

Responding to the Coronavirus Crisis

Update on Tajikistan (09/11/20)



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 in 2019) from Russia hit by travel ban and economic slowdown and declined by 39% y/y in H1 2020
- Reduction in trade flows, FDI from China (76% of total FDI portfolio in 2019).
- Public investment in Rogun dam and other infrastructure projects affected by lower fiscal revenues and higher costs of external borrowing as well as requirements for fiscal consolidation set by IMF

Selected crisis impact indicators

EBRD GDP growth outlook (September 2020)	2020: -1% 2021: 3%
Real GDP growth (Jan-September 2020)	4.2% y/y
Exports (January – September 2020)	up 54% y/y
Exchange rate (1 January – 09 November 2020)	down 14%
Sovereign bond yield (06 November 2020)	13.5% (down from 18.8% on 20 March 2020)

Crisis response measures to date

Seal borders and strengthen the healthcare system

- To prevent panic-buying and control prices, the government temporarily banned the export of wheat, rice, lentils, peas, mung beans, eggs, potatoes and meat
- Price controls were introduced for key consumer goods and medical supplies.
- Tax holidays for firms in certain sectors (tourism, hospitality, beauty and sports) until 1 September 2020 and exemption from paying rent on state property to firms that stopped operating

Selected crisis response indicators

Support to individuals	VAT exemptions on essential imports Cash transfer to vulnerable individuals at the minimum wage level
Financial sector	National Bank of Tajikistan (NBT) cut the policy rate by 100 basis points to 11.75% in May and 10.75% in August 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; ADB: US\$ 50 million grant for healthcare, SME and social support; Eurasian Development Bank: US\$ 50 million loan

Key short-term priorities

Provide liquidity to the economy, consolidate budget, target assistance to vulnerable businesses, households