

CAREC INSTITUTE RESEARCH CONFERENCE

4-5 March 2021

Session Four

Industries and Enterprises for Restart and Recovery

Chair: Dr. Dina Azhgaliyeva

Research Fellow, ADBI



CAREC INSTITUTE RESEARCH CONFERENCE

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Industries and Enterprises for Restart and Recovery

Speakers: Dr. Brendan Duprey, Director of SKRI at
Narxoz University, Kazakhstan

Ms Aizhan Salimzhanova, Lecturer, Kazakh-British Technical
University, Kazakhstan



COVID-19 pandemic and Small and Medium Enterprises in the CAREC region

Dr. Brendan Duprey,
Director Sustainable Kazakhstan
Research Institute

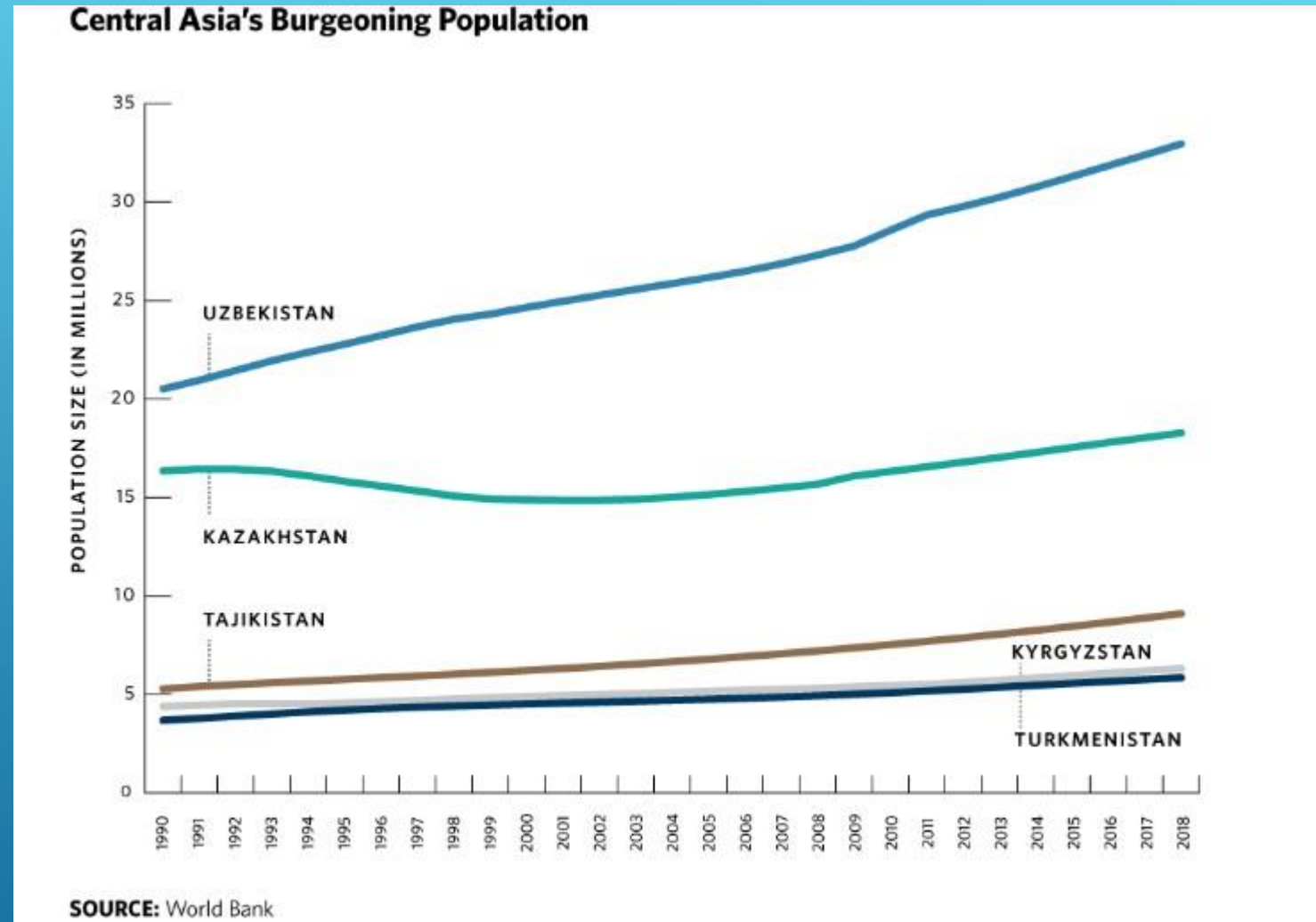
Aizhan Salimzhanova,
Associated Faculty, Sustainable
Kazakhstan Research Institute



Growing Population

In 2018, Central Asia had a population of 72 million—net increase of 16 million from 2000. Its estimated that the regional population will reach about 95 million by 2050.

1/3 population under 15 years old—median age 27.

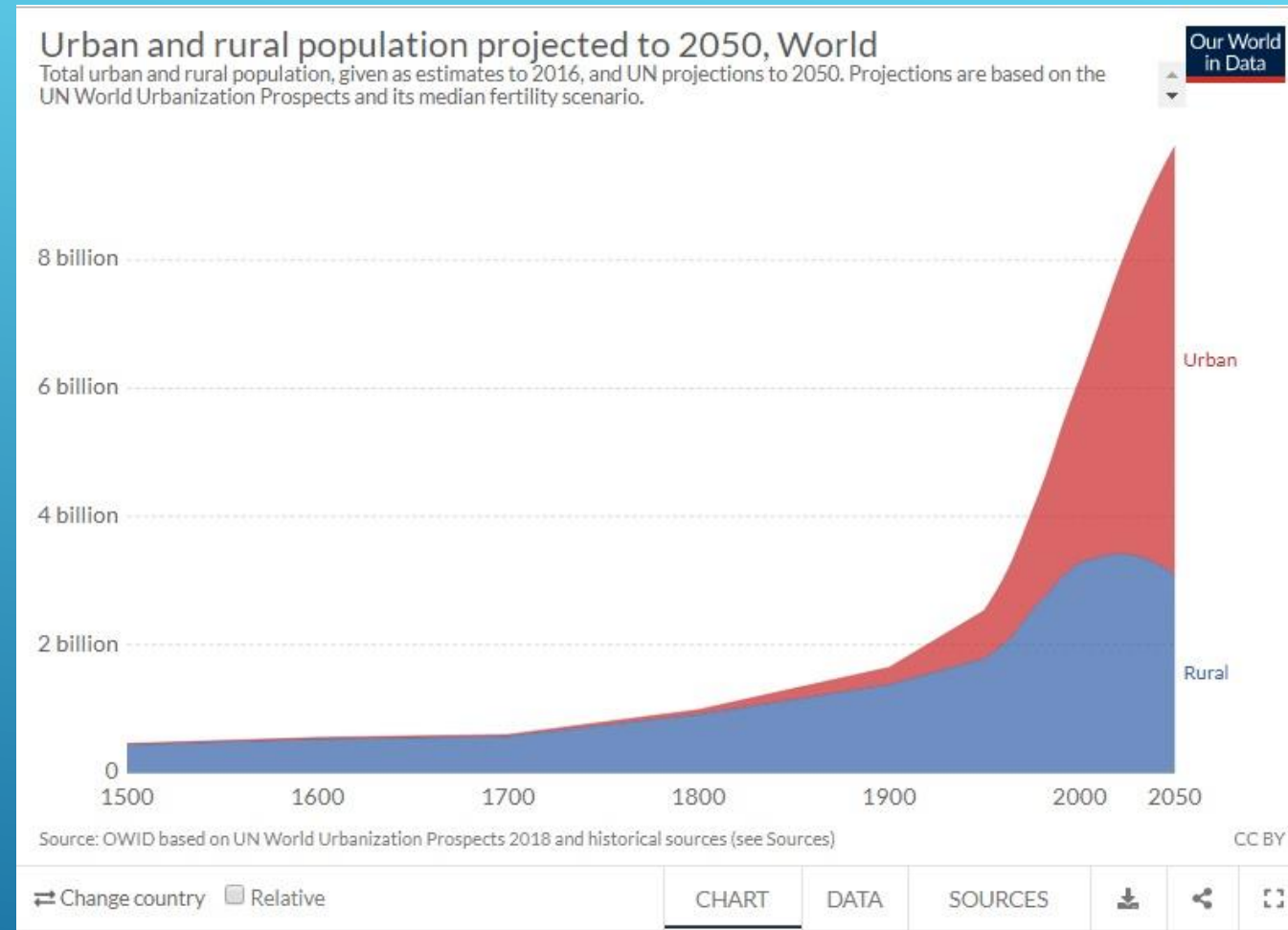


Source: <https://carnegieendowment.org/2019/10/18/societal-change-afoot-in-central-asia-pub-80086>

URBANIZATION

Central Asia is experiencing rapid urbanization for example its estimated by 70% of the population in Kazakhstan will live in urban areas by 2030.

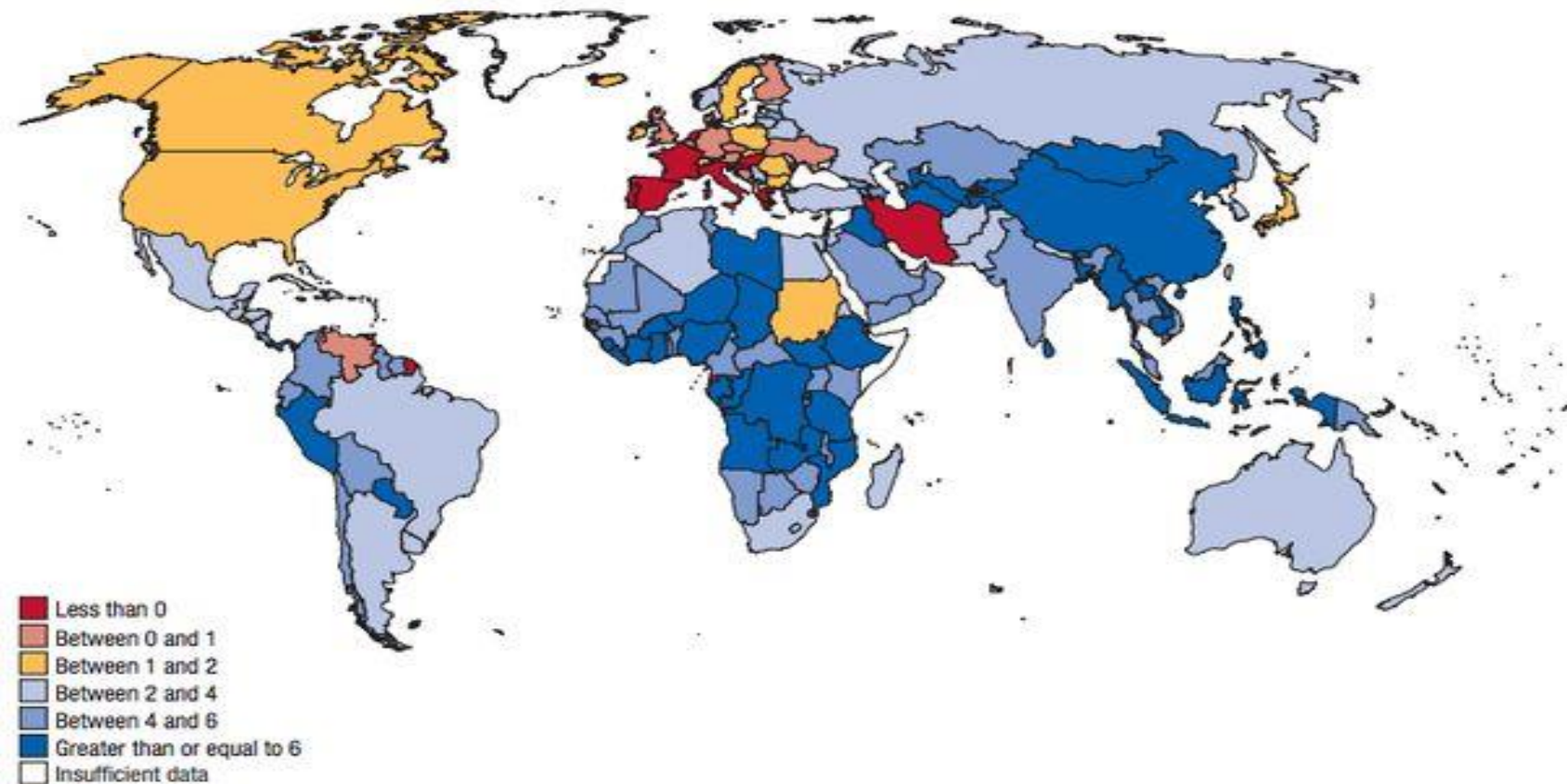
Source: <https://www.unescap.org/sites/default/files/Urbanization-in-CA-ENG.pdf>



Source: <https://ourworldindata.org/grapher/urban-and-rural-population-2050>

Economic Growth in Central Asia

Figure 2.1. World: 2013 GDP Growth Forecasts
(Percent)



Source: IMF staff estimates.

Source: <http://i.bnet.com/blogs/map-gdp-growth-forecast-imf.jpg>

SME's in Central Asia

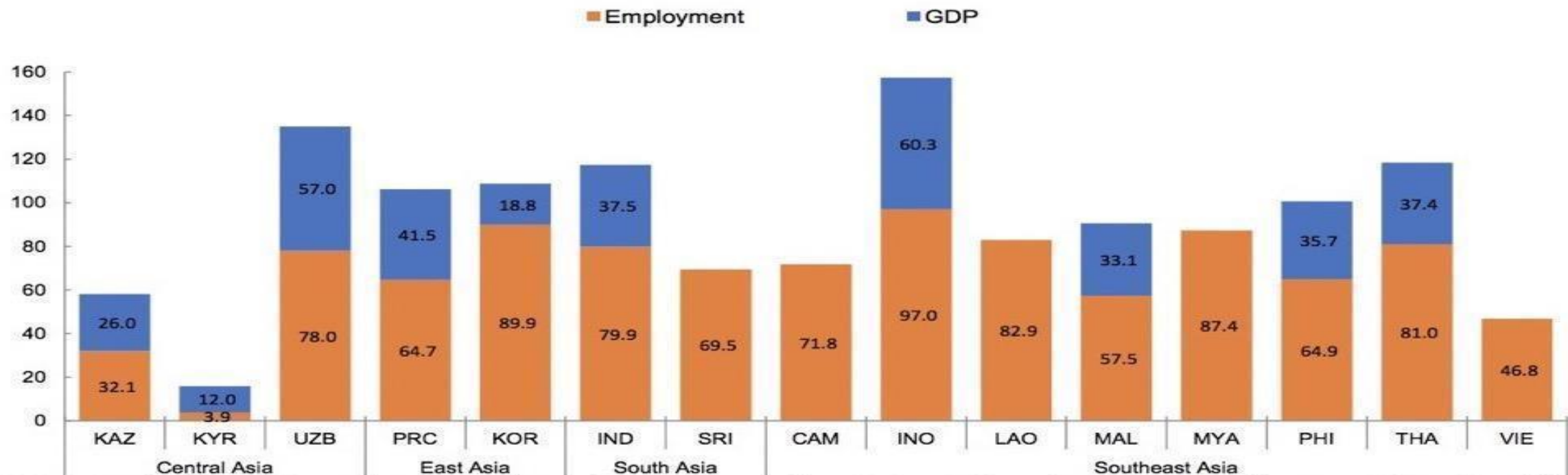
SMEs represent more than 90% of total businesses in CA, but their contribution to GDP is between 25% and 41%, except in Uzbekistan, which is closer to OECD average of around 55%. They employ 78% of the workforce in Uzbekistan, and only 38% in Kazakhstan.

SMEs are mostly concentrated in low-value added sectors, especially agriculture and trade.

Source: https://www.oecd-ilibrary.org/development/enhancing-competitiveness-in-central-asia_9789264288133-en



SME's Contribution to GDP in Asia



CAM = Cambodia, GDP = gross domestic product, IND = India, INO = Indonesia, KAZ = Kazakhstan, KOR = Republic of Korea, KYR = Kyrgyz Republic, LAO = Lao People's Democratic Republic, MAL = Malaysia, MYA = Myanmar, PHI = Philippines, PRC = People's Republic of China, SME = small and medium-sized enterprise, SRI = Sri Lanka, THA = Thailand, UZB = Uzbekistan, VIE = Viet Nam.

Sources: ADB. 2015. *Asia SME Finance Monitor 2014*. Manila; and Uzbekistan data from the State Statistics Committee (as of December 2016).

Central Asia Emerging Trends AND COVID 19

- Increasingly young population;
- Migration from rural to urban areas;
- Strong economic growth;
- Employment reliant on SMEs and the public sector;
- COVID-19 hit and shut down most SMEs for months.



Emerging Trends Present a Need for Systems Thinking

Research Question: What was the economic impact of COVID-19 on SMEs in Central Asia?



RESULTS AND DISCUSSION

- There was an **increase in the volume of production by SMEs in the first and second quarters of 2020 by 9% and 3%**, respectively, compared to the same period of the previous year (2019).
- Though in the first quarter of 2020 there was an **increase in output by 8.6%**, in comparison with the previous year, in absolute terms (increase from 6 mln in 2019 to 6.5 mln in 2020), **it is still less than the growth that took place in 2019 compared to 2018, which amounted to 24.4% in March 2019.**

Table 1. Output of products (goods and services) by SMEs in Kazakhstan, KZT

Region (Oblast)	January - March 2019 (1 quarter)	January - June 2019 (2 quarters)	January - March 2020 (1 quarter)	January - June 2020 (2 quarters)	January – March (2020 versus 2019)	January – June (2020 versus 2019)
Republic of Kazakhstan	6 011 298 068 102	12 662 688 246 151	6 528 026 969 547	13 032 536 130 015	9%	3%

Table 2. Production of output by SMEs in Kazakhstan, in percentage

Region (Oblast)	January - March 2019 (1 quarter)	January - June 2019 (2 quarters)	January - March 2020 (1 quarter)	January - June 2020 (2 quarters)	January – March (2020 versus 2019)	January – June (2020 versus 2019)
Republic of Kazakhstan	124,4	116,4	108,6	102,9	-13%	-12%

Source: According to the data from National Statistics Agency of Kazakhstan, and according to the authors' calculations.

RESULTS AND DISCUSSION (cont.)

- A **slight increase in labor force** in SMEs (increase by about 19 thousand people for the first two quarters of 2020), but in relative terms of growth (in percentage) **there was a significant decrease: (-10%) growth in the first quarter of 2020, and (-3%) growth in the second quarter of 2020.**
- There was an increase in the number of operating SMEs in 2020 (by about 26 thousand enterprises). But there was also **a decline in relative growth rates (negative percentage growth): (-8%) for the first two quarters of 2020.**

Table 3. Growth rate of the number of employees in SMEs Kazakhstan, in percentage

Region (Oblast)	January - March 2019 (1 quarter)	January - June 2019 (2 quarters)	January - March 2020 (1 quarter)	January - June 2020 (2 quarters)	January – March (2020 versus 2019)	January – June (2020 versus 2019)
Republic of Kazakhstan	113,3	103,4	102	100,6	-10%	-3%

Table 4. Growth rate of the number of SMEs Kazakhstan, in percentage

Region (Oblast)	January - March 2019 (1 quarter)	January - June 2019 (2 quarters)	January - March 2020 (1 quarter)	January - June 2020 (2 quarters)	January – March (2020 versus 2019)	January – June (2020 versus 2019)
Republic of Kazakhstan	110,4	110,3	102,1	101,9	-8%	-8%

Source: According to the data from National Statistics Agency of Kazakhstan, and according to the authors' calculations.

CONCLUSION AND POLICY RECOMMENDATIONS

- Analysis showed statistical significance, and, due to similar characteristics of CA countries, this method could be used for testing other countries in the region to verify its applicability.
- Factor like the effect of various regulatory interventions of government, as a policy response to the COVID-19, on the SMEs performance, were not examined in the current analysis and should be considered in future research.



It is recommended for other researchers to analyze information on regulatory measures (lockdowns, closing the borders, etc.) and data on COVID-19 rates (number of confirmed cases, death rates, etc.), in order to identify how they affect SMEs performance in CA region, and choose the optimal COVID regime.

Also, it is recommended to focus on the impact of COVID-19 on SMEs performance in CA region from the industry perspective. In similar studies in China and other countries, the industry analysis was done.

CONCLUSION AND POLICY RECOMMENDATIONS (cont.)

- Allowing SMEs to operate on a daily basis, even for a limited duration, during the lockdown, would be an essential support for companies.
- Other measures for optimizing the SMEs work could be:
 - **flexible staff rotation and payment options;**
 - **temporarily downsize non-essential activities;**
 - **analyze new opportunities which may arise as a result of the crisis such as online growth opportunities; and**
 - **identify the actions to protect the enterprise's assets (people, processes, profits, partnerships).**
- The current crisis can create market opportunities for existing and new businesses. SME's potentially are more flexible in decision-making, and are close to their customers, which might be very beneficial for survival through tough times.



Thank you for your attention!

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SOURCES

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Industries and Enterprises for Restart and Recovery

Discussant: Dr. Ranjeeta Mishra

Project Consultant, ADBI



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4-5 March 2021

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Industries and Enterprises for Restart and Recovery

Speaker: Dr. Ulviyye Aydin

Assoc. Prof. Dr. Manisa Celal Bayar University, Department of
Political Science and International Relations, Turkey



ANALYSIS OF COVID-19 PANDEMIC'S IMPACTS ON AZERBAIJAN'S OIL INDUSTRY: POLICY LESSONS IN HARD TIMES

Ulviyye SANILI AYDIN

Manisa Celal Bayar University

Dep.of Political Science and International Relations

TURKEY

Azerbaijan Oil Industry

- 80% of country's total export revenues
- 50% of country's total GDP

Oil strategy is built upon three pillars:

- to involve the oil giants in country's oil industry, by this way, to recover, strengthen capacity and modernize its infrastructure, to increase the production capacity, to reach world energy markets;
- to diversify the transportation routes as well as to secure the accessibility both technically modernizing them and creating alternative pipelines;
- to use oil incomes for economic recovery and social development as well as non-oil sectors.



HARD TIMES FOR AZERBAIJAN

- Oil price fluctuations
- COVID-19 pandemic
- War with Armenia

Thus, the country is fighting on 3 different fronts:
health, military and economic.

THE AIM OF STUDY:

- Focusing on analytical reports and recent data, the central objective of this paper is to examine the impacts of COVID-19 outbreak on Azerbaijan's economy, exactly on its oil and gas sector in the light of current developments in the country.

FINDINGS:

- The research suggests that in near future the COVID- 19 outbreak will continue to affect negatively the oil and gas industry of Azerbaijan.
- However, in a long term it will push restructuring and transformation of the economy, enforcing the state to increase the contribution of non-oil sectors, as well as to open a more space for renewable energy sources, taking advantage of the incomes of The State Oil Fund.



Thank you for attention.

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Industries and Enterprises for Restart and Recovery

**Discussant: Dr. Kamalbek
Karymshakov**

Economist, Chief Economist Group, CAREC Institute





ANALYSIS OF COVID-19 PANDEMIC'S IMPACTS ON AZERBAIJAN'S OIL INDUSTRY: POLICY LESSONS IN HARD TIMES

Discussant:

Kamalbek Karymshakov

Economist

CAREC Institute

**COVID19 and Potential for Economic Recovery in CAREC Region
4-5 March 2021**

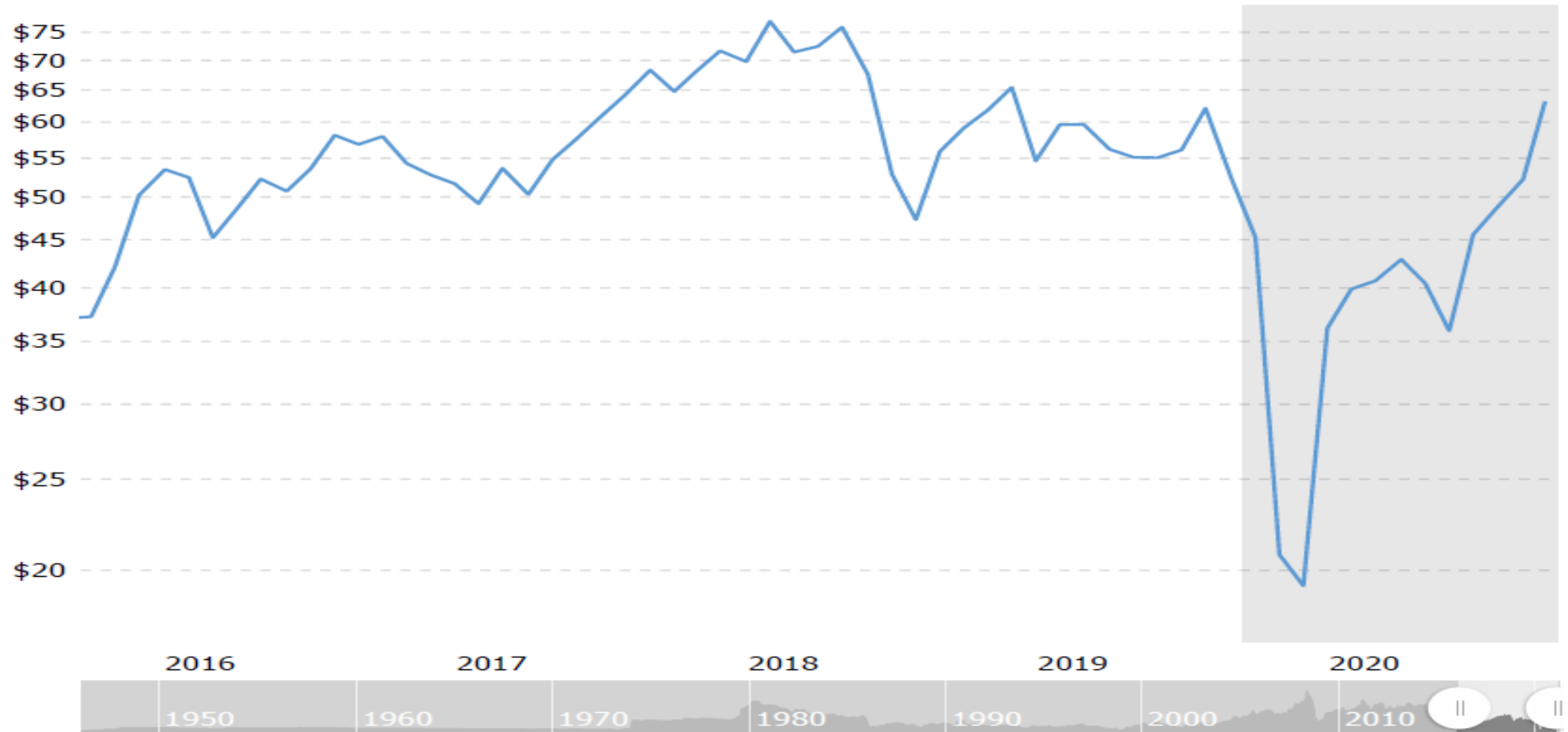
Summary

- Objective: examine the impacts of COVID-19 outbreak on Azerbaijan's economy, on oil and gas sector in the light of current developments in the country.
- Conclusion: COVID- 19 pandemic will continue to affect negatively the oil and gas industry of Azerbaijan. However, in a long term it will have permanent positive impacts in terms of restructure and transform the oil industry, enforcing the state to open a more space for renewable energy sources as well as to increase the contribution of non-oil sectors to the whole economy

Comments

- Specific objective, broad context
- Assessment for the future necessitates assessment of the current situation:
 - Description of macroeconomic trends in 2020 with available data
 - Information on forecasted economic performance for short-term
- Government policy response to COVID-19 pandemic
 - Special reference to oil and gas industries?

Slowly increasing oil prices



Source: <https://www.macrotrends.net/1369/crude-oil-price-history-chart>
<https://www.macrotrends.net/1369/crude-oil-price-history-chart>

Comments

- Following the title of the paper: What are the policy lessons?
 - Lessons should be specified
- *“in a long term it will have permanent positive impacts in terms of restructure and transform the oil industry, enforcing the state to open a more space for renewable energy sources as well as to increase the contribution of non-oil sectors to the whole economy”*
 - Government program (strategy) for such perspectives?

Other Comments

- Literature review in the paper. This may be rather review of analytical reports and data to analyse current economic situation in Azerbaijan. Because literature review in academic research sense may imply detailed review of previous studies etc.
- Revision of abstract with highlights of objectives, findings and main conclusion
- Description of current macroeconomic conditions and oil and gas industry with latest available data in Table format.

THANK YOU !

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Industries and Enterprises for Restart and Recovery

Speaker: Mr. Waheed Ali

School of Economics and Finance, Xian Jiaotong
University, China



Impact of psychological distress due
to COVID-19 risk on bank
employees' performance:
Moderating effect of e-banking
services

Presenter: Waheed Ali

Introduction

- The World Health Organization (WHO) declared the COVID-19 outbreak as the sixth public health of emergency Services (SPHEC) on January 30, 2020, started from Wuhan, China. At present, COVID-19 has affected more than 209 countries in the world (Waris, Khan, Ali, Ali, & Baset, 2020).
- COVID-19 pandemic has affected the all socio-economic sectors including services sector.
- The services sub-sectors which are directly dealing with public, i.e., health, education, sanitary workers and banking, etc. are more affected. Employees of the public dealing services sector are on a heavy risk of virus infection. This situation affects employees' mental health, which in turn shrinks the efficiency of employees

Literature review

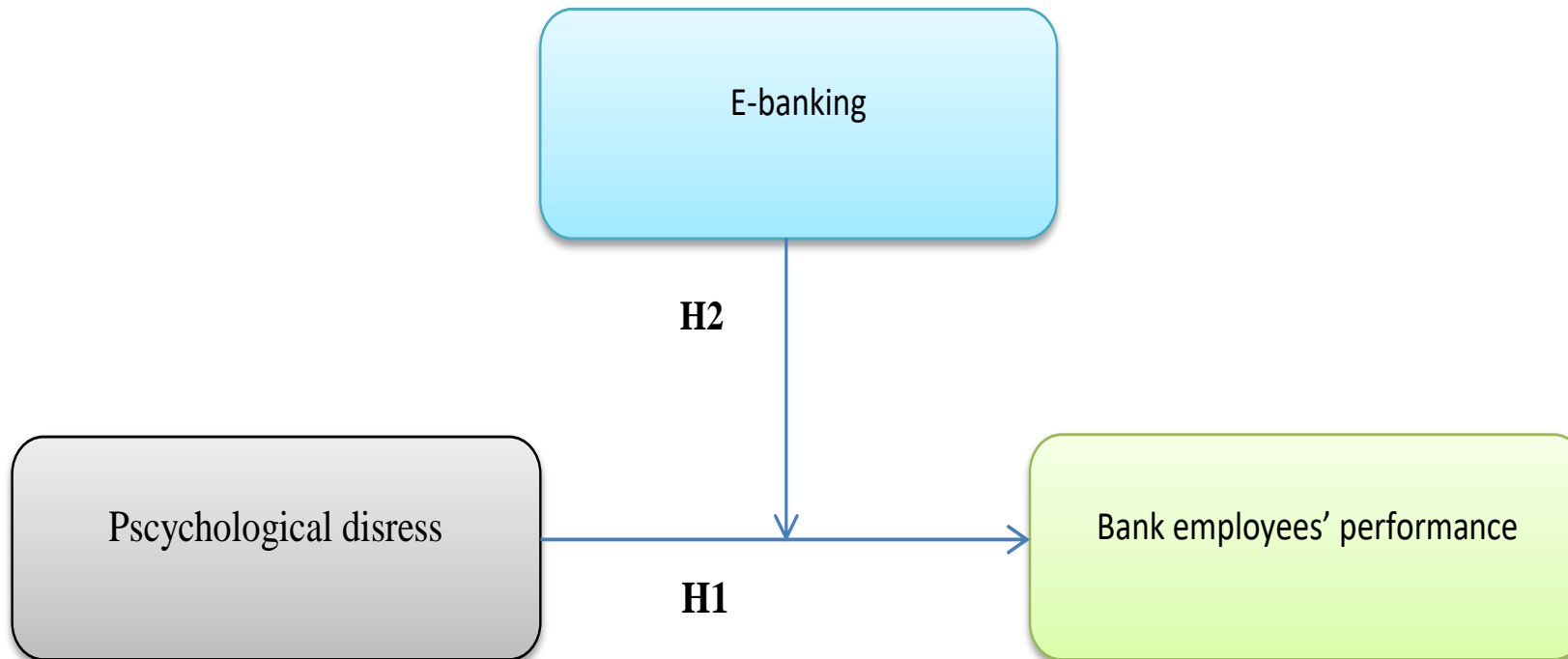
- Coronavirus is a respiratory virus which was transmitted from animals to human and belonged to the Coronaviridae family (Drosten et al., 2003). Previous types of the Coronaviridae viruses were; severe acute respiratory syndrome coronavirus (SARS-CoV), and Middle East respiratory syndrome coronavirus (MERS-CoV) (Zaki et al., 2012, Drosten et al., 2003).
- Due to recent COVID-19 pandemic besides other sectors of the economy, the banking sector is also affected. The mental health of bank employees has been affected due to stress caused by the risk of COVID-19 infection.

Literature review

- Moreover, the bank employees deal with financial transactions, so their minds should be free from any type of stress. However, the bank employees have been found to be stressful due to workload and psychological distress (Dartey-Baah., et al., 2020).
- According to study of Nisar and Rasheed (2019) the job stress significantly reduces the employees performance and career satisfaction mediates the relationship.
- In the case of Pakistan, hundreds of bank employees have been reported as positive for COVID-19. Transmission of COVID-19 in bank employees is higher due to various reasons, i.e., the bank branch environment remains cold due to continue the use of air conditioners, and the virus could survive longer on desks, chairs, and other spots in a cold atmosphere. Moreover, the virus could transfer through cash or document exchange between customers and bank employees.

Conceptual model

Figure I: Conceptual Model



Methodology

- We collected a data sample of 214 respondents from the commercial bank employees in Pakistan and analyzed using the partial least squares structural equation modeling (PLS-SEM) technique.
- PLS-SEM approach was employed for this study because of numerous reasons; the first PLS-SEM can be employed when the sample size is small, and research is the explanatory type (Hair et al., 2010; Hair et al., 2014).
- Besides, PLS-SEM doesn't require a common distributional assumption, and it can manage multi-collinearity issues among explanatory variables (Chin 1998b; Chin and Newsted 1999). Furthermore, the structural equation modelling is used to analyse the complex models of multiple independent variables in a comprehensive way.

Empirical results

- Results of measurement model

Variable	Item	Loading	CR	AVE
Pscychological disress	PD1	0.814	0.935	0.624
	PD2	0.672		
	PD3	0.729		
	PD4	0.802		
	PD5	0.981		
	PD6	0.732		
Employees performance	EP1	0.866	0.834	0.695
	EP2	0.891		
	EP3	0.682		
	EP4	0.921		
	EP5	0.854		
	EP6	0.691		
	EP7	0.853		
E-Banking	EB1	0.787	0.883	0.758
	EB2	0.873		
	EB3	0.735		
	EB4	0.963		
	EB5	0.843		
	EB6	0.819		
	EB7	0.763		

Empirical results

- Results of discriminant validity (Fornell and Larcker's criterion) and descriptive statistics

	Mean	SD	PD	EP	EB
PD	3.98	0.71	0.804		
EP	4.12	0.79	0.801	0.839	
EB	4.02	0.81	0.803	0.801	0.811

- Discriminant validity test (Heterotrait-monotrait ratio)

	PD	EP	EB
PD			
EP	0.742		
EB	0.859	0.684	

Empirical results

- Path coefficient and hypothesis testing

Hypothesis	Relationship	Std Beta	Std Error	<i>t</i> -value	Decision
<i>H1</i>	PD → EP	-0.012 ^b	0.098	2.475	<i>Supported</i>
<i>H2</i>	PD*EB → EP	0.002 ^c	0.471	2.057	<i>Supported</i>

- Notes: a= $p < 0.001$; b= $p < 0.01$; c= $p < 0.05$ (one-tailed)

Conclusion and implications

Conclusion:

- COVID-19 pandemic has affected almost every country in the globe. The severe socioeconomic impacts of COVID-19 have been noticed in many countries. Beside the other sectors, services sector has also been affected by COVID-19 such as; tourism, hospitality, education, health, banking, recreation and entertainment. Like other countries the services sector in Pakistan has also been heavily affected due to COVID-19.
- To analyze the impact of psychological distress due to COVID-19 infection risk on the bank employees' performance we collected a data sample from 214 commercial bank employees in Pakistan. We empirically tested the hypotheses of this study through PLS-SEM model in smartPLS statistical software.
- The empirical findings of this study reveal that psychological distress due to COVID-19 infection risk has a significant negative impact on bank employees' performance. However, e-banking significantly moderates between psychological distress due to COVID-19 infection risk and bank employees' performance in commercial banks in Pakistan.

Conclusion and implications

Implications

- In the banking sector employees, mental health is important for better performance. In the light of outcomes of this study, we recommend the following policy measures to manage the employees' performance and customer satisfaction during the time of COVID-19 pandemic:
- E-banking services should be promoted by giving benefits and discounts to customers through e-banking. Awareness should be provided to customers through media about the benefits of e-banking, especially in the time of this pandemic. New customer Campaign should be launch through media and social media. Special training should be provided to bank employees to deal with customers without losing their loyalty during this pandemic time.

The end

Thank you for listening and questions are welcomed

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Industries and Enterprises for Restart and Recovery

Discussant: Mr. Khalid Umar

Chief of Strategic Planning Division, CAREC Institute



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Industries and Enterprises for Restart and Recovery

Speaker: Dr. Hooman Peimani

Affiliated Fellow, International Institute for Asian Studies (IIAS)
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Netherlands



Converging Environmental Necessities and Energy Requirements: Producing Renewable Energy and Hydrogen for Economic Revitalization and Growth in the Post-COVID-19 Pandemic

Dr. Hooman Peimani

COVID19 and Potential for Economic Recovery in CAREC Region

Session Four: Industries and Enterprises for Restart and Recovery

Beijing

5 March 2021

I-Economic Impact of the COVID-19 Pandemic

A-The COVID-19 pandemic has damaged the global economy by pushing it into a period of contraction and recession after a decade of poor performance.

B-In particular, it has negatively affected Asia, which is the world's largest economy and energy consumer.

C-The CAREC region has not been spared by the pandemic.

D-To a varying extent, the regional countries' economies have all experienced slowdowns, recessions and/or contractions, as a result of their lockdowns and imposed restrictions on economic and social activities as well as those of their trading partners.

II- The COVID-19 Pandemic and the Necessity of Energy Shift in the CAREC Region

A-The pandemic has signified the danger of the worsening global warming and climate change and the urgency of shifting from the current carbon-intensive economy to a low-carbon and eventually, zero-carbon one.

B-The mentioned shift in the CAREC region demands replacing oil, gas and coal as the main source of energy with sustainable alternatives.

C-Hence, it is necessary to develop the regional production capacities to supply the region with green energy, i.e., renewable, nuclear and potentially hydrogen.

III-Green Energy as an Economic Boaster in the CAREC Region

A-Developing the region's renewable energy and nuclear sectors is not only a necessity for reducing its greenhouse gas (GHG) emissions, but also an available means for revitalizing its economy

B-Efforts to develop the CAREC region's production of environmentally clean renewable energy (E.g., wind, solar and small hydro) can certainly boast the regional economy damaged heavily by the pandemic.

C-Such efforts, if wisely made, will involve a wide range of industries from mining to manufacturing for the required raw material and parts for the mentioned power generators and also for the electricity-based emerging industries such as electric vehicle producers.

D-Added to their existing large manufacturing units, the availability of such necessities in large-scale could also provide the possibility for setting up small-scale and, thus, low capital-intensive manufacturing units for the aforementioned generators and vehicles all over the CAREC region.

IV-Hydrogen as a Potential Green Energy Option for the CAREC Region

A-Producing hydrogen for fuel cells, not through methane steaming (“grey” or “blue” hydrogen), but from electrolyzing of water with green electricity (“green” hydrogen) could be another feasible and necessary project for expanding the regional countries’ range of alternatives to fossil energy.

B-To avoid depletion of water resources, decrease the required energy and reduce the cost, wastewater should be used for electrolyzing after removing its solid waste, which could also be used as fuel or recycled.

C-Green hydrogen could be especially, but not exclusively, used for public transportation (e.g., city buses) and land transportation of goods (e.g., trucks) to help the CAREC region decrease its GHG emissions substantially, while satisfying its essential needs.

V-Conclusion

A-As feasible and plausible projects, developing and expanding the CAREC region's renewable and nuclear energy sectors and hydrogen production capacity and their respective bus/truck engines and electric vehicles could not only help the region stop and eventually reverse global warming as an environmental and economic imperative, but also help revitalize and potentially expand its economy after a period of the pandemic-imposed contraction.

B-As well, these projects could potentially help the CAREC region establish itself as a leading global supplier of renewable, nuclear and hydrogen technologies with its obvious economic benefits.



Thank you for paying
attention!

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**Discussant: Mr. Rovshan
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Industries and Enterprises for Restart and Recovery

Speaker: Dr. Falendra Kumar Sudan

Professor Economics, University of Jammu, India



**IMPACT OF COVID-19 ON SMALL AND MEDIUM-SIZED
ENTERPRISES IN CENTRAL ASIA: COPING STRATEGIES,
GOVERNMENT RESPONSES AND POLICY OPTIONS**

Falendra Kumar Sudan
University of Jammu, India

INTRODUCTION

- SMEs have been affected through three main COVID-19 pandemic induced transmission channels:
 - direct impact through decline in consumption of goods and services,
 - indirect impact through financial market shocks, and
 - supply-side disruptions due to lockdown measures

OBJECTIVES AND METHODOLOGY

- The paper has analyzed
 - how SMEs across the Central Asia have been affected by the COVID-19 pandemic,
 - explored the coping strategies adopted by SMEs in the Central Asian countries,
 - described the role of governments' policies and stimulus measures to support SMEs to cope with the pandemic, and
 - drawn policy options for a 'new normal' resilient, digital, inclusive and sustainable SMEs in the region
- Secondary data and information
 - various national and international publications of the
 - ADB, OECD, World Bank and country reports of the governments of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan
- using content analysis and data triangulation method and
- analyzed through a deductive content analysis technique

IMPACT OF COVID-19 PANDEMIC ON SMEs

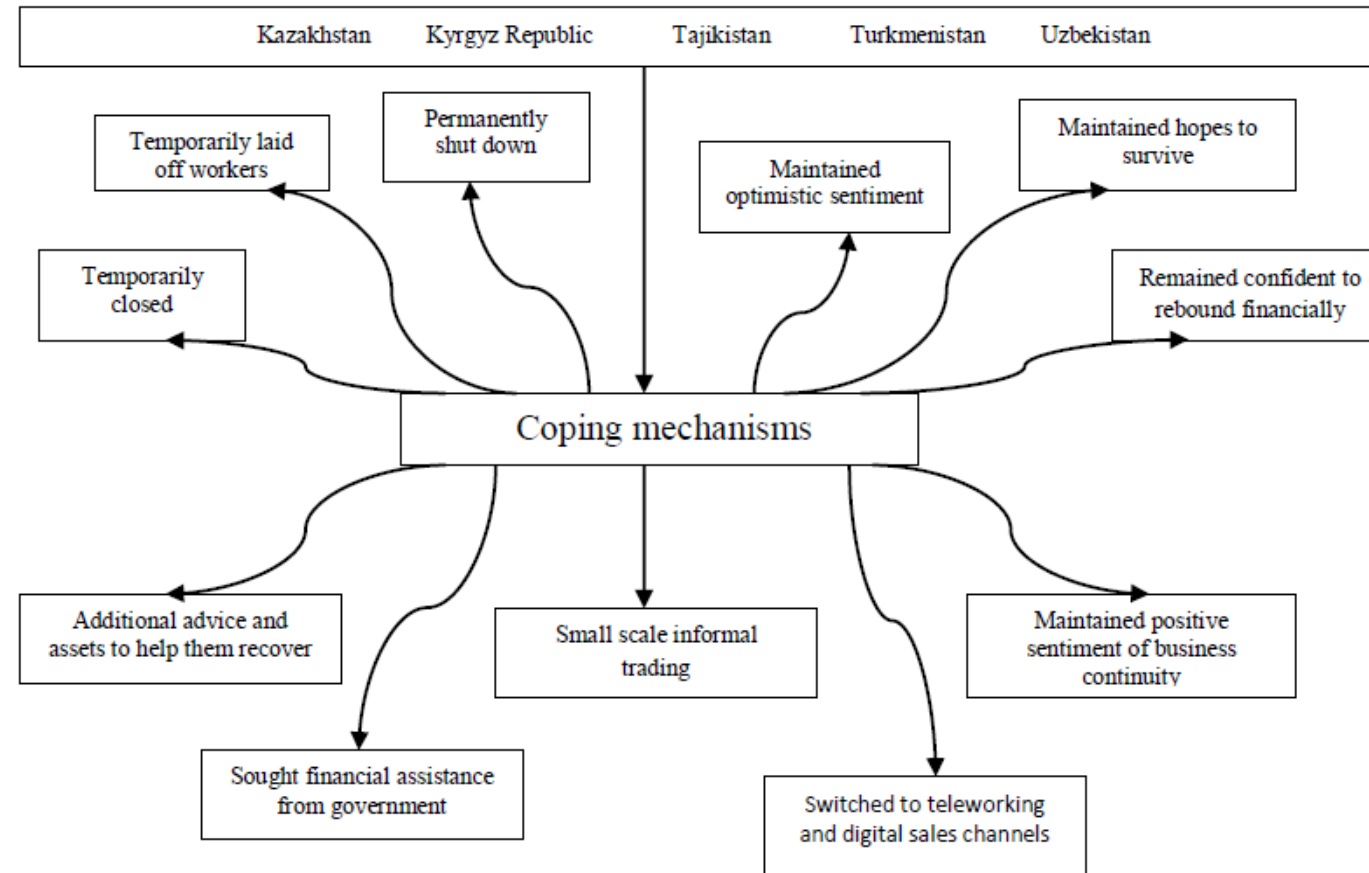
- SMEs in the Central Asian region have been impacted through both
 - internal factors (such as lockdown induced business disruptions, lower consumption and impact on real economy), and
 - external factors (such as volatile international market prices, border closures and trade restrictions)
- Suspended business operations
 - SMEs: Uzbekistan (80%); Kazakhstan (70%)
 - Self-employed workers: Kazakhstan (>70%)
- Completely closed their operations during the lockdown
- about 2.2% of SMEs in Kazakhstan
- Worst affected SMEs
 - trade, tourism and catering sectors (Kazakhstan)
 - transport, tourism, retail, and finance sectors (Tajikistan)

IMPACT OF COVID-19 PANDEMIC ON SMEs

- SMEs hard hit by the pandemic in Central Asian economies
 - transport, manufacturing, construction, wholesale and retail trade, hospitality, food services, real estate, professional services, and other personal services
- Faced high risks of lay off due to lockdown measures
 - hospitality, tourism, and transport, wholesale and retail trade, and repairs
- SMEs impacted through SCDs in international trade
 - office equipment, electronics, chemicals, petroleum and plastic sectors
- Most SMEs severely affected due to operational and liquidity constraints
- Extended restrictions led to liquidation of many SMEs in retail, cultural and leisure activities
- Many SMEs experienced bankruptcies
 - led to substantial closures of businesses in wholesale and retail, professional services, transportation and storage, information and communication and construction sectors

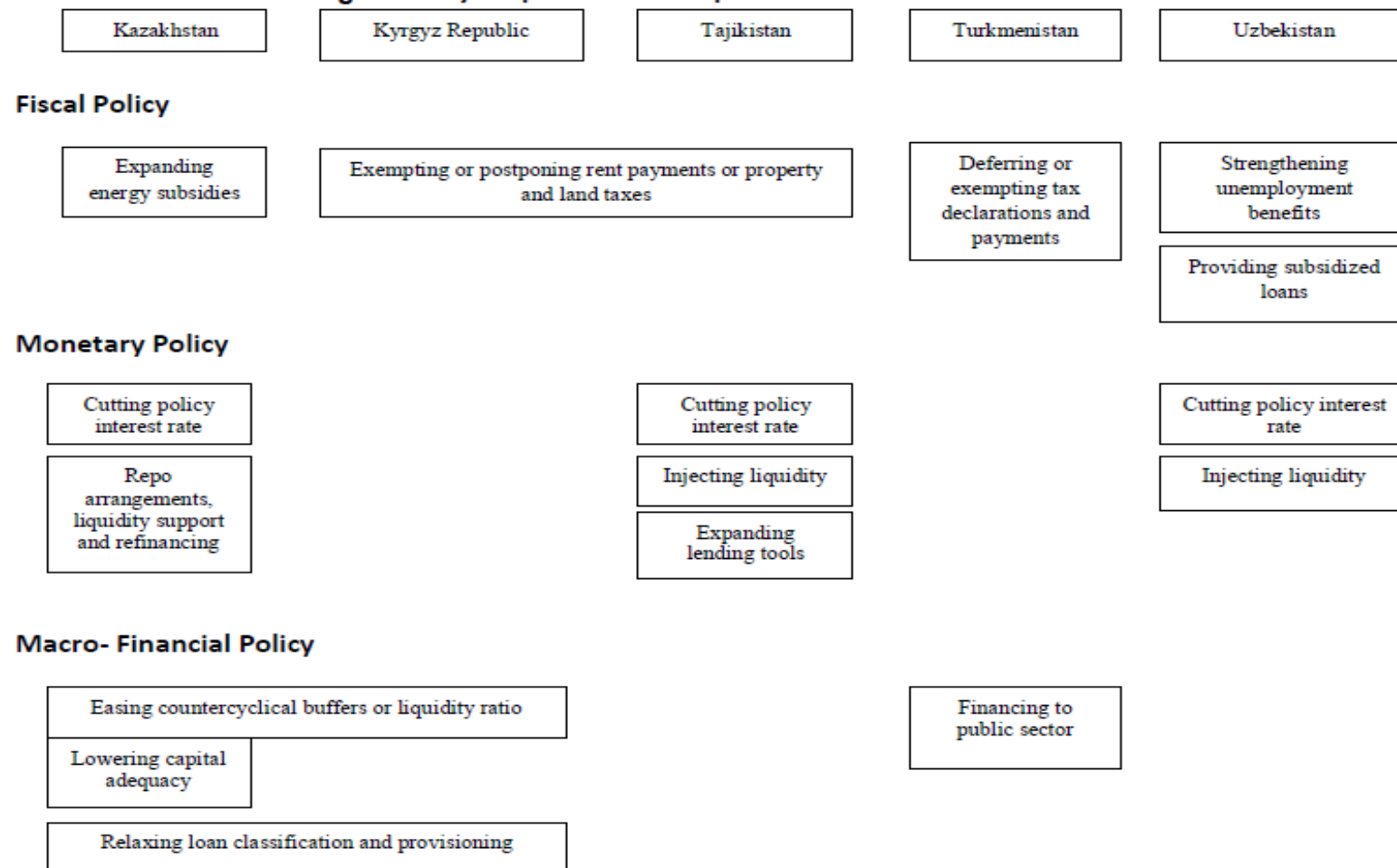
COPING STRATEGIES ADOPTED BY SMEs

Fig.1 Coping mechanisms adopted by SMEs



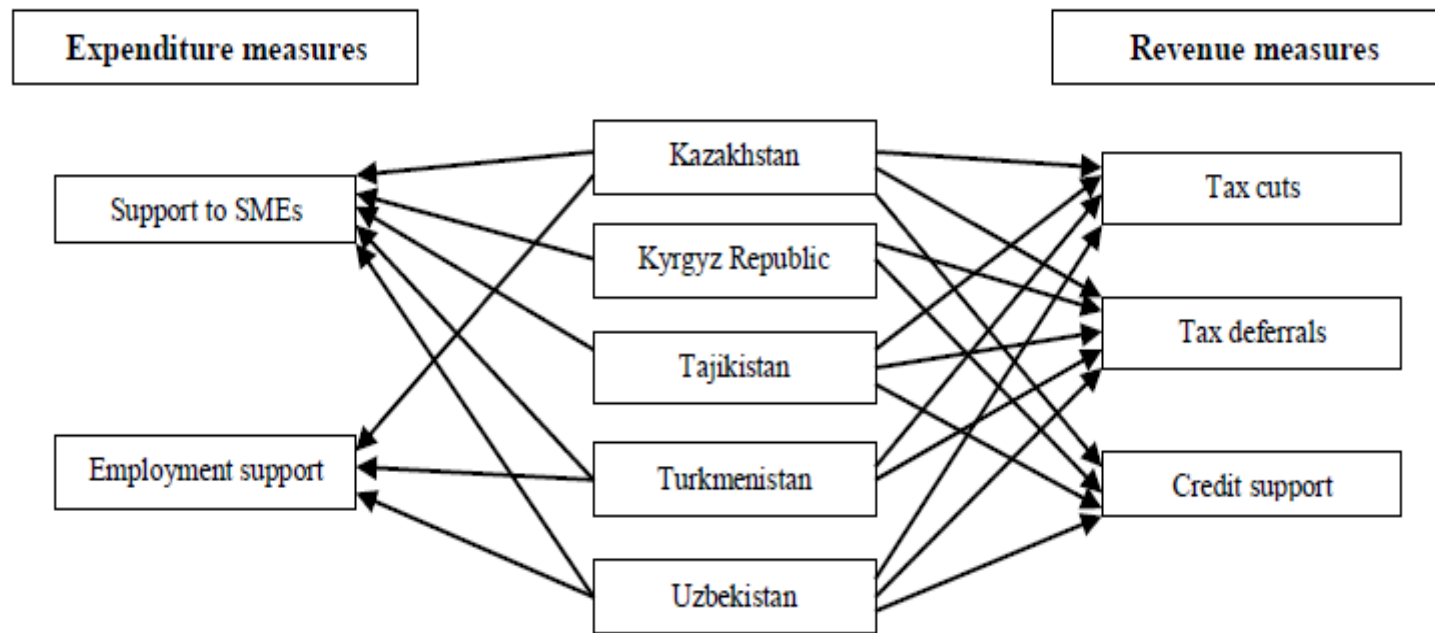
COUNTRY-SPECIFIC POLICY RESPONSES TO SUPPORT SMEs

Fig. 2 Policy responses to the pandemic in Central Asia



COUNTRY-SPECIFIC POLICY RESPONSES TO SUPPORT SMEs

Fig.3 Economic support packages to SMEs



COUNTRY-SPECIFIC POLICY RESPONSES TO SUPPORT SMEs

Fig. 4 Policy responses to support SMEs in Central Asia

Kazakhstan	Kyrgyz Republic	Tajikistan	Turkmenistan	Uzbekistan
Suspension of principal debt and fees	Structural fiscal reforms	Tax break	Resource mobilization from international financial institutions	Extended guarantees and compensations for interest expenses
Soft loan programme	Credit holidays and reducing interest rates	Suspended surcharge for late payment of taxes	Expanding functions of regional support business centres	Additional infrastructural projects
Deferred tax payments	Deferrals of interest on disbursed loans	Exempted rent payment on government property	Concessional loans to pay tax arrears	Interest-free liquidity loans
Loan guarantee schemes	Suspension of late payment of fees	Suspended penalties on payment of social tax	Reduction of social insurance tax rate	Compensating transport expenses in foreign trade
Relaxed public budget rules	Tax holidays and lifting of fines	Sole entrepreneurs exempted from all taxes	Trade loans in export-import operations	Supporting quality deterioration of loan portfolio
Lump sum social benefit payments	Preferential loans and subsidies	Preferentially loanable funds	Preferential loans	Reduced minimum social tax payment
Preferential loans to private entrepreneurs	Exemptions of property and land taxes	Priority in government procurement	Loan repayment deferrals	Deferral for payment of property and utility taxes
Financial assistance to create jobs	Discounts on state-owned property and utility bills			Suspended tax audits of businesses
Tax measures for stabilizing economy	Loan repayment at pre-crisis exchange			Deferral for payment of debt
Financial assistance to create jobs	Subsidized credit to banks for soft loans			
	Reduced social contributions			
	Extended deadline to submit tax declarations and suspended audits			

POLICY IMPLICATIONS

- SMEs and policymakers are shifting their focus to the post-pandemic 'new normal' economy. Therefore, SMEs should adapt to this 'new normal' economy spurred by government incentives. Governments can support SMEs resilience by providing investment subsidies in risk mitigating technologies, trade diversification and regional economic integration.
- Employment creation and/or retention should be considered as an additional criterion for financial support to SMEs. Export promotion and trade facilitation efforts should be the basis of cheap credits to SMEs. Greater formalization of labour standards, contracts, job safety, domestic and export markets' technical regulations and sanitary and phytosanitary measures should be mandatory for extending government support to SMEs. This requires necessary incentives to invest in skills training or upgrading of workers.
- Long-term economic recovery through export promotion requires high competitiveness, economic diversification, and reductions in resource intensities.
- All these policy measures require robust cooperation and regional integration along with substantial aid and support from international financial institutions.

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4-5 March 2021

Session Four

Industries and Enterprises for Restart and Recovery

Discussant: Dr. Ghulam Samad

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Q&A



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HEALTH BREAK

Next session starts at 14.50 (GMT+8)

