



**Politecnico
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Role and effects of entrepreneurs on economic development in Central Asia countries: Review in literature.

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Abstract

Entrepreneurship is the activity to establish a company or establish itself as a self-employed person in a creative industry. Concept of sign of entrepreneurship on economic development of countries is obviously related under-researched phenomenon, so by collecting data by survey, published economic journals, magazines, papers or by news and by discussing topic in dual economy models of structural transformation and growth. Finally, the policy implications by government to support business people are also focused on my paper in terms of quantity, quality and the allocation of entrepreneurial ability.

The impacts of Covid-19 have already been catastrophic and devastating for life, societies and economies around the world. This thesis addresses entrepreneurship by exploring challenges and opportunities, governmental supports by financial site or discounts in paying taxes for small business and entrepreneur, during pandemic time. I tried to explain on data and information by getting them through reliable source in Central Asia countries.

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1 INTRODUCTION

Entrepreneurship is a main player as a vital role in the development of country's economy, transformation of countries from low income, primary-sector based societies into high-income service and technology based societies and standard of living of the country. The role and importance of the sector of entrepreneurs in the economies cannot be overestimated.

The aim of this thesis work is to gain understanding of meaning of entrepreneurship, to explain that which parameters are used to measure to adding contribution to economic growth and how these factors have a positive and significant affect to country's economy in reality. Understanding their role in process of growth requires a framework because there are various variables to explain on how entrepreneurship influences economic growth and financial development. This paper focuses on the analyzing importance of entrepreneurs in economies and exploring which indicators are the key factors of influencing on country's economies.

In this paper, we shall discuss what is definition and concept of entrepreneurship? What types of entrepreneurship are there and what is the role of entrepreneur in the economic development of Central Asia countries? What are those aspects of entrepreneurship that enables to continue successfully business during pandemic time?

Current thesis consists of the following parts. The first of which is devoted to the review and analysis of the existing literature in entrepreneurship in general as well as a determining the characteristics and some basic process of creating of entrepreneurship in developing countries. Next chapter is a main part of research and it is devoted to the empirical analysis of influencing of entrepreneurs to economies, representing of governmental support-structure to survive of

business, small-medium enterprise and entrepreneurs in tough situation, like, financial crisis, coronavirus or etc.

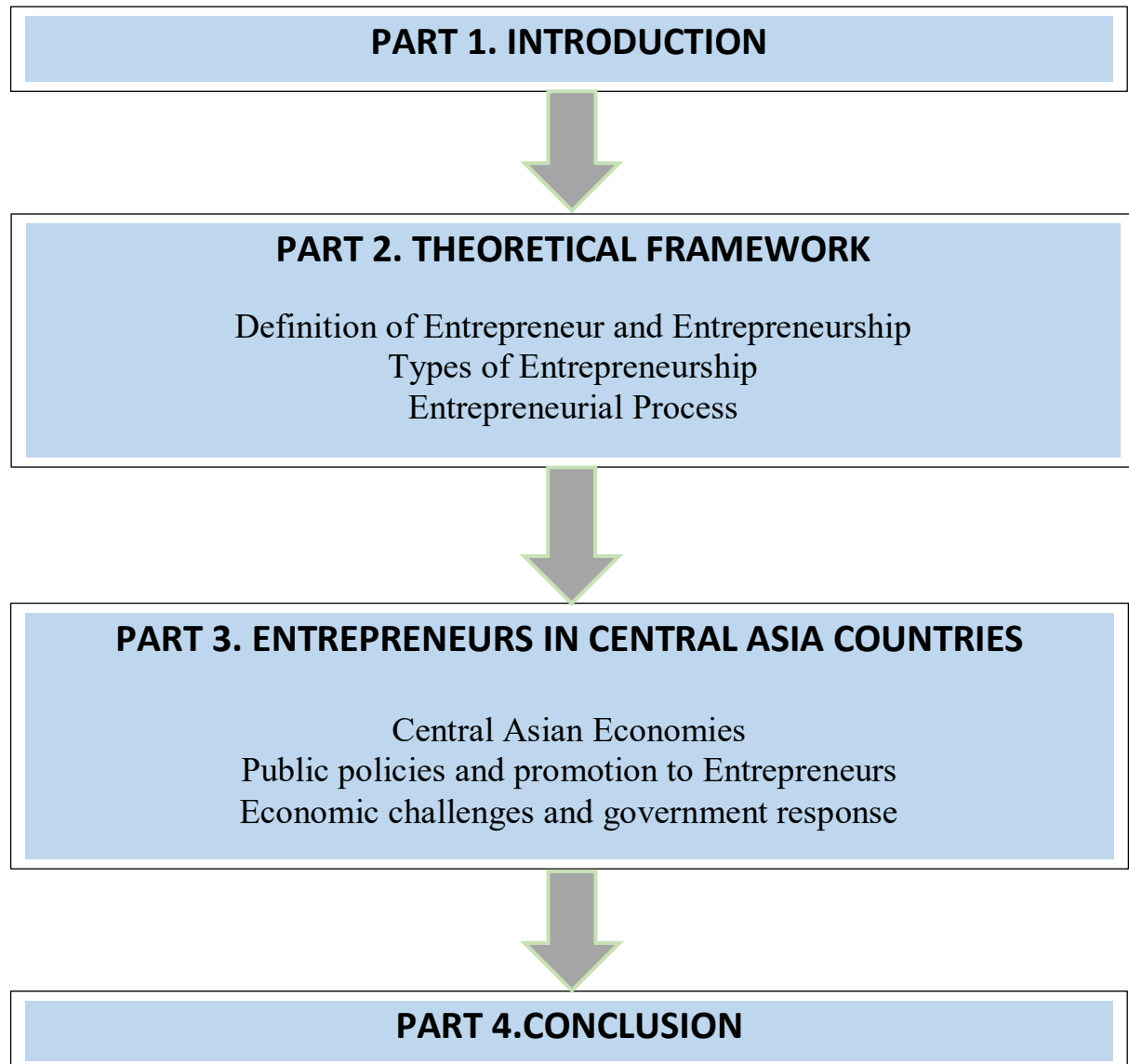


Figure 1. Structure of thesis

2 THEORITICAL FRAMEWORK

2.1 Who is Entrepreneur

Entrepreneur, entrepreneurship and enterprise which words are very close each other in terms of meaning and using of them in entrepreneurship area. First of all we should look at basic meaning of terms used in context of entrepreneurship.

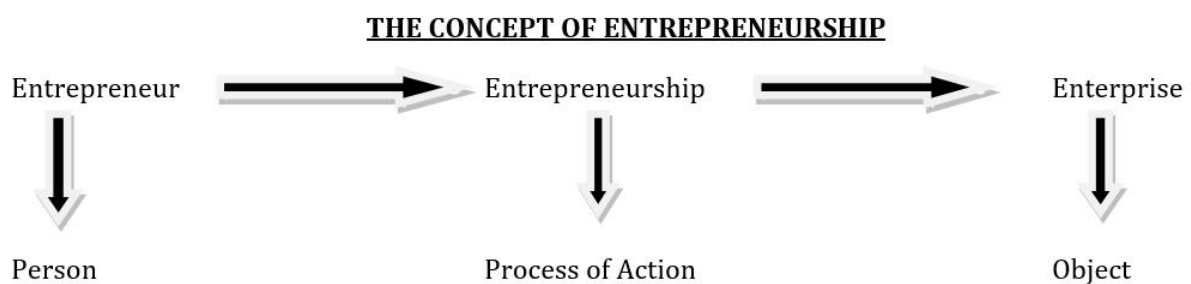


Figure 2. Concept of Entrepreneurship

Source: <https://101entrepreneurship.org/>

Entrepreneur refers to the person who creates a new enterprise, entrepreneurship is process of creating a new enterprise with an aim of making profit. Enterprise refers to business venture which is being created by the entrepreneur.

Entrepreneur is a person who conceives a creative idea and takes all necessary steps required to turn that idea to reality, and creates a new business enterprise and takes initiative of developing a new venture by supplying sufficient capital, land, labor and the essential resources to produce the product. It is not only about arranging the resources to give shape to the ideas but constantly making efforts in that direction to bear all the risk and take all the necessary decisions to provide products and services that have value to the customer and embracing all the challenges for its development and operation so as to gain profits in the future.

The word entrepreneur originates from the French word, *entreprendre*, which means “to undertake” and was first defined by Irish-French economist Richard Cantillon. Entrepreneur in English is a term applied to a person who willing to help launch a new venture or enterprise and accept full responsibility for the outcome. French men who organized and led military expeditions in the early 16th Century were referred to as Entrepreneurs. Around 1700s year the term Entrepreneur was used for architects and contractors of public work.

Definition according to a French economist J.B. Say, an entrepreneur is a person who shifts economic resources out of an area of lower productivity into an area of higher productivity and greater yield.

David Ricardo said that entrepreneur did not play any important role for economic development of a country, but profit leads to saving of wealth, which ultimately goes to capital formation and leads to economic development.

The qualities of an entrepreneur are:

- Self confidence
- Passionate and Focused
- Risk Taking ability
- Leadership ability
- Future oriented
- Creative

2.2 Types of Entrepreneurs

Entrepreneurs create jobs and contribute to the economy but there are different types of entrepreneurs and each type tends to choose their own path based on their personality, abilities and surroundings.

The types of entrepreneurs vary depending on background, country and even sector but the 5 most common types are:

- Innovators
- Hustlers
- Imitators
- Researchers
- Buyers

Each of these different types of entrepreneurs has their own rules for success in business but most entrepreneurs go through very similar struggles in terms of finance, marketing, people and even managing themselves. Consider several various kinds of entrepreneurs, their positions and how any kind of entrepreneur influences the company performance:

- ❖ **Innovators** – are the types of entrepreneurs who come up with completely new ideas and turn them into viable business. They seem to be very enthusiastic and obsessed, based on the peculiar essence of their business concept. Innovative entrepreneurs also find new ways to market their products by choosing product differentiation strategies that make their company stand out from crowd or sometimes actually creating a new crowd. Steve Jobs, Larry Page of google and Microsoft founder Bill Gates are great example to innovator type of entrepreneurs. There are some advantages of Innovate entrepreneur: get all the glory for the success of the business, create the rules, and main one is to face minimal competition

during the initial days. On the other hand, entrepreneurs need a lot of capital to bring a new idea of life, often get resistance from shareholders and the timeframe for success is longer. These facts could be mentioned as disadvantages of this type of entrepreneurs. An innovative entrepreneur's capability to envisage a new way of thought helps them distinguish themselves from the crowd and in many ways wildly profitable. However, it requires much capital, patience, endurance and determination for real creativity into reality.

- ❖ **The hustler entrepreneur** often starts small and considers about effort – as opposed to raising capital to develop their businesses. They focus on starting small with the objective of getting to be bigger in the future. Hustlers are stimulated with the aid of using their goals and could work extraordinarily hard to obtain them. They have a tendency to be very focused and could eliminate all sorts of distractions, favoring risks over short-time period comfort. The best instance of a hustler is Mark Cuban. He began out in commercial enterprise very young purchasing trash bags, newspapers or even postage stamps and this hustle later created a goldmine which was acquired by internet giant Yahoo!. Advantages of being a hustler are: they will outwork most, tend to have thick skin – they don't surrender easily and also see unhappiness or disappointment and rejection as just a step in the process. Disadvantages of hustler are: usually susceptible to burn out, wear out their group participants who don't have the identical work ethic and often they do not see the cost of raising capital in preference to simply running harder. Even though many hustlers never give up, a variety of them are willing to attempt anything to prevail which unfortunately means that they have tons of hits and misses. Achieving their goals, dreams takes plenty of longer period than most other types of entrepreneurs.

- ❖ **Imitators** are the types of entrepreneurs who duplicate and build on other people's business ideas and of course enhance upon them. They are continually searching for ways to improve a product better in order to achieve a competitive advantage in the industry or market. Imitators are a mix of innovators and hustlers who don't follow the rules set by others and have a lot of self-assurance. Benefits of Imitators: it's simpler and less frustrating to refine a business idea, imitators can easily compare the results to the original concept. May learn from and avoid the errors made by the creator. Imitators' disadvantages are: their concepts are constantly linked to the original concept, they are still playing catch-up.
- ❖ **Researcher** will take their time to collect all relevant details about an idea even after they have one. Failure is not a choice for them since they have thoroughly examined all concept. Researchers are more likely to believe in starting a company with a high probability of success because they have done extensive research to consider all aspects. As a result, these entrepreneurs typically take a long time to launch products and make decisions because they need the foundation of deep understanding and also solid base of knowledge. Data and information are much more important to these entrepreneurs than instincts and intuition. There should be no space for error in a researcher's work. The benefits of working as a Researcher Entrepreneur are: preparing plan for as many eventualities as possible and writing down comprehensive, well-thought-out financial and business plans. Instead of following your gut, focus on data and facts. These characteristics reduce the chances of the company failing so that they won't begin until they have a good understanding of the business. The drawbacks to working as a Researcher Entrepreneur are: normally, it moves slowly, and main one is that they don't like risk and that can hamper progress in a new venture. Even though these entrepreneurs spend a lot of time studying and digging into data to ensure their company's sustainability, they can get

into the trap of obsessing about the numbers and concentrating less on the day-to-day operations. Jeff Bezos has spoken against this in a recent letter to shareholders where he asserted that “Most decisions should probably be made with somewhere around 70% of the information you wish you had”.

- ❖ **Buyers** - One factor that distinguishes buyers is their financial status and wealth. These types of company owners are wealthy and specialize in purchasing promising companies. Type of buyer entrepreneurs will find a company, determine its profitability, and then purchase it and find the best individual to manage and develop it.

Purchasing a well-established business is less risky so they don't need to have to be concerned with creativity as much. May concentrate on building on something that has already had a foundation laid as long as their goods already have a niche. These facts are example for advantages of buyers. Some disadvantages are: usually pays a high price for good businesses and they will face the risk of buying businesses that have problems that you think you can turn around.

2.3 What is Entrepreneurship?

The word of Entrepreneurship is derived from French word, commonly used in the 17th century related to word of entrepreneur. In many form of French, British and Australian literature in economies, the word was used in the context of “change agent”. Entrepreneurship is essentially an undertaking that helps to identify the chances, reinforce "innovation" and achieve "payment," by taking action.

Entrepreneurship refers to a process of starting a new enterprise and operating it, so as to create a product, having value for people by giving necessary time and

effort, and bearing all financial risks, difficulties and challenges, with an intention to make profit. It is a process of seeking investment and production opportunities starting and managing a new business venture to carry out the process of production raising funds and arranging inputs such as land, labors, material etc. Introducing new techniques of production while taking all the risk and facing challenges to ensure survival and growth of the enterprise. However, as a simple concept of entrepreneurship, that one is a little restricting. The more modern concept of entrepreneurship includes the aim of changing the world by solving major problems. For example, bringing about social change or developing a revolutionary product that challenges the status quo on how we go about our daily lives. Entrepreneurship is what people do when they take control of their careers and aspirations and steer them in the direction they want. It is all about creating a life on your own terms. There are neither supervisor, boss controlling your work nor time restriction to do you object. And there is no one to stop you. Entrepreneurs have the ability to take the first step toward improving the environment – for everybody in it, including themselves.

From the viewpoint of growth-oriented innovative companies, one of the best definitions of entrepreneurship is found in Ronstadt (1984):

“Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and career commitment to provide value for some product and service. The product or service may not be unique or original, but the entrepreneur should give the required skills and resources and allocate them to get higher value rather than others or past.”

This theory was later adopted by business analyst Peter Drucker (1909-25), who described the entrepreneur as someone who actually seeks adjustments, discusses them and exploits changes as an incentive. A quick look at changes in

communications —from typewriters to personal computers to the internet — illustrates these ideas.

According to A.H.Cole, “entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize a profit-oriented business unit for the production or distribution of economic goods and services”.

"Entrepreneurship covers a broad set of areas, according to H.N Patak, which include a set of decisions that can be divided in three categories; - (i) understanding of an incentive (ii) organizing an industrial unit and (iii) the activity, as a sustainable, ongoing, and increasing concern for the industrial unit.”

Joseph Schumpeter concentrated on what causes revolts and changes by entrepreneur drives for growth and progress. Schumpeter considered entrepreneurship to be a force for 'creative ruin.' The entrepreneur conducts "new combinations" which helps obsolete old industries. Established ways of doing business are destroyed by the creation of new and better ways to do them.

In general, to some economists, the entrepreneur is one who is able to take the risk of a new company if the chances of benefit are significant or high. Others emphasis the position of the entrepreneur as an innovator of his created innovation. Others indicate that entrepreneurs are developing new products or processes demanded by the consumer and not actually being delivered.

2.4 The Entrepreneurial process

Entrepreneurship is the act and art of becoming an entrepreneur, or someone who undertakes inventions or new product introductions, as well as finance and business expertise, in order to transform ideas into economic goods or services. This could result in the formation of new organizations or the revitalization of

existing ones in response to a perceived opportunity. The most evident type of entrepreneurship is the launching of new and small businesses.

Depending on the form of company and the level of innovation involved, entrepreneurial activities vary significantly. Entrepreneurship takes many forms, from small-scale ventures involving just a few people to large-scale undertakings that provide a large number of job opportunities. Many “high-value” entrepreneurial ventures look for venture capital to help them develop their businesses. Specialized government departments, business incubators, and science parks are among the entities that now help would-be entrepreneurs. In recent years, the term entrepreneurship has been expanded to include aspects that are not inherently linked to the creation of businesses, such as conceptualizations of entrepreneurship as a specific in the context of social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship have emerged.



Figure 3. What is Entrepreneurial Processes?

Source: <https://businessjargons.com/entrepreneurial-process.html>

Discovery step consists of following sub-elements:

- *Search new idea*: An entrepreneurial process begins with the idea generation, wherein the entrepreneur identifies and evaluates the business opportunities.
- *Preliminary assessment of idea*: Identifying and evaluating opportunities is a difficult task; an entrepreneur seeks input from all people, including employees, consumers, channel partners, technical people, and so on, in order to find the best business opportunity. After deciding on an opportunity, the next step is to evaluate it.
- *Detailed analysis of promised idea*: An entrepreneur can assess the efficiency of a business opportunity by asking a series of questions, such as whether the chance is worth investing in, whether it is sufficiently appealing, whether the proposed solutions are feasible, whether there is any competitive advantage, what the risks are, and so on. Above all, an entrepreneur must analyse his personal skills and hobbies to see if they align with the entrepreneurial goals, as well as conduct a detailed analysis of options.

Next **developing business plan** step is critical to the success of any new venture because it serves as a benchmark and evaluation criteria to determine whether the organization is progressing toward its objectives. A business plan is a structured document that contains information about all aspects of a planned business venture. It has two purposes: to provide a "road map" for internal company members such as staff, stakeholders, and others, and to persuade prospective investors and financial institutions of the venture's feasibility so that they may agree to invest in it.

- *Deciding on location of business and plan layout*: This is yet another significant decision because several areas merit tax breaks and may have an abundance of labor or materials in comparison to other areas.

- *Sound financial planning*: If the funds have been raised and the staff have been recruited, as well as the company place and layout, attempts are made to do sound financial planning with the available financial resources in order to bring them to the best possible use.

The next step in the process is **resourcing**, in which the entrepreneur determines the sources of funding and human resources. The entrepreneur seeks out investors for their new venture as well as staff to carry out the company's operations. Now the entrepreneur wants to sell his new business idea to venture capitalists in order to get his plan on the table. He would pursue human, physical, and other ancillary resources in addition to financial resources to carve out the necessary resources for the business operations. For example, in milk products manufacturing business constructing building or renting suitable building, getting prime importance utilities set as water, gas, electricity, recruiting employees to cover manpower source for connection between manufacturing in efficient way and managing in a right direct way. Procuring machines and equipment, installing them by technical requirements, at least but not last procuring raw material to produce main products. These are main elements entrepreneur should do in resource step.

The entrepreneurial team will go through the process of selecting the appropriate corporate entity and actually forming the company as a legal entity until there is a sufficiently compelling opportunity and a strategy. The **managing business** step is to initiate the business operations to achieve the set goals. Firstly, the management structure or hierarchy needed in order to deal with organizational challenges that are focused on solving operational problem must be decided on by the entrepreneur.

An entrepreneur determines on the business's future potential opportunities, plans to its growth and development in the last **harvesting** stage. Here, the real growth is compared to the expected growth, and an entrepreneur makes a decision about

the stability or expansion of business operations based on the results. The results of the operations will now direct the entrepreneur's future course of action; progress will inspire the entrepreneur to develop a future expansion and development strategy. In the other side, if customers do not accept it well, the entrepreneur can take the final decision and forced to close the enterprise or stop business or alternatively find out and locate another chance. The entrepreneurial process must be followed over and over again once an entrepreneur focuses on a new venture, because it is a never-ending process.

2.5 Entrepreneurship and economic development

Entrepreneurship certainly has both a huge effect on economic development and the country's quality of living amongst all the many available choices. Entrepreneurship helps reduce regional gaps by implementing industrial activities in rural areas and less industrialized areas. The creation of utilities such as highways, public transit, health, education and entertainment was driven by the development of industries and businesses.

In the course of industrialization and economic development, entrepreneurs act as catalysts. Until scientific breakthroughs are put to commercial use by entrepreneurs, technical innovation cannot contribute to economic growth. Entrepreneurial activities are causing development in an increasing number of countries around the world. Entrepreneurs must understand that their work entails more than just making a profit or just providing butter and bread to their family and also expanding their company on a larger scale. Both of this personal and career development has a social benefit by doing a favor to the society, region, local community, state, and the nation.

The role of entrepreneurship in development of an economy of nation is explained under the below headings. Let us have a look at these below.



Figure 4. 7 Roles of Entrepreneurship in Economic Development of a Country

Source: <https://evoma.com/business-centre/7-roles-of-entrepreneurship-in-economic-development-of-a-country/>

- **Wealth creation and sharing:** By creating an enterprise, entrepreneurs spend their own money and take funds from investors, lenders and the public (in the form of debt, equities etc.). It mobilizes social wealth and allows citizens to benefit from the success of businessmen and growing

businesses. The generation and distribution of goods, such as pooled capital, is one of the basic imperatives and goals of economic development.

- **Create jobs:** What is the biggest struggle for most young adults nowadays? Finding employment. In reality, most young people cannot find a job close to their skills or have a good wage. Entrepreneurship changes that. In contrast to work hunters, entrepreneurs are by definition job producers. Simply put, when you become an entrepreneur, you exclude one job seeker from the market while still employing several others. Small businesses, in particular, account for a significant portion of new job creation per year. That's not all; they also train and supply experienced staff to major companies. One of the fundamental aims of economic growth is the production of jobs through new and established enterprises.
- **Balanced regional development:** Entrepreneurs who start new enterprises and manufacturing units in less developed and backward areas contribute to regional growth. They create factories in remote regions, which benefit from numerous concessions and subsidies granted by the national central and state governments. Infrastructure developments such as improved highways and rail connections, airports, reliable power and water supplies, schools, hospitals, shopping centers, and other public and private services were led by results from the development of industries and businesses in these areas. Any new enterprise that opens in an underdeveloped area creates both direct and indirect employment, boosting regional economies in a variety of ways. Both of the new workers of the new companies, as well as the supportive employment in other businesses, contribute to the local and regional economic output. Both the federal and state governments encourage regional growth by offering numerous incentives and discounts to registered MSME (Micro, Small and Medium Enterprises) companies.
- **GDP and Per Capita Income:** Entrepreneurs seek out and seize resources. They transform unused and unutilized resources like land, labor, and

capital to develop products and services that add to the national income. They contribute to the country's increased net national product and per capita income. This growth in GDP and per capita income is again one the essential goals of economic development.

- **Standard living:** Another important aim of economic growth is to raise people's living standards in a society. If you don't know, living conditions are determined by a household's intake of goods and services over a period of time. It is highly dependent on the participation of various units. Entrepreneurs play an important part in increasing a community's standard of life by providing great types of products. They do that not only by generating work, but also by designing and implementing technologies that enhance the quality of life for their workers, clients, and other stakeholders in community. In order to cut costs, they follow the latest developments in the manufacture of huge and various products and services. For example, automation that lowers manufacturing costs and improves production makes a business unit more profitable while still delivering the same products at cheaper prices to its consumers.
- **Experts:** Global entrepreneurs also add to exports of a nation and enhance the trade balance that is vital for economic growth. Any growing business would eventually export to expand its scope to new markets. The fact that it enables entry to bigger economies as well as capital inflows as well as access to the most emerging technologies and approaches used in more advanced world markets is vital to global development. The major benefit of this development is the fact that small business declines lead to more stable company revenues. In addition, the country also receives some foreign exchange.
- **Community development:** Economic growth does not necessarily lead to the development of the city. Community planning calls for school and skills infrastructure, hospitals and other public facilities. In a city, for

example, you need professional and highly trained people to recruit new companies. If education colleges, vocational training schools and internships exist, this would assist in building a pipeline of trained and qualified professionals.

Entrepreneurs often affect a nation's population and contribute to their participation in new practices and technology. It provides people with different resources and allows them by embracing and using modern technology to upgrade their skills. It results in human resources development and has a positive impact on a nation's human development index. In terms of the position and impact of entrepreneurship in economic growth, the availability of capital, the environment of industry and how sensitive the political system are from time to time shift. Entrepreneurs have made more contribution in beneficial circumstances than countries with adverse opportunities.

3. ENTREPRENEURS IN CENTRAL ASIA COUNTRIES

3.1 The Central Asia countries

Central Asia is an area in Asia stretching from the Caspian Sea in the west to China, and east to Mongolian countries, and north to Russia from Afghanistan and Iran in the south. The region includes Kazakhstan (it is largest territorial country among them), Kirghizstan, Tajikistan, Turkmenistan and Uzbekistan, all of which are former Soviet Union.



Figure 5. Map of Central Asia countries

Source: <http://euromaidanpress.com/russian-economic-problems-hitting-central-asia-hard-opening-the-way-for-china>.

Central Asia (2019) has a population of about 72 million, consisting of five republics: Kazakhstan (pop. 18 million), Kyrgyzstan (6 million), Tajikistan (9 million), Turkmenistan (6 million), and Uzbekistan (33 million).

Central Asian nations are landlocked (Uzbekistan is double landlocked country) with restricted logistical connection both inside and outside the area, while the Caspian Sea is bordered by Kazakhstan and Turkmenistan and is not an open sea. In addition, Russia and other soviet republics were focused on the Soviet transportation network, but there were essentially no ties with the foreign world. The lack of connectivity between Central Asia and the outside world continues to constitute a major barrier to trade and economic growth notwithstanding certain infrastructure investment in the previous quarter of century. This also applies to intra-regional commercial interactions, which are hampered by incompatible economic systems, ongoing political tension, and protracted neighborhood disputes (Afghanistan) and partly closed borders.

3.2 The Central Asian economies

In the 1990s, after the Soviet Union collapsed, Central Asia countries underwent a number of the difficulties of economic transition, a partial de-industrialization and the collapse of social protection systems. Soviet industrialization (with a major focus on military necessities) has been linked to enormous structural distortion and inefficiency in microeconomics. Many industrial firms in Central Asia lost their prior markets with the fall of the Soviet Union and were unable of competing in the new market circumstances. Therefore, some post-Soviet de-industrialization was not unexpected. After a difficult transition phase, development accelerated in the 2000s, thanks primarily to increased exports of commodities such as oil and natural gas (Kazakhstan, Turkmenistan, and Uzbekistan), aluminum (Tajikistan), gold (Kyrgyzstan), cotton (Tajikistan and Uzbekistan), and other metals (Kazakhstan).

The republics of Central Asia moved from a state-controlled economy to a market economy, after achieving independent status at the beginning of the 1990s. The transformations of Turkmenistan and Uzbekistan to a market economy have still not been completed. The higher middle-income group joining Kazakhstan and Turkmenistan, whilst the lower half-income category still includes Kyrgyzstan, Tajikistan and Uzbekistan. This independent economy regime caused to rapid growth of entrepreneurial activities which has been adopted in many areas of state enterprise and private business with rather unrepresented rules. Structural reforms to boost competitiveness are underway in all five nations. In particular, they have modernized the industrial sector and promoted the growth of services sectors by means of corporate fiscal policy and other measures aimed at reducing agriculture's percentage of GDP. The percentage of agriculture fell in all but Tajikistan between 2005 and 2013, and climbed as the industry decreased. The fastest industrial growth has been seen in Turkmenistan, whereas in the four other nations, the services sector has advanced the fastest.

Public policies that included preserving trade balance, reducing debt and accumulating national reserves pursued by Central Asia governments focus on cushioning outside shocks in the political and economic domains. In Kazakhstan, Tajikistan and Turkmenistan, growth has not been boosted shortly and, by no means, in Uzbekistan, with an average annual growth of more than 7 percent in 2008 to 2013. Unusually strong growth in Turkmenistan was 14.7% in 2011. The performance of Kyrgyzstan was uneven, although it was noticeable well before 2008.

Since the beginning of the century, Central Asia has shown significant economic growth. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan's global gross domestic product (GDP) rose by average 7% annually over 2000-16, despite a steep deceleration following the 2014-2015 decrease in world

commodity prices. The average rise in labor productivity was about 5% and poverty rates were half.

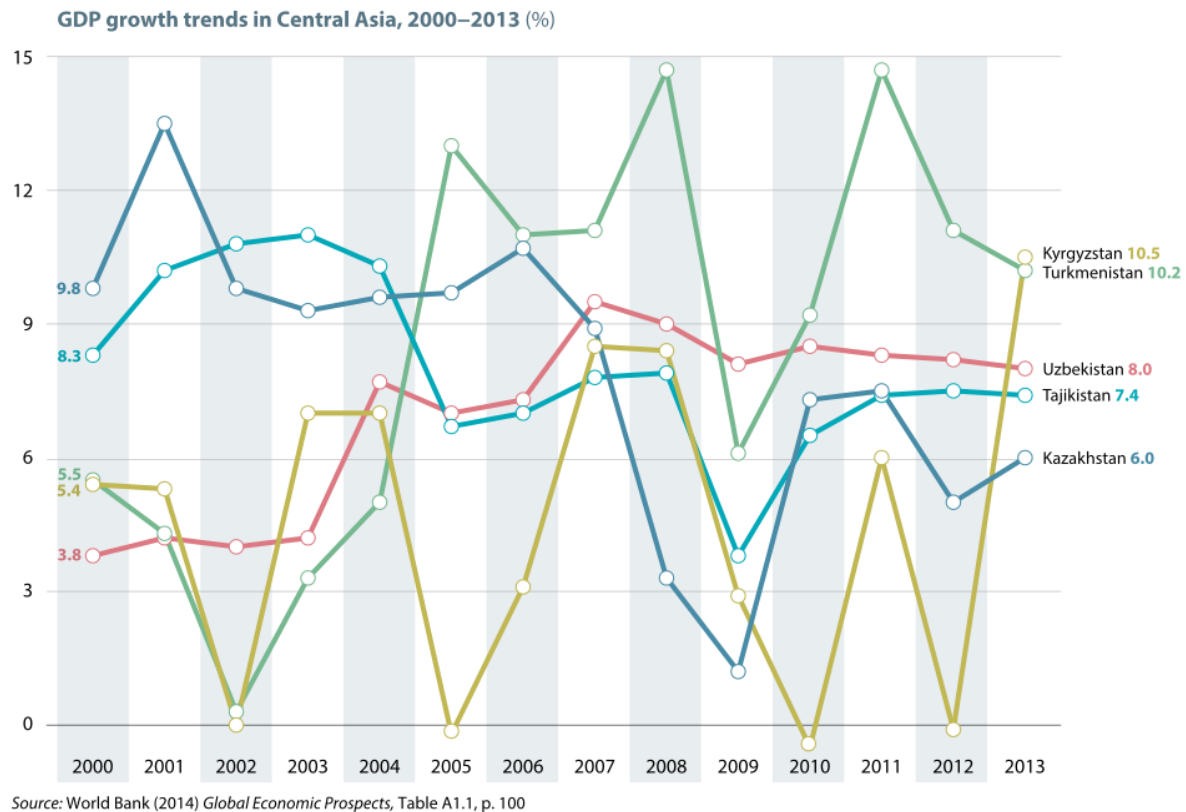


Figure 6. GDP growth trends in Central Asia, 2000-2013 period

Source: UNESCO Science Report: towards 2030 (2015), Figure 14.1

Although economic development has been substantial throughout the past several years, Central Asian GDP per capita in 2013 alone (PPP \$23,206) and in Turkmenistan (PPP \$14 201) has been greater than the average in poor nations. For Uzbekistan, where it accounted for 45% of the population of the area, it fell to PPP\$5,167 and for Kyrgyzstan and Tajikistan was even less.

China is seen, especially after Beijing began its grand vision for growth known as the Belt and Road Initiative (BRI) in 2013, as one of the main economists in Central Asia with regard to the economic impact of large powers. Between 2007

and 2019, the Central Asian nations raised FDIs (foreign direct investment) of \$378.2 billion. The FDI total in the region represented 77.7 per cent of Kazakhstan. More than 60 percent of the region's gross domestic product is also Kazakhstan the largest country in central Asia (GDP). In terms of foreign direct investment, Kazakhstan leads the Central Asian area. More than 70% of all investments in Central Asia make up the Kazakh economy.

3.3 Economic and political partners

Central Asia countries were occupied, controlled by Russia and served as a raw material suppliers like cotton, oil, natural gas, aluminum to the Russian government for many centuries. The nations faced a terrible recession following the dissolution of the Soviet Union, which is now only deepening as a result of economic redevelopment and increased international investment. In addition to Russia, its historic economic and political partner, several nations including Turkey, Iran, China, Pakistan, India and the USA exhibit interest in the area because of its abundance of crude oil and natural gas natural resources. In order to guide energy and oil policies through the Organization for Shanghai Cooperation, China, for example, has been closely observing the events in Central Asia; China has been more capable of doing that as it expands its control over Tibet and Xinjiang (which borders Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, India and Pakistan in the early 1950s). Control of these territories helps China, via its new western backbone, to sustain international trade flows.

Because of its same ethnic and linguistic roots and historical links, Turkey is a major impact on the countries of Central Asia. As a result of Turkey's participation in the Baku-Tbilisi oil pipeline project, the region's policy and

economic relations with Turkey are actively increasing. The U.S. military participates in the region and has an interest in oil diplomacy. Iran is now competing for the pipeline building between the Caspian Sea and the Persian Gulf, and has historical and cultural links with the region. The Dzhask pipeline is currently being implemented by the Iranian National Oil Company. The pipeline will be 1.550 kilometers long and will construct a total amount of \$3.5 billion. The main interest Pakistan has in the area is these nations' natural gas.

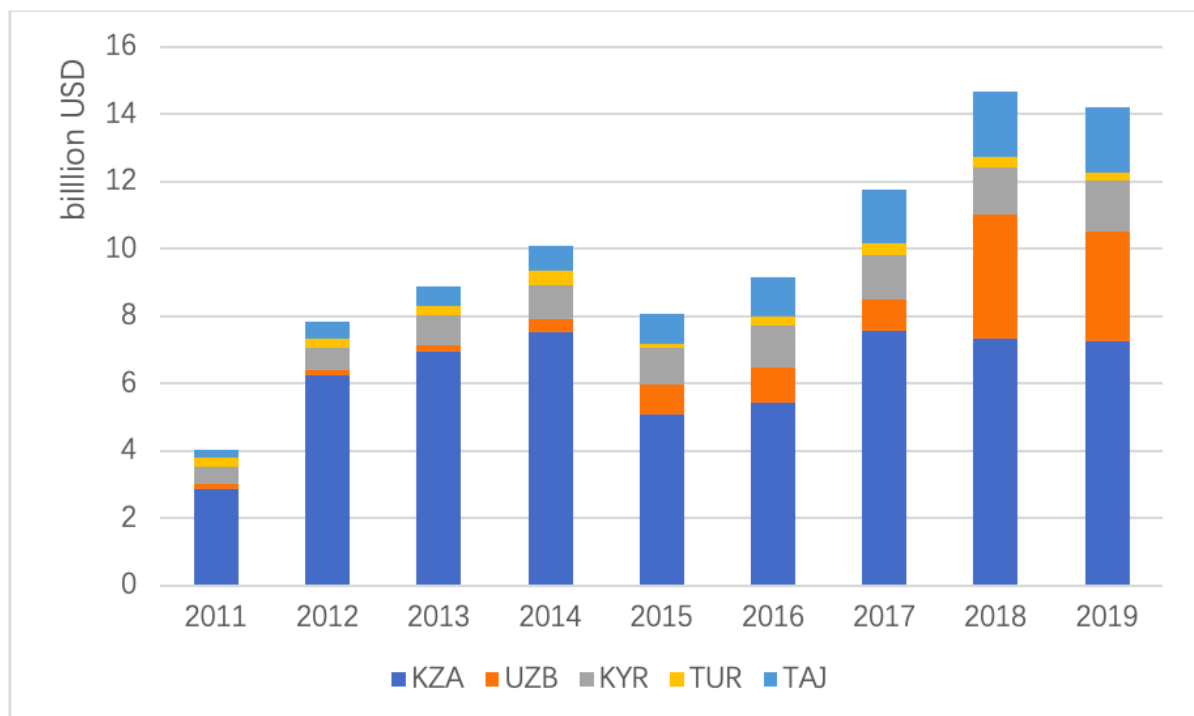


Figure 7. China's FDI to Central Asian countries from 2011 to 2019

Sources: 2019 statistical bulletin of china's outward foreign direct investment

3.4 Public policies to promote entrepreneurship

Entrepreneurship is a most vary source to create job and one of the main effective factors of economic development of any country. For this reason government should minimize the constraints and barriers on the road of entrepreneurs.

For government support policies, the government is believed to supply the necessary resources within its capabilities, as it is in charge of the business growth. These resources include providing a company-friendly atmosphere that promotes entrepreneurship. In that regard, government policy is any course of action to regulate and improve the conditions of small and medium-sized businesses for government support, execute and finance policies. This term is used as a basis to promote entrepreneurship by creating the business environment in which government policies connect to entrepreneurship. This is because entrepreneurship is the basis of a nation's route towards industrialization, it is via directions that govern entrepreneurial activity generally. In addition, the government must implement rules that are user-friendly to businesses. Pals.S. (2006) claimed that government policy relating to entrepreneurship should be executed successfully, regardless of which government is in power, to fulfill the aims of the guideline that are frequently absent constantly.

Government of most developing nations, in particular, have invested so much in the development of policies to boost the entrepreneurship in the past. The government in China has made concentrated efforts through policies and resources to foster high-tech companies. The Brazilian entrepreneurial movement has very rapidly evolved, thanks to government programs aimed at fostering low tech companies and high-tech companies. In a recent research, a ten-year entrepreneurial initiative and innovation were launched by the Kingdom of Saudi Arabia in 2010. It aimed to place the Kingdom on the same footing as highly competitive economic countries worldwide. In Malaysia, the Government has led

to the establishment of several technology finance organizations, with the purpose of providing full support to technology companies, in its effort to promote Malaysia through the expansion of technology entrepreneurial activity. This includes the creation of risk capital enterprises by the government to encourage investment in high-growth companies, because they find it difficult to get sufficient money in the early development stage. The foregoing clearly shows that the influence of government policy is contradicted, especially in the developing nations, with respect to supporting entrepreneurship. The connection between entrepreneurship and outcome was therefore mitigated by government policy.

Following types of inferences are shown as role of government to development and promoting entrepreneurship:

Provide a fair legal system: The government should provide for a fair judicial system with robust property and contract legislation and a tidy bankruptcy procedure, which would reassure lenders and allow failing businesses to get up.

Streamline business registration: In order to create a small company, the average time it takes is drastic over the world. If registration procedure is easy, clear for everybody and also comprehensible in every step it takes a few days to register and open small business to entrepreneurs. Besides, one main negative factor that could cause always to this procedure being late, is corruption. In New Zealand new entrepreneur can open his business within half-day by completing only one procedure. This index is higher in India, Venezuela it takes months or even years with overcoming many difficult steps, regulations, documents and corruption if your business plans would not be delayed by state or government. In Central Asia it takes average one or two months to register your business.

Encourage a diverse funding universe: Business experts suggest that it is more vital than one huge pipeline to have several money sources. Government can support new forms of capital—such as equity and peer-to-peer credit financing.

Enforce strong intellectual property laws: Both government and commercial organizations must implement robust legislation on intellectual property in order to pave the way for entrepreneurs to begin their businesses. For example, if IBM hadn't leased the new operating system of the corporation – a contract made feasible by intellectual property law – Microsoft may never have succeeded.

De- Stigmatize business failure: Countries that do so have higher business training rates. The Competitiveness Council of the European Commission reports: “Failed businesspeople are an invaluable resource. Because of experience, second start-up failure rates are lower. We ought to assist and offer entrepreneurs a second opportunity.”

Invest in education: Development experts believe that government spending is being pushed as far as education is concerned. More than one third of America's colleges participate in the production of new firms with small business incubators. We should also give our high school pupils with entrepreneurial education.

Simplify tax laws: Countries with advantageous taxes will enjoy a large number of start-ups via simplified procedures and providing entrepreneurial assistance. It takes an hour for tax regulations to be simplified so that anybody may start their own business.

The problems in providing finance as a major barrier to starting, sustaining and growth business are reported by SMEs in most Central Asian countries. Bank loans are the main foreign funding source for central Asian SMEs and are the focus of the majority of the problems that small and medium-sized enterprises

confront. Other forms of finance, such as microcredit, credit cooperatives, risk capital and asset-based finance instruments, continue to be undeveloped. Offer and demand problems both hinder small and medium-sized enterprises' access to funding. On the demand side, small and medium-sized enterprises are subjected to high interests, rigorous and systemic collateral requirements lending procedures. Mainly, SMEs usually face higher interest rates and tighter borrowing conditions. They have a larger chance of loan rationing than big companies and have less access to official finances than large companies. Entrepreneurs are also more sensitive to complicated and cumbersome administrative and lending processes. Innovative start-ups and SMEs whose business strategies use intangible products also need collateral to get lending. In Central Asia, however, only a tiny number of small and medium-sized enterprises actively fund their working capital and financial resource. Fewer than 25 per cent in the medium income nations and 33 per cent in OECD nations rely on banks to fund their working capital (World Bank). In the area as a whole the private sector's credit in 2015 was 28% of GDP, compared to 147% of GDP in the OECD nations and 95% of GDP in middle-income nations (World Bank). There are very few other financing choices, such as early stage funding by business angels, risk capitalists or credit unions.

Available in all Central Asian countries with over 100 MFIs in every nation in the area, microfinance institutions (MFIs), though their relevance varies in different nations. They account for less than 5 per cent of overall assets but represent up to 17% of outstanding loans in Tajikistan, which make up a tiny portion of assets in much of the area. It should not be underestimated their significance in sustaining the local economy, particularly in places with few bank branches and poor people, such as women entrepreneurs. The industry has significant chances for expansion, but also confronts numerous problems, including raising more local currency, diversifies product lines (different lending

products, repositories, cash transfers and remittances) and consolidates and reinforces current institutions' financial management.

The Russian-Kyrgyz Development Fund (Kyrgyzstan) - is assisting in the growth and modernization of Kyrgyz economy and Eurasian economic integration through economic cooperation between the two nations.

Debt funding for banking initiatives in the Kyrgyz economy's priorities, including Russian involvement;

Equity financing in Kyrgyzstan-based businesses;

Ensure favored access to medium and long-term finances for Kyrgyz businesses;

Support for Kyrgyz financial sector growth, including the establishment of new financial services;

Support for customers in the development of contemporary management.

Alliance of Technology Commercialization Professionals (Kazakhstan) - is a partnership of legal entities cooperatively supporting the creation inside the Republic of Kazakhstan of a technology marketing system that would promote the country's economic growth and social welfare. The major task of ATCP is to bridge the gap between R&D and the market and aim to do this by helping to establish a technology marketing system. The core responsibilities of ATCP include the development of skills and skills for innovation stakeholders, and the upgrading of the regulatory and legal environment for the commercialization of technologies and intellectual property.

3.5 Increasing youth employment through the promotion of entrepreneurship (StartUp Choihona project), Tajikistan

A cooperative endeavor by the government, development institutions, and private sector partners to foster creative entrepreneurship and promote youth employment is the Start-up project Choihona which is established by United Nations Volunteers (UNV) program (<https://www.unv.org/our-stories/>). To date two national entrepreneurial competition to promote innovation and young employment have been hosted by the Start-Up Choihona initiative. Quarterly contests provide budding entrepreneurs with an opportunity for a panel of judges to share their company ideas. Young Tajik entrepreneurs also receive feedback as to whether their company ideas can succeed and gain access to key business partners and investors' networks. The ultimate purpose is to improve the self-confidence of young people and the promotion of entrepreneurship.

More than 100 entrepreneurs in the agricultural and ICT sector, as well as small-scale manufacturing and services companies, have shared their marketing skills and ideas in competition since the start of the initiative in November 2016. Within two years, at least 300 start-ups throughout Tajikistan will receive help through marketing, law, regulatory and tax training, among others. The purpose is to ensure that at the conclusion of the two years at least 200 small companies are self-employed.

3.6 KG Labs Public Foundation, Kyrgyzstan

The KG Labs Public Foundation is a public and private cooperative effort to foster knowledge-intensive employment and a start-up ecosystem across Kyrgyzstan. The major aim is to connect the local community to a global start-up

network, private equity and risk capital. It supports the advantages of a healthy startup ecosystem by increasing awareness between policy makers and adopting a pro-active position in crafting relevant laws as well as the development of the knowledge economy strategy of the country.

This is an international organization that offers concrete support to the start-up ecology such as international start-ups, the creation of networks for business angels, the development of skills in the field of start-ups and higher schools as well as other education organizations.

All these actions contribute to the creation, in accordance with the Sustainable Development Goals (SDGs) policy agenda, of a favorable framework for creative entrepreneurs in Kyrgyzstan and thus to the effective execution of new sustainability undertakings.

4. PROMOTIONAL MECHANISM AND POLICIES TO ENTREPRENEURS ON COVID-19

4.1 COVID-19 in Central Asia: economic impact

The epidemic of COVID-19 continues to impact Central Asian economy. In early 2020, regional growth stopped sharply. The supply and demand-side, consumption and investment concerns, are seriously disrupting trade, and there is a danger of worsening regional disparities that are expected to have a considerable impact on women, migrants, informal workers and rural inhabitants. The position of public health remains, nevertheless, perilous. Throughout Central Asia, health services have struggled for a long time from under-funding, corruption, limited spare capacity and considerable regional differences in quality and access levels. Moreover, with the deterioration of the public health condition swiftly causing major household and administrative pressures in Central Asian countries as the region's highest out of-pocket proportion of healthcare spending is experienced (World Bank 2019) (World Bank, 2020). At the same time the management of the return of migrants from high-risk countries such as Russia and Iran may generate further stress while the situation on public health shows symptoms of internal normalization.

Despite a certain economic growth in recent years, Central Asian nations continue to be largely reliant on a small number of trading partners, as well as a low economic diversity level. In comparison to the many countries of the Commonwealth of Independent States and the Organization for Economic Cooperation and Development, the contribution of small and medium-sized enterprises (SMEs) to GDP and employment in Central Asia and their

participation in the world economy is very limited. The full involvement of small and medium-sized businesses in regional and global markets is vital to economic diversification and employment creation. The effects of the pandemic on the economics of the regions were, in contrast to the relatively effective containment of the virus in much Central Asia – the financial shock was actually apparent before the region's initial cases of COVID-19 were announced. The region mostly relies upon the drivers for growth, such as migrant remittance and extractive industry exports, which have substantial implications on immediate development prospects as early as February when the borders were blocked and global demand collapsed. The pandemic COVID-19 and the economic crisis it generated was the third worst external shock in a little more than a decade that devastated Central Asia. The past crises' history implies that Central Asia has long been in the economic shadow of the COVID-19 and that the epidemic has subsided long after regional prosperity has been reduced. This is in part because many of the main economic drivers in the area have been decreasing effectiveness and have failed to tackle persistent obstacles to more equitable and sustainable growth.

According to latest projections, the economies in the area would decrease by an average of 1.7% this year (Figure 8).

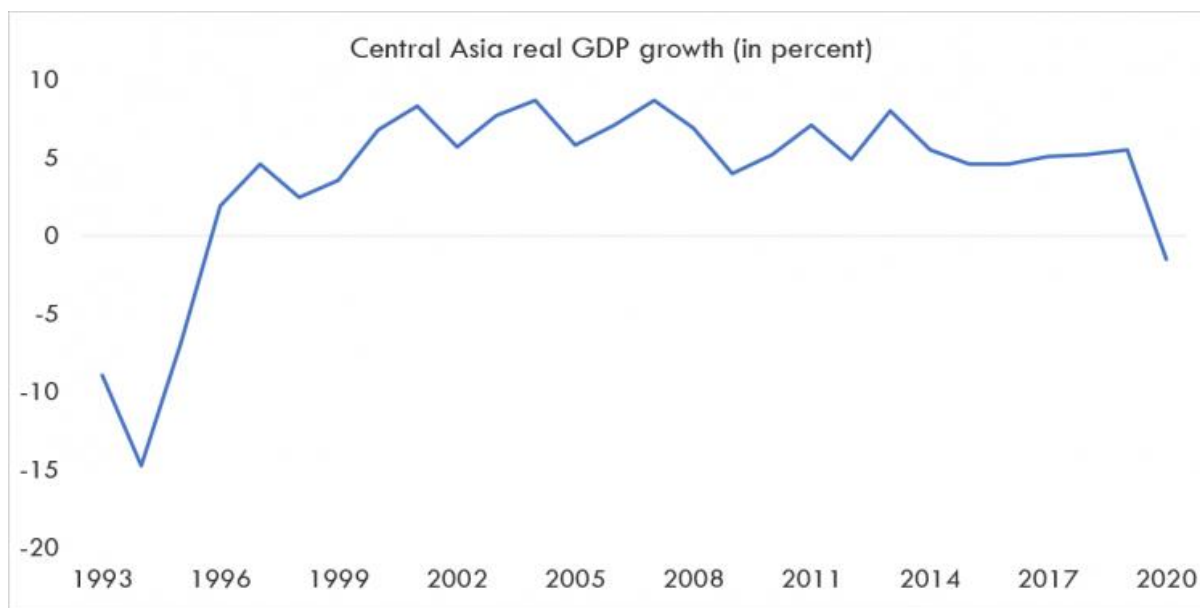


Figure 8. Central Asia: the first economic contraction in a quarter century

Source: <https://blogs.worldbank.org/europeandcentralasia/>

This figure covers enormous fluctuations throughout Central Asia, from 12.6% in Kyrgyzstan to an increase of 1.8% in Turkmenistan according to official figures. Although domestic economic activity has been resumed, the growth may continue slow, as demonstrated in the gradual increase in mobility in transport and workplaces after governments have begun to loosen certain lockdown restrictions around July. Economic predictions foresee strong recovery by 2021, but growth may be much slower if fresh infection and containment waves occur. Due to the trade dependency of the Central Asian economies, global trends will largely define their near outlook. The OECD now anticipates that its baseline scenario will result in a global GDP decline of 4.5% in 2020. All G20 economies, with the exception of China, are expected to decrease this year with GDP drops of 10 percent from impacted nations. Globally speaking, this year alone might drive as many as ninety million people into extreme poverty, a 14% rise over one year. In 2021, there may be more. This scenario forecasts worldwide growth of around 5% over the following year, leaving global GDP at the level of end-2019

by the end of 2020; this represents a loss of 7.5-8% of global GDP in relation to the patterns pre-crisis. The loss may be as high as 13 percent in the negative scenario. Due to their reliance on commercial sectors (mostly agriculture, mining and tourism), the prolonged slowing down of trade and global demand would harm Central Asian economies but China's strength can offer them a significant boost.

The private domestic industry is too tiny, too fragile to operate as an engine of growth, because it risks further reversing its development by the terrible effects of the present crisis. The short-term picture is fatal since trade income and remittance contributions are important to local spending, jobs and investment. In Kyrgyzstan, for example, where payments are over one third of GDP, influxes decreased in April to 62 percent at the peak of Russia's initial shutdown.

Commercial statistics indicate a similar trend for numerous nations. For example, exports decreased 22% and 13% in the first half of the country, with the COVID-19 impact for the latter amplified by declining global oil prices and OPEC+ cutbacks being used, respectively. In the latter half of these exports decreased accordingly. The consequences of decreasing external demand have been particularly harsh for countries with both a small range of export items and a restricted choice of trading partners. With over 90% of exports to China, for instance, a 27% decreased in exports to China is expected to produce far greater immediate pressures than a 44% loss in Uzbekistan, since 80% of Turkmen exports go to China compared with 20% of Uzbekistan.

4.2 The major economic challenges ahead

Many of Central Asia's economic and social issues will be comparable to the ones faced by the OECD nations in the year ahead. How should governments ensure liquidity for businesses? How can employees and households be supported? How are policymakers working to keep trade open? At the same time, the long-standing structural obstacles in the economies and labor markets of the area make it more difficult for people to face a series of obstacles, such as public debt, considerable budget restrictions and high levels of labor migration.

In order to make the economic recovery more sustainable, Central Asian governments will have to address five structural challenges, which are further aggravated by this pandemic: strengthening linkages, transitioning into a more private-sector growth model, enhancing the functioning and productivity of the job markets, improving migrant circumstances and productive use of funds.

Central Asian economies depend largely on international commerce as they are relatively small and, in most cases, somewhat diverse. The trade-to-GPP ratio in the region is averaging 65 p. 100, above the OECD average of 58 percent, despite greater transport costs due to its location and location. The worldwide health crisis has already seriously affected commerce in the region both in terms of its influence on demand and logistical interruption, and freight travel is anticipated to fall 53 percent in 2020, compared to the previous year (measured in tonne-kilometres). Indeed, the COVID-19 crisis has shown how Central Asian governments are able to implement flexible trading policies under circumstances, and developments over the past six months could aid all the region's countries.

4.3 Additional support to firms and long-term rebuilds of business environment

The COVID-19 pandemic has had a huge detrimental effect on commercial activities, which have been exacerbated by containment, health constraints, loss of income, shopping closure, supply chains disruption, liquidity deficiencies and lay-offs. Investment and confidence are further undermined by uncertainties about the epidemic and prospects for economic recovery. According to studies by local Chambers of Commerce and business organizations, in most Central Asia, as in OECD nations, 60 to 80% of companies were seriously affected by the crisis. The impact on the private sector, in particular on small and medium-sized enterprises that are less equipped to absorb the shock, requires public help.

During the toughest confined actions, the governments produced support packages for small and medium-sized companies and businesses that include fiscal and tax action, reduced administrative processes and regulations, and suspended audits and inspections. The basis of the policy measures were emergency funding initiatives, such as the loan portfolios, loan guarantees and special funds for small and medium-sized businesses and contractors, when and to the extent that the budgetary area permitted. Exemptions from tax and social security payments and, in certain circumstances, deferment of payment of utilities and rent were used. SME support has mostly been supplied via SME agencies, such as DAMU in Kazakhstan and the new agency in Uzbekistan and Mongolia. Governments in the area have also pushed to speed up the already underway digitization of public and tax services, enabling enterprises to link to e-commerce platforms, and the creation of new services such as cash transfer and issue of electronic urban circulation licenses. The *Tunduk* project has brought additional digital projects into being, for example, and put more than 80 government

services online while Uzbekistan has speeded up the creation of an online one-stop shopping platform.

OECD Member States have devised extensive national programs and packages of measures that are not interrupted during initial containment to promote enterprise liquidity and survival. In the era of recovery, for example, France has extended actions and has provided extra funding to help selected companies. The remediation plan covers help for the digitization of companies in the industry and most impacted areas, increased loan guarantees/subventions, export bills, new tax reductions and delays. All processes have been implemented on a single online platform and are sent to the French state bank for small and medium-sized enterprises. OECD governments including Italy, Japan and Korea have backed digitization through guidance and training, free access to big IT companies' services and grants to business to be available online. In the longer run, it will be necessary to improve digital links and to compete with huge shops.

Long-standing structural changes must be undertaken, the legal climate for companies should be improved and a move to a more privately owned growth model is needed. Reforming government governance of state-owned companies would help eliminate state involvement distortions. Improving the delivery of appropriate skills in the labor market, including via better access to and quality of education programs, will contribute to closing skills gaps. SME regulation simplification, taxes, dispute resolution and competitiveness are the key problems for enterprises in the legal environment. In particular, governments need to bridge the gap between de jure standards and de facto application and step up efforts to tackle corruption. Improved laws, digitalization and implementation capacity as well as sustainable cooperation with companies and international partners would be required for this purpose.

4.4 Sustainable debt and income management will depend on longer-term growth

Central Asian countries' level of borrowing was viewed as generally sufficient and viable before the epidemic. The crisis, however, required expensive fiscal solutions and particularly affected the region's government budgets hard, given substantial decreases in commodities prices and transfers. Currencies have been under pressure as anticipation for greater negative risks have increased. Although lower exchange rates might provide some alleviation, they also raise the debt load by boosting the domestic revenue of export incomes and lower the overall buying power of economies. Debt ratios have grown throughout the area for 2020 and full public finance costs are not yet completely reflected in current statistics (Figures 9).

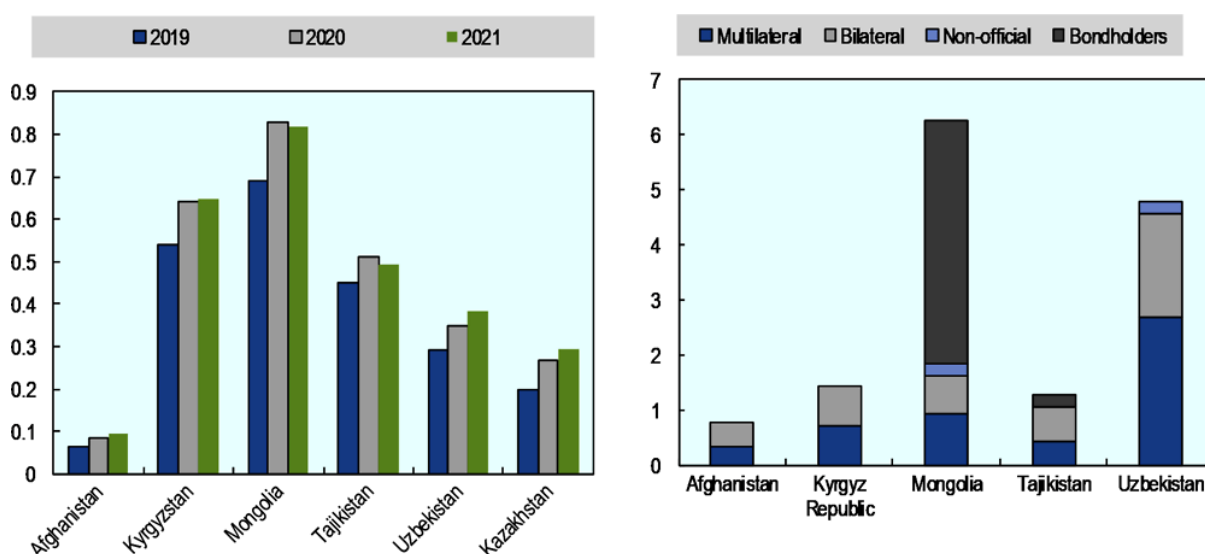


Figure 9. Debt levels (% GDP) and total debt service across Central Asia

Source: World Bank 2020

It is projected that public debt would continue to grow and be sustained over the next several years, limiting budgetary flexibility and risking debt trouble for some

nations. This increase represents increased borrowing in order to finance recovery, GDP contraction and devaluation of currencies – while the current low international interest rate environment makes borrowing costs less vulnerable to rising debt. The dangers of the financial distress are substantial, with both nations eligible for a “debt service halt” by all official bilateral creditors until end 2020, agreed to by the G20 on 15 April Tajikistan and in particular Kyrgyzstan. Tajikistan and Kyrgyzstan, in particular China, requested this write-off of their biggest lender.

Nevertheless, debt sustainability in Central Asia must also be seen as a problem of government income management and vulnerability to a restricted number of creditors. The crisis has significantly impacted state income across the whole area. Tax and GDP trends tend to be interrelated, however in circumstances of restricted or negative growth tax revenues tend to drop faster than GDP. VAT in particular has an exaggerated effect on State revenue, largely as a result of the impact of lower remittance export income on domestic consumption (VAT), representing average 33.6 percent of the budgetary revenues in Central Asia (as compared to 21.2 percent in the OECD nations). In addition, continuously low/volatile oil and commodities prices will also have significant income repercussions on the economies of Central Asia. Consequently, the government's general budgetary balance throughout the area has become negatively affected.

4.5 Country impacts and responses

Afghanistan

Economic effect. Afghanistan, with reopening of schools, borders and domestic and international transportation have advanced its confinement process slowly

but gradually since July 2020. The lock-up process however, together with the constraints on both demand and supply, placed the Afghan economy in a terrible condition. Due to reduced production and services and dramatically decreasing domestic revenues, GDP is predicted to fall between 5-7.4 percent in 2020. It is anticipated that the budget deficit would increase to 4% of GDP, with half being committed to developing partners. In April-July of the year-on-year, the Afghanistan Chamber of Commerce reported a 65% fall in exports, noting that private sectors are fighting to reach their aims as the impact of COVID-19 coalesces in the wake of the collapse of security. In a World Bank study, 30% of small companies shut down and 88% reported revenue declining. The country faces a decreasing Human Development Index for the first time since 1990. (HDI). Government estimates reveal that the poverty line is 90% below the poverty level, connected to decreased revenues, shocking job losses (around 53%) and rising food prices. A health ministry study showed that about one-third of the population in the nation had already caught COVID-19. An estimated 350 000 migrants returning and armed conflict continue to move people around the nation, making COVID-19 preventive measures impossible to comply.

Economic support measures. The President has suggested a Trust Fund, procedures for waiving the rent of public property and the exemption of companies from tax penalties. So far, limited government aid has been granted to companies and incentives packages for businesses are now on the table. Government support was combined into a short-term program for employment and extra storage installations, allowing the non-exporting persons to store their goods. Dedicated corporate support has been provided to compensate for the restricted nature of governmental support by the development partners, particularly the EU and the World Bank.

Kazakhstan

Effect on the economy. The COVID-19 situation has affected Kazakhstan both via the national and global lock-up channel and through the income side, since oil prices have dropped sharply. Overall, in January-August 2020 GDP is expected to have declined by 3%, with investments falling by 5.2% and inflation increasing as a result of both supply interruptions and the devaluation of the currency. According to official data, unemployment rose by 0.2% to 5% in July, and is anticipated to grow by the end of 2020 to above 6%. The Kazakhstan economy is exposed to a further deterioration of the health condition, with a significant impact on its business and jobs, if growth is to rebound in 2021.

Economic support measures. The Kazakhstan government responded swiftly to the epidemic with a USD 10 billion (KZT 4.4 trn) package to improve social security and provide assistance for companies, especially small and medium-sized enterprises (OECD, 2020[19]). In May Kazakhstan began to confine while formulating additional measures for assistance and recovery. Another set of tax assistance measures, digitization, public-private partnerships (PPPs) and investment regulatory changes have been included in the Joint Government and National Bank Action Plan. An extension of company finance and concessional loans alongside extensions to the Employment Roadmap was established in the summer as well as a “Comprehensive Economic Growth Recovery Plan.” As the country is facing a second wave, a new medium-term growth goal has been laid out and the Supreme Council for Reforms was launched in September with a Strategic Plan and Reform Agency. The country is currently implementing a new range of regional containment measures, including lock-downs and limits on travel. In September, banks extended preferential lending to SMEs to KZT 160 bn (\$386 m) while loans to over 1.6 million consumers and 11 thousand SMEs were postponed (about KZT 360 bn or USD 870m). More than 270 000 firms and

individual entrepreneurs have profited from tax incentive measures. Over seven thousand businesses, for a total of KZT 566 bn (USD 1.3 bn) in the COVID-19 crisis were assisted by the DAMU Fund alone.

Kyrgyzstan

Economic impact. The COVID-19 immediate and serious impact on the economy was the worst in Central Asia during the same time period (World Bank, 2020[3]) with GDP decreasing by 5.9 percent annually in January-July. Economic activities remain undermined despite reducing restrictions, with employment activities 30 percent below the year-end and retail activities 20 percent below. The declining view of Kyrgyzstan's external situation is masked by a smaller trade deficit. With the exception of a little rise in the export of gold, commerce decreased dramatically and foreign trade decreased by 22% in the first half, while exports to China declined by 33%. During the epidemic, tourism in Kyrgyzstan almost disappeared (decline by 90 percent). Simultaneously imports dropped to just USD 825 million by more than 50% in the first 7 months, compared to 2019. Domestic income collection and customs income have decreased dramatically, due to weaker commerce and lower commodity prices, less domestic consumption and the effect of limitations on movement imposed by the virus to control its spread. By mid-May, the Ministry of Finance predicted a 20 percent annual income deficit, with rising health care and social support expenditure increasing the fiscal deficit from a 0.3 percent increase to 7.4 percent of GDP in the first half of 2020. While remittances have fallen by 13 percent year-on-year, the number of remittances has fallen, causing family finances to fall and the likelihood of poverty for many people to grow. Returning workers and domestic declines have resulted in increased unemployment, with worst-case estimates of a rise up to 21%. The World Bank anticipates a 5.8 percentage point increase in poverty rate in 2020. It also depends on political stability to help the country

recover. In early October street protests led to the annulment of the legislative elections of 4 October, a change of government and the president's resignation.

Action of support. The Government has established an Anti-Crisis Facility, after the approval of the New Economic Freedom Act in April, containing business climate reforms. In addition to temporary taxes and debt reduction measures for all businesses it offers fiscal stimulants for export-oriented SMEs. Poor and disadvantaged societal groups are strongly dependent on their monthly social fund payments. The government aims to restrict coal prices to address the spike in prices that especially harmed poor people. The National Bank has stayed attentive to the crisis and is currently selling currency reserves and buying locally produced gold to curb financial adjustment. The administration mobilizes external assistance to sustain the falling fiscal condition in the country and to restructure debt obligations. For example, up to 65 000 MSMEs are provided by the World Bank for emergency finance. Although the irregular power transfer in October had had influence on donor relations, the economic pressures and uncertainties surrounding debt relief and budget assistance increased. Other development partners also supported the project.

Tajikistan

Economic impact. A number of important drivers of Tajikistan are affected by the global health crisis, with real GDP growth forecast to decrease to 1.6% by 2020, down from slightly about 7% in 2019. Trade disruption, decreased migrant transfers and a consequent domestic consumption drop and reduced commodity prices for many of the primary exports have had the most significant effect on the economy of the nation. A likely reversal of a great deal of the progress made in decreasing the national poverty rate, which fell to 26.3% of the population in 2019, is an immediate effect. The World Food Program estimates that over 47 percent of Tajiks lived on less than \$1.33 a day in 2020, while another third of

the population was malnourished. The disruptive influence on supply chains and enterprises of the pandemic has led to major food prices rising and creating a challenging per capita scenario for numerous people in the already the poorest countries of the area.

There has also had a significant influence on the labor market of the nation. A huge informal sector, with just 13 per cent of its officially employed workforce in 2017 and the high number of migrant workers working overseas, has caused further problems in the management of help for those most in need, while pressures on local labor markets are being produced. Given the considerable informality, the World Bank estimated that just 5 percent of families receiving government support in August 2020 is disappointing, although not surprising. In 2019 the approximately 500 000 migrants working in Russia produced cash flows of nearly one third of GDP; inflows in March 2020 were 50% lower than in March 2019.

Support measure. Although the pandemic danger to the country's economy has now been recognized somewhat late, the government has taken several efforts to help the business and home sectors. In order to limit the impact on national economy of external threats the government continues to adopt an action plan. The support program has so far centered on food security and stable prices for staple items, ensuring that social assistance is delivered in good time and supports disadvantaged sectors of the population. At the same time, the government also has given the private sector and families other non-monetary help, with a variety of tax advantages for small and medium-sized enterprises (SMEs), delay of corporate NTC audits and financial help from IFIs. In addition, the government has postponed certain planned modifications, including an increase in electricity prices and has instructed business banks to restructure loans and to cut sanctions for late payments.

Turkmenistan

Economic impact. No cases of COVID-19 are reported by the government. However, heavy dependence on trade, in combination with the tiny private sector of Turkmenistan and the concomitantly tiny domestic tax base, make the economy very sensitive to external downturn. The substantial decrease from 6.3% of official figures in 2019 in demand for and value for the principal export product in the nation, gas, has profoundly affected real GDP growth in 2020, and it will drop to 1.8% in 2020. The substantial state involvement in the economy that may result in the allocation of increasingly scarcer resources might pose a specific risk for the private sector's contribution to recovery, growth and employment. With over 90 percent of exports of natural gas and an 80 percent of China's trade, a decline in China's demand will have immediate and severe consequences for government finances, undermining the ability of the government to undertake long-term adjustments in the market as well as export-oriented investment. In the first eight months of 2020, original statistics from China show that natural gas imports from Turkmenistan have fallen by 27 per cent, which is a considerable decrease in the government's trade earnings. While the obvious resurgence of China for Turkmenistan is obviously excellent news, the path to recovery will still be arduous and open to significant reverse risks.

Policy responses. Despite the government's declaration that no COVID-19 instances exist in the nation, a number of containment measures were introduced during early summer and are still in place by October 2020 to restrict people and commodities mobility. All ground traffic between the areas has been halted, with the administration unclear as to the conditions under which such restrictions would be removed. Although foreign journeys into Turkmenistan remain prohibited, domestic air travel persists, though at a small capacity, exception for

repatriation flights. The ticket price is now said to have increased by fifteen as air travel is the single way of inter-regional transport in the country.

In order to mitigate the effects of COVID-19 on business, the government has adopted various measures. Numerous of these steps will nonetheless strengthen long-standing worries about currency checks and convertibility, at a time of more vital international investment for the long-term recovery. The Stabilization Fund, which had initially been set up in 2008 and which would be kept by the Central Bank, should be sold by all companies to 100 percent of their foreign currency revenues. Under a presidential Decree, the over-valued official exchange rate of all foreign earnings is to be remitted to enterprises, with a corresponding fall in real earnings. On 8 May, he delivered an address indicating the present crisis might be more severe for public finances than for the crisis of 2008 and 2014-15 and indicating a downward revision of the national budget and the budgets for SOEs. All deputy Prime Ministers were required to draw up cost-saving proposals. Early salary reduction signals for employees of a number of SOEs imply that these budgetary changes are instantly implemented and costs are transferred to the workforce from the crisis. These deficiencies will impair both the government's capability to deal with immediate implications of COVID-19 and its ability to deal with the Turkmen economy's longstanding structural problems.

Uzbekistan

Economic impact. In early 2020, growth plummeted almost to zero for the first time in more than two decades, as investments decreased by 12.8 per cent and poverty levels soared. Between the first two quarters of 2020, unemployment has grown from 9.4% to 15%. However, the drop in industrial and service sectors has been offset by the growth in gold production and prices and the resilience of the agriculture sector. Since summer, the recovery of jobs and commercial activity

has been slowing additional lockdown measures, diminishing the prospect of rapid recuperation in 2021. Even if IMF and World Bank are still more sluggish, the government revisited the 2020 growth prediction from 5.5% to 2.2%, predicting growth of 0.7% and 0.6% respectively.

Support measures. In response to the economic impact, the Government reacted immediately. To meet the urgent social needs and to help companies and jobs a UZS 10 trn anti-crisis fund (EUR 950 million or 1.5% of GDP) has been established. A total of almost 2.5% of GDP was spent since February, which represented a cumulative rise of 17% in social payments and a 10% increase in minimum wages. Uzbekistan restored quarantine and health restrictions after early containment in May and the rise of the epidemic. Additional aid measures were established throughout the summer, notably extending the programs established under the original package and increasing household income assistance measures unconditionally. UZS 2.3 trn was granted incentives to economic sectors, according to official statistics from July and US \$ 6.1 bn had been invested by the end of August, mostly to promote enterprise and domestic revenue through the Anti-Crisis Fund. The administration announced a broad post-crisis agenda for 2020-21 in early September to restore investment and economic activity and create grounds for future economic changes. Two phases of implementation of the strategy will focus on stabilization and recovery by the end of 2020, before the structural changes of 2021.

5 Conclusions

The previous one shows that the government of various nations views entrepreneurship as the foundation of their economy's industrialization and so fosters entrepreneurship. He suggested, however, that policymakers had best stopped subsidizing generic start-up; instead, firms with growth potential should be considered. He argues how these policies drive people to start marginal enterprises likely to fail or have little economic impact, and also to create little jobs.

Nevertheless, the success of every nation's business depends heavily on the government's policy behaviour. Since most governments, in particular in developing nations, strive to reach economic growth, supportive political programs are always developed in many forms, for example in terms of infrastructure, finance and taxation.

As business activities provide a public good of knowledge with dynamic externalities, entrepreneurial policies can pay benefits for economic growth. Once the accomplishments of Wailer (2000) have been established, governments might give explicit guarantees for entrepreneurs' loans. In that scenario, a self-sustaining cycle of development began to revive one entrepreneur's government assurances. The success in this situation meant that the initial lending was reimbursed and that the risk was justified by economic development. Economic growth can have good results, however effective revitalisation of a stagnant region that covers the cost of credit for failure initiatives is not assured *ex ante*. Potential measures go beyond loans or financing. By lowering time and costs to launch a new firm, governments may encourage entrepreneurship. Impelling people to save more might make it easier for more business people to enter regardless of their capacity to acquire loans. Policymakers should distinguish between excellent policies for

business and good policies for businesses, that is, existing companies. Current companies may attempt to create entry hurdles; governments should promote measures to reduce those obstacles to driving the entrepreneurship of growth. In addition to laws, colleges can explore economic possibilities and give local information for possible applicants such as Wailer, Hoag and Fan.

In addition to its effects on growth, business may influence business cycles. The over-expansion and eventual collapse of immobilization was one among the causes of the recent financial and economic crises. If this credit was reduced to enterprise loans, it would be a fair assumption that future economic expansion would be hampered by a lack of knowledge on the market. The integration of marketing and business information into business cycle models might enhance an awareness of these cycles and assess the effectiveness of recessionary policy. Integrated analyses integrating enterprise externalities with spillovers of knowledge — and the ambiguity, uncertainties and asymmetrical information endemically of both — would offer a more realistic picture of urban economic functioning.

This broad theoretical context has been substantially supported empirically. In addition to being positively linked to growth, secondary hypotheses are also supported: the impact in counties is stronger than commuting areas, and the impact in wide and crowded places is stronger — findings that are aligned to market information with restricted communications. The relative success of measures that weigh down employment provision provisionally promotes the view that the information of the market is being circulated by individuals: companies alone appear not to produce sustainable economic growth but instead to be able to monitor the economic landscape themselves and carry out their projects in accordance with it. The data shows that this entrepreneurship process—and the knowledge it brings about—is important for sustainable economic development.

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