

# Business Leasing Uzbekistan (BLU)

**13 (1880 additional jobs supported)**  
Employees

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**Region:** Uzbekistan  
**Sector:** Financial Services  
**Year of investment** 2007  
**Fund intermediary:**  
**Financial intermediary:**  
**SIFEM investment into fund:** USD 1m

*Established in May 2004, Business Leasing Uzbekistan (BLU) provides lease finance to local entrepreneurs and companies in Uzbekistan, with a focus on auto and equipment leasing. In 2007 SIFEM extended a loan of USD 1 million to BLU, which was fully paid back in 2013. However SIFEM continues to have exposure to BLU via the SEAF Central Asia Small Enterprise Fund (CASEF) invested in 2002.*

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## The Situation in Uzbekistan

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- Uzbekistan is Central Asia's most populous country with over 30 million people, half of them living in rural areas and half of them in urban zones.
- The GNI per capita (Atlas method) is USD 1,900 and the country rates at 116/187 on the 2013 Human Development Index (HDI), a composite measure of health, education and income forming a score for standard of living.
- Formerly part of the Soviet Union, Uzbekistan is dealing with the same challenges countries typically go through when transitioning from a planned to a market economy, including the establishment of a previously non-existent private sector. In this context the promotion of privately owned enterprises, markets and independent financial institutions is key to the successful development of the country.
- The role of small business and private entrepreneurship in Uzbekistan's GDP and economy is growing. In 2012, it generated more than 50% of the GDP and more than 75% of total employment.
- Small and medium enterprises (SMEs) face hurdles in operating a business in Uzbekistan despite their recognized role in the economy. Entrepreneurship and the related skills have to be acquired and solutions have to be found to finance private enterprises.
- Uzbekistan has an underdeveloped financial market. Debt financing is hard to obtain, especially for young companies which do not have an adequate credit history. The insufficient access to finance constitutes a major impediment to private sector growth in the country.

## Development Effects in a Nutshell

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- SIFEM played an essential role by providing financing to BLU which was thus able to remain independent and develop in a market where most lease operations are closely intertwined with government agencies.
- The loan acted as a catalyst, enabling the Company to be more attractive and thus obtain commercial financing to significantly grow its lease portfolio.
- BLU was one of the first leasing institutions in Uzbekistan, specifically providing micro and auto leasing to SMEs, and therefore supported the emergence of a new type of institution and financing for the underserved SME market. By creating this depth and diversification, BLU aided an important step for Uzbekistan's capital market development.
- BLU is also able to offer leasing services to a number of female entrepreneurs and their business groups, which helps to promote their economic and social empowerment in a still male-dominated culture.
- SIFEM contributed to the support of at least 1,880 jobs by providing funding to BLU for around 74 lease contracts throughout the loan period.
- BLU adopted a written policy during SIFEM's loan period, allowing only the lease of equipment which had no adverse impact on the environment. The Company also agreed to follow procedure standards for how to handle potential projects which may have significant environmental risks.
- BLU expanded to new regions during the loan period and therefore extended the reach of its leasing facilities to additional beneficiaries and a wider audience.

## Data as of August 2014

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Obviam has made reasonable efforts to ensure the accuracy of the data presented. A case study is made possible both through Obviam's first-hand experience and/or the information provided by Obviam's investment partners. Data is valid as per the date recorded.



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