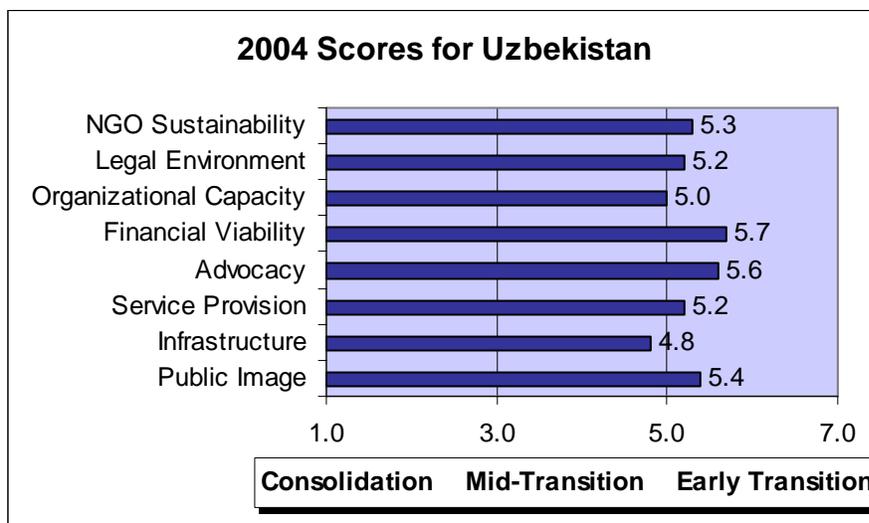


UZBEKISTAN



Capital: Tashkent

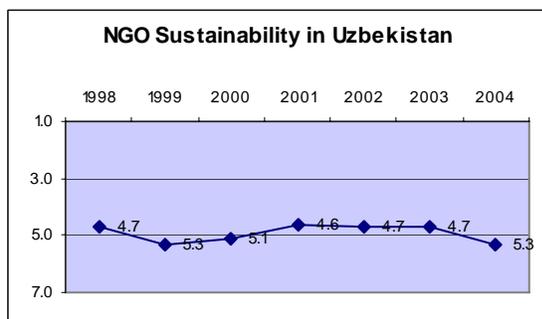
Polity: Republic-authoritarian presidential

Population: 26,410,000

GDP per capita (PPP): \$1,700

NGO SUSTAINABILITY: 5.3

The NGO Sustainability score decreased dramatically in 2004, due in part to changes in the legal environment concerning grants, the registration of international organizations and the re-registration of women’s groups. The NGO sector was negatively affected by the deterioration of the economy and the public’s frustration with the slow pace of democratic reforms.



At the end of 2004, the Ministry of Justice reported that there were more than 5,000 NGOs in Uzbekistan. While the NGO

community is made up of organizations with diverse goals and missions, the most successful organizations operate in women’s rights, health care, and environmental protection. Constituency building is still rare, and organizations in these fields are successful because they have developed projects based on priorities identified by donors. Most NGOs are led by a few dynamic personalities and lack transparency in both their governance and finances.

The majority of NGOs are based out of Tashkent, Nukus, Samarkand, Ferghana Valley, and Bukhara, although the southern regions of Kashkadaryo, Surkhandaryo and Khorezm have recently experienced a rise in NGO activity. In Karakalpakstan, the NGO sector has been quite active and even received support from local governments. Organizations based outside the capital continue to enjoy a little more freedom from government control, and generally develop

constituencies more than other organizations. Even though some authorities have started to cooperate with human rights organizations, many of which

are still unregistered, the government has not completely stopped harassing them.

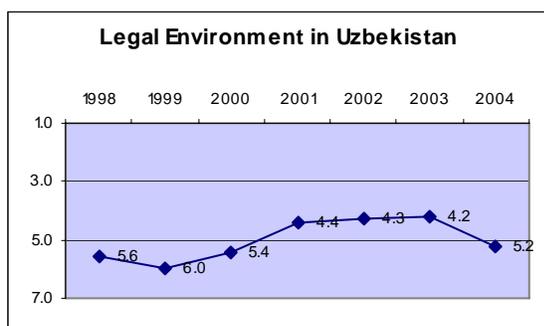
LEGAL ENVIRONMENT: 5.2

The NGO legal environment in Uzbekistan deteriorated over the past year. In order to take greater control of foreign funding and prevent possible “money laundering,” the government reformed the Law on Non-governmental Non-commercial Organizations. NGOs are now required to deposit their funds with the two government-controlled banks, the National Bank of Uzbekistan and Asaka, allowing officials to monitor and control all money transfers. Since the reforms were enacted, the government has stopped the transfer of over 80% of foreign grants to NGOs. This move has led some donors to make illegal disbursements in cash. As this system is administered according to unwritten policies and verbal instructions from the government, it is difficult for NGOs to follow the rules or to appeal adverse decisions.

register and cease their activities, while others, at the close of 2004, were still waiting to learn their registration status.

In addition, Parliament and other government officials have ceased their work on more beneficial NGO law reform efforts. In 2003, Parliament passed a new Law on Public Foundations, but the implementing regulations have yet to be written and not one foundation has been registered under the new law. Parliament was drafting legislation, including a Law on Public Associations, a Law on Charitable Activities, and a Law on State Support of NGO Activity, but recent elections created a two-chamber Parliament, causing all legislative drafting to be put on hold.

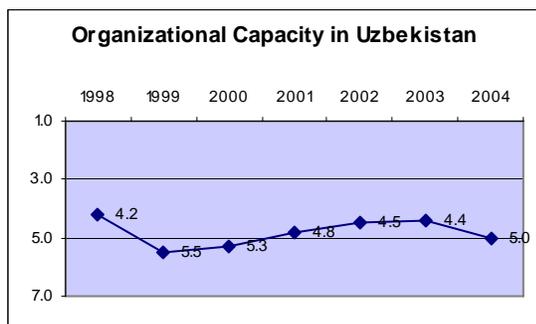
Generally, NGOs are taxed on all economic activities. The tax laws grant a few specific exemptions, but few take advantage of them due to a lack of awareness or inability to stand up against the tax authorities. The government does not tax grants or donations made to NGOs, but under new vague and “secret” procedures for approving NGO grants, few organizations have been able to access donor funding. The government has not implemented any procurement system, and neither NGOs nor commercial entities are able to compete for state funding.



Another setback was the Presidential Decree on Women NGOs that required that all women’s organizations, which make up 70%-80% of all NGOs, to re-register with the Ministry of Justice before November 1, 2004. Some organizations chose not to re-

One positive development is a new network of lawyers providing legal services to NGOs and start-up groups on a variety of issues such as registration, taxation, accounting, labor regulations, and economic activities.

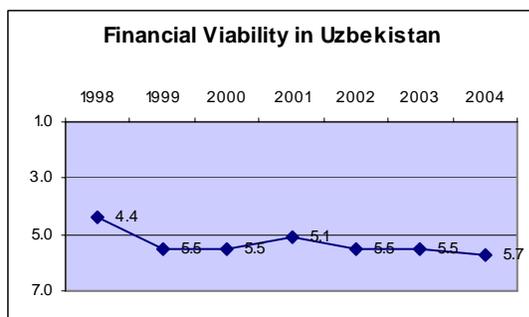
ORGANIZATIONAL CAPACITY: 5.0



As reported in past years, only a few NGOs in Uzbekistan have sophisticated and advanced organizational structures. Most often, organizations set goals and build mission statements according to the goals and priorities of the international donor community. And although many

organizations have received training in strategic planning, most develop their projects and activities around the availability of donor funding, not the needs of their constituents. Constituency building is still hampered by the lack of accountability and good governance. NGOs are slowly developing boards of directors and a volunteer-base, although many still rely on a single charismatic leader, who is often inflexible and unwilling to share control of the organization with a board of directors. Many NGOs, especially those in the rural areas, do not have access to telephones, fax machines, computers, internet or email.

FINANCIAL VIABILITY: 5.7



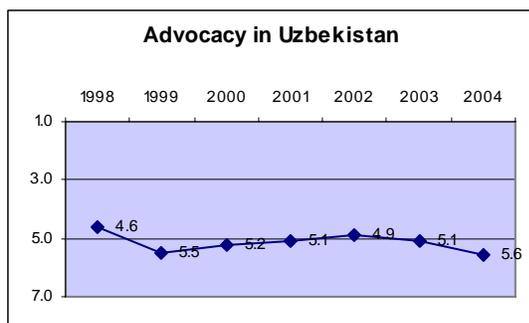
Overall, the NGO sector has not been able to achieve any significant level of financial stability, and most organizations still depend on the foreign donor community for support. In 2004, the two biggest influences on the sector's financial viability have been the new banking regulations and the bad economy. The government has blocked approximately 80% of all grants from reaching NGOs. NGOs are not able to

access their funds through the banks, and often face problems as the banks often do not have sufficient cash to convert the donations into local currency. As a result, some donors are distributing grants in cash. Such distribution is technically illegal and raises issues of transparency.

Local philanthropy has been rare in the past, but the current economic conditions have made local giving even rarer, limiting support primarily to in-kind donations. Local governments have, in a few instances, provided NGOs with grants for specific projects, but are still not a significant source of support. Few organizations are interested in engaging in economic activities to increase their income due to poor tax laws and problems with the convertibility of the currency. The majority of Uzbek NGOs do not have financial management systems.

ADVOCACY: 5.6

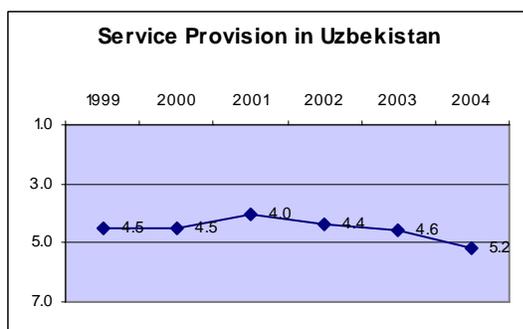
The government continues to apply pressure on organizations that engage in advocacy initiatives. Regardless, NGOs participate in campaigns concerning unemployment, rights for the disabled, low standards of living, and small to medium business development. Only the most developed organizations are involved in advocacy efforts.



While only a few advocacy campaigns led to the intended policy reforms, some efforts did result in the inclusion of NGOs in

oversight and monitoring. NGO advocacy campaigns were generally more successful at the local level than at the national level. For example, local governments and law enforcement agencies increased their cooperation with NGOs to combat human trafficking. In Termez, Samarkand, Kokand, Navoi, Nukus, and Nurabad, NGOs have been successful in their efforts to increase access for the disabled. New regulations require that new and renovated public buildings be equipped with access ramps, and include roles for NGOs in monitoring public construction projects. One current campaign is aimed at developing mechanisms for NGOs and government agencies to engage in joint monitoring of dumping waste into the Sir-Darya and Zerafshan rivers. These successes demonstrate that advocacy is possible in Uzbekistan.

SERVICE PROVISION: 5.2



NGOs were unable to provide many of their services in 2004, due to the monetary controls and banking regulations that kept almost 80% of grants from reaching their recipients. Generally, NGOs develop service programs according to donor priorities. As a result, projects do not always reflect the

needs and priorities of their communities. In some instances, organizations are providing services primarily to other NGOs, without the general public being aware of or involved in their activities.

Many local governments are reconsidering their cooperation with NGO service providers, as the government consolidates power, and the lack of understanding between the government and NGO community grows. Some local governments are, however, realizing that grassroots organizations are working to improve standards of living, and are cautiously taking note of proposals and analyses regarding community problems. These instances are

the exceptions, and in general, NGOs are being forced out of business or are being harassed by state controlled organizations like the Women's Committees, the Makhala Foundation, "Soglom Avlod Ucham" (a health GONGO), "Kamolot" (a youth services GONGO), and others.

Improved access to training services and greater responsiveness to community needs

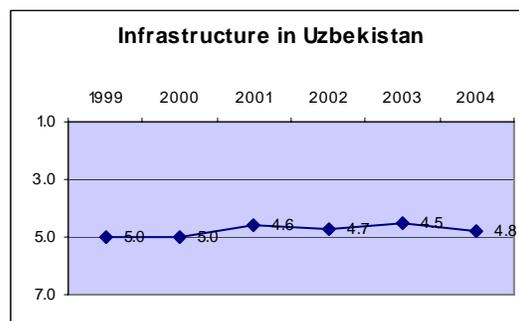
INFRASTRUCTURE: 4.8

A network of NGO support centers continues to operate in seven of the regional capitals. These centers offer training seminars, technical support, information resources, networking opportunities, and other professional services to NGOs and other associations. Each of these support centers have worked to design their programs around the specific needs in that region, and have proven to be quite important for the health of the sector.

The quantity and quality of trainers has improved over the past year. A new cadre of trainers that speak Uzbek is trying to establish an Association of Trainers to provide services in Uzbekistan and neighboring countries. Services and training materials are still not available in the Karakalpak language. Few NGOs undertake activities that might improve their technical capabilities; rather they focus on providing

have resulted in the increased ability of some NGOs to provide services to their communities. NGOs are not able to successfully market these services, due to the poor economy, restrictive new banking regulations, limited clientele, and the common belief that NGO services ought to be offered free of charge.

services to attract donor attention and funding.



Coalitions and networks are forming in some sectors of the NGO community, especially among those organizations involved in national advocacy campaigns. The lack of grant funding has created an atmosphere of competition and suspicion among NGOs, interfering with partnerships and collaborative efforts. A few organizations have made efforts to build sector-wide coalitions around issues such as gender rights and environmental protection.

PUBLIC IMAGE: 5.4

Overall the general public's perception and understanding of NGOs did not change over the past year, and the government became

even more suspicious of the sector's activities. The new banking regulations that allow the government to monitor grants

2004 NGO SUSTAINABILITY INDEX

alluded to foreign funding activities as possible “money laundering.” Such references by the government have not helped NGOs, which rely primarily on foreign funding, to develop a positive public image. NGOs are making more information and materials available to the public in an effort to improve their public image and increase their transparency, but misperceptions of the sector persist.

The current administration is providing less space for civil society initiatives, and independent NGOs are increasingly seen by the central government as a threat. The government maintains tight control over the media, and NGOs have almost no means of

addressing the public. Government-run organizations, which receive nothing but positive coverage, are the exception. NGOs generally lack the experience and resources necessary to take advantage of the few existing independent media outlets.

