



# The Effects of Reform on the Development of Business Entities in Uzbekistan

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**Abstract:** This article discusses the ongoing reforms in the financing of business projects in Uzbekistan and its practical results. Today, there are proposals and recommendations for the radical development of business entities and the development and financing of new projects in this area.

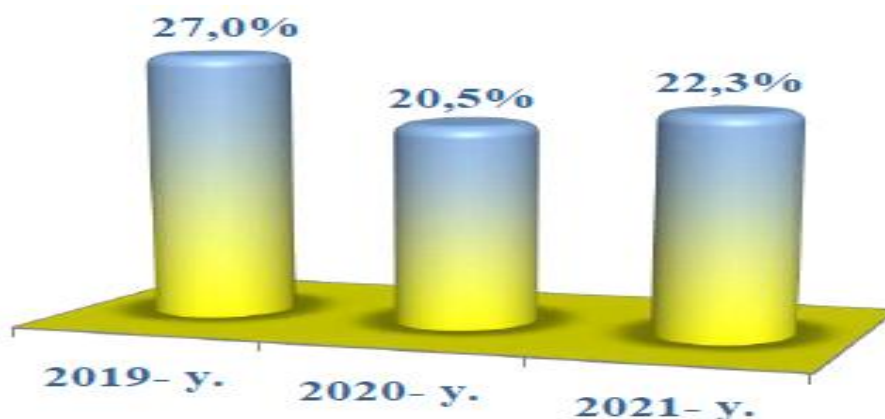
**Keywords:** private entrepreneurship, small business, venture financing, economic reform.

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**Introduction.** As a result of economic reforms in our country, favorable conditions are created for doing business. Today, the simplification of excessive bureaucratic and administrative procedures for doing business serves to increase the number of entrepreneurs in the country.

As part of the ongoing reforms in the financing of projects of business entities in Uzbekistan, the President of the Republic of Uzbekistan No. PP-5268 dated 27.10.2021 on measures "was adopted. According to him, the provision of long-term loans to businesses, reducing their currency risks, as well as a direct study of the problems and proposals of entrepreneurs and the main directions of further development of entrepreneurship In order to reduce the currency risks of the projects, it is planned to transfer loans in foreign currency in the amount of up to \$ 1 million to the national currency.



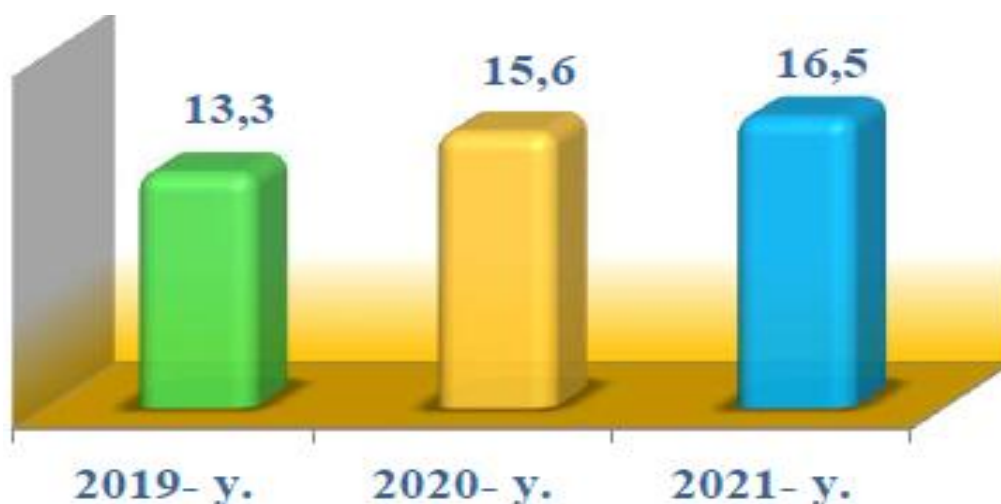
**Figure 1. Small business entities in January-December 2021  
export of goods (works and services)<sup>1</sup>**

<sup>1</sup>Data of the State Statistics Committee of the Republic of Uzbekistan - 2022.

**Analysis and results.** The equivalent of business entities that have agreements on the provision of current compensation for the transfer of loans in foreign currency from commercial banks to the national currency exceeds the base rate of loans with an interest rate not exceeding 1.75 times the base rate of the Central Bank, but not more than 5 percentage points, to be compensated by the State Fund for Entrepreneurship Support to cover interest expenses.

In January-December 2021, the volume of exports of goods (works and services) by small businesses amounted to 3711.2 million US dollars or 22.3% of total exports. In January-December 2021, the largest share of the total number of newly established small enterprises and micro-firms in the regions is Tashkent - 16.2%, Samarkand region - 10.9%, Kashkadarya region - 9.6%, Fargh. The share of the native region was 9.2%, Tashkent region - 7.9%, Andijan region - 7.2%, Bukhara region - 6.5% and Namangan region - 6.5%.

Decree of the President of the Republic of Uzbekistan No. PF-5975 of March 26, 2020 "On measures to radically update the state policy on economic development and poverty reduction" and "On economic development and poverty reduction in the Republic of Uzbekistan" On the organization of the Ministry and its system organizations "No. PP-4653 of March 26, 2020," On additional measures to improve the system of involvement of the population in entrepreneurship and the development of entrepreneurship "13 March 2020 Decisions No. PQ-4862 of October.



**Figure 2. Small business operating in the Republic of Uzbekistan  
number of subjects (per 1,000 population, per unit), as of January-December<sup>2</sup>**

In January-December 2021, the highest number of small businesses per 1,000 population in the regions was 33.1 units in Tashkent, 23.0 units in Navoi region, 21.7 units in Syrdarya region, 19.8 units in Jizzakh region and In Tashkent region it was 18.3 units. PP-4691 of April 22, 2020 of the President of the Republic of Uzbekistan "On measures to attract foreign aid to support the population, budget, basic infrastructure and businesses during the coronavirus pandemic" In order to ensure the implementation of the resolution and further expand cooperation with the European Investment Bank, to further support businesses, the Cabinet of Ministers with the participation of the European Investment Bank Resolution № VMQ-554 of August 31, 2021 "On measures to implement the project"Support".

According to the resolution, the Board of Directors of the European Investment Bank (EIB) will provide 15 years of support to businesses affected by the global coronavirus pandemic in

<sup>2</sup>Data of the State Statistics Committee of the Republic of Uzbekistan - 2022.

Uzbekistan. 100.0 million with a 5-year grace period. Approved the provision of a credit line in the form of a revolver up to USD.

The refinancing of business entities affected by the coronavirus pandemic in the form of revolvers to finance investment projects through the credit line of the European Investment Bank will be carried out by the following commercial banks:

- JSCB "Uzpromstroy bank" - 30.0 mln. U.S. dollars;
- JSCB "Microcredit bank" - 35.0 mln. U.S. dollars;
- JSCB "QishloqQurilish Bank" - 35.0 million US dollars.

Additional conditions:

- ✓ The maximum value of loans to businesses from the EBRD for one investment project is 12.5 million. The maximum value of one investment project on the EBRD credit line is 25.0 million euros. not to exceed the euro equivalent;
- ✓ At least 30% of the EBRD credit line provided to participating commercial banks will be used to finance women's entrepreneurship in accordance with EBRD criteria, including the Ministry of Investment and Foreign Trade. Agreed to redistribute unused funds to finance other borrowers in the second year of the project.

**Conclusion.** As executive bodies, commercial banks are responsible for the targeted and efficient use of refinanced EBRD loans. Repayment of the loan, payment of interest and other expenses will be made by the participating commercial banks in the amount of the refinanced loan.

#### **List of used literature:**

1. O'zbekiston Respublikasi Prezidentining "Koronavirus pandemiyasi davrida aholi, budget, bazaviy infratuzilma va tadbirkorlik sub'ektlarini qo'llab-quvvatlash uchun tashqi yordam mablag'larini jalb qilish chora-tadbirlari to'g'risida" 2020 yil 22 apreldagi PQ-4691-son qarori.
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