

Responding to the Coronavirus Crisis

Update on Kazakhstan (06/11/20)



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

- Lockdown (severe lockdown in March-May 2020 with curfew in major cities, schools, non-essential businesses closed, softer lockdown in July-August 2020) affecting private consumption and investment
- Lower prices and weak global demand reducing commodity exports
- Services affected strongly: trade and transportation declined by 9.5% and 17.1% year-on-year, respectively.

Selected crisis impact indicators

EBRD GDP growth outlook 2020: -4%
(September 2020) 2021: 3%

Real GDP growth -2.8%
(January-September 2020)

Business Activity Index 47.6 (up 2.2 points m/m)
(published by NBRK, September 2020)

Sovereign bond yield 0.5% (down from 3.9% on 20 March 2020)
(6 November 2020)

Exports down 16% y/y
(January-August 2020)

Exchange rate down 11%
(01 January - 06 Nov 2020)

Crisis response measures to date

Support for healthcare, vulnerable individuals and businesses

- KZT 4.7 trillion guaranteed transfer from the Oil fund to support the economy
- 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 1.8 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	Property tax cancelled for hospitality sector until end-2020, sports and entertainment facilities, Individual entrepreneurs exempted from individual income tax Deferral of loan repayments
Support to individuals	VAT reduced from 12% to 8% for essential food products until Oct 2020 Cash transfer to affected individuals - KZT 42,500 (US\$ 95) per month for the period of lockdown
FX restrictions	Mandatory sale of FX revenue by SOEs, tightening of FX sale to local companies
Committed external assistance	ADB: US\$1 Billion assistance package to support Kazakhstan's pandemic response

Key short-term priorities

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