

BTI 2012 | Tajikistan Country Report

Status Index	1-10	3.50	# 117 of 128	
Political Transformation	1-10	3.50	# 109 of 128	➔
Economic Transformation	1-10	3.50	# 117 of 128	➔
Management Index	1-10	3.51	# 105 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Please cite as follows: Bertelsmann Stiftung, BTI 2012 – Tajikistan Country Report. Gütersloh: Bertelsmann Stiftung, 2012.

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Key Indicators

Population	mn.	6.9	HDI	0.607	GDP p.c.	\$	2163
Pop. growth ¹	% p.a.	1.4	HDI rank of 187	127	Gini Index		33.6
Life expectancy	years	67	UN Education Index	0.704	Poverty ³	%	50.9
Urban population	%	26.5	Gender inequality ²	0.347	Aid per capita	\$	58.8

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

Executive Summary

In the period from 2009 to 2011, Tajikistan weathered the global financial crisis and eventually quelled its most significant armed conflict since 2000. Overall, the period was one of continuity rather than change.

The worsening security situation in Afghanistan has had little impact on Tajikistan's internal stability and posed little external threat. The Rasht valley remained prone to political violence. However, the dynamics of confrontations with ex-warlord and former long-time Minister of Emergency Situations Mirzo Ziyoev in the summer of 2009 and several factions including that of Ali Bedak in the autumn and early winter of 2010 revolved around center-periphery struggles. However, the government has used relations between Islamist extremists (not necessarily related to al-Qaeda) and moderate Islamists to crack down on the latter and pressure the Islamic Revival Party (IRPT). This militant secularism has long-term security implications that are difficult to measure.

The composition and nature of the authoritarian, clientelistic and patriarchal regime centered on President Rahmon has changed very little in this period. Parliamentary elections passed off in February of 2010 without meaningful political competition and with murmurs of complaints from OSCE observers. The IRPT remains the only significant opposition party and retained its two seats in parliament whilst two newer, secular and regime-friendly "opposition" parties also gained seats. Parliament remains little more than a talking shop and validator of government proposals. An improved local government law has been passed but has yet to change the nature of governance in the country. The regime sets strategic goals and maintains working relations with donors and the UN but civil society remains weak and donor-dependent.

The government 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. The Roghun dam project was pursued aggressively and without

endorsement by IFIs. However, 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. These began to increase again during 2010, setting off fears of social unrest brought about by a rapid rise in poverty.

History and Characteristics of Transformation

Tajikistan is the poorest of the Former Soviet Union (FSU) states and has a rapidly rising population estimated to be over 7 million in 2010. After the collapse of the Soviet Union in 1991, national political order was not established 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.

A wide range of local, national and international factors led to the outbreak of civil war in 1992. These included ideological confrontations between the high-ranking officials of the Soviet era and nationalists, liberals and Islamists, economic turmoil at the end of the Soviet Union and, most importantly, inter-regional rivalries over power and resources. The beginning of the war was fraught with competing sub-factions and warlords. The collapsing Tajik government, supported by the People's Front of Tajikistan (PF) drew its support from the central region of Hissor and the south-eastern Kulob region. In November 1992, Kulobi warlords and apparatchiks, supported by military representatives from Uzbekistan and Russia, forwarded the candidacy of Emomali Rahmon as acting head of government and, subsequently, president of the republic. Opposition groups and factions kept strongholds in the south-western Qurghonteppa region, where the war started, as well as in the Gharm region and in mountainous Badakhshon. The Gharm or Rahst Valley region became the key support base for military factions of United Tajik Opposition (UTO) when it came into being in 1993.

In 1997, after eight rounds of negotiation 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 have formed a functioning government. Most remarkably, order has been reestablished without the liberal reform deemed essential by international actors. Although Tajikistan is still the poorest country in the Commonwealth of Independent States, 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 down to 6% in 2005. External debt was cut in half, and poverty was 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 migrants in Russia and elsewhere in the region. Tajikistan is ranked as the most remittance-dependent state in the world.

Since 2000, stability has continued to trump any meaningful move towards democratic reform. The parliamentary (2000, 2005, 2010) and presidential (1999, 2006) elections and the 2003 constitutional referendum, which approved the president's proposal to extend the terms of office to seven years and 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 first 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 that fall out of favor have been suppressed – often being jailed or fleeing 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 (mahalla) committees are of some importance in local decision-making but do not play a crucial political role and tend to be characterized by a patriarchal mode of governance. Nevertheless, the institutional façade of democracy and market reforms is maintained.

Tajikistan is considered a reliable 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 on its society of drug trafficking, which has led to rising rates of narcotic abuse, institutionalized corruption and 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 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

Question

Score

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 incidences of terrorism and violence associated with organized crime, particularly transborder drug trafficking.

Monopoly on the use of force

7

In July 2009, governmental forces were involved in incidents that led to the killing of the influential former opposition commander, Mirzo Ziyoev, in the former Islamic opposition stronghold of the Rasht Valley. Conflicting reports suggest he was killed by militants or by government troops. Ziyoev served in the post-war government as Minister of Emergency Situations until being removed in 2006. He was considered the last of the major commanders. However, continuous government efforts to marginalize other once-influential field commanders prompted several violent incidents that culminated in a protracted but local armed conflict in fall 2010. The conflict claimed the lives of more than 80 government troops, as well as an unknown number of rebels. It was the most serious episode of violence in the country since the military campaigns undertaken against independent commanders in 2000. The conflict apparently ended with the killing of the commander Alovuddin Davlatov (aka Ali Bedak), announced on 4 January 2011. However, the incident in the Rasht Valley did not have national implications, and security forces eventually reestablished public order in the area.

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, their capacity to challenge the state was grossly exaggerated over the period under consideration. It should also be noted that the long and poorly guarded border with Afghanistan continues to pose a threat to Tajikistan's security by enabling the infiltration of criminal and radical Islamic groups into the country.

All major groups accept the legitimacy of the Tajik nation-state. At the same time, the significant Uzbek minority, which constitutes more than 15% of the population, and natives of the former opposition regions (Rasht Valley and the mountainous Gorno-Badakhshan or GBAO) feel increasingly alienated due to their exclusion from access to economic resources and government positions. The estimated number of Uzbeks in Tajikistan is based on the 2000 census. This number 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. Most analysts put the number of Uzbeks in Tajikistan at 20% to 25%. The data from the 2010 census was not available at the time of writing.

State identity
7

The government's ethno-nationalist ideology combined with rising political and cultural tensions with neighboring Uzbekistan to contribute to the alienation of many members of the Uzbek community. Politically, ethnic 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.

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 use rhetoric employing Islamic symbols. Although religious belief is an important part of Tajik culture, religious dogmas have no influence on politics or the law. 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 pressure following the armed conflict in the Rasht valley in late 2010. The IRPT 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. A new religious law passed in April 2009 restricted the number of mosques and madrasahs (religious schools) and

required all religious organizations to re-register with the state. Consequently, the authorities closed down many unsanctioned mosques and madrasahs, banned some religious groups that reportedly preached radical Islam (notably the Salafi and Jamaat-e-Tabligh movements), and took steps to recall hundreds of Tajik students from foreign madrasahs. This militant secularism is not consistent throughout the regime but it 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. Public service deteriorates each year as Soviet-trained specialists get older and are replaced by younger generations with inadequate educations.

During the period under consideration, the authorities either began or 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 provision of basic services remained undermined by low public expenditures in the social sector. According to UNICEF, in 2010 the government spent only 1.6% of GDP on health and 3.6% on education, with up to 80% of these funds being allocated for salaries and infrastructure maintenance. Around 80% of all schools and hospitals in the country required major repairs in 2010. 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. In 2010 Tajikistan saw the largest polio outbreak in the world that year with 458 confirmed polio cases and 29 deaths, demonstrating the ineffectiveness and vulnerability of the country's health system.

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

Basic
administration
6

Free and fair
elections
3

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.

The period under review was no exception. The February 2010 parliamentary elections failed to meet key OSCE criteria for democratic elections and were not conducted in accordance with domestic legislation. The work of the electoral management bodies at central and district level was not transparent and the prevalence of PDPT members in district-level electoral bodies raised concerns about their impartiality. Although all candidates and parties had access to unhindered registration, the unduly high electoral deposit prevented a number of candidates from registering. While all candidates had relatively equal access to free airtime on national television, which serves as the main source of information for the population, the airtime was very limited, restraining the ability of voters to make informed choices. Local authorities and law enforcement bodies at times violated campaign regulations to the disadvantage of opposition parties. Election-day irregularities included ballot stuffing and widespread proxy voting. The counting and tabulation procedures were extensively violated. Although eight registered political parties with varied platforms ran in the elections, PDPT got 54 seats in the 63-seat parliament. Another four parties got two seats each and one seat went to an independent candidate. Only one of these parties, the IRPT, can be considered a genuine opposition party.

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

Increasingly, international organizations play a role in proposing and framing new laws. On 5 August 2009, the president finally signed a new law on local self-government in towns and cities. The U.S. Agency for International Development, other national donors and international agencies had pushed for this law for some time. Cooperation with the presidential administration was crucial to finally getting the new law established, but parliament, local government and NGOs played only a minimal role. The formal role of parliament as the debating and decision-making organ was circumvented in favor of a parallel process partially shaped by an external actor.

The Tajik Constitution guarantees freedom of association, but the government severely restricts this right in practice. Independent political parties, including Central Asia's only Islamic party, the IRPT, are allowed to operate because they are not currently seen as contestants for power, but their activities are closely

Association / assembly rights

3

monitored. Groups and individuals critical of the government, particularly the president, are systematically harassed and isolated. The actions of such groups are particularly 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. Civil society groups are allowed to function without interference, particularly if they deal with socioeconomic issues. Watchdog-type organizations, which tend to be exclusively foreign-funded, are strictly monitored.

The law provides for freedom of assembly, but this right is restricted and frequently denied by the government 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, mostly in response to the introduction of a toll road and the resettlements and market closures demanded by urban redevelopment schemes. The authorities chose not to crush the protests by force, which was seen as a sign of recognition of their failure to effectively address grievances generated by the development schemes.

There is rising government concern about the new possibilities for political participation and networking that are accessed through internet, cell phones and in public places such as mosques. As a result, independent websites are being blocked, attempts are being made to control cell phone use and some popular mosques have been closed.

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. Although the popularity of news and opinion websites is rising, internet penetration remains very low, at under 10%. The country has no freedom of information legislation. In November 2009, the government began charging reporters from privately funded media for access to public information, further restricting journalists' access.

The review period witnessed a further curtailment of media independence. Tajikistan ranked 115 out of 178 in the 2010 Worldwide Press Freedom Index of the international media watchdog, Reporters Without Borders. In January 2009, public officials and public agencies brought a series of defamation lawsuits against four leading independent newspapers, prompting suggestions that the move was

Freedom of
expression
3

aimed at silencing independent media in the run-up to the February 2010 parliamentary elections. Another assault against print media followed in fall 2010 as the authorities attempted to limit the flow of independent news about the security operation in the Rasht Valley. In September, the authorities started a tax investigation into three weeklies (Farazh, Nigoh, and Millat), which have been known for critical coverage, as well as the companies that printed these newspapers. In addition, the four most popular news websites in the country were blocked. During the armed conflict in Rasht, some journalists questioned the role of government troops, prompting Defense Minister Sherali Khairulloyev to accuse 17 newspapers that covered security incidents in the Rasht Valley of “complicity with terrorists” and “committing a grave crime.” Although violence against journalists declined, reporters who criticized the authorities or exposed government corruption continued to face harassment and intimidation. Many chose to report on sensitive issues anonymously.

3 | Rule of Law

The executive has continued to tighten its control over Tajikistan’s legislative and judiciary 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 disrupted. 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.

Separation of
powers
2

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. The judiciary’s operation is severely constrained by functional deficits such as rampant corruption, limited resources and poor training. In 2010, substantial legal amendments were made with the adoption of the new criminal procedure code, which replaced the Soviet 1961 Code. It transferred from prosecutors to the courts several powers such as the issue of arrest or search warrants, as well as property and

Independent
judiciary
3

bank account confiscations. It remains to be seen how far the legal changes will influence actual penal procedures, but it is highly unlikely that the reforms will empower the judiciary in any substantial way.

During the period under review, the president replaced Bobojon Bobokhonov, who had served as Tajikistan's prosecutor general for a decade, with Sherkhon Salimzoda, the former head of the state anti-corruption agency. Within several months of his appointment, Salimzoda dismissed 16 district prosecutors amid graft allegations, declaring that the fight against corruption in the judicial system was his top priority. It is not clear, however, whether the dismissals were motivated by a genuine anti-corruption agenda or a desire to replace judges who had fallen out of favor.

Rampant levels of corruption and abuse of power have remained part of Tajikistan's political system despite repeated presidential announcements that anti-corruption efforts were being stepped up. The few positive breakthroughs included new legislation requiring public officials to declare their wealth to tax authorities as well as the arrests of some corrupt judges, prosecutors and local administrators. However, 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. A prominent example during the period under review involved Murodali Alimardonov, chairman of the National Bank of Tajikistan (NBT) between 1996 and 2009. A 2009 international audit of the NBT uncovered the fact that Alimardonov had fraudulently dispersed \$850 million in international loans to several domestic firms through his own intermediary company. Despite the case's widespread publicity, Alimardonov was promoted by the president to the position of deputy minister in charge of agriculture.

Prosecution of
office abuse
2

All civil rights in accordance with international human rights standards are encoded in the domestic legislation. However, in practice, civil rights are frequently violated. Arbitrary arrests, lengthy pre-trial detentions, torture and abuse remain systematic. Deaths continue to occur in custody. Conditions in prisons remain life-threatening due to overcrowding, insanitary 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
4

During the period under review, hundreds of non-violent Muslims were detained and sentenced to lengthy jail terms, mostly without a fair public trial, for alleged membership in banned Islamic groups. Several non-Muslim groups, including the

banned Jehovah's Witnesses and several Christian faith-based groups, were also subject to persecution. Positive developments included the government's intention to abolish the death penalty, which had been suspended by a moratorium since 2004, and the appointment of an ombudsman for human rights in May 2009, although the latter has yet to prove his independence and willingness to pursue sensitive cases. Furthermore, the new 2010 criminal procedure code limited suspects' detention to a maximum of 18 months for the period of investigation and dictated that lawyers must be present when charges are made.

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, 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, the formal dedication to democracy notwithstanding, the commitment to democratic institutions is largely superficial. These institutions are widely seen as lacking legitimacy and an election-based popular mandate. The country has little democratic experience and the 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 pre-war period. Parties have no real ideological basis and there is little contention of 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.

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 – the Agrarian Party (APT), Communist Party (CPT), IRPT, People’s Democratic Party (PDPT) and Party of Economic Reforms (PER). 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.

Party system
3

IRPT is the strongest opposition party with a wide support base and a genuine political agenda. IRPT has recently tried to reach beyond its Islamist agenda and mobilize support among various groups that are marginalized by the current regime. 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.

Voter volatility remains very high, particularly during elections to sub-national representative structures. Overall, the opposition remains fragmented and highly polarized. 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 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 almost 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. According to the Tajik NGO online informational center in 2008, only 5% of NGOs deal with issues of human rights and 1% with political issues. 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 more than 10 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. Still, according to the International Foundation for Electoral Systems' 2010 Tajikistan survey, 63% of the population prefer a democratic system, 25% do not care about the form of the government as long as it provides for its citizens and 11% prefer non-democratic forms of governance. The survey, however, should not be treated as absolutely reliable due to respondents' fear of expressing their true opinions. The survey, however, reflects the division of the country into those who think that religion should not influence politics at all (16%) or merely play some part (23%) and those who would prefer significant religious influence (39) or religion playing the most important role in politics (19%).

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-type 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 representatives of the same 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

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 have large oil and natural gas reserves, although Russia's Gazprom announced in December 2010 that Tajikistan has several significant gas fields that could meet the country's needs for up to five decades.

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 and poverty rates have fallen from a peak of 83% in 1999 to 47% in 2009 (using the World Bank's minimum poverty standard). Still, Tajikistan remains the poorest of all post-Soviet states. In 2010, it ranked 112 out of 169 countries surveyed in the UNDP HDI, faring worse than all other FSU nations and falling below its 1990 HDI value. According to World Bank estimates, the massive government campaign to sell Roghun hydroelectric power plant project shares to the public in 2010 temporarily increased the poverty rate by 2% as families reduced consumption to compensate for the savings invested in shares. Pressure from IFIs led the government to stop the campaign. Per capita income constituted \$700 in 2009, up from \$600 in the previous year (using the Atlas method).

Remittances from labor migrants have been the key factor behind Tajikistan's economic growth and poverty alleviation progress. The money sent home by between 1 million and 1.5 million Tajik migrant workers, mostly in Russia and Kazakhstan, has over recent years provided for the most basic needs of up to 60% of the population. As a result of the global financial crisis, remittance inflow in 2009 fell by 31% from the 2008 peak level, to about \$1.75 billion. In 2010, however, remittances rebounded to about \$2.07 billion. According to the World Bank, Tajikistan was the highest remittance-dependent country in the world in

Question
Score

Socioeconomic
barriers
3

terms of GDP composition in 2009, and among the top three remittance recipients in relative value (per capita) in 2010.

Poverty and social exclusion is quantitatively and qualitatively extensive as well as socially ingrained. Poverty is highest in rural areas, where over 70% of the population is 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 in 2010, about 10% of the rural population were chronically food insecure and another 17% were very vulnerable to food insecurity. 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 nearly 100%, but this figure is almost certainly an exaggeration and masks serious discrepancies in education quality and access. According to UNICEF, more than 90% of 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		2007	2008	2009	2010
GDP	\$ mn.	3719.5	5161.3	4978.2	5640.4
GDP growth	%	7.0	7.8	7.9	3.8
Inflation (CPI)	%	13.1	20.5	6.4	6.4
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	9.7	7.3	0.3	0.3
Export growth	%	-1.3	16.0	7.1	6.6
Import growth	%	1.7	17.6	7.7	7.1
Current account balance	\$ mn.	-495.1	47.6	-179.9	-382.8
Public debt	% of GDP	35.2	30.2	36.6	36.7
External debt	\$ mn.	1222.0	2376.2	2549.1	2955.0
Total debt service	\$ mn.	61.8	128.4	468.4	683.4

Economic indicators		2007	2008	2009	2010
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	17.5	28.8	28.3	29.4
Public expnd. on edu.	% of GDP	3.4	3.5	-	-
Public expnd. on health	% of GDP	5.4	5.0	5.3	-
R&D expenditure	% of GDP	0.06	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

The legal and institutional framework necessary for a functioning market economy is in place. With support from IFIs, Tajikistan has been reforming its economy to enhance business activity and increase the SME sector. Legislative amendments in May 2009 reduced the time required to register a new business and cut the VAT rate from 20% to 18%. Largely as a result of these efforts, Tajikistan ranked among the top 10 reforming countries in the World Bank “Doing Business” report for two consecutive years in 2010 and 2011.

Market-based
competition
4

However, legislative and procedural rules regulating market competitiveness are still often ignored. Price setting, state subsidies and corruption continue to plague the domestic economy. There is considerable state intervention in the agricultural sector, which employs half of the labor force and generates over 20% of GDP. Cotton-producing areas face mandatory targets in cotton cultivation and harvesting, and cotton is bought at prices fixed by the government. The resolution of a long-standing farm debt problem and efforts to diversify agricultural production in favor of food crops resulted in a strong growth in agriculture sector in 2009. However, to ensure further growth, land reform needs to be completed and freedom to farm guaranteed. The informal economy constitutes about a third of GDP, 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 anti-monopoly 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

Anti-monopoly
policy
3

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 legal tolling agreements 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.

Foreign trade is liberalized in principle, but significant exceptions remain, including differentiated tariffs and special rules for state-controlled export commodities, such as aluminum and cotton. One latent indication of liberal trade policy is the country’s negative current-account and trade balances in recent years. In 2009, the current-account balance deficit was at \$180 million, or 4.9% of GDP, according to IMF. The deficit was forecast to decline to 3.6% of GDP in 2010. In 2009 the trade deficit stood at \$1.82 billion, or 33.7% of GDP, and decreased to \$1.4 billion in 2010, according to the national statistics office.

Formal tariff barriers and quantitative restrictions are 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, cotton fiber and electricity. Apart from these commodities, which accounted for 75% of Tajikistan’s export earnings in 2009, the economy remains largely dissociated from the world market. Tajikistan has sought WTO accession since 2001. It has observer status in the organization.

Tajikistan’s banking sector remains underdeveloped and poorly supervised. According to the NBT, as of January 2011 there were 138 credit institutions operating in the country, including 14 banks, three credit societies, one non-banking financial institution and 120 microfinancing institutions. All domestic banks but one are privately owned. The NBT’s performance is restricted by low capitalization and weak institutional capacity. Of greater concern is clientelism and corruption. In 2009 an international audit showed that NBT bankers had redirected IMF credits

Liberalization of
foreign trade

4

Banking system

3

into cotton future companies run by individuals with close ties to the regime. Foreign banks have been allowed to operate in the country since 2009. The country has virtually no capital market. The economy remains largely cash based.

The banking sector has not yet recovered from the global financial crisis. Several cuts made in refinancing rate by the NBT have neither made government-backed loans more attractive to state enterprises nor encouraged bank lending to sustain domestic demand. The banking sector is suffering from the steady increase in non-performing loans, particularly among state and agricultural enterprises, which stood at 13.5% in October 2010, according to IMF. In addition, the portfolio quality of commercial banks has been impaired by the government's decision to compensate them for only 80% of losses incurred as a result of the write-off of \$548 million cotton debt owed by farmers. This has affected the capital adequacy of many commercial banks. The capital-adequacy ratio was at 23.8% as of June 2010, according to IMF.

8 | Currency and Price Stability

The control of inflation and establishment of an appropriate foreign exchange policy are important goals in the country's economic policy. Tajikistan ranks among countries with high inflation volatility, according to the EBRD. Consumer price inflation was at an annual average of 6.5% in 2009, down from 20.4% in the previous year. In 2010, the inflation rate rose to 9.8%, according to the national statistics office. 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 of 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 depreciated by 26% in 2009, according to the IMF, but it strengthened in 2010. High inflation and the inability of the NBT to resist currency depreciation has led to a high level of dollarization, which, in turn, largely restricted the effectiveness of the interest rate channel of monetary policy. 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. Despite the challenges brought by the global financial crisis, Tajikistan has

Anti-inflation /
forex policy
4

Macrostability
4

maintained a tight fiscal policy in order to contain external debt. In 2009, the public and publicly guaranteed external debt was at \$1.8 billion (34% of GDP), with debt service amounting to \$123 million. In 2010, the debt rose to \$1.94 billion (34.6% of GDP), with the country spending almost \$56 million servicing it, according to the national statistics office. The IMF projected the debt-to-GDP ratio to continue to grow. Tajikistan's major creditors in 2010 were China, World Bank and Asian Development Bank (ADB). The ministry of finance estimates that the public debt will rise to \$2 billion by 2013, as the country will 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 overall budget deficit, excluding the mostly foreign-financed public investment program, was at 0.5% of GDP in 2009 and rose to 2% in 2010, according to ADB. If the foreign-financed public investment program is included, the deficit stood at 7% of GDP in 2009 and was forecast by IMF to decline to 5.3% of GDP in 2010.

The government's tax base remains very narrow, with a significant share of revenue still linked to the performance of cotton and aluminum sectors. The government tax revenue in 2009 stood at 17.6% of GDP and was expected to rise to 18% in 2010. 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. The period under review saw intensified acquisitions of large parcels of land in urban centers by municipal authorities for development at the expense of long-term residents. The latter were often evicted at short notice and without adequate compensation. All attempts to challenge evictions in courts have been unsuccessful. 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.

The government of Tajikistan genuinely regards 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

Property rights
3

Private enterprise
4

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.

A 2009 enterprise survey indicated that corruption was a major constraint for private businesses in Tajikistan. In an attempt to reduce the negative effect of corruption, the government introduced a two-year moratorium on tax inspections, which were extensively used to extort bribes from private companies. Tajikistan continues to rank low on most of the World Bank's "Doing Business" indicators, but its ranking has improved during the period under review. It rose from 159 out of 200 to 139 in 2011 (when 183 economies surveyed). In 2010, on average, it took 27 days and eight different procedures to start a business in the country. 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 rights for them are generally respected. However, the compensation in most instances remains so low that senior or disabled citizens would not survive without additional, non-state support. The minimum pension set in July 2010 has been about \$18 per month. In January 2010, the EU announced plans to invest \$100 million in improving the Tajik pension system. An insignificant number of unemployed citizens receive unemployment benefits, although the World Bank estimates unemployment to hover at around 40%.

Apart from poverty eradication, the welfare system has not been among top government priorities. In 2010, only 1.6% of GDP was 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 60% of the population. Informal self-help networks based on extended families and villages also serve as important social safety nets, particularly in rural areas. In 2009, 47% of the population lived below the poverty line. The country's poverty alleviation progress 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 as well as the Uzbek minority continue to face discrimination in government appointments

Social safety nets

3

Equal opportunity

4

and business opportunities. 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. Education 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.

Education opportunities are equally open to boys and girls at 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 2010 was 0.4, with an even higher ratio 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 offices and business. Women held only 20% of seats in the parliament and 6% of ministerial positions (at deputy level only) in 2010, according to GGGR. In contrast, in the judiciary sector, women held over 43% of jobs, according to the government. More than 80% of employed women worked in agriculture, but only about 12% of farms were managed by women. 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 has been recovering from the global financial crisis, and has shown an overall poor economic performance. Following stable economic growth by 8.6% on average between 2000 and 2008, growth slowed down to 3.4% in 2009, largely due to the reduction in remittance inflow and fall in global prices for aluminum and cotton, the country’s major export commodities. As exports and remittances rebound in early 2010, the World Bank forecast the country’s GDP to expand by 5.5% in 2010. In the first 11 months of 2010, the economy grew by 5.7%.

Consumer price inflation was at an annual average of 6.5% in 2009, down from 20.4% in the previous year. In the first nine months of 2010, the inflation rate averaged 6.7%, according to the national statistics office, slightly lower than the 7% projected by the end of the year. The country remains strongly susceptible to the inflationary impact of increases in global food and energy prices.

Output strength
4

Unemployment in Tajikistan is hard to assess because national statistics remain unreliable. The UN estimates that up to 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 overall budget deficit, excluding the mostly foreign-financed public investment program, was at 0.5% of GDP in 2009 and rose to 2% in 2010, according to ADB. If the foreign-financed public investment program is included, the deficit was at 7% of GDP in 2009 and forecast by IMF to decline to 5.3% of GDP in 2010. In 2009 government tax revenue stood at 17.6% of GDP and was expected to rise to 18% in 2010.

External debt continues to rise in absolute numbers. In 2009, the public and publicly guaranteed external debt was at \$1.8 billion (34% of GDP), with debt service amounting to \$123 million. In 2010, the debt rose to \$1.94 billion (34.6% of GDP), with the country spending almost \$56 million on servicing it, according to the national statistics office. The ministry of finance estimates that public debt will rise to \$2 billion by 2013 because the country will continue external borrowing to invest in infrastructure and energy projects. It is unclear how it plans to repay the rising debt.

Tajikistan runs a large trade deficit because it has to import all of its petroleum and most of its food needs and capital goods. In 2009, the country's trade turnover was about \$3.5 billion, with \$2.7 billion in imports and \$0.8 billion in exports. Trade deficit stood at \$1.82 billion, or 33.7% of GDP, and was forecast to increase slightly to \$1.88 billion in 2010. In the first 11 months of 2010, trade turnover reached \$3.4 billion, with a trade deficit of more than \$1.2 billion.

Rampant corruption, problems with power supply, poor infrastructure and a burdensome regulatory process have kept FDI levels in the country low. Total FDI in the period between 1992 and 2010 was \$1.5 billion. FDI levels were at an average of 3.8% of GDP between 2000 and 2008. The investment levels plunged abruptly in 2009, to the level of 1% as a share of GDP. In the first nine months of 2010, FDI reached \$170 million. The investment has been highly concentrated on the infrastructure and energy sectors, with only a minor immediate impact on the country's export revenue potential.

12 | Sustainability

Environmental concerns in Tajikistan receive only occasional consideration and are largely subordinated to economic growth efforts. In the 2010 Environmental Performance Index (EPI), the country ranked 111 out of 163 nations surveyed, faring better than Turkmenistan and Uzbekistan, but still below the average for Eastern Europe and Central Asia. Tajikistan ranks 109th in the world for all

Environmental
policy

3

greenhouse gas emissions and 129th for per capita emissions. About 98% of its 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. Environmental regulation is in place, but it is scarcely enforced, particularly in cotton cultivation and aluminum production. Measures to protect the environment are largely absent in tax policies. Legal and institutional frameworks for sustainable energy use remains rudimentary. The country passed an energy efficiency law in 2009, which also promotes alternative energy sources.

According to the 2010 report by Oxfam, 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, 236 recorded natural disasters in 2010 claimed 61 lives and caused damage worth more than \$115 million.

Tajikistan's education and training system remains largely substandard. According to UNICEF, the country's public expenditure on education was 3.8% of GDP in 2009, falling to 3.6% in 2010. Enrollment and completion rates in primary and secondary education are the lowest in Central Asia. The gross enrollment ratio is 102.2 in primary education and 84.4 in 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 almost 3,900 public schools require major repairs. Half of them lack safe drinking water and one third have no functioning toilets, according to UNICEF. About 85% of schools operate in two to three shifts. The current number of students (about 1.8 million) is expected to increase by 20% by 2016, when the country will 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 retained a formally high literacy rate of 99.7% as of 2009. This rate may conceal very weak literacy or functional illiteracy amongst an increasing number of young people, particularly women.

In tertiary education, the gross enrollment ratio is 20.2, with about 14% of all total expenditure on education concentrated on this sector. Most of institutions of higher education are state-owned, but the government has consistently attempted to convince foreign universities to open branches in Tajikistan. In 2010, a branch of the Moscow State University opened in Dushanbe. The Russian government also subsidizes the Russian–Tajik Slavonic University in the capital. In addition, the

Education policy /
R&D
3

country benefits from offers of free places at foreign educational establishments, particularly in Russia. However, across most if not all of these institutions plagiarism by both students (in copying from textbooks) and staff (in reading from textbooks in lieu of writing their own lectures) is widespread and condoned.

R&D is deficient and continues to deteriorate. Public expenditure on R&D was about 0.06% of GDP in 2008, and the data for 2009/2010 unavailable. More than half of the country's researchers are employed in 12 institutions in the higher education sector, followed by the Academy of Sciences and 53 research institutes and design bureaus. The R&D sector suffers from severe underfunding, obsolete equipment and ageing personnel.

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, the country has increasingly low per capita farmland. Landlocked by Afghanistan, China, Kyrgyzstan and Uzbekistan, and 3,000 km 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. A major road connecting the north and south of the country has almost been completed. 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. In late 2009, Uzbekistan withdrew from the Soviet-era regional power grid, effectively stopping the exports of Kyrgyz and Turkmen electricity that Tajikistan needed to meet its winter energy deficits. In addition, Uzbekistan has been blocking the transit of railway cargo into Tajikistan. In the first nine months of 2010, trade turnover between the two countries fell by 64% in year-to-year estimates. 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 UN Office on Drugs and Crime (UNODC) estimates that Afghanistan produced 6,900 tons of opium in 2009, with up to 30% of its illicit narcotics traffic passing through Tajikistan. Spillover of violence continues to

threaten Tajikistan, particularly as U.S.-led coalition forces increase efforts to fight militants in northern Afghanistan.

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. The deterioration of the country's public health system was made manifest by 2010's largest polio outbreak, with 458 laboratory-confirmed polio cases and 29 deaths. Natural disasters continue to plague the country, disrupting livelihoods and draining government resources. In 2010, 236 natural disasters claimed 61 lives and damaged over 4,400 houses, costing the country more than \$110 million, according to the Committee for Emergency Situations (CES).

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 about 2,000 NGOs in early 2010, 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. The country has always had 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 conformism with the regime.

Civil society traditions

8

Towards the end of the period under review there was an increase in violent incidents in the country. For most of the period, government forces fought unknown militants in the Rasht Valley. An ambush that killed 31 soldiers on the road to the valley in September 2010 led the government to order the largest security operation since 2000. The operation in the Rasht Valley has reportedly been aimed at countering an invasion by Mullo Abdullo, who fought with the Tajik Islamic opposition during the 1992 – 1997 civil war in the country. Government forces lost more than 80 troops in the valley in 2010. Other major violent incidents included the escape of 25 militants from a detention center in Dushanbe in August 2010 and the country's first-ever suicide attack against police premises in Khujand in September 2010.

Conflict intensity

5

The country's political space remains dominated by the regime and is kept free of 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, to a lesser extent, 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 25% of the population, also feels marginalized and increasingly oppressed,

particularly amidst the rising political tensions between Tajikistan and Uzbekistan. Tajik–Uzbek interethnic tensions could emerge as an issue, especially in densely populated agricultural areas. The high poverty levels and the growing income gap also increase the risk of social conflict. The government’s continuous repression of activists from the Hizb-ut-Tahrir, Salafiya and several other banned Islamic groups results in deep grievances and may lead to violent social conflicts.

II. Management Performance

14 | Steering Capability

The government sets long-term aims and priorities and, in most cases, pursues them without interruption. During the period under review, the political leadership maintained three strategic priorities, as emphasized in the president’s annual address to the parliament both in 2009 and 2010. These priorities were the achievement of energy independence, freeing the country from communications isolation, and containing the rise of radical Islam. The political leadership has also been able to maintain its long-term priorities despite pressure from foreign donors. Moreover, some donors and IFIs have come to embrace the government’s priorities. For instance, the ADB largely abandoned its activities in the Tajikistani social sector in 2009, channeling the funds into energy and infrastructure sectors instead. 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. It is difficult to assess reform drivers in the government because of the lack of transparency in its operation.

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

Question
Score

Prioritization
4

Implementation
4

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 the government policy.

During the period under review, the government has demonstrated little willingness or ability in policy learning. There are no institutionalized mechanisms that facilitate innovation in policy-making. Any learning from past experiences 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 inappropriate people or because the content of such events is 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. Although suspicious of international consultancy, the government does not deny foreign expertise outright, as the process of the 2007 – 2011 judicial reform has shown.

Policy learning
4

15 | Resource Efficiency

The government does not 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. Such appointments are mostly based on personal loyalty rather than professional aptitude. There was a largely failed attempt to recruit skilled professionals through competitive procedures for lower-rank positions in a number of public offices, particularly the ministry of foreign affairs and social sector ministries. The jobs were too poorly paid to persuade the professionals to leave their current careers.

Efficient use of
assets
3

During the period under review, the government has maintained a relatively balanced state budget, but the state debt continued to increase. The inefficient use of state resources is demonstrated by the massive NBT fraud, uncovered by a 2009 international audit. According to the audit report, the NBT head, Murodali Alimardonov, deceitfully dispersed \$850 million in international loans to politically connected domestic firms through his own intermediary company. Misappropriation of budget resources is widespread as evidenced by the increasing number of criminal charges brought against public servants.

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. 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. A few positive developments during the period under consideration included the new legislation requiring public officials to declare their wealth to tax authorities as well as the arrests of some corrupt judges, prosecutors and local administrators.

Anti-corruption
policy
2

However, public prosecution of corruption happens almost exclusively at lower levels of state administration, particularly in health, education and agricultural sectors.

16 | Consensus-Building

All the major political actors who are centered on the president continue to claim that democracy and a market economy are their long-term priorities. In practice, however, their commitment to free economy and democratic institutions is largely superficial. The political elites are widely seen as lacking legitimacy and an election-based popular mandate. With the exception of the CPT, all opposition political parties also emphasize their dedication to democracy and the free market. Some parts of the ruling elite present themselves to the international community as reform-minded people. However, it is not possible to assess to what extent these individuals would remain committed to reform if they attained full power.

Consensus on goals
3

There are no veto players who are overtly opposed to democracy. At the same time, it is not possible to assess whether there are relevant political actors genuinely committed to advancing democratic reforms.

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 president's extended family and his close associates from Danghara. 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 25% 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
3

The period under review saw the political leadership become increasingly willing 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 non-violent Muslims for alleged membership in banned Islamic groups, particularly Hizb ut-Tahrir, Salafiyah, and Jamaat ul-Tabligh. The government has also forcefully returned hundreds of Tajik students from foreign madrasahs.

The political leadership has granted civil society actors the opportunity to nominally participate in policy deliberation on some occasions. For instance, civic actors have actively discussed the president's proposed draft law on parental responsibility and many other social policies, particularly those related to women, youth and other disadvantaged groups, at various discussion meetings and roundtables. How much the input of civil society actors affects the decision-making process, however, is generally unclear. The political leadership neglects civil society participation on economic, political and security issues. Civic actors are also excluded from policy implementation and performance monitoring.

Civil society
participation
4

The political leadership has chosen to avoid addressing past injustices and continues 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 prosecutions for non-amnestied crimes were infrequent. The government's national reconciliation project centers on formal and informal restrictions on discussing the civil war. This, however, has not produced broad-based reconciliation. The ongoing

Reconciliation
4

political and economic marginalization of citizens of Gharmi origin from the Rasht and Vakhsh valleys increasingly leads them to feel like the “losers” of the war. Distrust among the previously warring regional groups persists. Increased pressure on the IRPT in late 2010 is only likely to exacerbate these tensions. Recurring violence in the Rasht Valley serves as an example of the failure of the government’s national reconciliation approach.

17 | International Cooperation

The Tajikistani political leadership 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 asked international partners to invest in large-scale transport and energy infrastructure projects and provide more budgetary aid. Direct budget support has been provided by the ADB, EC, IMF and World Bank, despite pervasive corruption and misuse of donor funds. The government has often used international support to address short-term needs, particularly in tackling food supply shortages, infrastructure maintenance and in responding to natural disasters. The government’s capacity to channel available international support into long-term beneficial projects is limited.

Effective use of support

6

During the period under review, the government has sought to regain its credibility as an international partner. This credibility was damaged in 2008 when the NBT was caught providing IMF with inaccurate data concerning its international reserves. A special audit of the NBT conducted by Ernst & Young in 2009 revealed that Murodali Alimardon, who headed NBT between 1996 and 2008, fraudulently dispersed \$850 million of international loans to the domestic firms of political cronies through his own intermediary company. By the time the audit report was made public, the president had appointed Alimardon as deputy prime minister in charge of agriculture. There has been no evident reaction to the report from the political leadership, and local journalists have reportedly been restricted in covering the audit findings.

Credibility

3

Tajikistan’s credibility as an economic and political partner has also suffered from the effects of corruption. 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.

The political leadership is open to cooperation with neighboring states and has notionally supported regional integration initiatives. However, the period under review has seen further deterioration 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. In 2010, Uzbekistan imposed rail blockades on cargo destined for Tajikistan in an attempt to ensure that critical equipment and material needed for the Roghun project did not enter Tajikistan. Dushanbe has so far been unable to negotiate unimpeded rail transit with Tashkent. 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 each spring over water distribution.

Tajikistan has continued to actively participate in regional organizations, such as the Shanghai Cooperation Organization (SCO), Collective Security Treaty Organization (SCTO), and Eurasian Economic Community (Eurasec). Tajikistan generally complies with the rules set by regional and international organizations. During the period under review, China became Tajikistan's biggest investor and a major trade partner. Tajikistan resolved its long-standing border dispute with China by ceding more than 1,100 km² of uninhabited land in the easternmost Murghob district to Beijing. Russia has increasingly lost its status as Tajikistan's principal partner, although Dushanbe's relations with the West are still to some extent dictated by relations with Moscow.

Regional
cooperation
5

Strategic Outlook

Tajikistan remains a stable, authoritarian regime with weak public service institutions and a divided economy of haves and have-nots. While it abides with many of the economic and financial policy recommendations favored by the 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 led to political competition and debate. This suggests that not only is Tajikistan not making “progress” but also that the organizations committed to bringing it about are themselves complicit in the status quo. It is likely to remain an authoritarian state with a divided society that suffers from occasional political violence.

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. The way that aid is given makes NGOs donor-dependent. At the same time, it is necessary to recognize that both international organizations and NGOs have limited leverage over a government that is neither committed to reform nor considers itself dependent on the donor community. 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. Political support for the regime should be contingent upon its repeal of measures against unofficial Islamic organizations. Moreover, international actors should withdraw from nominal activities such as monitoring perpetually deficient elections and providing technical assistance to the security sectors of the regime. These activities effectively work against political and economic transformation.

Despite the very uninspiring state of “transformation” in Tajikistan it should be recognized that its situation is not as desperate as some of its neighbors. 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 for better prospects overseas. Its development of hydropower and gas may eventually provide a trickle-down effect to cushion poverty without providing prospects for reform. 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.