Responding to the Coronavirus Crisis
Update on the Kyrgyz Republic (13/05/20)

**EBRD Policy Comparator**

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**Economic channels of disruption**
Remittances, trade, shadow economy
- Remittances (28% of GDP) falling due to travel restrictions and oil price shock affecting Russia, constraining private consumption and putting pressure on service sector SMEs.
- Reduced trade flows with China (imports down by 10% so far) resulting in lower tax revenue collected at the border (down by about 20% y/y).
- Lockdown and border closures affecting activities in the shadow economy (23% of GDP in 2018 according to official estimates).

**Selected crisis impact indicators**
- **EBRD GDP growth outlook** (May 2020)
  - 2020: -4%
  - 2021: 5.5%
- **GDP growth** (January-April 2020)
  - -3.8%
- **Remittances** (January-March 2020)
  - down 15% y/y
- **Imports** (January-March 2020)
  - down 21.8% y/y
- **Exchange rate** (01 January – 13 May 2020)
  - down 10%

**Crisis response measures to date**
Support for healthcare, businesses and individuals
- The government to allocate $240 million to healthcare by cutting non-priority spending.
- The government is rolling out a second anti-crisis package worth around 7% of GDP, including fiscal and financial measures to support businesses, administrative and sanitary measures to restore trade with China, and tax exemptions for SMEs.
- Central bank to provide liquidity of around 5.25 billion som to the economy.

**Selected crisis response indicators**
- **Financial sector regulation**
  - Lowering liquidity ratio from 45% to 30%, removal of liquidity ratio requirement, lowering risk weights of FX loans from 150% to 100%, banks granted the right to retain the classification of overdue loans to affected businesses.
- **Direct support to businesses**
  - 3-month tax payment deferral
- **Committed external assistance**
  - IMF: US$ 242 million emergency assistance (combination of Rapid Financing Instrument and Rapid Credit Facility);
  - World Bank: US$ 12.2 million for the Kyrgyz Republic Emergency COVID-19 Project;
  - ADB: US$ 50 million in loan and grant financing to mitigate COVID-19 impact.

**Key short-term priorities**
Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals.

To learn more about EBRD’s support to Kyrgyz Republic visit: [https://www.ebrd.com/kyrgyz-republic.html](https://www.ebrd.com/kyrgyz-republic.html)
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