Responding to the Coronavirus Crisis
Update on Tajikistan (13/05/20)

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

EBRD Policy Comparator

<table>
<thead>
<tr>
<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>
<th>External Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax/social sec. to deferred</td>
<td>Loan subsidies</td>
<td>Guarantees</td>
<td>Inspections/audits suspended</td>
</tr>
<tr>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

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.

Selected crisis impact indicators
- EBRD GDP growth outlook (May 2020): 2020: -1% 2021: 5%
- Remittances (March – first half of April 2020): down 50% y/y
- Exports (January – February 2020): up 11.7% y/y
- Imports (January – February 2020): up 15.6% y/y
- Exchange rate (1 January - 13 May 2020): down 5.6%
- Sovereign bond yield (13 May 2020): 14.6%, up from 10.3% in January

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.
• Engagement with the international donor community, IFIs.
• Public events banned, schools, universities closed, non-food markets and shopping malls closed until 1 June 2020
• Temporary ban on export of staple food (wheat, rice, lentils, eggs, meat)

Selected crisis response indicators
- Exchange rate: The currency devalued by 5% in March
- Financial sector: National Bank of Tajikistan (NBT) cut the policy rate by 100 basis points to 11.75% in May
- Reserve requirements lowered to free up liquidity for lending
- NBT fees for interbank fund transfers slashed
- Banks are recommended to allow loan deferrals to the affected
- Committed external assistance: IMF: US$ 189.5 million under Rapid Credit Facility for budget support; World Bank: US$ 11.3 million in grant financing for healthcare support

To learn more about EBRD’s support to Tajikistan visit: https://www.ebrd.com/tajikistan.html

Media enquiries: Anton Usov, anton.usov@ebrd.com