

# BTI 2016 | Tajikistan Country Report

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	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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**Key Indicators**

Population	M	8.3	HDI	0.607	GDP p.c., PPP \$	2690.8
Pop. growth <sup>1</sup>	% p.a.	2.2	HDI rank of 187	133	Gini Index	30.8
Life expectancy	years	67.4	UN Education Index	0.639	Poverty <sup>3</sup>	% 23.4
Urban population	%	26.7	Gender inequality <sup>2</sup>	0.383	Aid per capita \$	47.1

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

## Executive Summary

In the period from 2013 to 2015, Tajikistan remained politically tense and remained in the authoritarian stability that has prevailed in the last decade. In 2013, President Rahmon was overwhelmingly re-elected to serve a further term until 2020, by which time he will have been in office for 28 years. The country's security services continued to repress all dissent in the peripheral regions of the Rasht Valley and Gorno-Badakhshon, although the latter saw some outbreaks of violence and popular protests against the regime. As memory of the country's 1992-1997 civil war fades, the Rahmon family regime that took power at that time continues to try to convince the public that only they can keep the country stable.

Security problems in recent years have been domestic, despite the government's attempt to present them as foreign in origin. The worsening security situation in Afghanistan has had little impact on Tajikistan's internal stability and posed little external threat. However, in Rasht (in 2010-2011) and Khorog (in 2012), outbreaks of significance political violence both led to dozens of civilian deaths and significant loss of life in the country's armed forces. These security threats in the peripheries remain and include old and new features. Part of the violence is between former wartime rivals, or the next generations of these factions, who are in conflict over local political power and control over the illicit economy that comes with that. Beyond this involvement in the violence by a new generation of youth, who have little hope of employment within the country and have been hardened by their experiences of migration and involvement in martial arts sports clubs, is a worrying sign for the future. The state remains intact, but continues to look fragile.

The composition and nature of the authoritarian, clientelistic and patriarchal regime centered on President Emomali Rahmon has changed very little in this period. The president was unsurprisingly re-elected in November 2013 without a significant challenge. The established opposition parties survive under considerable pressure. In 2013, they supported the candidacy of Oinhol Bobonazarova – Tajikistan's first female presidential candidate – but were unable to collect the required number of signatures in time, and thus lacked the “administrative resources” of the

presidential administration and its sanctioned “independent” candidates. The businessman Zayd Saidov broke free from the regime to launch his own political movement before the 2013 elections but was soon arrested, tried and convicted of sexual relations with a minor, polygamy, fraud and corruption. The persecution of his family and associates continues. In the period under review, the government targeted alleged members of the Group 24, an oppositional association lead by Umarali Quvvatov, and sentenced them to disproportionately high prison terms. Quvvatov himself was assassinated on 6 March 2015 in Istanbul.

The Islamic Revival Party (IRPT), represented in parliament by two members from 2000-2015, lost its seats in an election on 1 March 2015, which was criticized by the OSCE for taking place in a closed political environment. Parliament remains little more than a talking shop and validator of government proposals, and now lacks any members from parties critical of the government. International aid aiming at governance reform has declined in political significance as Chinese and Russian loans and credits have increased. All this serves to strengthen the executive over other institutions. The regime sets strategic goals and maintains working relations with donors and the U.N. but civil society remains weak, under state pressure, and dependent on donors.

Tajikistan remains the most remittance-dependent economy in the world. The government meanwhile continued to focus its economic development strategy on large-scale infrastructure projects in hydropower, road building and gas; aluminum and cotton remained Tajikistan’s primary exports. Increased estimates for the size of Tajikistan’s oil and gas reserves raise the hope that the country may become a major hydrocarbon state but there may be both political and physical challenges to the exploitation of these resources. The business environment continued to be dominated by state-owned utilities and SMEs owned by associates of the regime. In practice, most families outside the privileged elites struggled to subsist and relied on remittances from labor migrants for cash. The downturn of the Russian economy, prompted by the declining oil price and Western sanctions following the beginning of the Ukraine crisis, is beginning to affect Tajikistan. China is Tajikistan’s largest trading partner. Yet the country’s government appears likely to follow its neighbor Kyrgyzstan into the Russian-led Eurasian Economic Union (EEU).

## History and Characteristics of Transformation

Tajikistan was the poorest republic of the USSR and retains this status in the former Soviet Union (FSU). It has a rapidly rising population, estimated at around eight million. After the collapse of the Soviet Union in 1991, independence was overshadowed by a severe political and economic crisis and Tajikistan descended into five years of civil war (1992 – 1997). There are no accurate casualty figures and there has been no attempt, for political reasons, to open a commission of enquiry to establish the facts and identify abuses committed during the conflict. However, estimates range from 50,000 to over 100,000 killed, mostly among the civilian population. Over half a million were internally displaced or fled as refugees.

In 1997, after eight rounds of negotiations under U.N. auspices, the government and the UTO signed peace accords and created the National Reconciliation Commission (NRC) to supervise the development of the peace process. The commission's last meeting was held in 2000, and elections to the new bicameral parliament (the Majlisi Oli) were held in March, formally bringing the peace process to a successful end. Tajikistan is among the few post-conflict countries that have transitioned quickly from war to internal stability and formed a functioning government. Most remarkably, order has been reestablished without the liberal reform deemed essential by international actors. Nevertheless, the country has experienced several incidents of minor armed conflict since 1997, each of which has been suppressed by the government. The latest of these were in the Kamarob Gorge of the Rasht Valley in 2010-2011 and in GBAO in 2012, with sporadic violence and tension continuing to occur in the latter region to this day (see below).

Although it is burdened with failing infrastructure, crumbling health and education systems and weak institutions, Tajikistan has managed to recover economically since the war. After 2000, the economy demonstrated strong growth, averaging 10% annual growth between 2001 and 2004, which slowed to 6% in 2005. External debt was cut in half, and poverty reduced from 83% of the population in 1999 to 47% in 2009. However, while this growth is partly the result of structural reforms and recovery in capacity utilization, it was also aided by favorable world prices for aluminum and cotton, as well as increasing remittances from Tajik labor migrants to Russia and elsewhere. Tajikistan is ranked as the most remittance-dependent state in the world.

Since 2000, stability has continued to trump any meaningful movement towards democratic reform. The parliamentary (2000, 2005, 2010, 2015) and presidential (1999, 2006, 2013) elections and the 2003 constitutional referendum, which approved the president's proposal to extend terms of office to seven years and to allow another two terms for the incumbent, merely rubber-stamped the existing order, and were met with muted complaints from the international community. In the years following the peace accords, Rahmon pursued a strategy of co-opting key opposition figures into senior appointments and opening the spoils of power to them. At the same time, opponents, potential opponents and those who fall out of favor have been suppressed – often jailed or forced to flee the country. Politics in Tajikistan are heavily dependent upon patronage networks and personal loyalties. Governance is often exercised through informal channels. NGOs are weak and scarcely exist beyond the capital city and some other major towns, such as Khujand. Local governments (jamoats) and neighborhood committees (mahalla) are of some importance in local decision-making. However, they do not have real autonomy from the central government and tend to be characterized by a patriarchal mode of governance. Nevertheless, the basic institutional façades of electoral democracy and market reforms are maintained.

Tajikistan is considered a necessary, if weak, security partner by Western states, Russia and, increasingly, China. Tajikistan has not, as feared, been pitched into the throes of a “New Great Game,” but has instead been able to engage with and extract resources from all of the great powers – to the benefit of the regime. Because of its long border with Afghanistan, Tajikistan is deemed important for strategic security reasons (e.g., combat against extremism and the drug trade) yet it has been largely unaffected by the strategic balance of the conflict and the (perceived) threat to Central Asia of transnational Islamic militancy. Of more significance has been the effect of drug

trafficking on society, which has led to rising rates of narcotic abuse and institutionalized corruption, despite increased technical assistance from the West and Russia. As yet, little progress has been made in countering narcotics trafficking. This is an indication of how little leverage external actors have on complex social and political dynamics in Tajikistan.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Question  
Score

In general, the state continues to enjoy full monopoly on the use of force. Although fully entrenched in principle, this monopoly was challenged occasionally during the period under consideration by incidents of violence associated with organized crime, particularly transborder drug trafficking, and local dissent against the center's security forces.

Monopoly on the  
use of force

9

In the period 2010-2012, Tajikistan experienced renewed violence in its regions (see BTI reports 2012 and 2014). In the fall of 2010, a conflict between state forces and militants identified by the government as "Islamic terrorists" took place in Rasht leading to the capture and killing of two rebel leaders, the well-known militant Mullo Abdullo and the younger and less well-known Ali Bedaki, in early 2011. In July 2012, after the assassination of General Abdullo Nazarov, Head of the State Committee of National Security (SCNS) in the region, the government launched a large-scale military operation against the supporters of former field commanders in the eastern province of Gorno-Badakhshon (GBAO). While Rasht has apparently been successfully pacified for the time being, GBAO remained tense and experienced a number of conflicts. These were often the result of security operations by central government forces, such as that in Ishkashim in May 2013, the use of excessive force by the security services in an incident in Rushan in March 2014, and the attempted arrest by force of three persons in Khorog on 21 May 2014. The latter incident, in which at least one civilian was killed and several injured, prompted protests and rioting, including an attack on the building of the State Committee of National Security a few days afterwards. A body of "civil society leaders" was nominated to negotiate with the government and an investigation into the events was launched. Large parts of GBAO's population remain highly distrustful of state forces. However, the population continues to frame dissent in terms of the unprofessional conduct and excessive force used by the security services, rather than as a challenge to the sovereignty of Dushanbe over the region.

There are no significant insurgent or violent movements contesting the state in territorial enclaves. Although the authorities frequently mention the threat of radical Islamic groups, and increasingly their fear of attack by the Islamic State (IS) group, the capacity of such groups to challenge the state is not clear and probably grossly exaggerated.

All major groups accept the legitimacy of the Tajik nation-state. At the same time, the significant Uzbek minority and natives of the former opposition regions (Rasht Valley and the mountainous GBAO) feel increasingly alienated due to their exclusion from access to economic resources and government positions, and the security incidents of recent years. The number of ethnic Uzbeks is commonly believed to be inaccurate due, in part, to the politicized nature of the census, which discouraged citizens from claiming an Uzbek identity and in some cases was deliberately manipulated by local authorities. The number marks a further decline on the number of ethnic Uzbeks estimated by censuses in 2000 (15.3%) and 1989 (23.5%). Most independent analysts put the number of Uzbeks in Tajikistan at about 20%.

The government's ethno-nationalist ideology combined with rising political and cultural tensions with neighboring Uzbekistan also contribute to the alienation of many members of the Uzbek community. Official nationalism generates a sense of unity for ethnic Tajiks but also serves to divide them. Politically, Tajiks hold all major posts and proficiency in the Tajik language is required for all major political officeholders. Government attempts to strengthen Tajikistani national identity vis-à-vis traditionally strong regional affiliations continue to be undermined by the prevailing pattern of distribution of government positions, which strongly favors the natives of the extended Kulyab region in southern Tajikistan.

While all citizens are formally granted equal rights, widespread corruption and nepotism increasingly limit access to certain rights to those who are better-off and have good connections. Women remain largely marginalized and are frequently informally hindered from exercising their civil rights. Access to citizenship is formally granted to all groups without discrimination.

The only known groups that question Tajikistan's stateness are clandestine and banned radical Islamic groups (notably the Hizb ut-Tahrir) that aspire to create an Islamic state in Central Asia. The government has continued to brutally repress individuals suspected of supporting banned Islamic groups (notably Hizb ut-Tahrir, Jamaat-e-Tabligh, Jamaat Ansarullah, and the Islamic Movement of Uzbekistan). The prevalence of these groups is unknown, but they are unlikely to be widespread due to the effects of state surveillance and repression.

State identity

7

Tajikistan is a secular state. It is forbidden by law to involve religion in political matters like election campaigns or the work of state bodies. However, the state officially celebrates several Islamic holidays and the governing elite increasingly uses rhetoric employing Islamic symbols. Although religious belief is an important part of Tajik culture, religious dogmas have no influence on politics or the law and are vehemently resisted by an assertively secular, authoritarian regime. As a legacy of the post-civil war peace accord, the regime allows the IRPT to operate legally, but this opposition party has come under increased legal and informal pressure in recent years, as the government appears to be increasingly fearful of political Islam. However, the IRPT is not an Islamist party and does not promote any policies that would transform Tajikistan into a theocracy.

No interference of religious dogmas

8

The authorities ardently defend the secular nature of the state, persecuting all religious activities beyond state-run institutions. During the period under review, the authorities have continued to marginalize independent religious leaders who were seen as restive or insufficiently loyal. Simultaneously, the government has increased the capacity of official institutions that regulate religion, such as the High Council of Religious Scholars and the Department for Religious Affairs. Both institutions certify religious personnel, monitor registered mosques and religious schools and distribute mandatory topics for the important Friday sermons. The government's intervention has influenced religious practice and the composition of religious authorities in the country. Intellectuals and the press are used to campaign against the IRPT and independent clerics. Official restrictions also affect ordinary Muslims as the already restrictive 2009 Religion Law was tightened. In July 2012, three new articles were added to the Code of Administrative Offenses in order to punish those violating the Religion Law's tight restrictions on religious education or holding unsanctioned ties with foreign institutions. The militant secularism of the government is a form of dogma that has had significantly negative effects on freedom of religion in Tajikistan.

The state maintains a highly centralized though multilevel system of administration throughout the entire territory. The system includes all major civilian institutions, such as local governments functioning at the municipal, district and provincial levels; a system of courts; tax authorities; law enforcement agencies; and local health and education departments which supervise hospitals and schools. All spheres of public service suffer from underfunding, rampant corruption, incompetent civil servants and inadequate technical facilities.

Basic administration

6

During the period under consideration, the authorities continued to implement a number of major transport infrastructure projects. Still, large areas in the Rasht Valley and, at times, the entire Sughd province and GBAO remained isolated from the rest of the country during colder periods ranging from one to six months. The insufficient winter energy supply to schools and hospitals, especially in rural areas, limits access to health and education and raises the risk of outbreaks of infectious diseases.

The provision of basic services remained undermined by low public expenditures in the social sector. According to the Ministry of Finance, in 2011 the government spent only 1.9% of GDP on health and 4.8% on education, with up to 80% of these funds being allocated for salaries and infrastructure maintenance. An estimated 80% of all schools and hospitals in the country required major repairs in 2012. International aid to pursue the millennium development goals has served to supplement state efforts. Since the end of the civil war, the proportion of the population with access to basic sanitation has risen slightly and in the latest available figures stands at 94%. Access to an improved drinking water source has also gradually improved, with 72% of the population connected. However, by these measures Tajikistan remains a very poor country, which is reliant on international aid for its basic infrastructure.

## 2 | Political Participation

General presidential and parliamentary elections are regularly conducted in Tajikistan at national level through unhindered universal suffrage with secret ballots. However, international and local observers have characterized all past elections as fraudulent. There has been no change in presidential leadership since 1992, and the president-led People's Democratic Party (PDPT) has controlled the parliament since 2000 when it served as the basis for consolidating regional elites and the allies of the president under a single political party. Public trust in the election process remains very low.

Free and fair  
elections

2

On 6 November 2013, Tajikistan held presidential elections. President Rahmon was re-elected with 79.3% of the vote, defeating five other candidates with little public recognition in the country. The one genuine oppositional nominee was Oinhol Bobonazarova, a female lawyer and activist proposed by the IRPT and Social Democrats (SDPT). Bobonazarova was unable to gather the required number of signatures to register her candidacy, after facing major administrative obstacles. The OSCE was unusually strident in its criticism of the elections, identifying multiple violations of its 1990 Copenhagen Document by which Tajikistan, as a participating state, is bound. These relate to bias in the media, the use of administrative resources against the opposition, and the failure to allow non-partisan citizen observers. However, Tajikistan's Central Commission for Elections and Referenda did require the posting of results outside of polling stations for the first time ever. Re-election allows Rahmon to stay in power until 2020. This will be his final term in office, unless changes to the constitution are once again pushed through by referendum.

On 1 March 2015, parliamentary elections were held and returned the PDPT to power with an overwhelming majority. A handful of remaining seats were distributed among minor parties, which barely register in the public consciousness and are largely supportive of the president. For the first time in the post-conflict period, the oppositional IRPT is not represented in parliament, which is left without a critical

voice. The OSCE election observation mission's statement of preliminary findings remarked that the "elections took place in a restricted political space and failed to provide a level playing field for candidates." The campaign was set to take place in a "controlled environment"; voting included "significant shortcomings"; and "disregard of counting procedures meant that an honest count could not be guaranteed." The elections were "not administered in an impartial manner" and the line between the election commission and the ruling PDPT was "often blurred." The election results were interpreted by international experts as part of an increasing hardening of authoritarianism and the repression of the Islamic opposition.

The president holds an unchallenged monopoly on the governance of the country, but his election is only *de jure* democratic. Most important decisions are made by the president and an informal circle of his family members and close associates. There are no significant veto players, but the president has to consider regional interests and power brokers in certain issues. The parliament has limited competencies and, in practice, is a rubberstamp to the president's initiative.

Effective power to govern

2

The Tajikistan Constitution guarantees freedom of association, but the government severely restricts this right in practice. Most independent political parties are allowed to operate because they are not currently seen as contestants for power, but their activities are closely monitored. However, the IRPT, which is Central Asia's only Islamic party, has come under increasing pressure during the period under consideration. Groups and individuals critical of the government, particularly the president, are systematically harassed, isolated and persecuted. The actions of such groups are strongly restricted at district level, where local administrators unscrupulously curtail them. Citizens have the legal right to join trade unions, but the latter are largely subservient to the authorities and unable to effectively organize members. Watchdog-type organizations, which tend to be exclusively foreign-funded, are strictly monitored. There is also increasing evidence of the repression of intellectuals. In June 2014, Alexander Sodiqov, a young Tajik academic researcher, was arrested by the State Committee of National Security (SCNS) and charged with treason and espionage after conducting an interview with a political party representative in the restive region of GBAO as part of a British academic project. Sodiqov was only freed and allowed to return to his studies overseas after a major international campaign by academics and human rights groups.

Association / assembly rights

3

Civil society groups dealing with socioeconomic issues are allowed to function without interference, subject to their registration being approved. In contrast, groups that openly disapprove of the authorities on matters perceived as political or sensitive are rarely tolerated.

The law provides for freedom of assembly, but this right is restricted and frequently denied in practice. Local government approval is required to hold public demonstrations, and officials refuse to grant permission in virtually all cases,

rendering gatherings illegal. Still, during the period under consideration, several unsanctioned protests erupted in the country. The authorities chose not to crush the protests by force, instead offering some concessions to the protestors. In December 2013, some 200 people protested in front of the building of the SCNS's detention center against the conviction and sentencing of former minister and opposition leader Zayd Saidov. Police eventually dispersed the crowd without excessive force and with minimal arrests. However, they appear to be less accommodating in dealing with protests over more political issues, as events in GBAO in 2012 and since demonstrate. The response to the May 2014 riots in Khorog mixed repression with conciliatory statements and a willingness to hold an investigation into what happened during the initial security operation. Throughout the reporting period, the government systematically persecuted alleged supporters of the opposition platform Group 24, and on 6 March 2015 its chairman, Umarali Quvvatov, was shot in Istanbul.

The noticeable decline in basic civil freedoms in recent years has been matched by efforts to restrict the independent Tajik media. Freedom of expression, speech and the press is guaranteed by the constitution. In practice, however, freedom of speech is restricted by government interference, widespread self-censorship, a lack of independent financial support and criminal libel laws. The government owns most television stations and controls broadcasting facilities, leaving little room for independent news and analysis on television (the major source of information) and on radio. Newspapers serve as a more independent and unbiased source of news and commentary, but they are generally accessible only in urban areas. The popularity of news and opinion Web Sites is rising with the increasing Internet penetration. According to official data, over two million people, or about 25% of the country's population, had used Internet at the end of 2012. It is not clear whether this estimate reflects the number of people who use Internet regularly or who have ever used it.

Media independence remained restricted during the review period. Tajikistan ranks 115th out of 180 in the 2014 Worldwide Press Freedom Index of the international media watchdog Reporters Without Borders. Throughout the period, several popular newspapers continued to suffer libel and insult accusations related to their coverage of politics, while a number of journalists faced intimidation, arrest and prosecution. Some chose to flee abroad. Press coverage of the 2013 presidential election campaign was highly biased in favor of the president. A new media law introduced in March 2013 contained adequate measures on paper, but all indications suggest that informal practices continue in a highly illiberal manner.

There is rising government concern about the new possibilities for political participation and networking that are accessed through Internet and cell phones. Several independent websites and social media platforms, notably Facebook and YouTube, were blocked for considerable periods of time during the period under review. The authorities also increased the monitoring of discussions taking place in social media and on news forums popular with Tajik citizens. In 2012, two popular

Freedom of  
expression  
3

news agencies, Asia-Plus and Radio Ozodi (the Tajik service of Radio Free Europe/Radio Liberty), were instructed by the authorities to prevent the publication of comments which might be deemed insulting to the country's senior leadership, or face closure.

### 3 | Rule of Law

The executive remains in tight control over Tajikistan's legislative and judicial branches during the period under review. Despite the constitutional provision for the separation of powers and their institutional differentiation, the executive, represented by the president and his inner circle, hold both a formal and informal monopoly on power. Checks and balances are both formally limited and largely ineffective due to informal modes of governance. The president appoints and dismisses senior members of the government, provincial governors and district heads, including the mayor of Dushanbe. The bicameral parliament, dominated by president's PDPT, has limited competencies and, in practice, tends not to exercise its constitutional powers, voting as instructed by the executive. Debates in the parliament occur mostly when the executive specifically requests them. Most members of parliament are former senior executives, promoted to the parliament in a form of honorary retirement. A 2009 change to the legal framework for local government – which was initiated and supported by representatives of the international community – has yet to have any noticeable effects on the power of local authorities with respect to the center.

The judiciary in Tajikistan is de jure independent and institutionally differentiated but, in practice, it remains largely subordinated to the executive. The president controls the judiciary through his constitutional prerogative to nominate and dismiss judges and the prosecutor general. The courts are also swayed by the rulings delivered by the prosecutor's office, which ranks above them in terms of influence and political power. In politically sensitive cases, judges rule as instructed by powerful officials in the presidential administration and security services. Once charged, individuals are invariably convicted in all but the most exceptional circumstances. The judiciary's operation is severely constrained by functional deficits such as rampant corruption, limited resources and poor training.

Rampant levels of corruption and abuse of power have remained part of Tajikistan's political system despite repeated presidential announcements that anticorruption efforts were being stepped up. Public prosecutions of corruption happen almost exclusively at lower levels of state administration, particularly in health, education and agriculture. High-level figures are rarely penalized for corrupt practices. Many senior officials in the Tajik government have secondary roles in business and even extensive property, in the country and abroad. This is typically tolerated unless an official falls from favor for another reason. The use of secretive offshore vehicles by the country's state-owned Aluminum producer (Talco) was publicized internationally by journalists in 2014, but without any repercussions or legal accountability for senior officials.

Separation of  
powers

3

Independent  
judiciary

3

Prosecution of  
office abuse

2

All civil rights in accordance with international human rights standards are encoded in domestic legislation. However, in practice, civil rights are frequently violated. Arbitrary arrests, lengthy pretrial detentions, torture and abuse remain systematic. Deaths continue to occur in custody. Conditions in prisons remain life-threatening due to overcrowding, unsanitary conditions and high levels of tuberculosis and HIV/AIDS. Police and security forces frequently violate citizens' civil rights and are very rarely prosecuted for such offenses, resulting in a culture of impunity. Justice mechanisms are impaired by corruption, patronage and the arbitrary application of the rule of law. Domestic violence against women remains commonplace, and cultural and institutional barriers prevent women from seeking redress for violations of their rights.

Civil rights  
3

Religious groups that do not adhere to the national brand of Islam favored by the government are particularly targeted. During the period under review, hundreds of nonviolent Muslims were detained and sentenced to lengthy jail terms, mostly without a fair public trial, for alleged membership in banned Islamic groups. Non-Muslim religious groups, including several Christian churches, remained subject to persecution through bureaucratic and administrative means.

#### 4 | Stability of Democratic Institutions

Tajikistan is an authoritarian state where “democratic” institutions are merely a façade. Governance is monopolized by the president and his inner circle. The executive, legislative and judicial powers merely respond to the decisions this circle issues. The parliament, for example, tends not to exercise its constitutional powers and the courts often rule as advised by the prosecutor or the executive. Opposition political parties and independent media groups are too weak and are tolerated only as long as they do not challenge the regime. The institutional framework for democratization exists and was strengthened during the period under review by new legislation allowing the direct election of village and town councils. Nevertheless, presidential and parliamentary elections in 2013 and 2015, respectively, were highly controlled and fell far short of democratic standards. True democratic reform is highly unlikely in the near future.

Performance of  
democratic  
institutions  
2

Tajikistan is a democratic state according to its constitution. However, formal dedication to democracy notwithstanding, the commitment to democratic institutions is largely superficial. These institutions are widely seen as lacking legitimacy or an election-based popular mandate. The country has little democratic experience and a democratic political culture has not yet matured. An increasing number of young people feel abandoned by the current government and are seeking alternative sources of equality and justice via religion.

Commitment to  
democratic  
institutions  
2

Indeed, the political culture of Tajikistan remains authoritarian and under the influence of the Soviet legacy. Political discourse is underdeveloped. Pluralism is associated with the violence of the immediate prewar period. Parties have no real ideological basis and there is little debate over key political ideas of justice, liberty and equality. Authority and stability are the watchwords of the regime. The political elites have a patriarchal view of politics that attempts to justify the nepotism and clientelism that are widespread in practice. Cynicism and disenchantment with the system appear to be growing.

## 5 | Political and Social Integration

Tajikistan formally has a functioning multiparty system, but most political parties have shallow social roots and do not play an important role in forming political will. There are eight registered political parties in the country. Five of them are represented in the parliament (elected on 1 March 2015) – the Agrarian Party (APT), the Communist Party (CPT), the Socialist Party (SPT), the People’s Democratic Party (PDPT) and the Party of Economic Reforms (PER). The Islamic Revival Party of Tajikistan (IRPT), which had been represented in the parliament since 2000 as a result of the General Peace Accord, failed to clear the 5% threshold in the 2015 elections. The president’s PDPT now holds a near monopoly on political space in the party system. PDPT membership is mandatory for all high- and medium-level civil servants.

The IRPT is the strongest opposition party with a wide support base and a genuine political agenda. However, the party has found its representatives frequently subject to smear campaigns and targeted by the police and courts on politically motivated charges during the period under review. CPT is steadily losing its influence and appeal. APT and PER are seen as “pocket” political parties, mostly because their leaders and members were recruited mainly among civil servants under pressure from authorities. The remaining three political parties, which are not represented in the parliament, are quite weak, mostly as a result of past government harassment and intimidation. They do not have any significant social base.

In April 2013, businessman and former minister Zayd Saidov attempted to launch a new party, New Tajikistan, to participate in the parliamentary elections of 2015. In May 2013, he was arrested, charged and, in December 2013, convicted of corruption and sexual offenses. He was sentenced to 26 years in prison and had all his assets confiscated. In 2014, persecution of his associates continued with the arrest of one of his legal team, Shukhrat Kudratov. In January 2015, Kudratov was sentenced to nine years in prison on fraud and bribery charges.

Party system  
3

Voter volatility remains very high, particularly during elections to sub-national representative structures. Overall, the opposition remains fragmented, although secular and religious parties have shown an ability to form pre-election coalitions, such as their support for the unsuccessful candidacy of Oinhol Bobonazarova in the 2013 presidential elections. Voters have little interest in or understanding of party politics. Opposition parties are continuously monitored by the authorities and are allowed to function only as long as they do not challenge the regime.

Interest groups are present only in isolated social segments, and they do not cooperate with each other. Existing interest groups are represented by informal familial–regional or professional networks and NGOs. Much of what is called “civil society” by international organizations are NGOs oriented towards technical assistance and service delivery. Much of their organization and agenda is typically responsive to donor calls for proposals and is not expressive of ongoing Tajikistani constituencies and their concerns.

Interest groups  
2

There are more than 2,000 registered NGOs in Tajikistan. The vast majority of them deal with issues of women, culture, education and humanitarian aid, dispensing humanitarian aid to the most vulnerable groups. Most NGOs are structurally dependent on foreign funding and address issues favored by sponsors. Although NGOs do provide some assistance to vulnerable groups by taking up some of the government’s responsibilities, NGO work does not mobilize civil society in an effective way because the NGOs themselves see their role as providers of services rather than mobilizers of interests, resources or actions. Both NGOs and labor migration have been influential in acquiring knowledge from outside Tajikistan on issues ranging from agriculture to state-building.

Today, after about 15 years of expansion in the number and range of NGOs, there is much anecdotal evidence of cynicism among both international donors and NGO representatives themselves about their role and effectiveness in society.

Citizens can also join trade unions, but the latter have mostly ceased to function effectively. Graduates from Western schools and universities created several youth and student clubs in Dushanbe and Khujand, but these have been largely unsustainable. Overall, the population remains passive in establishing interest groups. As a result, a large number of social interests remain unrepresented.

Tajikistan has little democratic experience and there is no reliable survey data on popular approval for democracy. Many in the country associate democracy with post-independence socioeconomic hardships, civil war and recurring violence in Kyrgyzstan. They are generally apathetic about current elections and disdainful towards political parties.

Approval of  
democracy  
n/a

There is a fairly low level of trust among the population, particularly between groups from different regions and ethnic backgrounds. What trust exists is extremely localized or familial as is increasingly evident in marriage, migration and employment patterns. For example, seasonal migrants to Russia will typically join residents of the same village or extended families, following them to the same suburb or provincial city.

Social capital  
4

The capacity to self-organize is distributed unevenly in the society. Self-organization within neighborhoods (mahalla) and in shared labor (hashar) is highly developed in rural areas where traditionally strong bonds of solidarity within villages and the extended family help individuals cope with routine problems and emergencies. Such village-based mobilization has been widely supported by international development agencies as a means for economic and social progress. However, rather than being the ideal grass-roots organizations of donor's dreams, mahalla groups should also be recognized as patriarchal institutions of order. When individuals move to the cities, most continue to support and rely on their extended families and people from their home region. These family- and village-based self-organized groups and associations are unevenly distributed and often resentful of each other.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Question  
Score

Tajikistan is a low-income, landlocked country in Central Asia. It is rich in hydropower potential and some natural resources, such as gold, silver, high-quality coal and precious stones. Unlike some of its neighbors, Tajikistan does not possess large proven oil or natural gas reserves.

Socioeconomic  
barriers  
4

Tajikistan was the poorest and most underdeveloped part of the Soviet Union until its collapse in 1991. Following a severe post-independence drop in most socioeconomic indicators and the 1992 – 1997 civil war, Tajikistan has experienced a steady recovery. The country's economy grew by 8.6% on average between 2000 and 2008. Following a drop to 3.7% in 2009, Tajikistan's economy continued to grow by 7.2% on average between 2010 and 2013. Real GDP growth is expected to be less than 5% in 2014, mainly because of a slump in remittances due to the economic slowdown in Russia. Although poverty rates have fallen from a peak of 83% in 1999 to 47% in 2009 (using the World Bank's minimum poverty standard), Tajikistan remains the poorest of all post-Soviet states. In 2014, it ranked 133rd out of 187 countries surveyed in the UNDP HDI, faring worse than all other FSU nations and slightly below its 1990 HDI value.

Remittances from labor migrants have been the key factor behind Tajikistan's economic growth and poverty alleviation progress during the last decade. The money sent home by between 1 million and 1.5 million Tajik migrant workers, mostly in Russia, has in recent years provided for the most basic needs of more than half of the population. In 2011, remittance inflow to Tajikistan amounted to \$2.3 billion. Remittances rose to an estimated \$3.1 billion in 2012 and \$4.1 billion in 2013, equivalent to about 42% of the country's GDP. According to the World Bank, Tajikistan remains by far the most remittance-dependent country in the world and is therefore particularly hard-hit by the economic crisis in Russia.

Poverty and social exclusion is quantitatively and qualitatively extensive as well as socially ingrained. Poverty is highest in rural areas, where about two-thirds of the population are poor and subsistence economies prevail, as well as among female-headed households and households with children. Geographically, areas with the highest incidence of poverty include GBAO, Rasht Valley, and some isolated and non-cotton growing districts in Sughd in Khatlon. The World Food Programme estimates that roughly one-fourth of Tajikistan's population is at risk of food insecurity, particularly during the winter period. Due to unreliable national statistics it is hard to analyze the level of inequality based on religion and ethnicity.

Education has also been an increasingly salient marker of inequality in the country. The country has an impressive adult literacy rate of over 99%, but this figure is almost certainly an exaggeration and masks serious discrepancies in education quality and access. According to UNICEF, more than nine out of ten children start school unprepared and their learning achievements are further affected by low professionalism and low motivation among poorly paid teachers. Pervasive corruption limits access to better schools and all institutions of higher education to those who can afford to pay disproportionately high bribes.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	2312.3	5642.2	8506.6	<b>9241.6</b>
GDP growth	%	6.7	6.5	7.4	<b>6.7</b>
Inflation (CPI)	%	7.1	6.4	5.0	<b>6.1</b>
Unemployment	%	11.7	11.6	10.7	-

Economic indicators		2005	2010	2013	2014
Foreign direct investment	% of GDP	2.4	-0.3	-0.6	<b>2.8</b>
Export growth	%	2.9	6.6	5.5	-
Import growth	%	16.5	7.1	5.9	-
Current account balance	\$ M	-18.9	-369.6	-203.1	<b>-639.9</b>
Public debt	% of GDP	41.8	36.3	29.2	<b>28.3</b>
External debt	\$ M	1121.4	3082.3	3537.7	-
Total debt service	\$ M	72.7	685.8	426.9	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	14.6	11.3	11.7	-
Public expnd. on education	% of GDP	3.5	4.0	-	-
Public expnd. on health	% of GDP	1.1	1.6	2.1	-
R&D expenditure	% of GDP	0.10	0.09	-	-
Military expenditure	% of GDP	-	1.0	-	<b>1.1</b>

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

## 7 | Organization of the Market and Competition

Although Tajikistan has the legal and institutional framework necessary for a functioning market economy, real market competition is present only in some segments of the economy. Legislative and procedural rules regulating market competitiveness are unreliable and often ignored. Price setting, state subsidies and corruption continue to shape the domestic economy. There is considerable state intervention in the agricultural sector, which employs about half of the labor force and generates approximately 20% of GDP annually. The intervention is particularly pronounced in the cotton sector, which accounts for about 60% of agricultural production and over 16% of exports (as of 2013). Cotton-producing areas face mandatory targets in cotton cultivation and harvesting, and cotton is bought at prices fixed by the government. The regime is reluctant to abandon control of key resources, thus undermining competition. Local governments throughout the country still routinely attempt to administer retail prices for basic foodstuffs, particularly around major holidays.

Market-based  
competition  
4

There are no significant formal entry and exit barriers in product and factor markets. However, widespread corruption and patronage networks effectively restrict most foreign trade in certain products to members of the presidential family and senior government officials. Although there are legal guarantees for the freedom to launch and withdraw investments, rampant corruption and extortion by tax and regulation agencies make private investment very scarce. With support from IFIs, Tajikistan has been reforming its economy to enhance business activity and increase the SME sector. These reforms have landed Tajikistan among the top reforming countries in the World Bank Doing Business report since 2010. Yet, although Tajikistan was identified as a country that has made the greatest strides in implementing business friendly reforms in 2013, it still ranked 166th out of 189 countries surveyed in the report.

The informal sector of economy remains large, constituting about a third of GDP and providing employment to more than 40% of the working population. Tajikistan's currency, the somoni (TJS), is fully convertible.

Most basic regulations to prevent monopolistic structures and conduct are in place. An antimonopoly agency also exists, but it has generally been a marginalized body with little effective power. The agency's interventions are largely limited to preventing unwarranted increases in food prices prior to major holidays. The state itself is still the main monopolist, controlling key sectors of the economy through the so-called "natural" monopolies. These monopolies shield from competitive pressure broad sectors of the economy that are defined as significant to national security.

Most of these monopolies, particularly in energy and transport, are undergoing gradual restructuring and privatization, with little transparency and competition, by members of the president's family or his close associates. For example, the Tajikistan Aluminum Company (Talco) is fully state owned, lacks meaningful corporate governance and has a managing director who reports directly to the president. It constitutes around 60% of Tajikistan's exports and 40% of its electricity usage. Yet London High Court documents that became available in late 2008 showed that around \$1 billion in profits had been siphoned off between 2005 and 2008 to an offshore company named Talco Management Limited registered in the British Virgin Islands. This was completed according to offshore tax avoidance schemes arranged under the guidance of the IMF and European Bank for Reconstruction and Development (EBRD). A High Court judge found that Oriyonbank formally owned the company while actual power and profits were likely to be held by members of the president's family and his key allies. An independent audit of Talco has not been made public and the monopoly of aluminum production by a small clique remains. Responding to pressure from IFIs, in early 2013 the government announced plans to restructure Talco and Barqi Tojik, the state-owned monopoly controlling all electricity production, transmission, and distribution in the country. As of early 2015, there has been no further discussion of these reforms, although the both companies are increasingly inefficient.

Anti-monopoly  
policy  
3

Foreign trade is liberalized in principle, but significant exceptions remain, including differentiated tariffs and special rules for state-controlled export commodities, notably aluminum and cotton. One latent indication of liberal trade policy is the country's negative current-account and trade balances in recent years. Between 2007 and 2011, the annual current-account balance recorded an average deficit of 5.6% of GDP. The deficit dropped to 1.5% of GDP in 2012 and 1.4% of GDP in 2013. In 2014, however, the IMF forecast that the deficit will surge to 4.7% of GDP. The trade deficit fluctuates between one-third and half of GDP.

Liberalization of  
foreign trade

4

Formal tariff barriers and quantitative restrictions remain quite low, but there are significant informal barriers, particularly in customs corruption. Foreign trade is also significantly impaired by politically motivated trade and transit barriers erected by Uzbekistan. The country's economy is export-oriented and is dependent on the export of aluminum and cotton fiber.

Apart from these commodities, which accounted for about 80% of Tajikistan's export earnings in 2014, the economy remains largely dissociated from the world market. Tajikistan has been a WTO member since 2013. The country's president has also claimed that Tajikistan was considering joining the Russia-led Eurasian Economic Union, a move that could potentially increase trade with other member nations.

Tajikistan's banking sector remains underdeveloped. As of early 2014, there were 16 banks (including 10 domestic and six foreign banks), one non-banking financial organization, and 120 microfinance institutions, as well as the National Bank of Tajikistan (NBT). All domestic banks but one are privately owned. The NBT's performance is restricted by low capitalization and weak institutional capacity. The country has virtually no capital market. The economy remains largely cash based.

Banking system

3

The profitability of the banking system remained low during the period under review. Following negative returns in 2011, the country's major banks barely generated positive returns on assets and equity in 2012 and 2013. Despite significant liquidity lending by the NBT, liquidity conditions at banks remained constrained due to a mix of insufficient funding, high levels of nonperforming loans, and basic assets/maturity mismatches. Nonperforming loans stood at 7.2% of total loans in 2011, before surging to 9.5% in 2012 and 16% in 2013.

The capital adequacy ratio throughout the banking system remains sufficiently high at over 23% in 2012 and over 20% in 2013. However, according to the IMF, these indicators are overstated and disguise high stress in some individual banks, such as the country's third largest bank, Agroinvestbank, which the authorities had to recapitalize in 2012, with about \$147 million in order to save it from insolvency.

Overall, profitability remains low throughout Tajikistan's banking sector. Many banks also face significant liquidity problems and depend on the National Bank of Tajikistan for loans to meet their funding needs. The banking sector also remains

constrained by a low level of integration into global financial markets, limited credit lines, shallow capital market, cash based economy, low confidence in the banking sector, weak loan repayment culture, and poor corporate governance and accountability.

## 8 | Currency and Price Stability

The control of inflation and establishment of an appropriate foreign exchange policy are significant goals in the country's economic policy. Tajikistan ranks among countries with high inflation volatility. Average consumer price inflation was 5% in 2013, slightly down from 5.8% in 2012. In 2014, according to preliminary reports, the average consumer price inflation rose to 6.6%. Growing inflation led the NBT to increase the refinancing rate from 4.8% to 5.9% in May 2014. However, monetary tightening is not expected to have a significant impact on inflation dynamics, mainly because the share of NBT funding in the banking sector is limited.

Anti-inflation /  
forex policy  
4

Inflation in the country is strongly influenced by trends in global food and energy prices, as Tajikistan imports much of its fuel and food needs. Global prices for raw materials also influence inflation because massive and politically important infrastructure projects in the country require the import of capital goods.

The domestic currency is not pegged to a foreign currency but, rather, is subject to a flexible exchange rate. The domestic currency has been remarkably stable during the period under consideration. Yet the NBT has little control over foreign currency interest rates. The bank is fully subordinated to the government, and its currency policy is dictated by stability objectives on a macro level, as advised by IFIs. Inflation and foreign exchange remain largely outside of the government's control yet influenced by wider political and geopolitical factors.

The maintenance of macroeconomic stability has been a declared goal of the government, but the stability policy has not always been consistent and effective. Tajikistan has maintained a tight fiscal policy in order to contain external debt. Tajikistan's public and publicly guaranteed debt has been increasing in absolute numbers over the last decade, standing at \$2.2 billion in July 2014. However, the ratio of the country's debt to GDP dropped from 28.5% in 2012 to 25.4% in 2013 and to 21.9% in July 2014, mainly as a result of debt repayments on major loans.

Macrostability  
4

Tajikistan's major creditors are China's EximBank, the World Bank, the Asian Development Bank (ADB), and the Islamic Development Bank (IDB). The public debt is expected to continue rising in absolute terms, as the country intends to continue external borrowing to invest in infrastructure and energy projects. It is unclear how it plans to repay the rising debt. The government set an external debt ceiling of 40% of GDP.

The state budget recorded a surplus of 0.3% of GDP in 2013, following a 0.5% deficit in 2012 (excluding the mostly foreign-financed public investment program). In the first half of 2014, the budget had a surplus of 2.7% of GDP. The government's tax base remains very narrow, with a significant share of revenue still linked to the performance of the cotton and aluminum sectors. The government continues to rely on international aid in meeting some of its spending requirements, particularly in the social sector.

## 9 | Private Property

Property rights are defined formally in law and there are legislative and procedural norms regulating acquisition, benefits, use and sale of property. However, the implementation and enforcement of these rules is undermined by a weak private-property protection system, judicial corruption and state intervention. During the period under review, municipal authorities continued to acquire large parcels of land in major urban centers, particularly the country's capital, for development at the expense of long-term residents. Although the practices related to compensations for evictions improved in comparison with the late 2000s, they still remain inadequate. In June 2014, Human Rights Watch published a report suggesting that the resettlement of roughly 42,000 people from the flood zone of the Rogun Dam was leaving most of the displaced families worse off than they had been before resettlement. In many cases, residents did not get adequate compensation for the property they had to give up.

The period under review also saw the country's authorities confiscating property belonging to major opposition leaders. In late 2013, former minister and opposition leader Zaid Saidov was sentenced to 26 years in prison on a number of charges. His property, including a number of businesses and buildings, was confiscated. In 2014, a court ruled to confiscate a market near Dushanbe belonging to the wife of Muhiddin Kabiri, the leader of the IRPT. Several members of Kabiri's family also found themselves engaged in numerous lawsuits related to their property.

There is no private ownership of agricultural land, although farmers can lease land parcels for life with a right to transfer them to their descendants. However, government can take away the land if it is not cultivated.

Property rights

3

The government of Tajikistan claims to regard private companies as important agents of economic production. All small and most medium-sized enterprises have been privatized and the privatization of many large state-owned enterprises is ongoing. Despite this, the government intends to retain ownership of the country's aluminum company, Talco, and major hydroelectric power stations. Privatization of state companies has not been uniform, and has often been affected by corruption and insider deals.

Private enterprise  
3

Tajikistan continues to rank low on most of the World Bank's Doing Business indicators. In 2015, it ranked 166th out of 185 economies surveyed. According to the survey, it takes on average 39 days and four different procedures to start a business in Tajikistan. However, this generally refers to SMEs, primarily in retail and services. Starting a larger company requires political connection and patronage.

## 10 | Welfare Regime

The public welfare system has steadily eroded since independence. Cash and subsidy provisions for pensions, illness compensation, unemployment, disability and maternity exist in the national legislation and the right to them are generally respected. However, the compensation in most instances remains so low that many vulnerable groups, such as senior or disabled citizens, would not survive without additional, non-state support. In 2013, the minimum monthly retirement pension rate was about \$21, while the maximum monthly rate was \$107. An insignificant number of unemployed citizens receive unemployment benefits, although the World Bank estimates unemployment to hover at 40-50%.

Social safety nets  
4

Apart from poverty eradication, the welfare system has not been among top government priorities. Only about 2% of GDP is spent on health, with more than half of the money allocated for salaries and maintenance. The government's welfare function has largely been limited to occasional tiny increases in compensation rates for social risks, and the repair of clinics and orphanages. Labor migrants' remittances provide an alternative social safety net for about two-thirds of the population. Informal self-help networks based on extended families and villages also serve as important social safety nets, particularly in rural areas. Slightly more than 40% of the population was estimated to live below the poverty line in 2012. The government is committed to poverty alleviation. However, the progress in poverty alleviation remains vulnerable to external shocks.

Equal access to education, public office and employment for all citizens is guaranteed by the law. In practice, however, equality of opportunity has not been achieved. Individuals of Gharmi origin from the Rasht and Vakhsh valleys, Pamiris from GBAO, and the Uzbek minority continue to face discrimination in government appointments and business opportunities. These opportunities are also all but denied to members of the opposition. There are no official or legal obstacles for employment, but representatives of ethnic minorities are often declined jobs on the basis of inadequate knowledge of the Tajik language. Educational opportunities are equally open to all citizens, but corrupt admission practices limit access to higher education to those able to pay high bribes. There are legal provisions against discrimination, but they are rarely enforced.

Equal opportunity  
4

Educational opportunities are equally open to boys and girls at the primary and secondary level, but there are serious gender disparities in higher education attainment. According to the Global Gender Gap Report (GGGR) published by the World Economic Forum, the female-to-male ratio among individuals enrolled in higher education in 2014 was 0.52, compared to a ratio of 0.9 in secondary education and 0.97 in primary education. The gap between women and men in higher education attainment is particularly pronounced in rural areas. A “presidential quota” mechanism enabling girls from remote regions to attain higher education had a limited effect. Women are also considerably underrepresented in public office and business. Women held only 16% of seats in the parliament and 11% of ministerial positions (at deputy level only) in 2014. Although there are strong components in the country’s economic reform and poverty reduction strategies that seek to correct these inequalities, a number of institutional, social and cultural factors impede these measures.

## 11 | Economic Performance

During the period under review, Tajikistan showed stable economic growth. Real GDP grew by 7.2% on average between 2010 and 2013, driven mainly by agriculture, construction, and services. In 2014, the economy grew by an estimated 5%, according to the IMF.

Output strength  
4

Consumer price inflation was at an annual average of 5% in 2013, slightly down from 5.8% in 2012. In 2014, according to preliminary estimates, average consumer inflation rose to 6.6%. The country remains strongly susceptible to the inflationary impact of increases in global food and energy prices, as well as to fluctuations in the value of the Russian ruble.

Unemployment in Tajikistan is hard to assess because national statistics remain unreliable. The U.N. estimates that roughly 40% of the labor force is unemployed. About 40% of the country's employment is in the informal sector.

The state budget remains unbalanced. The budget recorded a deficit of 0.5% of GDP in 2012, shifting to a 0.3% surplus in 2013 (excluding the mostly foreign-financed public investment program). In the first half of 2014, the budget had a surplus of 2.7% of GDP.

External debt continues to rise in absolute numbers. In July 2014, the public and publicly guaranteed external debt was at \$2.2 billion. At the same time, the ratio of the external debt to GDP dropped from 28.5% in 2012 to 25.4% in 2013, and to 21.9% in July 2014. The public debt is expected to continue rising in absolute terms, as the country intends to continue external borrowing to invest in infrastructure and energy projects.

Tajikistan runs a large trade deficit because it has to import all of its petroleum and most of its food and capital goods. The IMF estimates that the country's trade deficit fluctuates between one-third and half of GDP.

The government continues to rely primarily on foreign state-led loans and investment from China and Russia, rather than creating conditions favorable to private investors. Rampant corruption, non-transparent practices, problems with power supply, poor infrastructure and a burdensome regulatory process continue keeping private investment levels in the country very low. FDI inflows to Tajikistan stood at \$209 million in the third quarter of 2014, with China, Russia, Qatar, Great Britain, Turkey, and Iran remaining the leading foreign investor countries. The government estimates that annual FDI inflows will be around \$400 million between 2014 and 2016.

Since the late 2000s, Russia's Gazprom has explored several potentially significant gas fields in the country. However, despite the company's repeated claims that Tajikistan could produce enough gas to meet all of its consumer and industrial needs, Gazprom has not yet been able to locate commercially viable gas fields. In 2014, Gazprom abandoned two of the four exploration areas in Tajikistan, maintaining that the remaining two areas still appear promising.

In July 2012, Tethys Petroleum, a Canada-listed oil and gas exploration company, announced that potential resources in the southwest of Tajikistan amounted to an estimated 27.5 billion barrels of oil equivalent (3.2 trillion cubic meters of gas and 8.5 billion barrels of oil). Several months later, Tethys Petroleum signed an agreement with France's Total and the China National Petroleum Corporation (CNPC) to jointly develop oil and gas assets in Tajikistan. Since early 2014, the three companies have been carrying out a large seismic program to identify drilling locations. Drilling of the first deep well in southwestern Tajikistan is expected to be completed in 2015. Confirmation and development of the oil and gas assets

discovered by Tethys Petroleum would make Tajikistan a major hydrocarbon producer, with a considerable potential for its economic development.

In June 2014, the World Bank released drafts of the socioeconomic and environmental feasibility studies of Tajikistan's flagship Rogun hydroelectric dam project. The assessments support the government's claim that building Rogun, the world's tallest dam, is the cheapest way to end Tajikistan's energy shortages. However, the studies also suggest that in order for the Rogun project to be economically viable, the government needs to reform its energy sector, raise electricity tariffs, and make the state-run Talco aluminum smelter pay its energy bills. It is not clear at the moment whether the government will be able or willing to implement these reforms. Neither is it clear whether the findings of these studies will help Tajikistan secure outside financing for the expensive project, particularly because its downstream neighbor, Uzbekistan, fiercely continues to oppose the dam.

## 12 | Sustainability

Environmental concerns in Tajikistan receive only occasional consideration and are largely subordinated to economic growth efforts. In the 2014 Environmental Performance Index (EPI), the country ranked 154th out of 178 nations surveyed, faring below the average for Eastern Europe and Central Asia. About 98% of Tajikistan's energy is generated by hydropower. Environmental degradation as a result of soil erosion, water pollution and deforestation increasingly constrains economic growth. The country's largest air polluter, the aluminum smelter in Tursunzade, causes adverse public health effects in nearby communities, particularly in neighboring Uzbekistan. Radioactive waste from the enrichment plant in Chkalovsk, a town in the north, is stored in tailing dumps close to residential areas without appropriate safety regulations, seriously affecting public health. The remains of uranium, lead and mercury mining in central Tajikistan have repeatedly contaminated water resources. Environmental regulation is in place, but it is scarcely enforced, particularly in cotton cultivation, gold mining, and aluminum production. Measures to protect the environment are largely absent in tax policies. Legal and institutional frameworks for sustainable energy use remains rudimentary.

Climate change has increased the incidence of droughts and extreme weather conditions, and accelerated the melting of glaciers in Tajikistan, eroding the resilience of poor communities. Environmental degradation and climate change have also increased the incidence of natural disasters in the country. According to the national authorities, on average about 150 small and medium-scale disasters occur in the country annually.

Environmental  
policy  
3

Tajikistan's education and training system remains largely substandard. The country's public expenditure on education rose to 4.2% of GDP in 2012, from 3.6% in 2010. The government has claimed it intends to bring the public expenditure on education to 5% in 2015, but the likelihood of this increase remains low amid slowing economic growth. Enrollment and completion rates in primary and secondary education are the lowest in Central Asia. The gross enrollment rate is 100.5 in primary education and 65.1 in upper secondary education. The quality of schooling, particularly at the secondary level, is significantly impaired by the shortage of teachers, their poor skills and low motivation, outdated textbooks and underdeveloped school infrastructure. Most of the approximately 3,900 public schools require major repairs. Half of them lack safe drinking water and one third have no functioning toilets, according to UNICEF. Between eight and nine out of every 10 schools operate in two to three shifts. The current number of students (over two million in 2013) is expected to increase by at least 20% by 2016, when the country is planning to move from 10- to 12-year education. It is not clear at the moment how the national education authorities will deal with the shortage of school places and teachers, which will be exacerbated by the lengthening of the duration of basic and secondary education. Despite these shortcomings, Tajikistan retains a formally high literacy rate of over 99%. This rate may conceal very weak literacy or functional illiteracy among an increasing number of young people, particularly women. Despite significant changes in the curriculum, Tajikistan's education and vocational training system remains unable to equip students with skills needed for the economy.

In tertiary education, the gross enrollment rate is 18.7, with about 15% of all total expenditure on education concentrated on this sector. Most institutions of higher education are state-owned, but the government has consistently attempted to convince foreign universities to open branches in Tajikistan. A branch of Moscow State University has operated in Dushanbe since 2010. The Russian government also subsidizes the Russian-Tajik Slavonic University in the capital. In addition, the country benefits from offers of free tuition at foreign educational establishments, particularly in Russia, Kazakhstan and China. However, across most if not all of these institutions plagiarism by both students (in copying from textbooks) and faculty (in reading from textbooks in lieu of writing their own lectures) is widespread and condoned.

R&D remains deficient. Public expenditure on R&D was about 0.12% of GDP in 2011, the latest year for which data is available. More than half of the country's researchers are employed in 13 institutions in the higher education sector, followed by the Academy of Sciences and over 50 research institutes and design bureaus. The R&D sector suffers from severe underfunding, obsolete equipment and ageing personnel.

Education policy /  
R&D  
3

# Transformation Management

## I. Level of Difficulty

The structural constraints on governance are high. Major structural problems include a rugged terrain, disadvantageous geographical location, strained relations with Uzbekistan and an underdeveloped transport infrastructure. Mountains cover about 93% of Tajikistan's territory, making large parts of the country all but inaccessible in winter periods and unsuitable for agriculture. With its fast-growing population and soil degradation, the country has increasingly low per capita farmland. Landlocked by Afghanistan, China, Kyrgyzstan and Uzbekistan, and 3,000 kilometers from the nearest deep-sea port, Tajikistan is probably the most isolated country in the region, with the highest transport and logistics costs. Chinese companies have invested in roads, improving access on the eastern side. However, this road links Tajikistan with China's separatist-riddled Xinjiang region, presently the most underdeveloped part of the country. Major roads connecting the north and south of the country have recently been refurbished. In general, however, the country's road network remains underdeveloped.

Structural  
constraints

8

Tajikistan's isolation and infrastructural deficiencies have been further aggravated by a difficult relationship with neighboring Uzbekistan. The latter has fiercely opposed Tajikistan's efforts to build large dams on transboundary rivers, particularly the giant Roghun Dam, arguing that such projects will cause environmental and economic disruption in downstream Uzbek communities. Since 2010, Uzbekistan has effectively stopped the transit of all railway cargo into Tajikistan. Uzbekistan has also frequently halted the deliveries of natural gas to Tajikistan, with significant economic losses for the country's aluminum company, Talco, and major cement plant in Dushanbe, which depend fully on Uzbek gas. Tajikistan's long-term development is impossible without an improved relationship and better coordination with Uzbekistan.

A long and poorly guarded border with Afghanistan is also among major complicating factors. The U.N. Office on Drugs and Crime (UNODC) estimates that up to one-third of all illicit narcotics produced in Afghanistan is trafficked through Tajikistan.

The government's ruinous social and economic policies have caused other structural constraints, such as poverty and related malnutrition, rampant corruption, unemployment, soil erosion, a drain of the skilled workforce, high rates of drug-resistant forms of tuberculosis and vulnerability to other epidemics. Natural disasters continue to plague the country, disrupting livelihoods and draining government resources. On average, about 150 disasters occur annually in Tajikistan, affecting at least 10,000 people.

Tajikistan has weak traditions of civil society. NGOs are largely unsustainable without foreign grants, have been distrusted by the government and have increasingly been losing public trust. There were more than 2,000 NGOs in early 2014, but most of them existed on paper only. Some major NGOs have become corrupt as a result of a lack of effective monitoring by international donors. A number of human rights NGOs receiving foreign funding are facing increasing pressure from the government.

Civil society traditions

9

The country has a tradition of voluntary activities conducted by neighborhood groups (mahallas) and extended families (avlods). These, however, have not become the basis for civil society. The intelligentsia, which actively participated in public life during the Soviet period, has mostly left the country or has been forced into conformity with the regime.

The government appears to have now established firm control over the Rasht Valley and GBAO, where serious outbreaks of violence occurred in 2010 and 2012, respectively. The country's political space remains dominated by the regime and is kept free from apparent confrontation. There are, however, deep divisions within Tajikistani society that follow regional, ethnic and social lines. Citizens of Gharmi origin from the Rasht and Vakhsh Valleys and natives of GBAO feel increasingly alienated as they are largely excluded from access to government positions and economic resources. The significant Uzbek minority, constituting up to 20% of the population, also feels marginalized and increasingly oppressed, particularly due to the rising political tensions between Tajikistan and Uzbekistan. Tajik-Uzbek interethnic tensions could emerge as an issue, especially in densely populated agricultural areas. Tensions already frequently arise between ethnic Tajiks and Kyrgyz in the densely populated northern areas of Tajikistan, where the border with Kyrgyzstan remains disputed. The high poverty levels and growing income gap also increase the risk of social conflict.

Conflict intensity

5

The government's continuous repression of activists from the banned Islamic groups results in deep grievances and may lead to their involvement in anti-state activities. In 2014, the government estimated that between 200 and 300 Tajik nationals were fighting in Syria and Iraq, with many of them being members of the Islamic State (IS), although these estimates appeared exaggerated.

The government's increasing harassment of IRPT activists and the sidelining of the party as a result of the 2015 parliamentary elections could also potentially increase conflict intensity in Tajikistan.

## II. Management Performance

### 14 | Steering Capability

Question  
Score

Prioritization  
4

The government sets broad long-term aims and priorities and, in most cases, pursues them without interruption. During the period under review, the political leadership continued to maintain three strategic priorities, as emphasized in the president's annual addresses to the parliament and a number of other speeches. These priorities were the achievement of energy independence, freeing the country from communications isolation, and containing the rise of radical Islam. Energy independence remains the principal objective of the regime. The government continues courting foreign governments and IFIs with the hope of convincing them to invest in a series of hydroelectric projects and electricity transmission lines. The president and senior officials continuously emphasize the construction of new hydropower plants and the refurbishment of existing plants as a way of turning Tajikistan into a major regional energy producer and exporter. The regime also continues to stress the importance of breaking the country's geographic isolation by constructing roads and railway lines that would connect with major regional economic hubs, bypassing Uzbekistan. Although the government has attracted Chinese investment for major road projects, key regional railway projects have so far bypassed Tajikistan. The regime also ferociously pursues the objective of countering radical and extremist Islam, mainly by repressing any unsanctioned forms of Islamic expression and jailing hundreds of Muslims suspected of supporting Islamic groups with ideologies that the regime deems dangerous or subversive.

The political leadership has also been able to maintain its long-term priorities despite pressure from foreign donors and IFIs to invest more resources in social protection, education, and health. However, the government's strategic capacity to organize policy measures that support long-term aims remains impaired by low professionalism, a lack of homegrown expertise and the failure to embrace evidence-based policy-making. There are effectively no independent think tanks or academic institutions that can critically assess government policies or the current situation in the country and which can offer strategic vision and solutions.

The regime continues to claim that the development of democratic norms and institutions remains its priority. However, these claims remain little other than empty rhetoric, mainly for the consumption of foreign donors, media and IFIs.

The government has the capacity to concentrate huge administrative, human and financial resources for pursuing strategic priorities. Despite this, the government has limited success in implementing its strategic objectives. Most of the factors hindering the effective implementation of long-term aims are largely beyond government control, such as Uzbekistan's fierce opposition to Tajikistan's hydropower development schemes and the country's geography. There are also significant impediments within the administration. Members of the government are frequently afraid of taking the initiative in implementing strategic policies or are insufficiently qualified to do so. The president frequently reshuffles the government, moving officials from one post to another, often without consideration of their expertise and skills. As a result, many officials have no institutional memory or qualifications to effectively do their jobs. In addition, many members of the government are more preoccupied with personal enrichment than with the situation in their country or continuity in government policy.

Implementation  
3

During the period under review, the government has demonstrated little willingness or ability in policy learning. There are few institutionalized mechanisms that facilitate innovation in policymaking. Any learning from past experience is significantly impaired by the practice of government reshuffling and weak monitoring and evaluation practices. Frequent workshops and study tours organized by donors and IFIs have little effect because the government sends people on a clientelistic basis and because the contents of such events are often not tailored to the country's needs. The government relies extensively on foreign consultants in devising policy measures, particularly in reform efforts driven by donors and IFIs. The high degree of centralization and rigid structure of authority also impede policy innovation by disallowing initiative from the lower ranks and from outside the governing circle.

Policy learning  
4

## 15 | Resource Efficiency

The government does not always use its available human, financial and organizational resources efficiently. During the period under review, the president's extended family and regional clan remained in control of all high- to medium-level appointments. The president personally controls all senior-level appointments to security and law-enforcement agencies, as well as to the army. Such appointments are mostly based on personal loyalty rather than professional aptitude.

Efficient use of  
assets  
3

Although senior government officials continuously emphasize the importance of recruiting skilled individuals for government positions, informal mechanisms and patron-client networks continue to regulate the distribution of most lucrative positions in government institutions. A number of public offices – particularly the president's office, Dushanbe mayor's office and the Ministry of Foreign Affairs – have made an attempt to recruit skilled professionals for lower-rank positions through relatively transparent and competitive procedures. However, these attempts have

effectively failed, since the younger individuals possessing the professional, technical and language skills required for these positions mostly opt for much better paid jobs in international organizations, embassies and some private companies. The government remains suspicious of the hundreds of individuals who receive education in Western countries and is reluctant to hire them.

During the period under review, the government has maintained a relatively balanced state budget, but the state debt continued to increase. Misappropriation of budget resources remains widespread, as confirmed explicitly by the president and other high-ranking officials publicly criticizing corruption in the country.

Local district- (nohiya) and province- (viloyat) level governments have a degree of financial autonomy from the central government. However, this autonomy does not go beyond decisions about allocating budget resources benchmarked for health, education and social protection.

The government tries to coordinate conflicting objectives, but often has limited success. The highly centralized decision-making structure enables the top-down coordination of key policies between different ministries and agencies. The duplication of responsibilities by different offices has largely been eliminated in critical sectors, but is still widespread across the government. A relatively strict hierarchy of policy priorities makes choices fairly straightforward. All policy goals are subordinated to internal security and regime survival. Decision-making on major security and foreign policy issues is monopolized by the president. The president also ascribes responsibilities for major policy areas. At the same time, the coherence of government policy is affected by weak communication across and within agencies, inefficiency of government bureaucracy and corruption.

Policy  
coordination  
5

During the period under review, rampant levels of corruption and abuse of power have remained part of Tajikistan's political system. The government largely fails to contain corruption. Although several agencies are charged with combatting corruption (the Ministry of Internal Affairs, the Anti-Corruption Agency, the Prosecutor's Office, and the State Committee of National Security), Tajikistan does not seem to have a coherent anti-corruption strategy. Conflict-of-interest rules or codes of conduct do not exist. State spending is not subject to independent auditing. A transparent public procurement system has also not been established yet, despite pressure from donors and IFIs. Journalists reporting on corruption among public officials often face libel and defamation charges. Public prosecution of corruption happens almost exclusively for political reasons or at lower levels of state administration, particularly in the health, education and agricultural sectors.

Anti-corruption  
policy  
2

## 16 | Consensus-Building

All the major political actors close to the president continue to claim that democracy is their long-term priority. In practice, however, their commitment to democratic institutions is largely superficial. The political elites are widely seen as lacking legitimacy and an election-based popular mandate, which does not prevent some parts of the ruling elite from presenting themselves to the international community as reform-minded people. With the exception of the increasingly irrelevant CPT, all opposition political parties also emphasize their dedication to democracy. However, it is not possible to assess to what extent these individuals would remain committed to reform if they were in power.

Consensus on goals  
3

Similarly, all the major political actors who close to the president continue to claim that a market economy is their long-term priority. But here, too, their commitment to a free economy is largely superficial. With the exception of the CPT, all opposition political parties also emphasize their dedication to the free market. However, it is not possible to assess to what extent these individuals would remain committed to reform if they were in power.

There are no veto players who are overtly opposed to democracy. At the same time, it is difficult to assess whether there are relevant political actors genuinely committed to advancing democratic reforms. The political culture remains closed and anti-pluralist.

Anti-democratic actors  
2

As the dialogue initiatives of the post-conflict period drift into distant memory, the political leadership has neither reduced existing divisions nor prevented cleavage-based conflicts from escalating. The most potent, broad-based cleavages follow regional and ethnic lines. Most of the high- to medium-level positions in the government and most of the lucrative economic resources are monopolized by the president's extended family and his close associates. Citizens of Gharmi origin from the Rasht and Vakhsh valleys, natives of Sughd and GBAO provinces, and ethnic Tajiks born in Uzbekistan remain largely excluded from access to political and economic resources. The significant Uzbek minority, constituting up to 20% of the population, also remains marginalized, particularly amid the rising political tensions between Tajikistan and Uzbekistan. The political leadership has consistently sought to suppress cleavage-based conflicts rather than to moderate them. The establishment of a consensus is not on the government agenda.

Cleavage / conflict management  
2

The period under review saw the political leadership continue to resort to openly prohibitive means to manage the cleavages along religious lines, potentially exacerbating them. The state detained and sentenced to lengthy jail terms hundreds of nonviolent Muslims for alleged membership in banned Islamic groups, particularly Hizb ut-Tahrir, Salafiyah, and Jamaat Ansarullah. In addition, the harassment of

members of the IRPT and an information smear campaign directed against the party notably increased prior to the 2015 parliamentary elections. The effective sidelining of the party through what Western observers considered fraudulent elections and the government's increasing mobilization of state-appointed religious authorities to denounce the IRPT could exacerbate the cleavage between the state and the potent political group. Besides, the government's attempt to marginalize the party could push an increasingly alienated and conservative part of its membership to denounce institutionalized politics in favor of more contentious engagement with the government.

Although the political leadership has granted civil society actors the opportunity to nominally participate in deliberation of social policies on some occasions, civil society participation on economic, political and security issues is neglected. Civic actors are also excluded from policy implementation and performance monitoring. They are seen as service providers who must stay out of contentious issues.

Civil society  
participation  
4

The political leadership has chosen to avoid addressing past injustices and continues formally to practice a “forgive-and-forget” policy in connection with offenses that occurred during the 1992 – 1997 civil war. Most crimes committed during the civil war period are covered by a general amnesty. In the period under review, there were no significant prosecutions for non-amnestied crimes. Yet, the government has largely abandoned the policy of formal and informal restrictions on discussing the civil war. Government officials, state-owned media, school textbooks and academics and intellectuals co-opted by the state increasingly blame the political violence of the 1990s on the opposition, particularly the IRPT. Therefore, broad-based reconciliation does not appear possible now. The ongoing political and economic marginalization of citizens of Gharmi origin from the Rasht and Vakhsh valleys, and the isolation of Pamiris, increasingly leads them to feel like the “losers” of the war. Distrust among the previously warring regional groups persists. Increased pressure on and the political exclusion of the IRPT is only likely to exacerbate these tensions.

Reconciliation  
3

## 17 | International Cooperation

The political leadership of Tajikistan tries to use international assistance for its own long-term development agenda, which was marked out in the National Development Strategy 2006–2015 and in poverty reduction strategies. During the period under review, the government has continued seeking foreign investment in large-scale transport and energy infrastructure projects. The ADB, EC, IMF and World Bank continued providing direct budget support, despite pervasive corruption. The government has often used international support to address short-term needs, particularly in tackling infrastructure maintenance and in responding to natural disasters. The government's Western partners and donor agencies often emphasize the importance of political reform during meetings with senior government officials.

Effective use of  
support  
5

However, the ability of these actors to push for genuine reform remains limited. Besides, the regime is aware of and willing to make use of the major contradictions between the key Western powers' democratization and political reforms agendas and their foreign policy and security interests. The government's capacity to channel available international support into long-term beneficial projects is limited.

Tajikistan's credibility as an economic and political partner suffers from the effects of corruption. The legacy of the 2008 scandal involving the embezzlement and misreporting by the NBT (see BTI 2012) is a continued and accurate perception that corruption is widespread in Tajikistan to the highest levels. Rampant corruption is among the major reasons for the low levels of foreign investment in the country's economy. Many government agencies and entire ministries have been blacklisted by international organizations and NGOs for misuse of donor funds. Cooperation with state agencies entails major risks.

Credibility  
3

The political leadership is open to cooperation with neighboring states and has notionally supported regional integration initiatives. The period under review has not seen any improvement in the country's relationship with Uzbekistan. The latter has long opposed Tajikistan's hydropower development projects, particularly the Roghun Dam, fearing the consequences for agriculture in downstream Uzbek regions. Since 2010, Uzbekistan has effectively stopped all rail cargo destined for Tajikistan in an attempt to ensure that critical equipment and material needed for the Roghun project did not enter Tajikistan. The border between the two countries remains mined and there is no air connection between the states. There are also border tensions between Tajikistan and Kyrgyzstan that occur with increasing frequency, mostly over land and water distribution.

Regional  
cooperation  
5

Tajikistan has continued to actively participate in regional organizations, such as the Shanghai Cooperation Organization (SCO) and Collective Security Treaty Organization (CSTO). Tajikistan generally complies with the rules set by regional and international organizations. During the period under review, China remained Tajikistan's biggest lender and a major trade partner. China's economic role in the country is expected to grow even further. Russia has effectively lost its status as Tajikistan's principal economic partner. However, Dushanbe's relations with the West and its security policies are still to some extent dictated by relations with Moscow.

## Strategic Outlook

Tajikistan is likely to remain an authoritarian state with a divided society. Despite occasional small-scale outbreaks of political violence and continuing tension in the Pamirs, the country's authoritarian regime remains stable. It possesses only weak public service institutions and a divided economy of haves and have-nots. While it selectively follows the economic and financial policy recommendations favored by IFIs, this has not led to broad-based economic growth but rather the concentration of wealth in the hands of those with political connections. Equally, the presence of formal democratic institutions has not produced political competition and debate. After around 15 years of authoritarian consolidation, all this is readily apparent. This suggests that not only is Tajikistan not making "progress," but also that the international organizations committed to bringing it about are themselves complicit in the status quo.

A different approach to Tajikistan is required, recognizing the state's dependency on foreign finances and the fact that international actors, far from being agents of change, serve as de facto apologists for the regime if they fail to speak out against its abuses of power. Given the extent of poverty in the country, the international community should maintain pressure on the regime to provide adequate support to the failing social sector, which has been at the periphery of the government's priorities. However, Western states, international organizations and NGOs have limited leverage over a government that is neither committed to reform nor considers itself dependent on the donor community. Russia and China remain far more important as diplomatic actors and international investors than any other foreign players. Tajikistan's future may be bound to the economic policies and international relations of these two states, given the country's increasing reliance on Chinese finance and trade and the prominent role still played by Russia, diplomatically, militarily and as host of most of the country's labor migrants. The question of whether to join the Eurasian Economic Union will loom large for Tajikistan in the coming two years.

Alongside economic stability and growth, internal security challenges remain a concern. The government's struggle to retain control of GBAO and its clumsy suppression of religious minority movements suggest that it risks creating the very problems it seeks to solve. Contrary to government claims, the present risks remain minimal and domestic, rather than considerable and foreign – they are not predominantly attributable to the Taliban, IS or any other transnational violent extremist movement. Security assistance to Tajikistan's regime effectively aids and abets this misdiagnosis and mismanagement of the problem. In light of this, the international community should not provide further technical assistance to the government's security forces until a fundamentally different approach is adopted.

Despite the very uninspiring state of "transformation" in Tajikistan, it should be recognized that its situation is not as desperate as might be expected given the lack of political liberalization, structural weaknesses and economic mismanagement. While the regime is not at all committed to

political and economic reform, it is attentive enough to maintain a certain amount of support from a significant portion of the population and to facilitate the marginalized to leave the country via seasonal labor migration for better prospects overseas. Its long-term development of hydropower and oil and gas industries may eventually provide a trickle-down effect to cushion poverty. Neither external nor internal forces are likely to lead to a severe downturn or a dramatic improvement in Tajikistan's state and society. The greatest factors affecting its transformation are also the most difficult to ascertain – family politics and the health of the president.