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Republic of Tajikistan: Recent Economic Developments

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REPUBLIC OF TAJIKISTAN

Recent Economic Developments

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I. OVERVIEW

A. Country Profile

1. Tajikistan is a mountainous, landlocked country in Central Asia. With an area of 143,000 square kilometers, it is similar in size and geography to Nepal, and about three times the size of Switzerland. Tajikistan is bordered by Afghanistan, China, the Kyrgyz Republic and Uzbekistan. High mountain ranges make communications between regions difficult, especially in the winter, and only seven percent of the land is arable. The country is, however, well endowed with water resources, enabling irrigation of about 80 percent of the arable land and contributing to Tajikistan's specialization in cotton production. Tajikistan also has substantial hydroelectric potential; inexpensive hydroelectricity led to the country's other specialization—aluminum production, which constitutes the bulk of industrial output. Tajikistan has mineral resources in the form of gold, silver and uranium, which have only recently begun to be exploited.

2. Tajikistan's population was estimated at six million in 1996, with a population growth rate of about 2 percent per year. Because the population is very young, the labor force has been growing at an average rate of 2.5 percent per year. Two-thirds of the population are ethnic Tajiks, one-fourth Uzbeks, and the remainder Russians, Kyrgyz and Tartars. Approximately 70 percent of the population lives in rural areas, with roughly half of the labor force engaged in agriculture. The capital is Dushanbe, with a population of about one million.

B. Political Developments

3. The years since Tajikistan's independence have been marked by a violent and prolonged internal civil struggle. Following independence in September 1991, political turmoil and civil strife emerged and erupted into civil war in 1992. By early 1993, about 50,000 people had been killed; 15 percent of the population either had been internally displaced or had sought refuge in Afghanistan; a significant part of the skilled labor force had emigrated, mainly to other countries of the CIS; 36,000 homes had been destroyed; and almost 20 percent of schools were damaged beyond repair.

4. The fighting subsided in most parts of the country in 1993, and in September 1994 a UN-monitored cease fire was arranged. Later that year, a constitution was adopted by referendum and a president elected. Parliamentary elections were held in February 1995. The political environment began to improve; it is estimated that by mid-1995, virtually all internally displaced persons had returned home, two-thirds of those who had fled to Afghanistan had returned, and about half of the damaged homes had been repaired. Unfortunately, a permanent political settlement eluded Tajikistan, with the situation remaining particularly tense along the Afghan border, which was guarded by CIS peacekeeping forces.

5. Late 1996 saw a renewal of violence in the civil war, and fighting broke out throughout Tajikistan in December 1996. In the face of the increased violence, the Government and the United Tajik Opposition (UTO) agreed on an agenda for accelerating talks aimed at reaching a peaceful resolution to this five-year-old conflict. On June 27, 1997, a peace agreement was signed in Moscow by President Rakhmonov and Mr. Nuri, head of the UTO, formally ending the civil war. With the signing of the peace agreement, the authorities were once again able to turn their attention to economic stabilization and structural reform.

6. Strained by the civil war and repeated changes of political leadership, the Government lacked a coherent policy to deal with the economic challenges facing Tajikistan after the breakup of the Soviet Union. The beginnings of economic reform were seriously delayed; the Tajik national currency was introduced only in May 1995, replacing the Russian ruble.¹ As a result, Tajikistan's economy deteriorated even more rapidly than those of other BRO countries (Baltics, Russia and other countries of the former Soviet Union), with GDP per capita in 1995 only about 40 percent of the 1991 level (Figure 1).

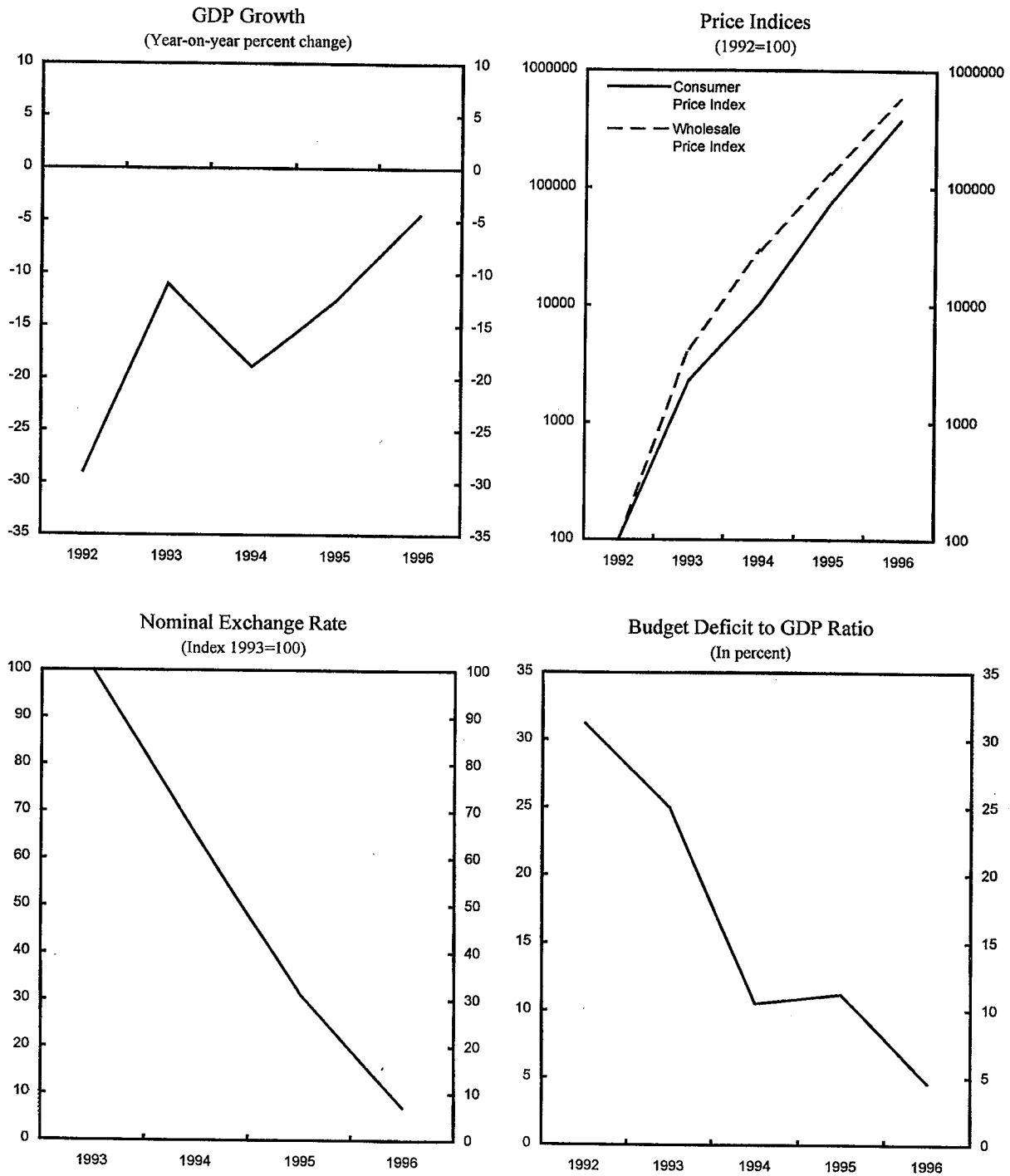
C. The First Reform Effort

7. In 1996 the authorities embarked on their first comprehensive effort at economic reform, supported by financial assistance from the World Bank and the International Monetary Fund. While implementation was uneven, the authorities were successful in achieving a degree of macroeconomic stability during the first three quarters of 1996; progress was also made on structural reforms. However, confronted with substantial unanticipated expenditures—both those related directly to the civil war and those related to attempts to mobilize support for the Government's efforts in the peace process—the budget deficit increased substantially in late 1996 and the first half of 1997. As a result, monetary policy was relaxed, and reserve money growth accelerated continuously from the fourth quarter of 1996 through the second quarter of 1997. At the same time, the authorities increasingly reverted to direct controls to influence economic activity; they abandoned foreign exchange auctions in favor of administrative allocation of the National Bank of Tajikistan's (NBT) foreign exchange, and trade restrictions were reimposed in the form of export taxes, discriminatory excise taxes, and protectionist import duties.

8. The 1996 economic program aimed at sharply reducing inflation, regularizing Tajikistan's relations with its external creditors, increasing foreign exchange reserves, liberalizing external trade and payments, improving the social safety net, and accelerating structural reform, particularly in the areas of land reform and enterprise privatization. Initial implementation of the program was successful. The government deficit was kept below the program target, as the new presumptive taxes on cotton and aluminum provided a source of significant revenues for the budget. Monetary growth slowed sharply, consistent with the

¹For details of the introduction of Tajikistan's national currency, including the period leading up to the introduction, see SM/96/96 (April 24, 1996).

Figure 1. Tajikistan: Macroeconomic Indicators, 1992-96



Sources: Tajik authorities; and IMF staff estimates.

program objectives. Combined with the regular foreign exchange auctions which were introduced in February, these factors led to a stabilization of the exchange rate of the Tajik ruble at around TR 300 per U.S. dollar, and inflation declined rapidly. Consumer price inflation had averaged around 50 percent per month in late 1995; it declined to 16 percent during the first quarter of 1996 and, reflecting strong seasonality as well as the tight financial policies, prices actually fell during the second quarter of 1996.

9. Early progress in structural reform was also satisfactory. Bread and grain prices were liberalized, and general bread subsidies replaced with targeted bread price compensation payments. User charges were introduced for irrigation. Trade restrictions were almost completely eliminated, as export surrender requirements were abolished, along with export and import licenses and export duties. The state grain fund was terminated, and the system of mandatory contributions to this fund from the proceeds of cotton and aluminum exports abolished. The authorities also announced the liberalization of cotton marketing beginning with the 1996 harvest, effectively removing price controls on cotton.

10. In the second quarter of 1996, these favorable developments were interrupted. Floods in late May forced the replanting of many cotton fields, and led to numerous roads, bridges and houses being severely damaged. At the same time, uncertainty surrounding the forthcoming Russian elections led to a temporary slowdown in cotton exports. The authorities extended credits, both in Tajik rubles and U.S. dollars, in response to these pressures. As a result, monetary expansion accelerated rapidly, while foreign reserves declined to very low levels. The budget also suffered, as it became increasingly difficult to collect the presumptive taxes on cotton and aluminum on a timely basis.

11. In addition, there were reversals in structural reforms. The foreign exchange auctions, which were to be held weekly, became irregular in timing as the NBT was lending its foreign exchange outside the auction. Unofficial restrictions on access to the foreign exchange auctions were also introduced. One of the few positive developments during this period was the adoption by the Government and approval by Parliament of a land reform program which had been designed with assistance from the staff of the World Bank.

12. In the third quarter of 1996, the authorities embarked on a concerted effort to get their reform program back on track. With the state budget roughly balanced on a cash basis, and a decline in net foreign exchange credits,² reserve money growth slowed significantly while gross international reserves returned almost to their level at the end of the first quarter. Nonetheless, it was apparent that there remained serious problems with the implementation of the economic program. Despite the fact that a key element of the program was to be a

²Some of the foreign exchange credits which had been issued in May and June were repaid in the third quarter of 1996. However, these were replaced with new foreign exchange credits in the fourth quarter of 1996 and early 1997. As a result, the net stock of foreign exchange credits outstanding changed little from end-June 1996 to end-September 1997.

strengthening of the social safety net, arrears on compensation payments grew rapidly in the third quarter of 1996.

13. The balance of payments situation remained difficult. While Tajikistan received its first financial assistance from the IMF and the World Bank during 1996, this was offset by continuing declines in cotton and aluminum exports. As a result, imports were severely compressed. There was some progress on regularizing Tajikistan's relations with its creditors during 1996, as an agreement was reached with Russia on a stock of debt rescheduling. The terms of this agreement were broadly consistent with those assumed under the program supported by Tajikistan's first credit tranche Stand-by Arrangement.³

D. A Renewed Period of Violence

14. In early December 1996, the UTO managed to take control of a key mountain pass. Within a week, fighting was taking place in many parts of Tajikistan, including close to Dushanbe. Following the intensified fighting, the Government and the UTO strengthened their efforts to find a diplomatic solution to the civil strife. In late December, an agreement was reached between the Government and the UTO on an agenda for talks aimed at reaching a peaceful solution to the civil war by mid-1997. However, at about the same time Tajikistan was hit by a new type of civil disturbance, as 23 foreigners were kidnaped and briefly held hostage by an armed group not directly connected either to the government or the UTO.

15. These events had a detrimental effect on economic policies. As a result of the fiscal pressures, the budget deficit increased sharply, to almost 10 percent of GDP in the fourth quarter of 1996. Disbursements under a World Bank credit financed about two-thirds of this deficit, but the NBT was forced to finance the remainder by monetary means. Combined with the growth in central bank credit to banks, this led to a doubling of reserve money growth from just over 10 percent in the third quarter of 1996 to more than 25 percent in the fourth quarter. The growing foreign exchange credits from the NBT resulted in gross international reserves again declining, and foreign exchange auctions were halted. Thus, the year ended with policies and the economy clearly headed in the wrong direction.

16. Developments in early 1997 aggravated the political and security problems. In February, a number of UN and Red Cross employees and Russian journalists were kidnaped. In response to the deteriorating security situation, the UN first evacuated all nonessential personnel and then, in late February, ordered the evacuation of all UN personnel. At the same time, the IMF and World Bank resident representatives were evacuated from Dushanbe.⁴

³ Kazakstan had agreed in 1995 to a bilateral rescheduling along similar lines.

⁴UN, World Bank and IMF personnel returned to Dushanbe in May 1997, after some improvement in the security situation.

17. Confronted with growing security problems and complex peace talks, the authorities found themselves unable to adhere to sound economic policies. The budget deficit remained at about 10 percent of GDP; continuing problems (both financial and security) at the aluminum plant meant that no aluminum taxes were paid in the first quarter of 1997, while pressures for expenditure remained high. While World Bank disbursements under the loan approved in 1996 financed a majority of the budget deficit, the NBT was also provided substantial new credits. The external debt situation was also complicated when, in January 1997, Tajikistan signed a rescheduling agreement with Uzbekistan. This agreement was significantly less favorable to Tajikistan than the earlier agreements reached with Kazakstan and Russia.

18. Financing the fiscal deficit, as well as the continued extension of new foreign exchange credits, led to a rapid monetary expansion. While receipts from cotton sales allowed a modest recovery in gross international reserves, foreign exchange auctions remained suspended. As a result of the lax financial policies, the Tajik ruble—which had depreciated from around TR 300 during most of the first nine months of 1996 to TR 328 by end-1996—depreciated further, to almost TR 400 by the end of the first quarter of 1997. Inflation accelerated to roughly a 60 percent annualized rate in the fourth quarter, and stayed at this level in the first quarter of 1997.

19. The authorities responded to the depreciation by restrictive trade policies. Import tariffs, which had ranged from 5 to 25 percent since October 1, 1996, were revised to a range of zero to 50 percent. Excise taxes on imported goods were set at substantially higher levels than excise taxes on comparable domestic goods. Finally, the authorities reintroduced export duties and introduced new controls on cotton marketing.

20. Financial policies deteriorated further. With the fiscal deficit continuing at about 10 percent of GDP, and with virtually no external financing of the budget in the second quarter of 1997, the NBT provided substantial credits to the government. Also, the NBT—on instructions from the Government—entered into a commercial loan contract with a foreign bank for the purpose of financing the planting and harvesting of the 1997 cotton crop. This led to a rapid decrease in the NBT's net international reserves, as foreign exchange liabilities grew while the on-lending of the foreign exchange prevented a corresponding increase in assets. Domestic credit was rising rapidly, fueling reserve money growth. The value of the Tajik ruble continued to decline; the official exchange rate reached TR 540 per U.S. dollar by end-June 1997, while the curb market rate—which had been very close to the official rate for most of 1996—reached more the TR 600 per U.S. dollar. Inflation accelerated to an annualized rate of almost 250 percent in the second quarter of 1997. Severe import compression continued, due to limited foreign inflows and the requirement to service the new debt agreement with Uzbekistan. There was no further progress on regularizing relations with other creditors, and external arrears again increased.

E. A New Start

21. With the signing of the peace agreement and the formal end of the civil war in late June 1997, the authorities once again turned their attention to economic stabilization and reform. They quickly requested a renewal of the policy dialogue with IMF and World Bank staff. Monetary and fiscal policies were tightened and trade policies again liberalized. In July 1997, the President issued a decree which brought an end to all directed credits, as well as all foreign exchange credits from the NBT or the Ministry of Finance.⁵ This enabled the NBT to restart the weekly foreign exchange auctions in late July 1997, after almost eight months with virtually no auctions. Freed from the pressures of financing the civil war, the budget deficit declined sharply, to just over 1 percent of GDP. These developments made it possible for the NBT to significantly reduce the growth rate of reserve money. While the loose financial policies in the first half of 1997 continued to put pressure on the exchange rate, the rate stabilized starting in early September after reaching approximately TR 750 per U.S. dollar. Similarly, inflation was very high—around 20 percent per month—in July and August, but declined to less than 8 percent in the last month of the third quarter.

22. In October, the benefits of financial tightening became apparent, as inflation declined to just over 1 percent and the exchange rate remained stable. However, October brought renewed slippage in monetary policy. The conduct of foreign exchange auctions improved,⁶ and net credit to government was virtually unchanged as the budget deficit remained under control. However, the net domestic assets of the NBT grew rapidly, as the NBT extended credit to finance the cotton harvest in two ways. First, the NBT on-lent to GKP the ruble counterpart of new disbursements from the foreign commercial bank loan without first selling the foreign exchange received from the bank.⁷ Second, the NBT extended additional short term credit to GKP from its own resources. As a result, reserve money growth accelerated. In late October and November, the NBT attempted to speed up the pace of foreign exchange auction sales, and took other measures to bring reserve money growth back under control.

23. In October the authorities designed, with the assistance of the IMF staff, a new economic program for late 1997 and the first half of 1998. The objectives of this program are to reestablish macroeconomic stability, finish the process of regularizing Tajikistan's relations with its creditors, increase foreign exchange reserves, accelerate structural reform, and strengthen Tajikistan's institutional capacity for implementing economic policy. The

⁵Unfortunately, this decree did not apply to disbursements under the foreign commercial bank line of credit for the cotton sector; as a result, the net international reserves of the NBT continued to fall in the third quarter of 1997.

⁶Access to the auctions was broadened, and the cash and non-cash auctions were unified.

⁷At times, the money was "on-lent" even before the NBT received the foreign credit.

authorities have requested post-conflict financial support from both the International Monetary Fund and the World Bank in support of this renewed adjustment effort.

24. This paper provides a review of economic developments in Tajikistan in 1996 and the first three quarters of 1997. Developments in the real sector are discussed in Chapter II. Fiscal, monetary and external sector developments are discussed in Chapters III through V, and structural issues in Chapter VI. Appendices provide detailed information on statistical issues and the tax system.

II. OUTPUT, EMPLOYMENT, PRICES AND WAGES 1995-97

A. Total Output

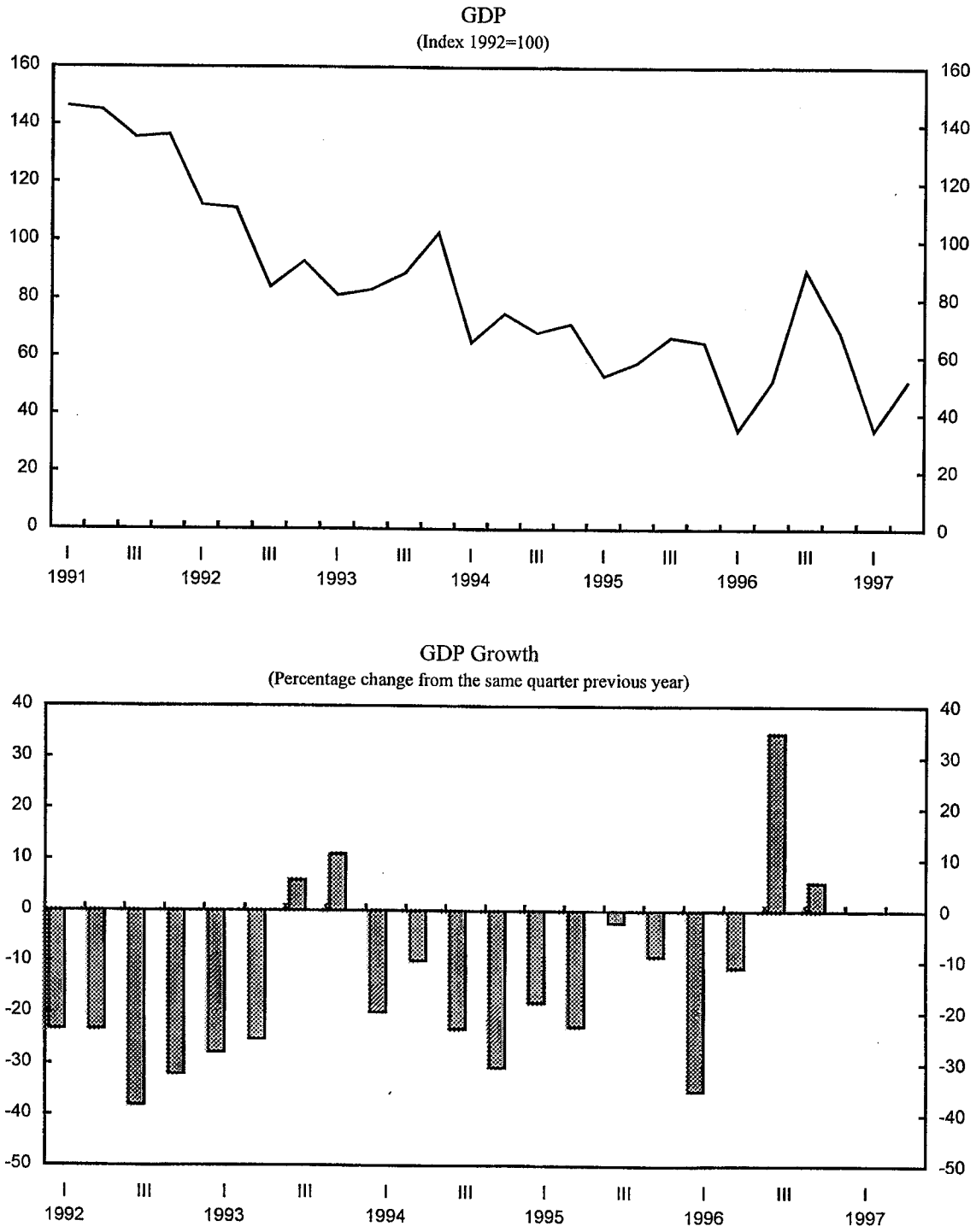
25. Real output in Tajikistan declined by more than half from 1991 to 1996.⁸ (Table 1 and Figure 2). This sharp fall in economic activity reflected a variety of factors. First, there were external factors—largely stemming from the break-up of the Soviet Union—and including the collapse of inter-republican trade arrangements, sharply higher prices for imported fuel products, the sharp decline in demand from other BRO states, and the elimination of grants from Moscow which had been equivalent to as much as 40 percent of Tajik GDP. Second, there were internal factors beyond the authorities' control, most notably natural disasters—including floods in 1992, 1993 and 1996—which contributed to economic difficulties. Third, the design and execution of economic policies compounded these economic problems, fueling inflation and accelerating the economic decline.

26. Moreover, the civil war had both permanent and temporary effects on output and productive capacity. Besides damaging or destroying much of the economy's infrastructure, the war disrupted industrial and agricultural production, caused widespread dislocation of the population, all but eliminated foreign investment, and diverted the authorities' attention from much-needed economic reforms.

27. In 1996, the decline in real output slowed to 4 percent, compared to double digit declines in earlier years. In late 1996, there was a renewal of hostilities between the government and the UTO. This led to policy slippages and the re-emergence of high inflation. In the first three quarters of 1997, real output is nonetheless estimated to have increased modestly, largely in response to recovery of the cotton harvest from its very low level in 1996 and the increase in the grain harvest. In part, this rebound of agricultural production may reflect reforms which have been taking place: the early steps toward land reform, the restructuring of the cotton industry and the liberalization of cotton, grain and bread prices.

⁸Weaknesses in statistical reporting make it difficult to accurately assess macroeconomic developments. See Appendix I for a discussion of the problems.

Figure 2. Tajikistan: GDP, 1991-97



Sources: Tajik authorities; and IMF staff estimates.

Sectoral developments

28. Agriculture's share of output increased sharply starting in 1996, after having fallen steadily for several years; it is estimated to have been 27 percent in the first nine months of 1997, compared to 15 percent two years earlier (Table 2). This turnaround largely reflects changes in relative prices, as the prices of cotton and wheat were liberalized. Conversely, industry's share has fallen since 1995, from 35.3 percent to 19.5 percent.⁹ Construction output has virtually collapsed, falling from 10.4 percent to 1.4 percent of output over the last three years, as a result of declining investment. Meanwhile, services have greatly increased in relative importance, with their share of GDP almost doubling from 11.4 percent of GDP to 20.9 percent of GDP, reflecting the increased importance of small-scale private activities, mainly retail trade.

29. Tajikistan's foreign exchange earnings are heavily dependant on aluminum and cotton production, which together account for over 50 percent of exports. These areas of specialization were inherited from the Soviet era and operate largely independent of the rest of the economy. Most inputs for these sectors are imported. Virtually none of the aluminum is used domestically, and less than 15 percent of the cotton fiber is processed in Tajikistan. The country's aluminum plant, TADAZ, is heavily indebted, has experienced an exodus of skilled workers, and is in need of substantial investment. The cotton sector—dominated for years by the state cotton marketing monopoly, Glavchlopkoprom (GKP)—is undergoing reforms which should improve its prospects, both in the short term and in the longer run.

30. The grain sector's prospects have improved with the liberalization of grain and bread prices and the initial stages of land reform, but the grain balance remains in deficit. In the energy sector, while the country has ample hydroelectric resources, these are not being fully utilized because of a lack of investment. While Tajikistan has other mineral resources—such as coal, gold and silver—many of these remain largely inaccessible and have suffered from a lack of modern technologies and foreign investment. Initial attempts to exploit these resources began in 1996, with the first significant exports of gold from Tajikistan occurring in that year.

Agriculture

31. Even though only seven percent of the land area is arable, agriculture remains a key sector of the Tajik economy. Agriculture's increased share of GDP is largely due to changing relative prices, as noted above. The cumulative output decline by 55 percent since independence reflected, inter alia, the poor design of agricultural policies, including price controls and state orders, a lack of adequate agricultural machinery, and shortages of spare

⁹Again, this reflects, at least in part, the freeing of cotton prices. As the price of raw cotton increased sharply, agricultural value added increased while the value added from cotton processing (turning raw cotton into cotton fiber) declined.

parts, fuel, lubricants, pesticides and fertilizers. In 1996, agricultural production fell by 18 percent, despite a good grain harvest. Apart from the liberalization of grain and bread prices in 1996, this improved grain harvest reflected an increase in private farming. Furthermore, in 1996 user charges were introduced for irrigation, which has improved cost awareness and contributed to the maintenance of the irrigation system.

32. The decline in agricultural output since independence has mainly reflected declining yields, as land use has not changed appreciably. After reaching a peak in 1988-89, yields declined steadily for most crops (Table 3). Cotton yields declined by almost one half between 1991 and 1996, although this trend appears to have been reversed in 1997. Vegetable yields also declined, albeit at a more moderate rate of 17 percent. Grain yields fell by 31 percent between 1991 and 1994, but this trend was reversed in 1995. In 1996, grain yields were 1,410 kilograms per hectare, compared to 1,310 kilograms in 1991.

33. In 1996, crops represented over 80 percent of total agricultural production (Table 4), with cotton, grain and vegetables the most important components. The share of grain in total crops has increased rapidly since 1994, reflecting higher yields per acre, the continuing reduction in the yields of other crops, and the shifting of land from cotton to grain production. This increased acreage devoted to grain production reflected the supply response to the liberalization of bread prices, the usefulness of grain as a barter instrument and a means of payment for workers, and the movement from cotton towards grain production due to payment problems in the cotton sector. As a result, Tajikistan is becoming increasingly self-reliant in grain production. In 1994, Tajikistan relied on imports for two-thirds of its grain consumption; it is estimated that this figure fell to 20 percent in 1996.

34. Animal husbandry has declined more rapidly than output in the crop sector. This decline was especially pronounced in the officially recorded production of certain livestock items, such as pigs and poultry, which plummeted as a result of changes in consumption patterns and shortages of fodder and antibiotics (Tables 5 and 6). It is likely, however, that these declines in output are overstated because of the increased importance of private sector activities, which may be under reported.

35. Because increased land use to boost agricultural output is not an option, reforms have concentrated upon improving yields. These include the transformation of state farms into collective farms, and the conversion of collective farms into small-scale private farms operated by individuals or groups. These goals are embodied in a land reform program, which was designed in consultation with the World Bank and approved by Parliament in 1996. However, while the Land Reform Committee is reportedly committed to the land reform process, this process is largely controlled at local levels, where there is greater resistance to change.

36. Important reforms have been taken in the cotton sector. The first significant step was the removal of state orders starting with the 1996 crop, which effectively freed the price of cotton by allowing farmers to sell to any cotton marketer. The further dilution of the power of

GKP in 1997, together with its corporatization, led to the entry of private sector cotton marketing companies. The authorities also set up a Cotton Exchange by decree in February 1997. Finally, a resolution of April 1997 called for the privatization of all ginneries; this has yet to produce substantial results, however, as just over a third of ginneries have been transformed into joint stock companies, with little effective privatization to date.

37. All the above reforms contributed to the reversal in 1997 of the long decline in agricultural output. Estimated agricultural output increased by 6 percent for the first eight months of the year compared to the same period in 1996. Thus, 1997 is the first year in which agricultural production has not declined since 1990. Although the usage of agricultural land remains dominated by large state and collective farms, private plots are far more productive. While private plots represented only 18 percent of total agricultural land in 1996, and none of the irrigated land was in private hands, private farmers produced 45 percent of agricultural output (Tables 7 and 8a, 8b). This suggests that there is room for sizeable productivity gains as land reform progresses. Many constraints still hamper the agricultural sector, however, such as the continued domination of state land holdings, poor crop production and livestock management techniques, serious soil erosion problems resulting from deforestation and overgrazing, and severe financing constraints.

Industry

38. The pattern of Tajikistan's narrowly-based industrial production reflects the country's abundant natural hydroelectric resources. Electric energy and energy-intensive nonferrous metallurgy (primarily aluminum) constituted over half of the country's industrial output in 1996 (Table 9). In addition, other energy-intensive industries—such as petrochemicals, chemicals, mechanical engineering and metal working—were important during the Soviet era, but their share of output has since declined sharply. Light industry accounted for 16 percent of industrial output in 1996, with cotton processing representing 97 percent of this figure.

39. Because of input shortages, periodic power disruptions, a loss of markets, and a lack of funds for investment, the industrial sector has declined rapidly. Given the precarious security situation and the lack of progress to date on economic reforms, there has been little foreign direct investment in Tajikistan. Overall, industrial output had declined to around 35 percent of its 1991 level by 1996; it is reported that the majority of industrial enterprises operate for only a few months of the year.

40. Output decline has varied dramatically across industries. Electric energy and nonferrous metallurgy have declined much more slowly than other sectors. As a result, their shares of industrial production increased from 3 and 22 percent in 1991, to 17 and 35 percent in 1996, respectively. The state-run electricity company is in great difficulty, however, as explained below, and TADAZ is also facing serious problems. Tursunzade, where TADAZ is located, is in an area which has been badly affected by civil unrest. In addition, TADAZ, operates at a loss and has not invested adequately in its plant and machinery for years. As a

result, production has fallen to less than 40 percent of nominal capacity, and the quality of metal produced has deteriorated. A recent UNIDO report concluded that, unless major actions are taken soon, TADAZ may be forced to close its operations.

Energy and mineral sectors

41. Tajikistan has vast resources of high-quality coal, and substantial deposits of gold and silver. These resources are hard to exploit, however, given their difficult accessibility. Recently, there has been some initial foreign investment in the gold sector. Furthermore, Tajikistan has limited amounts of oil and gas resources, although these reportedly cannot be profitably developed at present world market prices. Mineral excavation remains repressed due to a lack of maintenance of mines, damage due to war and flooding, and shortages of spare parts, equipment and fuel. Although import prices for oil products are passed on to the consumer, this is not the case for gas imports, with the result that the state-run company responsible for importing and distributing gas, Tajik Gas, is unable to pay for its imports. Tajikistan imports gas from Uzbekistan. Some of these imports are paid for under barter arrangements, whereby Tajik Rail provide services in return for gas supplies. Lack of prompt payment for non-barter imports has, however, resulted in repeated disruption of supplies.

42. Electricity—the most important part of Tajikistan's energy sector—suffers from numerous problems. No major investment has been carried out since independence, and the power supply infrastructure is deteriorating rapidly. Barki Tajik, the state-owned electricity company, has serious debt problems, and power shortages are commonplace. In addition, tariffs are well below the estimated long run marginal cost of generating and transmitting electricity, recently estimated at 3 cents per kilowatt hour. Since a government decree of July 1996, the household sector has been billed at 0.1 cents per kilowatt hour, industry at 1.5 cents, and TADAZ—a base-load customer—at 0.85 cents. Despite these low rates, payment arrears are endemic; only 42 percent of household and 14 percent of agricultural bills were paid in 1996, while TADAZ paid for only 8.6 percent of the electricity it used. Despite a sharp fall in overall electricity consumption since 1991, household consumption has almost doubled over the same period (Table 11).

43. Tajikistan has abundant hydroelectric resources, which have not been adequately harnessed due to the lack of full development of their export potential. Energy trade between Tajikistan and its neighbors has been restricted, inter alia, by political disagreements and the absence of an agreed regional energy policy. Actual electricity production falls far short of potential and has been declining since independence. The technically and economically feasible capacity of electricity production has recently been estimated at 120 billion kilowatt hours (KWH) per year; actual production, however, has declined from 17.6 billion KWH per year in 1991 to 15.0 billion KWH in 1996.

44. The decline in overall economic activity has led to a sharp decline in energy consumption (Tables 12 and 13). Overall electricity consumption has reportedly fallen by 26 percent, diesel by 76 percent, natural gas by 61 percent, and gasoline and household fuel

by 97 percent. These latter figures probably overstate the decline in fuel consumption, however, as they do not appear to adequately cover private sector activity in this area.

B. Labor Market Developments

45. Although Tajikistan's official rate of unemployment is low—2.7 percent of the labor force (Tables 14 and 15)—this dramatically understates the true extent of labor market slack. Workers registered as employees in dormant enterprises are not eligible to register as unemployed. Furthermore, given the onerous registration procedure, low benefits and frequent delays in payments of benefits, it is likely that many in the labor force who are jobless in the conventional sense are not recorded as unemployed. It is estimated by World Bank staff that the true unemployment rate is close to 30 percent. This high level of unemployment reflects, in part, widespread underemployment of labor resources, estimated by the World Bank to affect one quarter of the total work force. The poor state of the labor sector is further reflected in the declining labor force participation rate, which fell from 75.5 percent in 1991 to 63.5 percent in 1996.

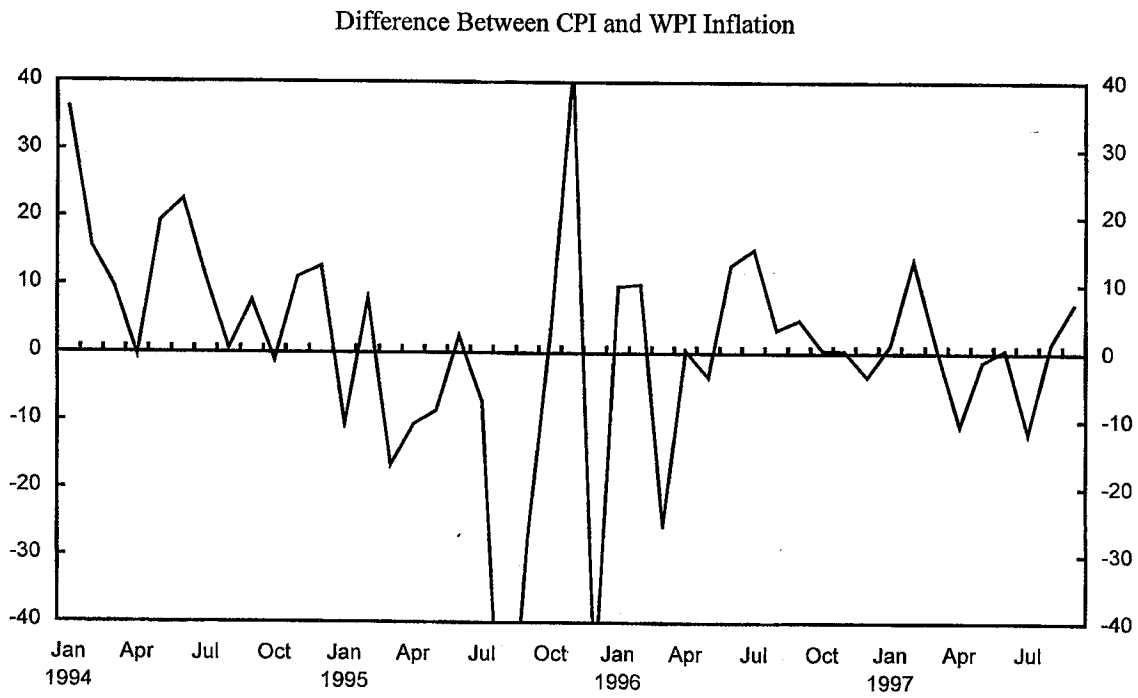
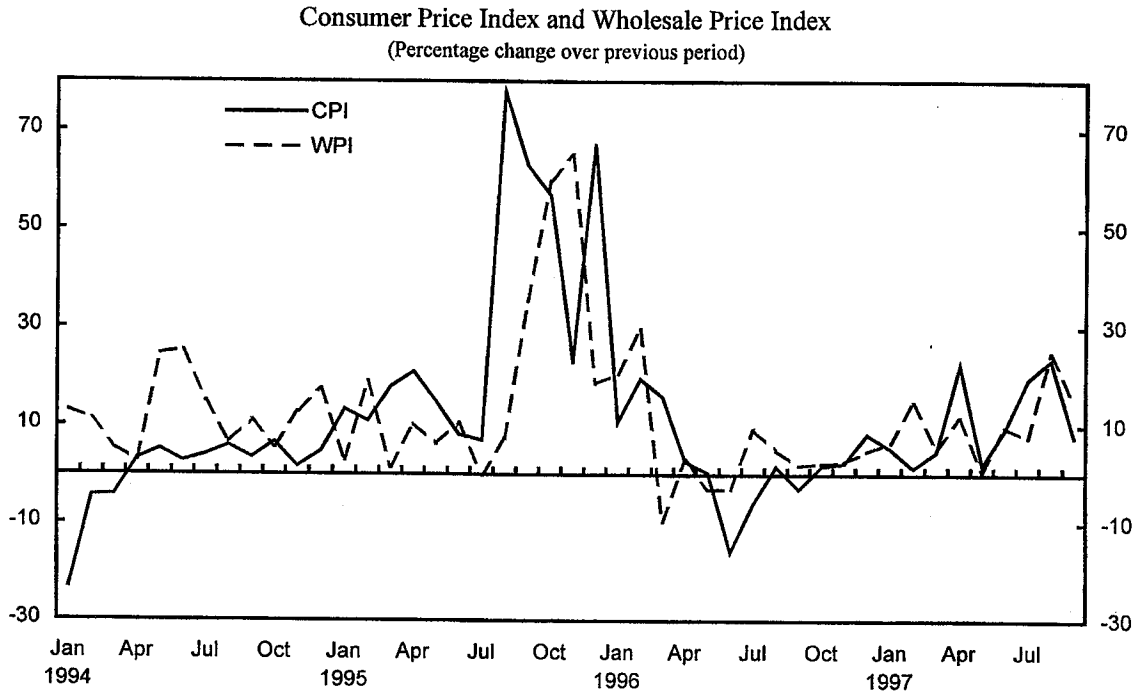
46. Regarding sectoral developments, the share of central and local governments, state enterprises and state farming in total employment has fallen from 54.5 percent to 45.3 percent over the same period (recorded under the heading "government" in Table 14). Although the share of collective farms in total employment has risen slightly over the same period (from 14.9 to 15.4 percent), the largest increases have been recorded in private farming, whose employment share has increased from 19 percent to 33 percent. This development is also reflected in the breakdown of employment (Table 16); agriculture's share of employment has increased from 45 percent to almost 60 percent, at the expense of all other sectors except transport and communications. Sectors with particularly sharp declines in employment share are construction, scientific research and communal services.

47. While unemployment has been rising and labor force participation rates have been falling, there has nonetheless been a significant degree of labor hoarding in state owned enterprises (perhaps reflected in the estimated underemployment figures). As a result, labor productivity has fallen sharply since independence, across all sectors (Table 17). Labor productivity fell by about 60 percent in the industrial and agricultural sectors since 1991. With output falling rapidly in the transport and construction sectors, and despite sharp drops in employment, labor productivity has declined by 90 percent in these sectors.

C. Price Developments

48. As a result both of the movement to world market prices and, more importantly, persistently loose financial policies, Tajikistan suffered from extremely high wholesale and consumer price inflation from independence through 1993. In 1994, faced with a cash shortage due to tight restrictions on the stock of Russian ruble currency, but with no corresponding constraint on non-cash rubles, consumer prices were virtually unchanged while producer prices increased several hundred percent (Tables 18 and 19; Figure 3).

Figure 3. Tajikistan: Consumer and Wholesale Prices Indices, 1994-97



Sources: Tajik authorities; and IMF staff estimates.

49. In the early months of 1995, as the cash shortage eased because of an inflow of Russian currency, consumer price inflation began to rise again, with price increases running about 50 percent per quarter. During the second half of 1995, following the introduction of the Tajik ruble and the corresponding removal of any constraints on the stock of cash in the economy, consumer price inflation reached alarming proportions due to very loose financial policies. Inflation reached 78 percent in August 1995, and averaged around 50 percent per month for the last five months of the year. As a result, the inflation rate during the year exceeded 2,100 percent.

50. When the authorities tightened fiscal and monetary policies in 1996, the rate of consumer price inflation declined dramatically, to 40 percent for the year as a whole. With the renewal of violence in the civil war, however, and the resultant increasing budget deficit financed largely by money creation, monthly inflation accelerated. Consumer prices rose 125 percent on an annual basis during the first half of 1997. With the signing of the peace agreement in June 1997, the authorities again tightened financial policies. The loose financial policies of the first half of the year continued to impact on prices. As a result, the rate of increase in the CPI accelerated to about 20 percent per month during July and August 1997, before declining to an average of around 4 percent per month in September and October.

51. The movements in consumer goods prices in 1996 were fairly uniform—with food and nonfood goods prices both rising around 40 percent—while prices for services increased more rapidly, by almost 80 percent. This lower increase in the prices for goods reflects the heavy import content of goods in the consumer basket (reported by Goskomstat to be 86 percent) and the fact that the exchange rate depreciated only 16 percent from end-1995 to end-1996, while import prices increased on average 11 percent in U.S. dollar terms. In the first three quarters of 1997, with the exchange rate depreciating much more rapidly, food prices rose faster than nonfood goods or services.

52. There is a strong seasonality in consumer prices in Tajikistan, particularly for food. In both 1995 and 1996, food prices fell in June, as the local harvest of fruits and vegetables began to reach the market. Indeed in 1996, when overall inflation was low, consumer food prices declined for four consecutive months. While the high underlying inflationary pressures in 1997 prevented any actual declines in average food prices, the rate of food price inflation in May and June was again well below that in the surrounding months, contributing to a seasonal dip in the overall rate of consumer price inflation.

53. In 1995, wholesale prices rose much more slowly than consumer prices, as the disappearance of the cash shortage following the introduction of the Tajik ruble had a much greater impact on consumer than on wholesale prices. Wholesale prices in 1996 increased almost 80 percent, or twice the rate of increase of consumer prices. This may reflect the completion of the alignment of wholesale and consumer prices following the introduction of the Tajik ruble, or it may reflect problems in the data, primarily due to the fact that wholesale price information is based on self-reporting by enterprises. In the first three quarters of 1997, wholesale price increases were broadly in line with consumer price increases.

D. Wage Developments

54. There is no system of centralized wage setting in Tajikistan; the only formal restrictions on enterprise wages are the minimum wage and limits on the deductibility of wages for enterprise profits tax purposes. In May 1995, just before the introduction of the national currency, minimum and average budgetary wages were increased by 80 percent (Tables 20 and 21). Although this substantially increased government wages relative to wages in other sectors, the actual purchasing power effect was offset by the sharp buildup of budgetary wage arrears (Table 22). Since May 1995, there have been only two general pay increases for government employees, despite the high inflation. A pay increase of 60 percent was granted in March 1996, and another hike of 40 percent was awarded in July 1996.¹⁰ Accordingly, government wages declined sharply in real terms over this period; since December 1996, real budgetary wages have declined by 60 percent.

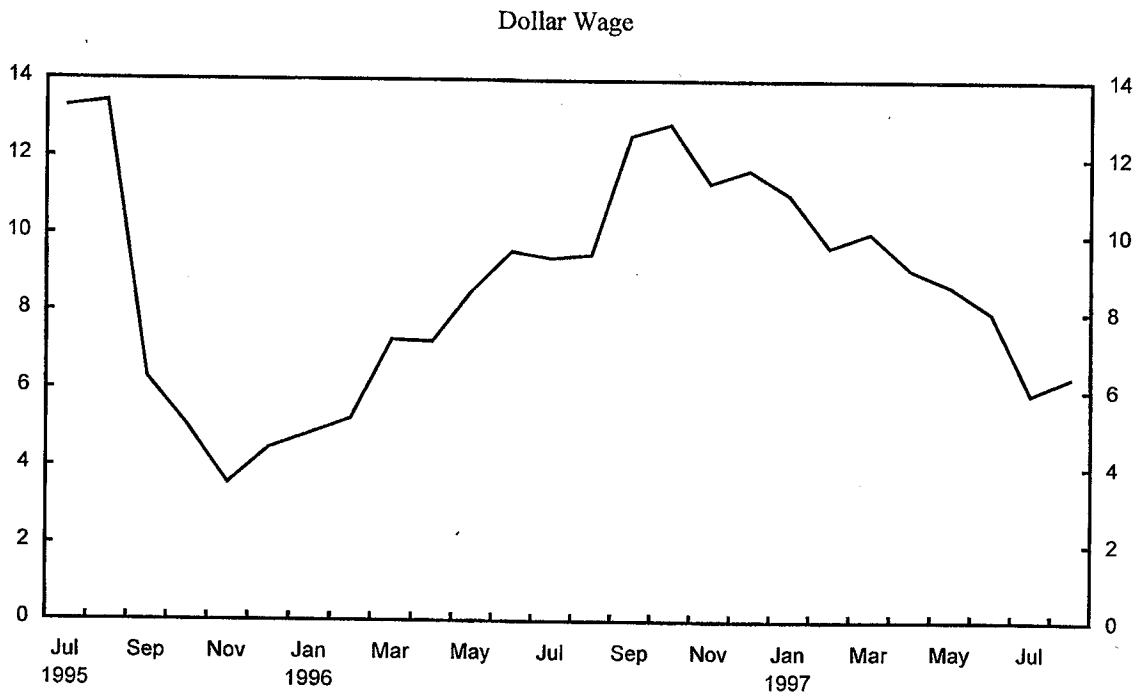
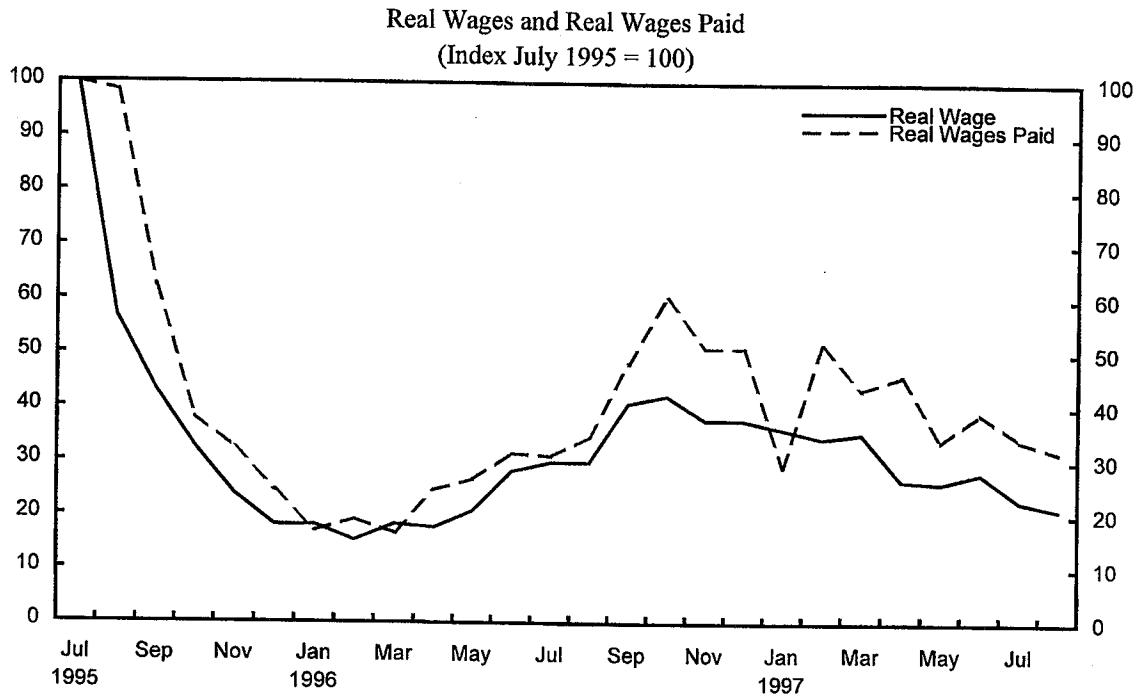
55. Economy wide, average wages have also declined substantially since 1995; deflating the average wage in local currency by the CPI inflation suggests that real wages have declined by almost 80 percent between July 1995 and August 1997 (Figure 4). If, however, the figures are adjusted for the rate at which wages were actually paid, focussing on wages received rather than wages nominally earned, the decline in real wages over this period is somewhat more modest but still significant, at about 65 percent.

56. There is a wide variation in wages across sectors of the economy, with agricultural workers earning very low wages compared to those in the industrial, communications and construction sectors. Nonetheless, recorded wages are very low in all sectors of the economy, with the monthly dollar wage in August 1997 being approximately US\$2 in the agricultural sector, US\$13 in the construction sector and US\$20 in the industrial sector. The average monthly wage for the economy as a whole was just over US\$6 in August 1997. This was the lowest level in the BRO countries and compares to US\$52 in neighboring Uzbekistan, and US\$118 in Kazakhstan.

57. The path of officially recorded real and nominal wages bears little relationship to actual earnings, however. First, earnings from non-wage sources and payments in kind have risen in relative importance. Second, nominal wages reflect wages earned, rather than wages paid. Substantial wage arrears were accumulated during 1995 and 1996, while the disbursement ratio improved in 1997. Moreover, in many enterprises, part of the compensation paid to labor may be unreported because of the limits on the maximum level of wages which are deductible for the purposes of profit taxes.

¹⁰Teachers received pay increases of 100 percent and 50 percent, respectively, on these dates. There was an additional wage increase of 50 percent for teachers in September 1997.

Figure 4. Tajikistan: Real Wages and Dollar Wage, 1995-1997



Sources: Tajik authorities; and IMF staff estimates.

III. PUBLIC FINANCE

A. Structure of Government

58. The general government in Tajikistan consists of the republican budget, 70 local governments, and two extra-budgetary funds: the Social Protection Fund and the Road Fund. The local government sector is comprised of four regions (oblasts), cities, towns, districts (rayons) and villages. The Social Protection Fund was created in mid-1996, as an amalgamation of the Pension, Social Insurance and Employment Funds. In addition, the NBT has at times performed quasi-fiscal operations under instruction from the government, typically by extending directed foreign exchange credits to state-owned enterprises.

59. Intergovernmental fiscal relations are highly centralized, with all major decisions taken in Dushanbe. The budget law prescribes revenues and expenditures of the republican budget, local government budgets and the two extra-budgetary funds; the budget law is binding on local governments and the funds. Taxes are collected by the State Tax Committee, including taxes transferred directly to local budgets. Revenue-sharing is set out explicitly in the budget law (Box 1). The republican budget receives all sales tax revenues and taxes on foreign trade, 15 percent of land tax revenues, and enterprise profit taxes from five state-owned enterprises specified in the budget law.¹¹ Local governments receive all revenues from the population (personal income) tax, VAT from the state-owned enterprises not paying profit taxes to the republican budget, and 85 percent of land taxes. Remaining VAT and all excise taxes are shared in varying proportion according to region, city or district. Royalties are shared equally between the two levels of government. Local governments collect some non-tax revenues, including licences, fees, and permits.

60. For the republican budget, sales taxes account for roughly 35 percent of total revenues, other indirect taxes 25 percent, and direct taxes 20 percent, with the remaining 20 percent accounted for by land taxes, grants and various tax and non-tax revenues. Transfers from the republican budget are a major source of local government revenues, typically accounting for around 50 percent of local revenues. Receipts from the republican level taxes, as discussed above, account for about 45 percent of local government receipts, while local government own-source revenues make up only 5 percent of total receipts. Any excess of expenditures over revenues for local governments is covered by transfers from the republican budget. For the first three quarters of 1997, total state revenues (republican plus local revenues) were 11.3 percent of GDP.

¹¹The budget law does not indicate how other profit taxes are allocated.

Box 1 - State Revenue Sharing in Tajikistan

Tax Source	Republican Budget	Local Budget
1. Sales taxes	100%	--
2. Taxes from foreign trade	100%	--
3. Land tax	15%	85%
4. Royalties	50%	50%
5. Profit tax of Joint Stock Company, Ministry of Communication, Tajik Aluminum Plant, Tajik Railway, Savings Bank	100%	--
6. Profit tax of cooperatives and NGOs	--	100%
7. Population tax	--	100%
8. VAT: state enterprises in 5 above	100%	--
: other state enterprises	--	100%
: Dushanbe	59%	41%
: Tursunzade	25%	75%
: other regions, cities & districts	--	100%
: collected by customs agencies	100%	--
9. Excises : Khatlon region	--	100%
: Leninabad region	--	100%
: Tursunzade	--	100%
: Shakhrinai district	48%	52%
: other regions, cities & districts	100%	--
: collected by customs agencies	100%	--

61. On expenditures, the republican budget has exclusive responsibility for foreign affairs, defense and debt service, and accounts for about 80 percent of the financing of government-funded capital expenditures of state owned enterprises. Local governments have the principal responsibility for social affairs, accounting for 80-90 percent of state government expenditures on the social safety net, health and education. In 1996, the republican budget was responsible for compensation payments; in the 1997 budget, this responsibility was transferred to the local governments. Additional expenditures on the social safety net are provided by the Social Protection Fund. For the first three quarters of 1997, total state government expenditures were 16.6 percent of GDP.

62. Analysis of the general government sector suffers from a lack of timely and complete information on the revenues and expenditures of the two funds.¹² For the first three quarters

¹²Details of the budgets of the Pension, Employment and Social Insurance Funds for 1992 through 1995 can be found in Tables 26, 27, and 28, respectively. Unfortunately, because of
(continued...)

of 1997, revenues and expenditures of the Social Protection Fund were TR 7 billion or 1.8 percent of GDP. Revenues come from a 38 percent tax on wages paid by employers. Covered employees are basically those of the state sector; state-owned enterprises pay the pensions of working pensioners out of deductions from payroll tax revenues they would otherwise forward to the Social Protection Fund. About 80 percent of the Social Protection Fund's expenditures are for pensions. The remainder is mainly for maternity and sick leave benefits, unemployment benefits, job creation, some spending on health care, and programs for labor safety and regulation.

63. For the Road Fund, revenues and expenditures in the first three quarters of 1997 were TR 1.8 and TR 1.6 billion, respectively, or about 0.4 percent of GDP. The bulk of revenues for the Road Fund comes from turnover taxes on the sales volumes of enterprises, with smaller amounts of revenue coming from taxes on motor vehicle purchases and on the income from trucking and similar motor vehicle operations. Expenditures of the fund are believed to be split approximately evenly between capital expenditure for road construction and current repairs and maintenance.

B. Developments Through 1995 and the Currency Conversion

64. Following the breakup of the Soviet Union in 1991, Tajikistan experienced a protracted decline in economic activity as noted above. The decline in output, plus the effects of the civil war and natural disasters, led to a severe fiscal imbalance. This was compounded by poor controls on expenditures and weak tax administration. From 1992 through 1994, the state budget deficit averaged 22 percent of GDP, financed almost exclusively through money creation (Tables 23, 24 and 25 and Figure 5). Revenues averaged 33 percent of GDP and expenditures 55 percent on a cash basis, while by end-1994 identified expenditure arrears exceeded 10 percent of GDP.

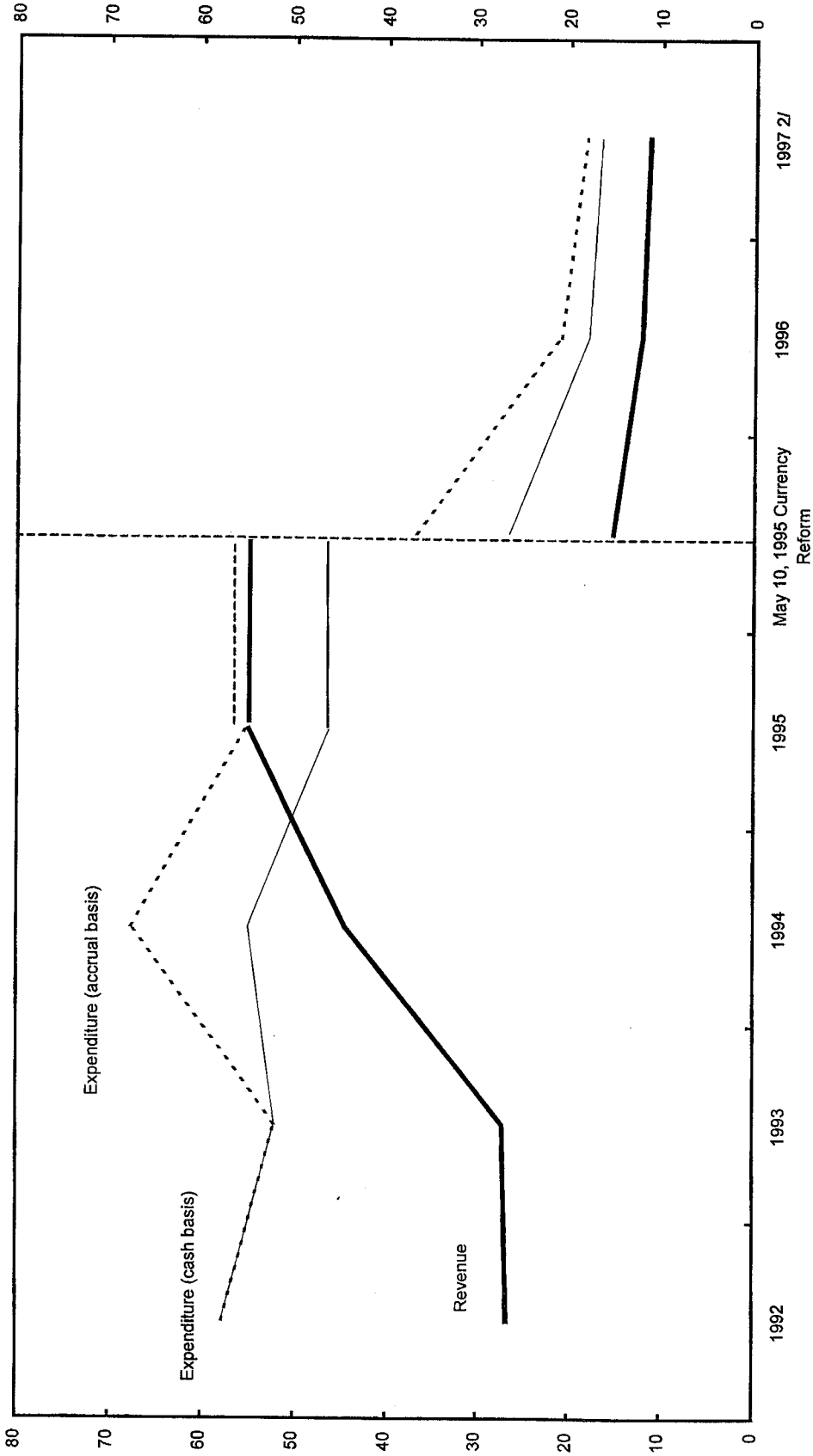
65. In 1995, in the period following the introduction of the Tajik ruble, revenues were 15.2 percent of GDP and expenditures 26.5 percent.¹³ Indirect taxes—VAT, excises and customs duties—were 7.2 percent of GDP, or almost half of revenues. Direct taxes accounted for the bulk of the remaining revenues, at 4.4 percent of GDP or 30 percent of

¹²(...continued)

the mid-1996 creation of the Social Protection Fund, detailed budgetary outcomes for 1996 are unavailable. The only 1997 data currently available are aggregate revenue and expenditure figures for the first three quarters, as discussed below.

¹³Because of the difficulties in aggregating cash and non-cash expenditures and revenues prior to the currency introduction, the analysis of 1995 in this report focusses on the period after the currency introduction. For a more detailed explanation of these difficulties, as well as a more comprehensive analysis of fiscal developments in 1994 and 1995, see SM/96/96, April 24, 1996.

Figure 5. Tajikistan: State Budget, 1992-97 1/
(In percent of GDP)



Sources: Tajik authorities; and IMF staff estimates.

Notes:

1/ The break in the series reflects the fact that the data before and after the currency conversion are not comparable.

2/ 1997 data are for Q1-Q3 only.

revenues. For spending, subsidies—largely for bread—were 9.8 percent of GDP, and accounted for 35 percent of total expenditures. Wages and salaries were 7.4 percent of GDP, or about one-quarter of spending, while interest payments and capital expenditures were 2.9 and 2.4 percent of GDP respectively and accounted for about 20 percent of expenditures.

C. Revenue Developments During 1995-97¹⁴

66. Revenues declined steadily in the period under review, from 15.2 percent of GDP in 1995 to 12.1 percent of GDP in 1996, and to 11.3 percent of GDP in the first three quarters of 1997. This trend reflects a number of developments in tax policy and tax administration.

67. The most important changes in tax policy related to the taxation of the cotton and aluminum sectors. In 1995, these sectors were nominally subject to a wide range of taxes, with a very high marginal tax rate; estimates placed the marginal tax rate on sales of cotton at above 80 percent. However, in reality these sectors paid little in taxes to the budget. Instead, they were subject to substantial extra-budgetary expropriations of their export receipts, often by presidential decree. These decrees forced the cotton and aluminum sectors to allocate portions of their export proceeds to ministries or state owned enterprises to assist in paying for, among other items, imported grain and petroleum products.

68. In 1996, the authorities terminated all extra-budgetary confiscation of export proceeds. At the same time, in order to simplify tax collections (particularly in light of the weak tax administration), reduce marginal tax rates on the cotton and aluminum sectors, and provide a more dependable source of revenue for the budget, the authorities introduced presumptive taxes on GKP and TADAZ. In exchange for paying the presumptive taxes, these enterprises were exempted from all other republican budget taxes, except the enterprise profits tax. These new presumptive taxes were expected to yield revenue equivalent to 6 percent of GDP. However, delays in collections, problems in administering even this simple tax, and the financial difficulties of the sectors—both cotton and aluminum exports were significantly lower than predicted at the time the presumptive tax rates were set—resulted in revenues of only 4.7 percent of GDP.

69. In 1997, partly in response to GKP's loss of monopoly control of cotton marketing, the presumptive taxes were replaced by sales taxes, with rates set at 5 percent for aluminum and 25 percent for cotton. The sales tax continued to be in lieu of all other republican budget taxes except enterprise profit taxes. Revenues fell to 3.9 percent of GDP in the first three quarters of 1997, as a result of two factors. First, aluminum production continued its decline, as did cotton exports. Second, there was a dispute between the government and TADAZ over its 1996 tax obligations. While the agreement between the government and TADAZ called for a presumptive tax to be paid in 1996, when the 1996 budget was passed by parliament it referred to the presumptive tax as an advance payment on a 5 percent sales tax. As 1996

¹⁴Appendix II provides a detailed description of the current tax regime in Tajikistan.

aluminum sales were well below forecasts at the time the 1996 budget was prepared, TADAZ claimed that it had overpaid its tax obligations in 1996. As a result, TADAZ paid no sales taxes in the first quarter of 1997.¹⁵ Sales tax revenues were buoyed somewhat, however, by the fact that a 20 percent sales tax was extended to nine additional commodities; without this, the decline in sales tax revenues would have been much greater.

70. This new tax treatment of the cotton and aluminum sectors explains the majority of the decline in excise taxes (2.3 percent of GDP) and VAT receipts (1.7 percent) in 1996. VAT revenues weakened further in 1997, as two changes in tax policy affected VAT collections. First, the 3 percent special tax, which had been added to the basic 20 percent VAT rate, was eliminated. Second, Tajikistan harmonized its VAT with Russia and other BRO countries by allowing VAT refunds on inputs to be claimed at the time of production, rather than only at the time of sale.

71. Import tax revenues increased substantially in 1996, as a new tariff schedule was introduced in October, with rates ranging from zero to 25 percent. In 1997, on top of the full-year effect of the October 1996 rate increase, import tax rates were increased even further, contributing to a strong growth in import tax collections. Export taxes, however, which had produced revenue equal to 0.8 percent of GDP in late 1995, declined to virtually nothing as export taxes were eliminated in the 1996 budget.¹⁶

72. Enterprise profit taxes declined by 2 percentage points of GDP between 1995 and 1997. Weak tax administration and ad hoc tax deferrals were important, but the effects of the civil strife and the depressed profitability of state-owned enterprises probably played a greater role.

73. There have been numerous, often offsetting, developments with respect to land taxes in the past few years. First, in mid-1996 nominal land tax rates were increased ten-fold. As these taxes began to fall due—land taxes are predominantly due in September and December—the primary result of this sharp increase was an equally sharp increase in land tax arrears. In the first half of 1997, with the tax obligations fixed in nominal terms during a period of substantial inflation, the authorities succeeded in collecting many of the overdue land tax obligations. Then, in mid-1997, land tax rates were sharply reduced. Although this rate reduction officially applies only to land tax obligations falling due in 1998, reports suggest that the new rates are also being used for 1997 land tax obligations. The result of all these changes has been that land tax collections have remained relatively constant as a ratio to GDP over the period under review.

¹⁵Collection of taxes from the aluminum plant was further complicated in the first half of 1997 by ongoing security problems in the area surrounding the plant.

¹⁶Export taxes were temporarily reintroduced in 1997 on a narrow range of products, but yielded little tax revenue.

74. Finally, non-tax revenues have declined sharply as a share of GDP, reflecting both the loss of non-tax receipts related to budgetary sales of gold and foreign exchange, as well as a failure to fully adjust all fees in line with ongoing inflation.

D. Expenditure Developments During 1995-97

75. Expenditures declined dramatically from 26.5 of GDP in 1995 to 17.9 percent of GDP in 1996. The most important factor in this expenditure reduction was the replacement of generalized bread subsidies with targeted cash compensation payments. Prior to 1996, bread prices were controlled at levels well below cost; as a result, the budget incurred massive expenses subsidizing bread production. In the final quarter of 1995, bread subsidies amounted to 14 percent of GDP. In 1996, bread prices were freed and general bread production subsidies eliminated. As a result, total subsidies fell from 9.8 percent of GDP to 0.7 percent of GDP in 1996. While the majority of this reduction was due to the elimination of bread subsidies, subsidies for irrigation, electricity and student fees declined as well. In 1997 so far, subsidies have remained roughly unchanged in relation to GDP.

76. The targeted cash compensation payments introduced in 1996 partially offset the savings from the reduced subsidies. These monthly payments were fixed at TR 500 per eligible person—largely children under 8 years of age in families with low per capita incomes, pensioners and invalids. There are presently 1.3 million people eligible for compensation payments. The impact of the compensation payments on the budget outcome has, however, been modest, due to persistent and substantial expenditure arrears. For the first half of 1996, payments arrears were modest. However, in late 1996 the government began having increasing difficulty financing these payments, and arrears began to grow rapidly. For the year as a whole, compensation payment arrears were about one-third of total expenditures obligations. In 1997, the situation was even worse. The 1997 budget transferred to local governments the responsibility for paying compensation payments. However, the primary source of revenues to enable local governments to finance these compensation payments is the land tax, which is due predominantly on two days late in the year—September 15 and December 15. As a result, for the first three quarters of 1997, despite the fact that the monthly allowance was not adjusted for inflation after it was established in March 1996, total actual compensation payments were only about one-fourth of the amount due.

77. Spending on wages and salaries also declined sharply, from 7.4 percent of GDP in 1995 to 3.5 percent in the first nine months of 1997. This reflected a number of factors. First, real wages in the budgetary sphere have been declining since 1995, as noted above. Second, the 1996 budget reduced staffing for the power ministries and state administration.

78. Capital spending also declined sharply, from 2.4 percent of GDP in 1995 to 0.7 percent of GDP in 1996, and to 0.6 percent in the first six months of 1997; this reduction primarily reflected the severe budgetary constraints. Major capital projects which were undertaken included a new hydroelectric power plant designed to reduce the need for electricity imports, and a new railroad line and regional airport designed to improve

transportation within Tajikistan. In the first half of 1996, these key investment projects were ongoing despite a lack of funds from the Ministry of Finance. By the latter half of 1996, it became essential to start funding these projects, including by paying part of the arrears accumulated in the first half of the year. The 1997 budget initiated no new major construction projects.

79. The only spending category to increase over the period was spending on goods and services, which increased from 2.9 percent of GDP in 1995 to 10.6 percent of GDP in 1996, before declining somewhat to 7.6 percent of GDP in 1997. The full reason for this increase is unclear, but it is related at least in part to a sharp increase in defense-related spending, as well as inadequate expenditure controls and a lack of coordination of spending decisions by the Ministry of Finance.

80. Despite the increase in budgetary allocations for defense expenditures, the power ministries found themselves in a serious situation in 1996. The 1996 budget provided no funds for significant military expenditures, including arms and armaments, fuel and lubricants, uniforms and maintenance. However, in the midst of an ongoing civil war, such expenditures had to be undertaken. As a result, state owned enterprises—such as the Ministry of Bread and Tajik Oil—were instructed to provide needed supplies to the power ministries, despite the fact that these ministries were unable to pay for the goods. Pressure mounted, as the supplying organizations lacked the funds to import new goods. Thus, starting in the fourth quarter of 1996, as the civil war intensified, the NBT was instructed by the government to extend foreign exchange loans to these enterprises. As a result, net lending increased from zero in 1995, to 0.3 percent of GDP in 1996, to 2.4 percent of GDP in the first three quarters of 1997.

E. The Budget Deficit and Financing

81. The budget for 1996 targeted a reduction in the state budget deficit to 5.4 percent of GDP, down from 11.2 percent in 1995. As noted above, the budget contained measures to broaden the tax base, strengthen tax administration, lower tax arrears, and reduce the workforce in the power ministries and the state administration. The budget deficit turned out to be 5.8 percent of GDP, somewhat above the target but a large improvement from previous years. The absence of a treasury system meant that the monitoring, reporting and control of expenditures was severely hampered. Expenditure arrears continued to grow, with identified new arrears of 3 percent of GDP. About 60 percent of the arrears were related to unbudgeted defense and capital expenditures. Arrears were also incurred for wages, compensation payments and pensions. Revenue arrears were substantial, with the stock of such arrears at end-1996 standing at an estimated 3.8 percent of GDP. External funding financed roughly 60 percent of the resulting cash deficit, and credits from the NBT most of the remaining 40 percent, as privatization proceeds were just 0.2 percent of GDP.

82. On a quarterly basis, in the first quarter of 1996 the deficit was less than targeted, as revenues benefited from collections of the new presumptive taxes. In the second quarter the

fiscal situation deteriorated sharply, as the deficit exceeded 10 percent of GDP, mostly due to net lending activities in response to exogenous pressures. Floods severely hurt the planting of the cotton harvest and damaged roads and bridges, while uncertainty with respect to the outcome of the Russian elections depressed cotton exports. The authorities responded by extending credits—in foreign exchange and rubles—to various state-owned enterprises. In addition, collections of presumptive taxes were below expectations. The deficit was almost entirely financed by net credit to government; indeed, for the first half of the year there was no foreign financing of the budget.

83. In the third quarter of 1996 there was a dramatic reversal, as the budget was close to being balanced on a cash basis. Some of the foreign exchange credits advanced in the second quarter were repaid and financing from the World Bank became available. Expenditure arrears began to mount, however, as under-budgeting for capital expenditures and defense-related spending led to arrears on compensation payments and wages. In the fourth quarter, however, the economic program and the budget went off-track with the renewal of civil strife and the associated depressed revenues and increased spending, including the resumption of foreign exchange credits. Difficulties in collecting presumptive taxes again were a contributing influence. The deficit reached almost 10 percent of GDP, of which two thirds was financed by external sources.

84. The 1997 budget targeted a deficit for the state sector of 5.5 percent of GDP, roughly unchanged from 1996. There was to be generalized restraint on spending and improved tax administration and collection, but few concrete measures. The authorities hoped that increased foreign financing would enable them to meet essential spending requirements without the compression of expenditures and accumulation of spending arrears that had characterized expenditure management in previous years. Revenues were expected to be somewhat lower, due to lower VAT receipts, reflecting the elimination of the special tax. In addition, the minimum wage for tax purposes was sharply increased, thereby widening all tax brackets for the personal income tax, and reducing anticipated enterprise profit taxes by increasing the maximum deduction for wages from enterprises' income.

85. In reality, with limited revenue or expenditure measures, a lack of foreign financing, and ongoing security problems, the fiscal situation continued to deteriorate in the first half of 1997. Civil strife led to reduced tax collections, while defense and associated spending increased sharply. For the first six months of the year, the deficit was more than 10 percent of GDP; about one-half of the deficit reflected foreign exchange loans by the Ministry of Finance to pay for imported oil and grain products supplied to the power ministries. In addition, Tajik Rail was granted exemptions from the enterprise profits tax, as compensation for the fact that it was servicing the state debt to Uzbekistan.¹⁷ Poor tax administration and

¹⁷In late 1996, the Tajik authorities reached a debt rescheduling agreement with Uzbekistan (see Chapter VI). Under this agreement, Tajik Rail provides rail services to Uzbekistan, and

(continued...)

weak spending controls were also contributing factors. The government continued to grant tax breaks and deferments, in an attempt to protect weak industries and encourage the development of particular sectors. Identified expenditure arrears on wages and compensation payments in the first half of the year totaled TR 4.2 billion, or almost 2.5 percent of GDP, bringing the stock of such arrears to TR 6.7 billion. In one positive development, the Social Protection Fund managed to reduce the stock of outstanding pension arrears in the first half of 1997. The cash budget deficit was financed roughly equally by external financing and NBT credits.

86. In the third quarter of 1997, the deficit is estimated to have declined sharply, to only 1.3 percent of GDP. Net external financing was negative, as some principal had to be serviced and there were no new foreign credits. Coupled with a more prudent level of credits extended by the NBT, the budget execution had to be tight. An improved security situation, as a result of the signing of the peace agreement, contributed to the strengthened budgetary performance, in part by permitting an end to new foreign exchange loans and some repayment of outstanding foreign exchange credits. Revenues benefited from seasonal increases. Expenditure arrears continued to increase, but at a slower rate than in the first half of the year, while all remaining pension arrears of the Social Protection Fund were cleared.¹⁸

87. For the first three quarters of 1997 as a whole, net external financing covered one-third of the deficit, central bank credits more than half the deficit, and privatization receipts filled the remaining gap. The latter proceeds had increased modestly relative to GDP in the first two quarters of 1997, before increasing to almost 0.6 percent of GDP in the third quarter.

IV. MONEY AND CREDIT IN 1995-97

A. The Banking System

88. Tajikistan has a two-tier banking system, consisting of the central bank and 23 operating commercial banks.¹⁹ Since the introduction of the Tajik ruble in May 1995, the NBT has performed the major roles of a central bank, including the issuance of national currency, the conduct of monetary policy, the management of foreign exchange reserves, the supervision of commercial banks, and the oversight of the payments and clearing systems. According to the National Bank Law, which was approved by Parliament in December 1996,

¹⁷(...continued)

Uzbekistan treats the value of these services as payments on the state debt.

¹⁸There remain some modest arrears on pensions which are the responsibility of the budget.

¹⁹ As of October 1997, there were 27 commercial banks which had registered with the National Bank of Tajikistan.

the NBT is accountable to Parliament, and the appointment and dismissal of the NBT Chairman by the President is subject to approval by Parliament. The law grants the NBT the legal authority to independently determine and implement monetary and foreign exchange policies, and prohibits any interference by government bodies. Nevertheless, until the issuance of Presidential Decree No. 763 in July 1997, which reiterated the NBT's independence in its activities, the NBT continued to receive, and in many cases followed, government instructions to extend credit to the government and state enterprises as well as directed loans through commercial banks.

89. The largest commercial banks—Agroprombank (Shark), Orion Bank, Tajikbankbusiness, Vneshekonombank, and the Savings Bank—have branches throughout the country, and continue to be owned primarily by the Government and other state owned enterprises (Table 35). In September 1997, these five banks accounted for about 90 percent of the total stock of commercial bank credit to the economy, with Shark alone accounting for 45 percent of the total (Table 36). While no longer legally restricted in terms of lending areas, these banks still function largely as specialized banks of the Soviet era. For example, Shark, Orion, and Tajikbankbusiness specialize, respectively, in agriculture, industry and commerce, and trade and light industry.

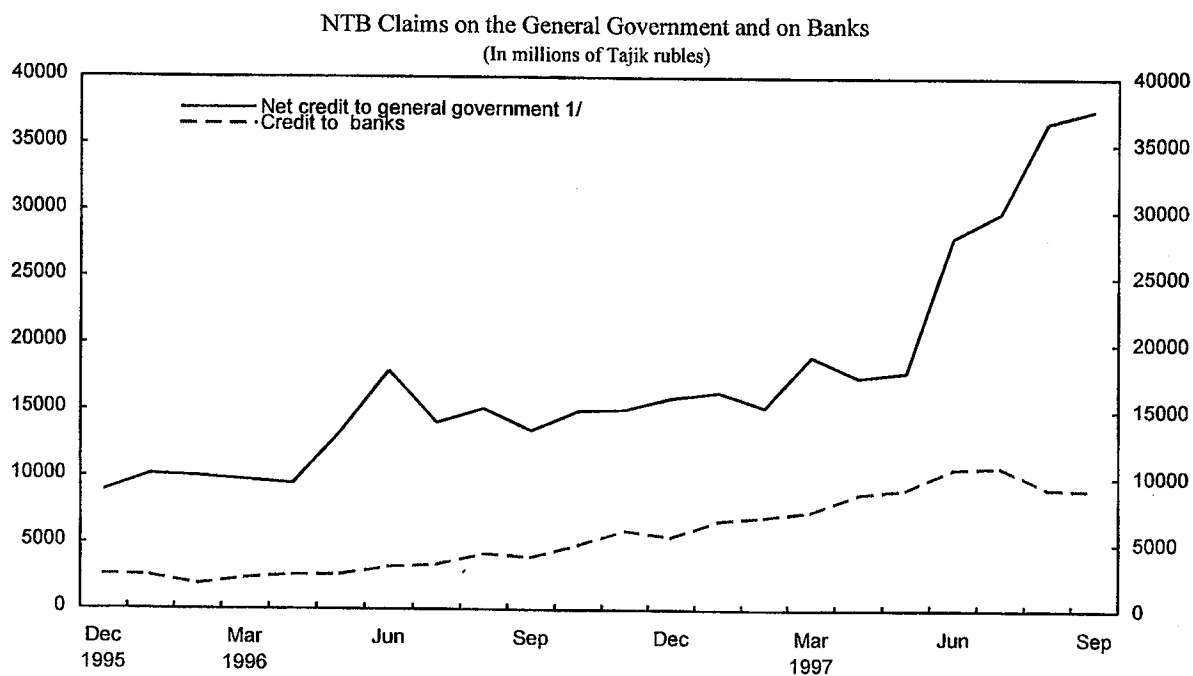
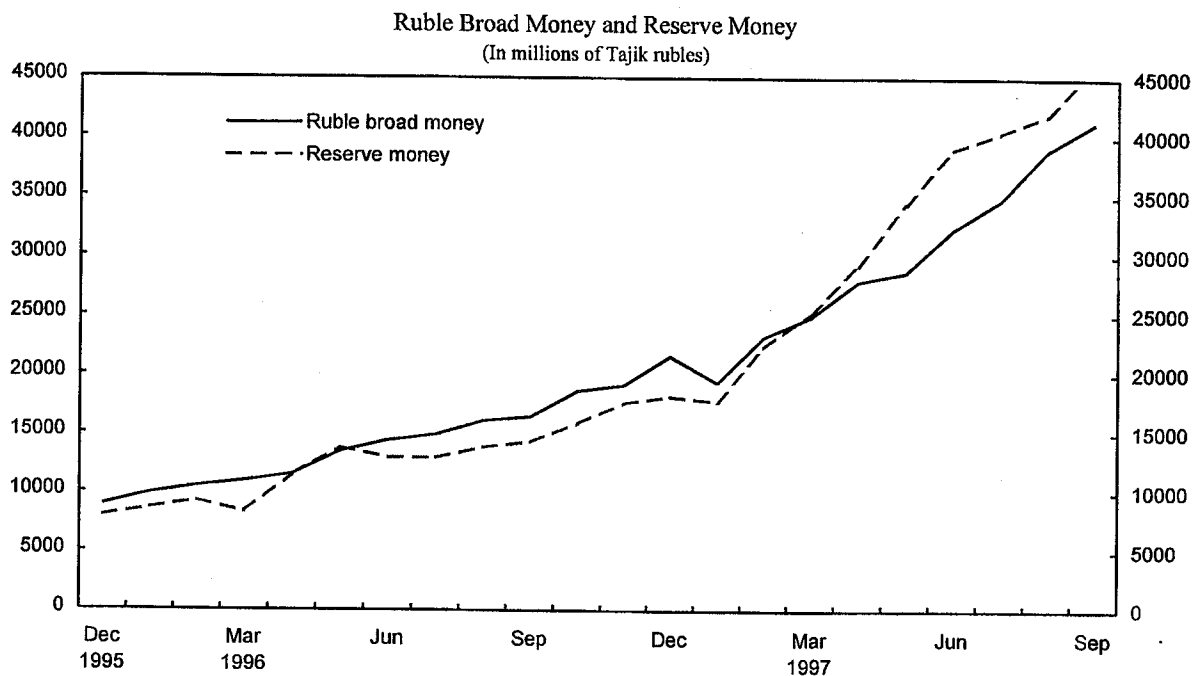
90. Until recently, these banks (particularly Shark) received large amounts of directed credit from the NBT for on-lending to priority sectors or enterprises at the instruction of the government; directed credit constituted about half of all credit extended by the banking system as of June 1997. The Savings Bank (Sberbank) is the main institution that takes deposits from budgetary organizations and households; it lends most of its funds through other commercial banks. Recently, Sberbank has begun to develop its own lending capabilities, with a focus on interbank lending, small enterprises, private firms and individuals.

91. The past two years saw the emergence of several small commercial banks, many of which were established to serve as "pocket banks" of major enterprises. Between January 1996 and August 1997, seven new banks registered with the NBT. As of June 1997, none of these small banks had outstanding credit of more than TR 500 million (about \$1 million).

B. Monetary Aggregates

92. Following a rapid monetary expansion after the introduction of the Tajik ruble, the monthly inflation rate reached nearly 50 percent in the second half of 1995. In early 1996, the NBT initiated efforts to readdress the deteriorating macroeconomic situation by raising the refinance rate, imposing bank-by-bank credit ceilings, and slowing the rate of growth of credit and reserve money. Money and credit policies were relatively tight during the first quarter of 1996, with reserve money growing by less than 5 percent (Table 37 and Figure 6). However, monetary expansion accelerated in the second quarter, as reserve money grew by 56 percent. One main factor behind the growth in reserve money growth was the extension by the NBT of foreign exchange credits to state owned enterprises. These foreign exchange

Figure 6. Tajikistan: Money and Credit, 1995-97



Sources: Tajik authorities; and IMF staff estimates.

1/ In August and September 1997, some directed credits previously extended by the NBT were taken over by the MOF. In August, TR credit to government increased by TR2,732 million (including the transfer of interest payment obligations that were not previously recorded) and claims on banks declined by TR1,865 million due to this accounting change. In September, TR credit to government increased by TR456 million and claims on banks declined by TR151 million due to this change.

credits were reportedly linked to an increased demand for imports due to the May floods (most significantly, GKP needed to import seeds and petroleum products to replant fields damaged by the floods), and to delayed cotton receipts from abroad. Partly as a result of the foreign exchange credits, the NBT's net international reserves declined from US\$3 million at end-March 1996 to negative US\$11 million at end-June 1996.

93. Credit expansion slowed in the summer of 1996, as the authorities took corrective measures, including the collection of some of the outstanding foreign exchange loans. In October and November, however, the NBT again extended significant amounts of directed credit to finance the cotton harvest. These included directed ruble credits through Shark and foreign exchange credits to state enterprises. In addition, credit to government increased significantly, as the NBT monetized the deficit associated with growing expenditures. Consequently, reserve money grew an average of 8 percent per month in the fourth quarter of 1996, compared with 4 percent in the third quarter.

94. The first six months of 1997 witnessed a renewal of rapid credit expansion, with reserve money growing by 115 percent. The reserve money growth was largely due to an increase in credit to government and to the renewed extension of foreign exchange loans.²⁰ Much of the ruble credit to government was used to finance the higher-than-expected budget deficit (see Chapter III above), and the foreign exchange credits—to, among others, Tajik Oil, the Ministry of Bread, and Glavchlopkoprom (GKP)—were, in general, in lieu of budgetary expenditures for fuel, grain, and other items. As a result of the loose financial policies, consumer prices rose by 130 percent during the first nine months of the year, compared with 40 percent for 1996 as a whole. The official exchange rate depreciated from TR 328 per U.S. dollar at end-December 1996 to TR 747 at end-September 1997.

95. Policy slippages began to be reversed following the signing of the peace agreement in June 1997. In July, a presidential decree explicitly prohibited any organization or government official from issuing instructions to the NBT and commercial banks for the extension of credit. Since then, the NBT has adopted measures to curtail credit extension both to the government and to commercial banks. The NBT also stopped extending foreign exchange credits. As a result, reserve money growth declined from 12 percent in June to 4 percent per month in July and August.

96. In September and October 1997, as cotton marketing companies faced a temporary need for funds to finance the cotton harvest, the NBT issued short-term credits (typically of a 10-day maturity) to these companies. At the same time, the NBT retained much of the foreign exchange credits received from a foreign commercial bank for harvesting the cotton (see below), while lending the ruble equivalent to the cotton companies. Reserve money grew by 10 percent in September and, despite the NBT's effort to withdraw liquidity by selling

²⁰Part of the increase in reserve money was due to the transfer of government balances from the NBT to the Savings Bank.

significant amounts of foreign exchange through auctions at the end of October, reserve money grew a further 12 percent in October.

97. Movements in the NBT's net international reserves since May 1997 were dominated by developments related to a line of credit for the NBT, from a foreign commercial bank, and the on-lending of this credit by the NBT to two cotton marketing companies (GKP and Zafarabad). In early 1997, on instructions from the Government, the NBT signed a loan agreement with a foreign bank. According to the terms of this agreement, the NBT was entitled to borrow up to US\$50 million, which would be on lent to GKP and Zafarabad to finance the planting and harvesting of the 1997 cotton crop. Disbursements were made under this agreement between May and October 1997, significantly increasing the NBT's foreign exchange liabilities. At the same time, the NBT's net domestic assets increased as it passed the funds to GKP and Zafarabad. The repayments of the foreign bank loan began in September 1997, and are scheduled to be completed by end-February 1998.

C. Velocity and Money Multiplier

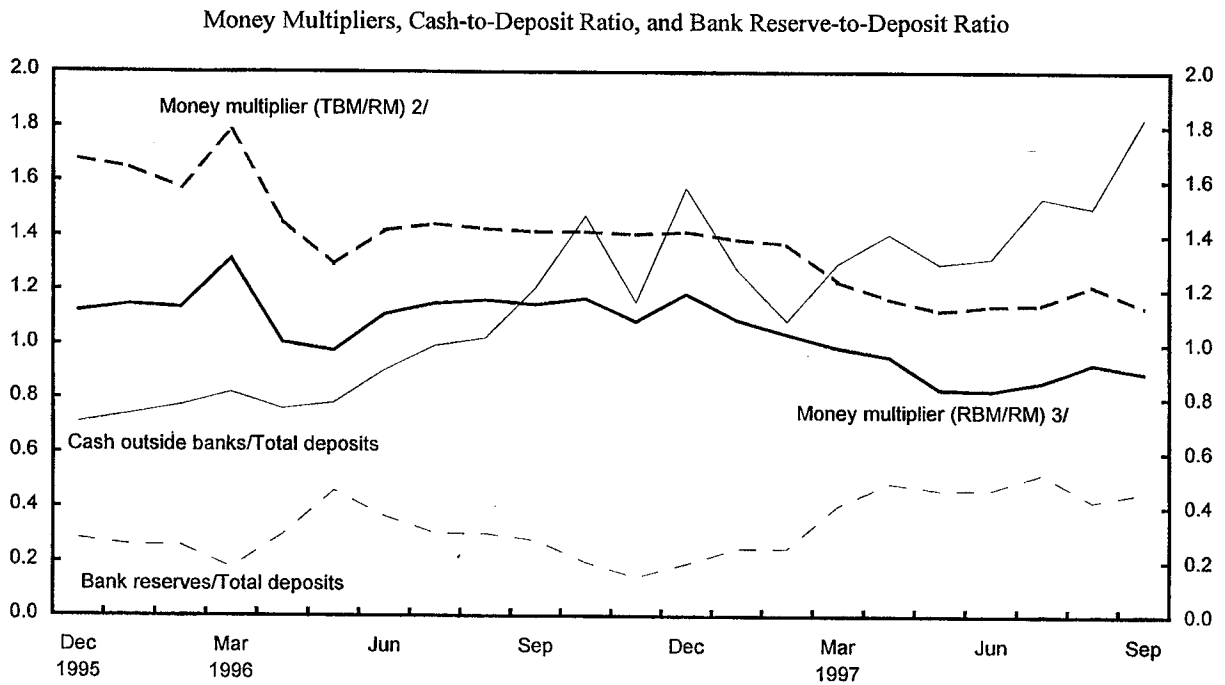
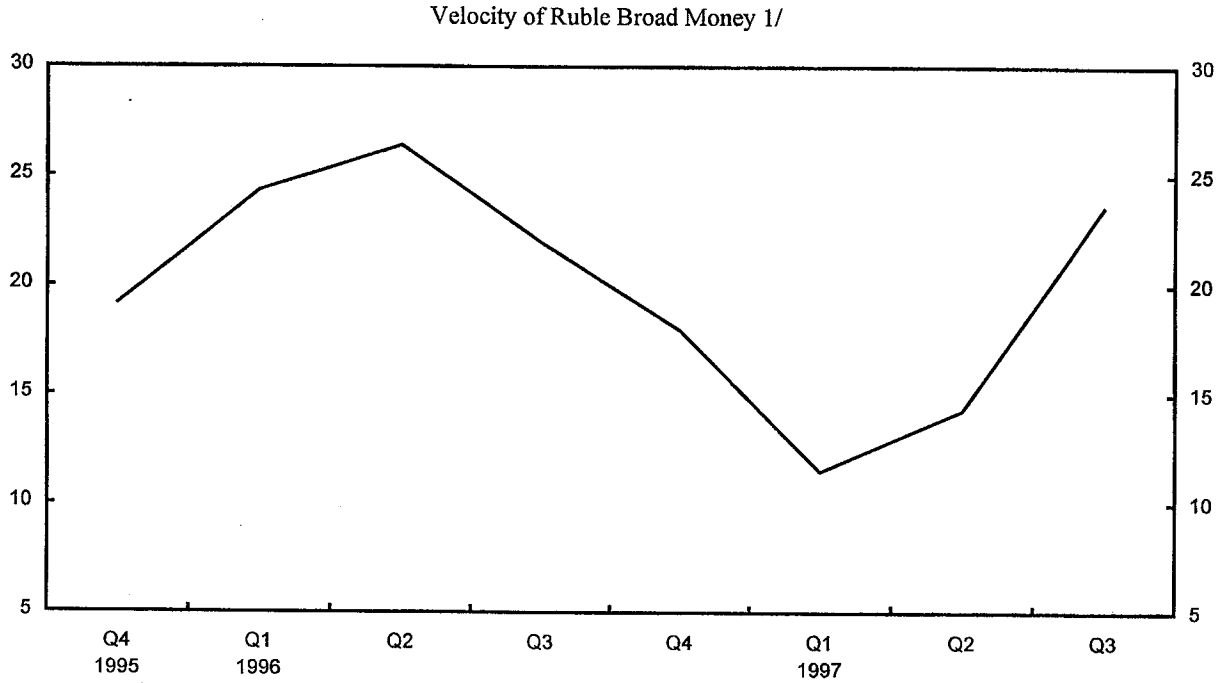
98. The income velocity of broad money has been volatile (Table 38 and Figure 7). It fell from 19.2 in the fourth quarter of 1995 to 18.0 in the fourth quarter of 1996, reflecting a rising demand for money due to the sharp decline in inflation.²¹ The further decline in velocity from the fourth quarter of 1996 to the first quarter of 1997 appears to have been temporary. The combination of a low level of economic activity (largely due to seasonal factors) and monetary expansion led to rapid liquidity increases. As a result, the money market was in disequilibrium, with money supply in excess of money demand. In the second and third quarters of 1997, velocity increased, reflecting a reduced demand for money due to rising inflation.

99. The money multiplier was relatively stable for most of 1996. However, it declined from 1.4 at end-1996 to 1.1 in September 1997,²² reflecting increases in the ratios of both cash and bank reserves to deposits, as well as some increase in commercial deposits with the NBT. The increase in the cash-deposit ratio appears to have been the result of a further decline in the confidence in the banking system, as well as the fact that deposit rates became negative in real terms in early 1997.

²¹Velocity is defined as average quarterly ruble broad money divided by quarterly nominal GDP. Velocity calculated using total broad money (including foreign currency deposits) shows a similar pattern of movement.

²²The money multiplier is defined as total broad money divided by reserve money. Defined as ruble broad money divided by reserve money, the money multiplier declined from 1.2 to 0.9 during the first nine months of 1997.

Figure 7. Tajikistan: Velocity and Money Multipliers, 1995-97



Sources: Tajik authorities; and IMF staff estimates.

Notes:

- 1/ Defined as nominal quarterly GDP divided by average quarterly ruble broad money.
- 2/ Total broad money (ruble broad money plus foreign currency deposits) divided by reserve money.
- 3/ Ruble broad money divided by reserve money.

100. The increase in bank reserves and commercial deposits with the NBT during the first three quarters of 1997—which largely explains the decline in, and the low level of, the money multiplier—appears to be explained by a number of factors. First, as a result of the transfer of government deposits from the NBT to the Savings Bank at the beginning of 1997, the Savings Bank had to hold higher correspondent balances with the NBT to service government transactions. Second, the required reserve ratio on foreign exchange deposits was increased from 2 percent to 20 percent in February 1997.²³ Third, the NBT lifted the restrictions on converting correspondent balances to cash in February 1997, thereby increasing the demand by banks for deposits with the NBT. Fourth, the more regular holding of foreign exchange auctions in recent months have led to higher deposits of the Tajik Interbank Currency Exchange (TICEX) with the NBT. Finally, the commercial banks' high excess reserves also reflect the difficulties in the payments system (see below) and the lack of short-term financial instruments.

D. Interest Rates

101. In light of the steady fall of inflation during 1996, the NBT reduced its monthly refinance rate from 40 percent²⁴ to 15 percent in March, 10 percent in June, and 6 percent in August (Figure 8 and Table 39). Despite these adjustments, the refinance rate remained positive in real terms in 1996. However, when monthly inflation began to rise in the second quarter of 1997, the refinance rate became highly negative in real terms.

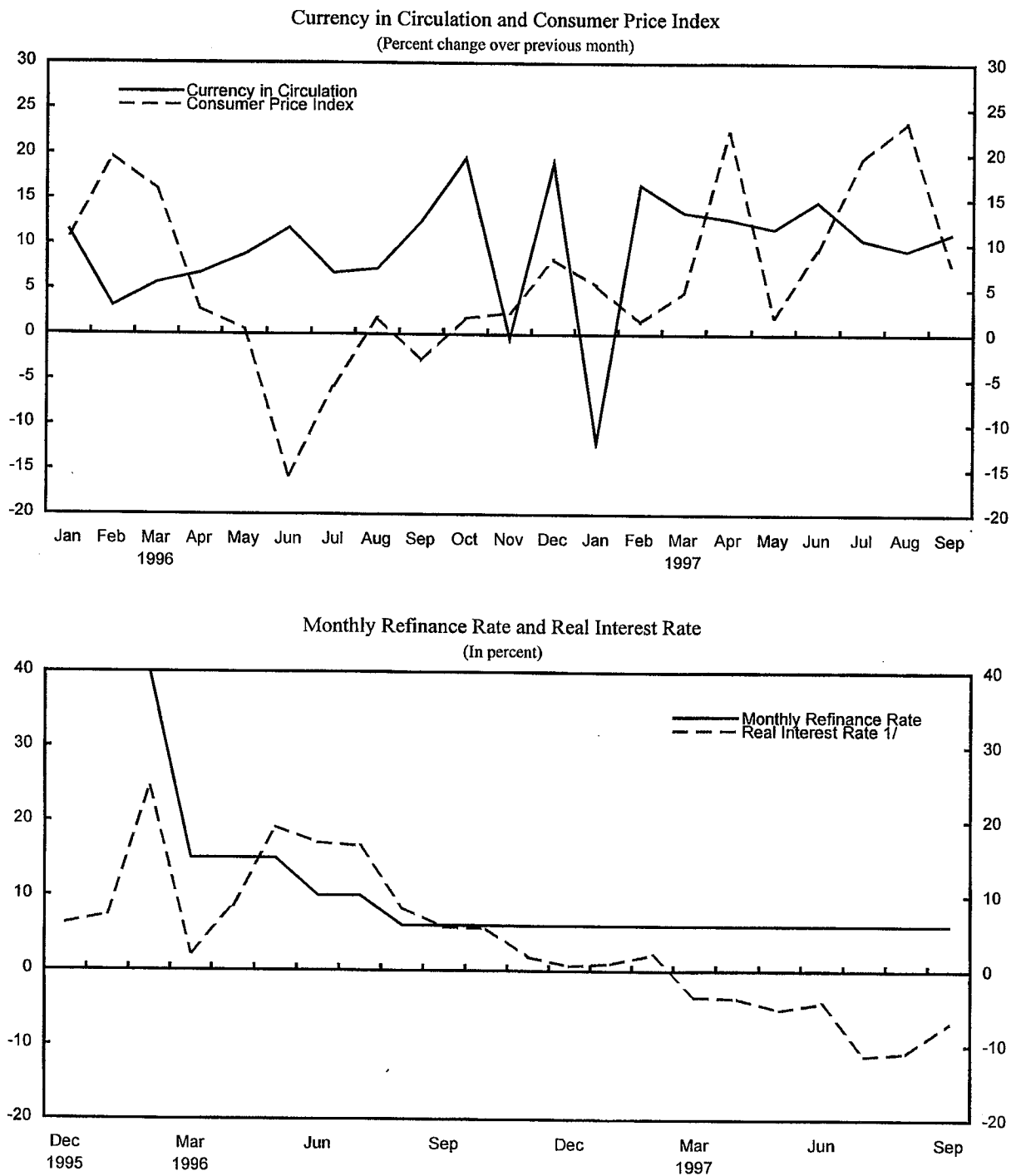
102. Commercial banks are free to set their lending and deposit rates, except those for on-lending of funds from the NBT. The rates for the on-lending of funds from the NBT have been regulated by the NBT, with spreads above the monthly refinance rate not to exceed 2 to 3 percent. Rates on loans from commercial banks' own funds are typically determined on the basis of customer relations and, to a lesser extent, risk assessment. In most of 1996, commercial banks' average monthly rate for loans with maturity of 0 to 3 months remained around 8-9 percent. In April 1997, as inflation increased, the average monthly lending rate began to rise. It reached 13.6 percent in June and has remained at 11-13 percent since then.

103. Commercial banks' average monthly rates for deposits with maturity of 0 to 3 months were usually 2-3 percent lower than the average lending rates for loans of comparable maturity, and moved consistently with the lending rates. Since March 1997, both nominal deposit and lending rates have been negative in real terms. This, combined with the weak financial conditions of commercial banks and a lack of confidence, continues to result in a low level of financial intermediation. The level of deposits to GDP in Tajikistan was thus

²³The increased reserve requirement on foreign exchange deposits was nominally imposed in February 1997. In reality, banks were given several months to adjust to the new requirement.

²⁴This rate had been effective since November 1, 1995. Before November 1995, the monthly refinance rate was 20 percent.

Figure 8. Tajikistan: Currency, Inflation, and Interest Rates, 1995-97



Sources: Tajik authorities; and IMF staff estimates.

1/ Defined as monthly refinance rate minus three month moving average of monthly CPI inflation rates around the current month.

only 2 percent at the end of September 1997, compared to almost 4 percent in Azerbaijan and 8 percent in Russia.

E. Monetary Policy Instruments

104. The two main instruments used by the NBT in conducting monetary policy are the refinance facility and foreign exchange operations. Bank-by-bank credit ceilings had been a major policy instrument since early 1995, but were abolished at end-1996. With low public confidence in the banking system, the NBT's refinance credit has been a main source of liquidity to the economy. Most of the credits extended through this facility have been directed to specific government agencies or state owned enterprises, at the instruction of the government. The terms of refinance credits vary from one month to more than 12 months. Automatic rollover is common, however, as many of the borrowers have been unable to repay the loans when they fell due. Between May and October 1997, following a presidential decree,²⁵ the NBT extended the repayment period for all directed loans outstanding as of May 1, 1997 to 2002. Commercial banks were instructed to undertake a similar rescheduling of maturities with their customers, who were the ultimate recipients of the loans.

105. The refinance rate has been used infrequently as an instrument of demand management. The changes in the refinance rate which were made between late 1995 and August 1996 reflected changes in inflation expectations. Since August 1996, the refinance rate has remained constant, despite the rapid increase in inflation. As a result, the refinance rate has not played a role in limiting the demand for credits. A July 1997 Presidential decree instructed the NBT to introduce credit auctions to serve as the main instrument for liquidity management. The NBT has thus developed plans to hold regular credit auctions, starting from December 1997.

106. The NBT's foreign exchange operations have a significant impact on the liquidity in the banking system. While the NBT does take into account reserve money targets in planning the sales or purchases of foreign exchange, many of its foreign exchange operations have been driven by considerations other than liquidity management, such as financing the cotton harvest.

107. Reserve requirements have not been used as a monetary policy instrument, as the bank-by-bank credit ceilings were typically tighter than the reserve requirements before end-1996, and the required reserve ratio has been fixed at a uniform rate since early 1997 (Table 40). Open market operations are not a policy tool, due to the nonexistence of Treasury bills or central bank papers. The Ministry of Finance and the NBT are preparing for the issuance of Treasury bills.

²⁵ Presidential Decree No. 124, issued in March 1997.

F. Banking Regulation and Supervision

108. Tajikistan's banking system faces serious liquidity and solvency problems. The major banks are saddled with a large number of non-performing loans, and have very low net worth. Over the past years, the NBT has introduced various regulations to address these problems. Commercial banks in Tajikistan are required to meet the reserve requirements and various prudential norms. The main prudential regulations are the "General Rules for Regulating Banking Operations in the Republic of Tajikistan," amended by the NBT in April 1996. Included in these rules are minimum capital requirements for new banks and ten ratios, against which commercial banks are assessed on a monthly basis.

109. The reserve requirements for Tajik ruble deposits were unified at 20 percent in February 1996,²⁶ and a 2 percent reserve requirement on foreign exchange deposits was introduced in July 1996. In February 1997, the NBT unified the reserve requirements for ruble deposits and foreign exchange deposits at 20 percent. No interest is paid on required reserves. While most small commercial banks have met the reserve requirements, three major banks—Shark, Tajikbankbusiness, and Vneshekonombank—have failed to do so in recent months.

110. The NBT has different minimum requirements for paid-in capital at registration, depending on the type of bank. It requires an amount equivalent to US\$300,000 for domestic banks and US\$2 million for banks with foreign equity participation of 50 percent or higher. In addition, a minimum of three shareholders is required prior to registering a new bank. Although all new banks meet the minimum capital requirement at the time of registration, many existing banks are severely undercapitalized. According to NBT data, as of August 1, 1997, the net worth of Orion, Shark, and the Savings Bank were only TR 124 million (US\$195 thousand), TR 179 million (US\$280 thousand), and TR 6.3 million (US\$10 thousand), respectively. These estimates are highly uncertain, however, given the lack of due classification of non-performing loans.

111. The main prudential ratios include the capital-assets ratio, several liquidity ratios, limits on lending to a single borrower, and limits on open foreign exchange positions. These ratios resemble those in industrialized countries, but some are not as restrictive because the lack of loan loss provisioning overstates banks' net worth. Nevertheless, the monthly NBT report for September 1997 indicates that none of the major banks met all the prudential ratios (Text Table T1 and Table 41). Shark, for example, failed to meet seven of the ten prudential ratios. Moreover, the situation of many banks has been deteriorating over the past few years. For example, from May 1995 to September 1997, the capital-assets ratio of Shark fell from 0.12 to 0.05, and that of Tajikbankbusiness fell from 0.33 to 0.11.

²⁶ Before February 1996, deposits with a maturity of more than one year were subject to a 15 percent reserve requirement.

Table T1. Tajikistan: Compliance with Prudential Ratios by Major Commercial Banks ¹
(As of September 1997)

	Requirement	Orion	Shark	Tajikbank-business	Vneshekon-ombank	Savings Bank
K1	no less than 0.08	0.73	0.05	0.11	0.44	-0.03
K2	no less than 0.30	3.08	0.21	0.91	11.0	0.92
K3	no more than 0.70	2.69	5.53	3.60	3.4	0.74
K4	no less than 0.50	3.50	0.49	0.98	6.3	1.30
K5	no less than 0.50	0.40	0.05	0.14	0.49	0.27
K6	no more than 1.0	0.25	4.28	0.64	0.40	1.36
K7	no more than 0.25	0.20	0.79	0.59	2.04	-0.95
K8	no more than 8	0.60	2.34	3.20	2.04	-2.90
K9	no less than 0.05	0.19	0.02	0.05	0.01	-0.01
K10	no more than 0.20	0.01	0.07	0.28	4.46	-2.76

Source: National Bank of Tajikistan.

¹Numbers in bold indicate non-compliance with the prudential ratios.

Notes: K1= ratio of the bank's capital to its risk-weighted assets;
 K2= ratio of the bank's liquid assets to its total demand deposits;
 K3= ratio of the bank's total outstanding loans to total deposits;
 K4= ratio of the bank's total liquid assets to total deposits;
 K5= ratio of the bank's total liquid assets to total assets;
 K6= ratio of the banks' assets with a maturity of more than one year to the sum of capital and deposits with a maturity of more than one year.
 K7= maximum lending to a single borrower as percentage of the bank's capital;
 K8= ratio of the bank's total balance of large loans to capital;
 K9= ratio of the bank's own capital to its liabilities;
 K10= ratio of the bank's open foreign exchange position to its capital.

112. On the basis of banks' official accounting records, an average of only 5-7 percent of their outstanding loans as overdue. However, these figures are seriously misleading, as most overdue loans are rolled over rather than being classified as in arrears. A recent USAID study of Agroprombank estimated that only 20 percent of the bank's outstanding loans would ultimately be collected. An EBRD study of Orion Bank—which is considered to be one of the best run commercial banks in Tajikistan—concluded that 30 percent of its loan portfolio was overdue.

113. The causes of the weak and deteriorating situation in the banking system are numerous. In addition to such general factors as political and macroeconomic instability,

poor physical and legal infrastructure for investment, and inadequate management expertise, the following problems are most pertinent: First, a large number of loans were extended without proper project appraisals; decisions were often subject to strong political influence, including instructions from the government and the NBT. Second, commercial banks are unable to effectively collateralize loans because of the excessively high cost.²⁷ Third, commercial banks have been subject to a 55 percent profit tax, 15 percentage points higher than the rate applied to enterprises in other sectors. Fourth, the current tax system does not allow deduction of loan loss provisions for profit tax purposes.²⁸

114. The enforcement of banking supervision is also weak. According to the "General Rules for Regulating Banking Operations," commercial banks are required to submit their financial statements (including balance sheets, calculations of prudential ratios and reserve ratios, and other statistical reports) to the NBT on a regular basis. However, due to poor telecommunications facilities, delays in submission are common. If a commercial bank fails to meet the reserve and prudential requirements, the NBT has the authority to withdraw funds from its correspondent account, freeze its payments, impose fines, and even suspend its license. But most of these measures have been applied only infrequently, and non-compliance is widespread. In addition, the NBT's Banking Supervision Department is understaffed, as its staff of only 26 people must cover many areas of work, including inspection, licensing, and banking activity analysis.

G. Settlements System

115. Most intra-bank and inter-bank payments are settled through the NBT's clearing system. Inter-regional settlements take three to four days, while intra-regional settlements typically take two to three days.²⁹ Delays are sometimes caused by liquidity problems of the sending banks. Payment orders are delivered mainly through daily courier services, while urgent orders are sent via cable.³⁰ Since March 1995, commercial bank branches have been allowed to transact through their regional or head offices, rather than through the NBT clearing system. Progress has been limited so far, as Orion is the only bank that effectively operates its own intra-bank settlement system. As of September 1997, direct bilateral

²⁷ The State Property Committee charges 10 percent of the value of the asset to register a lien or mortgage.

²⁸ According to an EBRD report, Orion Bank had a pre-tax profit but a post-tax loss in 1996. The major reason for the post-tax loss was the lack of deductibility of loan loss provisions.

²⁹ Payments within Dushanbe are sometimes settled within one day.

³⁰ The NBT is planning to develop an electronic payments system to achieve real time gross settlement. A pilot system equipped with 100 computers will be introduced in the Dushanbe area in early 1998.

settlements (through correspondent accounts with other commercial banks) existed among some branches of Orion, Tajikbankbusiness, Vneshkonombank, and Central Asian Bank, but the volume of transactions was limited.

116. Payment orders are processed by the NBT on a gross basis, and are posted only if sufficient provisions exist on the correspondent account of the sender. If there is not sufficient provision for such an order, some of the payment orders or even an entire batch may be rejected. As a result, automatic overdrafts are prohibited.

V. EXTERNAL SECTOR DEVELOPMENTS³¹

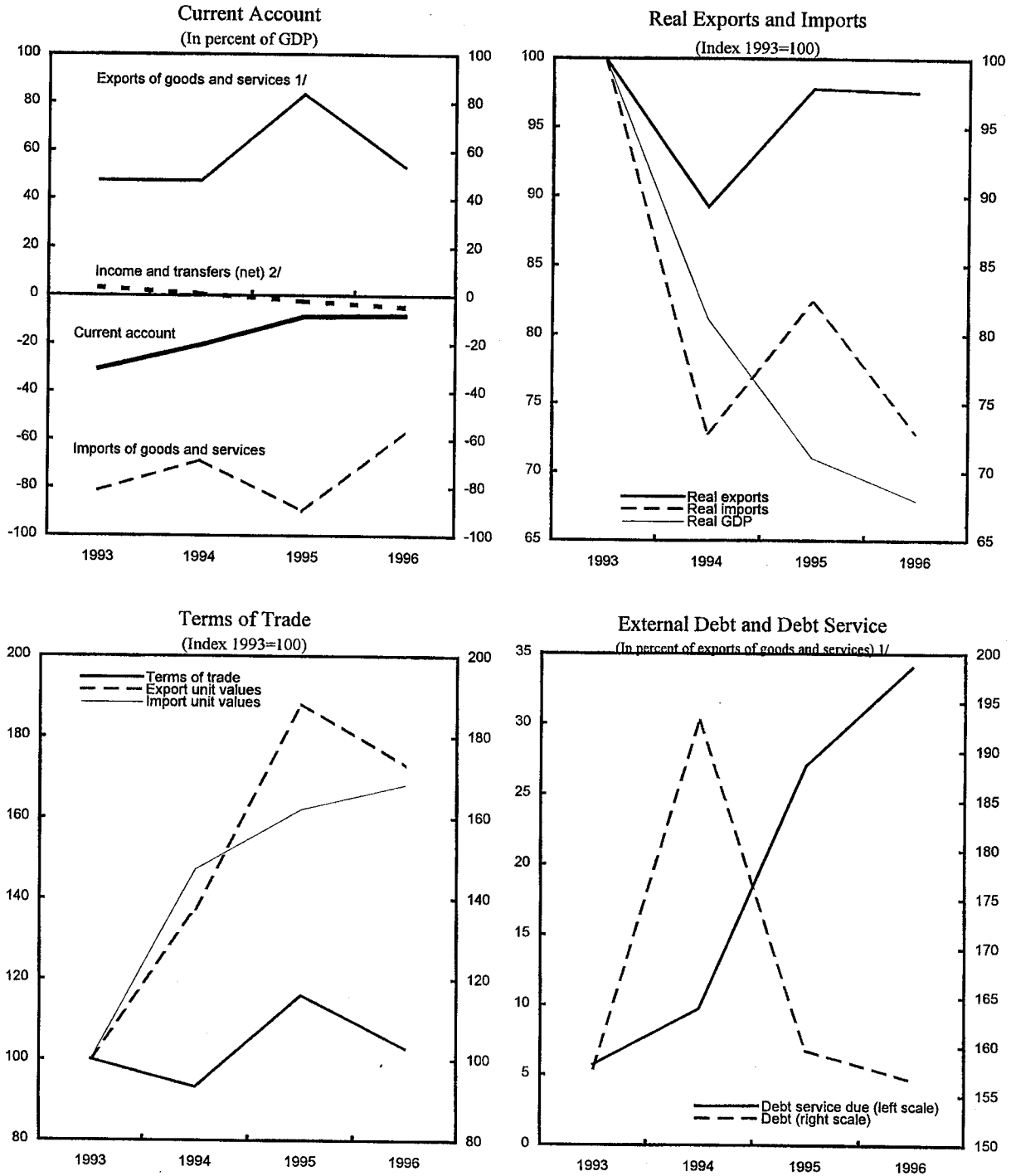
117. By the mid-1990s, the current account deficit had been sharply lowered from the unsustainable deficits in the years following independence. As a ratio to GDP, the current account deficit narrowed from 31 percent in 1993 to 7 percent in 1996 (Figure 9 and Table 38). The lower current account deficit resulted largely from a significant drop in import volumes—by about 25 percent—as access to foreign financing declined sharply. As trade shifted to world market prices, both export and import prices surged. Wide swings in prices have caused sharp year-to-year movements in the terms of trade, with no clear trend; the terms of trade in 1996 were almost unchanged from 1993. Export volumes have remained relatively flat over the period.

118. The state order system has been dismantled, and most trade is now conducted on a commercial basis. The economy is open, with both exports and imports above 50 percent of GDP. The exchange and trade regime is generally liberal, notwithstanding reversals in trade reforms in late 1996 and early 1997.

119. Tajikistan has obtained large external trade credits on commercial terms, accumulated debit balances on correspondent accounts held with other BRO countries, and received significant external budgetary support. In consequence, external debt—which had been zero at independence in 1991—had reached almost 200 percent of exports by 1994. While debt service due has risen sharply, actual debt service payments have been negligible. In late 1996, debt reschedulings with Tajikistan's two largest creditors, combined with steps to service the rescheduled debt, reversed the rapid build-up of arrears.

³¹External sector developments in 1993-95 were described in SM/96/96 (April 24, 1996). New data for 1995 have become available; the discussion of external developments in 1995 in this report supersedes that in SM/96/96. Analysis continues to be hampered by a lack of information and poor data quality. Problem areas include direction of trade statistics, valuation and coverage of imports, transfers, and foreign direct investment flows.

Figure 9. Tajikistan: External Sector Indicators



Sources: Data provided by Tajik authorities; and IMF staff estimates.

Notes:

1/ Less alumina and electricity imports.

2/ Excluding alumina and electricity.

A. Balance of Payments Developments in 1995-97

120. The current account deficit narrowed to 9 percent of GDP in 1995, from 21 percent in 1994, as the terms of trade improved sharply. Despite declining export volumes, the value of aluminum and cotton exports—Tajikistan's two major export commodities—surged in 1995 by 24 and 37 percent, respectively, due to favorable world market prices and the completion of the movement to trading at international prices (Table 40). Electricity exports also increased in value, in part also due to increasing prices. At the same time, electricity imports increased sharply, reflecting both higher volumes (linked to problems of poor hydrology and reservoir management) and substantially higher prices.³² Imports other than alumina and electricity declined sharply in volume (Table 41).

121. The export unit value of total exports is estimated to have increased by 37 percent in 1995 (Table 42). Prices of total imports were dampened by weaker natural gas, petroleum product and food prices, but still rose by 10 percent. Consequently, the terms of trade improved 24 percent, more than reversing the 7 percent loss of the previous year.

122. The capital account deficit widened somewhat in 1995. While public sector disbursements (mainly from Russia and Pakistan) were modest, amortization due jumped to more than US\$100 million, mainly on account of repayments falling due to the European Union (US\$71 million) and Uzbekistan (US\$17 million). As in earlier years, exceptional financing accounted for the bulk of the financing of the overall balance of payments deficit. The amortization due to Uzbekistan was rescheduled, while almost all other debt service remained unpaid. Gross reserves of the NBT remained negligible.

123. In 1996, the current account deficit narrowed further to 7 percent of GDP as a significant lowering of the trade deficit was only partly offset by a higher deficit on other current account transactions. Exports are estimated to have fallen by 9 percent, led by sharp decreases in both the volume and unit value of aluminum and cotton exports. For both aluminum and cotton, the decreases in real exports were compounded by weaker world market prices, and export revenues fell by 32 and 26 percent, respectively. In contrast, electricity and other exports expanded rapidly. Electricity exports benefitted from lower

³²With abundant water resources, electricity production is mainly based on hydroelectric power. Tajikistan both exports and imports significant amounts of electricity. Built in Soviet times, the electricity grids in the central Asian CIS countries are well integrated, facilitating trade. Within Tajikistan, the grid is segmented between a northern and a southern grid, with no opportunity for transferring electricity supplies between the two grids. The southern grid has excess capacity, and thus electricity is exported from this grid. The northern grid has a generating deficit, necessitating imports. Export and import prices, negotiated on an ad hoc basis, have been adjusted up sharply to better reflect world market prices.

electricity demand from the aluminum smelter³³ and better reservoir management, while other exports (growing rapidly but from a small base) benefitted from the comprehensive liberalization of the exchange and trade system.³⁴

124. A lack of financing led to declines in imports across all major import categories, resulting in an 11 percent drop in total imports in 1996. Alumina imports fell significantly, partly in response lower aluminum production but also because stocks were drawn down to adjust to the lower levels of production. Energy imports also decreased sharply. Natural gas and oil imports by state owned enterprises were severely constrained by lack of financing, and electricity imports adjusted down from the very high level of the previous year. Grain imports declined sharply, reflecting financing constraints but also the significant increase in domestic grain production.

125. During the year, foreign trade prices moved broadly in line with world market prices. However, sharply lower international prices for aluminum and cotton were only partly offset by higher electricity prices, and the export unit value is estimated to have decreased 8 percent. Import prices for alumina and grains rose sharply, while energy prices fell, limiting the average increase in import prices to 4 percent.³⁵ As a result, the terms of trade declined by 11 percent.

126. The combined deficit on the services, income, and transfer accounts widened from 2 to 3 percent of GDP, mainly due to higher interest obligations on the growing public sector debt. Transfers—mostly in the form of humanitarian assistance—are estimated to have increased somewhat as UN agencies, NGOs, and international organizations stepped up their activities. Emergency food aid was provided by the World Food Programme, and Russia and various European countries provided relief aid (in kind or in cash) for internally displaced persons.

127. The capital account deficit continued to widen in 1996, as scheduled amortization of public sector debt increased. The World Bank started its first lending operation in Tajikistan,

³³The aluminum smelter is the largest single consumer of electricity in Tajikistan. In 1996 the smelter is estimated to have been responsible for more than a third of total domestic electricity consumption, far greater than the share of the household sector.

³⁴The reforms of the exchange and trade system through 1995 are described in SM/96/96 (April 24, 1996). For developments in 1996 and 1997, see below.

³⁵The official data indicate that alumina imports fell much more rapidly than aluminum production in 1996, and alumina prices increased sharply while aluminum prices decreased sharply. This seems unlikely. Thus, it appears—although it cannot be proved at this stage—that the official data incorrectly reflect alumina unit price and volume data, with true prices likely lower and true volumes likely higher than reported by Goskomstat.

disbursing US\$30 million in the second half of the year under an Agricultural Recovery and Social Protection (ARSP) credit. Disbursements were also received under a US\$5 million World Bank Institution Building Technical Assistance (IBTA) project, and from Pakistan under a 1994 US\$20 million credit.

128. The deficit on the overall balance of payments widened somewhat, to US\$179 million, reflecting public sector debt service obligations of a similar magnitude. In May 1996, the Fund approved a first credit tranche stand-by arrangement for Tajikistan in support of the authorities' economic program. The purchase from the Fund enabled a modest increase in gross reserves, to the equivalent of one week of imports. Rescheduling agreements were signed with Tajikistan's two major creditors (Russia and Uzbekistan), which largely financed the deficit and allowed for some arrears reduction. The central bank also established a special debt service account as part of a comprehensive strategy to regularize relations with external creditors (for details, see below).

129. In the first three quarters of 1997, preliminary data suggest that balance of payments developments were broadly in line with those in the same period of 1996 (Table 39). The trade deficit narrowed further but, with higher interest payments due and lower transfer receipts, the current account widened somewhat. The problems in the aluminum sector remain unaddressed, resulting in a further decline. Constrained by a continuous lack of financing, other imports decreased sharply. The terms of trade is estimated to have remained unchanged, as both export and import prices were relatively stable. The increased political violence in late 1996 and early 1997 forced most international organizations to curtail their activities; transfers are thus estimated to have been less than half their level for the same period in 1996. Net external income was highly negative in the third quarter, as a result of interest payments falling due to two major creditors.

130. The capital account registered a surplus, as the World Bank disbursed the remaining US\$20 million under the ARSP credit, and a short term loan was contracted to help finance cotton production. Actual debt service remained modest, except for an interest payment to Russia which was paid from the debt service account. Gross reserves increased in the first quarter, reflecting the World Bank disbursement, but fell again in the third quarter.

B. Direction of Trade³⁶

131. Following independence, Tajikistan's trade shifted swiftly toward non-CIS markets; in recent years the direction of trade has remained fairly constant. About a third of all exports are destined for CIS markets, from where Tajikistan in turn meets about half of its import

³⁶Analysis of direction of trade data for Tajikistan must be considered indicative at best. The data suffers from several problems, including the fact that virtually all alumina and aluminum trade is reported as having been imported from and exported to the country where the commodity trade takes place, rather than the actual importing or exporting country.

needs (Tables 43 and 44). In 1996, the CIS countries' export and import shares were 43 and 55 percent, respectively. With this pattern of trade, Tajikistan has consistently run a trade deficit with CIS countries, while since 1994 it has had a trade surplus with non-CIS countries.

132. The bulk of aluminum and cotton production enters into world commodity markets through outlets in non-CIS European countries; minor amounts marketed within the CIS are mainly destined for Russia. Electricity is exported throughout the Central Asian CIS countries, with the largest market being Uzbekistan. Other exports—which include metal products, fruits, vegetables, hides, leather, silk cocoons, tobacco, and fertilizer—are mostly exported within the CIS. However, markets in non-CIS countries for products such as tobacco and leather have also been established. Imports from Russia include petroleum products, grain, and alumina, whereas Uzbekistan is virtually the sole supplier of natural gas and the largest supplier of electricity. Other imports, linked to available trade credits, have originated in India, Pakistan, Turkey, and the United States.

C. External Debt

133. Tajikistan had no external debt at the time it achieved independence in 1991. By 1994, Tajikistan had accumulated US\$760 million in external debt, the equivalent of 193 percent of export receipts (Table 45). By 1996, external debt had increased further to US\$864 million, while as a share of exports it had fallen to 157 percent.

134. Russia is Tajikistan's single largest creditor (with 40 percent of total noncommercial debt), followed by Uzbekistan (28 percent) and the European Union (11 percent). Other creditors include Kazakhstan, China, Pakistan, Turkey, Turkmenistan, the United States, and the World Bank. Virtually all the debt is government or government-guaranteed, and most of the debt is denominated in U.S. dollars. Debt management has been inadequate, but efforts are under way to strengthen the external debt management unit in the Ministry of Finance, supported by World Bank technical assistance.

135. The debt was accumulated in the years immediately after independence, as Tajikistan ran significant arrears on trade payments, particularly to Russia and Uzbekistan, and accumulated debit balances on correspondent accounts with BRO countries. As most of the debt was contracted on short maturities, debt service due increased rapidly, reaching 33 percent of export receipts by 1996 (Table 46). Tajikistan has serviced few of its obligations and, as a consequence, by 1994 most sources of financing had dried up.

136. In consultation with IMF staff, Tajikistan has annually held round-table discussions with its external creditors since 1995, with the goal of reaching bilateral rescheduling agreements that would restructure the debt on terms consistent with Tajikistan's capacity to pay. In 1996, a special debt service account was established by the NBT, into which the Government has deposited funds. The purpose of the account was to build up reserves to be used for debt service payments to creditors agreeing to reschedule arrears and current debt

service falling due through 1997. By early 1997, the account had accumulated \$13 million; funds started to be drawn down in the third quarter, with an interest payment to Russia on rescheduled debt.

137. In 1995, Tajikistan reached a rescheduling agreement, in principal, with Kazakhstan. In late 1996 they reached rescheduling agreements with Russia and Uzbekistan.³⁷ These agreements provide for a comprehensive restructuring of all debt (arrears, current debt service, and future debt service obligations) at concessional rates of interest. The rescheduled debt to Russia (\$288 million) is to be repaid over the period 1999-2008. The restructured debt to Uzbekistan (\$200 million) has no grace period and a much shorter maturity (1997-2003), but Tajikistan has requested a lengthening of the maturity profile.

D. Foreign Direct Investment

138. Foreign direct investments have remained modest, but increased from US\$9 million in 1993 to US\$20 million in 1996. As of November 1997, there were 106 joint ventures registered.³⁸ Foreign investors have come from a range of countries—including the Canada, Israel, Italy, Korea, and UK. Most investments have been concentrated in mining operations and textiles.

139. In 1996, the foreign direct investment law was amended. Revisions to the previous (1992) law were relatively minor, relating to a streamlining of registration procedures and some further granting of tax holidays for new investors. Under the revised law, enterprises with invested foreign capital of at least 30 percent enjoy tax holidays on a sliding scale of between 2 and 5 years, depending on the amount of capital invested. The foreign direct investment law is liberal; investments can take the form of green field investments or the acquisition of existing businesses, in whole or in part. Foreign investors enjoy the same land lease and purchase rights as Tajik citizens, and may also purchase natural resources; mineral extraction, however, requires a government license.

³⁷The agreement with Russia was signed on October 16, 1996, while the agreement with Uzbekistan was not signed until January 10, 1997.

³⁸Foreign investors are registered with the Ministry of Justice (until mid-1997, with the Ministry of Finance). Whereas the initial registration of foreign investors is fairly complete, data collection suffers from several shortcomings. While investors and their initial intended capital investment are registered, there is no subsequent information on whether the intended capital has actually been invested. Reinvestments of retained profits are also not registered. Several registered companies are believed to be inoperative, either because the companies went out of business or because the investments were not made in the first place.

E. Trade Policies

140. In early 1996, further progress was made toward establishing an open and liberal exchange and trade system. In February 1996, the last vestiges of the state order system were effectively dismantled when the State Grain Fund's expropriation of cotton and aluminum receipts was abolished, and the government abolished all state orders for cotton starting with the 1996 harvest. In March 1996, the export surrender requirement was replaced with a repatriation requirement and remaining export duties were eliminated. For some key commodities (including cotton, fertilizer, and certain types of metals, tobacco and leather) a prepayment requirement was introduced, but this requirement was removed in 1997.

141. Also in February 1996, the Government shifted the monitoring of export and import contracts from the Ministry of Economy to a newly created Tajik Commodity Exchange under the State Committee for Contracts and Trade.³⁹ Products including cotton, cement, wool, canned fruits and vegetables, leather, silk, tobacco, and scrap metals must be exported through the Exchange. In practice this means that, prior to shipment, exporters are required to submit contracts for the Exchange's review. If a contract price is considered to be substantially lower than the prevailing world market price, the Exchange can temporarily block the exports while attempting to find a buyer who is willing to pay a higher price. Besides standard products usually licensed for health or safety reasons or to protect the country's cultural heritage, imports of pesticides, natural gas and electricity are also subject to licensing, as are exports of precious and semi-precious metals, tractors, bulldozers and other construction equipment, electricity, and oil.

142. In October 1996, the import tariff structure was sharply increased, from a range of 2 to 5 percent to a range of 5 to 25 percent. The standard rate was established at 5 percent, with the highest rate applying to products such as alcohol, tobacco, textiles and automobiles. In addition, for a number of products, such as vodka, excise taxes on imported goods were set at rates higher than for comparable products produced domestically. In June 1997, import duties were further increased, with the maximum rate set at 50 percent. At the same time, export duties (e.g., on scrap metals and grain) were reintroduced; however, they were rescinded in October.

143. With the dismantling of the state order system, most of the bilateral trade agreements with other CIS-countries have lapsed. Discussions with Belarus, Kazakhstan, the Kyrgyz Republic, and Russia on joining the customs union between these countries remain at an early stage, as does the preparatory work for joining the WTO.

³⁹Government Resolution No. 104 (February 27, 1996); as amended by Government Resolution No. 111 (February 19, 1997).

F. Exchange Rate Developments

144. The Tajik ruble, introduced on May 10, 1995, had lost 83 percent of its nominal value against the U.S. dollar by the end of that year. Nonetheless, with inflation proceeding at roughly 50 percent per month, there was a substantial real appreciation of the exchange rate during this period (Figure 10 and Table 47). As financial policies were tightened in 1996, the nominal exchange rate stabilized. With the renewed fighting in late 1996, financial policies were again loosened and the currency again depreciated. As a result, while the Tajik ruble depreciated by only 14 percent in nominal terms against the U.S. dollar during 1996, it depreciated by 56 percent during the first three quarters of 1997.

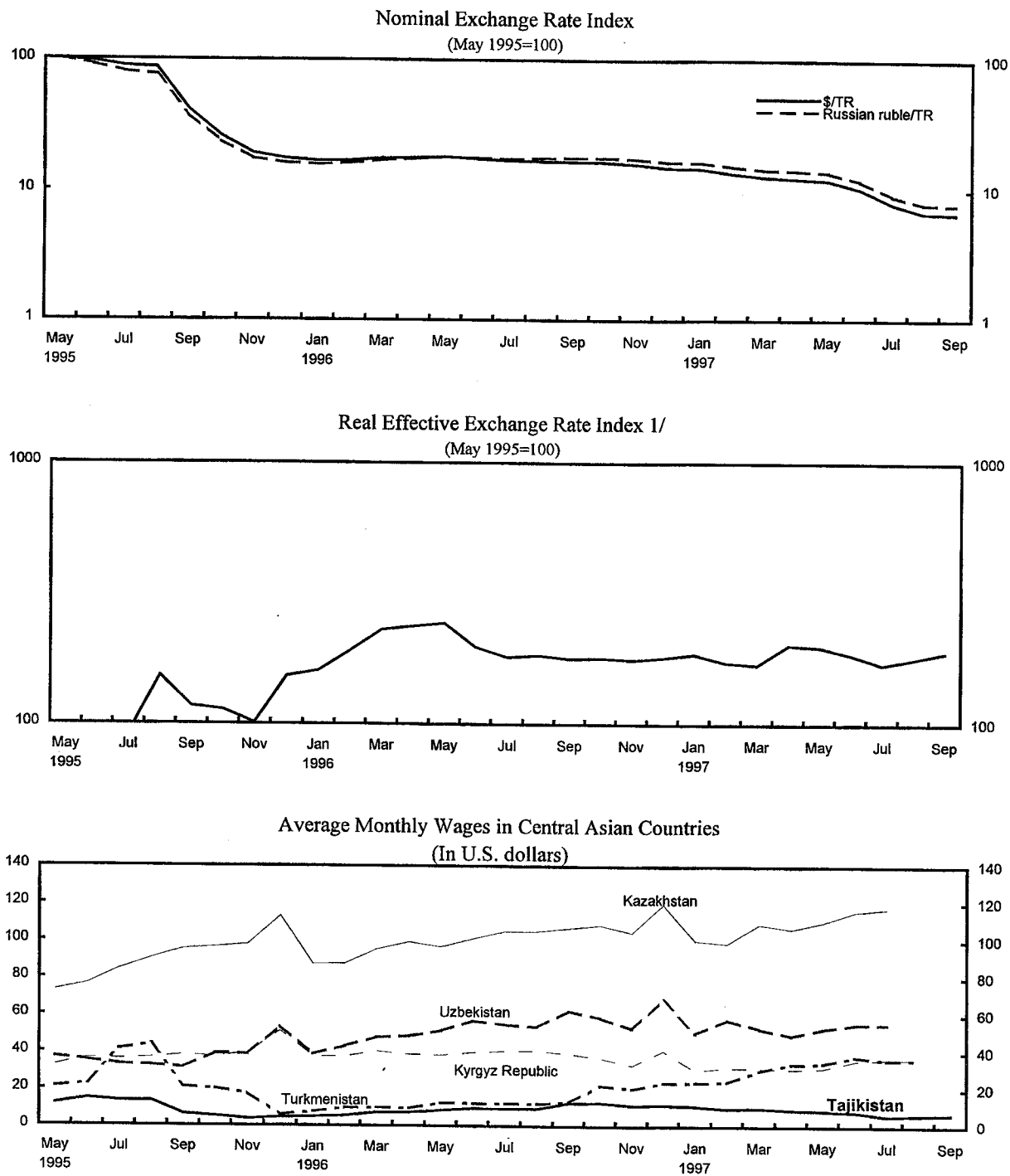
145. The tightening of financial policies in early 1996 was associated with some volatility in, and continuing appreciation of, the real exchange rate, but since mid-1996 the real exchange rate has moved narrowly with no trend.⁴⁰ Notwithstanding the real appreciation, there has been no increase in economy-wide dollar wages, which have lagged further behind those in Russia and neighboring countries.

146. Auctions at the Tajikistan Interbank Currency Exchange (TICEX) were held frequently, usually on a weekly basis, from February 1996 into the fourth quarter. But, as the NBT and the Government increased their reliance on granting foreign exchange credits directly to enterprises, auctions became irregular, and disappeared completely in late 1996. In July 1997, weekly foreign exchange auctions resumed, as the NBT stopped extending foreign exchange credits. The curb market was decriminalized at the same time. Further progress in broadening the foreign exchange market was achieved in August 1997, when large enterprises were allowed to participate directly in the non-cash auction.⁴¹ At the same time, the cash and non-cash auctions were unified.

⁴⁰The lack of reliable direction of trade statistics precludes the construction of a standard real effective exchange rate index. As a proxy for such an index, the analysis in this section relies on the unweighted geometric average of the bilateral U.S. and Russian real exchange rates. The index attempts to capture trends in competitiveness both with CIS and other countries.

⁴¹Since December 1995, enterprises had been allowed to participate directly in the cash auction. In the non-cash auction, they could only participate indirectly, through bids placed by their commercial banks.

Figure 10. Tajikistan: Nominal and Real Exchange Rates Since Currency Reform



Sources: Data provided by the Tajik authorities; and IMF staff estimates.

1/ Proxied by the geometric average of the bilateral Russian and U.S. real exchange rates. An increase denotes appreciation.

147. Foreign exchange transactions are also allowed between banks and enterprises.⁴² However, only seven or eight banks are active in this market. With the exception of Vneshekonombank, most banks have only a few transactions each week. Authorized banks obtain foreign exchange, inter alia, by purchasing repatriated foreign exchange earnings from exporters. Authorized bank holdings of foreign exchange may be sold to customers to pay for imports of goods and services.

148. A retail foreign exchange market operates on a cash basis through foreign exchange bureaux, most of which are owned by authorized banks. Individuals may make purchases and sales in this market without limit. In addition, there exists an active parallel market; the parallel and retail markets generally transact at the same exchange rate. The rate in the retail market was close to the official exchange rate for the first nine months of 1996, with the difference between rates rarely greater than 2 percent. However, with the disappearance of the foreign exchange auctions, the rates quickly diverged. Although foreign exchange auctions were restarted in July 1997, by end-September 1997, the difference between the official and parallel rates was almost 14 percent, mainly reflecting customers' preferences for dealing in the curb market, as the State Tax Committee, the Ministry of Interior and Prosecutor General's Office were active in collecting financial information on participants in the auctions.

VI. STRUCTURAL REFORM

149. Tajikistan's structural policies have aimed at reducing the role of the state in economic activity, while at the same time increasing the ability of the Government to implement sound economic policies in a market environment. With those objectives in mind, structural reform in Tajikistan has to date concentrated on the following areas: price liberalization, exchange and trade liberalization, enterprise privatization, land reform, the initiation of financial sector reform, and institutional and legal reform. However, progress in these areas has been uneven, with reforms quite advanced in some areas (price, exchange and trade liberalization), limited progress in others (small scale privatization and land reform), and reforms only just begun in still others (in particular, the financial sector).

A. Price Liberalization

150. The process of price liberalization had been largely completed by end 1995. Most state orders at administratively set prices had been abolished, and all but a few key price

⁴²Foreign exchange regulations are governed by Law on Foreign Currency Control of May 10, 1995. The Central Bank Law of December 1996 confers on the NBT the responsibility for foreign exchange controls. The NBT licenses commercial banks as foreign exchange traders; prudential limits are imposed on these institutions' open foreign exchange positions.

controls had been eliminated. Further steps toward completing the process of price liberalization were taken in 1996. With the abolition of state orders for cotton starting with the 1996 harvest, the last remnants of the state order system were removed and cotton prices effectively freed. In March 1996, the prices of grain and bread were also freed, thereby removing the last remaining price controls on agricultural products. The freeing of grain and bread prices led to temporary civil disturbances, but these were short-lived. One result of bread price liberalization was the rapid replacement by the private sector of the Ministry of Bread's domination of the bread market. Finally, the authorities also introduced a system of user charges for irrigation and industrial water usage in 1996.

151. The only prices still subject to control at end-1996 were water usage charges, rents, communal services and transportation. However, electricity charges were lowered by government decree in July 1996, to a level reportedly below long run marginal cost. Reflecting the difficulty in confronting issues such as tariffs for communal services in an environment of civil unrest, the only concrete step taken in 1997 toward further price liberalization was an increase in user charges for irrigation and industrial water.

B. Exchange and Trade Liberalization

152. Exchange and trade liberalization was also virtually completed in 1996. In February, regular foreign exchange auctions were introduced. Access to the cash foreign exchange auctions was almost completely decontrolled. At times, informal restrictions were imposed on access to the non-cash foreign exchange auctions, via limitations on the imports for which foreign exchange could be purchased. The cash auctions were, however, much more significant in quantitative terms, with volumes often four or more times greater than those in the non-cash auctions. Foreign exchange surrender requirements were eliminated in March.

153. While surrender requirements were formally replaced in early 1996 with repatriation requirements, these have generally not been enforced. At the same time, the State Grain Fund was abolished, and the requirements for mandatory surrender of cotton and aluminum export earnings to this fund dismantled. With these steps, Tajikistan had removed virtually all exchange controls. With the decreed liberalization of cotton marketing, the removal of export and import licensing requirements (import license requirements remained in place for a few sensitive commodities; see Chapter VI), and the elimination of export duties, as of early 1996 the trade system was virtually free of controls. Until the latter part of 1996, import duties were modest, with duties up to 5 percent applied to only a few products. In October 1996, import duties ranging from zero to 25 percent were introduced, primarily as a means of generating revenue for the budget.

154. Responding to pressures related to the renewed violence in the civil war, however, the authorities temporarily abandoned their efforts to reduce the role of the state in economic activity, as described in Section III above. There were also reversals in trade liberalization. Strict controls were imposed on cotton marketing, with the result that the state cotton marketing company, GKP, retained a degree of control over the export of all cotton. The first

half of 1997 also brought the imposition of protectionist import duties, as well as excise taxes on imported goods which greatly exceeded those on comparable domestic goods. Finally, export taxes were reintroduced on a small number of products. In the third quarter of 1997, these new controls on cotton marketing were abolished and replaced with regulations designed to prevent under invoicing, while the export duties were again removed. The Government also unified import duties at 5 percent in the 1998 budget and harmonized excise tax rates on comparable imported and domestic goods. In summary, following the signing of the peace agreement, Tajikistan moved quickly to reestablish the liberal exchange and trade regime that had been in place in early 1996.

C. Enterprise Privatization

155. Tajikistan was one of the first republics of the former Soviet Union to initiate the process of privatization, with the establishment of the State Property Committee in October 1991. Most of the housing stock was privatized by the end of 1992, and there was early progress on privatization of small scale retail establishments. Unfortunately, the civil war greatly complicated the process of mobilizing support for privatization, and repeated changes of political leadership frequently interrupted the process. Combined with a legal framework which gave labor collectives the responsibility to initiate privatization, and line ministries (for republican property) and local governments (for municipal property) the right to approve the privatization of specific enterprises, the result was that little privatization had been accomplished by end-1995. Less than 8 percent of the estimated 7,000 state owned enterprises had been privatized prior to 1996.

156. From late 1995 through 1997, the authorities undertook a number of measures aimed at accelerating enterprise privatization. In November 1995, Parliament approved a new law which transferred the authority to select enterprises to be privatized to the State Property Committee. This law also for the first time stated the Government's objective of privatizing all state property with the exception of a short negative list. In May 1997, Parliament again revised the privatization law, to improve the legal framework and to specify that equality and competitiveness among buyers will be one of the guiding principles of privatization. As a result of these reforms, and despite the political problems, privatization accelerated in 1996 and 1997; by end-September 1997 some 30 percent of state owned enterprises had been privatized. Almost all privatization to date has been small scale privatization. In June 1997, in an effort to accelerate the pace of privatization of medium and large scale firms, the Government approved new procedures designed to speed up the corporatization process.

D. Land Reform

157. As in the case of privatization, progress on land reform was initially complicated by the unsettled political circumstances. In 1994 the first concrete steps were taken, via the designation of a modest amount of farmland which was not being used by state and collective farms for private farming. In 1995, certain non-irrigated land was allocated to private

farmers, provided the farmers agreed to grow grain (which was at that time in very short supply in Tajikistan).

158. In mid-1996, the authorities designed, with the help of the World Bank, a comprehensive land reform program, aimed at eventually privatizing state farms and breaking up large collective farms. This land reform program calls for farmers to be granted lifetime, inheritable and marketable leases to farm land. A revised land code, consistent with this program, was approved by parliament in December 1996. As a result of these reform efforts, the share of agricultural land in private hands increased from less than 6 percent in 1995 to 18 percent in 1996. At the same time, the share of agricultural land held by state farms (sovkhoses) declined from 44 percent in 1995 to 30 percent in 1996. Progress on land reform has continued in 1997 and by end-September 1997, an estimated 25 percent of agricultural land was privately farmed.

E. Financial Sector Reform

159. The banking sector in Tajikistan has suffered from severe liquidity and solvency problems and, to minimize the potential threat to sound economic policies, the authorities have begun to address financial sector difficulties. However, only limited progress has been made to date. Commercial bank deposit and lending rates have been free since May 1995. A Central Bank Law was approved by Parliament in December 1996, as described in Section IV above. A Banking Law is currently being drafted. Reserve requirements were unified—in stages, as discussed in Section IV—for all banks and all types of deposits. Minimum capital requirements have been set for banks—an equivalent of US\$2 million for banks with foreign equity participation greater than 50 percent, and US\$300,000 for domestic banks. Finally, the NBT has made some progress on improving its chart of accounts, although more work remains to be done.

F. Institutional and Legal Reform

160. Institutional reform efforts continue to be a major component of Tajikistan's reform program, with the aim of strengthening the government's capacity for policy implementation. Particular attention has been paid to strengthening the capacity to implement sound fiscal policy, with emphasis on tax administration, tax policy and expenditure management.

161. On tax administration, reforms have focused on improving collections from large taxpayers. Based on advice from the IMF, the authorities introduced a Large Taxpayer Monitoring Unit in early 1996; Tax Police were introduced at the same time. In late 1997, the Large Taxpayer Monitoring Unit was converted to a Large Taxpayer Unit, with full responsibility and authority for monitoring and enforcing tax collections from the 200 largest taxpayers. However, tax policy reform is at a very early stage, as the authorities are only now starting the process of drafting a comprehensive tax code. Important preliminary tax policy reforms were undertaken in early 1996, when extra-budgetary expropriations from the cotton

and aluminum sectors were replaced with presumptive taxes, which were later converted into sales taxes.

162. Management of government expenditures has been improved, although it remains weak. First, extra-budgetary funds—most importantly the grain fund—were eliminated with the 1996 budget. Second, the Pension Fund, Employment Fund and Social Insurance Fund were combined into one Social Protection Fund and made part of the republican budget, again with the 1996 budget. Finally, the process of introducing a treasury system began in 1996, with IMF technical assistance. By the third quarter of 1997, significant progress had been made on implementing the treasury, with 230 budgetary entities having established accounts with the treasury. The Ministry of Defense will have its account transferred to the treasury on January 1, 1998, leaving only the Ministry of Security, and the Constitutional and Economic Courts, outside the treasury system.

163. Legal reforms have proceeded slowly. While new laws on privatization, land reform and the central bank were passed in 1996 and 1997, much work remains to be done. A new banking law is under preparation. To complete the process of laying a sound legal foundation for a market economy, a new tax code is urgently needed, as is a commercial code and reforms to the bankruptcy law.

Tajikistan: Survey of Reporting of Main Statistical Indicators

National Accounts Statistics

The compilation of national accounts remains at a preliminary stage due to the understaffing and underfunding of the State Statistical Service (SSA). Annual GDP estimates are derived from the production side by supplementing net material product data with rough estimates for the nonmaterial sectors. There are no reliable data on the expenditure breakdown of GDP. The quality of the data is undermined by coverage and valuation problems. The coverage is unbalanced because of the under-representation of the nonstate sector. The value of production is also distorted because enterprises often report accounting or wholesale prices instead of actual transaction prices, which tend to be higher. Nominal GDP calculations for the first nine months of 1997 appear to be significantly understated due to such valuation problems. Furthermore, production costs and depreciation are seriously underestimated, as enterprises use historic rather than replacement cost despite high inflation. Finally, changes in inventory valuation are not appropriately accounted for.

Quarterly GDP at constant prices is compiled from estimated indices of sectoral output based on a limited sample of enterprises. This method provides reliable quarterly estimates if there is a strong correlation between output and value added. In Tajikistan, this does not appear to be the case, however. The quarterly GDP figures display a marked seasonal pattern, with output increasing strongly at the time of harvest. This seasonal pattern has been exacerbated since the liberalization of the price of both products in 1996. Prior to 1996 the farm prices of cotton and grain were kept artificially low, with the result that there was little value added recorded at the time of harvest.

Price Statistics

Since January 1994, Tajikistan's statistical services compiles two main price indices: the consumer price index (CPI), which replaces the retail price index formerly compiled, and the wholesale price index (WPI), which closely corresponds to a producer price index. Both are modified Laspeyres indices and as such avoid problems associated with Sauerbeck indices traditionally compiled in Tajikistan. However, the WPI suffers from a number of shortcomings which the CPI avoids: while the CPI captures actual transactions prices at retail outlets, the WPI prices are based on a unit cost plus markup formula, which reflects past factor costs rather than current market prices. Although transactions are frequently absent, enterprises continue to provide price estimates. Moreover, export items are excluded and there is little attempt to account for private sector activities.

Government Finance Statistics

The classification of fiscal accounts essentially follows the former U.S.S.R. accounting system. The system does not clearly identify financing items; revenue and financing items are mixed together above-the-line. For instance, credits from the NBT and privatization receipts are recorded as revenue items. Also, the needed distinction between interest and principal payments is lacking, with the result that amortization payments are recorded above-the-line. Some progress has been made in the economic classification of expenditures, and the authorities expect to be able to produce fiscal accounts according to GFS standards starting with the 1999 budget. The weaknesses inherent in the accounting system are made worse by the poor quality of data on expenditure arrears.

Statistics on state budget operations are available about 2 weeks after the end of the reference period. Data on the extrabudgetary Social Protection Fund and Road Fund are also available, but detailed information is difficult to obtain, particularly on transfers between the state budget and the funds, with the result that it is difficult to compile data on the general government.

Monetary and Banking Statistics

A money and banking statistics mission visited the National Bank of Tajikistan (NBT) during September 13-22, 1996. The mission found that the authorities have made significant progress in implementing the recommendations of the money and banking statistics mission of July 1995. The mission made recommendations for classifications of some of the newly introduced accounts so as to ensure appropriate sectorization of these accounts in the balance sheet of the banking system. The mission also discussed the possible introduction of a Tajikistan page in *International Financial Statistics (IFS)* and in this connection, recommended that the NBT commence regular reporting of official exchange rates, foreign exchange reserves, gold holdings, accounts of the NBT, the consolidated accounts of banks, and interest rates to STA. A consultant from Arthur Anderson is currently working with the NBT to develop a new chart of accounts.

Complete monthly balance sheets of the NBT are typically available with a 2 week lag. The NBT balance sheets available on a daily basis are incomplete and sometimes inaccurate. Further work will be needed to improve the reporting from NBT branches to the headquarters, to review the current chart of bank accounts, and to develop a Tajikistan page in *IFS*. A money and banking statistics mission is tentatively scheduled for early 1998.

Balance of Payments Statistics

In April 1997, the NBT established a division responsible for the preparation of balance of payments data. In mid-1997, they produced a draft 1996 balance of payments, the first Tajik

balance of payments produced by the authorities. A balance of payments statistics mission visited the NBT during October 23-November 4, 1997. The mission found that most of the recommendations of the 1995 balance of payments statistics mission had been implemented. However, the coverage of state enterprises and other private sector enterprises in the balance of payments continues to be inadequate, primarily as a result of the poor response from surveys of these enterprises, the incomplete coverage of transactions settled through the commercial banks, and the underutilization of available data sources. The cooperation among the various agencies is good, but could be improved. In order to promote interagency cooperation, a working group has been established. The mission recommended adjustments to the customs trade data, improvements in the foreign exchange record, and steps to ensure a significant improvement in the response rate to surveys covering joint venture enterprises and other enterprises in the private sector. While much work has been done, a great deal of work remains to make the official balance of payments data meaningful and usable.

Tajikistan: Tax Summary as of July 1, 1997

Tax	Nature of the Tax	Tax Deductions and Exemptions	Rates														
1. Taxes on income and profits.																	
1.1 Income Taxes																	
(a) Tax on the income of individuals	<p>Progressive tax rate schedules are applied to each source of income without a global assessment of overall income. Enterprises withhold the tax from their employees' pay every month. Taxation of wages and salaries applies to both cash and in-kind income.</p> <p>This is a revenue-sharing tax. The entire revenue of this tax is paid to local government budgets.</p> <p>Income received abroad is subject to taxes on general principles (if not otherwise stipulated by international agreements). The income of citizens received abroad in foreign currency is recalculated in rubles according to the commercial exchange rate of the National Bank of the Republic of Tajikistan on the day that the income is received. The amounts of income tax paid abroad in accordance with the legislation of foreign governments is taken into consideration when income tax is paid in the Republic of Tajikistan.</p>	<p>Exemptions</p> <p>(a) government pensions; (b) social insurance and social security benefits; (c) monetary and in-kind charitable assistance; (d) unemployment benefits not exceeding one minimum wage (1,000 rubles per month); (e) stipends paid during training; (f) severance; (g) alimony; (h) cash and in-kind compensation; (i) rent, utility and food allowances; (j) lottery winnings; (k) interest on bank deposits and Treasury bills issued by Russia, Tajikistan and other CIS countries; (l) insurance benefits; (m) workers' compensation; (n) inheritance and gifts; (o) gifts and in-kind bonuses paid by employers up to 14 minimum wages; (p) cash assistance to victims of natural disasters; (q) income from subsistence farming; (r) noncommercial sales of personal property; (s) student stipends; (t) allowances paid to servicemen; (u) wages and salaries of civil servants abroad; (v) incomes of single parents of severely disabled children; (w) incomes of students sent to work in rural areas.</p>	<p>Schedule 1: employees</p> <table border="1"> <thead> <tr> <th>Monthly income</th> <th>Tax</th> </tr> </thead> <tbody> <tr> <td>1,000 TR</td> <td>0</td> </tr> <tr> <td>1,001 - 14,000</td> <td>10 % over 1,000 TR</td> </tr> <tr> <td>14,001 - 21,000</td> <td>1,300 + 15 %</td> </tr> <tr> <td>21,001 - 28,000</td> <td>2,350 + 20 %</td> </tr> <tr> <td>28,001 - 43,000</td> <td>3,750 + 25 %</td> </tr> <tr> <td>43,001 +</td> <td>7,500 + 47 %</td> </tr> </tbody> </table>	Monthly income	Tax	1,000 TR	0	1,001 - 14,000	10 % over 1,000 TR	14,001 - 21,000	1,300 + 15 %	21,001 - 28,000	2,350 + 20 %	28,001 - 43,000	3,750 + 25 %	43,001 +	7,500 + 47 %
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43,001 +	7,500 + 47 %																
<p>Amendments to the Law passed on: September 24, 1992; November 23, 1992; May 27, 1993; October 19, 1993 April 7, 1994 December 12, 1996</p>		<p>Schedule 2: self-employed</p> <table border="1"> <thead> <tr> <th>Monthly income</th> <th>Tax</th> </tr> </thead> <tbody> <tr> <td>Up to 168,000 TR</td> <td>10 %</td> </tr> <tr> <td>168,001 - 252,000</td> <td>16,800 + 15 %</td> </tr> <tr> <td>252,001 - 336,000</td> <td>29,400 + 20 %</td> </tr> <tr> <td>336,001 - 516,000</td> <td>46,200 + 25 %</td> </tr> <tr> <td>516,001 +</td> <td>91,200 + 40 %</td> </tr> </tbody> </table>	Monthly income	Tax	Up to 168,000 TR	10 %	168,001 - 252,000	16,800 + 15 %	252,001 - 336,000	29,400 + 20 %	336,001 - 516,000	46,200 + 25 %	516,001 +	91,200 + 40 %			
Monthly income	Tax																
Up to 168,000 TR	10 %																
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252,001 - 336,000	29,400 + 20 %																
336,001 - 516,000	46,200 + 25 %																
516,001 +	91,200 + 40 %																
		<p>Deductions</p> <p>(a) amounts spent buying the property or shares of public enterprises; (b) transfers of earned income to charities.</p>															
		<p>Tax reductions</p> <p>(a) parents and widows of military personnel who suffered service-related death (50 %); (b) servicemen (100 %); (c) persons with 3 or more dependents (30 %); (d) single mothers, widows and widowers with 3 or more children under 18 (30 %).</p>															

Tax	Nature of the Tax	Tax Deductions and Exemptions	Rates
<p>2. Social Security Contributions</p>	<p>Pension and Social Insurance Funds, Law of April 25, 1993, No. 796</p>	<p>Not available.</p>	<p>Effective July 1, 1996, a standard rate of 38 percent on enterprise wage bills is paid to the Social Protection Fund.</p>
<p>Employment Fund, June 27, 1991, No. 366</p>	<p>As amended with the introduction of the Social Protection Fund, July 1, 1996, and elimination of Pension, Social Insurance and Employment Funds.</p>		
<p>3. Tax on Property</p>	<p>3.1 Taxes on immovable property</p>	<p><u>Exemptions</u> (a) land uses supported by the government budget; (b) nurseries and seed-growing farms; (c) religious institutions; (d) land being developed for agriculture (3 years) and individuals receiving cultivated land (1 year); (e) private farms for 3 years on newly developed land and 2 years on cultivated land; (f) disabled persons; (g) veterans; (h) pensioners; (i) persons doing military service.</p>	<ul style="list-style-type: none"> • Collective, state and private farms — statutory rates set by area and type of farmland, including irrigated land • Cities and urban settlements — business, 30,000 rubles per hectare; individuals, 2 rubles per square meter • Cities under republic jurisdiction — business, 20,000 rubles per hectare; individuals, 1.5 rubles per square meter • Cities under district jurisdiction — business, 15,000 rubles per hectare; individuals, 1 ruble per square meter • Government land — average rates for agricultural land as per administrative district.
<p>(a) Land Tax</p>	<p>A tax on land owned or in use.</p>	<p><u>Government land not taxable</u> (a) designated land on state borders; (b) land in common use in population centers and by public utilities; (c) land occupied for building industrial and non-industrial facilities.</p>	
<p>Law on the Land Tax of March 6, 1992, as revised and amended, including Republic of Tajikistan Law 448, May 15, 1997</p>			

Tax	Nature of the Tax	Tax Deductions and Exemptions	Rates
(b) Tax on the property of physical persons	Annual taxes on the value of buildings, automobiles, and inventories.	The entire revenue of this tax is paid to local government budgets.	
Law on taxing the property of physical persons, December 27, 1993, and amendments.		<p><u>Exempt taxpayers</u></p> <p>(a) heroes of the former Soviet Union, full awardees of the Order of Glory, war veterans and disabled persons;</p> <p>(b) participants in the clean-up of the accident at the Chernobyl disaster;</p> <p>(c) families who lost their bread winner during the civil war 1992-93.</p>	
4. Domestic taxes on goods and services			
4.1 Value-added tax	A tax on the value of goods and services of enterprises, associations, and individuals engaged in entrepreneurial and commercial activity.	<p><u>Exemptions</u></p> <p>(a) exports to non-CIS countries; (b) rents; (c) postage stamps; (d) casinos and horse racing; (e) patents and copyrights; (f) research; (g) medical services; (h) goods for the disabled; (i) textbooks;</p> <p>(j) children's goods; (k) goods produced by enterprises for which at least 50 percent of employees are disabled; (l) food commodities (except goods subject to excise) and raw materials for their production; (m) purchases made on account of government credits;</p> <p>(n) geological works; (o) diplomatic purchases; (p) public transportation, except taxis; (q) insurance organizations;</p> <p>(r) financial services; (s) notaries and attorneys; (t) education;</p> <p>(u) children's care; (v) funeral services; (w) public catering;</p> <p>(x) radio and television; (y) newspapers and magazines; (z) research equipment and imports by joint ventures; (aa) imports for the aluminum plant imported from non-CIS countries; (bb) goods imported by humanitarian organizations; (cc) agricultural output and raw vegetable materials.</p>	<p>Standard rate - 20 percent.</p> <p>A special 3 percentage point surcharge was eliminated January 1, 1997.</p>
Law on the Value-Added Tax January 6, 1992	VAT inputs are credited when used in production.		
Amendments passed on June 25, 1993, November 4, 1995, and December 12, 1996	VAT is levied on an origin basis for CIS trade, and on destination basis for non-CIS trade.		
4.2 Excises			
Law on Excise Taxes, January 6, 1992	For domestic goods, a tax on the tax-inclusive price. Tax rates are ad valorem.		<p><u>Domestic goods</u></p> <p>Alcohol — 90 percent</p> <p>Vodka — 80 percent</p> <p>Liquor — 80 percent</p> <p>Wines — 40 percent</p> <p>Beer — 30 percent</p> <p>Jewelry — 20 percent</p> <p>Fur garments — 10 percent</p> <p>Tobacco — 10 to 30 percent</p> <p>Chinaaware — 30 percent</p> <p>Petrol — 10 percent</p> <p>Gas (inc. condensate) — 20 percent</p>
Amendments passed on April 29, 1993			
Resolution 115, February 25, 1997 and Resolution 109, February 19, 1997			

Tax	Nature of the Tax	Tax Deductions and Exemptions	Rates
	<p>For imports, a tax on the customs value. Tax rates are ad valorem. Applies to imported goods beyond the CIS borders.</p>		<p><u>Imports</u> Alcohol — 90 percent Vodka — 200 percent Liquor — 90 percent Wines — 100 percent Beer — 25 percent Jewelry — 40 percent Fur garments — 35 percent Chinaware — 20 percent Petrol — 10 percent Tobacco — 100 percent Carpets — 30 percent Cars — 40 percent</p>
<p>5. Taxes on international trade and international transactions</p>		<p>Many items, including machinery, chemicals and ores have zero customs duty rates.</p>	<p>Food, ex livestock — 10 percent Alcohol — 50 percent Tobacco — 50 percent Fertilizers — 5 percent Mineral fuels — 10 percent Rubber products — 10 percent Paper products — 10 percent Cotton — 10 percent Carpets — 20 percent Electric machinery — 10 percent Cars — 10 percent</p>
<p>5.1 Customs duties (on imported goods)</p>	<p>Customs import duties are paid in local currency. Custom duty rates are applied to the customs value in US dollars.</p>		
<p>Resolution of the Government of the Republic of Tajikistan, June 27, 1995</p>			
<p>Resolution of the Government 41, January 12, 1996</p>			
<p>Resolution 246, May 29, 1997</p>			

Tax	Nature of the Tax	Tax Deductions and Exemptions	Rates
<p>5.2 Customs duties on exported goods by Resolution of the Government of the Republic of Tajikistan of January 9, 1995, No. 18, and of July 2, 1993, No. 319.¹</p>	<p>Introduced July 2, 1993 on goods exported to states of the CIS. Customs export duty is subject to payment prior to or at the time the goods are presented for customs inspection.</p>		<p>Livestock — 100 percent Cereals — 100 percent Flour — 100 percent Cast iron and scrap ferrous metals — 100 percent Scrap non-ferrous metals — 50 percent</p>
<p>Amendments passed on:</p>			
<p>Presidential Resolution No. 319, July 2, 1993</p>			
<p>Presidential Resolution No. 18, January 9, 1995</p>			
<p>Resolution of the Government June 27, 1995</p>			
<p>Resolution on Custom Duties No 617, October 10, 1995</p>			
<p>Resolution of the Government 41, January 12, 1996</p>			
<p>Resolution 277, June 12, 1997</p>			

Tax	Nature of the Tax	Tax Deductions and Exemptions	Rates
6. Other taxes			
(a) State duties	Duties are levied by the offices of government administration. People's courts, notarial offices, registrars of vital statistics, city and local authorities, agencies of the Ministry of Internal Affairs, etc.		According to rates set by the Law "On State Duties".
(b) Local taxes and charges	Local taxes and charges intended for social development and other purposes.		Rates established by local authorities.
(c) Licenses	Licenses levied by local offices of government administration.		Rates established by local authorities.
(d) Contributions to the road fund	Law of the Republic of Tajikistan "On the Road Fund" of December 27, 1993, No. 895 as revised and amended	<u>Exempt taxpayers</u>	
- tax on road users		Budget organizations; enterprises maintaining, repairing and building public roads, public passenger transport (except taxis); societies for the disabled; bakeries and flour mills.	2 percent of enterprises' production; 2 percent of receipts of commodity exchanges; 2 percent of the income of insurance companies and banks; and 0.3 percent of turnover of procurement, trade and supply organizations.
- tax on the acquisition of motor vehicles		Budget organizations; enterprises maintaining, repairing and building public roads.	10 percent of vehicle price.
- contributions from profits from motor vehicle operations		Budget organizations; enterprises maintaining, repairing and building public roads.	2 percent of income.
(e) Tax on motor vehicle owners		<u>Exempt taxpayers</u>	
Law of the Republic of Tajikistan of January 9, 1992, No. 494, as revised and amended		(a) enterprises providing public transport; (b) entities supported by the budget; (c) veterans; (d) disabled persons owning motorized wheelchairs or manually-controlled cars.	Trucks — 3 percent of horsepower Cars — 2 percent of horsepower Motorbikes — 1.25 percent of horsepower

Tax	Nature of the Tax	Tax Deductions and Exemptions	Rates
(f) Sales taxes	Ad valorem taxes on US dollars value of sales. Applicable to any legal entity or individual. Goods subject to sales taxes are exempt from VAT.		Cotton fiber — 25 percent Aluminum — 5 percent Processed tobacco, dried cocoons, cotton yarn, silk yarn, scrap metals, raw hides, unwashed wool and cable products — 20 percent

¹All customs export duties were eliminated on October 1, 1997.

Table 1. Tajikistan: Nominal and Real GDP, 1990-97

	Nominal GDP	GDP Index	Percentage change of real GDP
	(in billions of Tajik rubles)	(1992=100)	(over the previous year)
1990		151.5	
1991		140.8	-7.1
1992	0.7 1/	100	-29.0
1993	7.0 1/	89.0	-11.0
1994	20.2 1/	72.2	-18.9
1995	64.8	63.2	-12.5
1996	308.5	60.4	-4.4
			(over same quarter of the previous year)
1993 1/ Q1	0.4	81.1	-27.8
Q2	0.8	83.1	-25.2
Q3	1.8	88.9	6.0
Q4	4.0	102.9	11.0
1994 1/ Q1	4.2	64.9	-20.0
Q2	3.3	74.9	-9.9
Q3	2.9	68.3	-23.2
Q4	9.8	71.3	-30.7
1995 Q1	6.1	53.2	-18.0
Q2	8.1	57.9	-22.7
Q3	11.7	66.7	-2.3
Q4	39.0	64.9	-9.0
1996 Q1	55.1	34.4	-35.3
Q2	80.0	51.4	-11.2
Q3	88.0	89.8	34.7
Q4	85.4	68.5	5.6
1997 Q1	66.8	34.4	-0.1
Q2	102.2	51.4	0.0

Sources: State Statistical Agency; and IMF staff calculations.

1/ Converted to Tajik rubles using a conversion factor of 90.

Table 2: Tajikistan: Nominal GDP by Sector of Origin, 1993-97
(In millions of Russian rubles)

Sector	1993		1994		1995 1/		1996 1/		1997 1/ 3/	
	Net Product 2/	Share	Net Product 2/	Share	Net Product 2/	Share	Net Product 2/	Share	Net Product 2/	Share
Industry	231,724	32.8	393,837	22.1	22,872	35.3	63,253	20.5	19.5	19.5
Agriculture	148,340	21.0	339,664	19.0	9,934	15.3	85,477	27.7	27.6	27.6
Construction	63,529	9.0	185,633	10.4	2,072	3.2	6,266	2	1.4	1.4
Trade	23,437	3.3	232,511	13.0	8,409	13	31,541	10.2	13.4	13.4
Transport	9,174	1.3	42,609	2.4	1,594	2.5	5,158	1.7	1.5	1.5
Supplies	11,101	1.5	8,286	0.5	576	0.9	2,621	0.8	0.4	0.4
Procurement	6,486	0.9	2,458	0.1	644	0.9	3,873	1.3	0.3	0.3
Other material sectors	6,057	0.8	13,098	0.7	1,240	1.9	2,859	0.9	0.4	0.4
Nonmaterial services	137,142	19.4	203,699	11.4	11,298	17.4	70,122	22.8	20.9	20.9
Indirect Taxes	70,071	10.0	364,695	20.4	6,204	9.6	37,306	12.1	14.6	14.6
GDP	707,060	100	1,786,490	100	64,843	100	308,474	100	100	100

Sources: State Statistical Agency.

1/ Data for 1995 onwards are measured in Tajik rubles.

2/ Calculated as value added plus an estimate for depreciation.

3/ Shares based upon preliminary January to September 1997 GDP figures.

Table 3. Tajikistan: Production and Yield of Major Agricultural Crops, 1985-96

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
(In thousands of tons)												
Production												
Raw cotton	935	992	872	964	921	842	826	515	524	531	412	318
Grain	326	246	359	381	306	318	304	276	273	229	249	548
Sweet corn	101	73	85	88	109	85	60	32	33	18	19	90
Feed corn	1,338	1,385	1,293	1,206	1,302	1,222	1,150	727	599	498	436	191
Rice	37	27	28	37	37	29	26	20	23	23	24	19
Potatoes	185	199	192	183	217	207	181	167	147	135	112	108
Vegetables	473	505	517	556	567	528	628	543	485	495	491	397
Fruits	245	245	210	215	197	220	177	183	149	148	149	126
Grapes	171	199	132	178	174	190	121	100	87	80	96	122
Hay	1,658	1,748	1,753	1,698	1,548	1,521	1,486	1,212	1,112	1,014	931	315
(In kilograms per hectare)												
Yield												
Raw cotton	3,000	2,950	2,690	3,010	2,980	2,770	2,760	1,800	1,910	1,890	1,530	1,390
Grain	1,520	1,600	1,550	1,560	1,610	1,370	1,310	1,040	980	900	920	1,410
Sweet corn	5,710	4,440	4,190	4,470	5,690	4,990	3,920	2,976	2,970	1,880	1,750	3,530
Feed corn	25,200	23,600	23,000	22,700	23,400	22,500	21,600	16,250	15,410	13,150	12,440	8,500
Rice	3,920	3,410	3,140	3,290	3,150	3,010	2,740	1,920	1,820	1,748	1,810	1,720
Potatoes	18,100	18,500	17,100	16,300	16,500	14,300	14,100	12,880	11,900	10,970	11,700	10,200
Vegetables	20,900	21,800	20,800	20,900	20,700	19,500	19,300	16,840	17,860	15,800	16,200	16,100
Fruits	4,950	5,010	4,330	4,170	3,620	3,980	3,210	3,280	2,550	2,490	2,260	1,900
Grapes	7,370	8,480	5,630	7,180	6,750	7,160	4,450	3,500	3,010	2,590	3,040	3,900
Hay	3,460	3,420	3,720	3,660	3,280	3,290	3,220	3,010	2,800	2,650	9,300	1,620

Source: State Statistical Agency.

Table 4. Tajikistan: Agricultural Production, 1980-96 1/
(In millions of Tajik rubles at constant 1996 prices)

	1980	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Total production	299941	314008	325624	302651	331045	295423	303942	290519	212953	203531	203660	159,889	131,503
A. Crop production	210759	211920	220825	199143	225085	192303	204306	197852	136419	136161	134999	120,098	107,463
B. Animal husbandry	89053	102088	104799	103508	105960	103121	99636	92667	76534	67370	68661	39,791	24,040

Source: State Statistical Agency and IMF staff calculations.

1/ See Table 7 for cross reference.

Table 5. Tajikistan: Animal Husbandry, 1985-96
(In thousands of heads)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Total number of animals	4,784	4,883	4,896	4,971	4,969	4,879	4,927	4,363	4,258	3,990	3,708	3,440
Of which:												
Beef cattle	846	860	843	833	810	795	805	702	690	650	615	568
Milk cows	505	507	515	530	539	557	586	544	560	549	532	514
Pigs	205	243	235	217	210	183	128	56	46	33	6	2
Sheep	2,437	2,471	2,479	2,539	2,544	2,462	2,484	2,173	2,081	1,958	1,816	1,625
Goats	749	759	778	802	815	830	871	840	826	742	678	668
Horses	42	43	46	50	51	52	53	48	55	58	61	63

Source: State Statistical Agency.

Table 6. Tajikistan: Production of Meat, Milk, and Eggs, 1985-96
(In thousands of tons unless otherwise specified)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Meat	179	185	190	193	191	185	151	126	113	112	95	84.0
Of which:												
Beef	91	92	97	99	100	94	83	71	65	65	55	58.6
Pork	14	17	19	19	19	15	9	5	2	1	1	0.1
Mutton	54	55	54	56	52	52	43	42	42	42	36	22.9
Poultry	18	20	18	17	18	21	13	7	4	2	1	0.2
Milk	547	571	567	574	580	575	587	510	475	473	382	176.4
Eggs (in million pieces)	469	555	579	632	619	592	454	296	160	118	49.6	6.0

Source: State Statistical Agency.

Table 7. Tajikistan: Production by Type of Farm, 1985-96 1/
(In millions of Tajik rubles at constant 1996 prices)

	1985	1990	1991	1992	1993	1994	1995	1996
Total for all types of farms	314,008	303,942	290,519	212,953	203,531	203,660	159,889	131,503
Crop production	67%	67%	68%	64%	67%	66%	75%	82%
Animal husbandry	33%	33%	32%	36%	33%	34%	25%	18%
State and collective farms	74%	76%	72%	63%	60%	60%	56%	55%
of which:								
Crop production	77%	76%	77%	74%	81%	80%	88%	90%
Animal husbandry	23%	24%	23%	26%	19%	20%	12%	10%
Personal lots	24%	23%	27%	37%	39%	39%	44%	45%
of which:								
Crop production	41%	42%	45%	48%	46%	46%	58%	71%
Animal husbandry	59%	58%	55%	52%	54%	54%	42%	29%

Source: State Statistical Agency and IMF staff calculations.

1/ See Table 4 for cross reference.

Table 8a. Tajikistan: Allocation of Agricultural Land in 1995

	Enterprises and Collectives					Private Plots		
	Total	Kolkhozes	Mezhozes 1/	Sovkhozes	Other Farms	Private Farmers	Employees	Other
(In hectares)								
Total crops	757,949	365,074	8,108	331,435	10,014	20,675	19,698	2,945
Of which:								
Irrigated land	529,055	309,530	4,876	208,698	5,951	...	...	...
Winter crops	152,794	64,946	2,877	79,340	3,307	531	1,154	639
Of which:								
Winter wheat	136,115	58,438	2,353	70,555	2,944	335	906	584
Rye	1238	592	55	474	9	70	38	
Spring crops	605,155	300,128	5,231	252,095	6,707	20,144	18,544	2306
Of which:								
Wheat	55,325	19,988	969	32,001	934	532	432	469
Barley	20,783	7,105	156	12,462	617	141	91	211
Maize	9,527	5,331	250	3,163	87	405	267	24
Rice	12,776	7,305	205	4,396	313	336	123	89
Cotton	268,387	182,395	717	84,436	615	...	...	224
Linen	9,165	3,505	346	5,073	153	12	6	70
Tobacco	3,377	2,797	101	308	24	108	39	...
Potatoes	9,434	940	5	2,474	133	2,267	3,582	33
Fodder	161,609	54,897	2,115	87,247	2,457	8,141	6,212	540
(In percent of total)								
Total crops	100	48	1	44	1	3	3	--
Of which:								
Irrigated land	100	59	1	39	1	--	--	--
Winter crops	100	43	2	52	2	--	1	--
Of which:								
Winter wheat	100	43	2	52	2	--	1	--
Wheat	--	--	--	--	--	--	--	--
Rye	100	48	4	38	1	6	3	--
Spring crops	100	50	1	42	1	3	3	--
Of which:								
Wheat	100	36	2	58	2	1	1	1
Barley	100	34	1	60	3	1	0	1
Maize	100	56	3	33	1	4	3	0
Rice	100	57	2	34	2	3	1	1
Cotton	100	68	--	31	--	--	--	--
Linen	100	38	4	55	2	0	0	1
Tobacco	100	83	3	9	1	3	1	--
Potatoes	100	10	0	26	1	24	38	--
Fodder	100	34	1	54	2	5	4	--

Source: State Statistical Agency.

1/ State farms (Sovkhozes) in transformation into collective farms (Kolkhozes).

Table 8b. Tajikistan: Allocation of Agricultural Land in 1996

	Enterprises and Collectives					Private Plots	
	Total	Kolkhozes	Mezhozes 1/	Sovkhozes	Other Farms	Private Farmers & Employees	Other
(In hectares)							
Total crops	795,416	393,118	6,616	241,240	13,407	131,045	9,990
Of which:							
Irrigated land	492,483	332,899	3,730	146,158	9696	...	...
Winter crops	202,612	107,799	3,217	82,449	5,206	...	3,941
Of which:							
Winter wheat	189,187	102,432	2,684	75,797	4,694	...	3580
Rye	948	569	24	317	30	...	8
Spring crops	592,804	285,319	3,399	158,791	8,201	131,045	6049
Of which:							
Wheat	90,682	12,964	450	20,220	1,444	55034	570
Barley	17,525	6,323	178	5,313	341	5251	119
Maize	24,265	5,544	179	1,913	155	16335	139
Rice	11,485	8,170	184	2,577	294	...	260
Cotton	228,189	164042	...	61097	855	...	2195
Linen	6,105	2,345	197	3,214	112	...	237
Tobacco	2,443	2243	106	71	12	...	11
Potatoes	10,589	1,849	3	656	227	7,727	127
Fodder	128,753	65,666	1,884	53,749	3,224	2,632	1598
(In percent of total)							
Total crops	100	49	1	30	2	16	1
Of which:							
Irrigated land	100	68	1	30	2	--	--
Winter crops	100	53	2	41	3	--	2
Of which:							
Winter wheat	100	54	1	40	2	--	2
Rye	100	60	3	33	3	--	1
Spring crops	100	48	1	27	1	22	1
Of which:							
Wheat	100	14	0	22	2	61	1
Barley	100	36	1	30	2	30	1
Maize	100	23	1	8	1	67	1
Rice	100	71	2	22	3	--	2
Cotton	100	72	--	27	--	--	1
Linen	100	38	3	53	2	--	4
Tobacco	100	92	4	3	0	--	--
Potatoes	100	17	--	6	2	73	1
Fodder	100	51	1	42	3	2	1

Source: State Statistical Agency.

1/ State farms (Sovkhozes) in transformation into collective farms (Kolkhozes).

Table 9. Tajikistan: Industrial Output by Sector at Constant Prices, 1980-96

	Number of Enterprises 1/ Employees 2/						Output					
	1980	1985	1990	1991	1992	1993	1994	1995	1996			
Industry, total	1308	116.3	550,680	688,666	840,781	793,713	581,077	511,530	352,383	304,566	231760	
Share in total industrial output				(In percent)								
Electric energy	15	6.7	3.6	3.2	2.9	3.0	3.9	4.7	6.2	13.0	16.7	
Fuel, refinery	6	1.6	5.7	4.0	2.3	1.8	1.1	0.7	0.7	0.3	0.4	
Nonferrous metallurgy	9	16.8	13.8	19.9	24.2	21.6	23.8	20.0	26.8	33.2	35.2	
Chemical and petrochemical	9	5.4	5.7	7.1	8.6	9.3	5.8	3.8	3.8	3.9	4.1	
Mechanical engineering and metal working	548	21.6	5.5	5.4	5.8	6.1	5.4	4.8	4.3	3.2	2.9	
Wood and wood-working, paper	29	1.2	1.9	1.8	1.5	1.8	1.6	1.4	0.4	0.1	0.1	
Glass	4	1.8	0.4	0.6	0.7	1.0	1.2	1.0	0.7	0.4	0.4	
Construction material	91	6.1	9.5	9.0	8.3	8.3	4.1	3.8	3.4	1.4	1.2	
Light industry	89	34.7	25.8	24.2	21.1	22.4	27.0	34.7	31.2	23.3	16.3	
Food	200	14.9	17.0	14.5	13.1	11.8	10.8	10.5	10.7	12.2	10.7	
Flour grinding	270	2.8	11.0	10.3	11.5	12.8	15.2	14.6	11.9	8.8	10.2	
Unallocated			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.7	
Industry, total			65.5	81.9	100	94.4	69.1	60.8	41.9	43.4	33.0	
Of which:												
Electric energy			80.9	90.1	100	98.5	93	98.7	88.9	94.9	92.8	
Fuel, refinery			165.6	143.8	100	76.3	32.5	18.9	12.2	10.2	8.8	
Nonferrous metallurgy			37.4	67.3	100	84	68	50.1	46.3	47.1	38	
Chemical and petrochemical			43.9	67.6	100	102.4	47	27.1	18.4	19.3	15.5	
Mechanical engineering and metal working			61.7	76.8	100	99.7	65	50.7	31.2	23.2	16.4	
Wood and wood working, paper			82.6	94.8	100	113	71	56.1	12	6.3	4.4	
Glass			36.6	75.2	100	130.6	118.2	85.7	39.6	33.4	22.7	
Construction material			75	88.6	100	94.4	34.3	27.9	17.4	4.3	2.9	
Light industry			80.2	94.1	100	100.4	88.6	100	62.1	69.8	37.2	
Food			84.8	90.1	100	84.9	56.9	48.8	34	26.5	17.8	
Flour grinding			62.6	73.6	100	105.5	91.6	77.4	43.3	38	33.4	

(Index 1990 = 100)

Sources: State Statistical Agency; and IMF staff calculations.

1/ Number of enterprises reporting to the SSA in 1996.

2/ For 1996; represents employment of reporting enterprises.

Table 10. Tajikistan: Selected Indicators of Industrial Production, 1985-96

	1985	1990	1991	1992	1993	1994	1995	1996
Machine tools (thousands)	5.9	6.7	3.4	0.4	1.1	--	--	--
High-capacity electrical transformers (thousand kw)	2,572	2,054	1,682	489	254	29	41	23.5
Aluminum (thousand tons)	316	450	380	345	252	237	237	198
Cement (thousand tons)	1,080	1,067	1,013	447	262	178	78	49.3
Prefabricated reinforced concrete construction elements (thousand cubic meters)	1,067	1,068	965	416	326	180	53	24.9
Construction bricks (thousand cubic meters)	305	298	263	144	93	68	...	...
Asbestos-roofing (million sheets)	--	126	95	33	18	8	6.1	4
Lumber/Timber (thousand cubic meters)	121	95	72	33	15	11	0.7	0.98
Roofing materials (million square meters)	10.3	9.5	5.4	1.8	0.8	0.1	0.06	0.06
Caustic soda (thousand tons)	54.6	45.3	31.3	16.4	6.1	5.6	2.2	0.3
Fertilizers (thousand tons)	88.4	81.5	83.5	52.8	19.7	7.9	12.6	11
Detergents and soaps (thousand tons)	19	19.1	21.2	18.8	5.1	3.9	1.9	1
Knitwear (million items)	12.6	15.7	11.2	8.2	7.6	4.1	2.2	0.8
Cotton fabrics (million square meters)	108	122	103	58	57	39	28	17.4
Woolen fabrics (million square meters)	1	2	2	3	3	1	0.3	--
Silk fabrics (million square meters)	65	76	69	66	54	24	8.4	3.9
Rugs, carpets (million square meters)	9.9	10.9	7.6	8.5	5.7	2.1	0.7	0.6
Hosiery (million pairs)	33.1	59.8	49.2	35.8	34.7	16.8	4.5	3.5
Shoes (million pairs)	9.8	10.9	8.6	5.5	4	0.9	0.6	0.4
Refrigerators and freezers (thousands)	125.7	166.9	145.2	61.3	18	3.2	0.05	0.9

Source: State Statistical Agency.

Table 11. Tajikistan: Electricity Consumption and Output, 1980-96
(In billions of kilowatt hours)

	1980	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Output	13.6	15.7	13.6	15.9	18.2	15.3	18.2	17.6	16.8	17.7	17.0	14.8	15.0
Hydropower stations	12.6	14.4	12.1	14.6	17	13.8	16.9	16.4	15.9	17.1	16.7	14.6	14.9
Thermal power stations	1	1.3	1.5	1.3	1.2	1.5	1.3	1.2	0.9	0.6	0.3	0.2	0.1
Imports	4.1	5.5	7.4	6.5	5.5	8	6.9	6.9	6.4	5.2	5.6	4.9	4.0
Total internal consumption	9.7	15.3	16.6	16.9	17.7	19.1	19.4	19.1	17.6	17.2	16.5	15.4	14.1
Industry	4.6	8.7	9.4	9.9	10.8	11.2	11.1	10.7	9.7	8	7.2	6.6	5.4
Construction	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.1	0.1	0.1	0.1	0.1
Agriculture	2.7	3.5	3.7	3.5	3.8	4	4.2	4.5	4.3	4.5	4.9	4.6	4.2
Transport	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Other sectors	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.3	0.2
Households	0.7	1	1.1	1.1	1.2	1.3	1.3	1.1	1.2	1.4	1.8	2.0	2.1
Losses	0.9	1.1	1.4	1.3	1.4	1.5	1.6	1.8	1.8	2.2	2.2	1.8	2.1
Discrepancy	--	--	--	--	-0.6	--	--	--	--	0.6	--	--	--
Exports	8	5.9	4.4	5.5	6	4.2	5.7	5.4	5.6	5.7	6.1	4.2	4.9

Source: State Statistical Agency.

Table 12. Tajikistan: Fuel Consumption, 1991-97 1/
(Index 1991 = 100)

	Gasoline	Kerosene	Diesel	Household Fuel	Crude Oil	Engine Fuel	Natural Gas	Liquefied Gas	Coal	Coke (dry)	Firewood
1991	100	100	100	100	100	100	100	100	100	100	100
1992	51	30	47	104	52	49	89	268	42	44	33
1993	32	2	52	94	33	7	76	88	23	25	11
1994	12	10	38	22	19	3	54	3	15	12	8
1995	1	11	31	7	...	3	66	8	5	9	4
1996	3	0	24	3	...	1	39	153	2	13	0

Source: State Statistical Agency; and IMF staff calculations.

1/ The figures in this table probably overstate the decline in fuel consumption as they do not appear to adequately cover private sector activity in this area.

Table 13. Tajikistan: Indices of Real GDP, Employment and Energy Consumption, 1990-96
(Index 1990=100)

	1991	1992	1993	1994	1995	1996
Real GDP	92.9	66.0	58.7	48.0	42.0	40.2
Employment	102	99	102	102	98	92
Energy consumption						
Electricity 1/	98.2	88.5	82.5	76.2	70.4	59.9
Oil and oil products 2/ 3/	112	56.1	43.8	26.3	12.0	9.1
Coal 2/	84.1	35.0	19.7	12.8	4.3	1.4
Natural gas 2/ 4/	103.3	92.1	78.6	56.1	67.8	40.1

Sources: State Statistical Agency; and IMF staff calculations.

Notes:

- 1/ Total electricity consumption excluding household consumption and unaccounted losses.
- 2/ The figures in this table probably overstate the decline in fuel consumption as they do not appear to adequately cover private sector activity in this area.
- 3/ Sum of gasoline, diesel, crude oil, and engine fuel consumption.
- 4/ Includes household consumption.

Table 14. Tajikistan: Labor Resources and Employment, 1985-96

	1985	1990	1991	1992	1993	1994	1995	1996
	(In thousands of persons)							
Population 1/	4,631	5,342	5,555	5,556	5,704	5,758	5,861	5,947
Of which:								
Working age 2/	2,209	2,510	2,611	2,601	2,598	2,694	2,758	2,798
Nonworking age	2,422	2,833	2,944	2,955	3,106	3,064	3,103	3,149
Urban	1,519	1,668	1,689	1,636	1,641	1,611	1,616	1,618
Rural	3,112	3,674	3,866	3,920	4,063	4,146	4,245	4,329
Labor force participation rate 1/3/	76.1	77.3	75.5	73.6	75.9	73.6	68.6	63.5
Total labor resources 4/	2,175	2,469	2,526	2,675	2,607	2,623	2811	2840
Economically active population 4/5/	1,681	1,939	1,971	1,915	1,972	1,984	1891	1778
Total employment 4/	1,681	1,939	1,971	1,908	1,845	1,844	1854	1732
Government 6/	1,173	1,255	1,073	998	969	924	875	784
Collective farms	238	263	293	285	297	334	291	267
Cooperatives	--	52	52	49	43	38	24	14
Private farming	270	366	373	399	417	453	551	570
Other private activity	0	3	3	2	2	2		
Clergy and other religious activity	0	1	1	1	1	1	1	1
Unallocated	--	--	176	175	116	93	112	96
Registered unemployment 1/	--	--	--	7	22	32	37	46
Total unemployment 1/	--	--	--	7	128	139		
Nonworking students 4/	216	231	237	230	230	234	119	205
Working age population at home 4/	278	299	318	530	405	405	721	857
	(In percent of total employment)							
Total labor resources	129	127	128	140	141	142	152	164
Total employment	100	100	100	100	100	100	100	100
Government 6/	69.8	64.7	54.5	52.2	52.5	50.1	47.2	45.3
Collective farms	14.1	13.6	14.9	14.9	16.1	18.1	15.7	15.4
Cooperatives	--	2.7	2.6	2.6	2.4	2.0	1.3	0.8
Private farming	16.1	18.9	18.9	20.9	22.6	24.6	29.7	32.9
Other private activity	--	0.1	0.2	0.1	0.1	0.1		
Clergy and other religious activity	--	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Unallocated	--	--	8.9	9.2	6.3	5	6.0	5.5
Registered unemployed	--	--	--	0.3	1.2	1.7	2.0	2.7
Total unemployment	--	--	--	0.3	6.9	7.6		
Nonworking students	12.8	11.9	12.0	12.0	12.5	12.7	6.4	11.8
Working age population at home	16.6	15.4	16.1	27.8	21.9	22.0	38.9	49.5

Source: Ministry of Labor and State Statistical Agency.

1/ End of year.

2/ Men between 16 and 59; women between 16 and 54.

3/ Defined as the ratio of economically active over working age population.

4/ Annual averages.

5/ Equals total employment plus total unemployment.

6/ Includes central and local governments, state enterprises, and state farms.

Table 15. Tajikistan: Registered Unemployment, 1994-97
(In thousands; end of month)

	1994		1995		1996		1997	
	Total	Receiving Benefits	Total	Receiving Benefits	Total	Receiving Benefits	Total	Receiving Benefits
January	22.7	4.1	34.5	1.0	38.8	1.4	45.6	1.7
February	25.2	4.6	37.9	1.4	39.0	0.8	44.7	1.8
March	26.8	4.8	30.6	7.6	42.1	4.0	46.0	1.9
April	27.4	4.8	29.8	8.4	46.9	3.3	46.0	2.0
May	27.7	6.0	32.1	6.6	50.1	4.4	49.2	7.1
June	28.0	2.8	30.9	10.3	52.3	8.0	51.6	7.5
July	27.7	4.8	29.2	13.6	53.7	7.4	52.3	4.2
August	27.3	4.9	30.7	9.9	54.3	7.6	53.6	7.1
September	29.6	4.8	35.1	9.9	54.3	6.1	...	...
October	30.3	5.2	30.5	3.6	53.1	3.3	...	...
November	30.7	5.4	34.7	5.0	53.2	3.4	...	...
December	32.1	4.8	37.5	3.8	45.7	5.7	...	...

Source: State Statistical Agency.

Table 16. Tajikistan: Employment by Sector of Economy, 1985-96

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Total employment 1/	1681	1714	1775	1820	1879	1938	1970	1908	1845	1844	1858	1731
	(In thousands of persons, annual average)											
Material sphere	1279	1298	1335	1364	1411	1463	1490	1451	1472	1490	1521	1416
Agriculture	722	720	743	762	790	831	878	889	945	1005	1098	1026
Industry	241	247	251	251	254	261	256	250	213	205	183	181
Construction	118	126	131	132	161	161	148	132	126	105	81	68
Transport and communication	79	81	81	84	66	65	65	56	73	63	58	58
Trade, supply, and other	120	124	129	135	140	146	143	124	116	112	104	83
Nonmaterial sphere	401	416	440	456	468	475	481	457	373	354	332	315
Government	39	41	42	41	39	40	41	27	19	21	23	22
Education, culture, and art	174	180	189	199	211	217	222	219	203	192	183	175
Medical care, physical training and social security	79	83	91	95	102	104	106	110	102	100	88	84
Scientific research	30	31	31	30	30	29	26	21	8	7	7	7
Communal services	40	42	48	50	50	51	51	44	36	27	24	21
Other	40	40	40	40	36	35	35	33	5	7	7	6
	(In percent of total employment)											
Total employment	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Material sphere	76.1	75.8	75.2	75.0	75.1	75.5	75.6	76.0	79.8	80.8	81.9	81.8
Agriculture	43.0	42.0	41.9	41.9	42.1	42.9	44.6	46.6	51.2	54.5	59.1	59.3
Industry	14.3	14.4	14.2	13.8	13.5	13.4	13.0	13.1	11.5	11.1	9.8	10.5
Construction	7.0	7.3	7.4	7.2	8.6	8.3	7.5	6.9	6.8	5.7	4.4	3.9
Transport and communication	4.7	4.7	4.6	4.6	3.5	3.3	3.3	3.0	4.0	3.4	3.1	3.4
Trade, supply, and other	7.1	7.3	7.2	7.4	7.5	7.5	7.2	6.5	6.3	6.1	5.6	4.8
Nonmaterial sphere	23.9	24.2	24.8	25.0	24.9	24.5	24.4	24.0	20.2	19.2	17.9	18.2
Government	2.3	2.4	2.3	2.3	2.1	2.0	2.1	1.6	1.0	1.1	1.2	1.3
Education, culture, and art	10.3	10.5	10.7	10.9	11.2	11.2	11.3	11.5	11.0	10.4	9.8	10.1
Medical care, physical training and social security	4.7	4.8	5.1	5.2	5.4	5.4	5.4	5.8	5.5	5.4	4.7	4.9
Scientific research	1.8	1.8	1.7	1.6	1.6	1.5	1.3	1.1	0.4	0.4	0.4	0.4
Communal services	2.4	2.4	2.7	2.8	2.7	2.6	2.6	2.3	2.0	1.5	1.3	1.2
Other	2.4	2.3	2.3	2.2	1.9	1.8	1.8	1.7	0.2	0.3	0.4	0.3

Source: Ministry of Labor and State Statistical Agency.

1/ Slight differences between total employment in Tables 14 and 16 reflect data discrepancies.

Table 17. Tajikistan: Sectoral Output, Employment and Productivity, 1991-96
(Index 1991=100)

	1991	1992	1993	1994	1995	1996
Industry						
Output	100.0	73.2	64.4	44.4	38.3	29.2
Employment	100.0	97.4	83.1	80.1	71.4	70.6
Productivity	100.0	75.1	77.5	55.4	53.7	41.3
Agriculture						
Output	100.0	73.3	70.1	70.1	55.0	45.2
Employment	100.0	101.2	107.6	114.4	125.0	116.8
Productivity	100.0	72.5	65.1	61.2	44.0	38.7
Transport						
Output	100.0	39.7	15.4	11.0	10.0	6.5
Employment 1/	100.0	86.6	112.3	96.9	89.2	89.2
Productivity	100.0	45.8	13.8	11.3	11.2	7.3
Construction						
Output	100.0	50.3	36.6	25.0	6.7	4.0
Employment	100.0	89.6	85.0	71.0	54.8	46.0
Productivity	100.0	56.1	43.1	35.2	12.3	8.7

Sources: State Statistical Agency; Ministry of Labor; and IMF staff calculations.

1/ Include transport and communications.

Table 18. Tajikistan: Consumer Price Inflation, 1995-97

	Overall CPI	Foodstuff	Nonfood	Services
(Monthly changes in percent)				
1995 Jan.	13.3	11.6	17.4	13.6
Feb.	10.9	13.2	4.5	12.4
Mar.	17.9	22.2	3.5	22.4
Apr.	20.9	30.6	6.8	13.2
May	15	54.6	3.2	36.3
June	8.2	-12.5	34.3	11
July	6.7	6.8	13.5	-0.9
Aug.	78.1	83.9	107.3	9.8
Sep.	62.9	64.5	64.9	36.4
Oct.	56.9	54.3	63.5	45.3
Nov.	23.1	22.1	21.1	37.1
Dec.	67.5	85.6	11.6	32.9
1996 Jan.	10.8	10.9	4.1	25.9
Feb.	19.6	22.6	9.0	5.2
Mar.	16.0	18.9	4.0	-0.2
Apr.	2.8	2.9	2.8	1.1
May	0.5	0.6	-4.6	8.5
June	-15.8	-19.0	1.8	0.5
July	-5.8	-7.7	-2.0	2.9
Aug.	1.8	-1.7	12.9	4.7
Sep.	-2.9	-4.5	1.4	5.9
Oct.	1.8	2.2	0.6	-0.1
Nov.	2.4	2.2	3.2	2.9
Dec.	8.3	9.6	2.9	5.9
1997 Jan.	5.4	6.8	1.6	8.6
Feb.	1.4	1.8	0.8	3.1
Mar.	4.7	4.7	5.8	3.6
Apr.	22.4	26.4	5.3	10.0
May	2.0	1.6	2.6	5.8
June	9.3	9.9	3.8	11
July	19.5	21.1	7.7	19.2
Aug.	23.5	25.2	18.2	11.6
Sept.	7.8	6.8	17.4	8.6
(Percentage change during the period)				
1995 Q1	48.1	54.4	27.0	56.3
Q2	50.4	76.7	48.0	71.3
Q3	209.6	223.1	288.0	48.4
Q4	223.5	249.7	121.0	164.7
1996 Q1	53.7	61.7	18.0	32.2
Q2	-13.0	-16.2	-0.2	10.2
Q3	-6.9	-13.4	12.2	14.1
Q4	12.9	14.5	6.8	8.9
1997 Q1	11.9	13.8	8.4	16.0
Q2	36.5	41.1	12.1	29.2
Q3	59.1	61.9	49.5	44.5
1993	7343.7	...	...	...
1994	1.1	-5.1	0.7	193.7
1995	2133.3	2981.2	1511.4	951.7
1996	40.5	34.5	41.2	81

Source: State Statistical Agency.

Table 19. Tajikistan: Wholesale Price Inflation--Selected Categories, 1995-97

	Overall WPI	Foodstuff	Fuel	Light Industry
	(Monthly changes in percent)			
1995 Jan.	2.8	0.9	7.8	-0.7
Feb.	19.0	6.0	34.5	12.0
Apr.	4.6	5.1	--	0.1
Apr.	6.8	1.4	6.5	6.7
May	6.3	11.5	--	12.8
June	10.6	27.7	1.9	9.7
July	-0.2	6.9	14.2	1.0
Aug.	7.3	17.1	--	3.0
Sep.	35.2	46.2	--	87.3
Oct.	59.8	14.7	95.0	40.1
Nov.	65.2	39.0	--	17.5
Dec.	18.6	27.4	--	17.1
1996 Jan.	20.6	18.6	14.5	12.9
Feb.	29.7	-3.3	0.0	3.4
Mar.	-9.6	22.0	29.4	0.0
Apr.	3.2	5.8	77.0	12.0
May	-3.0	1.4	4.0	0.0
June	-2.9	0.0	0.0	5.0
July	9.4	2.8	-1.0	29.0
Aug.	5.2	24.0	3.1	5.0
Sep.	2.0	6.7	-3.0	4.0
Oct.	2.3	1.0	-6.0	5.0
Nov.	2.7	13.0	-6.0	5.0
Dec.	4.8	-4.4	4.9	1.6
1997 Jan.	6.6	0.0	2.0	1.4
Feb.	14.9	10.6	7.0	32.3
Mar.	5.5	3.0	1.1	1.2
Apr.	11.7	4.6	-2.1	14.7
May	0.7	-2.7	-30.5	-0.7
June	9.8	0.7	7.6	-0.1
July	7.7	29.8	1.9	3.3
Aug.	24.9	6.8	-3.5	23.7
Sept.	11.5	15.9	-1.0	19.3
	(Percentage change within period)			
1996 Q1	41.4	39.9	48.2	16.7
Q2	-2.8	7.3	84.1	17.6
Q3	17.4	36.0	-1.0	40.9
Q4	10.1	9.1	-7.3	12.0
1997 Q1	29.2	13.9	10.3	35.8
Q2	23.5	2.5	-26.8	13.8
Q3	50.0	60.7	-2.6	52.4
1993	5995.9	...	...	...
1994	301.9	103.1	260.9	487.6
1995	628.3	503.3	250.4	452.1
1996	77.7	122.8	150.3	116.6

Source: State Statistical Agency.

Table 20. Tajikistan: Monthly Wages, 1/ 1995-97

	Average Monthly Wage					Minimum Wage	Real Wage 2/ (Total economy)	Real Wage Paid 3/ (Total economy)
	Total Economy	Industry	Agriculture	Construction	Nonmaterial Production			
	(In rubles) 4/						(Jul. 1995=100)	(Jul. 1995=100)
1995								
July	771	1,500	364	1,850	747	144	100	100
August	779	1,586	409	1,539	777	144	57	98
September	963	1,843	665	1,883	775	144	43	62
October	1,142	2,339	832	2,517	888	144	33	38
November	1,032	2,371	576	2,207	852	144	24	32
December	1,564	3,458	1,265	2,574	324	144	18	25
1996								
January	1,454	3,673	619	2,595	853	144	18	17
February	1,463	3,852	669	2,636	852	144	15	19
March	2,034	6,816	1,377	3,326	1,509	144	18	17
April	2,023	5,511	1,109	3,565	1,200	144	18	25
May	2,390	6,912	1,277	3,663	1,445	144	21	27
June	2,725	7,564	1,673	4,518	1,635	144	28	31
July	2,718	8,462	1,359	4,574	1,782	322	30	31
August	2,771	8,541	1,330	5,341	1,806	322	30	35
September	3,673	10,906	2,692	6,162	2,007	322	41	48
October	3,878	13,107	2,334	5,828	2,291	322	42	60
November	3,516	9,754	2,219	7,137	2,317	322	38	51
December	4,320	10,868	3,045	8,649	2,888	322	38	51
1997								
January	3,868	10,153	1,547	7,553	2,440	322	36	29
February	3,733	10,629	1,492	7,009	2,480	322	34	52
March	4,006	11,628	1,633	7,614	2,813	322	35	43
April	3,693	10,661	1,513	7,402	2,837	322	27	46
May	3,699	11,390	1,774	7,674	2,350	322	26	34
June	4,330	14,751	2,115	9,385	2,580	322	28	39
July	4,221	14,569	1,901	9,740	...	322	23	34
August	4,388	15,191	2,096	10,030	...	322	21	32

Source: State Statistical Agency and IMF staff calculations.

1/ Table reflects wages due. In many instances wages were not paid in time.

2/ Deflated by the CPI.

3/ Deflated by the CPI and adjusted by the percentage of wages disbursed (see Table 22).

4/ In Russian rubles until April 1995 and in Tajik rubles thereafter.

Table 21. Tajikistan: Average Monthly Wages by Sector, 1985-96

	1985	1990	1991	1992	1993	1994	1995	1996
	(In rubles) 1/							
Total economy	158	207	340	1,909	16,155	34,904	731	2,805
Agriculture	135	177	315	1,425	11,097	18,192	464	1,702
Industry	175	231	389	2,522	26,906	65,162	1,559	8,080
Forestry	120	164	229	1,322	10,721	18,171	316	889
Transportation	176	223	324	1,611	17,916	47,377	1,072	3,699
Communications	136	191	330	2,083	17,299	46,661	1,100	5,652
Construction	200	276	434	2,616	32,376	76,674	1,256	5,192
Trade and supplies	135	190	295	1,440	14,359	33,478	565	2,254
Housing and municipal services	119	160	273	1,814	16,382	38,046	651	2,718
Health care	131	167	269	1,558	10,384	26,018	503	1,124
Education	161	183	294	1,721	12,072	28,341	448	1,377
Arts and Culture	124	158	254	1,437	10,131	22,532	631	1,467
Sciences	185	288	435	2,534	16,568	44,508	733	2,290
Banking and insurance	158	296	712	4,665	41,304	113,959	2,039	8,014
Management of state and other public bodies	152	300	419	2,994	22,576	43,106	793	3,906
	(Percentage change) 2/							
Total economy	1.6	9.9	64.2	461.8	746.3	116.1	88.5	283.7
Agriculture	1.7	10.3	78.3	352.5	679.0	63.9	129.6	266.8
Industry	2.1	8.0	68.7	547.6	966.9	142.2	115.3	418.3
Forestry	0.3	39.7	476.7	709.2	711.1	69.5	56.5	181.3
Transportation	0.7	9.2	45.1	397.7	1011.7	164.4	103.6	245.1
Communications	1.4	10.5	72.9	531.6	730.2	169.7	112.2	413.8
Construction	2.2	9.4	57.1	502.5	1137.6	136.8	47.4	313.4
Trade and supplies	0.7	22.5	55.3	388.3	982.6	114.7	51.9	298.9
Housing and municipal services	1.2	12.0	70.8	565.0	787.6	136.2	54.0	317.5
Health care	0.8	14.8	60.8	478.6	566.7	150.6	74.0	123.5
Education	2.7	61.1	485.1	571.3	601.5	134.8	42.3	207.4
Arts and Culture	0.8	17.0	61.2	470.1	613.8	118.4	152.0	132.5
Sciences	1.2	10.7	51.4	482.2	553.8	168.7	48.2	212.4
Banking and insurance	1.9	54.1	140.7	554.8	785.4	175.9	61.0	293.0
Management of state and other public bodies	0.7	42.4	39.8	614.1	654.0	90.9	65.6	392.6

Sources: Ministry of Labor, State Statistical Agency, and IMF staff calculations.

1/ In Russian rubles until 1994 and in Tajik rubles since 1995.

2/ Percentage changes for 1985 indicates the annual average over the period 1980-85.

Percentage changes for 1995 are calculated using a currency conversion rate of 90:1.

Table 22. Tajikistan: Monthly Wage Bill and Wage Disbursements, 1995-97

		Monthly Wage Bill 1/ (1) (In millions of rubles) 3/	Monthly Wage Disbursement 2/ (2)	Percent of Wages Disbursed (2)/(1) (In percent)
1995	January	42,089	6,196	14.7
	February	43,682	6,070	13.9
	March	50,977	19,502	38.3
	April	59,319	8,788	14.8
	May	761	367	48.5
	June	963	640	66.5
	July	976	698	71.5
	August	994	1,231	123.8
	September	1,247	1,287	103.2
	October	1,483	1,237	83.4
	November	1,328	1,284	96.7
	December	...	1,524	...
1996	January	1,495	1,001	67
	February	1,424	1,279	90
	March	2,131	1,387	65
	April	2,259	2,248	100
	May	2,739	2,507	92
	June	3,147	2,515	80
	July	3,140	2,329	74
	August	3,299	2,732	83
	September	4,302	3,635	84
	October	4,415	4,517	102
	November	3,653	3,538	97
	December	...	3,535	...
1997	January	2,965	1,706	58
	February	2,873	3,094	108
	March	3,295	2,904	88
	April	3,209	3,968	124
	May	3,312	3,074	93
	June	4,014	4,025	100
	July	3,913	4,195	107

Sources: State Statistical Agency (SSA); National Bank of Tajikistan; and IMF staff calculations.

1/ Total economy excluding private farm employment. SSA estimate based on enterprise data.

2/ NBT estimate of total cash disbursement of wages and salaries by the banking system.

3/ Russian rubles before May 10, 1995; Tajik rubles thereafter.

Table 23. Tajikistan: State Budget By Economic Classification of Expenditures and Revenues, Cash Basis, 1992-97

	1992	1993	1994	1995		1996	Jan.-Sept. 1997 1/
				Jan. 1- May 10	May 11- Dec. 31		
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)							
Total revenue	17,235	171,224	765,290	582,344	6,977	37,335	43,512
Tax revenue	16,622	159,195	725,086	447,213	5,849	35,953	42,200
Individual income tax	1,654	13,954	51,748	22,823	550	3,434	4,394
Enterprise profits tax	5,778	45,527	207,831	162,651	1,467	6,742	4,857
Value-added tax	4,341	65,417	248,720	164,592	1,550	5,303	6,195
Excise taxes	2,298	13,401	96,412	48,085	1,320	1,891	2,211
Customs revenue	88	5,900	54,170	31,750	426	1,598	4,886
Taxes on aluminum and cotton	...	...	...	...	...	14,535	15,234
Other taxes	2,463	14,996	66,205	17,312	536	2,450	4,423
o/w land tax	...	...	...	...	...	1,871	3,549
Non-tax revenue	613	12,029	40,204	135,131	1,128	1,382	1,312
Expenditure	37,453	329,056	945,245	490,105	12,132	55,173	63,966
Net lending	...	...	...	...	...	832	7,360
Current	31,587	288,951	689,624	441,569	11,019	52,066	54,246
Wages and salaries	6,735	53,720	125,340	67,450	3,401	8,249	13,384
Goods and services	15,390	124,679	257,832	184,057	1,318	32,751	29,471
Subsidies	7,059	56,880	220,175	136,372	4,477	2,301	3,790
Social safety net	1,971	44,948	86,277	24,990	497	5,125	1,625
Total interest	432	8,724	...	28,700	1,326	3,640	5,976
Capital	5,866	40,105	255,621	48,536	1,114	2,275	2,360
Balance on a cash basis (deficit -)	(20,218)	(157,832)	(179,955)	92,239	(5,156)	-17,838	-20,454
Financing	20,218	157,832	179,955	(92,239)	5,156	17,838	20,454
External	...	...	...	...	...	10,230	6,940
Domestic	19,796	156,419	174,871	(97,000)	4,931	6,980	11,535
Privatization proceeds	422	1,413	5,084	4,761	225	628	1,979
Memorandum items:							
GDP	64,760	632,000	1,717,974	1,058,180	45,853	308,453	385,837
(In percent of GDP) 2/							
Total revenue	26.6	27.1	44.5	55.0	15.2	12.1	11.3
Tax revenue	25.7	25.2	42.2	42.3	12.8	11.7	10.9
Individual income tax	2.6	2.2	3.0	2.2	1.2	1.1	1.1
Enterprise profits tax	8.9	7.2	12.1	15.4	3.2	2.2	1.3
Value-added tax	6.7	10.4	14.5	15.6	3.4	1.7	1.6
Excise taxes	3.5	2.1	5.6	4.5	2.9	0.6	0.6
Customs revenue	0.1	0.9	3.2	3.0	0.9	0.5	1.3
Taxes on aluminum and cotton	...	...	...	...	...	4.7	3.9
Other taxes	3.8	2.4	3.9	1.6	1.2	0.8	1.1
o/w land tax	...	...	...	...	...	0.6	0.9
Nontax revenue	0.9	1.9	2.3	12.8	2.5	0.4	0.3
Expenditure	57.8	52.1	55.0	46.3	26.5	17.9	16.6
Net lending	...	...	...	...	...	0.3	2.4
Current	48.8	45.7	40.1	41.7	24.0	16.9	14.1
Wages and salaries	10.4	8.5	7.3	6.4	7.4	2.7	3.5
Goods and services	23.8	19.7	15.0	17.4	2.9	10.6	7.6
Subsidies	10.9	9.0	12.8	12.9	9.8	0.7	1.0
Social safety net	3.0	7.1	5.0	2.4	1.1	1.7	0.4
Total interest	0.7	1.4	...	2.7	2.9	1.2	1.5
Capital	9.1	6.3	14.9	4.6	2.4	0.7	0.6
Balance on a cash basis (deficit -)	-31.2	-25.0	-10.5	8.7	-11.2	-5.8	-5.3
Financing	31.2	25.0	10.5	-8.7	11.2	5.8	5.3
External	...	...	...	...	...	3.3	1.8
Domestic	30.6	24.7	10.2	-9.2	10.8	2.3	3.0
Privatization proceeds	0.7	0.2	0.3	0.4	0.5	0.2	0.5

Sources: Ministry of Finance; and IMF staff estimates.

Notes:

1/ Data for the first nine months of 1997 are preliminary.

2/ Due to the differential value of cash and non-cash rubles prior to the currency reform of May 1995, fiscal data as a percent of GDP before and after the currency reform are not comparable.

Table 24. Tajikistan: State Budget by Authorities' Classification of Revenues and Expenditures, Cash Basis, 1992-97

	1992	1993	1994	1995		1996	1997 Jan-Sept.1/
				Jan. 1- May 10	May 11- Dec. 31		
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)							
Revenue	17,235	171,224	765,290	582,344	6,977	37,337	43,267
Individual income tax	1,654	13,954	51,748	22,823	550	3,434	4,393
Enterprise profits tax	5,778	45,527	207,831	162,651	1,467	6,741	4,857
Enterprise	5,604	43,948	198,555	157,082	1,435	6,159	4,770
Cooperatives	174	1,579	9,276	5,569	32	582	87
Revaluation of inventories	1,818	9,848	26,216	5,669	81	177	16
Value-added tax	4,341	65,417	248,720	164,592	1,550	5,303	6,195
Excise taxes	2,298	13,401	96,412	48,085	1,320	1,891	2,211
Tax on vehicles	27	112	603	251	17	26	94
Tax on casinos and videos	--	2	6	...	...	1	0
Customs revenue	88	5,900	54,170	31,750	426	1,599	4,587
Export tax	...	...	48,931	31,750	355	156	104
Import tariff	...	...	...	...	68	1,409	4,418
Fees	...	...	5,239	--	3	34	65
Taxes on aluminum and cotton	...	...	...	...	...	14,535	15,234
Forestry tax	...	5	28	18	1	1	0
Land tax	218	1,271	33,381	8,533	386	1,871	3,549
Prospection tax	138	1,513	2,875	1,102	6	129	319
State duties and local taxes	262	2,245	3,096	1,739	45	245	383
Nontax revenue	613	12,029	40,204	135,131	1,128	1,384	1,427
Industrial water charges	9	72	787	876	7	19	20
Rent fees and other local revenue	604	10,763	38,481	21,741	323	1,340	1,234
Other 2/	...	1,194	936	112,514	798	25	173
Expenditure	37,453	329,056	945,245	490,105	12,132	51,854	53,481
National economy	18,783	117,051	404,214	166,791	2,717	11,376	13,392
Socio-cultural activities	13,403	103,428	286,091	105,626	2,770	11,698	14,702
Education	7,207	55,653	149,007	55,046	1,521	6,516	7,721
Culture	529	4,310	17,011	5,501	226	845	1,452
Health	3,679	34,297	110,059	39,385	943	4,011	4,636
Fitness and sports	17	82	704	740	9	27	88
Social security	1,971	9,086	9,310	4,954	71	299	805
Allowances to population	--	35,862	76,967	20,036	497	5,125	1,094
Science	237	1,704	7,746	2,671	63	252	298
Defense	256	24,338	34,744	23,135	482	3,977	5,432
State authorities	22	638	628	325	34	135	350
State bodies and administration	2,058	17,726	93,841	32,642	407	2,543	3,910
Law enforcement and judicial bodies	659	9,075	15,814	7,078	845	7,547	7,671
Interest: foreign debt	--	--	--	28,700	1,326	3,640	2,949
Interest: domestic debt	432	8,724	--	--	5	...	...
Foreign exchange outlays	--	327	1,109	404	87	...	...
Refugees	--	1,820	810	500	6	26	79
Bond lottery prizes	--	74	3	--	--	...	...
Transfers to CIS budget	--	211	--	104	--	216	389
Chernobyl cleanup	3	3	6	14	--	1	1
Other 3/	1,600	8,075	23,272	102,079	2,893	5,319	3,213
Balance on a cash basis (deficit -)	(20,218)	(157,832)	(179,955)	92,239	(5,156)	-14,517	-10,214

Sources: Ministry of Finance; and IMF staff estimates.

Notes:

1/ Data for the first nine months of 1997 are preliminary.

2/ Includes sales of hard currency and gold.

3/ Includes purchases of hard currency and gold.

Table 25. Tajikistan: State Budget by Authorities Classification of Revenues and Expenditures, Cash Basis, 1992-97
(In percent of GDP) 1/

	1992	1993	1994	1995		1996	Jan.-Sept. 1997 2/
				Jan. 1- May 10	May 11- Dec. 31		
Revenue	26.6	27.1	44.5	55.0	15.2	12.1	11.2
Individual income tax	2.6	2.2	3.0	2.2	1.2	1.1	1.1
Enterprise profits tax	8.9	7.2	12.1	15.4	3.2	2.2	1.3
Enterprise	8.7	7.0	11.6	14.8	3.1	2.0	1.2
Cooperatives	0.3	0.2	0.5	0.5	0.1	0.2	0.0
Revaluation of inventories	2.8	1.6	1.5	0.5	0.2	0.1	0.0
Value-added tax	6.7	10.4	14.5	15.6	3.4	1.7	1.6
Excise taxes	3.5	2.1	5.6	4.5	2.9	0.6	0.6
Tax on vehicles	--	--	--	--	--	0.0	0.0
Tax on casinos and videos	--	--	--	--	--	0.0	0.0
Customs revenue	0.1	0.9	3.2	3.0	0.9	0.5	1.2
Export tax	--	...	2.8	3.0	0.8	0.1	0.0
Import tariff	--	...	--	--	0.1	0.5	1.1
Fees	--	...	0.3	--	--	0.0	0.0
Taxes on aluminum and cotton	--	--	--	--	--	4.7	3.9
Forestry tax	--	--	--	--	--	0.0	0.0
Land tax	0.3	0.2	1.9	0.8	0.8	0.6	0.9
Prospection tax	0.2	0.2	0.2	0.1	--	0.0	0.1
State duties and local taxes	0.4	0.4	0.2	0.2	0.1	0.1	0.1
Nontax revenue	0.9	1.9	2.3	12.8	2.5	0.4	0.4
Industrial water charges	--	--	--	0.1	--	0.0	0.0
Rent fees and other local revenue	0.9	1.7	2.2	2.1	0.7	0.4	0.3
Other 3/	--	0.2	0.1	10.6	1.7	0.0	0.0
Expenditure	57.8	52.1	55.0	46.3	26.5	16.8	13.9
National economy	29.0	18.5	23.5	15.8	5.9	3.7	3.5
Socio-cultural activities	20.7	16.4	16.7	10.0	6.0	3.8	3.8
Education	11.1	8.8	8.7	5.2	3.3	2.1	2.0
Culture	0.8	0.7	1.0	0.5	0.5	0.3	0.4
Health	5.7	5.4	6.4	3.7	2.1	1.3	1.2
Fitness and sports	--	--	--	0.1	--	0.0	0.0
Social security	3.0	1.4	0.5	0.5	0.2	0.1	0.2
Allowances to population	--	5.7	4.5	1.9	1.1	1.7	0.3
Science	0.4	0.3	0.5	0.3	0.1	0.1	0.1
Defense	0.4	3.9	2.0	2.2	1.1	1.3	1.4
State authorities	--	0.1	--	--	0.1	0.0	0.1
State bodies and administration	3.2	2.8	5.5	3.1	0.9	0.8	1.0
Law enforcement and judicial bodies	1.0	1.4	0.9	0.7	1.8	2.4	2.0
Interest: foreign debt	--	--	--	2.7	2.9	1.2	0.8
Interest: domestic debt	0.7	1.4	--	--	--	...	...
Foreign exchange outlays	--	0.1	0.1	--	0.2	...	...
Refugees	--	0.3	--	--	--	0.0	0.0
Bond lottery prizes	--	--	--	--	--	...	...
Transfers to CIS budget	--	--	--	--	--	0.1	0.1
Chernobyl cleanup	--	--	--	--	--	0.0	0.0
Other 4/	2.5	1.3	1.4	9.6	6.3	1.7	0.8
Balance on a cash basis (deficit -)	-31.2	-25.0	-10.5	8.7	-11.2	-4.7	-2.6

Sources: Ministry of Finance; and IMF staff estimates.

Notes:

1/ Due to the differential value of cash and noncash rubles prior to the currency reform of May 1995, fiscal data as a percent of GDP before and after the currency reform are not comparable.

2/ Data for the first 9 months of 1997 are preliminary.

3/ Includes sales of hard currency and gold.

4/ Includes purchases of hard currency and gold.

Table 26. Tajikistan: Operations of the Pension Fund, 1992-95

	1992	1993	1994	1995	
				Jan. 1- May 10	May 11- Dec. 31
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)					
Revenue	7,156	60,833	166,873	116,921	1,083
Contributions	5,383	49,948	160,460	96,986	896
Enterprises	5,216	47,950	154,630	90,145	869
Employees	167	1,998	5,831	6,841	27
Other revenue	1	2,283	2,113	19,935	--
Transfers from the Republican budget	1,772	8,602	4,300	--	187
Expenditure	6,534	52,211	87,177	35,714	1,397
Pensions	4,562	43,865	67,465	32,938	1,161
Nonworking pensioners	3,964	39,552	57,362	29,220	1,002
Working pensioners	385	2,750	4,505	2,237	78
Military	168	1,434	1,851	1,001	71
Other	45	129	3,747	481	10
Children's allowances	1,860	7,573	18,552	2,449	236
Other expenditure	112	773	1,161	327	--
Balance on a cash basis (deficit -)	622	8,623	79,696	81,207	(314)
(In percent of GDP) 1/					
Revenue	11.0	9.6	9.7	11.0	2.4
Contributions	8.3	7.9	9.3	9.2	2.0
Enterprises	8.1	7.6	9.0	8.5	1.9
Employees	0.3	0.3	0.3	0.6	0.1
Other revenue	--	0.4	0.1	1.9	--
Transfers from the Republican budget	2.7	1.4	0.3	--	0.4
Expenditure	10.1	8.3	5.1	3.4	3.0
Pensions	7.0	6.9	3.9	3.1	2.5
Nonworking pensioners	6.1	6.3	3.3	2.8	2.2
Working pensioners	0.6	0.4	0.3	0.2	0.2
Military	0.3	0.2	0.1	0.1	0.2
Other	0.1	--	0.2	--	--
Children's allowances	2.9	1.2	1.1	0.2	0.5
Other expenditure	0.2	0.1	0.1	--	--
Balance on a cash basis (deficit -)	1.0	1.4	4.6	7.7	-0.7

Sources: State Pension Fund; and IMF staff estimates.

1/ Due to the differential value of cash and non-cash rubles prior to the currency reform of May 1995, fiscal data as a percent of GDP before and after the currency reform are not comparable.

Table 27. Tajikistan: Operations of the Employment Fund, 1992-95

	1992	1993	1994	1995	
				Jan. 1- May 10	May 11- Dec. 31
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)					
Revenue	208	1,586	4,592	2,410	22
Mandatory contributions	164	1,465	4,380	1,696	20
Other revenue	3	51	132	214	1
Transfers from the republican budget	42	70	80	500	2
Expenditure	386	2,712	2,146	935	21
Unemployment benefits	188	557	228	72	2
Training and retraining	42	182	281	58	4
Other	156	1,972	1,638	806	15
Balance (deficit -)	(178)	(1,125)	2,446	1,475	2
(In percent of GDP) 1/					
Revenue	0.3	0.3	0.3	0.2	--
Mandatory contributions	0.3	0.2	0.3	0.2	--
Other revenue	--	--	--	--	--
Transfers from the republican budget	0.1	--	--	--	--
Expenditure	0.6	0.4	0.1	0.1	--
Unemployment benefits	0.3	0.1	--	--	--
Training and retraining	0.1	--	--	--	--
Other	0.2	0.3	0.1	0.1	--
Balance (deficit -)	-0.3	-0.2	0.1	0.1	--

Sources: State Employment Fund; and IMF staff estimates.

1/ Due to the differential value of cash and non-cash rubles prior to the currency reform of May 1995, fiscal data as a percent of GDP before and after the currency reform are not comparable.

Table 28. Tajikistan: Operations of the Social Insurance Fund, 1993-95

	1993	1994	1995	
			Jan. 1- May 10	May 11- Dec. 31
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)				
Revenue	10,695	29,702	11,808	125
Of which: mandatory contributions	10,475	28,912	10,116	108
Expenditure	8,102	24,106	9,079	116
Sick leave	3,725	11,100	4,203	67
Maternity	1,910	4,899	2,695	5
Birth	105	405	346	2
Sanatorium services	1,581	6,015	1,645	33
Administrative	392	795	145	4
Other	389	892	45	5
Balance (deficit -)	2,593	5,596	2,729	9
(In percent of GDP) 1/				
Revenue	1.7	1.7	1.1	0.3
Of which: mandatory contributions	1.7	1.7	1.0	0.2
Expenditure	1.3	1.4	0.9	0.3
Sick leave	0.6	0.6	0.4	0.1
Maternity	0.3	0.3	0.3	--
Birth	--	--	--	--
Sanatorium services	0.3	0.4	0.2	0.1
Administrative	0.1	--	--	--
Other	0.1	0.1	--	--
Balance (deficit -)	0.4	0.3	0.3	--

Sources: Social Insurance Fund; and IMF staff estimates.

1/ Due to the differential value of cash and non-cash rubles prior to the currency reform of May 1995, fiscal data as a percent of GDP before and after the currency reform are not comparable.

Table 29. Tajikistan: Consolidated Operations of the General Government, 1992-95

	1992	1993	1994	1995	
				Jan. 1- May 10	May 11- Dec. 31
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)					
Revenue	22,786	235,667	962,077	712,983	8,019
State budget	17,235	171,224	765,290	582,344	6,977
Tax revenue	16,622	159,195	725,086	447,213	5,849
Nontax revenue	613	12,029	40,204	135,131	1,128
Pension fund 1/	5,384	52,231	162,573	116,921	896
Of which: gross receipts	7,156	60,833	166,873	116,921	1,083
Transfers from budget	1,772	8,602	4,300	--	187
Employment fund 1/	167	1,516	4,512	1,910	20
Of which: gross receipts	208	1,586	4,592	2,410	22
Transfers from budget	42	70	80	500	2
Social insurance fund	--	10,695	29,702	11,808	125
Expenditure	42,560	383,408	1,054,294	535,333	13,478
State budget 1/	35,640	320,384	940,865	489,605	11,943
Total	37,453	329,056	945,245	490,105	12,132
Transfers to social funds	1,813	8,672	4,380	500	189
Pension fund	6,534	52,211	87,177	35,714	1,397
Pensions	4,562	43,865	67,465	32,938	1,161
Allowances	1,860	7,573	18,552	2,449	236
Other	112	773	1,161	327	--
Employment fund	386	2,712	2,146	935	21
Unemployment benefits	188	557	228	72	2
Other	198	2,154	1,918	864	19
Social insurance fund	--	8,102	24,106	9,079	116
Overall balance (deficit -)	(19,774)	(147,742)	(92,217)	177,650	(5,459)
Financing	19,774	147,742	92,217	(177,650)	5,459
External	--	--	--	--	--
Domestic	19,352	146,329	87,133	(182,411)	5,234
Privatization proceeds	422	1,413	5,084	4,761	225
(In percent of GDP) 2/					
Revenue	35.2	37.3	56.0	67.4	17.5
State budget 1/	26.6	27.1	44.5	55.0	15.2
Social security funds	8.6	10.2	11.5	12.3	2.3
Expenditure	65.7	60.7	61.4	50.6	29.4
State budget 1/	55.0	50.7	54.8	46.3	26.0
Social security funds	10.7	10.0	6.6	4.3	3.3
Overall balance (deficit -)	-30.5	-23.4	-5.4	16.8	-11.9
State budget	-28.4	-23.6	-10.2	8.8	-10.8
Social security funds	-2.1	0.2	4.9	8.0	-1.1
Financing:					
External	--	--	--	--	--
Domestic	29.9	23.2	5.1	-17.2	11.4
Privatization proceeds	0.7	0.2	0.3	0.4	0.5

Sources: Ministry of Finance; Pension Fund; Ministry of Labor; and IMF staff estimates.

Notes:

1/ Excludes transfers from the state budget to the Pension and Employment Funds.

2/ Due to the differential value of cash and non-cash rubles prior to the currency reform of May 1995, fiscal data as a percent of GDP before and after the currency reform are not comparable.

Table 30. Tajikistan: State Budget By Economic Classification, Quarterly, Cash Basis, 1996-97

	1995		1996				1997				
	Year	% of GDP	Q1	Q2	Q3	Q4	Year	% of GDP	Q1	Q2	Q3
(In millions of Tajik rubles/in percent of GDP)											
Total revenue	6,977	15.2	5,309	9,115	9,743	13,168	37,335	12.1	9,635	12,940	20,937
Tax revenue	5,849	12.8	5,124	8,663	9,591	12,575	35,953	11.7	9,269	12,511	20,420
Sales taxes	0	0	2,103	4,293	4,269	3,870	14,535	4.7	3,248	4,952	7,034
Aluminum	0	0	...	...	...	...	...	...	0	...	...
Cotton	0	0	...	...	...	...	...	...	3,198	...	...
Other	0	0	0	0	0	0	0	0.0	50	...	...
Individual income tax	550	1.2	528	765	886	1,255	3,434	1.1	1,095	1,460	1,839
Enterprise profits tax	1,467	3.2	862	1,797	1,733	2,350	6,742	2.2	1,195	1,024	2,638
Value-added tax	1,550	3.4	872	1,086	1,595	1,750	5,303	1.7	1,310	1,211	3,674
Excise taxes	1,320	2.9	305	349	523	714	1,891	0.6	631	573	1,007
Customs revenue	426	0.9	166	135	179	1,118	1,598	0.5	615	2,066	2,205
Land tax	...	...	131	97	308	1,335	1,871	0.6	1,005	941	1,603
Other taxes	536	1.2	157	141	98	183	579	0.2	170	284	420
Non-tax revenue	1,128	2.5	185	452	152	593	1,382	0.4	366	429	517
Grants	...	...	0	0	0	0	0	0.0	0	0	0
Expenditure incl net lending	12,132	26.5	6,181	17,344	10,340	21,308	55,173	17.9	17,263	22,899	23,804
Expenditure ex net lending	12,132	26.5	7,081	12,247	14,038	20,975	54,341	17.6	14,912	17,323	24,371
Current	11,019	24.0	6,841	11,751	13,055	20,419	52,066	16.9	14,162	16,559	23,525
Peace process	...	...	...	...	...	...	...	...	0	0	0
Wages and salaries	3,401	7.4	1,167	1,739	1,915	3,428	8,249	2.7	4,103	4,103	5,178
o/w arrears reduction	...	...	...	...	...	...	...	...	0	0	750
Goods and services	1,318	2.9	4,235	7,113	8,099	13,304	32,751	10.6	8,358	9,624	11,489
Grants financed	0	0.0	0	0	0	0	0	0.0	0	0	0
Other	1,318	2.9	4,235	7,113	8,099	13,304	32,751	10.6	8,358	9,624	11,489
Subsidies	4,477	9.8	243	500	993	565	2,301	0.7	874	1,918	998
Social safety net	497	1.1	1,196	1,253	248	2,428	5,125	1.7	318	421	886
o/w arrears reduction	...	...	...	...	...	...	...	...	0	0	0
Total interest	1,326	2.9	0	1,146	1,800	694	3,640	1.2	509	493	4,974
Interest on external debt	1,326	2.9	0	1,146	1,800	694	3,640	1.2	509	493	4,974
Interest on domestic debt	0	0.0	0	0	0	0	0	0.0	0	0	0
Capital	1,114	2.4	240	496	983	556	2,275	0.7	750	764	846
Financial balance, cash basis	-5,156	-11.2	-1,772	-3,132	-4,295	-7,807	-17,006	-5.5	-5,277	-4,383	-3,434
Net lending	...	...	-900	5,097	-3,698	333	832	0.3	2,351	5,576	-567
FOREX loans	...	...	0	5,141	-3,666	1,669	3,144	1.0	3,120	5,721	0
Credit repayment	...	...	-900	-44	-32	-1,336	-2,312	-0.7	-769	-145	-567
Overall balance, cash basis	-5,156	-11.2	-872	-8,229	-597	-8,140	-17,838	-5.8	-7,628	-9,959	-2,867
Financing of cash deficit	5,156	11.2	872	8,229	597	8,140	17,838	5.8	7,628	9,959	2,867
External financing	0	0.0	0	0	4,830	5,400	10,230	3.3	5,840	1,928	-828
External financing	0	0.0	0	0	4,830	5,400	10,230	3.3	5,840	2,025	0
Principal repayment	0	0.0	0	0	0	0	0	0.0	0	-97	-828
Net credit to government	4,931	10.8	808	8,157	-4,429	2,444	6,980	2.3	1,483	7,649	2,403
Domestic nonbank financing	0	0.0	0	0	0	0	0	0.0	0	0	0
Privatization proceeds	225	0.5	64	72	196	296	628	0.2	305	382	1,292
Memorandum item:											
GDP	45,853	...	55,100	79,997	87,956	85,400	308,453	...	66,776	102,211	216,850

Table 31. Tajikistan: Commercial Banks as of October 1, 1997

<u>Name of Bank</u>	<u>No. of Branches</u>	<u>Major Holders of Bank Equity</u>
1. Shark (JSC)	60	a) State Property Committee of the Republic of Tajikistan; b) Konibadam Cotton Processing Plant of Leninabad Region; c) Collective Farm Kasymova, Kurgan-Tube Region; d) Collective Farm Goibzade, Kulyab Region
2. Orion (JSC)	27	a) Ministry of Finance; b) Tajikprombank; c) Energy and Electricity Corporation; d) Promstroybank, Moscow
3. Tajikbankbusiness (JSC)	28	a) Ministry of Trade and Material Resources; b) Tajiklegprom; c) Sanoati Makhalli
4. Vneshekonombank (JSC)	5	a) Somonion (JSC); b) State Commercial Insurance Corporation; c) Cotton Processing Department under the Government of RT; d) Suraye (foreign production-trade company); e) Foreign Economic Association Intergraf; f) Staff members of Vneshekonombank; g) P.Siemens GMBH (German company); h) 'Paul Reinhard Ltd.' Swiss; i) Ministry of Finance; j) Nizom (production commercial company); k) Doro (scientific-production company)
5. Tajbank (JSC)	1	a) Darkor (JSC); b) Adolat; c) Asian-Austrian Association
6. Khatlon Bank	1	Khatlon Regional Government
7. Khojent	0	a) Collective farms; b) Meat Processing Joint Stock Company ; c) Gafurov Wine Factory; d) Khujand (JSC); e) CB Khojent; f) Khojand Cotton Processing Plant
8. Dekhkon Bank	0	a) Collective farms; b) Ranjbar Association; c) Avazov Production association
9. Akbar Bank (JSC)	1	a) Akbar (JSC); b) Adolat; c) Vostokcredmet Production Association
10. Somonbank (JSC)	4	a) Tana (JSC); b) Promstroy (JSC); c) Tajikinformatica; d) Gissar Cotton Processing Factory; e) Sado;

			f) Tajikgosstrahkompania Insurance Company; g) Barqi Tajik (state joint stock holding company); h) Dilshod (production commercial company); i) Tajikgidroagregat Production Association; j) Insurance Authority of Khatlon Region; k) Sangvor (scientific production company); l) Company Tajikistan
11. Aviabank's (JSC) branch in Dushanbe 1/	0		Avia Bank
12. Savings Bank	67		Ministry of Finance
13. Ganjina (JSC)	0		a) Tavhid Holding Company; b) Ekhyo (JSC); c) Kolinkhoi-Khojand (JSC); d) Nigor (production-trade company)
14. Fonon	0		a) Artists' Fund; b) Avtobus (JSC); c) Zeeroat (JSC); d) Fonon Design; e) Barodar Corporation; f) Tajikvtormet Corporation
15. Ayem	0		a) Shukhrat; b) Kangurt Consumer Society; c) Sabo; d) Dilovar (JSC); e) Siton (private enterprise); f) Kb Ayem; g) State farms
16. Eshkata	0		a) Noor Corporation; b) State Property Committee; c) Nedra (JSC); d) Dilovar (private enterprise); e) AVES
17. Central Asian Bank (Joint Tajik-Cyprus)	0		a) Bank Kobu; b) SBM Company; c) Safar International Investment Industrial Holding Group
18. Textinvestbank	3		a) Zafarabad Joint Enterprise; b) Taj-Al (JSC); c) Telecom Joint Stock Television Company
19. Tajikprombank (industrial reconstruction & development) (JSC)	3		a) Tropikan Invest; b) Lesostroymaterialy (marketing company); c) Foreign trade-commercial firm Aziz
20. Bahtovar	0		Individuals
21. Toribank	0		a) Myasomolcontractor Corporation; b) Tajikbakaleycontractor Corporation
22. Rishta	0		Hima Corporation

23. Teejarat (branch of Bank of IRI in Dushanbe)	0	Bank of Islamic Republic of Iran
24. East-Credit Bank (Joint Luxemburg-Tajik)	0	a) Independent Financial Holding Company; b) Capital-Investment Ltd. Company
25. Dushanbe	2	Gissar Cotton Processing Factory
26. Ilhom (JSC) 1/	0	a) Khuroson (foreign trade-production corporation); b) EV-AK (Tajik-Turkish Joint Enterprise); c) Khuroson (leased farm)
27. Zeeroat 1/	0	a) Sapeda (JSC); b) Sham (agricultural firm)

Sources: National Bank of Tajikistan.

Notes: JSC = Joint Stock Company

1/ As of October 1997, among the 27 registered banks, four banks (Aviabank's branch in Dushanbe, Zeeroat, Ilhom, and Teejarat) were not operating.

Table 32. Tajikistan: Credit of the Banking System, 1996-97 1/2/

	1996			1997			
	Mar.	June	Sep.	Dec.	Mar.	June	Sept.
Banking Credit to the Economy	5,782.9	6,973.8	10,164.2	12,501.7	14,347.9	20,888.1	25,693.7
From Commercial Banks	5,715.8	6,912.8	10,153.7	12,490.0	14,185.6	18,884.1	22,927.7
Shark	3,587.6	4,322.2	5,017.1	6,292.2	6,878.0	8,680.6	10,426.8
Orion	1,006.7	1,136.0	1,487.3	1,647.4	2,036.6	2,514.7	3,428.0
Tajikbankbusiness	626.3	734.5	1,519.4	1,745.5	1,891.9	2,711.6	2,867.9
Tajikvneshekonombank	176.9	263.4	956.7	1,237.3	1,599.0	2,398.7	3,578.9
Tajbank	24.4	22.4	20.9	20.1	19.4	19.0	12.6
Khatlon Bank	17.3	...	9.9	9.6	9.5	9.5	9.5
Khojent	70.1	119.5	122.3	168.6	195.4	292.5	247.6
Dekkhon Bank	0.1	72.0	189.5	338.6	439.0	698.8	765.5
Akbar Bank	12.8	15.0	17.4	17.4	22.0	24.3	23.9
Somonbank	98.3	98.7	140.9	198.9	187.8	222.2	300.4
Aviabank	8.1	7.6	7.6	7.6	7.6	7.6	7.6
Savings Bank	33.0	43.2	65.6	89.2	111.0	302.7	633.7
Ganjina	4.0	3.5	5.7	2.8	6.8	8.3	6.8
Fonon	9.9	10.0	9.9	16.1	17.8	14.2	20.5
Eskhata	3.0	3.0	3.5	3.5	47.1	54.0	52.8
Ayem	8.1	23.1	34.2	118.4	122.9	125.2	27.1
Central Asian Bank	29.2	38.8	545.8	576.9	593.8	800.1	518.1
Tajprombank	13.4	56.2	156.0	301.1	701.0	1,192.4	2,074.2
Textinvestbank	1.7	115.3	109.6	0.2	32.4	111.9	211.8
Toribank			131.1	93.1	110.8	413.7	458.8
Bahtovar			2.0	10.0	13.0	15.0	35.0
Rishta					60.3	60.3	60.3
East-Credit Bank							552.8
Dushanbe				60.7	188.9	458.3	577.2
From the National Bank of Tajikistan	67.1	60.9	10.5	11.7	162.3	2,004.0	2,766.0

Source: National Bank of Tajikistan (NBT).

Notes:

1/ From operational data of the NBT, which are usually reported a few days before the end of month.

2/ Three banks (Tejorot, Zeeroat, Ilhom) are not included in this table as they were not operating as of September 1997. Aviabank was not operational as of September 1997, but it had outstanding loans on its balance sheet.

Table 33. Tajikistan: NBT's Balance Sheet

	1997													
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.				
Net Foreign Assets	1573	1017	-2964	334	-2440	-1401	329	707	-312	-12030	-19099	-27322	-34754	-33808
Net international reserves (NIR) 1/	1209	845	-3135	157	-2635	-1610	99	470	-554	-12284	-19422	-27701	-35210	-34253
Gross assets	1209	845	3179	6669	4581	6090	8569	9226	8357	13334	13092	9335	10710	13724
Gross liabilities	0	0	6314	6512	7216	7700	8470	8756	8910	25618	32514	37035	45920	47977
Net claims on ruble area	364	172	171	177	196	209	230	237	242	254	323	379	456	446
Net Domestic Assets	6351	7276	15896	13170	20610	19131	22049	24498	29518	46416	58096	67724	76717	79898
Net credit to general government 2/	8921	9729	17886	13456	15900	16343	15213	19048	17453	17866	28010	29871	36634	37591
of which: TR credits	7857	8405	10126	10585	15185	15285	15435	15685	16195	17345	18484	18929	22092	22679
forex credits			4918	1455	3437	3673	4048	7371	7659	9696	11027	13170	16085	15898
DG8 counterpart fund (-)														
World Bank counterpart fund (-)	2600	2351	3206	3974	5502	6719	7029	7460	8736	9131	10660	10798	9184	9099
Claims on banks														
Special Cotton Financing	83	68	62	10	11	11	161	162	164	265	2004	2318	2791	2766
Credit to the economy	-5252	-4872	-5257	-4270	-803	-3942	-354	-2171	3165	5462	-1100	-835	-4351	-4791
Other items net		-347	-1918	-1413	-874	-739	-670	-559	-501	-1313	-1083	-1040	-935	-406
of which: EU counterpart fund		28	-159	-204	-471	-532	-687	-731	-834	-1065	-2839	-4009	-5818	-5513
Revaluation effect														
Reserve Money	7924	8293	12932	13504	18170	17730	22377	25206	29206	34385	38997	40402	41963	46091
Average Monthly Increase		1.5%	16.0%	1.5%	10.4%	-2.4%	26.2%	11.5%	15.9%	17.7%	15.7%	3.6%	3.9%	9.8%
Currency in circulation	5561	6749	8753	11276	15956	14042	16369	18581	20955	23402	26847	29668	32436	36055
Bank reserves	2212	1446	3528	1738	1928	2688	3674	5488	6929	7768	8924	9523	8597	8442
Other deposits	151	98	651	490	286	999	2334	1136	1322	3216	3226	1211	931	1593
Memorandum item:														
NIR (US\$ mil.)	4.1	3.0	-10.9	0.5	-8.0	-4.6	0.3	1.2	-1.4	-28.8	-35.9	-43.6	-46.0	-45.9
Gross assets	4.1	3.0	11.1	22.5	14.0	17.4	22.3	23.2	20.6	31.3	24.2	14.7	14.0	18.4
Gross liabilities	0.0	0.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	60.1	60.1	58.3	60.0	64.2
o/w cotton deal										38.1	38.1	36.3	38.0	42.2
Gross assets in months of imports 3/	0.1	0.1	0.2	0.5	0.3	0.6	6	0.5	6	6	0.6	6	6	0.4
Monthly refinancing rate (in percent)	40	15	10	6	6	6	6	6	6	6	6	6	6	6
Monthly CPI inflation (in percent)	67.4	16.0	-15.8	-2.9	8.3	5.4	1.4	4.7	22.4	2.0	9.3	19.5	23.5	7.8
Real monthly refinancing rate (in percent) 4/	6.2	2.2	17.0	5.8	0.6	1.0	2.2	-3.5	-3.7	-5.2	-4.3	-11.4	-10.9	-6.9
Accounting exchange rate	294	280	287	296	328	350	385	398	405	426	541	635	765	747

Source: National Bank of Tajikistan and IMF staff calculations.

Notes:

1/ Gold holdings are valued at US\$380 per troy ounce until September 1997 and US\$345 per troy ounce afterwards.

2/ In August and September 1997, some directed credits previously extended by the NBT were taken over by the MOF. In August, TR credit to government increased by TR2,732 million (including the transfer of interest payment obligations that were not previously recorded) and claims on banks declined by TR1,865 million due to this accounting change. In September, TR credit to government increased by TR456 million and claims on banks declined by TR151 million due to this change.

3/ Imports of goods and services excluding alumina and electricity.

4/ Defined as monthly refinancing rate minus three month moving average of monthly CPI inflation rates around the current month.

Table 34. Tajikistan: Monetary Survey

	1995					1996					1997				
	Dec.	March	June	Sep.	Dec.	Jan.	Feb.	March	Apr.	May	June	July	Aug.	Sept.	
Net Foreign Assets (NFA)	8035	6923	2381	5525	2483	3881	7253	7293	6425	-5913	-11256	-17379	-24934	-23027	
Net Domestic Assets	5265	7862	15952	14727	23212	20707	23408	23771	27687	44514	55747	63681	76037	75436	
Net credit to general government	8329	8790	16750	11982	14387	14995	13966	16393	16713	22236	25197	26513	33171	33540	
of which: TR credits	7857	8405	10126	10585	15185	15185	15435	15685	16195	17345	18484	18929	22144	22729	
forex credits			4918	1455	3437	3673	4048	7371	7659	9696	11027	13170	16085	15898	
DG8 counterpart fund (-)															
World Bank counterpart fund (-)															
Credit to the economy	5503	6870	8346	10577	12447	13517	14571	15330	16431	17915	22573	25556	27862	26744	
Special cotton financing									0	13692	18522	25571	32459	35233	
Other items Net (OIN)	-8567	-7798	-9144	-7832	-3621	-7804	-5129	-7953	-5457	-9329	-10545	-13960	-17455	-20081	
of which: EU counterpart fund		-347	-1918	-1414	-875	-740	-671	-559	-501	-1303	-1083	-1040	-935	-406	
Revaluation effect		84	-98	-178	-519	-784	-1260	-1487	-1693	-2279	-5399	-7700	-11694	-11163	
Ruble Broad Money	8884	10895	14353	16404	21557	19343	23227	24896	27852	28648	32295	34753	38919	41260	
Average monthly increase		7.0%	9.6%	4.6%	9.5%	-10.3%	20.1%	7.2%	11.9%	2.9%	12.7%	7.6%	12.0%	6.0%	
Cash outside banks	5521	6668	8701	11082	15720	13799	15967	17339	19928	21785	25285	28055	30682	33879	
Deposits	3363	4227	5652	5322	5837	5544	7260	7357	7924	6863	7010	6698	8237	7381	
Foreign currency deposits	4416	3890	3979	3848	4138	5245	7434	6168	6260	9953	12196	11549	12184	11149	
Memorandum item:															
Velocity 1/	19.2	24.3	26.4	22.0	18.0			11.5			14.3			23.6	
Annual average velocity					20.3										
Money multiplier (RBM/RM) 2/	1.12	1.31	1.11	1.21	1.19	1.09	1.04	0.99	0.95	0.83	0.83	0.86	0.93	0.90	
Money multiplier (TBR/RM) 3/	1.68	1.78	1.42	1.50	1.41	1.39	1.37	1.23	1.17	1.12	1.14	1.15	1.22	1.14	
Cash outside banks/Total deposits	0.71	0.82	0.90	1.21	1.58	1.28	1.09	1.30	1.40	1.30	1.32	1.54	1.50	1.83	
Bank reserves/Total deposits	0.28	0.18	0.37	0.19	0.19	0.25	0.25	0.41	0.49	0.46	0.46	0.52	0.42	0.46	
Quarterly GDP (in billions of TR)	39.0	55.1	80.0	88.0	85.4			66.8			102.2			216.9	
Credit to economy/GDP 4/	3.5%	3.1%	2.6%	3.0%	3.6%	5.1%	5.5%	5.7%	4.0%	4.4%	5.5%	2.9%	3.2%	3.1%	

Source: National Bank of Tajikistan and IMF staff calculations.

1/ Quarterly GDP divided by quarterly average ruble broad money.

2/ Ruble broad money divided by reserve money.

3/ Total broad money (ruble broad money plus foreign currency deposits) divided by reserve money.

4/ Annualized quarterly GDP.

Table 35. Tajikistan: Annual Interest Rates, 1996-97

	1996			1997			
	Mar.	June	Sep.	Dec.	Mar.	June	Sep.
(In percent, end of period)							
Lending rates							
National Bank of Tajikistan							
To banks	180	120	72	72	72	72	72
Budget financing	0	0	0	0	0	0	0
Commercial banks 1/							
Shark	121	121.	105	131	131	95	101
Orion	120	146	123	122	119	108	100
Tajikbankbusiness	135	147	126	116	94	78	73
Vneshekonombank	164	154	113	107	101	65	72
Commercial bank average 2/	108	101	94	124	104	166	136
Deposit rates							
Savings Bank 3/	...	140	100	100	100	100	60
Shark 3/	27	50	50	109	78	...	...
Orion 3/	...	180	...	144	90	120	50
Tajikbankbusiness 3/	110	119	109	128	104	118	60
Vneshekonombank 3/	...	78	109	106	81	132	...
Commercial bank average 4/	83	41	44	85	74	124	118

Source: National Bank of Tajikistan.

Notes:

- 1/ Effective weighted average (paid interest revenues divided by outstanding credit).
- 2/ Simple average of all commercial banks' rates for loans with maturity of 0-3 months.
- 3/ Simple average rates for deposits with maturity of 4-6 months.
- 4/ Simple average of all commercial banks' rates for deposits with maturity of 0-3 months.

Table 36. Tajikistan: Reserve Requirements, 1991-97

Months when changes were introduced	1991	Feb-94	Feb-96	Jul-96	Feb-97
Deposits with commercial banks					
Demand deposits	15%	20%	20%	20%	20%
Time deposits with maturity of less than one year	12%	20%	20%	20%	20%
Time deposits with maturity of more than one year	10%	15%	20%	20%	20%
Foreign exchange deposits	0%	0%	0%	2%	20%

Source: National Bank of Tajikistan.

Table 37. Tajikistan: Capital Asset and Liquid Asset Ratios as of September 1, 1997

Banks	Capital Asset Ratio (K1) 1/	Liquid Asset Ratio (K2)
Requirement	No less than 0.08	No less than 0.3
Tajikbankbusiness	0.11	0.91
Orion	0.73	3.08
Shark	0.05	0.21
Tajbank	-2.32	...
Vneshekonombank	0.44	11
Fonon	0.34	0.37
Khojent	0.9	1.3
Ganjina	1.8	0.7
Somonbank	0.25	...
Akbar Bank	2.8	0.03
Eskhata	0.08	0.62
Ayem	0.1	0.01
Savings Bank	-0.03	0.92
Central Asian Bank	0.61	29.03
Textinvestbank	1.16	5
Tajprombank	0.16	1.1
Dehkonbank	0.45	0.001
Teejorat	86.8	30
Toribank	0.2	0.8
Dushanbe	0.41	1.02
Rishta	1.86	0.35
Bahtovar	2.67	0.99
East-Credit Bank	3.35	5.18

Source: National Bank of Tajikistan (NBT).

1/ K1 is the ratio of bank's capital to its risk-weighted assets.

2/ K2 is the ratio of bank's liquid assets to total demand deposits.

Table 38. Tajikistan: Balance of Payments

(In millions of U.S. dollars)

	1993	1994	1995	1996
Current account	-208	-170	-54	-74
Trade balance	-204	-148	-41	-38
CIS	-125	-197	-226	-112
Non-CIS	-78	49	185	74
Exports, fob	456	559	839	770
Aluminum	230	313	390	263
Cotton	117	155	212	157
Electricity	30	19	123	175
Other	79	72	113	176
Imports, cif	-660	-707	-880	-808
Alumina	-108	-146	-195	-115
Petroleum and natural gas	-101	-163	-153	-101
Electricity	-26	-19	-164	-133
Other	-425	-379	-368	-460
Services, income and transfers (net)	-5	-22	-12	-36
Services	-26	-28	2	2
Income	-4	-19	-39	-68
Transfers	25	25	25	30
Capital account	-29	-52	-72	-105
Public sector disbursements	71	44	20	37
Public sector amortization	-15	-19	-102	-125
Foreign direct investment (net)	9	12	17	20
Commercial banks' NFA (- increase)	...	-2	-7	6
Short-term capital 1/	-95	-89	-8	-37
Overall Balance	-238	-223	-126	-179
Financing items	238	223	126	179
Gross reserves (- increase)	-2	1	-3	-10
IMF (net)	0	0	0	22
Special debt service account	0	0	0	-12
Change in arrears (+ increase)	17	37	112	-40
Reschedulings 2/	222	184	17	220
Memorandum items:				
Gross reserves				
(in millions of U.S. dollars)	2	1	4	14
(in weeks of imports) 3/	0	0	0	1
Current account (in percent of GDP)	-31	-21	-9	-7
Debt service due 4/	6	10	27	34

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Notes:

- 1/ Includes errors and omissions and in 1993 also commercial banks' change in NFA.
- 2/ In 1993 and 1994 includes conversions of trade credits and correspondent account balances.
- 3/ Imports of goods and services excluding alumina and electricity.
- 4/ In percent of exports of goods and services less alumina and electricity imports.

Table 39. Tajikistan: Quarterly Balance of Payments for 1996 and 1997

(In millions of U.S. dollars)

	1996					1997 Preliminary		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Current account	-6	1	-8	-61	-74	-18	-6	-5
Trade balance	-13	-5	-11	-11	-38	-18	-2	2
CIS	-54	-30	-14	-14	-112	-55	-46	-57
Non-CIS	42	25	3	3	74	37	44	59
Exports, fob	187	201	191	191	770	181	178	174
Aluminum	84	63	58	58	263	60	61	64
Cotton	29	48	40	40	157	37	42	31
Electricity	33	46	48	48	175	37	35	40
Other	40	44	46	46	176	47	39	39
Imports, cif	-199	-205	-202	-202	-808	-200	-180	-173
Alumina	-39	-28	-24	-24	-115	-42	-37	-22
Petroleum and natural gas	-32	-23	-23	-23	-101	-33	-24	-16
Electricity	-35	-35	-31	-31	-133	-42	-44	-29
Other	-93	-120	-123	-123	-460	-83	-75	-107
Services, income and transfers (net)	7	5	2	-51	-36	1	-4	-7
Services	4	1	0	-4	2	2	2	1
Income	-5	-4	-5	-54	-68	-4	-9	-12
Transfers	8	8	8	8	30	3	4	4
Capital account	-4	-14	20	-107	-105	28	0	-16
Public sector disbursements	4	2	15	16	37	16	6	1
Public sector amortization	-7	-3	-4	-111	-125	0	-2	-9
Foreign direct investment (net)	5	5	5	5	20	3	4	3
Commercial banks' NFA (- increase)	3	1	1	2	6	-1	2	0
Short term capital 1/	-6	-17	4	-17	-37	10	-10	-10
Overall Balance	-10	-13	12	-168	-179	10	-6	-21
Financing items	10	13	-12	168	179	-10	6	21
Gross reserves (- increase)	1	-8	-11	9	-10	-9	-1	6
IMF (net)	0	22	0	0	22	0	0	0
Special debt service account	0	-4	-6	-2	-12	-1	0	3
Change in arrears (+ increase)	9	4	6	-58	-40	0	7	12
Rescheduling of arrears	0	0	0	220	220	0	0	0
Memorandum items:								
Gross reserves								
(in millions of U.S. dollars)	3	11	23	14	14	23	24	18
(in weeks of imports) 2/	0	1	2	1	1	2	2	2
Current account (in percent of GDP)	-3	0	-3	-23	-7	-9	-3	-2
Debt service due 3/	9	4	5	117	34	2	8	14

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Notes:

1/ Includes errors and omissions.

2/ Imports of goods and services excluding alumina and electricity.

3/ In percent of exports of goods and services less alumina and electricity imports.

Table 40. Tajikistan: Exports by Products

	1993	1994	1995	1996
(Values in millions of U.S. dollars)				
Total exports, f.o.b.	456	559	839	770
Aluminum	230	313	390	263
Cotton	117	155	212	157
Electricity	30	19	123	175
Other	79	72	113	176
(Percentage changes in values)				
Total exports, f.o.b.	...	23	50	-8
Aluminum	...	36	24	-32
Cotton	...	32	37	-26
Electricity	...	-36	548	42
Other	...	-9	58	55
(Volumes in units indicated)				
Aluminum ('000 tons)	248	241	231	191
Cotton ('000 tons)	150	126	121	104
Electricity (million kwh)	1,869	1,000	2,704	3,139
(Percentage changes in volumes)				
Aluminum	...	-3	-4	-17
Cotton	...	-16	-4	-14
Electricity	...	-46	170	16
(Unit values in units indicated)				
Aluminum (US\$ per tons)	926	1,297	1,685	1,374
Cotton (US\$ per tons)	780	1,229	1,750	1,506
Electricity (US cents per kwh)	2	2	5	6
(Percentage changes in unit values)				
Aluminum	...	40	30	-18
Cotton	...	58	42	-14
Electricity	...	19	140	22

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Table 41. Tajikistan: Imports by Products

	1993	1994	1995	1996
(Values in millions of U.S. dollars)				
Total imports, c.i.f.	660	707	880	808
Alumina	108	146	195	115
Natural gas	48	84	71	38
Petroleum products	53	79	82	62
Electricity	26	19	164	133
Grains and flour	95	113	47	55
Other	330	266	321	405
(Percentage changes in values)				
Total imports, c.i.f.	...	7	24	-8
Alumina	...	36	33	-41
Natural gas	...	74	-15	-46
Petroleum products	...	50	3	-24
Electricity	...	-27	764	-19
Grains and flour	...	18	-58	15
Other	...	-19	21	26
(Volumes in units indicated)				
Alumina ('000 tons)	483	470	589	307
Natural gas ('000 cubic meters)	1,345	994	856	600
Petroleum products ('000 tons)	685	421	394	311
Electricity (million kwh)	736	1,000	3,366	2,898
Grains and flour ('000 tons)	1,521	655	445	228
(Percentage changes in volumes)				
Alumina	...	-3	25	-48
Natural gas	...	-26	-14	-30
Petroleum products	...	-39	-6	-21
Electricity	...	36	237	-14
Grains and flour	...	-57	-32	-49
(Unit values in units indicated)				
Alumina (US\$ per tons)	223	312	331	375
Natural gas (US\$ per '000 cubic meters)	36	84	83	64
Petroleum products (US\$ per tons)	77	188	208	200
Electricity (US cents per kwh)	4	2	5	5
Grains and flour (US\$ per tons)	63	173	106	239
(Percentage changes in unit values)				
Alumina	...	40	6	13
Natural gas	...	135	-1	-23
Petroleum products	...	144	10	-4
Electricity	...	-46	157	-6
Grains and flour	...	175	-39	125

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Table 42. Tajikistan: Trade Indices

	1993	1994	1995	1996
<u>I. Exports</u>				
	(1993 = 100)			
Value	100	123	184	169
Volume	100	89	98	98
Unit value	100	137	188	173
	(Percentage changes)			
Value	...	23	50	-8
Volume	...	-11	10	0
Unit value	...	37	37	-8
<u>II. Imports</u>				
	(1993 = 100)			
Value	100	107	133	123
Volume	100	73	82	73
Unit value	100	147	162	168
	(Percentage changes)			
Value	...	7	24	-8
Volume	...	-27	13	-12
Unit value	...	47	10	4
<u>III. Terms of Trade</u>				
(1993 = 100)	100	93	116	103
(Percentage change)	...	-7	24	-11

Sources: Data provided by the authorities; and Fund staff estimates.

Table 43. Tajikistan: Destination of Exports

	1993	1994	1995	1996
(In millions of U.S. dollars)				
Total, f.o.b.	456	559	839	770
CIS	173	143	252	331
Russia	93	76	95	79
Uzbekistan	40	43	132	191
Other	40	24	24	61
Non-CIS	283	417	587	439
Europe	242	362	535	383
Asia	27	28	36	45
Other	15	27	15	11
(Percentage changes)				
Total, f.o.b.	...	23	50	-8
CIS	...	-17	77	32
Russia	...	-18	25	-17
Uzbekistan	...	6	209	44
Other	...	-41	3	152
Non-CIS	...	47	41	-25
Europe	...	50	48	-28
Asia	...	4	32	25
Other	...	79	-43	-29
(Shares in percent of total)				
Total, f.o.b.	100	100	100	100
CIS	38	25	30	43
Russia	20	14	11	10
Uzbekistan	9	8	16	25
Other	9	4	3	8
Non-CIS	62	75	70	57
Europe	53	65	64	50
Asia	6	5	4	6
Other	3	5	2	1

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Table 44. Tajikistan: Origin of Imports

	1993	1994	1995	1996
(In millions of U.S. dollars)				
Total, c.i.f.	660	707	880	808
CIS	298	339	478	443
Russia	104	127	136	134
Uzbekistan	85	123	251	199
Other	109	89	91	109
Non-CIS	361	368	402	366
Europe	336	309	352	302
Asia	16	25	11	46
Other	10	34	39	18
(Percentage changes)				
Total, c.i.f.	...	7	24	-8
CIS	...	14	41	-7
Russia	...	22	7	-1
Uzbekistan	...	44	104	-21
Other	...	-18	2	21
Non-CIS	...	2	9	-9
Europe	...	-8	14	-14
Asia	...	62	-56	307
Other	...	242	16	-53
(Shares in percent of total)				
Total, c.i.f.	100	100	100	100
CIS	45	48	54	55
Russia	16	18	15	17
Uzbekistan	13	17	29	25
Other	17	13	10	14
Non-CIS	55	52	46	45
Europe	51	44	40	37
Asia	2	4	1	6
Other	1	5	4	2

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Table 45. Tajikistan: External Debt

	1993	1994	1995	1996
(In millions of U.S. dollars)				
Total debt	509	760	817	868
Multilaterals	62	72	81	134
IMF	0	0	0	22
World Bank	0	0	0	31
European Union	62	72	81	81
Bilaterals	368	540	583	589
Russia	209	281	292	288
Uzbekistan	101	179	200	200
Kazakhstan	18	19	19	19
China	5	5	5	5
Pakistan	0	0	6	12
Turkey	0	20	23	23
United States	24	24	25	31
Other 1/	12	13	13	11
Commercial credits	79	148	153	145
Government guaranteed	74	127	132	80
Non-guaranteed	5	21	21	65
(Shares in percent of total)				
Multilaterals	12	10	10	15
Bilaterals	72	71	71	68
Commercial credits	16	19	19	17
(In percent of GDP)				
Total debt	75	92	134	84
(In percent of exports) 2/				
Total debt	158	193	160	157

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Notes:

1/ Includes correspondent accounts, the balances of which have not yet been reconciliated with the respective creditors.

2/ Exports of goods and services less alumina and electricity imports.

Table 46. Tajikistan: External Debt Service 1/

	1993	1994	1995	1996
(In millions of U.S. dollars)				
Total debt service due	18.4	38.3	129.7	179.8
Principal	14.7	19.1	101.6	125.1
Interest	3.7	19.2	28.1	54.7
Total debt service paid	1.0	1.0	0.7	0.2
Principal	0.0	0.0	0.0	0.0
Interest	1.0	1.0	0.7	0.2
(In percent of GDP)				
Total debt service due	2.7	4.6	21.2	17.4
Principal	2.2	2.3	16.6	12.1
Interest	0.5	2.3	4.6	5.3
Total debt service paid	0.1	0.1	0.1	0.0
Principal	0.0	0.0	0.0	0.0
Interest	0.1	0.1	0.1	0.0
(In percent of exports) 2/				
Total debt service due	5.7	9.7	25.5	32.6
Principal	4.6	4.9	20.0	22.7
Interest	1.1	4.9	5.5	9.9
Total debt service paid	0.3	0.3	0.1	0.0
Principal	0.0	0.0	0.0	0.0
Interest	0.3	0.3	0.1	0.0

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Notes:

1/ Excluding commercial debt service.

2/ Exports of goods and services less alumina and electricity imports.

Table 47. Tajikistan: Exchange Rates and U.S. Dollar Wages, 1993-1997

	Tajik ruble per U.S. \$ 1/	Nominal exchange rate indices 2/			Real exchange rate indices 2/ 3/			Average monthly wages (in US\$)	
		Average	U.S. dollar	Russian ruble	Average	U.S. dollar	Russian ruble	Tajikistan	Russia
1993	...	238	587	99	52	42	68	14	58
March	...	273	753	99	18	10	32	10	35
June	...	213	462	99	28	16	49	12	44
September	...	218	472	100	53	42	67	16	75
December	...	200	404	99	221	203	240	28	114
1994	...	155	244	99	105	98	112	18	99
March	...	170	291	99	111	102	120	21	96
June	...	160	257	99	104	99	109	21	106
September	...	145	213	99	99	93	105	16	109
December	...	121	148	99	76	73	80	15	105
1995	135	74	78	70	104	115	95	10	107
January	...	113	130	98	75	73	77	10	79
February	...	109	119	100	75	73	78	9	75
March	...	113	117	109	88	84	92	10	76
April	...	99	100	99	90	87	93	10	77
May	50	100	100	100	100	100	100	12	85
June	52	93	96	90	97	104	91	15	102
July	57	84	88	79	91	102	81	14	111
August	58	81	86	75	153	177	132	13	118
September	121	39	41	36	117	137	99	8	126
October	192	25	26	23	113	136	95	6	132
November	261	18	19	17	101	123	83	4	137
December	288	17	17	16	152	187	124	5	159
1996	298	17	17	17	195	240	158	9	157
January	299	16	17	16	160	198	129	5	140
February	298	16	17	16	191	237	153	5	144
March	285	17	18	17	229	286	183	7	154
April	282	17	18	17	237	296	189	7	152
May	277	18	18	18	243	303	194	9	155
June	286	17	17	17	197	247	158	10	166
July	296	17	17	17	181	224	146	9	164
August	300	17	17	17	184	225	150	9	157
September	302	17	17	18	178	216	147	12	158
October	305	17	16	18	179	217	148	13	155
November	315	17	16	17	177	215	145	11	152
December	334	16	15	16	180	219	148	11	184
1997	503	12	11	12	183	225	149	9	162
January	339	16	15	16	186	227	152	11	145
February	368	14	14	15	173	212	141	10	145
March	392	14	13	14	169	207	138	10	158
April	402	13	12	14	202	247	164	9	157
May	416	13	12	14	198	244	161	9	159
June	484	11	10	12	185	229	150	9	165
July	628	9	8	9	170	210	137	7	169
August	740	7	7	8	178	220	145	7	179
September	756	7	7	8	189	231	154	7	178

Sources: Data provided by the Tajik authorities; and Fund staff estimates.

Notes:

1/ On May 10, 1995 the Tajik ruble was introduced at a rate of 1 per 100 Russian rubles. Prior to that the Russian ruble was in use

2/ Using period average exchange rates. The average index is the geometric average of the U.S. and Russian indices.

An increase denotes appreciation.

3/ Nominal indices adjusted for changes in consumer prices.

