

BTI 2014 | Tajikistan Country Report

Status Index	1-10	3.59	# 113 of 129	
Political Transformation	1-10	3.60	# 108 of 129	➔
Economic Transformation	1-10	3.57	# 113 of 129	➔
Management Index	1-10	3.57	# 110 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. 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	8.0	HDI	0.622	GDP p.c.	\$	2246.8
Pop. growth ¹	% p.a.	2.5	HDI rank of 187	125	Gini Index		30.8
Life expectancy	years	67.1	UN Education Index	0.710	Poverty ³	%	27.7
Urban population	%	26.6	Gender inequality ²	0.338	Aid per capita	\$	21.9

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. 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 2011 to 2013, Tajikistan continued to avoid the worst of the global financial crisis and suppressed a small but politically significant uprising in the peripheral region of Gorno-Badakhshon. This was the latest in a string of minor armed conflicts that have arisen since the end of the 1992-1997 civil war. 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 has posed little external threat. The Rasht Valley stayed relatively quiet. However, criminal gangs under former civil war opposition commanders, in the eastern region of Gorno-Badakhshon Autonomous Oblast (GBO), fought battles against government forces that led to around 50 fatalities in July 2012. After General Abdullo Nazarov, the head of the State Committee of National Security in the region, was killed, the government blamed the assassination on Colonel Tolib Ayombekov, a former commander who served as deputy head of a border detachment in GBO. Once again, a familiar pattern was followed in Tajikistan of infighting between former wartime rivals who now spar over illicit trafficking. Despite sustaining losses, forces loyal to Dushanbe eventually quashed the rebellion with overwhelming force. However, the difference on this occasion was that the violence took place in a region that has seen little political violence since the autonomy agreement that ended the region's involvement in the civil war. While the conflict is best understood in terms of the intimate connection between the state and organized crime, it caused popular alarm in the region due to the memories of fighting from the 1990s.

The composition and nature of the authoritarian, clientelistic and patriarchal regime centered on President Emomali Rahmon changed very little in this period. The country awaits presidential elections in November 2013, which are likely to return President Rahmon to office without facing a significant challenge. The Islamic Revival Party (IRPT) remains the only real opposition party, but its representatives and supporters have come under increasing pressure from the government. Parliament remains little more than a rubberstamp for government proposals. International aid aimed at reform serves to strengthen the executive over other institutions. The regime sets strategic

goals and maintains working relations with donors and the United Nations, but civil society remains weak and donor-dependent.

Tajikistan in 2012 was by far the most remittance-dependent state 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 for cash on remittances from labor migrants.

History and Characteristics of Transformation

Tajikistan is the poorest of the former Soviet Union (FSU) states and has a rapidly rising population, estimated to have reached 8 million in early 2013. 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 southeastern 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 southwestern 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 the 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. 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 and in GBAO in 2012 (see “Monopoly on the use of force”).

Although it 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 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 perpetuated 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 out of favor have been suppressed, often jailed or compelled 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 (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 façades of electoral democracy and market reform are 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 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The state continues to enjoy a 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.

Monopoly on the
use of force

7

In July 2012, governmental forces were involved in a large-scale military operation against the supporters of former field commanders in the eastern province of Gorno-Badakhshon (GBAO), on the Afghan border. The conflict erupted after the assassination of General Abdullo Nazarov, the head of the State Committee of National Security in the region, on July 21. The government blamed the assassination on Colonel Tolib Ayombekov, a civil war-era commander who served as deputy head of a border detachment in GBAO, and the government demanded that Ayombekov and three other local strongmen Imomnazar Imomnazarov, Mamdboqir Mamadboqirov and Yodgor Shomusallamov turn themselves in to the police. The four individuals were accused of a number of crimes, including narcotics trafficking and banditry. The government apparently used the assassination of the senior official as an excuse to sideline these once-influential field commanders, who had retained considerable influence in the province. On July 24, fighting broke out between government troops deployed to the region and an estimated 200 supporters of the four local strongmen in Khorog, the capital of GBAO. The conflict, which lasted for two days, claimed the lives of 13 government troops and at least 30 rebels, with many more wounded on the both sides. The government reportedly captured about 40 rebels, including eight citizens of Afghanistan.

The failure of the troops to capture the individuals suspected of murdering Nazarov led President Rahmon to announce a ceasefire on July 25. Within a month after the ceasefire, the four local strongmen turned themselves in to the authorities in return for a promise of a fair trial. Among individuals killed by government troops in Khorog was the leader of the IRPT in GBAO, Sabzali Mamadrizoyev, who had

allegedly fought against governmental forces. IRPT's leader in the town of Khorog, Sharik Karamkhudoev, was arrested and charged with conspiracy to conduct armed activities against the government, amid allegations he was tortured while in custody. The conflict was the most serious episode of violence in the country since the military campaign in the Rasht Valley against rebels led by Alovuddin Davlatov in fall 2010. However, the incident did not have national implications, and security forces 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 is grossly exaggerated.

All major groups accept the legitimacy of the Tajik nation-state. At the same time, the significant Uzbek minority, which constitutes slightly more than 12% of the population (2010 census), 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. 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 in the number of ethnic Uzbeks, as 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. The conflict in GBAO, in summer 2012, apparently exacerbated latent tensions with political representatives of Pamiri ethnic groups from that region; they speak eastern Iranian dialects, which are distinct from Tajik. Whilst most ethnic Uzbek militias allied themselves with the Kulyabis during the civil war of the 1990s, Pamiris fought against them before agreeing to a tenuous autonomy from Dushanbe.

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

State identity

7

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 state surveillance and repression make them unlikely to be widespread.

Tajikistan is a secular state. It is forbidden by law to involve religion in political matters, for example 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. 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 2010 armed conflict in the Rasht Valley and the violence in GBAO in summer 2012. The IRPT does not promote any policies that would transform Tajikistan into a theocracy.

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 continued to marginalize religious leaders who were seen as restive or insufficiently loyal. In December 2011, the authorities accused Akbar Turajonzoda, the prominent religious figure and a former opposition leader, as well as his two brothers, of practicing "alien" Shia Muslim rites at their mosque near the capital. The Committee of Religious Affairs (CRA) then stripped the popular mosque of the right to hold the large Friday prayers. In May 2012, a court ruled that the mosque be closed entirely. Several imams who supported Turajonzoda were replaced by the CRA. The action against the Turajonzoda brothers, who had heavily criticized the authorities for curbing religious freedoms in the country, was preceded by a massive smear campaign in government-owned newspapers.

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 some in government is a form of dogma that has had significantly negative effects on freedom of religion in Tajikistan.

No interference of religious dogmas

9

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. All spheres of public service suffer from underfunding, rampant corruption, incompetent civil servants and inadequate technical facilities. In December 2011, the president's office instructed officials to lay off employees who are beyond the official retirement age (58 for women and 63 for men). The initiative was reportedly aimed at attracting young specialists to public service and fostering the introduction of modern technologies into public administration. Following the order, most ministries and state agencies announced massive layoffs. Over the short term, this development might result in a deterioration of public service, as many younger specialists who replace Soviet-trained professionals have inadequate educations.

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 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. The insufficient winter energy supply to schools and hospitals, especially in rural areas, limits access to health and education and raises the risk of infectious disease outbreaks.

2 | Political Participation

General presidential and parliamentary elections are regularly conducted in Tajikistan at the 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
3

There were no elections in Tajikistan during the period under review. There is a widely shared expectation that President Rahmon will stroll to a comfortable victory in the next presidential election, due in November 2013. The oppositional IRPT has yet to decide whether it will field a candidate. Facing considerable pressure from the

government, neither it nor any of the other parties possesses a candidate of sufficient stature to have any hope of victory against the incumbent president. A reelection will allow 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 via referendum. A parliamentary election is due in 2015.

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 Tajik 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 of the president, are systematically harassed and isolated. The actions of such groups are strongly restricted at the 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. Civil society groups dealing with socioeconomic issues are allowed to function without interference, subject to approval of their registration. In contrast, groups are rarely tolerated if they openly disapprove of the authorities on matters perceived as political or sensitive. In October 2012, the authorities shut down the nongovernmental organization Amparo, apparently over its criticisms of torture in Tajik prisons and the situation of military recruits.

Association / assembly rights

3

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. In August 2012, a group of Tajik students rallied in front of the president's office in Dushanbe against a change in the terms of their scholarships at universities in Kazakhstan. Several weeks later, vendors from a large market in the capital attempted to march to the president's office to demand compensation for their businesses and stock lost in a massive fire. The authorities chose not to crush the protests by force, instead offering some concessions to the protestors.

The authorities appear to be less accommodative in dealing with protests over more political issues. In the aftermath of the conflict between government troops and the supporters of former commanders in Khorog, the assassination of one of the commanders by unidentified assailants led hundreds of local residents to gather in front of government offices to protest violence in the region. The protestors dispersed after police fired at them, injuring two young men, reportedly after they attempted to storm the provincial administration. Following the incident, residents of Khorog were warned that the organizers or active participants in future protests in the town would face severe punishment.

There is rising government concern about the new possibilities for political participation and networking that are accessed through Internet and cell phones. Several independent Web sites and social media platforms, notably Facebook, were blocked for short periods in 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 news agencies, Asia-Plus and Radio Ozodi (the Tajik service of the Radio Free Europe/Radio Liberty), were instructed by the authorities to prevent the publication of comments that might be deemed insulting to the country's senior leadership, or face closure.

The noticeable decline in basic civil freedoms in recent years has been matched by efforts to restrict the independent Tajik media. Freedoms of expression, speech and the press are 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 2 million people, or about 25% of the country's population, had used the Internet by the end of 2012. (It is not clear whether this estimate reflects the number of people who use the Internet regularly or who have ever used it.)

Media independence remained restricted during the review period. Tajikistan ranks 123rd out of 179 countries surveyed in the 2013 Worldwide Press Freedom Index of the international media watchdog Reporters Without Borders. In 2011 and the first half of 2012, several popular newspapers were targets of libel and insult suits, while a number of journalists faced intimidation, arrest and prosecution. The highest-profile case in 2011 was that of Urunboi Usmonov, a local reporter for the British Broadcasting Service (BBC) who was arrested and charged with membership in the banned Islamic organization Hizb ut-Tahrir. Usmonov's case received an unprecedented degree of international attention, prompting the authorities to release

Freedom of
expression
3

the reporter until his trial. Although the authorities dropped the initial charges against Usmonov, the court found him guilty of failure to inform the police of contacts with the banned group. The reporter was sentenced to three years in prison, but amnestied immediately after the trial. In 2012, Tajikistan adopted a law that decriminalized insult and libel, placing them under the jurisdiction of civil law instead. Although violence against journalists declined, reporters who criticized the authorities or exposed government corruption continued to face harassment and intimidation. Many chose to report anonymously on sensitive issues.

The authorities continued blocking local access to a number of Web sites that were known for critical reporting. Several local, Russian and international news sites were blocked during the conflict in GBAO in summer 2012, ostensibly to prevent the local population from receiving information about developments in the region.

3 | Rule of Law

The executive remained 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.

Separation of
powers

3

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 the 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 law on local government, initiated and supported by representatives of the international community, has yet to have any noticeable effect on the power of local authorities in relation to the central government.

The judiciary in Tajikistan is de jure independent and institutionally differentiated. In practice, however, 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

Independent
judiciary

3

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.

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. Prison conditions 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
4

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. The authorities introduced new restrictions on religious education and banned attendance at mosques for children. 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 facade. 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 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

Performance of
democratic
institutions
2

election of village and town councils. Nevertheless, true democratic reform is highly unlikely in the near future.

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.

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

The IRPT is the strongest opposition party, with a wide support base and a genuine political agenda. However, the party found its representatives frequently targeted by the police and courts on politically motivated charges in 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.

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 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 the country.

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 marriage, migration and employment patterns increasingly demonstrate. For example, seasonal migrants to Russia will typically join extended families or residents of the same village, 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 that donors may imagine, mahalla groups are also 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 did not have large proven oil or natural gas reserves until the early 2010s. In late 2010, however, Russia's Gazprom announced that Tajikistan had several potentially significant gas fields. As of early 2013, Gazprom was still drilling a huge well to reach what it expected to be more than 60 billion cubic meters of natural gas in southern Tajikistan. In July 2012, Tethys Petroleum, a Canada-listed oil and gas exploration company, raised the estimate of its potential resources in the southwest of Tajikistan to 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. In early 2013, the representatives of the three companies were holding talks with Tajik officials about the development of the country's hydrocarbon resources. The confirmation and development of the oil and gas assets discovered by Tethys Petroleum would make Tajikistan a major hydrocarbon producer, with considerable potential for its economic development. Very little progress was made on the government's flagship Rogun hydroelectric dam project, which awaits the final report of protracted World Bank-commissioned socioeconomic and environmental assessments.

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 experienced a steady recovery. The

Question
Score

Socioeconomic
barriers
3

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 2011, it ranked 127th out of 187 countries surveyed in the United Nations Development Programme's Human Development Report, faring worse than all other FSU nations and falling below its 1990 HDI value.

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, 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, equivalent to almost 47% of the country's GDP, in 2012. According to the World Bank, Tajikistan remains by far the most remittance-dependent country in the world.

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 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 2012, over 2 million people, or roughly one-fourth of Tajikistan's population, were at risk of 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 high bribes.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	4978.2	5641.7	6522.2	6986.5
GDP growth	%	3.9	6.5	7.4	8.0
Inflation (CPI)	%	6.4	6.4	12.4	5.8
Unemployment	%	-	-	-	-

Economic indicators		2009	2010	2011	2012
Foreign direct investment	% of GDP	0.3	-0.3	0.2	-
Export growth	%	7.1	6.6	6.2	-
Import growth	%	7.7	7.1	6.7	-
Current account balance	\$ M	-180.3	-894.4	-787.0	-
Public debt	% of GDP	36.2	36.3	35.5	32.5
External debt	\$ M	2666.4	3082.3	3322.9	-
Total debt service	\$ M	466.1	685.8	579.0	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	9.7	9.8	9.9	-
Public expnd. on edu.	% of GDP	4.1	4.0	3.9	-
Public expnd. on health	% of GDP	1.5	1.6	1.7	-
R&D expenditure	% of GDP	0.09	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

The legal and institutional framework necessary for a functioning market economy is in place. With support from international financial institutions, Tajikistan has been reforming its economy to enhance business activity and increase the SME sector. These reforms landed Tajikistan among the top 10 reforming countries in the World Bank Doing Business report for two consecutive years, in 2010 and 2011.

However, legislative and procedural rules regulating market competitiveness are still 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 19% of GDP (as of 2011, down from 23% in 2010). 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 longstanding farm debt problem and efforts to diversify agricultural production in favor of food crops resulted in strong agriculture sector growth in 2009-2011. However, to ensure further growth, land reform needs to

Market-based
competition

4

be strengthened, issues of structural debt and dependency addressed, 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 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 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 and 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, the government announced plans in early 2013 to restructure Talco and Barqi Tojik, the state-owned monopoly controlling all electricity production, transmission and distribution in the country.

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 2010, the current-account balance recorded a surplus of 2.1% of GDP, before shifting to a deficit of 2.3% of GDP in 2011. The IMF forecast the deficit to grow to 3.6% in 2012. The trade deficit stood at \$1.97 billion, or 35% of GDP, in 2010, and increased to \$2.99 billion, equivalent to almost 46% of GDP, in 2011. The IMF expects the deficit to reach \$3.27 billion, or an estimated 45% of GDP, in 2012.

Formal tariff barriers and quantitative restrictions are quite low, but there are significant informal barriers, particularly in customs corruption. Foreign trade is also

Anti-monopoly
policy
3

Liberalization of
foreign trade
4

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 2011, the economy remains largely cut off from the world market. Tajikistan's accession package to the WTO was approved in December 2012. The country is expected to become a WTO member in summer 2013.

Tajikistan's banking sector remains underdeveloped. As of January 2013, there were 142 credit institutions operating in the country, including 10 domestic and six foreign commercial banks, two non-bank credit organizations, one deposit insurance fund, and 124 microfinancing institutions. All domestic banks but one are privately owned. The National Bank of Tajikistan's performance is restricted by low capitalization and weak institutional capacity. The country has virtually no capital market. The economy remains largely cash-based.

The profitability of the banking system remained low during the period under review, with the country's major banks barely generating positive returns on assets and equity in 2011. Despite significant liquidity lending by the National Bank of Tajikistan (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 averaged about 17% of gross loans in 2011, before dropping slightly in 2012. While the capital adequacy ratio throughout the banking system was sufficiently high at over 19% for most of 2011 and 2012, the country's third-largest bank, Agroinvestbank, fell below the critical level of 15% in early 2012. This led the authorities to recapitalize the bank in late 2012 with about \$147 million in order to save it from insolvency. According to the IMF, another major Tajik bank recorded negative profitability and cash flow in 2012, leading the authorities to consider another bailout. Overall, Tajikistan's banking sector remains constrained by a low level of integration into global financial markets, limited credit lines, a shallow capital market, a cash-based economy, low confidence in the banking sector, a weak loan repayment culture, and poor corporate governance and accountability.

Banking system
3

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. Average consumer price inflation was 12.4% in 2011, up from only 6.4% in 2010. In 2012, the IMF forecast average consumer inflation to fall to 7.8%. 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

Anti-inflation /
forex policy
4

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 was 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 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. In 2011, the public and publicly guaranteed external debt was \$2.1 billion (32.6% of GDP), rising \$180 million, or 9%, from the year before. The debt increased by \$118 million, to \$2.2 billion, equivalent to 28.5% of GDP, in 2012, with debt service amounting to \$109 million. Tajikistan's major creditors in 2012 were China's EximBank, the World Bank, Asian Development Bank (ADB) and Islamic Development Bank (IDB). The public debt will 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.

Macrostability
4

The state budget recorded a surplus of 0.5% of GDP in 2011, shifting to a 0.5% deficit in 2012 (excluding the mostly foreign-financed public investment program), according to the IMF. If the foreign-financed public investment program is included, the budget had a deficit of 2.5% in 2011 and 3.3% in 2012.

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's tax revenue in 2011 stood at 19.4% of GDP, falling slightly to 19.3% in 2012. 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, particularly the country's capital, by municipal authorities for development at the

Property rights
4

expense of long-term residents. Yet the practices related to compensation for evictions improved in comparison with the late 2000s. 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, the 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 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.

Tajikistan continues to rank low on most of the World Bank's Doing Business indicators. In the 2013 survey, it ranked 141st out of 185 economies surveyed. The survey ranked Tajikistan relatively high in areas of business regulation, such as protecting investors, enforcing contracts, starting a business, and resolving insolvency. However, the country was close to the very bottom of the rankings in areas such as cross-border trading, getting electricity for an enterprise, dealing with construction permits, getting credit and paying taxes. According to the survey, it takes on average 24 days and five 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 access to them is generally granted. However, the compensation in most instances remains so low that senior or disabled citizens would not survive without additional, non-state support. As of January 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 around 40%.

Apart from poverty eradication, the welfare system has not been among top government priorities. In 2012, only 1.9% 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 two-thirds of

Private enterprise
4

Social safety nets
3

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 law. In practice, however, equality of opportunity has not been achieved. Individuals of Gharimi origin from the Rasht and Vakhsh valleys, Pamiris from GBAO, and the Uzbek minority continue to face discrimination in government appointments and business opportunities. There are no official or legal obstacles for employment, but 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. Legal provisions against discrimination 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 2012 was 0.4, compared to a ratio of 0.96 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, has had a limited effect. Women are also considerably underrepresented in public office and business. Women held only 20% of seats in the parliament and 6% of ministerial positions (at the deputy level only) in 2012. 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. Following a 6.5% increase in real GDP in 2010, the economy grew another 7.4% in 2011, driven mainly by agriculture, construction and services. In 2012, the economy grew by an estimated 6%, according to the IMF.

Output strength

4

Consumer price inflation was at an annual average of 12.4% in 2011, up from only 6.4% in 2010. In 2012, the IMF forecast that average consumer inflation would fall to 7.8%. The country remains strongly susceptible to the inflationary impact of increases in global food and energy prices.

Unemployment in Tajikistan is hard to assess because national statistics remain unreliable. The United Nations 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 budget recorded a 0.5% surplus in 2011, shifting to a 0.5% deficit in 2012 (excluding the mostly foreign-financed public investment program). If the foreign-financed public investment program is included, the deficit was at 2.5% in 2011 and 3.3% in 2012, according to the IMF. In 2011, government tax revenue stood at 19.4% of GDP and was expected to drop slightly, to 19.3%, in 2012.

External debt continues to rise in absolute numbers. In 2011, the public and publicly guaranteed external debt was \$2.1 billion (32.6% of GDP), rising \$180 million, or 9%, from the year before. The debt increased by \$118 million, to \$2.2 billion, equivalent to 28.5% of GDP, in 2012. The public debt will 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.

Tajikistan runs a large trade deficit because it has to import all of its petroleum and most of its food and capital goods. In 2011, the country's trade turnover was \$4.4 billion, with \$3.2 billion in imports and \$1.2 billion in exports. The trade deficit stood at \$1.9 billion. In 2012, trade rose 15%, to \$5.1 billion, with imports growing to \$3.7 billion and exports to \$1.3 billion. The deficit in foreign trade rose to \$2.4 billion in 2012, but was partly offset by the net impact of the growing inflow of remittances.

Rampant corruption, problems with the power supply, poor infrastructure and a burdensome regulatory process continue keeping FDI levels very low. FDI inflows to Tajikistan stood at \$16 million in 2010 and \$18 million in 2011, according to the IMF.

12 | Sustainability

Environmental concerns in Tajikistan receive only occasional consideration and are largely subordinated to economic growth efforts. In the 2012 Environmental Performance Index (EPI), the country ranked 121st out of 132 nations surveyed, faring below 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. 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.

Climate change has increased the incidence of drought 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. In 2012, 306 recorded natural disasters claimed 26 lives, damaged thousands of houses and killed livestock.

Tajikistan's education and training system remains largely substandard. Yet the country's public expenditure on education rose to 4.8% of GDP in 2011, from 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 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. About 85% of schools operate in two to three shifts. The current number of students (about 1.9 million) is expected to increase by at least 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 sites and teachers, which will be exacerbated by the lengthening of the duration of basic and secondary education. Despite these shortcomings, Tajikistan retained a high literacy rate of 99.7%, as of 2011. This rate may conceal very weak literacy or functional illiteracy among 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 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 tuition-free education at foreign institutions, particularly in Russia and Kazakhstan. 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 0.09% of GDP in 2009, and the data for 2010 2011 is 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 52 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, 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. 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 cross-border 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 another major complicating factor. The U.N. Office on Drugs and Crime (UNODC) estimates that Afghanistan produced 5,800 tons of opium in 2011, with up to one-third of its illicit narcotics traffic passing through Tajikistan. Spillover of violence continues to threaten Tajikistan, particularly as U.S.-led coalition forces prepare to withdraw from Afghanistan in 2014.

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. In 2012, about 306 natural disasters claimed 26 lives and damaged thousands of houses, according to the Committee for Emergency Situations (CES). 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 2013, 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 a tradition of voluntary activities conducted by neighborhood groups (mahallas) and extended families (avlods). These, however, have not become a 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.

Civil society
traditions

8

Although the government has now established firm control over the Rasht Valley, where its troops fought militants in 2010, a serious outbreak of violence occurred in the eastern province of Badakhshan (GBAO) in summer 2012. Provoked by the assassination of a senior security official in the region, the conflict pitted government troops against an estimated 200 supporters of four civil war-era commanders who had retained some influence in the province since the late 1990s.

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 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 amid the rising political tensions between Tajikistan and Uzbekistan. Tajik-Uzbek interethnic tensions could emerge as an issue, especially in densely populated agricultural areas. Tensions could also arise between ethnic Tajiks and Kyrgyz in the densely populated northern areas of Tajikistan, where the border with Kyrgyzstan remains disputed. High poverty levels and a growing income gap also increase the risk of social conflict. The government's continuous repression of activists from the Hizb-ut-Tahrir, Jamaat-e-Tabligh and several other banned Islamic groups results in deep grievances and may lead to their involvement in anti-state activities.

II. Management Performance

14 | Steering Capability

Question
Score

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 2011 and 2012. 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 been able to maintain its long-term priorities despite pressure from foreign donors. 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 policymaking. It is difficult to assess reform drivers in the government because of the lack of transparency in its operation.

Prioritization
4

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 the country's geography and Uzbekistan's fierce opposition to Tajikistan's hydropower development plans. 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
4

During the period under review, the government 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 clientelist basis and because the contents of such events are 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

Policy learning
4

centralization and rigid structure of authority also impede policy innovation by disallowing initiative from the lower ranks and from outside the governing circle.

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 president's office, ministry of foreign affairs and social sector ministries. The jobs were too poorly paid to persuade professionals to leave their current positions. During the period under review, the government maintained a relatively balanced state budget, but the state debt continued to increase. Misappropriation of budget resources remains widespread.

Efficient use of
assets

3

The government tries to coordinate conflicting objectives, but often has limited success. Its 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 it 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.

Anti-corruption
policy

2

Public prosecution of corruption happens almost exclusively at lower levels of state administration, particularly in the health, education and agriculture sectors.

16 | Consensus-Building

All major political actors close to the president continue to claim that democracy and a market economy are their long-term priorities. In practice, however, their commitment to a 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 increasingly less relevant CPT, all opposition political parties emphasize their dedication to democracy and the free market. Some members of the ruling elite present themselves to the international community as reform-minded. However, it is not possible to assess to what extent these individuals would remain committed to reform if they rose to power.

Consensus on goals
3

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 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's agenda.

Cleavage / conflict management
3

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-e-Tabligh. In addition, the move against the Turajonzoda brothers (see "No interference of religious dogmas") has exacerbated the cleavage between the state and an important Sufi family whose cooperation had been instrumental in the resolution of the civil war.

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

Civil society participation
4

actors are also excluded from policy implementation and performance monitoring. They are seen as service providers who must stay out of contentious issues.

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 policy centers on formal and informal restrictions on discussing the civil war. This, however, has not produced broad-based reconciliation. 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 previously warring regional groups persists. Increased pressure on the IRPT in 2011, and particularly in 2012, is only likely to exacerbate these tensions.

Reconciliation
4

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 to provide more budgetary aid. Direct budget support has been provided by the ADB, EC, IMF and World Bank, despite pervasive corruption. The government has often used international support to address short-term needs, particularly in tackling food supply shortages and 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

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 National Bank (see BTI 2012) is a continued and accurate perception that corruption is widespread in Tajikistan up through 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
4

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. Since 2010, Uzbekistan has effectively stopped all rail

Regional
cooperation
5

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. In 2012, Uzbekistan stepped up its campaign of economic disruption, halting the delivery of natural gas to Tajikistan several times during the year. 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 remained Tajikistan's biggest lender and a major trade partner. China's economic role in the country is expected to grow even more after Beijing offered a large loan to SCO members in June 2012. Russia has 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. In October 2012, Russia extended the lease of its military base in Tajikistan for 30 years.

Strategic Outlook

Despite occasional outbreaks of political violence linked to organized crime, Tajikistan remains a relatively stable authoritarian regime with weak public service institutions and a divided economy of haves and have-nots. While it abides by many of the economic and financial policy recommendations favored by IFIs, this has not led to broad-based economic growth but rather to the concentration of wealth in the hands of those with political connections. Similarly, the presence of formal democratic institutions has not led to political competition and debate. This suggests not only that Tajikistan is failing to make progress, but 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 revision of the 2009 Religion Law and the opening up of the political environment in advance of the 2013 presidential elections. Moreover, international actors should withdraw from monitoring these elections unless a serious opposition candidate is fielded and domestic civil society is allowed to monitor the elections. Finally, the international community should not provide technical assistance to the security forces of the regime, although such assistance is highly unlikely to be withheld in the run-up to the withdrawal of NATO combat troops from Afghanistan in 2014.

Despite the uninspiring state of transformation in Tajikistan, it should be recognized that the country's situation is not as desperate as that of its neighbor to the south, and, despite government rhetoric to the contrary, it is unlikely that Tajikistan will be seriously affected by increased violence in Afghanistan. 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 seasonal labor migration for Tajikistanis seeking better prospects abroad. Its long-term development of hydropower and oil and gas industries 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.