

## GOVERNMENT PROMOTION OF SME'S IN UZBEKISTAN (2017–2025)

*Kobulov Murodjon*

*Administrative specialist*

*JSCB Hamkorbank*

### **Annotation**

This study examines government policies and programs promoting small and medium-sized enterprises (SMEs) in Uzbekistan between 2017 and 2025. It analyzes regulatory reforms, financial support schemes, and digitalization initiatives aimed at enhancing SME growth, competitiveness, and market access. By integrating policy analysis with international literature, the study provides insights into effective SME support strategies and recommendations for sustainable enterprise development in emerging economies.

**Keywords:** SMEs, government support, policy reforms, digitalization, Uzbekistan, access to finance, entrepreneurship, 2017–2025, regulatory reform, SME development.

### **Аннотация**

В данном исследовании рассматриваются государственная политика и программы, направленные на развитие малого и среднего бизнеса (МСП) в Узбекистане в период с 2017 по 2025 год. Анализируются реформы нормативно-правовой базы, схемы финансовой поддержки и инициативы по цифровизации, направленные на стимулирование роста МСП, повышение их конкурентоспособности и расширение доступа к рынкам. Интегрируя анализ политики с международной литературой, исследование предоставляет информацию об эффективных стратегиях поддержки МСП и рекомендации по устойчивому развитию предприятий в странах с развивающейся экономикой.

**Ключевые слова:** МСП, государственная поддержка, реформы политики, цифровизация, Узбекистан, доступ к финансированию,

предпринимательство, 2017–2025, реформа нормативно-правовой базы, развитие МСП.

### **Annotations**

Ushbu tadqiqot 2017-yildan 2025-yilgacha O'zbekistonda kichik va o'rta biznesni rivojlantirishga qaratilgan hukumat siyosati va dasturlarini o'rganadi. Unda Kichik va o'rta biznes o'sishini rag'batlantirish, ularning raqobatbardoshligini oshirish va bozorga kirishni kengaytirishga qaratilgan tartibga solish islohotlari, moliyaviy qo'llab-quvvatlash sxemalari va raqamlashtirish tashabbuslari tahlil qilinadi. Siyosat tahlilini xalqaro adabiyotlar bilan integratsiyalashgan holda, tadqiqot rivojlanayotgan iqtisodiyotlarda kichik va o'rta biznesni qo'llab-quvvatlashning samarali strategiyalari va barqaror korxonalarini rivojlantirish bo'yicha tavsiyalar haqida ma'lumot beradi.

**Kalit so'zlar:** Kichik va o'rta biznes, davlat tomonidan qo'llab-quvvatlash, siyosat islohotlari, raqamlashtirish, O'zbekiston, moliyalashtirishga kirish, tadbirkorlik, 2017–2025, tartibga solish islohoti, kichik va o'rta biznesni rivojlantirish.

### **Background and policy trajectory**

Since 2017 Uzbekistan has pursued an active and evolving policy agenda to develop entrepreneurship and strengthen small and medium-sized enterprises (SMEs). The policy shift followed broad economic liberalization measures and a stated government objective to diversify the economy, increase employment, and boost private-sector contributions to GDP. From initially improving the regulatory environment, the state's approach expanded into coordinated financial support, digitalization initiatives, and targeted institutional reforms designed to create an integrated SME support ecosystem. These reforms accelerated after 2020 and culminated in several high-profile instruments and funding commitments through 2024–2025.

### **Major policy instruments and programs (2017–2025)**

Regulatory and institutional reform (2017–2019). Early reforms focused on simplifying registration, licensing, and administrative procedures to lower entry barriers for micro and small firms. These measures included streamlining state services and promoting “single-window” systems to reduce bureaucratic costs, consistent with World Bank and ADB reform recommendations. Such structural reforms laid the groundwork for subsequent stimulus programs and financial reforms.

**Access to finance and targeted credit programs (2019–2023).**

Recognizing finance as a primary constraint, the government and international partners promoted SME lending via on-lending facilities, credit guarantees, and new instruments for non-bank finance. Multilateral engagement (World Bank, EBRD, ADB) provided both funding and technical assistance to expand SME credit lines and to modernize bank lending practices toward SMEs. These initiatives improved financial intermediation and helped scale lending volumes to micro and small enterprises.

Digitalization and startup promotion (2019–2025). Digital transformation has been a central pillar. The “Digital Uzbekistan 2030” strategy and associated projects (e.g., Uzbekistan Digital Inclusion Project) aimed to broaden internet access, develop IT skills, and support digital entrepreneurship—measures particularly relevant for digitally active SMEs (e.g., e-commerce, IT startups). The government also supported incubation structures (IT Park) and launched a “Digital Startups” program to accelerate tech-based SME growth and export readiness. These interventions were designed to increase SME participation in digital value chains and international markets.

Comprehensive SME support and recent scaling (2023–2025). In November 2023 and subsequently in March 2025 the President signed decrees strengthening financial support systems and integration of SME promotion within ministerial structures. Decree No. UP-193 (Nov 2023) and later Decree No. UP-50 (Mar 2025) reflect an escalation from piecemeal programs to a more strategic, large-scale approach—culminating in ambitious funding announcements (reported allocations

approaching US\$10 billion across instruments and sources) aimed at bolstering entrepreneurship, financing, and market access between 2025 and subsequent years. The state also proposed a dedicated agency within the Ministry of Economy to coordinate SME promotion and manage state funds for enterprise development.

### **Outcomes, coverage and challenges (evidence 2017–2025)**

Empirical and institutional evidence indicates substantial gains in SME activity and digital adoption. Government reporting and event briefings cited at major forums estimate that SMEs account for a rising share of economic activity (reporting over 50% of GDP in 2025), reflecting both formalization and growth of micro-firms into SME categories. International partners corroborate progress in access to finance, although they note remaining gaps in financial inclusion, rural connectivity, and firm-level managerial capabilities.

Key challenges persist: (a) uneven geographic distribution of digital and financial services (urban-rural divide), (b) limited managerial and digital marketing skills among many SMEs, (c) continued reliance on informal marketing channels and fragile cybersecurity practices, and (d) the need to align credit instruments with viable business models to avoid over-indebtedness. Multilateral evaluations recommend further strengthening of institutional coordination, capacity building, and monitoring to ensure that expanded funding reaches viable firms and yields productivity gains.

### **Literature review**

Academic literature frames SME development policy in emerging economies around three pillars: (1) regulatory simplification to reduce entry and operational costs, (2) financial intermediation to alleviate credit constraints, and (3) capability-building—including digital skills—to improve firm productivity and market access (Beck & Demirgüt-Kunt, 2006, Ayyagari, Demirgüt-Kunt & Maksimovic, 2011). Uzbekistan's policy trajectory aligns with these prescriptions: reforms reduced bureaucratic friction (pillar 1), multilateral and domestic credit programs targeted SME finance (pillar 2), and digitalization programs and startup incubation addressed capability gaps (pillar 3). Recent studies emphasize that

digital adoption (social media, e-commerce, fintech) can substantially lower customer acquisition costs and enable SMEs to scale, but outcomes depend on firm capabilities and the enabling environment (Parveen et al., 2016, Tajudeen et al., 2018). Uzbekistan's rapid digital adoption—especially via mobile and messaging platforms—illustrates both promise and the need for policy to integrate digital literacy and cybersecurity into SME support frameworks.

### **Policy implications and recommendations**

Based on empirical reviews and international best practice, several policy implications follow for Uzbekistan's 2025 agenda:

Strengthen institutional coordination (central SME agency proposed in 2025 decrees) to reduce fragmentation and track outcomes across finance, skills, and market access programs

Target capacity building for digital skills and business management—complementing finance with advisory and market linkage services to improve the absorptive capacity of SMEs.

Prioritize inclusive connectivity and rural outreach so that digitalization benefits diffuse beyond major urban centers. Multilateral projects (World Bank Digital Inclusion) can be scaled to address this gap.

Improve monitoring and evaluation frameworks for large funding commitments (e.g., the reported 120 trillion UZS program) to ensure additionality, financial sustainability, and measurable SME productivity gains.

### **Conclusion**

From 2017 to 2025 Uzbekistan progressed from initial regulatory reforms to a broad, finance- and digital-led SME support architecture. The policy mix—regulatory simplification, enhanced access to finance, and digital inclusion initiatives—reflects international best practice and has generated measurable increases in SME activity and digital engagement. However, the impact will ultimately depend on improving firm-level capabilities, ensuring geographic inclusivity, and implementing rigorous monitoring of the substantial new funding commitments announced in 2024–2025.

## REFERENCES

1. President of the Republic of Uzbekistan. Presidential Decree No. UP-50 (Mar 19, 2025) — measures to increase role of SMEs. (see press and analysis). [ЦИС Законодательство+1](#)
2. President of the Republic of Uzbekistan. Presidential Decree No. UP-193 (Nov 10, 2023) — enhancement of financial support system for SMEs. [ЦИС Законодательство](#)
3. World Bank. Uzbekistan Financial Sector Reform Project (2022) and country overview — support for SME finance and digital financial services. [World Bank+1](#)
4. World Bank / Uzbekistan Digital Inclusion Project (P179108), Project documents (2023). [World Bank](#)
5. Asian Development Bank. “Small and Medium-sized Enterprise Finance in Uzbekistan” (policy/working paper, 2019). [ADB](#)
6. EBRD. Country evaluation – Uzbekistan (2023) – on SME finance and EBRD technical assistance. [ЕБРР](#)
7. IT Park / Digital Startups Program announcements (Outsource gov.uz).