Responding to the Coronavirus Crisis
Update on Kazakhstan (13/04/20)

**Key short-term priorities**
Improve targeting of fiscal stimulus measures, focusing on vulnerable sectors, SMEs, and individuals

**EBRD Policy Comparator**

<table>
<thead>
<tr>
<th>Financial Sector</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
<th>External Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsides</td>
<td>Tax/ social cont. deferred</td>
<td>Loan subsidies</td>
<td>Guarantees</td>
<td>Inspections/ audits suspended</td>
</tr>
<tr>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
</tbody>
</table>

**Economic channels of disruption**
Exports, private consumption, services
- Severe lockdown (curfew in major cities, schools, non-essential businesses closed) severely affecting private consumption and the service industry
- Lower oil prices and weak global demand reducing commodity exports (exports to China fell by 1% y/y in February 2020)
- Transportation sector affected: freight turnover declined by 0.1% y/y in Jan-Feb 2020

**Selected crisis impact indicators**
- EBRD GDP growth outlook (April 2020) [new forecasts out on May 13] 2020: recession
- 2021: strong growth
- Business Activity Index (published by the NBRK, March 2020) 41.5 (down 7.6 points m/m)
- Business Activity Index in Services (published by the NBRK, March 2020) 38.7 (down 10.1 points m/m)
- Exports (January-February 2020) down 8% y/y
- Exchange rate (01 January – 13 April 2020) down 11%

**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**
- 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
- 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
- Mandatory sale of FX revenue by SOEs, tightening of FX sale to local companies
- Wheat (200,000 tonnes), flour (70 tonnes) until September 2020

---

**Response to the Coronavirus Crisis**

**Responding to the Coronavirus Crisis**

**Update on Kazakhstan**

**Key short-term priorities**
Improve targeting of fiscal stimulus measures, focusing on vulnerable sectors, SMEs, and individuals

**EBRD Policy Comparator**

<table>
<thead>
<tr>
<th>Financial Sector</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
<th>External Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsides</td>
<td>Tax/ social cont. deferred</td>
<td>Loan subsidies</td>
<td>Guarantees</td>
<td>Inspections/ audits suspended</td>
</tr>
<tr>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
</tbody>
</table>

**Economic channels of disruption**
Exports, private consumption, services
- Severe lockdown (curfew in major cities, schools, non-essential businesses closed) severely affecting private consumption and the service industry
- Lower oil prices and weak global demand reducing commodity exports (exports to China fell by 1% y/y in February 2020)
- Transportation sector affected: freight turnover declined by 0.1% y/y in Jan-Feb 2020

**Selected crisis impact indicators**
- EBRD GDP growth outlook (April 2020) [new forecasts out on May 13] 2020: recession
- 2021: strong growth
- Business Activity Index (published by the NBRK, March 2020) 41.5 (down 7.6 points m/m)
- Business Activity Index in Services (published by the NBRK, March 2020) 38.7 (down 10.1 points m/m)
- Exports (January-February 2020) down 8% y/y
- Exchange rate (01 January – 13 April 2020) down 11%

**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**
- 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
- 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
- Mandatory sale of FX revenue by SOEs, tightening of FX sale to local companies
- Wheat (200,000 tonnes), flour (70 tonnes) until September 2020