.

But the row that almost cost the Bulgarian economist her job has raised issues that may dog her as she continues with the remaining three years of her term as head of the multilateral watchdog.

Georgieva was accused of — and strenuously denied — putting pressure on staff at the World Bank, where she was CEO at the time, to alter data to favour China in its now-defunct Doing Business report.

The episode has left observers with doubts and concerns. Mark Sobel, US chairman of thinktank Omfif and a former US executive director of the IMF, said Georgieva would remain in office as a "compromised figure" in the wake of the public airing of the allegations.

"Airing the spat over her future so publicly has aggravated a bad situation, making it harder to resolve and uphold public trust," he said.

Simon Quijano-Evans, chief economist at Gemcorp Capital in London, echoed that, telling *GlobalMarkets:* "The damage has been done on the data side

Georgieva: "compromised figure"

Continued on page 21

Troubled Turkey braces for gas hit

By Lewis McLellan

Turkey, a major net importer of gas and energy, is facing severe economic challenges from the surge in gas prices, adding to the challenges it is already facing on inflation.

The central bank has been steadfastly holding to a policy of loose monetary policy, driven by president Recep Erdogan's insistence, announcing a 100bp rate cut in September in spite of inflation of 19.6%.

Policymakers' inability to get inflation under control is weakening confidence in the lira, which broke through TL9 to the dollar — a key

Continued on page 2

Developing world cries for help as it faces long Covid

By Jon Hay

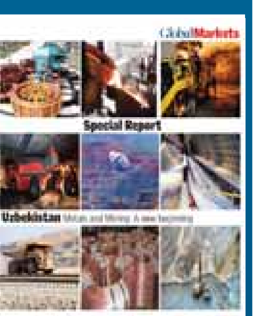
Finance ministers and development experts alike are raising the alarm about the lingering effects of Covid-19 on poorer countries, whose progress on catching up with rich states has gone into reverse.

"We're witnessing tragic reversals in development," said David Malpass, president of the World Bank Group, at his press conference on Monday. "Progress in reducing extreme poverty has been set back by years, in some cases a decade."

Developing countries hold few cards, but four areas where they hope for progress are access to vaccines, help with debt distress, a reallocation of

Continued on page 2

Malpass: "tragic reversals in development"



Special Report
Uzbekistan Metals and Mining
Pages 7-18

Long Covid

Continued from page 1

IMF Special Drawing Rights and the forthcoming replenishment of the International Development Association, the World Bank arm that lends to the poorest countries. The Bank hopes to raise $100bn from donors by year end (see *World Bank looks for support for post-Covid agenda* opposite).

The Bank's latest forecast is for the world economy to bounce back by 5.7% this year and another 4.4% next year, although momentum is slowing amid supply chain bottlenecks.

However, per capita income is set to grow 5% in developed countries this year but only 0.5% in low income nations. By next year, output in developing countries will be nearly 4% below where it was projected to be before the pandemic.

Meanwhile, their debts are rising. The external debt of low and middle income countries grew 5.6% in 2020, to $8.7tr. But the 73 poor countries eligible for the G20's debt service suspension initiative suffered a 12% rise, to $860bn. For some, the rise was 20%.

Finance ministers and central bank governors of the Group of 24 developing countries, which includes India, China, Brazil, Pakistan, South Africa and Nigeria, met in Washington on Monday.

The communiqué they issued was moderately worded, but blamed the continuing divergence between rich and poor countries on "uneven vaccine access, fiscal space and financial capacity to respond to the crisis".

"I've never heard so many ministers speak up as today," said Marilou Uy, director of the G24 Secretariat in Washington. "Normally five or six speak and reflect the views of others. Today it was almost 20."

Emerging markets and developing countries will need 2bn more vaccine doses to have vaccinated 40% of their populations by the end of 2021, and nearly 4bn more to reach 60% by mid-2022.

Easing the financial strain is even harder. The World Bank's latest International Debt Statistics report, published on Monday, shows considerable progress on one of Malpass's top priorities — debt transparency — with unprecedented granular information.

But the picture is bleak. Net financial flows to developing countries fell for the second year running in 2020, to $909bn. Debt flows grew 9%, but equity —

Continued on page 20

World Bank looks for support for post-Covid agenda

By Phil Thornton

For the second year in a row, the World Bank's annual meetings will be held as emerging and developing countries struggle to cope with the coronavirus pandemic. But this time, the focus on the multilateral's purpose post-Covid.

As its president, David Malpass, said on a visit to Sudan on the eve of the meetings, in many economies poverty is rising, living standards are falling and past gains on nutrition and healthcare going into reverse.

"The challenge for the development community is to shorten the crisis, resume development, and lay a strong foundation for a future that is more prosperous and better prepared for disasters like Covid-19," he said.

The bank can point to some achievements. It committed more than $157bn to fight the impacts of the pandemic and is making $20bn available to help developing countries finance the purchase and distribution of vaccines.

It pushed for the G20 to adopt a debt service suspension initiative (DSSI) that deferred about $6bn of interest payments in 2020 and a further $7bn in 2021.

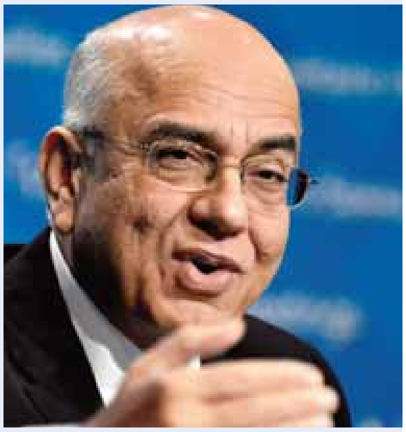
But these measures are only mitigating, rather than reversing, the impacts of this frightening disease. Covid has pushed almost 100 million people into extreme poverty with several tens of million more becoming poor.

According to the charity ONE, there were 11.6 vaccinations for every 100 people in Africa as of October 7, compared with Europe and North America where everyone has had at least one vaccine.

And the DSSI comes to an end in December as 29 low-income countries are at high risk of debt distress with seven potential already in debt distress, according to the bank's own debt sustainability index.

Masood Ahmed, president of the Center for Global Development thinktank and a former bank vice-president, says finance ministers should use the meetings to send a strong signal that the bank and the IMF will be able to continue to provide funding.

The obvious opportunity is the triennial replenishment of the International Development Association (IDA), the arm of the bank that provides grants and low interest loans to the poorest countries. IDA20 is due to be wrapped up in December.



Ahmed: "Successful, adequately sized IDA Replenishment will be key for the World Bank to deliver"

"A successful, adequately sized IDA Replenishment will be key for the World Bank to deliver at this level for low income countries," says Ahmed, who also highlights the potential for creatively leveraging its balance sheet for the IBRD, that focuses on middle income countries.

Luiz Vieira, co-ordinator of the civil society network Bretton Woods Project, says he wants the bank to close the private

Continued on page 20

Turkey

Continued from page 1

psychological barrier — earlier this week.

"The central bank has said it considers the recent increase in inflation has been driven by the transitory cost factors such as rising commodity prices," said Ugras Ulku, head of emerging market Europe research at the Institute of International Finance. "But rising commodity prices could prove to be less transitory than the central bank reckons, adding to cost factors and making an already challenging inflationary picture worse."

The surge in the gas price is hurting net importers. Antonio Cavarero, head of investment at Generali said: "Higher US rates, a possibly strengthening dollar and high energy prices are particularly hurting EMs that are net commodity consumers."

There is scant possibility of let up. Caroline Bain, commodities economist at Capital Economics, warned that although the present surge in gas prices will recede as political tensions are resolved, the gas price will likely remain elevated.

"I can't say we're over the worst," she said. "We had a long winter, then a summer with the highest temperatures ever. These extreme weather events result in increased demand for gas for heating and cooling. Scientists are warning that, with climate change, these weather events are likely to be more and more frequent." these weather events are likely to be more and more frequent."

Erdogan: loose monetary policy

In Europe, gas prices are currently €85 per megawatt. Bain forecasts €55 by the end of the year and €20 by the end of next year, compared to €2 at the start of the pandemic.

Sovereigns are typically insulated from these events to some degree by the fact that they procure gas through long term contracts. However, Turkey has several contracts for gas supply expiring this year, which it will have to renegotiate.

Turkey will likely shield its citizens from the effects of the gas price surge. The regulator sets consumer fuel prices, and has the capacity to reduce the tax component of the price, subsidising citizens' fuel costs by forgoing tax revenue.

While this is expensive, Ulku was not concerned. "Turkey actually has a fairly small fiscal deficit," he said. "It was 2.9% of GDP in 2019 and went up to only 3.4% in 2020. We're forecasting it to be similar in 2021. That means Turkey has some fiscal space, which the government could use to lower taxes on imported energy. Lowering the tax wedge on energy prices could widen the fiscal deficit to near 4% of GDP without adding much to investors' concerns, in my opinion."

Despite its inability to bring down inflation, Turkey has no problem accessing foreign funding — yet. "Turkey, the government its private sector, and its banks, have no difficulty in borrowing from foreign investors," said Ulku. "However, with every new concern about stability, the risk premium increases and drives up the cost of borrowing, which combined with the weakening currency, makes it expensive for Turkish borrowers to service those debt liabilities over the medium term."

Euromoney names **Bank of Georgia "Best Bank in Georgia"** at Euromoney Awards for Excellence 2021

BANK OF GEORGIA

El Salvador's bleak IMF prospects pile on funding pressures

By Oliver West

While El Salvador president Nayib Bukele celebrates the recent rally in Bitcoin after his government became the first to adopt the cryptocurrency as legal tender in September, analyst and investor concerns are running high over the lack of transparency in the country's funding and spending plans.

A crucial IMF programme looks further away than ever, and there are now worries about what a possible pension reform may entail.

Finance minister Alejandro Zelaya told investors last week that an announcement over a potential IMF programme could come in November, leading to a slight rebound for El Salvador's sovereign bonds. The Caa1/B-/B- rated sovereign's 8.25% 2032s traded up from around 75 cents on the dollar at the start of October to a high of 79 last week, but have since settled at around 77.25, according to MarketAxess.

Graham Stock, partner and head of EM sovereign research at BlueBay Asset Management in London, said that there's "no evidence" to suggest an IMF announcement is imminent. "All the policy steps are moving in the wrong direction," Stock told *GlobalMarkets*.

Bukele's landslide victory in February's Congressional elections triggered a storming rally in El Salvador's bonds as investors realised the president would face no political opposition in implementing an IMF programme.

But the government's stated desire to clinch IMF funding has not been backed up by actions, as Bukele moved away from orthodox policymaking with the Bitcoin law and the sacking of the Attorney General and five senior judges. He also wants to amend the constitution to allow the extension of presidential terms.

On October 7, a set of civil society groups in El Salvador asked the IMF not to disburse any funds unless the government reinstates the Supreme Court judges that it removed in May.

"Though bond prices have fallen a huge amount to potentially more attractive levels, I just don't see a catalyst for improved fundamentals," said Sarah Glendon, senior Latin America analyst at Columbia Threadneedle Investments in New York. "Bukele is not putting much thought into what bond markets think, as he is focussed on gaining power."

Bukele: bitcoin president

While the adoption of Bitcoin has earned Bukele the adulation of cryptocurrency fanatics across the world and the indirect disapproval of the IMF, this may not be the real obstacle for an IMF deal.

"The constitutional changes and Bitcoin implementation are not deal-breakers for me," said Stock at BlueBay.

Continued on page 6

Belize set to wrap transformative blue bond restructuring

By Oliver West

Belize: reducing debt burden and protecting oceans via the bond market

Central American country Belize is on the verge of completing an innovative debt restructuring that will greatly reduce its debt burden and guarantee funding for marine conservation projects. It comes as financiers and conservationists look for ways to channel funding into protecting the world's oceans — one of the most underfunded of the United Nation's Social Development Goals.

Belize is using the Nature Conservancy's Blue Bonds for Ocean Conservation programme to fund a buyback — at 55 cents on the dollar — of its $526.6m bond maturing in 2034. The tender offer for the 2034s will expire on October 15, with around 85% of the country's bondholders having already agreed to participate in the deal. Credit Suisse is providing the blue bond financing, which *GlobalMarkets* understands is likely to close this month.

"There has been woeful under investment of private capital into the oceans," said one sustainable finance banker in the USA. "The attraction of this deal is how it experiments with financial structuring to capitalise on the work that is being done."

The Nature Conservancy told *GlobalMarkets* that it has been working in Belize for 30 years and sees the country as a "global conservation leader". But the structure of the Belize deal allows the non-profit, which is funded by philanthropic donations, to scale up its operations.

As part of the blue bond financing, Belize has committed to accelerating its marine conservation commitments, including "enhanced protections for its coastline, reef and ocean territory". It will also prefund a so-called Marine Conservation Endowment Account, to be administered by the Nature Conservancy, of $23.4m to "support future marine conservation projects" in the country. Moreover, Belize — which has restructured its international bond four times in the last 15 years — will sharply reduce its debt burden.

"This transaction is a win-win," said one banker close to the deal. "It is a solution to what has been a stubborn debt structure, while at the same time there's money available for conservation, which is what Belize needs to do to attract more tourists. Being more sustainable also represents greater revenue potential for Belize."

Whether the deal can be replicated relies on specific circumstances, however.

"One key condition is that the debt has to be trading below par in order to capture the discount in the buyback and free up funding for sustainable projects," said the sustainable finance banker. "This structure won't be applicable to everybody."

Moreover, the deal works largely because the US government's Development Finance Corporation (DFC) is providing political risk insurance, increasing the credit quality and reducing the cost to Belize of the blue bond.

Polexit fears hang over CEE as Treaty spat spreads

By Lewis McLellan

Poland's Constitutional Court ruling that the founding Treaty of the European Union plays second fiddle to its own constitution is a serious up-ending of the European legal order that could have consequences beyond Poland. Hungarian prime minister Viktor Orban has taken it as a rallying cry, declaring his public support of the Polish position. There could also be legal challenges to the EU from the Czech Republic.

"The Polish government and the European Commission, as guardians of the EU's Treaties, may be heading towards a legal collision course," said Michael Huertas, head of financial regulation at PWC Legal. "It's important that the European Commission, along with Member States makes clear that certain lines cannot be crossed."

The central legal question stems from the fact that the Maastricht Treaty conferred power to the EU, and that this can conflict with national constitutions. Huertas said: "EU advocates ought to make clear that national constitutions were created at a time when the EU did not exist in its present form, and therefore do not take account of the Treaties, which are more regularly updated than national constitutions, and were ratified by national parliaments, in particular since those Treaties and the goals therein were ratified by national governments and parliaments."

However, Huertas added that "it is important to acknowledge that the present Polish ruling courts may be influenced by political motivations, rather than purely legal arguments."

The ruling has raised fears of Poland exiting the EU, prompting citizens to take to the streets of Warsaw in protest against the possibility. Investors believe the possibility is remote. Huertas said that "the EU and Poland as a member state need one another".

Huertas believes that it will likely be up to French president Emmanuel Macron to present a "strong voice" and represent the EU's interests. "Chancellor Angela Merkel, because of her caretaker role, doesn't really have the mandate to lead negotiations," he said,

Continued on page 21

EM central banks assess promise and peril of CBDCs

By Steve Gilmore

While the impending advent of central bank digital currencies (CBDC) has the potential to offer emerging markets a fresh toolkit for stability, it could also exacerbate financial system risk, experts have warned.

Adopting CBDCs would see the cost of switching between currencies decline sharply and administrative friction all but disappear. The result will be a world where market movements occur at a much faster pace, limiting central banks' policy options, Princeton economist Markus Brunnermeier said on a panel entitled Central Bank Digital Currencies and the International Monetary System at this week's annual meetings.

Emerging markets, already at the mercy of volatile capital flows, could find contagion a greater threat than ever. Their own local investors, meanwhile, will find it easier to abandon the domestic currency in favour of another curency.

Yet CBDCs could also be a force for stability. Not least through creating a new stock of safe assets for investors. In a fragile EM banking system, worried investors and depositors would be able to move their funds from local lenders into the national CBDC — rather than out of the country. The central bank would then be able to channel this influx of funds back into local banks facing temporary liquidity pressures but otherwise solvent, Brunnermeier said.

"If you don't have a CBDC, then people might run into another currency," he said. "That's actually, in my view, much more dangerous."

Brunnermeier believes that in the future, currency runs will be a far greater threat to small developing and emerging markets than bank runs. As such, CBDCs would offer these economies a local safe haven asset for investors to retreat into. But this touches on one of several major design questions occupying policymakers: whether non-residents would be allowed to hold their digital currency.

Grappling with the many opportunities and potential dangers inherent in CBDCs has become a key issue for central banks across the globe. A recent IMF survey of its 190 member states revealed that 141 were somewhere between working on their own digital currency and considering how to prepare for the wider adoption of CBDCs.


Brunnermeier: adopting CBDCs would see the cost of switching between currencies decline sharply

Nizar Chadded, deputy director general of Development & Oversight of Payments at the Central Bank of Tunisia, said possibilities around financial inclusion, cashless transactions and improved transparency prompted his central bank to launch a CBDC taskforce

"But on the other side, we know that behind CBDC there are many risks that threaten monetary policy, data privacy and financial stability," he added, while sitting on another panel, entitled Getting Started with CBDC: Practitioners' Views.

Central banks that opt to sit on the sidelines, meanwhile, risk missing out on influencing the rules and frameworks that will help determine how CBDCs are used. First movers will have "inordinate influence" in setting CBDC norms and standards, said Neha Narula, director of MIT Media Lab's Digital Currency Initiative.

China's e-CNY is already setting an expectation that although the central bank will not store user data, it would easily be able to access and aggregate user data held at commercial banks, Narula added.

"If privacy from the central bank itself is not taken seriously as a first order concern, then the door is open for states to use CBDC as a form of monitoring and enforcement against their own citizens," she said.

El Salvador

Continued from page 4

"What is required for an IMF programme is not insurmountable. It's mostly about transparency and good governance, and ensuring that spending decisions are made in a sensible fashion — not at the whim of the president."

While investors say El Salvador has enough funding to muddle through 2021, next year is likely to be a challenge, with Amherst Pierpont Securities estimating last week that the funding shortfall in 2022 could reach \$2.6bn without multilateral finance.

Given limited hopes for El Salvador's IMF deal, this may force the government towards unconventional financing.

"The next looming risk is the so-called pension reform, but there has been very little information conveyed," said Glendon. "Some people are expecting a full nationalisation of the pension system."

Secular stagnation challenge awaits battered emerging markets

By Steve Gilmore

After a strong start earlier this year, capital flows into emerging markets fell to zero in the third quarter, according to a new report from the Institute of International Finance (IIF). At the same time, many EM central banks have deemed it necessary to curtail spending and increase interest rates despite the backdrop.

"They definitely feel pressured by the market," Elina Ribakova, IIF's deputy chief economist, told *GlobalMarkets*. Even countries with commodity windfalls or strong fundamentals are tightening fiscal and monetary policy despite a limited economic recovery. "I was surprised to see countries like Chile pressured by the market on the fiscal policy front, Colombia too," Ribakova added.

At a time when developed nations are using their central banks to monetize debt, rate hikes and deficit reductions will make it harder for emerging markets to protect their economies from permanent damage. It will also distract policymakers from what the IIF deems the greatest long-run concern in EM: preventing secular stagnation from draining growth. Excluding China and India, the institute finds that growth across the rest of EM has failed to "meaningfully" outperform developed markets in close to a decade.

The EM space has become far more varied in terms of growth models, income levels and sheer geography. But whether you are services-focussed or export-oriented, no one is safe from secular stagnation. Certainly not gas exporters watching spreads tighten in the secondary market.


Ribakova: EM countries pressured by the market

"Russia and Qatar are having a great time," said a London-based EM investor speaking to *GM*'s sister newspaper *GlobalCapital*. But the fundamental story is different. The IIF expects Qatar's GDP growth to reach only 3.1% and 3.8% in 2021 and 2022 respectively, well below mature market growth rates. (IIF numbers only partially take into account the recent gas price moves, although the institute believes recent price surges will have a minimal effect on Russian GDP.)

Russia's tightening debt spreads are down to sanctions limiting the volume of Russian debt available, and a gas price spike that EM investors expect to last for only six months or so. Over the longer term, Ribakova puts Russia together with countries like Brazil and South Africa that are getting stuck on the productivity ladder.

"We will see an interesting phenomenon in the near-term that is somewhat counter-intuitive," she said. "Some [of these countries] might come out as short-term beneficiaries, but this is a balloon that will pop."

FRONTIER OPPORTUNITY

One group of countries that could benefit from the secular stagnation trend elsewhere in EM are frontier markets. Ribakova said that getting investors into a room with frontier market representatives used to be a challenge — now there are too many people signing up for meetings. This could benefit countries like Malawi, desperately seeking private sector investment as well as concessional IFI funding to recover from the pandemic and drive sustainable growth.

GlobalMarkets



Special Report



Uzbekistan Metals and Mining: A new beginning



In association with

Ministry of Finance
of the Republic of Uzbekistan

MINISTRY OF ECONOMIC DEVELOPMENT
AND POVERTY REDUCTION OF THE
REPUBLIC OF UZBEKISTAN

And

Cover photos courtesy of © Almalyk MMC JSC and www.president.uz

GlobalMarkets

GLOBALMARKETS MANAGING EDITOR
Toby Fildes

ASSOCIATE EDITOR
Phil Thornton

CONTRIBUTOR
Steven Gilmore

CONTRIBUTING EDITOR
Duncan Kerr

PRODUCTION EDITOR
Vicki Robinson

SENIOR OPERATIONS MANAGER
Barbara Fertalova

HEAD OF VISUALS
Gerald Hayes

GROUP PUBLISHER
Margaret Varela-Christie
margaret.varela-christie @euromoneyplc.com
+44 207 779 8385

SENIOR BUSINESS DEVELOPMENT MANAGER
Ashley Hofmann
ahofmann@globalcapital.com
+44 2077798740

SENIOR BUSINESS DEVELOPMENT MANAGER
Daniel Elton
delton@euromoneyplc.com
+44 2077797305

RUSSIA & CIS PUBLISHER
Alex Korol
akorol@euromoney.com
+7 903 720 8050

CENTRAL ASIA PUBLISHER
Mine Hekimoglu
minehekimoglu@aol.com
+90 5324131686

PUBLISHER, MIDDLE EAST & TURKEY
Adil Jilla of MEIAC
a.jilla@meiac-uk.com

ASSOC. PUBLISHER, MIDDLE EAST & TURKEY
Kaersi Jilla of MEIAC k.jilla@meiac-uk.com
(UK): +44 (0) 797 384 310 (Dubai): +971 4 4548690

SENIOR ADVISOR
Christopher Garnett
cg@chutecourt.com +447710306856

CEO, FINANCIAL & PROFESSIONAL SERVICES DIVISION
Jeff Davis

CEO, NEXTGEN PUBLISHING
Isaac Showman

MANAGING DIRECTOR, MARKET INTELLIGENCE
Timothy Wakefield

MANAGING DIRECTOR, ACCREDITATION AND MARKETING SERVICES
Guy Cooper

VP REVENUE AND COMMERCIAL STRATEGY
Tom St Denis

COMMERCIAL DIRECTOR, BANKING AND CORPORATE
Richard Lee

SENIOR MARKETING MANAGER, CLIENT SOLUTIONS
Christopher Erasmus

HEAD OF EDITORIAL DEVELOPMENT, NEXTGEN
Mariana Valle

From the publishers of
GlobalCapital

 GlobalMarkets s a publication of: Euromoney Institutional Investor PLC
8 Bouverie Street, London,
EC4Y 8AX
Telephone: +44 (0)20 7779 8888

EUROMONEY INSTITUTIONAL INVESTOR PLC
Chief executive: Andrew Rashbass
Directors: Leslie Van de Walle (chairman), Andrew Rashbass (CEO), Wendy Pallot (CFO), Jan Babiak, Colin Day, Imogen Joss, Lorna Tilbian, Tim Pennington

Foreword by Deputy Prime Minister – Minister of Economic Development and Poverty Reduction
H.E. Jamshid Kuchkarov

FINE TUNING UZBEKISTAN'S ECONOMIC ENGINE

The Uzbek government is committed to transforming the country's powerful metals and mining industry into a world leader

Uzbekistan is one of the leading countries in the world in gold mining, ranking fourth in terms of total reserves and seventh in terms of production. On its territory there are 97 gold mining deposits with reserves of more than six thousand tons, 10 copper deposits with resources of about 44 million tons, and others. Uzbekistan produces more than 140 thousand tons of cathode copper and more than 55 thousand tons of copper is processed by domestic enterprises.

> **"In accordance with the decrees of the President of the Republic of Uzbekistan, modern methods of corporate governance will be introduced in mining companies. A huge amount of work has been carried out to transform the activities of enterprises in the mining and metallurgical industry."**

The mining industry is one of the key drivers for further development of our economy. Therefore, mining companies are actively implementing investment projects to increase reserves of mineral resources and develop deposits for the extraction of gold, copper and other mineral resources. For example, in the next five years, we are planning to increase the production of cathode copper to 290 thousand tons per year through the development of new deposits and increasing the annual production to 400 thousand tons in 2028.

Today we are working on a mechanism to attract potential investors to develop new mineral deposits. The procedure for issuing permits for the right to use less-explored subsoil plots for the purpose of geological exploration is being introduced on a first come, first served basis and for areas with a high degree of exploration as well as potential for discovering deposits based on the results of auctions.

Deputy Prime Minister Jamshid Kuchkarov

In accordance with the decrees of the President of the Republic of Uzbekistan, modern methods of corporate governance will be introduced in mining companies. A huge amount of work has been carried out to transform the activities of enterprises in the mining and metallurgical industry.

Today, reforms are being carried out to restructure the state enterprise Navoi Mining & Metallurgy Combinat and transform its activities. The plan to support this transformation is to create a joint stock company, obtain credit ratings from reputable agencies, and place shares on international stock exchanges.

Also, by order of the President of the Republic of Uzbekistan, a copper industry cluster is being formed in the country aimed at creating multi-level value chains from raw materials to finished products, expanding exploration work for copper, non-ferrous, and rare metals, as well as the development of geological science and the market for geological services.

In addition, a new system of interaction between science and production is being introduced for the development of an interconnected system of design and engineering services. This is translating into production and development of new types of mining and metallurgical machinery, which in turn, leads to expansion of chemical products.

We understand that human capital is hugely important, which is why we are paying particular attention to improving the capacity of the building and training system in the mining and metallurgical industry.

I am sure that all these measures will immediately yield results, and particularly in helping to increase the flow of foreign direct investment, the creation of new jobs, the development of related industries and the export of products to foreign countries. The mining and metallurgical industry is the fundamental driver of the country's economy. We expect the industry's transformation to strengthen and accelerate the country's economic growth.●

NEW HEIGHTS EXPECTED FOR ECONOMY AND INDUSTRY AFTER PANDEMIC REBOUND

Bobur Abdinazarov, Deputy Minister of Economic Development and Poverty Reduction

> **“In October there was a decree published to start a new era of transformation for state-owned enterprises (SOEs) across the country. We are pursuing privatisation and transformation in multiple directions, and there has been great progress.”**

GlobalMarkets: How has the economy and the industrial sector weathered the pandemic?

Bobur Abdinazarov: Initially, it was very difficult. Quarantine was introduced in March and this had a serious impact on the economy. We started thinking about what sectors of the economy need to be supported during a pandemic. For instance, in the construction industry we asked firms to organise disinfected accommodation for workers. Then we turned to the industrial producers and instituted a similar system, so that travel was minimised, all facilities were kept sterilised and there was regular testing. Even during the quarantine period, we in government were keeping in close contact with thousands of industrial companies and producers at the regional level to help solve problems. For example, some firms said they couldn’t bring in foreign exports to install equipment for new projects. We organised flights and strict quarantine to bring in experts. Although in April the industrial sector had contracted by 6% year-on-year, by the end of the year it had actually grown 0.7% and GDP growth across the whole economy was 1.7%.

GlobalMarkets: Has the pandemic affected the reform and privatisation process?

Abdinazarov: Once we started to successfully cope with the pandemic we continued to proceed with the reform process. So in October there was a decree published to start a new era of transformation for state-owned enterprises (SOEs) across the country. We are pursuing privatisation and transformation in multiple directions, and there has been great progress. During an initial phase in 2019, we unbundled large companies in the oil and gas sector. Uzbekneftegaz has been split into three companies: extraction, transportation and distribution. The same thing has happened to Uzbekenergo. Now in-line with the October decree we are working with consultants to transform those companies and increase operational efficiency. The same thing is happening in other sectors like transportation, where automaker Uzavtosanot is being transformed with help from Boston Consulting Group. In the metals and mining sector we are pursuing a similar unbundling to the oil and gas sector. So we have our three largest companies – Navoi Mining and Metallurgical Combinat, which mines gold and uranium; Almalyk Mining and Metallurgical Combinat, which produces mainly copper, silver and, gold; and Uzmetkombinat, which produces ferrous metals. All these companies are carrying out new projects and being transformed.

GlobalMarkets: How is the government working to attract more foreign investment into mining and metals?

Abdinazarov: We want more investors to come and utilise Uzbekistan’s resource base, but there is also infrastructure that we have to create first. The first infrastructure element is the legislative and taxation framework. Second, would be reserves and identifying the relevant volume and location. So this year and next year there is more attention being paid to exploration work. The State Committee for Geology and Mineral Resources is carrying out government programmes to increase the mineral resource base.

There are also plans for more advanced production that require help from foreign companies. So, the President has approved a new resolution to establish a copper cluster. The Ministry of Economic Development and Poverty Reduction will house a project office for this initiative. Our main task is to hire a consortium of consulting companies to calculate the reserves and help prepare bidding documents. We are going to choose two fields - one for copper and the other for a rare metal. We are planning on accepting bids from top international companies in the mining and metals sector. We understand that mining is not like cereal production, where each field has largely the same parameters. Different sites and deposits will require different approaches. But the key thing is that the approach should be open, transparent and in-line with international best practice.

GlobalMarkets: What are the other priorities for the sector’s development?

Abdinazarov: We will continue to work with international financial institutions, consultants and other experts. This puts us on a steep learning curve and every day we gain a better understanding of the development process. We are working with different Uzbek and international universities to help improve our research capabilities and the education of the next generation. The research and development process is very capital intensive, and so we are also trying to structure things so that there is greater transfer of technology and knowledge to our key companies and the industry in general.

Environmental issues are becoming an ever greater priority. Lowering CO_2 emissions is a key objective. We know that all these projects in the mining industry and across the industrial sector should be aligned with the aim of a green economy. So this will be one of the directions we will move towards next. ●

Photo courtesy of © 2021 Official website of the President of the Republic of Uzbekistan www.president.uz

Uzbek economy back on track after strong recovery

Combination of factors demonstrate country's economic resilience and growth opportunity

By Steven Gilmore

Uzbekistan's economy shone like a beacon during the worldwide disruption of 2020. While a majority of countries saw GDP growth turn negative, a mixture of sound policy and a strong export base put Uzbekistan in a select group that remained recession free. A comprehensive reform and privatisation strategy across major industries including metallurgy, mining, finance and energy means the country's position as a star performer looks assured.

The government's pandemic policy response included a stimulus equivalent to around 2% of GDP that drew approval from investors and the IMF. There was a strong public health response and a quarantine regime tailored across different industries that allowed economic production to restart. The government provided families with one-off assistance payments and hiked pensions. Landlords were told to hold off on demanding rent, and utilities paused bill payments. Banks were told to give corporate customers in hard-hit sectors a break from interest payments.

"The government provided a sizable stimulus and that was very helpful," says Eric Livny, lead regional economist for Central Asia at the European Bank for Reconstruction and Development (EBRD). "The authorities really did put in place a full package of policy measures to ease pressure."

One export in particular helped the country weather the economic storm during the pandemic — gold. Demand for almost every export from cereals to natural gas fell. But the export price of gold and the volume Uzbekistan produces both rose in 2020, to the extent that gold accounted for over 40% of total exports that year. The country is blessed with deep deposits of precious metals, non-ferrous metals and key ores like uranium. Considerable effort is going towards ensuring that the mining industry modernises to reach levels of efficiency that compliment its geological endowments. Yet the administration knows that relying too heavily on a handful of commodities can mean vulnerability rather than resilience.

Although Uzbekistan was one of the few countries in the world where growth remained positive, the slowdown was still severe. GDP growth fell from 5.7% in 2019 to 1.6% in 2020, according to the World Bank. The government's policy response has paved the way for a sustained economic recovery through 2021, including sectors that had been hardest hit and initially slow to recover. After reeling from quarantine measures introduced in early 2020, the government expects the services sector growth of between 8.5% and 10% this year. This comprehensive recovery will likely lead observers including the EBRD to up their overall growth estimates for the year.

"We're seeing expansion everywhere and the economy is running ahead of our 5.6% growth forecast so we are very likely to update," says Livny. "For 2022 we've predicted 6% and we will see whether that holds."

A SENSE OF STABILITY

A good chunk of the stimulus was funded through international borrowing, a source of funding the government has worked hard to cultivate. The government sold a 10-year Eurobond in November of 2020 along with 3 trillion som of local bonds ($288.9m). Not only were there plenty of investors ready to lend, but Uzbekistan's cost of borrowing during the pandemic was largely unchanged from the country's debut Eurobonds issue back in 2019. A less welcome result of the stimulus is that public debt is now around 40% GDP, almost double what it was just a few years ago. The vast majority of the borrowing, however, is going to projects and policy reform that will ultimately boost growth.

"There's no real concern about the level of debt," says Karen Srapionov, partner at the Avesta Group. "The return on these investments is expected to be much sufficiently higher than a funding cost of perhaps

> *"Uzbekistan stands out as a star in the region. Where in other economies you feel a fatigue, a lack of new ideas and dynamism, in Uzbekistan there are many reasons to be optimistic about the outlook."*
>
> *— Eric Livny, EBRD*

President Shavkat Mirziyoyev

On the road to privatisation
Gold giant Navoi Mining and Metallurgical Combinat and car manufacturer Uzavtosanoat

Photos courtesy of © Navoi Mining and Metallurgical Combinat and Uzavtosanoat

3%-5% depending on the maturity."

The government is also well aware of the repercussions from letting debt grow unchecked. There is a hard debt ceiling of 60% of GDP, and in 2022 a fiscal deficit ceiling of 2% of GDP will come into force. This gives the government headroom to provide additional social spending or economic stimulus while still capping the deficit at a sustainable level. The administration has become very judicious about what it funds through external debt. Even international financial institutions have been told politely that their proposed project will have to wait until there is room in the borrowing schedule.

Inflation, long a thorn in the central bank's side, is no longer speeding up. In fact, it has started to slow down despite the fiscal stimulus. The figure for June this year was 10.9%, down from 14% in the same month in 2020. The government had a target of 5% by 2023, which was ambitious even before the pandemic, and an interim goal of under 10% by 2021. Regardless of whether these targets are met, there is still a sense of stability on the monetary front.

In the two years leading up to 2020, a tremendous increase in credit to the economy had raised the danger of overheating. Banks were issuing loans at eye-watering rates as high as 30%, reminding some observers of Kazakhstan's problems with retail lending almost a decade ago. Uzbekistan's financial regulator, the central bank, began trying to bring down lending rates in mid-2020. The pandemic, although hugely disruptive and damaging, resulted in a sharp drop in credit growth, which slowed from around 50% down to a more manageable 23%.

Meanwhile, a high level of state-ownership and regulatory control in the financial sector meant the authorities were able to provide fresh funding and debt relief through banks very efficiently. This took the form of new crisis loans and deferring the repayment of existing loans for some borrowers for up to six months. Inevitably non-performing loans have jumped — from just over 2% at the end of 2020 to reach 4.7% in May 2021. But this is only a minor cause for concern.

The industries that were hardest hit — including tourism, logistics and SMEs — borrow mainly from Uzbekistan's private sector lenders. In recent years, these private sector lenders have received large volumes of funding and technical assistance from international financial institutions, who are eager to see more cash flow to small businesses. This has left private sector banks with stricter credit policies than their state-owned peers, and most are in a position to either restructure loans or begin recovering underlying collateral. On the other hand, the state-owned lenders, whose customers include huge utilities and strategic enterprises, benefit from state guarantees. Should any of these big clients struggle, the government is obligated to step-in.

State-ownership of the banking sector stands at 85%, but there is an ambitious strategy to reduce this to 40% by 2025. The government recognises that state-control has led to weak competition, interest rate distortion and reduced the incentive for risk management. With the help of international financial institutions, Uzbekistan has started on the long road towards transformation. The IFC will take a $35m stake in Ipoteka Bank, the state-owned mortgage lender, and provide a convertible loan to Uzpromstroybank, which lends mainly to the industrial and construction sectors. The EBRD is helping the government prepare to privatise two other lenders — Asaka Bank and Aloqabank. Even lenders that will not be privatised are undergoing dramatic internal reform. State-owned banks are no longer allowed to issue loans at preferential interest rates and are increasingly funding themselves in part through the international bond market.

PUSHING ON WITH PRIVATISATION

The government's wider privatisation strategy covers the entire economy. As the IMF noted in April, the pandemic's impact in both economic and humanitarian terms and has slowed the transition to a market economy. But once the government had the outbreak under control and its policy measures in place, it returned to the task in earnest. A new presidential decree published in October 2020 listed over 500 state-owned entities scheduled for at least partial privatisation. The decree also includes 32 large state-owned enterprises (SOE) to be transformed through privatisation. In order to create a solid foundation for the process, the authorities are working on a new privatisation law. The expectation is that the new law will be enacted after elections in October this year, but the country has already completed its first large privatisation deal. Turkey's Coca-Cola İçecek (CCI) agreed to pay $252.2m for the Uzbek government's 57% stake in Coca-Cola Bottlers Uzbekistan — a joint venture with Coca-Cola.

"It's a very good deal," says Srapionov. "The valuation was good, there were international advisers working on the sale and I think this will give the government a better understanding of how the process should work. That improves the outlook for future deals, and we hope that the next privatisations will be done in a similar manner."

A perhaps unrealistic enthusiasm for headline-grabbing IPOs in London and New York has been replaced by a more judicious strategy of smaller placements on the local exchange, with international listings coming later on. For instance, oil and gas companies such as Uzbekneftegaz and Uztransgaz are expected to list on the Tashkent Stock Exchange in 2022-2023. Several of the mining and metal production giants have primary or secondary offerings scheduled for the same period. State-firms need to get their house in order long before a prospective share sale, and

GOSKOMGEOLOGY AIMS TO BUILD "BEST PRACTICE" REGULATION TO SUPERCHARGE INDUSTRY GROWTH

GlobalMarkets: What are the priorities for reforming Uzbekistan's metals and mining sector?
Bobir Islamov: The industry faces a number of important challenges. Firstly, developing the mineral resource base through efficient exploration, improving outdated equipment and launching a modernisation programme. As part of the modernisation effort, total purchases of new equipment in the current year will reach $40m. This includes equipment that will increase drilling productivity by 25% and raise the volume of core recovered to 97%. We have also purchased equipment for conducting aerial geophysical exploration, which allows us to identify promising areas in a shorter time.

At the same time, there is a focus on personnel training. Goskomgeology and the Uzbek University of Geological Sciences have established a new teaching cluster around a single campus university, which will function as a place where students can study and conduct laboratory research at the same time.

Another priority is to increase investment attractiveness through better legislation. There has been huge work already in this area. We have contacted several foreign consultancies to help us develop the strategy, which includes reducing the tax burden on companies and making information more available and transparent.

GlobalMarkets: How has Goskomgeology's structure and remit changed?
Islamov: There are 22 entities that used to be under Goskomgeology, most of which are focussed on research and exploration. With help from international auditors we estimated the value of all these companies' assets and transformed them into joint stock companies. Most have since been combined into one huge geological exploration company — Uzbekgeologorazvedka — with a modern corporate management system, which is designed to operate in market conditions. The company combines all the former regional geological exploration companies and will cover lab facilities and geophysical facilities. Goskomgeology now focuses mainly on regulation, including policy for exploration and the protection of subsoils. At the same time, we are gathering and consolidating all geological information and taking responsibility for relations with subsoil users.

GlobalMarkets: How will Goskomgeology interact with the new exploration entity?
Islamov: So together with the Ministry of Finance we work on an annual geology exploration programme based on an allocated state budget. Goskomgeology contracts the agreed list of exploration projects out to Uzbekgeologorazvedka. Representatives from Goskomgeology, the State Asset Management Company and the Ministry of Finance are on the supervisory board of Uzbekgeologorazvedka, which will remain a state-owned entity, but the strategy is to gradually reduce the share of state ownership.

GlobalMarkets: What kind of new regulation is Goskomgeology working on?
Islamov: The most important document under development is the new law "On Subsoil". This document has already been prepared and passed through the Ministry of Justice and is now with the government. The law is under discussion and will soon be debated in parliament. We began by studying international best practice and experience. In the drafting process we consulted several organisations including Boston Consulting, the EBRD and the World Bank.

The measures the law would introduce includes definitions of competence for personnel, so introducing qualification standards for key jobs. At the same time, it aims to rationalise the use of subsoils by introducing a block system for mining permits. This type of system is already effective and in use in Canada, Australia and Kazakhstan. There are also minimum requirements for the exploration of mining. There are articles for providing free access to geological information, the digitisation of data, conservation and sustainable use of subsoil. The royalties of many liquid metals and minerals are also being lowered in order to increase the sector's appeal to foreign investors.

Bobir Islamov, Chairman of the State Committee of the Republic of Uzbekistan for Geology and Natural Resources

GlobalMarkets: Can you outline how the block system will work?
Islamov: We enlisted the help of the EBRD as a consultant on the block system. Greenfield areas, or less studied areas, will be allocated using the block system on the principle of first come, first served. Brownfield sites with proven deposits will be allocated through an online transparent auction, which are open to domestic and international companies.

The first auctions took place earlier this year, when we auctioned 40 sites. The winners included firms from Turkey, Russia, China and Uzbekistan. By the end of this year, we plan to put forward another 20 sites. This will likely happen in the autumn. Most of these will be brownfield sites with proven deposits.

We are planning roadshows to help make investors aware of the auctions in order to attract interest from companies from other countries. During 2020 this was hard to do because of the pandemic. We're already working on the schedule, which will include Canada, the UK and briefings in Korea and Japan. ●

> **"The industry faces a number of important challenges. Firstly, developing the mineral resource base through efficient exploration, improving outdated equipment and launching a modernisation programme."**

Going for gold
Uzbekistan's vital world-class mining sector

even firms that may never be privatised or are further back in queue are undergoing huge reform. There is no sector or industry unaffected by the government's drive for modernisation.

"One of the most important tasks of the Ministry of Finance is to implement measures for the restructuring and financing — enhancing the financial stability — of state-owned enterprises" says Khurshed Mustafoyev, director of the department at the Ministry of Finance. "This includes integration of international financial reporting standards, creating a modern corporate governance system, compliance standards, and medium and long term business plans."

These reforms are lengthening the list of SOEs that are able to secure a credit rating and are allowed to raise capital (funding) directly through the international capital markets. "UzAuto Motors issued a debut $300m bond this year, and the plan is for companies in the mining and metals sector to issue $1bn worth of Eurobonds in 2022," says Mustafoyev. Uzbekhydroenergo received a B+ rating from Fitch in 2020 and Almalyk Mining and Metallurgical Complex received the same rating from S&P Global. It is expected that Uzbekneftegaz and Uzbektelecom will receive their credit ratings this year. Uzbekistan's SOEs will not just be rated, they will need to better perform.

"We understand that better corporate governance means more successful companies," says Bobur Abdinazarov, Deputy Minister of Economy and Poverty Reduction. "We know that the role of the supervisory board and board of directors at these firms needs to be expanded and skilled personnel brought in. Hiring consultants are helping us staff these boards with international experts."

The drive for reform and modernisation is equally visible in the government's push for transparency as it opens up new areas of the economy up to the private sector. In January 2022, the government aims to have in place an asset and income declaration scheme for public officials. Mining rights will go to qualified firms through transparent online bids. Well-connected individuals can no longer quickly and quietly snap up large chunks of prime real estate.

"Now everything goes through an online auction," says Srapionov. "It's not just real estate either, this is across the whole economy."

This continues all the way down to things like traffic cameras. Private companies can now buy licences at auction to place cameras and receive a proportion of fines levied on careless drivers. The licence for one prime location recently went for the equivalent of several hundred thousand US dollars.

AN OPTIMISTIC OUTLOOK

The message is that Uzbekistan wants economic growth that is not only rapid - but also inclusive and sustainable. At present, the country does not create enough jobs to keep pace with population demand. Unemployment rose several percentage points during the pandemic to hit 13% in 2020, according to government figures. Plans to shrink the public sector only make private sector job creation more of an imperative. Even before the covid shock Uzbekistan's government - well aware that only a small proportion of the working population pays tax - had started on a policy path to legalise the long neglected informal economy.

This included making it far easier for small businesses to pay a set amount of tax and legally register, allowing them to access formal sources of finance. The microfinance sector is being revitalised to provide small-scale financing at sustainable interest rates to a new generation of entrepreneurs in growth sectors like tourism.

Uzbekistan boasts incredible culture and cuisine. There are mountains, desert and the ancient cities of Samarkand and Bukhara. Although tourism is still only 3% of the economy, it is a sector that offers a new source of revenue for ordinary households. The industry was badly damaged by covid, and will take years to recover. But there is huge optimism at the potential for tourism to become a major economic driver and provide employment.

Similarly, for a country heavily reliant upon energy-intensive sectors like metals, mining, oil and gas, the commitment to a green economy signals a commitment to sustainability that should reassure domestic and international investors. The overall increase in energy use because of sectors like metals and mining and population growth is going to be significant. With help from the EBRD Uzbekistan has adopted a strategy for transitioning to a low-carbon economy with a target of net-zero by 2060. This will involve an energy mix that includes new nuclear power stations and a big push on renewables.

As international investors shake off the covid shock and begin to put capital to work once again, Uzbekistan remains as attractive a proposition as it did before the pandemic. Inflation has slowed and debt is under control. The som has stabilised and by most metrics the currency still looks cheap given the potential for rapid economic development. Companies doing business in Uzbekistan can enjoy exceptionally low costs while a modern legal environment builds up around them. The path ahead is by no means without hurdles. Uzbekistan's privatisation project is immense, and in a country with strong vested interests reforms in some areas may yet falter. But there are far more reasons to believe the government's ambitions will be realised.

"Uzbekistan stands out as a star in the region," says Livny. "Where in other economies you feel a fatigue, a lack of new ideas and dynamism, in Uzbekistan there are many reasons to be optimistic about the outlook." GM

MINING GIANT AMMC WELCOMES "LIMITLESS" POTENTIAL FOR INTERNATIONAL COLLABORATION

Abdulla Khursanov,Chairman, Almalyk Mining and Metallurgical Complex

GlobalMarkets: How are the government's reform plans for the mining and metals sectors affecting Almalyk Mining and Metallurgical Complex (AMMC)?
Abdulla Khursanov: Since 2016, under the leadership of President Mirziyoyev Uzbekistan has undertaken large-scale reforms covering almost all areas of the economy. Many of these have had a beneficial effect on AMMC. For example, the liberalisation of foreign exchange policy and reforms in taxation have allowed the company to strengthen its financial position.

The greatest changes for AMMC come from the reforms that specifically target the metals and mining sector. Between 2017 and 2020 there have been several Presidential Decrees specifically aimed at improving AMMC's production capacity and efficiency. These will allow AMMC to increase production almost three-fold. For example, the production of copper will rise from 148,500 tonnes per year to 400,000 tonnes, gold from 17 tonnes to 50 tonnes and silver from 160 tonnes to 190 tonnes. AMMC will become the leading copper ore processor in the world.

GlobalMarkets: What kind of challenges are involved?
Khursanov: Many of the challenges will be due to the tremendous increase in production as a result of planned investment projects. The first challenge is water requirements, which will increase by two or three times to 450 million cubic meters by 2030. Similarly, energy requirements will increase five-fold, and the solution here is new state energy stations that will provide around 600MW of power. A third challenge is transportation issues. Today, we have one railway station that we rely upon for all our transportation needs. Of course, this isn't enough, and so we are working with the Ministry of Transport and Railways and other authorities to construct new stations.

Yet another result of increased production capacity is an increase in concentrates, which contain a lot of sulphur. So today our operations produce around 800,000 tonnes of sulphuric acid, and in the future this will rise to 2.5m tonnes. The solution here is to create a system that can provide the sulphuric acid to Uzbekistan's fertiliser producers. At present, a concept is being developed for the improved production of mineral fertilisers in conjunction with the production of sulfuric acid.

GlobalMarkets: What are the opportunities for international collaboration and partnerships across all AMMC operations?
Khursanov: The possibilities are limitless. AMMC is always open for cooperation and partnerships. Today, we export 18 types of products to more than 20 countries including Turkey, China, Switzerland, Germany and the Netherlands. We're increasing our export markets and recently began exporting to Australia and Indonesia.

In terms of international science collaboration we are now working with the Korean Institute of Rare Metals (KIRAM) to create high quality products from metals like molybdenum, tungsten and rhenium. We are also cooperating with Russia's TOMS Research and Design Institute, which develops technologies for the processing of oxidized ores, off-balance ores and industrial waste.

GlobalMarkets: What are the restructuring and privatisation plans for AMMC?
Khursanov: We are aiming to conduct an IPO in 2023, and are working with KPMG to prepare for the listing. There has already been an assessment to determine the fair value of our long term assets and the actual value of long-term social obligations in accordance with IFRS. The process of transferring non-core assets is underway. Our international auditor statements for 2019 and 2020 have already been prepared.

There is also a four-step roadmap that will see AMMC transform across a range of areas including corporate governance, IT systems, energy management and environmental and social protection. AMMC has a department for strategic development and transformation, which among other things will help us in converting financing statements from national finance standards to IFRS. We also now have a compliance and monitoring department that looks at financial risks.

In June this year S&P Global assigned us a B+ rating on stable outlook, and we've started to look into obtaining a second rating from Fitch. We expect that AMMC will be in a position to issue Eurobonds in the next few years, and have consulted JP Morgan and Citibank in this regard.

GlobalMarkets: What sources of funding does AMMC rely on, and how is this changing?
Khursanov: We use our own funds and credit lines, and of course funding from the Reconstruction and Development Fund of Uzbekistan. As a result of the reforms underway, we have been able to rely more on market funding. In 2020, with our rating from S&P, we were able to obtain our first direct soft loans from Russia's VEB Bank to purchase dump trucks and Russian equipment. AMMC is alsoworking on attracting credit fundsfrom Gazprom Bank, VEB, SocieteGenerale, ICBC Standard Bank,Helaba and other leading banks tofinance development of the Yoshlik I deposit. ●

"Between 2017 and 2020 there have been several Presidential Decrees specifically aimed at improving AMMC's production capacity and efficiency. These will allow AMMC to increase production almost three-fold."

Reforms ready mining sector to reach world-class potential

Uzbekistan boasts some of the world's largest gold, uranium and copper reserves. To capitalise on these riches the government is undertaking a bold reform programme to transform the country's metal and mining industry into a world leader.

By Steven Gilmore

Despite boasting one of the most diversified economies in the region, Uzbekistan's mining and metals sector still contributes a huge share of economic production. The Ministry of Economic Development and Poverty Reduction estimates that mining companies account for 50% to 60% of value added in GDP. Even before the pandemic sent demand for gold soaring, the precious metal represented around 25% of total Uzbek exports. The country was the eight-largest gold producer in 2020, the fifth largest producer of uranium and claims the world's eighth-largest copper reserves. The country's state-owned mining giants play a vital role in reaching new export markets.

But the government recognises that the sector could and should be larger, more efficient and more productive. To this end, the authorities have begun a wholesale transformation that has parallels in other industries like energy. Over the past five years, a steady stream of legal acts has laid out the road ahead for mining and metals. Specific presidential decrees dedicated to overall reform, improving exploration, transitioning to market conditions and attracting international investment have all been published.

Sound regulatory architecture will provide the foundation for sustainable development, and the government is determined to get this right from the outset. Created in 1991, the State Committee for Geology and Mineral Resources (Goskomgeology) holds numerous mineral deposits and is the entity with which most foreign firms have signed joint ventures. But Goskomgeology has now evolved into a regulator with an almost exclusive focus on policy. Many of its deposits are being transferred to the state-owned mining giants, which are themselves being modernised and reformed to function as joint stock companies. A host of smaller exploration entities previously under Goskomgeology have been spun off to form one huge state-owned exploration unit — Uzbekgeologorazvedka. With the help of international consultants and financial institutions, the government hopes to place shares in the new entity with local and international investors in 2025.

Goskomgeology is now dedicated to helping the government improve policy across sustainability, supervision, investment, training and qualifications. Licences and permits are being introduced for the use of groundwater, strategic metals, nonmetallic raw materials and artisanal mining. The European Bank for Reconstruction and Development, Boston Consulting Group and the World Bank all contributed recommendations to a new version of the law "on subsoil". This key piece of legislation will introduce new industry-wide standards, rationalise the use of land through a block system for exploration and reduce royalties and licence payments.

"We have had a practice of production sharing agreement joint-ventures, but we see that many countries are moving to a licence-based allocation for fields," says Bobur Abdinazarov, Deputy Minister of Economy and Poverty Reduction. "We are planning to move to a system where every company — local or foreign — pays the same taxes and the licence fee would vary depending on the field."

The licencing system will be open, transparent and supported by new mechanisms for assigning rights, free access to geological information and the digitization of data. A new online platform "E-auksion" will go live later this year, with the first auctions scheduled for November 30th.

"We will be putting up for auction the rights to 31 geological sites, which will be provided to investors under a licence agreement giving them 100% control over management," says Bobir Islamov, chairman, Goskomgeology.

MOVING UP THE VALUE CHAIN

Exploration is key to identifying new deposits for both domestic and international firms to access, and for estimating the value of existing discoveries. Although state-owned Uzbekgeologorazvedka has a temporary monopoly on exploration, this will not last for long. The government plans to hold competitive tenders for future exploration programmes. Islamov says that new equipment and technology is already allowing exploration at new depths and across wider areas.

"Initial exploration increased 35% in 2019-20, and we've already identified 12 promising new areas," he says. "The foundation is being laid for further increases in the coming years."

There are already a host of successful partnerships between Uzbekistan's state-owned firms and foreign miners. In 2018, Russian company Rosgeoperspektiva agreed to work with Goskomgeology to explore for copper and gold. In 2019, French firm Orano formed a joint venture with Goskomgeology to work on Uranium mining. The Japan Oil, Gas and Metals National Corporation is working on uranium and other metals. Turkish firms are mining for gold and tungsten.

"At present there are more than $600m worth of projects involving international mining firms underway," says Islamov. "There are projects in the discussion stage where the investment portfolio exceeds $1bn."

The government is by no means relying on international firms to ensure more efficient and productive activity across the sector. Shifting towards value-added production and processed products is a key part of the industry's growth. The government recently announced plans for a new value-added copper industry cluster, which will be followed in the future by similar clusters for other strategic minerals and metals.

In many ways, the project represents industry reform in microcosm. The cluster will use new types of equipment and technology, it will take advantage of fresh regulatory standards and new interactions between science and manufacturing. Foreign consultants and advisors will help prepare a draft concept, and there is great scope for foreign manufacturers and investors to take part.

The country's copper miner — Almalyk Mining and Metallurgical Combinat (AMMC) — has a huge role to play in the cluster. AMMC is working to dramatically improve processing of cathode copper, which will be the only raw material for all high value-added finished products in the country. The complex is already engaged in deep processing of cathode copper to produce pipes, wire and enamel wire.

Photo courtesy of © Navoi Mining and Metallurgical Combinat

"Working on rare and hard alloys will require new scientific and technological facilities in the cluster," says Abdulla Khursanov, chairman, AMMC. "Almalyk has a pipeline of 19 investment projects totalling over $75m."

AMMC is studying the potential for producing copper products for electric motors and graphite brushes. Longer term plans include producing the types of copper cable products used in electric vehicles and components in renewable energy engineering. The search for new value chains and export opportunities is taking place elsewhere in the metals and mining sector. Goskomgeology is working with state-owned lender Uzpromstroybank and the country's building materials association on a strategy to develop building materials for domestic use and a value-added production chain focussed on exports.

"With the advent of new technologies there is wild demand for metals and our challenge is to take advantage of these new opportunities," says Islamov.

Uzbek firms have long been regular attendees at international exhibitions and conferences, seeking to highlight their production quality to new markets. Increasingly, they are working with industry bodies and exchanges to secure accreditation. After many years of attending the London Metal Exchange (LME) Week, AMMC is now in talks with the LME to earn a brand A designation for copper.

"This will expand our sales reach," says Khursanov. "We are also going to participate in LME auctions and use their financial instruments for hedging."

BUILDING SELF-RELIANCE

When it comes to developing the cluster project, although the government will negotiate contracts with foreign firms, the cost of developing the cluster will be covered by AMMC and other state-owned companies like Navoi Mining and Metallurgical Combinat (NMMC). As newly incorporated joint stock companies, the mining giants are moving away from a reliance on state funding. AMMC received its first credit rating from S&P Global in 2020, and is hoping to open credit lines with several European lenders. An IPO is scheduled for 2023 and the capital markets will offer yet another funding option.

"Taking into account the need to finance investment projects as well as the great interest in the complex from foreign investors and businesses, we expect to successfully issue Eurobonds in the next few years," says Khursanov.

In order to make the company more attractive to foreign capital AMMC has worked with potential investors, international financial institutions and SRK Consulting. This has allowed the complex to recalculate the reserves of key deposits including the huge copper sites at Kalmakyr and Yoshlik-I. Preparation for an IPO has meant shifting to modern standards of accounting, financial reporting and auditing with help from some of the 'big four' accounting firms.

NMMC is going through a similar corporate conversion. Despite being one of the largest gold producers in the world, the combinat is also a major uranium producer. On the one hand, the country's deep deposits of uranium ore will allow it to create a thriving domestic nuclear power industry. On the other hand, the uranium operation has made it hard for NMMC to attract foreign investors only interested in gold. In addition, NMMC and AMMC have a large number of non-industrial assets and facilities that they are responsible for, which makes their products more expensive and again hampers outside investment.

"Privatising the big mining complexes is a complicated process," says Karen Srapionov, partner at Avesta Investment Group. "These complexes are like entire cities. You have social assets like kindergartens, housing, or even a football team. All this needs to be assessed and separated before an IPO."

The mining giants are also reconsidering what ancillary industrial activities should be part of their operations. AMMC, for example, expects to save over $10m a year by constructing a machine-building plant to allow it to produce its own crushers, mills, spare parts and other maintenance products. At the same time, it has scheduled a phased transition to outsource numerous other aspects of its operations — including transport, ICT and repairs — to reduce the costs of finished products.

NMMC's uranium mining operations have already been spun off into a separate entity named Navoiuran. Another entity — Navoi Mining and Metallurgical Combinat Fund — will handle social obligations. That leaves NMMC free to focus on gold mining and attracting international investment through an IPO scheduled for 2023. Like AMMC, the combinat is also looking into Eurobonds and international credit lines to fund its capital intensive projects. NMMC's overarching strategy is a billion dollar investment programme that will boost gold production by 30% between 2016 and 2026.

"McKinsey will be involved in helping NMMC improve operational efficiency and carry out its billion dollar investment strategy," says Kurbanmurat Taparov, NMMC's deputy general director. "UK-based consultant Alvares & Marsal will help NMMC build out an international standard procurement system."

Before AMMC and NMMC conduct their respective IPOs, another mining firm is scheduled to go first. The government plans to conduct primary and secondary share sales for Uzmetkombinat — the country's leading steel maker — in 2022. The sectoral transformation will take years, but the myriad reforms already in place leave no doubts as to the government's commitment. Investors eager for a stake in an industry preparing to reach world-class status will soon be spoilt for choice. GM

Groundbreaking 2021

1) President Shavkat Mirziyoyev lays the corner stone for a new AMMC copper concentrating plant in July. **2)** construction begins in August. **3)** Re-equiping with new mining dump trucks — part of an order with a carrying capacity of 220 tons. **4)** A new rail line is completed from mine to smelter in March. **5)** New industrial water supply pipeline completed in July. **6)** A new reagent is developed in June for the processing of gold and copper ores made from organic mineral ingredients based on local raw materials.

1


2


3


4


5


6


Photos courtesy of © Almalyk MMC JSC and www.president.uz

Kurbanmurat Taparov, Deputy General Director, Navoi Mining and Metallurgical Combinat

EUROBONDS AND IPO TO HELP GOLD PRODUCER BOOST PRODUCTION

GlobalMarkets: What progress has been made in the reform of Navoi Mining and Metallurgical Combinat (NMMC)?

Kurbanmurat Taparov: NMMC is the largest enterprise not just in the industrial sector but the whole country. We account for 14% of all industrial products in Uzbekistan and contribute 22% of the state budget. In 2020, NMMC's gold production reached 79.7 tonnes, ranking us 5th among the world's largest gold producers. The government is keen to reform the metals and mining industry, and has passed three decrees in the last three years. These will introduce a modern corporate governance system, and most importantly create a favorable investment environment for foreign investors.

In line with the decrees, NMMC has become a joint stock company and transferred assets unrelated to gold mining to relevant organisations and local authorities. A 'Big Four' accounting firm carried out the valuation of all NMMC's assets and liabilities. Separate state entities "Navoiuran" and "Fund of Navoi Mining and Metallurgical Combinat" were established to hold property and other non-gold related assets. The fund has been operating as a separate legal entity since June of this year.

> "Foreign investment in NMMC is over three times what it was in 2016. According to the investment programme for 2022-2026, we plan to raise financing of just over $1.54bn. This will bring a further 20% increase in gold production."

GlobalMarkets: Is NMMC gaining any new assets as part of the reform?

Taparov: There are deposits that will be transferred to NMMC. The State Committee for Geology and Mineral Resources has prepared a list of deposits to be transferred and more than 22 were revalued in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). The revaluation work of an additional 10 deposits will be wrapped up this year.

GlobalMarkets: Can you outline some of the investment projects NMMC will be undertaking?

Taparov: In 2017, there was a specific decree to increase NMMC's production of precious metals that covers the period through to 2026. There are 27 major investment projects, which will ultimately increase gold production by 30%. Gold production has already increased by 10% and silver by 45%. In 2020, we held the opening ceremony for the 7-Gidrometallurgical plant, which is part of this investment programme. The plant has the capacity to process 15 million tonnes of technological waste using technology unique in global processing. Capital expenditure on these various projects between 2017 and 2021 totalled $2.4bn. Foreign investment in NMMC is over three times what it was in 2016. According to the investment programme for 2022-2026, we plan to raise financing of just over $1.54bn. This will bring a further 20% increase in gold production.

GlobalMarkets: How will NMMC's approach to financing change as a joint stock company?

Taparov: We plan to use different instruments such as loans from financial institutions and corporate bonds. That way, the funds remaining at NMMC's disposal can be directed to the state budget and used to finance large-scale development projects including social programmes and infrastructure development programmes.

In order to help raise international financing we prepared an ESG development report in accordance with GRI (Global Reporting Initiative) standards with help from Deloitte. A new IFRS-standard accounting policy was developed with help from a 'Big Four' accounting firm, and a fundamentally new corporate structure designed in consultation with international experts.

It is worth noting that from 2020 NMMC's investment projects have been financed through loans taken from international banks. We have entered into unsecured loan agreements totalling $850m with international banks. Raising international financing from banks has been made possible in part by moving to IFRS standard financial reports as part of the transformation process.

GlobalMarkets: What are the next priorities for reform?

Taparov: In the near future we plan to implement several important measures. The main stages of reorganising NMMC into a full-fledged joint stock company are scheduled to finish in October.

In order to increase operational efficiency and create a proper compliance system, we are auditing our procurement and management mechanisms, again with assistance from an international consultants. The combinat will soon introduce a new electronic accounting and financial reporting system that will help improve financial analysis and planning.

The appointment of foreign experts to our supervisory board has been approved, as part of a push to increase the number of qualified specialists. NMMC is working with recruitment consultants to attract additional foreign and local specialists to managerial positions.

We know that introducing modern methods of corporate governance makes the company more attractive to international investors. In addition, raising financing through the placement of securities in order to further develop the company, expand production capacity and create additional job places is a key feature of joint stock companies. NMMC is considering the possibility of issuing Eurobonds in 2022, and next year, in case of favourable conditions and following the issuance, we may place shares through an IPO on an international stock exchange.●


EUROMONEY
PODCASTS
SANCTIONS:
THE MAKERS & THE BREAKERS
Hear two cautionary tales of companies that broke US sanctions
AVAILABLE NOW
LISTEN HERE
euromoney.com/podcasts/treasury-and-turbulence
SUPPORTED BY citi

Long Covid

Continued from page 1

mostly foreign direct investment — declined 15%: a pattern that betokens rising risk.

Over half this money went to China, whose inflows grew 33%. In the rest of the world, foreign investment fell 26%. Over half of IDA countries are in debt distress, or at risk of it. The DSSI eased the burden during the pandemic, but expires at year end.

"The core problem is there is no international bankruptcy process to deal with countries where debt has become unsustainable," said Malpass. The Bank is working with the IMF and G20 to "urge these efforts in future, including involving the private sector".

Some G24 countries want the DSSI extended, but others disagree. "The DSSI just pushes out debt service, it doesn't even reduce it," said Uy. The Common Framework for Debt Treatment is meant to replace it, but needs to be "fast and expeditious", she said. So far only Chad, Ethiopia and Zambia have applied for it.

Malpass criticised overseas aid budgets as "not large enough". The UK is cutting aid by 25% this year.

Countries are negotiating reallocating the $650bn of Special Drawing Rights the IMF issued in August, mostly to rich members.

The IMF is working on a Resilience and Sustainability Trust to channel them. It could give 15-20 year loans, much longer than normal IMF financing.

"The question is how ambitious it will be and whether it can bring in middle income countries as borrowers," said Uy. "Our advocacy is to include them."

Measures such as this are small relative to rich countries' coronavirus responses, but would make a big difference in the developing world.

"The way the recovery process is set up right now by the advanced economies, it concentrates resources at the top end," said Malpass. "The prospects are that this inequality problem is going to extend, and it's getting worse."

Madagascar: with a health system under strain from the Covid-19 pandemic and schools shuttered for the foreseeable future, the health, education, and overall wellbeing of the Malagasy people are increasingly at risk

World Bank

Continued from page 2

sector window that provides subsidised finance to its private sector-focused arms, the International Finance Corporation and Multilateral Investment Guarantee Agency.

"It is not very large at $2.5bn but for us it is a test case of whether the bank has really reconsidered its approach," he says, adding that he wants to see a jobs and economic transformation pillar in the IDA20 programme that will run up to June 2025.

"We're very keen to ensure that, in that component, the bank takes the experience of the past and changes its focus to really supporting local and regional, private sector."

GLOBAL PUBLIC GOODS

But beyond that, there is growing recognition that the bank needs to have a greater role in providing global public goods, such as pandemic preparedness.

An independent panel commissioned by the G20 and co-chaired by WTO director general Ngozi Okonjo-Iweala said earlier this year it should incorporate pandemic prevention, preparedness and response as a core activity alongside climate.

"We must strengthen global governance and mobilise greater and sustained investments in global public goods, which have been dangerously underfunded," it said.

There may, however, be a greatly reduced appetite for "reimagining" how the Bank and Fund operate — especially amid allegations that IMF managing director Kristalina Georgieva interfered with the bank's defunct Doing Business report while she was its CEO.

But as Ahmed says: "It is essential that this issue does not distract from the urgent, consequential, and substantive agenda on which the annual meetings must make progress."

Georgieva

Continued from page 1

and on the credibility side."

Georgieva said it had been a "difficult episode" but did not talk about the impact on her role, saying: "Trust and integrity are the cornerstones of the multinational organisations that I have faithfully served for more than four decades."

'GENTLEMEN'S AGREEMENT'

The debate over her job has also revived longstanding complaints from emerging and developing countries that the top IMF job always goes to a European as part of a "gentleman's agreement" that a US citizen takes the helm at the World Bank.

Ahead of Georgieva's selection in 2019, the fund officially adopted an "open, merit-based, and transparent process". However, that was not tested as only one candidate was put forward. A selection for her replacement would have led to calls for a fully open process.

Paul Cadario, a fellow at the Munk School of Global Affairs and Public Policy at the University of Toronto who knew Georgieva when they were both at the World Bank, said that was the reason Georgieva's ouster was never likely.

Her ejection would have required leaders in the United States, Europe and other advanced economies, which hold more than half the votes on the executive board, to sanction a new selection process. "There's no bandwidth in Washington or in Europe," he told *GlobalMarkets*.

The Biden administration is struggling to avert a default on US debt while also striving to push through two fiscal stimulus bills totalling $4.7tr, while Germany's finance minister Olaf Scholz is working in putting together a coalition after his narrow election victory.

Civil society groups that have long campaigned for wholesale governance reform at both the Bank andFund will step up the pressure. Luiz Vieira, co-ordinator of the Bretton Woods Project network, said he wanted to see an end to the "gentleman's agreement". "One of the key things is to base the leadership selection on actual merit, rather than nationality," he said.

Other reforms that BWP and partners are demanding are greater representation of borrowers on the executive boards of both the Fund and the Bank, and economic research hubs that are immune from geopolitical interference.

"The World Bank's and IMF's research and policy framework are not well insulated from geopolitical influences," he told *GlobalMarkets*.

Sobel at Omfif said US and European leadership of the Bank and IMF had at times been "less than stellar". "The US and Europe could commit to ending the duopoly at this year's annual meetings, opening up these jobs to the world," he said. "Imagine a future IMF run by the globally respected Singaporean senior minister Tharman Shanmugaratnam."

While European powers and powerful emerging economies including China and Russia had backed Georgieva, the US has indicated it will continue to monitor 'her performance'.

In a statement US Treasury Secretary Janet Yellen said she told Georgieva in a phone call that the report into the data-rigging allegations raised legitimate issues and concerns. "The US believes proactive steps must be taken to reinforce data integrity and credibility at the IMF," Yellen said.

The executive board said it would support Georgieva in maintaining the "highest standards of governance and integrity" in the data, research and operations of the IMF. It now plans to meet to consider "possible additional steps" to ensure the strength of institutional safeguards in these areas.

Polexit

Continued from page 4

referring to the German leader stepping down after almost 16 years in power.

The immediate consequences are severe enough, however, that Poland's neighbours who might empathise will likely be deterred. Its 10 year government bond yields are climbing sharply — 25bp in the last week. A CEE portfolio manager said that the clash with the EU would be "bad for Polish asset prices".

The EU Commission also has a great deal of leverage. Poland submitted its national recovery and resilience plan to the EU Commission in May. Most countries have already had their plans approved and many have received pre-financing from the EU. Poland's plan is unlikely to be ratified until the Commission has wrangled the legal implications of the Polish court verdict thoroughly.

That jeopardises €24bn of grants and €12bn of loans earmarked for Poland under the EU's recovery and resilience facility. EU funding can be held back from member states if they do not adhere to rule of law. Hungary and Poland challenged this mechanism in the European Court of Justice on Monday.

Should Poland's EU membership end, the country would stand to lose around €70bn that it would have received in EU Cohesion policy funding over the next five years.

GlobalMarkets

GLOBALMARKETS MANAGING EDITOR
Toby Fildes
toby.fildes@globalcapital.com
+44 20 7779 7327

ASSOCIATE EDITOR
Phil Thornton

REPORTERS
Steven Gilmore
steven.gilmore43@gmail.com
Jon Hay
jon.hay@globalcapital.com
Lewis McLellan
lewis.mclellan@globalcapital.com
Oliver West
oliver.west@globalcapital.com

CONTRIBUTING EDITOR
Duncan Kerr

PRODUCTION EDITOR
Vicki Robinson

SENIOR OPERATIONS MANAGER
Barbara Fertalova

HEAD OF VISUALS
Gerald Hayes

GROUP PUBLISHER
Margaret Varela-Christie
margaret.varela-christie@euromoneyplc.com
+44 207 779 8385

SENIOR BUSINESS DEVELOPMENT MANAGER
Ashley Hofmann
ahofmann@globalcapital.com
+44 2077798740

SENIOR BUSINESS DEVELOPMENT MANAGER
Daniel Elton
delton@euromoneyplc.com
+44 2077797305

RUSSIA & CIS PUBLISHER
Alex Korol
akorol@euromoney.com
+7 903 720 8050

CENTRAL ASIA PUBLISHER
Mine Hekimoglu
minehekimoglu@aol.com
+90 5324131686

PUBLISHER, MIDDLE EAST & TURKEY
Adil Jilla of MEIAC
a.jilla@meiac-uk.com

ASSOC. PUBLISHER, MIDDLE EAST & TURKEY
Kaersi Jilla of MEIAC
k.jilla@meiac-uk.com
(UK): +44 (0) 797 384 310 (Dubai): +971 4 4548690

SENIOR ADVISOR
Christopher Garnett
cg@chutecourt.com
+447710306856

CEO, FINANCIAL & PROFESSIONAL SERVICES DIVISION
Jeff Davis

CEO, NEXTGEN PUBLISHING
Isaac Showman

MANAGING DIRECTOR, MARKET INTELLIGENCE
Timothy Wakefield

MANAGING DIRECTOR, ACCREDITATION AND MARKETING SERVICES
Guy Cooper

VP REVENUE AND COMMERCIAL STRATEGY
Tom St Denis

COMMERCIAL DIRECTOR, BANKING AND CORPORATE
Richard Lee

SENIOR MARKETING MANAGER, CLIENT SOLUTIONS
Christopher Erasmus

HEAD OF EDITORIAL DEVELOPMENT, NEXTGEN
Mariana Valle

From the publishers of
GlobalCapital

GlobalMarkets s a publication of:
Euromoney Institutional Investor PLC
8 Bouverie Street, London,
EC4Y 8AX
Telephone: +44 (0)20 7779 8888

EUROMONEY INSTITUTIONAL INVESTOR PLC
Chief executive: Andrew Rashbass
Directors: Leslie Van de Walle (chairman), Andrew Rashbass (CEO), Wendy Pallot (CFO), Jan Babiak, Colin Day, Imogen Joss, Lorna Tilbian, Tim Pennington

What's happening Wednesday, October 13

Click here to go straight to the latest IMF ANNUAL MEETING 2021 VIRTUAL schedule

All times EST

©IMF/Hristo Rusev

6:30 AM –7:00 AM
Governor Talk: **South Africa: The Challenges of Post-Covid Recovery**

7:00 AM – 7:45 AM
IMF Press Briefing: Fiscal Monitor
Moderator: **Ting Yan**, Communications Officer, IMF
Speakers: **Vitor Gaspar**, Director, Fiscal Affairs Department, IMF; **Paolo Mauro**, Division Chief, Fiscal Affairs Department, IMF; **Paulo Medas**, Division Chief, Fiscal Affairs Department, IMF

8:15 AM – 9:00 AM
2021 Annual Meetings Opening Press Conference
Speakers: **David R. Malpass**, President, World Bank Group;

9:00 AM – 9:30 AM
Governor Talk: **Bangladesh: Bangladesh and Regional Insights – A Path Towards Recovery**
Moderator: **Changyong Rhee**, Director, Asia and Pacific Department, IMF
Speaker: **Fazle Kabir**, Governor of Bangladesh Bank

9:00 AM – 9:45 AM
IMF Managing Director Press Briefing on the Global Policy Agenda
Moderator: **Gerry Rice**, Director, Communications Department, IMF
Speaker: **Kristalina Georgieva**, Managing Director, IMF

1:00 AM – 11:45 AM
Analytical Corner Session 2: **Inequality**
• ***Informality and Development in North Africa***
Speaker: **Hippolyte Balima**, Middle East and Central Asia Department, IMF
• ***Epidemics, Gender, and Human Capital***
Speakers: **Carine Meyimdjui**, Strategy Policy and Review Department, IMF
Diego Gomes, Strategy Policy and Review Department, IMF
Presenters in Q&A: **Stefania Fabrizio**, Strategy Policy and Review Department, IMF; **Marina M. Tavares**, Research Department, IMF;
• ***Measuring Inequality in Real Time Using Big Data***
Speaker: **Ting Lan**, Statistics Department, IMF

1:00 PM – 1:45 PM
IMF Seminar: **Countdown to COP26: A Keynote Conversation**
Speakers: **Kristalina Georgieva**, Managing Director, IMF; **Alok Sharma**, President for COP26, Minister of State at the UK Cabinet Office

Don'tMiss

Click here for the latest schedule

2021 IIF Annual Membership Meeting Live Stream

SUSTAINABLE ECONOMIC GROWTH AND FINANCIAL STABILITY IN A DIVERGING, DECARBONIZING, DIGITIZING, INDEBTED WORLD