



# INTERNATIONAL MONETARY FUND

Caucasus, Central Asia, and Mongolia

Regional Capacity Development Center



DEVELOPMENT PARTNERS: ASIAN DEVELOPMENT BANK | CHINA | EU | KOREA | POLAND | SWITZERLAND

MEMBER COUNTRIES: ARMENIA | AZERBAIJAN | GEORGIA | KAZAKHSTAN | KYRGYZ REPUBLIC | MONGOLIA | TAJIKISTAN | TURKMENISTAN | UZBEKISTAN

## CCAMTAC - Regional Research Seminar Series

### “Drivers of Inflation in the Caucasus and Central Asia”

May 29, 2025

#### Introduction and moderation:

**Mr. Nurdaulet Abilov**, Economist, CCAMTAC

#### Presenters:

**Mr. Nasir Rao**, Economist, Middle East and Central Asia Department, International Monetary Fund

#### Interventions:

**Mr. Alisher Tolepbergen**, Chief Specialist-Analyst, Monetary Policy Department, National Bank of Kazakhstan

**Ms. Maryhonum Tangriberdieva**, Lead Specialist, Macroeconomic Policy Department, Ministry of Economy and Finance of Uzbekistan

In a recent research seminar, IMF experts and authorities gathered to discuss the pressing issue of inflation in the Caucasus and Central Asia (CCA). The seminar featured a key presentation from Nasir Rao of the IMF, and interventions from Alisher Tolepbergen from the National Bank of Kazakhstan, and Marykhonum Tangriberdieva from the Ministry of Economy and Finance of Uzbekistan, aimed to uncover the intricate drivers of inflation in the region.

Mr. Nasir Rao opened the seminar by highlighting the critical importance of understanding inflation, not only for maintaining macroeconomic stability but also for fostering inclusive and sustainable economic growth. He pointed to recent global shocks such as the COVID-19 pandemic, surging commodity prices, and geopolitical uncertainties as pivotal factors influencing inflation dynamics. Nasir explained that these shocks have exacerbated existing vulnerabilities within the CCA economies, leading to higher inflation rates and increased uncertainty in price stability.

The presentation centered on empirical evidence drawn from a comprehensive analysis of inflation trends in the CCA, utilizing methodologies such as the augmented Phillips curve, panel VAR models, and local projection methods. His findings revealed a striking persistence in inflation across the region, with historical data showing that inflation rates tend to remain elevated due to both domestic factors — such as inflation expectations — and external



# INTERNATIONAL MONETARY FUND

Caucasus, Central Asia, and Mongolia

Regional Capacity Development Center



DEVELOPMENT PARTNERS: ASIAN DEVELOPMENT BANK | CHINA | EU | KOREA | POLAND | SWITZERLAND

MEMBER COUNTRIES: ARMENIA | AZERBAIJAN | GEORGIA | KAZAKHSTAN | THE KYRGYZ REPUBLIC | MONGOLIA | TAJIKISTAN | TURKMENISTAN | UZBEKISTAN

influences, particularly global price fluctuations. He emphasized that inflation expectations are crucial, as they can self-perpetuate inflationary pressures if left unchecked.

Nasir also discussed the role of central banks in managing inflation, arguing that while they have taken significant steps by increasing policy rates in response to inflationary pressures, the effectiveness of these measures can be undermined by structural rigidities in the economy. He emphasized the importance of a more proactive stance by enhancing communication strategies to anchor inflation expectations and to consider broader economic reforms that address supply-side constraints.

Mr. Alisher Tolepbergen contributed to the discussion by emphasizing the challenges that arise from treating the CCA economies as a homogeneous group. He argued that individual countries experience unique inflation dynamics and suggested that a more nuanced approach is necessary. Alisher highlighted the importance of exploring the sources of inflation persistence, pointing to potential fiscal discipline as a critical factor. By integrating fiscal variables into the analysis, he suggested that policymakers could better understand the underlying causes of inflation and develop more effective strategies to address them.

Ms. Marykhonum Tangriberdieva further enriched the conversation by focusing on the specific context of smaller open economies like Uzbekistan. She noted that external drivers play a crucial role in shaping inflation in these countries, making it imperative to consider the impact of global economic conditions. Additionally, Marykhonum raised concerns about the challenges posed by regulated prices, which complicate efforts to control inflation. She proposed that future research should delve into the implications of transitioning to inflation-targeting regimes and examine the effects of government spending on inflation dynamics.

The seminar concluded with a consensus on the need for effective monetary policies that account for both external shocks and internal economic realities. The participants agreed that a deeper understanding of inflation's persistence and the development of robust policy frameworks are essential for navigating the challenges ahead.

Overall, the seminar illuminated the multifaceted nature of inflation in the CCA, highlighting the importance of continued research and collaboration among policymakers to devise effective strategies for inflation control and economic stability.