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Supporting firm creation and growth through business development services in Kyrgyzstan

OECD Eurasia Competitiveness Roundtable
Virtual Webinar, 23 June 2020



Kyrgyzstan's private sector is mostly composed of MSMEs that face a challenging business environment

Kyrgyzstan's private sector generates 32% of GDP, and 20% of employment, suggesting a **large informal sector and little productivity**. To support MSMEs, the government aims to strengthen business development services (BDS), in particular by easing government-business interactions and enabling a market for services that help small firms to realise their full growth potential.

This review addresses three broad policy challenges linked to these efforts:

Public services are scattered and involve multiple procedures

Both providers and recipients face an information gap with respect to services

The private BDS market is underdeveloped for small businesses

1. Provide whole of government services for businesses

2. Assess demand and act as a broker

3. Stimulate private supply



1. Overview of recommendations to improve public service provision to businesses

Priority issues

Draft recommendations

1

No whole of government OSS for businesses

Establish one-stop shops for businesses, possibly leveraging the service delivery centres

I

Provide key government services to businesses in physical and digital one-stop shops

2

Licensing and certification remain cumbersome

II

Co-ordinate the creation and future development of planned and existing business service centres

3

Businesses have difficulties knowing where to obtain services

III

Develop a digital one-stop shop for public (g2b) services

4

Informal profit seeking during interactions

Digitalise public services for businesses

IV

Continue to digitalise internal government processes and communications using Tunduk



2. Overview of recommendations to assess demand and act as a broker between supply and demand

Priority issues

1
Lack of information about business needs

2
Firms have little awareness of BDS

3
Firms receive little guidance in seeking BDS

Draft recommendations

Conduct regular consultations and surveys of private sector needs

Enhance the availability of information on existing services

I
Carry out regular surveys and engage with entrepreneurs and small companies to assess their needs

II
Organise regular public-private dialogues on public services with businesses

III
Regularly update services provided in one-stop shops in consultation with the private sector

IV
Identify private service providers and develop an online database of providers

V
Provide information and guidance on BDS when interacting with businesses



3. Overview of recommendations to stimulate private BDS supply to foster uptake by MSMEs

Priority issues

1

Services are too expensive for small firms

2

Providers focus on large or medium-sized firms

3

Lack of BDS in rural areas

4

Distorting presence of free services

5

Low quality/ untailored services

Draft recommendations

Support business intermediary organisations (BIOs) in the delivery of services

Make best use of the development community

I

Partner on service delivery

II

Support capacity-building of service providers

III

Map and regularly update donors' support programmes to businesses

IV

Carefully design financial incentives, including matching grant schemes and vouchers

V

Encourage the development community to use, and build the capacities of, BIOs





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