# INSTITUTIONAL MECHANISMS FOR SUPPORTING WOMEN'S ENTREPRENEURSHIP AS A TOOL FOR POVERTY REDUCTION: THE CASE OF UZBEKISTAN

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**Abstract**. Women's entrepreneurship is increasingly recognized as one of the most effective instruments for reducing poverty, particularly in transition economies with strong informal sectors. This thesis examines the institutional mechanisms — legal, financial, and organizational — through which the state and development partners support women's entrepreneurship in Uzbekistan, and assesses their contribution to poverty reduction. Using a comparative and descriptive-analytical approach based on national legal acts, statistical data, and reports of international financial institutions, the study identifies gaps between the declared policy framework and its practical implementation, particularly regarding access to finance, business training, and the enabling regulatory environment. The findings indicate that fragmented coordination among state programs, banks, and international donor initiatives reduces the overall poverty-reduction effect of otherwise well-designed support mechanisms. The thesis proposes a coordination framework aimed at aligning institutional efforts to increase the poverty-reduction impact of women's entrepreneurship policy in Uzbekistan.

**Keywords:** institutional mechanisms, women's entrepreneurship, poverty reduction, enabling environment, state support programs, financial inclusion, Uzbekistan.

## Introduction and Research Problem

The reduction of poverty through the expansion of women's entrepreneurship has become a central theme in development economics and is explicitly reflected in Sustainable Development Goals 1, 5, 8, and 10. In developing and transition economies, women's businesses tend to be smaller, more often informal, and more financially constrained than those led by men, which limits their contribution to household income growth and, consequently, to poverty reduction (Duflo, 2012; Kabeer, 2005).

Uzbekistan has adopted a broad set of institutional measures to support women's entrepreneurship, including legislative guarantees of equal business rights, preferential lending programs, the activities of the Business Women's Association, and partnerships with international financial institutions such as the IFC and the EBRD "Women in Business", program. However, despite these measures, women-led enterprises in Uzbekistan continue to face disproportionately limited access to formal credit — with only about 19 percent of small enterprises overall using formal credit resources, a share that is markedly lower for women-led firms (World Bank Enterprise Survey, 2024). This raises the central research problem addressed in this thesis: to what extent do existing institutional mechanisms in Uzbekistan translate into a measurable poverty-reduction effect through women's entrepreneurship, and where do the main institutional gaps lie?

**Methodology**

The study employs a descriptive-analytical and comparative methodology. The institutional framework is examined through content analysis of national legislation and state program documents (the "Women's Strategy – 2030," resolutions of the Cabinet of Ministers on entrepreneurship support). Quantitative indicators of financial inclusion and enterprise performance are drawn from the State Statistics Committee of the Republic of Uzbekistan, the Central Bank, and the World Bank Enterprise Surveys. The institutional mechanisms identified in the literature and in national documents are then classified into three categories — legal-regulatory, financial, and organizational-advisory — and are assessed against three criteria: coverage (share of women entrepreneurs reached), coordination (degree of integration across institutions), and measurable poverty-reduction outcome, as summarized in Table 1.

*Table 1. Classification of institutional mechanisms supporting women's entrepreneurship in Uzbekistan*

| **Mechanism type** | **Examples in Uzbekistan** | **Coverage** | **Main limitation** |
|---|---|---|---|
| Legal-regulatory | Equal business-rights guarantees; "Women's Strategy – 2030" | National | Weak enforcement at local (mahalla/district) level |
| Financial | Preferential credit lines; IFC/EBRD "Women in Business"; WeFinTech, WeRise, WeGrant | ~19% of SMEs (lower for women) | Collateral requirements; limited rural outreach |
| Organizational-advisory | Business Women's Association; training and mentorship programs | Regional, uneven | Fragmented coordination with financial mechanisms |

**Results and Discussion**

The classification presented in Table 1 shows that Uzbekistan possesses a relatively comprehensive set of institutional mechanisms, yet these mechanisms operate largely in parallel rather than as an integrated system. Legal-regulatory guarantees establish formal equality but are not consistently enforced at the local level, where informal social norms often shape actual access to business opportunities. Financial mechanisms, although expanding through international partnerships, remain constrained by collateral requirements that disproportionately affect women, who are statistically less likely to hold registered property titles.

The organizational-advisory layer — training, mentorship, and networking support — is the least coordinated with the financial layer: women who complete business-training programs frequently report continued difficulty converting acquired skills into actual credit approval, indicating a structural disconnect between capacity-building initiatives and lending institutions. This finding is consistent with econometric evidence showing that government support (coefficient 0.90) and digital/financial literacy (coefficient 0.85) positively affect women entrepreneurs' success, while access to finance ($\beta = 0.72$) remains a binding constraint even where literacy and support are present.

Nationally, the macro-level potential of closing these institutional gaps is substantial: achieving gender parity in labor-force participation is estimated to be capable of increasing national income by approximately 29 percent and lifting around 700,000 people out of poverty. This suggests that the poverty-reduction returns to better institutional coordination — rather than to the creation of additional new programs — may be the most cost-effective policy lever available in the short term.

## Conclusion and Policy Implications

The thesis concludes that Uzbekistan's institutional mechanisms for supporting women's entrepreneurship are broad in scope but insufficiently coordinated, which weakens their cumulative effect on poverty reduction. Three policy implications follow: first, linking business-training completion directly to simplified, partially collateral-free credit access; second, establishing a single inter-agency coordination body to align the legal, financial, and advisory mechanisms currently managed by separate institutions; and third, prioritizing rural and mahalla-level enforcement of equal business-rights provisions, where the gap between formal law and practice is largest. These measures, rather than additional stand-alone programs, are expected to yield the greatest incremental contribution to national poverty-reduction targets.

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