

ANALYSIS OF KAZAKHSTAN'S ECONOMIC SECTOR STIMULATION AHEAD OF THE SECOND WAVE OF COVID-19

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The autumn season of each year is a period of significant economic events, such as the activation of the trade market, fresh momentum in the financial sector, the withdrawal of small and medium-sized businesses after the summer holidays to full speed, and so on. But 2020 is unique with its new trends, from natural disasters on all continents to military actions between countries. But this year's main headliner is the global COVID-19 coronavirus pandemic, which has already claimed more than 1.2 million inhabitants worldwide so far and locked up the rest of the world [1]. Subsequently, the pandemic created a huge burden on the health system, introduced new world concepts like lockdown and “Domino effect” forced all economic and social spheres to adapt to new conditions. Now, the entire global community is already moving to the preparation phase or already in the process of dealing with the second wave of the pandemic. For Kazakhstan, the analysis of spring events and work on errors allow you to more carefully and efficiently allocate resources to fight the virus, minimize losses and keep the pulse on events in neighboring countries.

During the first wave of the pandemic, the economy of Kazakhstan took decisive measures to stimulate the population and small and medium-sized businesses (SMEs). To reduce the debt burden, SMEs were given the opportunity to receive deferred loans. For example, during the state of emergency from March 16 to June 15 this year, 12 455 SMEs received a deferral in the amount of 165 billion tenge, while for the period of quarantine measures from June 15 to October 1, the procedure for obtaining a deferral for SMEs from the affected sectors of the economy in the form of 7 817 applications for 56.6 billion tenge was simplified. Secondly, it was possible to restructure loans on preferential terms within the framework of state programs to support SMEs, and as a result, 3 187 applications for refinancing loans in the amount of 89.7 billion tenge were approved. Third, banks remotely opened accounts and issued payment cards for receiving social benefits in order to help the population find

themselves in a difficult life situation. As a result, 2.6 million bank accounts were opened and 840 000 payment cards were issued. In addition to business support in times of emergency terminated claim work and a ban on the accrual of interest on the loan when the delinquency over 90 days, penalties and interest on the loan, any late payment [2].

The next step was towards to support of lending SMEs. Firstly, National Bank with Agency realized program of concessional lending for working capital replenishment, totaling 600 billion tenge (on behalf of the Head of state, the Program volume was increased by 200 billion tenge): the rate for the final borrower is no more than 8%; the loan term is not more than 12 months; limit per borrower: for an SME no more than 3 billion tenge, for an individual entrepreneur no more than 50 million tenge; intended purpose – replenishment of working capital; there are no industry restrictions. As a result, 4 195 loans were issued for 439 billion tenge until December of 2021. Secondly, state programs to support entrepreneurship have been expanded by government. Business roadmap – 2025 (DKB): increased the maximum the amount of loans issued up to 7 billion tenge, provides for the issuance of loan guarantees up to 85% of the loan amount, industry restrictions are excluded. Consequently, for DKB 2025 was issued 103 billion tenge until the end of 2025. The economy of simple things (EPV): the increased volume of lending to 1 trillion tenge, reduced the rate to 6%, expanded the coverage of industries. At EPV: issued 683 loans for 420 billion tenge till December 2020. Overall. according to the main state programs of business support in this year issued 8.5 thousand loans worth more than 1 trillion tenge.

The measures taken have been effectively implemented, but even so, a decline is forecast in all sectors. In his interview, Deputy Prime Minister Alikhan Smailov announced the forecast indicators of Kazakhstan's economy: the loss of GDP by the end of the year is about 2%; in 2021, real GDP growth is reduced from 4.3% to 2.8%; the price of oil is reduced from \$55 to \$35 per barrel in 2021; the average annual exchange rate of tenge to the dollar is 420 tenge in 2021; the inflation rate is 4-6% in 2021; the share of non-oil revenues in the budget is from 57% this year to 74% in 2023; the budget deficit for 2021 is planned at the level of 2.6 trillion tenge, or 3.4% of GDP [3]. The forecasts of the International Monetary Fund are similar to this vision, where they predict a loss of Kazakhstan's GDP in 2020 by 2.7%, against 2.5% in the spring forecast [4]. AERC, in turn, is critical. Based on the SMAF model, they made their macroeconomic forecast for this and next year [5].

Table 1.
Comparison of GDP for 2020 and 2021

2020	2021:
Minus 3.6% of GDP	Plus 4.1% GDP growth
The 7.9% inflation	Of 6.1% inflation
Minus \$9.7 billion balance of payments account	—
4.3% of GDP budget deficit	4% of GDP budget deficit
from 417.6 to 424.8 tenge per dollar	432.8 tenge per dollar

For your information, AERC is the first private company that has built a full-fledged quarterly forecast QPM for Kazakhstan in order to analyze monetary policy based on the new Keynesian theory. Previously, this model was used only in the national bank of Kazakhstan.

7.1 percent annual inflation in Kazakhstan by the end of October (7.0% in September). Monthly inflation was 0.6% compared to 0.3% in September. In October, prices for food products increased by 0.8%, non-food products rose by 0.6% and paid services by 0.4%. In total, over the year, food and alcohol rose by 10%, clothing by 5%, housing and utilities tariffs by 3%. 2020 makes its own adjustments-health care increased by 7%, and recreation by only 3% [6].

An important innovation for the population was the possibility of withdrawing money from pension savings. This will increase the turnover of finance inside and will lead to an increase in demand in the market, which is necessary to reduce inflation and improve GDP. To stimulate the population, on November 4, 2020, the mazhilis approved in the first reading the law on the use of part of pensions by Kazakhstanis. It is also important to note that the norm of 50% of the remaining amount of pension savings in the UAPF applies only to established pensioners, while other depositors are subject to the norms of sufficiency thresholds. It will be the same for women and men. It will be recalculated for new recipients based on the resulting parameters. Calculated for each age starting from 20 years. 10 870 610 contributors of compulsory pension contributions with pension savings in their accounts, 615 939 5 — men and 5 254 671 women. The total savings they have 11 942 813 million tenge, of which 7 040 032 million tenge belong to men, and 4 902 781 million tenge for women. Have pension savings in the amount of: up to 500 thousand tenge – 5 906 632 people; from 501 thousand to 1 million tenge – 1 590 837 people; from 1 million to 3 million tenge – 2 348 114 people; from 3 million to 5 million tenge — 634 188 people; 5 million – 8 million tenge — 238 931; more than 8 million tenge — 151 908 people. The average amount of savings for men is 1.254 million tenge, and for women – 933 thousand tenge [7].

All of this factors give us information for planning and modelling for future. For example, new concept for the development of the financial sector until 2030. The draft concept for the development of the financial sector until 2030 provides 44 tasks and 120 initiatives. Expected effect by 2030%: growth of credit to GDP until 30%; growth of insurance sector assets to GDP over 2%; growth of equity market capitalization to 35 trillion tenge; reduction of the cash payments shares to 30%; improving financial literacy to 47%; strengthening supervisory practices; development of alternative financial instruments; expanding the range of innovative products; increasing the level of remote access to services. Wide public discussion of the draft concept for the development of the financial sector until 2030 will be approved by the government in the 1st quarter of 2021 [8].

In the run-up to the second wave of COVID-19, it is important to understand the role of every part of the economic sector. After all, only working together will allow you to revive the economy in the shortest possible time.

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