

Data Sheet

USAID Mission:	Uzbekistan
Program Title:	Small and Medium Sized Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	122-0131
Proposed FY 2004 Obligation:	\$6,086,000 FSA
Prior Year Unobligated:	\$480,000 FSA
Proposed FY 2005 Obligation:	\$5,100,000 FSA
Year of Initial Obligation:	2001
Year of Final Obligation:	FY 2006

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

Inputs, Outputs, Activities:

FY 2004 Program:

Business Skills and Information (\$3,165,000 FSA, \$184,501 FSA carryover). USAID's Enterprise Development Project will deliver business, consulting, and trade advisory services to approximately 120 client firms in the regions surrounding Tashkent, Ferghana City, and Andijian. As a result of this assistance, client firms' sales, on average, will increase by 18% with a 10% increase in productivity. The project will also continue training, testing and certifying accountants in International Accounting Standards. It is expected that 110 Uzbek accountants will earn the Certified Accounting Practitioner designation and an additional 24 will earn the advanced Certified International Professional Accountant designation. Additionally, USAID and the Israeli Center for International Cooperation (MASHAV) will provide expert consultants for agribusinesses. Principal contractors/grantees: Pragma Corporation (prime) and MASHAV (prime).

To raise the level of business and economics education, USAID will continue providing support to strengthen the quality of higher education and thus better prepare youth to enter and compete in a market economy. The program will train professors in modern business and economics, and work with administrators at higher education institutions to build capacity and develop economics and business programs that meet international standards. USAID, in partnership with Junior Achievement International, will provide business and economics training to middle and high school teachers and build administrative capacity in the local chapters of Junior Achievement by developing plans to reach sustainability. Principal contractors/grantees: Carana Corporation (prime) and Junior Achievement International (prime).

Access to Capital (\$1,871,000 FSA, \$295,721 FSA carryover). USAID will continue working with the Central Bank of Uzbekistan to regulate accounting practices at commercial banks through adoption of international accounting standards. Training in modern accounting will also be conducted for commercial bankers, which will help prepare banks for privatization. Depending on the pace of currency convertibility, training will be provided to the banks on analysis and management of exchange rate risks. Principle contractors/grantees: Abt Associates (prime) and BearingPoint (sub).

Improve the Implementation of Laws and Regulations (\$1,050,000 FSA). USAID will continue work with associations and government to reduce trade barriers on the local and national level through its offices in Tashkent and the Ferghana Valley. Offices in the Ferghana Valley will bring businesspeople and local government officials together from Uzbekistan, Kyrgyzstan, and Tajikistan in order to improve cross-border trade in the valley. The project will also assist Uzbekistan's World Trade Organization (WTO)

accession efforts by reviewing existing legislation and helping draft amendments to make it WTO-compliant. Principal contractors/grantees: Pragma Corporation.

USAID will start a land reform project this year in response to the government's declaration of interest in giving farmers greater tenure rights and to further privatizing the state agricultural sector. The project will provide technical legal assistance to the Ministry of Agriculture to assist in the development of implementing procedures. Principal contractor/grantee: Associates in Rural Development, Inc.

USAID will continue its work with four macroeconomic think tanks to improve their research methodology and economic analysis capabilities, and therefore better inform public policy. Principal contractor/grantee: Abt Associates (prime) and BearingPoint (sub).

FY 2005 Program:

Business Skills and Information (\$2,160,000 FSA). USAID will continue delivering advisory services and training with a particular focus on the implementation of accounting standards in client businesses. There will be efforts to find synergies between the project and the Resource Network for Economics and Business Education (EdNet) to build local consulting capacity through academic institutions. Principal contractor/grantee: Pragma Corporation (prime).

Access to Capital (\$1,520,000 FSA). Technical assistance to micro-finance institutions and credit unions will emphasize sustainability. Assistance to the Central Bank will shift focus from accounting standards to improving its supervision practices, and will begin with a Basel Core Principles assessment and follow with an action plan. Principal contractors/grantees: Abt Associates (prime) and BearingPoint (sub).

Improve the Implementation of Laws and Regulations (\$1,420,000 FSA). USAID will continue its work on improving cross border trade in the Ferghana Valley. Funds may also be used to assist in improving the tax code, which would involve reviewing the code and drafting necessary amendments. Principal contractor/grantee: Pragma Corporation (prime).

Performance and Results: USAID delivered assistance in areas such as microfinance and savings and credit unions, as well as building institutional capacity. USAID completed its pilot testing of credit unions and is now expanding support to other underserved regions. The program now supports eight credit unions, which have a client base in excess of 5,000. A microfinance institution in Andijian built a loan portfolio and client base that has grown significantly in recent months and is currently at \$139,000 and 796 persons. A new product to fund the expansion of greenhouses was launched and has already made 107 loans worth approximately \$36,000, and reached nearly 200 clients with loans totaling \$100,000 in 2003. Over 52 trade deals worth more than \$3.7 million were made with the assistance of USAID trade advisors. Finally, cooperation with four economic policy think tanks has produced several important analyses to inform policy decisions, including a study on the burden of taxation on SMEs. These think tanks are also informing the currency liberalization process and publishing difficult-to-obtain economic data, and are expected to provide new opportunities to assist Uzbekistan transition to a market economy.

By program's end, Uzbekistan will be well-equipped to carry out sorely needed economic reforms in key areas, including banking supervision and fiscal reform. In addition, improvements in the financial sector and a legal and regulatory environment that is favorable to small and medium enterprise (SME) development will ensure a vigorous small business sector, which is key to Uzbekistan's economic development. Entrepreneurs will have the business skills and information to take advantage of increased economic opportunities.