



# ADB Responses to Overcome COVID-19 Impacts in Central Asia

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21 April 2020





# Introduction

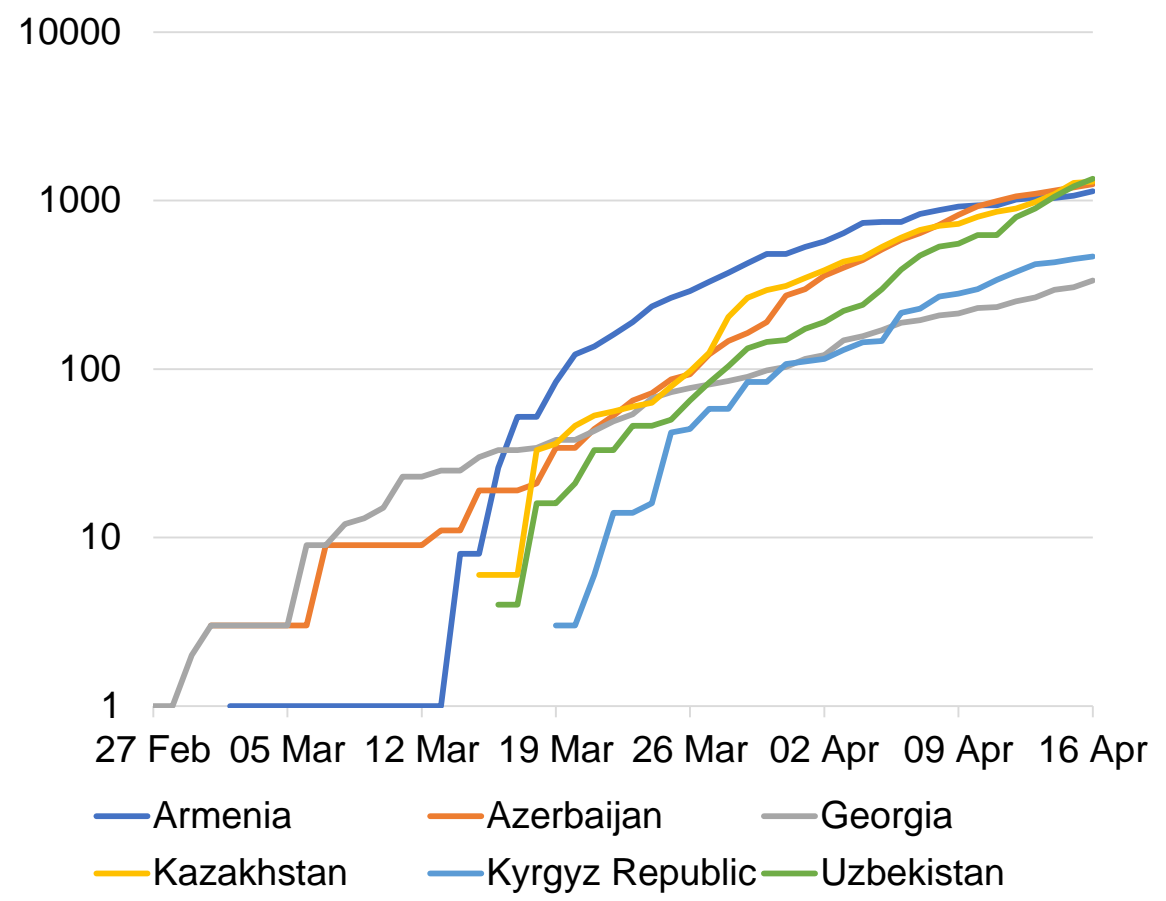
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- ADB's Central and West Asia Department
  - Department operates in 10 countries
    - Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan in Central Asia
    - Pakistan and Afghanistan in South Asia
    - Armenia, Azerbaijan, and Georgia in South Caucasus
  - Active Portfolio of \$23.6 billion and 153 public sector loans with focus on infrastructure investments and reforms
    - Transport, Energy, Urban, Social, Agricultural Infrastructure
    - Public Management and Financial Sector Reforms
    - Regional Cooperation

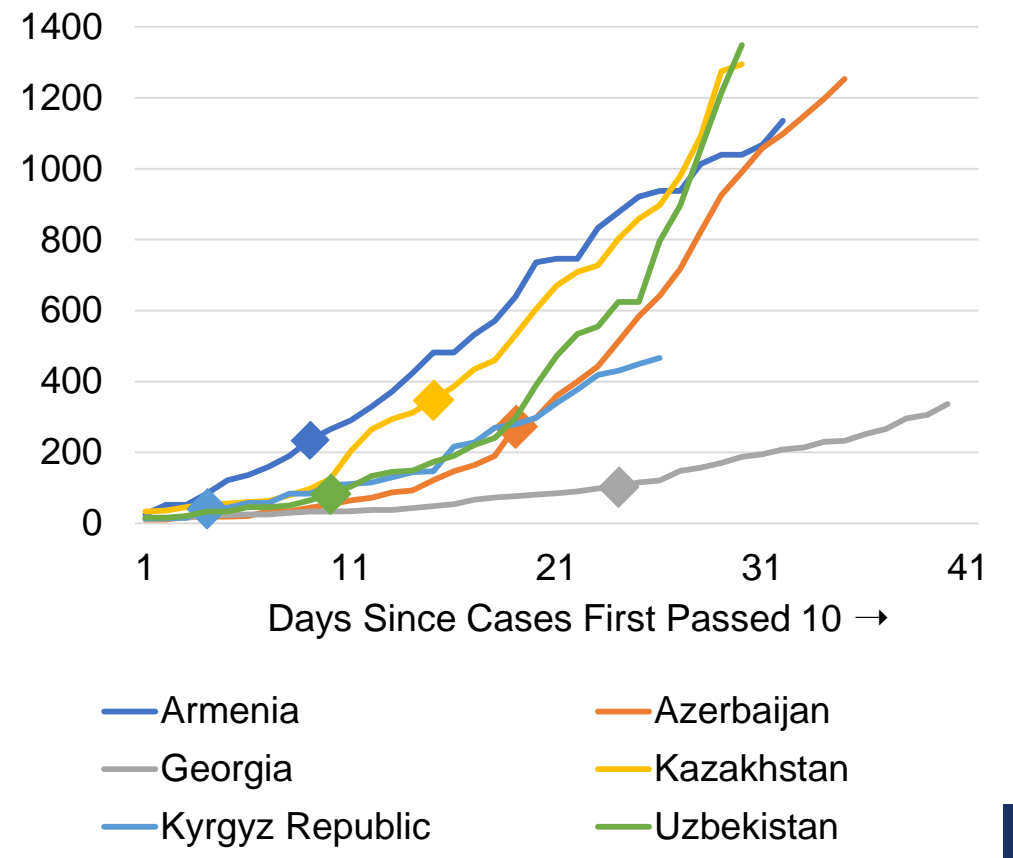


# COVID-19 in Central Asia

### COVID-19 Confirmed Cases (logarithmic scale)



### COVID-19 Confirmed Cases Since Cases First Passed 10 (linear scale)

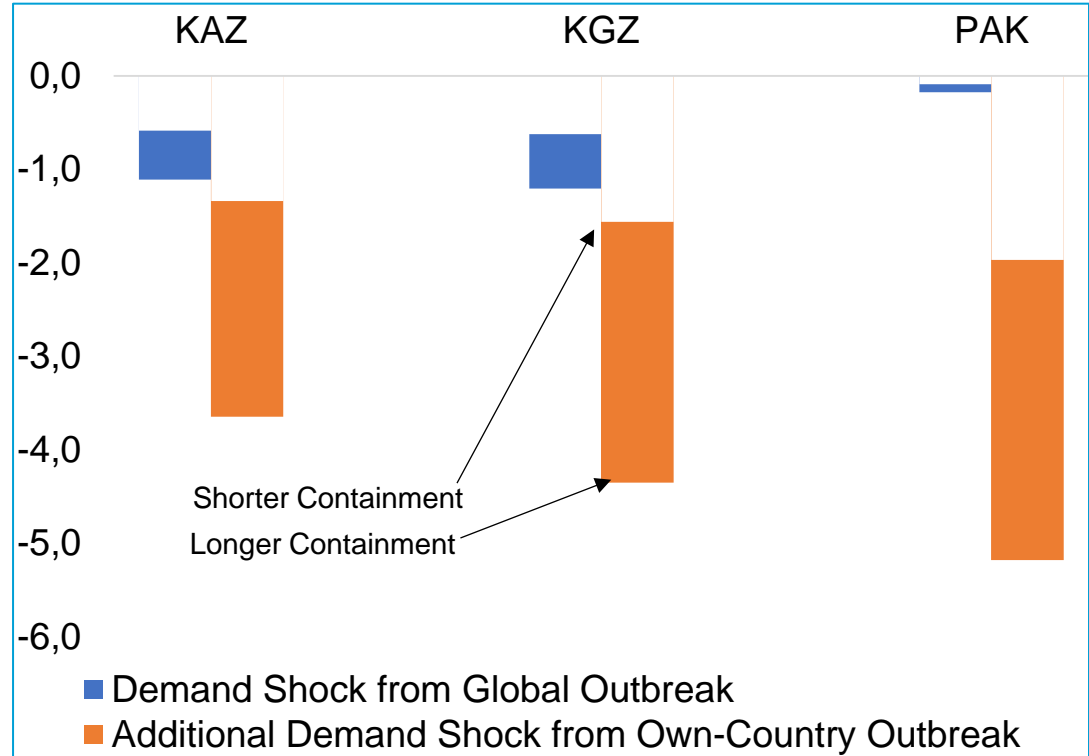


Note: Markers represent national lockdowns.

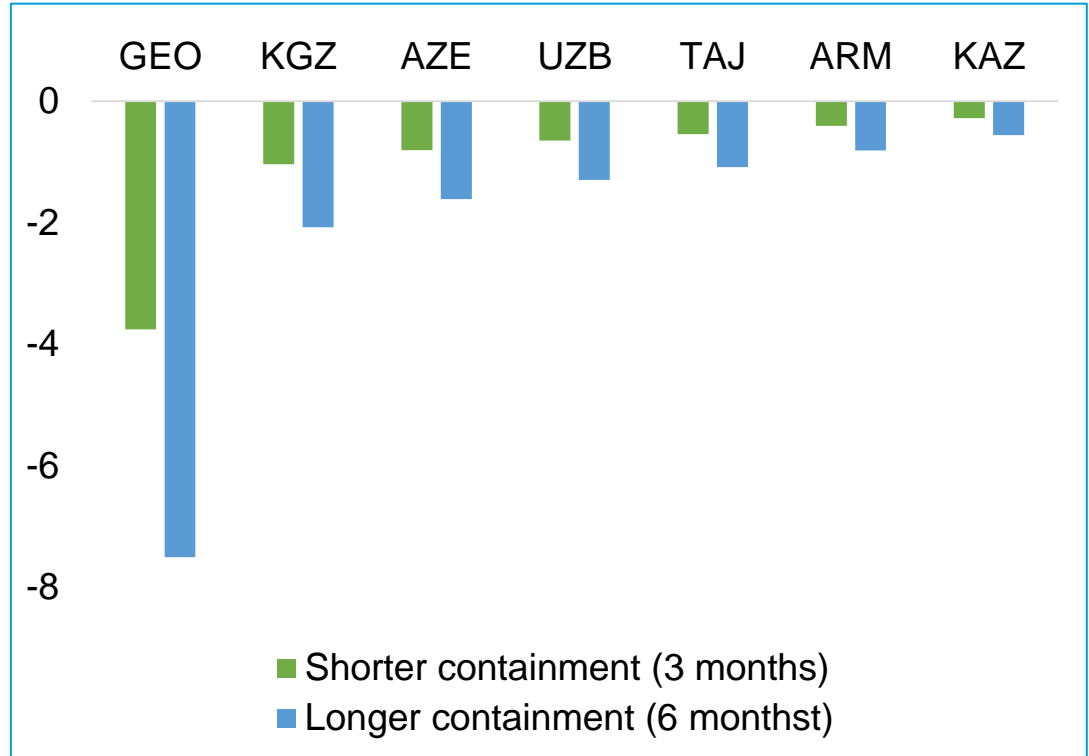


# Economic Impact of the COVID-19 Outbreak

Estimated impact on selected economies, percentage point GDP



Estimated decline in tourism receipts, percentage point GDP



Notes: Blue bars indicate the range of estimated impact of global outbreak spillover and orange bars if the country has its own outbreaks. The top of the bars indicates the shorter containment, smaller demand shock scenario and bottom of the bars indicating the longer containment, larger demand shock scenario  
 Source: Asian Development Outlook 2020

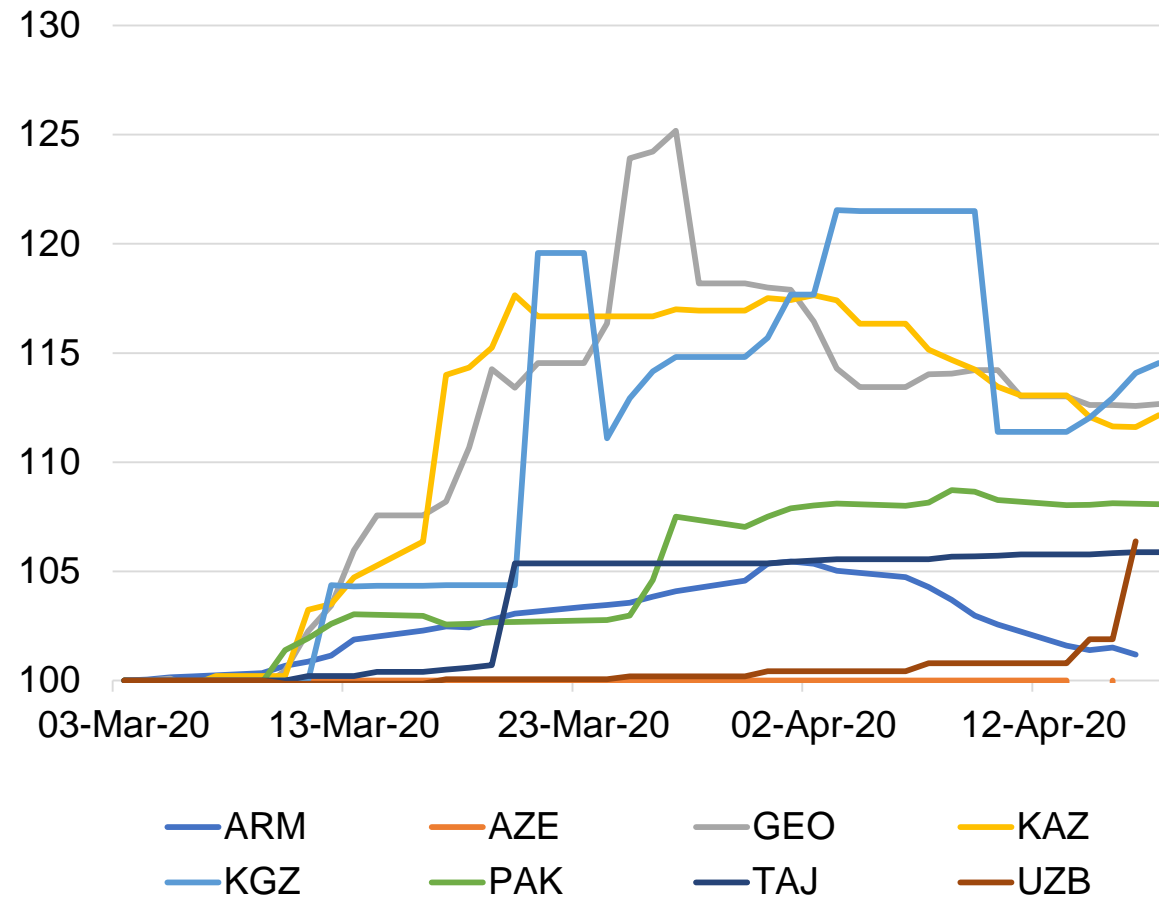
Source: Asian Development Outlook 2020



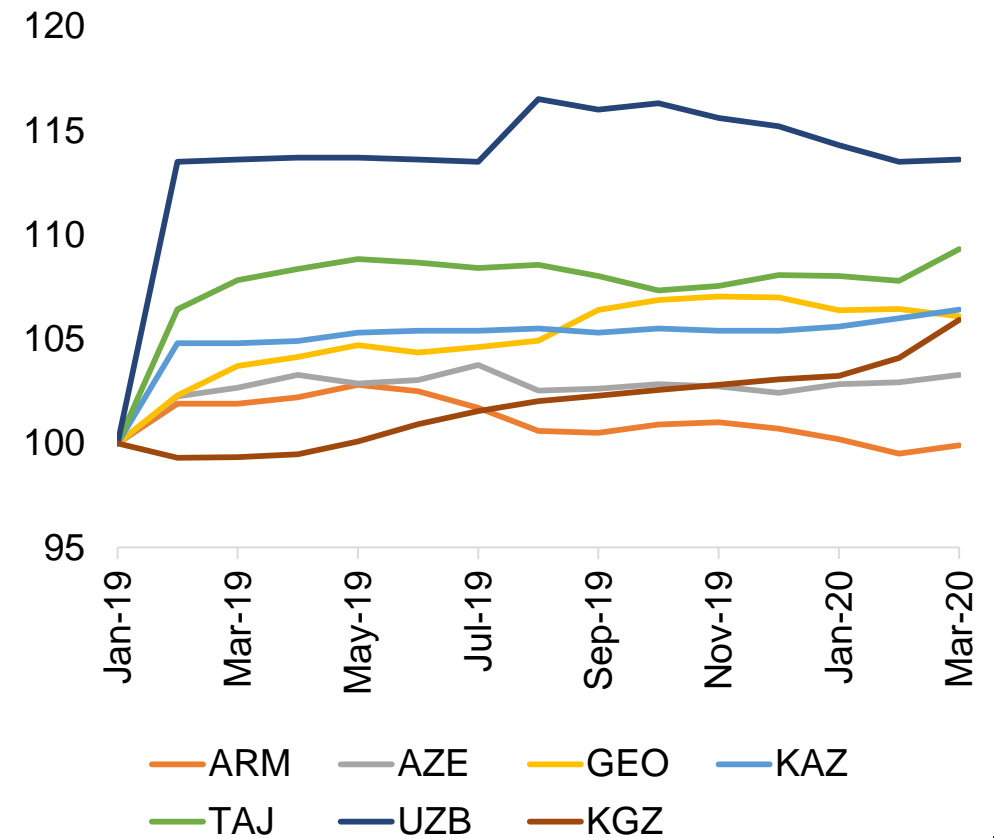


# Sharper Currency Depreciations in Some Countries

Exchange rates of local currencies against USD  
03 March 2020 = 100



Inflation, year-on-year  
January 2019 = 100

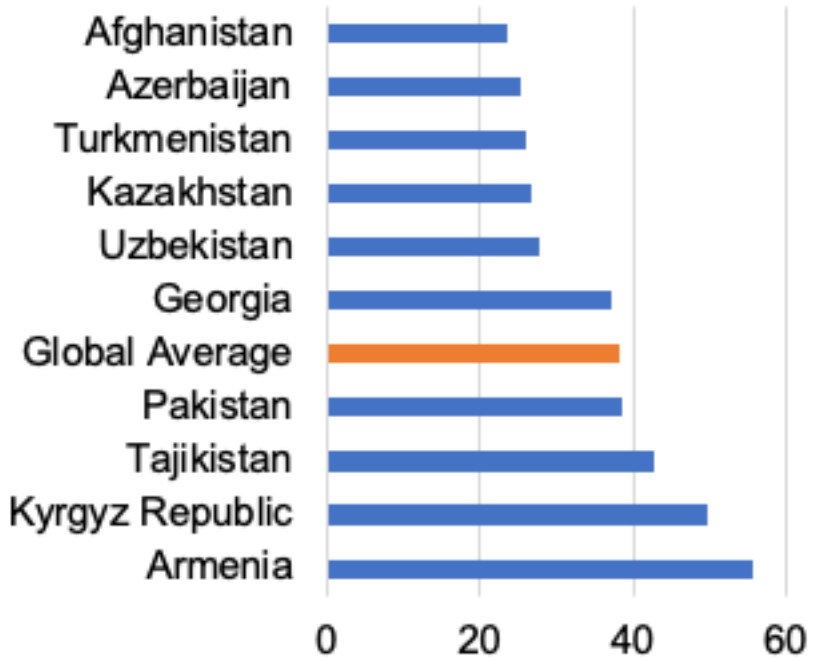




# Governments' Responses to Coronavirus

- Central and West Asia countries implementing a broad range of responses
- Preparedness for pandemics in Central and West Asian countries is fundamentally weak
- Mitigation measures include:
  - home isolation of suspect cases
  - home quarantine of those in the same household as suspect cases
  - social distancing measures
  - travel restrictions

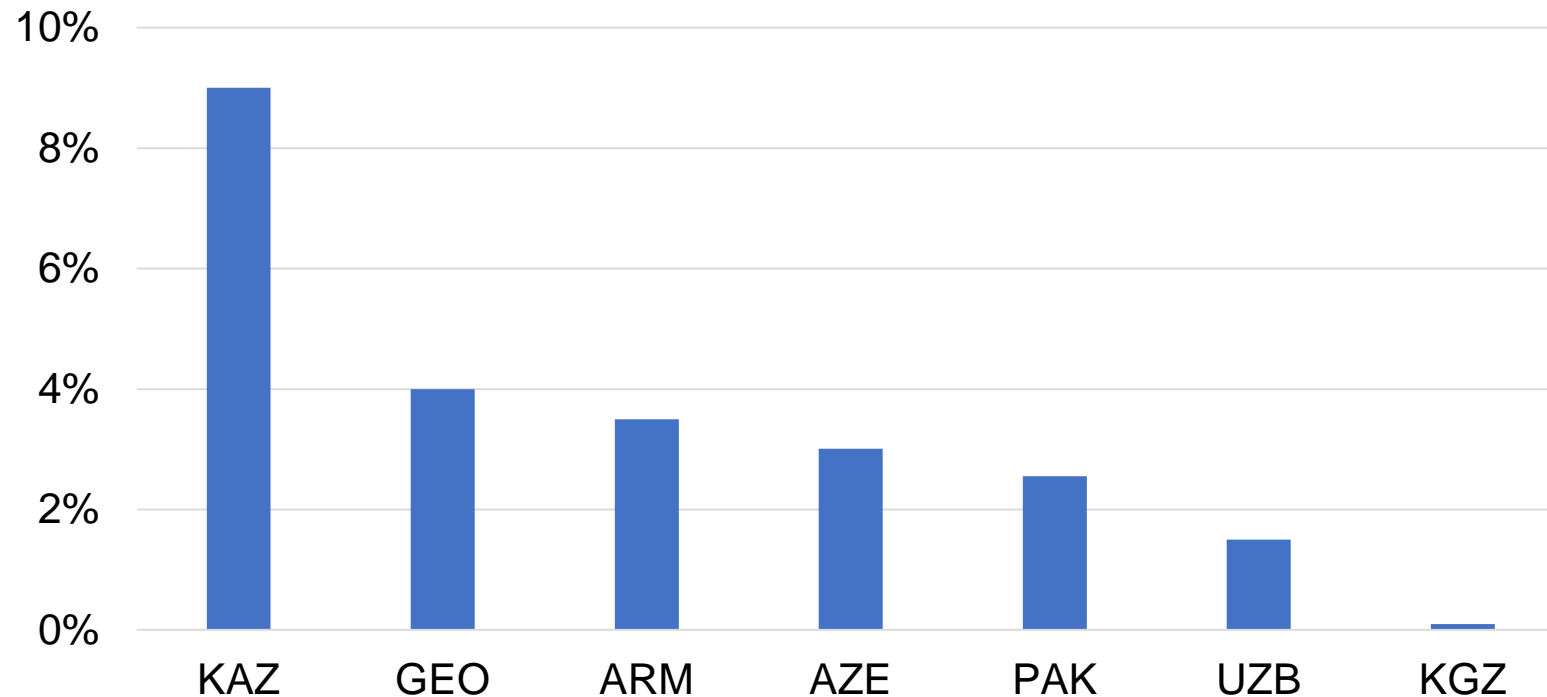
Preparedness score on the country's rapid response to and mitigation of the spread of an epidemic (most prepared = 100)



Source: Global Health Security Index 2019

# Governments' Responses to Coronavirus

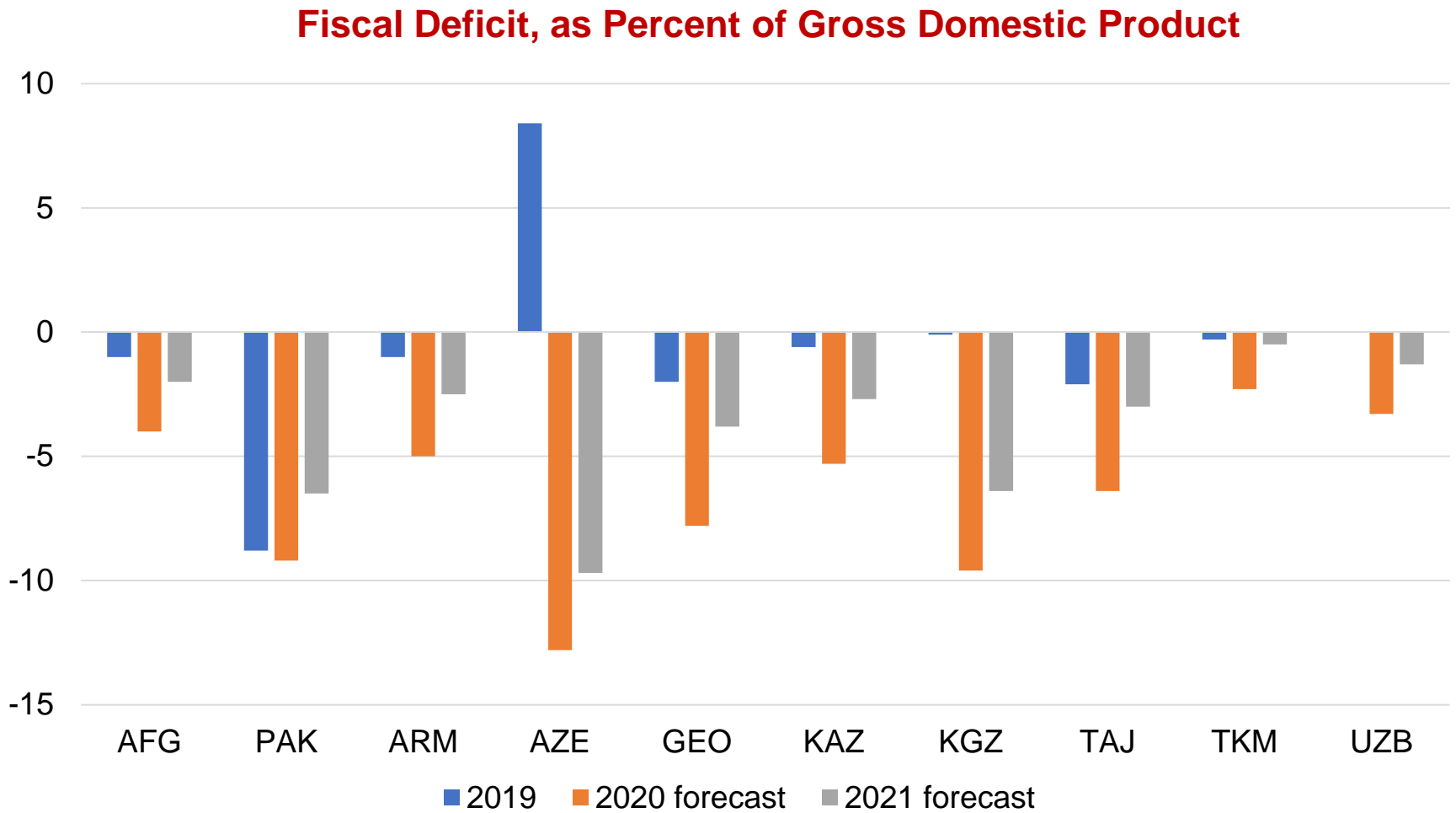
## Fiscal Rescue Packages Announced by Governments, as a share of GDP, as of 13 April 2020



Sources: [International Monetary Fund Policy Tracker](#), [Elgin et al. \(2020\)](#) and national sources



# Worsening Fiscal Balances in 2020



Source: IMF. World Economic Outlook. April 2020





# ADB Response

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- Initial response package of \$6.5 billion on 18 March 2020
- Comprehensive pandemic response package of \$20 billion on 13 April 2020, including new instruments that can be mobilized quickly



# ADB Response and Modalities in Central Asia and Caucasus

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- Most countries in the region requested budget support from ADB to mitigate fiscal effects of the Coronavirus crisis
- We are rearranging our support operations and prioritize support under ADB's new fast-track instruments, including countercyclical budget support through the Pandemic Response Window, and through emergency project loans and technical assistance
- To keep structural reforms on track, ADB is providing regular policy-based loans, to ensure quick recovery after the crisis
- ADB is planning support of up to \$3.2 billion in lending assistance for COVID response in Central and West Asian countries, plus additional grant technical assistance of \$4.3 million



# ADB Private Sector Measures

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- Program for private sector clients of \$1.8 billion, of which
  - \$800 million for ADB Trade Finance Program,
  - \$200 million for the ADB Supply Chain Finance Program, and
  - \$840 million for other projects and programs
- Targeted are sectors that generate high development impact, such as agribusiness, health, and microfinance.



# ADB Private Sector Support Instruments

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## 1. Faster Approach to Small Nonsovereign Transactions (FAST)

- FAST was launched already in 2015
- ADB increased the aggregate framework limit from \$400 million to \$700 million
- Support for projects that respond directly to the impacts of COVID-19, or address its economic impacts

### Example: **Kyrgyz Republic**

- FAST support to CJSC FINCA Bank through \$5 million loan for onlending to micro- and small-sized enterprises in rural areas outside Bishkek with a focus on women borrowers.



# ADB Private Sector Support Instruments

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## 2. ADB Trade Finance Program (TFP)

- The TFP was established in 2003 to reduce market gaps for trade finance by providing guarantees and loans to banks in support of trade; and delivering knowledge solutions
- ADB increased from \$1.35 billion to \$2.15 billion to support for projects that respond directly to the impacts of COVID-19 or address its economic impacts
- ADB eased conditions of TFP
- ADB's commitment on response within 24 hours
- Examples: Armenia, Georgia, Kyrgyz Republic, Uzbekistan, and Tajikistan



# ADB Private Sector Support Instruments

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## 3. Microfinance Risk Participation and Guarantee Program (MFP)

- MFP was launched in 2010
- MFP supported \$1.26 billion equivalent in local currency financing to MFIs and had reached almost 6.2 million borrowers
- ADB has revisited the program to facilitate the flow of private capital to support emergency access to health care and rebuild household income for post-pandemic recovery
- ADB has increased the aggregate MFP limit from \$340 million to \$600 million to support MFIs that respond directly to the impacts of COVID-19 or address its economic impacts and increased the risk coverage provided by ADB up to 80% on wholesale loans provided to MFIs



# ADB Private Sector Support Instruments

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## 4. Supply Chain Finance Program (SCFP)

- SCFP was launched in 2012
- SCFP enhances access to working capital by small- and medium-sized enterprises
- ADB has revisited the program to address the rapid drop in domestic and global trade as a result of the COVID-19 pandemic:
  - allowed transactions with large multinational partner financial institutions
  - faster business processes and faster mobilization
  - SCFP to risk participate on an unfunded basis
  - increased the program from \$30 million to \$75 million
- Example: Georgia

The logo consists of four stylized, overlapping shapes in orange, blue, green, and yellow, arranged in a circular pattern.

# Regional Cooperation

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- Central Asia Regional Economic Cooperation ([CAREC](#)) program
- Regional health cooperation and high-level policy dialogue
- Regional disaster risk transfer facility
- Regional trade credit and investment guarantee or re-guarantee agency





# Take Away Points

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- ADB—committed development partner during crisis
- ADB has mobilized additional resources, launched new instruments, and modified its proven support mechanisms
- ADB stands for cooperation and client solutions



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**Thank you for your attention.**

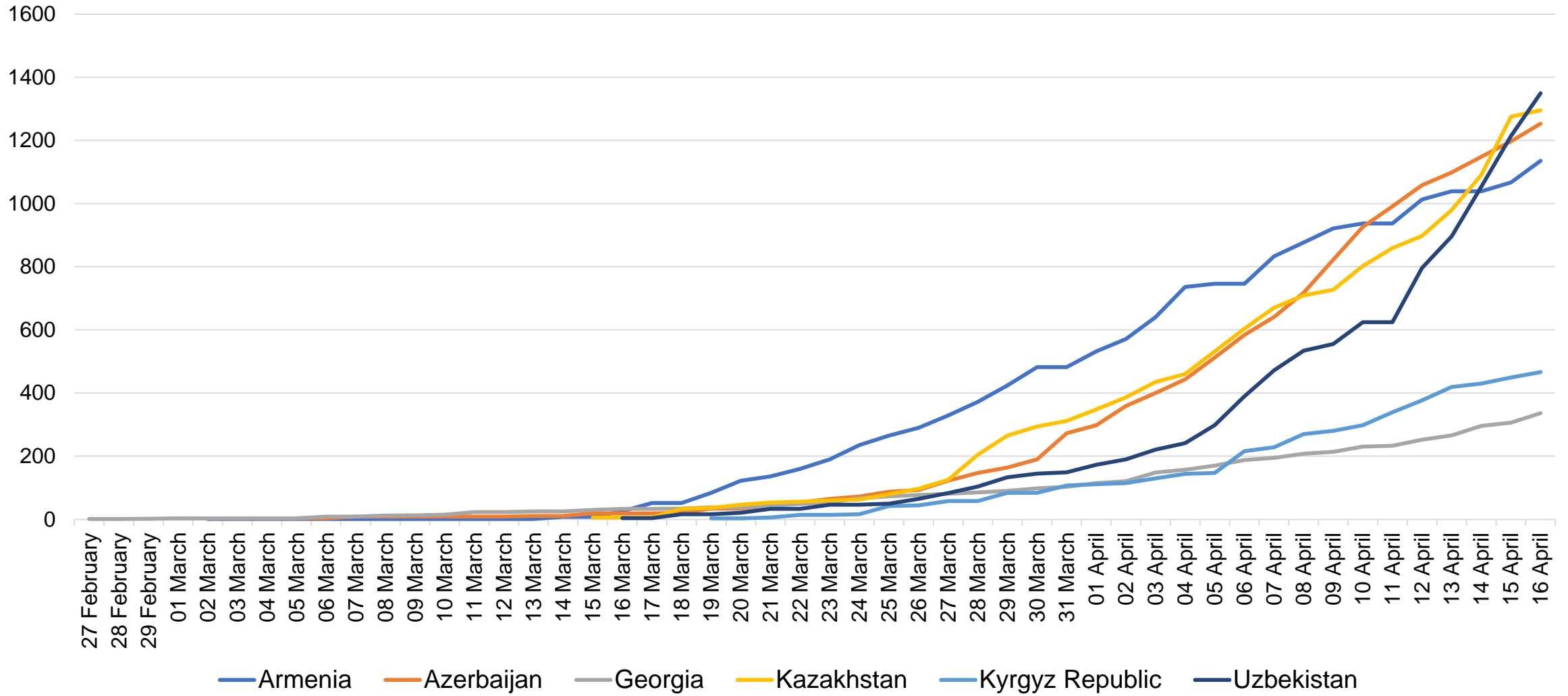


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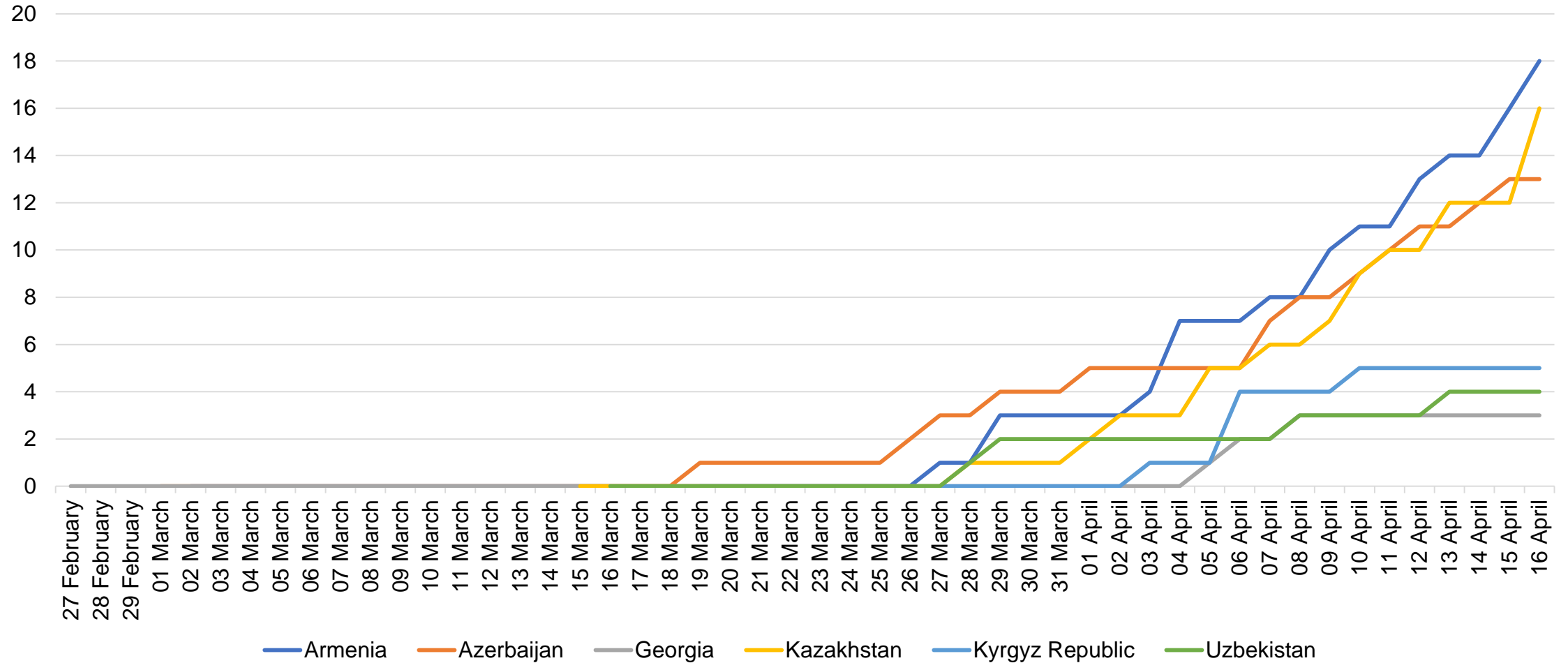
# Annex



# Number of Confirmed COVID-19 Cases



# COVID-19: Number of Confirmed Deaths





# Fiscal Gaps and IFI Support

Fiscal Deficit projections as percent of Gross Domestic Product

Fiscal Deficit	2017	2018	2019	2020 forecast	2021 forecast
Afghanistan	-0.6	1.5	-1.0	-4.0	-2.0
Pakistan	-5.8	-6.4	-8.8	-9.2	-6.5
Armenia	-4.8	-1.8	-1.0	-5.0	-2.5
Azerbaijan	-1.4	5.5	8.4	-12.8	-9.7
Georgia	-2.7	-2.3	-2.0	-7.8	-3.8
Kazakhstan	-4.3	2.5	-0.6	-5.3	-2.7
Kyrgyz Republic	-3.7	-0.6	-0.1	-9.6	-6.4
Tajikistan	-6.0	-2.8	-2.1	-6.4	-3.0
Turkmenistan	-2.8	-0.2	-0.3	-2.3	-0.5
Uzbekistan	1.6	2.1	0.0	-3.3	-1.3

Source: IMF. World Economic Outlook. April 2020