

Responding to the Coronavirus Crisis

Update on Tajikistan (13/05/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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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.

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

Key short-term priorities

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