TAJIKISTAN | Country Economic Update Fall 2020

Economic Slowdown Amid the Pandemic

WORLD BANK GROUP

Macroeconomics, Trade & Investment
Global Practice

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FOREWORD

This edition of the Tajikistan Country Economic Update (CEU) is part of a semi-annual series designed to monitor Tajikistan's socio-economic developments. This CEU presents an analysis of the economic and social developments in 2020. It also includes a special Focus section highlighting the Economic and Social Impacts of COVID-19, based on the Listening to Tajikistan Survey.

This edition's main author is Bakhrom Ziyaev (Economist for Tajikistan). William Hutchins Seitz (Senior Economist) and Alisher Rajabov (Poverty Economist) prepared the Focus section.

The authors are grateful for the guidance and comments provided by Jan-Peter Olters (Country Manager for Tajikistan) and Ivailo Izvorski (Lead Economist for Central Asia). Idibek Rahimov (Program Assistant in Dushanbe) and Sarah Nankya Babirye (Program Assistant in Washington, D.C.) provided administrative support. Nigina Alieva helped with the dissemination of the report.

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ABBREVIATIONS AND ACRONYMS

Government Fiscal Year:	January 1–December 31
Currency Unit:	Tajikistan Somoni (TJS)
Currency Equivalents:	Official Exchange Rate Effective on November 10, 2020 US$1 = 11.30 TJS
Weights and Measures:	Metric System

ADB	Asian Development Bank
EFSD	Eurasian Fund for Stabilization and Development
FDI	Foreign Direct Investment
IFI	International Finance Institution
IMF	International Monetary Fund
L2T	Listening to Tajikistan
MOF	Ministry of Finance of the Republic of Tajikistan
NBT	National Bank of Tajikistan
TajStat	Tajik agency on Statistics, under the President of the Republic of Tajikistan
TJS	Tajik Somoni

I. OVERVIEW

COVID-19 slowed down economic growth and created social and health pressures

The COVID-19 pandemic had a significant adverse impact on the Tajik economy. Real GDP growth slowed to 4.2 percent year-on-year in the first nine months of 2020, compared to 7.2 percent a year earlier. Restrictions on labor mobility and economic activity at home and abroad resulted in lower migrant remittances, weaker consumer demand, and reduced investments. Although exports enjoyed a record global demand for gold, the domestic market collapsed, suggesting a more severe impact of COVID-19 on domestic jobs and incomes. A growing share of the population reported reducing their food consumption, and the inability of previously returned migrants to travel abroad led to a significant increase in the unemployment rate. The healthcare system faces unprecedented pressure to accommodate a sudden influx of patients. International financial institutions and partner countries rushed with financial and in-kind aid to help Tajikistan contain the pandemic's impact.

The authorities responded by adopting counter-cyclical fiscal and monetary policies

In an effort to ameliorate the economic fallout, the authorities deferred tax collections, boosted health and social spending, and eased monetary policy. They established an interagency task force to address health challenges emerging from the pandemic. The government amended the 2020 state budget, substantially increased healthcare expenditure, and expanded social assistance transfers to the population. Deferred tax payments and postponement of the administrative price increases provided liquidity support to firms and households. The government honored its commitment to increasing public sector wages and pensions since September 2020. The monetary authorities cut the policy rate and asked banks to restructure loans and waive penalties for corporate and individual borrowers facing financial difficulties. Inflation declined from its peak at the onset of the pandemic but is expected to increase by the end of 2020, reflecting the exchange rate's depreciation.

A protracted pandemic and structural constraints risk undermining growth prospects

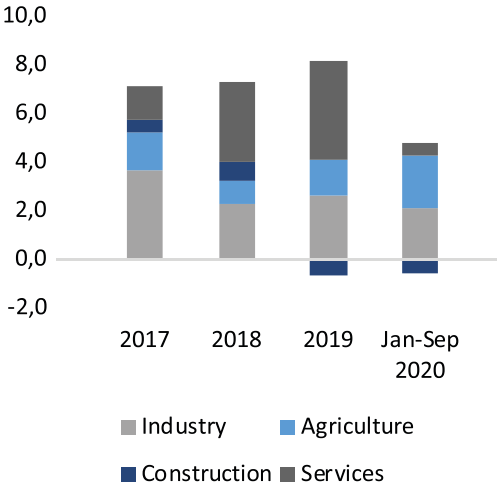
The economy is expected to gradually bounce back in 2021-22, assuming the availability and distribution of a vaccine, and a restoration of remittances inflows and international trade. Inflationary and exchange rate pressures are projected to moderate as import prices subside and foreign exchange inflows edge up. With support from development partners, the government is expected to continue shoring up healthcare and social protection systems. On the downside, intensification of the pandemic and prolonged restrictive measures would diminish growth prospects. High dependence on commodity exports and remittances magnifies exposure to external risks. Domestic risks primarily reflect limited fiscal space, inefficient SOEs, and challenges in the business environment. The risk of increasing borrower defaults may impair the financial system's sound functioning, and an unexpected upsurge in infections could create additional stress on the country's social and health situations.

II. ECONOMIC GROWTH AND INFLATION

Economic activity picked up after the easing of movement restrictions

After a significant slowdown in the second quarter of the year, economic growth accelerated in mid-summer after the ease of lockdown measures, leading to a pickup in economic activity. According to official estimates, real GDP growth reached 4.2 percent (y/y) through nine months of 2020 compared to 3.5 percent in January-June 2020 and 7.2 percent in January-September 2019. While household consumption continued to suffer from a weak inflow of migrant remittances, public and private investments fell compared to their pre-pandemic levels. In the first nine months of 2020, GDP growth primarily benefited from the export of precious metals, whereas domestic demand collapsed by about 4 percent (y/y) compared to last year's same period. This suggests that the pandemic's hit on domestic incomes and jobs was more severe than on the GDP growth rate. In 2020, a growing share of the population is projected to fall into poverty.

Figure 1: Sector Contribution to Growth
(Annual percent)



Source: TajStat and World Bank staff calculations.

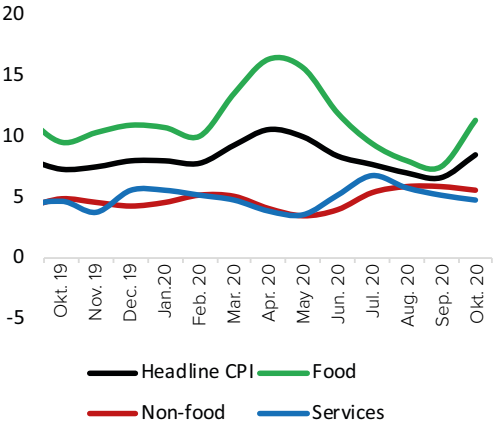
Hospitality and tourism experienced the most severe hit from the pandemic

The agricultural and industrial sectors were the largest contributors to growth in the first nine months of 2020. Despite locust invasion in the country's southern regions, agriculture grew by 8.1 percent (y/y). Favorable weather conditions, new arable land development, and growing production capacity in the poultry sector helped boost total sector output. Industrial production grew by 10.7 percent (y/y), supported by food processing and metallurgical industries, which rose by 25.9 percent (y/y) and 23.3 percent (y/y), respectively. The impact of the pandemic on the services sector was severe. In January-September 2020, hotel occupation rates declined by 67 percent (y/y), restaurant services by 19.5 percent (y/y), and passenger turnover by 14.3 percent (y/y). On the other hand, banking, communication, and healthcare showed a jump compared to the previous year. The overall services sector grew by 1.1 percent (y/y). On the demand side, cuts to public investment and disruptions to foreign investments led to a drop in construction activity by 6.9 percent (y/y). More than half of construction is financed through the budget, a quarter by the domestic private sector, and about one-fifth by foreign investors.

Inflation steered towards the target band

Twelve-month inflation declined to 8.5 percent by October 2020 after a peak of 10.6 percent in April 2020. Favorable agriculture output and restrained export reduced yearly food inflation to 11.3 percent from 16.3 percent at the onset of the pandemic. On the other hand, disruptions to air and ground transportation led to price hikes in non-food products, with annual inflation peaking at 5.5 percent in October 2020, compared to 4 percent in April 2020 and 4.8 percent a year earlier. Inflation rose sharply in pharmaceuticals and cleaning and disinfection products, reflecting a sudden surge in demand due to the pandemic. Administrative adjustments in natural gas and electricity prices from the last year and climbing prices in communication services increased overall services inflation to 5.1 percent (y/y). Although headline inflation moved towards the central bank's inflation target band of 6±2 percent, the exchange rate's devaluation – by over 9 percent in early November – has created new inflationary pressures.

Figure 2: Consumer Price Inflation
(Annual percent)



Source: TajStat and World Bank staff calculations.

Table 1: Contributions to Real GDP Growth
Percentage points

	2017	2018	2019	Jan-Sep 2020
Real GDP growth	7.1	7.3	7.5	4.2
Industry	3.6	2.2	2.6	2.1
Agriculture	1.6	0.9	1.5	2.1
Construction	0.5	0.8	-0.7	-0.6
Services	1.4	3.3	4.1	0.5

Source: TajStat and World Bank staff estimates.

III. CURRENT ACCOUNT, EXPORTS, AND FDI

Surging gold exports narrowed the external deficit

Tajikistan's external position improved in the first half of 2020, supported by surging export prices for precious metals. The current account deficit narrowed to 1.8 percent of GDP during January-June 2020 compared to 7.6 percent of GDP a year earlier. Merchandise exports were up by 54.8 percent (y/y) in the first nine months of 2020, benefiting from the export of gold as the authorities took advantage of the strong global demand. In nominal terms, the export of precious metals reached US$ 690 million and comprised about 58 percent of the total exports basket. The export of mineral products and other primary commodities such as aluminum, cotton suffered from falling international prices. An insufficient level of water in the reservoir suppressed electricity generation and sales to the neighboring countries. Merchandise exports excluding precious metals dropped by 22.4 percent (y/y) through January-September 2020. Total imports declined because of cuts in imports for public investment projects and muted consumer demand. While the government scrutinized investments in the context of falling revenues, falling migrant transfers – at 14.8 percent (y/y) through mid-year[1] – forced households to taper consumption. Total merchandise imports fell by 6.6 percent (y/y) in January-September 2020, mainly showing up in machinery and equipment, vehicles, and other consumer goods.

FDI substantially fell

The COVID-19 had a drastic negative impact on the already low foreign direct investment. The volume of inward FDI fell by over 70 percent (y/y) to US$ 59.8 million, or 1.8 percent of GDP, in the first half of 2020. Mining, manufacturing, and financial intermediation saw the largest drop in FDI inflows.

[1] According to Central Bank of Russia, individual transfers dropped by 39 percent (y/y) through January-June 2020.

Table 2: Balance of Payments
(Percent of GDP)

	2017	2018	2019	Jan-June 2020
Current account balance	**2.2**	**-5.1**	**-2.3**	**-1.8**
Merchandise trade	**-21.2**	**-25.5**	**-23.7**	**-21.9**
Exports f.o.b.	12.2	11.8	12.3	17.8
Imports f.o.b.	33.4	37.3	36.0	39.7
Services	-1.7	-2.9	-3.0	-4.1
Primary income	16.9	16.5	16.4	15.5
Secondary income	8.1	6.7	8.0	8.7
Capital Account	**1.9**	**2.4**	**2.0**	**1.9**
Financial Account 1/	**-6.1**	**-2.8**	**-4.5**	**-10.4**
Foreign direct investment, net	-0.9	-3.4	-2.3	-0.4
Portfolio investment	-7.0	0.0	0.9	0.0
Other capital flows	1.7	0.6	-3.0	-9.9
Errors and omissions	**-1.6**	**-3.6**	**-2.0**	**-2.7**
Overall Balance	**7.4**	**-3.6**	**2.2**	**7.7**
Financing	**7.4**	**-3.6**	**2.2**	**7.7**
Reserve assets	7.4	-3.6	2.2	7.7
Credit and loans with the IMF	0.0	0.0	0.0	0.0
The exceptional financing (residual)	0.0	0.0	0.0	0.0
Memorandum items:				
Nominal GDP (US$ million)	7,162	7,406	8,117	3,240

Source: NBT and World Bank staff estimates
1/ Based on the BPM6 Methodology, a (+) denotes an increase in assets or a decline in liabilities; a plus sign on FDI, for example, shows net outflows of FDI. A (-) denotes an increase in liabilities – in this case, a minus sign on FDI shows net inflows of FDI.

IV. FISCAL AND DEBT POLICIES

The budget shifted to a large deficit because of the COVID-19 outbreak

According to preliminary estimates, the authorities pursued a contractionary fiscal policy in the first nine months of 2020. Despite lower revenues, the government managed to consolidate the state budget by scaling up spending cuts in the maintenance and repair works, purchasing new equipment, and deferring low-priority projects. However, commensurate with mid-year amendments, budgetary spending is expected to escalate in the remaining part of the year, once disbursements accelerate and funds become available for the use of the Ministry of Finance. Because of higher spending on healthcare and social assistance programs, the amended 2020 state budget targets a fiscal deficit of 5.8 percent in 2020.

Foreign budget support helped offset the revenue shortfall

In the first nine months of 2020, tax collections underperformed by tumbling 3.7 percent (y/y). Nearly all tax receipts saw a drop led by profit and income taxes, value-added tax, and social contributions. Declining tax collections can be explained by the contraction of domestic demand and temporary fiscal reliefs granted to firms and households during the pandemic. The Tax Committee reported that the agency could collect only 53 percent of the large taxpayers' collection targets. Most turnover declines were observed in airports, airlines, and hotel and tourism companies. In nine months of 2020, tax arrears rose by TJS 440 million, reaching more than 1 billion somonis. Collections also under-performed in extra-budgetary funds and other non-tax revenues – down by 12-13 percent (y/y). In the first nine months of 2020, the government received TJS 515 million in budget support grants, which helped offset the shortfall in tax revenues.

The budget prioritized spending to strengthen healthcare and social protection systems

While prioritizing budget expenditures, spending cuts mostly concerned the energy sector – down by 23.1 percent (y/y) – and the state administration – down by 11.4 percent (y/y) – through January-September 2020. In contrast, the government propped up spending in healthcare by 19.6 percent (y/y) and social protection by over 9 percent (y/y) to build new medical capacities and support livelihoods. Since July, the authorities rolled out the targeted social assistance program to an additional 28 districts, covering the entire country. Eligible families received TJS 400 per year, which is expected to increase further to TJS 464. The government also provided a one-time COVID assistance of TJS 500 to the vulnerable groups of the population. Since September 1, 2020, public sector wages and pensions have increased by 10-15 percent with the previously envisioned plans.

New borrowing needs increased the level of public debt

The government financed the higher deficit related to COVID-19 by borrowing. To address the pandemic's challenges and to close the fiscal deficit arising from the revenue shortfall, international organizations supported the government by stepping up healthcare projects and budget support programs. In-

ternational emergency assistance in the form of grants and loans was agreed with the IMF (US$189.5 million), ADB (over US$102.5 million), and EFSD (US$50 million). The World Bank's support for COVID-19 in the healthcare sector made US$11.3 million available, and this will be supplemented by another US$16.2 million. The country's external public debt reached almost 40 percent of GDP by September 2020 compared to 36.6 percent of GDP at the end of 2019. While the IMF's emergency credit comprised the largest loan disbursement in the first nine months of 2020, other IFI lending is expected to accelerate in the remaining part of the year, thus pushing the debt level even higher. Since Tajikistan has a high risk of debt distress, any new non-concessional borrowing adds to the pressure on public debt sustainability. To ensure the soundness of public finances, the government committed to consolidating the budget and updated its Debt Management Strategy for 2021-2023 to guide through borrowing criteria and debt ceilings over the medium term.

Tajikistan applied for debt suspension

Tajikistan is in the group of countries that recently applied to the G-20 Debt Service Suspension Initiative (DSSI). The DSSI's objective is to support low-income countries by suspending official bilateral debt servicing through mid-2021. This should free up some fiscal space to fund social, health, and economic measures to battle the pandemic. Under DSSI, Tajikistan benefited from the suspension of debt repayments to China. The government continues negotiations with other bilateral creditors to have temporary debt service breaks.

Table 3: Consolidated Fiscal Accounts
(Percent of GDP)

	2017	2018	2019 est.	2020 proj.
Revenues and Grants	29.7	29.1	27.3	24.6
Tax Revenues	22.3	22.1	21.0	18.4
Taxes on Goods and Services	12.3	11.9	11.8	10.4
Direct Revenues	6.3	6.6	6.0	5.4
Social Insurance Contributions	2.6	2.6	2.2	2.0
Taxes on International Trade	1.2	1.1	1.0	0.6
Non-Tax Revenues	4.9	4.1	4.0	3.2
Grants	2.4	2.9	2.2	3.0
Total Expenditures	35.6	31.9	30.0	29.7
Current Expenditures	16.9	18.0	17.2	18.4
Capital Expenditures	18.3	14.0	12.7	11.2
Net Lending	0.4	-0.1	0.1	0.1
Government Balance	-6.0	-2.8	-2.7	-5.1
General Government Debt	50.4	47.9	45.2	52.5

Source: MOF and W.B. staff estimates and projections

V. MONETARY POLICY AND FINANCIAL SECTOR

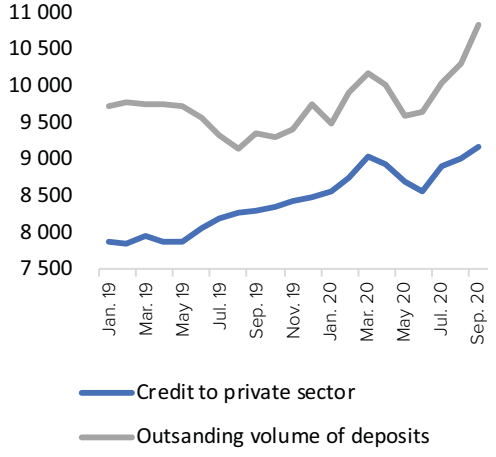
NBT eased the monetary policy to support lending

The authorities have pursued an accommodative monetary policy to support the economy during the pandemic. The National Bank of Tajikistan (NBT) cut the refinance rate by 100 basis points on May 1, and again by the same magnitude on August 3 to 10.75 percent. On April 1, the bank cut reserve requirements from 3 percent to 1 percent for national currency deposits, and from 9 percent to 5 percent for foreign currency deposits. The authorities also asked lending institutions to restructure loans by extending grace periods and waiving penalties for corporate and private borrowers facing financial difficulties. The NBT committed to providing emergency credit funds to the banking system in the case of force majeure situations to ensure financial stability across the board.

Lower interest rates stimulated new borrowing

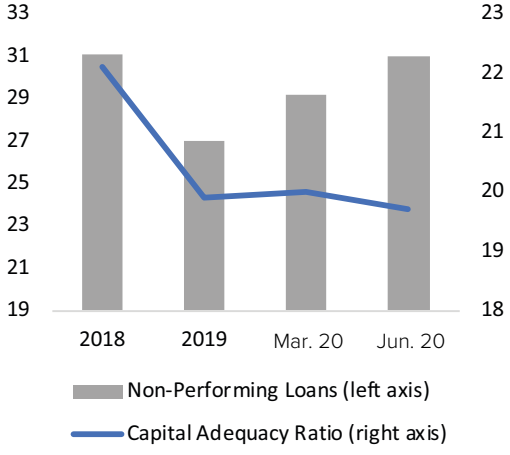
Following rapid growth in the first quarter of the year, credit expansion slowed as the pandemic spread. Credit to the private sector increased by 13.4 percent (y/y) in March 2020, and slowed down to 6.1 percent (y/y) by June 2020. Since mid-summer, the gradual easing of lockdown measures and a pickup in economic activity stimulated new borrowing by the private sector, which reached 8.8 percent (y/y) by August. Commercial banks facilitated new lending by reducing the average interest rate from about 24 percent early in the year to 18 percent in July 2020.

Figure 3: Credit and Deposit
(TJS million)



Source: NBT

Figure 4: Non-performing Loans and Capital
(Percent)



Source: NBT

Deposits recovered as the economy gained traction

Households and firms reduced their deposits in the second quarter of the year when the country was under lockdown. Households reduced their deposits by 6.2 percent and firms by 4.7 percent between March-June 2020. However, the withdrawals were temporary; by August, deposits recovered to their pre-pandemic levels and continued to increase through September 2020.

Financial indicators deteriorated during the pandemic

The pandemic and associated slowdown in economic activity increased non-performing loans from 27 percent of total loans at the end of 2019 to 31 percent by the end of June 2020. Deteriorating loan portfolio withered returns on assets and equities down to 1.9 percent and 7 percent, respectively. So far, the pandemic has had little impact on the banking sector's capital levels. As of June 2020, the system-wide capital adequacy ratio stood at 19.7 percent compared to 20 percent a quarter earlier. Limited access to foreign exchange sharply increased sensitivity to market risk, with net open foreign exchange positions reaching 6 percent of regulatory capital, compared to 1.1 percent at the end of last year.

VI. ECONOMIC OUTLOOK AND RISKS

Economic growth is projected to pick up from 2021

Economic growth is likely to start improving in 2021, assuming that a COVID-19 vaccine becomes available. Growth bounce-back in neighboring countries, especially China and Russia, will help support trade activities, remittances inflows, and foreign investments. We project growth at 3.5 percent in 2021 and higher levels in the outer years of the projection period. Inflationary pressures are likely to moderate in the medium term as import prices subside, and NBT pursues a tighter monetary policy.

The external position is expected to improve gradually

A likely rebound in global demand should increase Tajikistan's exports of commodities. The mining sector is expected to continue attracting most FDI inflows as economic growth firms up in the region. Migrant remittances are likely to strengthen once travel restrictions are eased, and access to foreign labor markets is restored. Projected consolidation of public finances will help keep the external deficit at a more sustainable level.

The government plans fiscal consolidation

The government has committed to fiscal consolidation in 2021 and over the medium term. The 2021 state budget plans to reduce the fiscal deficit by increasing tax collections and containing expenditures. At TJS 18.8 billion, the next year's budget targets a 17.1 percent increase in tax receipts over the amended 2020 state budget. Similarly, non-tax collections are expected to increase by 17 percent in 2021 and reach TJS 1.4 billion. Protraction of the pandemic and introduction of the new tax code in 2021 may create some challenges in achieving revenue targets. Total expenditures are planned to increase by 5.3 percent to TJS 28.1 billion. Allocations for the social sectors will be maintained at 47-48 percent of total spending. However, spending among social sectors will be realigned to account for a substantial funding increase to healthcare in 2020. Over the medium term, the state budget will continue experiencing high pressure from large-scale infrastructure projects, while sustaining adequate social spending levels in health, social protection, and education will remain crucial for nurturing human capital.

COVID-19 and structural challenges continue to impose a risk on the socio-economic situation in Tajikistan

Risks to the economic outlook are primarily shaped by the progress in finding a vaccine for COVID-19, and the recovery of remittances and external trade. The economic recovery will be stifled if the outbreak resurges, and movement restrictions are reinforced. Heavy reliance on remittances inflows and a small basket of export commodities continue to pose a high external risk to the Tajik economy.

Domestically, the country faces the challenge of addressing inefficient SOEs and carrying out much-needed structural reforms to revive the private sector. Rising non-performing loans and reduced profitability may impair bank balance sheets and erode capital buffers. A possible new wave of infections will

strain the social and health situation in the country. Without a sufficiently broad tax base, the authorities will continue to struggle to mobilize enough revenues to finance social outlays and strategic infrastructure projects. The fiscal space has been largely exhausted, and a high risk of debt distress suggests avoidance of non-concessional borrowing. On the other hand, the macroeconomic environment is likely to benefit from the tax system's envisaged reforms and rehabilitation plans in the energy and financial sectors. Poverty alleviation prospects have weakened as the economy struggles through the pandemic and the link between GDP growth and job generation remains weak.

Table 4: Baseline Scenario: Selected Macroeconomic Indicators
(In percent, unless otherwise indicated)

	2019	2020f	2021f	2022f
Real GDP growth	7.5	2.2	3.5	5.5
Private consumption	7.1	-3.8	5.4	5.6
Government consumption	3.5	4.2	2.0	2.9
Gross fixed investment	-6.4	-1.8	10.7	13.0
Exports: goods and services	3.5	7.0	1.4	5.1
Imports: goods and services	2.2	-1.0	0.3	0.4
Consumer price inflation	8.0	10.0	8.0	7.5
Current account balance (percent of GDP)	-2.3	-3.2	-3.4	-3.0
Overall fiscal balance (percent of GDP)	-2.7	-5.1	-3.3	-2.9

Source: Tajik authorities, W.B. staff estimates and projections

VII. FOCUS SECTION: ECONOMIC AND SOCIAL IMPACTS OF COVID-19

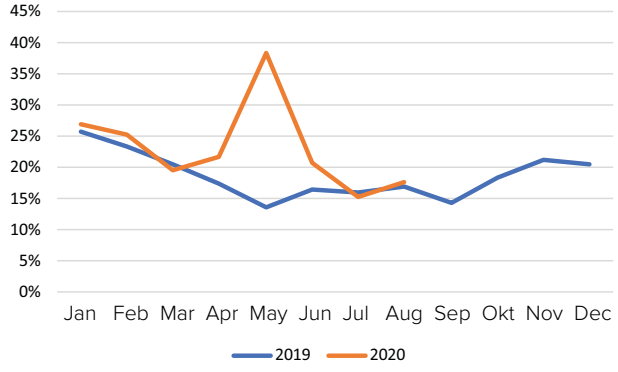
Summary

After a sharp decline in April and May 2020, the labor market began quickly recovering from June to August in the absence of lockdown measures. In August, the number of vacancies posted online recovered to the pre-crisis level. However, severe vulnerabilities remain. Among those reporting continued work disruptions, a rising share believe that job losses may be permanent. Food insecurity remains seriously elevated, and far above 2019 levels. Among those households seeking any medical care since the outbreak, 20 percent report being unable to obtain it. About 5 percent of household have reported newly receiving official financial or in-kind support from government since the outbreak.

Livelihoods

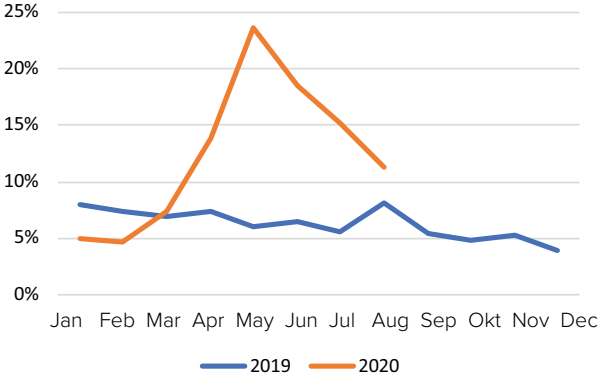
Domestic employment regained lost ground after sharply deteriorating following the outbreak. The share reporting that no member had worked in the preceding week spiked to nearly 40 percent in May but converged to its 2019 level by August. Led by construction jobs, the number of postings on popular site somon.tj rose to 7 percent above its pre-crisis level in August after falling by more than 70 percent.

Figure 5: No Household Member Working



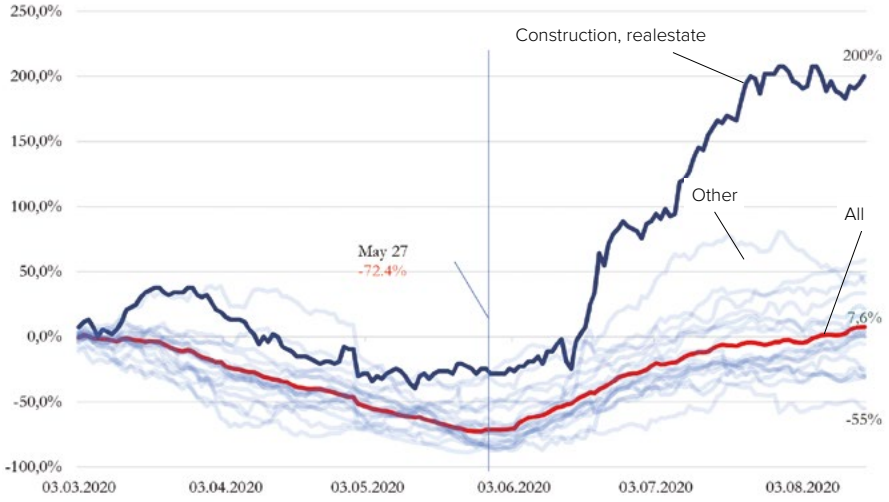
Source: W.B. staff calculations based on somon.tj

Figure 6: Financial Situation Worse than 10 Days A



Source: W.B. staff calculations based on somon.tj

Figure 7: Change in Vacancies



Source: W.B. staff calculations based on somon.tj

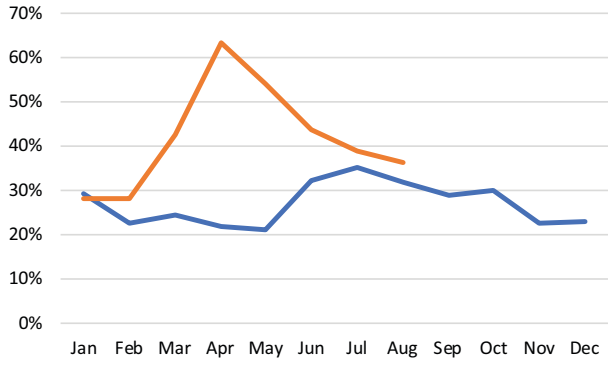
Work disruptions are less pervasive than immediately following the outbreak, but a rising share of remaining unemployment may be permanent. The share reporting work disruptions of household members due to COVID-19 fell to about 40 percent in August from 63 percent in May. However, a rising share who halted work were reported as "unlikely to resume," from 19 percent to 33 percent over the same period.

The extent of severe financial strain is moderating but remains elevated. The share with deteriorating finances moderated by August to 3 percentage points above its level in 2019. The share who believe they could pay an emergency expense of 100 somoni (about $10) rose from 43 percent in May to 52 percent in August. The share who reported being very concerned about the impact of COVID-19 on the economy and their livelihoods was nearly 53 percent in August, down from about 71 percent in May.

Migration and Remittances

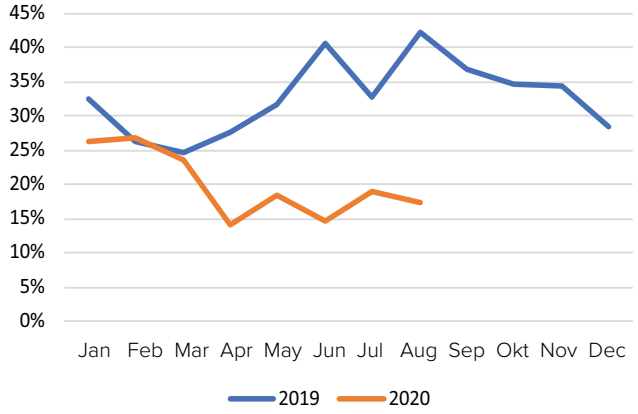
Among households with migrants already abroad, remittance income fell dramatically in April 2020 but recovered some lost ground through August. The share of migrants sending remittances over the preceding 10 days remains severely lower than last year, by more than 25 percentage points in August. About 62 percent of recipient households reported a decline in remittances in April, the highest share ever recorded in the L2T survey. However, through August expectations of continued transfers steadily closed the gap with 2019 levels. Rather than having fully lost employment arrangements, respondents typically report short-term income loss among migrants as the cause of less frequent remittance transfers.

Figure 8: Expect Falling Remittances



Source: W.B. staff calculations based on somon.tj

Figure 9. Received Remittances
(Past 10 Days)



Source: W.B. staff calculations based on somon.tj

Lower remittances are expected to push the poverty rate higher. Poor households in Tajikistan depend much more on remittances than those better off. More than 80 percent of households that receive remittances reported that they primarily spend them on food and other basic necessities.

Interest in migrating abroad for work is returning. After falling to about 2 percent of households in May, interest in migrating abroad rose to 7 percent of households in August, nearly the same level as the same time in 2019. The share of households providing details of at least one member currently abroad fell to 32 percent in August, in comparison to 41 percent at the same time last year.

Food Security and Spending

Reports of reduced food consumption spiked in May to 41 percent of the population and remained 10 percentage points above 2019 levels in August. Overall food security deteriorated during the peak of the crisis across a range of indicators, with rising shares reporting going hungry, reducing dietary diversity, and worries over obtaining enough food, before recovering some-

Figure 10: Reduced Food Consumed

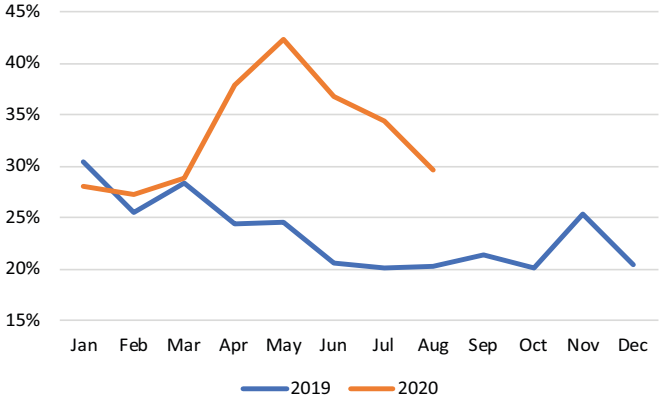


Figure 11. Hunger Situation

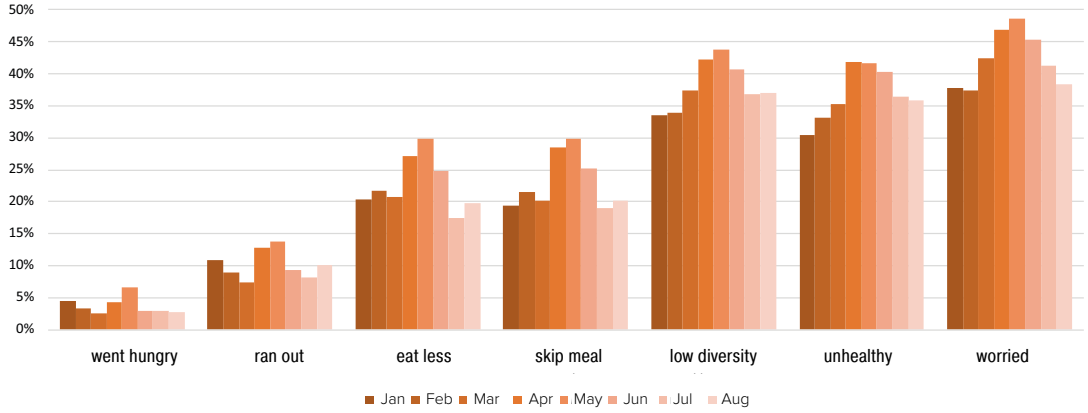
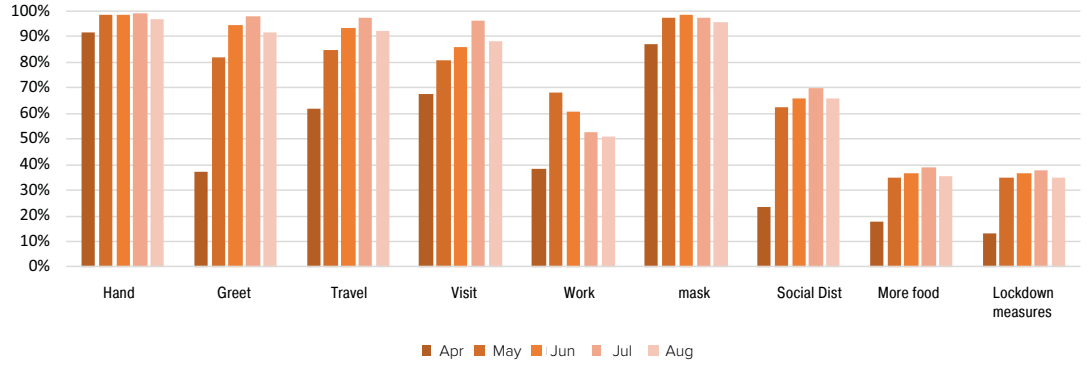


Figure 12: Changing Household Routines in Response to COVID-19



what from June to August. Similar increases were seen in reduced ability to pay for utilities, and in coping mechanisms such as selling assets and reduced spending on medical care.

Very few households reported local shortages of basic goods in August. Less than 2 percent of respondents reported that items are out-of-stock, down substantially from 10 percent in May.

Knowledge, Education, and Behavior

Nearly all respondents report changing their routines due to COVID-19. About 97 percent report reducing handshakes consistently since May. A remarkably higher share report reducing other greetings, such as kissing and hugging, following the outbreak. Reported mask use and social distancing

Figure 13: COVID-19 Information Sources

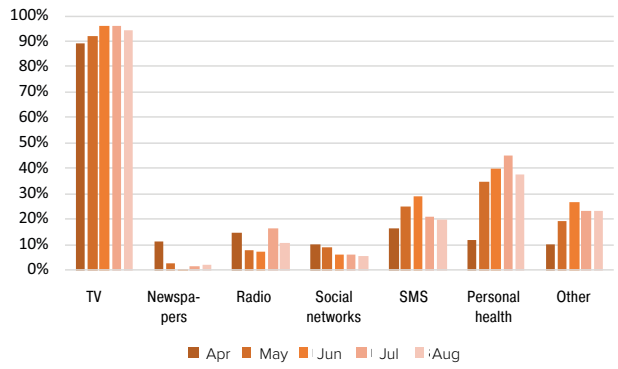
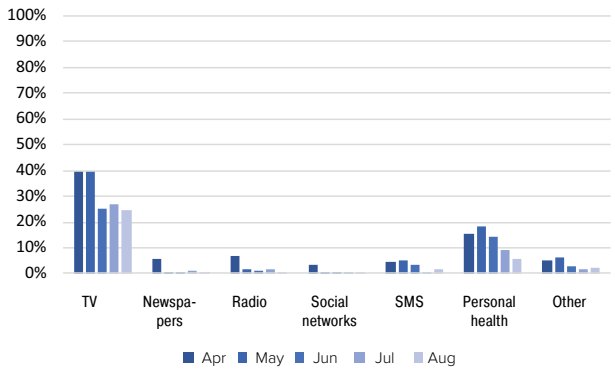


Figure 14. Sources of Official Information



also rose substantially in May. Respondents in Tajikistan increasingly reported more frequent handwashing, rising from a median of 7 times per day in April to a median of 10 times per day in August.

Levels of concern about COVID-19's impacts on health and the economy are moderating. In August, about 56 percent of respondents reported being very concerned about the health of their family, down from about 79 percent in April. Slightly more than 53 percent reported being very concerned about the impact of the outbreak on the economy and their livelihoods, down from more than 70 percent in April.

About 28 percent of households reported having needed medical care per month since the outbreak. Among them, 20 percent report not having been able to obtain it. Reports of inability to access care have been higher among those living in urban areas (22 percent of attempts vs. 18 percent in rural areas).

ANNEX 1. SELECTED MACROECONOMIC AND SOCIAL INDICATORS, 2017–22

	2017	2018	2019	2020	2021	2022
	Actual	Actual	Estimate	Projections		
			(Percent)			
National Income and Prices						
Real GDP growth	7.1	7.3	7.5	2.2	3.5	5.5
Private consumption growth	0.0	7.2	7.1	-3.8	5.4	5.6
Gross investment, growth	20.3	7.9	-6.4	-1.8	10.7	13.0
Consumer price inflation, period average	7.3	3.9	8.0	10.0	8.0	7.5
Average exchange rate (TJS per USD)	8.5	9.2	9.5	...	...	...
			(Percent of GDP)			
External Accounts						
Exports of Goods and Services	15.7	14.8	15.3	17.0	13.4	13.6
Imports of Goods and Services	38.7	42.8	42.0	39.4	38.3	40.3
Current Account Balance	2.1	-5.0	-2.3	-3.2	-3.4	-3.0
Capital Account	1.9	2.4	2.0	2.1	2.1	2.0
Financial Account	-5.0	-2.8	-4.5	-7.6	-3.7	-4.2
Foreign direct investment, net	-0.9	-3.4	-2.3	-1.4	-2.0	-2.6
			(Percent of GDP)			
Consolidated Fiscal Accounts						
Revenues	29.7	29.1	27.3	24.6	27.4	28.6
Expenditures	35.6	31.9	30.0	29.7	30.7	31.5
Overall fiscal balance	-6.0	-2.8	-2.7	-5.1	-3.3	-2.9
Primary fiscal balance	-5.5	-1.6	-1.3	-3.7	-2.0	-1.0
Total Public Debt	50.4	47.9	45.2	52.5	51.9	50.7
			(Percent)			
Monetary Accounts						
Broad money growth	21.8	5.1	16.9	...	...	...
Reserve money growth	21.0	7.0	20.1	...	...	...
Private sector credit growth	-20.2	1.3	7.7	...	...	...
Refinance rate, end of period	16.0	14.0	12.3	...	...	...
Social Indicators						
Population, total (millions)	8.9	9.1	9.3	...	...	...
Population growth (percent)	2.1	2.3	2.1	...	...	...
Unemployment rate (officially registered)	2.2	2.0	2.1	...	...	...
International poverty rate ($1.9 in 2011 PPP)	3.6	3	2.6	2.6	2.4	2.3
Lower middle-income poverty rate ($3.2 in 2011 PPP)	15.8	14.6	12.7	12.9	12.4	11.5
Upper middle-income poverty rate ($5.5 in 2011 PPP)	48.6	45.1	42.6	42.8	41.8	39.6
Inequality – Gini coefficient	34	...	...	...	...	...
Life expectancy (years)	70.6	70.9	...	...	...	...

Source: Tajik authorities, and World Bank staff estimates and projections

Tajikistan

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