

March 2000

IMF Staff Country Report No. 00/27

Republic of Tajikistan: Recent Economic Developments

This Recent Economic Developments report on Republic of Tajikistan was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Republic of Tajikistan or the Executive Board of the IMF.

Copies of this report are available to the public from
International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623-7430 • Telefax: (202) 623-7201
Telex (RCA): 248331 IMF UR
E-mail: publications@imf.org
Internet: <http://www.imf.org>
Price: \$15.00 a copy

International Monetary Fund
Washington, D.C.

INTERNATIONAL MONETARY FUND

REPUBLIC OF TAJIKISTAN

Recent Economic Developments

Prepared by Tapio Saavalainen (Head), Henri Lorie, Jian-Ye Wang,
Etibar Jafarov (all EU2), Davina Jacobs (FAD), and Bas Bakker (PDR)

Approved by European II Department

January 7, 2000

Contents	Page
I. Introduction.....	4
A. Progress in the Peace Process.....	4
B. Economic Transition and Adjustment.....	5
II. Output and Price Developments.....	5
A. Demand Developments and Sectoral Balances.....	5
B. Production Developments.....	8
C. Price Developments.....	9
D. Wages and Labor Market Developments.....	11
E. Inflation and Exchange Rate Dynamics.....	13
III. Fiscal Developments.....	17
A. Revenue Performance.....	18
B. Expenditure Developments.....	20
C. The Budget Deficit and Financing.....	22
D. Poverty Assessment.....	22
IV. Monetary and Financial Developments and Policies.....	24
A. Monetary and Credit Developments.....	24
B. Monetary Policy Instruments.....	27
C. Banking Regulation and Supervision.....	29
D. Bank Restructuring.....	31
V. External Sector Developments.....	33
A. Current Account Developments.....	33
B. Capital and Financial Account Developments.....	38
C. External Debt and Restructuring.....	39
D. Trade System.....	41
E. External Debt Sustainability.....	41

VI. Structural Reforms	44
A. Legal and Institutional Reform	44
B. Enterprise Privatization	45
C. Land and Agricultural Reform	46
D. The Energy Sector	48

Tables

1. Nominal and Real GDP, 1992-99	50
2. Nominal GDP by Sector of Origin, 1994-1999	51
3. Agricultural Production, 1985-98	52
4. Production and Yield of Major Agricultural Crops, 1985-98	53
5. Animal Husbandry, 1985-98	54
6. Production of Meat, Milk, and Eggs, 1985-98	55
7. Agricultural Production by Type of Farm, 1985-98	56
8. Allocation of Agricultural Land in 1998	57
9. Industrial Output by Sector at Constant Prices, 1985-98	58
10. Selected Indicators of Industrial Production, 1985-98	59
11. Electricity Consumption and Output, 1985-98	60
12. Fuel Consumption, 1991-98	61
13. Indices of Real GDP, Employment, and Energy Consumption, 1991-98	62
14. Labor Resources and Employment, 1985-98	63
15. Registered Unemployment, 1995-99	64
16. Employment by Sector of Economy, 1985-98	65
17. Sectoral Output, Employment and Productivity, 1991-98	66
18. Consumer Price Inflation, 1996-99	67
19. Wholesale Price Inflation—Selected Categories, 1996-99	68
20. Monthly Wages, 1996-99	69
21. Average Monthly Wages by Sector, 1985-98	70
22. State Budget by Economic Classification of Expenditures and Revenues 1992-99	71
23. State Budget by National Classification of Revenues and Expenditures, 1992-99	72
24. State Budget by National Classification of Revenues and Expenditures, 1992-99	73
25. State Budget by Economic Classification, Quarterly, 1998-99	74
26. Consolidated Operations of the General Government, 1992-99	75
27. Operations of the Social Protection Fund and the Road Fund, 1997-99	76
28. Accounts of the National Bank of Tajikistan, 1996-99	77
29. Monetary Survey, 1996,-99	78
30. Sources of Broad Money Growth, 1997-99	79
31. Credit of the Banking System, 1996-99	80

32.	Results of Treasury Bill Auctions, 1998-99	81
33.	Average Annual Interest Rates, 1997-99	82
34.	Tajik Interbank Currency Exchange (TICEX) Auctions, 1997-99	83
35.	Commercial Banks as of October 1, 1999	84
36.	Consolidated Balance Sheet of Commercial Banks, 1997-99	86
37.	Estimated Loan Loss Provision on Consolidated Basis for Four Major Banks, 1997-99	87
38.	Implementation of Restructuring of the Agroinvestbank and Savings Bank, 1999	88
39.	Capital Asset and Liquid Asset Ratio, 1999	89
40.	Balance of Payments, 1993-98	90
41.	Exports by Product, 1993-98	91
42.	Imports by Product, 1993-98	92
43.	Trade Indices, 1993-98	93
44.	Destination of Exports, 1993-98	94
45.	Origin of Imports, 1993-98	95
46.	External Debt, 1993-98	96
47.	External Debt Service, 1993-98	97
48.	Exchange Rates and U.S. Dollar Wages, 1993-99	98

Figures

1.	Real GDP, 1994-99	6
2.	Consumer and Wholesale Prices Indices, 1996-99	10
3.	Real Wages and Dollar Wage, 1997-99	12
4.	Consumer Prices and Curb Market Exchange Rate, 1996-99	14
5.	Velocity and Money Multiplier, 1996-99	25
6.	Money, Credit and Foreign Reserves, 1996-99	26
7.	Components of Broad Money, 1996-99	28
8.	Real Interest Rates, 1998-99	30
9.	Selected World Market Prices, 1997-99	35
10.	Nominal and Real Exchange Rates, 1997-99	36
11.	TICEX and Curb Market Exchange Rates, 1997-99	37

Text Boxes

1.	Domestic Absorption and Sectoral Balances	7
2.	Inflation and Exchange Rate Dynamics: Econometric Results	16
3.	General Government Revenue: Comparison with other BRO Countries	19
4.	Concluded Debt Rescheduling Agreements	40
5.	Progress in Enterprise Privatization	46
6.	Electricity Tariffs and Cost Recovery	49

Text Table

1.	Indicators of the Sustainability of Public and Publicly Guaranteed Debt	42
----	---	----

I. INTRODUCTION

1. In 1999, the Tajik people celebrated the 1,100th anniversary of the founding of the Tajik nation—the state of Samanids. They celebrated not only because of the long history of the Tajik nation but also the progress toward lasting peace and re-building of the Tajik state, which gained independence only in 1991 and went through a protracted and destructive civil war since. The progress in the peace process has improved security and enabled Tajikistan to focus on economic reconstruction. Despite a very difficult external environment, the country has made significant strides in the transition toward a market economy.

A. Progress in the Peace Process

2. Year 1999 has witnessed significant advancement in the implementation of the Peace Agreement signed by President Rakhmonov and Mr. Nuri, the leader of the United Tajik Opposition (UTO) in June 1997. Good progress was made in implementing the Military Protocol as over 6,200 ex-UTO fighters were registered and nearly 2,500 were integrated into the Tajik army and Border Forces. On May 14, 1999, Parliament adopted an amnesty law which pardons all registered UTO fighters. Subsequently, the UTO announced the completion of Phase II of the Military Protocol, implying full disarmament of its ex-fighters. Progress in demobilization cleared the way for the constitutional referendum and the elections.

3. On the political front, a breakthrough was made over the deadlock on the integration of the UTO into the government and law enforcement agencies in late summer 1999 with appointments of the heads of the Customs, Ministry of Emergency Situations, the National Oil Company, and the Border Forces, thereby completing the envisaged 30 percent UTO representation at ministerial positions as required under the Peace Agreement. On September 26, a referendum on amendments to the constitution was held. Voters showed strong support for the continuation of the secular state and the constitutional changes that, inter alia, extended the President's term in office from five to seven years and allowed the opposition to freely set up political parties. The presidential election was held on November 6, 1999 and the incumbent President, Mr. Rakhmonov, was re-elected with a large majority of votes. The parliamentary elections are now scheduled for late February 2000, which will complete the implementation of the 1997 Peace Agreement.

4. The peace process moved ahead in the past year owing importantly to the solid cooperation between the President and the UTO leadership, with strong support from the population and the international community through the multinational Contact Group which has been monitoring the peace process. In late May 1999, due to a number of disputes between the government and the UTO including over the proposed amendments to the constitution as well as the appointment of a UTO field commander to the position of Minister of Defense, the UTO suspended its participation in the National Reconciliation Commission (CNR). President Rakhmonov and Mr. Nuri, whose leadership was challenged by some field commanders, moved quickly to resolve the disputes, and the UTO representatives resumed their work in the CNR in June.

5. More recently, political tensions increased in the run-up to the presidential election and threatened again to derail the peace process. The opposition protested that Mr. Usmonov, the only candidate from the Islamic Revival Party (the main political party of the UTO), was unfairly obstructed in the registration process. After intense discussions with President Rakhmonov, Mr. Nuri lifted the UTO's boycott of the ballot one day before the voting began. In these cases, dialogue, compromise, and political participation replaced armed struggle as a means of dispute settlement notwithstanding the significant differences in political opinions and interests.

6. The enhanced cooperation between the government and the UTO helped improve the domestic security situation. When a major armed rebellion took place in Khujand, the Northern industrial region on November 4, 1998, the government forces, with support from the UTO, managed to suppress the rebellion within a week. In addition to exerting political influence on field commanders to stop supporting criminal activities, both sides also have worked closely to neutralize several armed bandit groups in and around Dushanbe, and arrested the culprits behind the killings of four UN personnel and the Chairman of the CNR legal sub-commission. Both tragedies occurred in July-September 1998. A panel of the European Commission conducted a security review in March 1999 and concluded that the improvement of the security situation warranted the resumption of EU operations in Tajikistan.

B. Economic Transition and Adjustment

7. Against the backdrop of a serious deterioration in its terms of trade and a large reversal of private capital flows following the Russian crisis in August 1998, the Tajik economy entered a period of adjustment. Output growth slowed down, inflation flared up, and the exchange rate weakened. More recently, macroeconomic stability was restored as the authorities embarked on a strong adjustment path in response to adverse external developments and to correct the slippages in policy implementation during 1999. Meanwhile, Tajikistan made progress in structural reforms under the economic programs supported by the World Bank and the International Monetary Fund, notably in small scale privatization, land reform, restructuring of the banking system, and development of market based institutions and the legal system.

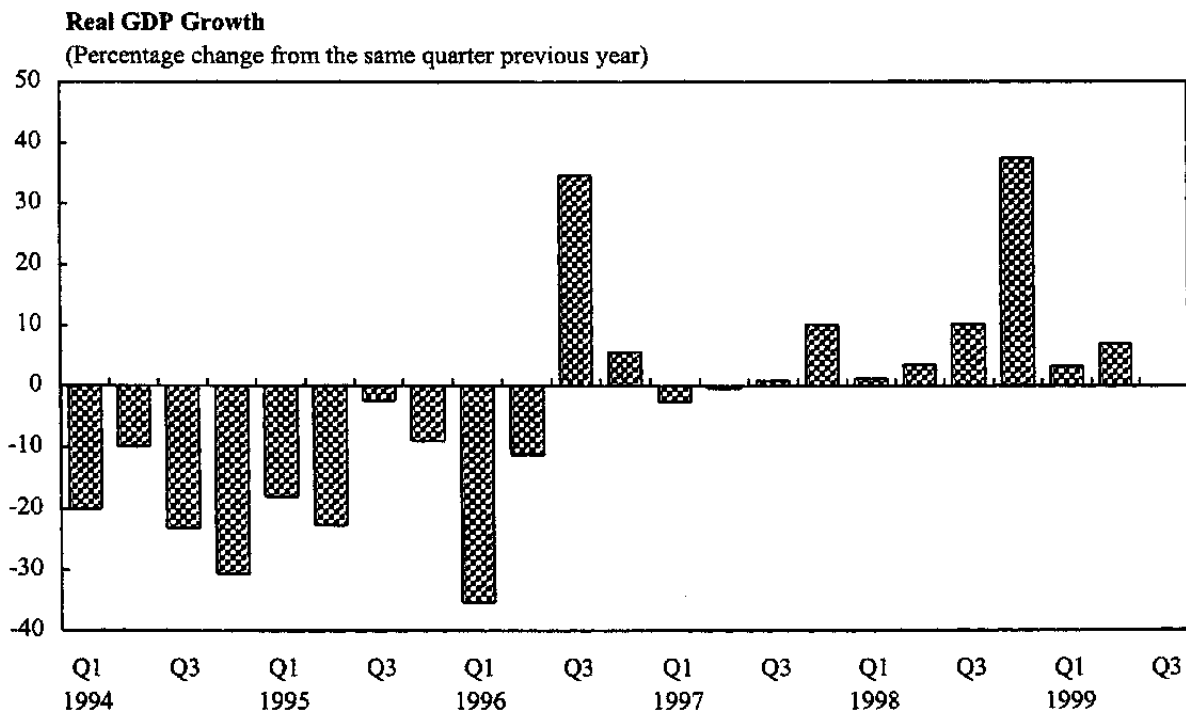
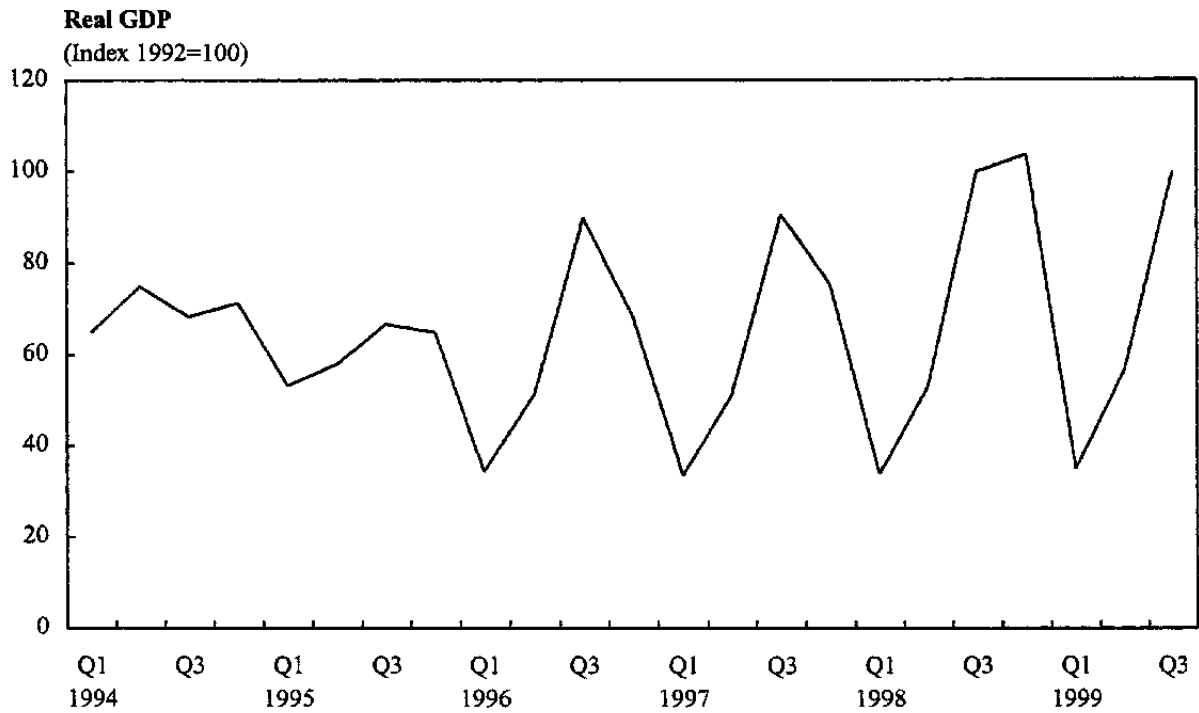
8. The remainder of this report documents the macroeconomic developments and analyzes the government's economic policies and reform efforts since the signing of the Peace Agreement in June 1997.

II. OUTPUT AND PRICE DEVELOPMENTS

A. Demand Developments and Sectoral Balances

9. The economic recovery, which started soon after the formal end of the civil conflict in 1997, accelerated in 1998, with officially recorded real GDP up by 5.3 percent (Table 1 and Figure 1). The economy slowed down since then and real GDP increased only by

Figure 1. Tajikistan: Real GDP, 1994-99



Sources: Tajik authorities; and Fund staff estimates.

0.9 percent in the first nine months of 1999 over the same period a year ago. These developments, especially the recent output slowdown, in large part reflected corresponding changes in domestic demand or absorption, which in turn was heavily influenced by external developments (Box. 1).

Box 1. Domestic Absorption and Sectoral Balances

	(In percent of GDP)		
	1997 Act.	1998 Act.	1999 Est. 1/
Domestic absorption	105.5	108.3	102.8
Government expenditures	17.0	15.8	15.8
Private expenditures	88.5	92.5	87.0
Net private capital flow 2/	4.1	4.6	-0.1
Sectoral balances			
External current account 3/	-5.5	-8.3	-2.8
Government net savings 4/	-3.3	-3.8	-3.0
Private sector net savings	-2.2	-4.5	0.2
Memorandum item:	(In unit indicated)		
Real domestic absorption index (1997=100)	100.0	108.1	103.5-106.3 5/

1/ Based on partial data for the first three quarters of 1999.

2/ Includes changes in net foreign assets of the commercial banks, foreign direct investment, other capital flows, as well as errors and omissions.

3/ Includes official transfers and net factor income.

4/ General government cash balance.

5/ 106.3 if real GDP increases 3.5 percent in 1999; 103.5 if real GDP growth is zero.

10. Domestic absorption, defined as the sum of total government and private expenditures, increased by 8.1 percent in real terms in 1998, mostly on account of a surge in private sector expenditures. Both private consumption and investment apparently increased, as suggested by

the worsening of the private sector saving-investment balance equivalent to 2.2 percent of GDP from 1997 to 1998, a sharp rise in real wages, and large capital inflows associated with the financing of the cotton sector. Government expenditure shrank relative to GDP but fell only marginally in real terms.

11. Based on partial data for the first three quarters of 1999, real domestic demand is estimated to have declined in 1999 by 1.5-4 percent. While government expenditures barely maintained their share in GDP, private sector expenditures appear to have dropped both in relation to GDP, and in real terms. The marked improvement in the private sector net savings (in the order of 4.5 percent of GDP on an annual basis) suggests that the composition of private expenditures has changed and investment has most likely fallen. The large drop in net private capital inflows during 1999 further supports this observation. It is worth noting that the fiscal deficit of the general government has diminished by about 0.8 percentage point of GDP from 1998, thereby supporting the private sector adjustment to the external shocks.

B. Production Developments

12. The rebound in output in 1997-1998 can be largely explained by better use of existing resources as the civil conflict ended. Efficiency gains owing to a gradual reduction of structural distortions under the government's stabilization and reform programs supported by the IMF and the World Bank may have also contributed to the recovery during the period. The slowdown in output growth in 1999 suggests that these effects have been partially offset by adverse external developments and the ensuing decline in domestic demand.

13. Agriculture is a key sector in Tajikistan. Over 70 percent of the population reside in rural areas and most of them are employed directly or indirectly in agriculture and related activities. The export of cotton, fruits, and vegetables account for a major part of net foreign exchange earnings of the country. Agriculture production grew by 6.3 percent in 1998, following an initial rebound of 0.2 percent in 1997 (Tables 3-4). This increase, after years of decline since independence, was largely due to a recovery in cotton output. With the end of the civil war, external private creditors provided pre-financing (US\$50 million) for the cotton crop in 1997. Further credits of about US\$80 million were extended in 1998, which enabled the farmers to purchase pesticides, fertilizers, fuel, and other needed inputs as well as agricultural equipment. The buoyant world market prices for cotton at the time also provided incentives for cotton growing. Cotton output increased by 11 percent in 1997 and a further 8.5 percent in 1998 to 383,000 tons, up from 318,000 tons in 1996. In 1999, however, external creditors stopped providing new financing. With about the same area of planting, cotton output is estimated to be 15-20 percent lower than last year, reflecting lower yield due to lesser inputs as well as inclement weather conditions.

14. Animal husbandry has revived since 1997, as evidenced by the ample supplies of meat, milk, eggs, and other products in the markets. However, these developments do not seem to be fully reflected in the official statistics (Tables 5-6). It is likely that reported production understates private sector activities, which have increased substantially in the last few years.

The State Statistical Committee (Goskomstat) estimated that up to 90 percent of this subsector is now in private hands. The private sector's share in farming has also increased due to the land reform program implemented by the government, contributing to the overall recovery in the primary sector (Tables 7-8).

15. Industrial production was up by 8.2 percent in 1998 and an estimated 6.8 percent in the first three quarters of 1999, after continued declines since 1990 (Tables 9-11). Marked increases were registered in the production of electricity, nonferrous metal, metal products, food and light industries. In 1998, aluminum output, the traditional industrial product, increased by 3.7 percent; and the food processing and textile industry went up by 19.5 percent and 58 percent respectively, indicating that the production pattern increasingly reflected Tajikistan's comparative advantages with vast hydropower resources, favorable climate, and cheap labor. In addition to manufacturing, construction appears to be another leading sector in the recovery as brick production increased by 22 percent 1998. Electricity consumption was up by 4 percent in 1998, providing further evidence that economic activities were picking up.

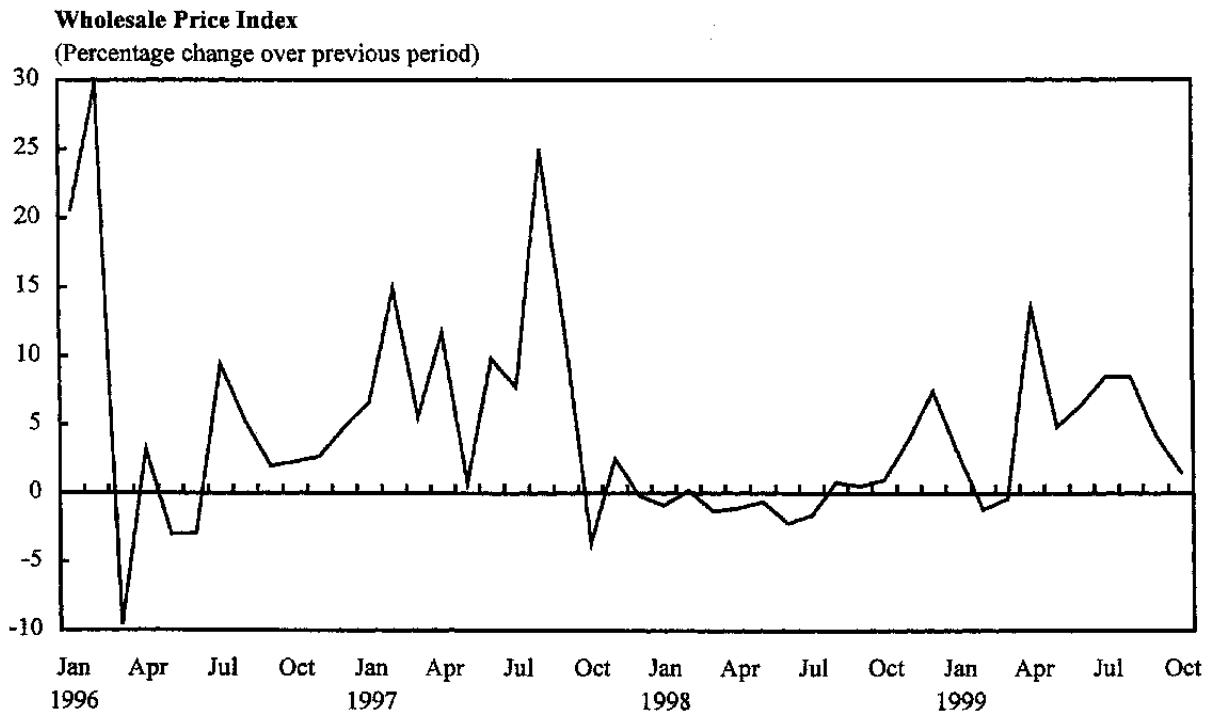
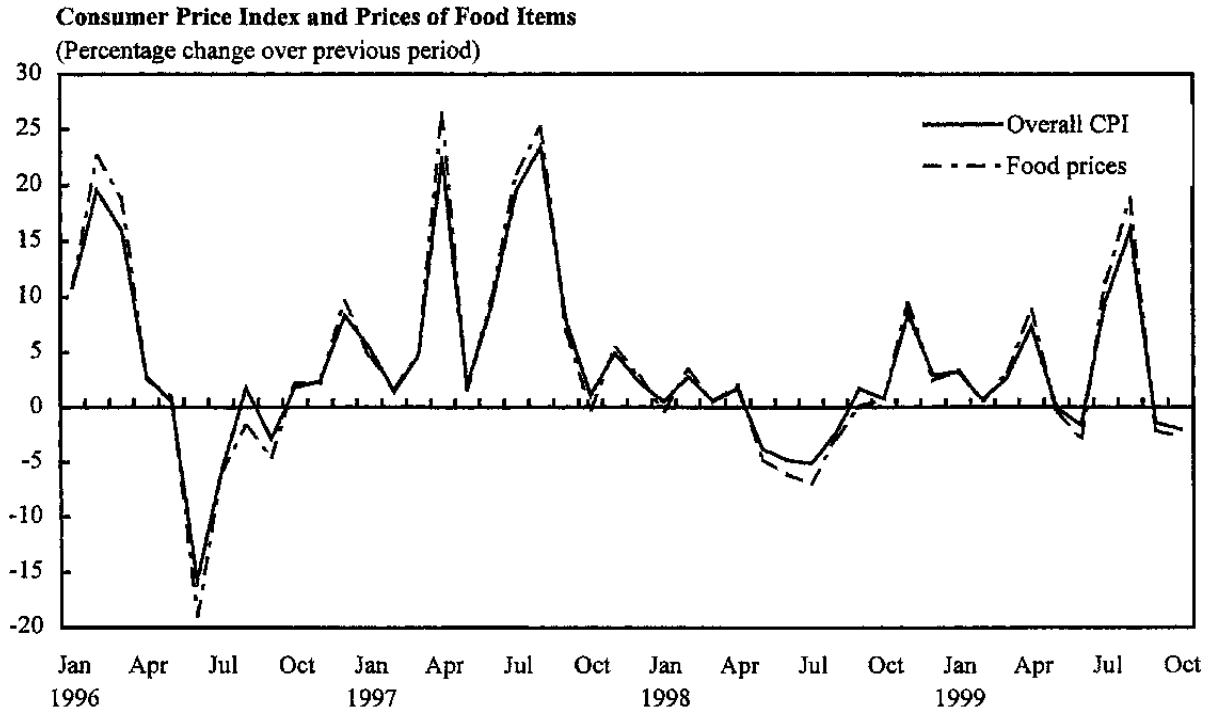
16. Output in the tertiary sector has risen dramatically since 1997. In the official statistics, the share of trade, transport, domestic commerce, and "other nonmaterial services" in GDP increased from some 27 percent in 1996 to 31 percent in 1997 and 39 percent in 1998 (Table 2). The main driving forces appear to be commerce and services. A survey by the State Statistical Committee suggests that the volume of retail trade increased by 28 percent in 1998 and 21 percent in the first nine months of 1999. As state trading shrank, private commerce developed rapidly. The private sector accounted for 98 percent of the retail turnover in 1998, of which 96 percent related to consumer goods and food markets. Other services also grew during the period, up by 11 percent in 1997 and 19 percent in 1998. The State Statistical Committee also reported that transportation of goods by railway, automobile and airplane, measured in tons, after a sharp decline in 1996-97, increased 30 percent in 1998, contributing to the larger share of the tertiary sector in GDP.

C. Price Developments

17. Inflation declined sharply since the authorities started implementing the IMF-supported financial stabilization and reform programs. Twelve-month inflation fell from over 170 percent in September 1997 to 2.7 percent by end-December 1998 (Table 18 and Figure 2). Since then, inflation rose again, peaking at 64 percent at end-August 1999 before the price level again stabilized. As further analyzed in the next section, a number of factors have contributed to this surge in prices: a continuing deterioration of the terms of trade due to rising world market prices of oil and flour imported from the neighboring countries; delayed pass-through of the past currency depreciation; as well as fiscal and monetary expansion in July-August 1999.

18. Disaggregated data indicate that, of the three main components of the Consumer Price Index (CPI), food prices exhibited strong seasonality and have a major influence on the overall CPI. Food prices typically fall in the summer months (May-August) when the local harvest of

Figure 2. Tajikistan: Consumer and Wholesale Prices Indices, 1996-99



Sources: Tajik authorities.

fruits and vegetables reaches the markets and rise in the winter. In the summer of 1999, however, hike in the import prices of flour and rice, coupled with expansionary domestic policies, led to a sudden rise in the prices of food items, contributing to a sharp acceleration of overall consumer price inflation. Service prices have also increased substantially since September 1998 in part due to upward adjustments of administered utility prices. In comparison, non-food prices appeared to be less volatile and increased at a slow pace during the period.

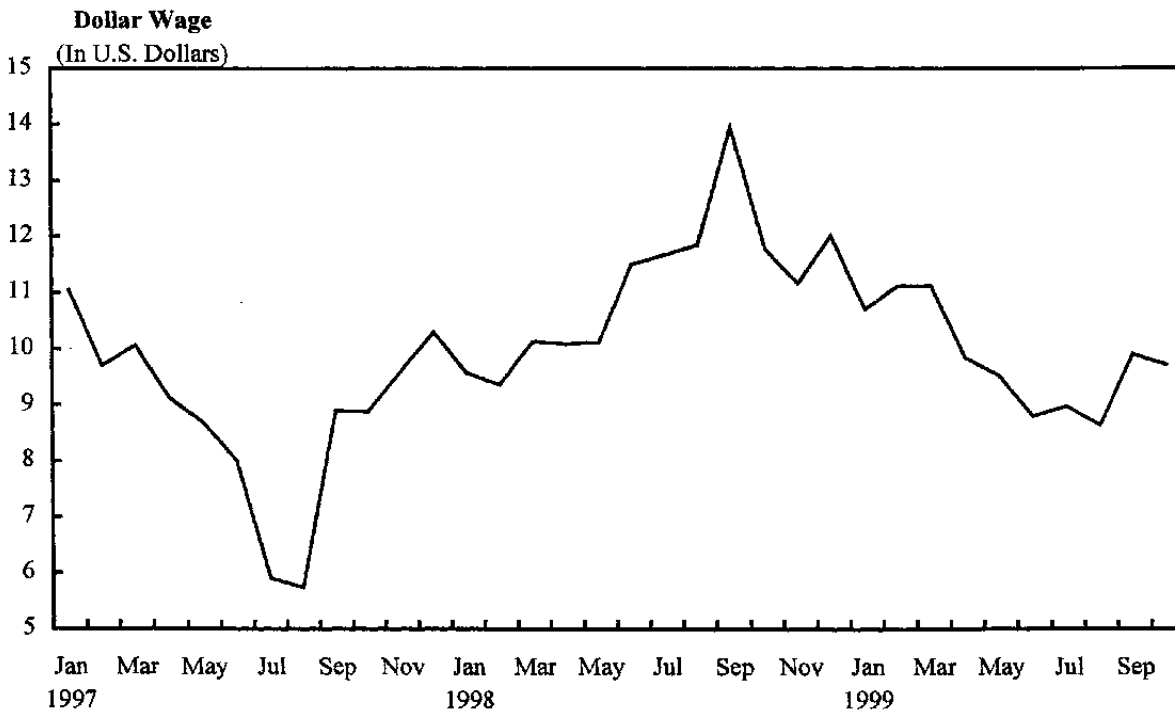
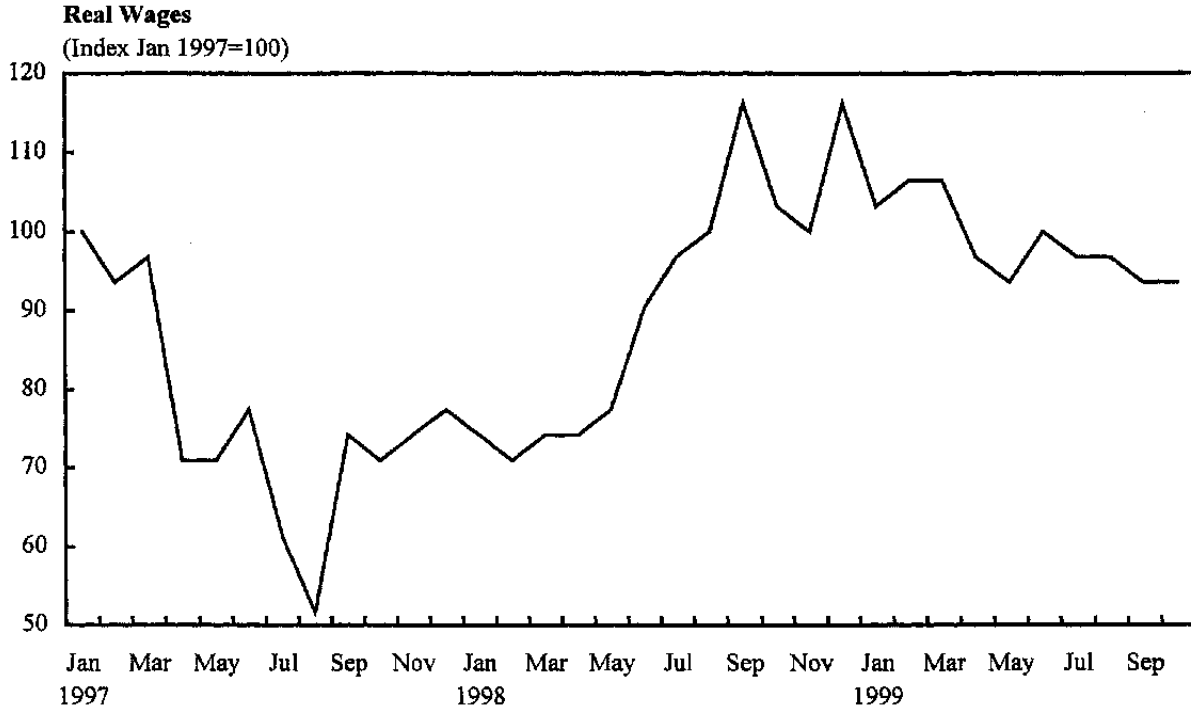
19. The State Statistical Committee also compiles a wholesale price index (WPI), which is based mostly on self-reporting by enterprises and may suffer from inadequate coverage of the emerging private sector (Table 19). The official WPI has moved in a pattern broadly similar to the CPI in the last two years. The wholesale price inflation was on a declining trend from the fourth quarter of 1997 to August 1998. Since then it rose by 78 percent during the 12 months to September 1999, somewhat faster than consumer prices, reflecting the rising costs of industrial inputs, semi-finished goods, and fuel, the bulk of which were imported from neighboring countries.

D. Wages and Labor Market Developments

20. As the economy turned around in the second half of 1997, real wages nearly doubled in the following year due to the combined effect of a drop in inflation and an increase in nominal wages (Tables 20-21 and Figure 3). The stabilization of the exchange rate in the first three quarters of 1998 implied that in U.S. dollar terms, average monthly wage went up sharply, from the equivalent of US\$10.3 in December 1997 to almost US\$14 in September 1998. The level of dollar wages, however, remained low in comparison to neighboring countries (about 3 times less than in the Kyrgyz Republic and 5 times less than in Uzbekistan in 1998). Real wages have declined since the onset of the Russia crisis, by 19 percent during the 12 months through September 1999. As the exchange rate weakened, the average wage in dollar terms also declined to below US\$10 per month in September 1999.

21. Although slower than during the 1980s, population growth is still relatively high in Tajikistan, averaging 1.3 percent a year in 1997-1998. With a young age structure, the working age population and hence the labor force rose rapidly, putting heavy pressure on the labor market (Table 14). The official data indicate that private farming or other private activities have provided most new employment opportunities. Although Tajikistan's official rate of unemployment is low (at some 3 percent in 1999, see Table 15), the actual unemployment rate is likely high. With some reasonable assumptions on the number of students and housewives, the working age population and total employment data provided in Table 14 imply that the unemployment rate was about 25 percent in 1997.

Figure 3. Tajikistan: Real Wages and Dollar Wage, 1997-99



Sources: Tajik authorities; and Fund staff estimates.

E. Inflation and Exchange Rate Dynamics

22. The consumer price level and the nominal exchange rate have been closely related over the last few years in Tajikistan (Figure 4).¹ Sometimes, inflation has been faster than depreciation and vice versa. Nevertheless, over the whole period for which reliable data exist, the price level and the exchange rate broadly moved together. The CPI and the curb exchange rate have increased by almost the same amount cumulatively since the introduction of the new currency in May 1995, or 444 and 455 percent respectively.

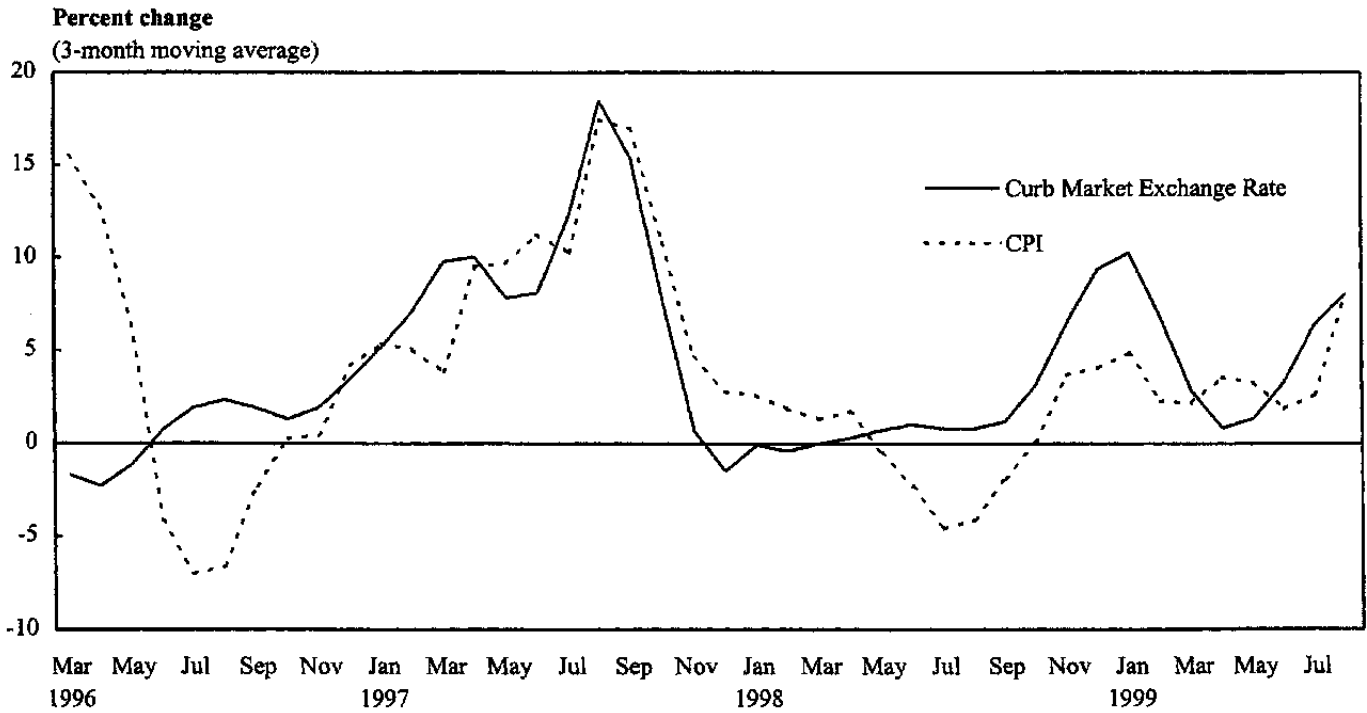
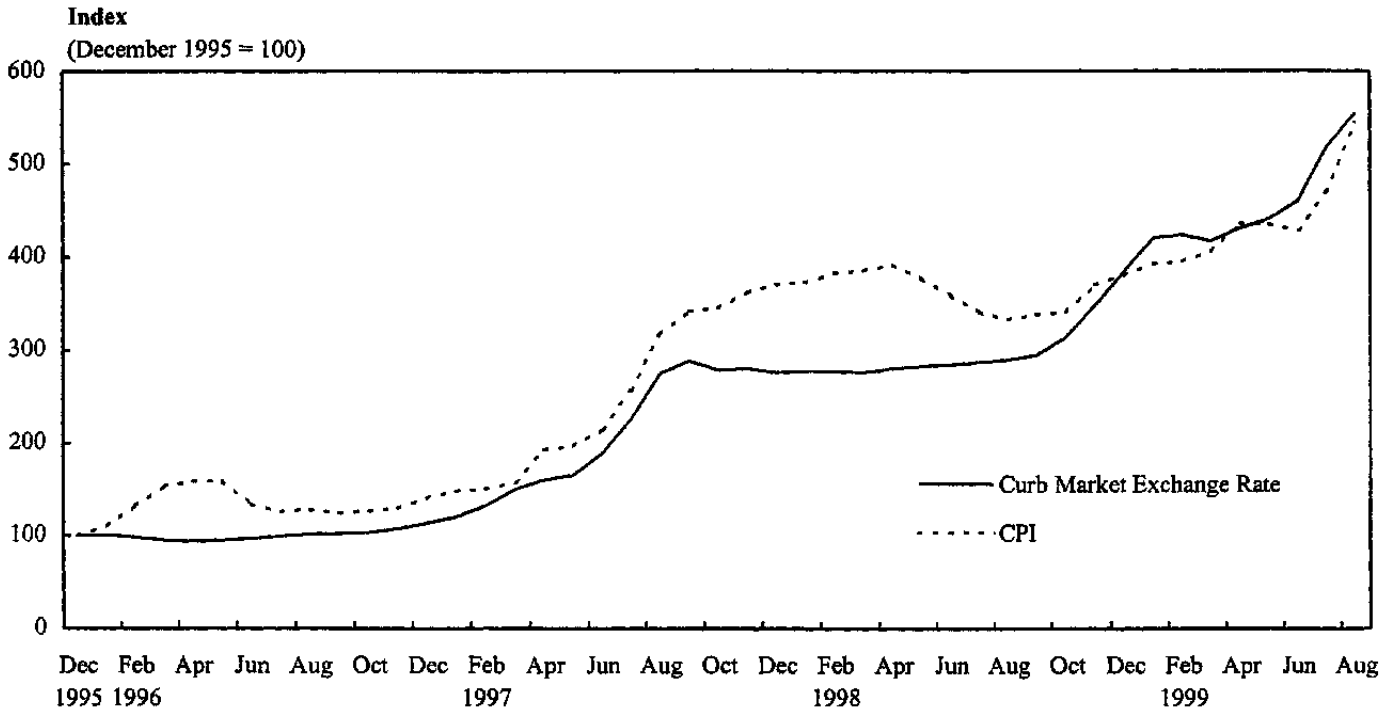
23. The existence of a stable, long run relationship between the overall price level and the TR/US\$ exchange rate is borne out also by a formal econometric test of this hypothesis by means of cointegration analysis. The econometric results change slightly depending on the method used to test for cointegration (i.e., the Engle and Granger two steps procedure or the Johansen system approach), the particular sample period considered, and the specification of the deterministic component of the model (i.e., the treatment of the constant, the time trend, and seasonal dummies). On balance, however, all tests strongly support the existence of a close relationship between these two variables, with a long run elasticity of the price level to the exchange rate in the range 0.6-0.9. Moreover, a formal test of the hypothesis that the long run elasticity is equal to one is rejected only marginally (Box 2).

24. Such a cointegration relationship, however, does not necessarily imply by itself a causal relationship running from the exchange rate to the price level. Economic causality can run either, or even both, ways within a bivariate cointegration relationship. We assume a causal relationship to run from the exchange rate to the price level, with an elasticity determined by the share of imports in the consumption basket. Considering only the second part of the sample after the end of the civil war, we find evidence of causation running from the exchange rate to the price level, as evidenced by the fact that the cointegration vector—called also error or equilibrium correction term measuring the deviation from the long run equilibrium relationship—does not enter the depreciation equation in a statistically significant way.

25. Tajikistan is a small open economy with a large share of imports from non-CIS countries in GDP of about 50 percent. Consumption is estimated at about 90 percent of GDP in 1998. Assuming that the import share of the consumption basket is the same as that of GDP, one would then expect a long run elasticity of about 0.6, which can be higher taking into account that much of intra-CIS trade is valued in US dollars. Hence, considering also second round effects of a steadily depreciating exchange rate operating through imported intermediate inputs and higher wage demands, it is not implausible to conceive a long term elasticity close to unity as was found in the data over the entire sample considered. Indeed, several key inputs in agriculture production such as fuel and fertilizers are almost entirely

¹ This section was prepared on the basis of a background note by Alessandro Rebucci.

Figure 4. Consumer Prices and Curb Market Exchange Rate, 1996-99



Source: National authorities.

imported, feeding indirectly into the CPI via food prices which represent the vast majority of items in measured consumption basket.

26. In order to analyze the short run price and exchange rate dynamics around the long run cointegration relationship, we estimated a simple model for the log-difference of the CPI (DLCPI) and the Curb rate (DLCURB) over the period December 1997 through August 1999, including also other relevant domestic and international variables. More specifically, the model together with the cointegration vector (ECM) includes also the log-difference of currency in circulation (DLHC) approximating changes in money supply, the log difference of the nominal exchange rate of the Russian ruble vis-a-vis the U.S. dollar (DLRUSER) to reflect the spillover effects of the Russian crisis, a four-months moving average of a measure of the Tajik terms of trade (TOTMA) capturing other external shocks (mainly cotton, aluminum, gas, oil, and wheat prices changes), a constant, and finally a dummy (SEASON) capturing seasonality in domestic food supply. The estimated equations, together with a Chi-square statistic for over-identifying restrictions, are reported at the end of Box 2.²

27. The econometric results suggest that the main determinants of exchange rate depreciation during the program period have been the Russian crisis and domestic monetary expansion, as well as lagged inflation, capturing adaptive expectations, and some exchange rate overshooting.³ While a monetary shock appears to feed one-to-one into depreciation within three months, only approximately 30 percent of a shock to the Russian ruble is transmitted to the TR/US\$ rate within four months. Considering that the Russian ruble

² This model is the final stage of a reduction process, within a modeling strategy from general to specific. The starting point was a vector auto-regression of the fourth order including also DLHC as an endogenous variable together with the exogenous variables mentioned above. The reduction process has been driven by a battery of standard specification and miss-specification tests carried out with the GiveWin econometric package. The Chi square statistic reported at the end of Box 2 tests jointly, and does not reject, the 16 exclusion restrictions imposed on the reduced form of the model presented. These include also the restriction imposing a causal link from the exchange rate to the price level by excluding the ECM term from the depreciation equation. Similar results were obtained experimenting with reserve money as a measure of money supply rather than currency in circulation.

³ Quite surprisingly, given the sharp decline of the cotton price throughout 1998, no evidence was found of a direct effect of terms of trade disturbances on the depreciation rate. This, however, may simply reflect the fact that much of the cotton price decline took place before September 1998 while the authorities were holding the exchange rate stable. The sample used to obtain these particular parameter estimates is also probably too short to be able to disentangle the effect of the Russian crisis from a further deterioration of the terms of trade which took place at the end of 1998 and the beginning of 1999.

Box 2. Inflation and Exchange Rate Dynamics: Econometric Results

Cointegration analysis (Johansen system approach)

Sample is: March 1996 to August 1999

Unrestricted eigenvector (beta)

LCPI	LCURB	Constant
1.0000	-0.57066	-1.7568

Restricted eigenvector (beta)

LCPI	LCURB	Constant
1.0000	-1.0000	-1.7887

Standard errors of beta'

LCPI	LCURB	Constant
0.00000	0.00000	0.70205

Factor loading (alpha)

LCPI	-0.25021
LCURB	-0.097727

Standard errors of alpha

LCPI	0.065202
LCURB	0.049576

Loglik = 281.4451 -log| Omega| = 13.402148 unrestr. Loglik = 283.8296

LR-test, rank=1: Chi²(1) = 4.769 [0.0290]

Econometric model

Sample is: December 1997 to August 1999

DLCURB = +0.28*DLCURB(1) -0.33*DLCURB(2) +0.06*DLRUSER(1) +0.08*DLRUSER(2)
(3.02) (-4.15) (4.96) (5.55)

+0.15*DLRUSER(3) +0.26*DLHC +0.64*DLHC(1) +0.18*DLHC(2)
(7.49) (4.32) (9.70) (2.69)

+0.39*DLCPI(2) -0.03*SEASON
(4.13) (-1.77)

Standard error of regression: 0.02

DLCPI = -0.12*ECM + 1.20*TOTMA + 0.04*DLRUSER - 0.04*SEASON
(-3.23) (5.53) (1.71) (-1.20)

Standard error of regression: 0.05

LR test of over-identifying restrictions: Chi²(16) = 26.06 [0.06]

t statistics in parenthesis.

depreciated by about 70 percent since August 1998 and was broadly stable in April-August 1999, approximately one third of the depreciation of the Tajik ruble since October 1998 may be attributed to the Russian crisis. Money supply increased by 28 percent during the 12-month period through August 1999, explaining 28 percent of the cumulative depreciation since August 1998. Inflation expectations, overshooting, and other factors explain the remaining third.

28. The main determinant of inflation since December 1997 appears to have been past exchange rate dynamics through the error correction term (ECM), which enters the inflation equation with the correct, negative sign and is statistically highly significant. The estimated coefficient, measuring the speed of adjustment to a deviation from the long run equilibrium, however, is rather low (-0.12), implying that it could take up to eight months for an exchange rate shock to pass through entirely. While this is slower than the actual speed of adjustment observed in more recent months, it is consistent with the plausible assumption discussed above that almost all depreciation will translate into domestic inflation eventually. In light of these results, therefore, it is not surprising that inflation accelerated sharply in July and August of this year, given that the cumulative depreciation since December 1998 had reached 20 percent by end-June as compared to cumulative inflation of only 12 percent over the same period. The results also show that, in the short term, inflation is affected directly by external shocks and seasonality in domestic food supply.⁴ However, the positive effect on domestic prices of cheaper imports from Russia and other neighboring countries appears small and short lived, while the negative effect of terms of trade shock looks persistent and larger than the initial disturbance, possibly due to speculative reactions of domestic producers and traders to adverse external developments, as happened in July 1999 with fuel and flour shortages.

29. In sum, external shocks explain a large part of recent inflation and exchange rate dynamics and, given their temporary nature, one would expect a slow down of consumer price inflation soon after these factors have subsided as the latest CPI figures suggest. However, in the run up to the presidential election starting last June, the relaxation of monetary and fiscal policies in the summer of 1999 also contributed considerably to further exchange rate depreciation and inflation.

III. FISCAL DEVELOPMENTS

30. The government continues to exert a strong influence on the economy, although the public sector's share in GDP has drastically declined since independence. Indeed, the size of general government is one of the lowest in BRO countries. In 1997, the government expenditure-to-GDP ratio was only 17 percent. However, the government's influence on

⁴ SEASON was not excluded for the final specification of the model, even though its statistical significance is low, because this variable is highly significant when the model is estimated over the entire sample period.

economic activity was larger than this measure suggests. Apart from traditional budgetary operations, there were large quasi-fiscal operations performed by state-owned financial and non-financial enterprises. In addition, formal and informal regulations and network links enabled government authorities to influence the decisions of state enterprises and also of private enterprises.

31. The consolidated general government consists of the republican budget, 70 local governments, and the extra-budgetary Social Protection Fund (SPF). After independence, the relative size of the general government was curtailed by the overall economic decline compounded with persistent civil strife which reduced the revenue base and made the environment for administering revenue and expenditure very difficult.

A. Revenue Performance

32. The share of revenue in GDP reached its lowest level in 1998, a mere 12 percent, but it recovered to about 13 percent for the first nine months of 1999 (Tables 22-26). This ratio is still very low when compared to an average of about 25 percent of GDP in the CIS countries (Box 3). Tajikistan has been a late starter to economic reforms because of the civil unrest, but

developments regarding tax policy and tax administration over the past two years have improved its revenue performance.

33. The recent increase in revenue-to-GDP ratio was partly due to recent reforms in tax administration and tax policy. Although the sales tax rates on cotton and aluminum have been reduced⁵, new tax measures and improvements in tax collection have offset these effects. The new measures included, inter alia, the elimination of the VAT exemptions of food in 1998, increases in excise duties levied on gasoline and diesel, the elimination of the import duty exemption on natural gas, the introduction of a retail sales tax and the small business tax. Effective on January 1, 1999, a new and comprehensive Tax Code was adopted. The VAT reform became effective on July 1, 1999.

34. The tax incidence has somewhat shifted from production (sales taxes) towards consumption (VAT, excises, and retail sales tax). This has eased the dependence on revenue sources which are highly volatile due to fluctuations in the world market prices of aluminum and cotton, and in cotton production. However, although receipts from VAT have increased from 1.5 percent of GDP in 1997 to 2.4 percent of GDP in the first three quarters of 1999, the

⁵ In 1997 sales taxes replaced presumptive taxes on cotton and aluminum, with rates set at 5 percent for aluminum and 25 percent for cotton. Tax measures implemented during 1998 included the reduction in the sales tax rates on cotton from 25 to 23 percent and on aluminum from 5 to 4 percent.

Box 3. General Government Revenue: Comparison with other BRO Countries (In percent of GDP)			
	1996	1997	1998
Armenia	17.7	19.8	19.5
Azerbaijan	17.6	19.7	16.0
Belarus	40.9	46.1	47.8
Georgia	9.4	10.2	10.5
Kazakhstan	13.2	13.3	13.9
Kyrgyz Republic	15.9	16.2	14.8
Moldova	32.1	36.3	27.6
Russia	31.0	30.7	28.4
Tajikistan	13.1	13.7	12.0
Turkmenistan	16.9	29.2	17.2
Ukraine	36.7	38.4	37.8
Uzbekistan	34.3	30.5	33.5
<i>CIS weighted average</i>	<i>29.5</i>	<i>29.6</i>	<i>...</i>
<i>CIS unweighted average</i>	<i>23.2</i>	<i>25.3</i>	<i>23.3</i>
Estonia	39.0	39.1	39.1
Latvia	36.6	39.5	42.3
Lithuania	29.6	32.6	34.2
Source: Fund staff estimates.			

collection of indirect taxes, at 7.3 percent of GDP is still low by BRO standards.⁶ With the new Tax Code, Tajikistan has started to modernize its VAT system. An immediate credit for VAT on inputs is granted, and excess credits are refunded. The collection of excises weakened sharply in 1998 as only 0.1 percent of GDP was collected compared to 0.5 percent of GDP in the previous year. In 1999, however, the collection has improved to 0.7 percent of GDP. The main reason for the decline in 1998 was under invoicing of imports and increased smuggling and tax evasion. To address this problem, ad valorem taxes were replaced by specific excise taxes on alcohol, tobacco, and petroleum products in mid-1998. Non-tax revenues have increased from 0.4 percent of GDP in 1997 to 0.6 percent during the first three quarters of 1999. The major sources of these revenues are rent fees and other local revenues.

35. Tajikistan's revenue collection remains plagued with tax offsets, although not more so than in many other CIS countries. Offsets occur when amounts owed by the government to the private sector for acquisition of goods and services are canceled out against unpaid taxes owed by the same companies. These offsets take place both at the central and local government levels. VAT, excises and custom duties are the most common revenue items to be offset. The share of non-cash transactions of state taxes was about 18 percent of total revenue in 1998.

B. Expenditure Developments

36. General government expenditures have increased from 17 percent of GDP in 1997 to 18 percent of GDP in the first nine months of 1999 (Table 26). Reviewing expenditures on a functional basis suggests that the bulk of government spending took place in the social sphere, notably education and health. Reported expenditure on defense remained constant in 1997-99 at about 1.5 percent of GDP. Expenditure on law enforcement and judicial bodies declined somewhat from 2.1 percent of GDP in 1997 to 1.6 percent of GDP in 1999. Key policy priorities have been the timely payment of wages, social benefits, and external debt obligations. Although some expenditure arrears have occurred from time to time, they have been quickly eliminated. Expenditure on education aimed to restore education standards, which have deteriorated badly since the Soviet era. At that time, education was broadly based and on par with most middle-income countries. According to the Goskomstat data, school enrollment rates have dropped to 80 percent. Increased poverty, coupled with the need to support family incomes through household work, limited school attendance. Many teachers have also left the profession due to low salaries. In 1998, spending on education amounted to 2.6 of GDP, up from 2.1 percent in 1996.

37. In the past, Tajikistan reportedly ranked even with middle-income countries with respect to health indicators. Since independence, the health situation has deteriorated and

⁶ For example, the share of indirect taxes in GDP was 12.2 percent in Armenia, 13.9 percent in Estonia, 9.9 percent in the Kyrgyz Republic, and 11.7 percent in Lithuania.

there has been an increase in the number of cases of serious diseases such as typhoid fever, malaria and tuberculosis. This decline in health status reflects many causes, including poverty, poor housing, water supplies, and nutrition. In the past health policy was also more focused on curative rather than preventive care. Budgeting was largely done on the old norm-based system, which directs funding to hospitals and specialization, ignoring the need for more flexibility in providing less centralized and preventive services. In 1998, spending on health amounted to 1.4 percent of GDP, up from 1.3 percent in 1996.

38. The government wage bill has increased in real terms since 1997, and from 3.3 percent to 4.3 percent relative to GDP. There has been no major adjustment to staffing levels in the budgetary organizations to date and total employment in the public sector⁷ as a share in total employment has remained close to 42 percent during this period. Significant adjustments have been made for nominal salaries of teachers, defense personnel and other occupational groups in the public sector. In 1999, a general increase of 15 percent from the beginning of January 1999 was envisaged.

39. Outlays on the social safety net increased from 2.0 percent of GDP in 1997 to 2.2 percent of GDP in the first nine months of 1999. The growth in social spending has been hampered by increasing inefficiencies in the cash compensation system with poor targeting and delivery problems. The recent household survey revealed that only 5 percent of the population had received these benefits compared to a notional eligibility of some 15 percent of the population. Following the international roundtable discussion on the social safety net in March 1999 in Dushanbe, delivery of the cash compensation program was simplified by reducing the number of certificates needed by claimants and lowering the payment frequency from a monthly to a quarterly schedule. These reforms became effective on May 1, 1999. The benefits paid by the Social Protection Fund (SPF) rose from 1.6 percent of GDP in 1997 to 2.0 percent of GDP in the first nine months of 1999 as the minimum pension level has been doubled twice since 1997. The SPF's revenue are obtained from the payroll tax paid by employers; the current payroll tax rate is 25 percent, down from 38 percent in 1997. Unemployment benefits, sick and maternity leave benefits, and some other welfare costs are also covered by the SPF but they constitute only 20 percent of outlays. The pension age for men is 60 years and for women 55, based on at least 25 or 20 years of work, respectively. The minimum pension is presently TR 2,000 per month.

40. Subsidies have declined sharply after bread prices were liberalized and general bread production subsidies were eliminated in 1996. In 1998, subsidies constituted only 0.6 percent of GDP. Capital expenditures have increased from 0.6 percent of GDP in 1997 to 3.0 percent of GDP in 1999. Capital spending in the first nine months of 1999 largely reflected increased expenditures on projects related to the nation's 1,100th anniversary celebrations during August and September, and the presidential election campaign. This increase, however, should

⁷ Includes central and local governments, state enterprises and state farms.

be viewed against the fact that capital expenditure in the past was severely compressed due to the civil strife.

41. On institutional reform, good progress on reforming the Treasury system in Tajikistan has been made with technical assistance from the Fund and other donors. During 1999, all fiscal revenues, including tax collections of the State Customs Committee, have been brought under the treasury system. Most central budgetary transactions (except a few occurring outside Dushanbe) have come under treasury control. Regional treasuries have been set up in all but seven rayons where banking facilities are not yet available. Efforts were made to restructure the central Treasury and strengthen internal audit and control. However, improving transparency in fiscal operations will depend critically on persistent implementation and training of the local staff. The government also prepared, with Fund technical assistance, the 2000 budget in accordance with the international Government Finance Statistics standards, which will help improve budgetary analysis and monitoring.

C. The Budget Deficit and Financing

42. The overall cash deficit of the general government has declined from 5.8 percent of GDP in 1996 to 3.3 percent of GDP in 1997, and to 3.8 percent of GDP in 1998, as the government's stabilization programs have taken hold (Table 26). Financing of the deficit in 1998 and 1999 relied on the World Bank loan disbursements and privatization proceeds while the central bank financing has been sharply curtailed. In the first three quarters of 1999, these sources of financing accounted for respectively 3.9 percent of GDP, 1.0 percent of GDP and 0.2 percent of GDP. The Ministry of Finance started the issuance of Treasury bills in September 1998 but so far the Treasury bill market has developed slowly and only a very small amount of Treasury bills have been issued.⁸

D. Poverty Assessment

43. With an estimated per capita income at US\$330 in 1997, Tajikistan ranks among the poorest countries in the world. According to the poverty survey conducted by Goskomstat with technical assistance from the World Bank in 1999, some 80 percent of the population is below poverty line, with nearly one out of every six citizens classified as extremely poor and destitute.

44. In assessing poverty in Tajikistan, the following six factors are being addressed: (i) compiling a poverty profile for Tajikistan; (ii) determining the characteristics of the labor market which influence poverty; (iii) investigating the possible linkages between agriculture and poverty alleviation; (iv) analyzing education as a means to alleviate poverty; (v) assessing the possible impact of health reforms on the standard of living; and (vi) evaluating links between governance and poverty.

⁸ For more details on the Treasury bill auctions, see Chapter IV, Section B.

45. Poverty seems to correlate significantly with the family size based on data collected in the recent poverty survey. It also appears that agriculture and poverty are closely linked, although there are encouraging signs that land privatization is having a positive effect on poverty alleviation, in particular in the oblast of Gorno-Badakhstan and in the Karategin Valley. Thus, the ongoing land reform could have a major impact on poverty reduction if carried out equitably and efficiently. There are also many aspects of cotton production which fail to contribute to poverty alleviation because producers receive low returns at the current depressed world market prices and farmers are still under strong influence of local authorities which reduces their incentives for efficiency.

46. The labor market is barely functioning, and employment does not appear to be significantly related to poverty. However, there is excess supply of labor caused by demographic pressures, the collapse of the old command system with overemployment, and the lack of a new market mechanism for labor mobility. The labor market slack is concentrated among the younger people and women, and regionally very differentiated.

47. Education reform could play a major role in addressing poverty. Historically there was a strong school system, but the current situation has many negative features: loss of teachers, tight budget constraints, lack of textbooks, out-of-date curricula, schools in need of rehabilitation. The government has started to address these issues with World Bank assistance, but it faces many challenges. The most critical issues are the need for sustainable financing mechanisms and to address declining school enrollments. Poverty poses an important constraint to access to schooling.

48. Health sector reform could also alleviate poverty as the current health care system has many negative features: excess number of hospitals and personnel, declining public spending on the sector, reduced availability of medicine and supplies, staff in need of training, and the run-down health care facilities. The problems of the sector hit particularly the poor: (i) there has been an increase in the private financing of the sector, and the poor are the least able to afford the unofficial costs charged; (ii) many poor people are deterred from seeking health care due to the indirect and direct cost barriers that they face; (iii) the poor have probably been most affected by the upsurge of infectious diseases (such as malaria, tuberculosis and typhoid fever); (iv) utilization of health services has dropped, especially among the poor; (v) although severe malnutrition is not widespread, there is evidence of significant under-nutrition; and (vi) there is considerable food insecurity, particularly among the poor.

49. There is also evidence that problems of governance such as crime, corruption, insecurity, and non-participation exacerbate poverty. Many poor people are forced to pay bribes, including for health services and training while poor people do not have the power or ability to deal with harassment by armed individuals and groups. Furthermore, legislation is often vague and weak. As a result, people tend not to know their rights.

IV. MONETARY AND FINANCIAL DEVELOPMENTS AND POLICIES

A. Monetary and Credit Developments

50. Following the Peace Agreement in June 1997, the National Bank of Tajikistan (NBT) tightened monetary policies which largely stabilized the exchange rate and reduced inflation. With a lag, the emerging peace and stronger price stability led to rising confidence stabilizing the demand for local currency (Figure 5). However, the ruble broad money-to-GDP ratio remains low at 5 percent, indicating a highly demonetized economy.⁹

51. Despite the low inflation and stable exchange rate during most of 1998, remonetization of the economy did not take off. In part this reflected the uncertainty created by frequent external shocks including declining export prices of cotton and aluminum (and in 1999, rising oil prices). However the monetary stance in mid-1998 as the NBT expanded credit to state-owned enterprises and other domestic borrowers. This credit expansion, including a sharp increase in net credit to government in the fourth quarter of 1998, put also heavy pressure on the NBT's net foreign reserves, which declined by about US\$15 million between April-December 1998 (Figure 6).

52. In 1999, the central bank lending to the private sector increased sharply as the NBT started financing cotton production after foreign sources of finance could not be secured. In addition, the NBT provided again loans to state-owned enterprises. In the first nine months of 1999, the NBT's lending to the private sector increased by 55 percent of reserve money, of which more than 60 percent went to the cotton sector¹⁰. As a result, the NBT's gross international reserves declined by US\$25 million during the first three quarters of 1999, despite the sizeable new loans from the IMF and the World Bank during the period. As the growth in the NBT's net domestic assets was largely offset by declines in international reserves, reserve money increased only by 16 percent.

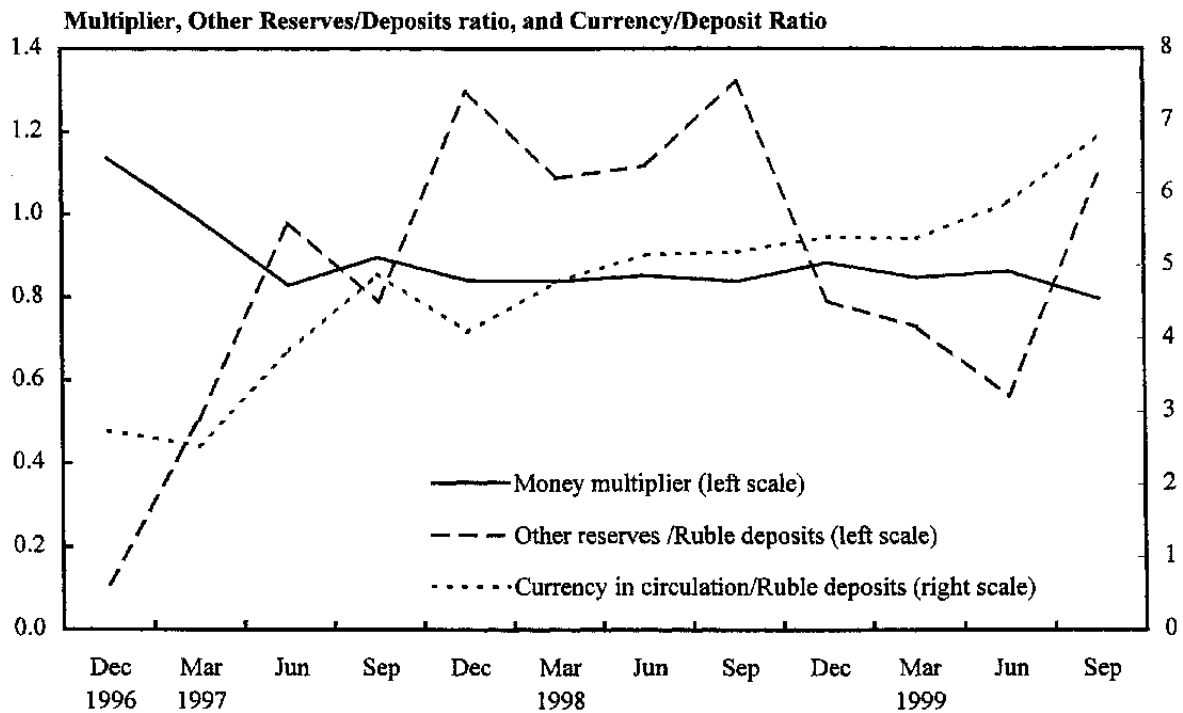
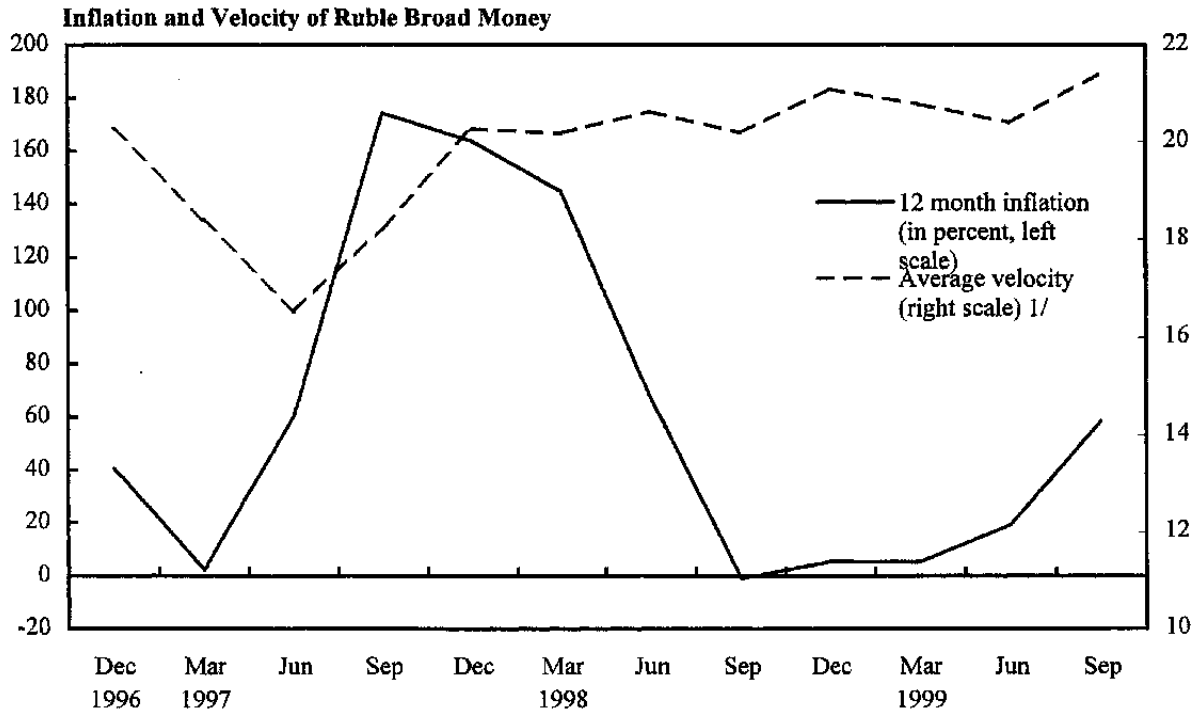
53. The money multiplier has remained low but stable since mid-1997 (Figure 5). Its low level largely indicates that the development of the Tajik banking sector is still at an incipient stage and the efficiency of financial intermediation is very low. The currency-to-deposit ratio has increased significantly, reflecting low confidence in the banking system and existence of a sizable shadow economy. On the positive side, the reserve-to-deposit ratio has declined since end-1997 as the payment system has started to function better.

54. The growth of broad money has stemmed from rising cash in circulation which has increased at an average annual rate of 23 percent during the last two years compared with an

⁹ In the neighboring countries, the money-to-GDP ratio at end-1997 was at about 12 percent in the Kyrgyz Republic and 9 percent in Kazakhstan.

¹⁰ The calculations are based on fixed accounting exchange rate of TR 1,038 per U.S. dollar.

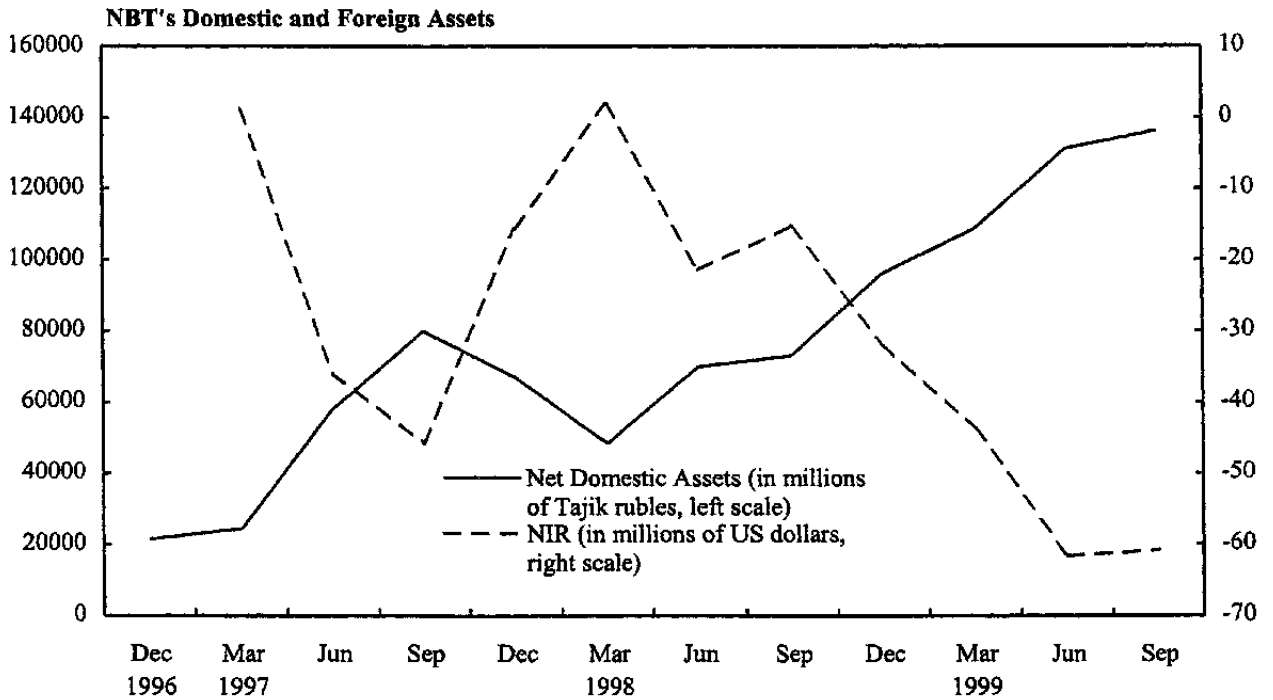
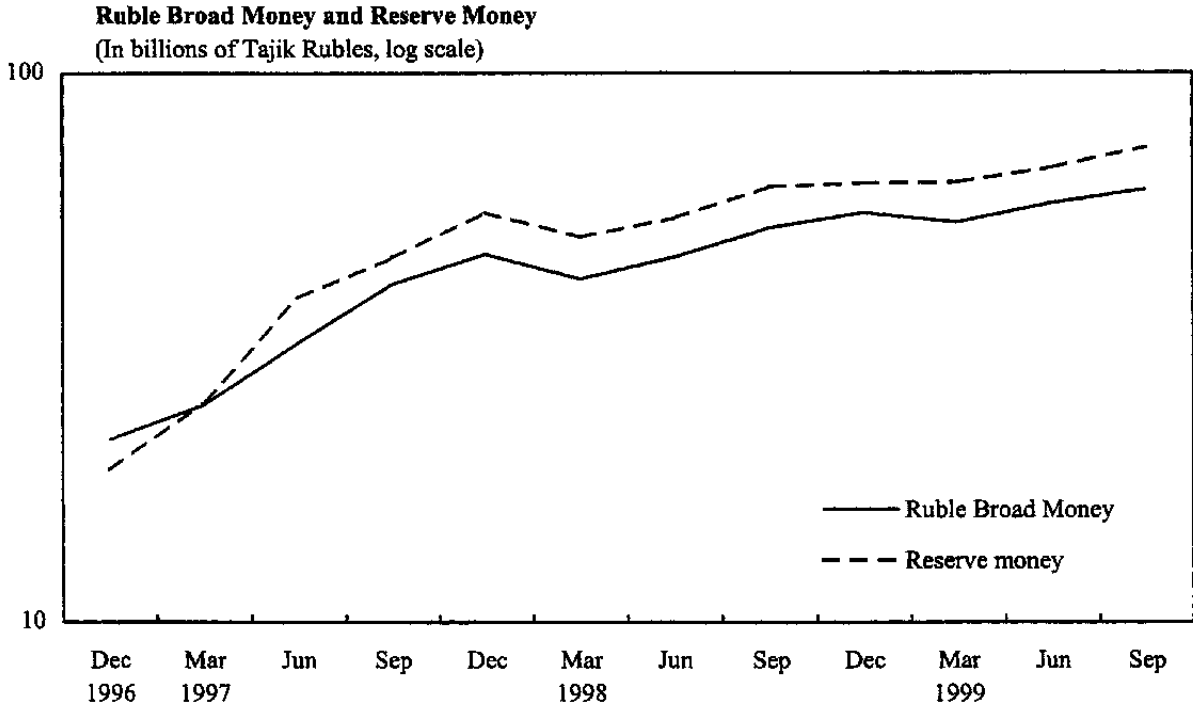
Figure 5. Tajikistan: Velocity and Money Multiplier, 1996-99



Sources: Tajik authorities; and Fund staff estimates.

1/ Annual GDP divided by average ruble broad money over the last year.

Figure 6. Tajikistan: Money, Credit and Foreign Reserves, 1996-99



Sources: Tajik authorities; and Fund staff estimates.

average growth of 10 percent in broad money. At the same time, the composition of deposits has moved in favor of foreign currency, though there was a period of declining currency substitution between mid-1997 until the Russian crisis (Figure 7). At that time, foreign currency deposits constituted only 10 percent of total broad money. This ratio has tripled since with the depreciation of the Tajik ruble. Also, the culture of non-payment, the existence of sizeable tax and interenterprise arrears and barter trade has kept the demand for local currency and ruble bank deposits low.

55. On the foreign exchange market, the exchange rate has been under heavy pressure since the Russian financial crisis in August 1998. Over the 12-month period through September 1999, the Tajik ruble depreciated against the U.S. dollar by 46 percent in the cash market.¹¹ Meanwhile, the spread between the curb and Tajikistan Interbank Currency exchange (TICEX) rates rose from a relatively stable 7 percent in 1997 and until mid-1998 to 10-15 percent since then and sometimes to above 20 percent. Although the exchange rate regime is nominally flexible, from time to time, the NBT has resisted depreciation pressures by intervening in the foreign exchange market. As this policy, in particular after the Russian crisis, was depleting the NBT's small reserves, it changed its policy and allowed the currency to depreciate. More recently, credit has become tighter and interventions fewer. Since September 1999, the exchange rate at the TICEX has been relatively stable and the spread has hovered between 10-14 percent. Although there are no formal restrictions for the participants in TICEX or availability of cash, informal restrictions, moral suasion, harassment of the market participants by individuals from the power ministries and tax authorities, and a high risk premium attached to importing cash to Tajikistan explain the obvious weaknesses in the arbitrage mechanism.

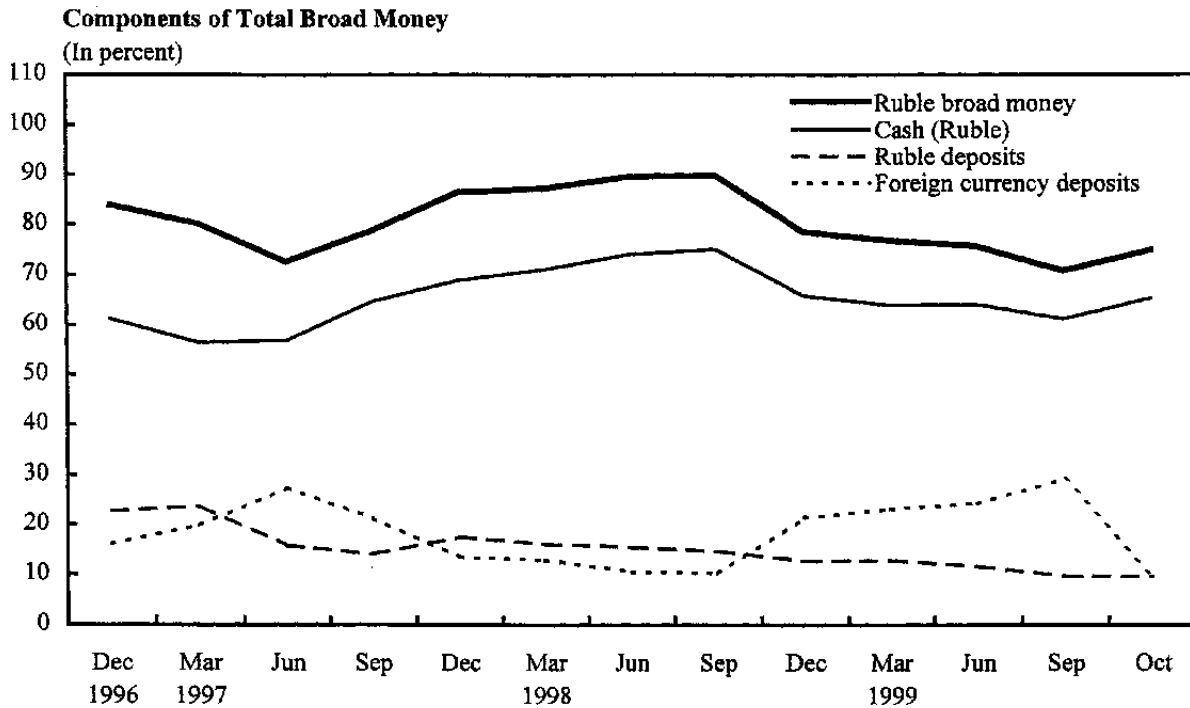
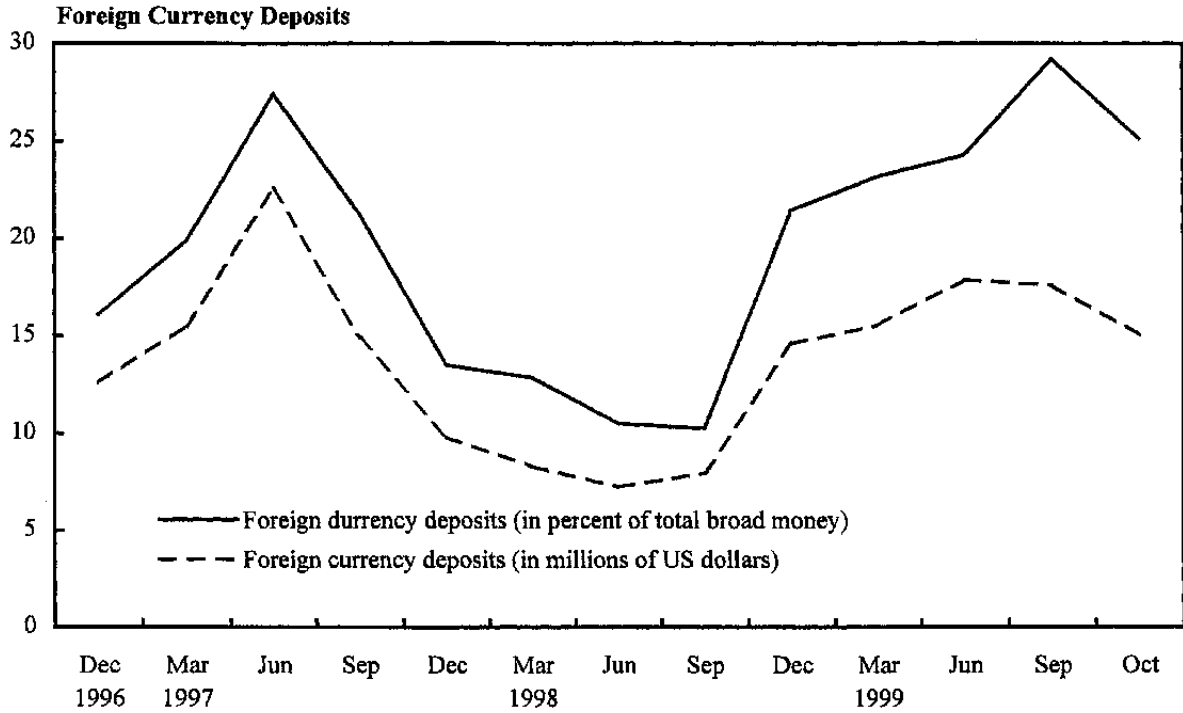
B. Monetary Policy Instruments

56. The NBT's ability to control liquidity is very limited. Actively used instruments have been credit auctions and interventions in the foreign exchange market. Open market operations have not been an option as the Treasury bill market has remained thin. The obligatory reserve requirement on bank deposits is set at 20 percent, but this rate has not been used as a tool for monetary policy.

57. Credit auctions, held since December 1997, have not played a significant role as a large part of central bank credits has been allocated outside the auction mechanism and bank participation in auctions has remained low. Consequently, auction interest rates have not

¹¹ The Tajik foreign exchange market consists of two segments. Foreign exchange deposits are sold in the Tajik Interbank Currency Exchange while cash is traded in foreign exchange bureaus at the curbside. The NBT's official exchange rate is set according to the TICEX rate. There are also individual traders at the curbside and bazaars but their rates follow very closely the rates of the foreign exchange bureaus.

Figure 7. Tajikistan: Components of Broad Money, 1996-99



Source: Tajik authorities.

accurately reflected the supply and demand conditions in the credit market. Banks' lending rates became positive in real terms in the second half of 1997 and only recently, following the exceptionally high inflation in the summer of 1999, the lending rates appeared negative in real terms (Figure 8). The role of the credit auction mechanism is expected to strengthen, however, as a presidential decree of October 1999, banned the NBT from lending directly to borrowers.

58. Interventions in the foreign exchange market have been large given the NBT's central role in supplying foreign exchange. The NBT is a collection agency for the cotton and aluminum sales taxes (the major government revenue sources), as it is feared that tax compliance rates would decline if commercial banks would intermediate tax payments. Similarly, the foreign financing of the budget by the International Financial Institutions is channeled through the NBT. In the first nine months of 1999, US\$57 million was sold at the TICEX compared to US\$107 million in 1998 and US\$54 million in 1997 (Table 34).

59. The first Treasury bill auction was held in September 1998 with a small amount (TR 100 million) offered for sale. During the last 14 months, the total volume of Treasury bills offered for sale was TR1.8 billion, of which TR1.1 billion (2 percent of broad money) was subscribed (Table 32). The main reasons for this limited growth of the Treasury bill market have been low confidence in the government's ability to redeem the bills, weaknesses in the liquidity management by banks and the negative effect of the Russian crisis which coincided with the initiation of the Treasury bills market. Interest rate formation in the Treasury bill market, however, appears truly market determined as investors demand different volumes at different yield rates. The Treasury bill market rate rose trendwise since late 1998 with the exchange rate and price instability but has started to decline more recently.

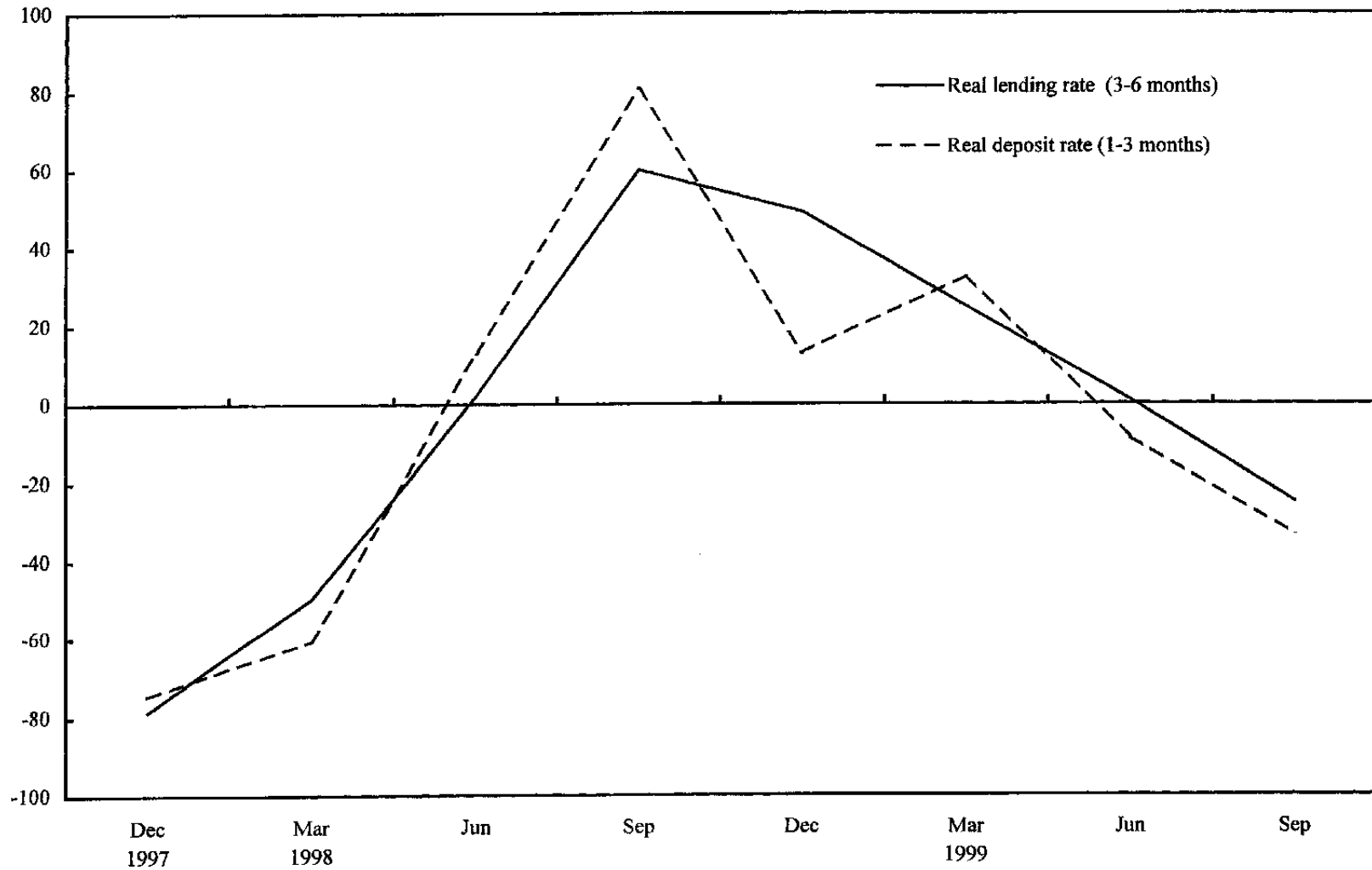
60. Obligatory reserve requirements for both local and foreign currency deposits are set at a uniform rate of 20 percent and are not remunerated. Since April 1998, a limited form of averaging of required reserves during the month has been permitted.

C. Banking Regulation and Supervision

61. In 1997-99, the authorities have made significant progress in improving banking regulation and supervision. In particular, the minimum capital requirement was increased from the Tajik ruble equivalent of US\$300,000¹² in 1997 to US\$750,000 on July 1, 1999 and to US\$1 million from January 1, 1999. As of September 1, 1999, however, only about one third of the banks were in compliance with this requirement. Bank supervision has improved as the NBT has expanded and restructured its Banking Supervision Department (BSD) and strengthened its prudential regulations. The number of both on-site and off-site audits has increased and new International Accounting Standards (IAS) based charts of accounts were

¹² For domestic banks.

Figure 8. Tajikistan: Real Interest Rates, 1997-99
(In percent) 1/



Sources: Tajik authorities; and Fund staff calculations.

1/ Deflated by the 12-month consumer price inflation.

adopted in the beginning of 1999. Also, with the new Tax Code banks were allowed to deduct 80 percent of their loan loss provisions from pre-tax profits, starting from July 1, 1999. In 1998-99, several problem banks were liquidated.

D. Bank Restructuring

62. The banking system remains weak and is highly concentrated. Most banks are saddled with non-performing loans; operational management of banks is weak; and the financial system suffers from weak regulatory environment and lack of functioning capital markets. As a result, the overall confidence in the banking system is low and banks' ability to mobilize savings remains very limited. All these characteristics are reflected in high cash-to-broad money ratios, and low monetization and credit-to-GDP ratios.

63. In comparison to the 1995-97 period, the past two years have seen some consolidation of the banking system. The number of banks has declined from 28 in 1997 to 17 in 1999, including with the liquidation of Tajikbusinessbank—one of the largest banks. The four major commercial banks (Agroinvestbank, Orion Bank, Vneshekonombank, and Savings Bank) collect about 70 percent of total deposits and control about 75 percent of total loans to the economy. These banks were successors of the specialized banks in the Soviet period, which were restricted to serve particular sectors of the economy: agriculture, industry, foreign trade, and households. Although re-established as joint-stock companies with private sector participation, they are still largely controlled by the state through state-owned enterprises' shareholdings¹³. While not formally restricted to particular sectors anymore, they are still operating in their traditional areas. The Agroinvestbank and the Savings Bank have large branch networks, covering the whole country, which were built up on the basis of socio-political reasons during the Soviet era rather than profitability considerations. Most smaller banks are "pocket banks" for large enterprises. As they have a small capital and deposit base, their financial operations are largely influenced by a few shareholders or clients.

64. Most banks have small or negative net worth. At end-September 1999, the consolidated net worth of the four major banks (Agroinvestbank, Orionbank, Savings bank, and Vneshekonombank) was estimated at only 0.9 percent of their total assets (Table 36).¹⁴ Yet, some progress has taken place as the negative net worth of these banks was estimated at 14 percent of assets at end-1997. The share of required loan-loss provisions in total loans varies across banks, with Agroinvestbank recording the largest share.¹⁵

¹³ The Savings Bank remains fully state-owned.

¹⁴ These estimates are based on the preliminary findings of international audits.

¹⁵ The Agroinvestbank staff claimed that most of these loans were guaranteed by the government or the NBT. However, there was no detailed information available on this issue.

65. Operational management of the commercial banks remains weak as banks have little knowledge of project appraisal, collateral requirements, and monitoring of the financial situation of clients. Loans appear to be provided largely on the basis of network relationships, rather than risk-based analyses of projects. The banks also appear overstuffed and internal controls remain underdeveloped. Weaknesses in accounting, asset valuation, and disclosure rules make the reporting of banks unreliable. Technology used in the banks is old and training of personnel deficient.

66. The efficiency of the banking system is also constrained as the government has channeled directed credits to specific sectors, and even to specific projects. As these credits were in large part guaranteed by the government, the practice has reduced the involved banks' interest in collecting these loans, worsening their loan portfolios¹⁶. Due to weak macroeconomic conditions, banks' choices of investing in viable and low risk projects have been limited. In addition, the legal and regulatory environment does not provide adequate support for bank restructuring as the lack of a reliable court system makes banks hesitant to claim their rights through the legal system.

67. Finally, the efficiency of the banking system is limited by the lack of active asset markets where banks can either raise capital or dispose of assets. Distrust of other banks, the underdeveloped Treasury bill market, and poor creditworthiness of borrowers make banks keep large excess reserves in their correspondent accounts with the NBT.¹⁷

68. With assistance from the IMF and the World Bank, the NBT designed operational restructuring programs for the three major banks in May 1998.¹⁸ These operational restructuring programs included several measures to improve liquidity and solvency. These measures focused on increasing the banks' paid-in-capital by attracting new equity participation from the private sector, collecting overdue loans, improving management capabilities, and reducing costs, including through reduction in the number of employees and branches. In addition, the restructuring agreements typically included restrictions on lending activities to prevent a further accumulation of bad loans. Only the Agroinvestbank has been recapitalized by the government by taking over its stock of nonperforming loans extended to mountainous areas prior to 1997.

¹⁶ There are high risks associated with these guarantees as the government's capacity to honor them seems to be limited.

¹⁷ At end-September 1999, excess reserves of commercial banks with the NBT were TR9 billion or 11 percent of broad money, compared to TR3 billion required reserves.

¹⁸ As the Orion bank's overall conditions seemed adequate, no specific restructuring program was agreed with this bank.

69. The results of these programs have been mixed. While the Vneshekonombank has graduated from the restructuring program and the Tajikbusinessbank has been liquidated, restructuring of the Savings Bank and Agroinvestbank has been slow, with little progress in staff reductions and loan recovery. These banks have now been audited according to international accounting standards by internationally reputable agencies and the audit results are being analyzed.

70. Restructuring schemes, including targets to increase paid-in-capital, have been also agreed with a number of smaller banks which have failed to comply with the NBT's prudential regulations. In 1998, the NBT required four small banks (Culsara Bank, Dushanbe Bank, Textinvestbank, and Somon Bank) to temporarily discontinue their deposit taking, lending operations, foreign exchange transactions, and the issuance of bank guarantees. While the Somon Bank complied with the prudential regulations since, Textinvestbank was liquidated in 1999. Reports on compliance with prudential regulations suggest that Dushanbe Bank and Gulsara Bank still have major problems in complying with prudential regulations. The NBT has set a deadline for these banks to improve performance, or face liquidation.

71. Compliance with prudential regulations appears to have improved in 1999. On October 1, 1999, there was only one bank not complying with the required capital-assets ratio compared to four banks on September 1, 1997. However, the reported improvement in compliance with prudential regulations is not necessarily accurate as banks' loan classification procedures tend to underestimate the amount of non-performing loans, and thus, overestimate the capital ratios. For example, the reported net worth of the Agroinvestment and the Savings Bank at end-September 1999 were TR 7.3 billion and TR 1.6 billion, respectively, while based on the assumptions on bad loan ratios of earlier diagnostic studies and staff estimates, the net worth of these banks would be negative TR 64 million for the Agroinvestment and negative TR 146 million for the Savings Bank.

V. EXTERNAL SECTOR DEVELOPMENTS

A. Current Account Developments

72. Current account developments in 1998 and 1999 were dominated by three factors: declining export prices, real exchange rate movements, and large loans to the cotton sector. In 1998 the combination of a substantial terms of trade deterioration and large imports financed by capital inflows to the cotton sector led to a widening of the current account deficit, from 5.5 percent of GDP in 1997 to over 8 percent of GDP in 1998. In 1999, with no new external financing for the cotton sector, the repayment of the cotton loans, together with a substantial real exchange rate depreciation resulted in a sharp improvement in the current account, in spite of a considerable further worsening of the terms of trade, a decline in exports to Russia, and lax domestic policies during the summer months. The current account deficit is estimated to shrink to below 3 percent of GDP in 1999.

73. Tajikistan's production and trade structure is prone to large terms of trade shocks. About sixty percent of Tajikistan's export earnings is generated by only two products: cotton and aluminum. Cotton is grown and ginned in Tajikistan and then exported as cotton fiber. Planting and growing of cotton require heavy use of imported inputs. Aluminum is produced from imported alumina using domestically generated cheap hydro-electric power. Other exports include electricity, which is traded with neighboring countries on a barter basis,¹⁹ fruits and vegetables, and gold.

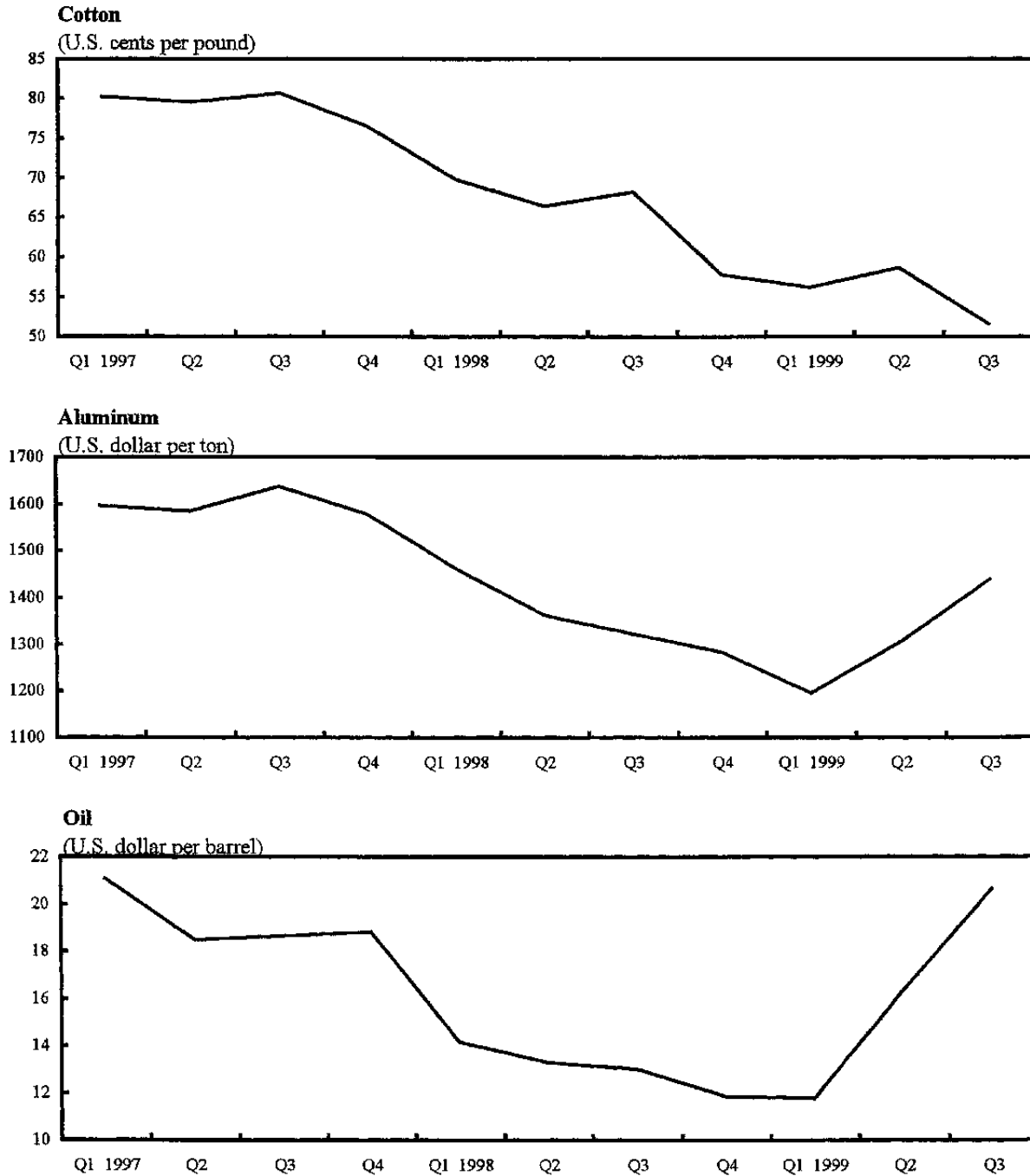
74. Between the third quarter of 1997 and the first quarter of 1999, world market prices of aluminum dropped by 30 percent, and those of cotton by 27 percent (Figure 9). As a result, Tajikistan's terms of trade worsened by 3.5 percent in 1998. World market prices for cotton fell further by 14 percent in 1999 while oil prices went up by almost 40 percent. Although aluminum prices started to recover in the second quarter, the annual average is likely to remain below the level of a year earlier. Overall, the terms of trade deteriorated by some 5 percent in 1999, somewhat larger than the deterioration in 1998.

75. Notwithstanding the terms of trade shocks, the official exchange rate of the Tajik ruble remained at TR 754 per U.S. dollar throughout the first three quarters of 1998, resulting in a substantial real exchange rate appreciation. Following the Russian crisis in August 1998, the nominal exchange rate was allowed to depreciate vis-à-vis the U.S. dollar although it appreciated vis-à-vis the Russian ruble. In the first three quarters of 1999, the real effective exchange rate was 10 percent below its level in the same period of 1998 (Figures 10-11). When measured against the U.S. dollar only, the real depreciation was 24 percent. The depreciation of the real exchange rate reduced imports and thereby contributed to the narrowing of the current account deficit in 1999. Exports were far less affected by the real exchange rate depreciation, as domestic labor costs are already very low even by regional standards, and the key exports, aluminum and cotton, have large import contents.

76. The current account worsened in 1998 also because of large loans to the cotton sector. The cotton sector received financing from a banking syndicate led by CSFB, to pre-finance the 1998 harvest. These loans were used to buy fuel, fertilizer, equipment, and other imports, and thus contributed significantly to the current account deterioration. In 1999, loan repayment through cotton shipments forced the sector to cut back its imports. The shift in capital flows to the cotton sector was very substantial: from an inflow of about US\$80 million

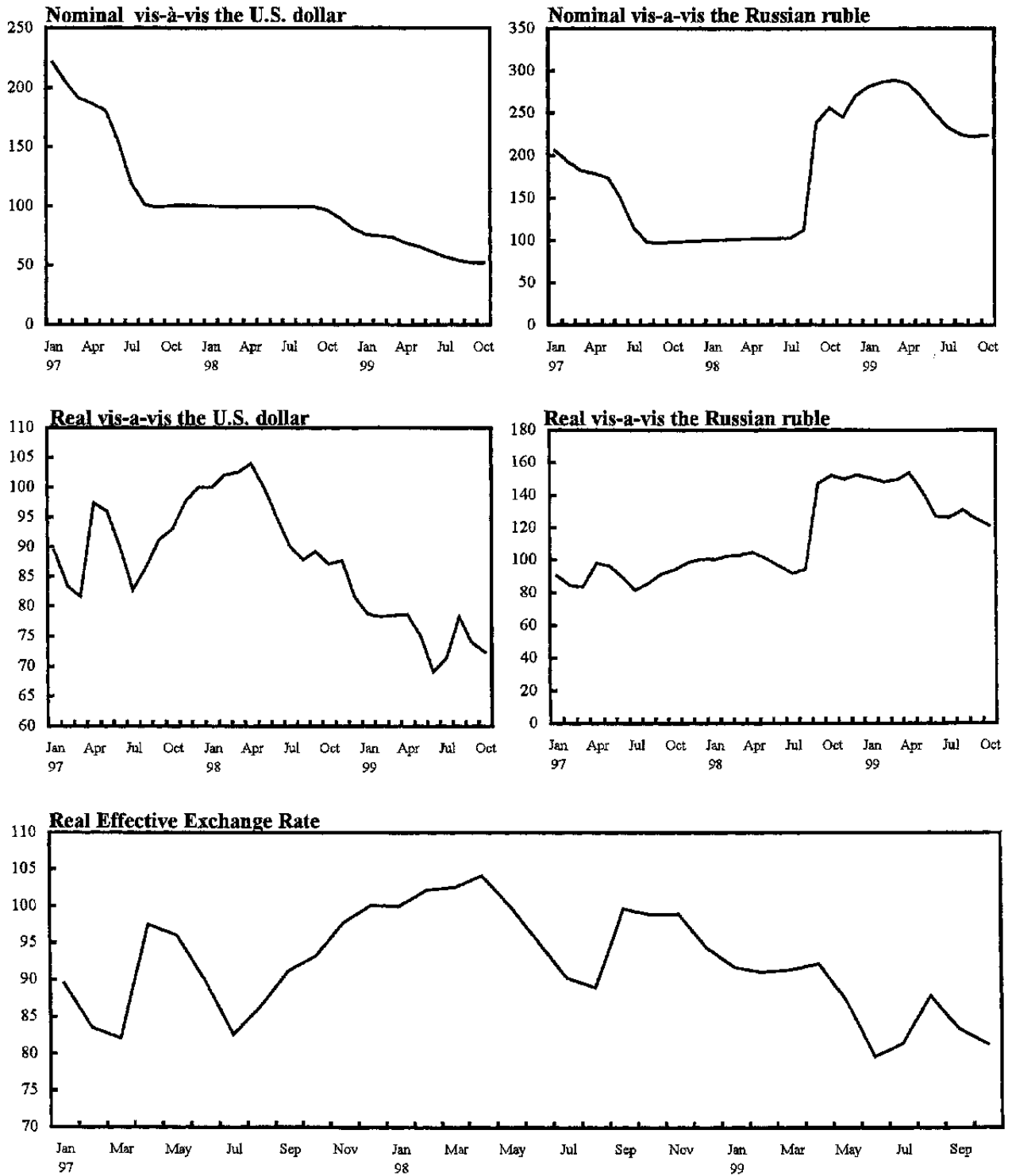
¹⁹ Tajikistan both exports and imports significant amounts of electricity. Built in the Soviet era, the electricity grids in the central Asian CIS countries are well integrated, facilitating trade. Within Tajikistan, the grid is segmented between a northern and a southern grid, with no possibility of transferring electricity supplies between the two grids. The southern grid has excess capacity, and thus electricity is exported from this grid. The northern grid generates a deficit, necessitating imports. Electricity is traded on a barter basis, and no cash payments are made.

Figure 9. Tajikistan: Selected World Market Prices, 1997-99



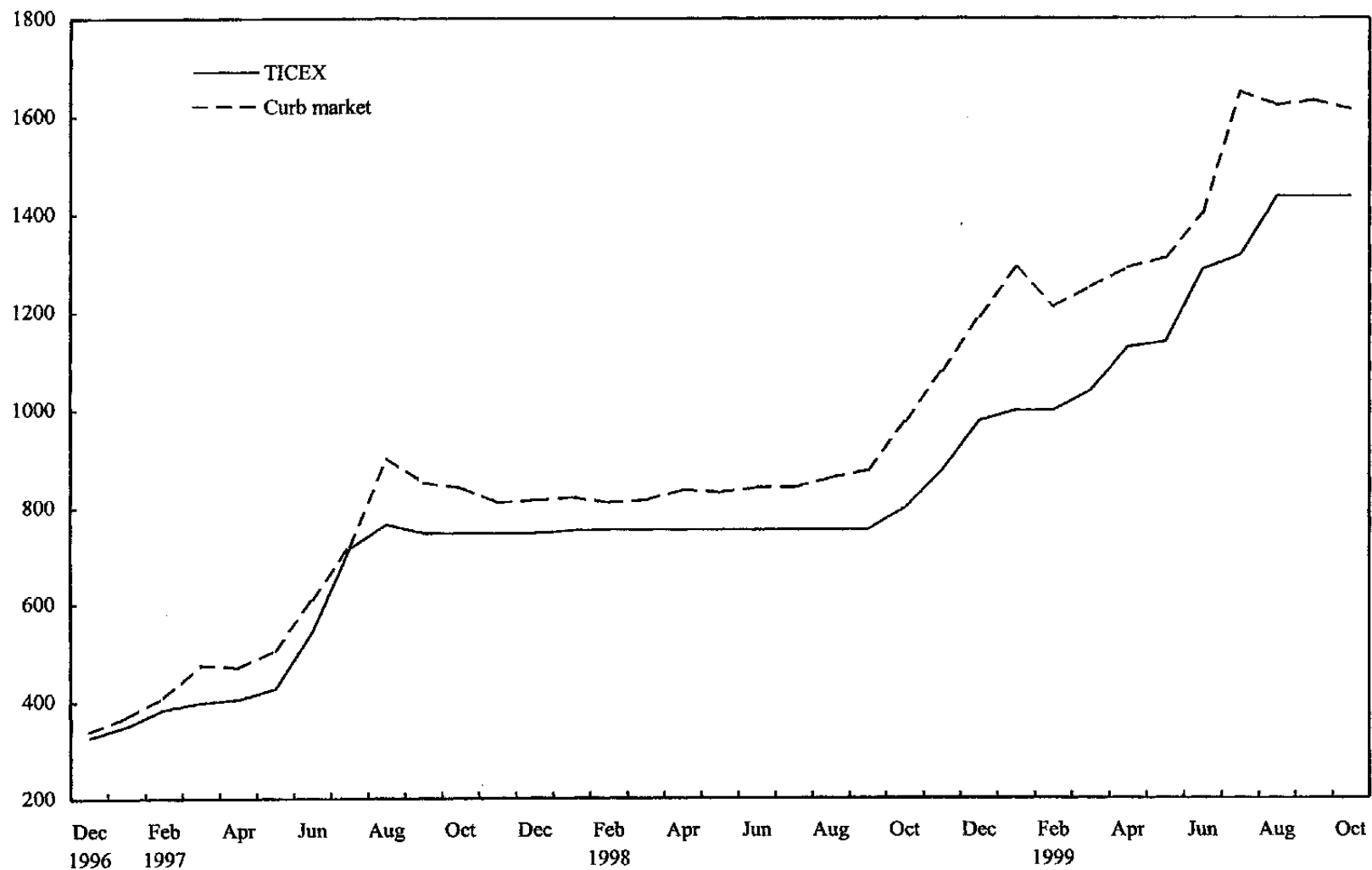
Source: IMF, Commodity Price Indicators.

Figure 10. Tajikistan: Nominal and Real Exchange Rates, 1997-99



Sources: Tajik authorities; and Fund staff estimates.

Figure 11. Tajikistan: TICEX and Curb Market Exchange Rates, 1996-99
 (Tajik rubles per U.S. dollar)



Source: Tajik authorities.

in 1998 to an estimated outflow of US\$32 million in 1999. The drop in external financing of the cotton sector was only partially offset by lending from domestic banks.

77. Tajikistan's current account is supported by sizeable current transfers. In recent years, current transfer inflows have amounted to some US\$ 55 million a year, or about 5.5 percent of GDP in 1999. Major donors include the Aga Khan Foundation, the United States, TACIS, the World Food program, Mercy Corps International, Save the Children, and Cooperative for Assistance and Relief.

B. Capital and Financial Account Developments

78. Tajikistan has received large concessional financing from International Financial Institutions. Most important among official lenders are the World Bank, the IMF, and the Asian Development Bank (ADB). World Bank financing includes a Structural Adjustment Credit (SAC) as well as project loans. SAC disbursements amounted to US\$ 20 million in 1998 and US\$ 23 million in 1999, while project loans disbursements were about US\$15 million a year—mainly for post-conflict programs, agriculture, and poverty alleviation. The IMF has provided balance of payments support first under a post-conflict emergency assistance mechanism and then under a three-year Poverty Reduction and Growth Facility (PRGF). It disbursed US\$ 64 million in 1998 and US\$ 9 million in 1999. Smaller amounts were provided by the ADB and the Islamic Development Bank (IDB). The ADB disbursed US\$ 10 million in early 1999, while the IDB has lent about US\$8 million in 1998-99.

79. As mentioned above, there were large private capital inflows in 1998 and outflows in 1999 associated with the cotton sector's financing. The declining cotton prices not only reduced the value of the cotton crop but also led to delayed shipments as exporters were waiting for prices to recover. Consequently, loan repayment, which is based on cotton shipments, was behind the original loan agreements and was extended. The remaining stock of the cotton sector debt amount to US\$44.5 million, including US\$13.5 million interest, as of end-September 1999.

80. Foreign direct investment has remained modest due to high perceived country risk despite a relatively liberal legal regime. These inflows have amounted to some US\$20 million a year recently. Most foreign investment has been through joint ventures. Large joint ventures include Nelson Gold Corporation (United Kingdom, gold exploration); Kabool Textiles (South Korea, textile); Ajanta Pharma (India, pharmaceutical products); Elchaml Scan International, (United Arab Emirates, consumer goods); Gulf International Minerals (Canada, gold and silver exploration); Adjind International (Italy, cotton processing and textile). There are no legal obstacles to foreign direct investment or to foreign ownership of shares in Tajik companies, and there are no restrictions on the repatriation of profit and capital. Foreigners are prohibited from owning land, but are allowed to lease it. Enterprises that receive foreign investment are exempt from profits tax for two to five years—with the duration depending on the amount invested. This tax exemption does not, however, apply to agriculture and extraction of natural resources.

81. The overall balance of payments deficit narrowed from US\$20 million in 1998 to an estimated US\$9 million in 1999. However, mainly reflecting the changes in IMF disbursements, gross official reserves increased by US\$ 36 million in 1998 and declined by US\$7 million in 1999. In terms of import cover, gross international reserves of the NBT fell slightly from 1.5 months of imports at end-1998 to 1.4 months of imports at end-1999.

C. External Debt and Restructuring

82. At the end of 1998, Tajikistan had a foreign debt of US\$ 1,178 million, or 91 percent of GDP. The largest creditors were Russia (US\$ 288 million), Kazakhstan (US\$ 153 million), the IMF (US\$ 95 million), the World Bank (US\$ 91 million) and the European Union (US\$80 million). Most of the debt is owed by the government, and is denominated in U.S. dollars. Tajikistan had no foreign debt at independence, but the elimination of the significant budgetary transfers Tajikistan had received in Soviet times, and later the civil war, led to a rapid build-up of debt. Most of the debt build-up came from short-term trade credits and unsettled debit balances on correspondent accounts with other CIS-countries.²⁰ In addition, Tajikistan received credits from neighboring countries (China, Pakistan, and Turkey) and the United States, to finance the importation of grains and consumer goods.

83. As most of the debt was short-term, debt service obligations were large, and, in the event, largely fell into arrears. Overdue debt service payments rose to about 30 percent of export earnings in 1995, and by end-1995, 28 percent of public sector external debt was in arrears. Early attempts towards regularizing Tajikistan's external debt obligations failed because rescheduling measures consisted of short-term deferrals, which were inconsistent with Tajikistan's debt servicing capacity. At the same time, it was clear that creditors were hesitant to commit to longer term rescheduling in the absence of a peace agreement and a macroeconomic stabilization program under which Tajikistan could creditably commit to servicing its rescheduled debt.

84. Since October 1995, Tajikistan has been negotiating with its creditors to reschedule its outstanding debt. In that month, Tajikistan, in consultation with the IMF staff, invited donors and creditors to a round-table meeting. Among participants—which included Uzbekistan, Kazakhstan, Turkey, China, and Pakistan—there was a broad agreement on the need to provide Tajikistan with rescheduling on highly concessional terms. As a *modus operandi*, the IMF staff's medium-term balance of payments projections assumed that arrears and debt service falling due through 1996 would be rescheduled with a maturity of 15 years with a

²⁰ In the immediate period after the dissolution of the Soviet Union, trade among the newly independent states was facilitated by bilateral trade credits. These credit lines were suspended and balances blocked in late 1992, with the opening of correspondent accounts among the new states' central banks. Since mid-1994, the correspondent accounts have been mostly inoperative, although small amounts were transferred through them as late as in 1996.

5-year grace period at a concessional rate of interest of 2.8 percent per annum. Follow-up creditors' meetings were held in the fall of 1996 and 1997, in which donors and creditors endorsed the Tajik authorities' strategy of obtaining rescheduling agreements on broadly similar terms across all bilateral creditors. By mid-1998, debt restructuring agreements had been concluded with Kazakhstan, Russia, Uzbekistan, Turkey, and the Kyrgyz Republic (Box 4). The rescheduled debt constituted about 80 percent of the debt that Tajikistan was seeking to reschedule.

Country	Date of Signing	Amount	Interest Rate	Repayment Period
Kazakhstan	November 1995	US\$18 million	2.8 percent	2003-2012
Russia	October 1996	US\$288 million	2.8 percent	1999-2008
Uzbekistan I	January 1997	US\$204 million	0.0 percent	1997-2003
Uzbekistan II	January 1998	US\$151 million	2.8 percent	2002-2011
Turkey	January 1988	US\$26 million	2.8 percent	2002-2011
Kyrgyz Republic	May 1998	US\$2 million	2.8 percent	2000-2007

Source: Data provided by the Tajik authorities.

85. In 1998 and 1999, Tajikistan continued to negotiate with three of its largest creditors: Uzbekistan, Russia, and the European Union; as well as with Pakistan, India, and China. Negotiations continued with Uzbekistan on revision of the 1997 debt restructuring agreement. The 1997 agreement had a compressed maturity structure with no grace period, and although the restructured debt, of US\$ 204 million, carried no interest, the large principal payment that fell due in 1997 proved very burdensome. In January 1998, the Uzbek government agreed to reschedule obligations falling due after 1998 in line with the terms discussed during the creditors' meeting. In the event, however, the new agreement was rejected by the Uzbek parliament, and in 1999 Tajikistan continued to serve this debt according to the old schedule.

86. An agreement is being finalized to substantially reduce the debt to Russia. In 1996 an earlier agreement was reached to reschedule the outstanding debt of US\$ 288 million, but more recently Russia agreed to also reduce the stock of debt, in compensation for the Russian rubles that had been returned to Russia when Tajikistan introduced its own currency in 1995. Under the new agreement, the outstanding debt would be reduced from US\$288 million to US\$137 million. Negotiations with the European Union aim to refinance the outstanding debt of about US\$ 80 million. While the exact modalities are not yet known, they are likely to involve an up-front payment by Tajikistan, as well as annual grants by the European Union to assist Tajikistan in paying back the debt.

87. Negotiations were also held with smaller creditors. The Pakistan authorities have indicated their willingness to restructure the debt on the terms stipulated by the creditors' conference; although the final agreement has yet to be signed. Agreement also seemed near with the government of India, while negotiations with China have so far not been successful. With assistance from the IMF staff, the government also held discussions with Turkmenistan and Kazakhstan to settle the discrepancies in their correspondent account debts.

D. Trade System

88. In early 1999, Tajikistan joined a customs union with Russia, Belarus, Kazakhstan, and the Kyrgyz Republic. In order to bring its external tariff structure in accordance with the stipulations of the customs treaty, Tajikistan changed its import tariff structure, which previously had a uniform rate of 5 percent, to one with rates of 5, 10, 15, 20, 25, and 30 percent, with an average of about 8 percent. There are no customs tariffs for members of the customs union, nor for the 47 least developed countries. Exports of cotton and aluminum are subject to sales taxes. As part of the tax system reform which aims to eliminate the de facto export taxes, the sales tax rates have been reduced in 1999. Tajikistan also initiated the application process for membership in the World Trade Organization in 1999.

89. Notwithstanding the recent tariff increase, Tajikistan has a relatively liberal trade system. On the IMF trade restrictiveness index, which measures trade restrictiveness on a scale from one to ten, with one being the lowest and ten the highest level of restrictiveness, Tajikistan scores a one mainly because its average tariff rate is below ten percent and it does not have any major nontariff trade barriers. This compares well with the other members of the customs union.²¹

90. Following a rapid shift in the years after independence, Tajikistan's exports are now mainly directed to non-CIS countries (Table 44). Its main export products, cotton and aluminum, are mostly destined for the world commodity markets. Its main exports to CIS-countries include electricity to Uzbekistan, and vegetables and fruits to Russia. Imports are mainly from CIS countries. Tajikistan imports electricity, natural gas and oil from Uzbekistan, and wheat from Kazakhstan, while many manufactured products are obtained from Russia.

E. External Debt Sustainability

91. Tajikistan's external debt service burden is high in comparison with its fiscal revenue. In 2000, debt service on external public debt is projected at 24.9 percent of fiscal revenues (Table T1). If debt service to the IMF (which is not paid from the budget) is also included, the

²¹ Other members of the customs union have a higher score on this indicator: Kyrgyz Republic two; Kazakhstan five; Russia five; Belarus eight.

Table T1. Tajikistan: Indicators of the Sustainability of Public and Publicly Guaranteed Debt

	Nominal debt at end 1999		Net Present Value of Debt at end 1999					Debt Service in 2000				
	In millions of U.S. dollars	In percent of GDP	In millions of U.S. dollars	In percent of nominal debt	In percent of GDP	In percent of exports	In percent of fiscal revenue 1/	In percent of higher fiscal revenue 2/	In millions of U.S. dollars	In percent of 2000 GDP	In percent of 2000 exports	In percent of fiscal revenue 1/
Total public and publicly guaranteed	776	75	578	74	56	83	443	372	...	...	...	...
Public sector	711	69	512	72	50	73	393	330	49.9	4.1	7.1	32.4
Non-financial public sector	612	59	437	138	42	62	335	282	38.3	3.2	5.5	24.9
Bilateral	377	36	302	80	29	43	232	195	15.3	1.3	2.2	10.0
Multilateral 3/	235	23	135	57	13	19	103	87	22.9	1.9	3.3	14.9
IMF	99	10	75	76	7	11	58	48	11.7	1.0	1.7	7.6
Private sector, guaranteed 4/	65	6	65	100	6	9	50	42	...	...	...	...

1/ Excluding grants.

2/ Assuming fiscal revenue of 15 percent of GDP.

3/ In net present value calculation, capital transfers of the European Union to help finance amortization have been taken into account.

4/ As the debt service pattern of this debt is not known, it has been assumed that the net present value is equal to the nominal value.

ratio increases to 32.4 percent. The ratio of public debt service to exports of goods and services is not very high at 5.5 percent. However, it increases to 9.5 percent when alumina imports and electricity exports are subtracted. In order to export aluminum, Tajikistan has to import alumina and other materials, which implies that net export earnings are substantially less. Electricity exports are bartered for electricity imports, and hence are also not available to service debt.

92. With a high debt and debt service burden, an important question is whether Tajikistan's external debt situation is sustainable. One way of assessing the sustainability of Tajikistan's external debt situation is through a comparison with the debt sustainability targets used in the context of the HIPC initiative. This comparison is relevant since Tajikistan could potentially be eligible for HIPC assistance at some point in the future. It meets the income criteria for the initiative and, as it turns out, has an unsustainable debt burden. These targets compare the net present value (NPV) of the public and publicly guaranteed external debt with both exports of goods and services and fiscal revenue. According to the targets, the external debt situation of a country is deemed unsustainable if (i) the NPV debt-to-exports ratio is more than 150 percent; or (ii) the NPV debt-to-revenue ratio is more than 250 percent, while the export to GDP ratio is at least 30 percent and the revenue to GDP ratio is at least 15 percent.²²

93. At the end of 1999, the ratio of the net present value of public and publicly guaranteed debt to exports was estimated at 83 percent, well below the threshold of 150 percent. If alumina imports and electricity exports are subtracted, the ratio rises to 129 percent, but remains below the threshold.²³ According to the debt-to-exports ratio criterion, Tajikistan's debt situation is manageable but this criterion does not take into account the debt servicing capacity of the government which is liable to the debt in question. The ultimate test of debt sustainability in the case of Tajikistan thus rests on the debt repayment capacity of the government.

94. According to the debt-to-revenue ratio criterion, Tajikistan's debt situation is not sustainable. With the ratio of net present value of public and publicly guaranteed debt to fiscal revenues of 443 percent, it is well above the threshold of 250 percent. Formally, this criterion can only be applied if the revenue to GDP ratio is at least 15 percent, but if the revenue ratio

²² Before their recent modification (see IMF, Public Information Notice No. 99/76) the NPV debt-to-exports ratio target was 200-250 percent, and the NPV debt-to-revenue ratio target 280 percent. For the exports-to-GDP ratio and the revenue-to-GDP ratio, the average of the most recent three years of annual data is used.

²³ The debt sustainability analysis undertaken for Tajikistan assumes all debt is post cut-off date debt, i.e., it is not simulated to receive any debt reduction under additional debt relief mechanism.

would have been 15 percent, the debt-to-revenue ratio would have been 372 percent, well above the threshold. The unsustainability of Tajikistan's external debt in large part reflects the very low revenue to GDP ratio. Tajikistan has the second lowest revenue-to-GDP ratio of all the BRO countries. Debt service of the non-financial public sector is projected to peak at 32 percent of fiscal revenues or 4.1 percent of GDP in 2002.

VI. STRUCTURAL REFORMS

95. Over the past few years, Tajikistan has made notable progress in setting up the institutional and legal framework required for a functioning market economy. The framework has established a basis for better macroeconomic policy management, and enabled to begin implementation of key structural reforms, in particular, private sector development, enterprise privatization, land and agricultural reform, and industrial restructuring.

A. Legal and Institutional Reform

96. Some 39 economic laws have been passed since independence, with quite a number of them strengthened in the last two years through successive amendments, often to make them consistent with international standards. Central and commercial banking, joint stock company, bankruptcy, security and stock exchange, anti-monopoly, collateral, foreign investment, and recently accounting laws are now all in place. Privatization and Land Reform laws have also provided a broad framework for reform in these areas. Legal rules were established for the Tajikistan Interbank Currency Exchange and a primary Treasury bill market. In many cases, the economic laws have been amplified by presidential and government decrees. The lack of unifying framework and central depository for economic laws and regulations, and related inconsistencies and uncertainties, have been recognized as a deterrent for potential investors. The authorities plan to rectify the situation and have secured technical assistance from the ADB for an overall review of the legal system, with a view to improve transparency and information dissemination.

97. There continues to be a significant divide between laws and institutions as defined "on the books" and the reality of their implementation and functioning. Such a divide has been observed in most transition countries, but appears especially wide in a country like Tajikistan just recovering from civil strife. For instance, while the bankruptcy law is in place, and the Economic Court has been assigned the role of Bankruptcy Court, implementation regulations are still missing. And no bankruptcy case has so far been brought to trial. On the other hand, the NBT successfully relied on the implementation of the commercial banking law to liquidate several problem banks including Tajikbankbusiness. Much remains to be done in practice to improve the transparency, depth, and efficiency of the fledging credit, foreign exchange, and government security markets. Strengthening public confidence in the financial system remains a critical condition for further development of these markets.

98. Monetary and fiscal institutions have gained strength in recent years, but further progress is needed. While the independence of the central bank is now reasonably assured

under the law, in practice, the NBT has still been expected at times to perform quasi-fiscal functions dictated by broader economic and political considerations. A recent presidential decree of October 22, 1999 aimed at re-affirming that independence. Furthermore, monetary policy instruments at the disposal of the central bank remain limited, in part because financial markets are still in their infancy, and also because the financial relations between the central bank and the Ministry of Finance are still to be clarified and codified on market terms.

99. With the adoption of a new Tax Code and implementation of a Treasury, significant progress was made in 1999 to transform the fiscal system into a modern rule-based instrument of government policy. Nevertheless, despite substantial technical assistance, tax administration remains weak, particularly with respect to complex forms of taxation, such as the VAT. Furthermore, formulation and execution of the budget is hampered by limited capacities in macroeconomic forecasting and monitoring. The ability to formulate expenditure policies and programs which use efficiently limited resources is still weak as well. This has affected, in particular, the formulation and implementation of proper social safety net and public investment programs. Finally, outside the immediate confine of the budget, much remains to be done to redefine the role of government in a market environment. This relates, in particular, to devolving government from responsibilities in the provision of goods and services, and re-focusing its activities on regulatory functions. The legal framework remains substantially incomplete in this area. A Transportation Law and an Energy Law were at the drafting stage in 1999.

B. Enterprise Privatization

100. Amendments to the Law on Privatization adopted in mid-1997 cleared the way to a competitive and transparent divestiture of some 6,150 (out of a total estimated at some 9,500) state enterprises to the private sector. Although some enterprises were sold earlier, enterprise privatization, especially that of medium- and large-scale enterprises, did not take place in earnest until 1998 when the government started systemic restructuring of the enterprise sector under the economic programs supported by the IMF and the World Bank.

101. Since early 1998, the main method of privatization has been through auctions/tenders of the enterprises as operating entities, including their debts and accounts payables. Auctions of small-scale enterprises (less than 100 employees) have generally resulted in one employee or group of employees purchasing the enterprise in which he or they have been working; but on occasions, "outsiders" won the auctions. For the medium- and large-scale enterprises (with more than 100 employees), incorporation precedes the auctions of shares. Auctions have proceeded in lots of one-to-four, depending on the size of the enterprise, essentially to ensure control by strategic investors. For the past year, typically two auctions of shares in enterprises have taken place each month.

102. The results with privatization so far are summarized in Box 5. Privatization of small-scale enterprises has been virtually completed, as is the transformation of medium- and large-scale enterprises into joint stock companies. But only 125 medium- and large-scale enterprises

can be said to be now in private hands, with almost 50 percent of them belonging to the list of "independent objects", companies that had more than 100 positions, but whose current labor force had shrunk much below that, and which were therefore found not necessary to corporatize.

Box 5. Progress in Enterprise Privatization
(As of end-September 1999)

	Number of Enterprises <u>Before Privatization</u>	Number of Privatizable <u>Enterprises</u>	Number of Incorporated <u>Enterprises</u>	Number of Privatized <u>Enterprises</u>
Small-scale	7,900	5,400	n/a	4,727
Medium/Large-scale	1,600	750	733	125
Total	9,500	6,150	733	4,852

Sources: State Property Committee.

103. The relatively slow pace of divestiture of medium- and large-scale enterprises in part can be attributed to the existence of de facto minimum prices. While officially there are no reservation prices for the shares, in practice, the "initial" price, published with the auction announcement in newspapers, has served as a minimum price. Typically, auctions of 20-30 enterprises have resulted in sales of some 5 enterprises, because of the absence of bids at the initial price; with the latter being only slowly adjusted from auction to auction. Another frequent problem has been the delay in receiving full payment for the enterprise after the sale contract was signed.

104. Given the importance of the cotton sector in the Tajik economy, special significance has been attached to the privatization of cotton ginneries. In early 1997, there were 28 ginneries in Tajikistan, almost half of them still under the control of Glavkhlopkoprom, the state monopoly responsible for cotton marketing under central planning. While Glavkhlopkoprom was transformed into a joint stock company in late 1997 and eventually liquidated a year later, by early 1999 most ginneries were de jure still state-owned. Five international tenders for some remaining 23 ginneries took place during the period January-November 1999. As of mid-December, full payment has been received for four ginneries; six were under contracts, with payment up to 30-60 percent.

C. Land and Agricultural Reform

105. Agriculture has traditionally been a key economic sector in Tajikistan, accounting for 20-25 percent of GDP. Following the contraction in industrial activity as a result of the collapse of central planning, agriculture and agro-processing should be expected to play a major role in any recovery of growth in Tajikistan, given the evident comparative advantages,

and the scope for productivity improvements. Exploitation of these opportunities requires elimination of widespread distortions and disincentives that prevailed under central planning, as well as restructuring of the entire sector based on the private ownership of land/land use rights, and private farming.

106. There has been significant progress with price and trade liberalization in agriculture in recent years, with no formal restrictions known to be in place today. The still poor market infrastructure has continued, however, to give established production and commercial entities unusual market power. This has contributed to a relatively slow pace of change in the restructuring of incentives and production decisions in the agricultural sector.

107. Progress with a fundamental land reform was relatively slow till mid-1998. Since then the process has received a boost, with a series of Presidential Decrees confirming the right of farmers to have inheritable and transferable land share and use rights for a period up to 99 years. The government also started the dismantling of state agricultural enterprises into private dekhan (peasant) farms. Under the scheme, farmers/workers of previous state and collective farms are given land share certificates (i.e. rights to a portion of the land); and they are encouraged to get together to form a private dekhan farm by pooling their shares and other resources. Once the dekhan farm is formed, it is given one land use certificate.

108. At the outset of market reforms, there were more than 600 state and collective farms, of various sizes, but typically of more than 2000 hectares. By end-September 1999, some 183 state and collective farms had been privatized through the issuance of marketable land share and land use certificates to private farmers. As a result, private farms sprang up and there were some 13,034 private dekhan farms as of October 1, 1999. The total share of arable land in private hands had risen to 44 percent (about 356,000 hectares) as of the same date, almost double the figure at end-1997.²⁴

109. There are indications that privatized farms generate higher productivity. Reportedly, in best "dekhan" farms, cotton yield would have reached already 3 tons per hectare, compared to 1 ton in many non-restructured farms. The combination of land reform and price and trade liberalization has already had a positive supply response in the agricultural sector and related activities. In particular, the dismantling of the state monopoly Glavkhlopkoprom has introduced greater competition in the procurement of inputs and the processing, marketing, and exporting of cotton. Several domestic and foreign firms are now involved in these activities, including two big international traders, P. Reinhardt A.G. from Switzerland and Dunavant S.A from the United States. The cotton sector has attracted the interest of foreign

²⁴ Arable land accounts for about 810,000 hectares in Tajikistan. Of this amount, some 250,000 hectares (about 30 percent) were already in private hands by the end of 1997 as the result of various decrees passed before or since independence, and other special circumstances (e.g. private tilling of the land for wheat production).

investors, not only for export financing, but also purchasing and rehabilitating ginneries, and exploiting new opportunities in the domestic textile industry. The cotton crop rose annually by an average of 10 percent in both 1997 and 1998. Production and exports of fruits and vegetables have also increased markedly, as diversified activities of “dekhan” farms assume relatively greater importance.

D. The Energy Sector

110. Tajikistan has great potentials for producing hydro-energy, thanks to its geographic location. Nevertheless, electricity production fell sharply through most of the 1990s, from more than 18 billion Kwh in 1990 to only 14 billion Kwh in 1997, while electricity consumption decreased from more than 19 billion Kwh to just 14 billion in the period. This reflected both demand (collapse of industry) and supply factors (reduction in usable capacity due to lack of funds for inputs, maintenance, and capital expenditures, and damage to the facilities due to the civil war).

111. While the price for natural gas, mainly from Uzbekistan, has been adjusted to reflect higher import prices, and natural gas is generally delivered only to those customers who pay their bills, the situation is quite different for other utilities including electricity, district heating,²⁵ and LPG for residential consumers. The tariffs for these services have continued to be under government control and highly cross subsidized in favor of households. For electricity in particular, tariffs for households have remained well below marginal cost, with a cross-subsidy from higher electricity prices for industrial users. Furthermore, electricity bill collections have been weak. This encouraged a switch toward electricity use among households, and resulted in large arrears toward the state electricity company Barki Tojik.

112. The Tajik authorities have begun to address these distortions and imbalances in the context of IMF-supported programs, and a program loan from the Asian Development Bank. Specific steps have included (i) setting targets for tariff adjustments to achieve greater cost recovery for electricity and communal services (principally, heating); and (ii) reducing the accounts receivable of Barki Tojik to no more than six months billing, through collection efforts and greater control on delinquent customers. Box 6 highlights some of the results so far. Electricity bills collection rate in 1999 rose to 60-65 percent for households in Dushanbe, owing to efforts to improve individual metering and more regular inspections. However, the collection rate in industry remains low, at around 20 percent, despite the authority given to Barki Tojik to cut supply to delinquent customers. As a result, accounts receivables of Barki Tojik has reached 26 months of billings (including large arrears from TADAZ).

²⁵ District heating is produced both by the hydro-electric power system (steam and hot water to households and industries in Dushanbe and Yavan), and by burning coal and gas.

113. Given the large share of energy resources which the aluminum smelter company TADAZ is using, any restructuring and investment plan for the energy sector must take into account the prospects for the aluminum sector in Tajikistan. Questions about its economic viability have not yet been definitely answered, and the World Bank is to report on a comprehensive study of the smelter company in early 2000. There have been substantial efforts since 1998, including with external assistance, to cut costs, rehabilitate equipment, increase productivity, and improve the quality of the aluminum produced. Partly as a result, aluminum output rose by 3 percent to 196,000 tons in 1998, and is projected to reach some 220,000 tons in 1999. However, rationalization efforts were not sufficient to make TADAZ profitable in 1998, mainly because of a drop in international prices for its output. With the

Box 6. Tajikistan: Electricity Tariffs and Cost Recovery

	Average cost per kWh (US cents)	Tariffs per kWh (US cents) (and in percent of cost)		
		Industry	Agriculture	Households
1996 average	1.00 1/	1.12 (112%)	0.43 (43%)	0.03 (3%)
1997 average	1.00	1.23 (123%)	0.19 (19%)	0.04 (4%)
1998 average	1.00	0.7 (70%)	0.14 (14%)	0.04 (4%)
1999, April 1	2.00 2/	1.35 (68%)	1.35 3/ (68%)	0.47 4/ (24%)
1999, Q3 average	2.00	1.35 (68%)	1.35 (68%)	0.34 5/ (17%)

Sources: Tajik authorities and staff estimates.

1/ Official estimate; do not cover capital costs.

2/ Including capital costs.

3/ Excluding lower rates for irrigation pump stations.

4/ Up to 150 kWh, the tariff rate is TR 2.5 per kWh; beyond, the rate is TR8.5 per kWh. Households consume on average 250 kWh per month; typically, the average effective tariff rate is therefore TR 4.9 per kWh.

5/ Decline from April 1 reflects combination of unchanged rates set in Tajik rubles and depreciation of the exchange rate.

recovery of these prices during 1999, by more than 10 percent, TADAZ's financial situation is likely to have improved. A proper assessment of the company's economic profitability will, however, have to value energy inputs at their appropriate opportunity cost rather than at the current still highly subsidized prices.

Table 1. Tajikistan: Nominal and Real GDP, 1992-99

	Nominal GDP	Real GDP Index	Percentage change of real GDP
	(In billions of Tajik rubles)	(1992=100)	(Over the previous year)
1992	0.7	100.0	-29.0
1993	7.0	89.0	-11.0
1994	20.2	72.2	-18.9
1995	64.8	63.2	-12.5
1996	308.5	60.4	-4.4
1997	632.0	61.4	1.7
1998	1025.2	64.7	5.3
			(Over same quarter of the previous year)
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	65.1	33.5	-2.6
Q2	101.8	51.2	-0.4
Q3	212.5	90.6	0.9
Q4	252.6	75.4	10.0
1998 Q1	156.2	33.9	1.3
Q2	217.4	53.0	3.5
Q3	286.0	99.8	10.1
Q4	365.6	103.6	37.5
1999 Q1	168.3	35.0	3.3
Q2	262.4	56.7	7.1
Q3	404.9	99.9	0.1

Sources: State Statistical Committee; and Fund staff calculations.

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

Table 2. Tajikistan: Nominal GDP by Sector of Origin, 1994-1999
(In Millions of Tajik rubles)

Sector	1994 1/		1995		1996		1997		1998		1999
	Net Product 2/	Share	Net Product 2/	Share	Net Product 2/	Share	Net Product 2/	Share	Net Product 2/	Share	Share 3/
Industry	393,837	22.0	23,753	34.0	79,285	25.7	124,501	19.7	185,144	18.1	22.5
Agriculture	340,732	19.1	25,614	36.2	111,135	36.0	171,268	27.1	202,897	19.8	6.6
Construction	186	10.4	2,240	3.2	7,934	2.6	13,272	2.1	18,751	1.8	2.6
Trade	233	13.0	5,250	7.5	45,109	14.6	64,462	10.2	166,881	16.3	16.0
Transport	42,609	2.4	3,118	4.5	12,388	4.0	8,848	1.4	9,932	1.0	2.0
Supplies	9,822	0.5	227	0.3	1,083	0.3	2,528	0.4	2,908	0.3	0.3
Procurement	2,458	0.1	6	0.0	925	0.3	1,896	0.3	2,007	0.2	-
Other material sectors	13,070	0.7	339	0.5	3,086	1.0	35,391	5.6	106,526	10.3	10.3
Nonmaterial services	201,124	11.3	6,096	8.7	24,135	7.8	116,285	18.4	225,036	21.9	25.5
Indirect taxes	364,695	20.4	3,157	4.5	23,390	7.6	93,534	14.8	105,129	10.3	14.2
GDP	1,786,490	100.0	69,797	100.0	308,470	100.0	631,984	100.0	1,025,211	100.0	100.0

Source: State Statistical Committee and Fund staff calculation.

1/ Data for 1994 are measured in Russian rubles.

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

3/ Shares based on preliminary January to June 1999 GDP figures.

Table 3. Tajikistan: Agricultural Production, 1985-98
(In millions of Tajik rubles at constant 1997 prices)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total production	590,335	612,173	568,984	622,365	555,395	571,411	546,176	356,186	331,063	309,642	229,351	234,023	242,344	257,612
Crop production	398,410	415,151	374,389	423,160	361,530	384,095	371,962	283,739	269,801	251,234	182,272	202,427	213,920	220,001
Animal husbandry	191,925	197,022	194,595	199,205	193,867	187,316	174,214	72,447	61,262	58,408	47,079	31,596	28,424	37,611

Sources: State Statistical Committee; and Fund staff calculations.

Table 4. Tajikistan: Production and Yield of Major Agricultural Crops, 1985-98

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
(In thousand of tons)														
Production														
Raw cotton	935	992	872	964	921	842	826	515	524	531	412	318	353	383
Grain	326	246	359	381	306	318	304	276	273	229	249	548	559	500
Sweet corn	101	73	85	88	109	85	60	32	33	18	19	90	30	36
Feed corn	1,338	1,385	1,293	1,206	1,302	1,222	1,150	727	599	498	436	191	186	170
Rice	37	27	28	37	37	29	26	20	23	23	24	21	44	40
Potatoes	185	199	192	183	217	207	181	167	147	134	112	108	128	175
Vegetables	473	505	517	556	567	528	628	543	485	483	491	397	351	322
Fruits	245	245	210	215	197	220	177	183	149	148	149	126	113	97
Grapes	171	199	132	178	174	190	121	100	88	80	96	122	127	46
Hay	1,658	1,748	1,753	1,698	1,548	1,521	1,486	1,212	1,112	1,014	931	315	379	359
(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	1,620	1,550
Grain	1,520	1,600	1,550	1,560	1,610	1,370	1,310	1,040	980	900	920	1,410	1,320	1,210
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	2,750	2,980
Feed corn	25,200	23,600	23,000	22,700	23,400	22,500	21,600	16,250	15,400	13,200	12,400	8,500	11,700	11,200
Rice	3,920	3,410	3,140	3,290	3,150	3,010	2,740	1,920	1,820	1,700	1,810	1,720	2,710	2,450
Potatoes	18,100	18,500	17,100	16,300	16,500	14,300	14,100	12,880	11,900	11,000	11,700	10,200	10,000	10,500
Vegetables	20,900	21,800	20,800	20,900	20,700	19,500	19,300	16,840	17,900	15,800	16,200	16,100	14,200	11,600
Fruits	4,950	5,010	4,330	4,170	3,620	3,980	3,210	3,280	2,560	2,500	2,270	1,950	2,540	2,080
Grapes	7,370	8,480	5,630	7,180	6,750	7,160	4,450	3,500	3,020	2,590	3,060	3,870	4,070	1,480
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	1,080	1,090

Source: State Statistical Committee.

Table 5. Tajikistan: Animal Husbandry, 1985-98
(In thousand of heads)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total production	4,784	4,883	4,896	4,971	4,969	4,879	4,927	4,363	4,258	3,990	3,708	3,508	3,339	3,303
Of which:														
Beef cattle	846	860	843	833	810	795	805	702	690	650	615	579	537	517
Milk cows	505	507	515	530	539	557	586	544	560	549	532	525	513	523
Pigs	205	243	235	217	210	183	128	56	46	33	6	2	1	1
Sheep	2,437	2,471	2,479	2,539	2,544	2,462	2,484	2,173	2,081	1,958	1,816	1,650	1,554	1,494
Goats	749	759	778	802	815	830	871	840	826	742	678	688	668	701
Horses	42	43	46	50	51	52	53	48	55	58	61	64	66	67

Source: State Statistical Committee.

Table 6. Tajikistan: Production of Meat, Milk and Eggs, 1985-98
(In thousands of tons unless otherwise specified)

	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
Meat	179	185	151	126	113	112	95	83	59	60
Of which:										
Beef	91	94	83	71	65	65	55	59	51	45
Pork	14	15	9	5	2	1	1	-	-	-
Mutton	54	52	43	42	42	42	36	23	7	13
Poultry	18	21	13	7	4	2	1	2	2	2
Milk	547	575	587	510	475	473	382	176	235	260
Eggs (in million pieces)	469	592	454	296	160	118	50	6	7	12

Source: State Statistical Committee.

Table 7. Tajikistan: Agricultural Production by Type of Farm, 1985-98

	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
(In millions of Tajik rubles at constant 1997 prices)										
Total for all types of farms	590,335	571,411	546,176	356,186	331,063	309,642	229,351	234,023	242,344	257,612
(In percent)										
Crop production	67.0	67.0	68.0	79.7	81.5	81.1	79.5	86.5	88.3	85.4
Animal husbandry	33.0	33.0	32.0	20.3	18.5	18.9	20.5	13.5	11.7	14.6
State and collective farms 1/ of which:	74.0	76.0	72.0	63.0	50.6	50.1	67.3	53.0	54.0	61.9
Crop production	77.0	76.0	77.0	74.0	86.1	88.0	91.2	92.1	94.5	94.9
Animal husbandry	23.0	24.0	23.0	26.0	13.9	12.0	8.8	7.9	5.5	5.1
Personal lots of which:	24.0	23.0	27.0	37.0	49.4	49.9	32.7	47.0	46.0	38.1
Crop production	41.0	42.0	45.0	48.0	76.7	74.3	55.4	80.2	81.0	69.9
Animal husbandry	59.0	58.0	55.0	52.0	23.3	25.7	44.6	19.8	19.0	30.1

Source: State Statistical Committee.

1/ Data for 1998 include private dekhkan farms.

Table 8. Tajikistan: Allocation of Agricultural Land in 1998

	Collective and other Farms		Private Plots	
	Total	1/	Private farmers and employees	Other
	(In hectares)			
Total crops	827,613	584,182	197,838	45,593
<i>Of which</i>				
Irrigated land	451,401	306,496	...	...
Winter crops	250,241	119,288	101,332	...
<i>Of which</i>				
Winter wheat	238,718	116,304	95,639	...
Rye	481	475	...	...
Spring crops	577,372	435,273	96,506	45,593
<i>Of which</i>				
Wheat	100,346	50,803	25,180	24,363
Barley	17,143	10,556	3,690	2,897
Maize	10,782	4,269	6,257	256
Rice	15,051	8,302	6,069	680
Cotton	247,347	231,902	...	7,445
Linen	16,822	9,114	7,147	561
Tobacco	4,657	3,015	...	84
Potatoes	16,635	2,606	12,679	1,350
Fodder	89,628	81,798	4,755	3,075
	(In percent of total)			
Total crops	100	70.6	23.9	5.5
<i>Of which</i>				
Irrigated land	100	67.9	...	...
Winter crops	100	47.7	40.5	...
<i>Of which</i>				
Winter wheat	100	48.7	40.1	...
Rye	100	98.8	...	...
Spring crops	100	75.4	16.7	7.9
<i>Of which</i>				
Wheat	100	50.6	25.1	24.3
Barley	100	61.6	21.5	16.9
Maize	100	39.6	58.0	2.4
Rice	100	55.2	40.3	4.5
Cotton	100	93.8	...	3.0
Linen	100	54.2	42.5	3.3
Tobacco	100	64.7	...	1.8
Potatoes	100	15.7	76.2	8.1
Fodder	100	91.3	5.3	3.4

Source: State Statistical Committee.

1/ Includes collective farms (Kolkhozes), state farms (Sovkhozes), state farms in transformation into collective farms (Mezhozes), and other farms.

Table 9. Tajikistan: Industrial Output by Sector at Constant Prices, 1985-98

	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
(In millions of Tajik rubles at 1998 prices) 1/										
Industry, Total	1,506,737	1,748,753	1,685,798	1,276,149	1,176,609	877,751	758,376	577,124	565,582	612,197
(In percent)										
Share in total industrial output										
Electric energy	3.2	2.9	3.0	3.9	4.7	6.2	13.0	16.7	11.5	6.9
Fuel, refinery	4.0	2.3	1.8	1.1	0.7	0.7	0.3	0.4	0.3	0.2
Nonferrous metallurgy	19.9	24.2	21.6	23.8	20.0	26.8	33.2	35.2	40.4	33.3
Chemical and petrochemical	7.1	8.6	9.3	5.8	3.8	3.8	3.9	4.1	3.2	1.8
Mechanical engineering and metal working	5.4	5.8	6.1	5.4	4.8	4.3	3.2	2.9	1.8	1.7
Wood and wood-working, paper	1.8	1.5	1.8	1.6	1.4	0.4	0.1	0.1	0.1	0.1
Glass	0.6	0.7	1.0	1.2	1.0	0.7	0.4	0.4	0.3	0.3
Construction material	9.0	8.3	8.3	4.1	3.8	3.4	1.4	1.2	1.0	0.9
Light industry	24.2	21.1	22.4	27.0	34.7	31.2	23.3	16.3	17.3	22.7
Food	14.5	13.1	11.8	10.8	10.5	10.7	12.2	10.7	13.3	17.2
Flour grinding	10.3	11.5	12.8	15.2	14.6	11.9	8.8	10.2	10.4	14.6
Unallocated	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.7	0.4	0.3
(Index 1990=100)										
Industry, Total	81.9	100.0	96.4	73.0	67.3	50.2	43.4	33.0	32.3	34.9
Of which:										
Electric energy	90.1	100.0	98.5	93.0	98.7	96.2	94.9	92.8	104.4	107.0
Fuel, refinery	143.8	100.0	76.3	32.5	18.9	13.3	10.2	8.8	8.8	7.0
Nonferrous metallurgy	67.3	100.0	84.0	68.0	50.1	47.0	47.2	38.1	39.6	42.7
Chemical and petrochemical	67.6	100.0	102.4	47.0	27.1	18.5	19.3	15.5	14.8	8.9
Mechanical engineering and metal working	76.8	100.0	99.7	65.0	50.7	35.7	23.2	16.4	13.7	14.6
Wood and wood-working, paper	94.8	100.0	113.0	71.0	56.2	15.9	6.3	4.4	4.7	4.5
Glass	75.2	100.0	130.6	118.2	85.7	38.7	33.4	22.7	22.0	23.9
Construction material	88.6	100.0	94.4	34.3	27.9	19.4	4.3	2.9	2.3	2.2
Light industry	94.1	100.0	100.4	88.6	100.0	74.7	69.8	37.2	32.0	33.3
Food	90.1	100.0	84.9	56.9	48.8	35.2	26.5	17.8	14.8	17.7
Flour grinding	73.6	100.0	105.5	91.6	77.4	44.1	38.0	33.4	38.2	45.8

Source: State Statistical Committee.

1/ From 1985 to 1994, in millions of Russian rubles.

Table 10. Tajikistan: Selected Indicators of Industrial Production, 1985-98

	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
Machine tools (thousands)	5.9	6.7	3.4	0.4	1.1	...	...	...	...	...
High-capacity electrical transformers (Thousand kw)	2,572.0	2,054.0	1,682.0	489.0	254.0	29.0	41.0	23.5	12.0	18.6
Aluminium (thousand tons)	316.0	450.0	380.0	345.0	252.0	237.0	237.0	198.0	189.0	196.0
Cement (thousand tons)	1,080.0	1,067.0	1,013.0	447.0	262.0	178.0	78.0	49.3	36.4	17.7
Prefabricated reinforced concrete										
construction elements (thousand cubic meters)	1,067.0	1,068.0	980.0	416.0	326.0	171.0	53.0	24.9	11.7	9.4
Construction bricks (million units)	305.0	298.0	263.0	144.0	93.0	72.0	71.0	39.0	27.0	33.0
Asbestos-roofing (million sheets)	...	126.0	95.0	33.0	18.0	8.0	6.1	4.0	3.0	1.0
Lumber/Timber (thousand cubic meters)	121.0	95.0	72.0	33.0	15.0	11.0	0.7	1.0	1.0	1.2
Roofing materials (million square meters)	10.3	9.5	5.4	1.8	0.8	0.1	0.1	0.1	...	...
Caustic soda (thousand tons)	54.6	45.3	31.3	16.4	6.1	5.6	2.2	0.3	0.5	0.6
Fertilizers (thousand tons)	88.4	81.5	83.5	52.8	19.7	7.9	12.6	11.0	9.8	11.9
Detergents and soaps (thousand tons)	19.0	19.1	21.2	18.8	5.1	3.9	1.9	1.6	1.0	1.0
Knitwear (million items)	12.6	15.7	11.2	8.2	7.6	4.1	2.2	0.8	0.1	0.3
Cotton fabrics (million square meters)	108.0	122.0	103.0	58.0	57.0	34.0	28.0	17.4	8.3	13.1
Woolen fabrics (million square meters)	1.0	2.0	2.0	3.0	3.0	1.0	0.3	...	...	...
Silk fabrics (million square meters)	65.0	76.0	69.0	66.0	54.0	24.0	8.4	3.9	0.4	0.6
Rugs, carpets (million square meters)	9.9	10.9	7.6	8.5	5.7	2.1	0.7	0.6	1.0	1.1
Hosiery (millions pairs)	33.1	59.8	49.2	35.8	34.7	16.8	4.5	3.5	1.5	2.1
Shoes (million pairs)	9.8	10.9	8.6	5.5	4.0	0.9	0.6	0.4	0.1	0.1
Refrigerators and freezers (thousand)	125.7	166.9	145.2	61.3	18.0	3.2	0.1	0.9	1.5	0.9

Source: State Statistical Committee.

Table 11. Tajikistan: Electricity Consumption and Output, 1985-98
(In billions of kilowatt hours)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Output	15.7	13.6	15.9	18.2	15.3	18.2	17.6	16.8	17.7	17.0	14.8	15.0	14.0	14.4
Hydropower station	14.4	12.1	14.6	17.0	13.8	16.9	16.4	15.9	17.1	16.7	14.6	14.9	13.7	14.1
Thermal power station	1.3	1.5	1.3	1.2	1.5	1.3	1.2	0.9	0.6	0.3	0.2	0.1	0.3	0.3
Imports	5.5	7.4	6.5	5.5	8.0	6.9	6.9	6.4	5.2	5.6	4.9	4.0	4.3	4.0
Total internal consumption	15.3	16.6	16.9	17.7	19.1	19.4	19.1	17.6	16.6	16.5	15.4	14.1	14.1	14.7
Industry	8.7	9.4	9.9	10.8	11.2	11.1	10.7	9.7	8.0	7.2	6.6	5.4	5.0	5.1
Construction	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Agriculture	3.5	3.7	3.5	3.8	4.0	4.2	4.5	4.3	4.5	4.9	4.6	4.2	4.4	4.5
Transport	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other sectors	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.3	0.2	0.2	0.2
Households	1.0	1.1	1.1	1.2	1.3	1.3	1.1	1.2	1.4	1.8	2.0	2.1	2.4	2.6
Losses	1.1	1.4	1.3	1.4	1.5	1.6	1.8	1.8	2.2	2.2	1.8	2.0	2.0	2.1
Discrepancy	0.0	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1	-0.1
Exports	5.9	4.4	5.5	6.0	4.2	5.7	5.4	5.6	6.3	6.1	4.2	4.9	4.2	3.7

Source: State Statistical Committee.

Table 12. Tajikistan: Fuel Consumption, 1991-98 1/
(Index 1991=100)

	Gasoline	Kerosene	Diesel	Household Fuel	Crude Oil	Engine Fuel	Natural Gas	Liquefield 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	29	2	52	94	33	7	85	31	13	25	19
1994	10	9	39	22	19	3	42	1	8	12	12
1995	5	9	31	7	...	3	33	2	2	9	9
1996	3	0	25	3	...	1	17	34	1	14	10
1997	3	8	33	...	...	...	19	1	1	7	7
1998	3	6	35	1	...	...	11	0	1	5	9

Sources: State Statistical Committee; and Fund 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, 1991-98
(Index 1991 = 100)

	1991	1992	1993	1994	1995	1996	1997	1998
Real GDP	100	67.7	56.7	44.6	39.1	32.6	33.1	34.8
Employment	100	96.9	93.7	93.6	94.3	87.9	90.9	91.1
Energy consumption								
Electricity 1/	100	92.2	86.5	86.1	80.6	73.5	73.7	76.6
Oil and oil products 2/ 3/	100	50.1	39.1	23.5	10.7	8.1	13.0	14.0
Coal 2/	100	42.0	13.0	8.0	2.0	1.0	1.0	1.0
Natural gas 2/ 4/	100	89.0	85.0	42.0	33.0	17.0	19.0	11.0

Source: State Statistical Committee.

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, 1985-98

	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
	(In thousand of persons)									
Population 1/	4,631	5,342	5,555	5,556	5,704	5,758	5,861	5,947	6,004	6,100
Of which:										
Working age 2/	2,209	2,510	2,611	2,601	2,598	2,694	2,758	2,798	3,028	3,076
Nonworking age	2,422	2,833	2,944	2,955	3,106	3,064	3,103	3,149	2,976	3,024
Urban	1,519	1,668	1,689	1,636	1,641	1,611	1,616	1,618	1,629	1,634
Rural	3,112	3,674	3,866	3,920	4,063	4,146	4,245	4,329	4,415	4,466
Labor force participation rate 1/ 3/	76.1	77.3	75.5	73.6	75.9	73.6	68.6	63.5	60.8	60.3
Total labor resources 4/	2,175	2,469	2,526	2,675	2,607	2,623	2,811	2,840	2,909	3,038
Economically active population 4/ 5/	1,681	1,939	1,971	1,917	1,877	1,887	1,891	1,778	1,840	1,855
Total employment 4/	1,681	1,939	1,971	1,908	1,845	1,844	1,854	1,732	1,791	1,796
Government 6/	1,173	1,255	1,073	998	969	924	875	784	761	766
Collective farms	238	263	293	285	297	334	291	267	371	378
Cooperatives	...	52	52	49	43	38	24	14	16	12
Private farming	270	366	373	399	417	453	551	570	597	595
Other private activity	...	3	3	2	2	2	...	...	...	...
Clergy and other religious activity	...	1	1	1	1	1	1	1	1	1
Unallocated	...	...	176	175	116	93	112	96	...	...
Registered unemployment 1/	...	...	...	7	22	32	37	46	51.1	54.1
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	162	169
Total employment	100	100	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	42.0	42.7
Collective farms	14.1	13.6	14.9	14.9	16.1	18.1	15.7	15.4	21.0	21.0
Cooperatives	...	2.7	2.6	2.6	2.4	2.0	1.3	0.8	0.9	0.7
Private farming	16.1	18.9	18.9	20.9	22.6	24.6	29.7	32.9	33.3	33.1
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	0.1	0.1
Unallocated	...	...	8.9	9.2	6.3	5.0	6.0	5.5	...	...
Registered unemployment	...	...	...	0.3	1.2	1.7	2.0	2.7	2.8	3.0
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	...	...

Sources: State Statistical Committee; and Fund staff calculations.

1/ End of year.

2/ Men between 16 and 59; women between 16 and 54. From 1997, includes persons of 15 years old.

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, 1995-99
(In thousand; end of month)

	1995		1996		1997		1998		1999	
	Total	Receiving Benefits	Total	Receiving Benefits	Total	Receiving Benefits	Total	Receiving Benefits	Total	Receiving Benefits
January	34.5	1.0	38.8	1.4	45.6	1.7	51.6	2.0	54.7	1.1
February	37.9	1.4	39.0	0.8	44.7	1.8	51.5	3.3	52.7	1.4
March	30.6	7.6	42.1	4.0	46.0	1.9	53.8	4.9	54.1	4.3
April	29.8	8.4	46.9	3.3	46.0	2.0	55.7	4.3	54.2	1.6
May	32.1	6.6	50.1	4.4	49.2	7.1	58.4	4.3	54.3	2.0
June	30.9	10.3	52.3	8.0	21.6	7.5	61.2	8.6	54.2	4.8
July	29.2	13.6	53.7	7.4	52.3	4.2	62.6	5.2	54.2	2.1
August	30.7	9.9	54.3	7.6	53.6	7.1	63.5	4.4	54.3	2.3
Septembe	35.1	9.9	54.3	6.1	54.9	9.3	64.8	7.4	...	...
October	30.5	3.6	53.1	3.3	53.5	7.1	64.8	2.5	...	...
Novembe	34.7	5.0	53.2	3.4	52.8	4.1	63.1	3.3	...	...
Decembe	37.5	3.8	45.7	5.7	51.1	11.0	54.1	4.4	...	...

Source: State Statistical Committee.

Table 16. Tajikistan: Employment by Sector of Economy, 1985-98

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
(In thousand of persons, annual average)														
Total employment 1/	1,681	1,714	1,775	1,820	1,879	1,938	1,970	2,282	1,845	2,206	1,858	1,731	1,791	1,796
Material sphere	1,279	1,298	1,335	1,364	1,411	1,463	1,890	1,825	1,472	1,852	1,521	1,739	1,472	1,483
Agriculture	722	720	743	762	790	831	878	889	945	1,005	1,098	1,026	1,145	1,167
Industry	241	247	251	251	254	261	256	250	213	205	183	181	152	149
Construction	118	126	131	132	161	161	148	132	126	105	81	68	52	52
Transport and communication	79	81	81	84	66	65	65	56	73	63	58	58	52	52
Trade, supply and other	120	124	129	135	140	146	143	124	116	112	104	83	66	63
Nonmaterial sphere	401	416	440	456	468	475	481	457	373	354	332	315	319	313
Government	39	41	42	41	39	40	41	27	19	21	23	22	21	20
Education, culture and art	174	180	189	199	211	217	222	219	203	192	183	175	180	176
Medical care, physical training and social security	79	83	91	95	102	104	106	110	102	100	88	84	85	83
Scientific research	30	31	31	30	30	29	26	21	8	7	7	7	4	4
Communal services	40	42	48	50	50	51	51	44	36	27	24	21	20	18
Other	40	40	40	40	36	35	35	33	5	7	7	6	16	13
(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	100.0	100.0
Material sphere	76.1	75.8	75.2	75.0	75.1	75.5	95.9	76.0	79.8	80.8	81.9	81.8	82.2	82.6
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	64.0	65.0
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	8.5	8.3
Construction	7.0	7.3	7.4	7.2	8.6	8.3	7.5	6.9	6.8	4.8	4.4	3.9	2.9	2.9
Transport and communication	4.7	4.7	4.6	4.6	3.5	3.3	3.3	3.0	4.0	2.9	3.1	3.4	2.9	2.9
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	3.7	3.5
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	17.8	17.4
Government	2.3	2.4	2.3	2.3	2.1	2.0	2.1	1.2	1.0	1.0	1.2	1.3	1.1	1.1
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	10.1	9.8
Medical care, physical training and social security	4.7	4.8	5.1	5.2	5.4	5.4	5.4	4.8	5.5	5.4	4.7	4.9	4.7	4.6
Scientific research	1.8	1.8	1.7	1.6	1.6	1.5	1.3	0.9	0.4	0.3	0.4	0.4	0.2	0.2
Communal services	2.4	2.4	2.7	2.8	2.7	2.6	2.6	1.9	2.0	1.2	1.3	1.2	1.1	1.0
Other	2.4	2.3	2.3	2.2	1.9	1.8	1.8	1.4	0.2	0.3	0.4	0.3	0.9	0.7

Sources: Ministry of Labor; and State Statistical Committee, and Fund staff calculations.

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

Table 17. Tajikistan: Sectorial Output, Employment and Productivity, 1991-98
(Index 1991 = 100)

	1991	1992	1993	1994	1995	1996	1997	1998
Industry								
Output	100	75.7	69.8	52.1	45.0	34.2	33.6	36.4
Employment	100	97.7	83.2	80.1	71.5	70.7	59.4	58.2
Productivity	100	77.5	83.9	65.0	62.9	48.4	56.5	62.5
Agriculture								
Output	100	65.2	60.6	56.7	42.0	42.8	44.4	47.2
Employment	100	101.3	107.6	114.5	125.1	116.9	130.4	132.9
Productivity	100	64.4	56.3	49.5	33.6	36.7	34.0	35.5
Transport								
Output	100	39.7	15.4	11.0	10.0	7.9	6.3	6.8
Employment 1/	100	86.2	112.3	96.9	89.2	89.2	80.0	80.0
Productivity	100	46.1	13.7	11.3	11.2	8.9	7.9	8.5
Construction								
Output	100	36.3	29.6	20.6	4.6	3.1	2.4	2.3
Employment	100	89.2	85.1	70.9	54.7	45.9	35.1	35.1
Productivity	100	40.7	34.7	29.0	8.3	6.7	6.9	6.6

Sources: State Statistical Committee, Ministry of Labor, and Fund staff calculations.

1/ Include transport and communications.

Table 18. Tajikistan: Consumer Price Inflation, 1996-99

	Overall CPI	Foodstuff	Nonfood	Services
(Monthly changes in percent)				
1996 January	10.8	10.9	4.1	25.9
February	19.6	22.6	9.0	5.2
March	16.0	18.9	4.0	-0.2
April	2.8	2.6	2.8	1.1
May	0.5	0.9	-4.6	8.5
June	-15.8	-19.0	1.8	0.5
July	-5.8	-5.9	-2.0	2.9
August	1.8	-1.7	12.9	4.7
September	-2.9	-4.5	1.4	5.9
October	1.8	2.2	0.6	-0.1
November	2.4	2.2	3.2	2.9
December	8.3	9.6	2.9	5.9
1997 January	4.1	4.5	-0.7	8.8
February	1.4	1.8	0.8	3.1
March	4.7	4.7	5.8	3.6
April	22.2	26.4	5.3	10.0
May	2.0	1.6	2.6	5.8
June	9.3	9.9	3.8	11.0
July	19.5	21.1	7.7	19.2
August	23.5	25.2	18.2	11.6
September	7.8	6.8	17.4	8.6
October	1.1	-0.2	15.0	4.0
November	4.9	5.4	4.4	0.2
December	2.3	2.8	0.1	0.0
1998 January	1.0	-0.1	1.6	10.4
February	2.8	3.4	0.7	0.4
March	0.6	0.5	1.2	0.1
April	1.7	2.0	-0.1	1.4
May	-3.8	-4.2	-1.6	0.2
June	-4.8	-6.1	1.2	-0.9
July	-5.1	-6.9	-0.4	-0.1
August	-2.3	-2.8	0.0	0.5
September	1.7	0.1	0.0	17.4
October	0.8	0.8	1.6	0.4
November	8.5	9.5	8.2	2.4
December	2.9	2.4	5.7	2.6
1999 January	3.2	3.3	2.5	3.2
February	0.7	0.6	0.9	2.7
March	2.6	3.1	-1.2	-1.8
April	7.3	8.8	0.0	3.7
May	-0.1	-0.6	-1.3	7.4
June	-1.6	-2.8	1.3	4.9
July	9.5	11.2	3.9	2.1
August	16.0	18.8	4.5	6.3
September	-1.4	-2.1	1.5	2.5
(Percentage change during the period)				
1996 Q1	53.7	61.7	18.0	32.2
Q2	-13.0	-16.2	-0.2	10.2
Q3	-6.9	11.7	12.2	14.1
Q4	12.9	14.5	6.8	8.9
1997 Q1	10.5	11.4	4.2	16.2
Q2	36.2	41.1	12.1	29.2
Q3	59.1	61.9	49.5	44.5
Q4	8.5	7.5	20.2	4.2
1998 Q1	3.9	3.8	3.5	5.4
Q2	-6.9	-8.7	-0.5	0.7
Q3	-5.7	-7.5	-0.4	17.9
Q4	12.5	13.0	16.2	5.5
1999 Q1	6.6	7.1	2.1	4.0
Q2	5.5	5.6	0.0	17.3
Q3	25.2	29.2	10.8	10.6
1996	40.5	34.5	41.2	81.0
1997	163.6	173.6	109.5	126.1
1998	2.7	-0.9	19.2	32.0

Source: State Statistical Committee.

Table 19. Tajikistan: Wholesale Price Inflation--Selected Categories, 1996-99

	Overall WPI	Foodstuff	Fuel	Light Industry
(Monthly changes in percent)				
1996 January	20.6	16.6	14.5	12.9
February	29.7	-3.3	0.0	3.4
March	-9.6	22.0	29.4	0.4
April	3.2	5.8	77.0	12.0
May	-0.3	1.4	4.0	0.0
June	-2.9	0.0	0.3	5.0
July	9.4	2.8	-1.0	29.0
August	5.2	24.0	3.1	5.8
September	2.0	6.7	-3.0	4.0
October	2.3	1.0	-6.0	5.0
November	2.7	13.0	-2.8	3.4
December	2.8	-4.4	4.9	1.6
1997 January	5.3	0.0	2.0	1.4
February	15.3	10.6	7.0	32.3
March	5.4	3.0	1.1	1.2
April	7.4	4.6	-2.1	14.7
May	0.6	-2.7	30.5	-0.7
June	8.4	0.7	7.6	-0.1
July	7.7	29.8	1.9	3.3
August	24.9	6.8	-3.5	23.7
September	11.5	15.9	-1.0	19.3
October	-3.6	9.6	16.5	-13.7
November	2.5	2.1	5.8	8.5
December	-0.2	-0.2	2.0	1.6
1998 January	-0.9	7.2	-7.0	1.7
February	0.2	0.1	-2.9	0.1
March	-1.3	-1.6	12.6	-0.1
April	-1.1	0.0	-1.3	-2.9
May	-0.6	-9.2	0.3	3.8
June	-2.2	-0.4	3.3	-0.2
July	-1.6	13.8	-0.2	0.0
August	0.8	0.2	0.0	0.2
September	0.5	0.0	-2.8	0.0
October	1.0	-1.8	37.2	0.9
November	3.9	1.5	-18.0	0.5
December	7.4	14.6	-0.8	1.0
1999 January	2.8	3.0	-2.3	0.0
February	-1.2	-2.0	12.7	0.8
March	-0.4	-0.1	16.0	0.3
April	13.6	7.9	0.1	1.0
May	4.8	7.0	8.5	0.0
June	6.4	3.1	14.9	1.1
July	8.5	0.0	4.9	1.2
August	8.5	22.4	-4.9	1.6
September	4.2	0.2	1.7	0.0
(Percentage change during the 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	37.5	13.8
Q3	50.0	60.7	-2.6	52.4
Q4	-1.4	11.7	25.7	-4.9
1998 Q1	-2.0	5.6	1.7	1.7
Q2	-2.9	-9.6	2.3	0.6
Q3	-0.3	14.0	-3.0	0.2
Q4	12.7	14.2	11.6	2.4
1999 Q1	1.2	-1.4	27.7	1.1
Q2	24.1	19.0	24.8	2.1
Q3	22.7	22.6	1.5	2.8
Q4				
1996	77.7	122.8	150.3	116.6
1997	77.5	109.5	85.7	124.0
1998	5.9	24.4	12.6	5.0

Source: State Statistical Committee.

Table 20. Tajikistan: Monthly Wages, 1996-99 1/
(In Tajik rubles, unless otherwise indicated)

	Average Monthly Wage					Minimum Wage	Real Wage Total 2/	Percent Change in CPI
	Total	Industry	Agriculture	Construction	Nonmaterial Production			
1996								
January	1,454	3,673	619	2,595	853	144	100	10.8
February	1,463	3,852	669	2,636	852	144	84	19.6
March	2,034	6,816	1,377	3,326	1,509	144	101	16
April	2,023	5,511	1,109	3,565	1,200	144	98	2.8
May	2,390	6,912	1,277	3,663	1,445	144	115	0.5
June	2,725	7,564	1,673	4,518	1,635	144	155	-15.8
July	2,718	8,462	1,359	4,574	1,782	322	164	-5.8
August	2,771	8,541	1,330	5,341	1,806	322	165	1.8
September	3,673	10,906	2,692	6,162	2,007	322	225	-2.9
October	3,878	13,107	2,334	5,828	2,291	322	233	1.8
November	3,516	9,754	2,219	7,137	2,317	322	208	2.4
December	4,320	10,868	3,045	8,649	2,888	322	208	8.3
1997								
January	3,868	10,153	1,547	7,553	2,440	322	199	4.1
February	3,733	10,629	1,492	7,009	2,480	322	189	1.4
March	4,006	11,628	1,633	7,614	2,813	322	194	4.7
April	3,693	10,661	1,513	7,402	2,837	322	146	22.4
May	3,699	11,390	1,774	7,674	2,350	322	144	2
June	4,330	14,751	2,115	9,385	2,580	322	154	9.3
July	4,221	14,569	1,901	9,740	2,627	322	125	19.5
August	4,389	15,191	2,096	10,030	2,680	322	106	23.5
September	6,638	19,814	5,249	12,160	3,420	322	148	7.8
October	6,632	20,553	4,667	11,310	3,539	322	146	1.1
November	6121	20,727	3,123	12,087	3,695	322	151	4.9
December	7,701	22,444	4,813	15,394	...	322	158	2.3
1998								
January	7,201	23,543	2,080	11,319	...	322	147	0.5
February	7,061	22,598	2,311	12,527	...	322	141	2.8
March	7,644	24,807	2,910	14,806	...	322	151	0.6
April	7,607	25,139	3,129	14,385	...	1,000	148	1.7
May	7,632	25,271	3,181	17,227	...	1,000	154	-3.8
June	8,676	25,812	3,501	19,659	...	1,000	184	-4.8
July	8,802	26,121	3,738	25,347	...	1,000	197	-5.1
August	8,933	26,569	3,967	26,263	...	1,000	205	-2.3
September	10,514	27,568	6,433	28,032	...	1,000	237	1.7
October	9,412	26,818	5,626	21,249	...	1,000	210	0.8
November	9,777	28,305	5,641	23,556	...	1,000	202	8.5
December	11,744	30,546	8,010	26,577	...	1,000	235	2.9
1999								
January	10,689	29,685	3,267	20,763	...	1,000	207	3.2
February	11,100	27,655	3,810	32,117	...	1,000	214	0.7
March	11,551	31,497	4,281	30,096	9,376	1,000	217	2.6
April	11,104	32,025	4,119	29,375	8,784	1,000	194	7.3
May	10,836	...	...	...	...	1,000	190	-0.1
June	11,323	33,957	4,854	38,599	9,517	1,000	202	-1.6
July	11,802	33,823	4,652	45,398	10,195	1,000	196	9.5
August	12,404	34,422	4,937	47,424	11,219	1,000	194	16.0
September	14,233	37,544	9,509	37,964	10844	1,000	192	-1.4

Sources: State Statistical Committee; and Fund staff calculations.

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

2/ Index deflated by the CPI.

Table 21. Tajikistan: Average Monthly Wages by Sector, 1985-1998

	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
	(In rubles) 1/									
Total economy	158	207	340	1,909	16,155	34,904	731	2,805	4,975	8,590
Agriculture	135	177	315	1,425	11,097	18,192	464	1,702	2,837	4,499
Industry	175	231	389	2,522	26,906	65,162	1,559	8,080	14,977	25,866
Forestry	120	164	229	1,322	10,721	18,171	316	889	1,662	2,622
Transportation	176	223	324	1,611	17,916	47,377	1,072	3,699	6,098	14,492
Communication	136	191	330	2,083	17,299	46,661	1,100	5,652	10,449	19,315
Construction	200	276	434	2,616	32,376	76,674	1,256	5,192	9,201	18,172
Trade and supplies	135	190	295	1,440	14,359	33,478	565	2,254	4,169	7,879
Housing and municipal services	119	160	273	1,814	16,382	38,046	651	2,718	5,120	10,204
Health care	131	167	269	1,558	10,384	26,018	503	1,124	1,820	3,735
Education	161	183	294	1,721	12,072	28,341	448	1,377	2,647	5,350
Arts and Culture	124	158	254	1,437	10,131	22,532	631	1,467	2,584	4,962
Sciences	185	288	435	2,534	16,568	44,508	733	2,290	5,336	9,627
Banking and insurance	158	296	712	4,665	41,304	113,959	2,039	8,014	16,944	21,095
Management of state and other public bodies	152	300	419	2,994	22,576	43,106	793	3,906	8,873	14,666
	(Percentage change) 2/									
Total economy	1.6	9.9	64.2	461.8	746.3	116.1	88.5	283.7	77.4	72.7
Agriculture	1.7	10.3	78.3	352.5	679.0	63.9	129.6	266.8	66.7	58.6
Industry	2.1	8.0	68.7	547.6	966.9	142.2	115.3	418.3	85.4	72.7
Forestry	0.3	39.7	476.7	709.2	711.1	69.5	56.5	181.3	87.0	57.8
Transportation	0.7	9.2	45.1	397.7	1,011.7	164.4	103.6	245.1	64.9	137.7
Communication	1.4	10.5	72.9	531.6	730.2	169.7	112.2	413.8	84.9	84.9
Construction	2.2	9.4	57.1	502.5	1,137.6	136.8	47.4	313.4	77.2	97.5
Trade and supplies	0.7	22.5	55.3	388.3	982.6	114.7	51.9	298.9	85.0	89.0
Housing and municipal services	1.2	12.0	70.8	565.0	787.6	136.2	54.0	317.5	88.4	99.3
Health care	8.0	14.8	60.8	478.6	566.7	150.6	74.0	123.5	61.9	105.2
Education	2.7	61.1	485.1	571.3	601.5	134.8	42.3	207.4	92.2	102.1
Arts and Culture	0.8	17.0	61.2	470.1	613.8	118.4	152.0	132.5	76.1	92.0
Sciences	1.2	10.7	51.4	482.2	553.8	168.7	48.2	212.4	133.0	80.4
Banking and insurance	1.9	54.1	140.7	554.8	785.4	175.9	61.0	293.0	111.4	24.5
Management of state and other public bodies	0.7	42.4	39.8	614.1	654.0	90.9	65.6	392.6	127.2	65.3

Sources: Ministry of Labor; State Statistical Committee; and Fund staff calculations.

1/ In Russian rubles until 1994 and 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: State Budget By Economic Classification of Expenditures and Revenues, 1992-99

	1992	1993	1994	1995 1/	1996	1997	1998	1999 2/
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)								
Total revenue	17,235	171,224	765,290	6,977	37,335	79,732	115,144	94,259
Tax revenue	16,622	159,195	725,086	5,849	35,953	77,464	111,207	89,631
Individual income tax	1,654	13,954	51,748	550	3,434	7,465	10,312	9,494
Enterprise profits tax	5,778	45,527	207,831	1,467	6,742	7,157	10,900	10,913
Value-added tax	4,341	65,417	248,720	1,550	5,303	9,485	19,765	20,355
Excise taxes	2,298	13,401	96,412	1,320	1,891	3,075	1,490	5,636
Customs revenue	88	5,900	54,170	426	1,598	10,856	12,365	11,737
Taxes on aluminum and cotton	...	...	...	...	14,535	31,133	40,974	24,363
Other taxes	2,463	14,996	66,205	536	2,450	8,293	15,401	7,133
o/w land tax	...	...	...	...	1,871	6,758	6,164	4,804
Non-tax revenue	613	12,029	40,204	1,128	1,382	2,268	3,937	4,628
Expenditure	37,453	329,056	945,245	12,132	55,173	100,765	153,797	136,318
Net lending	...	...	...	...	832	4,431	-3,490	93
Current	31,587	288,951	689,624	11,019	52,066	92,570	133,292	110,793
Wages and salaries	6,735	53,720	125,340	3,401	8,249	20,962	36,935	35,564
Goods and services	15,390	124,679	257,832	1,318	32,751	54,677	67,180	60,118
Subsidies	7,059	56,880	220,175	4,477	2,301	6,846	6,241	7,069
Social safety net	1,971	44,948	86,277	497	5,125	2,279	15,621	3,926
Total interest	432	8,724	...	1,326	3,640	7,806	7,315	4,116
Capital	5,866	40,105	255,621	1,114	2,275	3,764	23,995	25,432
Balance on a cash basis (deficit -)	-20,218	-157,832	-179,955	-5,156	-17,838	-21,033	-38,653	-42,059
Financing	20,218	157,832	179,955	5,156	17,838	21,033	38,653	42,059
External	...	...	...	...	10,230	6,940	16,948	33,673
Domestic	19,796	156,419	174,871	4,931	6,980	10,198	16,506	150
Privatization proceeds	422	1,413	5,084	225	628	3,895	5,200	8,236
Memorandum items:								
GDP	64,760	632,000	1,717,974	45,853	308,453	632,000	1,025,200	834,900
(In percent of GDP) 3/								
Total revenue	26.6	27.1	44.5	15.2	12.1	12.6	11.2	11.3
Tax revenue	25.7	25.2	42.2	12.8	11.7	12.2	10.8	10.7
Individual income tax	2.6	2.2	3.0	1.2	1.1	1.2	1.0	1.1
Enterprise profits tax	8.9	7.2	12.1	3.2	2.2	1.1	1.1	1.3
Value-added tax	6.7	10.4	14.5	3.4	1.7	1.5	1.9	2.4
Excise taxes	3.5	2.1	5.6	2.9	0.6	0.5	0.1	0.7
Customs revenue	0.1	0.9	3.2	0.9	0.5	1.7	1.2	1.4
Taxes on aluminum and cotton	...	...	...	...	4.7	4.9	4.0	2.9
Other taxes	3.8	2.4	3.9	1.2	0.8	1.3	1.5	0.9
o/w land tax	...	...	...	...	0.6	1.1	0.6	0.6
Nontax revenue	0.9	1.9	2.3	2.5	0.4	0.4	0.4	0.6
Expenditure	57.8	52.1	55.0	26.5	17.9	15.9	15.0	16.3
Net lending	...	...	...	...	0.3	0.7	-0.3	0.0
Current	48.8	45.7	40.1	24.0	16.9	14.6	13.0	13.3
Wages and salaries	10.4	8.5	7.3	7.4	2.7	3.3	3.6	4.3
Goods and services	23.8	19.7	15.0	2.9	10.6	8.6	6.6	7.2
Subsidies	10.9	9.0	12.8	9.8	0.7	1.1	0.6	0.8
Social safety net	3.0	7.1	5.0	1.1	1.7	0.4	1.5	0.5
Total interest	0.7	1.4	--	2.9	1.2	1.2	0.7	0.5
Capital	9.1	6.3	14.9	2.4	0.7	0.6	2.3	3.0
Balance on a cash basis (deficit -)	-31.2	-25.0	-10.5	-11.2	-5.8	-3.3	-3.8	-5.0
Financing	31.2	25.0	10.5	11.2	5.8	3.3	3.8	5.0
External	...	...	...	...	3.3	1.1	1.7	4.0
Domestic	30.6	24.7	10.2	10.8	2.3	1.6	1.6	0.0
Privatization proceeds	0.7	0.2	0.3	0.5	0.2	0.6	0.5	1.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Data for 1995 are for May 11-December 31.

2/ Preliminary figures for the first nine months of 1999.

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

Table 23. Tajikistan: State Budget by National Classification of Revenues and Expenditures, 1992-99
(In millions of Russian rubles before May 10, 1995 and in millions of Tajik rubles thereafter)

	1992	1993	1994	1995 1/	1996	1997	1998	1999 2/
Revenue	17,235	171,224	765,290	6,977	37,337	79,486	115,144	94,259
Individual income tax	1,654	13,954	51,748	550	3,434	7,464	10,869	10,081
Enterprise profits tax	5,778	45,527	207,831	1,467	6,741	7,157	12,066	10,913
Enterprise	5,604	43,948	198,555	1,435	6,159	6,999	11,914	10,913
Cooperatives	174	1,579	9,276	32	582	158	152	0
Revaluation of inventories	1,818	9,848	26,216	81	177	118	0	569
Value-added tax	4,341	65,417	248,720	1,550	5,303	9,485	20,322	20,355
Excise taxes	2,298	13,401	96,412	1,320	1,891	3,074	1,490	5,625
Tax on vehicles	27	112	603	17	26	157	418	619
Tax on casinos and videos	--	2	6	...	1	48	11	0
Customs revenue	88	5,900	54,170	426	1,599	10,557	12,005	9,714
Export tax	...	...	48,931	355	156	104	0	0
Import tariff	...	...	...	68	1,409	10,364	11,555	9,560
Fees	...	...	5,239	3	34	89	450	154
Taxes on aluminum and cotton	...	...	...	...	14,535	31,133	40,973	24,363
Forestry tax	...	5	28	1	1	2	0	0
Land tax	218	1,271	33,381	386	1,871	6,758	6,164	4,939
Prospection tax	138	1,513	2,875	6	129	480	738	374
State duties and local taxes	262	2,245	3,096	45	245	611	2,205	2,447
Nontax revenue	613	12,029	40,204	1,128	1,384	2,264	7,881	4,258
Industrial water charges	9	72	787	7	19	32	44	0
Rent fees and other local revenue	604	10,763	38,481	323	1,340	2,179	3,658	2,358
Other 3/	...	1,194	936	798	25	53	4,179	1,900
Expenditure	37,453	329,056	945,245	12,132	49,745	94,711	153,797	136,318
National economy	18,783	117,051	404,214	2,717	11,376	21,360	40,305	38,932
Socio-cultural activities	13,403	103,428	286,091	2,770	11,698	25,563	40,157	32,137
Education	7,207	55,653	149,007	1,521	6,516	13,166	22,091	18,527
Culture	529	4,310	17,011	226	845	2,652	4,137	3,020
Health	3,679	34,297	110,059	943	4,011	8,259	11,733	8,675
Fitness and sports	17	82	704	9	27	131	182	261
Social security	1,971	9,086	9,310	71	299	1,354	2,014	1,654
Allowances to population	--	35,862	76,967	497	5,125	1,748	4,382	1,223
Science	237	1,704	7,746	63	252	638	990	1,116
Defense	256	24,338	34,744	482	3,977	10,713	13,562	12,805
State authorities	22	638	628	34	135	553	1,331	736
State bodies and administration	2,058	17,726	93,841	407	2,543	7,351	8,804	9,848
Law enforcement and judicial bodies	659	9,075	15,814	845	7,547	13,260	12,813	13,398
Interest: foreign debt	...	...	...	1,326	3,640	4,779	14,088	1,941
Interest: domestic debt	432	8,724	...	5	...	...	11,010	9,987
Foreign exchange outlays	...	327	1,109	87	...	...	...	...
Refugees	...	1,820	810	6	26	155	0	207
Bond lottery prizes	...	74	3	...	...	...	...	...
Transfers to CIS budget	...	211	...	...	216	499	...	...
Chernobyl cleanup	3	3	6	...	1	1	2	13
Other 4/	1,600	8,075	23,272	2,893	3,209	8,091	6,352	13,974

Sources: Ministry of Finance; and Fund staff estimates.

1/ Data for 1995 are for May 11-December 31.

2/ Preliminary figures for the first nine months of 1999.

3/ Includes purchases of hard currency and gold.

4/ Includes sales of hard currency and gold.

Table 24. Tajikistan: State Budget by National Classification of Revenues and Expenditures, 1992-99
(In percent of GDP)

	1992	1993	1994	1995 1/	1996	1997	1998	1999 2/
Revenue	26.6	27.1	44.5	15.2	12.1	12.6	11.2	11.3
Individual income tax	2.6	2.2	3.0	1.2	1.1	1.2	1.3	1.2
Enterprise profits tax	8.9	7.2	12.1	3.2	2.2	1.1	1.4	1.3
Enterprise	8.7	7.0	11.6	3.1	2.0	1.1	1.4	1.3
Cooperatives	0.3	0.2	0.5	0.1	0.2	0.0	0.0	0.0
Revaluation of inventories	2.8	1.6	1.5	0.2	0.1	0.0	0.0	0.1
Value-added tax	6.7	10.4	14.5	3.4	1.7	1.5	2.4	2.4
Excise taxes	3.5	2.1	5.6	2.9	0.6	0.5	0.0	0.0
Tax on vehicles	...	...	...	...	0.0	...	0.2	0.7
Tax on casinos and videos	...	...	...	...	0.0	...	0.1	0.1
Customs revenue	0.1	0.9	3.2	0.9	0.5	1.7	0.0	0.0
Export tax	...	...	2.8	0.8	0.1	...	1.4	1.2
Import tariff	...	...	...	0.1	0.5	1.6	0.0	0.0
Fees	...	...	0.3	...	0.0	...	1.4	1.1
Taxes on aluminum and cotton	...	...	...	...	4.7	4.9	0.1	0.0
Forestry tax	...	...	...	...	0.0	...	4.9	2.9
Land tax	0.3	0.2	1.9	0.8	0.6	1.1	0.0	0.0
Prospection tax	0.2	0.2	0.2	...	0.0	...	0.7	0.6
State duties and local taxes	0.4	0.4	0.2	0.1	0.1	0.1	0.1	0.0
Nontax revenue	0.9	1.9	2.3	2.5	0.4	0.1	0.3	0.3
Industrial water charges	...	...	...	...	0.0	0.4	0.9	0.5
Rent fees and other local revenue	0.9	1.7	2.2	0.7	0.4	...	0.0	0.0
Other 3/	...	0.2	0.1	1.7	0.0	0.3	0.4	0.3
Expenditure	57.8	52.1	55.0	26.5	16.8	15.0	15.0	16.3
National economy	29.0	18.5	23.5	5.9	3.7	3.4	3.9	4.7
Socio-cultural activities	20.7	16.4	16.7	6.0	3.8	4.0	4.8	3.8
Education	11.1	8.8	8.7	3.3	2.1	2.1	2.6	2.2
Culture	0.8	0.7	1.0	0.5	0.3	0.4	0.5	0.4
Health	5.7	5.4	6.4	2.1	1.3	1.3	1.4	1.0
Fitness and sports	...	...	...	...	0.0	...	0.0	0.0
Social security	3.0	1.4	0.5	0.2	0.1	0.2	0.2	0.2
Allowances to population	...	5.7	4.5	1.1	1.7	0.3	0.5	0.1
Science	0.4	0.3	0.5	0.1	0.1	0.1	0.1	0.1
Defense	0.4	3.9	2.0	1.1	1.3	1.7	1.6	1.5
State authorities	...	0.1	...	0.1	0.0	0.1	0.2	0.1
State bodies and administration	3.2	2.8	5.5	0.9	0.8	1.2	1.1	1.2
Law enforcement and judicial bodies	1.0	1.4	0.9	1.8	2.4	2.1	1.5	1.6
Interest: foreign debt	...	...	...	2.9	1.2	0.8	1.7	0.2
Interest: domestic debt	0.7	1.4	...	...	...	...	1.3	1.2
Foreign exchange outlays	...	0.1	0.1	0.2	...	...	0.0	0.0
Refugees	...	0.3	...	...	0.0	...	0.0	0.0
Bond lottery prizes	...	...	...	...	...	...	0.0	0.0
Transfers to CIS budget	...	...	...	...	0.1	0.1	0.0	0.0
Chernobyl cleanup	...	...	...	...	0.0	...	0.0	0.0
Other 4/	2.5	1.3	1.4	6.3	1.7	1.3	0.6	1.7

Sources: Ministry of Finance; and Fund staff estimates.

1/ Data for 1995 are for May 11-December 31.

2/ Preliminary figures for the first 9 months of 1999.

3/ Includes sales of hard currency and gold.

4/ Includes purchases of hard currency and gold.

Table 25: Tajikistan: State Budget By Economic Classification, Quarterly, 1998-99
(In millions of Tajik rubles)

	1998					1999		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Total revenue	25,531	23,796	30,760	35,057	115,144	23,655	40,788	29,816
Tax revenue	24,632	22,806	30,054	34,265	111,757	21,733	39,357	28,541
Sales taxes	10,836	5,076	9,478	14,691	40,081	5,647	13,576	5,139
Aluminum	2,252	1,583	1,282	2,410	7,527	2,053	2,793	2,919
Cotton	8,584	3,493	8,196	12,281	32,554	3,595	10,783	2,221
Other	0	0	0	0	0	0	0	0
Individual income tax	1,841	2,237	2,806	3,428	10,312	2,439	3,812	3,243
Enterprise profits tax	2,270	3,209	2,777	2,644	10,900	2,971	3,190	2,463
Value-added tax	2,514	4,824	6,331	6,097	19,766	5,476	8,073	6,806
Excise taxes	480	246	496	267	1,489	135	2,610	2,891
Customs revenue	2,924	2,213	4,385	2,843	12,365	2,812	4,476	4,449
Land tax	1,661	1,165	1,232	2,106	6,164	1,008	1,834	1,962
Other taxes	2,106	3,836	2,549	2,189	10,680	1,245	1,786	1,588
Non-tax revenue	899	990	706	792	3,387	1,922	1,431	1,275
Grants	0	0	0	0	0	0	0	0
Expenditure incl net lending	28,220	34,097	42,618	48,863	153,798	39,436	52,050	44,832
Expenditure ex net lending	28,275	34,989	43,067	50,957	157,288	39,447	52,279	44,499
Current	21,941	31,597	36,070	43,685	133,293	32,202	44,042	34,549
Wages and salaries	5,307	8,834	3,290	19,505	36,936	12,000	8,023	15,541
o/w arrears reduction	0	0	0	0	0	0	0	0
Goods and services	11,696	16,999	23,841	14,644	67,180	16,252	31,233	12,633
Grants financed	0	0	0	0	0	0	0	0
Other	11,696	16,999	23,841	14,644	67,180	16,252	31,233	12,633
Subsidies	2,074	1,930	1,212	1,025	6,241	2,093	2,430	2,546
Social safety net	2,569	2,879	4,561	5,612	15,621	1,562	1,401	963
o/w arrears reduction	0	0	0	0	0	0	0	0
Total interest	295	955	3,166	2,899	7,315	295	955	2,866
Interest on external debt	295	955	886	886	3,022	295	955	886
Interest on domestic debt	0	0	2,280	2,013	4,293	0	0	1,980
Capital	5,745	2,565	5,896	6,286	20,492	6,656	6,910	7,787
Road Fund	589	827	1,101	986	3,503	589	1,327	2,163
Financial balance,cash basis	-2,744	-11,193	-12,307	-15,900	-42,144	-15,792	-11,491	-14,683
Net lending	-55	-892	-449	-2,094	-3,490	-11	-229	333
Overall balance,cash basis	-2,689	-10,301	-11,858	-13,806	-38,654	-15,781	-11,262	-15,016
Financing of cash deficit	2,689	10,301	11,858	13,806	38,654	15,781	11,262	15,016
External financing	3,287	3,318	7,718	2,625	16,948	6,719	5,106	20,366
External financing	3,287	3,318	7,718	2,625	16,948	6,719	5,106	20,366
Principal repayment	0	0	0	0	0	0	0	0
Net credit to government	-1,043	5,887	1,202	10,334	16,380	7,408	1,796	-7,594
Domestic nonbank financing	0	0	100	26	126	-5	27	0
Privatization proceeds	445	1,096	2,838	821	5,200	1,659	4,333	2,244

Sources: Ministry of Finance; and Fund staff estimates.

Table 26. Tajikistan: Consolidated Operations of the General Government, 1992-99

	1992	1993	1994	1995 1/	1996	1997	1998	1999 2/
(In millions of Russian rubles before 1995 and in millions of Tajik rubles thereafter)								
Revenue	22,786	235,667	962,077	8,019	40,791	86,601	123,515	110,719
State budget	17,235	171,224	765,290	6,977	37,335	79,732	111,207	94,259
Tax revenue	16,622	159,195	725,086	5,849	35,953	77,464	107,278	89,631
Nontax revenue	613	12,029	40,204	1,128	1,382	2,268	4,121	4,628
Pension fund 3/	5,384	52,231	162,573	896	--	--	--	--
Of which: gross receipts	7,156	60,833	166,873	1,083	--	--	--	--
Transfers from budget	1,772	8,602	4,300	187	--	--	--	--
Employment fund 3/	167	1,516	4,512	20	--	--	--	--
Of which: gross receipts	208	1,586	4,592	22	--	--	--	--
Transfers from budget	42	70	80	2	--	--	--	--
Social insurance fund	--	10,695	29,702	125	--	--	--	--
Social Protection Fund	...	...	...	...	3,456	9,881	12,308	16,460
Expenditure	42,560	383,408	1,054,294	13,478	58,629	107,632	162,168	152,778
State budget 3/	35,640	320,384	940,865	11,943	55,173	100,765	148,736	136,061
Pension fund	6,534	52,211	87,177	1,397	--	--	--	--
Pensions	4,562	43,865	67,465	1,161	--	--	--	--
Allowances	1,860	7,573	18,552	236	--	--	--	--
Other	112	773	1,161	--	--	--	--	--
Employment fund	386	2,712	2,146	21	--	--	--	--
Unemployment benefits	188	557	228	2	--	--	--	--
Other	198	2,154	1,918	19	--	--	--	--
Social insurance fund	--	8,102	24,106	116	--	--	--	--
Social Protection Fund	--	--	--	--	3,456	9,799	13,432	16,717
Overall balance (deficit -)	-19,774	-147,742	-92,217	-5,459	-17,838	-21,033	-38,653	-42,059
Financing	19,774	147,742	92,217	5,459	17,838	21,033	38,653	42,059
External	--	--	--	--	10,230	6,940	16,947	32,191
Domestic	19,352	146,329	87,133	5,234	6,980	10,198	16,506	1,633
Privatization proceeds	422	1,413	5,084	225	628	3,895	5,200	8,235
(In percent of GDP) 4/								
Revenue	35.2	37.3	56.0	17.5	13.1	13.7	12.0	13.3
State budget 3/	26.6	27.1	44.5	15.2	12.1	12.0	11.0	11.3
Social security funds	8.6	10.2	11.5	2.3	1.0	1.7	1.1	2.0
Expenditure	65.7	60.7	61.4	29.4	18.9	17.0	15.8	18.3
State budget 3/	55.0	50.7	54.8	26.0	17.9	15.4	14.8	16.3
Social security funds	10.7	10.0	6.6	3.3	1.0	1.6	1.3	2.0
Overall balance (deficit -)	-30.5	-23.4	-5.4	-11.9	-5.8	-3.3	-3.8	-5.0
State budget	-28.4	-23.6	-10.2	-10.8	-5.8	-3.3	-3.7	-5.0
Social security funds	-2.1	0.2	4.9	-1.1	0.0	0.0	-0.1	0.0
Financing:	30.5	23.4	5.4	11.9	5.8	3.3	3.8	5.0
External	--	--	--	--	3.3	1.1	1.7	3.9
Domestic	29.9	23.2	5.1	11.4	2.3	1.6	1.6	0.2
Privatization proceeds	0.7	0.2	0.3	0.5	0.2	0.6	0.5	1.0

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

1/ Data for 1995 are for May 11-December 31.

2/ Preliminary figures for the first 9 months of 1999.

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

4/ 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 Social Protection and Road Funds, 1997-99

	1997				1998				1999		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
(In millions of Tajik rubles)											
Social protection fund											
Revenues	1,483	1,578	3,999	2821	3054	4456	4798	6508	3783	6022	6655
Expenditure	1,374	1,654	3,972	2799	2797	4721	5914	6079	4433	5829	6456
Balance (deficit -)	109	-76	27	22	258	-265	-1116	429	-649	193	199
Road fund											
Revenues	0	296	649	839	2862	1010	1497	1157	829	1573	1433
Expenditure	0	201	553	858	2880	377	1662	1500	589	1327	2163
Balance (deficit -)	0	95	96	-19	-18	633	-165	-343	240	246	-730
(In percent of GDP)											
Social protection fund											
Revenues	2.2	1.5	1.8	1.3	1.4	2.1	2.2	3.0	1.7	2.8	3.1
Expenditure	2.1	1.6	1.8	1.3	1.3	2.2	2.7	2.8	2.0	2.7	3.0
Balance (deficit -)	0.2	-0.1	0.0	0.0	0.1	-0.1	-0.5	0.2	-0.3	0.1	0.1
Road fund											
Revenues	0.0	0.3	0.3	0.4	1.3	0.5	0.7	0.5	0.4	0.7	0.7
Expenditure	0.0	0.2	0.3	0.4	1.3	0.2	0.8	0.7	0.3	0.6	1.0
Balance (deficit -)	0.0	0.1	0.0	0.0	0.0	0.3	-0.1	-0.2	0.1	0.1	-0.3

Sources: Social Protection Fund; and Fund staff estimates.

Table 28. Tajikistan: Accounts of the National Bank of Tajikistan, 1996-99 1/
(In millions of Tajik rubles, end-of-period stock unless otherwise specified)

	1996		1997				1998				1999			
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Oct	
Net Foreign Assets	-2,440	707	-19,099	-33,807	-11,274	1,873	-15,674	-11,035	-33,003	-45,298	-63,980	-63,115	-81,987	
Net international reserves (NIR)	-2,635	470	-19,422	-34,253	-11,721	1,425	-16,122	-11,482	-33,003	-45,298	-63,980	-63,115	-81,987	
Gross assets	4,581	9,226	13,092	13,684	22,272	24,194	32,451	37,091	67,797	53,642	34,903	42,283	63,797	
Gross liabilities	7,216	8,756	32,514	47,938	33,993	22,769	48,573	48,573	100,799	98,940	98,884	105,398	145,783	
Net Domestic Assets	21,425	24,498	58,096	79,898	67,003	48,464	69,991	73,114	96,028	108,508	131,180	136,248	156,973	
Net credit to general government	15,900	19,431	28,265	37,591	38,489	39,192	43,751	42,848	92,227	98,545	98,643	96,150	116,797	
Foreign financing of the budget	...	...	...	...	...	-7,341	-4,041	-7,755	-6,446	-9,867	-4,843	-14,606	-18,177
Of which: EU counterpart fund (-)	...	...	...	...	-3,339	-3,339	-3,339	-3,330	-3,934	-3,934	-4,016	-3,977	-4,909
WB counterpart fund (-)	...	...	...	...	...	-4,002	-702	-4,425	-2,512	-758	-756	-10,558	-13,171
ADB counterpart fund (-)	...	...	...	...	...	...	...	...	...	-5,175	-71	-71	-98
Privatization fund (-)	...	...	...	...	...	...	...	...	...	...	-295	-2,170	-3,046
Credit to the private sector	5,513	7,622	31,186	47,098	29,974	13,730	27,285	31,264	51,943	59,037	70,176	86,515	99,529	
Of which: Claims on banks	5,502	7,460	10,660	9,099	9,291	10,339	15,543	15,274	26,619	31,640	26,141	33,826	35,668	
Special Cotton Financing	...	0	18,522	35,233	17,373	0	0	0	3,200	5,616	22,416	24,019	26,170	
Credit to the economy	11	162	2,004	2,766	3,309	3,391	11,742	15,990	22,123	21,782	21,619	28,670	37,690	
Other items net	12	-2,555	-1,355	-4,791	1,879	2,883	2,995	6,757	-41,696	-39,208	-32,501	-29,640	-38,129	
Reserve Money	18,985	25,206	38,997	46,091	55,730	50,336	54,317	62,079	63,025	63,210	67,200	73,133	74,986	
Currency in circulation	15,956	18,581	26,847	36,055	38,830	37,299	41,043	46,108	48,455	47,890	52,034	56,680	59,330	
Bank reserves	2,743	5,488	8,924	8,442	16,021	12,415	12,924	15,387	10,921	10,344	8,585	10,551	11,774	
Required	2,095	1,776	2,061	2,623	3,721	3,949	4,029	4,070	3,832	3,848	3,599	3,053	3,120	
TR	2,095	1,229	1,269	1,501	2,253	2,226	2,731	2,685	3,372	3,296	3,067	2,559	2,485	
FX	0	547	792	1,121	1,468	1,723	1,298	1,384	460	552	532	494	634	
Other	648	3,712	6,863	5,819	12,300	8,466	8,895	11,318	7,089	6,496	4,986	7,498	8,654	
TR	560	2,947	5,415	4,949	7,148	7,539	7,899	9,603	3,524	2,282	3,267	3,239	2,885	
FX	88	765	1,448	870	5,152	927	996	1,715	3,566	4,214	1,719	4,259	5,769	
Other deposits	286	1,136	3,226	1,593	879	622	350	584	3,649	4,976	6,581	5,902	3,882	
TR	...	237	126	98	53	155	40	97	543	1,254	1,081	659	366	
FX	...	899	3,100	1,495	826	468	310	487	3,106	3,722	5,501	5,243	3,516	
Memorandum items:														
NIR (millions of US dollars)	-8.0	1.2	-35.9	-45.9	-15.6	1.9	-21.5	-15.3	-31.8	-43.6	-61.6	-60.8	-57.1	
Gross assets (GIR)	14.0	23.2	24.2	18.3	29.7	32.3	43.3	49.5	65.3	51.7	33.6	40.7	44.4	
Gross liabilities	22.0	22.0	60.1	64.2	45.3	30.4	64.8	64.8	97.1	95.3	95.3	101.5	101.5	
GIR in months of imports 2/	0.3	0.5	0.4	0.4	0.7	0.7	0.9	1.0	1.5	1.3	0.8	1.0	1.1	
GIR/Reserve money (in percent)	24	37	34	30	40	48	60	60	108	85	52	58	85	
Accounting exchange rate (Tajik Ruble/US dollar)	328	398	541	747	750	750	750	750	1,038	1,038	1,038	1,038	1,436	

Sources: National Bank of Tajikistan; and Fund staff estimates.

1/ A new chart of accounts was adopted in December 1998. The balance sheet based on the new chart of accounts is not strictly comparable to previous data.

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

Table 29. Tajikistan: Monetary Survey, 1996-99 1/
(In millions of Tajik rubles, end-of-period stock unless otherwise specified)

	1996		1997			1998				1999			
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Oct
Net Foreign Assets (NFA)	2,483	7,293	-11,256	-23,027	-5,281	-5,171	-49,940	-60,533	-110,808	-117,197	-120,363	-116,116	-150,631
The National Bank	-2,440	707	-19,099	-33,807	-11,274	1,873	-15,901	-11,035	-33,003	-45,298	-63,980	-63,115	-81,987
The commercial banks	4,923	6,586	7,843	10,781	5,993	-7,044	-34,039	-49,499	-77,806	-71,900	-56,383	-53,001	-68,645
Net Domestic Assets	23,212	23,771	55,747	75,436	59,413	53,574	101,598	118,777	181,583	186,777	196,813	195,619	236,853
Net credit to general government	14,387	16,393	25,197	33,540	33,153	30,527	36,414	36,899	88,242	94,639	94,609	91,221	113,356
EU counterpart fund (-)	...	...	...	...	...	-3,339	-3,339	-3,330	-3,934	-3,934	-4,016	-3,977	-4,909
IDA counterpart fund (-)	...	...	...	...	...	-4,002	-702	-4,425	-2,512	-758	-756	-10,558	-13,171
ADB counterpart fund (-)	...	...	...	...	...	...	...	...	...	-5,175	-71	-71	-98
Privatization fund (-)	...	...	...	...	...	...	...	...	...	...	-295	-2,170	-3,046
Credit to the private sector	...	...	...	...	...	45,202	84,804	102,263	146,398	147,157	164,212	179,167	219,386
Credit to the economy	12,447	15,330	22,573	26,944	30,456	29,827	39,804	50,513	78,738	86,008	93,529	109,995	148,699
Special cotton financing	...	...	18,522	35,233	17,373	15,375	45,000	51,750	67,660	61,149	70,683	69,172	70,686
Other items net	-3,621	-7,953	-10,545	-20,281	-21,570	-14,814	-15,579	-12,629	-46,611	-45,153	-56,871	-57,994	-74,665
Broad money	25,695	31,064	44,491	52,409	54,132	48,403	51,658	58,244	70,775	69,580	76,450	79,502	86,222
Ruble Broad Money	21,557	24,896	32,295	41,260	46,813	42,174	46,230	52,270	55,600	53,451	57,906	61,214	64,583
Currency outside banks	15,720	17,539	25,285	33,879	37,336	34,384	38,269	43,722	46,622	44,533	49,026	52,876	56,347
Deposits	5,837	7,357	7,010	7,381	9,477	7,791	7,961	8,548	8,978	8,918	8,880	8,337	8,236
Foreign currency deposits	4,138	6,168	12,196	11,149	7,319	6,229	5,428	5,974	15,175	16,128	18,544	18,289	21,639
Memorandum items:													
Average velocity 2/	20.3	18.4	15.5	17.3	19.8	22.5	21.9	19.7	21.1	20.8	20.4	21.4	21.7
Accounting exchange rate (Tajik Ruble/US dollar)	328	398	541	747	750	750	750	750	1,038	1,038	1,038	1,038	1,436

Sources: National Bank of Tajikistan; and Fund staff estimates.

1/ A new chart of accounts was adopted in December 1998. The balance sheet based on the new chart of accounts is not strictly comparable to previous data.

2/ Annual GDP divided by average ruble broad money over the last year.

Table 30. Tajikistan: Sources of Broad Money Growth, 1997-99 1/ 2/
(Quarterly percentage change relative to the beginning period broad money)

	1997		1998				1999		
	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Net Foreign Assets (NFA)	-26.5	33.9	0.2	-92.5	-20.5	-33.5	-9.0	-4.5	5.6
The National Bank	-33.1	43.0	24.3	-36.7	9.4	-22.0	-17.4	-26.9	1.1
The commercial banks	6.6	-9.1	-24.1	-55.8	-29.9	-11.5	8.3	22.3	4.4
Net Domestic Assets	44.3	-30.6	-10.8	99.2	33.3	47.9	7.3	14.4	-1.6
Net credit to general government	18.8	-0.7	-4.9	12.2	0.9	58.2	9.0	0.0	-4.4
Foreign financing of the budget	0.0	0.0	-13.6	6.8	-7.2	4.5	-4.8	7.2	-12.8
Privatization fund (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-2.5
Credit to the private sector	47.4	-27.8	-4.9	81.8	33.8	23.1	1.1	24.5	19.6
Credit to the economy	9.8	6.3	-1.2	20.6	20.7	39.0	10.3	10.8	21.5
Special cotton financing	37.6	-34.1	-3.7	61.2	13.1	-15.8	-9.2	13.7	-2.0
Other items net	-21.9	-2.5	12.5	-1.6	5.7	-38.0	2.1	-16.8	-1.5
Broad money	17.8	3.3	-10.6	6.7	12.7	14.3	-1.7	9.9	4.0
Ruble Broad Money	20.2	10.6	-8.6	8.4	11.7	5.7	-3.0	6.4	4.3
Currency outside banks	19.3	6.6	-5.5	8.0	10.6	5.0	-3.0	6.5	5.0
Deposits	0.8	4.0	-3.1	0.4	1.1	0.7	-0.1	-0.1	-0.7
Foreign currency deposits	-2.4	-7.3	-2.0	-1.7	1.1	8.6	1.3	3.5	-0.3

Sources: National Bank of Tajikistan; and Fund staff estimates.

1/ A new chart of accounts was adopted in December 1998. The data based on the new chart of accounts are not strictly comparable to previous data.

2/ Assuming fixed exchange rate.

Table 31. Tajikistan: Credit of the Banking System, 1996-99 1/
(In millions of Tajik rubles; end of period)

	1996		1997				1998				1999	
	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun	Sep	Dec.	Mar	Jun
Banking Credit to the economy	12,967	15,454	23,140	24,411	29,664	30,878	46,961	83,216	109,945	192,405	133,694	161,283
From Commercial Banks	12,955	15,292	21,136	23,997	26,898	27,739	43,558	70,564	91,133	107,430	116,321	134,603
Operating banks	11,069	13,147	17,787	20,469	23,234	23,911	38,827	66,658	87,327	103,706	111,488	129,859
Agroinvestbank	6,292	6,878	8,681	9,732	10,427	9,735	24,046	51,197	67,265	80,764	80,719	95,211
Orion	1,647	2,036	2,515	3,153	3,428	2,959	3,293	3,195	6,567	8,307	10,346	11,842
Tajikvneshekonombank	1,237	1,599	2,399	2,744	3,579	3,084	2,752	2,497	2,267	2,956	5,185	6,433
Khojent	169	195	293	304	248	345	341	437	547	576	599	708
Dehkon Bank	339	439	699	754	766	830	788	833	833	826	1,659	1,684
Gulsara	17	22	24	26	24	36	55	59	75	39	37	40
Somonbank	199	188	222	248	300	339	340	461	456	539	1,090	1,262
Savings Bank	89	111	303	498	634	1,335	1,599	1,701	2,152	2,110	2,141	2,078
Ganjina	3	7	8	7	7	11	111	288	315	313	311	285
Fonon	16	18	14	25	21	119	154	168	116	33	31	28
Eskhata	4	47	54	55	53	39	62	139	220	195	176	218
Ayyom	118	123	125	125	27	56	87	121	119	117	645	639
Central Asian Bank	577	594	800	372	518	1,114	1,142	1,417	1,383	1,228	2,282	2,770
Tajprombank	301	701	1,192	1,454	2,074	2,599	2,489	2,262	2,560	2,255	2,635	1,963
East-Credit Bank	...	...	...	470	553	573	822	1,111	1,737	2,182	2,226	3,148
Kafolat	...	...	...	...	...	...	...	...	...	623	767	887
Dushanbe	61	189	458	502	577	737	747	771	715	643	639	663
Liquidated or non-operating banks	1,886	2,145	3,349	3,528	3,664	3,829	4,732	3,907	3,806	3,724	4,833	4,744
Toribank	93	111	414	409	459	456	1,007	980	980	456	1,007	980
Bakhtovar	10	13	15	15	35	60	50	38	38	60	50	38
Rishta	...	60	60	60	60	117	0	0	0	117	0	0
Aviabank	8	8	8	8	8	0	0	0	0	0	0	0
Tajbank	20	19	19	19	13	8	11	0	0	8	11	0
Khatlon Bank	10	10	10	9	10	10	10	0	0	10	10	0
Tajikbankbusiness 2/	1,746	1,892	2,712	2,877	2,868	2,735	2,813	1,965	1,930	2,767	2,892	2,747
Textinvestbank 3/	0	32	112	131	212	443	842	923	857	306	864	978
From the National Bank of Tajikistan	12	162	2,004	413	2,766	3,139	3,403	12,652	18,812	84,975	17,373	26,680

Source: National Bank of Tajikistan.

1/ From operational data of the NBT.

2/ The license of Tajikbankbusiness was revoked on June 4, 1999.

3/ The license of Textinvestbank was revoked in July 1999.

Table 32. Tajikistan: Results of Treasury Bill Auctions
(In billions of Tajik Rubles unless otherwise specified)

Auction date	1998				1999									
	02-Sep	30-Sep	28-Oct	25-Nov	03-Feb	24-Feb	24-Mar	21-Apr	19-May	16-Jun	14-Jul	11-Aug	08-Sep	-Oct.99
Term (days to maturity)	28	28	28	91	28	28	28	28	28	28	28	28	28	28
Amount offered (in millions of TR)	200.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	200.0	200.0	200.0
Volume sold (cash in millions of TR)	51.6	54.9	54.9	54.4	47.0	75.3	60.5	70.2	76.1	87.2	93.8	106.4	114.1	152.4
Successful range, in percent	30-60	35-60	40-80	45-80	80-81	45-85	45-85	45-90	45-95	47-100	47-150	47-150	47-150	75-140
Weighted average successful yield, in percent	35.2	43.2	52.1	53.9	80.8	60.9	55.9	56.3	60.0	68.2	70.0	74.6	86.0	111.6
No. of bids submitted	13	9	11	8	2	4	4	4	5	6	13	11	7	17
No. of bids accepted	8	9	11	8	2	4	4	4	5	6	13	11	6	11
No. of auction participants	5*	4	5	4	2	4	4	4	5	6	7	6	7	9
No. of successful auction participants	3	4	5	4	2	4	4	4	5	6	7	6	6	9
No. of non-bank bidders	0	0	0	0	1	0	1	0	1	1	2	2	2	4

Source: National Bank of Tajikistan.

Note: The bids of two banks were rejected from the first auction (one failed to deliver payment; the other bid a non-competitive basis when only nonbanks are permitted to do so).

Table 33. Tajikistan: Average Annual Interest Rates, 1997-99
(In percent, end of period)

	1997	1998				1999		
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Lending Rates								
National Bank of Tajikistan								
To banks	81.0	56.0	40.0	33.4	36.4	25.0	14.3	12.1
Budget financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks								
From 1 - 3 months	74.0	87.0	75.0	73.0	49.7	34.7	40.3	26.4
From 3 - 6 months	85.0	95.0	69.0	59.0	51.9	30.2	20.2	33.5
From 6 - 12 months	91.0	77.0	73.0	70.0	58.7	50.0	49.5	24.9
Deposit rates								
Demand deposits	2.0	2.0	2.0	2.0	2.0	1.3	0.8	0.8
From 1 - 3 months	89.0	84.0	80.0	80.0	15.7	37.9	10.5	25.0
From 3 - 6 months	11.0	13.0	11.0	11.0	56.4	26.7	27.6	22.3
From 6 - 12 months	64.0	65.0	72.0	66.0	40.1	45.5	37.0	34.2

Source: National Bank of Tajikistan.

Table 34. Tajik Interbank Currency Exchange (TICEX) Auctions, 1997-99

Period	Number of auctions	Amount sold (in thousands of US dollars)	Average monthly exchange rate (TR per US dollar)
1997	28	54,039	562
1998			
January	4	8,024	748
February	4	5,467	754
March	4	6,884	754
April	6	8,328	754
May	8	4,603	754
June	9	7,260	754
July	9	8,677	754
August	8	8,633	754
September	8	15,627	754
October	9	15,592	779
November	7	12,437	845
December	9	5,875	940
Total	85	107,408	778
1999			
January	8	5,562	990
February	8	7,168	998
March	9	6,948	1,026
April	9	6,496	1,092
May	8	6,840	1,135
June	11	8,672	1,185
July	17	6,929	1,298
August	17	5,529	1,393
September	15	2,976	1,436
Total for 9 months	102	57,119	1,173

Sources: TICEX; and Fund staff estimates.

Table 35. Tajikistan: Commercial Banks as of October 1, 1999 1/

Name of Bank	Number of Branches	Major Holders of Bank Equity
1. Agroinvestbank (JSC) 2/	62	a) State Property Committee of the Republic of Tajikistan b) Kanibadam Ginnery, Leninabad Oblast c) Collective farm after Karamov, Kurgan-Tube Oblast d) Collective farm after Safar Ghoib-zade, Kuliab e) Other shareholders
2. Orion (JSC)	28	a) Ministry of Finance b) Tajikprombank c) Energy & electricity Corporation d) Orionbank (JSC) e) Other shareholders
3. Tajikvneshekonombank (JSC)	5	a) "Somonion" (JSC) b) "Mukhtor & C" company c) "Surayyo" foreign production & commerce company d) "Volna" trade house e) "Tajikvneshekonombank" (JSC) f) Paul Reinhard Ltd, Switzerland g) Ministry of Finance h) "Nikosia" company, Holland i) "Til" company, Holland j) "Doro" scientific & production company k) "Pamir-Vest" company l) Other shareholders
4. Khojent	0	a) Collective farms b) Meat Processing JSC c) "Khojent", commercial bank d) Canning factory Kosstakkoz e) "Sharob" JSC f) JSC "Tajikistan" g) JSC "Khojent" h) JSC after Jumaev i) Other shareholders
5. Dehkon Bank	0	a) Collective farms b) "Ranjbar" Association c) Production Association after Avazov
6. Gulsarabank (JSC) 3/	2	a) "Akbar" JSC b) "Adolat" SE c) "Darkor" JSC d) AAA e) Private shareholders
7. Somonbank (JSC)	4	a) "Anush" company b) Tax Institute c) "Somonbank" d) "Barki Tajik" Electricity Company e) Tajik State Insurance Company f) State Insurance Branch in Khatlon Oblast g) Other and private shareholders
8. Savings Bank	67	State owned
9. Ganjina (JSC)	0	a) "Tavhid" Holding Company b) "Kolinhoe Khujand" JSC c) "Nigor" Production Company d) "Ehio" JSC e) Other shareholders

Table 35. Tajikistan: Commercial Banks as of October 1, 1999 1/ (concluded)

Name of Bank	Number of Branches	Major Holders of Bank Equity
10. Fonon	0	a) "Barodar" Scientific production company b) Arts Fund c) "Ziroat" JSC d) "Autobus" JSC e) "Fonon" f) "Tajikvtormet" g) Other shareholders
11. Ayyom	0	a) "Shuhrat" Concern b) "Sabo" SE c) "Dilovar" JSC d) "Sitora" PE e) YUNGDU f) State farms g) Kangurt District Consumer Society
12. Eskhata	0	a) "Nedra" JSC b) "Dilovar" PSE c) Other shareholders d) Private shareholders
13. Central Asian Bank (Joint Tajik-Cyprus Bank)	0	a) "Bayronvest Enterprises Ltd" Investment Company b) "SBM Team Enterprises Ltd" Company c) International Investment Industrial Holding Group "Safar"
14. Tajikprombank (JSC)	4	a) Foreign economic Commerce Company "Aziz & CoLtd" b) "Tajikprombank" (JSC) c) "Tropicana Invest Ltd" d) "Lesostroimaterialy" Commerce Company e) Phylipp Stern, UK Citizen
15. East-Credit Bank (Joint Tajik & Luxemburg)	0	a) "Independent Financial Holding" b) "Capital Invest Ltd", Enterprise c) "IFKh Commercial Ltd", Enterprise
16. "Dushanbe"	2	a) Hissar Ginnery b) "Echo" JSC for foreign economic activities c) "Aladdin" Company d) "Paimon" Company e) "A'zam" Private Enterprise f) "Asia-94" Joint Commercial Company g) "MMM" Company h) "Mehnat" Trade Company i) Other shareholders
17. Kafolat	0	a) "Zamin-Textil" Production & Trade Company b) "Zamin-Trade" Trade Company c) Other shareholders
18. Branch of Tjorat Bank (Iran)	0	State owned in Iran

Source: National Bank of Tajikistan.

1/ Tajikbankbusiness and Textinvestbank are being liquidated.

2/ Joint Stock Company (JSC) Agroprombank "Shark" is renamed to "Agroinvestbank" as of December 3

3/ JSC "Akbarbank" was renamed to "Gulsarabank" as of April 10, 1998.

Table 36. Tajikistan: Consolidated Balance sheet of Commercial Banks, 1997-99 1/
(In millions of Tajik Rubles)

	Agroinvestbank			Savingsbank			Consolidated 2/		
	Dec 1997	Sep 1998	Sep 1999	Dec 1997	Sep 1998	Sep 1999	Dec 1997	Sep 1998	Sep 1999
Assets	12,174	71,759	120,648	9,068	10,028	11,940	30,876	91,453	158,723
Cash	1,244	381	406	257	726	1,749	2,683	2,421	4,380
Deposits with NBT	1,450	1,250	5,071	3,057	3,533	1,989	6,333	8,584	9,080
Loans and advances to commercial banks	666	1,553	4,211	2,370	3,890	3,721	2,584	1,776	10,317
Before loan loss provisions	677	1,578	4,279	2,409	3,954	4,034	2,669	1,907	10,773
Loan loss provisions	-11	-25	-68	-39	-63	-313	-85	-130	-457 3/
Loans and advances to non-bank customers	6,219	62,437	104,260	1,007	1,643	2,834	11,187	72,411	120,697
Before loan loss provisions	9,733	67,058	112,969	1,319	2,152	3,676	16,133	79,129	132,940
Of which: Special cotton financing	0	54,260	88,850	0	0	0	0	54,260	88,850
Loan loss provisions	-3,514	-4,621	-8,709	-312	-509	-842	-4,946	-6,717	-12,243
Equity investments	12	13	23	0	5	5	13	19	27
Bonds and TBs	...	...	11	...	...	62	...	...	86
Tangible fixed assets	2,025	2,515	6,485	701	822	1,310	4,044	4,938	9,958
Other assets	558	3,610	182	1,676	-591	271	4,032	1,303	4,178
Liabilities	14,435	73,114	120,712	9,068	10,178	11,461	31,713	37,032	152,769
Amounts owed to commercial banks	5,448	3,271	374	111	1,896	896	1,144	1,558	554
Deposits from non-bank customers	2,622	6,772	6,470	8,335	5,971	2,689	20,296	21,791	17,637
Special cotton financing	0	54,260	88,850	0	0	0	0	54,260	88,850
Amounts owed to the NBT	5,754	8,361	20,822	168	153	353	8,208	10,101	24,936
Credit from the Ministry of Finance, including deposits						5,041	0	0	5,041
Other liabilities	610	449	4,196	455	2,158	2,482	2,064	3,582	15,751
Shareholders' Funds (Net Worth)	-2,261	-1,355	-64	0	-150	479	-837	161	5,954
Memorandum items:									
Loan loss provisions in percent of									
outstanding loans before provisions 4/	34	32	31	9	9	15	27	26	23
Of which: to non-bank customers 4/	36	36	36	24	24	23	31	27	28
Net worth/Total assets (in percent) 4/	-18.6	-7.7	-0.2	0.0	-1.5	4.0	-2.7	0.4	8.5

Sources: National Bank of Tajikistan; and Fund staff estimates.

1/ Based on the diagnostic studies prepared by international accounting firms.

2/ Consolidated balance sheet for the Savings Bank, Agroinvestbank, Orion Bank, and Tajikvnesheconombank.

3/ Based on the assumption that Government Resolution No. 10 of February 3, 1999 is implemented. The resolution requires a bond swap among the government, Tajikbankbusiness, and the Savings Bank.

4/ Excludes assets and liabilities related to special cotton financing.

Table 37. Tajikistan: Estimated Loan Loss Provision on Consolidated basis for the Four Major Banks, 1997-99
(In millions of Tajik rubles, unless otherwise specified)

	Agroinvestbank			Savings Bank			Total 1/			
	Dec 1997	Sep 1998	Sep 1999	Dec 1997	Sep 1998	Sep 1999	Dec 1997	Sep 1993	Sep 1999	
Total outstanding loans to non-bank customer	9,733	12,797	24,119	1,319	2,152	3,676	16,899	26,740	44,090	
Risk class (in percent):										
	Provision:									
Satisfactory	2%	4	4	4	30	30	30	22	27	25
Special Mention	5%	17	17	17	14	14	14	16	18	18
Substandard	30%	59	59	59	47	47	47	43	39	40
Doubtful	75%	9	9	9	6	6	6	12	10	10
Loss	100%	10	10	10	4	4	3	7	6	7
Total		100	100	100	100	100	100	100	100	100
Loan loss provisions		3,514	4,621	8,709	312	509	842	5,165	7,254	12,167
In percent of outstanding loans 2/		36	36	36	24	24	23	31	27	28

Sources: National Bank of Tajikistan; and Fund staff estimates.

1/ Consolidated data for the Savings Bank, Agroinvestbank, Orion Bank, and Tajikvnesheconombank.

2/ Outstanding loans exclude special cotton loans.

Table 38. Implementation of Restructuring of the Agroinvestbank and the Savings Bank, 1999

	Savings Bank		Agroinvestbank	
	Program	Actual (Oct 1, 1999)	Program	Actual (Oct 1, 1999)
Completion of international audit	Jul. 1998	Dec. 1999	Jul. 1998	Dec. 1999
The number of employees	2,343	2,477	1,140	1,202
Collection of all maturing interbank loans (in millions of rubles) 1/ 2/	2,686	-- 2/	...	...
As a share of household deposits,				
20 percent should be held as working capital with the NBT	1,463	1,989	...	...
and 20 percent in government treasury bills 1/	1,463	50	...	...
Capital expenditures (in millions of Rubles) 3/	...	...	34	20
Loan portfolio, excluding cotton financing should not exceed 50 percent of government deposits, (millions of rubles) 3/	...	...	--	92.3
Collection of at least 20 percent of principal and interest outstanding as of March 31, 1999 (in million of Rubles) 3/	...	...	2,545	785

Source: National Bank of Tajikistan.

1/ Applies to the Savings Bank only.

2/ The Savings Bank collected TR 63 million out of TR786 million non-bank loans in the first 20 days of October 1999.

3/ Applies to the Agroinvestbank only.

Table 39. Tajikistan: Capital Asset and Liquid Asset Ratio, 1999

Banks	Minimum total capital requirement 1/		Capital Asset Ratio 2/ (in percent)		Liquid Asset Ratio 3/ (in percent)	
	Jul. 1	Sep. 1	Jul. 1	Sept. 1	Jul. 1	Sept. 1
Requirement	US\$750,000 (TR1,077 million)		No less than 9 percent		No less than 50 percent	
1. Savings Bank	1,355,226	1,404,901	18	17	49	35
2. Tajikvneshbank	1,906,594	2,065,662	18	22	83	110
3. Oriyonbank	3,266,536	3,328,771	23	31	88	84
4. Agroinvestbank	2,381,815	3,681,261	2	14	67	88
5. Fomon	28,849	26,610	78	68	41	65
6. Somonbank	510,046	492,184	40	42	83	117
7. Central Asian Bank	768,844	772,399	22	20	31	20
8. Tajprombank	1,144,142	1,440,697	55	43	118	62
9. Dehkonbank	566,648	581,293	33	33	15	99
10. Ayyom	554,494	548,218	84	83	4	14
11. Khojand	518,965	514,939	57	63	60	68
12. Gulsarabank	43,266	33,471	34	26	5	2
13. Ganjina	440,523	454,381	118	169	623	755
14. Eskhata	735,033	769,352	118	150	415	354
15. Dushanbe	-532,038	-494,467	-267	-304	15	1
16. Kafolat	463,200	466,690	46	49	120	147
17. East-Credit Bank	3,974,686	5,682,762	113	132	1,232	1,585
18. Tijorat Bank Branch (Iran)	445,469	492,289	254	123	148	133

Source: National Bank of Tajikistan.

1/ Minimum total capital requirement was increased to an amount equivalent to US\$750,000 on July 1, 1999 from US\$500,000 earlier. Effective from January 1 2000, the minimum capital requirement is to increase to the equivalent of US\$1 million for existing banks and US\$2 million for new banks.

2/ The ratio of total capital to risk weighted assets.

3/ The ratio of liquid assets to demand liabilities.

Table 40. Tajikistan: Balance of Payments, 1993-98
(In millions of US dollars)

	1993	1994	1995	1996	1997	1998
Current account	-208	-170	-89	-70	-56	-107
Trade balance	-183	-127	-59	-16	-63	-145
Exports	456	559	779	770	746	586
Aluminum	230	313	390	263	252	234
Cotton fiber	117	155	212	157	167	112
Electricity	30	29	123	175	155	103
Other	79	62	53	176	172	137
Imports	639	686	838	786	809	731
Alumina	104	141	188	111	107	110
Petroleum and natural gas	99	160	150	98	99	114
Electricity	26	19	164	133	180	117
Grain and flour	92	109	46	53	24	41
Other	318	257	290	391	400	350
Services, income and transfers (net)	-25	-44	-30	-54	7	37
Services	-47	-49	-19	-20	-1	18
Income	-4	-19	-36	-64	-32	-38
Transfers	25	25	25	30	40	57
Capital and financial account						
Public sector (net)	57	24	-81	-90	-17	28
Public sector disbursements	71	44	20	36	23	51
Public sector amortization	15	19	102	125	40	23
FDI	9	12	20	25	30	24
Commercial banks' NFA (- increase)	...	-2	-7	7	7	72
Other capital 1/	-95	-87	32	-47	7	-37
Change in gross reserves (- increase)	-2	1	-3	-10	-16	-36
Financing items	240	222	129	190	50	56
IMF	0	0	0	22	10	64
Purchases	0	0	0	22	10	64
Repurchases	0	0	0	0	0	0
Other reserve liabilities	0	0	0	0	15	-13
Debt service account (- increase)	0	0	0	-12	3	9
Arrears (+ increase)	17	37	112	-39	-22	-8
Rescheduling	222	184	17	220	44	3
Memorandum items:						
Gross reserves						
(in millions of U.S. dollars)	2	1	4	14	30	65
(in months of imports) 2/	0.0	0.0	0.1	0.3	0.6	1.5
Current account (in percent of GDP)	-30.7	-20.5	-14.6	-6.8	-5.2	-8.3

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

1/ Includes errors and omissions.

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

Table 41. Tajikistan: Exports by product, 1993-98

	1993	1994	1995	1996	1997	1998
(In millions of US dollars)						
Total exports, f.o.b	456	559	779	770	746	586
Aluminum	230	313	390	263	252	234
Cotton fiber	117	155	212	157	167	112
Electricity	30	29	123	175	155	103
Other	79	62	53	176	172	137
(Percentage change)						
Total exports, f.o.b	...	23	39	-1	-3	-21
Aluminum	...	36	24	-32	-4	-7
Cotton fiber	...	32	37	-26	6	-33
Electricity	...	-3	325	42	-11	-34
Other	...	-22	-14	229	-2	-20
(Volume, in units indicated)						
Aluminum ('000 tons)	248	241	231	191	183	187
Cotton fiber ('000 tons)	150	126	121	104	108	88
Electricity (million kWh)	4,827	4,062	2,704	3,811	3,449	3,346
(Percentage change)						
Alumina ('000 tons)	...	-3	-4	-17	-4	2
Cotton fiber ('000 tons)	...	-16	-4	-14	4	-18
Electricity (million kWh)	...	-16	-33	41	-10	-3

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

Table 42. Tajikistan: Imports by product, 1993-98

	1993	1994	1995	1996	1997	1998
(In millions of US dollars)						
Total imports, c.i.f.	660	707	860	808	830	752
Alumina	108	146	195	115	111	114
Natural gas	48	84	71	38	40	40
Petroleum products	53	79	82	62	61	76
Electricity	26	19	164	133	180	117
Grain and flour	95	113	47	55	25	43
Other	330	266	301	405	414	362
(Percentage change)						
Total imports, c.i.f.	...	7	22	-6	3	-9
Alumina	...	36	33	-41	-4	3
Natural gas	...	74	-15	-46	5	0
Petroleum products	...	50	3	-24	-2	25
Electricity	...	-27	764	-19	35	-35
Grain and flour	...	18	-58	15	-55	74
Other	...	-19	13	35	2	-13
(Volume)						
Alumina ('000 tons)	483	470	589	307	320	357
Natural gas ('000 cubic meters)	1,345	994	856	600	733	758
Petroleum products ('000 tons)	685	421	394	311	312	382
Electricity (million kWh)	3,694	3,579	3,366	2,898	3,987	3,592
Grains and flour ('000 tons)	1,521	655	445	228	125	316
(Percentage change)						
Alumina ('000 tons)	...	-3	25	-48	4	12
Natural gas ('000 cubic meters)	...	-26	-14	-30	22	3
Petroleum products ('000 tons)	...	-39	-6	-21	0	23
Electricity (million kWh)	...	-3	-6	-14	38	-10
Grains and flour ('000 tons)	...	-57	-32	-49	-45	153

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

Table 43. Tajikistan: Trade Indices, 1993-98 1/

	1993	1994	1995	1996	1997	1998
I. Exports						
	(Index, 1993=100)					
Value	100	123	171	169	164	129
Volume	100	89	82	90	88	80
Unit value	100	138	182	153	154	139
	(Percentage change)					
Value	...	23	39	-1	-3	-21
Volume	...	-11	-8	10	-3	-8
Unit value	...	38	31	-15	0	-9
II. Imports						
	(Index, 1993=100)					
Value	100	107	131	123	127	114
Volume	100	75	74	67	72	72
Unit value	100	158	158	173	164	158
	(Percentage change)					
Value	...	7	22	-6	3	-10
Volume	...	-25	-2	-9	7	0
Unit value	...	58	0	9	-5	-4
III. Terms of Trade						
(1993 = 100)	100	88	115	89	94	88
(Percentage change)		-12	31	-23	5	-6

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

1/ Including electricity.

Table 44. Tajikistan: Destination of Exports, 1993-98

	1993	1994	1995	1996	1997	1998
Total, f.o.b.	456	559	779	770	746	586
CIS	173	143	252	331	293	192
Russia	93	76	95	79	64	48
Uzbekistan	40	43	132	191	192	115
Other	40	24	24	61	37	29
Non-CIS	283	417	527	439	453	394
Europe	242	362	475	383	422	364
Asia	27	28	36	45	26	28
Other	15	27	15	11	5	2
(Percentage change)						
Total, f.o.b.	...	23	39	-1	-3	-21
CIS	...	-17	77	32	-12	-34
Russia	...	-18	25	-17	-20	-25
Uzbekistan	...	6	209	44	1	-40
Other	...	-41	3	152	-40	-21
Non-CIS	...	47	27	-17	3	-13
Europe	...	50	31	-19	10	-14
Asia	...	4	32	25	-43	8
Other	...	79	-43	-29	-54	-64
(In percent of total)						
Total, f.o.b.						
CIS	38	25	32	43	39	33
Russia	20	14	12	10	9	8
Uzbekistan	9	8	17	25	26	20
Other	9	4	3	8	5	5
Non-CIS	62	75	68	57	61	67
Europe	53	65	61	50	57	62
Asia	6	5	5	6	3	5
Other	3	5	2	1	1	0

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

Table 45. Tajikistan: Origin of Imports, 1993-98

	1993	1994	1995	1996	1997	1998
Total, c.i.f.	660	707	860	808	830	752
CIS	298	339	478	483	494	447
Russia	104	127	136	134	127	102
Uzbekistan	85	123	251	199	262	216
Other	109	89	91	149	106	128
Non-CIS	361	368	382	326	336	305
Europe	336	309	332	262	303	243
Asia	16	25	11	46	30	27
Other	10	34	39	18	4	35
		(Percentage change)				
Total, c.i.f.	...	581	22	-6	3	-9
CIS	...	14	41	1	2	-10
Russia	...	22	7	-1	-5	-20
Uzbekistan	...	44	104	-21	32	-17
Other	...	-18	2	65	-29	22
Non-CIS	...	2	4	-15	3	-9
Europe	...	-8	7	-21	16	-20
Asia	...	62	-56	307	-34	-12
Other	...	242	16	-53	-81	909
		(In percent of total)				
Total, c.i.f.						
CIS	45	48	56	60	60	59
Russia	16	18	16	17	15	14
Uzbekistan	13	17	29	25	32	29
Other	17	13	11	18	13	17
Non-CIS	55	52	44	40	40	41
Europe	51	44	39	32	36	32
Asia	2	4	1	6	4	4
Other	1	5	5	2	0	5

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

Table 46. Tajikistan: External Debt, 1993-98

	1993	1994	1995	1996	1997	1998
(In millions of US dollars)						
Total debt	509	760	817	867	1,104	1,178
Bilaterals	368	540	587	594	582	543
Uzbekistan	101	179	200	200	171	153
Russia	209	281	292	288	291	288
United States	24	24	25	31	32	30
Turkey	0	20	23	23	26	26
Kazakhstan	18	19	19	19	19	18
Pakistan	0	0	6	12	14	14
China	5	5	5	5	6	6
India	0	0	4	4	6	6
Kirgistan	0	0	0	0	0	2
Switzerland	1	2	2	0	0	0
Other bilaterals 1/	11	11	11	11	17	0
Multilaterals	62	72	81	133	164	278
World Bank	0	0	0	30	53	91
IMF	0	0	0	22	30	95
EU	62	72	81	81	81	89
Islamic development bank	0	0	0	0	0	3
Asian development bank	0	0	0	0	0	0
Commercial credits 2/	79	148	149	141	359	357
Government guaranteed	74	127	128	75	67	65
Non-guaranteed 2/	5	21	21	65	292	291
(Share in percent of total)						
Bilaterals	72	71	72	68	53	46
Multilaterals	12	10	10	15	15	24
Commercial credits	16	19	18	16	33	30
(In percent of GDP)						
Total debt	129	157	230	141	155	134
Bilaterals	54	65	96	57	53	42
Multilaterals	9	9	13	13	15	22
Commercial credits	12	18	24	14	33	28
(In percent of exports) 3/						
Total debt	160	196	185	158	217	286
Bilaterals	115	139	133	108	114	132
Multilaterals	19	19	18	24	32	68
Commercial credits	25	38	34	26	70	87

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

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

2/ Break in data series in 1997.

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

Table 47. Tajikistan: External Debt Service, 1993-98 1/

	1993	1994	1995	1996	1997	1998
(In millions of US dollars)						
Total debt service due	18	38	130	174	52	34
Interest	4	19	28	49	12	11
Principal	15	19	102	125	40	23
Total debt service paid	1	0	0	0	34	30
Interest	1	0	0	0	5	10
Principal	0	0	0	0	29	20
(In percent of GDP)						
Total debt service due	2.7	4.6	21.2	16.8	4.8	2.6
Interest	2.2	2.3	16.6	12.1	3.7	1.8
Principal	0.5	2.3	4.6	4.7	1.1	0.8
Total debt service paid	0.1	0.0	0.0	0.0	3.1	2.3
Interest	0.1	0.0	0.0	0.0	0.5	0.7
Principal	0.0	0.0	0.0	0.0	2.6	1.6
(In percent of exports of goods and services) 2/						
Total debt service due	5.8	9.9	29.4	31.8	10.3	8.1
Principal	4.6	4.9	23.0	22.9	7.8	5.5
Interest	1.2	4.9	6.4	8.9	2.4	2.6
Total debt service paid	0.3	0.0	0.0	0.0	6.7	7.2
Principal	0.3	0.0	0.0	0.0	1.1	2.3
Interest	0.0	0.0	0.0	0.0	5.6	4.9

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

1/ Excluding commercial debt service.

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

Table 48. Tajikistan: Exchange Rates and U.S. Dollar Wages, 1993-99

	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
1994	...	155	244	99	105	98	112	18	99
1995	123	66	70	63	91	100	84	8	107
1996	296	18	18	18	204	251	166	9	157
1997	559	11	10	12	193	236	157	9	167
January	332	16	16	17	198	241	162	12	145
February	357	15	15	16	185	226	152	10	145
March	389	14	13	15	179	217	147	10	158
April	403	14	13	15	209	256	170	9	157
May	417	13	12	14	205	252	167	9	159
June	517	10	10	11	180	222	146	8	172
July	576	9	9	10	192	238	155	7	173
August	723	7	7	8	189	233	154	6	169
September	752	7	7	8	197	241	161	9	176
October	749	7	7	8	200	244	164	9	171
November	748	7	7	8	210	257	172	10	169
December	747	7	7	8	215	263	175	10	205
1998	786	9	7	12	222	248	201	11	138
January	750	8	7	8	216	265	176	10	165
February	753	8	7	8	220	270	179	9	165
March	754	8	7	8	221	271	181	10	174
April	754	8	7	8	225	275	184	10	170
May	754	8	7	8	216	264	177	10	170
June	754	8	7	8	206	251	169	12	182
July	754	8	7	8	196	238	161	12	179
August	754	8	7	9	196	232	165	12	156
September	754	12	7	20	247	236	258	14	77
October	799	12	6	20	244	230	256	12	71
November	875	11	6	19	242	232	252	11	71
December	977	11	5	21	236	216	257	12	74
1999	1197	10	4	21	220	201	240	10	61
January	998	11	5	22	231	208	254	11	52
February	998	11	5	23	229	207	250	11	52
March	1038	11	5	23	230	208	252	11	59
April	1128	11	5	23	233	208	259	10	58
May	1138	10	4	21	219	199	239	10	60
June	1287	9	4	20	199	183	214	9	67
July	1315	9	4	18	201	189	213	9	67
August	1436	8	4	18	...	207	...	9	65
September	1436	8	3	18	...	196	...	10	67

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

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/ May 1995=100. 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.