



MINISTRY OF ECONOMIC DEVELOPMENT  
AND POVERTY REDUCTION OF THE  
REPUBLIC OF UZBEKISTAN



**BRIEF ANALYSIS: ENTREPRENEURSHIP  
DEVELOPMENT AND OPPORTUNITIES FOR THE  
LAST 5 YEARS**

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## Brief Analysis: Entrepreneurship Development and Opportunities for the Last 5 Years

**Over the past 5 years**, the country has done a lot to create a favorable environment for doing business, eliminate unnecessary barriers and procedures in doing business, strengthen the property rights of businesses, expand access to financial resources and improve business infrastructure.

In particular, in order to develop the economy, including entrepreneurship, our government has granted privileges and preferences with **1,419 decrees and resolutions**. In particular, during the Coronavirus pandemic, **17 decrees and resolutions** were signed to provide benefits and preferences to business entities, according to which the Fund under the Entrepreneurship Development Agency will pay interest on previously received loans, taxes, credit fees, as well as a number of privileges were granted.

In accordance with these Decrees, the following benefits are provided:

- The Social Tax Base of Individual Entrepreneurs **has been reduced by 50%** (from April 1 to October 1, 2020);
- **abolition of financial penalties** for overdue receivables on foreign trade transactions;
- **tour operators, travel agents and entities** providing hotel services (accommodation services) in the field of tourism are exempt from **property and land taxes**; (April 1 to December 31, 2020)
- social tax for **tour operators, travel agents and entities** providing hotel services (accommodation services) in the field of tourism **was reduced from 12% to 1%**; (*April 1 to December 31, 2020*)
- the application of increased property and land taxes on unused land has been abolished; (*April 1 to December 31, 2020*)
- the calculation of fixed taxes and social taxes for Individual Entrepreneurs who ceased their activities during quarantine was stopped;
- From June 1, 2020 to December 31, 2021, **the income tax rate was reduced by 50%** compared to the established rate;
- From May 1 to October 1, 2020, part of the interest payments on loans taken by business entities were repaid **by the Fund under the Agency**.

As a result of various other benefits, **10.1 trillion soums of tax benefits** were provided to businesses on the basis of these decrees.

In addition, the government provides a number of subsidies to provide employment and support entrepreneurship.



In particular, subsidies are allocated from the State Budget of the Republic of Uzbekistan for the drilling of wells, the purchase of irrigation equipment, the installation of light greenhouses, the purchase of seeds and seedlings.

Also, in accordance with the Resolution of the President of the Republic of Uzbekistan dated May 11, 2020 № PR-4709 "**On additional measures to specialize the territory of the Republic in the cultivation of agricultural products**", *from January 1, 2021 to January 1, 2023 imported seeds, seedlings and grafts, mineral fertilizers, chemical plant protection products, modern energy-saving greenhouses and their components, drip and sprinkler irrigation systems and their components were exempted from customs duties.*

In recent years, the country has created a national system of public services. In particular, there is an opportunity to carry out procedures related to business activities - state registration of the enterprise, connection to the power grid, property registration through the provision of public services and a number of other services.

**Until 2018, only 37 types** of public services were provided to businesses through public service centers, today the number of these services has reached **154**, including **26 related to business** activities.

In addition, in each district and city of the country, the People's Reception of the President of the Republic of Uzbekistan, Prime Minister's Office for Appeals of Entrepreneurs and Representative for Protection of the Rights and Legal Interests of Business Entities (Business Ombudsman) work to develop entrepreneurship, protect the rights and legitimate interests of business entities.

Improvements have been made **in about 2,500** relevant laws and regulations, which are key factors influencing the development of entrepreneurship and the business environment.

Entrepreneurship development is considered to be the most important factor in the development of our economy. In this regard, a number of measures are being taken **to develop family business and attract people to entrepreneurship**, thereby improving the living standards of the population.

**The Action Strategy for the five priority areas of development of the Republic of Uzbekistan** for 2017-2021 provided for reducing state participation in the economy, protection of private property rights and further strengthening its promising role, the continuation of institutional and structural

reforms aimed at stimulating the development of small business and private entrepreneurship.

Over the past period, financial assistance worth **12 trillion soums** was provided to **57 trillion soums** in loans to about **37,000 businesses**.

**20.5 trillion soums** have been allocated for **884,000 projects** within the business development programs.

The implemented reforms serve to enhance the positive image of Uzbekistan in the international arena, in particular, the Doing Business Index has risen from 87th place (2017) to 69th place (2020) in its annual reports.

**15 important reforms** in the relevant areas of the business environment in Uzbekistan in **2017-2020** (*protection of minority investors, payment of taxes, international trade, enforcement of contracts, registration of enterprises, obtaining construction permits, connection to the power supply*) was recognized by the **World Bank**.

As a result, according to the World Bank, Uzbekistan is among the **"Top 20"** reformer countries in 2020.

**Among the 15 important reforms** initiated by the President, identified by a **vote of 100 local and foreign experts**, as the improvement of the business environment, in particular, the simplification of business registration and management processes was recognized by international community.

As a result of measures taken in Uzbekistan to improve the business environment and create more opportunities for entrepreneurship, **by 2021, compared to 2016, there will be 479 thousand or almost twice** as many entrepreneurs.

In our republic, almost **10 million people** (67.2% of the economically active population) are engaged in small business and private entrepreneurship.

Small business accounts for **about 55% of the country's GDP**, a third of industrial output, **98%** of agricultural output and half of investment. Small businesses account for **74% of employment**.

**Over the past 5 years**, the country has undergone significant reforms in the development of entrepreneurship. Analyzing the results of these reforms on the basis of statistical figures, the total number of registered business entities at the end of **2017 amounted to 226 thousand**, while by **2021 these figures have doubled**. The number of newly established business entities **has tripled**.

Over the past period, the performance of small business and private entrepreneurship in the economic sector has grown significantly. In particular, in industry it increased **by 2 times compared to 2017**, and in construction **by 3 times**.

In addition, the volume of small business and private entrepreneurship in trade, agriculture and services **has doubled**.

As a direct result of the above-mentioned reforms, an average of more than **200,000 new jobs** are created annually in the newly established businesses in the regions.

This means that the total per capita income in **2020 doubled compared to 2017** and reached **10.4 million UZS**, as well as the fact that the per capita GDP has almost doubled **over the past 4 years**, shows how important the improvement of the business environment is not only in strengthening the economy but also the well-being of the population.

**As a follow-up to the reforms**, the following key areas of public involvement in entrepreneurship, especially youth and women, and government support for entrepreneurship have been introduced:

increase the interest of the population in entrepreneurship, motivate young people and women to improve the lives of themselves and their families through entrepreneurship;

a system of training aimed at developing the necessary skills in the field of entrepreneurship was introduced with the wide involvement of non-governmental organizations and non-governmental educational organizations;

the state reimburses the costs of non-governmental educational institutions for vocational and business training;

Microcredits are allocated in the amount of **up to 33 million soums** without collateral and **225 million soums** based on third-party guarantees, insurance policies, mortgages, savings guarantees and other types of security for those who have successfully completed their training and received their special certificates to start their own business.

At the same time, microloans are provided **for up to 3 years**, with a **grace period of up to 6 months**, and for business projects of young people **for up to 7 years, with a grace period of up to 3 years** at the base rate of the Central Bank (**currently 14%**).



The Reconstruction and Development Fund has provided the equivalent of **\$ 100 million**.

**It is planned to carry out a number of practical measures to develop entrepreneurship and improve the business environment. In particular:**

**First**, the "**drivers**" of business development in the regions will be identified, measures will be taken to establish business complexes (cooperatives) and place projects.

At the same time, the Fund under the Agency will provide financial assistance worth **8.3 trillion soums**.

Cooperatives will be established in selected areas and the population will be employed.

**Second**, efforts will be made to motivate, educate, and provide loans to people who want to start a business, especially young people and women.

At the same time, the unemployed, especially young people, will be trained in entrepreneurship courses, and the population, especially young people and women, will be provided with soft loans. Employment will be provided, a permanent source of income will be created for the population.

**Third**, the draft "**Entrepreneurship Code**" is being developed.

About **5,000 laws and regulations** related to business activities will be improved;

procedures for permitting certain activities will be coordinated.

**Fourth**, projects are being implemented to support entrepreneurship with international cooperation.

**In particular, \$ 200 million** from the European Investment Bank will be used to support micro, small and medium enterprises.

**The Asian Development Bank** will provide **\$ 150 million** under the **Small and Medium Business Development Support Program** in the Republic of Uzbekistan;

**Fifth**, the Code of Social Entrepreneurship will be developed, which will provide employment to the needy, the production of social goods and social services, or other social goals. business entities included in the register of social enterprises are supported;

**Sixth**, the Law on Self-Regulation of Entrepreneurship and Professional Activities is being drafted;

**Seventh**, in order to develop entrepreneurship and provide employment in the regions, compact hydroponic greenhouses will be built with the participation of **Lider** entrepreneurs (**Bukhara-Varnet** in Bukhara region, **NETHOUSE** in Andijan region);

**Eighth**, the regions are establishing cooperatives for food and agricultural production (*milk processing, horticulture, potato growing*).