

## DEVELOPMENT AND SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES



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**One of the areas of financing social projects by Kumtor Gold Company (KGC) is development and support for small and medium-sized businesses. To abide by the Strategy of Sustainable Development, KGC has been investing for years in implementing micro-crediting programs for Jety-Oguz and Ton districts residents and the city of Balykchy in the Issyk-Kul Province as well.**

### NOTE!

Credits are provided to support farming, livestock business and production and development of services as well

The activities of the micro-crediting agencies (MCA) started in 2006 when "Jety-Oguz" MCA was opened. In Ton district MCA was opened in 2011 and the agency in Balykchy started its activity in 2012. The KGC has founded all three MCAs and now supervises their activities as part of the Supervisory Boards meetings, which are held quarterly.



# MICROCREDIT AGENCIES' PROJECTS

The main objective of the credit policy pursued by PF MCA is providing accessible credit services to the population through micro-crediting to boost the socio-economic situation, improve the lives of the local population, overcome poverty, develop entrepreneurship and create a relevant infrastructure for farming, processing industry and other industries.

## JETY-OGUZ:

### • Nursery garden development



In Ak-Terek village the business for selling fruit and berry crops seedlings has been developing. A group of entrepreneurs, who took out a group credit for business development, successfully manage the nursery garden for 3,000 seedlings thereby providing three villagers with a steady job.

## TON:

### • Service station



In Ton district the residents of the villages situated between district centers were faced with a critical problem of vehicle maintenance. The borrower of "Ton Finance" MCA decided to take out a credit for purchasing required equipment and open a service station.

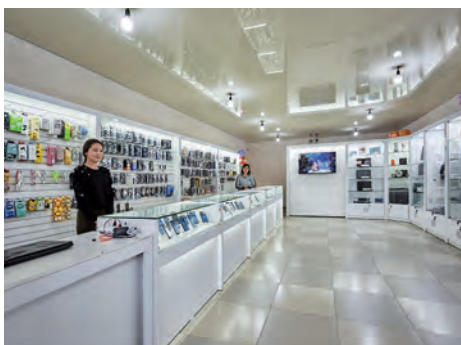
### • Guest house



The credit taken out from "Ton Finance" MCA enabled to open the yurt guest house on the shore of the lake in Ton district. The tourists here are accepted as real nomads: they are placed in the yurts and treated with national drinks. In short, they are allowed to enter into the spirit of the culture of the people.

## BALYKCHY:

### • Household appliances and accessories shop



The city of Balykchy did not have such a large store selling household appliances, mobile phones, gadgets and accessories before. Many citizens went shopping to the capital. But now the Balykchy residents have an opportunity to purchase required goods in the very center of Balykchy. The project has created 3 jobs.

### • Fruit garden



Nearly 3,000 apricot tree seedlings were planted by an individual entrepreneur in the neighborhoods of Balykchy. In the long term, it is planned to export the fruit to the neighboring countries.

**According to the current Credit policy, MCA provides credits from 50,000 to 500,000 soms for a term of up to 4 years.**

- **Financing of the projects in the field of farming and livestock business is at an interest rate of 10% per annum.**
- **Other spheres of the economy are credited at an interest rate of 12% per annum.**

**According to the requirements of the Kyrgyz legislation and internal regulations, MCA does not provide credits to:**

- **Political parties**
- **Religious organizations**
- **Terrorist organizations**
- **Individuals having**
  - **Negative credit history**
  - **Outstanding debt on loans in other financial and credit institutions**



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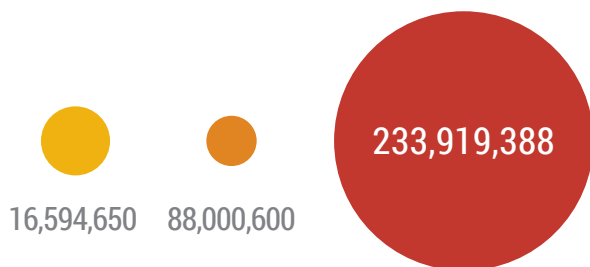
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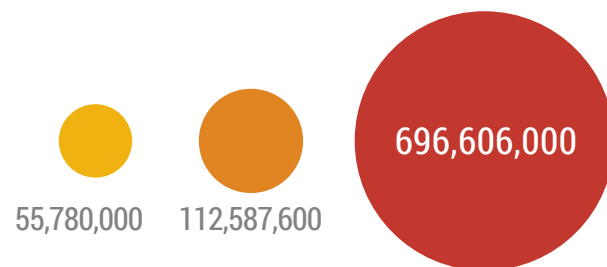
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# INDICATORS OF SOCIO-ECONOMIC GROWTH FOR THE PERIOD FROM 2010 TO 2017

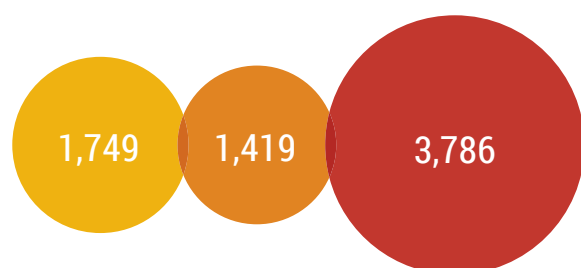
 At the year-end credit portfolio (mill. som)




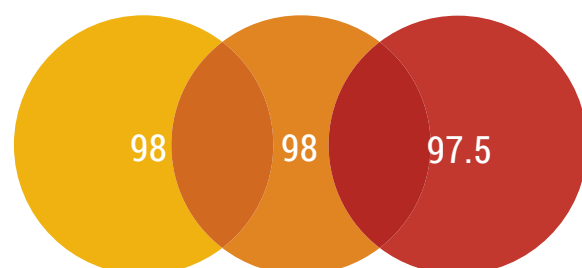
 All credits provided (mill. som)



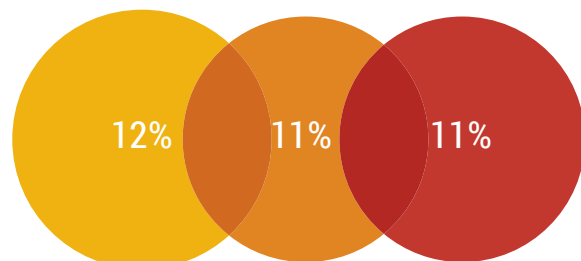
 Quantity of credits provided



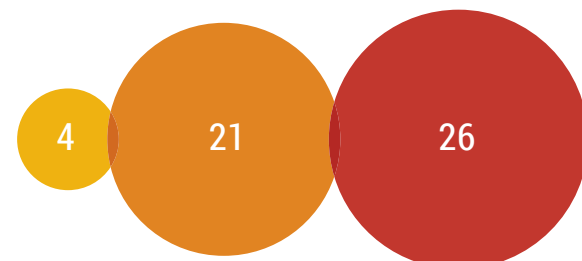
 Repayment of credits provided (%)



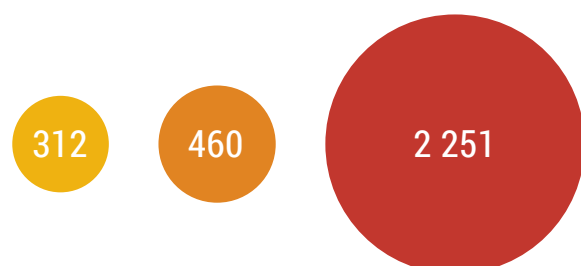
 An average interest rate




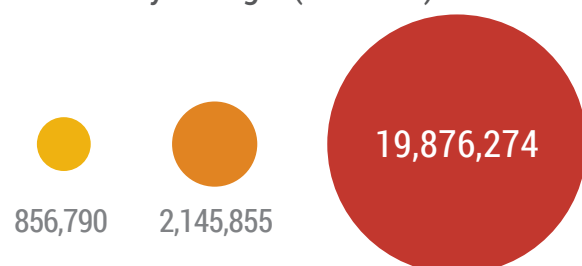
 Quantity of MCA employees



 Jobs created for MCA projects



 All mandatory payments to the country's budget (mill. som)



 2006-2010
  2010-2012
  2012-2017

# CREDIT PROCESS MECHANISM



## ACCEPTANCE OF APPLICATIONS AND CRITERIA FOR OBTAINING A CREDIT

1. Potential recipient of credit may be a resident of Jetý-Oguz, Ton districts and the city of Balykchy, aged 20 to 65 years, having no indebtedness credits to other financial institutions and banks.
2. Registration in the journal of record on applications in MCA offices.
3. MCA specialists contact applicants for micro-crediting when their turn comes and begin the process of collecting the required documents. The average waiting period is about 2 months.



## CREDIT APPLICATION ASSESSMENT PROCESS

4. Specialists examine the application and assess collateralized property. If all required documents exist, MCA specialists help the borrower with drawing up a business plan and prepare their reports.
5. Credit specialists submit the applications for consideration to the Credit Committee.



## APPROVAL AND LEGAL ARRANGEMENTS OF CREDIT

- 6.1. After the application has been approved by the Credit Committee, the borrower signs a credit agreement and a collateral agreement, registers with the state registration authorities, and then obtains the requested funds.



## DENIAL

- 6.2. In case of denial, MCA sends the notice specifying the reasons for denial within 5 working days.



## MONITORING AND REPAYMENT OF THE CREDIT PROVIDED

7. Within 30 days after the credit has been provided, MCA specialists monitor the intended use of credit funds upon receiving the supporting documents.
  - 7.1. In case of use of the credit provided for purposes other than intended or systematic violation of the terms of the credit agreement, MCA reserves the right to accelerate the credit funds provided.
8. The borrower makes repayment of the credit in accordance with the terms of the credit agreement as per schedule, if a full repayment of the total amount of the credit has been made, the borrower is eligible for the following credits.

MAIN OFFICE in BISHKEK  
24 Ibraimov Street, Bishkek, 720031

**Reception: 0312 90-07-07**

BALYKCHY INFO CENTRE  
374A Frunze St., **Phone: 03944 4-00-13**

KARAKOL REGIONAL OFFICE

1G Karasaeva St., Karakol,

**Phone: 03922 4-39-04**

JETI-OGUZ INFO CENTRE  
District administration, KYZYL-SUU

TON INFO CENTRE

District administration (Akimiat),

2<sup>nd</sup> floor, BOKONBAEV