Public Debt Management Office of the Year CEE

Bülent Aksu Bey

Turkey, Deputy Minister, Turkish Treasury

Turkey has been forced to grapple with difficult economic conditions over the past year. Through it all, the debt management office has been a rock of professionalism. August 2018 brought one of the sharpest and most severe currency crises in Turkey's history. Despite this, it returned to the debt market in October, raising $2bn with a five year bond.

Had Turkey been too aggressive in its attempt to keep its interest rate burden down, investors might have rebelled, shutting the country out of the international debt market, and sending its bonds into a spiral as it scrambled for cash. As it was, Turkey showed that investors were prepared to lend it money and, in doing so, opened a path for Turkey's banks and agencies to return to the market as well.

Turkey's difficulties did not end in August. Investors around the world were puzzled by the central bank's decisions on monetary policy and its reluctance to raise rates to combat inflation. Diplomatic relations with the US became strained, thanks to Turkey's decision to purchase the S-400 missile system from Russia, which resulted in Turkey's expulsion from the F-35 programme.

Despite the frosty diplomatic backdrop, Turkey went from strength to strength in the bond market, returning for euros in November 2018 and raising a combined $6.7bn in 2019, tapping euros, dollars and the sukuk markets.

Throughout a period of remarkable volatility, Bülent Aksu Bey and his team have shown an unerring instinct for knowing how investors will react, enabling them to make use of the best available windows to fund. —*Lewis McLellan*

Finance Minister of the Year, CEE

DJAMSHID KUCHKAROV, UZBEKISTAN

A strong record of steering sometimes unpopular reforms while delivering results

"When liberalising the FX rate, or improving statistical disclosure, it's a pleasure — everyone is happy about it" — Kuchkarov

Jamshid Kuchkarov has been a steady hand on the tiller during what has been one of the most rapid programmes of economic liberalisations in recent memory. After years spent held back by the strictures commonly left behind in former Soviet states, Kuchkarov was trusted by the reformist President Mirziyoyev to manage the liberalisation of the currency markets, a lightening of trade restrictions, and the country's international bond market debut.

Some reforms have come easily. "When liberalising the FX rate, or improving statistical disclosure, it's a pleasure — everyone is happy about it," says Kuchkarov.

But the government has also taken aim at Uzbekistan's somewhat bloated array of state-owned enterprises, with an eye to preparing them for privatisation and ensuring their regulatory functions are separate from their business roles.

Kuchkarov says the changes are necessary both for efficiency and transparency, but that does not mean they are always popular. "When restructuring companies, particularly energy companies, sometimes that involves the removal of subsidies and increases energy prices. There are different opinions on this — some in support, some against."

Managing the response and ensuring the goodwill of the people is, for the government, just as important a task as ensuring fiscal and macroeconomic stability. "One of our main responsibilities is to engage with the media in all sorts of ways to promote a better understanding of the necessity of the reforms and the benefits they'll bring," says Kuchkarov.

The reduction of income tax to a flat rate of 12% is a popular measure, but quite apart from that, Kuchkarov says that the decision is key to "stimulating Uzbekistan's value chain".

GDP growth is steady — above 5% — rather than the dynamic and volatile heights of the early 2010s, but forecasts are for this to increase in the next few years.

But in spite of the high ambitions of the reform programme, the country is running only a small budget deficit — something that provides the international investment community with confidence as they analyse the credit of one of the newest entrants to global capital markets. — *Lewis McLellan*

Central Bank Governor of the Year, CEE

YAKIV SMOLII, UKRAINE

Firm stance on monetary policy starts to bring down inflation — now for economic growth targets

"Our baseline strategy envisages the key policy rate decreasing to 8% over the coming years"—Smolii

In countries with less disciplined central banks, Ukraine's recent election cycle might have disrupted monetary policy. The election of President Zelensky and his Servant of the People party in parliament was one of Ukraine's most dramatic political upheavals in recent memory.

While there was certainly incentive for the struggling incumbent to cajole some easing-fuelled economic growth from the National Bank of Ukraine, Governor Yakiv Smolii remained firm, keeping interest rates high to combat inflation. "We managed to stay away from politicking, maintain our independence, and continue working on ensuring price and financial stability, no matter what," says Smolii.

The global economy appears to be entering a period of slowing growth and high uncertainty. Smolii sees "the risk of a global crisis" ahead. "The trade conflict between the two largest economies in the world… caused global demand to slow in September and worsened conditions for Ukrainian exporters," says Smolii. However, he highlights "growing consumer demand and record growth in grain yields in Ukraine" as reasons for optimism around Ukraine's growth.

Thanks to the NBU's tight monetary policy, inflation started heading downwards for the first time in five years in 2018. The NBU expects it to hit the 5% target by the end of 2020, and began to cut policy rates earlier this year, lowering it by 3.5 percentage points to 16.5%. "Our baseline strategy envisages the key policy rate decreasing to 8% over the coming years," says Smolii, although he acknowledges this will "depend on both internal and external risks."

He also highlights that "if the pace of structural reforms increases, the NBU could cut the key policy rate more quickly".

With inflation coming under control once more, Smolii wants to work with the government to achieve the ambitious economic growth targets the finance ministry has laid out. "The NBU stands ready to support the economic policy of the government, including expanding businesses' and citizens' access to significantly cheaper financial resources," provided this does not conflict with the "attainment of price and financial stability". — *Lewis McLellan*