Investments for sustainable development of regions of the Kyrgyz Republic in a green economy

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Abstract. In this article, we will look at the economic landscape of Kyrgyzstan, the potential benefits and risks of investing in the regions of the country, as well as some strategies for successfully investing in Kyrgyzstan for sustainable development. The main sectors of the country's economy are analyzed regionally, including agriculture, tourism, gold mining and other resources, taking into account the principles of green economy development. Government measures aimed at attracting foreign investment, such as tax breaks and simplification of business registration procedures, are also considered. Thus, attracting foreign investment in sustainable regional development will fundamentally increase the economic effect as a result of the joint use of individual elements of the system. As a result, the presence of economic and political stability of the country, reduction of external debt and attracted green investments will give expected changes in the future, which may affect the investment climate. Therefore, the article will be a valuable source of information for those who are planning to invest in the economy of Kyrgyzstan. Since the regions represent a promising market for investors who are ready to invest their funds in the development of the country’s economy.

Keywords: Sustainable development, investments in regions, green economy, green investments, green agriculture, green energy, green technologies.

1 Introduction

Investments are a key factor for sustainable regional development of the Kyrgyz economy. In recent years, the country has become an attractive destination for foreign investors due to its geographic location, availability of natural resources and favorable business conditions. However, despite positive changes in the economy of Kyrgyzstan, investment activity still remains low. This is due to the lack of legal protection for investors, the instability of the political situation, high levels of corruption and the lack of developed infrastructure.
The development of investment activity in Kyrgyzstan will help accelerate economic growth in the regions, including creating new jobs, increasing tax revenues to the budget and reducing poverty. This will also allow us to attract new technologies and knowledge, environmentally friendly new solutions necessary to modernize the economy and increase the country's competitiveness. In general, investments are of key importance for the development of the regions of Kyrgyzstan, so the state needs to create conditions for their attraction and protection [1]. In this case, green investments are considered as a tool for the development of Kyrgyzstan and it is necessary to identify the main areas in which to invest to achieve this goal.

2 Materials and Methods

Kyrgyzstan is a small landlocked country in Central Asia, bordered by Kazakhstan to the north, China to the east, Tajikistan to the south and Uzbekistan to the west. Despite the fact that Kyrgyzstan is a relatively small and underdeveloped country, it offers a wide range of investment opportunities in various industries.

Kyrgyzstan has a mixed economy, the main sectors of which are agriculture, mining and services. The country has a population of approximately 7 million and a nominal GDP of over US$11 billion as of 2023. Although Kyrgyzstan is one of the poorest countries in the region, it has made significant progress in terms of economic growth and poverty reduction in recent years [2].

Agriculture is an important sector in Kyrgyzstan, accounting for about 20% of GDP and employing more than 40% of the country's population. The country is a major producer of wheat, potatoes and other agricultural products and has significant potential for regional agribusiness development. The government is making efforts to promote the development of the agricultural sector, including through the creation of agricultural cooperatives and the provision of subsidies to farmers in the regions [3].

It is also an industry in which the application of green economy methods helps to achieve good results. Currently, there are a number of modern technologies, the use of which in various sectors of agriculture can really minimize harm to the environment. One of them is the construction of bioenergy plants capable of processing various types of biological waste from agricultural production. “Green” technologies in agriculture also include modern soil cultivation technologies, based on the reproduction of natural or similar processes and associated with minimal impact on it without formation turnover unusual for natural ecosystems, as well as the use of soil mulching with plant residues, which allows reducing evaporation of moisture and slow down erosion processes. Other areas of development in the Kyrgyz Republic may be: organic and precision farming, biologically integrated farming systems, controlled environment agriculture, agrotourism. In addition, energy efficiency and energy saving technologies, increasing water use efficiency, using zero-emission transport and others can be widely used in agriculture [4].

Mining is another important sector in Kyrgyzstan, as regions of the country are rich in natural resources such as gold, coal and uranium. The mining sector accounts for about 10% of GDP and employs approximately 2% of the population. However, the sector has faced challenges in recent years due to political instability and disputes between the government and foreign mining companies operating in the country [5].

Currently, in Kyrgyzstan there are also acute issues of “greening” the development, extraction and processing of natural resources and minerals, reducing the environmental impact of old mining and processing plants, issues of fair taxation that takes into account problems of environmental protection and redistribution of national wealth when exporting ores and concentrates, reclamation of mining operations, including old and newly formed
The service sector is the largest sector in Kyrgyzstan, accounting for about 60% of GDP. The country has a rapidly developing regional tourism industry, with visitors attracted by its natural beauty, historical sites and cultural traditions. The government is making efforts to develop tourism, including by creating a visa-free regime for citizens of some countries and developing infrastructure such as airports and hotels [7].

Analysis of data on the state of the economy of Kyrgyzstan for 2023 shows the following:
- The unemployment rate in Kyrgyzstan at the beginning of 2023 is about 7.8%, which is high for a country with a population of about 6 million people. Despite the unemployment rate falling by several percentage points compared to the previous year, this figure still indicates difficulties in the labor market [8];
- The GDP growth rate in 2022 was 5.2%, which is a positive trend compared to previous years. However, given the population of Kyrgyzstan, the country's economy has the potential for higher growth;
- The inflation index in Kyrgyzstan at the beginning of 2023 is 5.7%, which is also a positive trend compared to previous years, when inflation was significantly higher. At the same time, this means an increase in prices for goods and services for the population [9];
- Other economic indicators such as industrial output, investment and foreign trade also show slight declines in 2022, although several economic sectors of the country (such as agriculture and the IT sector) posted positive results. One of the key factors that can help improve the state of the Kyrgyz economy is attracting investment. It is necessary to take active measures to reduce risks and increase the country's attractiveness for foreign investors [10].

Review and analysis of the investment environment in Kyrgyzstan shows the following:
- Investment Opportunities: Kyrgyzstan has rich natural resources such as gold, uranium, oil, gas, coal, rare metals and others, which offer many opportunities for investors. In addition, the country can become a transport hub for the region and an energy center for electricity production [11],
- Challenges faced by investors: Despite the presence of promising investment opportunities, Kyrgyzstan has some challenges faced by investors. One of the main problems in the regions is the underdeveloped infrastructure in a number of sectors of the economy, including the road network and communications; there is also a high level of corruption and bureaucracy [12],
- Measures taken by the government: The government of Kyrgyzstan is taking a number of measures to improve the investment climate and attract foreign investment. In particular, special free trade zones have been created, tax benefits are given to foreign investors, and measures are being taken to simplify the procedures for registering enterprises and obtaining various permits,
- Other investment opportunities: International investors have long known that Kyrgyzstan can represent an attractive place for investment, also in proven forms - real estate, tourism, manufacturing, etc. [13].

Overall, as the government of Kyrgyzstan continues to take measures to improve the investment climate in the country, Kyrgyzstan can offer many opportunities for investors. However, to accelerate this process, the country must take more serious measures to improve the business environment and fight corruption, which will allow for more stable economic growth and increased investment flow [14]. The dynamics of foreign investment in the regions of the Kyrgyz Republic in 2022 is presented in Fig. 1.
4 Conclusion

Investments can become a powerful tool for the sustainable development of regions of the Kyrgyz Republic, help attract large investments to Kyrgyzstan, ensure a high level of accessibility of social services, reduce unemployment and ensure economic stability in the regions, as well as about various regimes for supporting business and investment. Developing international relations and attracting large international companies can also be an important factor for attracting investment to Kyrgyzstan.

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The largest influx of investments was observed in Bishkek and the Issyk-Kul region, which confirms the development of the territories’ infrastructure and their openness to joint projects in various industries.

Information about current and promising investment projects in Kyrgyzstan.

There are many investment projects in Kyrgyzstan that cover various sectors of the economy. [16] Some of the current and upcoming investment projects in Kyrgyzstan include the following:

1. Promotion of business development of small and medium-sized enterprises: Today, one of the main priorities is the development of business of small and medium-sized enterprises in the country. Several projects address this topic in the country. An example is the Young Entrepreneur Support Project, which offers financial support, advice and training to young entrepreneurs.

2. Agricultural development: Kyrgyzstan is an agricultural country, and many projects involve improving agricultural production. Within the framework of this area, projects are being carried out to modernize technologies in livestock farming, improve the quality of sowing and introduce electronic systems for managing agricultural operations.

3. Development of the tourism industry: Kyrgyzstan has huge tourism potential and is already attracting many foreign tourists. As part of the projects, a new tourism product and tourism infrastructure is being developed, which can attract even more tourists to the country.

4. Development of natural resources: Kyrgyzstan is rich in rare metals, uranium, gold and other natural resources. Many investors are interested in developing these resources and implementing projects in this area [11].

5. Development of the manufacturing sector: Kyrgyzstan has the potential to develop the manufacturing sector, which will help increase the output of agro-industrial products with high added value. Within this direction, projects are being carried out to modernize equipment, create new production facilities, improve energy systems, etc.

These and other investment projects have the potential to develop the economy of Kyrgyzstan and create new jobs in the regions of the country. However, before implementation, each of the projects must be assessed in terms of social, economic and environmental impacts, as well as compliance with tax obligations, in order to reduce possible negative impacts on the local population and the environment.
3 Results

Research on investing in the development of Kyrgyzstan shows that attracting investment can have a significant positive effect, but there are also risks that also need to be taken into account. Some of the results found in this study include:

- Great opportunities for development: Kyrgyzstan is a country with a small market and a low level of development, which makes it attractive to investors who are looking for new markets and high growth potential,
- Increasing the competitiveness of the economy: Attracting investment can help increase the competitiveness of the Kyrgyz economy through the development of production and technological capabilities, environmentally friendly use of resources, reducing dependence on imports, improving product quality and increasing export supplies,
- Creation of new jobs: Investments can create new jobs for local people. This can help reduce unemployment and ensure economic stability in the regions,
- Technological advancement: Investments in high-tech industries can help improve technological levels and improve the efficiency of business processes, which in turn will improve the competitiveness and productivity of local companies,
- Development of “green” infrastructure: Investments in “green” infrastructure, such as energy, agriculture, tourism, transport and communications, can significantly improve the quality of life in the regions of Kyrgyzstan, including improving transport logistics and ensuring a high level of accessibility of social services,
- Expanding international connections: Attracting foreign investors can help expand Kyrgyzstan's export opportunities and help it diversify its economy.

Despite all these advantages, risks should also be taken into account, for example, those associated with political instability, high levels of corruption, imperfect legislation, etc. Therefore, a certain level of regulation and government support may be required to improve the regional investment environment in Kyrgyzstan.

4 Conclusion

Investments can become a powerful tool for the sustainable development of regions of the economy of Kyrgyzstan, bring new opportunities for creating jobs, improving the standard of living of the population, improving the production and technological base, the ecological system, developing key sectors of the economy, creating new goods and services, etc. However, in order to attract investment, Kyrgyzstan must eliminate some problems at the regional level, such as high levels of corruption, instability of the political situation, imperfect legislation, etc. In addition, we need a priority regional investment policy aimed at developing priority industries and stimulating investors to invest in economic environmentally friendly projects in Kyrgyzstan.

The Government of Kyrgyzstan needs to develop a program to attract investment to the regions, which will provide investors with all the necessary information about opportunities in Kyrgyzstan, as well as about various regimes for supporting business and investment. Developing international relations and attracting large international companies can also help attract large investments to Kyrgyzstan.

Overall, the government of Kyrgyzstan must provide a sustainable investment environment for the state in order to develop the economy and achieve socio-economic goals in the future. Also, investing in SMEs in Kyrgyzstan can lead not only to economic growth, but also to social development. For example, investing in green agriculture and
sustainable food production will help fight poverty and hunger in the country, while investing in ecotourism and services can create new jobs and improve the quality of life of the population.

Author's hypothesis: Investments in the sustainable development of the regional economy of Kyrgyzstan have the potential to create new jobs and improve the standard of living of the population of the regions of Kyrgyzstan. But to achieve positive results, it is necessary to implement a comprehensive program of measures aimed at improving the investment climate, supporting small and medium-sized businesses, developing innovative potential and modernizing infrastructure.

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