

Responding to the Coronavirus Crisis

Update on Kazakhstan (13/05/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Economic channels of disruption

Exports, private consumption, services

- Severe lockdown (curfew in major cities, schools, non-essential businesses closed) affecting private consumption and the service industry
- Lower prices and weak global demand reducing commodity exports
- Services affected strongly: the sector declined by 17.5% y/y in Apr 2020 (namely, trade, transport, real estate and administrative services)

Selected crisis impact indicators

EBRD GDP growth outlook	2020: -3% (May 2020)	2021: 5.5%
Business Activity Index (published by the NBRK, April 2020)	37.2 (down 4.3 points m/m)	
Business Activity Index in Services (published by the NBRK, April 2020)	34.8 (down 3.9 points m/m)	
Exports (January-February 2020)	down 8% y/y	
Exchange rate (01 January – 13 May 2020)	down 9%	

Crisis response measures to date

Support for healthcare, vulnerable individuals and businesses

- US\$ 10 billion anti-crisis package to support vulnerable individuals and businesses, strengthen the healthcare system
- KZT 600 billion subsidised short-term lending to SMEs for working capital needs
- KZT 1 trillion in subsidised lending under 'Economy of Simple Things'
- KZT 1 trillion 'Employment Roadmap' program to create jobs and finance infrastructure projects
- Forward contracts for government purchases of agricultural products

Selected crisis response indicators

Direct support to firms	Deferral of taxes and other obligatory payments for SMEs in affected sectors until Jun 2020. Property tax cancelled for hospitality sector until end-2020 Individual entrepreneurs exempted from individual income tax
Support to individuals	Minimum wage for affected individuals - KZT 42,500 (US\$ 95) per month 3-month payment holidays for loans VAT reduced from 12% to 8% for essential food products until Oct 2020
FX restrictions	Mandatory sale of FX revenue by SOEs, tightening of FX sale to local companies
Export quotas	Wheat (200,000 tonnes), flour (70 tonnes) until June 2020

Key short-term priorities

Improve targeting of fiscal stimulus measures, focusing on vulnerable sectors, SMEs, and individuals