

## **Tajik Economy in Tatters**

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Foreign credits are Tajikistan's only economic hope

Tajikistan this month marks the fourth anniversary of the peace accord which brought an end to five years of civil war, but, economically speaking, this Central Asian nation has little to celebrate.

The guns may be silenced, but the country is far from stable. Its economy is teetering, supported solely by foreign credits.

Industry is at a standstill and unemployment is soaring. Inflation reached 60 per cent last year and more than 90 per cent of the population lives below the poverty line. The situation is ripe for exploitation by criminal organisations, poised to infiltrate the creaking, inefficient state structures.

It is hardly an inviting picture for investors. Indeed, many are scared off by the fear of their businesses being torpedoed by incompetence or hijacked by criminals.

Donor countries and international finance organisations take a different view. At a consultative meeting in Tokyo in May, they agreed to grant Tajikistan \$430 million in credits for the next two years. For a country whose war-ravaged economy is dependent on foreign aid, the allocation was welcome news.

But bolstering Tajikistan's economy may have more to do with donor countries' instinct for self-preservation than with well-meaning sentiment for the plight of the Central Asian nation, argues Tajik political scientist Rashid Abdullaev.

By helping to alleviate poverty and unemployment in Tajikistan, he says, donor countries hope to stop people turning to criminal organisations, prevent the emergence of extremist political movements and stem the flow of migrants, drugs and arms towards their own countries, says Abdullaev.

Western governments, he continues, have an interest in stabilising the country to ensure that it does not pose threats to neighbouring states and those farther afield, "By helping Tajikistan cope with its economic problems, the donor countries boost progressive reforms and strengthen the democratic potential of the country."

Tajikistan's leaders channel every effort into securing foreign investment. President Emomali Rakhmonov, who attended the Tokyo meeting, was promised five million USD by India, after a visit to the sub-continent. After another trip to Japan, Tokyo pledged \$20 million.

But Tajikistan needs to put at least an equal amount of effort into implementing the projects and programmes funded by these credit lines.

Head of the World Bank office in Tajikistan, Mustafa Ruis, told journalists that although promises were made to allocate \$430 million to the country, it was not certain that it will get the funds. "Tajikistan must fulfill all the conditions posed by the banks and investors," he said

Abdullaev sounds a similar warning. "These promises by the donor countries should be treated cautiously and not be a cause for instant celebration," he said. "Experience has shown that there is a substantial difference between what is pledged at such meetings and what the (Tajik) republic gets in reality," he says.

International officials have urged the Tajik authorities to devote more energy to implementing the projects for which funds are allocated. The Dushanbe government has not over the years shown itself particularly adept at this.

As a result, some of the promised funds have been withdrawn. Tajikistan ended up receiving just a small fraction of the \$465 million pledged at two previous consultative meetings because of this failure to implement more on the ground.

Dushanbe needs to concentrate on implementation, not least in order to prepare a stable infrastructure for future generations, who will be faced with paying back many of these foreign credits. Most of them will mature in 20 to 40 years.

According to official figures, the country's external debt is more than \$ 850 million. Unofficial figures show that it has already surpassed \$1 billion.

The largest credits have in general been used for stabilising the economy, supporting the balance of payments and the national currency. Other funds are used for boosting agriculture and reforming health, education and welfare.

It has also fallen to aid organisations to provide help for the Tajik people, particularly in the wake of this year's drought. A great deal of food has been distributed to the regions most affected.

One International Red Cross worker said his organisation was currently helping 75,000 residents in the capital and in outlying districts, providing flour, oil, butter, rice and other food. Sixteen soup-kitchens have been opened across the country.

Administrative costs eat up much of the money given by aid organisations, the aid worker explained, but he believed Dushanbe was making good use of the international funds it received.

"It is a pity that lately donor countries have started to allocate fewer funds to Tajikistan," he said. "We have had to cut the amount of aid that we give them, and many people are surviving solely on that aid."

Vladimir Davlatov is the pseudonym of a journalist in Tajikistan

**Location:** [Tajikistan](#)

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