

Coronavirus response in 2021: building back better

Update on Kyrgyz Republic (16 June 2021)



Covid-19 policy response

- **An anti-crisis fund was created in May 2020** to provide concessional financing to enterprises worth around 2 per cent of GDP in 2020 and 7 per cent of GDP in 2021.
- **Measures have included temporary tax exemptions for SMEs**, along with a food-security programme for vulnerable groups, subsidised credit for banks to provide funding to small and medium-sized enterprises through soft loans, a moratorium on business inspections and a temporary ban on business bankruptcy proceedings until the end of 2021.
- **The country secured external funding to fight the pandemic.** The International Monetary Fund provided US\$ 120.9 million in March 2020 and US\$ 121.1 million in May 2020 after doubling the country's quota under the Rapid Credit Facility. The Asian Development Bank provided US\$ 50 million in loan and grant financing and the Eurasian Development Bank lent US\$ 100 million.

Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	3.5	4.5	-8.6	EBRD GDP growth forecast (June 2021) 2021: 6.6%; 2022: 4.6% Quarterly GDP growth: -3.8% (Jan-Apr 2021, y/y) Industrial production: -12% (Jan-Apr 2021, y/y) Net remittances: +22% (Q1 2021, y/y) Exports: -8.9% (Q1 2021, y/y) Imports: -1.5% (Q1 2021, y/y) Inflation: 8.7% (Apr 2021)
Annual inflation (end-year)	1.5	1.1	9.7	
Government balance/GDP	-0.6	-0.1	-6.8	
Current-account balance/GDP	-12.1	-5.6	-8.2	
Net FDI/GDP	-1.7	-2.5	n/a	
Public debt/GDP (end-year)	54.8	54.1	74.3	
Unemployment rate (end-year)	6.6	6.6	6.6	

Key short-term priorities

- Develop a strategy to attract investment in labour-intensive sectors to create employment opportunities for youth and returning migrants.
- Resolve the conflict over Kumtor nationalisation to unlock foreign investment and address a major business-climate issue.
- Implement energy-sector reforms to achieve greater efficiency and financial sustainability and attract private-sector investment.

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

- Competitive**
 - Regulatory pressure on medium-sized firms has been ramped up in an effort to increase tax collection.
- Green**
 - Discussions are ongoing to include Bishkek in the EBRD's Green City Programme, underpinned by a plan to improve the energy efficiency of public transport infrastructure.
- Inclusive**
 - The government is developing plans to address regional inclusion gaps in access to education, healthcare and infrastructure.
- Resilient**
 - Electricity tariffs are undergoing a review, with an eye to bringing them closer to cost-recovery levels while protecting vulnerable groups.
- Integrated**
 - Discussions on border demarcation with Tajikistan and Uzbekistan are advancing, setting the scene for cross-border cooperation projects.
- Digital**
 - E-government reforms have progressed thanks to steps taken under the Sanarip Kyrgyzstan 2019-23 digital transformation concept.

To learn more about the EBRD's support to the Kyrgyz Republic, visit: <https://www.ebrd.com/Kyrgyz-republic.html>.

¹ For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.