FAST FACTS FOR OCTOBER 2009

- **Energy**: Several negative factors raise concerns about risks of energy shortages in the future. In 2009, water inflow to Vakhsh River is forecasted to decrease to 17.2 cubic kilometres, which may decrease capacity generation of the Tajik HEPS. Also, low tariffs and reduced electricity import possibilities could result from Uzbekistan’s threat to secede from the Central Asian electrical energy grid.

- **Remittances**: During the first nine months of 2009, remittances to Tajikistan have dropped by 35% compared to the same period in 2008. In year-to-year terms, the September 2009 remittances had dropped by 34.6% compared to August 2008.

- **Food insecurity**: Food prices and other economic insecurities continue to threaten households without land, especially for those without (or with decreasing income from) remittances. Those whose production has been affected by recent localized shocks will remain highly vulnerable.

- **Health**: Nutritional status of children has gotten worse.
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I. ENVIRONMENT AND WATER

1.1 Precipitation and Temperature

The weather temperature and precipitation in September were close to normal. However, between the 9th and 10th of September, extraordinarily cold temperatures were recorded, with temperatures in the valleys falling to 5-10°C at night. In the mountainous areas, temperatures fell to 1-6°C. However, according to multi-year average temperatures, the lowest temperature should have been observed only toward the end of September and should have averaged between 8-13°C.

For the past 25 years, temperatures never fell below 11-13°C in the valleys or 7-9°C in the mountainous areas in the month of September. Analysis of these weather conditions illustrated that the early freezing conditions this September were caused by anticyclones moving toward Central Asia from western Russia and Siberia.

1.2 Weather forecasts for October and November 2009

For the last days of October 2009, a cold wave approaching from the northwest may cause strong winds and a sharp drop in the temperature to be between -2 and +7°C degree at night, and 7-12°C degree in Sughd region. This cold wave may cause freezing conditions in the valleys of the province.

In November 2009 average monthly temperature in the flat areas of the country is expected to remain average, around 8-11°C degrees. Cold weather in November is expected toward the end of the month when the nighttime temperature is forecasted to fall between -3 and +2°C degree and the daytime temperature between 5-10°C degrees.

The monthly amount of precipitation in Khatlon and DRR is expected to be average; however, in Sughd region, it will fall below the average.

In mountainous areas, such as GBAO, the monthly average temperature is expected to be below the normal temperature by 1°C degree (between -2 and +4°C degrees). Cold temperatures are expected to begin in the second half of the month with the average temperature around 0-5°C degree at night and +5 to +10°C degrees during the daytime.

In the Eastern part of GBAO, the monthly average temperature is forecasted to be lower than the average by 1.6°C (around -10°C degree). The coldest days, between -1 and -6°C degrees during the daytime and between -15 and -20°C at night, are forecasted towards the end of the month.

In mountainous areas of the Sughd region (Gornaya Matcha, Shahriston, Madrushkat), the temperatures will drop to an average of 7 to 12°C at night and between -3 and +2 °C degree during the daytime.

The monthly amount of precipitation in the mountainous areas of Tajikistan, including eastern GBAO, is expected to be below the average in November 2009.

1.3 River Water Levels

According to the Hydro-Meteorological Agency of the Republic of Tajikistan (Hydromet), during the first ten days of October 2009, water levels in Sirdarya River were below the norm by 30%. This decline in water levels in the Sirdarya River is linked

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1 Data and information was received from the Hydro-Meteorological Agency of the Republic of Tajikistan (Hydromet).

2 Vakhsh and Sirdarya Rivers are main rivers feeding Hydro Electric Power stations, as well as the irrigation system of Tajikistan.
to the critical situation with Kyrgyzstan’s Toktogul reservoir. Kyrgyzstan regulates the water outflow which will fill the reservoir for the irrigation needs of both Kazakhstan and Uzbekistan in 2010.

II. ENERGY

2.1 Water Volumes in Hydropower Reservoirs

The hydrological data indicates that, for the first 10 days of October 2009, water volumes in Nurek reservoir were at their normal level. Beginning on October 15th 2009, Nurek began utilizing this water for electricity generation.

However, considering the decreased water inflow in Vakhsh in 2009 and the possibility that Uzbekistan creates difficulties transiting Turkmen electricity this coming winter, the current water volume in the reservoir may not be sufficient for electricity generation.

2.2 Energy Generation

In September 2009, Tajik hydropower stations (HEPS) produced 1.4 billion kWh of electricity, which is 11% more than they produced in August 2008. From the beginning of this year until October 10th 2009, Tajikistan produced 12.5 billion kWh of electricity, only slightly (0.1%) less than during the same period of 2008.

Despite water levels at Nurek/Kayrakkum being above multi-year averages from April/May until the present, there has been no perceptible change in electricity generation this year since the aforementioned 2008 period also saw a significant drought and growth shortages. This could be explained by Uzbekistan’s refusal to import Tajik electricity during the summer. During this period, Nurek HEPS had to release 1.5 billion cubic meters of water without generating any electricity. If this water been used to generate and export power at other times of the year, it might have brought in around 15 million USD in additional income.¹

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¹ Data and information on generation capacity and electricity availability is from OSHC “Barqi Tojik” (a major energy delivery company in Tajikistan), except where otherwise noted.

² In June and July 2009, Tajikistan produced 16% less electricity in a year-to-year comparison.
The graph above shows that, as the drought stress decreased, there was a positive year-to-year growth in electricity generation. This suggests that, during the 2\textsuperscript{nd} and 3\textsuperscript{rd} quarters of 2009, Tajikistan has survived the worst of the energy crisis.

Also, an increase in electricity generation is linked with the launch of Sangtuda-1 HEPS, which has a capacity generation of 670,000 kWh, and can produce 2.7 billion kWh per year.

\textbf{2.3 Electricity consumption}

In September 2009, Tajikistan consumed 1.4 billion kWh, which is 10\% more in a year-to-year comparison. However, compared to August 2009, electricity consumption in Tajikistan has sharply decreased by 33\%.

As the graph above demonstrates, electricity consumption between May and July 2009 has decreased by 10\% compared to the same period of 2008. This may be linked to reduced electricity consumption by main industrial companies such as the Tajik Aluminum Company (TALCO).

In spite of all the positive indicators of the energy situation in the months of September and October 2009, some rural areas of Tajikistan are facing electricity cuts. The main power distributing company “Barqi Tojik” explains that electricity cuts are taking place due to long-standing regional debts and in other cases, ongoing repairs of the electric transmission lines.

\textbf{2.4 Gas Import}

On 26 September 2009, Uzbekistan fully stopped the supply of gas to Tajikistan until Tajiktransgas paid off their debt of 20.5 million USD. For this, Tajiktransgas appealed for 10 million USD for credit from “Orion Bank.” Major debtors, such as “Barqi Tojik,” “TALCO,” and “Tajikcement” not only paid the arrears, but also made pre-payments against future gas consumption of about 1 million USD.

The new schedule of payment was signed on 10 August 2009. In accordance with this agreement, “Barqi Tojik” will supply electricity to “Uzbekenergy” and “Uzbekenergy”

\footnote{5}{In May-July 2009, Tajik Aluminium Company (TALCO) has produced aluminium for 16\% less than the same period of 2008}
\footnote{6}{Data and information from State Unitary Company “Tojiktransgas”}
will make the payment to “Uztransgas.” With this payment structure, Tajikistan was able to pay off all of its debts.

Every ten days, Tajikistan receives 1.2-1.5 million USD in gas imports. From the beginning of the year, Tajikistan has received 191 million cubic meters of gas and according to last year’s agreement, 530 million cubic meters of additional gas is to be supplied to Tajikistan in 2009. However, due to payment issues, Tajikistan may only receive 50% of the contracted volume.

![Electricity export in January-September 2009 compared to the same period of 2008](chart.png)

The main reason for this seems to be the agreement reached on 19 August 2009 by the Ministry of Energy and Industry of Tajikistan with Uzbekistan on exporting 500 million kWh of electricity between August and September 2009.

2.5 Energy Outlook

Key energy sector stakeholders have assured the public that household electricity supplies this winter will be much better than in previous years. Factors in support of such an argument include water levels in the Nurek reservoir, which reached 906 meters during the first 10 days of October. Water inflow to the reservoir was around 340 cubic meters per second and outflow was around 460 cubic meters per second. Also, the HEPS Sangtuda-1 was put into operation this year, which will generate a projected 2.7 billion kWh of electricity per year. The agreement with Uzbekistan concerning the transit of Turkmen electricity, if implemented, would help to cover the winter electricity deficit (of 3.5-4 billion kWh in past years). Moreover, in early October, Turkmenistan lowered the price for imported electricity from 3 to 2 cents per kWh during the autumn and winter periods.

There are also negative factors which raise concerns about possible energy shortage risks:

- According to multi-year trend analysis of water inflow in Vakhsh River, which is 20.4 cubic kilometers, in 2009, it is forecasted to decrease to 17.2 cubic kilometers. This may decrease the capacity generation of the HEPS.

- Although the launch of Sangtuda-1 may reduce electricity shortages, the continuation of low tariffs suggests that shortages will not be significantly reduced. There is a need to increase the tariffs for electricity.
Electricity imports may fall sharply if Uzbekistan does indeed withdraw from Central Asia’s integrated electricity grid, as per its announcement on 15 October, 2009.7

The integrated management of water and energy resources in 2009 will raise significant problems, especially in the river basins of Sirdarya because they are connected to the depleting water in Toktogul reservoir. In the long run, the same problems are expected to be seen with the Amu-darya river basins, as Afghanistan is intending to irrigate 50 thousand HA of its arable lands.

III. ECONOMY AND MIGRATION

3.1 Macroeconomic Trends

The external shocks that have hit Tajikistan’s small, open economy significantly complicated the country’s financial situation, where expenditures in GDP were exceeded and distributed as follows: consumer expenditures, 11.4%; investment expenditures, 24%; state expenditure, 28%; and negative balance, 36%.

Real GDP is estimated to have grown by some 2.7% during the first nine months of 2009.8 While this is a sharp slowdown compared to the 6 to 7% annual growth during the 2006-2008 periods, it is much better than the double-digit declines in GDP reported in Russia, Ukraine, and Armenia.

The trade deficit has remained high and in September, exports covered only 35% of Tajikistan’s imports. (Note: this relation had dropped from 102% in 2002 to only 43% in 2008). Tajikistan’s undiversified export structure and heavy reliance on imports continues.

Undiversified export structure and import during the period of crisis demonstrated high dependency on demand and supply capacities of outside markets.

In September 2009, exports increased by 12% and imports decreased by 19.3% compared to September 2008. For the first nine months of 2009; however, exports fell by 38% and imports by 25% compared to the same period of 2008. Nine months of tariff

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7 2009 Daily News Bulletin; Moscow – English. Provided by ProQuest LLC
revenues from foreign trade to the State budget were also 29% less than during the same period of 2008. However, the trade deficit has remained roughly unchanged in 2009; at the end of September, it was 1.1 billion USD.9

The export slowdown is mainly attributable to the decline in global demand and to falling prices for Tajikistan’s primary exports; aluminum and cotton.10 Data from the Tajik State Committee for Statistics shows that cotton export revenues fell by 30% and industrial outputs fell by 5% during the January – September 2009 period when compared to the same period of 2008.11

In September 2009, 250 (31%) of Tajikistan’s industrial enterprises were not working while many of the rest were operating at only 40-50% of capacity. Nonetheless, between January and September 2009, about 60% of these companies were able to increase production compared to the same period of 2008. Still, industrial output dropped by 10% during this time. Coal and aluminum production was down 40,000 and 43,000 tons, respectively. Output in the food processing sector dropped 15%, while overall consumer goods production (most of which is food items) was down 11%.12

In September, the National Bank of Tajikistan’s foreign exchange reserves increased to 331.8 million USD, thanks in part to a growth of 147 million USD in the last quarter of September.13 Still, these reserves provided less than two months of import coverage; well below the three-month limit suggested by international financial practice.14

3.2 Remittances

The global financial crisis is reducing the demand for Tajik labor abroad. Remittances from labor migrants are one of Tajikistan’s main sources of income, estimated to represent between 30 and 50% of Tajikistan’s GDP.

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9 Ibid.
10 According to Gulomjon Bobozoda, the Minister of Economic Development and Trade, the price for aluminium declined by 46% and the price for cotton by 19% during the period of January through August 2009.
12 State Statistical Committee of Tajikistan
13 In September 2009, NBT had four tons of pure gold and 450 million of it is Russian Rubles; only 15-17% of these reserves consist of US Dollars.
14 In September 2009, NBT had four tons of pure gold and 450 million of it is Russian Rubles; only 15-17% of these reserves consist of US Dollars.
The volume of remittances to Tajikistan over the first nine months of 2009 dropped by 35% compared to the same period of 2008. While the 202.5 million USD in remittances Tajikistan received in September\textsuperscript{15} was a slight increase (by 482 thousand USD) compared to the previous month, it represents a 35% drop in year-to-year terms; thereby reinforcing Tajikistan’s external vulnerability.

The overall decline in remittances for the first nine months of 2009 certainly played a role in the 25% reduction in imports recorded through September. Perhaps more importantly, the significant decrease in remittances in 2009 and the continuing inflation — especially for foodstuffs — raises concerns about household incomes; and consequently, about household capacity to purchase food and other basic goods. These concerns are particularly important for the most vulnerable households.

3.3 Exchange rate trends

Over the first nine months of 2009, the Tajik Somoni (TJS) depreciated by 22% against the USD and 21% against the Russian Ruble. This is in large measure due to the 35% year-to-year drop in remittances. In the middle of September, the national

\textsuperscript{15} Data obtained from the IMF mission in Tajikistan
currency slightly appreciated by 0.23% (from 4.39 to 4.38 per 1 USD); however, after that, the exchange rate stabilized.\(^\text{16}\)

A number of possible solutions have been put forward for the appreciation of the Tajik Somoni in July, including interventions on the foreign exchange market by the National Bank of Tajikistan, unexpected growth in dollar and ruble inflows into retail foreign exchange markets, as well as a growing preference for yuan over dollars by Chinese traders. If this trend persists, it could help stabilize Tajikistan’s external position.

On 13 October 2009, Tajikistan’s “Amonatbank” signed a financial cooperation agreement with China. This agreement will promote the use of yuan in trades between Tajikistan and China, which could lessen Tajikistan’s vulnerability toward fluctuations in the dollar exchange rate.\(^\text{17}\)

\(^{16}\) Source: National Bank of Tajikistan, [www.nbt.tj](http://www.nbt.tj)

\(^{17}\) Asia Plus from 16 October 2009 [http://www2.asiaplus.tj/news/29/58133.html](http://www2.asiaplus.tj/news/29/58133.html)
3.4 Consumer Price Index

In September, the overall consumer price index (CPI) has slightly increased by 0.4% when compared to August 2009. From the beginning of the year, it has increased by 4.5%; and when compared to September 2008, consumer prices have increased by 3.7%. Food prices fell 0.1%, and while prices for non-food items decreased by 0.8%, service prices and tariffs still rose by 1.1%.

The depreciation of the Somoni, coupled with rising global oil prices, continues to put pressure on the CPI, even in the face of global deflationary pressures and sharp declines in the prices of Tajikistan’s exports. From the beginning of the year, the CPI rose by 4%. This includes 2.1% on foodstuff, 4.4% on non-food and 12.3% on services. Between July and August 2009, the overall CPI increased by 0.9%, including 4% for services, 0.8% for non-food and 0.2% for foodstuff. As a source from the National Bank of Tajikistan explained, the increasing index for services is mainly due to increases in the price for fuel and energy, as well as increased tariffs for communal services (electricity, water, and gas).

3.5 Food and Fuel prices

Insignificant change in prices has not changed the consumer basket of the Tajik population in September 2009. Consumer basket price in September 2009 remained at 91 Tajik Somoni per person. However, for healthy nutrition, it would cost 180 Tajik Somoni.

As the table below suggests, prices for main food items remained unchanged if compared to August. Price increases have been registered mostly in Dushanbe and Khujand markets.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Dushanbe</th>
<th>Gharq</th>
<th>Khorog</th>
<th>Khujand</th>
<th>Kurgan-Tyube</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>6.67</td>
<td>0.00</td>
<td>0.00</td>
<td>7.69</td>
<td>0.00</td>
</tr>
<tr>
<td>Wheat Flour 1st grade</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Vegetable Oil</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The Consumer Price Index (CPI) is a measure of the average price of consumer goods and services purchased by households.

Data was obtained from National Bank of Tajikistan.

Food and Fuel prices were obtained from WFP Food Security Weekly Market Monitoring, Tajikistan.
Prices for eggs have increased by 17% in Dushanbe, by 8% in Khujand and 20% in Kurgan-Tyube markets. Rice prices increased by 7% in Dushanbe and by 8% on Khujand markets. Potato prices rose in Khujand and in Kurgan-Tyube by 7%, while dropping 19% in Gharm. In September 2009, prices for wheat flour (1st grade) remained unchanged, partly thanks to the stable exchange rate and low import prices. During the first nine months of 2009, Tajikistan imported 238 thousand tons of wheat—a 57% increase compared to the same period of last year. In September 2009, 11.1 thousand tons of wheat was imported for 1.8 million USD (168 USD per ton). This surge in wheat imports can be attributed to sharp price reductions; in September, the price for a ton of imported wheat was 41% below its September 2008 level. From the beginning of the year, wheat import prices have dropped 23%.

**Fuel prices**

According to World Food Programme (WFP) data, the average price for petrol in the country in September 2009 was 3.80 TJS (0.8 USD) per liter, and the average price for diesel was 3 TJS (0.6 USD). Price for both types of fuel in the local markets has decreased by 2% comparatively each month.

From the beginning of the year, the world market price for oil has increased by 93%. In Tajikistan, for the same period, prices for petrol increased by 54.49% and diesel by 9%, exerting upward pressure on the CPI.

**3.6 Food Security outlook**

For the next three months, food security looks relatively good, partly due to a good harvest. Households will be able to stock food for the cold months to come. This will reduce the share of household expenditures devoted to food and leave more income for investing in assets, debt repayment, or covering other expenditures. Still, continuing high food prices and the on-going economic crises threaten these fragile improvements.

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21 Source: Cedric Charpentier, Food Security Programme Officer, UN World Food Programme, Tajikistan
Moreover, households without land, and with decreasing (or without) income from remittances and those whose production has been affected by recent localized shocks (flash floods and frosts), remain highly vulnerable.

Households benefit from a decrease of food prices during the harvest season as more food is available on the market. Prices of wheat and cotton oil have decreased as well as some vegetables and fruits. Apart from pulses and vegetable oil, prices for most food items continue to decrease, but are still far from their pre-food crisis levels. The stable price of fuel and the stronger exchange rate should help maintain this trend into the winter when food prices are likely to rise again.

3.7 Migration and Employment

From January to the end of September 2009, 536,794 people officially emigrated from Tajikistan. In the month of September alone, 12,300 people left the country and 22,418 people returned. From the beginning of the year, 371,466 people returned home. As these figures indicate, many labor migrants traditionally return home before or at the start of winter. This increases temporary unemployment and slows the flow of remittances into Tajikistan.

47% of migrants and 36% of returnees are registered in DRR. The second major labor exporting region is Sughd, which accounts for 38% of migrants and 45% of returnees.

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22 Source: Migration department of Ministry of Interior, Tajikistan
In terms of employment, data from the State Statistical Committee of Tajikistan shows that the official number of registered unemployed people has reached 44,383. However, the unofficial figure is probably much higher. The majority of registered unemployed people are women and people under 30 years old. The largest number of officially unemployed are registered in the Sughd (14,869 people, 1.89% of which are from the economically active population of the area) and Khatlon (14,346 people from the economically active population of the area) regions.

Unemployment has been increasing, especially among women. However, vacancy positions created and offered by state agencies seem unappealing, perhaps due to their low wages. This demonstrates the limited capacity of the national budget to react to the current economic downturn. Falling state revenues limit the Government’s ability to implement social programs and anti-crisis measures. The Ministry of Labor and Social Protection reports that the total amount of the Government’s arrears to population, in terms of wages and pensions, have increased. In September 2009, the Government owed 23,385 thousand Tajik Somoni for wages and 2,073 thousand Tajik Somoni for pensions. One of the main reasons for this delay in payments is the Government’s difficulty with collecting social taxes.

The average wage paid in September 2009 was 287 TJS (65 USD), which is a 5% decrease compared to the previous month. According to WFP FSMS data, in September 2009, the monthly wage for skilled labor was 35-80 TJS (8-19 USD) and for unskilled labor wages were around 20-50 TJS (5-12 USD).

### IV AGRICULTURE

#### 4.1 Harvest Season

<table>
<thead>
<tr>
<th>Harvest in September 2009 (in tons)</th>
<th>2009</th>
<th>2008</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>198,157</td>
<td>307,476</td>
<td>-36</td>
</tr>
<tr>
<td>Potato</td>
<td>86,599</td>
<td>73,430</td>
<td>18</td>
</tr>
<tr>
<td>Vegetable</td>
<td>215,713</td>
<td>153,986</td>
<td>40</td>
</tr>
<tr>
<td>Fruit</td>
<td>32,344</td>
<td>29,373</td>
<td>10</td>
</tr>
<tr>
<td>Grain</td>
<td>714,557</td>
<td>379,469</td>
<td>88</td>
</tr>
<tr>
<td>Wheat</td>
<td>14,138</td>
<td>8,926</td>
<td>58</td>
</tr>
</tbody>
</table>

The total volume of agricultural products compared to nine months of 2008 increased by 9.5% (crop has increased by 11.2% and livestock by 5.7%).

As the table to the left shows, for the current harvest period, Tajik farmers have collected 198 thousand tons of cotton, which is 36% less than collected during the same period of last year. The other types of crop collected increased from last year. For example, potatoes were harvested 18%, wheat 58%, vegetable 40% more than was collected during the same period of 2008.

It is also important to note that in agricultural production households share biggest percent of potatoes, vegetables and milk production. In the short term, it may indicate positively in terms of food security of households; however, in the long term, such unofficial coping mechanism may undermine the agricultural development of the country in general.
V. HEALTH

5.1 Nutritional status

Recent findings from the food security and nutrition monitoring system indicate that the nutritional status of children under five years of age in rural areas has been deteriorating significantly. Wasting prevalence, showing that children’s weight is too low for their height, increased from 5.6% to 10.3% between January and July of this year. This might be attributed, in part, to more frequent bouts of diarrhea due to poor water quality in the summer months. The high wasting rates, a lagging indicator for food security, also seem to be a result of poor food availability and high food prices during the winter.

Severe malnutrition in children under five increased from 1.9% to 4.3% over the same period. When the nutritional status of children deteriorates, they are more at risk of infectious diseases which can lead to prolonged and more severe cases of diarrhea and respiratory illnesses. It is to be expected that the micronutrient status of the children has deteriorated with the weight loss and lack of dietary diversity.

A prevalence of acute malnutrition of 10.3% indicates according to the Integrated Food Security Phase Classification, an acute food and livelihood crisis. Therefore, preventive action, as well as treatment of severe acute malnutrition, is urgently needed.