

Coronavirus response in 2021: building back better

Update on Kazakhstan (16 June 2021)



Covid-19 policy response

- **A large coronavirus response package of around 9 per cent of GDP in 2020** included an extensive list of measures, including liquidity support for individuals, firms and the banking sector and spending on healthcare and public works.
- **Measures such as the government's Employment Roadmap and support for small and medium-sized enterprises (SMEs) are continuing in 2021.** Credit support, tax and loan payment deferrals for SMEs have been extended. Revisions to the 2021 budget include additional spending to support the fight against Covid-19 within a broader stimulus package.

Macroeconomic indicators (%)

| | 2018 | 2019 | 2020 | |
|------------------------------|------|------|------|--|
| GDP growth | 4.1 | 4.5 | -2.6 | Short-term indicators EBRD GDP growth forecast (June 2021) 2021: 3.6%; 2022: 3.8% Quarterly GDP growth: -1.6% (Q1 2021, y/y) Business Activity Index: 50.5 (up 13.3 points y/y in April 2021) Retail trade: 5.7% (Jan-Apr 2021, y/y) Industrial production: 0.8% (Jan-Apr 2021, y/y) Inflation: 7% (Apr 2021, y/y) |
| Annual inflation (end-year) | 6 | 5.2 | 7.5 | |
| Government balance/GDP | 2.6 | -0.6 | -7.3 | |
| Current-account balance/GDP | -0.1 | -4 | -3.6 | |
| Net FDI/GDP | -0.1 | -1.8 | 4 | |
| Public debt/GDP (end-year) | 20.3 | 19.9 | 27.4 | |
| Unemployment rate (end-year) | 4.9 | 4.8 | 4.9 | |

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: selected ongoing initiatives

- Competitive**
 - A privatisation plan for 2021-25 was approved in December 2020, with 736 assets to be fully or partially privatised, including Air Astana, Kazakhtelecom and KazMunayGas.
- Well-governed**
 - The National Development Plan 2025, adopted in March 2021, envisages the devolution of decision-making power from central to municipal government.
- Green**
 - A new law is being developed to support alternative types of energy, such as hydrogen coal-bed methane and municipal solid waste. In December 2020, Kazakhstan pledged to become carbon neutral by 2060.
- Inclusive**
 - A concept for developing labour markets to 2025 has been put up for public consultation. It envisages stimulating jobs through entrepreneurship, implementing policies for inclusion and facilitating labour mobility.
- Resilient**
 - Changes to the Renewable Energy Source (RES) law were made in November 2020 to introduce a pass-through mechanism of RES payments to end users.
- Integrated**
 - Wholesale distribution centres are being built in different regions to provide local companies with a full range of services for the storage and redistribution of food products.
- Digital**
 - Work is underway to expand coverage of mobile internet to rural areas; 12 new data centres are being established.

Key short-term priorities

- Improve the competitive environment to create a level playing-field for small and medium-sized private-sector companies.
- Facilitate inclusion across regions and for vulnerable population groups.
- Improve targeting and raise the effectiveness of state support programmes for businesses and households.