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Article

Improving Mechanisms for Attracting Foreign Funding and Providing State Organizational and Methodological Support for Non-Governmental Non-Profit Organizations

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Abstract: This article examines how non-governmental non-profit organizations (NGOs) in Uzbekistan attract foreign financial resources and how the state can support them organizationally and methodologically. It draws on the results of a doctoral (PhD) dissertation on the directions of ensuring the financial stability of NGOs. The study applies systemic analysis, comparative analysis, statistical grouping, analytical smoothing of time series, a questionnaire survey and econometric modelling (multinomial logistic regression in Stata 18.0). The findings show that state support to NGOs rose from UZS 12.0 billion in 2017 to UZS 1,276 billion in 2025, yet 82.6 percent of the nine-year total falls on the last two years, growth almost stopped in 2025, and state grants still make up about 60 percent of the average NGO budget, compared with 22 percent for foreign donors. Two scientific proposals are substantiated. First, NGOs should be able to implement, on a voluntary basis, projects with a total value of up to 1,000 times the base calculation amount (BCA) with the organizational and methodological assistance of state organizations. Second, the annual total of funds and property that NGOs receive from foreign sources upon notification of the registering authority should be raised from 20 to 100 BCA. At the BCA of UZS 412,000 in force since 1 August 2025, these thresholds correspond to UZS 412 million for projects and UZS 8.24–41.2 million for the notification regime. The article also presents a financial-condition assessment of the "Tadbirkor ayol" Association, an integral financial stability index (NGO-MBI) and forecasts of NGO numbers and state support until 2030.

Keywords: Non-governmental non-profit organizations; foreign funding; state support; organizational and methodological support; base calculation amount; financial stability; revenue diversification; Uzbekistan.

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1. Introduction

In the conditions of globalization, non-governmental non-profit organizations, often described as the "third sector", have become one of the main mechanisms for developing and supporting the social spheres of a democratic society. According to approximate estimates for 2025, the number of NGOs was close to 2 million in India, above 1.5 million in the United States, 1.3 million in France and more than 580 thousand in Germany, while worldwide it exceeded 10 million. As of 31 December 2024, 6,468 non-governmental organizations held consultative status with the UN Economic and Social Council. According to the World Bank, NGOs provide developing countries with more than USD 50 billion of financial assistance every year, thereby complementing the capacity of the public sector [1]. These figures illustrate the place of NGOs in socio-economic stability and the need to strengthen their financial position.

In Uzbekistan, NGOs operate as public associations, public foundations, institutions, unions and associations. An NGO is understood as a self-governing organization that is independent of state bodies, aims to protect the social, cultural, legal and other interests of the population, and does not distribute income among its participants. The President of the Republic, Sh.M. Mirziyoyev, has emphasized that civil society institutions, NGOs and the mass media occupy a special place in the consistent implementation of democratic reforms [2]. The state has backed this position financially: in 2016–2023, UZS 513.8 billion was allocated from the state budget to support 2,074 projects of NGOs and other civil society institutions. Funds channelled for this purpose through the Public Fund under the Oliy Majlis grew from UZS 268.1 billion in 2023 to UZS 1,272 billion in 2024 and UZS 1,276 billion in 2025 [1].

Nevertheless, the financing of NGOs still contains unresolved problems. Two of them are central to this article. The first concerns foreign funding. Since 2008, receiving funds from foreign sources in Uzbekistan has been subject to a special approval and registration procedure. Such procedures complicate the management of NGO activities and affect their financial stability. The second problem concerns access to project financing. When state funds are directed to a smaller number of larger projects, small and medium-sized NGOs lose the chance to win competitions and to build the project-management capacity they need. Both problems can be addressed through institutional mechanisms: a more flexible regime for foreign resources, and a system of organizational and methodological assistance from state organizations.

The aim of this article is to substantiate the improvement of mechanisms for attracting foreign funding and for state organizational and methodological support of NGOs. The article pursues the following tasks: to review foreign experience in financing NGOs; to analyse the dynamics and structure of NGO financing in Uzbekistan; to examine the administrative procedures for receiving foreign funds and justify a higher threshold for the notification regime; to justify the voluntary implementation of projects of up to 1,000 BCA with state organizational and methodological assistance; and to assess how these steps can increase the financial independence of NGOs. The object of the empirical analysis is the “Tadbirkor ayol” International Business Women Association, a non-governmental non-profit organization that supports women’s entrepreneurship. The topic corresponds to the tasks set by the laws on NGOs and social partnership [3], the Presidential decrees [4, 5], Presidential Resolution No. PQ-5012 [6] and the Cabinet of Ministers resolutions [7, 8].

The financing and financial stability of NGOs are widely covered in foreign literature. The institutional nature of the non-profit sector and its relations with the state were studied by H.B. Hansmann, L.M. Salamon, H.K. Anheier, K.H. Sivesind, P. Eynaud, P. Light and J. Yankey [9, 10]. In Hansmann’s classical work, the non-profit enterprise is examined as a specific institutional form, and Anheier’s textbook treats the theory, management and policy of non-profit organizations. The assessment of financial vulnerability was developed by H.P. Tuckman and C.F. Chang, who proposed a methodology for measuring the financial vulnerability of charitable non-profit organizations, and was continued by J.S. Greenlee and J.M. Trussel and by M.A. Hager [11].

A second group of studies deals with revenue diversification. K.A. Froelich, and later D.A. Carroll and K.J. Stater, showed that diversifying revenue sources reduces the volatility of NGO income and can increase financial stability [12, 13]. Contributions by W. Bowman and T.D. Calabrese point in the same direction. The empirical literature, however, stresses that the effect of diversification is not identical for all organizations, which calls for an approach that takes organizational type and size into account. A third group of authors, M. Edwards, D. Hulme, K. AbouAssi, K. Dupuy and A. Prakash, addressed dependence on donors and the restrictions placed on foreign financing of NGOs [14, 15]. Their works are directly relevant to the topic of this article, because they show both the benefits of foreign funds and the reasons why states regulate them.

In the Commonwealth of Independent States, state financing of NGOs was studied by O.S. Makeyeva and S. Karpov, NGO financial management by E.R. Bakhankova and N. Ferulova, accounting of funds by M.V. Baturina and A.V. Brovkin, and taxation and reporting by P.Yu. Gamolskiy and L.V. Gusarova [16–19]. In Uzbekistan, the sources and problems of NGO financing were examined by O.N. Xusanov [20], the procedure for reporting on the use of NGO funds by O. Ne'matov, the specifics of accounting in NGOs by D. Atikov and N. Do'smuxamedova [21], the role of NGOs in the economy by J.B. Xasanov, their organizational and legal mechanisms by B.A. Narimanov, J.J. Shirinov and D.R. Xolmanova [22], and the priority directions of strengthening their financial stability by A.S. Aliyev [23].

Despite this extensive body of work, the directions of ensuring the financial stability of NGOs, the structure of their financing sources and the factors affecting them have not been sufficiently studied under the conditions of Uzbekistan, in particular with an econometric assessment for NGOs that support women's entrepreneurship [1]. The mechanisms by which the state can combine a flexible foreign-funding regime with organizational and methodological assistance are an especially open question, and this is the gap that the present article addresses.

Two conceptual positions of the dissertation underpin the analysis. First, because the literature offers no single definition of an NGO, an author's definition that stresses the financial dimension was proposed: an NGO is a self-governing organization that does not distribute income among participants, attracts financial resources for its statutory goals from different sources (the state, donors, business, citizens and its own activity), and is accountable to stakeholders for their purposeful use. This definition does not contradict the legal definition but complements it with the financial aspect. Second, financial stability is interpreted as the ability of an organization to provide its statutory activity with the necessary resources without interruption in the short and long run. In foreign empirical studies it is assessed through equity, operating reserves, the structure of income and cost efficiency [1]. In addition, financing sources are grouped by their degree of stability into regular sources (membership fees, subsidies, paid services and endowment income) and project-based sources (grants, donations and sponsorship). The higher the share of regular sources, the more reliably an NGO can cover its operating expenses. Foreign grants are, by their nature, mostly project-based, which explains why their regulation matters for stability.

The social role of NGOs gives the question of their financial stability a practical meaning. NGOs provide medical assistance, support socially vulnerable groups, run education programmes and organize cultural events, and the continuity of these services depends directly on the financial stability of the organization [1]. The dissertation therefore treats stability not only as an internal financial characteristic but also as a factor in the well-being of the population. Existing classifications of financing sources by property form or by the source-providing subject (G.V. Kuzmin, G.Yu. Kasyanov, M.L. Makalskaya) are supplemented by the criterion of stability described above, which is better suited to the analysis of financial resilience.

2. Materials and methods

The study is based on the dissertation research of the author [1] and builds on the author's earlier publications on state support, performance evaluation, financial stability and management weaknesses of NGOs [24–27]. The information base consists of official data of the Ministry of Economy and Finance, the Statistics Agency under the President, the Public Fund under the Oliy Majlis, the Ministry of Justice and the "Tadbirkor ayol" Association. The methods used include scientific abstraction, induction and deduction, systemic analysis and synthesis, comparative analysis, statistical grouping, analytical smoothing of time series, a questionnaire survey, and econometric modelling in the form of multinomial logistic regression with predictive margins in Stata 18.0.

The financial condition of the Association was evaluated with three coefficients: the financial independence coefficient (Kfi), the financial dependence coefficient (Kfd) and the solvency coefficient (Ks):

$$Kfi = Own\ funds / Total\ balance \quad (1)$$

$$Kfd = Liabilities / Total\ balance \quad (2)$$

$$Ks = Current\ assets / Current\ liabilities \quad (3)$$

The normative thresholds used are Kfi ≥ 0.5, Kfd ≤ 0.5 and Ks ≥ 1.5–2.0. A lower Kfi means more liabilities, a higher risk of insolvency and a possible cash deficit. The calculations for the Association are based on conditional example data, which should be kept in mind when interpreting them.

To identify the factors that influence the financial stability of NGOs, data on six parameters of 205 randomly selected entrepreneurs operating in the republic were modelled in cross-section form. The null hypothesis stated that financial support, the number of employees, business form and type of activity do not jointly have a statistically significant effect ($p < 0.05$) on the financial score. The model has the following form:

$$Financial_score = \beta_0 + \beta_1 \cdot Financial_support + \beta_2 \cdot Employees + \beta_3 \cdot Business_form + \beta_4 \cdot Activity_type + \varepsilon \quad (4)$$

The dynamics of the number of NGOs in 2014–2025 were analysed through analytical smoothing and forecast with three methods: the average growth rate, the average absolute increment and the linear trend. Forecasts of state support to 2030 rely on the ARIMA model developed by A.S. Aliyev on the basis of 2012–2025 data [23]. All amounts are in Uzbekistani soums (UZS); the BCA of UZS 412,000, in force since 1 August 2025, is used to convert BCA-denominated thresholds.

3. Results and discussion

Foreign experience in financing NGOs

World practice shows several main directions for improving the financing of NGOs: diversification of financing sources, development of partnership with business, greater transparency and accountability, use of digital platforms, and the creation of endowment (target capital) funds and long-term support programmes. These directions allow NGOs to plan their finances over a long horizon. At the same time, their diversity and the different degree to which each suits the conditions of a particular country call for separate scientific research [1].

The experience of the United States and Europe indicates that diversity of financing sources, tax incentives and the stimulation of charity are the basic conditions of NGO stability. In the United States, individual donations, public foundations, income-generating events and crowdfunding platforms create wide opportunities for NGOs. This means that the foreign model rests mainly on a broad domestic base of private support rather than on a single dominant channel. In Central Asia, by contrast, the sustainability of NGOs measured by the CSOSI index has not yet reached an “enabling” level; for example, the score for Kyrgyzstan is 5.3.

A comparison with new-democracy and transition countries is also instructive. Relative to Poland, Hungary and Georgia, Uzbekistan has a lower share of subsidized NGOs (45 percent) and fewer state–NGO cooperation programmes (8). In Lithuania, Estonia and the Czech Republic, joint state–NGO projects number between 480 and 530, whereas in Uzbekistan the figure is 420. These indicators suggest that the coverage of subsidies and the number of joint projects should be expanded, and that funds should be distributed on a competitive basis and according to results.

Dynamics and structure of NGO financing in Uzbekistan

NGO financing sources in Uzbekistan can be grouped into five channels: the state, international donors, the business sector, citizens and the organization's own income. In practice the state channel leads: state subsidies distributed through the Public Fund alone reached UZS 314.1 billion in 2025. Within this channel, state financing takes the form of subsidies, grants and social orders. Subsidies and grants are distributed through the Parliamentary Commission and the Public Fund. Subsidies are allocated for socially significant activities specified in the NGO's charter, while grants are awarded on a competitive basis to winning projects. Reports and inspections by the Accounts Chamber ensure the transparency of state spending [1].

Table 1 and Figure 1 show the dynamics of the number of NGOs and of state support in 2017–2025. State support grew from UZS 12.0 billion to UZS 1,276 billion, that is, about 106 times, and totalled UZS 3,085.7 billion over the nine years. However, 82.6 percent of this total falls on the last two years. In 2025 the growth almost stopped (100.3 percent), and expressed in BCA the state subsidies even declined from 810.7 thousand BCA in 2024 to 762.4 thousand BCA. Hence nominal growth does not always mean real growth of support, and the main question now is the efficient use of funds.

Table 1. Number of NGOs and dynamics of their state support, 2017–2025

Year	Number of active NGOs	State support, UZS billion	Chain growth rate of state support, %
2017	9,470	12.0	–
2018	9,431	17.7	147.5
2019	9,681	28.5	161.0
2020	9,546	38.0	133.3
2021	9,805	75.7	199.2
2022	10,098	97.7	129.1
2023	10,250	268.1	274.4
2024	10,379	1,272.0	474.4
2025	11,321	1,276.0	100.3

Source: compiled by the author on the basis of data of the Public Fund under the Oliy Majlis and the Ministry of Justice [1].

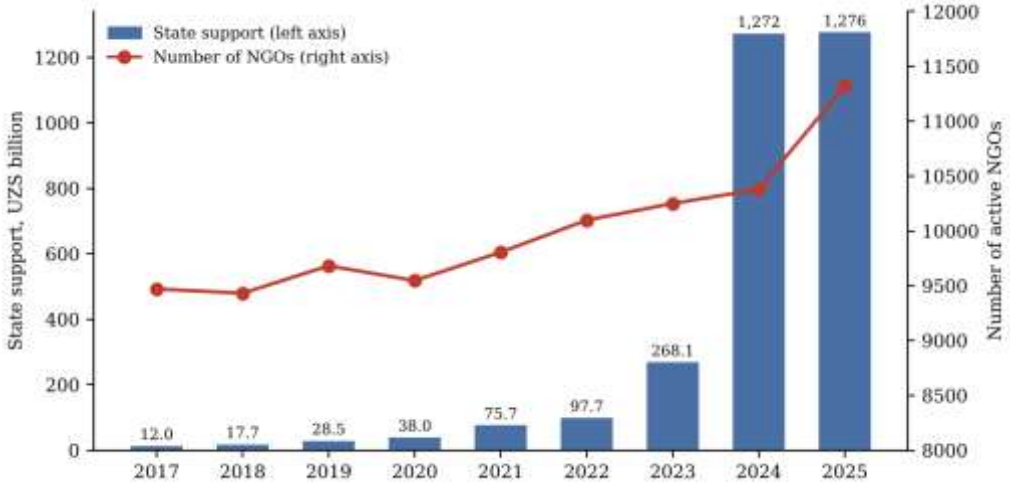

Figure 1. State support to NGOs and the number of active NGOs, 2017–2025

The structure of the funds also deserves attention. State subsidies increased from UZS 32.8 billion in 2020 to UZS 314.1 billion in 2025, that is, 9.6 times. But after the public funds were merged under Presidential Decree No. PF-124, about 70 percent of the fund's

resources have been directed to the mahalla system, and the share of subsidies in total funds fell from 86.3 percent to 24.6 percent [1, 5]. An increase in the volume of funds therefore does not mean that direct assistance to NGOs has risen by the same amount.

In the average structure of NGO financial sources, state grants account for 60 percent, foreign donors for 22 percent, and own funds and sponsorship for 18 percent. In such a structure, any change in financing policy puts NGO activity at risk. If sources are diverse, the reduction of one of them does not stop the work, but this requires a sufficiently developed financial management system [1]. The high share of state funds also limits NGO financial independence, which is the starting point for the two proposals discussed below.

The number of NGOs rose from 8,458 in 2014 to 11,321 in 2025 (a base growth of 133.9 percent). Analytical smoothing produced the trend equation $\hat{y} = 9{,}683.7 + 103.0 \cdot t$ with $R^2 = 0.92$. According to forecasts by the three methods, the number of NGOs in 2030 will be in the range of 11.8–12.9 thousand, which requires advance planning of the volume and mechanisms of support. The quantitative growth of NGOs has not yet been matched by qualitative growth. About 60 percent of NGO leaders name the lack of funds as the main problem. Of more than 10 thousand NGOs active in 2022, 40 percent could not fully implement their projects for lack of funds and 35 percent faced a shortage of qualified personnel. Respondents also pointed to insufficient support from local authorities (33 percent), potential sponsors and business structures (26 percent) and regional authorities (19 percent), as well as to imperfect legislation (16 percent) and the lack of specialists (9 percent) [1].

Mechanisms for attracting foreign funding and administrative procedures

International donors are the second most important source in the average NGO budget (22 percent), and the foreign channel is the one most exposed to administrative regulation. Since 2008, receiving funds from foreign sources has been subject to a special approval and registration procedure. The current framework is set by the Regulation on the procedure for approving the receipt of funds and property by NGOs from external sources and for implementing externally financed projects in the territory of the Republic of Uzbekistan, approved by Cabinet of Ministers Resolution No. 527 [8], together with Presidential Resolution No. PQ-5012 of 3 March 2021 on additional measures for the state support of NGOs and the protection of their rights and legitimate interests [6]. Administrative procedures of this kind, as the dissertation notes, make NGO management more complicated and affect financial stability. It is therefore appropriate to simplify the approval procedure for foreign funds and, at the same time, to encourage domestic private sources [1].

The first scientific proposal of the article on this topic is to raise the total annual amount of funds and property received from foreign sources upon notifying the registering authority from 20 to 100 times the BCA. The logic of the proposal is that two procedures should coexist: a lighter, notification-based channel for smaller amounts and the full approval procedure for larger ones. Raising the upper limit of the notification channel lets NGOs attract international grants faster, while the transparency and accountability of the use of funds remain mandatory conditions [1]. In monetary terms, at the BCA of UZS 412,000, the change is shown in Table 2.

Table 2. Notification threshold for foreign funds and property (annual total)

Threshold	In BCA	In UZS (BCA = 412,000)
Before the proposed change	20	8.24 million
Proposed	100	41.2 million
Increase	5 times	32.96 million

Source: calculated by the author on the basis of [1].

Three considerations support this approach. First, the regime saves time. For an NGO that runs a social project funded by a foreign grant, the period between the donor's decision and the receipt of funds is a significant part of the project cycle, and a notification procedure shortens it. Second, the approach lowers transaction costs, which are proportionally heavier for small organizations that have no specialized legal or grants staff. Third, the approach is consistent with international experience, in which restrictions on foreign funding are justified by transparency concerns [15]; keeping reporting obligations in place addresses these concerns without closing the channel. According to the dissertation, the proposal was taken into account in Presidential Resolution No. PQ-5012 of 3 March 2021 (certificate of the Ministry of Justice No. 8/02-0794 of 30 July 2024), and as a result NGOs have been able to attract foreign sources more widely for their social projects [1, 6].

Financial planning and control as preconditions for attracting external resources

Donors and sponsors fund organizations whose finances they can trust, and this is why financial control and planning are closely connected with the foreign-funding question. Financial control, including internal and external audit, monitoring of expenditure and control of budget execution, ensures that funds are used for their intended purpose, helps to reflect financial indicators correctly and raises the reputation of the organization before donors and sponsors. As a result, the NGO gains the opportunity to attract additional funds [1]. The simplified procedure for foreign funds proposed above therefore relies on this logic: the lighter the entry procedure, the more important it is that the organization can demonstrate reliable accounting, reporting and control.

Financial planning is the tool for directing resources toward the goals of the organization and for the rational distribution of expenses. In NGOs it is carried out in long-term, medium-term and short-term forms and requires project budgets, a consolidated budget and a cash-flow budget to be maintained together. In the calculation-and-analytical method, the future level of financial indicators is forecast on the basis of achieved values and their dynamics; the method is applied when norms are absent and is often supplemented by expert assessment. As planning calculations become more complex, the use of information technologies and the training of qualified personnel become necessary, and simulation modelling based on a scenario approach is an effective method [1, 28].

State organizational and methodological support

The second scientific proposal concerns the way projects are carried out. The dissertation argues that it is advisable for NGOs to implement, on their own initiative, projects with a total value of up to 1,000 times the BCA, involving state organizations that provide organizational and methodological support. At the current BCA of UZS 412,000, this corresponds to projects of up to UZS 412 million. In this model the state organizations do not only provide financial assistance; they also give methodological consulting, legal and technical aid, training in project management, and help set up a monitoring and evaluation system [1]. The word "voluntary" is essential here: the NGO decides whether to use the mechanism, so its independence is preserved while its capacity is strengthened.

The need for such a mechanism is clear from the structure of state grant competitions. In 2015–2021, the number of winners of state grant competitions was around 230–290, and the average grant per organization rose from UZS 18.9 million to UZS 41.0 million. In 2022–2023, the number of winners fell to 160–192, while the average grant rose to UZS 75–88.5 million. The orientation of funds toward fewer but larger projects narrows the chances of small NGOs to win. Hence the proposal to implement projects of up to 1,000 BCA with the organizational and methodological support of state organizations prevents small and medium-sized organizations from being left outside financing [1].

A related element is cooperation between state organizations, legal entities in which the state holds more than 50 percent of the authorized capital, and NGOs. The dissertation

substantiates the need to implement free economic relations within the framework of mutual cooperation agreements concluded among them. Such agreements help to develop effective solutions in the social sphere, ensure financial stability and improve governance [1]. Both proposals, according to the certificate of the Ministry of Justice, were used in developing the Regulation approved by Cabinet of Ministers Resolution No. 527, which fixed the requirements for such cooperation agreements; as a result, cooperation with state organizations has given NGOs the organizational, methodological and financial support needed to implement their projects [1, 8].

The practical side of this cooperation was examined using the "Tadbirkor ayol" Association. In 2024 the Association concluded a contract with the International Center for Strategic Development and Monitoring in the Field of Food and Agriculture with a total value of UZS 1,124,049,945.65 excluding VAT. The contract is performed in stages and each stage is financed only after the report on it is accepted. Calculations based on conditional example data show that the financial independence coefficient of the Association increased from 0.87 to 0.90, the financial dependence coefficient fell from 0.13 to 0.10, and the solvency coefficient rose from 2.50 to 4.17. All three are better than the normative thresholds, which means that the activity is financed mainly from own funds [1].

Table 3. Financial condition coefficients of the "Tadbirkor ayol" Association

Coefficient	Before	After	Normative threshold
Financial independence (Kfi)	0.87	0.90	≥ 0.5
Financial dependence (Kfd)	0.13	0.10	≤ 0.5
Solvency (Ks)	2.50	4.17	≥ 1.5–2.0

Source: calculated on the basis of conditional example data [1].

At the same time, the contract exposes a liquidity risk that a methodological support system should address. Of the contract value, 85 percent (UZS 955.4 million) is paid in tranches on the basis of completed work, and reimbursable expenses of UZS 555.2 million are first incurred by the Association and compensated later. Therefore, solvency should be planned in line with the schedule of tranches, and an operating reserve of at least one tranche should be created. On this basis, forms of financial planning and an expenditure estimate were developed for the Association [1]. In methodological terms, this is exactly the kind of guidance that state organizations could give to smaller NGOs under the 1,000-BCA mechanism: cash-flow budgeting, a reserve policy and staged reporting.

State support should also be planned with its future scale in mind. According to the ARIMA forecast of A.S. Aliyev, state support may temporarily fall to UZS 1,027.9 billion in 2026 and reach UZS 4,168.1 billion in 2030 [23]. Compared with the forecast of NGO numbers, state funds per NGO are expected to rise from UZS 113 million to UZS 320–350 million. Growth of this scale requires systematic monitoring of how funds are distributed [1].

Increasing the financial independence of NGOs

The two mechanisms discussed above are not ends in themselves. Their purpose is to raise the financial independence of NGOs, and this requires indicators for measuring it. Research by Froelich and by Carroll and Stater shows that diversification of income sources reduces the volatility of NGO income and strengthens financial stability [12, 13]. For this reason, the methodology of diversification was used to evaluate the opportunities of the Association. At the sector level, NGOs derive on average 60 percent of their income from state grants, which limits their financial independence; the dissertation therefore recommends diversifying through membership fees, paid services, social entrepreneurship and endowment funds [1].

Practice shows that non-budgetary sources are already taking shape. Membership fees are in the range of UZS 90–245 thousand per year, and training and competition fees

and socially oriented production also bring income. The Bukhara training and production enterprise within the system of the Society of the Deaf earned UZS 1,013.1 million, and a similar enterprise within the Society of the Blind earned UZS 222.9 million. Accordingly, it is recommended that organizations such as "Tadbirkor ayol" gradually increase the share of training courses, consulting services and membership fees [1].

For monitoring purposes the dissertation proposes an integral index of NGO financial stability (NGO-MBI), calculated as the arithmetic mean of four normalized coefficients, each ranging from 0 to 1:

$$NGO\text{-}MBI = (DDK + OBK + MMK + LK) / 4 \quad (5)$$

where DDK is the revenue source diversification coefficient, OBK the operating stability coefficient, MMK the financial independence coefficient and LK the liquidity coefficient. The financial independence and solvency coefficients calculated for the Association can be used directly as the MMK and LK components. According to the index value, NGOs are divided into four groups (Table 4). Including the index in the criteria for allocating grants and subsidies makes it possible to direct state funds first of all to organizations with a higher level of stability [1].

Table 4. Levels of financial stability by the NGO-MBI integral index

Index value	Stability level	Description	Recommended measure
0.00–0.40	Low	High dependence on one or two sources; weak liquidity	Financial recovery; cost optimization
0.41–0.60	Average	Reserves and independent income are insufficient	Diversification strategy; creation of a reserve fund
0.61–0.80	Sufficient	Sources are relatively stable; some risks remain	Transition to multi-year financing
0.81–1.00	High	High financial independence and liquidity	Large social projects; cooperation on a public–private basis

Source: author's development [1].

The factors that influence the financial stability of organizations supporting women's entrepreneurship were tested with the econometric model (4). Descriptive statistics show that the mean financial score is 0.551 (standard deviation 0.231) with a range of 0.15–0.9, which means that most organizations have average financial indicators and sharp deviations are rare. The mean financial support is 23,948.78 (standard deviation 32,212.17), ranging from 0 to 132,000, which reveals a sharp differentiation in the assistance received by organizations. The scatter plot by region shows a positive relationship between support and the financial score in Andijan and Namangan regions, almost none in Tashkent region, and a negative tendency in Bukhara and Surkhandarya regions. Where the tendency is negative, resources may be used inefficiently or there may be factors that weaken the effect of assistance, so financial programmes should be adapted to regional specifics [1].

According to the multinomial logistic regression, the financial score has an influence in the activity types beauty salon, production and household services, but with different levels of significance (the coefficients are significant at the 10 percent level). The number of employees is statistically significant only for production ($p = 0.038$) and has a positive effect, and the effect of financial support is also observed mainly in this activity type. The explanatory power of the model is limited: the pseudo R^2 is 0.332 and the overall chi-square test is not significant (Prob > chi2 = 0.250) with 204 observations. The marginal effect of the financial score is statistically insignificant in most activity types; for farms it is 0.2529 ($p = 0.053$), close to the significance threshold, and for production it is −0.0982 and insignificant. Predictive margins show that smaller organizations respond more to financial assistance [1].

Given these limits, the results should be read as indicative rather than conclusive. They nevertheless support a practical conclusion that is consistent with the first proposal: since the response to support differs across organization size and activity type, financial support should be differentiated accordingly. A single standard grant format is likely to be less efficient than one combining organizational and methodological assistance for small organizations, which respond more, with larger project funding for organizations with greater absorption capacity.

4. Discussion and policy implications

Taken together, the analysis points to a coherent set of measures. The first group concerns the foreign-funding regime. Raising the annual total that can be received on the basis of notification from 20 to 100 BCA (UZS 8.24 million to 41.2 million) extends the fast channel to a wider range of small grants, while the obligations of transparency and accountability remain in place. The second group concerns state support. Allowing NGOs to implement projects of up to 1,000 BCA (UZS 412 million) with the organizational and methodological assistance of state organizations combines money, methodology and monitoring in one mechanism, and is aimed in particular at small and medium-sized organizations that have lost ground in grant competitions.

The third group concerns the architecture of support. Because a large part of the funds of the unified public fund goes to the mahalla system, the dissertation recommends planning and recording the funds allocated for NGOs separately from the expenses of the mahalla system, and fixing their amount in BCA [28]. The fourth group concerns the quality of management. Regular training of NGO employees and project coordinators in financial management, project management, monitoring and evaluation, together with the use of information technologies and scenario modelling in financial planning, is an important condition for increasing stability [28]. Finally, the NGO-MBI index offers a way to link state support to demonstrated financial soundness rather than to nominal volume.

In terms of implementation, the measures can be arranged in a logical sequence. In the first stage, the amounts of state funds for NGOs are separated from the expenses of the mahalla system and fixed in BCA, so that the volume of real support can be monitored. In the second stage, the organizational and methodological assistance mechanism for projects of up to 1,000 BCA is applied in cooperation with state organizations and legal entities with a state share above 50 percent. In the third stage, the NGO-MBI index is included in the criteria for allocating grants and subsidies, and training programmes in financial management, project management, monitoring and evaluation are organized for NGO employees. In parallel, the share of regular sources is increased through membership fees, paid services, social entrepreneurship and endowment funds [28]. The results of the dissertation can also be used in improving legislation on NGOs and in teaching the subjects Finance, Economic Theory, Microeconomics and State Regulation of the Economy in higher education institutions [28].

5. Conclusion

The study shows that the growth of state support for NGOs in Uzbekistan in 2017–2025 was rapid but uneven, and that its real effect is smaller than its nominal size suggests: 82.6 percent of the nine-year total was allocated in the last two years, growth stopped in 2025, and the share of subsidies in the total funds fell from 86.3 to 24.6 percent. At the same time, state grants make up about 60 percent of the average NGO budget and foreign donors 22 percent, so the financial independence of NGOs remains limited and their sources insufficiently diversified.

Two proposals are substantiated for improving the mechanisms of financing. First, NGOs should be able to implement projects with a total value of up to 1,000 BCA (up to UZS 412 million at the BCA in force from 1 August 2025) on their own initiative, with the

involvement of state organizations that provide organizational and methodological support. This prevents small and medium-sized organizations from being excluded from financing and raises their project management capacity. Second, the annual total of funds and property received from foreign sources upon notification of the registering authority should be raised from 20 to 100 BCA, that is, from UZS 8.24 million to UZS 41.2 million. This allows NGOs to attract international grants faster, provided that transparency and accountability remain mandatory. According to the certificates of the Ministry of Justice, these proposals were used in the preparation of Cabinet of Ministers Resolution No. 527 and were taken into account in Presidential Resolution No. PQ-5012.

The evidence from the "Tadbirkor ayol" Association and from the econometric model confirms that these mechanisms must be accompanied by sound financial planning, an operating reserve of at least one payment tranche, differentiation of support by organization size and activity type, and monitoring through the NGO-MBI index. By 2030 the number of NGOs may reach 11.8–12.9 thousand and state support about UZS 4.2 trillion; these prospects make it necessary to plan the support mechanisms in advance and to focus on the efficient use of funds rather than on their nominal growth.

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