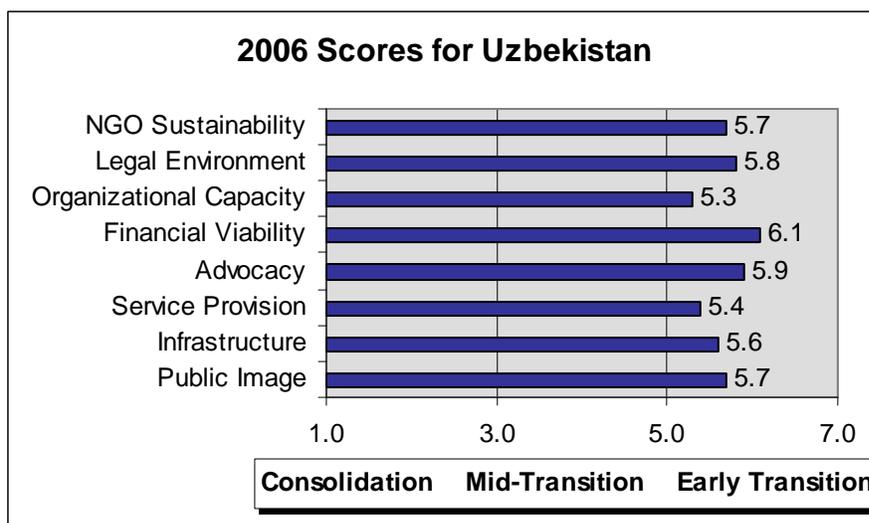


Uzbekistan



Capital: Tashkent

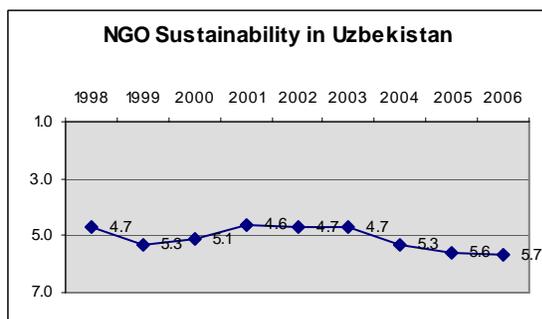
Polity: Republic-
authoritarian
presidential

Population:
27,307,134

**GDP per capita
(PPP):** \$2,000

NGO SUSTAINABILITY: 5.7

NGOs continue to operate under difficult conditions and their overall sustainability has deteriorated over the past year. Local experts estimate that between two-thirds and three-fourths of all organizations have closed or ceased their activities. The government pressured most of the remaining NGOs to join the National Association of Non-governmental, Non-commercial Organizations (the National Association), which is a government-affiliated association created to consolidate all NGOs under one umbrella group.



This year the government also forced thirteen international organizations to close. Most of these organizations provided significant financial

and technical support and their absence deprives local organizations of much-needed funding. In response, the National Association created the National Fund for NGO support, but it lacks both transparency and impartiality.

Despite these challenges, organizations and individuals that have long been part of the NGO community continue to survive and maintain the institutional experience and skills they have built over the past ten years. The NGO community, however, is still divided; its members fail to communicate or support one another.

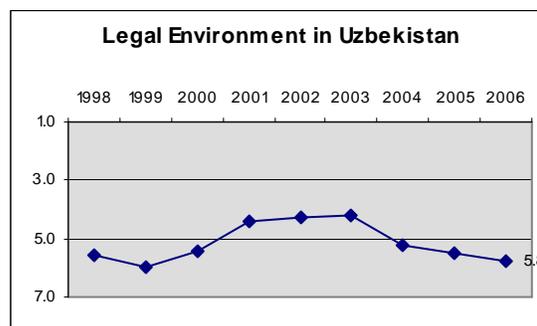
Government officials declare publicly that they want to support NGO activities. Numerous officials within the ministries and local governments understand the importance of NGOs and collaborate with them on specific projects. The government, however, limits its cooperation to those organizations that are registered with the National Association or other GONGOs. Public perception of NGOs varies between negative and indifferent. Sporadic attempts by NGOs to publicize their activities in the local media have had little influence on public opinion.

LEGAL ENVIRONMENT: 5.8

The legal environment governing NGOs remains restrictive. Despite the Law on Public Organizations and the Law on Non-State, Non-Governmental Organizations, new NGOs are unable to register. The legal framework does not prevent the central or local government, or the tax police, from harassing independent organizations. This is in part due to the government's use of unpublished regulations to threaten and prosecute NGOs. Amendments to the Code of Administrative Penalties passed in 2005 increased the fine for organizations that fail to provide timely reports to a maximum of 1 million sums (approximately US \$815.) Such administrative penalties are often more severe than those for criminal offenses. NGOs must submit quarterly reports to the Ministry of Justice that describe their activities. Omission of any activity is grounds for closure. The legal framework makes it illegal for NGOs to receive grants from international organizations, which has made it even more difficult for NGOs to survive.

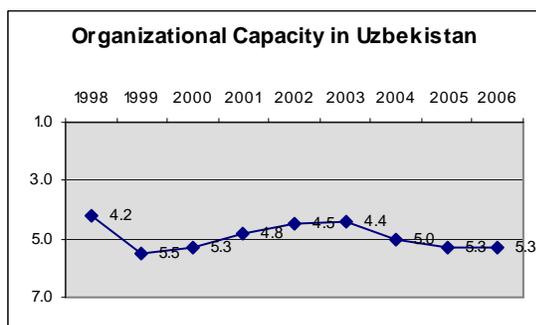
The legal framework only provides tax exemptions to NGOs that provide humanitarian assistance. Otherwise, NGOs are subject to the Unified Tax (14%), Social Insurance (30%) that is deducted from salaries, and Income Tax (33%), as well as other smaller taxes such as the pension fund tax. If an NGO engages in commercial activities, it must also pay a social insurance tax (2.5%). NGO representatives

report that up to 65% of their salaries are consumed by taxes. Some organizations do not include salaries in their financial reports to reduce their tax liabilities, though they run the risk of being caught and closed down by law enforcement agencies.



The government forced several NGOs to close over the past year, though the exact numbers are difficult to determine due to the repressive working environment and the lack of public information. Local experts believe that the government forced between two-thirds and three-fourths of the approximate 3,000 NGOs that existed in years past to close. In addition, the government forced 13 international organizations, including USAID-funded partners, the Open Society Institute, IREX, Freedom house, ABA/CEELI, Counterpart, and Winrock, to close following court hearings. Another international organization pulled out before the court had a chance to decide its case.

ORGANIZATIONAL CAPACITY: 5.3



The decrease in international funding and government harassment has forced many organizations to close or lose their paid, permanent staff. Organizations increasingly rely on volunteers, though the culture of volunteerism is underdeveloped. A few experts report that government officials discouraged volunteers from supporting certain NGOs. Employees of organizations that closed down were forced to find other ways to continue their work, either as individuals, group

initiatives, or by re-registering their organizations as commercial entities. NGOs that continue to exist maintain a low profile and avoid attention from law enforcement agencies; this prohibits them from building local constituencies. Organizations that have existed for many years and continue their operations adhere to their missions as defined in their organizational documents; failure to do so would provide government officials a reason to close them down.

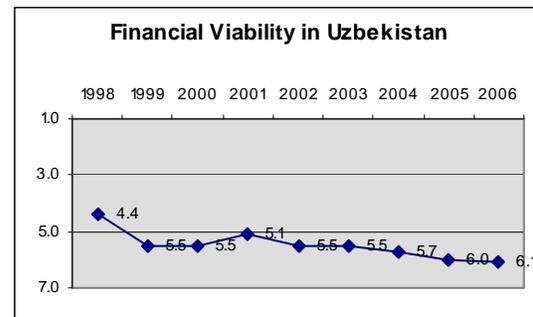
FINANCIAL VIABILITY: 6.1

Both the government's closure of the international organizations and the stagnant economy had negative repercussions on the financial viability of local NGOs. Even before these developments, international organizations were unable to provide grants to NGOs due to banking restrictions. This year, the government created the National Fund for NGO Support under the National Association. The National Fund sought funds from international donors, including USAID, and government officials allegedly coerced members of the business community to make donations. The Fund had at least two grant rounds this year, though it was extremely difficult for independent organizations to attain funds through the application process.

Most organizations continue to rely on funds they saved from previous grants or income from second jobs. Some continue to receive cash donations when possible, though generally there is a lack of local philanthropy. The government forces businesses to donate to local GONGOs; businesses do not, however, donate to other traditional forms of organizations. NGOs keep any donations they

Few organizations have boards of directors, and those that exist are underdeveloped. The lack of funding prevents NGOs from upgrading their office equipment and technology. Most NGOs continue to use the same equipment they purchased under past grants; as organizations no longer receive grants, their equipment will soon be outdated. Internet cafes are open around the country, permitting groups access to the internet.

receive confidential so not to attract attention from law enforcement agencies.



The government only provides support or contracts to GONGOs. Civil society organizations, including GONGOs, do not publish financial reports. The government does require that NGOs submit quarterly financial reports to the Ministry of Justice, which closely monitors whether they engaged in any activities over the reporting period and whether they received any funding. Some organizations, especially professional associations, collect membership dues, which are generally small and insufficient to sustain their activities.

ADVOCACY: 5.9



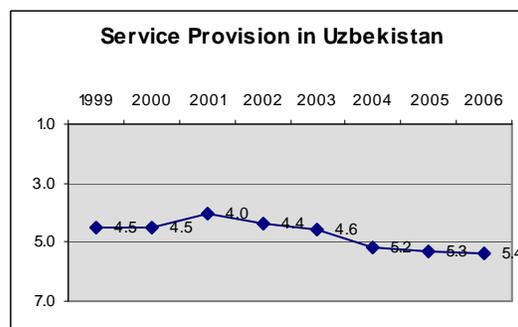
NGO advocacy campaigns are sporadic and focus exclusively on non-political issues. NGOs are able to lobby government officials and even have success when they are apolitical and in

accord with the interest of the agency they are lobbying.

The Center for Studying Issues of Law, for example, engaged in numerous lobbying campaigns related to a number of laws that further NGO development, such as the Law on Charity, but have been stalled in the Parliament for a long time. Since the Andijan events of May 2005, government agencies are afraid to partner with NGOs and opt to work alone, with GONGOs, or with a limited number of civil society organizations.

SERVICE PROVISION: 5.4

The ability of NGOs to provide services became worse over the past year, as many providers were closed. A few NGOs provide basic services in areas such as healthcare, education, and HIV/AIDS. In addition, women's organizations and environmental organizations continue to serve their constituencies. NGO representatives allege that secret regulations prevent NGOs from providing certain types of services, such as education. NGOs are unable to claim a large stake in the service-market due to the weak economy, restrictive banking regulations, limited clientele, and the common belief that NGOs services ought to be provided free of charge.



NGOs do not generally conduct market research in part because the organizations that remain try to maintain a low profile. Even in the past, NGOs only conducted needs assessments when required by a donor as a part of a project. As the number of international organizations with a presence in Uzbekistan decreased, funding for market research and needs assessments has also decreased. A network of women's organizations working on human trafficking issues, however, conducted a study on single mothers.

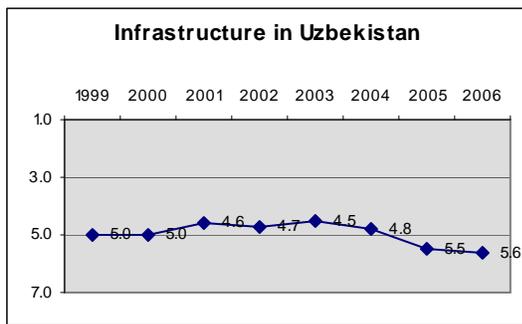
INFRASTRUCTURE: 5.6

In the past, USAID created the Association of Civil Society Resource Centers, which covered most of Uzbekistan and served as an

Intermediary Support Organization for local NGOs. All six members of the Association either closed or re-registered as commercial organizations. In their new capacity, they no

longer provide services to NGOs for free, which reduces their potential impact since many organizations are unable to pay

The National Fund sought support from international donors such as USAID and the government is allegedly coercing businesses to support the National Fund's activities. The National Fund held two funding rounds in 2006, and has at least two more planned. During the past grant round, 140 NGOs competed for 70 million sums (approximately US \$57,000) in available grants. Each applicant had to pay a nonrefundable application fee of US \$15. The National Fund approved a total of 50 million sums (approximately US \$40,600) in grants to public organizations that are reportedly affiliated with the President's daughters.



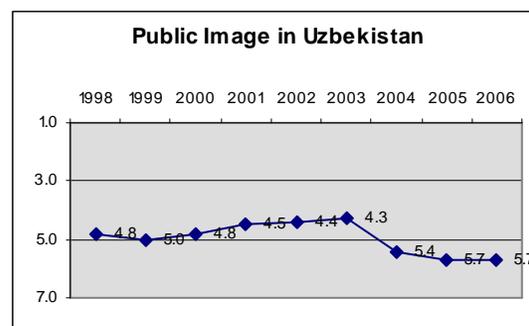
PUBLIC IMAGE: 5.7

The public perception of civil society in Uzbekistan did not improve in 2006. Following the Andijan events in 2005, the government became even more suspicious of NGOs and exerted even greater control over the sector's activities. Most citizens fail to understand the concept of "not-for-profit" or "non-governmental" and they are often indifferent towards NGOs and politics. The government's closure of NGOs is generally accompanied by negative campaigns in the local press accusing them of violating the law.

The remaining 20 million sums were distributed among twelve winners of the grant competition, all of which are believed to be GONGOs.

NGOs have great difficulties sharing information with one another. Some networks, such as the Network of Women's NGOs, which works on human trafficking, make efforts to communicate with each other on a regular basis. A cadre of local NGO trainers still exists and training courses on specific topics such as HIV/AIDS are available, though general training for NGO management, project development, and fundraising are non-existent. The Association planned to provide such training, employing professionals.

NGOs and government agencies did form partnerships on a few occasions. The Ministry of Internal Affairs, for example, expressed interest in working with local organizations to address human trafficking issues. The government only seems to tolerate social partnerships that involve apolitical organizations and activities.



Several NGOs maintain a working relationship with the local media and journalists that write sporadic articles in newspapers or have local television programs. Such opportunities are uncommon and often available only for GONGOs. Due to the politically sensitive environment, NGO representatives were

unable to conduct a survey of the public's attitudes towards NGOs or membership levels in NGOs in 2006. In 2005, only 23.8% of those surveyed stated that they were aware of the third sector, and 3.4% reported that they were members of an NGO. As the number of NGOs

declined over the past year, NGO representatives speculate that these numbers are even lower. NGOs generally prefer to avoid transparency due to the restrictive political environment. Similarly, no organization has adopted a code of conduct.