

# **How Governments Can Respond to Increased Global Uncertainty for Designing Effective MSME Development Strategies**

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**Launch Seminar of the Asia Small and Medium-Sized Enterprise  
Monitor 2025**

***Global Uncertainty, Trade, and Private Sector Businesses in Asia and the Pacific***

**Baku, 12-13 November 2025**

# Policy Priorities under Global Uncertainty

Core policy areas to strengthen MSME resilience and competitiveness:

- Access to finance and risk mitigation through credit guarantees and emergency liquidity schemes
- Business digitalization to maintain access to markets and services under disruption
- Market diversification to reduce dependence on single export destinations
- Green transition policies encouraging sustainable and energy-efficient business models
- Inclusive entrepreneurship, especially support for women and youth-led MSMEs

# Promoting Business Digitalization



The CAREC region has taken important steps through the **CAREC Digital Strategy 2030**, which seeks to create a common digital space, harmonize regulations for e-commerce, and support cross-border data flows.

## Key national initiatives:

Country	Brief description
<b>Azerbaijan</b>  SME Digitalization Program (Azerbaijan) (via digiMATE / DIGI30)	In 2024 Azerbaijan launched an SME Digitalization Program (with digiMATE platform and “DIGI30” initiative) to assess digital maturity of SMEs, offer tailored road-maps, training and grants (“CTO-as-a-Service”) so that SMEs improve efficiency, competitiveness and expand market reach.  Another example: the “E-SME House” digital one-stop for SME support is being developed.
<b>Georgia</b>  Support for the Digitalization of Small and Medium Enterprises (Georgia) (EU/Produce in Georgia Agency)	In 2024 the “Support for the Digitalization of SMEs” project (EU-funded) targeted Georgian SMEs by analysing digital-tool needs, developing supplier databases, and offering three-level training programmes tailored to SMEs at different digital-maturity levels — thereby boosting digital adoption among smaller firms.

# Promoting Business Digitalization

## Key national initiatives:



<b>Kazakhstan</b>  Digital Kazakhstan programme + skills-/e- commerce support	<p>The “Digital Kazakhstan” programme (2018–22) focuses on digitizing economic sectors, creating a digital-state, and forming an innovative ecosystem, thus providing structural support for SMEs to adopt digital tools.</p> <p>Additionally, a UNDP-led initiative in Kyzylorda region trained young people and women entrepreneurs in digital marketing, e-commerce and automation to help MSMEs scale.</p>
<b>Kyrgyz Republic</b>  E-Commerce Development Programme (Kyrgyz Republic) & digital-services portal	<p>The UNDP-supported “Janyration Sanarip” incubation programme trains MSMEs in digital marketing and online sales as part of the e-commerce push (sector projected to grow from US\$360 m in 2024 to US\$595 m by 2028). <u>UNDP</u></p> <p>Also, via the national strategy “Concept for the Digital Transformation of the Kyrgyz Republic 2024-28” the business side is addressed (e-services, G-Cloud, connectivity) benefiting MSMEs.</p>
<b>Tajikistan</b>  National Programme on E-Commerce (Tajikistan) 2025-2029 & Tajikistan Digital Foundations Project	<p>The e-commerce programme (launched Aug 2024) outlines reforms across nine policy areas and supports SMEs to move online, participate in digital trade, and integrate into regional value chains.</p> <p>The Digital Foundations Project (US\$39 m, incl. digital-skills &amp; connectivity) strengthens the digital ecosystem for businesses, including MSMEs, by improving regulatory, infra and skills foundations.</p>

# Promoting Business Digitalization



## Key national initiatives:

<b>Turkmenistan</b> Advice for Small Businesses in Turkmenistan (EU/EBRD) & Ready4Trade Central Asia (Turkmenistan)	<p>Under “Advice for Small Businesses in Turkmenistan” (started Dec 2020) SMEs received training and support to install MIS (management-information systems) and improve digital operations—illustrated by a camel-milk processing SME that upgraded its MIS and improved decision-making.</p> <p>The “Ready4Trade Central Asia” project delivered e-commerce webinars to Turkmen SMEs (textile, food etc.), supporting their online presence and export readiness.</p>
<b>Uzbekistan</b> My.gov.uz portal / e-Government services	<p>Under the Digital Uzbekistan-2030 strategy, Uzbekistan’s “My.gov.uz” portal offers hundreds of public services online (e.g., 675 services as of Oct 2024) thus reducing administrative burdens for small businesses, improving transparency and freeing MSMEs to focus on operations.</p> <p>Also the Electronic Cooperation Portal (launched 2019) enables local producers to sign contracts via IT and digital marketplace, helping SMEs link into supply chains.</p>

# Promoting Business Digitalization



## **Main challenges :**

- ✓ **unequal access to broadband**
- ✓ **limited skills**
- ✓ **fragmented standards**

**Governments therefore focus on digital innovation hubs, training programs, and tax incentives for digital adoption.**

**CAREC's role is to promote interoperability, e-signature mutual recognition, and regional e-commerce frameworks.**

# Supporting Green MSMEs and ESG Transition



Many MSMEs in the CAREC region face increasing demand from global buyers to meet environmental and social standards.

**Governments can support this transformation by:**

- Establishing green finance schemes—low-interest loans and grants for energy efficiency or renewable technologies
- Providing advisory services and certification support for ESG compliance
- Promoting public-private partnerships in circular economy projects.

**Challenges:**

- ✓ limited awareness
- ✓ high upfront costs
- ✓ lack of technical expertise

# Women- and Youth-Led MSMEs



**Governments across CAREC are expanding support for women and youth entrepreneurs through:**

- Targeted **grant and credit programs** for women-owned firms
- Business **incubators and mentorship networks**
- Simplified **registration and licensing** for first-time entrepreneurs
- **Digital and financial literacy training**, especially for women in rural areas

**Constraints:**

- ✓ **lack of collateral, gender norms**
- ✓ **limited access to business networks**

**That is why gender-responsive budgeting and cooperation with women business associations and chambers of commerce are becoming a regional trend.**



# Formalizing Informal Businesses

Up to 60% of microenterprises operate outside the formal economy in parts of the region.

Governments encourage formalization through:

- **Simplified e-registration** via one-stop portals
- **Reduced taxes and fees** for newly formalized firms
- **Access to finance and procurement** incentives for registered MSMEs
- **Awareness campaigns** on the benefits of formal status.

Digitalization plays a catalytic role: mobile payments, e-invoicing, and national digital ID systems enable smoother transitions.

For example, Azerbaijan's KOBIA (e-KOB evi) and ASAN Service platforms have successfully lowered the barriers to registration for microenterprises.

# MSME Participation in Global Value Chains and Trade



## Challenges :

- ✓ high logistics and certification costs
- ✓ limited export financing
- ✓ knowledge gaps

To address this, **CAREC countries** are:

- Implementing **trade facilitation programs** such as the CAREC Integrated Trade Agenda (CITA 2030);
- Adopting **digital customs and e-TIR pilots**, reducing border delays and paperwork
- Establishing **export promotion portals and training centers**
- Supporting **supplier development linkages** between MSMEs and large exporters

(The e-TIR pilot between Azerbaijan and Uzbekistan, for example, has reduced cross-border transit time by up to 40%, directly benefiting small logistics and export companies).

# The Role of Regional Cooperation – CAREC



Regional cooperation through CAREC is essential to ensure that no country or MSME is left behind.

## **CAREC can:**

- Facilitate **policy coordination** and knowledge sharing;
- Build **regional e-commerce and digital trade platforms**;
- Support **cross-border financing and investment mechanisms** for MSMEs;
- Promote **green and digital standards harmonization**
- Develop **regional value chains** in sectors such as agri-business, logistics, and light manufacturing

## **Regional challenges:**

- ✓ **regulatory divergence**
- ✓ **digital gaps**
- ✓ **limited data harmonization.**

But CAREC has the convening power to lead joint pilot programs, such as a CAREC MSME Accelerator or Regional Green Business Platform—turning fragmentation into opportunity.

# Conclusion



Global uncertainty will likely remain part of our economic reality.

But uncertainty can also drive innovation and cooperation.

CAREC governments can ensure MSME resilience by focusing on:

- **Digital transformation** to strengthen adaptability;
- **Green transition** to secure sustainable competitiveness;
- **Inclusive entrepreneurship** to unlock untapped potential; and
- **Regional collaboration** to leverage shared strengths.

By working together—through **knowledge sharing, harmonized policies, and regional digital tools**—we can turn today's challenges into a foundation for a stronger, more connected, and more inclusive future for MSMEs in the CAREC region.

# THANK YOU FOR ATTENTION !

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