Last update: 23 March 2021

Vyrovzeton	
Kyrgyzstan	
Policy responses	
Containment	 Declared a state of emergency on 22 March (for a month):¹ Borders closure with China (where 36 percent of imports of goods originate) Border restrictions with Kazakhstan and Uzbekistan Quarantine of people coming from abroad Lockdown of all non-essential activities Curfew
	[27 April] Measures to check cargo carriers entering the Kyrgyz Republic for the presence of COVID-19 are being strengthened. ² [28 April] Extended state of emergency in some parts of country. ³ [May 5] The Government of Kyrgyzstan has extended duration of "green corridor" for foreign nationals and stateless persons staying on the territory of the Kyrgyz Republic, as the state of emergency in some regions of the republic extended until May 11. ⁴ [30 May] Kyrgyzstan plans to screen the population for COVID-19. ⁵
	Reopening: [May 10] The state of emergency introduced in certain territories of Kyrgyzstan ended on May 10 at 24.00, a curfew was lifted. ⁶ [May 21] Shopping centers, clothing stores, automobile and livestock markets, and shops began to work in the republic from May 21. ⁷ [May 29] Tourist season to start in Kyrgyzstan from June 1. ⁸ [May 29] Kyrgyzstan resumed domestic air communications from June 8. ⁹ [June 5] Kyrgyzstan resumed international flights from June 15. ¹⁰
	Re-imposing containment measures: [9 July] Due to the recent increase in COVID-19 cases, the authorities have reintroduced some temporary restrictions by limiting working hours of public transport, café, restaurants, supermarket and shopping centers in Bishkek and Dzhalah-Abad. In addition, a temporary ban of gatherings is imposed in Dzhalah-Abad. The authorities will strictly monitor compliance with sanitary and epidemiological standards.
Fiscal	The authorities will safeguard health spending at around budgeted levels and create space for increasing health and other spending. In collaboration

¹ https://menafn.com/1099892611/Kyrgyzstan-declares-state-of-emergency-as-14-COVID-19-cases-confirmed.

² http://en.kabar.kg/news/kyrgyzstan-strengthens-measures-to-check-cargo-carriers-for-covid-19/.

³ http://en.kabar.kg/news/president-jeenbekov-signs-decree-extending-state-of-emergency-in-some-parts-of-country/

⁴ http://en.kabar.kg/news/kyrgyzstan-extends-green-corridor-duration-for-foreigners/.

⁵ http://en.kabar.kg/news/kyrgyzstan-plans-to-screen-population-for-covid-19/.

⁶ http://en.kabar.kg/news/kyrgyzstan-lifts-curfew-and-state-of-emergency/.

⁷ http://en.kabar.kg/news/chief-medical-doctor-asks-citizens-to-observe-social-distance-to-avoid-infection/.

⁸ http://en.kabar.kg/news/tourist-season-to-start-in-kyrgyzstan-from-june-1/.

⁹ http://en.kabar.kg/news/kyrgyzstan-resumes-domestic-air-communications-from-june-8/.

¹⁰ https://www.timesca.com/index.php/news/22545-kyrgyzstan-plans-to-resume-international-flights-from-june-15.

with international organizations, the authorities have recently adopted:

- a health sector contingency plan, with an estimated cost of \$16 million (0.2 percent of GDP) to provide training for health-care workers, procure personal protective equipment and medical tests, and to put in place a communication plan about measures to contain COVID-19.
- To mitigate the impact on the economy, the authorities have approved the first package of anti-crisis plan economic measures of \$15 million (0.2 percent of GDP) including the postponement of tax payments, time-bound exemptions of property and land taxes, and temporary price controls on 11 essential food items.
- They are preparing a second package of economic measures of about \$540 million (7 percent of GDP), including temporary tax exemptions for SMEs, support food security program to the vulnerable groups, and subsidized credit to banks to provide funding to small and medium-size enterprises through soft loans.
- [7 July] The Ministry of Finance allocated an additional 391.7 million soms from the state budget to the Compulsory Medical Insurance Fund. 11 An additional 110.8 million soms was allocated to the Health Ministry. 12
- [21 July] Expenditures of the national budget for the prevention of coronavirus amounted to 3.3 billion soms, according to the Ministry of Finance.¹³

Tax:

- Postpone the deadline for submitting a single tax return for individuals and individual entrepreneurs until September 1, 2020.¹⁴
- Assistance to business and business continuity. 15
- Provide cash to the population during the emergency.

Debt:

[11 July] According to the Ministry of Finance, as of May 31 this year, the state debt of Kyrgyzstan amounted to \$4,758.55 billion (351,027.58 billion soms), including \$4,080.81 billion (301,032.52 billion soms) — external, and \$677.74 million (49,995.06 billion soms) — internal debt. 16

International donation

[5 August] As of this date, Kyrgyzstan has received a total of \$333.3 million from international donors.¹⁷ Out of \$333.3 million:

- o \$260.2 million is allocated to support the budget,
- \$44.1 million to fight the coronavirus infection through the Mandatory Health Insurance Fund, and

https://akipress.com/news:644925:Finance_Ministry_allocated_additional_391_7_million_soms_to_Compulsory_Medical_Insurance_Fund/.

¹¹

¹² https://akipress.com/news:644922:110 8 million_soms_additionally_allocated_to_Health_Ministry/.

¹³ http://www.minfin.gov.kg/novosti/novosti/raskhody-respublikanskogo-byudzheta-na-preduprezhd.

¹⁴ ILO.

¹⁵ ILO.

¹⁶ https://24.kg/english/159087 State debt of Kyrgyzstan reaches 732 per each citizen/.

¹⁷ http://en.kabar.kg/news/kyrgyzstan-received-over-usd-333-mln-from-donors-finance-ministry/.

	o \$29 million - to support the economy.
Monetary	The National Bank of the Kyrgyz Republic (NBKR)
	• [in February] Raised the policy interest rate by 75 basis points to 5 percent, amid global uncertainty and the increase in inflation.
	Macroprudential:
	• liquidity ratio (ratio between liquid assets and liabilities) is lowered to a minimum of 30% (from the current 45%);
	• liquidity ratio requirements (7-day and overnight/instant) will be removed;
	• minimum threshold level for mandatory reserve requirements is reduced from 80 to 70%;
	• risk-weights of FX corporate and retail loans will be reduced from 150% to 100%;
	 banks and Non-Bank Financial Institutions (NBFIs) should create a loan-loss reserve equal to 100% for the amount of overdue accrued interest payments on loans that have been given the status of non- accrual of interest income when overdue arrears are 270 days or more (from the now 90 days);
	• in the event of arrears arising from COVID-19, banks or NBFIs have the right not to downgrade the classification category due to financial condition of the borrower.
	 [May 10] Kyrgyz National Bank to allocate KGS 5.2 bln to support country's economy, 18 KGS 1 billion will be allocated for floating capital; KGS 1.5 billion –for financing agriculture; KGS 1 billion –for microcredit companies; KGS 750 million (via Keremet Bank) to support small and
	medium-sized businesses; o KGS 1 billion - to increase the authorized capital of the Guarantee Fund.
	The funds have been allocated as part of the Kyrgyz Government's anti-crisis plan.
	• [15 August] The National Bank of Kyrgyzstan has allocated over 6 billion soms to support the domestic economy and the real sector.19
	• [18 August] The Guarantee Fund of Kyrgyzstan restructured 300 guarantees worth KGS 500 million to help entrepreneurs during the coronovirus pandemic, according to Chairman of the Board of the Fund Malik Abakirov. According to him, the National Bank and the Ministry of Finance of the republic provide very favorable resources for commercial banks.20

http://en.kabar.kg/news/kyrgyz-national-bank-to-allocate-kgs-5.2-billion-to-support-countrys-economy/.
 24.kg/english/162597 National Bank of Kyrgyzstan allocates over 6 billion soms to support economy/.
 http://en.kabar.kg/news/kyrgyzstans-guarantee-fund-restructures-guarantees-worth-kgs-500-mln-due-topandemic/.

Financial/Foreign exchange	[July 2] A fast growth of the exchange rate of the U.S. dollar forced the National Bank of Kyrgyzstan to enter the foreign exchange market with intervention for the first time since April 2020. In total, it sold \$10.4 million with settlements on a date different from the date of the transaction. Since the beginning of the year, the National Bank of the Kyrgyz Republic has conducted nine interventions. At least \$ 220.8 million of the country's international reserves have been sold. ²¹ [July 4] The Board of the National Bank of Kyrgyzstan temporarily suspended inspections of commercial banks, aiming to minimize the risk of the spread of coronavirus among employees of the National Bank. ²² [August 13] The external position is weakening as remittances and tourism receipts are falling (i.e. remittances by 26 percent in January-May compared to the same period last year). For the whole 2020, the NBRK sold \$519.7 million of foreign exchange reserves, while the national currency depreciated by 18.7% against the US
	dollar, after a long period of stability since mid-2016. So far in 2021, the NBRK sold \$83.7 million of foreign exchange reserves.
Trade measures ²³	 Restrictive: Temporary export ban on medicines and medical equipment from the Kyrgyz Republic (status unknown). Kyrgyzstan imposed temporary ban on export of some food products and essential goods. According to the Cabinet of Ministers, the list includes wheat, flour, vegetable oil, sugar, chicken eggs, rice, pasta, disinfectants and bactericides, napkins, as well as mixed fodder and bran (status unknown). Liberalizing: N/A.
SME measures (last update 22 January 2021)	 Fiscal support: The government provided discounts to affected companies on state-owned property leasing and utility bills. The government reduced social contributions, extended the deadline to submit tax declarations and suspended audits for all businesses. The government decided not to apply tax sanctions and penalties for untimely fulfillment of tax obligations until July 1, 2020.²⁴ The government extended the deadlines for submission of reports by business entities on taxes and social contributions until July 1, 2020, subject to timely payment of payments.²⁵ The government extended the deadline for submitting a single tax

https://24.kg/english/158011_US_dollar_appreciation_National_Bank_intervenes_first_time_in_three_months/.

https://24.kg/english/158336_Coronavirus_in_Kyrgyzstan_National_Bank_suspends_inspections_of_banks/.

https://www.macmap.org/covid19

https://home.kpmg/xx/en/home/insights/2020/04/kyrgyzstan-tax-developments-in-response-to-covid-19.html

bid.

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return for individual entrepreneurs until April 1, 2021.²⁶

Loan support:

- On May 10, the Kyrgyz National Bank allocated KGS 5.2 billion to support the country's economy, of which KGS 750 million was allocated to support SMEs.²⁷
- On July 30, the government launched the Emergency Support for Micro, Small and Medium Enterprises project amounting USD 50 million. The Project will finance a USD 13 million Portfolio Risk Sharing Facility (PRSF), which will provide portfolio partial credit guarantee for MSME loans extended by participating financial institutions. It will ensure continued credit provision to MSMEs during the crisis and the post-crisis recovery.²⁸

Other financial support:29

- The government has channeled USD 176 million into a second business support package to offer preferential financing for SMEs and patent-holders in export-oriented, processing and food security sectors.
- The government introduced a temporary ban on bankruptcy procedures of businesses until January 2021.³⁰
- On July 30, the government launched the Emergency Support for Micro, Small and Medium Enterprises project amounting USD 50 million. USD 35 million will provide financial support to a large cohort of MSMEs. Depending on the size of the enterprise and the number of formal employees, beneficiaries will receive a lump-sum contribution ranging from USD 500 to USD 10,000 to cover operational expenses such as employee salaries, suppliers, rent, and utilities. Surviving MSMEs will be required to repay the principal amount of the financial assistance.³¹

Employment support:

On July 30, the government launched the Emergency Support for Micro, Small and Medium Enterprises project amounting USD 50 million. USD 35 million will provide financial support to a large cohort of MSMEs. Depending on the size of the enterprise and the number of formal employees, beneficiaries will receive a lump-sum contribution ranging from USD 500 to USD 10,000 to cover operational expenses such as employee salaries, suppliers, rent, and utilities. Surviving MSMEs will be required to repay the principal

²⁶ Ibid.

²⁷ http://en.kabar.kg/news/kyrgyz-national-bank-to-allocate-kgs-5.2-billion-to-support-countrys-economy/

²⁸ https://reliefweb.int/report/kyrgyzstan/kyrgyz-republic-mitigate-pandemic-caused-economic-shocks-businesses-vulnerable

²⁹ https://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-central-asia-5305f172/#section-d1e2890

³⁰ https://home.kpmg/xx/en/home/insights/2020/04/kyrgyzstan-tax-developments-in-response-to-covid-19.html

³¹ https://reliefweb.int/report/kyrgyzstan/kyrgyz-republic-mitigate-pandemic-caused-economic-shocks-businesses-vulnerable

	amount of the financial assistance. ³²
Other policy measures	International cooperation: Started negotiations with other donors to seek additional financial support to close the financing gap. Sp million from World Bank is being reallocated through the Enhancing Resilience in Kyrgyzstan Project to procure 20 fully equipped ambulances, mobile equipment, and personal protection equipment. ³³ [15 June] The World Bank approved Additional Financing for the Enhancing Resilience in the Kyrgyz Republic Project in the amount of \$55 million from the International Development Association (IDA) on highly concessional terms. Of this amount, \$27.5 million is allocated in the form of a grant, which requires no repayment, while the other \$27.5 million is a credit with a 0.75% interest rate, with repayments eased over 38 years, and a sixyear grace period. ³⁴ [26 March] IMF approved a purchase of the Kyrgyz Republic under the Rapid Financing Instrument (RFI) equivalent to SDR 59.2 million (US\$ 80.6 million, 33 percent of quota) and a disbursement under the Rapid Credit Facility (RCF) equivalent to SDR 29.6 million (US\$ 40.3 million, 17 percent of quota) to meet the urgent balance of payment needs stemming from the outbreak of the COVID-19 pandemic. ³⁵ [29 April] To date, Kyrgyzstan has actually received \$120.8 million in the first tranche from the International Monetary Fund. ³⁶ [18 May] UN-Women in Kyrgyzstan provided humanitarian assistance in the form of hygiene kits for vulnerable groups of women and girls in the regions. ³⁷ [20 April] China sent a group of medical workers to assist in the fight against COVID-19. ³⁸ [13 May] China delivers more medical supplies to Kyrgyzstan to fight COVID-19. The second batch includes detection reagents, KN95 face masks, medical surgical masks, forehead thermometers and protective goggles, the embassy said. ³⁹ [28 April] The European Union (EU) has stepped up its support to respond to the challenges raised by the COVID-19 outbreak in Kyrgyzstan. The EU response, made through grants amounting to more than EUR 36 million, is a comprehensive

³² Ibid.

³³ https://www.worldbank.org/en/news/press-release/2020/04/02/486-million-in-world-bank-financing-for-europeand-central-asia-countries-to-address-health-economic-impacts-of-covid-19

http://en.kabar.kg/news/wb-allocates-kyrgyzstan-55-mln-for-enhancing-resilience-project/.

³⁵ IMF Country Report No. 20/90.

³⁶ http://en.kabar.kg/news/kyrgyzstan-received-121.5-mln-in-aid-from-external-resources-to-date/.

³⁷ http://en.kabar.kg/news/un-women-in-kyrgyzstan-provides-assistance-to-vulnerable-groups-of-women-and-girlsin-regions/.

³⁸ http://www.xinhuanet.com/english/2020-04/21/c 138993535.htm.

³⁹ https://www.timesca.com/index.php/news/22461-china-delivers-more-medical-supplies-to-kyrgyzstan-to-fightcovid-19.

- sector, the Delegation of the European Union to the Kyrgyz Republic said on April 28.40
- [29 April] the first batch of humanitarian aid from Kazakhstan in the form of flour has arrived in Kyrgyzstan. Kazakhhas made a decision to provide humanitarian aid to Kyrgyzstan and Tajikistan in the form of supplies of Kazakh flour in the amount of 5,000 tons each country worth over \$3 million. 41
- [1 May] Swiss project supports municipalities of Kyrgyzstan regions to help vulnerable people. Swiss Public Service Improvement project allocated 750,000 soms to 15 project municipalities in Jalal-Abad and Issyk-Kul regions of Kyrgyzstan. ⁴² [May 13] Switzerland helps establish call centres in Kyrgyzstan to combat COVID-19. ⁴³ [15 May] Switzerland established telecommunication network of Kyrgyzstan healthcare organizations. Government of Switzerland through its health project "Medical Education Reforms in the Kyrgyz Republic" provided primary healthcare organizations with equipment for teleconferencing and distance learning. ⁴⁴
- [May 10] Turkey sent medical aid equipment to Kazakhstan in order to support the country's combat against COVID-19.⁴⁵
- The Asian Development Bank (ADB) has approved \$50 million in loan and grant financing to help the Government of the Kyrgyz Republic mitigate the significant negative health, social, and economic impacts of the novel coronavirus disease (COVID-19) pandemic.⁴⁶
- [May 6] The US Centers for Disease Control and Prevention (CDC)
 has confirmed the allocation of an additional USD 1.38 million to
 support Kyrgyzstan in combating the ongoing outbreak of COVID19.47
- [May 8] With support from Russia, WFP continues to provide food assistance-more than 1000 tons of food fortified wheat flour and vegetable oil-to vulnerable families in Kyrgyzstan. More than 30,000 people from families living below the poverty line will receive a three-month worth of food ration consisting of 150 kg of wheat flour and 15 liters of oil per family to meet basic food needs.⁴⁸
- [May 11] Russian-Kyrgyz Development Fund developed third package of anti-crisis measures. The third package of anti-crisis measures includes the following: 1. A preferential credit product for agricultural development has been developed; 2. Threshold of direct

⁴⁰ https://www.timesca.com/index.php/news/22408-eu-mobilises-eur-36-million-to-support-kyrgyzstan-in-response-to-covid-19-outbreak.

⁴¹ http://en.kabar.kg/news/humanitarian-aid-from-kazakhstan-arrives-in-bishkek/.

⁴² https://www.timesca.com/index.php/news/22420-swiss-project-supports-municipalities-of-kyrgyzstan-regions-to-help-vulnerable-people.

⁴³ https://www.timesca.com/index.php/news/22460-switzerland-helps-to-establish-call-centres-in-kyrgyzstan-to-combat-covid-19.

⁴⁴ https://www.timesca.com/index.php/news/22472-switzerland-established-telecommunication-network-of-kyrgyzstan-healthcare-organizations.

⁴⁵ http://en.kabar.kg/news/turkey-sends-medical-aid-to-kazakhstan-amid-covid-19-pandemic/.

⁴⁶ http://en.kabar.kg/news/adbs-50-mln-package-to-help-kyrgyzstan-mitigate-impact-of-covid-19/.

⁴⁷ http://en.kabar.kg/news/us-provides-1.38-mln-to-kyrgyzstan-to-combat-covid-19/.

⁴⁸ http://en.kabar.kg/news/with-support-from-russia-wfp-continues-to-provide-food-assistance-to-vulnerable-families-in-kyrgyzstan/.

- financing in regions reduced to USD 100 thousand; 3. Preferential financing for business activities aimed at combating COVID-19 has been approved.⁴⁹
- [23 June] A joint proposal prepared by the UNDP Kyrgyzstan in cooperation with the national partners has been approved by the Green Climate Secretariat with the funding amount of \$2.6 million. The goal is to develop National Adaptation Plan and to reduce vulnerability and build resilience to climate change by integrating adaptation across sectors and levels of government.⁵⁰
- [2 July] Within the framework of the revolving fund of the German Development Bank KfW, the Ministry of Finance reached an agreement with donors on use of about \$ 36 million to support farms, small and medium businesses.⁵¹
- [29 July] UNDP announced to donate 50,000 surgical masks to medical institutions and the State Penitentiary Service of Kyrgyzstan.⁵²
- [18 August] The Guarantee Fund of Kyrgyzstan is negotiating with the World Bank, which approved a program of assistance to Kyrgyzstan for entrepreneurs amounting of USD 100 million, of which USD 24 million will be transferred to the fund to help entrepreneurship.⁵³

Investment: [30 April] The Agreement on the Promotion and Protection of Investments between the Governments of the Kyrgyz Republic and Hungary was approved by an order of the Kyrgyz Government dated March 30, 2020. The agreement provides for the conditions of guarantee of protection of investments and investors in each of the contracting countries, valid for a 10-year period.⁵⁴

SOEs: [9 June] State companied provided assistance to fight against coronavirus infection. The amount totalled KGS 55 million. Of these, monetary aid amounted to KGS 24 million and assistance in the form of food products - KGS 29 million.⁵⁵

Human right:

- Helped people living with HIV with food supplies in Kyrgyzstan.⁵⁶
- The Government of Kyrgyzstan, the Ministry of Emergency Situations, and Alai and Chong-Alay regions of Osh Oblast sent humanitarian aid to Kyrgyz living in Tajikistan and Afghanistan.⁵⁷

⁴⁹ http://en.kabar.kg/news/russian-kyrgyz-development-fund-developed-third-package-of-anti-crisis-measures/.

⁵⁰ http://en.kabar.kg/news/kyrgyzstan-to-prepare-climate-change-adaptation-plan-to-reduce-vulnerability-and-build-resilience/.

⁵¹ https://24.kg/english/158062 Donors to provide funds for concessional lending to business /.

⁵² https://24.kg/english/161037 UNDP to donate 50000 surgical masks to medical institutions of Kyrgyzstan/.

⁵³ http://en.kabar.kg/news/wb-to-allocate-24-mln-to-guarantee-fund-to-help-entrepreneurs/.

⁵⁴ http://en.kabar.kg/news/inflow-of-hungarian-investments-in-kyrgyz-economy-expected/.

⁵⁵ http://en.kabar.kg/news/state-companies-help-to-fight-covid-19-by-kgs-53-mln/.

⁵⁶ http://en.kabar.kg/news/helping-people-living-with-hiv-with-food-supplies-in-kyrgyzstan/.

⁵⁷ http://en.kabar.kg/news/kyrgyz-govt-renders-assistance-to-ethnic-kyrgyz-living-in-tajikistan-afghanistan/.

Migrants:

[May 26] Foreigners and stateless persons in Kyrgyzstan may renew registration within 10 days from lifting emergency regime.⁵⁸

Education:

[May 26] School-leavers in Kyrgyzstan can apply for admission to universities online.⁵⁹

Digital connectivity:

[June 4] Requirements for digitalization of regions will be strengthened, which helps maximize the competitiveness of regions while effectively using new opportunities for regional management and support of local business. 60

External debt relief:

[July 23] Kyrgyzstan has sent official appeals to bilateral creditors to defer debt servicing payments in 2020 for the next 3-4 years. Consent was given by the Saudi Fund for Development, the Kuwait Fund for Arab Economic Development, France, Germany, Denmark, Korea and Japan.⁶¹

Source: IMF, Policy Responses to COVID-19, if not specified.

⁵⁸ http://en.kabar.kg/news/foreigners-and-stateless-persons-in-kyrgyzstan-may-renew-registration-within-10-daysfrom-lifting-emergency-regime/.

⁵⁹ http://en.kabar.kg/news/school-leavers-in-kyrgyzstan-can-apply-for-admission-to-university-online/.

⁶⁰ http://en.kabar.kg/news/jeenbekov-requirements-for-digitalization-of-regions-will-be-strengthened/.
61 https://24.kg/english/160424 Kyrgyzstan asks creditors to suspend payment of debt/.