**Responding to the Coronavirus Crisis**

**Update on Tajikistan (13/04/20)**

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**Key short-term priorities**

Prepare for an outbreak of COVID-19 epidemic, consolidate budget, target assistance to vulnerable businesses, households

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**EBRD Policy Comparator**

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<th>Financial Sector</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
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<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax/ social sec. deferred</td>
<td>Loan subsidies</td>
<td>Guarantees</td>
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**Economic channels of disruption**

Remittances and external demand affected by closure of borders

- Remittances (32% of GDP) hit by travel ban and economic slowdown in Russia.
- Reduction in trade flows, FDI from China (76% of total FDI portfolio in 2019).
- Public investment in Roghun dam and other infrastructure projects affected by lower fiscal revenues and higher costs of external borrowing.

**Crisis response measures to date**

Seal borders and strengthen the healthcare system

- Closure of all borders except for cargo exports through Uzbekistan and the Kyrgyz Republic, airport closed for passengers and cargo.
- Hiring extra medical staff and purchasing medical supplies.
- Maintaining price stability via price controls and policy rate.
- Engagement with the international donor community, IFIs.
- Allowing public celebrations (Novruz), and keeping schools, businesses open to prevent panic buying of staple food.

**Selected crisis impact indicators**

**EBRD GDP growth outlook (April 2020)**

- **2020**: mild recession
- **2021**: strong growth

**Remittances** (March 2020)

- Down 30% y/y (unofficial)

**Exports** (January – February 2020)

- Up 11.7% y/y

**Imports** (January – February 2020)

- Up 15.6% y/y

**Exchange rate depreciation** (1 Jan-13 Apr 2020)

- Down 5.1%

**Sovereign bond yield** (1 Jan-6 Apr 2020)

- Up 15.5%, up from 10.3% in January

**Selected crisis response indicators**

- **Ensuring price stability**
  - National Bank of Tajikistan (NBT) hiked the policy rate by 50 basis points to 12.75% in February

- **Exchange rate depreciation**
  - The currency devalued by 5% in March

- **Financial sector**
  - NBT is assessing the possibility to allow loan deferral to the affected

- **Committed external assistance**
  - Negotiations with IMF on emergency assistance, conditioned on commitment to budget consolidation
  - World Bank provided US$ 11.3 million for healthcare support