Responding to the Coronavirus Crisis
Update on Tajikistan (09/11/20)

**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 cont. def.</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 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

**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

**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)

**Key short-term priorities**
Provide liquidity to the economy, consolidate budget, target assistance to vulnerable businesses, households

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

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