

THE ECONOMIC AND LEGAL ROLE OF NON-GOVERNMENTAL NON-PROFIT ORGANIZATIONS IN UZBEKISTAN

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Introduction

The acquisition of state independence by the Republic of Uzbekistan marked the beginning of a new stage in the country's social and economic development. Since then, extensive reforms have been implemented in all spheres of life to establish a democratic state governed by the rule of law and a market-based economy. Within this transformation, non-governmental non-profit organizations (NGOs) have emerged as a key element of civil society. They play an important role in protecting human rights, providing social services, promoting public awareness, and strengthening the partnership between the state and society.

1. Legal Status and Economic Nature of NGOs

According to the Law of the Republic of Uzbekistan “On Non-Governmental Non-Profit Organizations” (April 14, 1999), an NGO is a self-governing organization established voluntarily by individuals and/or legal entities that does not pursue profit-making as its main objective. An NGO acquires the status of a legal entity only after its state registration with the Ministry of Justice (Article 21). Generally, NGOs are established for an unlimited period, which ensures the sustainability of their operations. The main differences between NGOs and commercial entities are as follows:

- The primary goal is not profit generation, but the fulfillment of socially significant objectives.
- All income must be used to achieve statutory purposes, not distributed among founders or members.
- NGOs may engage in entrepreneurial activity, but only if it serves their statutory goals.

These principles determine the economic and legal nature of NGOs — their financial activities are instrumental, not profit-driven.

2. Development of NGOs in Uzbekistan: Institutional and Statistical Overview

In recent years, the development of civil society institutions has become a strategic priority for Uzbekistan. According to data from the Ministry of Justice (2024), there are 11,981 registered NGOs and their branches across the country — nearly double the

number in 2016 [1]. NGOs operate in various fields, including social protection, environmental protection, gender equality, youth development, and legal awareness. According to the United Nations Development Programme (UNDP) 2025 report, more than 20 NGOs in Uzbekistan provided legal and social assistance to over 2,000 citizens under joint projects [2]. Similarly, the Bertelsmann Transformation Index (BTI) 2024 report states that about 3,000 NGOs operate as independent civic initiatives [3].

3. Financial Sources and Economic Activities of NGOs

The financial sustainability of NGOs in Uzbekistan is supported by several key sources:

1. Targeted funds and grants from donors and charities;
2. State social orders for the provision of public services;
3. Entrepreneurial activities consistent with statutory goals (e.g., training, consulting, publications).

For instance, the Ekosan Foundation, one of the leading environmental NGOs, has attracted nearly 2.5 billion UZS in donor funding for ecological projects between 2022 and 2023 [4]. This demonstrates that NGOs contribute to the economy by reinvesting funds into socially useful projects rather than pursuing personal or corporate profit.

4. Challenges and Prospects for Development

- ✓ Despite progress, several structural challenges persist in the NGO sector:
- ✓ Complex and lengthy registration procedures;
- ✓ Bureaucratic barriers in obtaining foreign grants;
- ✓ Financial dependence on external donors;
- ✓ The predominance of GONGOs (government-organized NGOs) limiting independent initiatives [5].

Since 2021, a series of reforms have aimed to address these issues: expansion of state social contracting mechanisms, introduction of tax incentives for NGOs, and establishment of partnership frameworks such as the “Mahalla–NGO–State” model. These reforms seek to strengthen NGOs as legitimate and sustainable participants in the country’s socio-economic development.

5. Conclusion and Recommendations

The experience of Uzbekistan shows that NGOs are a vital part of the emerging civil society and effective partners of the state in addressing social challenges. To enhance their effectiveness, the following measures are recommended:

1. Simplify registration and reporting procedures for NGOs.
2. Ensure transparency and efficiency in foreign grant approval processes.
3. Establish a national grant fund to support social projects.

4. Expand state procurement and contracting for NGO-led services.
5. Promote youth engagement and volunteerism in NGO activities.

References

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