



REPUBLIC OF UZBEKISTAN PROJECTS

Profile No.	PROJECT NAME	LOCATION
UZ1	B2B Development	Tashkent
UZ2	Privatization of Uzbektelcom	Nationwide
UZ3	Provision of Post Office Banking Services	Nationwide
UZ4	Security Technology	Tashkent
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REPUBLIC OF UZBEKISTAN

B2B Development

Project Summary

Subsector	Information Technology
Location	Uzbekistan
Project Cost	US\$1.2 Million
Export Potential	US\$0.75 – 1 Million
Project Type	Electronic Marketplace Creation
Project Executing Agency	ESEZAM.COM



Project Outline

This proposed project involves the creation of a network of electronic marketplaces for business to business (B2B) services. The objective of the project is to develop electronic business in the NIS region, and especially Central Asia, through the creation of electronic marketplaces. These electronic exchanges will be positioned to take advantage of the development of the banking and technological infrastructure of the region.

Technical Description

The project will focus on the implementation and introduction of a B2B marketplace in Uzbekistan. A key element of the project will be the development of software and management systems for the efficient functioning of the marketplace. To this end the project requires:

- The development of an electronic bargaining technique. This is necessary due to the absence of a legislative base for electronic payments;
- The development of flexible software that incorporates the electronic bargaining technique; and
- The development of a system for the technological management for the marketplace.

The B2B system will contain the following services and information:

- Electronic marketplace (sales exchange, purchases exchange and tender exchange);
- Instructions for the marketplace user;
- Daily updated economic and financial news related to this exchange;
- Quotations;
- Analytics;
- Forecasts;
- Legal consultation;
- Financial consulting;

- Online forum; and
- Library (including legal documents, forms of documents, and patterns of documents).

The project sponsor proposes to use its own software, "PEngine", which allows a flexible, scalable and controlled solution for the technical implementation of the B2B system and information and e-commerce solutions in general. It allows for the authentication of users and audit of transactions.

The project sponsor, ESEZAM.COM, was founded in 2000 and has over 50 employees. ESEZAM.COM develops its own program systems and integrates information systems. The company has conducted over 10 conferences and is a leader in Uzbekistan in Internet infrastructure development having developed the first Information Portal of Central Asia, the Caucasus and Russia called ESEZAM.COM (<http://www.esezam.com>). ESEZAM.COM is in the process of developing a corporate site with B2B elements for the UzBAT (British American Tobacco) Company. ESEZAM.COM is fully aware of the structures controlling the B2B market and has a strategic approach to the selection of partners for e-commerce problem solving and B2B project creation.

Project Site

The project will be based in Tashkent, Uzbekistan.

Project Status/Timeline

Project implementation is expected in the next year.

Equipment and Services

In order to establish and implement the proposed B2B system, the project sponsor will need the following equipment: RAS servers; network and router equipment; printers; scanners; computers; uninterrupted power supply (UPS) and generator; VSAT satellite station; and data base management systems. The estimated total cost of the equipment is US\$750,000 to US\$1 million.

U.S. Competitiveness

U.S. companies are in a strong position to provide the equipment and services required by the project sponsor. While there might be some competition from European companies, the project sponsor already has worked with U.S. companies in the past and has a high regard for U.S. technology.

Project Financing

The following table shows expected expenditures and revenues associated with the proposed project for the first year of operation.

Project Financing for Year 1			
Expenditures	US\$	Revenues	US\$
Equipment	750,000	Membership	1,200,000
Wages	150,000	Transactions	1,000,000
Marketing	120,000	Advertisement	100,000
Taxes	100,000	Information services	500,000
Total	1,120,000		2,800,000
Net Income			1,680,000

Conclusion

The potential opportunities for U.S. companies are twofold. As the project sponsor is already pre-disposed to American technology, U.S. companies could provide the equipment and technical assistance needed to establish the B2B system. The project sponsor is also seeking to identify potential investors and technical partners with which to link for the project. The project sponsor is well situated in Internet infrastructure development and B2B in Central Asia to be an effective partner for a U.S. company.

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REPUBLIC OF UZBEKISTAN

Privatization of Uzbektelecom

Project Summary

Subsector	Telecommunication Services
Location	Republic of Uzbekistan
Project Cost	US\$200 Million + (expected share price)
Export Potential	US\$30 Million
Project Type	Privatization
Project Executing Agencies	State Property Committee and Uzbek Post and Telecommunication Agency



Project Outline

The Uzbek Agency for Posts and Telecommunications (UAPT) of the Government of Uzbekistan is seeking a strategic foreign technical partner to develop telecommunications in the country through an injection of technical know-how and western-style management.

In order to achieve this goal, the Government of Uzbekistan intends to sell by public tender 70% of the shares of Uzbektelecom, the government-owned monopoly provider of telecommunications services. A block of shares comprising not less than 51% of the shares in Uzbektelecom will be reserved for a strategic foreign technical partner in this privatization process. The Government of Uzbekistan intends to retain 30% of the shares in Uzbektelecom.

Technical Description

UAPT is a regulatory authority that supervises Uzbektelecom, the government-owned monopoly telecommunications provider. In the last year, Uzbektelecom was created from the consolidation of two holding companies, Mahaliy Telecom (domestic telecommunications) and Halkaro Telecom (international and national long-distance). This merger was undertaken by Government to make the sale of shares in Uzbektelecom more attractive to foreign strategic partners.

Since the Government of Uzbekistan adopted a program of reconstruction and development for the Uzbekistan telecommunications network in 1995, several U.S. telecommunications companies have been involved in the modernization of the country's telecommunication networks.

In the year 2000 the Commercial Section of the U.S. Embassy in Tashkent estimated that Uzbekistan, with a population of 24.7 million, had 1.8 million analogue phone lines and 580,000 digital lines. Over 38,000 people were on the waiting list for fixed phone lines and there were 70,000 mobile phones.

Project Site

The privatization process involves the entire Uzbektelcom network throughout Uzbekistan.

Project Status/Timeline

Commerzbank, Arthur Anderson and LeBoeuf, Lamb, Greene and MacRae have been hired as financial consultants to advise the Government of Uzbekistan on the privatization of Uzbektelecom. The latter adviser will soon be providing recommendations relating to the valuation of Uzbektelecom and on further actions to be taken that will make the proposed share purchase more attractive to foreign strategic technical partners and investors.

The timing of the sale of shares by public tender is contingent on the submission of the consultants' recommendations during 2001 and an information memorandum relating to the proposed privatization will be published. The Government of Uzbekistan envisages the privatization of Uzbektelecom being completed by the end of 2001.

Equipment and Services

This project relates to the sale of equity shareholding only. While there are no immediate prospective sales opportunities of related IT or telecommunications equipment or services associated with this equity sale, the Uzbek government is actively pursuing the involvement in this tender of U.S. fixed network operators. Given the state of the present Uzbektelecom network, the privatized company is likely to upgrade and expand the network. Should one of the U.S. fixed network operators successfully bid for control of Uzbektelecom, long-term sales opportunities for American telecommunications equipment and software providers will be substantially enhanced. Export opportunities as a result of the network upgrade and expansion could total as much as US\$30 million.

U.S. Competitiveness

It is expected that the financial advisors will approach a wide variety of potential local and foreign investors in numerous developed markets. Competition can be expected from any network operators. U.S. telecommunications companies have been involved in

the modernization of the country's data transmission network, satellite systems and the Internet network.

Project Financing

The Republic of Uzbekistan will be holding a public tender during the second half of 2001 at which time, strategic technical partners will be given the opportunity to submit a bid to purchase at least the 51% share block in Uzbektelecom.

The Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD) have signaled their support for the privatization process of Uzbektelecom. In a move designed to boost investor confidence, the ADB and the EBRD have entered into two Memoranda of Understanding with the Government of Uzbekistan whereby those two international financial institutions each may invest up to \$50 million in Uzbektelecom in loans-for-equity transactions linked to the proposed privatization.

Conclusion

The Government of Uzbekistan cooperated in the preparation of this project profile and actively encourages U.S. companies to participate in this telecommunications privatization project as potential strategic investors or as co-financiers.

Key Decision Makers

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REPUBLIC OF UZBEKISTAN

Provision of Post Office Banking Services

Project Summary	
Subsector	Information Technology
Location	Republic of Uzbekistan
Project Cost	US\$5.5 Million
Export Potential	US\$5.5 Million
Project Type	New Investment
Project Executing Agency	State-Joint Stock Company "Uzbekistan Pochtasi"



Project Outline

The Uzbek Agency for Post and Telecommunications (UAPT) of the Government of Uzbekistan is seeking a technical partner to invest in the state-owned joint stock company, Uzbekistan Pochtasi, to provide on-line banking services through the country's post offices. The proposed project is intended to facilitate the provision of financial services throughout the country, especially to rural areas. In addition, the project envisages the related development of Internet facilities available to the public at 3,300 post office locations throughout the country.

Technical Description

The envisaged network elements of the proposed project include computers, modems, servers and related equipment and devices to be ultimately installed at the 3,300 post offices in Uzbekistan. According to UAPT, each post office has existing telephone service and is staffed with capable personnel.

Although the Communication Bank, an internal state-owned banking structure is providing limited financial services, it enjoys a trustworthy reputation with the Uzbek people who are generally wary of the country's banks. A pilot project that will extend Communication Bank's banking services by wiring money to selected post offices is underway.

UAPT has suggested that an alternative investment option could be for a qualified investor to purchase equity shares in Communication Bank shares. The revenue derived from this share purchase would be used to acquire the necessary equipment and services required to implement the project.

Project Site

In Phase 1 the project will be implemented in the major cities and regional centers of Uzbekistan. Ultimately, the remainder of the 3,300 post office sites covering the entire country will be included in subsequent phases.

Project Status/Timeline

UAPT is presently developing the legal instruments to support the project, including the sale of shares to foreign investors. Marketing research and a limited pilot project is underway. The proposed project is expected to be implemented during the second half of 2001.

Equipment and Services

A full list of goods and services required by UAPT is not available at this time, although that agency supplied the \$5.5 million estimate of the total project value. UAPT envisages that computers, data transmission systems and related equipment, management, and marketing skills will be needed to implement the project. Implementation will likely be undertaken in several phases.

U.S. Competitiveness

U.S. companies are fully capable of providing the entire complement of IT equipment and services envisaged for this proposed project. At this stage, the UAPT is intent on having the development process driven by a strategic investor.

Project Financing

The UAPT is interested in attracting a strategic investor (possibly a commercial bank) prepared to contribute equipment and systems. A financial contribution to the venture by the foreign technical partner is deemed to be of less critical importance, than perhaps an in-kind equity contribution comprising equipment and/or services. Financial resources are deemed to be readily available for the project from retained earnings of "local post companies" and borrowings from domestic banks.

The project sponsor has indicated that revenues derived from the sale of shares or equipment and services provided as an in-kind contribution towards equity will be directly invested in the company and not utilized for other governmental purposes.

Conclusion

U.S. suppliers of IT equipment and services are encouraged by UAPT to participate in this proposed project as are prospective financiers and joint venture participants.

Key Decision Makers

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REPUBLIC OF UZBEKISTAN

Security Technology

Project Summary	
Subsector	Information Technology
Location	Uzbekistan
Project Cost	US\$750,000
Export Potential	Up to US\$500,000
Project Type	Introduction of Security Hardware and Creation of Related Software
Project Executing Agency	SMF ABL_SOFT



Project Outline

This project involves the development and introduction of software/technical complexes for security systems. The project includes the following elements:

- Creation of corporate information systems;
- Development and application of digital systems for video observation and complex security;
- Development and introduction of applied program complexes; and
- Service of information-technology systems.

Technical Description

The project focuses on the development, introduction and marketing of software/technical complexes for security. The project sponsor proposes to form an integrated system of security (ISS) that will provide electronic control and management of access to covered locations and remote video observation of those locations. The proposed project will provide IT solutions for several security areas:

- **Digital System of Management of Access and Security Control.** This includes protection from non-sanctioned access (NSA) of unauthorized persons to small offices, buildings, and industrial complexes using plastic cards, contact and non-contact counting equipment. The functions of the system include:
 - Control and management of access to the protected enterprise;
 - Digital video observation and registration of events;
 - Review of all registered events (monitoring) in real-time; and
 - Storage of archives of security reports.

- **Computer System of Video Observation and Registration of Events.** This is intended to organize remote video observation and security control for large and small industry units, banks, offices, houses, etc. The functions of the system include:
 - Monitoring;
 - Transferring video data to the central monitoring location;
 - Computerized registration of all events and recording of video information;
 - Archiving of data;
 - Digital processing and analyzing of the video picture; and
 - Remote management of video observation in real-time.

- **Integrated Hardware and Software System for the Identification and Registration of Car Numbers.** This system will provide security for the automatization of State Auto Inspection points and the registration and control of all cars coming to and from Tashkent. The functions of the system include:
 - Registration of all car identification numbers and the inclusion of the number and a scanned photo of the car in a data base;
 - Ability to search for a car identification number; and
 - Ability to disseminate electronically identification information.

The project sponsor, ABL_Soft, is the first software company in Uzbekistan to develop security and monitoring software. ABL_Soft has been working in the information technology market in Uzbekistan for more than seven years. The company has 25 employees and has 10 patents for software products. It has already created and implemented a security system for certain government departments and a private company. ABL_Soft also created the Marocand system for e-commerce and access to information of supply and demand for products and services that is being used in all regions of Uzbekistan.

ABL_Soft also conducts training programs and in September 2000 the company established a Youth Internet Center. This Center provides students and young people with Internet access and IT training.

Project Site

The project will be based in Tashkent, Uzbekistan.

Project Status/Timeline

Project implementation is expected over the next year.

Equipment and Services

In order to establish and implement its security system, the project sponsor will need the following equipment: equipment for video observation; and equipment for the Marocand system and service of the system. The estimated total cost of the equipment is US\$500,000.

U.S. Competitiveness

U.S. companies are in a strong position to provide the equipment and services required by the project sponsor. While there might be some competition from European companies, the project sponsor has a high regard for U.S. technology.

Project Financing

Cost of the project:

Equipment	- US\$ 500,000
Salaries	- US\$ 140,000
Taxes	- US\$ 40,000
Management and Marketing	- US\$ 10,000
Training	- US\$ 60,000
Total	US\$ 750,000

The project sponsor is proposing to finance a portion of the project and is interested identifying a prospective investor and/or strategic technical partner.

Conclusion

Opportunities for U.S. companies exist in the provision of hardware and software and as investors in the proposed enterprise. The project sponsor is already pre-disposed to U.S. technology. U.S. companies could provide the necessary equipment and technical assistance (i.e. computer security equipment) that the project sponsor needs for the proposed project. The project sponsor is also seeking to identify a prospective investor and/or a technical partner for the project.

Key Decision Makers

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REPUBLIC OF UZBEKISTAN

Uzbek Intranet

Project Summary

Subsector	Information Technology
Location	Tashkent
Project Cost	US\$0.213 Million
Export Potential	US\$0.156 Million
Project Type	Internet development
Project Executing Agency	Sarkor-Telecom



Project Outline

This project involves providing venture capital to finance the creation of the first Intranet system for Uzbekistan. This Intranet system will allow local users to obtain full Internet services and technologies at prices considerably below existing prices.

The Uzbek Post and Telecommunications Agency has licensed 39 companies (19 commercial) to provide data transmission services in the country. The major data transmission providers are Uzpac, Naytov, Uznet, Eastlink, CCC, GlobalNet, and BCC. Local ISPs presently provide services that include dial-up, leased-line connections, e-mail, DNS service and web design. The U.S. Embassy in Tashkent estimates that there are more than 10,000 data transmission network users in Uzbekistan.

The proposed project is sponsored by Sarkor-Telecom, a member of the Sarkor group of companies. Sarkor-Telecom has operated in the local Internet-technologies market since 1996. In partnership with Wincom Technologies of the U.S., Sarkor-Telecom has established data network projects in Tashkent utilizing Radio Ethernet (RE) technologies. In 2001 the company started public Internet access services (dial-up connections) based on CISCO system solutions. The group's sister company, Sarkor-Computech, is a retailer of computers, peripherals, accessories, network equipment HP software resellers and Tripp Lite Dealers. The Sarkor trademark is well-known and respected in Uzbekistan.

Technical Description

The primary elements of the project include the creation and hosting of local portals on an Intranet, the organization of separate connections to the Intranet in the country's main cities, the provision of free e-mail service on a mail server connected to the Internet, and the creation of several interconnected campus Intranet systems, linked to the Internet.

Project Site

The Intranet system will be headquartered in Tashkent and will include Radio Ethernet access points in 11 regions of the country. The Intranet Web Site will include chat rooms, mail boxes, SMS services, local and international news, online and offline games, download services, free hosting and Web spaces, and Web-shops and e-businesses.

Project Status/Timeline

The proposed project will be implemented over the next year.

Equipment and Services

The implementation of the Intranet will require the procurement of two professional Web-servers, the Web-design of sub portals, the programming of mailbox, chat and other services, and the development of the database for the SMS services.

U.S. Competitiveness

United States' technology is highly regarded and welcomed in Uzbekistan. U.S. companies are well positioned to provide the entire network hardware and software requirements of this Intranet project.

Project Financing

The project will be implemented in three phases over a 12-month period.

Phase 1:

Purchase of CISCO routers -	\$22,000
Purchase of WEB-server -	\$10,000
Creation of free mail server, chat -	\$ 5,000
Creation of Dbase for WEB-portal -	\$ 5,000
Attracting existing portals (such as www.esezam.com and other news portals) to participate -	\$10,000
Advertising -	\$10,000
TOTAL Phase 1 (three months)	\$62,000

Phase 2:

Creation of SMS-from-WEB services –	\$ 5,000
Purchase of SMS server –	\$ 3,000
Advertising –	\$ 5,000
Creation of free hosting services on portals –	\$ 2,000

TOTAL Phase 2 (one month) \$15,000

Phase 3 (connecting regions to the Intranet system)

Radio Ethernet access points in 11 regions –	\$55,000
CISCO routers with 2Mb ports (to connect to fiber optic lines) in 11 regions –	\$22,000
Modem pools in 11 regions –	\$44,000
Advertising –	\$15,000

TOTAL Phase 3 \$136,000

TOTAL Project Cost \$213,000

The Sarkor group of companies will carry all other project-related local expenses.

Conclusion

This proposed project seeks to develop and popularize Internet-technologies in Uzbekistan by means of huge-resource Intranet portals, connected to the Internet. The project is unique in Uzbekistan, as there are no existing Intranet systems. The Internet market is growing quickly, but Internet access prices are relatively high. The creation of an Intranet system will allow access to Internet-technologies and services at considerably reduced prices. The project will also provide an opportunity to create a base for e-commerce in the local IT-market.

Key Decision Makers

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