# TAJIKISTAN

| Table 1 | 2023 |
|---|---|
| Population, million | 10.1 |
| GDP, current US$ billion | 12.1 |
| GDP per capita, current US$ | 1189.0 |
| International poverty rate ($2.15)[a] | 6.1 |
| Lower middle-income poverty rate ($3.65)[a] | 25.7 |
| Upper middle-income poverty rate ($6.85)[a] | 66.4 |
| Gini index[a] | 34.0 |
| School enrollment, primary (% gross)[b] | 95.9 |
| Life expectancy at birth, years[b] | 71.6 |
| Total GHG emissions (mtCO2e) | 19.4 |

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2015), 2017 PPPs.
b/ WDI for School enrollment (2017); Life expectancy (2021).

*Tajikistan's economy grew at a blistering pace of 8.3 percent in 2023, fueled by private consumption and exports of precious metals. The outlook remains robust for 2024, supported by private consumption and public investment, while precious metal exports are expected to subside. To maintain rapid growth and convergence to higher income levels, Tajikistan will need to press ahead with ambitious structural reforms that support private sector-led job creation and enhance the efficiency of public service delivery.*

## Key conditions and challenges

Although Tajikistan has grown at more than 7 percent a year for the last decade, it remains the poorest country in the ECA region, with a GNI per capita of $1,210 (Atlas method) in 2022 and 12.4 percent of households living below the LMIC poverty line.

Tajikistan's potential remains fettered by barriers to market competition, weak institutions, and limited human capital. Productivity is low, and few jobs are created by the private sector. Tajikistan depends on labor migration, primarily to Russia, and on exporting natural resources, particularly metals and minerals, which account for two-thirds of its total exports.

The government's short and medium-term priorities involve removing barriers to the development of a dynamic private sector, improving transparency and accountability of the public sector for better service delivery, including in state-owned enterprises (SOEs), and taking measures to make growth more inclusive and increase resilience to climate shocks.

## Recent developments

Tajikistan's economy grew by 8.3 percent in 2023, supported by remittance-induced domestic demand and exports of precious metals. The economy experienced a broad-based expansion led by the agriculture sector, followed by industry, construction, and services. Poverty under the LMIC poverty line is estimated to have declined from 12.4 percent in 2022 to 10.7 percent in 2023. According to the Listening to Tajikistan survey, about 42 percent of households had a migrant member and the share of households receiving remittances rose marginally from 17 percent in 2022 to 18 percent in 2023. The reduction in poverty was also supported by growth in domestic real wages of more than 7 percent in 2023.

Tajikistan's current account surplus remained robust at 5.7 percent of GDP. While inward remittances fell after the peak in 2022, this was offset by rising gold exports of 9.5 percent of GDP (from 4.9 percent in 2022). FDI inflows remained muted at below 1 percent of GDP. Gross international reserves stood at US$3.6 billion (7.7 months of import cover) at end-2023, slightly below their level of US$3.8 billion at end-2022.

Consumer price inflation remained contained in 2023, at 3.7 percent on average. Low inflation was supported by limited depreciation of the local currency, administrative price controls, solid agricultural output, and a drop in fuel prices. The central bank gradually loosened monetary policy reducing the policy rate from 13 percent to 10 percent in 2023, and to 9.5 percent in February 2024.

The 2023 budget deficit is estimated at 1.4 percent of GDP, which is similar to 2022. Due to robust economic activity and better tax administration, tax receipts increased from 18.5 percent in 2022 to 19.2 percent

FIGURE 1 **Tajikistan** / Fiscal balance and public debt
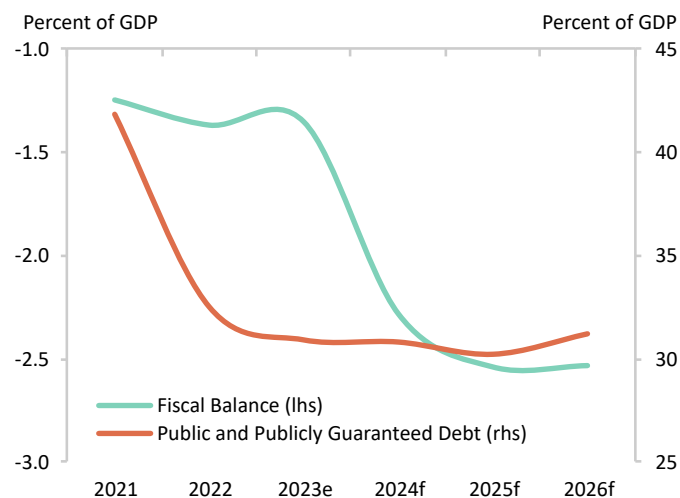


Sources: TajStat, Ministry of Finance, and World Bank staff estimates and projections.

FIGURE 2 **Tajikistan** / Actual and projected poverty rates and real GDP per capita
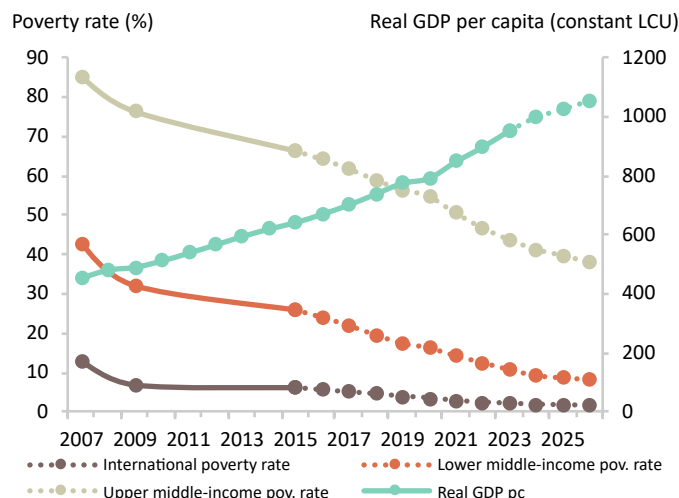


Source: World Bank. Notes: see Table 2.

of GDP in 2023. Budget expenditures increased from 28.5 percent of GDP to 30.8 percent, led by spending on energy, education, and communication. From July 2023, the authorities improved targeted social assistance to better identify vulnerable households and increased the amount of payments for households with more children. The budget deficit was financed primarily through external financing. Tajikistan is at high risk of debt distress (largely due to Eurobonds and IMF Rapid Credit Facility principal repayments in 2025-2027) but it is on a sustainable debt path in the medium term.

Although the banking sector has high capitalization levels, asset quality is relatively poor. At the end of 2023, the ratio of capital to risk-weighted assets was 21.3 percent, much above the minimum requirement of 12 percent. The share of nonperforming loans (NPLs) in total loans remains high at 12.7 percent at end 2023, and increased slightly from 12.2 percent at end 2022.

## Outlook

Tajikistan's economy is expected to grow at 6.5 percent in 2024, supported by private consumption as Russia's demand for labor migrants remains strong, as well as by continued growth in domestic real wages and higher public spending on infrastructure. The surge in gold exports observed in 2023 is expected to decline due to a high base effect. Poverty, at the $3.65 line (in 2017 PPP), is projected to decline from 10.7 percent in 2023 to 9.2 percent in 2024.

GDP growth potential is estimated at 4.5 to 5 percent in the medium term unless ambitious structural reforms are implemented. Inflation is expected to remain within the target range of 4 to 8 percent.

The fiscal deficit is expected to be capped at 2.5 percent of GDP over the medium term. The updated medium-term revenue program is expected to improve tax collection performance, including by phasing out inefficient tax exemptions. Spending on Rogun Hydro Power Project and other large infrastructure projects is expected to be financed by improving revenues, financing from development partners, and offsetting cuts to non-priority spending. The government plans to continue to raise the share of budget spending on social sectors, including enhancing targeted social assistance to better safeguard vulnerable population groups. The moderate projected fiscal deficit is consistent with debt sustainability considerations.

Several factors pose risks to Tajikistan's economic outlook. These include geopolitical uncertainty, slower-than-expected global growth and tighter financial conditions, the high contingent liabilities of the SOE sector, and the slow pace of structural reforms. Additionally, Tajikistan is highly vulnerable to climate change and natural disasters.

| TABLE 2 Tajikistan / Macro poverty outlook indicators | | | | | (annual percent change unless indicated otherwise) | |
|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023e | 2024f | 2025f | 2026f |
| **Real GDP growth, at constant market prices** | 9.4 | 8.0 | 8.3 | 6.5 | 4.5 | 4.5 |
| Private consumption | 4.3 | 15.7 | 4.7 | 3.2 | 2.9 | 2.8 |
| Government consumption | 4.6 | 12.6 | 13.0 | 7.9 | 3.8 | 3.8 |
| Gross fixed capital investment | 12.0 | 11.9 | 22.5 | 10.0 | 3.8 | 3.8 |
| Exports, goods and services | 55.4 | -24.0 | 49.4 | -20.4 | 5.7 | 4.2 |
| Imports, goods and services | 20.0 | 4.0 | 26.8 | -3.0 | 5.5 | 2.5 |
| **Real GDP growth, at constant factor prices** | 10.4 | 9.0 | 8.3 | 6.5 | 4.5 | 4.5 |
| Agriculture | -0.3 | -4.5 | 9.0 | 5.0 | 3.0 | 3.0 |
| Industry | 13.2 | 9.1 | 11.3 | 8.0 | 5.0 | 5.0 |
| Services | 14.1 | 16.7 | 4.5 | 5.4 | 4.6 | 4.6 |
| **Inflation (consumer price index)** | 9.0 | 6.6 | 3.7 | 4.7 | 6.0 | 6.0 |
| **Current account balance (% of GDP)** | 8.2 | 15.3 | 5.7 | 3.5 | 3.0 | 2.4 |
| **Net foreign direct investment inflow (% of GDP)** | 0.4 | 1.5 | 0.8 | 1.5 | 1.5 | 1.5 |
| **Fiscal balance (% of GDP)** | -1.2 | -1.4 | -1.4 | -2.3 | -2.5 | -2.5 |
| **Revenues (% of GDP)** | 26.7 | 27.2 | 29.5 | 28.7 | 28.0 | 28.0 |
| **Debt (% of GDP)** | 41.9 | 32.5 | 30.9 | 30.8 | 30.2 | 31.2 |
| **Primary balance (% of GDP)** | -0.4 | -0.6 | -0.7 | -1.5 | -1.7 | -1.8 |
| **International poverty rate ($2.15 in 2017 PPP)[a,b]** | 2.8 | 2.3 | 2.1 | 1.8 | 1.7 | 1.5 |
| **Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]** | 14.2 | 12.4 | 10.7 | 9.2 | 8.6 | 8.2 |
| **Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]** | 50.6 | 46.8 | 43.8 | 41.3 | 39.7 | 38.0 |
| **GHG emissions growth (mtCO2e)** | 2.7 | 3.1 | 4.1 | 4.4 | 4.9 | 5.3 |
| **Energy related GHG emissions (% of total)** | 42.6 | 43.2 | 44.0 | 44.8 | 46.0 | 47.3 |

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on ECAPOV harmonization, using 2015-HSITAFIEN. Actual data: 2015. Nowcast: 2016-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2015) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.