

The coronavirus pandemic has affected every single country in the world. Kyrgyzstan was no exception. Despite the fact that rates of infection and mortality in the republic are relatively low compared to other states, the country's economy has been severely affected by internal restrictions and borders closure.

---

**Follow us on [LinkedIn](#)**

---

Each country is fighting corona crisis by own means: some has used internal resources (those who have them), while others requested donors' support. Kyrgyzstan chose the second path.

At the very beginning of the emergency, the state authorities claimed that the country did not have any money. Then, they started searching for donors. They did not have to search long, the EU and international institutions responded immediately. However, not all the funds promised to Kyrgyzstan are grants. Quite the contrary, most of the funds (73.5%) - \$461.5 million were provided as a loan. That is, these funds will put an additional burden on the country as external debt.

To date, agreements on the financial assistance provision by international donors amount to more than \$627.3 million. The government of Kyrgyzstan provides the data.

Of these, the funds from the International Monetary Fund were transferred in two tranches totaling \$242 million.

According to the Ministry of Finance of Kyrgyzstan, as of March 31 this year, the external debt of Kyrgyzstan amounted to \$3.9 billion (at the rate of the National Bank of the Kyrgyz Republic \$1 = 80.81 soms).

The external debt (as of March 31) does not include the \$242 million loan received from the International Monetary Fund, since the money was transferred only at the end of March and will most likely be reflected in the statistics of the state debt for April. Including the IMF assistance, the external debt of Kyrgyzstan will grow by 6.1%; after the republic receives all

assistance promised by donors, the debt will grow by almost 11.7%.



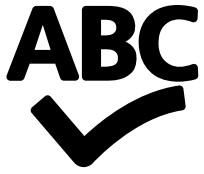
*Улук Кыдырбаев. Фото взято с личной страницы в Facebook*

“We receive information from the government that funds’ allocation to Kyrgyzstan was approved. However, we must realize that most of these funds are provided as loans. That is, the external debt of the republic is growing. The thing is that international institutions provide money to counter the consequences of the coronavirus pandemic. However, we spend it on covering current expenses,” Founder of the BizExpert analytical center **Uluk Kydyrbaev** told CABAR.asia.

Currently, only the terms of the IMF loan are revealed. \$80.6 million were provided to Kyrgyzstan as part of a quick response mechanism for 10 years, of which 5.5 years are at 0% interest rate. The republic will return the remaining \$161.1 million within 5 years, of which the grace period is 3 years with 1.07% interest rate. Thus, the main payments on the IMF loan should be made in mid-2025.

It is important to note that 2025 is the peak year of the repayment of public debt to China. However, according to reports from the Ministry of Finance, Kyrgyzstan managed to agree with a number of states, including China, on the extension and restructuring of external loans.

“The country’s leadership will have to cooperate, there is no other way. The most important thing in international relations is diplomacy. Somehow, they will agree. Question: what do they expect in return? We should understand that if the business and investment environment does not improve in Kyrgyzstan, then most likely the debt would remain within the same limits or grow. An important issue is the efficiency of using budget funds. There is very little information,” Kydyrbaev emphasized.



If you have found a spelling error, please, notify us by selecting that text and pressing *Ctrl+Enter*.