

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Small and Medium Sized Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	122-0131
Status:	Continuing
Planned FY 2006 Obligation:	\$1,950,000 FSA
Prior Year Unobligated:	\$1,794,000 FSA
Proposed FY 2007 Obligation:	\$2,069,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: USAID's program to improve the business environment for the growth of small and medium enterprises includes training and technical assistance to increase opportunities for business information, knowledge, and skills; to support more responsive financial institutions, instruments, and markets; and to improve the implementation of laws and regulations.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$20,000 FSA, \$120,000 FSA carryover). USAID will work on building the capacity of local non-government entities involved in economic analysis and advice, including economics universities and think tanks. Principal contractor/grantee: Bearing Point (prime).

Improve Private Sector Competitiveness (\$985,000 FSA, \$562,358 FSA carryover). USAID will shift its work in the area of Small and Medium Enterprise (SME) development from firm-level assistance to strengthening local business service providers to increase the competitiveness of Uzbekistan's SMEs. Future work will entail provision of technical assistance to non-government SME support institutions, professional business associations, and the private sector, including agribusiness. USAID will support implementation of International Financial Reporting Standards through increased sustainability of the professional certification program and professional accounting associations, to improve transparency and competitiveness of SMEs. Principal contractors/grantees: to be determined (TBD) (primes).

Improve Quality of Workforce through Vocational/Technical Education (\$240,000 FSA carryover). USAID will improve the quality of business and economics education at the high-school level. Principal contractor/grantee: TBD (prime).

Increase Trade and Investment (\$455,000 FSA, \$303,000 FSA carryover). USAID will provide assistance to implement reforms required for liberalizing Uzbekistan's trade regime and increased participation in the global economy. Pending notwithstanding authority to work with the Government of Uzbekistan, this assistance will include support to draft new legislation and amend existing legislation required for Uzbekistan's accession to the World Trade Organization (WTO). Principal contractor/grantee: TBD (prime).

Strengthen the Financial Services Sector and Increase Access to Capital (\$490,000 FSA, \$569,027 FSA carryover). USAID will continue to strengthen the capacity of non-bank financial institutions to provide financial services to micro and small entrepreneurs on a sustainable basis. Special attention will be given to expanding services to rural areas. Principal contractors/grantees: World Council of Credit Unions, Inc. (prime), TBD (prime), and TBD (prime).

FY 2007 Program:

Improve Private Sector Competitiveness (\$1,109,000 FSA). Further support will be provided to expand opportunities for businesses to grow and become more competitive. USAID will continue its work on accounting reform. Principal contractors/grantees: TBD (prime) and TBD (prime).

Increase Trade and Investment (\$500,000 FSA). USAID will continue assistance in implementation of reforms required for liberalization of Uzbekistan's trade regime and increased participation in the global economy. Principal contractor/grantee: TBD (prime).

Strengthen the Financial Services Sector and Increase Access to Capital (\$460,000 FSA). USAID will also support further expansion of access to finance for micro and small entrepreneurs through non-bank financial institutions and, possibly, local commercial banks. Principal contractors/grantees: Bearing Point (prime) and TBD (prime).

Performance and Results: USAID's WTO Advisor consistently receives requests from the Government of Uzbekistan agencies for input and assistance on various WTO accession aspects; however, due to restrictions on central government assistance, unless and until notwithstanding authority is granted, our projects can only focus on advising non-government entities and the private sector. Restrictions on central government assistance caused the Economic Policy Reform Project to shift its focus to identifying and supporting non-government think tanks, universities, and other independent entities that have potential to influence economic policymaking and to promote public dialogue. However, barely two months into the project, the May unrest in Andijan erupted, and the expatriate advisor had to be evacuated, leading to the cancellation of several activities.

Credit unions continued to experience strong growth, despite extremely tight government-imposed cash controls. Total assets of credit unions grew from \$2,260,644 to \$6,768,363, or almost 200%; membership from 8,980 to 27,338 (over 200%); and loan portfolio from \$1,883,122 to \$5,766,344 (205%). USAID-supported microfinance institutions continue to post robust growth, including one in Andijan.

The Enterprise Development Project local business advisors provided assistance to 119 firms, with recommendations in the areas of strategic planning, financial management, marketing, and human resource management. Implementation of changes over the year led to an increase in sales by 57% and in productivity by 59%. With USAID support and implementation, also through the Enterprise Development Project, the Russian language Certified International Professional Accountant Program continued to grow in demand and move incrementally toward sustainability. This year, 221 accountants passed the three exams necessary to become Certified Accountant Practitioner (CAP) certified, surpassing FY 2005's anticipated target of 150 and bringing the total number of CAP certified accountants to 580.

USAID terminated its Business and Economic Education Project in Uzbekistan due to non-performance, management problems, and lack of prospect for results given government control over university administration.

By program's end, it is expected that entrepreneurs will have greater access to credit, and microfinance institutions will have increased capacity to provide services on a sustainable basis. Think tanks and universities will be better equipped to conduct policy-relevant research.

US Financing in Thousands of Dollars

Uzbekistan

122-0131 Small and Medium Sized Enterprises	FSA
Through September 30, 2004	
Obligations	19,072
Expenditures	13,664
Unliquidated	5,408
Fiscal Year 2005	
Obligations	5,408
Expenditures	5,902
Through September 30, 2005	
Obligations	24,480
Expenditures	19,566
Unliquidated	4,914
Prior Year Unobligated Funds	
Obligations	1,794
Planned Fiscal Year 2006 NOA	
Obligations	1,950
Total Planned Fiscal Year 2006	
Obligations	3,744
Proposed Fiscal Year 2007 NOA	
Obligations	2,069
Future Obligations	5,190
Est. Total Cost	35,483