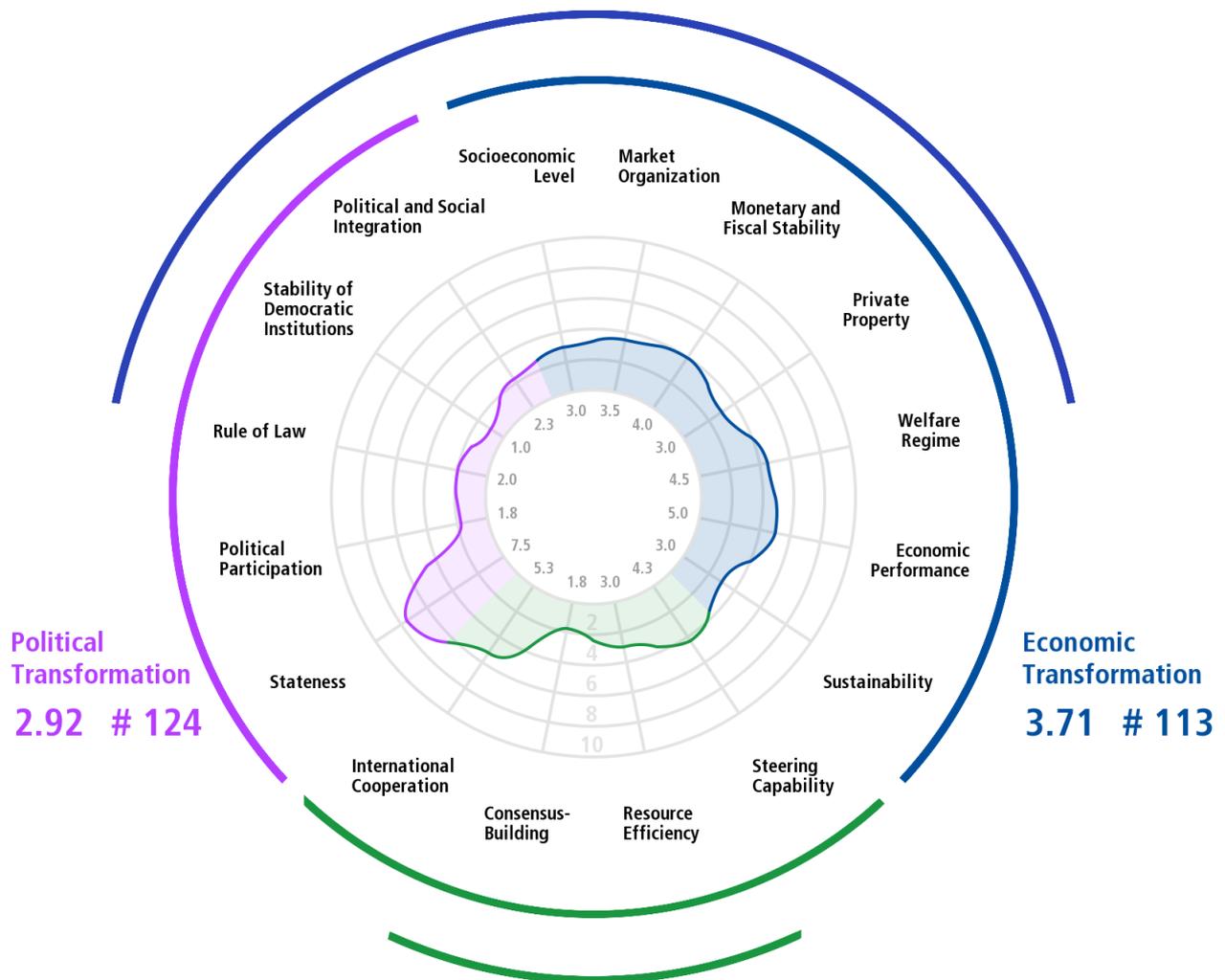


Tajikistan

Status Index

3.32 # 120

on 1-10 scale out of 137



Governance Index

3.35 # 116

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	9.1	HDI	0.656	GDP p.c., PPP \$	3444
Pop. growth ¹	% p.a.	2.5	HDI rank of 189	125	Gini Index	34.0
Life expectancy	years	70.6	UN Education Index	0.673	Poverty ³	% 20.3
Urban population	%	27.1	Gender inequality ²	0.377	Aid per capita \$	34.2

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

In the period from 2017 to 2019, Tajikistan's authoritarian retrenchment continued. Political institutions were monopolized by the elite after the destruction of the Islamic Revival Party of Tajikistan (IRPT) in 2015, at the time the only viable political opposition party. The IRPT's chairman went into exile, its remaining leaders were rounded up, and lawyers who acted on their behalf were also imprisoned for lengthy prison terms. As memories of Tajikistan's 1992 to 1997 civil war fade, the Rahmon family regime that further consolidated its hold on power continues to persuade the public that only it can keep the country stable.

Security problems in recent years have been domestic, despite the government's attempt to present them as foreign in origin. The country's security services continued to repress all dissent in the peripheral regions of the Rasht Valley and Gorno-Badakhshan (Gorno-Badakhshan Autonomous Province, GBAO). The security situation in Afghanistan and the Middle East, where a sizable, yet unknown number of Tajiks have joined the Islamic State (IS) group, has had little direct impact on Tajikistan's internal stability so far. Nevertheless, the government claims to have thwarted dozens of terrorist attacks in recent years, allegedly originating within exile movements. A terrorist attack by a group of young men who pledged allegiance to the IS on a group of foreign bicycle tourists in July 2018 was the most serious event in the reporting period. Despite conflicting government reports, the attack seems to have been an isolated incident without any connection to a clandestine IS cell or organization in the country. A brutal crackdown on a prison riot in November 2018 was another incident, which the government claimed was connected to international terrorism.

The composition and nature of the authoritarian, clientelistic and patriarchal regime centered on President Rahmon changed very little in the reporting period. In January 2017, the eldest son of President Emomali Rahmon, Rustam Emomali (born 1987) assumed the important office of mayor of Dushanbe, traditionally the second most powerful position in the country. Although it is

expected that the president will run for office again in 2020, this appointment indicates that the president favors a dynastical transition of power in the future.

Criticism by Western states and international human rights organizations during the reporting period increased, but this falls on deaf ears. In 2018, Human Rights Watch reported that “the relatives of dissidents who peacefully criticize the government from outside the country are subjected to violent retaliation orchestrated by authorities, including arbitrary detention, threats of rape, confiscation of passports and property” and that “torture remains a serious concern.” International aid that aims at governance reform has declined in political significance as Chinese loans and credits increased significantly. All this serves to strengthen the power of the executive over other institutions. The regime sets strategic goals and maintains working relations with donors and the U.N. but civil society remains weak, under state pressure and dependent on donors.

Tajikistan remains the most remittance-dependent country in the world. After a precipitous decline of remittances from 2014 to 2016 by more than 60% (from \$3.7 billion to \$1.6 billion), remittances again rose in 2017 to an estimated \$2.3 billion, highlighting the volatility of labor migration and the susceptibility of the economy to external shocks.

After the change of government in Uzbekistan in 2016, bilateral relations between Tajikistan and Uzbekistan rapidly improved. In 2018, both presidents removed – with unparalleled nonchalance by Central Asian standards – the remnants of three decades of rivalry, enmity and resentment that had impaired regional integration. Arguably, the Tajik-Uzbek détente has been the most important regional development in the reporting period.

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. Throughout the reporting period, construction on the Rogun Dam continued and, in November 2018, the first electricity-producing unit was commissioned. The business environment continued to be dominated by state-owned utilities and enterprises owned by associates of the regime. In practice, most families outside the privileged elites struggle to subsist and rely on remittances from labor migrants for cash. The government has so far resisted Russian overtures to join its neighbor Kyrgyzstan in the Eurasian Economic Union.

History and Characteristics of Transformation

Tajikistan was the poorest republic of the USSR and retains this status in the former Soviet Union (FSU). It has a rapidly rising population estimated at around nine million. After the collapse of the Soviet Union in 1991, independence was overshadowed by a severe political and economic crisis and Tajikistan descended into five years of civil war (1992 – 1997). The war was fought between commanders loyal to the rump government, led by Rahmon from November 1992 on, and commanders who pledged allegiance to the United Tajik Opposition (UTO), a disparate movement whose leaders were in exile in Russia, Afghanistan and Iran. 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 140,000 killed, mostly among the civilian population. Over half a million were internally displaced or fled the country.

In 1997, after eight rounds of negotiations under U.N. auspices, the government and the UTO signed peace accords and created the National Reconciliation Commission (NRC) to supervise the development of the peace process. The commission's last meeting was held in 2000. Elections to the new bicameral parliament (the Majlisi Oli) were held in March of the same year, formally bringing the peace process to a successful end. Tajikistan is among the few post-conflict countries to have transitioned quickly from war to internal stability and to have formed a functioning government. Most remarkably, order was reestablished without the liberal reforms 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 most recent were in the Kamarob Gorge of the Rasht Valley from 2010 to 2011 and GBAO in 2012 and the purge of Major General Abduhalim Nazarzoda in 2015. The Islamic party, the IRPT, whose members were allied with the UTO, held a handful of posts in the government until the mid-2000s and two seats in parliament from 2000 to 2015. In 2015, the IRPT lost its seats, was declared a terrorist organization. Its moderate leader Muhiddin Kabiri fled into exile.

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

Since 2000, stability has continued to trump any meaningful move toward democratic reform. The parliamentary (2000, 2005, 2010, 2015) and presidential (1999, 2006, 2013) elections and the 2003 constitutional referendum, which approved the president's proposal to extend terms of office

to seven years and allow another two terms for the incumbent, merely rubber-stamped the existing order and were met with muted complaints from the international community. In the years following the peace accords, Rahmon pursued a strategy of co-opting key opposition figures into senior appointments and opening the spoils of power to them. At the same time, opponents, potential opponents and those who fall out of favor have been suppressed – often jailed or forced to flee the country. Politics in Tajikistan are heavily dependent upon patronage networks and personal loyalties. Governance is often exercised through informal channels. NGOs are weak and scarcely exist beyond the capital city and some other major towns, such as Khujand. Local governments (jamoats) and neighborhood (mahalla) committees are of some importance in local decision-making. However, they do not have real autonomy from central government and tend to be characterized by a patriarchal mode of governance. Electoral democracy and a market economy are a façade for a consolidated autocracy and a patron-client system.

Tajikistan is considered a necessary if weak security partner by Western states, Russia and, increasingly, China. Tajikistan has not, as feared, been pitched into the throes of a “New Great Game,” but has instead been able to engage with and extract resources from all of the great powers – to the benefit of the regime. Because of its long border with Afghanistan, Tajikistan is deemed important for strategic security reasons (e.g., combat against extremism and the drug trade) yet it has been largely unaffected by the strategic balance of the conflict and the (perceived) threat to Central Asia of transnational Islamic militancy. Instability in Afghanistan and the Middle East has not spilled over into Tajikistan, despite repeated claims that this would happen since the beginning of the twenty-first century.

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

The state continues to enjoy full monopoly on the use of force. Tajikistan is a post-war state, but incidents of terrorism remain low by global standards. Limited incidents of violence are mostly associated with organized crime, particularly transborder drug-trafficking.

There are no significant, sustained insurgent or violent movements contesting the state in the territorial enclaves of Tajikistan. Although the authorities frequently mention the threat of radical Islamic groups, the capacity of such groups to challenge the state has not manifested substantially and is probably grossly exaggerated.

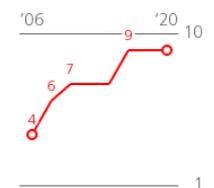
In summer 2018, state security moved against alleged criminal networks in GBAO and suspended the relative autonomy of the region. President Rahmon's concerns over criminality in the region led to the replacement of the governor, the creation of a new security apparatus and the issuing of an ultimatum with a threat to send troops. Although the new Interagency Headquarters for Ensuring Safety and Law Enforcement consistently reports that de-escalation and disarmament is taking place, it is clear that relations with the local population remain tense.

During the period under review, one of the most serious terrorist attacks since the civil war took place in July 2018 when a group of young men, who claimed allegiance to the Islamic State (IS), attacked a group of foreign bicycle tourists with a passenger car and killed four of them. The Tajikistan authorities did not allow an independent investigation and issued a contradictory report on the background of the attack, implicating Iran and the IRPT – a version considered implausible by most observers. The limited level of organization and the low-tech character of the attack indicate that the group acted in relative isolation and not as part of a larger organization. While this particular attack did not challenge the regime's stability, similar low-tech terrorist incidents may happen in the future.

Question
Score

Monopoly on the
use of force

9



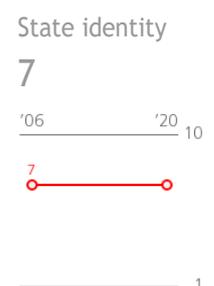
1

Another violent incident was a prison riot in Khujand that took place on November 7 and 8, 2018, where, according to official reports, two guards and 21 prisoners were killed. The government claimed that Islamic extremists with connections to international terrorism were responsible for the riot. But in the absence of an independent investigation these claims could not be corroborated.

The last serious challenge to the regime's stability was represented by the defections of Gumurod Halimov and Abduhalim Nazarzoda in 2015. Halimov, the U.S.-trained head of Tajikistan's riot police, defected to IS in May 2015 and announced this with a video from IS-held territory, in which he berated the Tajikistan government for its aggressive policies against Islam and threatened to topple the regime. After his promotion to minister of war of IS, Halimov was allegedly killed in a Russian airstrike in Syria 2017. Nazarzoda was the deputy defense minister of Tajikistan until he and his loyalists engaged in gun battles against other state security forces in September 2015 in the town of Vahdat and the capital city of Dushanbe. It was an outbreak of violence that was reported by the Tajikistan government as an attempted coup orchestrated by the outlawed IRPT. The coup – if that is what it was – was suicidal and very poorly planned – and ended with the deaths of Nazarzoda and some of his comrades in Romit Gorge. Journalists and analysts noted that it appeared more like a power struggle within the regime – that is, an effective purge of Nazarzoda by his rivals within the regime. Both defections resulted in an overhaul of the security structures including financial incentives to strengthen regime loyalty. Substantial assistance, in particular training and equipment, from China, Russia and the United States has significantly improved the operational capacity of the country's security agencies.

All major groups accept the legitimacy of the Tajik nation-state. At the same time, the significant Uzbek minority, which constitutes slightly less than 14% of the population (according to the last official census in 2010), and natives of the former opposition regions (Rasht Valley and the mountainous GBAO) feel increasingly alienated due to their exclusion from access to economic resources and government positions and continuous repression by state security forces in recent years. The number of ethnic Uzbeks is commonly believed to be inaccurate due, in part, to the politicized nature of the census, which discouraged citizens from claiming an Uzbek identity and in some cases was deliberately manipulated by local authorities. The census of 2010 marks a further decline on the number of ethnic Uzbeks estimated by censuses in 2000 (16.5%) and 1989 (23.5%). Most independent analysts put the number of Uzbeks in Tajikistan at about 20%. The recent détente with Uzbekistan might result in a more inclusive policy toward the Uzbek minority.

The government's ethno-nationalist ideology contributes to the alienation of many members of ethnic minority communities. 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. Moreover, the practice of having a state-approved registry of first names and creating hurdles for registering newborns with “russified” last names continues to pose practical difficulties for the everyday exercise of citizenship. Government attempts to strengthen 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 Kulob 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. In 2018, the Ministry of Education adopted a new requirement for all academic-related travel to be approved by it, which opens an avenue for severe restrictions on the freedom of movement. Women, youth and minorities remain largely marginalized and are frequently informally hindered from exercising their civil rights. Access to citizenship is formally granted to all groups without discrimination.

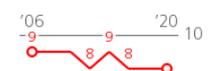
The only known groups that question Tajikistan’s stateness are clandestine and banned radical Islamic groups, such as Hizb ut-Tahrir, that aspire to create an Islamic state in Central Asia. The government has continued to brutally repress individuals suspected of supporting banned Islamic groups (notably Hizb ut-Tahrir, Jamaat-e-Tabligh, Jamaat Ansarullah and the Islamic Movement of Uzbekistan). However, since 2015, the banned IRPT has replaced these groups in the government’s security discourse. The prevalence of these groups is unknown, but they are unlikely to be widespread within the country due to state surveillance and repression. The IRPT’s Chairman, who is in European exile, has consistently denied any involvement by his party in terrorist attacks and has vowed to adhere to democratic principles and peaceful political struggle.

Tajikistan is a secular state. It is forbidden by law to involve religion in political matters like election campaigns or the work of state bodies. However, the state officially celebrates several Islamic holidays and the governing elite increasingly uses rhetoric employing Islamic symbols. Although religious belief is an important part of Tajik culture, religious dogmas have no influence on politics or the law and are vehemently resisted by an assertively secular, authoritarian regime. As a legacy of the post-civil war peace accord, the regime allowed the IRPT to operate legally until 2015, but this opposition party has now been outlawed and declared a terrorist movement.

The authorities ardently defend the secular nature of the state, persecuting all religious activities outside state-run institutions and their narrow interpretation of religious traditions. During the period under review, the authorities have continued to marginalize independent religious leaders who were seen as restive or insufficiently loyal. Moreover, on April 4, 2018, President Rahmon adopted a new concept of state politics for the sphere of religion. This document stipulates the

No interference of religious dogmas

8



special role of the Hanafi school of Islamic jurisprudence as the linchpin of Tajik culture and traditions. This document is recognized as the basis for the state politics vis-à-vis religion. This development jeopardizes the status of the Ismaili community and restrictions on proselytization place increased restrictions on non-Islamic religious congregations.

Simultaneously, the government has increased the capacity of official institutions regulating religion, such as the Islamic Center and the Department for Religious Affairs. Both institutions certify religious personnel, monitor registered mosques and religious schools and distribute mandatory topics for the important Friday sermons. Intervention by the government has influenced religious practice and the composition of religious authorities in the country. In 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 unsanctioned ties with foreign institutions. The formal secularism of the government and its designation that only a very narrow interpretation of Hanafi Islam is genuinely Tajik is a form of dogma that has had significantly negative effects on freedom of religion and contributes to political polarization in the country.

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 that supervise hospitals and schools. However, all spheres of public service suffer from underfunding, rampant corruption, arbitrary intervention by superordinate authorities and inadequate technical facilities.

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

In 2018, the country's leadership launched the first unit of the Rogun Dam with great fanfare. However, it remains to be seen if the dam will alleviate the everyday hardships faced by the country's population in the winter months.

The provision of basic services remained undermined by low public expenditures in the social sector. In 2017, only 71% of Tajikistan's population had access to an improved drinking water source, a figure that is improving, but which ranks the country alongside sub-Saharan African states, which have never had the infrastructure that Tajikistan enjoyed during the Soviet era.

Basic
administration

6

'06 '20 10



1

2 | Political Participation

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 and lacking basic political competition. There has been no change in presidential leadership since 1994, and the president-led People's Democratic Party (PDPT) has controlled parliament since 2000 when it served as the basis for consolidating regional elites and the allies of the president under a single political party.

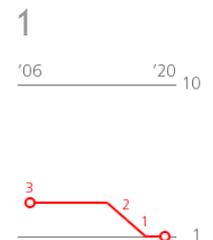
Public trust in the election process remains very low.

In 2015, parliamentary elections were held and returned the PDPT to power with an overwhelming majority, with a handful of remaining seats distributed among minor parties that barely register in public consciousness and are largely supportive of the president. For the first time in the post-conflict period, the oppositional IRPT is not represented in parliament, which is left without a critical voice. The OSCE election observation mission's statement remarked that the elections took place in a restricted political space and failed to provide a level playing field for candidates. The campaign was set to take place in a "controlled environment," voting included "significant shortcomings" and "disregard of counting procedures meant that an honest count could not be guaranteed." The elections were "not administered in an impartial manner" and the line between the election commission and the ruling PDPT was "often blurred." The elections received little coverage in the national media with only the PDPT and IRPT using their mandated free airtime. The IRPT faced barriers that prevented it from using its preferred party broadcast media. The elections results were interpreted by international experts as part of an increasing hardening of authoritarianism and the repression of the Islamic opposition.

The next parliamentary elections and presidential elections are scheduled for 2020. In preparation, a number of amendments to election laws (both presidential and parliamentary) were adopted. Among the changes is lowering the eligible age (from 35 to 30) for presidential and Senate (Majlisi Milli) office. This measure is seen as benefiting the president's son, the current Dushanbe mayor. It is widely believed that President Rahmon will run again, since the restriction preventing him from seeking a third term was removed.

In 2016, a referendum was held to change the constitution so as to ban religious parties and remove term limits on the presidential office, the "Leader of the Nation." The referendum was passed with 96% of the vote on a 92% turnout, according to the Central Committee for Elections and Referenda. The OSCE was denied permission to observe the polling.

Free and fair elections



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 rubber stamp to the president's initiative. Both the 2016 referendum and the appointment of the president's eldest son, Rustam Emomali, to the position of mayor of Dushanbe (traditionally the second highest office in the country) indicate that the dominant elite around Rahmon has a dynastic transfer of power in mind.

Effective power to govern



The Tajikistan constitution guarantees freedom of association, but the government severely restricts this right in practice. Some loyal 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 was Central Asia's only legal Islamic party, was banned in August 2015. Groups and individuals critical of the government, particularly the president, are systematically harassed, isolated and persecuted. Dissidents are not necessarily safe even when they are abroad, as there have been cases of assassinations or forced returns to Tajikistan. The actions of such groups are strongly restricted at district level, where local administrators unscrupulously curtail them. Citizens have the legal right to join trade unions, but the latter are largely subservient to the authorities and unable to effectively organize members.

Association / assembly rights



Watchdog-type organizations, which tend to be exclusively foreign-funded, are strictly monitored. Since 2015, NGOs have to register all foreign-funded activities with the state authorities. There is also increasing evidence of repression of intellectuals, with anecdotal evidence suggesting that more are seeking refuge overseas. In August 2016, Tajikistan's dwindling human rights activists took the desperate step of making a public plea to international organizations that lawyers be allowed to visit political prisoners and monitor human rights violations.

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.

Protests in Khorog in November 2018 resulted in the restriction of access to internet (social media, news outlets, VPN). Political mobilization in support of official politics is supported and encouraged. In the past year, a number of protests during which participants denounced the IRPT took place in front of the German Embassy, the OSCE office and the Iranian Embassy.

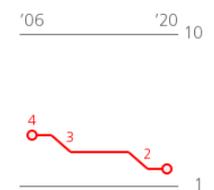
The noticeable decline in basic civil freedoms in recent years has been matched by efforts to restrict the independent Tajikistan media. Freedom of expression, speech and the press are guaranteed by the constitution. In practice, however, freedom of speech is restricted by government interference, widespread 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 and on radio. Popular Russian satellite TV offers no reasonable alternative. Most of the few independent newspapers have closed down due to political pressure and financial constraints. The state has increased its capacities to censor and restrict access to the internet. Websites of independent news agencies based outside of Tajikistan are frequently blocked, while local websites are closed by the monopolist internet provider for “maintenance” reasons. Internet penetration is estimated at 33% with significant differences between urban and rural Tajikistan.

Tajikistan ranks 149 out of 180 countries in the 2018 Worldwide Press Freedom Index of the international media watchdog Reporters Without Borders. This constitutes a drop of 33 places since 2015, brought about by the government’s harassment of the few remaining independent journalists. According to Reporters without Borders, independent journalists are regularly subjected to interrogation by intelligence officers, as well as to intimidation and blackmail. “Surveillance of communications is now routine, while the blocking of the main news websites and social networks is virtually permanent.” Throughout the period, several popular newspapers continued to suffer libel and insult accusations related to their coverage of politics, while a number of journalists faced intimidation, arrest and prosecution. Some chose to flee abroad.

A new media law introduced in March 2013 contained adequate measures on paper, but all indications suggest that informal practices continue in a highly illiberal manner. Moreover, citizens are now often targeted for social media and blog posts. Similarly, “likes” and “shares” on social media platforms are increasingly utilized in persecuting dissident opinions, often as extremism, efforts to destroy constitutional order or “affront or libel” of the “founder of peace and national unity, the leader of the nation.”

Freedom of
expression

2



3 | Rule of Law

The executive has 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. Checks and balances are both formally limited and largely ineffective due to informal modes of governance.

The Constitutional Court of Tajikistan has judicial review powers to strike down laws and executive decrees that contradict the country's constitution. However, despite the fact that a wide range of actors, including individuals, have the right to appeal, the Constitutional Court lacks popular standing and remains largely an inactive institution, hearing only a few cases per annum.

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 parliament occur mostly when the executive requests them. Most members of parliament are former senior executives, promoted as a form of honorary retirement.

The removal of presidential term limits in 2016 increased the office's power, while the move to ban religious parties serves as a constitutional guarantee against the return of the country's only remaining opposition party. The president appoints and dismisses senior members of government, provincial governors and district heads, including the mayor of Dushanbe. A 2009 change to the legal framework for local government – which was initiated and supported by representatives of the international community – has yet to have any noticeable effects on the power of local authorities.

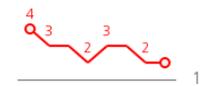
The judiciary in Tajikistan is de jure independent and institutionally differentiated but, in practice, it remains firmly subordinated to the executive. The president controls the judiciary through his constitutional prerogative to nominate and dismiss judges and the prosecutor general. Despite reform efforts to balance the rights of parties in judicial processes, prosecutors remain highly influential in criminal and civil cases. Moreover, the prosecutor general has the authority to initiate criminal or administrative cases against judges and to commission coercive procedural measures, including but not limited to taking people into custody, house arrest, temporary suspension of office and search and seizure.

In politically sensitive cases, legal proceedings are held in camera and judges rule as instructed by powerful officials in the presidential administration. Defendants in political cases have no access to legal assistance. Independent defense lawyers have been arrested on politically motivated charges after having defended opposition politicians or dissident intellectuals such in the case of Buzurgmehr Yorov.

Separation of powers

2

'06 '20 10



Independent judiciary

2

'06 '20 10



Once charged, individuals are invariably convicted in all but the most exceptional circumstances. The judiciary's operation is severely constrained by functional deficits such as rampant corruption, limited resources and poor training.

Rampant levels of corruption and abuse of power have remained part of Tajikistan's political system despite repeated presidential announcements that anti-corruption 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. Although in 2018 there have been a few cases of lower law enforcement officials being charged with corruption, the infamous case of the journalist Khayrullo Mirsaidov demonstrates that exposing the corruption of state officials can seriously backfire.

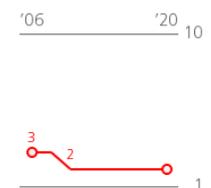
Many senior officials in the Tajikistan government have secondary roles in business and even extensive property, in the country and abroad. This is typically tolerated unless an official falls from favor for other reasons. Conversely, the use of secretive offshore vehicles by the country's state-owned aluminum producer (Talco) was publicized by the country's own Ministry of Finance in 2016, which reported that over \$1 billion was not accounted for. This revelation did not lead to a legal investigation. Likewise, the severe crisis in the banking sector since 2016 has had no consequences for those responsible.

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, extrajudicial treatments, lengthy pretrial detentions, torture and abuse remain systematic. Torture and death continue to occur in custody. Conditions in prisons are life threatening due to overcrowding, unsanitary conditions and high levels of tuberculosis and HIV/AIDS. In November 2018, security forces quelled a riot in the Penal Camp No. 3 close to Khujand, reportedly killing 50 inmates. Police and security forces frequently violate citizens' civil rights and are very rarely prosecuted, 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. Cultural and institutional barriers prevent women from seeking redress for violations of their rights.

Religious groups that do not adhere to the national brand of Islam favored by the government are particularly targeted. The police have frequently cracked down on public observances of religious practices or alleged "alien" Muslim attire (such as the hijab or a "Muslim" beard). During the period under review, dozens of nonviolent Muslims were detained and sentenced to lengthy jail terms, mostly without a fair public trial, for alleged membership in banned Islamic groups. Non-Muslim religious groups, including several Christian churches, were subject to persecution through bureaucratic and administrative means.

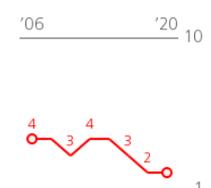
Prosecution of office abuse

2



Civil rights

2



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 immediate family and loyal inner circle. The executive, legislative and judicial powers merely respond to the decisions this circle issues. 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 formally strengthened during the period under review by new legislation allowing direct election of village and town councils. Nevertheless, presidential and parliamentary elections in 2013 and 2015, as well as the national referendum in 2016, were highly controlled and fell far short of democratic standards. 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 entirely superficial. These institutions are widely seen internationally as lacking legitimacy or an election-based popular mandate. The country has little democratic experience and many older citizens associate political pluralism and election campaigning with the political confrontation, chaos and violence that occurred on the eve of the civil war in 1990 to 1992. An increasing number of young people feel abandoned by the current government and are seeking alternative sources of equality and justice via religion.

Certainly, post-2015, once the only viable opposition party was outlawed, the need to maintain a democratic façade was gone. On a practical level, the reaction of the international community turned out to be primarily silence. In the period under review, Tajikistan’s international commitment to democratic processes and willingness to engage with international partners on a democracy and human rights agenda were further undermined by the country’s refusal to participate in the Human Dimension Implementation Meeting organized by the OSCE’s Office for Democratic Institutions and Human Rights.

5 | Political and Social Integration

Tajikistan formally has a functioning multiparty system, but political parties have shallow social roots and do not play a role in forming political will. Five registered political parties are represented in the current parliament – the Agrarian Party (APT), Communist Party (CPT), Socialist Party (SPT), People’s Democratic Party (PDPT) and Party of Economic Reforms (PER). The Islamic Revival Party of Tajikistan (IRPT), represented in parliament since 2000 as a result of the General Peace Accord, failed to clear the 5% threshold in the 2015 parliamentary elections. It was

Performance of democratic institutions



Commitment to democratic institutions



Party system

2

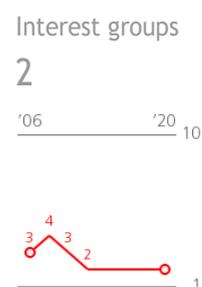
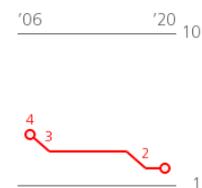
subsequently banned, accused of terrorism and now exists only in exile, with most of its key leaders behind bars. The 2016 constitutional referendum codified the exclusion of “religious” parties from politics, practically reversing the 1999 national constitutional referendum. The president’s PDPT holds a near monopoly in the party system. PDPT membership is mandatory for all high- and medium-level civil servants.

The nominal oppositional parties are all weak. CPT is steadily losing influence and appeal, especially in light of its recent leadership changes. APT, SPT and PER are seen as “pocket” parties, mostly because their leaders and members were recruited among civil servants under pressure from authorities. There are other political parties (e.g., SDPT), which are not represented in parliament that are quite weak, mostly as a result of past government harassment and intimidation. They do not have any significant social base.

Overall, the opposition remains fragmented. Prior to 2015, secular and religious parties demonstrated an ability to form pre-election coalitions and agreements. But with the decline of the Social Democratic Party (SDPT) and the outlawing and exiling of the IRPT these days appear to have passed. Under the consolidated authoritarian system, opposition parties are continuously monitored by the authorities and are allowed to function only as long as they do not challenge the regime. In October 2018, the IRPT’s Chairman Kabiri established the National Alliance of Tajikistan as an association of the exiled opposition. However, due to conflicting political agendas, as well as high levels of personal distrust, the impact of this alliance on Tajikistan’s political field will be limited.

Interest groups are present only in isolated social segments, and rarely cooperate with each other. Much of what is called “civil society” by international organizations are NGOs engaged in a small third sector oriented toward technical assistance and service delivery. Many NGOs resemble consultancy more than advocacy groups. Their organizational make-up and agenda are typically responsive to donor calls for proposals and do not reflect the needs of Tajikistani constituencies and their concerns.

The vast majority of such organizations deal with issues of culture, education and humanitarian aid, dispensing 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. In fact, a recent Institute for War and Peace Reporting study on civil society stated that most of civil society organizations saw their most important function as providing “support for government policy” and similarly indicated that their partnership is most developed not with other interest groups or experts or media organizations, but with local government officials.



Citizens can join trade unions, but they have mostly been co-opted by the government and 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 civil society representatives observe, there is an overall decline in the civil society environment due to prevalent negative social opinions about their activities. 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 and civil war. They are generally apathetic about current elections and disdainful toward political parties. The political culture of Tajikistan remains authoritarian and under the influence of the Soviet Union's legacy. Political discourse is underdeveloped. Parties have no real ideological basis or desire to compete for power. 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.

There is a fairly low level of trust among the population, particularly between groups from different regions and ethnic backgrounds. There is a deep divide between urban and rural populations. Trust is extremely localized or familial as is increasingly evident in marriage, migration and employment patterns. However, as the regulation of traditions and family celebrations becomes ever more rigid in terms of controlling the size and length of activities, those social institutions for creating trust are in danger.

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. Local organizations have been relatively successful in managing natural resources, (e.g., water and irrigation). However, rather than being the ideal grass-roots organizations of donor's dreams, mahallas 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 former residents of their home region. These family- and village-based self-organized groups and associations are unevenly distributed and often resentful of each other.

Approval of democracy

n/a

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n/a 1

Social capital

3

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4 3 1

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, antimony, coal and precious stones. Unlike some of its neighbors, Tajikistan does not possess large proven oil or natural gas reserves.

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 to 1997 civil war, Tajikistan has experienced a steady recovery. According to official figures, the country's economy grew by 8.6% on average between 2000 and 2008. Following a drop to 3.9% in 2009 due to the world economic crisis, the economy continued to grow by 6.9% on average between 2010 and 2017.

However, independent observers, such as the Economist Intelligence Unit (EIU), have repeatedly questioned the accuracy of these data. According to the EIU, Tajikistan's economy contracted by 1% and grew moderately since then (2017: 2.5%, 2018: 3.5%). Furthermore, the dollar value of the economy has declined since 2016 as Tajikistan's currency, the somoni, depreciated against the U.S. dollar. Although poverty rates continued to fall from 34.3% in 2013 to 31.3% in 2015 (using the most recent World Bank's poverty data), Tajikistan remains the poorest of all post-Soviet states. In 2018, it ranked 127 out of 189 countries surveyed in the UNDP's HDI, faring worse than all other former Soviet states and scoring slightly above its 1990 HDI value (2018: 0.650, 1990: 0.623).

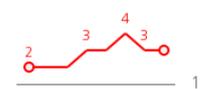
Remittances from labor migrants have been the key factor behind Tajikistan's economic growth and poverty alleviation progress during the last decade. The money sent home by between one million and 1.5 million Tajikistan migrant workers, mostly from Russia, has in recent years provided for the most basic needs of more than half of the population. In 2011, remittance inflow to Tajikistan amounted to \$2.3 billion. Remittances rose to an estimated \$3.7 billion (or 42% of GDP) in 2014 but dropped by almost 40% in 2015 and by a further 20% in 2016, due to the dramatic decline in Russia's economic performance. In 2017, remittances again rose to an estimated \$2.3 billion. According to the World Bank, Tajikistan remains by far the most remittance-dependent country in the world.

Poverty and social exclusion are quantitatively and qualitatively extensive as well as socially ingrained. Poverty is highest in rural areas, where about two-thirds of the

Question
Score

Socioeconomic
barriers
3

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population are poor and subsistence economies prevail, as well as among female-headed households and households with children. Geographically, areas with the highest incidence of poverty include GBAO, Rasht Valley and some isolated and non-cotton growing districts in Sughd in Khatlon. Members of the population receiving state subsidies (e.g., pensioners and people with disabilities) experienced the most adverse effects of the somoni's depreciation as about 70% of foodstuffs are imported, resulting in a significant decrease of the quality of life for these most vulnerable groups. The World Food Program estimates that roughly one-fourth of Tajikistan's population is at risk for food insecurity, particularly during the winter. The Gini index (34 in 2015) and GII (0.357 in 2014) index show fluctuation in recent years. Due to unreliable national statistics, it is hard to analyze the level of inequality based on religion or ethnicity.

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

Economic indicators		2015	2016	2017	2018
GDP	\$ M	7854.6	6952.7	7157.9	7522.9
GDP growth	%	6.0	6.9	7.6	7.3
Inflation (CPI)	%	5.7	6.0	-	-
Unemployment	%	11.4	11.0	10.7	10.9
Foreign direct investment	% of GDP	5.8	3.5	2.6	2.9
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-477.1	-290.8	159.0	-378.5
Public debt	% of GDP	34.7	42.1	50.4	47.9
External debt	\$ M	5142.4	5166.1	6097.9	5976.5
Total debt service	\$ M	313.8	632.7	709.9	585.6

Economic indicators		2015	2016	2017	2018
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	15.0	14.1	17.8	-
Public education spending	% of GDP	5.2	-	-	-
Public health spending	% of GDP	1.9	2	-	-
R&D expenditure	% of GDP	0.1	0.1	0.1	-
Military expenditure	% of GDP	1.2	-	-	-

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

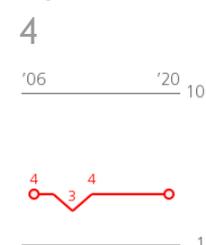
7 | Organization of the Market and Competition

Although Tajikistan has the legal and institutional framework necessary for a functioning market economy, real market competition is present only in some segments of the economy. Legislative and procedural rules regulating market competition are unreliable and often ignored. There are no significant formal entry and exit barriers to product and factor markets. However, the informal barriers are considerable. Widespread corruption and patronage networks effectively restrict most foreign trade in certain products to members of the presidential family and senior government officials.

Although there are legal guarantees for the freedom to launch and withdraw investments, rampant corruption and extortion by tax and regulatory agencies make private investment very scarce. The State Investment Committee reported that in 2017 around 30,000 businesses had closed due to competition. However, the U.S. Department of State's Investment Climate Statements 2018 argues that regulations and heavy tax burdens are more likely culprits.

With support from international financial institutions, Tajikistan has been reforming its economy to enhance business activity and increase its SME sector. These reforms have landed Tajikistan among the top reforming countries in the World Bank Doing Business report since 2010. At present, the country ranks 126th out of 190 countries surveyed in the 2019 report. Starting a business in Tajikistan takes 11 days and four procedures with a cost of 18% of GNI per capita. The Starting a Business score is 90.7 out of 100 (ranked 60 out of 190 economies).

Market organization



The informal sector of the economy remains large, constituting about one-third of GDP and providing employment to more than 40% of the working population. Tajikistan's somoni (TJS) is fully convertible. Price setting, state subsidies and corruption continue to shape the domestic economy.

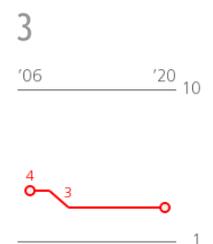
The state maintains ownership of large enterprises, mostly inherited from the Soviet period, in sectors of economy that are considered “natural monopolies” (e.g., travel, transportation, food production and packaging, construction, finance, communications, etc.). Privately owned enterprises cannot compete with state companies since the latter's market share consistently grows as it has access to favorable financing from state-owned banks.

There is considerable state intervention in the agricultural sector, which employs 43% of the labor force and generates 23% of GDP annually (2017). The intervention is particularly pronounced in the cotton sector, which accounts for about 60% of agricultural production and about 10% of exports (as of 2017). This intervention appears to be particularly targeted at protecting the profits of key businessmen linked to the regime. Since 2014, however, agricultural reforms have introduced changes in the cotton sector, indicating a trend toward commercialization of agriculture. Although the regime is reluctant to abandon control of key resources, cotton farmers can now choose purchasers and negotiate sales prices independently or decide to abandon cotton cultivation altogether. Local administrations throughout the country still routinely attempt to set retail prices for basic foodstuffs, particularly around major holidays.

The legal framework stipulating antitrust laws is in place. The state's anti-monopoly agency is tasked with providing support, preventing abuse of dominant market position and regulating the prices of products and services provided by “natural monopolies” (i.e., state-owned enterprises). But this agency has generally been a marginalized body with little effective power. Its interventions are largely limited to preventing unwarranted increases in food prices prior to major holidays. The enforcement of competition law is insufficient, which benefits insiders and connected parties at the expense of other actors.

These “natural” monopolies are shielded from competitive pressures in broad sectors of the economy that are defined as important 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 17% of Tajikistan's exports (2017) and 50% of its electricity usage. In 2016, the Ministry of Finance reported that over a billion dollars of the company's profits, held in a covert offshore company, was unaccounted for and called on more transparency from the company.

Competition policy



Foreign trade is liberalized in principle, but significant exceptions remain, including differentiated tariffs and special rules for state-controlled export commodities, notably aluminum and cotton. One latent indication of liberal trade policy is the country's negative current account and trade balances in recent years. Since 2014, the current account has most often been in deficit between \$261 million (2014) and \$362 million (2016). In 2017, it narrowed to 0.5% of GDP or \$35 million. Tajikistan's trade deficit fluctuates between one-third and one-half of GDP (35% in 2016).

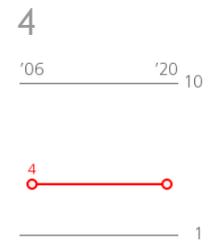
The country's economy is dependent on the export of aluminum and cotton. Formal tariff barriers and quantitative restrictions remain quite low, but there are significant informal barriers, particularly in customs corruption. Foreign trade has also been impaired by politically motivated trade and transit barriers erected by Uzbekistan. However, the death of Uzbekistan's President Karimov in September 2016, and his replacement by Shavkat Mirziyoyev, has led to the opening of some areas of trade, the relaxing of border controls and the recommencement of airline flights between the two countries. Tajikistan also has four Free Economic Zones that offer lower taxes and customs tariffs and fees both to foreign and domestic enterprises.

Apart from aluminum and cotton, which accounted for 26% of Tajikistan's export earnings in 2017, the economy remains largely dissociated from the world market. Tajikistan has been a WTO member since 2013. The country's president also claimed in 2014 that Tajikistan was considering joining the Eurasian Economic Union (EEU), a move that could potentially increase trade with other member states. However, significant progress in this direction has not occurred since the announcement as the impact of Western sanctions on Russia made the EEU a less attractive option.

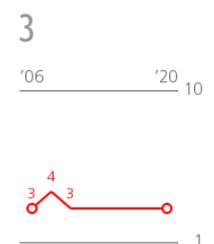
Tajikistan's banking sector remains dysfunctional and in severe crisis. The central bank's performance is restricted by low capitalization and weak institutional capacity. The country has virtually no capital market. While the capital to assets ratio declined significantly in recent years (from 24.4% in 2008 to 13.1% in 2015) but then rose to 22.5% in 2018, the percentage of non-performing loans increased dramatically (32% in 2018).

The consumer economy remains largely cash-based. Public trust in the banking sector has collapsed. In the period under review, three private banks were liquidated. The National Bank intervened with a \$490 million bailout, resulting in the depreciation of the somoni against the U.S. dollar. In 2017, the Public Investment Fund of Saudi Arabia agreed to buy a 51% stake of the troubled Tajiksodirotbank. Although the figures of non-performing loans improved by falling from 58% in 2016 to 32% in 2018, the dysfunctional banking sector will tie up significant financial resources in the future. The 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, nonexistent confidence in the banking sector, weak loan repayment culture, the decline in the national currency and poor corporate governance and accountability.

Liberalization of foreign trade



Banking system



8 | Monetary and fiscal stability

The control of inflation and establishment of an appropriate foreign exchange policy are significant goals in the country's economic policy. Tajikistan ranks among countries with high inflation volatility. Average consumer price inflation was 9% to 10% over the period in question due to the depreciation of the Tajikistan somoni. In 2018, inflation declined to 7.3% and is expected to remain at this level. In 2018, the National Bank lowered the refinancing rate from 16% to 14% in an attempt to control inflation related to the depreciation of the somoni.

Inflation is strongly influenced by trends in global food and energy prices, as Tajikistan imports much of its fuel and about 70% of its food. Global prices for raw materials also have an impact because the country's massive and politically important infrastructure projects require the import of capital goods.

The domestic currency is not pegged to a foreign currency but, rather, subject to a flexible exchange rate. It lost around 40% of its value against the U.S. dollar from January 2015 to April 2017, followed by a period of stability since then. Due to the high level of dollarization of the economy, domestic interest rates based on the somoni have little relevance to monetary policy. The bank is fully subordinated to the government, and its currency policy is dictated by stability objectives on a macro level, as advised by international finance institutions (IFIs). Inflation and foreign exchange remain largely outside of the government's control yet influenced by wider political and geopolitical factors.

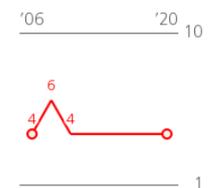
The maintenance of macroeconomic stability has been a declared goal of the government, but the policy has not always been consistent and effective. Tajikistan has maintained a tight fiscal policy in order to contain external debt. Tajikistan's public and publicly guaranteed debt has been increasing in absolute numbers over the last decade, standing at \$3.5 billion in 2017. The ratio of the country's debt-to-GDP increased to a reported 44%, violating the external debt ceiling of 40% of GDP the government set in 2008.

Public debt is expected to continue rising in absolute terms, as the country intends to continue external borrowing to invest in infrastructure and energy projects. According to the World Bank, public debt was \$2.7 billion or 41.82% of GDP in 2016. In 2017, the government successfully issued a ten-year \$500 million bond at a yield rate of 7.125% in the international government security market. The bond was significantly oversubscribed, indicating that the government may resort to additional bond sales in the future.

In 2016, the Tajik government committed to the final \$3.9-billion phase of the Rogun hydroelectric dam project, which puts the country's macro-fiscal stability at significant risk. It is unclear how the government plans to repay its rising debt. With

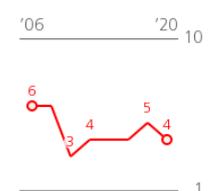
Monetary stability

4



Fiscal stability

4



some 70% of the country's external debt, China is Tajikistan's most important lender. China has acquired several mining concessions (gold and antimony). It is believed that these assets serve as potential collateral for debt owed.

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 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 its acquisition, benefits, use and sale. However, the implementation and enforcement of these rules is undermined by a weak private-property protection system, judicial corruption and state intervention. Furthermore, under the pretense that properties were improperly privatized or used in anti-government or criminal activities, the government can legally expropriate lands and assets.

During the period under review, municipal authorities continued to acquire large parcels of land in major urban centers, particularly in the country's capital, for development at the expense of long-term residents. Although the practices related to compensation for eviction improved in comparison with the late 2000s, they still remain inadequate. This is particularly true for the resettlement and compensation of residents in the flood zone of the Rogun Dam.

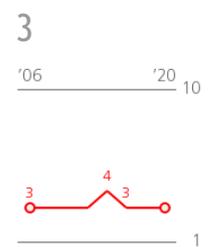
The period under review also saw the country's authorities confiscating property belonging to opposition leaders or dissidents.

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.

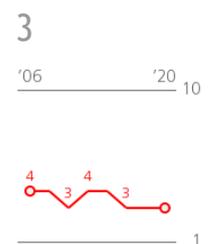
The government of Tajikistan claims to regard private companies as important agents of economic production. All small and most medium-sized enterprises have been privatized and the privatization of many large state-owned enterprises is ongoing. Despite this, the government intends to retain ownership of the country's aluminum company, Talco and major hydroelectric power stations. The number of the state-owned enterprises remains high, which prevents fair market competition. Privatization of state companies has not been uniform and has often been affected by corruption and insider deals. Likewise, formal legal safeguards protecting private companies are not enforced due to the absence of the rule of law and widespread nepotism.

Although Tajikistan improved its ranking on the World Bank's Doing Business index in recent years, progress has stalled, according to the 2019 survey. However, this generally refers to SMEs, primarily in retail and services. Starting a large company requires high-level political connection and patronage.

Property rights



Private enterprise



10 | Welfare Regime

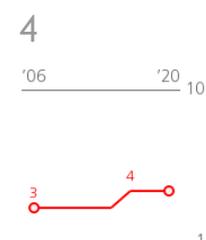
The integrated Soviet welfare system has steadily eroded since independence. Cash and subsidy provisions for pensions, illness compensation, unemployment, disability and maternity exist in the national legislation and the right to them are generally respected. However, the compensation in most instances remains so low that many vulnerable groups such as senior or disabled citizens would not survive without additional, non-state support. In 2016, the minimum monthly retirement pension rate was about \$14, while the maximum monthly rate was \$67. Given the lack of indexation, the depreciation of the somoni against the U.S. dollar, and price hikes for imported food and medical supplies, the quality of life among the most vulnerable segments of population has steadily deteriorated. An insignificant number of unemployed citizens receive unemployment benefits. Officially, the unemployment rate was 10% in 2018. However, observers estimate that unemployment hovers at 40% to 50%.

Apart from poverty eradication, the welfare system has not been among top government priorities. Only about 6.9% of GDP is spent on health (2014), with more than half of the money allocated for salaries and maintenance. The government's welfare function has largely been limited to occasional increases in compensation rates for social risks, and the repair of clinics and orphanages. Labor migrants' remittances provide an alternative, and in fact the dominant, social safety net for about two-thirds of the population. Informal self-help networks based on extended families and villages also serve as social safety nets, particularly in rural areas.

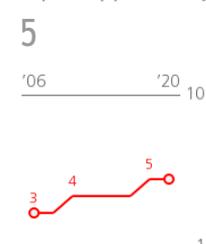
Slightly more than 30% of the population was estimated to live below the poverty line in 2017. The government is committed to poverty alleviation. However, progress remains vulnerable to external shocks, such as economic setbacks in the Russian economy and their effects on labor migration.

Equal access to education, public office and employment for all citizens is guaranteed by the constitution. 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 some discrimination in government appointments and business opportunities. These opportunities are also all but denied to members of the opposition. There are no official or legal obstacles for employment, but representatives of ethnic minorities are often declined jobs on the basis of inadequate knowledge of the Tajik language. Education opportunities are equally open to all citizens, but corrupt admission practices limit access to higher education to those able to pay steep tuitions and/or high bribes. There are legal provisions against discrimination, but they are not consistently enforced. Education opportunities and employment in state institutions are denied to women who dress in what the state deems "alien" Islamic attire.

Social safety nets



Equal opportunity



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 2017 was 0.71, compared to a ratio of 0.89 in secondary education and 1.00 in primary education. The gap between women and men in higher education attainment is particularly pronounced in rural areas. A “presidential quota” mechanism enabling girls from remote regions to attain higher education had a limited effect.

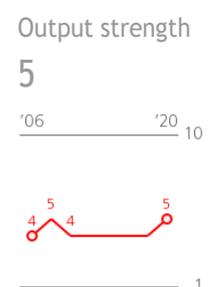
Female participation in the labor force has remained reasonably stable in recent years – with women constituting around 45% (2017) of those working outside the home – but this fails to account for the disproportionate number of Tajikistan male labor migrants who have left the country’s labor market. Also, since women are mostly employed in agriculture, female labor market participation is seasonal. Women are considerably underrepresented in public offices and business. They held only 24% of seats in parliament and 13% of ministerial positions (at deputy level only) following the 2015 elections. 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

The value of Tajikistan’s somoni continued to fall from 2016 to 2018 due to depreciation of the national currency against the U.S. dollar. After an economic contraction in 2016, GDP grew by 7.1% in 2017, according to official figures. The World Bank estimates GDP growth at 6% for 2018 and a GDP per capita growth (constant local currency) of approximately 5% (2017 data). The nominal GDP per capita (PPP) stands at \$3,354. Inflation is expected to remain at 6% in 2018. Independent observers, such as the EIU, estimate GDP growth at no more than 2.5%. Tajikistan runs a large trade deficit because it has to import all its petroleum and most of its food and capital goods. The IMF estimates that the country’s trade deficit fluctuates between one-third and one-half of GDP.

The government continues to rely primarily on foreign, state-led loans and investment from China and Russia, rather than creating conditions favorable for private investors. Rampant corruption, nontransparent practices, problems with the power supply, poor infrastructure and a burdensome regulatory process continue to keep private investment levels in the country very low. FDI inflows to Tajikistan stood at 1.5% of GDP in 2017, according to the World Bank.

In October 2016, Tajikistan began the \$3.9 billion construction of the Rogun Dam led by the Italian engineering company Salini Impregilo. The first unit was commissioned in November 2018. A World Bank assessment in 2014 supported the government’s claim that building Rogun, the world’s tallest dam, is the cheapest way



to end Tajikistan's energy shortages. However, studies also suggest that in order for the Rogun project to be economically viable, the government needs to reform its energy sector, raise electricity tariffs, and make the state-run Talco aluminum smelter pay its energy bills. It is not clear whether the government will be able or willing to implement these reforms. Importantly, Uzbekistan, which had vehemently opposed the construction project, has adopted a more conciliatory policy under the new President Mirziyoyev.

12 | Sustainability

Environmental concerns in Tajikistan receive only occasional consideration and are largely subordinated to economic growth efforts. In the 2018 Environmental Performance Index (EPI), the country dropped to 129th place out of 180 nations surveyed, faring worst of all CIS countries.

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. Not much has changed with regard to other major sources of environmental degradation in recent years. Cotton cultivation still uses large quantities of chemical fertilizers and pesticides with severe consequences for public health and water quality. The country's largest air polluter, the aluminum smelter in Tursunzade, causes adverse public health effects in nearby communities. Radioactive waste from the enrichment plant in northern Chkalovsk is stored in some 30 tailing dumps close to residential areas without appropriate safety regulations, seriously affecting public health. The remains of uranium, lead and mercury mining in central Tajikistan has repeatedly contaminated water resources.

Environmental regulation is in place, but scarcely enforced, particularly in cotton cultivation, gold mining and aluminum production. Measures to protect the environment are largely absent in tax policies. Legal and institutional frameworks for sustainable energy use remains rudimentary. Public awareness for environmental concerns is limited. In the reporting period, the Law on Environmental Impact Assessments (EIA) was still pending approval by parliament.

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

Environmental
policy

3

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Tajikistan's education and training system remains largely substandard. The country's public expenditure on education rose to 5.2% of GDP in 2015, from 4% in 2012. However, enrollment and completion rates in primary and secondary education are the lowest in Central Asia. The gross enrollment rate is 98.8% in primary education (2017), 87.4% in secondary education (2013) and 30.8% in tertiary education (2017). Enrollment of females in secondary and tertiary education is significantly lower than that of males. In 2017, the U.N. Education Index declined slightly to 0.659, after a period of modest improvements indicating significant challenges in the education sector.

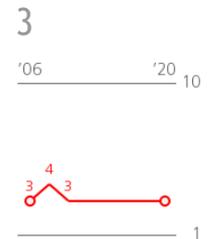
The quality of schooling, particularly at the secondary level, is significantly impaired by a shortage of teachers, teachers with poor skills and low motivation, outdated textbooks and underdeveloped school infrastructure. Most of the approximately 3,900 (2016) public school buildings require major repairs. On the most basic level, especially in rural areas, schools lack access to adequate sanitation facilities, water, electricity and safe heating infrastructures.

The current number of students (1.9 million in 2016) is expected to increase significantly due to the move from a system of 10-year to one of 12-year education and demographic growth. However, there are conflicting reports about the implementation of the shift to 12 years of 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 lengthening of the duration of basic and secondary education. Despite these shortcomings, Tajikistan retains a formally high literacy rate of over 99%. This rate may conceal very weak literacy or functional illiteracy among an increasing number of young people, particularly women.

Most institutions of higher education are state-owned, but the government has consistently attempted to convince foreign universities to open branches in Tajikistan. In addition, the country benefits from offers of free places at foreign educational establishments, particularly in Russia, Kazakhstan and China. However, in 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 remains deficient. Public expenditure on R&D was about 0.1% of GDP in 2015, the latest year for which data is available. More than half of the country's researchers are employed in 13 institutions in the higher education sector, followed by the Academy of Sciences and over 50 research institutes and design bureaus. The R&D sector suffers from severe underfunding, obsolete equipment and aging personnel. Most serious researchers leave the country.

Education policy /
R&D



Governance

I. Level of Difficulty

The structural constraints on governance are high. Major structural problems include a rugged terrain, disadvantageous geographical location, and an underdeveloped transport infrastructure. Mountains cover about 93% of Tajikistan's territory, making large parts of the country all but inaccessible in winter periods and unsuitable for agriculture. With its fast-growing population and soil degradation, the country has increasingly low per capita farmland.

Landlocked by Afghanistan, China, Kyrgyzstan and Uzbekistan, and 3,000 kilometers from the nearest deep-sea port, Tajikistan is probably the most isolated country in the region, and thus has the highest transport and logistics costs. Chinese companies have invested in roads, improving access on the eastern side. However, this links Tajikistan with China's separatist-riddled Xinjiang region, presently the most underdeveloped part of that country. Major roads connecting the north and south of the country have recently been refurbished. In general, however, the country's road network remains underdeveloped.

Importantly, in the period under review there have been significant improvements in bilateral relations between Tajikistan and Uzbekistan. In 2018, both countries signed a number of agreements lifting trade and transport barriers, which had significantly impeded regional economic integration. Importantly, Uzbekistan has given up his opposition to the Rogun Dam. Improved regional integration and continuous Chinese investment may significantly reduce the country's isolation and structural constraints.

Tajikistan has weak traditions of civil society. NGOs are largely unsustainable without foreign grants, have been harassed by the government and have increasingly lost public trust. Some major NGOs have become corrupt as a result of a lack of effective monitoring by international donors. A number of human rights NGOs receiving foreign funding faced pressure from the government during the period under review, with many being forced to close. In December 2018, the Tajikistan parliament amended the Law on Public Associations, further impairing the operation of NGOs in the country, including stiff requirements on financial reporting that few NGOs are able to meet.

The country has a tradition of voluntary activities conducted by neighborhood groups and extended families. These, however, have not become the basis for civil society

Structural constraints

8



1

Civil society traditions

9



1

development, but rather nurture communalization. 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.

The government has established firm control over the Rasht Valley and GBAO, where serious outbreaks of violence occurred in 2010 and 2012 respectively. The management of the tensions in GBAO in 2018 indicates that the regime is learning how to address such incidents. The country's political space remains dominated by the incumbent regime and is kept free from apparent confrontation.

The government's continuous repression of activists from the banned Islamic groups results in deep grievances and may lead to their involvement in anti-state activities. Observers estimate the number of Tajikistan nationals fighting in Syria and Iraq at around 2,000; the outflow of such fighters significantly decreased since 2016 and the number of returnees is unknown. The terrorist attack of July 2018 was certainly an isolated incident – but may also be a harbinger of things to come.

II. Governance Performance

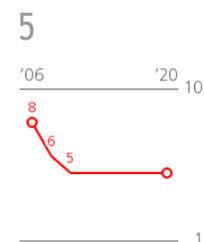
14 | Steering Capability

The government sets broad long-term aims and priorities and, in most cases, pursues them without interruption or political debate. During the period under review, the political leadership continued to maintain five strategic priorities, as emphasized in National Development Strategy (NDS) 2030 and the president's annual addresses to the parliament. These priorities were the achievement of energy independence, freeing the country from communications isolation, ensuring food security and access to good quality nutrition, expanding employment, and containing the purported rise of radical Islam.

Energy independence remains the regime's principal objective. The government secured a \$3.9-billion contract with Salini Impregilo to build in the Rogun Dam, despite remaining engineering, environmental and financing concerns. In 2018, with the launch of the first unit of the Rogun HPP the government demonstrated that this objective may indeed be achievable. Moreover, the president and senior officials continuously emphasize that constructing new hydropower plants and refurbishing of existing plants are a means of turning Tajikistan into a major regional energy producer and exporter.

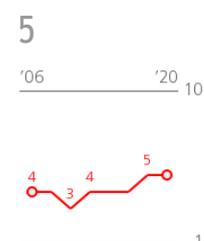
The regime also continues to stress the importance of breaking the country's geographic isolation by constructing roads and railway lines that would connect the country with major regional economic hubs. Although the government has attracted Chinese investment for major road projects, key regional railway projects have

Conflict intensity



Question Score

Prioritization



bypassed Tajikistan. The improved relations with Uzbekistan and the integration of the country into the Chinese One Belt, One Road Initiative might change this.

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

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

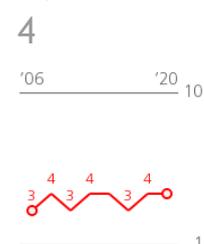
In principle, the government has the capacity to concentrate administrative, human and financial resources for pursuing strategic priorities. The government has had significant success in meeting its unstated objective of consolidating authoritarian rule and its stated objective of building the country's hydropower and export capacity. The Rogun Dam began full construction in 2016 and the plant's first unit was commissioned in November 2018.

However, 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.

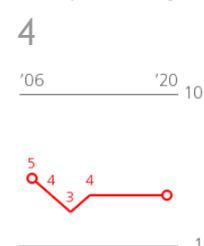
During the period under review, the government has demonstrated limited willingness or ability in policy learning. There are few institutionalized mechanisms that facilitate innovation in policy-making. Any learning from past experience is significantly impaired by the practice of government reshuffling and weak monitoring and evaluation practices. Frequent workshops and study tours organized by donors and IFIs have had little effect because the government sends the chosen few.

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 blocking initiatives from the lower ranks and from outside the governing circle. The only exception is the expanding security sector. The state has invested significant resources in fostering allegiance to the regime and improving operational readiness. Throughout the reporting period, China, Russia and the United States provided substantial training and equipment support to Tajik security forces.

Implementation



Policy learning



15 | Resource Efficiency

The government rarely uses its available human, financial and organizational resources efficiently. Political appointments and dismissals are the rule and not the exception. During the period under review, the president's extended family and regional clan remained in control of all high- to medium-level appointments. The president personally controls all senior-level appointments to security and law-enforcement agencies as well as the army. Such appointments are mostly based on personal loyalty rather than professional aptitude. His eldest son was appointed mayor of Dushanbe in January 2017, in apparent preparations for a dynastic succession. A host of other immediate and extended family members occupy government positions, as well.

Although senior government officials continuously emphasize the importance of recruiting skilled individuals for government positions, informal mechanisms and patron-client networks continue to regulate the distribution of most lucrative (rent-seeking) positions in government institutions. A number of public offices – particularly the president's office, the office of the Dushanbe mayor, and the Ministry of Foreign Affairs – have made attempts to recruit skilled professionals through relatively transparent and competitive procedures for lower-rank positions. The government remains suspicious of hundreds of individuals who receive education in Western countries and is reluctant to hire them. Needless to say, organizations staffed with unqualified personnel underperform.

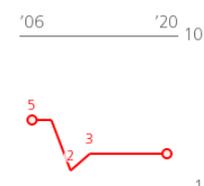
Budget planning and implementation lack transparency and oversight. Internal auditing is insufficient and even members of parliament have no insights into the administration's budget planning. Similarly, fiscally unsound macroeconomic policies and an unwillingness to address the underlying problems of the banking sector indicate severe mismanagement of financial resources. Local district (nohiya) and province (viloyat) governments have a degree of financial autonomy from the central government. However, this autonomy does not go beyond decisions about allocating budget resources for health, education and social protection.

The government tries to coordinate conflicting objectives. 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 (in particular, security) but is still widespread across the government.

A 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 crucial policy areas. At the same time, the coherence of government policy is affected by weak communication.

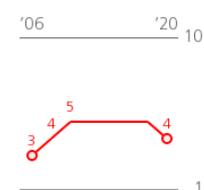
Efficient use of assets

3



Policy coordination

4



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

16 | Consensus-Building

All the major political actors close to the president continue to claim that mature democracy is a long-term priority and objective. In practice, however, their commitment to democratic institutions is void of any substance. The dominant elites present democratic norms and practices frequently as "Western" models alien to Tajik society. Instead, the president and his entourage follow a strategy of de-politicization resulting in authoritarian inertia. 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 political parties also emphasize their dedication to democracy and the free market. Some members 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. The important fact is that Tajikistan's political and economic system is patron-based and therefore institutionally opposed to democratic or market reform.

The only veto players who are overtly opposed to democracy in practice are the members of the ruling regime who have banned or excluded all significant political opposition in the country. There are few if any relevant political actors genuinely committed to advancing democratic reforms, and those people, if they exist, sit outside the center of power. The political culture remains closed and anti-pluralist.

Anti-corruption policy

2

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Consensus on goals

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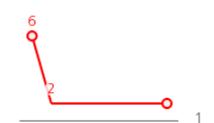
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Anti-democratic actors

2

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As the dialog initiatives of the post-conflict period drift into distant memory, the political leadership has neither reduced existing divisions nor prevented cleavage-based conflicts from escalating. The most potent, broad-based cleavages follow regional and ethnic lines. Most of the high- to medium-level positions in the government and most of the lucrative economic resources are monopolized by the president's extended family and his close associates. Citizens of Gharmi origin from the Rasht and Vakhsh valleys, natives of Sughd and GBAO Provinces, and ethnic Tajiks born in Uzbekistan remain largely excluded from access to political and economic resources. The significant Uzbek minority, constituting up to 20% of the population, as well as smaller Kyrgyz and Slavic minorities, also remain marginalized. 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.

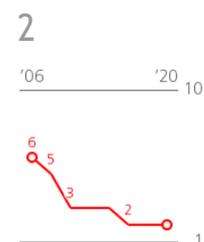
The period under review saw the political leadership continue to resort to openly prohibitive means to manage the cleavages along religious lines, potentially exacerbating them. The state detained and sentenced to lengthy jail terms hundreds of nonviolent Muslims for alleged membership in banned Islamic groups, particularly members of the IRPT. The effective sidelining of the party through what international observers considered fraudulent elections and the government's increasing mobilization of state-appointed religious authorities to denounce the IRPT exacerbated the cleavage between the state and the potent political group. Besides, the government's attempt to marginalize the party may push an increasingly alienated and conservative part of its membership to denounce institutionalized politics in favor of more contentious engagement with the government.

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

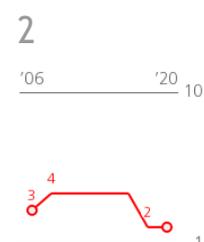
The political leadership has chosen to avoid addressing past injustices and continues formally to practice a "forgive-and-forget" policy in connection with offenses that occurred during the 1992 to 1997 civil war. Most crimes committed during the civil war period are covered by a general amnesty. However, in the period under review, there were prosecutions of former opposition members for non-amnestied crimes, for instance, Qiomiddin Khozi who was sentenced to 25 years in prison in 2018.

The government has abandoned the policy of formal and informal restrictions on discussing the civil war. Government officials, state-owned media, school textbooks and academics and intellectuals co-opted by the state blame the political violence of

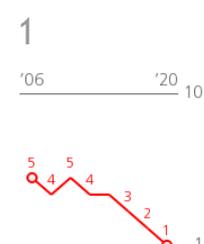
Cleavage /
conflict
management



Civil society
participation



Reconciliation



the 1990s exclusively on the opposition, particularly the IRPT. Therefore, broad-based reconciliation does not appear possible now. The ongoing political and economic marginalization of citizens of Gharimi origin from the Rasht and Vakhsh valleys, and the isolation of Pamiris, increasingly leads them to feel like the “losers” of the war. Distrust among the previously warring regional groups persists. The political exclusion of the IRPT reflects the manipulation of the past for political purposes. It has, however, provoked surprisingly little backlash.

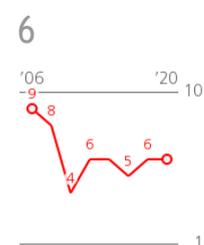
17 | International Cooperation

The political leadership of Tajikistan tries to use international assistance for its own long-term development agenda, which was mapped out in the NDS 2030, and in poverty reduction strategies. Its capacity, however, to channel available international support into long-term beneficial projects is limited. Chinese investments and credits play an increasingly important part in the Tajikistan economy, a dramatic shift from the time when the previous national development strategy was adopted. China’s One Belt One Road Initiative offers opportunities for infrastructure investment that is not conditional on economic reform, but may come with political and economic strings attached with regard to privileging Chinese businesses and excluding their rivals. In 2018, China secured exploitation rights for two gold and antimony mines in the north, apparently as collateral, should Tajikistan’s debt service fail. In 2018, China was considered the country’s most important lender with approximately 70% of Tajikistan’s foreign debt.

During the period under review, the government has achieved modest levels of foreign investment in large-scale transport and energy infrastructure projects, such as the Central Asia-South Asia power project referred to as CASA-1000, an ambitious \$1.2 billion project that will allow Kyrgyzstan and Tajikistan to export hydroelectric energy to Pakistan. The ADB, EC, IMF and World Bank continued providing direct budget support, despite pervasive corruption. The government has often used international support to address short-term needs, particularly in tackling infrastructure maintenance and in responding to natural disasters.

The government’s Western partners and donor agencies regularly emphasize the importance of political reform during meetings with senior government officials. However, the ability of these actors to push for genuine reform remains limited. Besides, the regime is aware of and willing to exploit the contradictions between the key Western powers’ democratization and political reform agendas and their foreign policy and security interests.

Effective use of support



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 of Tajikistan and reports of offshore companies used to shelter profits from toll roads and aluminum production foster a continued and accurate perception that corruption is widespread in Tajikistan. The government has sought to improve its reputation and develop one for increased technical competency by promoting younger, Western-educated officials, however with limited impact due to their often-presumptuous behavior. Rampant corruption is among the major reasons for the low level 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.

Tajikistan is also increasingly seen as a human rights pariah due to its brutal treatment of the political opposition in recent years, including credible allegations of torture.

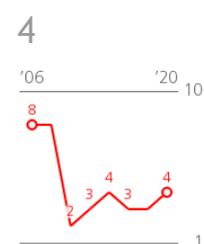
Under the rare circumstances when organizations and the interests of their member states are aligned with the Tajik elite's regime survival interests, the country can demonstrate and engage in cooperative/constructive behavior. Examples include the Shanghai Cooperation Organization, the Commonwealth of Independent States and the Collective Security Treaty Organization.

During the period under review, Tajikistan realigned its regional foreign policy due to increasing tensions with Iran over a corruption scandal involving the country's National Bank and an Iranian businessman, as well as political fallout after the ban of the IRPT (Iran had supported the IRPT during the civil war and was a guarantor of the peace accord of 1997). The authorities suspended Iranian business activities and development projects and, instead, joined forces with Saudi Arabia, Iran's major regional antagonist.

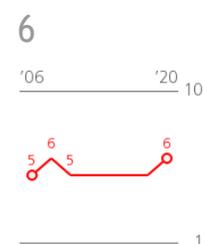
The political leadership is open to cooperation with neighboring states and has notionally supported regional integration initiatives. The period under review has seen a significant improvement in the country's relationship with Uzbekistan. The latter had long opposed Tajikistan's hydropower development projects, particularly the Rogun Dam, fearing the consequences for agriculture in downstream Uzbekistan regions. The rapid détente between the two neighbors has alleviated Tajikistan transport isolation and may result in a stronger regional integration. Notably, travel restrictions between Uzbekistan and Tajikistan have been lifted also for the general population for the first time after independence.

During the period under review, China remained Tajikistan's biggest lender (holding an estimated 70% of its foreign debt in 2018) and a major trade partner. China's economic role in the country is expected to grow even further. Russia has effectively lost its status as Tajikistan's principal economic partner. However, Dushanbe's

Credibility



Regional cooperation



relations with the West and its security policies are still to some extent dictated by relations with Moscow.

Tajikistan has continued to actively participate in regional organizations, such as the Shanghai Cooperation Organization (SCO) and Collective Security Treaty Organization (CSTO). Tajikistan generally complies with the rules set by regional and international organizations.

Strategic Outlook

Tajikistan is likely to remain a consolidated authoritarian state ruled by a small elite around the incumbent President Rahmon and his family. Economic and social development remain largely dependent on the level of remittances from labor migrants and consequently the economic situation in Russia. The export of cotton and aluminum and, in mid-term perspective, electricity continues to benefit only the dominant elite. Despite occasional small-scale outbreaks of political violence and continuing tensions in the Pamirs, the country's authoritarian regime remains stable. It possesses only weak public service institutions and a divided economy of haves and have-nots. While it selectively follows the economic and financial policy recommendations favored by IFIs this has not led to broad-based economic growth but rather the concentration of wealth in the hands of the few with political connections. Equally, after 20 years of authoritarian consolidation, the presence of formally democratic institutions has not produced political competition and debate. 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. Likewise, the international community – in particular Western governments – should monitor the financial transactions of the elite around Rahmon closely and consider sanctions, which might result in partial reconsideration by the elite of its authoritarian politics.

Otherwise, Western states, international organizations and NGOs have limited leverage over a government that is neither committed to reform nor considers itself dependent on the donor community. FDI from Western states will remain limited due to the political risks in Tajikistan and the anti-corruption laws that companies must negotiate. Russia and China remain far more important as diplomatic actors and international investors than any other foreign players. Tajikistan's future may be bound to the economic policies and international relations of these two states, given the country's increasing reliance on financing from and trade with China. Meanwhile Russia retains important diplomatic and military influence and, moreover, is the host country for most of the country's labor migrants. The question for Tajikistan, and Central Asia as a whole, is whether China's infrastructure investments and the One Belt One Road Initiative will lead to Beijing playing a greater role in regional politics and, perhaps, in any future crises. Within Central Asia, the *détente* between Tajikistan and Uzbekistan that began in 2016 offers significant opportunities for the economic integration of Central Asia, which can only benefit Tajikistan and its population.

Alongside economic stability and growth, internal security challenges remain a serious concern. These challenges pertain to struggles within the state, among elites, rather than internal terrorist or foreign threats. Security assistance to such a regime aids and abets misdiagnosis and mismanagement of the problem. In light of this, the international community should not provide further technical assistance to the government's security forces until it shows signs of implementing reforms that would lead to accountability by security services and the rule of law.

Despite the very uninspiring state of “transformation” in Tajikistan, it should be recognized that its situation is not as desperate as might be expected given the lack of political liberalization, structural weaknesses and economic mismanagement. While the regime is not at all committed to political and economic reform, it is attentive enough to maintain a certain amount of support from a significant portion of the population and to facilitate the marginalized leaving the country as part of seasonal labor migration for better job and livelihood prospects abroad. Its long-term development of hydropower and commodities industries may eventually provide a trickle-down effect to cushion poverty. However, the greatest factors affecting Tajikistan’s future transformation are also the most difficult to be certain of – family politics, the health of the president and expectations regarding succession.