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From Tax Expenditures to Risk-Sharing: Redesigning the Financial Support Mechanism for Small and Medium-Sized Enterprises in Uzbekistan Through the Commercial Banking Channel

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Abstract: Small and medium-sized enterprises (SMEs) generated more than half of Uzbekistan's GDP in 2025, yet their access to finance remains constrained by collateral requirements, information asymmetry and high borrowing costs. This article examines how state financial support for SMEs is divided between fiscal instruments (tax and customs exemptions) and bank-based instruments (credit guarantees, interest compensation and refinancing), and whether the national guarantee mechanism meets international good practice. The study combines a comparative-institutional analysis of Uzbek legal acts adopted in 2022–2025, descriptive indicators computed from official data, and benchmarking against the World Bank Principles for Public Credit Guarantee Schemes and four national systems. Tax and customs exemptions reached UZS 178.1 trillion in 2025—about 58 per cent of projected budget revenue and 6.3 times planned subsidies—while their distribution by firm size is not disclosed. The Entrepreneurship Development Company mobilised about 2.6 units of bank credit per unit of guarantee and 7.5 per unit of interest compensation, but its realised guarantee coverage of 38.9 per cent lies below both the national cap of 50 per cent and benchmark levels. The guarantee institution lacks a dedicated legal basis and an additionality assessment. The article argues for a gradual shift from untargeted tax expenditures to result-linked risk-sharing through commercial banks and proposes differentiated guarantee coverage, a statutory additionality test, bank co-financing of guarantee pools and a six-indicator evaluation framework.

Keywords: SME Finance, Credit Guarantee Schemes, Interest Rate Compensation, Tax Expenditures, Additionality, Development Finance Institutions, Uzbekistan

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1. Introduction

Small and medium-sized enterprises account for the overwhelming majority of firms and a large share of employment in almost every economy. Their growth, however, is persistently held back by limited access to external finance, a constraint that is most severe for young, small and informationally opaque firms [1]. Governments therefore intervene in SME credit markets through a range of instruments—tax relief, direct subsidies, concessional lending, credit guarantees and interest rate compensation—whose relative merits remain a subject of active policy debate [2], [3].

Uzbekistan offers an instructive case. Since 2017 the country has pursued market-oriented reforms in which private entrepreneurship has become a declared engine of

growth. In 2025 small business accounted for 52.2 per cent of gross domestic product [4], and official policy aims to raise its contribution further, which presupposes a substantial expansion of SME credit. Bank lending is already the main external source: according to the Central Bank, UZS 131 trillion of the UZS 390 trillion of loans issued by banks in 2025 — about one third — went to micro, small and medium-sized businesses [5].

The architecture of public support has changed markedly over the same period. Presidential Decree PF-193 of 10 November 2023 transformed the former State Fund for Support of Entrepreneurial Activity into a joint-stock Entrepreneurship Development Company (EDC) with a broadened mandate covering guarantees, interest compensation, equity participation, service-sector mortgages and on-lending through banks [6]. Subsequent acts tied support to firms' compliance ratings (see Table 1), introduced risk-sharing in micro-lending [7] and extended refinancing and growth-oriented lending through commercial banks [8]. At the same time, very large volumes of support continue to be delivered through the tax and customs system, which was recently re-targeted at the most disadvantaged districts [9].

Despite the scale of these changes, the academic literature on Uzbekistan has largely described individual programmes rather than evaluating the support system as a whole. The aim of this article is therefore to evaluate the design of the SME financial support mechanism in Uzbekistan and to identify ways of increasing its additionality through the commercial banking channel. The study addresses three research questions: (RQ1) How do fiscal and bank-based support instruments compare in volume and targeting? (RQ2) To what extent does the design of the national credit guarantee mechanism correspond to international principles and to the practice of benchmark countries? (RQ3) Which design changes would increase the additionality and measurability of public support?

The contribution of the article is threefold. It provides the first consolidated quantitative comparison of tax and customs expenditures with bank-based support instruments in Uzbekistan, it benchmarks the Uzbek guarantee mechanism against the World Bank principles and four national systems, and it derives a set of bank-oriented policy proposals together with an evaluation framework that can be applied using official data.

The remainder of the article is structured as follows. Section 2 describes the research design and data. Section 3 presents the results, Section 4 discusses their implications, and Section 5 concludes with policy recommendations and directions for further research.

The theoretical and empirical literature provides the foundation for evaluating these policy mechanisms. The theoretical case for public intervention in SME finance rests on the economics of information. Stiglitz and Weiss showed that in credit markets lenders may rationally ration credit rather than raise interest rates, because higher rates attract riskier borrowers (adverse selection) and encourage riskier behaviour (moral hazard) [10]. Young and small firms, which lack credit histories, audited statements and pledgeable collateral, are the most exposed to such rationing. Berger and Udell formalised this in the concept of the financial growth cycle, according to which the optimal mix of financing sources shifts as firms grow older, larger and more transparent [1].

A second strand of the literature examines the instruments through which governments respond to these market failures. Credit guarantee schemes have become the most widespread instrument: partial guarantees transfer part of the default risk from lenders to a public or mutual guarantor, thereby reducing the effective collateral requirement without displacing banks' screening function. Honohan argues that guarantees are justified only if they are additional—that is, if they enable loans that would not otherwise be made—and if banks retain a meaningful share of risk to preserve incentives for careful credit assessment [2]. These ideas were codified in the Principles for Public Credit Guarantee Schemes for SMEs developed by the World Bank Group and the FIRST Initiative, which set sixteen principles grouped into four areas: legal and regulatory framework, corporate governance and risk management, operational framework, and monitoring and evaluation [3].

Recent empirical research has refined these arguments using administrative and loan-level data. Exploiting discontinuities in the guarantee rate schedule of the US Small

Business Administration, Bachas, Kim and Yannelis show that lending supply responds strongly to guarantee generosity: a one-percentage-point increase in the guaranteed share raises per-loan lending volume by about USD 19,000 [11]. Evidence from the euro area during the COVID-19 crisis, however, points to the limits of additionality: banks that extended state-guaranteed loans reduced their non-guaranteed credit to the same firms by more than 30 per cent, with substitution strongest for riskier and smaller firms, even though guaranteed borrowers obtained cheaper and longer credit [12]. Firm-level studies confirm real effects alongside risks. For Italy's Central Guarantee Fund, public guarantees improved SME profitability in the short and medium term, while financial health deteriorated initially and improved only after two years [13]. Taken together, this literature suggests that guarantee design—coverage, targeting and risk-sharing—matters at least as much as guarantee volume.

A third strand concerns fiscal instruments. Tax relief targeted at particular sectors, regions or firm types constitutes a 'tax expenditure'—revenue forgone by the state—which should in principle be reported and evaluated alongside direct spending. Tax expenditures are, however, less transparent than budget outlays, tend to accumulate over time and are frequently captured by larger and better-informed taxpayers.

In transition economies, research on SME support has tended to focus on the design of individual programmes rather than on the system as a whole. Uzbek research has traditionally treated entrepreneurship within political-economy and legal frameworks and has only recently begun to address the efficiency of specific support instruments. To the author's knowledge, no published study has yet combined the fiscal and banking channels of SME support in Uzbekistan in a single analytical framework or benchmarked the EDC's guarantee activity against international principles. This gap motivates the present article.

2. Materials and Methods

The study employs a mixed design that combines comparative-institutional analysis with descriptive indicator analysis. The legal analysis covers the normative acts of the Republic of Uzbekistan governing financial support for entrepreneurs that were adopted or amended between January 2022 and June 2026. Acts were identified and verified through the National Database of Legislation (lex.uz) and are cited by number, date and official title. The quantitative analysis relies on official statistics and statements of the Statistics Agency under the President, the Central Bank, the Ministry of Economy and Finance and the Anti-Corruption Agency, together with officially published state budget parameters. Where official figures were disseminated through national news agencies, the primary institutional source is identified.

Three indicators are computed for the Uzbek guarantee and compensation programmes on the basis of the EDC's cumulative data as at 1 July 2025: the guarantee multiplier (supported loan volume divided by guarantee volume), the compensation multiplier (supported loan volume divided by compensation commitments) and the realised coverage ratio (guarantee volume divided by guaranteed loan volume). For the fiscal channel, the volume of tax and customs exemptions in 2025 is related to projected state budget revenue and planned budget subsidies, and the average exemption per beneficiary legal entity is calculated. These indicators are descriptive, they are not intended as causal estimates of impact, which would require firm-level data that are not publicly available.

The benchmarking component compares the Uzbek system with four national systems selected for institutional diversity and data availability: Germany (development bank and regional guarantee banks), the Republic of Korea (specialised public guarantee fund), the United States (federal agency guaranteeing commercial-bank loans) and Kazakhstan (state development fund within a holding structure, operating in a comparable post-Soviet institutional environment). Data for these countries are drawn from official reports and statements of the respective institutions. Finally, the Uzbek guarantee mechanism is assessed qualitatively against the four areas of the World Bank principles [3]. The cut-off date for all data and legal acts is 30 June 2026.

3. Results

3.1. Evolution of the legal framework

The legal framework for SME financial support in Uzbekistan is hierarchical. Its apex is the Constitution and the Law “On guarantees of freedom of entrepreneurial activity” (originally adopted in 2000, new edition of 2 May 2012, No. O’RQ-328), while tax, customs and budget relief is regulated by the respective codes. The specific instruments of financial support, however, are established almost entirely by presidential decrees and resolutions and by government resolutions. Table 1 summarises the principal acts of 2022–2025.

Table 1. Principal legal acts governing SME financial support in Uzbekistan, 2022–2025

Date	Act	Main provisions relevant to financial support
30.12.2022	Decree PF-287	Classification of districts into five categories, differentiated tax relief and up to 40% interest compensation in category 4–5 districts
10.02.2023	Decree PF-21	Turnover-based criteria for classifying entrepreneurs as small, medium and large
10.11.2023	Decree PF-193	Transformation of the State Fund into the Entrepreneurship Development Company (EDC), guarantees up to 50% of loans, interest compensation under the ‘1+2’ principle, equity and service-sector mortgages, gradual move to self-financing in 2024–2027
23.01.2024	Resolution PQ-39	Introduction of the sustainability (compliance) rating of entrepreneurs
24.05.2024	Resolution PQ-193	Subsidies, tax and customs benefits granted in proportion to the rating (100% for ‘AAA’ down to 50% for ‘B’)
07.09.2024	Resolution PQ-312	Refinancing of micro-loans below the policy rate, risk-sharing between the EDC and micro-lenders by district category
19.03.2025	Decree PF-50	SME targets for GDP, industry and exports, incentives for graduation to medium/large size
26.09.2025	Decree PF-176	Refinancing of bank loans for job-creating micro-projects and for firms in remote areas, growth lending for ‘champion’ firms, foreign-currency instruments of the EDC
11.12.2025	CM Resolution No. 784	Monitoring of the efficiency of subsidies and benefits, recovery of misused subsidies
30.12.2025	Decree PF-269	Regional tax relief retained only for category-5 districts in 2026–2027, category-4 districts excluded

Source: compiled by the author from lex.uz.

Two tendencies are evident. First, the framework has moved from unconditional support towards risk-sharing and result-based instruments: the ‘1+2’ principle of PF-193 extends interest compensation into the second and third years only if the borrower meets employment targets and increases revenue by at least 15 per cent [6], and PF-176 links refinancing of micro-project loans to the creation of at least five new jobs [8]. Second, eligibility is increasingly conditioned on compliance: PQ-193 scales all subsidies and benefits to the firm’s sustainability rating, while CM Resolution No. 784 provides for the recovery of subsidies that were obtained without grounds or used for other purposes

(Table 1). Notably, none of the ten acts in Table 1 is a law, the parameters of the guarantee mechanism, its most important instrument, are therefore subject to frequent amendment by decree.

3.2. The fiscal channel: size and distribution of tax and customs exemptions

Data published under Presidential Decree PF-6247 of 16 June 2021, which requires disclosure of tax and customs exemptions and their beneficiaries, show that economic entities received exemptions totalling UZS 178.1 trillion in 2025, of which UZS 119.0 trillion were tax exemptions and about UZS 59.1 trillion customs exemptions [14]. Table 2 relates these figures to budget aggregates.

Table 2. Scale and concentration of tax and customs exemptions, 2025

Indicator	Value	Ratio
Total tax and customs exemptions, UZS trillion	178.1	–
of which tax exemptions, UZS trillion	119.0	66.8% of total
of which customs exemptions, UZS trillion	59.1	33.2% of total
Exemptions for projects of state significance, UZS trillion	12.6	7.1% of total
Projected state budget revenue 2025, UZS trillion	308.5	exemptions = 57.7%
Planned budget subsidies 2025, UZS trillion	28.3	exemptions = 6.3×
Legal-entity recipients of tax exemptions, thousand	139	avg. UZS 0.86 bn each
Three largest recipients of tax exemptions, UZS trillion	6.9	5.8% of tax exemptions

Source: author's calculations based on [14], [15].

Three findings stand out. First, the fiscal channel is by far the largest channel of state support: exemptions exceed planned subsidies more than six-fold and correspond to more than half of projected budget revenue [15]. Second, the largest single recipients are state-owned and large companies—Uzbekistan GTL, Uzbekistan Airways and O'zbekneftgaz together received UZS 6.9 trillion [14]. Third, and most important for SME policy, the published data do not disaggregate exemptions by firm size, it is therefore impossible to determine what share of this support reaches small and medium-sized firms or to assess its effect on their employment and output.

The regional component of tax relief illustrates the recent direction of policy. Under PF-287, firms in category-5 districts paid profit, turnover and social taxes at 1 per cent in 2023–2025, while category-4 districts enjoyed a reduced turnover tax rate of 3 per cent. Decree PF-269 retained the 1 per cent rates for category-5 districts in 2026–2027 but excluded category-4 districts from preferential rates [9]. For a firm with an annual turnover of UZS 1 billion, this change raises the turnover tax liability from UZS 30 million to UZS 40 million. In parallel, however, PF-176 introduced refinancing of bank loans to SMEs in remote areas at no more than the policy rate plus four percentage points [8]. The state is thus substituting bank-based, project-specific support for general tax relief in intermediate regions.

3.3. The banking channel: performance of guarantees and interest compensation

According to the Ministry of Economy and Finance, by 1 July 2025 the EDC had issued guarantees of UZS 10.65 trillion on bank loans of UZS 27.35 trillion to 13,880 projects, and had entered into interest compensation agreements of UZS 6.70 trillion on loans of about UZS 50.0 trillion to 33,593 projects [16]. Table 3 presents the derived indicators.

Table 3. Derived performance indicators of the EDC (cumulative, as at 1 July 2025)

Indicator	Calculation	Value
Guarantee multiplier	27.35 / 10.65	2.6
Compensation multiplier	50.0 / 6.70	7.5
Realised average guarantee coverage	10.65 / 27.35	38.9%
Average guaranteed loan, UZS billion	27.35 / 13,880	1.97
Average compensated loan, UZS billion	50.0 / 33,593	1.49

Source: author's calculations based on [16].

The compensation instrument mobilises far more bank credit per unit of public commitment than the guarantee instrument and covers more than twice as many projects. This reflects the different economic logic of the two tools: compensation lowers the cost of credit for borrowers who already satisfy banks' collateral requirements, whereas guarantees substitute for missing collateral. The realised average guarantee coverage of 38.9 per cent is noteworthy. It lies well below the regulatory maximum of 50 per cent set by PF-193 [6], suggesting that the guarantee is frequently used as a partial top-up to existing collateral rather than as a substitute for it.

The risk-sharing logic has been extended to micro-finance. Resolution PQ-312 provides for the EDC to place funds with micro-lenders at rates below the policy rate and for credit risk on micro-loans to be shared between the EDC and the lender according to the category of the district [7]. Together with PF-176, which extended refinancing to job-creating micro-projects of up to UZS 500 million and growth lending of up to UZS 10 billion to 'champion' firms [8], these measures show a clear shift of the support system towards bank-intermediated instruments.

3.4. International benchmarking

Table 4 compares the institutional design and coverage of guarantee systems in the benchmark countries with those of Uzbekistan, and Figure 1 juxtaposes realised and statutory coverage ratios.

Table 4. Comparative design of public credit guarantee systems

Country	Main institution(s)	Legal status	Coverage	Notable feature
Germany	KfW, regional guarantee banks	development bank, guarantee bank in each federal state	avg. 63.5% (2025)	on-lending via house banks, detailed public statistics
Rep. of Korea	KODIT	special non-profit legal entity (est. 1976)	targeted 100% for limited periods	outstanding guarantees $\approx 6.7\times$ capital, bank contributions to guarantee pools
USA	SBA 7(a)	federal agency under the Small Business Act	$85\% \leq$ USD 150k, 75% above, 90% export	statutory 'credit elsewhere' (additionality) test
Kazakhstan	Damu Fund	subsidiary of Baiterek holding	$\approx 56\%$ (2025)	shift from interest subsidies to guarantees, 98% online applications

Country	Main institution(s)	Legal status	Coverage	Notable feature
Uzbekistan	EDC	joint-stock company under PF-193	up to 50%, realised 38.9%	broad instrument mix, no dedicated law, no additionality assessment

Source: compiled by the author from [16], [17], [18], [19], [20].

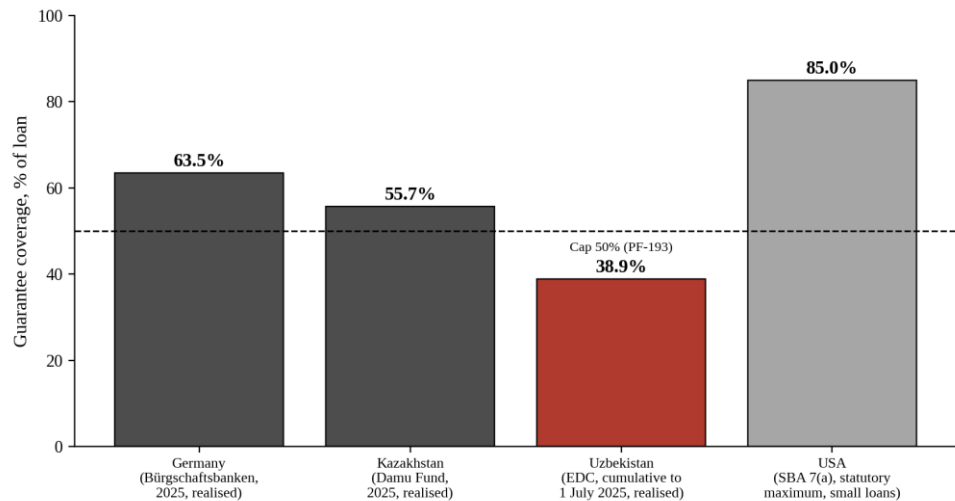


Figure 1. Realised and statutory guarantee coverage ratios, per cent of loan amount
Source: author's calculations based on [16], [17], [19], [20].

Several regularities emerge. In Germany, the guarantee banks issued EUR 1,355.4 million in guarantees on EUR 1,958.8 million of financing for 5,077 cases in 2025, with an average coverage of 63.5 per cent, the outstanding portfolio covered 38,396 cases [17]. KODIT in Korea operates with capital of USD 9.5 billion and outstanding guarantees of USD 63.4 billion for some 559,000 firms, implying leverage of about 6.7 [18]. Kazakhstan's Damu Fund issued guarantees of KZT 245 billion on projects worth about KZT 440 billion in 2025—a coverage of roughly 56 per cent—and has declared its intention to shift progressively from interest subsidies to guarantees [20]. Coverage in the United States is differentiated by loan size and purpose, with the highest coverage reserved for small and export loans, most importantly, the United States embeds additionality in law, since a lender may obtain an SBA guarantee only if credit is not otherwise available on reasonable terms [19].

3.5. Assessment against the World Bank principles

Table 5 assesses the Uzbek guarantee mechanism against the four areas of the World Bank principles [3].

Table 5. Compliance of the Uzbek guarantee mechanism with the World Bank principles

Area	Principle (summary)	Status in Uzbekistan	Assessment
Legal and regulatory framework	independent legal entity with clear mandate, supervision by financial regulator	joint-stock company created by decree, no dedicated law, supervision by the Central Bank envisaged but not yet in place	partial

Area	Principle (summary)	Status in Uzbekistan	Assessment
Corporate governance and risk management	independent governance, risk management, financial sustainability	self-financing to be achieved in 2024–2027, access to capital markets and IFI funding	developing
Operational framework	clear eligibility, partial guarantees with risk-sharing, balance of outreach, additionality and sustainability	limits and eligibility defined, partial guarantees up to 50%, uniform coverage	largely met
Monitoring and evaluation	regular monitoring, public disclosure, evaluation of additionality and impact	aggregate volumes disclosed, no published impact or additionality methodology	insufficient

Source: author's assessment based on [6], [3], [16].

The Uzbek mechanism is closest to good practice in its operational design: eligibility criteria, limits and risk-sharing are clearly specified. The two weakest areas are the legal basis and monitoring and evaluation. The absence of a dedicated law makes key parameters vulnerable to frequent change—PF-193 itself was amended several times in the second half of 2025 [6]—while the absence of an additionality methodology means that the substantial public resources committed through the EDC cannot be shown to have generated lending that would not otherwise have occurred.

4. Discussion

The results allow the support system to be characterised as one in transition. Historically, the Uzbek state relied heavily on fiscal instruments—broad tax and customs exemptions—to support entrepreneurship. These instruments are administratively simple but, as the 2025 disclosure data show, they are poorly targeted at SMEs, highly concentrated among large and state-owned beneficiaries, and difficult to evaluate. The recent narrowing of regional tax relief to category-5 districts, the stated policy of not granting new exemptions in 2025–2026 [15] and the abolition of export-related tax preferences for consistency with WTO rules indicate that policymakers are aware of these shortcomings.

The banking channel offers several structural advantages that are consistent with the theoretical literature. Because each loan is screened by a bank, support is project-specific rather than category-wide, because guarantees and compensation are contingent on the loan, they can be tied to verifiable results such as job creation and repayment, and because the public commitment is a contingent liability rather than forgone revenue, its fiscal cost materialises only in the event of default. The finding that the compensation multiplier (7.5) is almost three times the guarantee multiplier (2.6) should not be read as evidence that compensation is superior. Compensation supports borrowers who can already provide collateral, whereas guarantees address the more fundamental collateral constraint identified by Stiglitz and Weiss [10]. The relevant question is not which

instrument mobilises more credit, but which instrument creates more additional credit for constrained firms.

From this perspective, the low realised guarantee coverage of 38.9 per cent is a significant signal. It suggests that the guarantee is frequently used as a partial top-up to existing collateral, reaching borrowers who are already relatively bankable, while the firms facing the most severe collateral constraint—young and very small enterprises—remain under-served. International experience indicates that coverage can safely be higher where it is differentiated and accompanied by risk-sharing safeguards: the United States applies 85 per cent to small loans and 75 per cent to larger ones, and Korea reserves full coverage for narrowly defined target groups for limited periods. A uniform increase in coverage, by contrast, would risk weakening banks' incentives to screen and monitor borrowers—the moral-hazard concern emphasised by Honohan [2]. A differentiated scheme, raising coverage up to around three quarters for small, young and collateral-poor borrowers and for export loans while keeping it lower for larger loans, would reconcile outreach with prudence. This conclusion is consistent with recent evidence that bank lending responds strongly to guarantee generosity [11], that guarantees can nevertheless crowd out banks' own unguaranteed lending to the same firms [12] and that the realised effects of guarantees on firms evolve over time [13]. The crowding-out evidence in particular underlines the value of an explicit additionality test.

The analysis also highlights the complementarity between the compliance rating and bank-based instruments. Linking all support to the sustainability rating strengthens tax discipline, but it disadvantages young firms that have not yet built a rating history—precisely the firms that the financial growth cycle literature identifies as most constrained [1]. Banks can partly close this gap, because their credit assessment can rely on the length of business activity and repayment discipline rather than on a formal rating. Resolution PQ-312, which allows uncollateralised micro-loans to firms with at least one year of activity and a positive credit history, is an example of such an approach.

Several limitations should be acknowledged. The indicators presented are descriptive and based on cumulative aggregate data, they cannot establish causal effects. The disclosure data on exemptions do not permit a firm-size breakdown. Cross-country comparisons are affected by differences in definitions and reporting periods, and realised and statutory coverage ratios are not strictly comparable. These limitations point to the importance of improving data availability, which is itself one of the policy implications of the study.

On the basis of the analysis, six proposals are advanced, all of which can be implemented through the commercial banking channel:

1. Differentiate guarantee coverage within a range of 50–75 per cent according to loan size, firm category, district category and purpose, with the highest coverage for small, young and collateral-poor borrowers and for export loans.
2. Introduce an additionality test requiring the participating bank to state, in the guarantee application, why the loan could not be extended on acceptable terms without the guarantee.
3. Encourage banks to co-finance targeted guarantee pools, following the Korean and Kazakh models, and give priority in the placement of public resources to banks that do so.
4. Establish the guarantee institution and its prudential supervision by law—either through a dedicated law on credit guarantees or a chapter of the planned Entrepreneurship Code—to stabilise key parameters.
5. Publish annual statistics on guarantees and compensation by region, sector, firm size and firm age, and disclose tax and customs exemptions by firm category.
6. Evaluate all support instruments with a common set of six indicators—coverage, multiplier, employment effect, result achievement, financial sustainability (claims paid relative to the guarantee portfolio) and additionality—and use the results to reallocate resources from untargeted tax expenditures to result-linked bank-based instruments.

5. Conclusion

Uzbekistan has built, in a short period, a broad and increasingly sophisticated set of instruments for supporting SME finance. The analysis presented here shows, however, that the system remains unbalanced. The largest share of public support continues to flow through tax and customs exemptions whose distribution by firm size is unknown and whose largest beneficiaries are state-owned and large enterprises. The Entrepreneurship Development Company, by contrast, mobilises bank credit efficiently, but its guarantees cover on average less than two fifths of the guaranteed loans, it operates without a dedicated legal basis, and the additionality of its interventions is not assessed.

The main conclusion is that the efficiency of SME support in Uzbekistan depends less on the volume of resources than on the design of the mechanism: on how risk is shared between the state and banks, on whether support is targeted at the firms that face genuine financing constraints, and on whether results are measured and disclosed. A gradual shift from untargeted tax expenditures to differentiated, result-linked and evaluated risk-sharing through commercial banks would align Uzbek practice with the international principles and with the experience of the benchmark countries examined.

Future research should move from aggregate to firm-level analysis. Loan-level data from participating banks and the EDC would permit the estimation of the additionality and employment effects of guarantees and compensation using counterfactual methods, while surveys of supported and non-supported firms would shed light on the barriers faced by young enterprises without a rating history.

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