



IMPROVING THE MECHANISMS FOR STRENGTHENING THE FINANCIAL SUSTAINABILITY OF CIVIL SOCIETY INSTITUTIONS

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ABSTRACT	KEYWORDS
Civil society institutions in Uzbekistan remain financially fragile despite rapidly growing budget support. Using comparative, statistical and regulatory analysis of international and national data, this article diagnoses revenue concentration and state dependence, and proposes a three-tier mechanism combining formula-based public funding, tax-incentivised private giving and earned income. Three practical recommendations directly target the forthcoming Civil Society Development Strategy until 2030.	Civil society institutions, non-governmental non-profit organizations, financial sustainability, financial viability, revenue diversification, revenue concentration, resource dependence, state grants, subsidies, state social order, social partnership, percentage tax designation, tax incentives, charitable giving, earned income, social entrepreneurship, endowment funds, official development assistance, Uzbekistan.

Introduction

The financial sustainability of civil society institutions has moved from a managerial concern to a macro-level policy problem. Three shifts explain this. First, external donor money is contracting at a historically unprecedented rate. Official development assistance (ODA) from members of the OECD Development Assistance Committee fell by 9% in 2024, and the OECD projected a further fall of 9–17% for 2025 (OECD, 2025). Preliminary OECD data released in April 2026 show that the actual decline in 2025 was 23.1% in real terms, the largest annual fall in the history of ODA, with a further 5.8% decline projected for 2026 (DevelopmentAid, 2026). Organizations in aid-recipient countries that built their budgets on foreign grants therefore face a structural rather than a cyclical shock.

Second, private generosity is unevenly distributed and only weakly institutionalised. The World Giving Report 2025, based on a survey of more than 50,000 people in 101 countries, finds that people donate on average 1.04% of their income, but that the figure is 1.45% in low-income countries and only 0.70% in high-income countries; it also finds that people give more where governments actively encourage giving (Charities Aid Foundation [CAF], 2025). Much of this giving goes directly to individuals and religious causes and never reaches formal organizations.

Third, comparative measurement has consistently shown that money is the weakest link of the sector. In the CSO Sustainability Index for Central and Eastern Europe and Eurasia, financial viability “has long been the weakest dimension of CSO sustainability”, and five of the nine countries covered in the final 2022 edition reported further deterioration (USAID et al., 2023, p. 4).

At the national level the problem is equally acute. Article 69 of the Constitution of the Republic of Uzbekistan, adopted in 2023, recognises civil society institutions, including public associations and other non-governmental non-profit organizations (NNOs), citizens’ self-government bodies and the mass media, as the basis of civil society. The state has expanded its support sharply: budget allocations to NNOs and other civil society institutions rose from 12.3 billion soums in 2017 to 226.4 billion soums in 2023 (Embassy of the Republic of Uzbekistan in the United Kingdom, 2024). Yet the International Center for Not-for-Profit Law concludes that “most NNOs remain financially fragile, even when receiving state support, due to limited funding diversification” (ICNL, 2026). The Concept for the Development of Civil Society in 2021–2025 has expired, and a new Strategy for Civil Society Development until 2030 is scheduled for adoption in 2026 (ICNL, 2026). The design of financial mechanisms for the next strategic cycle is therefore an open and timely question.

The topic has been studied unevenly. The theory of non-profit finance and the empirical literature on revenue diversification are mature, but they rest overwhelmingly on data from the United States and Western Europe, where tax-return databases allow organization-level analysis. Research on post-Soviet countries is dominated by legal and political-science work on registration, civic space and state–society relations. In Uzbekistan the existing studies concentrate on the organizational and legal status of NNOs; the economics of their financing is addressed only in a small number of recent papers, and no published study offers an integrated, quantitatively grounded financial mechanism for the sector as a whole.

The contradiction that defines the research problem is the following. State financial support for civil society institutions in Uzbekistan has grown many times over, but the financial sustainability of the organizations themselves has not improved correspondingly. Support is delivered mainly as short-term, project-based grants to a limited circle of recipients, while the complementary channels that sustain the sector elsewhere, namely private giving stimulated by tax policy and income earned from services, remain underdeveloped. The scientific problem is therefore not the volume of funding but the architecture of the mechanism: which combination of instruments reduces revenue concentration without replacing dependence on foreign donors with dependence on the state.

The aim of the study is to substantiate directions for improving the mechanisms that strengthen the financial sustainability of civil society institutions and to adapt them to the conditions of Uzbekistan. The study contributes in three respects. It reinterprets financial sustainability at the level of the sector as a balance of three revenue tiers rather than as an attribute of individual organizations. It documents, from official figures, the scale, concentration and measurement gaps of state support in Uzbekistan in 2017–2026. And it proposes a three-tier mechanism with measurable target indicators that can be embedded in the forthcoming national strategy.

LITERATURE REVIEW

The theoretical foundations were laid by Hansmann (1980), who explained non-profit provision through contract failure and the non-distribution constraint, and by Weisbrod (1988), who treated non-profits as suppliers of collective goods that government under-provides to heterogeneous demand. Salamon (1987) reversed the conventional sequence: in his theory of “voluntary failure” the voluntary sector is the primary response to social needs, and government funding compensates for its inherent weaknesses, above all philanthropic insufficiency. This argument supplies the normative basis for public financing of civil society institutions and is directly relevant to states that fund the sector from the budget.

The second strand concerns dependence. Pfeffer and Salancik (1978) showed that an organization’s autonomy is constrained by whoever controls its critical resources. Froelich (1999) applied this perspective to non-profits and demonstrated that each revenue type carries its own cost: private contributions are volatile, government funding is more stable but induces goal displacement and bureaucratisation, and commercial income offers flexibility at the risk of mission drift.

The third strand is empirical. Tuckman and Chang (1991) proposed four indicators of financial vulnerability: inadequate equity, revenue concentration, low administrative costs and low operating margins. Carroll and Stater (2009) confirmed on panel data that diversified revenue reduces revenue volatility. Bowman (2011) separated short-term resilience from long-term capacity and argued that sustainability requires maintaining both. Later work qualified the diversification thesis: Chikoto and Neely (2014) found that revenue concentration can accelerate growth of financial capacity, and the meta-analysis by Hung and Hager (2019) found only a small positive association between diversification and financial health, with considerable heterogeneity. The implication is that diversification is a risk-management instrument, not a universal prescription. Andreoni and Payne (2011) added a caution about public funding: government grants crowd out private donations largely because funded charities reduce their own fundraising effort.

The comparative strand is associated with the Johns Hopkins Comparative Nonprofit Sector Project. Its central finding is that philanthropy is nowhere the dominant source of sector revenue: fees and charges account for about half of income, government for about a third and philanthropy for the remainder (Salamon et al., 2013, 2017). Anheier (2014) and Young (2007) systematised these findings into a normative theory of the revenue mix, in which the source of income should correspond to the nature of the benefit produced. For the post-socialist region, Bullain (2004) analysed percentage tax designation as a distinct instrument of “percentage philanthropy”, and Moore (2005) classified the legal mechanisms that promote financial sustainability.

Among scholars working on Uzbekistan, Abdullaev (n.d.) examined the legal regulation and financial bases of non-profit organizations and showed that in 2017 only 2.78% of NNOs received state grants or social orders. Narimanov (2022) analysed entrepreneurial activity as a source of non-profit financing in international legal norms. Kadirova (2023) and Ruzimurodov (2024) studied the organizational and legal forms and formation procedures of NNOs. Aliyev (2025) analysed the sources of NNO financing, covering state grants, subsidies, charitable funds, foreign donors and cooperation with business, and identified the shortage of funding sources and transparency in the use of funds as the main problems. The regional legal overview by ICNL (2024) remains the most detailed comparative source on Central Asia.

RESEARCH METHODOLOGY

The study is a desk-based, mixed-method analysis of secondary data. No primary survey of organizations was conducted; this is treated as a limitation and discussed at the end of the Discussion.

Data sources. Four groups of sources were used. International statistics comprise OECD data on official development assistance, the CAF World Giving Report 2025 and the revenue-structure estimates of the Johns Hopkins Comparative Nonprofit Sector Project. Comparative assessments come from the CSO Sustainability Index (CSOSI), which scores seven dimensions of sustainability on a scale from 1 (most enhanced) to 7 (most impeded) through national expert panels (USAID et al., 2023). National data consist of figures published by state bodies of Uzbekistan on the number of registered NNOs and the volume of budget support. Regulatory sources include the Constitution, the Tax Code, the Law on Non-Governmental Non-Profit Organizations, presidential decrees No. PF-6181 of 4 March 2021 and No. PF-124 of 26 August 2024, and Cabinet of Ministers Resolution No. 527 of 4 October 2023, read together with the legal commentary of ICNL (2023, 2024, 2026).

Economic and statistical analysis. Growth of the sector and of budget support was measured with growth multiples and the compound annual growth rate:

$$CAGR = \left(\frac{V_t}{V_0} \right)^{1/n} - 1 \quad (1)$$

where V_0 and V_t are the initial and final values and n is the number of annual intervals. Coverage of state support was measured as the ratio of recipient organizations to registered organizations. Revenue concentration was assessed with the Herfindahl–Hirschman index, the standard measure in the literature following Tuckman and Chang (1991):

$$HHI = \sum_{i=1}^k s_i^2 \quad (2)$$

where s_i is the share of revenue source i in total revenue. The index equals 1 when all revenue comes from a single source and approaches $1/k$ when k sources contribute equally. Because audited organization-level revenue data are not published in Uzbekistan, the index is applied here to illustrative revenue structures only, and is proposed as a monitoring indicator rather than reported as an empirical estimate.

Comparative analysis. Financial viability scores were compared across countries of the region, and the design of percentage tax designation schemes in Hungary, Slovakia, Lithuania, Poland, Romania and Moldova was compared on rate, year of introduction and outcomes (Bullain, 2004; Hartay, 2021).

Regulatory analysis and synthesis. The legal instruments governing each revenue source in Uzbekistan were mapped against the three revenue tiers identified in the comparative literature. Induction and deduction, grouping and the systems approach were used to move from the diagnosis to the proposed mechanism.

All monetary values for Uzbekistan are in nominal soums and are not adjusted for inflation; growth figures should be read accordingly. Calculations were reproduced computationally before inclusion.

ANALYSIS AND RESULTS

The global revenue structure of civil society. The first result is that financially sustainable non-profit sectors are not built on donations. Table 1 summarises the two most recent cross-country estimates of the Johns Hopkins project. In both, fees and charges are the largest source, government is second and philanthropy is third. The distance between the estimates reflects different country samples, but the ranking is stable.

Revenue structure of the non-profit sector, % of total revenue

Table 1

Source of estimate	Fees and charges	Government	Philanthropy
Salamon et al. (2013), countries implementing the UN Nonprofit Handbook	43	32	23
Salamon et al. (2017), 41 countries	50	35	14

Source: Salamon et al. (2013, 2017). Rows may not sum to 100 because of rounding in the sources.

Three consequences follow for mechanism design. Earned income is the base of the revenue pyramid, so a legal regime that discourages economic activity by non-profits removes the largest potential source. Government funding at roughly a third of revenue is a normal, not an exceptional, feature of developed sectors, which supports Salamon's (1987) partnership argument. And philanthropy, though the smallest tier, is the only one that does not depend on a contract with a payer and therefore carries the greatest weight for organizational independence.

The second result concerns the external environment. The 23.1% real fall in ODA in 2025, following a 9% fall in 2024, removes the assumption that foreign grants can remain a core source for organizations in developing and transition economies (OECD, 2025; DevelopmentAid, 2026). The CSOSI already recorded the mechanism in 2022: foreign funding benefited "a small group of well-known CSOs" with the compliance capacity to meet donor criteria, while local organizations received only sub-grants (USAID et al., 2023, p. 4).

The third result is that domestic generosity exists but is not converted into organizational revenue. Figure 1 shows that the share of income donated is inversely related to income level.

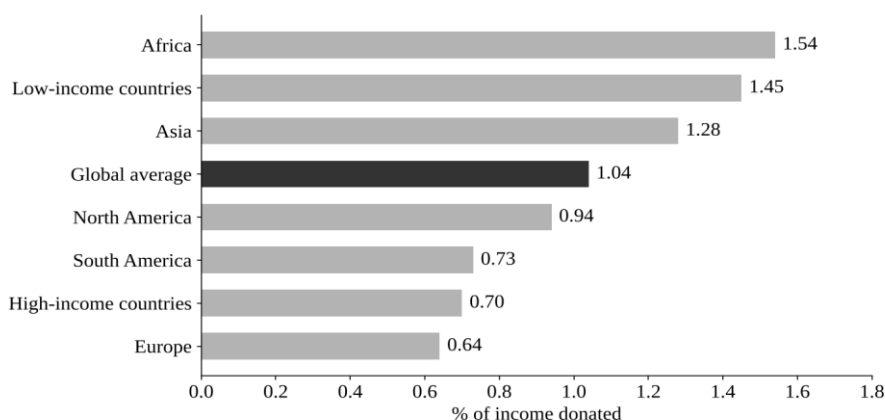


Figure 1. Average share of income donated by region and income group, 2024

Source: CAF (2025), survey of 101 countries.

Asia, at 1.28%, is above the global average of 1.04%, and Europe is at the bottom of the distribution. The policy lesson is that low national income does not explain weak donation revenue of organizations. The binding constraints are institutional: trust, transparency of recipients and the presence of fiscal and procedural channels that route giving to registered organizations. CAF (2025) reports that the most frequently cited conditions for giving more, after having more money, are knowing how the money will be spent and what impact it will have.

Uzbekistan: quantitative growth of the sector and of state support. The sector has expanded steadily in number. Figure 2 shows the registered population of NNOs at selected dates.

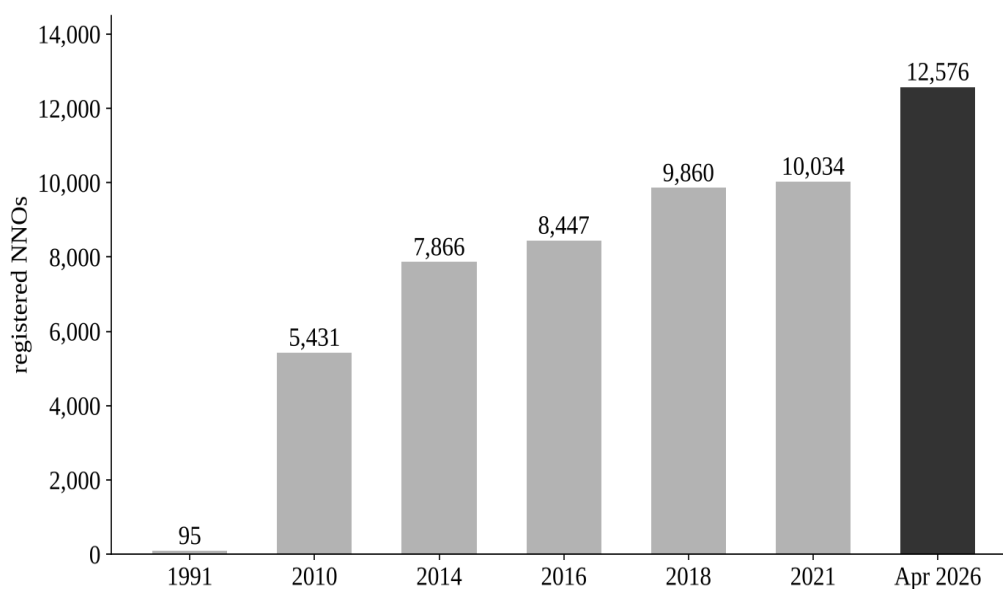


Figure 2. Number of registered NNOs in Uzbekistan, including branches, selected years

Source: Abdullaev (n.d.) for 1991 and 2010; Embassy of the Republic of Uzbekistan in the United Kingdom (2022) for 2014–2021; ICNL (2026) for April 2026.

The headline number requires qualification. Of the 12,576 entries in the Ministry of Justice register in April 2026, 5,383 are branches and representative offices, that is 42.8% of the register; the number of parent organizations is therefore 7,193 (ICNL, 2026). The register also contains large government-organized structures with extensive territorial networks. Sector statistics thus overstate the number of financially independent units, and any coverage ratio calculated on the full register understates concentration.

Budget support has grown far faster than the number of organizations. Table 2 brings together the published indicators and the ratios derived from them.

State financial support for NNOs and other civil society institutions in Uzbekistan**Table 2**

Indicator	Value	Source
Budget support, 2017	12.3 billion soums	Embassy of Uzbekistan in the UK (2024)
Budget support, 2023	226.4 billion soums	Embassy of Uzbekistan in the UK (2024)
Growth multiple, 2017–2023	18.4 times	Author's calculation
Compound annual growth rate, nominal	62.5%	Author's calculation
Cumulative support, 2017–2023	513.8 billion soums to 2,074 organizations	Embassy of Uzbekistan in the UK (2024)
Average support per recipient over seven years	248 million soums	Author's calculation
Recipients of state grants and social orders, 2017	257 organizations, 2.78% of NNOs	Abdullaev (n.d.)
Public Fund under the Oliy Majlis, 2021	16 billion soums, more than 290 projects	Embassy of Uzbekistan in the UK (2022)
Target for regional public funds, 2025	70 billion soums	President of the Republic of Uzbekistan (2021)

Source: compiled by the author from the sources indicated in the table; ratios calculated by the author.

Three observations follow. First, the growth is exceptional by any standard: an 18.4-fold nominal increase in six years, equivalent to 62.5% a year. Even allowing for inflation, the real increase is large, and the claim that the sector is underfunded by the state in aggregate is no longer tenable.

Second, support is concentrated. The 2,074 recipients of 2017–2023 correspond to about 20.7% of the 10,034 NNOs registered at the end of 2021, and this is a cumulative figure over seven years, so annual coverage is lower. The starting point was 2.78% in 2017. The average of 248 million soums per recipient over seven years hides a skewed distribution: nearly 500 organizations in the system of societies of persons with disabilities are fully funded through state subsidies (Embassy of the Republic of Uzbekistan in Thailand, n.d.), whereas other organizations compete for project grants.

Third, the official figures are not mutually consistent. One official source reports 513.8 billion soums for 2017–2023; another reports 1,916 billion soums and 2,246 projects “over the past seven years”, plus 2,120 projects worth 140 billion soums financed by regional funds in three years (Embassy of the Republic of Uzbekistan in Thailand, n.d.). The sources do not state which institutions and which instruments each total includes. The absence of a single, published, disaggregated series on state support is itself a finding: without it neither the state nor researchers can evaluate the effectiveness of spending.

Regulatory conditions by revenue source. Table 3 maps the current rules onto the revenue tiers identified above.

Regulatory parameters of the main revenue sources of NNOs in Uzbekistan**Table 3**

Revenue source	Current rule	Assessment
State grants, subsidies and social orders	Public Fund under the Oliy Majlis with regional branches; single electronic platform; initiative projects may be financed without competition up to 1,000 base calculation values (BCV); income tax and social tax on such projects halved for three years (President of the Republic of Uzbekistan, 2024)	Strongest tier; project-based and annual
Foreign funding	Prior approval of the Ministry of Justice above 100 BCV (about USD 3,400); partner state organization assigned above 1,000 BCV (about USD 34,000); review of 15 days plus up to 10; quarterly public reporting since 2025 (ICNL, 2023, 2026)	High transaction costs; shrinking supply
Corporate and individual donations	Charitable-organization status carries no fiscal benefit; corporate donations are negligible for lack of tax incentives; cash donations by individuals are rare (ICNL, 2026)	Weakest tier
Earned income	Exemption from profit tax, except on commercial activity; exemptions from property, land and water-use taxes; entrepreneurial activity limited by complex reporting (ICNL, 2026)	Largest tier internationally; underused

Source: compiled by the author from President of the Republic of Uzbekistan (2024) and ICNL (2023, 2026).

The table shows an asymmetric mechanism. The decree of August 2024 substantially modernised the first tier by creating a parliamentary fund, a digital platform and tax relief on grant projects (Kun.uz, 2024). The other tiers received no comparable instrument. The relief introduced in 2024 applies to income generated within state-funded projects, so it deepens the advantage of the tier that is already dominant instead of stimulating the missing ones.

Comparative position on financial viability. Figure 3 compares the financial viability score with the overall sustainability score for ten countries of the region in 2019 and for Uzbekistan in 2012.

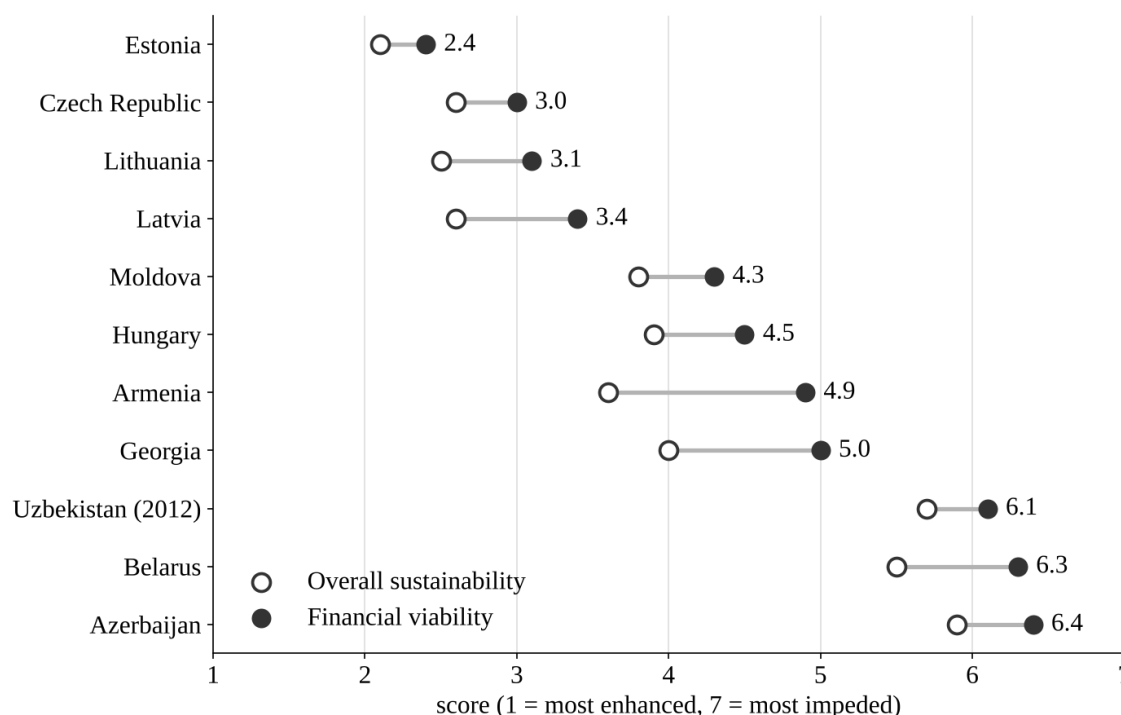


Figure 3. Overall CSO sustainability and financial viability scores

Source: USAID et al. (2020) for 2019 scores; USAID (2013) for Uzbekistan, 2012, the latest score available to the author.

In all eleven cases the financial score is worse than the overall score. The gap is smallest in Estonia (0.3 points) and largest in Armenia (1.3 points) and Georgia (1.0 point), two countries with relatively open legal environments but sectors that depend on foreign donors. The Baltic and Central European countries with scores of 2.4–3.4 share a common feature: all introduced fiscal channels for private giving and contracting of services by the state. Uzbekistan’s score of 6.1 in 2012 placed it in the “sustainability impeded” category, alongside Belarus and Azerbaijan. The index was discontinued after the 2022 edition, which covered only nine countries (USAID et al., 2023), so no comparable recent score exists for Uzbekistan. This strengthens the case for a national monitoring instrument.

The 2022 edition also documents the risk on the opposite side. In Hungary about 44% of sector income comes from the state, yet distribution was found to be politically biased, so independent organizations “rarely secure such grants” (USAID et al., 2023, p. 4). A high state share is compatible with sustainability only when allocation is rule-based.

Evidence on percentage tax designation. Percentage designation allows a taxpayer to direct a fixed share of personal income tax already due to an eligible organization. It costs the taxpayer nothing and transfers the allocation decision from officials to citizens. Table 4 summarises the schemes in the region.

Percentage tax designation schemes in Central and Eastern Europe**Table 4**

Country	Year introduced	Share of personal income tax
Hungary	1996	1% to a civil society organization plus 1% to a church
Slovakia	2002	2%; 3% for taxpayers who volunteered at least 40 hours
Lithuania	2003	2%
Poland	2003	1%
Romania	2004	2%
Moldova	2017	2%

Source: Hartay (2021).

The outcomes are measurable. In Hungary in 2020, 1,644,617 taxpayers designated EUR 27.49 million to 27,856 organizations (Hartay, 2021). This is an average of EUR 16.7 per designating taxpayer and EUR 987 per beneficiary organization. In Moldova, the youngest scheme, the number of designating taxpayers rose from 16,182 in 2017 to 36,592 in 2021, and the amount from about EUR 210,000 to EUR 440,149, a doubling in four years (Hartay, 2021).

Two qualifications apply. The instrument is supplementary: the sums per organization are modest, and Hartay (2021) stresses that designation “is not an alternative to philanthropy”. It is also sensitive to the economic cycle and to policy design. The number of Hungarian taxpayers who designated fell by 13% in 2022, when inflation reached 25% (USAID et al., 2023), and Lithuania and Slovakia abolished tax benefits for donations after introducing designation (Bullain, 2004), which substituted one channel for another instead of adding one. The value of the instrument lies less in the volume of money than in three side effects: it creates unrestricted income, it obliges organizations to communicate with citizens, and it generates public data on which organizations taxpayers trust.

DISCUSSION

Interpretation: from a funding problem to an architecture problem. Read together, the results reverse the usual framing of the problem. The conventional argument holds that civil society institutions in Uzbekistan are financially weak because the state gives them too little. The data do not support this: budget support multiplied 18.4 times in six years. Financial fragility persists because the mechanism is single-channel. Resource dependence theory predicts exactly this outcome. When one payer controls the critical resource, organizations adapt their programmes, calendars and even their legal form to that payer, and the sector as a whole becomes exposed to a single fiscal decision (Pfeffer & Salancik, 1978; Froelich, 1999).

The literature also warns against the opposite simplification. Diversification is not costless, and its measured effect on financial health is small on average (Hung & Hager, 2019); for small organizations, managing several revenue streams can consume more capacity than it protects (Chikoto & Neely, 2014). The mechanism must therefore diversify the sector’s revenue base without obliging every organization to pursue every source. Finally, the crowding-out result of Andreoni and Payne (2011) implies that state grants should be designed to reward, not replace, an organization’s own fundraising effort.

A three-tier mechanism. On this basis the study proposes a three-tier mechanism in which each tier performs a distinct function and is governed by its own instrument. Table 5 sets out the design.

Proposed three-tier mechanism for the financial sustainability of civil society institutions

Table 5

Tier	Function	Core instruments	Proposed monitoring indicator
1. Public funding	Stability and delivery of social services	Multi-year institutional grants alongside project grants; state social order with full cost recovery; matching grants tied to funds raised privately	Share of recipients that are first-time recipients; share of multi-year agreements
2. Private giving	Independence and public legitimacy	Percentage designation of personal income tax; deduction for corporate donations to registered public-benefit organizations; endowment funds with tax-exempt investment income	Number of designating taxpayers; donations as a share of sector revenue
3. Earned income	Scale and self-reliance	Simplified accounting for mission-related economic activity; legal status of social enterprise; access to public procurement on equal terms	Earned income as a share of sector revenue
Cross-cutting	Trust and evidence	Single open register of state support; simplified reporting for small organizations; annual sector financial sustainability index	Revenue concentration index of the sector

Source: developed by the author.

Figure 4 summarises the logic of the mechanism: the three tiers feed a balanced revenue base, and the cross-cutting layer supplies the data and the trust on which all three depend.

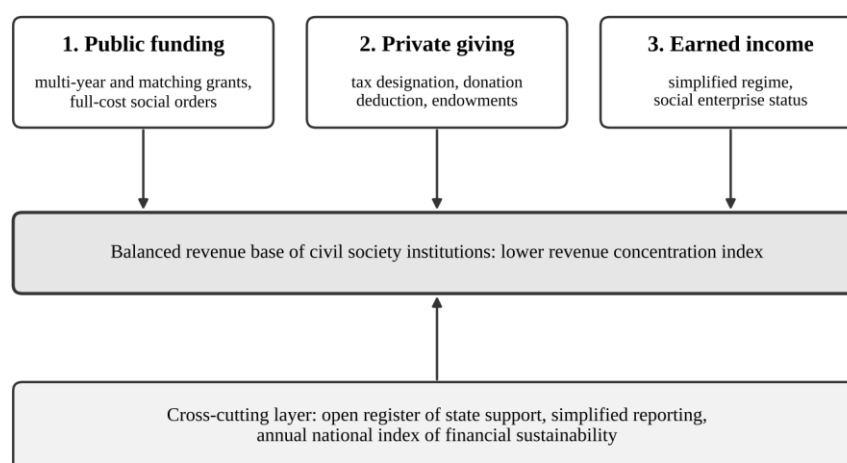


Figure 4. Three-tier mechanism for the financial sustainability of civil society institutions

Source: developed by the author.

The first tier does not need more money; it needs different contracts. Annual project grants finance activities but not organizations. Converting part of the existing envelope into two- to three-year institutional agreements, and pricing social orders at full cost including overheads, would raise sustainability at no additional budgetary expense. A matching component, in which the Public Fund adds a fixed amount to each sum an organization raises from citizens or business, turns the state from a substitute for private giving into its multiplier and answers the crowding-out concern directly.

The second tier is the missing one. The comparative evidence favours percentage designation as the entry instrument for three reasons. It requires no new expenditure decision by the taxpayer, which matters where formal giving habits are weak. It can be administered through the existing electronic tax infrastructure. And it produces, as a by-product, a public ranking of organizations by citizen trust, which the state can use in allocating tier-one funds. Uzbekistan already has a comparable precedent in the logic of initiative budgeting, where citizens vote on the use of local budget funds. A corporate deduction should accompany designation and should not be abolished in exchange for it, which is the error documented by Bullain (2004). Endowment funds address the long horizon: they convert one-off large gifts into permanent income and are the instrument that best fits Bowman's (2011) concept of long-term financial capacity.

The third tier is the largest internationally and the most constrained by procedure. The Tax Code already exempts non-commercial organizations from several taxes, but income from commercial activity is taxed on general terms and accounting obligations do not distinguish a small association from a large enterprise (ICNL, 2026). A simplified regime for mission-related income below a turnover threshold, and a recognised status of social enterprise, would open this tier without eroding the tax base.

Illustration of the monitoring indicator. Table 6 illustrates how the concentration index proposed in the methodology responds to rebalancing. The two structures are hypothetical. They are not estimates for Uzbekistan and serve only to show the sensitivity of the indicator.

Revenue concentration index under two hypothetical revenue structures

Table 6

Revenue source	Concentrated structure, share	Balanced structure, share
State grants, subsidies and social orders	0.85	0.40
Earned income	0.05	0.25
Private giving and tax designation	0.00	0.20
Foreign and other sources	0.10	0.15
Herfindahl–Hirschman index	0.735	0.285

Source: calculated by the author; the structures are hypothetical and serve for illustration only.

In the balanced structure the state remains the largest single source, as it is in most developed non-profit sectors, yet the index falls by more than half. The purpose of the mechanism is therefore not to reduce state support but to grow the other tiers around it. An index of this kind, calculated annually from the reports that NNOs already submit to the justice, tax and statistics authorities, would replace the discontinued international index with a national, data-based measure.

Practical significance for Uzbekistan. The proposals fit the current policy window. The new Strategy for Civil Society Development until 2030 is being drafted by working groups established in September 2025 (ICNL, 2026), and the roadmap approved by the Cabinet of Ministers in May 2025 already lists the expansion of financial opportunities, including entrepreneurial activity, among its tasks. The single electronic platform created under Decree No. PF-124 provides the technical base for an open register of state support and for a designation procedure. The parliamentary Public Fund and its regional branches provide the institutional base for multi-year and matching grants. The mechanism therefore requires amendments to the Tax Code and to fund regulations, not new institutions.

The proposals also have a fiscal logic. Social services delivered through NNOs under full-cost social orders substitute for direct state provision; funds mobilised through designation and matching grants add private resources to public ones; and a published concentration index gives the Ministry of Economy and Finance a tool for judging whether each additional soum of support raises or lowers the dependence of the sector.

Limitations

The study has four limitations. It relies on secondary data, and organization-level financial statements were not available. Official figures on state support are inconsistent across sources and nominal. The latest comparable sustainability score for Uzbekistan dates from 2012, so the comparative position in Figure 3 is indicative. And the concentration index is demonstrated on hypothetical structures. A survey of NNO revenue structures, which the proposed annual index would institutionalise, is the necessary next step.

CONCLUSIONS AND SUGGESTIONS

The study set out to substantiate how the mechanisms for strengthening the financial sustainability of civil society institutions should be improved, with particular reference to Uzbekistan. Four conclusions follow from the analysis.

First, internationally, sustainable non-profit sectors rest on three tiers of revenue in which earned income is the largest, government funding the second and philanthropy the smallest, at roughly 50%, 35% and 14% in the 41-country estimate. Sustainability is a property of the balance between the tiers. Second, the external environment has changed irreversibly for the current planning horizon. With official development assistance down 23.1% in real terms in 2025, foreign grants can no longer serve as a structural source, and domestic mechanisms must carry the load.

Third, Uzbekistan has solved the problem of the volume of state support but not that of its architecture. Budget allocations grew 18.4-fold between 2017 and 2023, yet support reaches a limited share of organizations, is delivered through annual projects, and is not matched by instruments for private giving or earned income. The data needed to evaluate it are fragmented and inconsistent.

Fourth, the comparative evidence shows that fiscal channels for citizen giving, above all percentage tax designation, can be introduced at low administrative cost and grow quickly, provided they supplement and do not replace other incentives.

On this basis three practical recommendations are made for inclusion in the Strategy for Civil Society Development until 2030.

1) Restructure state support from annual projects to multi-year and matching funding. Allocate a fixed share of the resources of the Public Fund under the Oliy Majlis and its regional branches to institutional grants of two to three years, price state social orders at full cost including overheads, and introduce a matching grant that adds public money in proportion to the funds an organization raises from citizens and business. This requires amendments to the regulations of the Fund and no additional budget expenditure.

2) Open the private-giving tier through the Tax Code. Introduce, as a pilot from one tax year, the right of individuals to designate 1% of their personal income tax to a registered NNO through the electronic tax cabinet; establish a deduction for corporate donations to such organizations within a set limit of taxable profit; and exempt the investment income of registered endowment funds. Evaluate the pilot after two tax years on the number of designating taxpayers and the amount transferred.

3) Create a single open register and an annual national index of financial sustainability. Publish on the single electronic platform all subsidies, grants and social orders by recipient, amount, instrument and source; introduce simplified reporting and a simplified tax regime for small NNOs with mission-related income below a turnover threshold; and calculate annually a sector-wide index that includes revenue concentration, the share of earned income and the share of first-time recipients of state support. The index should serve as a target indicator of the Strategy.

Implemented together, these measures would move the sector from dependence on a single payer towards a balanced revenue base, without reducing the role of the state and with a measurable test of progress.

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