Tajikistan Monthly Risk Monitoring & Warning Report
April 2010

Polio Outbreak

The GoT has reported an outbreak of Poliovirus type 1 in Tajikistan, the first cases since the region was declared polio free in 2002. The virus is considered highly contagious with the most at risk group being those under 5 years. More information can be found at http://www.who.int/csr/don/2010_04_23/en/index.html.

Risk Monitoring and Warning System

Contact:

earlywarning.tj@undp.org

37/1 Bokhtar Street, "VEFA" Center

7th floor, suite 702

Dushanbe, Tajikistan

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 etc. 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 of the data provided by external sources.

RISK TRENDS

NATURAL HAZARDS

The risk of flooding and mud flows from rain-on-snow pack events in mountain areas and from wind damage due to locally severe storms continues.

ENERGY SECURITY

Energy conditions remain stable with no unusual shortages or supply problems reported.

FOOD SECURITY

Conditions have not improved over the winter and continue to be precarious. Limited capacity to plant (lack of fuel and tractors) may limit crop production. The backlog of food and other commodities (including fuel for planting) in Uzbekistan may exacerbate short term food security and agriculture production. Food prices remain at historically high levels.

MACROECONOMIC TRENDS

There were no improvements in the trade deficit or financial capacities of commercial banks during March. The rail freight backlog in Uzbekistan may have a negative impact on importers' abilities to repay loans, with knock-on effects on future import financing. The collection of USD 180 million from Rogun share sales may depress spending and prices by reducing disposable household income.

REGIONAL RISKS

The political turmoil in Kyrgyzstan is not expected to have an immediate economic or social impact on Tajikistan. Population flows and commodity prices need monitoring so that the impact of future events can be anticipated.

Events in Kyrgyzstan

April has seen considerable political turmoil in Kyrgyzstan, with the deaths of civilian demonstrators leading to the resignation of the President and establishment of a provisional government. The events in Kyrgyzstan have no discernable immediate impact on risk indicators for Tajikistan. Of possible concern are (1) Continuing turmoil due to high expectations that economic and social conditions will improve immediately, (2) The provisional government's ability to sustain the rule of law and (3) Resistance in parts of southern Kyrgyzstan to the provisional government. Food and other prices are being monitored in Khujand (the major Tajik market near Kyrgyzstan) and for possible increases in refugees from Kyrgyzstan. Tajikistan and Kyrgyzstan share a very porous border, particularly in Fergana Valley, near Khujand and Isfara. Tajik reliance on Kyrgyz infrastructure is limited to electricity imports in winter and irrigation water in a few areas of Sughd Oblast.

1. WEATHER-RELATED RISKS[1]

1.1 Weather-Related Events

Precipitation-related flooding and mud flows occurred in various parts of eastern Khatlon Oblast (Kulob, Mumninobad, Sarbanbd, Shurobod and Vose Districts) on 11 April 2010 as well in Istaravshan District, Sughd Oblast. Preliminary reports from CoES indicate 267 houses damaged[2] including 48 fully destroyed in April month. For more information on the current impact of flooding and other weather related events see: http://groups.google.com/group/react_dushanbe.

The risk of further flooding and mudflows depends significantly on the possible impact of intense precipitation on residual snowpack, while violent local storms can result in crop damage. Severe weather warnings issued by the State Hydro-meteorological Agency have been distributed by the Risk Monitoring and Warning System.

1.2 Forecast for May 2010

Temperatures for the first 20 days of May are forecast to be above average for most of Tajikistan, with cooler than average temperatures during the last ten days of the month. Precipitation is expected to be near average, but strong storms and heavy rainfall can be expected in mountainous areas. Localized details on expected weather in May 2010 can be found in Annex A. A summary of weather conditions in March can be found in Annex B.

1.3 Precipitation Summary

As indicated below, precipitation was generally above the norm in February, but has been below the norm in many locations in March. Precipitation levels are important for Spring planting of wheat, development of Winter wheat and other non-irrigated crops.

Precipitation, January to March 2010
Total Precipitation in mm and % of mean

City	January		February		March	
	Precipitation	% of mean	Precipitation	% of mean	Precipitation	% of mean
Dushanbe	64.6	85	146.3	174	114.6	82
Kurgan-Tyube	17.4	42	86.7	188	43.3	67
Khorog	23.3	69	116.6	333	56.1	128
Garm	78.4	115	239.4	281	93.7	70
Khujand	20.9	133	38.3	255	20	80

2. ENERGY

2.1 Electricity Supply

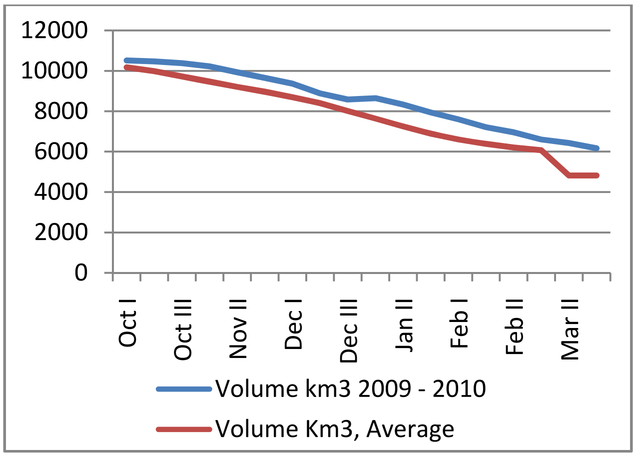
Average daily electricity production n Tajikistan during March was 44.6 million kWh, 10% less than in February. In general, the electrical demand in Tajikistan for March was covered by Tajik sources, a sign of the post-winter reduction in electrical demand.

[1] The information in Sections 1.2 and 1.3 and Annexes A and B is based on reports from State Hydro-meteorological Agency.

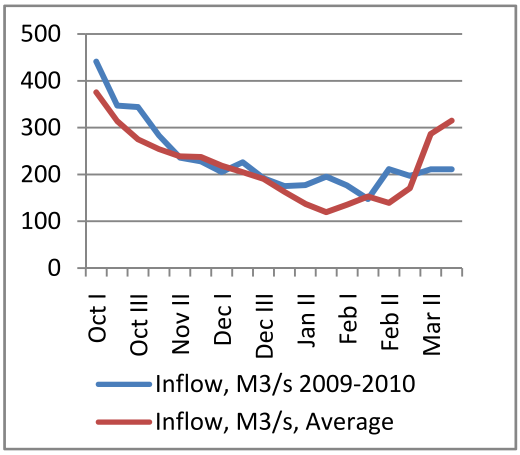
[2] A total of 70 houses were reported to be damaged by *strong winds*.

2.2 Reservoir Levels[3]

Water levels in Nurek Reservoir (the main source of hydro-electric power in Tajikistan) were above average levels for the October 2009-March 2010 period, when water supplies are critical for electricity generation. Inflows during the October to March period tended to be at or above long term averages until the middle of March. Outflows were variable but above average from the middle of January to the end of March 2010. The increase inflows were possibly related to warmer than usual winter temperatures and increased precipitation in February.



Water in Storage, Nurek Reservoir, Km3



Inflow, Nurek Reservoir, M3/s

2.3 Electricity Availability

No unusual electricity unavailability was reported during March. As reported in the March Risk Monitoring and Warning Report, Tajikistan's main cities began receiving electricity full time, and rural areas receiving electricity 14 hours per day (5am to 1pm and 5pm to 11 pm) from 12 March 2010.

2.4 Natural Gas

Natural gas imports in March were in the range of 15 million m3, similar to previous months. Generally speaking, Tajikistan's natural gas imports have fallen as gas prices have converged toward world market price levels.

Natural Gas: Imports and Costs: 2004-2009						
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Million м^3	622.5	629	635	644.7	512.7	216.7
USD per thousand м^3	45	42	55	100	145	240

[3] Data from CAWaterInfo, http://www.cawater-info.net/analysis/water/nurek_e.htm#

3. FOOD SECURITY

Delayed Rail Freight Deliveries to Tajikistan

The Tajik Government has announced that since early February a backlog of rail freight has developed in Uzbekistan, with over 2,000 wagons awaiting delivery. Tajik authorities report the delay is having an impact on the economy and food production capacities.

A Tajik Government Note Verbal (14 April 2010) indicates that the delayed rail wagons include 270 containing bauxite, 645 containing fuel and lubricants, 25 containing "equipment", 12 containing earthmoving equipment, 44 containing cement, 30 containing asphalt and 121 containing flour or grains. An additional 1,000 wagons of commercial imports are reported to be delayed. Of particular concern are the 121 wagons (approximately 7,300 MT) contain flour and grains (food security impact), and 645 wagons containing fuel and lubricants (approximately 39,000 MT) needed for spring planting (see Section 3.3 on fuel and planting).

Media sources report Tajik officials believe the delays are due to Uzbek unhappiness with the construction of the Rogun hydroelectric facility. Uzbek authorities have said the delays are due to weather-related damage to rail facilities in Uzbekistan, and an overloading of rail capacity with deliveries for military operations in Afghanistan. In addition to the requests by Tajikistan to the United Nations and other third parties for help to resolve the delay, the issue will be raised at a Tajik-Uzbek intergovernmental commission on economic and trade cooperation, meeting in the near future in Tashkent.

The impact of the delays has been difficult to quantify. Despite the reported delays in cereals and fuel products, prices do not seem to have increased significantly (see Section 3.2 below). The delay in fuel supplies (and any imports of seeds or fertilizer) may impact planting, but other issues, such as credit availability, also have an important impact on this sector (see Section 3.3). It has been suggested that the border delays will limit importers' abilities to repay commercial credit on time, possibly reducing the availability of credit in the future and creating knock-on effects for commercial operations in coming months.

Monitoring should focus on the:

1. Scale of rail freight delays in Uzbekistan,
2. Rate of arrival of rail-transported commodities into Tajikistan and
3. Prices of basic communities need continued monitoring to provide warning of increased food insecurity and economic difficulties in Tajikistan.

3.1 Food Security Assessments

Bulletin 6 – Tajikistan Food Security Monitoring System (April 2010 – *Tajikistan Food Security Monitoring System*)[4] reports that severe and moderate food insecurity worsened slightly since the last assessment (October 2009). The Bulletin concludes that wheat from the 2009 harvest, assistance from family members, credit and other coping strategies were important in preventing the food security situation from worsening over the 2009-2010 Winter. Districts identified as being of particular concern in the coming months include Asht, Gafurov, Murgab, Jirgatol, Rasht, Tojikobod and a significant part of Khatlon Oblast.

An *Integrated Food Security Phase Classification* (IPC)[5] update was conducted for Tajikistan in March. Preliminary ICP results indicate that 29 districts were facing acute food and livelihoods crisis at the time of the assessment, and conditions in 17 districts are expected to improve in the coming months. However, conditions in 28 districts are not expected to change, and conditions in 13 districts are expected to deteriorate in the coming months.

The *Tajikistan Food Security Monitoring System* and *Integrated Food Security Phase Classification* use different approaches to monitoring food security. However, they both suggest that food security in Tajikistan is not strong. Shocks to food supply systems (including the availability of imports), food production or complementary support (e.g., a reduction in remittances) may provoke a rapid worsening of food security.

3.2 Food and Fuel Prices[6]

The following three tables provide crude (not adjusted for inflation) price data for key commodities (local wheat flour, vegetable oil and gasoline) for three key markets: Dushanbe, Kurgan-Tyube and Khujand. The commodities were selected as indicators for shocks (e.g., the impact of import or production shortages). The three markets were selected to reflect regional demand. The first two markets could be affected by the delay in clearing freight wagons from Uzbekistan.[7]

Average local wheat flour prices in March are somewhat lower (in non-adjusted terms) than the level two years ago. Prices for vegetable oil (an imported commodity) tend to be very stable in Kurgan-Tyube and Khujand, while prices in Dushanbe show some minor variability. Gasoline prices varied considerably across the three markets, with high prices ranging from 1.7 to 1.9 times the level of low prices during the March 2008-March 2010 period, but have been generally decreasing over the past 6 months in unadjusted terms. Overall, prices remain higher than before the price spike in 2008, a point which needs further investigation, including the possible impact of remittances in supporting these higher prices.

The price series do not indicate that the delayed arrival of rail freight from Uzbekistan had a significant impact on prices ***as of the end of March***. While price monitoring needs to continue for delay-related impact, the purchase of shares for the Rogun hydroelectric project (reported to equal USD 180 million) may have reduced the overall ability of consumers to pay increased prices, and thus restraining any price increases associated with delays in rail deliveries.

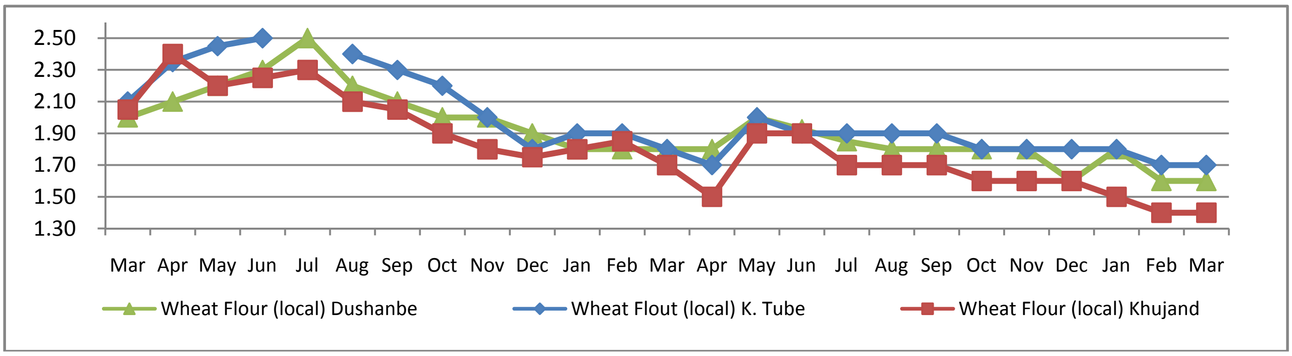
---

[4] Produced by World Food Program Tajikistan.

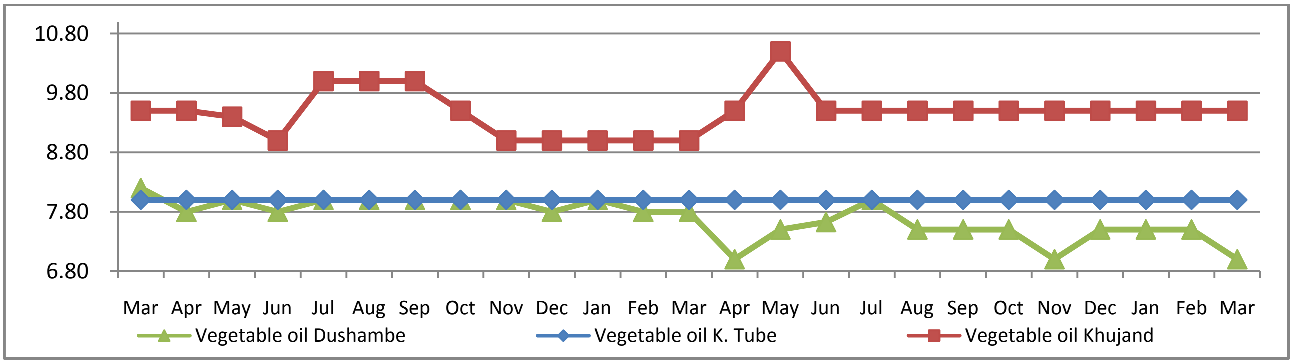
[5] For information on IPC go to http://www.ipcinfo.org/index.php. A presentation of IPC results was hosted by the World Food Program Tajikistan during a one-day workshop on 14 April 2010.

[6] Food and fuel prices are from WFP Food Security Weekly Market Monitoring, Tajikistan.

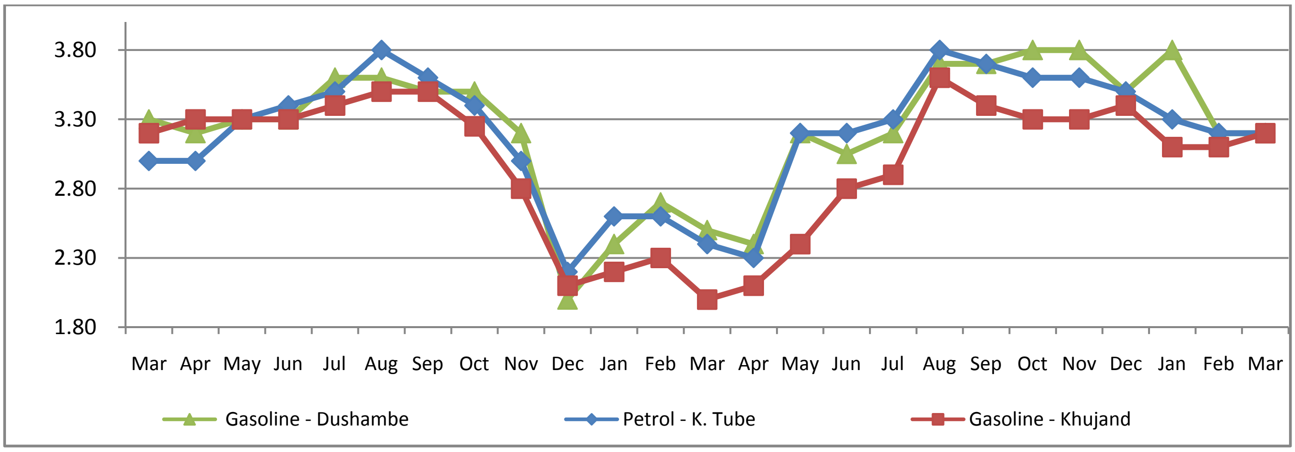
[7] Khujand has not reported any rail transport delays.



Wheat Flour (local) Prices, Key Markets March 2008 to March 2010 (Somoni per kg)



Vegetable Oil Prices, Key Markets, March 2008 to March 2010 (Somoni per liter)



Gasoline Prices, Key Markets, March 2008 to March 2010 (Somoni per liter)

3.3 Agriculture

The spring ploughing campaign for cereal crops is underway. By the end of March, out of 14,199 tractors (all makes) available to agricultural enterprises and dekhan farms, 9,283 tractors (65%) are not operational. Of 2,888 tractors designated for plowing, only 1,833 tractors are operational (63%).

The situation is aggravated by the fact that there are only 357 ltrs. of diesel fuel per tractor available, 99 ltrs. less compared to the same period of 2009 and 666 ltrs. of diesel per tractor in 2008, and 1,091 ltrs. in 2004. The situation is further exacerbated by more than 500 rail wagons blocked in Uzbekistan, including an estimated 136 cars with diesel fuel for use in spring planting. Peliminary estimates of damage due to the delays exceeds USD 5 million.[8]

[8] According to Mr. Andrei Tropin, Deputy Head, Forwarding Service, Tajik Railways State Unitary Enterprise.

3.4 Population Movements To/From Tajikistan

In the first three months of 2010 Tajikistan experienced a net out-flow of 70,588 migrants. The increase in out-migration (31,000 out-migrants in January vrs. 66,000 out-migrants in March) is in line with expectations that out-migration will increase as warmer weather comes to work destination such as Russia.

Data indicated that the migrants are largely male (118,326 male and 11,139 female out-migrants; 51,645 male and 7,232 female returnees). The prime sources of migrants are Dushanbe, Districts of Direct Rule and GBAO.

Migration Departures and Returns First Quarter, 2010				
Oblast	***Departed***	***Returned***	***Departed by Region (%)***	***Returned by Region (%)***
Dushanbe, Districts of Direct Rule & GBAO	83,475	37,986	64.5	64
Sughd	34,367	15,603	26.5	26.5
Khatlon	11,623	5,288	9.0	9.5
Total	**129,465**	**58,877**	100	100

Migration trends in the coming months will provide an indicator as to whether labor opportunities abroad are increasing with the passing of the global recession.

3.5 Employment and Wages

In March, the number of officially registered unemployed was 45.9 thousand, or 2.4% more compared to February, 2010, and 3.5% higher than the same period in 2009. Women made up 53.1% (24.4 thousand) of the official unemployed. Official unemployment equals 2.2% of the economically active population. The average unemployment benefit is TJS 400.22 (USD 91.37).

Comparing early March 2010 to the same period in 2009, the number of officially recorded vacancies dropped by 46.1%, equalled to 9.7 thousand jobs. The number of worker vacancies decreased by 50.5%, or 3.7 thousand jobs (38.5% of total number of vacancies). Compared to February 2010, the number of announced vacancies increased 2.2%. The number of job applications per vacancy announced was 6.6 persons against 3.3 persons as of early March, 2009.

The average nominal wage in Tajikistan for March 2010 was TJS 354.56 (USD 78.89), 23.9% more than the previous month and 22.8% more on year-to-year basis. Taking into account changes in the consumer price index (by 0.4% compared to the previous month and by 5.4% compared to the same period in 2009), average real wages rose by 17.5% compared to February 2010 and by 16.4% compared to the same period in 2009.

3.6 Payments Arrears

A total of TJS 52.8 million (USD 12.05 million) was owed in public sector wage and pension arrears in March. Arrears were lower than in December 2009, when

Government Arrears in Pensions and Wages, End March, 2010 (in Millions of TJS)						
	Khatlon	**Sughd**	**GBAO**	**DDR**	**Dushanbe**	**Total**
Wages	7.1	5.3	0.1	9.6	0.01	22.1
Pensions	12.5	10.2	1.7	6.3	0	30.7
Total	19.6	15.5	1.8	15.9	0.01	52.8

they totalled TJS 60.18 million (TJS 23.09 million in wages and TJS 37.09 million in pensions). The arrears are the most severe in Khatlon Oblast, and may be affecting food security.

4. MACRO-ECONOMIC TRENDS[9]

4.1 General Trends

Between January and March 2010, Tajikistan's Gross Domestic Product (GDP) equaled TJS 3,992.9 million (USD 911.61 million), which in comparable prices was 6.8% more than for the same period of 2009. Specifically in March, GDP totaled TJS 1,589.9 million (USD 356.04 million), with the share of services continuing to increase (57.9% compared to 55.9% in the previous month) due to a decreases in the tax share (from 12.9% to 12.1%) and a real sector share (from 31.3% to 30.0%). This situation suggests a continuing stagnation of the country's production sector in relative terms, due in part to low levels of fixed investment by the private sector.

Government[10] reports that 76,000 tonnes of aluminium has been exported during the first quarter of 2010, which is 1.2% higher than the first quarter of 2009. Total income from aluminium sales for the first quarter of 2010 has reached USD 166 million, compared to USD 102 million collected for the first quarter of 2009.

Media reports indicate a concern on the part of the IMF that the scale of the sale of shares for the Rogun hydroelectric project is having an impact on the economy. Reports indicate that approximately USD 182 million have been collected from sales.

A concern is that the conversion of this volume of Somoni to foreign exchange to purchase materials for the Rogun project would significant affect the foreign exchange rates for the Somoni and have knock-on effects on prices and earnings. Also, the withdrawal of USD 182 million from circulation in a short period of time may have an impact on consumer's purchasing power and limit consumer's ability to pay higher prices.

High levels of delinquency of second-tier (commercial) banks continue. As of early March, out of TJS 4.4 billion (1.0 billion USD) of credit made available to second-tier banks (in the national and foreign currencies), arrears totaled TJS 1.3 billion (296.8 million USD), including 88.6% in TJS and 11.4% in foreign currencies. The National Bank of Tajikistan continues to provide support to second-tier banks in securing liquidity. However, this support is mainly of a short-term (up to 6 months) nature, adding to the long term risks faced by these banks.

This reliance on short-term crediting by second-tier banks does not contribute to the development of the country's real sector. As a result, since 2009 growing shares of bank credits are invested in trading activities, rather than in agriculture. Even the Amontabonk State Saving Bank, which had previously directed 70-80% credits to agriculture, has, in the last two months, allocated only 38.8% of credits for the agriculture development and 46.4% credits for commercial purposes.[11]

The situation in the foreign trade sector remains complex. Whereas in January-February a USD 136.6 million trade deficit was reported, in March the deficit rose to USD 288.3 million. Most (USD 271.2 million) of this deficit came on trade with CIS countries. Compared to February, in March exports dropped 20.9% and imports grew by 27.7%. In January, import coverage by export receipts dropped to a very low 32.6%, before recovering to 59% in

[9] Source: State Statistical Committee of Tajikistan.

[10] Ministry of Economic Development and Trade.

[11] According to Mr. Abdukarim Negmatov, manager of the Kulyab branch, National Bank of Tajikistan, Asia-Plus Information Agency.

February. Between January and March, foreign trade turnover totaled USD 793.9 million, 0.9% less than the same period of 2009.

In March, consumer price inflation was 0.4%. According to the State Statistical Agency, March prices went up by 0.3% for food items, by 0.2% for non-food items, and by 1.1% for paid services to the population. In January-March 2010, the consumer price index increased by 1.6% (compared to December 2009), including an increase of 1.1% for food prices, 1.4% for non-food, and 3.9% for paid services. In total, the average monthly inflation rate for the period reached 0.5% (the inflation rate for the same period in 2009 was 0.4%).

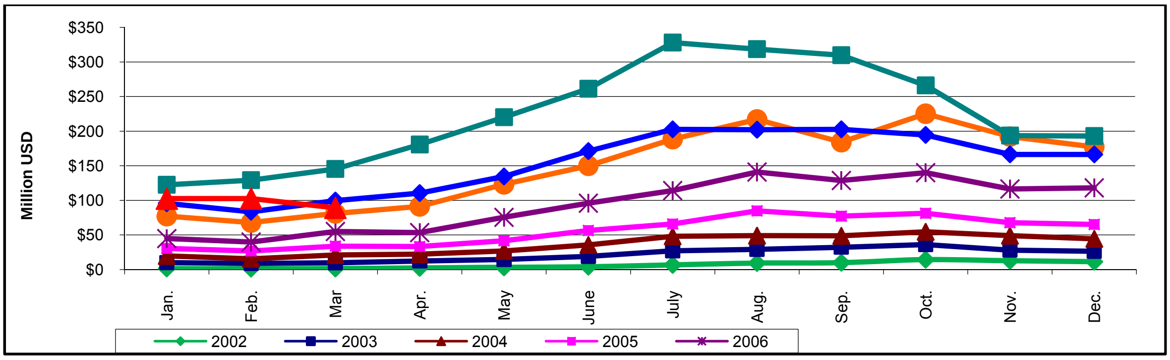
In March 2010, the cost of the food basket per family member per month amounted to TJS 103.31 (USD 23.59). Based on nutritional standards, the family basket should be TJS 204.74 (USD 46.74).

4.2 Exchange Rates[12]

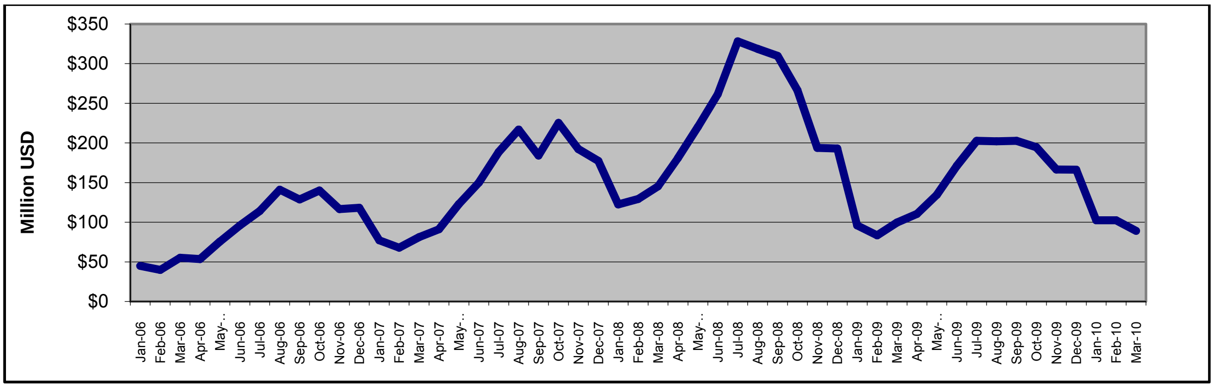
As noted previously, the Somoni exchange rate tends to correlate not with export currency receipts but rather with migrant remittances. This helps explain the exchange rate's relatively stability. At the same time, in March the USD purchasing and selling rates vis-a-vis Somoni in exchange offices in Dushanbe began slowly to increase and reached between TJS 4.38 and TJS 4.40 per USD 1. According to the National Bank of Tajikistan, an increase of the USD rate against Somoni was caused by the USD strengthening against the Russian Rouble and Euro.[13]

4.3 Remittances

National Bank of Tajikistan reports that total amount of remittances for the first quarter of 2010 has reached USD 294 mln, which is 5.6% more than the same period of 2009. If these figures are final, then remittances for March equal to USD 89.1 mln, which is 10.1% lower than March 2009 figures.



Remittances to Tajikistan 2002-2010 (Million US$) – by Month



Remittances to Tajikistan Jan 2006- Mar 2010 (Million $US) – Month to Month Trend

12 Source: National Bank of Tajikistan.
13 Source: National Bank of Tajikistan.

Annex A: Localized Meteorological Forecast for May 2010 from State Hydro-meteorological Agency

(All temperatures in Celsius.)

Khatlon Oblast and valleys in Directly Ruled Districts

Average monthly temperatures will be close to the norm and be between 19 and 24 degrees at lower elevations and 15 to 18 degrees in foothill areas.

It is expected that higher temperatures will predominate during the first 20 days of the month with daily temperatures between 26 and 35 degrees and night temperatures from 12 to 20 degrees. In foothills areas daily temperatures will be between 15 and 25 degrees with temperatures between 8 and 15 degrees at night.

Cool weather is expected during the last 10 days of the month, with night temperatures from 9 to 14 degrees and day-time temperatures 24 and to 29 degrees.

Monthly precipitation is expected to be near normal:

- In the south of Khatlon Oblast: 14 to 27 mm,
- In other valley districts 33 to 79 mm and
- In foothills from 112 to 135 mm.

Variable cloudiness is forecast for the last 20 days of the month. Precipitation of various intensities and storms together with east winds ranging up to 60 km/hr can be expected.

Sugd Oblast

Temperatures for the month are expected to be near the climatic norm:

- In valleys: 19 to 24 degrees
- In foothills: 15 to 19 degrees
- In mountains: 8 to 11 degrees

Higher than normal temperatures are expected during the first 20 days of the month: Daily temperature will fluctuate from 31 to 37 degrees and be from 15 to 20 degree at nights at lower elevations. In the foothills, daily temperatures will be between 23 and 30 degrees with night time temperatures between 9 and 15 degrees.

Cooler weather is expected for the final 10 days of the month with temperatures at night from 9 to 14 degrees and daily temperatures from 24 to 29 degrees.

Monthly precipitations is expected to be near average:

- In valleys: 17-33,
- In foothills and highlands: 44-75 mm.

Variable cloudiness is expected during the month with precipitation of various intensity and storms during the middle of the month. Winds up to 72 km/hr can be expected.

Highlands of Directly Ruled Districts and Eastern Districts, Gorno-Badakhshan Autonomous Oblast

Average monthly temperatures are expected to range from 12 to 17 degrees. Night time temperatures will range from 5 to 15 degrees, with daily temperatures in the first 20 days of the month from 22 to 27 degrees but from 14 to 19 degrees during the last 10 days of the month.

Precipitation will be variable. In highland areas, precipitation is expected to range from 57 to 116 mm; but may be as low as 30 to 56mm in some eastern locations.

Variable cloudiness is expected during the last 20 days of the month with precipitation (mainly as rain), at time heavy, on south slopes of Gissar Mountain. During storms, winds are expected to be between 75 and 90 km/hr.

West Districts, Gorno-Badakhshan Autonomous Oblast

Average monthly temperatures will be near average and range from 2 to 7 degrees. Night time temperatures are expected to range from 3 degrees above zero to 8 degrees below zero, to 0 to 5 degrees. Temperatures may rise to 14 degrees during the middle of the month.

Monthly precipitation is expected to range from 11 to 23 mm. It is expected that precipitation will mainly be in the form or snowfall in the latter 20 days of the month, with wind speeds ranging from 75 and 90 km/hr, with the possibility of dust storms.

Annex B: Hydro-meteorological Situation, March 2010

Average monthly temperatures exceeded the climatic norms by 2 to 4 degrees:

- In valley Direct Ruled Districts and Khatlon Oblast: 13 to 14C degrees
- In foothill areas: 8 to 10 degrees
- In mountain areas: 2 to 5 degrees
- In highland (of GBAO): 3 to -6 degees
- In Bulunkul: down to -12 degrees.

Short-term cold spells were recorded on 1, 12, 20-22 of March. During these periods, daily temperatures in valley areas were 9 to 14 degrees, although Sugd Oblast experienced temperatures from 2 to 7 degrees. Overall, temperatures during this period were lower than average by 2 to 6 degrees.

During other days of the month, maximum temperatures fluctuated from 14 to 28 degrees in the valley areas and night temperature ranged from 7 to 16 degrees. In highland areas, temperatures fluctuated from 0 to -5 to +5 degrees during night and from + 2 to +13 degrees during the day.

Precipitation in most of the country ranged from 60% to 100% of normal. The lowest precipitation (23 to 70% of average) was in highland areas. In GBAO, precipitation was above average by 130 to 230%.