



Guidelines and Best Practices for MSMEs to assure resiliency and progress towards a circular economy in sustainable resource management and critical raw material supply chain solutions in Kyrgyzstan.

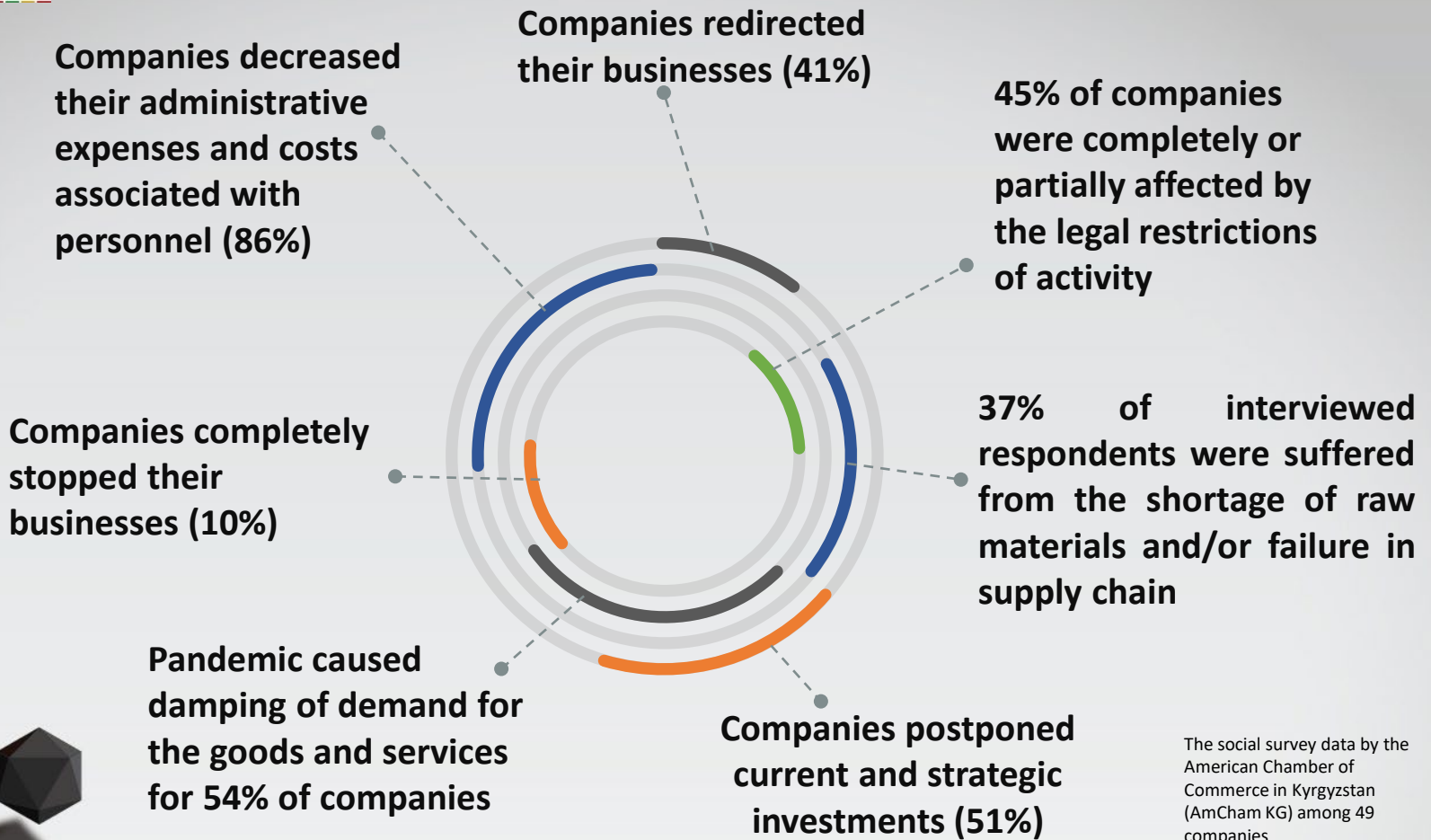
Development of micro, small and middle-sized business/enterprisers (MSME) demonstrates a solvency of countries' economies. Not always the large enterprisers or corporations are able to satisfy the needs of population in some products, and especially in services.

Despite an attractiveness, MSME have their weaknesses; one of them is the low sustainability during the crisis. Upon occurrence of an economic decline or even crisis, it is more difficult for the small business to survive in comparison with the large corporations or enterprises. Unfortunately, it was one more time proved in 2020.

On March 18, 2020, 1 case of COVID-19 was detected. Starting from March 24, the Emergency Situation regime was introduced on the whole territory of Kyrgyzstan. Lockdown continued until late April 2020. Tough quarantine measures were applied throughout the summer of 2020.

According to the International Monetary Fund, the global economy declined by 3.5% in 2020. The gross domestic product of Kyrgyzstan was decreased by 8.6%. Therefore, Kyrgyzstan became the country with the most significant economic collapse in the Central Asia.

The decline in economic activity was observed in most sectors of the economy of Kyrgyzstan.



Considering the mining, sector it is possible to see the significant changes. Firstly, the investments to the geological exploration were decreased; secondly, extraction of mineral resources was decreased, although in monetary term it is not always notable. It could be explained by increasing of selling price in order to cover the cost of related products and services that caused decreasing of purchasing power.

Policy recommendations applicable for Kyrgyzstan

- Development and adoption of more reasonable regulatory legal acts that will allow attracting new investors and ensuring more sustainable operation of investors available at the market of Kyrgyzstan;
- Awareness raising events for both large-scale business and MSME that finally will affect (increase) the competitiveness of Kyrgyzstan's products;
- Access to financing. COVID-19 pandemic has shown that there is often the shortage of funds for MSME to do the full-scale business and to invest into new technologies and training of their staff. That is why it is necessary to develop such financing and crediting mechanisms, especially by local operators, that help to pay debts and charges without bankruptcy of these enterprisers;
- Provision of tax holidays and prolongation of credit payments with charges payment by instalments. Such mechanism will allow enterprisers to recover smoothly.
- Access to technologies by negotiations and support agreements with different states or companies, where these technologies are developed and introduced;
- Access to the markets by negotiations and support agreements with different states, which have required goods and services, technologies and to which it is possible to sale manufactured products;
- Assistance with creation of logistic chains. Restoration and creation of new delivery ways by both air and ground transportation. Rehabilitation and support of overland freight links across the territory of Kyrgyzstan.
- Development of ICT sector by introduction of e-document turnover, introduction and development of public services related to issuance of references and provision of information, as well as data collection that is not contradictory to the freedom of private information.