

# Tajikistan Monthly Risk Monitoring & Warning Report (July 2010)



## RISK TRENDS

### NATURAL HAZARDS

Below normal precipitation forecast for August should reduce the risk of flooding and mudflows. However, locally intense storms can still produce local flooding even in the absence of widespread above average precipitation.

### HEALTH

Although the number of new polio cases has dropped, WHO indicates that the risk from polio remains high.

### FOOD SECURITY

An increase in prices for petrol and wheat flour, combined with reports of reduced harvest in Russia and Kazakhstan (main suppliers of wheat for Tajikistan) and increased global prices, raises concerns about food security in Tajikistan.

### ENERGY SECURITY

Risks to energy security are not expected to be significant for the next month

### MACROECONOMIC TRENDS

Weak investment and weak demand are affecting the economy. The economy is being supported by remittances which are being sent to Tajikistan at levels second only to 2008 (the highest year for remittances since 2002).

## 1 WEATHER-RELATED RISKS

### 1.1 Weather-Related Events

In June several cases of moderate damage due to heavy rains, hail, wind and mudflows were reported by the Committee of Emergency Situation and Civil Defense (CoES) in Sughd and Khatlon Provinces and in the Direct Ruled Districts (DRD). Further information on these events can be obtained from CoES or REACT Secretariat.

### 1.2 Forecast for August 2010

Average temperatures in Khatlon and Sughd Provinces will be 17 to 22 degrees Celsius (°C) at night. Temperatures will be between 34 and 39 °C during the day in Khatlon and between 31 and 36 °C during the day in Sughd, reaching to between 35 and 40 °C in the middle of the month. In the DRD and western GBAO, temperatures will be 6 to 11 °C at night and reach 25 to 30 °C during the day. In the eastern part of GBAO, temperatures will be from 15 to 20 °C during the day 1 to 6 °C at night.

Monthly precipitation is expected to range from 0 to 2 mm at lower elevations and 1 to 3 mm in the foothills, and be generally less than normal. A more detailed forecast can be found in Annex A.

### 1.3 Weather summary for June 2010<sup>1</sup>

The weather in June was moderately hot with at times intense precipitation. Average temperatures in lower elevations were 24 to 28 °C, in the foothills 21 to 23 °C, in lower mountains 11 to 18 °C and high mountain areas 5 to 7 °C (1 to 2 °C below normal). Heavy rains, with lightening and rapid drops in temperature, occurred from 2 to 6 June. The hottest weather in the country was recorded from 19 to 23 June when temperatures in lower elevation reached 37 to 42 °C.

**Precipitation from January through June 2010. Total precipitation in mm and % of mean**

Location	January		February		March		April		May		June	
	Prec.	% of mean	Prec.	% of mean	Prec.	% of mean	Prec.	% of mean	Prec.	% of mean	Prec.	% of mean
<b>Dushanbe</b>	64.6	85	146.3	174	114.6	82	54.2	44	121	148	84.7	460
<b>Kurgan-Tyube</b>	17.4	42	86.7	188	43.3	67	47.1	108	82.3	346	16.6	426
<b>Khorog</b>	23.3	69	116.6	333	56.1	128	42.9	210	64.3	215	5.9	70
<b>Garm</b>	78.4	115	239.4	281	93.7	70	117.5	82	196.9	181	97.1	237
<b>Khodjent</b>	20.9	133	38.3	255	20	80	44	164	90	448	30.5	365

For May and June precipitation was significantly about average for the five stations noted in the table above, except for Khorog, where precipitation was 70% of the norm in June. However, precipitation in Khorog was above average from February to May. Forecasted lower precipitation in August should reduce the risk of flooding or mudflows.

<sup>1</sup> The information in Sections 1.2 and 1.3 and Annex A is based on reports from the State Hydro-meteorological Agency.

## 2 ENERGY

### 2.1 Electricity Supply

As indicated in the table (at right), overall electrical generation dropped very slightly in June. Total generation was 1331 GigaWt, with average daily generation of 44.36 GigaWt. Electricity generated from the Nurek hydropower plant allowed a stabilization of supply and demand in the country.

Year	Month	Nurek	Total for Tajikistan
2009	November	858	1303
	December	866	1414
2010	January	849	1429
	February	825	1382
	March	809	1383
	April	824	1267
	May	986	1346
	June	975	1331

### 2.2 Electricity Availability

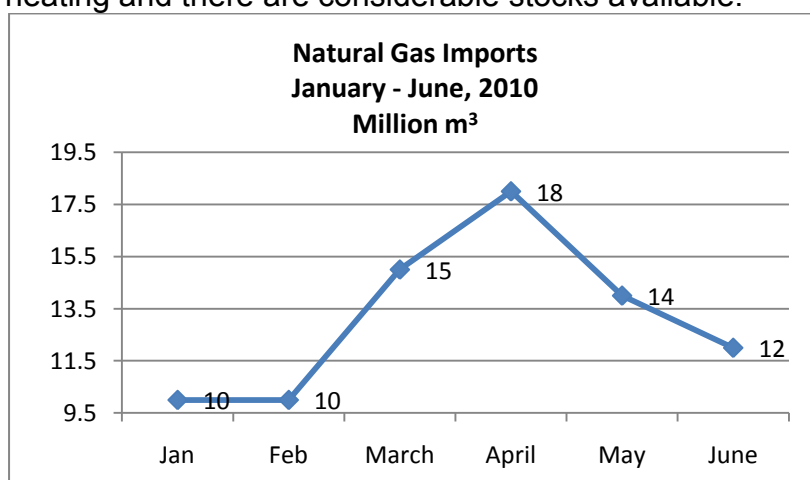
Tajikistan remained largely self-sufficient in electricity in June. Overall electricity consumption was normal for the month of June. Consumption for Dushanbe dropped 25% from April to June, while consumption in the North increased close to 69% during the same period.

Month	South	North	Talco	Dushanbe
April	35	7	18	6
May	36	6.5	18.5	5.9
June	35	11.8	18.2	4.5

### 2.3 Natural Gas & Coal

The import of natural gas in June was 12 million m<sup>3</sup>. Daily average import of gas in June was 400,000 m<sup>3</sup>. Out of 250 million m<sup>3</sup> in expected imports in 2010, only 79 million m<sup>3</sup> has been imported to the end of June. Tajikistan imports natural gas mainly from Uzbekistan. Large scale industries such as the TALCO aluminum factory and Tajik Cement depend on imported gas and supplies are largely governed by whether Tajik users are able to pay for gas as it is consumed.

Demand for coal in June was not high as the commodity is largely used for winter heating and there are considerable stocks available.

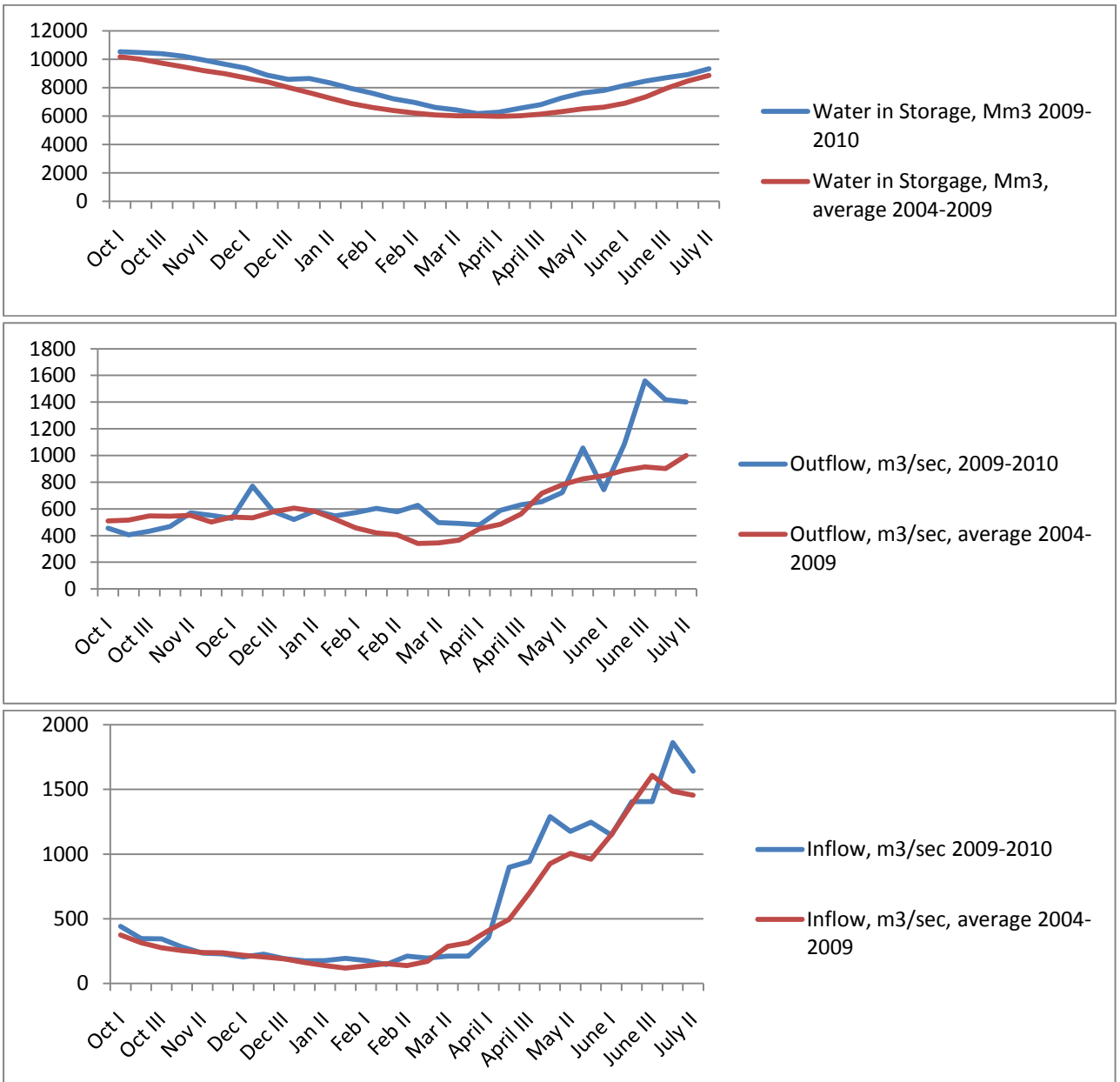


Year	Million m <sup>3</sup>
2004	622.5
2005	629
2006	635
2007	644.7
2008	512.7
2009	216.7
2010 (plan)	250

2.4 Reservoir Levels<sup>2</sup>

As indicated below, the volume of water in Nurek Reservoir remains above average, with inflows for most of July also above average. Outflows also remain above average, in part to off-set the above average inflows. The level of inflows is also forcing Nurek to release water without generating electricity, to keep reservoir at manageable levels.<sup>3</sup>

Nurek Reservoir has a capacity of approximately 10.6 billion m<sup>3</sup> of water. The accumulated water is used during the low inflow winter months to generate electricity for heating and other needs. At current levels and inflows, it appears the reservoir will easily meet this pre-winter storage target of 10.6 million m<sup>3</sup>.



<sup>2</sup> Data from CAWaterInfo, [http://www.cawater-info.net/analysis/water/nurek\\_e.htm#](http://www.cawater-info.net/analysis/water/nurek_e.htm#)

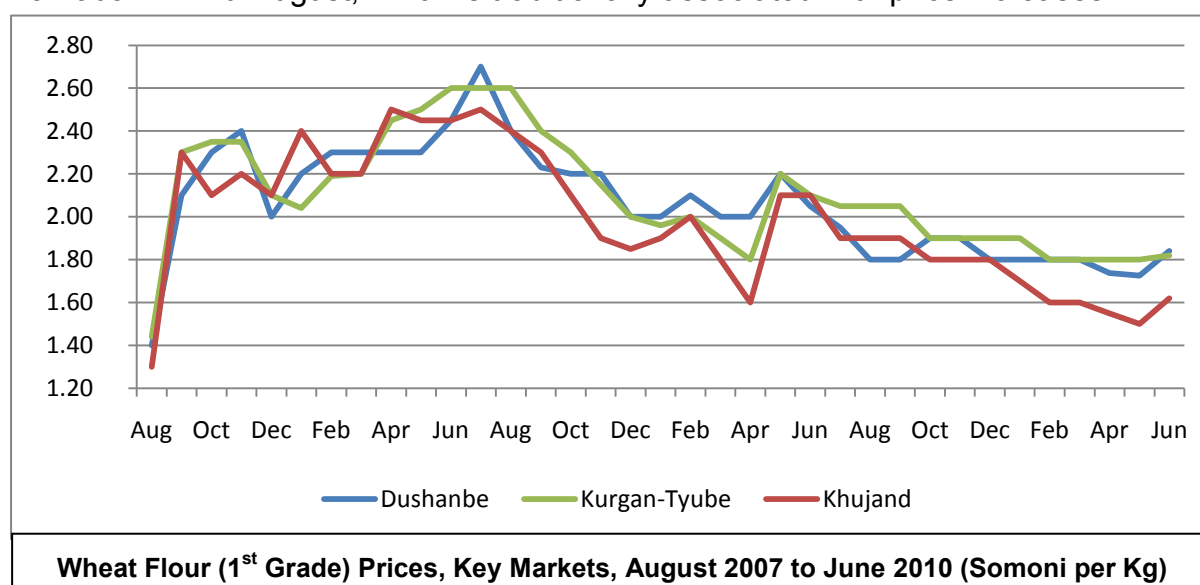
<sup>3</sup> Data for Nurek reservoir is presented from October 1 of one year (when the reservoir should be full for winter operation) to the latest reporting date in the following year. The blue line indicates the reported data from October 2009 to mid-July 2010. The red line indicates the average for each decade (10 day) reporting period from October to mid-July for the years from 2004 to 2009.

### 3 Food Security

#### 3.1 Food and Fuel Prices<sup>4</sup>

After dropping, in May 2010, to the lowest levels since the beginning of the global economic crisis in August 2007, Grade 1 wheat prices in two of the three indicator markets (Dushanbe, Khujand) increased by 9% and 10%, respectively, in June. The increase in Kurgan-Tube was 1% between the two months.

The outlook for wheat prices in Tajikistan is not clear. The recent increase may reflect a pass-on impact of the increase in fuel costs (see below). Forecast reductions in wheat harvests in Kazakhstan and Russia (main wheat sources for Tajikistan), Canada and Europe have triggered global price increases (see <http://www.agrimoney.com/news/drought-hit-kazakh-grain-crop-to-fall-by-up-to-30percent--1954.html>), although it is unclear if these increases will impact wheat prices in Tajikistan. Further upward pressure on prices may occur with the advent of Ramadan in mid-August, which is traditionally associated with price increases.



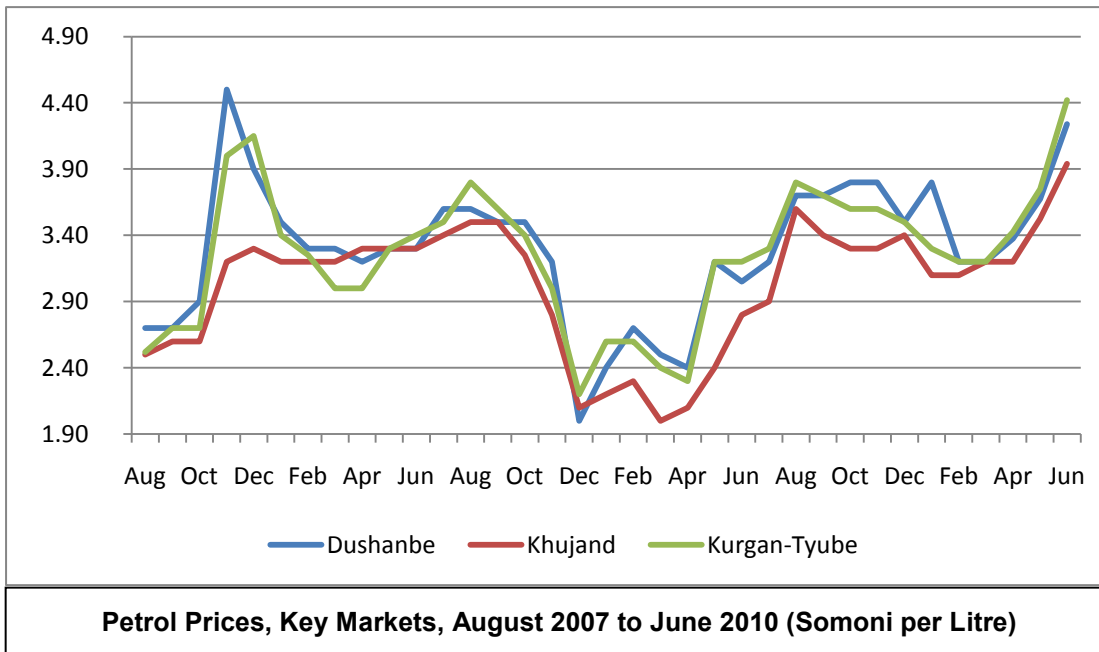
As indicated in the following table, price increases for petrol in the same three indicator markets have been on a strong upward trend, with prices per litre in

- Kurgan-Tube increasing in June 18% from May and 38% since February 2010
- Dushanbe increasing in June 15% from May and 33% since February 2010
- Khujand increasing in June 12% from May and 27% since February 2010

Petrol prices for these markets are now close to or above levels seen during the height of the global energy price boom in late 2007 and early 2008. Part of the possible explanation for the increase in fuel prices is the 30% duty on fuel exports for Tajikistan, imposed by Russia in June. However, the reported price increases in Tajikistan do not (yet) reflect a full 30% increase on top of May prices, which were already increasing. Further monitoring is needed to assess whether the 30% duty and longer trend increases in prices will have a clear knock-on impact on other commodity prices in the country.

<sup>4</sup> Food and fuel prices are from WFP Food Security Weekly Market Monitoring, Tajikistan July RMWS Report

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### 3.1 Food Basket Prices

Taking into consideration that more than 60% of expenses of all the groups of population are for expenditures for food and services, the growth of prices in June is a cause for concern. Over the mid- and long-term period consumer market inflation is expected to be 7 to 9%. Such level of inflation will be linked with the increase of prices for food, which may in turn lead to an increase in food insecurity.

## 4 HEALTH

The latest information on the wild poliovirus type 1 epidemic in Tajikistan can be found at [http://www.who.int/csr/don/2010\\_07\\_23/en/index.html](http://www.who.int/csr/don/2010_07_23/en/index.html). Although there have been four rounds of vaccinations and the reported number of acute flaccid paralysis (AFP) cases have dropped, the WHO reports that "...there is not sufficient virological testing data from the recent AFP cases to revise WHO's assessment of the risk for further international spread, which remains 'high'."



## 5 ECONOMIC TRENDS

**Delayed Rail Freight Deliveries to Tajikistan**

Commodities	Rail Cars Reported Delayed			
	14-Apr-10	12-May-10	22-Jun-10	21-July-10
Bauxite	270	None reported	None reported	None reported
Fuel and Lubricants	645	705	485	87
Equipment (unspecified)	25	None reported	None reported	None reported
Equipment (earthmoving)	12	None reported	None reported	None reported
Cement	44	215	6	8
Asphalt	30	81	117	None reported
Flour and Grain	121	50	84	101
Gas	None reported	83	62	56
Other Commodities	1,000	627	748	791
<b>Total</b>	<b>2,147</b>	<b>1,761</b>	<b>1,502</b>	<b>1,157</b>

There were 1,157 rail cars with commodities remaining on the territory of Uzbekistan as of mid-July. Of these rail cars, 1,017 were destined for Dushanbe and 140 cars for Khatlon. As a result of the delay of rail cars to Tajikistan experts estimated the value of damage to be around \$10 million USD (Asia Plus, 26 July 2010).

### 5.1 General Trends

From January to June 2010 the Gross Domestic Product (GDP) for Tajikistan was 9.7 billion Somoni, (\$2.2 billion USD), 7.4% more than during the same period last year. In June, GDP was 2.5 billion Somoni (\$564.3 million USD), composed of 54.6% services 11.3% taxes, and 34.1% production of goods.

A relative stagnation of the industrial sector can be traced to weak investment and weak demand. The situation is of potential concern as weak industrial activity reduces tax income available to the government, leading to a knock-on effect in terms of government expenditures. An indirect confirmation of this situation is the allocation of \$70 million USD from the EurAsEC anti-crisis fund in June 2010 as budget support, and a \$25.4 million USD World Bank grant to support state service provision for healthcare, education and social protection.

As was forecasted in the previous reports, the tax-and-budget sector has started to face some difficulties and needs support from the international financial institutions.<sup>5</sup> At the beginning of June, the Government initiated the development of an urgent plan to ensure the timely replenishment of income to the budget during the next three months of 2010.

Assessments indicate that the economy is at risk of macroeconomic misbalance in three market segments (goods, monetary and external), linked with the continuing cumulative internal expenses which exceed income. This imbalance during 2009 exceeded 32% (\$1.6 billion USD). During the first part of 2010 the imbalance was 26% (\$574.4 million USD). In June, imports exceeded exports by \$99.4 million USD, and for the first six months of 2010, imports have exceeded exports by \$0.6 billion

<sup>5</sup> Social-and-economic situation in the Republic of Tajikistan in January-June in 2010. Dushanbe, Tajikistan.

USD. (This continued demand for foreign currency also has had a depressing impact on the value of Somoni.)

Tajikistan’s gold reserves have increased from \$351 million USD at the beginning of the year to \$420 million USD at the beginning of June. This increase is not being financed by increased foreign income from increased exports (exports in June were 71% lower than in May) but by the exchange of Somoni for foreign currencies. This process can also have a depressing impact on the value of Somoni.

### 5.2 Inflation

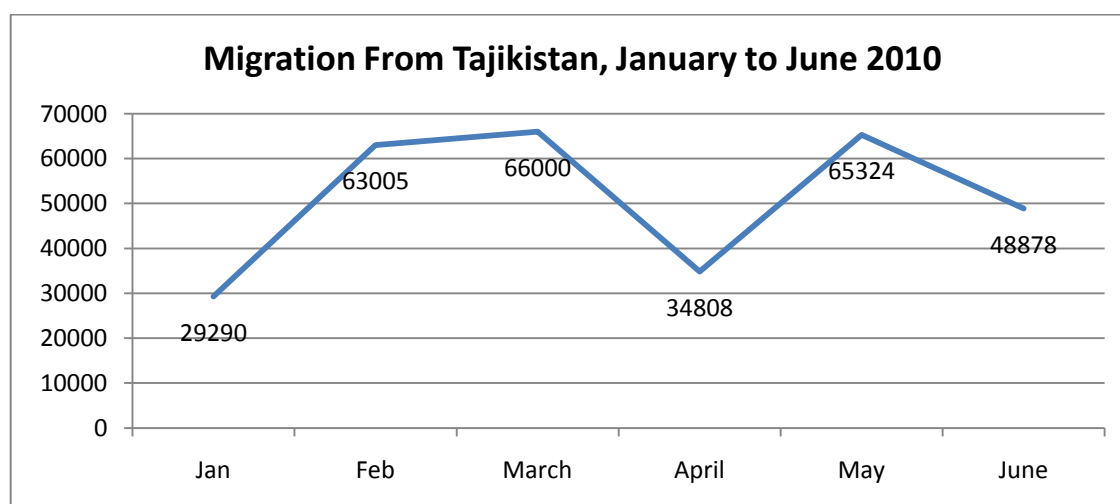
State Statistics Agency data for June indicates that consumer price inflation was 0.6%. Food and non-food prices increased by 0.9% and 0.7% respectively and the price of services were reduced by 1.1%. Inflation in May-June contributed to an increase in prices at the consumer level on the average by 0.1 – 0.3%. However expectations for the seasonal growth of prices for paid services did not occur due to the reduction of the prices for air tickets by 9.1%.

### 5.3 Population Movements To/From Tajikistan

Departure and Return of Migrants in January - June 2010				
Jurisdiction	Left	Returned	Left (in %)	Returned (in %)
Dushanbe, DRR, GBAO	174,065	61,082	56.6	56.0
Sughd	93,117	31,741	30.3	29,1
Khatlon	40,173	16,252	13.1	14.9
<b>Total</b>	<b>307,355</b>	<b>109,075</b>	<b>100.0</b>	<b>100.0</b>

A total of 307,355 labor migrants left Tajikistan during the first 6 months of 2010. Significantly more males left and returned than females during the 6 month period (male departures: 285,960, female departures: 21,375, male returns: 94,512, female returns: 14,563).

The reduction in the number of migrants in April is linked with migration legislation reform in Russia. In May, however, the number increased again and migration patterns do not appear to have changed (see graph below). The decrease in migrants in June is probably due to a reduction in vacant jobs abroad (mainly in the Russian Federation). In July and August the number of departing migrants is expected to decrease in keeping with historic patterns.





### 5.4 Employment and Wages

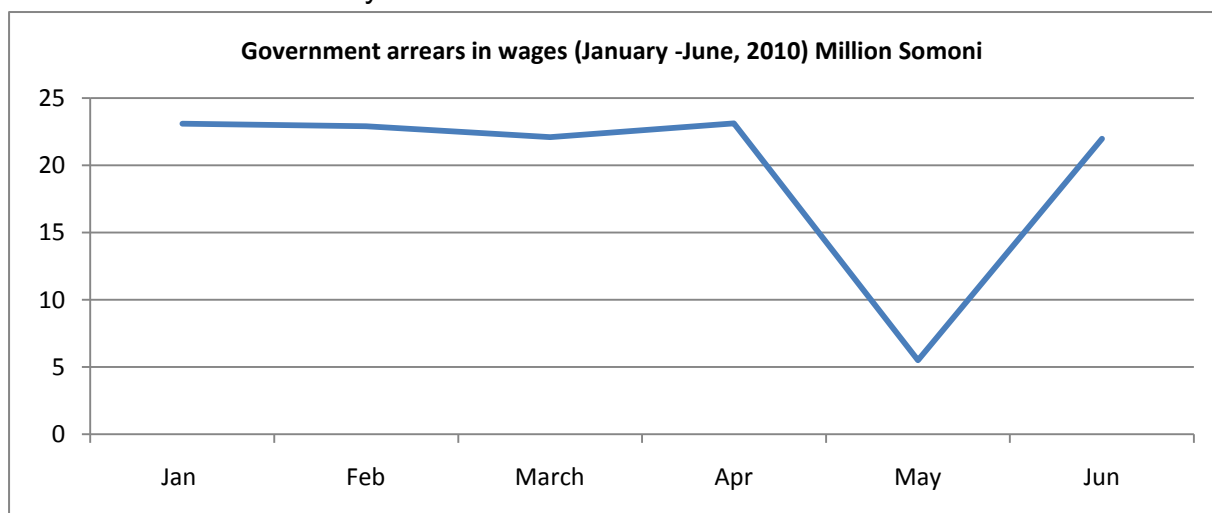
According to preliminary data, for June 2010, a total of 2,082,200 persons were officially employed in Tajikistan and 47,600 officially unemployed (of whom 53.1% were women). At the beginning of June 2010, 64,500 job seekers were registered at the Employment Service at the Ministry of Labor and Social Protection, 9.3% more than during the same month last year, but 2.2% less than in May 2010. In June, 4,800 people applied for employment, 7.9% more than for the same period in 2009. The number of reported available jobs dropped 9% in June compared to the same period in 2009.

In June, the average monthly salary for contract-based workers was 329.58 Somoni (\$74.39 USD), a drop of 4.6% compared to May 2010, but 18.9% higher than in May 2009. The minimum monthly salary was 60 Somoni (\$13.5 USD).

### 5.5 Wage and Payment Arrears

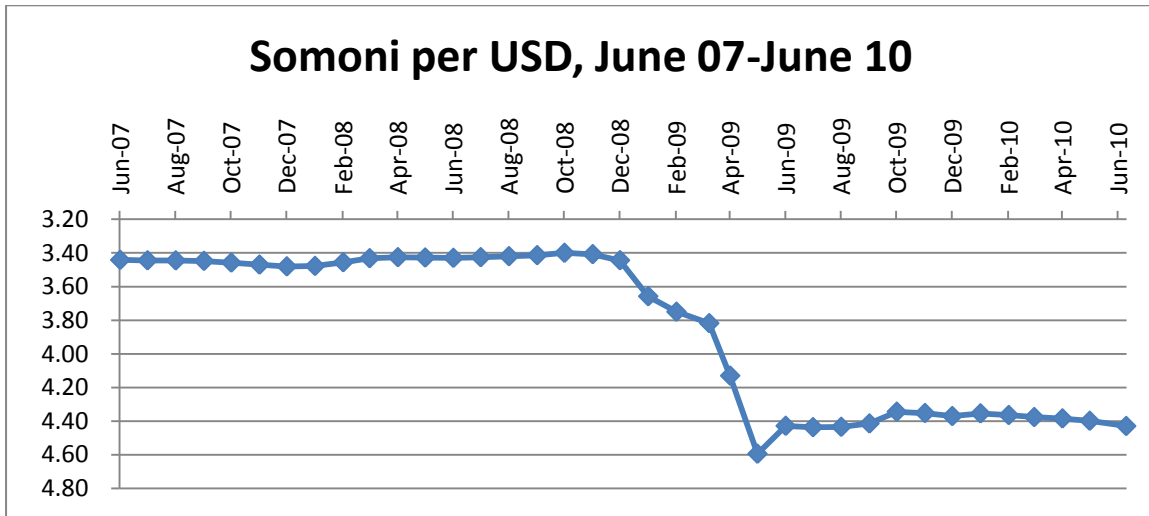
Total government salary and pension arrears in June equaled 52,590,000 Somoni (\$11,871,331 USD), up from levels in May 2010, with salary arrears representing 42% of the total. In June 2010, salary arrears increased by 305,900 Somoni (\$69,051 USD) or .4%, when compared to May 2010. Arrears are reported to be greatest in Khatlon Province and may be having an impact on recovery from flooding as well as on food security.

Government pensions and salaries arrears in June 2010 (in million Somoni)						
	Khatlon	Sughd	GBAO	DRD	Dushanbe	Total
Salary	7.51	5.71	0.05	8.54	0.17	21.98
Pensions	13.77	11.31	0.36	5.17	0.00	30.61
<b>Total</b>	<b>21.28</b>	<b>17.02</b>	<b>0.41</b>	<b>13.71</b>	<b>0.17</b>	<b>52.59</b>



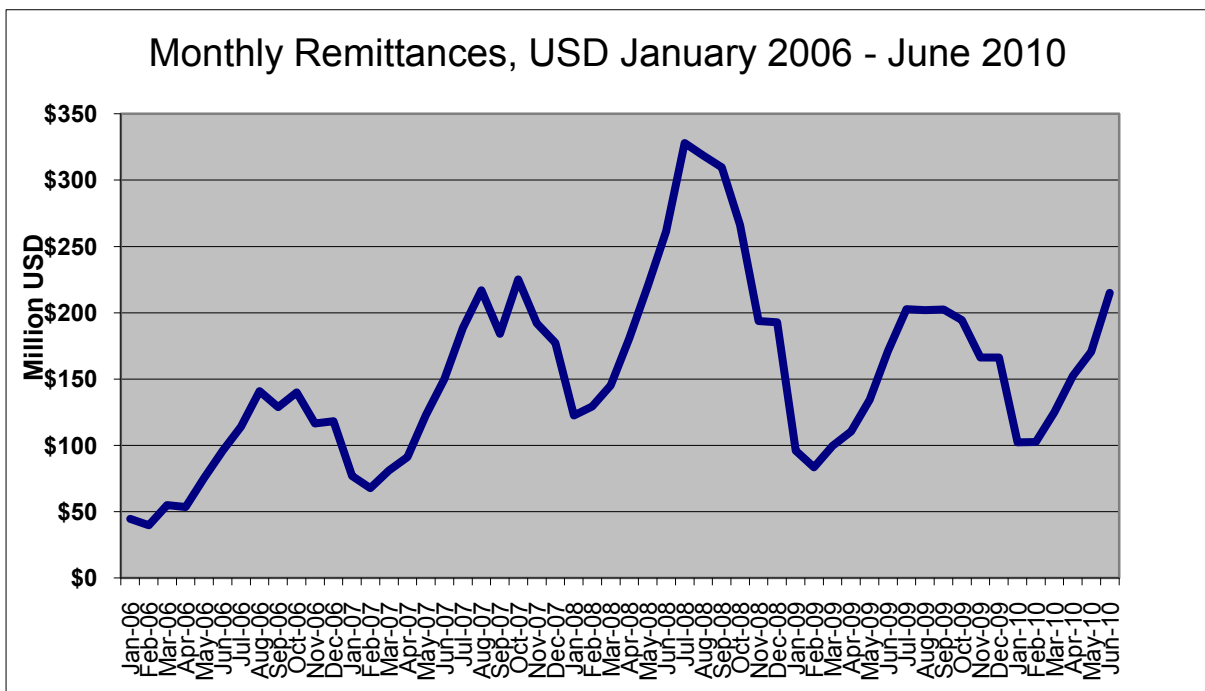
### 5.6 Exchange Rate

As per the following chart, the Somoni to USD exchange rate at the end of June 2010 reached 4.43 Somoni per one dollar, slightly lower than in May.



### 5.6 Remittances<sup>6</sup>

The value of remittances transferred in June 2010 was the second highest on record for that month, and 25% higher than for the same month in 2009. Cumulative remittances to date in 2010 are at the second highest total when compared to the previous 8 years, with 2008 having the highest cumulative remittances from 2002 to 2009.



<sup>6</sup> Data from the National Bank of Tajikistan.

## Tajikistan Monthly Risk Monitoring & Warning Report

*The aim of the Tajikistan Monthly Risk Monitoring Reports is to provide regular information and succinct analysis on the evolution of natural, economic, food-related, energy-related and other risk factors in Tajikistan. Data and information in this report are provided by different sources and compiled by the RMWS Group of Experts and UN Agencies in Tajikistan. The United Nations in Tajikistan are not responsible for the quality or accuracy of the data provided by external sources or the analysis contained in this report.*

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## **Annex A**

### **Khatlon Region and Lower Elevations, DRR**

During the month, the average temperature will be 1-2 °C higher than the norm and it will be 26 to 29 °C in valleys and 24 °C in foothill districts.

During the month, in valleys, temperatures will be 17 to 22 °C at night and 34 to 39 °C during the day. It is expected that temperatures will be 22 to 27 °C at night from 10 to 15 August. In mountainous districts, temperatures will be from 27 to 35 °C during the day and between 18 and 23 °C at night.

It is expected that the rain will be less than the norm (the norm is 0 to 2mm in valleys and is 1-3mm in mountainous districts).

### **Sughd Region**

Average temperatures will be within the norm in valleys and 24 to 26 °C in valleys and 15 to 17 °C in the foothills. In valleys the range of temperatures will be from 17 to 22 °C at night and from 31 to 36 °C during the day. Temperatures will rise to 35 and 40 °C during the daytime between 10 and 15 August. In mountainous districts, temperatures will be 17 to 27 °C during the day and 6 to 11 °C at night.

It is expected that precipitation (as rain) will be within the norm (the norm is 1 to 3mm in valleys and is 7 to 14mm in mountainous districts). Rain showers and thunderstorms are expected during the second half of the month. In certain areas, the wind will intensify up to 54 to 72 Kph.

### **Mountainous DRD and Western GBAO**

It is expected that during the month, the average temperature will be 1-2 °C lower than the norm and will be 20 to 24 °C. In mountainous DRD, temperatures will be 7 to 11 °C at night and 25 to 30 °C during the day. Temperatures will rise to 11 to 16 °C at night during 10 to 15 August.

In western GBAO, temperatures will be 28 to 33 °C during day and between 12 and 17 °C at night. Temperatures will rise to between 18 and 23 °C at night from 10 to 15 August.

Precipitation (as rain) will be less than the norm (the norm is 1 to 2mm in western GBAO and 5 to 8mm in mountainous DRD).

Rain showers and thunderstorms are expected in the second half of the month, at times with strong winds.

### **Eastern Districts of GBAO**

Average temperatures will be 1 to 2 °C below the norm, and 1.5 °C higher than the norm in some districts. Temperatures will be 1 to 6 °C at night and 15 to 20 °C during the day. Temperatures will rise to 11 °C at night and to 25 °C during the day from 10 to 15 August.

Precipitation will be less than the norm (the norm is 19mm in the area of Fedchenko glacier). Rain showers are expected in the second half of the month.