

It is too early to assess the impact of the pandemic on the Tajik economy. However, it is already possible to predict the nearest future of the country’s economy.

Are there any strategies for countering challenges in Tajikistan and what needs to be done to reduce the risks of taxation underperformance? What COVID-19-related problems are already identified in the state budget of the Republic of Tajikistan? Will the authorities be able to respond quickly and effectively to the challenges posed by the pandemic to the country’s economy? What measures should the Government of Tajikistan take to reduce the risks of underperformance of all planned programs and activities? These and other issues were discussed **on July 3 in Dushanbe**, at the online expert meeting on “The State Budget and Pandemic: Problems and Solutions”.

The experts in economics, budgeting and management attended the meeting: Uktam Jumaev, country expert of the International Budget Partnership, Georgiy Gridilyan, independent expert on reforming the Public Finance Management system in Tajikistan, Zamira Samadova, founder and director of the Imkon Consulting Company, specialist in the field of management consulting, and Sobir Vazirov, expert in public finance. They tried to answer the questions that concern all country’s citizens and provided their recommendations on reducing risks and threats during the economic recession.



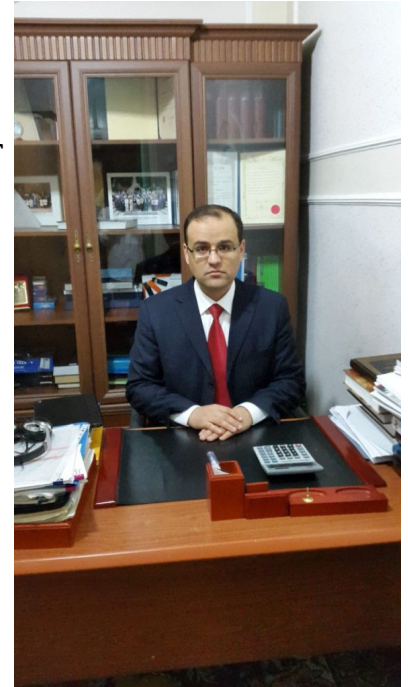
Lola Olimova. Photo:
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At the beginning of the meeting, Lola Olimova, meeting’s moderator and IWPR Tajikistan Country Manager, noted that the economic crisis predicted from the outbreak of the pandemic has now affected the economies of all countries of the world. All major countries already identified their strategies for countering the economic crisis. However, the countries with vulnerable economies, such as Tajikistan, should be prepared for the most unexpected scenarios. Were the Tajik authorities able to respond quickly and efficiently, to set the priorities and introduce the necessary measures to reduce the damage from the pandemic?

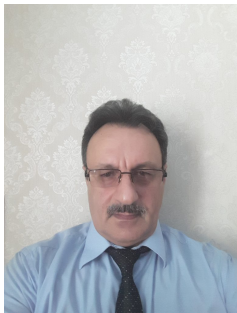
Sobir Vazirov, public finance specialist, informed the participants of the meeting about the impact of the pandemic on the expenditures of the state budget. He said that the government took a number of measures to support the business, but it is clear now that the situation is not simple. Comparing the tax collection figures for the five months of 2019 and the same period of 2020, he noted that tax collection plans were not fulfilled in many indicators and accounted for less than half of the planned. For example, in five months, the income tax plan was about 878 million somoni, but only 724 million somoni was collected.

“The pandemic directly affected tax revenues to the budget and this is very concerning. The state is taking measures: the plans were corrected already. The state cut the budget. However, it is very difficult to predict something now,” said Vazirov.

The expert suggested to continue the reformation of tax administration and the integration of plans for capital and current expenses, along with the use of a rigorous assessment of future expenses.



Sobir Vazirov. Personal photo



*Georgiy Gridilyan.
Personal photo.*

Georgiy Gridilyan, the independent expert on reforming the Public Finance Management system in Tajikistan, delivered the presentation “Implementing the Public Finance Management Strategy (PFM) during the crisis after the COVID-19 pandemic”. He highlighted the importance of following the effective PFM system, which will provide for more effective response to urgent challenges caused by various crises and ensure the implementation of the urgent tasks, such as: quick adaptation of tax and fiscal policies to crisis; prompt redistribution of available funds to the most priority sectors; attraction of additional funds for unforeseen needs and priority measures; taking urgent measures to support people in difficult financial situations.

Gridilyan emphasized the need for a set of measures to ensure macroeconomic stability during the pandemic; strengthening institutional mechanisms (special powers, coordination of work); revision of priority in the implementation of budget programming (program for combating COVID-19); the exclusion of delays in the payment of salaries, pensions, benefits and other social payments; compliance with financial discipline; strengthening control over the efficient spending of limited budget funds, etc.

“This is the global crisis. Each country will have to develop its own economy model, depending on its capabilities and characteristics. This hard process will take a lot of time, unfortunately,” Gridilyan said.

Uktam Jumaev, Ph.D., associate professor, country expert of the International Budget Partnership, spoke with the meeting participants about the conclusions and results of the studies, which could have an impact on the efficient budget funds spending. The COVID-19 pandemic already led to a recession of the country’s economy. Remittances from labor migrants decreased by more than 50%, about 76 thousand entrepreneurs were forced to leave their jobs during self-isolation period. These and other factors have already led to a reduction in tax revenues, as well as to a reduction of the population’s income. The country’s economy is already in recession and it is difficult to say how long it will continue. In such conditions, strict accounting and transparency in the budget funds spending is required, which is not followed in Tajikistan so far.



Uktam Jumaev. Personal photo

According to the global research by the International Budget Partnership in 2019, the budget transparency of the Republic of Tajikistan was estimated at 17 points out of 100, which is significantly lower than the global average of 45 points. In addition, this is the lowest rating among the neighboring countries. This is caused by the incomplete provision of budget information on authorities’ websites, as well as the underdeveloped mechanisms for involving the population in these processes.

Jumaev noted that Tajikistan consistently grew in this world ranking since 2012, but since 2017 it was continually dropping down, which indicates that the country was not able to maintain the level of development and its 30 points that it had in 2017. The transparency index of local budgets amounted to 13 points out of 100, which is even lower.

“Currently, during the pandemic, when the public and state attention is focused on the effective spending of budget funds, public involvement in planning, spending and control are becoming the cornerstone or the main problem, which at present, has not been resolved,” said Uktam Jumaev.

The expert believes that most likely, the pandemic and its consequences for the economy

will not contribute to the requirements of international standards for budget transparency in Tajikistan. He made several recommendations to ensure that the country does not slip even lower in budget transparency ratings, including strengthening internal control in the Ministry of Finance and its departments, and providing complete information about the state budget on these departments’ websites.



Zamira Samadova. Personal photo

Zamira Samadova, founder and director of the Imkon Consulting Company, specialist in the field of management consulting, spoke about whether small businesses have the potential to replenish the state budget. According to her, the measures proposed by the government to support entrepreneurs do not solve the most urgent problems revealed by the pandemic. Most entrepreneurs have neither the opportunity to work online, nor the financial reserves.

“The proposed measures do not allow business to understand how to solve the most important problem, when the revenues are dropping in many sectors: where they can find money to pay salaries?” she said.

According to Samadova, the consequences of the global economic crisis will inevitably lead to a protracted recession.

Experts answered questions from the meeting participants on Zoom and on Facebook.



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