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UZBEKISTAN

SUCCESS STORY

Credit Unions Open New Opportunities

Access to credit allows a young man to open his own business



Gairatjon Otajonov (on the right) at his bakery in Kokand, the Ferghana Valley. Photo: "Mador" Credit Union

Using loans from a USAID-supported credit union, an enterprising Uzbek opened a his own business, created new job places, and improved his family's welfare.

Today Gairatjon Otajonov, a member of "Mador" credit union in Kokand City, the Ferghana Valley, runs his own bread-baking business. Yet just recently this man was working as a flour salesman in a small shop and, despite his dreams to open a bakery, had no hope to become his own boss any time soon.

About a year ago, he learned from a friend about the opportunity to become a member of a credit union. He successfully passed the loan underwriting process in the "Mador" credit union and received his first loan. Gairatjon invested the money in two traditional Uzbek bread ovens – tandirs – and started baking bread – so-called lyepyoshkas - for sale with a help of one employee.

Gairatjon's bread soon earned the popularity among the clients, and the bakery started bringing steady revenues. The man repaid his first loan ahead of schedule and after a while applied for a second loan from the "Mador" credit union to expand the business. To keep up with the increasing business amounts, Gairatjon hired three new employees, bought a car to deliver his products, and increased the business daily turnover to 10 flour bags. "Every day we produce about 1,200 lepyoshkas and sell them to 5 chayhanas (restaurants) in our area," says Gairatjon. Additional staff has enabled Gairatjon to hand over the baking side of the business to his employees and focus his full attention to managing the business. The man enjoys being his own boss and the higher income he is able to bring home. "The money earned from the expansion of my business paid for the renovation of my house," says Gairatjon.

The "Mador" credit union is one of large number of Uzbek credit unions established with support from the USAID-funded Savings and Credit Unions Development project that is implemented by the World Council of Credit Unions. They provide access to affordable financial services and support to small business development across the country. The USAID-funded Savings and Credit Unions Development Project stood at the very beginning of the credit unions' movement in Uzbekistan and provided extensive assistance to their growth and strengthening of their services.