



LABOUR MARKET REVIEW

TAJIKISTAN

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2010

PREFACE

The European Union (EU) has established a Development Cooperation Instrument (DCI) for the period 2007-13 in order to assist with the eradication of poverty in the context of sustainable development in developing countries in Asia (including Central Asia) and Latin America (European Parliament and Council, 2006). The aims include pursuing the Millennium Development Goals and the promotion of democracy, good governance and respect for human rights and the rule of law. In Central Asia it replaces the Technical Assistance to the Commonwealth of Independent States (Tacis) programme for Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The EU has also engaged in the promotion of 'decent work' in its internal and external policies (including in neighbouring countries and in the development cooperation area); covering core labour standards, more and better jobs with social protection, equal opportunities and social dialogue (European Commission, 2006).

Meanwhile, the Ministry of Labour and Social Protection in Tajikistan asked the European Training Foundation (ETF) to prepare a joint study of Tajik labour market and migration trends. In line with the increasing importance of employment and migration issues in both Tajikistan and the EU's external relations policies and in response to the special request from the Tajik authorities, a research project for a labour market review and migration survey was implemented by the ETF in 2008-09 in close cooperation with the Tajik Ministry of Labour and Social Protection, which needed evidence-based information to adapt employment policies and labour market measures to socioeconomic requirements and design adult training programmes for general population and emigrants in particular. This report on the labour market is the first product of this project which combined a desk-based labour market review with a field survey of migration and skills in Tajikistan¹. A detailed literature survey was carried out and a thematic outline was developed to collect information and analyse selected labour market and related human capital issues.

A Tajik company, Socservice Information and Research Centre, was contracted to work together with the ETF on the project. A draft report was prepared by Jamshed Kuddusov, Socservice director and labour market and migration expert, and it was commented on by ETF experts (Jesús Alquézar, Manfred Wallenborn and Agnieszka Majcher) and peer reviewed by external experts from the ETF Editorial Board. Based on the comments received, Franca Crestani and Ummuhan Bardak worked together to finalise the report. The ETF and the team of local experts are very grateful to Subhon Ashurov, Deputy Minister of Labour and Social Protection of the Tajikistan Republic for his continuous support; to Davron Valiev, expert on labour market and social protection for his critical reading; and to the Labour Statistics Department of the State Statistics Committee (SSC) for providing labour force survey (LFS) data and information on methodological issues and potential uses and limitations. They also thank Umed Usoev, former Socservice director, who managed the project activities and provided excellent logistical support; and Zamira Komilova who provided comments on the report during her internship at the ETF.

The analysis underpinning the project was complemented by awareness-raising activities for key national stakeholders (e.g. Ministry of Labour and Social Protection, State Agency for Social Protection, Employment and Migration, State Statistics Committee and social partners), coordinated with other international actors in the field. A national workshop was held in Dushanbe on 2 June 2009 in order to present the draft country report to the key national stakeholders and discuss the main findings. The report was finalised after this workshop on the basis of comments received from key stakeholders during and after the workshop.

The findings of the report were drawn up in autumn 2008, before the financial and economic crisis began to affect Tajikistan, but a section on the impact of the world crisis on the Tajik labour market was added at the end of Chapter 5 in autumn 2009 to reflect recent developments (see Section 5.5).

¹ A report on migration and skills in Tajikistan will follow, including key findings of the field survey which was conducted with 2,000 respondents (downloadable from the ETF website: www.etf.europa.eu).

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EXECUTIVE SUMMARY

The Republic of Tajikistan, a former USSR republic, proclaimed its independence on 9 September 1991. According to Article 1 of its Constitution, it is a sovereign, democratic, law-governed, secular and unitary state. As a mountainous landlocked country in Central Asia, most of its population belongs to the Tajik ethnic group who speaks the Persian language (officially referred to as Tajiki). When the USSR collapsed in 1990, the country was the poorest of Central Asia, with a gross domestic product (GDP) of TJS 7,125 million at 2002 values (USD 2,577 million), and per capita income of TJS 1,106.8 (USD 400.3). A total of 2,308 industrial enterprises were in operation, and industry's share of GDP was 25.7%, compared to 36% for agriculture. The level of socioeconomic development was sustained by a high employment rate for the working-age population (78%) and high educational level of the workforce. In 1989, 87.7% of the employed population had professional education (total graduates of vocational, post-secondary and tertiary education, equal to ISCED 3-5) (SSC, 1991).

A programme started in the 1970s for the development of the South Tajik Territorial and Industrial Complex, with the Nurek hydropower plant at the heart of its power grid. This programme contributed to the socioeconomic development of the country. This was further strengthened by the construction of the powerful Rogun hydropower plant and similar plants at the Vahsh waterfall, the construction and commissioning of the Tajik Aluminium Smelter, the development of the chemical and mining sectors, the machine-building industry and metal-working production sector. The agricultural sector developed too due to the construction of major water facilities, including irrigation canals and water reservoirs as well as integrated irrigation and energy generation systems. In the period 1960-91, the total irrigated land area increased from 427,000 to 612,500 ha, representing 69.5% of total arable lands (SSC, 2006c). By the late 1980s, a stable production capacity had been developed in Tajikistan, supported by qualified blue and white-collar workers representing virtually every ethnic group and nationality of the USSR.

Employment problems existed even in the Soviet period of Tajikistan despite high employment rates for the working-age population. The core of the problem was high labour force growth, fuelled by the entry into the labour market of a rapidly growing young generation. Due to the demographic dynamics, the professional education system could not absorb even half of all secondary school graduates. Some serious mistakes were also made in the area of labour force training and management. While implementing socialist principles of labour division and distribution at the decision-making stage, there was a failure to train enough Tajik workers and technicians, and as a result, ethnic labour outflows (especially Russians) in the early 1990s led to a significant loss of human capital.

Furthermore, the adoption of legislation on the state language (from Russian to Tajiki) and the outbreak of civil war which lasted from 1992 to 1997 involving various factions fighting one another (often distinguished by clans) caused a large-scale departure of the Russian-speaking population. With the ensuing years of political instability and economic crisis, about 443,800 people permanently left the country in the period 1989-2000; of these, 30% were highly skilled blue and white-collar workers (Faudel et al., 2006).

Since the end of the war, newly established political stability and foreign aid have helped the country's economy to grow. Trade in commodities such as cotton and aluminum wire has contributed greatly to this steady improvement. Despite the significant economic growth of the last decade (8% annual average until 2009), however, Tajikistan continues to face serious employment challenges. The country has a poor record in terms of decent job creation and has experienced significant employment contraction. With declining production and redundancies, the informal economy has developed apace where most new jobs created are low-quality and low-paid. Steadily decreasing activity rates have led to serious poverty, with the weight of subsistence agriculture and small-scale self-employment activities expanding as one coping strategy. At the same time, the quality of education has deteriorated considerably, investment in human resources has fallen and the training needs of individuals and the economy have changed. In their search for work and higher standards of living, many people have emigrated. Given the poor employment opportunities in the country, the remittances resulting from migration have become a significant element in the survival of many individuals and households.

Against this background, the report includes five thematic chapters for the analysis of the Tajik labour market over the last two decades. Chapter 1 reviews data sources and presents key demographic and labour market indicators. Chapter 2 reviews the Tajik human capital development system and recent trends to portray the interaction between education and employment. Chapter 3 focuses on the economic restructuring and changing employment patterns, including basic macro-economic trends, newly growing economic sectors and the informal economy. Chapter 4 tackles labour migration, which has become a major phenomenon under the economic difficulties associated with the transition period, limited employment opportunities and low wages. Chapter 5 deals with the employment policy framework, including an assessment of the active and passive labour market policies implemented, the business environment and investment climate, labour legislation, and a special section on the impact of the recent economic crisis on Tajik economy and labour market. Policy conclusions and recommendations end the report.

Using available data (in particular the Census 2000 and Labour Force Survey 2004), it can be stated that Tajikistan belongs to the group of countries with rapidly growing populations. According to the 2007 figures, it has a population of 7.2 million, with 2.1% annual growth rate (SSC, 2007c). The high birth rate has affected the age structure of the population, in particular the rapidly increasing share of young people in the 1980s baby-boom. In fact, the growth rate of the working-age population considerably exceeds the growth rate of the labour force. There is a need to create a minimum of 150,000 jobs annually in order to preserve the level of employment of the population and absorb the increase in the working-age population. The average annual rate of employment growth consequently needs to be at least 7%. To date, however, the average annual rate of employment growth, at a mere 0.9%, is eight times less than necessary.

Another important feature is the high share of rural population. In 2007, 73.7% of the population lived in rural areas, while the urban population constituted only 26.3%. There has been an ongoing process of de-urbanisation since the early 1990s. De-urbanisation is the result of de-industrialisation of the economy and the consequent sharp reduction in job opportunities in industry, mainly concentrated in urban areas. The ongoing de-industrialisation has resulted in unemployment, a concentration of the bulk of labour resources in agriculture, an increased share of manual labour and reduced use of technical equipment. The transition period and poor living standards have also introduced new phenomena like child labour. According to data from the LFS 2004, 2.7% of children aged 12-14 worked the full working week (40 hours) as hired labour. It is most frequent in villages, with 97% of working children living in rural areas.

The labour force participation rate is relatively low (51.7% in 2007) in Tajikistan. In the period 1998-2007, the working-age population increased by 41%, whereas the labour force only increased by 19%. This explains why the labour force participation rate has fallen from 61% to 51.7%. The activity rate for men is traditionally higher than for women. For women, caring for children is the main obstacle to participation in the labour force. The general unemployment level is relatively low (2.3% registered unemployment in 2007, 7.4% in the LFS 2004) and is falling, mainly because of labour emigration and/or inactivity on the labour market. Unemployment rates for the urban population (17.8%), young people aged 15-29 (19.2%) and women (8.5%) are higher. The reason for high unemployment among young people is a lack of work experience and vocational skills. Only 25.4% of the unemployed (only 15.8% of women) received vocational education. The general unemployment level for women aged 30-44, when they typically have small children in their care, is almost double that for men in the same age group.

In the period 1991-2007, the quality of the labour force sharply worsened, mainly as a consequence of a deterioration in the education system following the independence of Tajikistan. Public expenditure for education as a proportion of GDP fell 3.6 times.

Nonetheless, the Soviet educational heritage still ensured almost full literacy. A sharp decrease in funding for education partially accounts for the decline in quality in school education, low levels of attendance at schools and a worsening of the school infrastructure. The risk of illiteracy among children from poor families and girls in rural areas is growing and functional illiteracy is increasing. Although since 2005 funding for education has been increasing, it has not solved the problem of quality. The education sector pays low wages, and this is a main cause of the decline in teacher professionalism in secondary schools and in vocational education (where wages are even poorer than in secondary education). This has led to a brain drain of a considerable proportion of highly qualified teachers.

Problems in education have affected the level of professional education of the population. Between the 1989 and 2000 censuses, the professional education level of the population fell 1.5 times. Difficulties associated with the transition period also had a negative impact on the quality of the labour force: only 27.6% of the labour force (36.5% males and 15.4% females) have had some kind of vocational and/or technical education, including all the graduates of vocational, post-secondary and tertiary education (ISCED 3-5). The current system of vocational education can only provide training for around 45% of the young people entering the labour market. Inadequate vocational education coverage was a problem in Tajikistan even when it was part of the USSR (especially in the 1980s) and in the 1990s. This problem remains and is further aggravated by the decline in the quality of education. An imbalance has developed regarding the vocational training of managers: the share of students has sharply increased in tertiary education but decreased in initial vocational education. The ratio of trained specialists with tertiary, special secondary and initial vocational education is 2:1:2.

The reduced number of entrants in initial vocational training is a result of the de-industrialisation process and the reduction in the number of places available for practical training. A high dropout level is also observed in the vocational education system. The main reason is poor progress by students, who are frequently expelled for poor marks or missed classes. Students do not study well because they choose their courses randomly: there is no system of career guidance and vocational counselling, and the deliberate choice of a future profession is very infrequent. Besides, many young people aged 17-18 enter tertiary institutions to avoid the two-year compulsory military service. It is not the profession which is important but the fact of being admitted to a tertiary institution. As they are not familiar with the situation in the labour market, they typically want to become economists rather than qualified technicians/ specialists. Tertiary education is preferred over initial vocational training.

Since 2000, private and non-profit training institutions have appeared in Tajikistan, resulting in greater flexibility in the education sphere. Groups willing to pay for their education also have emerged in tertiary education. For some reasons the state only supports tertiary education students, paying stipends and providing them with

dormitories; no stipend is envisaged for initial vocational education students and existing professional-technical school (PTU) premises are not repaired. Entry to tertiary education for specialties which are in great demand among young people (e.g. economics, law, taxation, customs, medicine) is often on the basis of unofficial payments. The learning process also often involves informal fees for tests and exams, irrespective of whether the course is free or otherwise and whether or not the student has the knowledge. As a result, young specialists graduating from schools very often have a low level of knowledge and practical skills.

An analysis of the Tajik education system also indicates a serious gap between secondary general education and vocational training. No subject in secondary school covers the provision of information on the labour market. After secondary school, few young people choose a profession deliberately and in an informed way. The analyses of training specialties and trends in the vocational education system show that it reacts quickly enough to the decline in demand for some professions, but responds very weakly to emerging demands. That is why training large numbers of specialists who are not required in the economy results in an unemployment problem for the graduates of vocational institutions. The vocational education system needs a review of priorities and real needs of the labour market, including an assessment of labour market demands, forecasting labour market developments and identifying training needs. This requires the development of a material and technical basis for professional education and an upgrading of the quality of education. Employers themselves need to be involved in this process as the main beneficiaries of the outcomes of vocational training. They can play an important role in creating standards for professional education, developing curricula and organising practical learning.

In the period 1991-98, practically all branches of the Tajik economy (with the exception of aluminium production) collapsed on an unprecedented scale, all with sinking production volumes. Correspondingly, wages, incomes and living standards also fell and poverty became widespread. From 1998 onwards the economy picked up and by 2009 clear progress in economic development was evident (8% annual average, 3% in 2009 due to the crisis). However, economic indicators in the last decade have still failed to reach 1989 levels, and GDP per capita is still one of the lowest in the region (PPP, USD 1,600). Structural changes have taken place and traditional branches of the economy that dominated before 1991 have lost ground, especially light industry. Non-ferrous metallurgy and power engineering have come to the forefront and the food industry has retained its position in the industrial production structure. Import volumes have exceeded export volumes as a consequence of declining production. Mainly raw materials are exported, and industrial and agricultural goods processing is very limited.

Structural changes in the economy are mainly the result of a reduction in production volumes in leading economic sectors. The process of privatisation in the country has led to a growth in employment in the private sector (52%) and a reduction of employment in the public sector (25%).

This increase in employment in the private sector is mainly due to the development of farming and the cultivation of personal subsidiary plots. In the last decade, employment in agriculture has increased substantially reaching to 67% of total employment (23% of GDP) in 2007, while one-third of industrial jobs were lost, industry ending up with 5.3% of total employment (24% of GDP). Construction has around 3% of the employment share, while services constitute 25.3% of total employment (52.8% of GDP). Meanwhile, the share of waged labour has been stable while the number of non-waged workers doubled the number of waged workers. Low wages have led many people to take up a second occupation, with the result that secondary employment is growing steadily.

In the last decade job creation has lagged 3.5 times behind working-age population growth. Although the state has undertaken steps to develop sectors of the economy, an analysis shows that various development programmes are not linked with important indicators like the number of jobs created. In general the informal economy has expanded, reaching to 53.3% of total employment (42.3% females), partially in response to state policies. Although gradual recovery and growth in production volumes has been observed in industry and construction, this progress is achieved not by creating new jobs but by enhancing labour productivity and reducing the number of workers. Production capacity of industry is only a third of full capacity and the low level of aluminium, cotton fibre and agricultural processing considerably hampers employment growth in these sectors. Increasing the use of production capacity could help take advantage of abandoned worksites, but the exact number of such sites remains unknown.

The increasing importance of agriculture is due to the creation of new jobs there but these are not productive due to low wages in the sector. The establishment of a multitude of small farms has considerably decreased the need for many narrow profile specialists (e.g. agronomists, animal technicians, accountants). Farm heads are supposed to become multi-profile specialists and, given the robust growth in the number of farms, to stimulate a need for training for a new profile specialist, the farmer-entrepreneur. So far this has not been the case: a surplus of labour in rural areas and poor payments have not stimulated any upgrading of the level of professionalism among rural workers. Furthermore, high population growth normally stimulates an increase in the number of education and healthcare jobs, but in practice this has not happened. Instead teacher and doctor workloads have increased and low wages in those sectors have also led to a shortage of specialists. Communication, transportation and construction are the only sectors in which some growth in the number of new jobs has been observed.

Thus job creation is the most pressing issue in Tajikistan, given the high population and labour force growth and declining quality of the labour force. Since the early 1990s, external shocks such as the collapse of the USSR, the severance of economic ties and the civil war of 1992-97 served as catalysts for migration. The activation of migration processes has led to changes in the ethnic

composition of country. The main migration trends in the early 1990s were based on the repatriation of ethnic groups and forced migration caused by the civil conflict; in 1994-98 this changed to a labour migration pattern. In the last decade, labour migration has become a key structural characteristic of economic and social life. Deteriorated living standards, low wages and unemployment have contributed to the acceleration of migration outflows, mostly on a seasonal basis. According to varying statistics, from 400,000 to 800,000 people (mostly young men) have emigrated, 85% of them to Russia, followed by Kazakhstan. Estimates of emigrants amount to 1 million, which might be one-third to half of the country's 2.2 million labour force.

Labour migration serves as a political stability factor as, otherwise, extreme poverty could lead to increased social and political tensions in Tajikistan. It acts as a valve decreasing pressure in the Tajik labour market, reducing the unemployment level almost threefold and increasing employment among the working-age population by 15% (LFS, 2004). Migration as a whole has both positive and negative effects on families. The positive factors of working abroad reported by emigrants included better paid work and an ability to meet the needs of the household (50.7%), learning foreign languages and new work skills (34.5%), earning more money than at home (4.3%), and being able to purchase property. Only 0.9% of respondents, however, felt independent enough to start their own business or look for a new job. It has created a market in construction services, air and automobile transportation services, banking services and trade, and an improvement in work ethics and professional standards among migrants.

The negative effects of migration involved divorce (40.5%), families making decisions without the migrant's knowledge (19%), the impossibility of finding well-paid jobs at home (2.9%), and missing out on raising children (2.9%). Most migrants are married or single men, resulting in a problem for women of marrying age and family problems. There has been an increase in the number of migrants abandoning their families and failing to send money, with the result of growing number of single mothers. Furthermore, migration draws from the most active age group (20-45 year-olds) having the highest labour productivity. Although the negative impact of this factor was mitigated by a lack of demand in the country, a trend towards the need for skilled workers is becoming more pronounced. Migration also leads to loss of human capital (deterioration of professions and qualifications) when migrants abroad work outside their specialisation. They are vulnerable to labour exploitation and political manoeuvring and often associated with drug trafficking. Finally, labour migrants are currently the main source of various sexually transmitted diseases brought in from abroad, particularly AIDS.

Annual remittances have reached to USD 1,700 million in Tajikistan, constituting 47% of GDP. This has tremendous impact on reducing the poverty of many households, though the state does not have effective leverage in

terms of regulating labour migration. More than half of labour migrants have neither specific professions nor skills, and most of them do not feel the need for training. The system of vocational training could be partially reoriented towards meeting migrant needs (including returnees to certify their skills acquired abroad). Investments in the professional training of migrants could substantially increase the wages of migrants as professional workers. Considering the seasonal nature of migration and the high numbers of returning migrants, trained migrants on their return would be able to find jobs at home. As Tajik labour migration is almost exclusively to a single destination, Russia, this increases dependency on the policies and economic situation there. It is therefore important to focus more intensively on creating jobs in Tajikistan itself.

The employment policy framework is shaped by Law No 44 on Facilitating Employment (2003) and the Tajik Labour Code of 1997 in Tajikistan, executed through the Ministry of Labour and Social Protection, and its affiliated structure, the State Agency for Social Protection, Employment and Migration, which includes the public employment services. The ministry has also two institutions: the Centre for Professional Orientation and the National Centre for Adult Education. In 2006, the Tajik government approved an Employment Promotion Concept Paper for 2006-12 in which three priorities were identified: strengthening active labour market policies; improving the structure of professional training and retraining; and increasing employment rates in the economy. Then a Programme for the Promotion of Employment for 2008-10 was adopted, and a Concept Paper for the Creation and Retention of Jobs for 2008-15 approved in 2008. According to the World Bank's Doing Business indicators, however, Tajikistan continues to rank close to the bottom for most indicators, ranking 153rd among 178 economies.

In 2007, USD 1.9 million were earmarked for public employment services (PES), with 30.8% envisaged for maintenance, 21.1% for unemployment aid, 11.7% for organisation of community work, 11.6% for professional training of the unemployed and 24.8% for micro-credits. The Public Employment Service registered 60,500 people in the same year, 51,740 recognised as unemployed; of these, over 24,500 people (40.5%) were employed directly through the Public Employment Service; 6,780 people (11.2%) received vocational training, 5,230 people (8.6%) received professional orientation, 18,970 people (31.35%) were assigned to public work and 1,600 people (2.6%) received micro-credits (SSC, 2007c). With its 582 staff, spending on active measures amounts to 48% of the total budget. The impact of the recent economic crisis was felt relatively late in the country and the volume of remittances fell by one third although there is no significant sign of mass return (only in 2009, with 3% estimate of economic growth). Therefore, more active measures might be needed for employment, in particular in the field of entrepreneurship training and business support services (including micro-finance and credits).

1. DATA SOURCES AND KEY LABOUR MARKET INDICATORS

1.1 DATA OFFICIAL SOURCES

Prior to implementing this comprehensive study, data sources were reviewed. Several sources were used, including official sources such as censuses, labour force surveys and official statistics. Alternative sources such as assessment of the poverty level and findings of various types of research were also used (see Section 1.2). All official sources mentioned in this report are funded by the Tajik government. The main statistical body is the State Statistics Committee (www.stat.tj). Data on registered unemployment, vacancies and active and passive labour market programmes are collected and provided by the Public Employment Service (the State Agency for Social Protection, Employment and Migration under the Ministry of Labour and Social Protection).

1.1.1 POPULATION CENSUSES

The fieldwork for the population Census 2000 was carried in January 2000 as the first national census of the Tajikistan population following the proclamation of independence. The previous census had been carried out in 1989 when Tajikistan was part of the USSR. The main objectives of this latest census were to obtain true information about the fundamental socioeconomic changes that had taken place in independent Tajikistan and to create a demographic and socioeconomic database with details of population, nationalities, languages, family composition and population distribution by age, gender, citizenship, education, means of subsistence, occupation, social status, migratory activity, etc., both for the country as a whole and for its administrative and territorial divisions. During the census, information was obtained on more than 6 million citizens of Tajikistan and citizens of other countries who were in Tajikistan on the date of the census. The next population census is scheduled for 2010.

1.1.2 LABOUR FORCE SURVEYS

Description

A first LFS was conducted in Tajikistan in July 2004, the only comprehensive and detailed labour force assessment made to date by the State Statistics Committee, with World Bank support and funding from the Trust Fund for Statistical Capacity Building (SSC, 2005a). The next LFS was planned for 2009, but due to the lack of funds it could not be conducted at the end. Covering 4,000 households,

the LFS 2004 collected the most detailed information on the Tajik labour market in transition. The LFS divides the working-age population into three mutually exclusive groups – the employed, the unemployed and the economically inactive (not in the labour force) – and provides descriptive and explanatory data on each. The methodology and terms used in the survey were developed based on guiding documents and ILO recommendations, resolutions of international conferences, labour statistics, experience with developing questionnaires of the Russian Federal Service of State Statistics and national legislation. Standard ILO questionnaires were adapted for the purposes of conducting the survey. LFS data are used to calculate the unemployment rate as well as other standard labour market indicators such as the employment and labour force participation rates. The LFS also provides employment estimates by employment status, type of economic activity, occupation, formal and informal sector, hours worked, reasons for temporary absences, etc., all cross-classifiable by a number of demographic characteristics such as gender, age, educational attainment and place of residence (urban versus rural). Estimates are produced for Tajikistan as a whole and most estimates are also calculated for the five regions (Dushanbe city, Khatlon and Sogd provinces, the Gorno-Badakhshan Autonomous Province (GBAO) and the Rayons of Republican Subordination. The LFS 2004 was not aimed at collecting data on wages and incomes.

Target population

The survey was targeted at households and members aged 12-75, living in urban and rural areas in all five main regions of Tajikistan. People permanently living at certain addresses were considered to belong to households. Besides permanent residents, the following people were also included into the composition of households:

- people temporarily working in other Tajikistan regions or abroad, irrespective of duration;
- people in prison or detained for up to 30 days;
- military personnel, whether conscripted, contracted or called up for periodic military service².

Data regarding the economically active and non-active populations, and employment and unemployment are given for the 15-75 age interval. People aged 12-14 were selected to collect information on child labour.

² Data on people in the military were obtained from other members of their households.

Survey method

Data were collected directly from survey respondents (all adult members of the selected households aged 12-75). Interviews were conducted by a field interviewer by means of personal visits to each household.

Sampling

The selection of households was based on the territorial structure of Tajikistan and selection was done separately for urban and rural areas. A two-stage probability selection strategy was used. Lists of populated areas were made that included 58 districts, 34 urban settlements, 173 rural jamoats (local self-governance bodies or, in rural areas, villages) and 175 villages were covered by the survey. A total of 4,000 households were selected, 1,408 households in urban areas (35.2%) and 2,592 households in rural areas (64.8%). Geographically the LFS covered the whole country.

Main definitions

Economically active people: people of either sex aged 15-75 who furnish labour for the production of economic goods and services over a specified time-reference period. Since the Tajik LFS uses a short reference period of one week, the definition of the economically active population corresponds to that for the currently active population, or, equivalently, the labour force (as opposed to the usual active population measured for a longer reference period such as a year). The currently active population (or labour force) comprises all people who fulfil requirements for inclusion in the employed or unemployed populations as defined below.

Employed people: people aged 15-75 who, during the reference period, satisfied the following conditions: (i) they were hired to perform some work (at least one hour a week) for reward in the form of money or barter, or were not hired but performed work in return for profit or income, irrespective of the terms for receiving a reward or income for their activity; (ii) they were temporarily absent from work due to illness or accident, having to care for sick persons, annual leave or days off, compensatory leave or holidays, compensation for overdue work or work on holidays (weekends), work under a special schedule, on call, legal maternity leave (to the age of 1.5 year for the child), training, out-of-service training, leave for studies, leave either with or without maintenance costs under the initiative of administration, and other similar reasons; and (iii) they worked in an enterprise owned by a member of the household or a relative. Employed people in households were considered to be those doing work associated with the production of goods and services, including the products of agriculture, forestry, hunting, and fishery as well as their processing if the products were produced for sale in the marketplace. The following were excluded from the classification of paid work and income-generating occupations: (i) studies at a military college, post-graduate studies, daytime courses for

doctoral degrees; (ii) the production of products in the household for the household's own end use; (iii) household work such as cleaning, cooking, sewing, repairing and keeping clothes for members of the household, parenting and taking care of the elderly or sick members of the household; (iv) services provided voluntarily for free to people or charity organisations, parents' committees, veterans' committees, hospitals, orphanages, elderly people's residences, etc.; (v) shareholding in an enterprise or venture without direct participation in its economic activity; and (vi) begging (even if income generating).

Unemployed people: people of working age (males aged 15-62 and females aged 15-57) who, during the considered period (the previous week) met the following criteria: (i) they had no job, earnings or gainful occupation; (ii) they were seeking employment by applying to the state employment service and other similar services, placing ads in newspapers, applying directly to employers and using other methods including setting up their own business; and (iii) they were willing and able to start work in the course of the surveyed week. Schoolchildren, students, pensioners and invalids of working age were considered to be unemployed if they were seeking work and were willing and able to start work. People of working age were considered to be unemployed if, during the referred period they did not have a job but (i) had agreed a starting date for a job (within two weeks of the reference period) and were no longer seeking work; (ii) were willing and able to start work but were not seeking work because they were expecting an answer from a potential employer (the waiting period should not be more than a month); and (iii) were willing and able to start work but were not seeking work because they were awaiting the beginning of the season (the waiting period should not be more than a month).

Economically non-active people: people aged 12-75 not considered to be economically active or unemployed in the period under consideration. The economically non-active population meets the criterion of seeking and being ready to start a job. They are grouped as follows:

- people who expressed their willingness to work in a paid job and who were seeking a job in the considered period, but who were not ready to start working;
- people who expressed their willingness to have a paid job but who were not seeking a job in the considered period because they despaired of finding a job;
- people younger than the working age (i.e. 12-14 years) who expressed their willingness to have a paid job, were seeking a job in the considered period and were ready to start working;
- people older than the working age (women aged 58-75 and men aged 63-75), who expressed their willingness to have a paid job, were seeking a job in the considered period and were ready to start working;
- people who expressed no willingness to have a paid job.

Informally employed people: people who were occupied during the surveyed period at least in a production unit in the informal sector, irrespective of their status and whether this job was their source of primary or additional employment. The criterion of a lack of state registration as a legal entity was adopted as the criterion for defining informal sector units. Informal sector enterprises are considered to be household or non-corporative enterprises, carrying out the production of goods and services for sale in the market and without legal status. The population involved in the informal sector includes the following:

- people involved in an entrepreneurial activity on an individual basis or without legal status, irrespective of whether or not they are registered with the state as individual entrepreneurs;
- people working on *dehkan* farms³ not registered as legal entities;
- people hired by physical persons or individual entrepreneurs;
- people involved in household and personal subsidiary plot production of goods and services, including agriculture, forestry, hunting and fishing produce if produced for sale in the market;
- people helping family members, working on rented lands and producing agricultural products.

Used during the development of data for the survey by sectors and types of activity were the following: the International Classification of Employment Status; the Classification of National Economic Sectors of the former USSR (code level); the Tajikistan All-Republican Classification of Types of Activity (class level); and the International Standard Classification of Occupations (ISCO-88).

1.1.3 OTHER OFFICIAL STATISTICS

Labour market data sources primarily include official publications of the State Statistics Committee, namely annual statistical reports. The State Statistics Committee also conducts annual surveys on the income and expenditure structure of households and publishes sector-specific statistical collections (e.g. Regions of Tajikistan, Education in Tajikistan, Industry in Tajikistan, Agriculture in Tajikistan, Labour and Employment) and a range of other statistical collections. Statistical data are collected in forms approved by the State Statistics Committee. There are a number of statistical reports on labour (monthly, quarterly and annual). Each of these sources contains many indicators measuring or assessing economic activity, employment and registered unemployment, the training of managers and wages.

Unfortunately, there is a time lag in the publication of official statistics and currently available officially published statistics only provide data on population, labour

resources and the employed for 2007 (2008 data will only be published at the end of 2009). That said, however, there is data available from the employment service regarding the registered unemployment rates for 2008. In general, the terminology used in statistics corresponds to international definitions. In official statistics publications, indicators for the economically active and non-active populations, the employed and the unemployed are given for the working-age population as defined by Tajikistan legislation, as follows:

- males aged 16-59, females aged 16-54;
- males aged 15-59, females aged 16-54;
- males aged 15-60, females aged 16-55;
- males aged 15-61, females aged 16-56;
- males aged 15-62, females aged 15-57.

However, there are unconsidered aspects in the official statistics. These include employment based on age/sex groups, professional and educational level of the employed, full and partial employment, level of total employment, employment in the informal sector (in particular, on personal subsidiary plots), external and pendulum migration, reasons for the unemployment of the population and child labour.

1.2 DATA ALTERNATIVE SOURCES⁴

1.2.1 LIVING STANDARDS SURVEYS (1999, 2003, 2007)

Other data sources were two Living Standards Surveys conducted by the World Bank in Tajikistan in 1999 (2,000 households) and 2003 (4,156 households). A third assessment was carried out in 2007 and its main findings have been presented at the beginning of 2009. Such large-scale surveys pay a great deal of attention to employment issues and assess the level of unemployment and so are interesting from the point of view of qualitative analyses.

1.2.2 SHADOW ECONOMY SURVEY (2006)

Description

Assessment of the shadow economy in Tajikistan drew on the United Nations Development Programme (UNDP) shadow economy survey published in 2007 within the framework of the preparation of the National Report on Human Development in Tajikistan. The publication in question cites general estimated figures on informal employment along with a number of indirect indicators. The report also provides data assessing labour capacity, employer needs for specialists and employer attitudes to

³ *Dehkan* farm is a form of free entrepreneurial, independent economic entity on private property (in the form of a legal entity or not), set up by a family or individual citizen. It produces, processes, stores and sells agricultural products and uses land and other means of production which are its own property, for lifelong inherited use or leased. It is one of four types of farm definitions used by the State Statistics Committee – *kolkhozes*, *sovkhazes*, *interfarm* enterprises and *dehkan* farms (see definitions under Table 32, p. 53).

⁴ Only selected data sources are presented here. Most are funded and coordinated by international organisations. Access to micro-level raw data is usually limited.

the quality of training for specialists. These data are interesting from the point of view of qualitative analyses. The survey was conducted by the Tajik Sharq Research Centre in the period 1-21 August 2006, using a standard questionnaire. The goals of the research were to assess the scale of the shadow economy and identify the main reasons promoting or hampering the expansion of the shadow economy.

Target population

The data were obtained by polling senior managers in 500 officially registered enterprises and 6,534 adult members of 1,000 households distributed throughout all the regions of Tajikistan.

Survey method

Data were collected directly from survey respondents in personal interviews conducted by field interviewers at households and enterprises. Senior managers answered questions about the conditions for entrepreneurship, compliance with tax legislation, labour capacity, capital investments, level of cost effectiveness and efficiency of production, requirements in terms of managers, etc. Private individuals were surveyed regarding their main sources of income, methods of payments and types of occupation.

Sample

The surveyed enterprises represented all branches of the economy that contribute to GDP.

1.2.3 SCHOOL-TO-WORK TRANSITION SURVEY (2007)

Description

The objective of this survey⁵ is to fill in the gap associated with the lack of comprehensive research into youth employment in Tajikistan and to provide further support to national institutions and organisations working on the development of youth employment policies. The survey is a statistical tool created by the ILO to support countries in the development of youth employment policies and programmes. It enables an analysis of both the qualitative and quantitative values determining the comparative ease or difficulty with which young people make the transition from school to work. These values include education and training, understanding and seeking employment, the search for employment, barriers and support in accessing the labour market, advantages of employment and self-employment, employer attitudes to young workers,

and working conditions and remuneration. The analysis and recommendations presented in the report are based on the results of a quantitative School-to-Work Transition Survey conducted in Tajikistan in July and August 2007 by the Centre for Strategic Research attached to the President of Tajikistan and commissioned under the ILO International Programme on the Elimination of Child Labour (IPEC) project. The survey included male and females from the following groups of respondents: young people at school, young people in search for employment, young employees, self-employed young people and both unschooled and unemployed young people. In its qualitative and quantitative research the survey also included a group of respondents representing employers.

Target population

People aged 15-25 living in households were surveyed.

Survey method

Data were collected directly from survey respondents in interviews conducted by field interviewers in personal visits to each household. The main survey was preceded by a survey of quality parameters and by employer focus group discussions whose results were used to adapt quantitative survey questionnaires. This information was stored in a database which enabled public opinion on a wide range of issues – education, labour market status, youth aspirations, job opportunities, problems of child labour, etc. – to be identified.

Sample

The quantitative survey (based on questionnaires) was carried out in six regions (28 cities and districts of Tajikistan). It covered 2,690 households and 4,332 respondents. For the random survey on education to work transition by young people aged 15-25, young people living in the households were selected, because at that moment the most accurate information on young people was available in the database on the study of economic activities of the population. Sample selection for the survey was carried out as follows:

- creation of a selection plan for urban and rural areas;
- grouping of young people by gender and age (15-19 and 20-25 year-olds);
- selection in accordance with the plan;
- preparation of lists of selected young people and their addresses;
- development of the electronic questionnaire.

At the district level, the simple selection method was used.

⁵ The results of this survey have not been officially published as yet.

1.2.4 SURVEY ON MIGRATION AND DEVELOPMENT (2008)

Description

The survey was conducted by the Sharq Research Centre as part of an ILO project. This research was the first study aimed at assessing the situation in regard to returned migrants and the brain-drain problem.

Target population

The survey targeted returned migrants, employers, university graduates and experts representing different organisations.

Survey method

The data was collected through personal interviews and the organisation of focus group discussions. The snowball method⁶ was used to recruit returned migrants as respondents from all the administrative regions of Tajikistan.

Sample

Questioning was done as follows: a poll of 1,000 migrants who had returned to Tajikistan between 2003 and 2007; five focus group discussions with returned migrants in different regions, two focus group discussions with representatives of local authorities and businessmen and three focus group discussions with university graduates who had graduated between 2003 and 2007; a survey of 100 employers (selected on the basis of a quarterly random selection by region, type of production activity and the number of workers); and focused interviews with representatives of ministries and agencies, international organisations, local authorities and the Tajik Diaspora.

1.3 DEMOGRAPHIC AND LABOUR TRENDS

1.3.1 DEMOGRAPHICS

According to the State Statistics Committee, the permanent population of Tajikistan amounted to 7,215,700 people as of the beginning of 2008. In the period 1991-2007, the population grew by 1,710,100 people, representing an increase of 31%. Between 1998 and 2007 the average annual population growth rate was 2.1%, whereas the natural population increase rate was 23.3 in 2007. Between the last two population censuses (1989 to 2000), Tajikistan's population grew by 20.3% (SSC, 2005b). The natural population increase rate has been high in Tajikistan as a result of its high birth rate. This indicator remains among the highest in the Commonwealth of Independent States (CIS). Over the last 15-16 years, there has been a drop in the population growth rate in comparison with previous years. Thus, in the period 1991-2007, the natural population decreased 1.4 times (TABLE 1).

The falling birth rate is explained by a number of factors: socioeconomic transformations related to the transition period, declining living standards, external labour migration, state family planning policy, reduced birth registrations due to the introduction of fees (in 2002 the registration fee went from USD 3 to 1, before 1991 registration was free), and demographic factors (a smaller cohort of women born of the generation born in 1940-50 entering into childbearing age). It should be reminded that Tajikistan is a mountainous country with only 7% of total land arable and population distribution is uneven. Average population density in 2007 was 50.4 people per square km. The highest population density was observed for the

TABLE 1: POPULATION GROWTH RATE IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2003	2006	2007
Population (year end)	5,505,600	6,001,300	6,250,000	6,640,000	7,063,800	7,215,700
Natural increase/1,000 persons	33.0	26.4	22.3	22.1	22.1	23.3
Birth rate/1,000 persons	39.1	31.3	27.0	27.1	26.7	28.0
Death rate/1,000 persons	6.1	4.9	4.7	5.0	4.6	4.7
Population density/sq km	38.5	41.9	43.7	46.0	49.4	50.4
Urban population (%)	30.8	26.6	26.5	26.5	26.3	26.3
Rural population (%)	69.2	73.4	73.4	73.5	73.7	73.7

Source: State Statistics Committee

capital Dushanbe (6,794 people per square km), whereas the lowest population density of 3.4 people per square km was recorded for the highland Pamir region.

Experts predict steady population growth in Tajikistan until 2060. According to estimates used for the Tajikistan economic development programme the population will be 8.66 million by 2015 and is likely to be 11 million by 2025. According to the director of the Tajik Institute of Demography affiliated to the Academy of Sciences of Republic of Tajikistan, 'there are many factors that make the population sustain a relatively high birth rate. Specifically, 74% of our population live in rural areas where labour demand has always been higher than in urban areas. Just this factor alone can help maintain the high birth rate' (Journal Demoscope Weekly).

In 2007, the urban population was 26.3% of the total population compared to a rural population of 73.7%, with the urban population decreasing 1.17 times compared to 1991. The process of de-urbanisation has been continuous. It is caused by a sharp reduction of jobs in industry, largely concentrated in urban areas, and by the emergence of opportunities for employment in agriculture. In conditions of economic crisis and surplus labour, having a plot of land becomes an important factor in generating income for families.

In 2007, the male population accounted for 50.2% of the population. Compared to 2000, the share of males in the total population increased by 0.16%, although the male-to-female ratio among urban and rural populations remains the same. At the same time, the share of females in the population is increasing with each subsequent age group. In the 0-14 age group, females constitute 49%, in the productive age (15-64 years) their share is 49.6%, whereas in the over 64 age group females account for 58.3% of the population (SSC, 2007b).

The average number of children per family is 4.2. An analysis of birth dynamics shows an emerging pattern of transition to smaller family sizes. Women with secondary and tertiary education tend to have less children, form families oriented at quality in raising children and are more mobile both territorially and professionally. Data from the Census 2000 indicate that the average number of children

per female was 2.52 in urban areas and 3.37 in rural areas. The share of women in cities having five or more children was 19.2%, compared to 32.6% in rural areas. The marriage age has been lowered from 18 to 17 years old (in exceptional cases marriage is also allowed for 16 or 17 year-olds). In the majority of cases girls aged 16-17 finish basic general education (nine grades), discontinue studies, get married and start having children. This leads to their exclusion from further education, developing a profession and obtaining employment⁷.

In 2005, life expectancy at birth was 70.6 years (73.2 years for females and 68.1 for males), and was somewhat higher in rural areas (70.8 years) compared to cities. In general, in comparison with 2000 indicators, there has been an increase in both male and female life expectancy, a result of a growth in the quality of life of the population, as evidenced in the World Bank poverty assessment for Tajikistan for 1999-2003. A slow aging process is also evident in the population. Between 2002 and 2008, the population aged 65 and more increased by 0.4%. The number of elderly females is 1.4 times that of elderly males, due to the higher mortality rate among the male population.

By age composition, the country's population is rather young due to the high birth rate. In 2007, the mean age of the population was 24.9 years (median, 20.84). People in the non-productive age group (0-14 year-olds) constituted 35.9% of the population. The number of children in the 0-14 age group decreased by 1.8% between 2000 and early 2008, due to a fall in the birth rate in the 1990s. This is the age group in which the largest disproportion in the boy-girl ratio is observed, with 1,043 boys per 1,000 girls. Parallel with the decline in the share of children in the total population is an increase in the share of the working age (15-64 year-olds) population, which was 60% as of the end of 2007, representing a 31.8% increase over the corresponding census data for 2000 (**TABLE 2**).

Economic difficulties, limited employment opportunities and low wages are the main reasons behind migration in search of work. Migrants are mainly young people. When young men leave the country without families, this affects the sex and age structure of the population and causes problems in marital and family relationships.

TABLE 2: AGE COMPOSITION OF THE TAJIKISTAN POPULATION, 1989-2007

	1989	2000	2006	2007
Total population	5,092,600	6,127,500	7,063,800	7,215,700
Population aged 0-14 (%)	42.9	42.7	36.4	35.9
Population aged 15-64 – ILO methodology (%)	53.3	53.6	59.4	60.0
Population aged over 65 (%)	3.8	3.7	4.2	4.1

Sources: State Statistics Committee, All-Union Census 1989, Vol. I, Dushanbe, 1990, p. 114; and Census 2000

The migration of young men in search of jobs is a key factor underlying the rise in middle-age marriages among men and women. In the period 2000-07, the average marrying age went from 25.2 years to 27.3 years for men and from 21.9 years to 23.3 years for women, largely as a consequence of the fact that young men do not want to have families until they resolve economic problems, especially when going abroad in search of work. As a result, a problem of a deficit of bridegrooms has emerged which has led to the spread of illegal polygamy.

Migration processes have also had a negative impact on the birth rate, expressed in the fact that migrants learn new values and new ways of life and develop new ideas about the number of children to have. The poll conducted among migrants showed that before their first departure from the country 75% were in favour of a family with three to five children, whereas after two to three years of staying abroad they considered a family with two to three children as more desirable and optimal.

Tajikistan belongs to the set of countries with a quickly growing population, and this is why the labour market is affected by both socioeconomic and demographic factors. A high birth rate impacts the sex and age structure of a population and, correspondingly, its economic activity. Given the high natural growth in the population, particularly in the working-age population, and the relatively slow growth in job creation, the problem of meeting the population's need for jobs is the most pressing problem for modern Tajikistan.

1.3.2 THE ECONOMICALLY ACTIVE POPULATION

In Tajikistan, due to demographic factors, the rate of the growth of the working-age population is in excess of the rate of the growth of the labour force. Thus, according to official statistics, the working-age population amounted to 4,254,000 people in 2007 whereas the number of labour force was 2,201,000 people. The labour force participation rate was 51.7%. The dynamics of changes in the population and data on the working-age population and the labour force are provided in **TABLE 3**.

In the period 1998-2007, the working-age population increased by 41%, whereas the labour force only increased by 19%. This explains why the labour force participation rate has fallen from 61% to 51.7%. Between the Census 2000 and the LFS 2004, the labour force (including labour migrants) increased 1.2 times to 2,685,400 people (men, 58.3%). The average age of labour force participants was 33.3 years old. The labour force participation rate for the 15-75 age groups increased in the period by 5.3%, arriving to 66.55% (**TABLE 4**).

Population activities are characterised by a number of differences and peculiarities related to the employment level and depending on area of residence (urban or rural), sex, age, sector, educational level, etc. Since the currently available statistics do not provide these key indicators, we will use the results of the population Census 2000 and the LFS 2004. Although the official working-age population was defined as

TABLE 3: LABOUR STATISTICS FOR TAJIKISTAN, 1991-2007

	1991	1998	2000	2002	2004	2005	2006	2007
Total population	5,505,600	6,001,300	6,250,000	6,506,500	6,780,400	6,920,300	7,063,800	7,215,000
Working-age population¹	2,577,500	3,024,800	3,246,700	3,532,800	3,842,300	3,984,400	4,121,300	4,254,000
Labour force²	1,971,000	1,855,000	1,794,000	1,904,000	2,132,000	2,154,000	2,185,000	2,201,000
Employed population	1,971,000	1,796,000	1,745,000	1,857,000	2,090,000	2,112,000	2,137,000	2,150,000
Registered unemployed	–	59,000	49,000	47,000	42,000	42,000	48,000	51,000
Labour force participation rate³	76.5	61.0	55.3	53.9	55.5	54.1	53.0	51.7
Employment rate⁴	76.5	59.4	53.7	52.6	54.4	53.0	51.8	50.5

(1) Based on legislation, defined as follows: 1991-94: males aged 16-59, females aged 16-54; 1995-2001: males aged 15-59, females aged 16-54; 2002: males aged 15-60, females aged 16-55; 2003: males aged 15-61, females aged 16-56; 2004-07: males aged 15-62, females aged 15-57. (2) Employed and registered unemployed. (3) Labour force/working-age population. (4) Employment/working-age population.
Source: State Statistics Committee

TABLE 4: LABOUR FORCE PARTICIPATION RATE¹ (%) IN TAJIKISTAN, 2000 AND 2004

	Census 2000			Labour Force Survey 2004 ²		
	Total	Men	Women	Total	Men	Women
Total labour force participation	63.19	69.85	56.63	66.55	77.80	55.37
Urban	49.59	59.36	40.17	55.08	69.91	40.44
Rural	68.58	73.95	63.25	70.96	80.83	61.14

(1) Labour force/population aged 15-75; (2) Including migrants

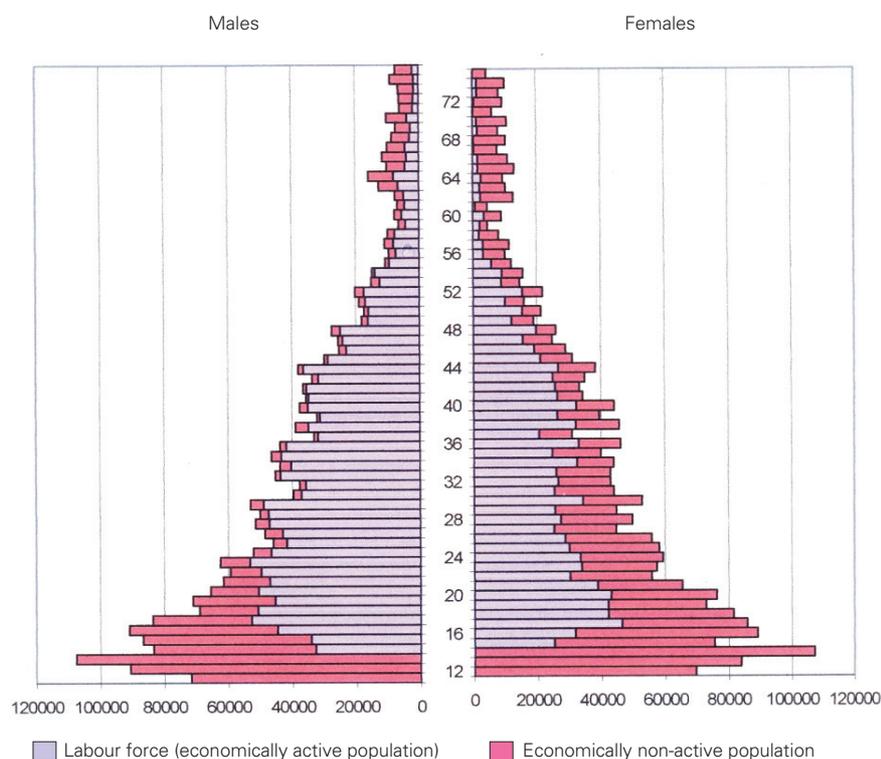
Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 37

15-58 years for women and 15-63 years for men, the LFS 2004 covered ages 15-75 years for both sexes.

In Tajikistan, the activity rate of males is traditionally higher than that of females. In 2004, the rates were 77.8% and 55.4%, respectively (**FIGURE 1**). In the period 2000-04, the level of male economic activity increased by 11% whereas that for females dropped by 2.1%.

The survey showed that although the activity rate for the rural population is almost a third higher than that for the urban population, the drop in female activity has mainly occurred in the rural female population, with the highest drop observed among women of fertile age.

Women are unable to work due to the reduction in the number of preschool institutions (kindergartens and especially day nurseries) (SSC, 2005a). According to official statistics, in the period 1991-2007, the number of pre-school institutions (day-care centres) was reduced almost by half and the number of children attending them fell 2.3 times. That said, the number of pre-school institutions in rural areas was traditionally low, at just a little over 25% of the total in 1991. With high child population growth rates the problem of a lack of pre-school institutions has become a serious deterrent for women wishing to enter the labour market.

FIGURE 1: MALE AND FEMALE ACTIVITY RATES IN TAJIKISTAN

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 38

TABLE 5: EDUCATION PARTICIPATION RATES (%) IN TAJIKISTAN, 1999-2006

	Participation rate			2006 Average for region
	1999	2002	2006	
Pre-primary enrolment	8	8	9	28
Primary enrolment	98	97	100	100
Secondary enrolment	74	79	83	91
Tertiary enrolment	14	14	19	25

Source: Unesco Institute for Statistics (<http://stats.uis.unesco.org/>)

According to official statistics and LFS 2004, the literacy rate of the population is high, at 99.6% (99.8% for men and 99.5% for women). According to the United Nations Educational, Scientific and Cultural Organisation (Unesco) data for 2006, 9% of children were registered in preschool institutions, 100% of children were registered in primary education, 83% of children were registered in secondary education and 19% were registered in tertiary education (**TABLE 5**).

The accessibility of the schooling system is better reflected by the level of attendance. According to the United Nations Children's Fund (Unicef) Multiple Indicator Cluster Survey (MICS) data for 2000, the level of attendance in primary schools was 82.9%, and according to MICS 2005 data, 88.7%. The coverage coefficient for basic education (grades 1-9) was 96.5%, and for secondary education (grades 10-11), 46.9%. Although indicators for the level of literacy and education coverage are high, only 27.6% of the labour force have received professional education (**TABLE 6**).

In rural areas, almost every second person in the labour force has had some professional education. Half of the labour force has upper secondary education.

1.3.3 NON-PARTICIPATION IN THE LABOUR FORCE

According to official statistics for the period 1998-2007, the economically non-active population increased by 826,000 people (69.8%). In 2007 the economically non-active population was 2,009,000 people, including 518,000 students. According to the LFS 2004 data, economically non-active people aged 15-75 were 1,331,300 people (33.5%). The average age of the economically non-active population was 33.6 years. The level of non-participation among females is twice that of males. The non-participation rate for women of childbearing age is five to six times higher than that of men in the same age range and is also 1.55 times higher among the urban population than among the rural population (**TABLE 7**).

TABLE 6: EDUCATIONAL LEVEL OF THE LABOUR FORCE AGED 15-75 IN TAJIKISTAN

	Total	Male	Female	Urban	Rural
With professional education (%)	27.6	36.5	15.4	46.6	21.9
Tertiary (ISCED 5)	12.1	16.3	6.4	25.5	8.1
Post-secondary (ISCED 4)	8.0	8.5	7.3	11.5	6.9
Vocational (ISCED 3)	7.5	11.7	1.7	9.6	6.9
Without professional education (%)	72.4	63.5	84.6	53.4	78.1
Upper secondary – 11 grades (ISCED 3)	50.4	46.3	56.2	40.9	53.2
Lower secondary – 9 grades (ISCED 2)	16.9	13.7	21.4	9.4	19.2
Primary – 4 grades (ISCED 1)	4.3	3.2	5.9	2.3	4.9
No education (%)	0.7	0.5	1.1	0.7	0.8
Total	2,648,500	1,543,300	1,105,200	609,500	2,039,000

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 39

TABLE 7: ECONOMICALLY INACTIVE POPULATION IN TAJIKISTAN

	Total	Men	Women	Urban	Rural
Economically inactive population (15-75 years)	1,331,300	440,400	890,900	497,000	834,300
Average age (years)	33.6	32.6	34.9	32.8	34.9
Labour force non-participation rate¹ (%)	33.5	22.2	44.6	44.9	29.0
Reasons for non-participation (%)					
Study	26.7	46.1	17.1	31.1	27.1
Retirement	16.0	17.1	15.4	13.3	20.0
Disability	4.9	7.1	3.8	5.2	5.0
Income from property	0.2	0.1	0.3	0.4	0.1
Household management	30.7	1.8	45.0	31.5	30.4
Other ²	21.5	27.8	18.4	18.5	17.3
Non-active population literacy rate³ (%)					
Primary (ISCED 1)	16.0	16.1	16.0		
Lower and upper secondary (ISCED 2-3)	70.0	62.0	75.0		
Vocational/post-secondary/tertiary (ISCED 3-5)	14.0	21.9	9.0		

(1) Economically non-active population/population aged 15-75. (2) Not seeking employment (168,200 persons), despaired of finding a job (71,900 persons), no need to work (10,900 persons). (3) Non-active population having education/non-active population.

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, pp. 72-74

The main reasons for non-participation in the labour force, other than retirement, are studies (mainly men) and household management (mainly women). A category of people among the non-active population who would like to work but who are not seeking employment (12.6%), with 6.4% of non-active people despairing of finding a job and 1.0% saying that they had no need to work.

The literacy rate for the economically non-active population aged 15-75 is 4% lower than that for the employed population, at 95.4%. Although literacy rates for men and women are almost identical, there are major qualitative differences. There are 2.4 times more men than females with basic vocational training, post-secondary education or tertiary education. An overwhelming majority of the non-active population (over 70%) do not have a profession.

1.4 EMPLOYMENT TRENDS

1.4.1 EMPLOYMENT

In the period 1991-2000, there was a noticeable decrease in employment in the national economy. Since 2000, due to the economic development of the country there has been a gradual growth in employment (see Table 3). According to official statistics, the average annual increase in employment in the period 1998-2007 was almost 2.2%. The period 2004-07 witnessed a decline in employment

growth, with an average annual rate of 0.9%. To just maintain the current employment rate and stimulate annual growth in employment for the working-age population it is necessary to create more than 150,000 jobs a year and ensure an average employment growth rate of no less than 7%.

Due to the privatisation policy pursued in the period 1991-2007, the share of people employed in the non-state sector has increased and the share of people employed in the state-owned sector has decreased (**TABLE 8**). The number of people employed in the state-owned sector fell 2.2 times in the period 1991-2006, whereas in the private sector, this number has increased 2.9 times. Employment figures for the collective sector have essentially remained unchanged in relative terms. The process of privatisation showed similar trends as in other CIS countries. Compared to them, Tajikistan had average indicators for employment redistribution by economic sectors (**TABLE 9**).

According to the LFS 2004, 61% of the population was employed in the private sector, with men constituting 59.4%. For the state-owned sector, the percentage was 27.5% (men 62.7%) and for the collective sector, the share was 11.1% (men 45%) (**TABLE 10**).

According to official statistics, in the period 1991-2007, employment distribution by economic sector changed radically. Employment in industry and construction halved whereas employment in agriculture grew more than 1.6 times (**TABLE 11**). In the period under review,

TABLE 8: EMPLOYMENT BY OWNERSHIP FORM IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2002	2004	2005	2006	2007
Total employment (million)	1.971	1.796	1.745	1.857	2.090	2.112	2.137	2.150
Ownership (%)								
State-owned	59.4	42.7	32.0	27.8	26.5	25.7	25.1	24.2
Private ¹	19.1	33.1	43.1	44.0	50.0	51.2	50.7	51.8
Collective ²	20.4	23.2	23.8	27.5	22.6	22.2	23.2	22.9
Combined – foreign participation	0.03	0.4	0.8	0.6	0.9	0.8	0.9	1.0
Combined – no foreign participation	1.07	0.6	0.3	0.1	0.04	0.07	0.1	0.06

(1) Personal subsidiary plots and farms, individual labour activities, private enterprises. (2) Collective farms, cooperatives, public associations, foundations, religious organisations, leasing enterprises, joint stock ventures and associations.
Source: State Statistics Committee

TABLE 9: EMPLOYMENT REDISTRIBUTION BY OWNERSHIP IN SELECTED COUNTRIES¹, 1991 AND 2002

	1991			2002		
	Employment	Public (%)	Non-public (%)	Employment	Public (%)	Non-public (%)
Tajikistan	1,971,000	60	40	1,857,000	28	72
Kazakhstan	7,716,000	83	17	6,709,000	25	75
Kyrgyzstan	1,754,000	66	34	1,814,000	20	80
Russia	73,848,000	76	24	65,650,000	37	63
Turkmenistan	1,527,000	56	44	1,839,000 ²	39	61
Uzbekistan	8,255,000	63	37	8,983,000 ³	24	76

(1) The employed include migrants and foreign workers. (2) 1998 (3) 2000
Source: State Statistics Committee, Tajikistan and CIS countries in 2002, Statistical compilation, Dushanbe, 2004, p. 99

employment grew in agriculture although the number of wage earners fell, on average, by the same level (Annex 1). Employment growth in this sector is related to the increased numbers of people working on personal subsidiary plots and on *dehkan* farms.

Over the last decade the population composition according to employment status has changed significantly. The increase in the number of employed people is mostly due to expansion in the non-wage earning sphere, particularly in agriculture. According to official statistics the share of wage earners is gradually declining, falling from 69% to 50.2% in the period 1997-2006. The number of wage earners decreased by

17.9% over that period, particularly in the material production area (22.9%).

According to the LFS 2004 wage earners represented 36.7% of total employment (including labour migrants). The share of non-wage earning individuals was 63.3%, including 45.6% representing self-employed people. There were also differences in the employment status for men and women, with women preferring employment in small businesses and self-employment mostly on personal subsidiary plots or farms (TABLE 12). Male wage earners outnumber female wage earners 2.3 times. More than 52% of non-wage earning females were self-employed.

TABLE 10: EMPLOYMENT DISTRIBUTION BY OWNERSHIP SECTOR IN TAJIKISTAN

	Total		Male		Female		Urban	Rural
	(%)				(%)		(%)	(%)
Total employment	2,452,600	100.0	1,441,800	1,010,800	41.2	20.4	79.6	
State-owned institutions and organisations	674,300	27.5	423,100	251,200	37.3	33.5	66.5	
Private enterprises	108,000	4.4	73,800	34,200	31.6	22.0	78.0	
Personal subsidiary plots	1,382,400	56.4	811,800	570,600	41.2	17.0	83.0	
Collective enterprises	272,400	11.1	122,700	149,700	55.0	2.7	97.3	
Non-governmental organisations	2,900	0.1	2,300	600	22.7	46.1	53.9	
Humanitarian entities	3,800	0.1	3,500	300	7.1	49.2	50.8	
Joint ventures	8,700	0.4	4,500	4,200	48.4	69.4	30.6	

Source: State Statistics Committee, Male and female population of the Republic of Tajikistan, Statistical collection, Dushanbe, 2007, p. 120

TABLE 11: EMPLOYMENT DISTRIBUTION BY ECONOMIC SECTOR IN TAJIKISTAN, 1991-2007

Economic sector	1991	1998	2000	2002	2004	2005	2006	2007
Total employment (million)	1.971	1.796	1.745	1.857	2.090	2.112	2.137	2.150
Material production (%)								
Industry	13.0	8.2	6.9	6.6	5.6	5.7	5.5	5.5
Construction	7.5	2.9	2.1	1.8	1.6	3.3	2.9	3.0
Agriculture/forestry ¹	44.7	60.7	65.0	66.6	67.6	66.6	67.5	67.0
Transport/communications	4.7	3.0	2.4	2.3	2.4	3.1	2.9	3.1
Trade/food catering/supplies	5.0	7.0	4.1	3.5	4.1	4.7	4.3	4.7
Other material production	2.0	1.0	0.6	0.5	0.5	0.5	0.5	0.4
Non-material production (%)								
Housing and utilities infrastructure	3.0	1.5	1.5	1.6	1.7	1.4	1.6	1.6
Health/physical culture/social welfare	5.0	5.0	4.7	4.3	4.1	3.8	3.4	3.4
Education	10.0	9.0	9.6	9.2	9.1	8.1	8.2	8.1
Culture/art/science	1.7	1.0	1.1	0.9	0.8	0.8	0.8	0.8
State/economic management bodies	2.3	1.5	1.7	1.9	1.8	2.1	2.2	2.4

(1) Including personal subsidiary plots.

Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008

TABLE 12: EMPLOYMENT DISTRIBUTION BY STATUS AND GENDER IN TAJIKISTAN

Employment status	Total	Men	Women	Women (%)
Total employment	2,452,600	1,441,800	1,010,800	41.2
Wage earners (%)	36.7	43.6	26.9	30.2
Non-wage earners (%)	63.3	56.4	73.1	47.6
Of non-wage earners (%)				
Employed	4.3	5.0	3.3	31.7
Self-employed	45.6	40.5	52.8	47.8
Collective farm members	12.9	10.4	16.4	52.6
Helpers with family business	0.3	0.3	0.4	50.9
Other	0.2	0.3	0.2	35.2

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 50

The LFS 2004 showed that the employment rates for the urban and rural populations were 82.2% and 95.7%, respectively, with employment for men at 93.4% and for females at 91.5%. Male employment was 1.4 times higher than female employment. These differences become more obvious when data is broken down according to age groups. In the 15-19 age group, the number of employed males is 14% higher than that for females, for the 20-24 age group the difference is 45%, and for the 25-29 age group male employment is 1.7 times higher than female employment (**FIGURE 2**).

Women suffered most from the contraction in the labour market. Most working women lost their jobs or were forced to take unpaid leave. Women's earnings also were affected, with reductions greater than those of men. During the Soviet period, women constituted a

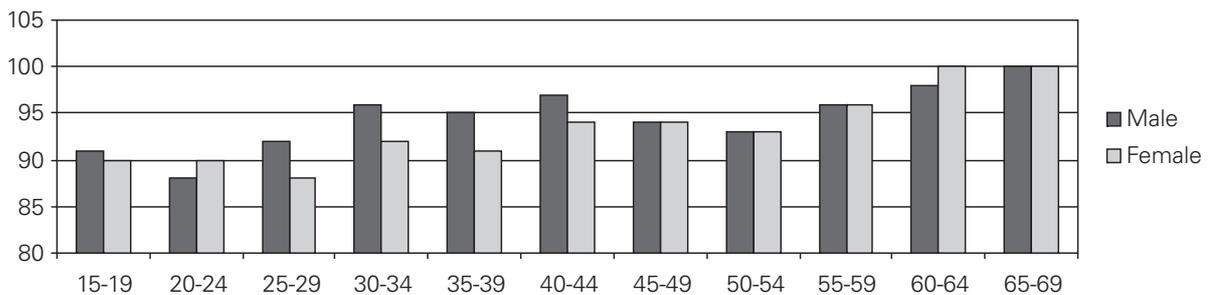
significant share of social sector employment (particularly in education and health), today the two lowest paid sectors.

Employed women in the formal sector earned considerably less than men. Without adjusting for differences in education, women's wages in 2003 were less than half (46%) those of men. This was mostly accounted for by large gender differences in wages in the agriculture and service sectors (World Bank, 2005). In rural areas, many women make a living by selling bread and other food products and doing cleaning in well-off households in their villages.

The transition period and the drop in living standards have given rise to the new phenomenon of child labour in Tajikistan. According to MICS 2005 data, around 10%

FIGURE 2: MALE AND FEMALE EMPLOYMENT RATES BY AGE GROUP IN TAJIKISTAN

As % of the labour force



Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 41

children aged 5-14 are engaged in some form of child labour (excluding non-intensive household chores).

According to the LFS 2004, approximately 14,200 children (2.7%) aged 12-14 were working as wage earners for full working weeks of up to 40 hours per week. Girls constitute more than 54.7% of working children. Child labour has become particularly prevalent in rural areas, with 97% of all working children living in rural areas. In rural areas, children are employed in various agricultural activities (85.6%), in construction, trade and industry. Children are typically entrusted with grazing livestock, collecting firewood, drawing water for household needs, taking care of smaller children and washing clothes and dishes. Children also sell milk products, fruits and vegetables in the market. In urban areas, children are used as wage earners, mostly in trade.

There are differences regarding the educational level of the employed population in general in relation to sex and area of residence (rural or urban). An analysis of data from the LFS 2004 shows that the share of the employed population with professional education (27.8%) is broken down into 36.6% and 15.3% for men and women, respectively. In terms of urban versus rural areas the distribution is 49.7% and 22%, respectively. Half of the employed population have completed general secondary education. According to the Census 2000, slightly over 20% of the employed population has specialist training. Considering that, in 2004, the survey coverage was much more extensive than in 2000 (when it was limited to the established working age boundaries), the data on educational levels in both cases are similar and much lower than those in the Census 1989 (Annex 2, Table A2.1).

1.4.2 UNEMPLOYMENT

According to official data published by the State Statistics Committee the registered unemployment rate was 3.2% in 1998, 2.3% in 2000 and 2.3% in 2007. These figures do not reflect the real unemployment rate, since only 20% of the unemployed register with the Public Employment Service, given the lack of knowledge on the activities of these services among the unemployed, the low quality of services provided, the unattractive vacancies and, in general, the lack of trust in Public Employment Service activities. According to the LFS 2004, there were 196,000 unemployed people (against 38,800 people officially

registered as unemployed at the end of 2004). In 2004 the general unemployment rate (ILO methodology) was 7.4%.

An analysis of the outcomes of various surveys showed that, for the period 1999-2004 economic growth was accompanied by growth in the level of activity of the population and, correspondingly, a decline of general unemployment (**TABLE 13**). According to the Tajikistan Living Standards Survey conducted in 1999, the general unemployment rate (ILO methodology) was 16.0%. The Poverty Reduction Monitoring Survey conducted in 2002 gives a different figure of 11.4%. Both these surveys were implemented by the State Statistics Committee with support from the World Bank.

The variety of data regarding unemployment assessment is due to differences in selection while conducting the survey, although the methodology for unemployment assessment used for all the surveys was based on ILO recommendations. Data for the Census 2000 and the LFS 2004 can be considered to be the most reliable.

Over the period 2000-04, the total number of unemployed people decreased by 4.8% whereas the unemployment rate fell by 1.9% (**TABLE 14**). Taking into account 21,800 vacancies (according to data as of the end of 2004) the tension coefficient in the labour market (total number of unemployed people divided by the number of vacancies) was nine people per job.

The general unemployment rate is four times higher in urban areas (17.9%) than in rural areas. In some age-groups, this rate is as much as six times higher than in rural areas. Unemployment in urban areas exceeds rural unemployment by 24.8% (108,800 people). The unemployment rate is also disproportionate when reviewed by region. The highest general unemployment is in Dushanbe (23.2%) and in the Gorno-Badakhshan Autonomous Province (Pamir, 16.2%), whereas the lowest unemployment is in the Sughd region (4.5%).

The unemployment rate is lower among men than women. The general unemployment rate among women aged 30-44 (when women have children) is almost twice as high as that of men in the same age group. Comparing the findings of two Living Standards Surveys conducted in Tajikistan in 1999 and 2003, the level of unemployment for women is declining twice as fast as that for men (Kuddusov, 2004b).

TABLE 13: CHANGES IN GENERAL UNEMPLOYMENT IN TAJIKISTAN (%), 1991-2004

	1991	1999	2000	2002	2003	2004
General unemployment rate	–	16.0	9.3	11.4	12.0	7.4
Labour force participation rate	76.5	69.1	63.2	–	64.2	66.5

Sources: 1991, official statistics; 1999, Tajikistan Living Standards Survey; 2000, Census; 2002, Poverty Reduction Monitoring Survey; 2003, Tajikistan Living Standards Survey; 2004, Labour Force Survey

TABLE 14: GENERAL UNEMPLOYMENT BY AGE AND SEX IN TAJIKISTAN (%), 2000 AND 2004

	Census 2000			Labour Force Survey 2004		
	Total	Men	Women	Total	Men	Women
General unemployment	9.28	9.00	9.62	7.40	6.58	8.54
15-19	16.87	18.52	15.25	9.43	8.84	10.10
20-29	11.46	11.67	11.21	10.22	9.71	11.01
30-39	7.59	6.90	8.42	6.15	4.42	8.54
40-49	5.70	5.28	6.19	4.98	4.43	5.69
50-59	3.75	3.40	4.55	5.70	5.64	5.80
60-69	4.14	3.24	6.05	0.72	0.98	0.00
Urban	20.93	18.50	24.41	17.85	14.71	23.20
Rural	5.94	6.03	5.84	4.27	3.89	4.79

Note: ILO methodology

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 64

The unemployment rate among pre-retirement people is also on the rise. In the period 2000-04, the general unemployment rate for people aged 50-59 increased 1.5 times, to 5.7%. There is a process underway whereby vulnerable population categories, such as women with young children and pre-retirement people, are being excluded from the labour market.

There are different reasons for unemployment. Over 62.7% have no jobs for lack of work experience, mainly young people (aged 15 and above) entering the labour market for the first time. Another 7.7% have lost their jobs as a result of enterprises closing down and 7.5% are dissatisfied with the existing wages (TABLE 15).

The lack of working experience is the main reason for unemployment in urban and rural areas among both females and males, but particularly among women. Unemployment is high among young people aged 15-29 and the main reason is the lack of work experience, due in turn, to a lack of professional training. The duration of unemployment is gradually growing, with the long-term unemployment rate (12 months and more) standing at 48.6% (men 42.1% and women 55.6%). Long-term unemployment at 56.5% is a third higher in rural compared to urban areas (TABLE 16). The job search period for young job seekers is lower than that for middle-aged people. The longest job search period occurs in the pre-retirement age population (14-15.8 months).

The competitive ability of the unemployed in the labour market is largely determined by their literacy rate, professional education and working experience. The literacy rate of the unemployed (unemployed with education as a proportion of the total unemployed) is 0.7% lower than that of the employed population, at 98.6%. Only 25.4% of the unemployed have professional education, with this indicator being even lower (15.8%) among unemployed women (TABLE 17). Just over 16%

of the rural unemployed have professional education compared to just over 33% of the urban unemployed. The higher a person's education level the shorter the job search period, for logical reasons.

According to the LFS 2004 data, the unemployed use different job search methods. Most unemployed (68.8%) seek jobs with the help of their friends, acquaintances and relatives, 12.2% apply to the employer directly, and only 14% apply to the employment service. The employment service is more popular in rural areas, with applications from the unemployed a third higher than in urban areas. A very small number of the unemployed (1.7%) would like to open a business of their own. Almost nobody uses the mass media or the Internet to search for work.

Apart from the observed unemployment, there is a category of people who can be referred to in terms of hidden unemployment. Such workers often have to take unpaid leaves or work part-time involuntarily. According to the LFS 2004, part-time employment (less than 31 hours per week at the principal workplace excluding work in personal subsidiary farms) accounts for 6.8% of the employed population or 124,200 people. This indicator is 1.44 times higher among women than among men. Moreover, 21.1% of the employed population were working more than 41 hours a week.

Of the 116,700 people who were away from work or working an incomplete working week, 73.2% could be categorised as employed on a part-time basis. Taking into account part-time employment, the unemployment rate is 10.6% of the labour force (men 10.2% and women 11.3%). In urban areas the unemployment rate, with due regard for part-time employment, is 20.5%, with unemployment in rural areas at 7.2% (SSC, 2005a). Taking into account the seasonal nature of work in rural areas, the unemployment rate between seasons can increase by a third to 10%.

TABLE 15: REASONS FOR UNEMPLOYMENT IN TAJIKISTAN

	Total	Urban	Rural	Men	Women
Total unemployed	196,950	108,800	87,150	101,600	94,350
Reasons for unemployment (%)					
Dismissal due to staff reduction/cost savings	4.1	5.0	3.1	4.1	4.2
Closure of enterprise	7.7	7.8	7.6	11.6	3.6
Closure of personal business	1.7	1.7	1.6	2.2	1.1
Employee resignation	2.4	3.6	1.0	3.1	1.7
Contract termination	2.3	2.6	1.9	3.2	1.3
Discharge from army	0.3	0.5		0.5	
Change of residence	2.6	3.3	1.8	1.5	3.9
Termination on health grounds	1.8	1.3	2.4	1.2	2.4
Dismissal on compassionate grounds (personal reasons)	4.4	5.3	3.3	1.8	7.2
Retirement	0.9	0.9	0.8	0.6	1.2
Poor wages	7.5	8.5	6.1	8.0	6.9
No working experience	62.7	57.1	69.7	58.7	73.6
Other	1.6	2.3	0.7	2.1	

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 231

TABLE 16: UNEMPLOYMENT DURATION IN TAJIKISTAN

	Unemployed	<1 month (%)	1-3 months (%)	3-6 months (%)	6-9 months (%)	9-12 months (%)	≥12 months (%)	No job search (%)	Unemployment aver. duration (months)
Total	195,950	9.6	13.0	6.6	6.6	13.3	48.6	2.4	11.2
Urban	108,800	13.1	15.9	6.9	7.9	12.0	42.3	1.9	10.2
Rural	87,150	5.1	9.3	6.2	4.9	15.0	56.5	3.0	12.6
Men	101,600	10.9	15.2	6.8	5.6	17.5	42.1	1.9	10.5
Women	94,350	8.1	10.7	6.4	7.6	8.8	55.6	2.8	12.0

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 66

Part-time employment exists in all regions of the country. However, it is most typical in the Sughd region and the Gorno-Badakhshan Autonomous Province (Pamir). In Sughd, which is an industrially developed region, the main reason for part-time employment is leave initiated by administration and production stoppages and also the seasonal character of agricultural work. In the Gorno-Badakhshan Autonomous Province, which is a

mountainous and undeveloped region, the main reason for part-time employment is the seasonal character of agricultural work. In these two regions, 8.8% and 7.2% of people respectively worked fewer hours than required for a normal working week. Part-time employment shares for other areas are 6.4% for the Khatlon region, 3.5% for the Rayons of Republican Subordination and 1.6% for Dushanbe. This is why the general unemployment level,

TABLE 17: LITERACY RATE AMONG THE UNEMPLOYED IN TAJIKISTAN (%)

	Total unemployed	Professional education			Upper secondary 11 grades (ISCED 3)	Lower secondary 9 grades (ISCED 2)	Primary 4 grades (ISCED 1)	No education
		Tertiary (ISCED 5)	Post secondary (ISCED 4)	Vocational (ISCED 3)				
Total	195,950	9.2	8.6	7.6	48.7	18.4	6.0	1.4
Men	101,600	13.3	8.0	13.2	47.1	13.2	4.2	1.0
Women	94,350	4.9	9.3	1.6	50.4	24.1	8.0	1.9
Urban	108,800	13.0	10.4	9.7	43.1	16.2	5.3	2.3
Rural	87,150	4.7	6.5	4.9	55.6	21.3	6.8	0.3
Long-term (%)	48.6	48.7	47.2	41.7	50.4	60.2	43.5	8.2
Duration (months)	11.2	14.1	11.5	10.9	11.3	13.5	10.0	4.6

Based on LFS 2004 data

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 68

with due regard for part-time employment, is as high as 27.4% in Dushanbe, 18.1% in the Gorno-Badakhshan Autonomous Province, 9.1% in the Sughd region, 9.9% in the Khatlon region and 6.6% in the Rayons of Republican Subordination.

1.4.3 SECOND JOB-HOLDING

On account of low wages in Tajikistan, increasing numbers of the population are obliged to search for additional jobs and the scale of secondary employment has a tendency to grow. According to the Poverty Reduction Monitoring Survey (2000) the secondary employment rate was 4.7% of the employed population, whereas according to the LFS 2004 more than 7% of the employed population had additional work. A total of 19.6% of the employed population were looking for additional work. Of those looking for additional work, 46% would like to get more hours in their principal job. On average, people devote 21 hours a week to their additional job (SSC, 2005a).

The number of men with additional work is approximately 1.5 times more than the number of females. Agricultural activities in the private sector account for the highest percentage of those engaged in secondary employment. A further 11.6% of people are engaged in individual entrepreneurship. Of the total number of those having additional jobs 71.1% work in agriculture, 8.5% work in production and 20.1% in the service sector. Only 5.7% work as wage earners.

1.5 KEY CONCLUSIONS

Tajikistan belongs to the group of countries with a rapidly growing population and so its labour market is shaped by two main features: demographic and socioeconomic trends. The high birth rate is affecting the sex and age structure of the population, and, correspondingly, its economic activity. The number of working-age members of the population is growing, with considerable numbers of young people – born in the 1980s when there was a high birth rate in the country – reaching working age.

Processes of de-urbanisation and slow aging of the population are evident. De-urbanisation is featured by the de-industrialisation of the economy with a sharp reduction of jobs in industry, concentrated largely in urban settlements, with a corresponding availability of broad employment opportunities in agriculture. The ongoing process of de-industrialisation has led to a growth in unemployment and the concentration of the bulk of labour resources in agriculture, an increased share of manual labour and a reduction in the level of technical equipment.

The economic difficulties of the transition period, limited employment opportunities and low wages are the main reason for migration in search of jobs. Migrants are mainly young people, especially boys and young men, and their leaving the country negatively affects the sex and age structure of the population and creates problems in terms of marital and family relationships.

In Tajikistan the rate of growth of the working-age population considerably exceeds the rate of growth of the labour force. There is a need to create a minimum of 150,000 jobs annually in order to preserve the level of employment of the population and incorporate the annually growing working-age population in the labour market. This average annual increase in employment needs to be at least 7% – contrasting with an average annual rate of 0.9% at present, almost eight times lower than required.

The level of participation of the labour force is not very high in Tajikistan. The level of participation of men is traditionally higher compared to that of women. For women, caring for children is the main obstacle to participation in the labour force. The difficulties of the transition period have had a negative impact on the quality of the labour force. In 2004 only 27.6% of the labour force received a professional education. Similarly, poor living standards have introduced the phenomenon of child labour. According to MICS 2005 data, around 200,000 children aged 5-14 are engaged in some form of child labour and 65,000 children aged 5-14 are engaged in paid work. According to the LFS 2004 data, about 2.7% of children aged 12-14 worked as hired labour for a full working week (40 hours). Child labour is mostly common in rural areas, with 97% of working children living in the countryside.

The general unemployment level in Tajikistan is not very high (7.4%) and is gradually declining. This is mainly a consequence of the impact of labour migration on the

labour market. According to Tajik labour market experts, labour migration has substantially (more than seven times in 2006) eased tensions in the labour market (Ashurov, 2007). Unemployment rates for the urban population (17.85%), young people aged 15-29 (19.2%) and women (8.54%) are higher. The reason for high unemployment among young people is a lack of work experience, as most of them receive no vocational training. Only 25.4% of the unemployed have vocational education, and only 15.8% of unemployed women. The level of general employment for women aged 30-44 (when they usually have small children) is almost double that for men in the same age group. Due to poor labour payments, many people in Tajikistan need to have an additional job, and this phenomenon of secondary employment is growing.

The process of privatisation in the country has driven growth of employment in the private sector, whereas employment in the public sector has fallen. The share of those employed in industry has fallen and the increase in private sector employment is largely the result of the development of farming and the use of personal subsidiary plots (67% of total employment). The share of waged labour has only increased slightly. According to the LFS 2004, the number of non-waged workers doubled the number of waged workers. Given the high natural growth rate of the population and particularly of working-age people, the relatively slow growth in new jobs and the declining quality of the labour force, the problem of job creation is the most pressing issue in today's Tajikistan.

2. HUMAN CAPITAL DEVELOPMENT, EMPLOYMENT AND ECONOMIC TRANSITION

2.1 THE NATIONAL EDUCATION SYSTEM

In conditions of labour redundancy, steady growth of labour resources and relatively low employment, professional development of human resources and adaptation to labour market requirements is a key factor in poverty reduction and in ensuring sustainable development and social and political stability (Ashurov, 2007).

Modern Tajikistan inherited its education system from the former USSR. Education starts with voluntary pre-schooling (1.5-6 year-olds), based on day nurseries (1.5-3 year-olds) and kindergartens (3-6 year-olds). Before 1993, complete secondary education (11 grades) was compulsory. Since 1993, however compulsory basic education in Tajikistan has covered education grades 1-9, based on four years of primary education and five years of lower secondary education. Pupils enter grade 1 when they turn seven years old and leave compulsory education at the age of 16 with basic general education and with no vocational qualification of any kind. Those leaving the education system at this point therefore enter the labour market as unskilled workers.

Education legislation, however, guarantees each student free access to any school at the upper secondary (general or vocational) level and, on a competitive base, to technical (secondary specialist) and higher level schools where they can obtain work-related qualifications (Faudel et al., 2006). Following completion of compulsory basic education the Tajik education system offers a number of different options, including general upper secondary, vocational and technical education, or combinations of these. These different types of programme are provided in different schools, though some schools integrate different types of programme⁸.

Following completion of general upper secondary education students continue to either higher education, technical (secondary specialist) or vocational education. After technical education students can continue to higher education. Students may enter post-secondary and higher-level public schools free of charge on the basis of a

competition for limited places. They can also gain access on a fee-paying basis.

The education system includes the following types and levels of schooling (see **FIGURE 3**, p. 38):

- pre-schools;
- elementary schools:
 - primary education grades 1-4 (7-10 years);
 - lower secondary or basic education grades 5-9 (11-15 years), after which a certificate of incomplete secondary education is issued;
 - upper secondary education grades 10-11 (16-17 years), after which a certificate of complete secondary education is issued;
- vocational schools (PTUs):
 - basic vocational education grades 10 or 10-11, after which a vocational qualification certificate is issued;
 - basic vocational education combined with complete secondary education grades 10-12, after which a certificate of complete secondary education and of a vocational qualification is issued;
 - basic vocational education after secondary education covering grades 12 or 12-13, after which a vocational qualification certificate is issued;
- technical colleges (specialist secondary schools⁹):
 - secondary technical education combined with complete secondary education grades 10-13, after which a secondary professional education certificate is issued;
 - secondary technical education grades 12-13 after secondary general education, or grades 13-14 after initial vocational education, after which a secondary professional education certificate is issued;
- higher education institutions:
 - junior specialist education lasting two years;
 - four-year bachelor degrees following secondary education, initial vocational education combined with complete secondary education, and after both types of technical education;
 - two-year master degrees after completing a bachelor's degree;
 - PhD.

⁸ Since independence, new types of school have been established, such as lyceums, gymnasiums and combined kindergarten-school complexes. Lyceums cover grades 6-11 and are specialist schools, usually in subjects such as economics and the humanities. Gymnasiums, which are more academically oriented, cover grades 1-11 and have a more comprehensive curriculum with in-depth teaching in certain subjects. Since 1994 the establishment of private schools at all levels has been permitted.

⁹ Schools providing secondary specialist or technical education are referred to in a number of ways (technicum schools, secondary specialist schools, colleges or technical colleges).

TABLE 18 below shows the linkage between the Tajikistan education system and ISCED levels.

For schools leavers with a vocational qualification but without completed secondary education, progression to higher levels of education is not possible. Graduates with a certificate of complete secondary education can continue into either technical or higher education. Graduates with a certificate for the one- or two-year vocational programmes after finishing complete secondary general education can progress to higher levels of education, but only based on their secondary general education certificate: they receive no transfer of credits from the vocational portion if they subsequently enrolled in, for example, technical education.

Vocational schools are almost completely isolated within the overall education system, and effectively create dead-end educational pathways for students. Graduates are assumed to enter the labour market after obtaining their vocational certificates. In 2002, only around 4% of vocational education graduates continued in technical and higher education. As elsewhere in the former Soviet Union, there has been an initiative to link specialist secondary schools to higher education institutions. This would further contribute to the widening of the gap between vocational schools and other types and levels of education.

Based on a decree of the government in 2006 (December), in order to maintain the cohesiveness of the educational system, the system of primary vocational education was handed over to the Ministry of Education. As early as 2006, based on the initiative of the Ministry of Labour and Social Protection, a Concept Paper for PTU System Reform was accepted by the government. However, practically no serious steps have been taken to reform the system. Only thanks to some donor projects, actions have been taken in

the process of technical re-equipment of few vocational schools. The system of initial and secondary professional education in the country is not left without adequate action for long time. That is why at the end of 2009 the Ministry of Education started to develop a new Strategy for education development 2010-20.

In 2007 the government passed a decision to found a National Centre for Adult Education and to create a system of adult education, comprising a network of training facilities and what are known as social business centres¹⁰ attached to the Public Employment Service, as well as a Modular Education Centre. The Ministry of Labour and Social Protection is very actively engaged in the development of specific legislation on adult education and a search for donors is being conducted in order to develop the system. In order to develop a truly useful system of adult education it is necessary to first solve problems associated with the development of qualifications, educational standards, training programmes, technical equipment and human resources. Not fully resolved yet is the issue of funding for adult education and training.

2.2 HUMAN CAPITAL STOCKS AND INVESTMENT IN EDUCATION

In the period 1991-2009, the quality of the labour force has deteriorated considerably, largely as a result of the weakening of the educational system after gaining independence. In the period 1990-2001, the share of public expenditures on education in GDP was reduced from 9.7% to 2.4%. In the period 2001-04, the percentage of public financing allocated to the education sector in GDP did not exceed 2.7% (**TABLE 19**).

TABLE 18: TAJIKISTAN EDUCATION SYSTEM ACCORDING TO ISCED¹ LEVELS

ISCED level	Primary	Basic secondary	Upper secondary	Technical	Vocational	Bachelor	Master	PhD
1	x							
2		x						
3			x	x (1-2 years > comp. ed.)	x			
4				x				
5						x	x	
6								x

(1) International Standard Classification of Education

¹⁰ Social business centres provide services for novice entrepreneurs based on the business incubator, offering professional training for the unemployed in the form of short courses.

TABLE 19: EDUCATION FUNDING IN TAJIKISTAN, 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
Financing (million TJS)	41.6	60.9	86.9	112.1	164.3	253.1	317.7	437.0
As % of GDP	2.3	2.4	2.6	2.4	2.7	3.5	3.4	3.4
As % of public expenditure	15.9	16.0	16.0	14.5	15.0	18.0	17.9	19.2

Source: State Statistics Committee

All of this was happening against a background of a reduction in GDP itself, which made the decrease in absolute figures even more dramatic. The reductions in funding for the educational sector led to a decline in the quality of school education, a fall in the school attendance rate and a deterioration of the educational infrastructure. This has resulted in increased illiteracy among children from poor families, particularly girls in rural areas, and functional illiteracy is also on the rise. According to a survey conducted in July-August 2005 in the Khatlon province among 712 households, about 12% of the members of the surveyed households could not read or write (IOM & Sharq Research Centre, 2006). It was only from 2005 that financing of the educational system was increased, to 3.5% of GDP. However, in real terms and with due regard for inflation, the Ministry of Education (www.education.tj) estimates that to surmount the crisis in the educational system the share of expenditures in GDP needs to be increased to 10%.

From 1996 to 2004 the volume of funding of education sphere in Tajikistan went up by more than 130%. However, 77% of the total funds are spent on the system of secondary education, and only 8% are channeled into financing the systems of secondary and higher professional education. 73% of all funds are spent on school personnel (Unicef, 2007). Low salaries in the educational sphere have caused a significant outflow of qualified teachers. In the period 1991-2007, the share of teachers with higher education dropped from 76.6% to 61.5%. At the same time the share of teachers with secondary pedagogical education increased from 14.1% to 23.6%. Another troubling sign is the fact that the share of secondary school teachers with secondary specialist and secondary general education has more than doubled, from 4.3% to 10.2%. The most significant blow experienced by the secondary school system is the outflow of male teachers. In 1991 the percentage of women teachers was 37% but by 2007 this proportion was 52%. The decline in professionalism is still ongoing and the profession is becoming a female preserve.

Although the level of general education coverage within the country is still very high (over 98%), the level of professional education of the population has dropped considerably (**TABLE 20**). Between the 1989 and 2000

censuses the professional educational level of the population decreased 1.5 times. According to the Census 2000, of the working-age population, only 15.5% had professional education. At the same time, while the share of people with tertiary education decreased by 20%, the share of people with vocational education decreased almost twice.

The level of professional education varies greatly between men and women. According to the LFS 2004 there are 2.4 times more men with professional education than women. This correlation by educational level is true both for urban and rural populations. The urban population traditionally has higher levels of professional education (Annex 2, Table A2.3).

State policy in this sphere has significantly contributed to the drop in the educational level. In 1993, a general education law was passed that was amended a number of times, although its Article 4 has remained unchanged since 1993. According to this article public policy in education is based on compulsory basic education (nine grades) and upper secondary education (11 grades). Of course, a student can continue studies to receive upper secondary education, but this is no longer compulsory.

In 1997, a new labour code was adopted that reduced the working-age threshold to 15 years. Past experience and the realities of life have shown that these measures have proved to be premature and unacceptable. They can only really be justified in a country with a developing economy and high growth rates when the situation warrants the engagement of additional duly trained labour in quantities corresponding to the growth rate, that is, when the rate of new jobs creation exceeds that of working-age population growth.

According to officially published statistics, in the period 1998-2007, basic schooling was completed by an average of 130,000 students annually. There were 65,500 upper secondary school graduates. The entire vocational education system, including 70 PTUs, annually admitted an average of 15,700 students in the above period. Technical colleges admitted an average of 9,000 students per year and higher education institutions admitted 26,000 students per year.

TABLE 20: COMPARATIVE EDUCATIONAL DATA FOR TAJIKISTAN (%), 1989 AND 2000

		Professional education		Upper secondary	Lower secondary	Primary
		Tertiary (ISCED 5)	Post secondary (ISCED 4) and vocational (ISCED 3)	11 grades (ISCED 3)	9 grades (ISCED 2)	4 grades (ISCED 1)
1989						
Population over 15	2,430,900	10.6	13.1	51.1	25.2	–
Employment	1,831,600	12.1	15.5	49.7	14.3	6.1
2000						
Population over 15	3,510,700	8.9	6.6	57.5	19.1	5.9
Employment	2,012,400	11.0	8.5	65.8	12.8	1.4
Labour force	2,218,300	10.7	8.3	65.9	13.2	1.5
Economically non-active	1,292,500	5.7	3.6	43.3	29.4	11.4

Source: Censuses 1989 and 2000

Thus, about 60,000 to 80,000 basic and secondary school graduates were annually denied professional education at any level in the period under review. These unskilled young people entered the labour market and, if they failed to find a job, entered the economically non-active population. This situation has been the case for 16 years now.

The problem of professional education coverage for working age young people existed in Tajikistan even before obtaining independence in 1991, when about 25,000 PTU students would annually go to other republics of the USSR to study. The same also happened at the tertiary education level. With independence these ties were broken and the lost opportunities were replaced by the training of labour migrants abroad. Many migrants, having received practical working skills abroad, are now applying to education authorities in Tajikistan for certification of their professional skills. Unfortunately, no record is kept regarding migrants, although the state is taking the first steps to address this problem. Migrants may register with the Public Employment Service and, like normal unemployed people, receive vocational training in the form of short-term courses and obtain a state certificate. The normative and legal basis for migration issues is missing, however.

In the period 1998-2007, a total of 155,800 students were admitted to vocational schools and 144,200 skilled workers were trained (i.e. 11,600 people did not graduate). Of 144,200 trainees, 86,650 (60%) were

forwarded to jobs in various branches of the country's economy, 4,560 were called up for military service and 6,100 graduates opted to continue to higher education and specialist secondary education institutions; finally, around 42,900 graduates (30%) sought employment independently¹¹.

The above indicators reveal poor performance by the authorities in charge of initial vocational training management. An admission rate of 215-216 people per PTU a year contrasted with graduation of an average of 180 students; furthermore, the employment rate for graduates is highly unsatisfactory. This is also corroborated by findings of a survey conducted by the group monitoring progress of the Poverty Reduction Strategy Paper attached to the Executive Office of the President of Tajikistan, which concluded as follows: 'The current situation in the system of initial professional education and training in the country is characterised by largely obsolete (physically and morally) training facilities poorly tailored to labour market demand in terms of curriculum, human resources, irrational organisation of the educational process and inefficient management of the process of training a qualified labour force¹².'

Physical infrastructure and training and production facilities in the system of initial vocational training consist of about 80 groups of buildings and facilities, 40% of which were constructed between 1940 and 1960, 32% between 1960 and 1980 and 28% after 1980. An inventory carried out by the Ministry of Labour and Social

¹¹ Forwarding is based on an agreement between an employer and a PTU, in contrast with independent job searches by PTU graduates.

¹² Reported in *Asia-Plus* newspaper on 8 August 2005.

TABLE 21: PROFESSIONAL EDUCATION COVERAGE IN TAJIKISTAN ('000 PERSONS), 1991-2007

Year	Entered the labour market			Covered by professional education					Not covered by professional education
	After basic secondary 9 grades (ISCED 1-2)	After secondary 11 grades (ISCED 3)	Total	Admitted to vocational (ISCED 3)	Admitted to post secondary (ISCED 4)	Admitted to tertiary (ISCED 5)	Total	As % of secondary graduates	
	A	B	C=A+B	D	E	F	G=D+E+F	H=(G/C) x100	I=C-G
1991	51.0	89.1	140.1	26.0	14.9	13.4	54.3	38.8	85.8
1998	25.0	50.7	75.7	16.2	7.7	16.1	40.0	53.0	35.7
1999	54.2	51.7	105.9	16.5	9.9	17.3	43.7	41.3	62.2
2000	54.0	36.8	90.8	16.9	9.1	16.3	42.3	46.6	48.5
2001	48.7	65.2	113.9	16.1	8.9	20.1	45.1	39.6	68.8
2002	48.3	70.3	118.6	15.5	9.6	24.2	49.3	41.6	69.3
2003	59.3	63.3	122.6	15.5	9.6	28.1	53.2	43.4	69.4
2004	61.9	64.9	141.5	15.6	9.7	27.9	53.2	37.6	88.3
2005	64.1	79.6	143.7	16.2	11.5	33.5	61.2	42.6	82.5
2006	69.2	79.2	148.4	14.5	10.8	32.0	57.3	38.6	91.1
2007	49.0	76.3	125.3	12.8	10.8	33.2	56.8	45.3	68.5

Source: State Statistics Committee, Statistical yearbook 2008; and Education in the Republic of Tajikistan, Dushanbe, 2008

Protection in 2005 showed that 63% of vehicles, 58% of tractors, 49% of sewing machines, 31% of metalworking equipment and 30% of woodworking equipment were physically worn out and beyond repair (Ashurov, 2007).

This situation is further compounded by the fact that only TJS 34.2 (about USD 10) per student per month (average expenditure per student) is allocated to vocational training within the PTU system. Of that amount, according to the public financing structure, over 50% is allocated for remuneration of labour and social expenditure and about 20% is spent on hot meals for students (USD 1 in 2005 per student per month). Utility and other charges are also paid out of these funds (Ashurov, 2007). These funds are also used for the renovation of buildings and the procurement of consumables for training activities. Experience has demonstrated that those funds are obviously insufficient.

For instance, in 2005, using facilities of PTU No 52 in Dushanbe specialising in construction trades, a three-month training course was organised to train potential labour migrants as masons and welders. To ensure quality vocational training under this ILO project, expenditure per student including payments of educational allowances was set at USD 160-180 per month. As a result of this training, 30% of the trainees

managed to find decent work in Tajikistan within a month after completion of training. The sizable expenditure was necessary in order to create the training facilities virtually from scratch. In the future, however, expenditure using the existing training facilities will be brought down to USD 80-100 (Kuddusov, 2006).

It would seem that a lack of job opportunities would make any expansion of training for the domestic market unnecessary. However, executive authorities at all levels, state administration bodies in charge of the economy, labour market, social protection and education and, finally, trade unions and the general public are aware that labour migration to CIS countries (mainly to Russia) has been going on since 1993. 'The most interesting phenomenon of Tajik labour migration is that more than half of all migrants lack professional qualifications, with 57% of respondents stating that they had no professional skills when they left the country in search for employment. A great number of young migrants had not worked anywhere prior to their departure and had no professional skills.' (Olimova & Bosc, 2003)

Thus, the system of vocational education could be partially reoriented to meet the needs of migrants. With a level of vocational education among 43% of labour migrants, more than USD 1.7 billion is transferred to Tajikistan in the

form of remittances. Any investment in the vocational training of migrants can only increase the earnings of migrants as professional workers. Considering the seasonal character of migration and the high numbers of migrants returning home, trained migrants should be able to find a job upon returning home and this would enable poverty to be reduced in the country. Unfortunately, such an approach at the state level has not as yet been considered.

In the period 1998-2007, higher education institutions admitted 248,700 students and trained 141,500 specialists in full-time in situ and distance learning programmes. The attrition rate was therefore 107,200 people or 43.1% of those admitted. As to post-secondary education, 97,600 students were admitted in the same period and 68,900 graduated. The attrition rate was therefore almost 30% of those admitted. The main reason for the high level of dropouts is poor progress by students, who are even expelled for obtaining bad marks or missing lessons. Students do not study well, because their profession is chosen randomly: there is no professional guidance system and so few young people are sufficiently informed in their choice of profession. Young people aged 17-18 also enter tertiary education establishments to avoid compulsory two-year military service. In this case the profession is of no importance, what matters is the fact of enrolment. There seems to be no escaping the conclusion that non-achievers take up places and the educational institution violates established admissions ceilings.

A certain imbalance with regard to professional education has developed in Tajikistan. Calculations show that in the period 1998-2007, a total of 122,200 people received tertiary education and 61,100 and 130,500 received post-secondary and vocational education, respectively. The ratio of trained specialists with higher, post-secondary and vocational education is thus 2:1:2.

From the year 2000, private schools in the form of lyceums and gymnasiums started to appear responding to a demand for quality secondary education emerging in society and the business sector. In 2000, 32 gymnasiums and 51 lyceums were already operating in Tajikistan, approximately 60% of which were private (50 schools). By 2006, the number of gymnasiums and lyceums had more than doubled to reach 87. Of these, 26% were private schools. An overwhelming majority (74%) of the schools are situated in cities because the paying capacity of the urban population is higher than that of the rural population. Tuition in private and state-owned gymnasiums and lyceums is paid, with costs ranging between TJS 400 and 700 per year. In private gymnasiums, annual tuition costs are higher, ranging between TJS 1,700 and 3,000 per year. Transportation, meals and textbooks are usually charged additionally. An international school also operates in Dushanbe where tuition costs are in excess of TJS 15,000 per year¹³. Investment in secondary

education is made not only by local businessmen but by foreign entrepreneurs as well. There are several Turkish lyceums in Dushanbe. At the legislative level, the state does not provide for measures to encourage private initiatives in the educational sphere.

There are still no private vocational schools within the system of initial vocational education but there are paid training courses available in some of the more prestigious PTUs. PTU students are not paid a stipend and they receive a hot meal daily. Today, most PTUs have been converted into lyceums and colleges but little has changed in substance. Paid tuition has also been introduced into the system of higher education. There are commercial contract-based groups in virtually every Tajik university where tuition is paid. Entrance exams need to be passed in order to be able to obtain a place on paid courses. Almost half of all students are admitted into universities on a fee-payment basis. Students are not paid stipends for paid courses.

There are a number of free-of-charge education programmes accessible to the poor. For courses funded by the state, students who receive the grades 'good' and 'excellent' are paid a monthly stipend of TJS 25 and 35, respectively. To support the brightest students, what is called 'a presidential stipend' of up to TJS 120 a month is paid. Students coming from other cities are provided with a dormitory place, although places are unfortunately restricted.

There is evidence that university entrants wishing to major in disciplines that are in great demand (e.g. economics, taxation and customs, medicine) have to make unofficial payments; payments are also often required for exams and tests, irrespective of whether the tuition is paid or free and whether the student has the knowledge or not. As a result, young specialists graduating from higher education often have low standards of knowledge and poor practical skills¹⁴. For some reason, the state only supports tertiary and secondary special education students by paying stipends and providing students with dormitories. No stipend is provided for initial vocational education students and existing PTU dormitories are not adequately maintained. The PTU system mainly survives on the basis of their own incomes from large land plots, preserved agricultural machinery, repair works, etc.

2.3 TRENDS AND CHALLENGES IN THE QUALITY OF EDUCATION AND TRAINING

It is difficult to assess cost effectiveness and returns to education in Tajikistan since no statistics are available and no research has been conducted. The Tajik education system (see **FIGURE 3**) appears adequate from the viewpoint of division into stages. However, a

¹³ See Section 3.2 for information on wages.

¹⁴ Information from a survey conducted by IRC Socservice, as part of the preparation for this labour market survey, in the cities of Dushanbe, Kurgan-Tyube, Kulyab and Khudjand in June 2008.

content analysis of each stage reveals serious gaps which, in the recent history of Tajikistan, have negatively affected educational standards and considerably reduced education efficiency, despite the fact that the evidence indicates that the population needs quality education and is even prepared to invest its own funds in better education¹⁵.

Tajikistan, similarly to all the former USSR republics, inherited a fairly well-developed educational system based on 10 years of compulsory education. The principle of comprehensive life-long education was actually put into practice, starting from a well-developed system of pre-school institutions and ending with a system of secondary and higher professional education. This principle of comprehensive education has been actively promoted as adult education.

In the period of state-planned economy, the need to ensure transition from secondary education to professional education and work in general was well understood. In 10 years at school a student would not only receive quality secondary education but also occupational guidance. In the last two years at school (grades 9 and 10) students were trained in the initial skills of the chosen profession on the basis of what were called production-and-training centres. Once eight grades had been completed, students could choose their future path of professional education in a PTU and concurrently terminate complete secondary education. Also well developed was a system of night schools. However, in the period 1991-2007, these schools declined in number by a third whereas the total number of schools showed general growth.

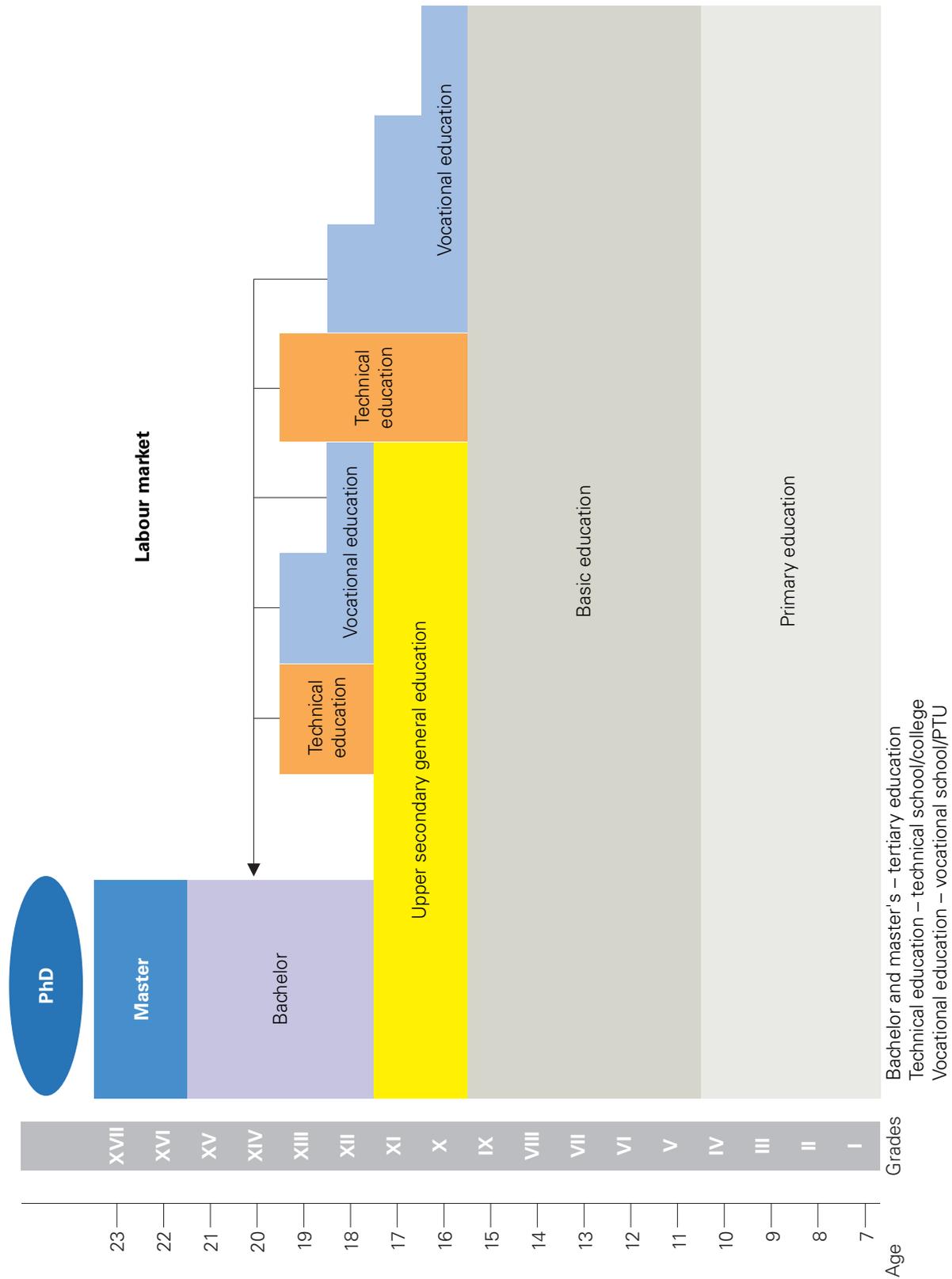
The contemporary system of secondary education envisages 11 years of training, nine of which are compulsory. This said, during the economic transition period the PTU system and vocational guidance activities at schools were discontinued completely and no substitutions have yet been offered. After 1991, the PTU system was financed based on the principle of survival and conservation but not development. In the years between 1991 and 2007, no investments were made in upgrading the physical infrastructure and training facilities of the initial professional education system. Several new PTUs were constructed but even more of the older training institutions within the PTU system were closed down. This caused a considerable drop in initial professional education coverage. Discussions are now ongoing at the highest government level about liquidating the three-year training within the PTU system that provides complete secondary education, i.e. it is envisaged that the PTU system will provide purely vocational training. The intentions seem to be good but the following factors are not taken into account.

- Since the compulsory education level has been reduced to nine years, there is no requirement to pursue general education after completion of nine grades. The only other educational institution an adolescent can go to afterwards is a PTU but this system can only admit a limited number of school graduates.
- Being denied the opportunity to enter upper secondary education in a PTU, students leaving schools after grade 9 forfeit their chance of getting any further education, being denied the right of choice to develop their skills or master a more prestigious and high-tech profession. This ultimately makes the labour market less flexible.
- The secondary school curriculum does not comprise a single discipline that informs 14-15 year-olds about professions, labour market and/or a future entrepreneurial learning for future working life.
- Pushing 15-year-old teenagers out into the labour market without any skills, the state does not provide them with even basic information and opportunities to choose a profession based on their aptitudes and on labour market demand.
- The quality of secondary education is very low, with many young people who have received certificates not, in fact, able to read, write or count. Many labour migrants (who represent the most mobile part of labour resources), for example, when they set out for Russia, cannot even write their names in the immigration card or read phrases written in their own Tajik language.

All of the above have resulted in a mismatch between secondary education and the labour market which the state cannot compensate for, since the principles laid out in the National Education Concept Paper (approved by the government as a programme document) are not being implemented. This document states:

‘Basic general education (grades 5-9) is a process through which students become aware of the notions “I” and “the world”, independently determine moral values, become conscious of a healthy lifestyle, learn to understand rights and obligations. [...] Basic education must provide children and adolescents with knowledge that will facilitate their self-management, choice of profession and favourite occupation and instil in them reverence for science and culture, national traditions, faith and model behaviour. To become integrated in the world civilization, students need to learn and know foreign languages. Basic education is compulsory for all citizens of the republic. [...] Secondary general education (grades 10-11) is a process whereby the intellectual and physical aptitudes of school students are developed and their opportunities to achieve objectives set at the basic stage of education are expanded.

FIGURE 3: TAJIKISTAN EDUCATION SYSTEM



Source: Faudel et al., ETF, The reform of vocational education and training in the Republic of Tajikistan, 2006

This level of education establishes conditions for adolescents to study their chosen disciplines in a more thorough manner, and they become interested in entering the highest stages of education. Instruction in general education secondary schools is carried out in different directions in accordance with the adolescent's wishes, aptitudes and interests. The purpose of organising education along several disciplinary directions is to create the conditions for the development and formation of individuality and moral refinement. Their right to receive general secondary education cannot be limited.'

The statement that general education is supposed to facilitate the children's choice of a profession and favourite occupation and should take into account the wishes and aptitudes of students in grades 10 and 11 still remains a mere declaration. It appears that the secondary school system is operating in isolation from the socioeconomic needs of the country.

In the near future, the state will be unable to allocate large funds to reanimate the system of secondary professional education so as to provide quality professional education to no less than 80,000 young people. After all, in the contemporary educational services market, the secondary school is the sole provider of educational services to all young people aged 14-15, i.e. the entire generation entering the employable age group. It is this system that has great potential in terms of providing adolescents with initial labour skills, based on establishing quality vocational guidance and reviving the PTU system. The capacity of the country's budget is sufficient to resolve this task within a matter of years, i.e. rapid results can be obtained without waiting for lengthy reforms to be completed. The existing learning base and the cadre capacity of the PTU system can be used for these purposes.

In this way a system of gentle transition from secondary to professional education and to the labour market in general can be created. Certainly, these measures must be coordinated with the development and upgrading of the vocational education system and the expansion of its coverage to provide quality education. The principle that a professionally educated citizen has the right to choose his/her occupation must become the cornerstone of the system.

Unfortunately, education still remains a sector featured by poor remuneration. Low remuneration level has become a key factor in the decline in the professional level of teachers in secondary centres and also in secondary professional education centres (where wages are even lower than in secondary schools). The rise in inflation needs also to be taken into account. Within the higher education system the problem of poor remuneration is partly resolved by the attractiveness of higher education and the introduction of paid tuition, although corruption

has become commonplace in the current system of higher education.

A 40% increase in the wages of secondary school teachers was agreed in July 2008, although teacher workload was simultaneously increased by 20% (e.g. the number of teaching hours for one grade was increased from 16 to 18 hours a week). As a result the wage increase for teachers has effectively been wiped out. It is only possible to attract good teachers and instructors if they are offered motivating wages. Proceeding from this principle, to assess the quality of teaching the Index of Teaching Quality (ITQ)¹⁶ recommended by the ETF is calculated as a ratio between the average wage in education (Wed) and the average wage in the economy (W): $ITQ_{Taj} = W_{ed}/W$. In 2007, the average wage in education was TJS 140.79, whereas the average wage across the country was TJS 163.27 (**TABLE 22**). Accordingly, the ITQ for Tajikistan was 0.86. We can speak about quality education only if the index exceeds 1.

To ensure the objectivity of the assessment it needs to be considered that the average wage across the country is almost twice below the costs of the minimum consumption basket. If we take this factor into account the ITQ is 0.62. Random people enter the education system in these conditions seeking stable if poorly paid employment. Experienced teachers very often take on excessive number of hours, actually working to exhaustion. The status of a teacher in the community is traditionally high, but from economic point of view they experience huge difficulties.

In the period 1991-2007, there was a reduction in the number of graduates of complete secondary school, while the number of graduates of basic school increased. This was accounted for by the desire for young people to enter the labour market as soon as possible and start earning money, mainly because of the poverty of families. The number of PTU graduates fell nearly by half, and the number of secondary specialist learning institution graduates fell 1.75 times. Meanwhile, the number of tertiary education graduates increased almost twice (**TABLE 23**). Although the number of students in higher education increases year after year, the institutions are unable to deal with the issue of graduate employment even for groups funded from the state budget.

The reduction in the number of specialists graduating from different levels of professional education was the result of changes regarding enrolment of students (see Table 20). A shift towards tertiary education from professional training appears to have taken place. In 1991 enrolment to PTU accounted for 47.9% of the total number of people who entered the professional education system but by 2007 this indicator had declined twofold. As for the share of enrolment in tertiary education, this increased from 24.7% to 53.5% (**FIGURE 4**).

¹⁶ The ITQ is based on the assumption that social recognition of the teaching profession may be measured by the wages paid compared with other professions. It may also be assumed that a higher quality of education implies higher social recognition. This is, obviously, a very generalised proxy, so the results should be interpreted with care.

TABLE 22: WAGE GROWTH IN EDUCATION IN TAJIKISTAN, 1991-2007

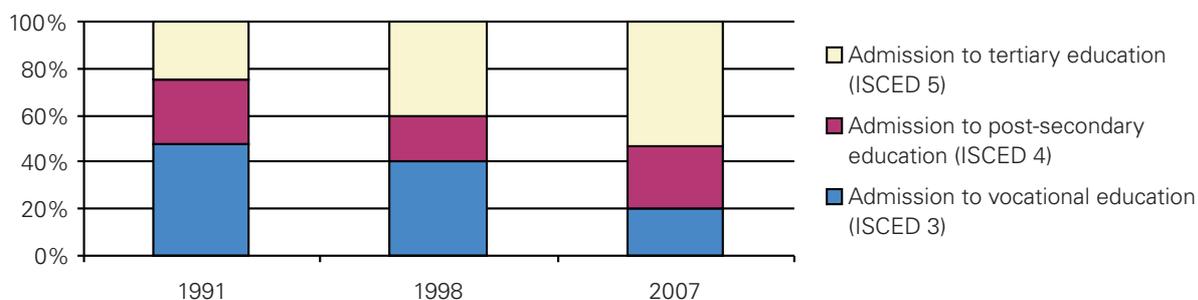
	1991	1995	1998	2000	2002	2004	2005	2006	2007
Average wage in education (TJS)	295	0.54	6.44	11.56	25.60	45.64	75.41	102.11	140.79
Average wage in Tajikistan (TJS)	370	0.92	9.17	15.57	32.55	61.81	83.58	116.26	163.27
Index of teaching quality (ITQ_{Taj})	0.8	0.6	0.7	0.74	0.8	0.74	0.9	0.88	0.86

Source: Official statistics, annual reports

TABLE 23: EDUCATION SYSTEM GRADUATES IN TAJIKISTAN, 1991-2007

Education	1991	1992-97	1998-2000	2001-03	2004	2005	2006	2007	Total 1991-97	Total 1998-2007
Basic (ISCED 2)	110,900	617,000	289,300	354,800	144,500	149,800	158,300	150,400	727,900	1,247,100
Upper secondary (ISCED 3)	89,100	367,400	139,200	198,800	64,900	79,600	79,200	77,400	456,500	639,100
Vocational (ISCED 3)	26,050	112,400	46,200	43,000	13,750	13,540	14,130	13,740	138,450	144,340
Post-secondary (ISCED 4)	13,670	60,000	18,600	19,230	7,640	8,000	7,460	7,800	73,670	68,730
Higher (ISCED 5)	9,970	66,630	38,600	37,000	14,370	15,100	17,100	19,300	76,600	141,500

Source: Official statistics, annual reports

FIGURE 4: VOCATIONAL SCHOOL ADMISSIONS IN TAJIKISTAN, 1991-2007

Source: Official statistics, annual reports

Below we review the list of specialties for which specialists have been trained in higher education and post-secondary schools (specialist secondary schools) and also in schools within the vocational education system (Annex 3). In the period 1991-2007, the training of specialists with higher education increased 1.93 times. At the same time there was a sharp change in the structure of personnel training (Annex 3, Table A3.1). If in the past, most specialists had been trained for education (67.5%) and health (10.6%), the period 1998-2007 saw the training of economic specialists increase 24 times, compared to a reduction of 1.5 and 1.2 times in the training of education and health specialists, respectively. The training of specialists with higher education for agriculture decreased by 1.3 times in comparison to the total number of trained specialists. Unfortunately, higher education institutions do not pay much attention to the issue of graduate employment. In recent years, due to the shortage of secondary school teachers in rural areas, the need to introduce a compulsory requirement for state-financed university graduates with pedagogical specialties to work for two years in schools has been discussed.

In the period 1991-2007, the training of specialists in post-secondary education decreased 1.8 times (Annex 3, Table A3.2). In the past, most specialists had been trained for health (28%), industry (23.6%), education (22%) and the economy (16%), but in the period 1998-2006, the training of specialists for health and education increased 1.5 times, compared to a fall of 4.8 in the training of specialists for the economy in comparison to the total number of trained specialists. The most significant reduction occurred among agricultural specialists (reduced 6.3 times). The system also does not take into account issues of employment when developing plans for specialist admissions and turnout. In the same period the training of specialists in vocational education also decreased twice. In 1991, the system of initial professional education trained the following main categories of workers: agriculture (27.4%), industry (11.1%), construction (10.1%) and consumer services and transportation (7.3%). By 2007, the share of trained specialists for agriculture decreased 1.6 times, industry 1.85 times and construction 4.4 times.

An analysis of the training of specialists in the system of vocational education shows that in the period 1991-2007, the overall reduction in training was 45.8%; the training of specialists in masonry and plastering was reduced by 100% (i.e. turnout ceased), in textiles by 83.4%, in machine and motor operation, by 61.4%, in painting and plastering by 61.3%, in joinery and carpentry by 54% and in bench working and electrical mechanics by 25.3%. Simultaneously, the training of specialists in sewing and tailoring increased more than 16 times, in automobile driving/operating, 8.5 times and metal machinery operation, more than 3.5 times (Ashurov, 2008).

Over 137,000 specialists in education were trained in the period 1991-2007. However, there is a current shortage of 10,000 teachers in the sector and 10,000 working teachers have secondary education only. In the labour market the demand for teachers is five times lower than

the supply of specialists with a pedagogical education. Existing vacancies are not filled by young specialists from education because the wage level is poor. The issue of 'where teachers work' has not been studied in the country. It can be assumed that teachers work in public administration, business, international projects (those who know a foreign language) or abroad.

The country does not have a statutory mechanism imposing a period of compulsory work practice in the specialties and there is no system to monitor the personnel training process. Therefore, the invested funds are lost irretrievably. These facts are relevant to specialist training for other economic branches. In order to ensure efficient use of funds, there is a need to develop a mechanism for returning trained specialists in the educational profession.

In general, our analysis of specialist training and trends in professional education shows that the sphere of professional education fairly quickly responds to a drop in demand for particular specialists but is very inert in terms of reacting to emerging demand for other types of specialists. While the decrease in the number of specialists trained for industry, construction and transportation can be explained by diminished employment opportunities in those sectors, there is no way to justify the increase in the training of specialists for the economy (e.g. economists and lawyers). These people often do not work in their specialty: they either join the unemployed or emigrate. The main issue is that the choice of profession was irrational and did not meet labour market demand.

A completely illogical situation exists with respect to the training of agricultural specialists: despite the increase in employment in this sector there has been an abrupt drop in the number of students in all agriculture-related professional training. The most significant denationalisation of property (and change in land distribution) occurred in the agricultural sector as a result of the liquidation of *kolkhozes* and *sovkhoses*¹⁷ and the creation of a large number of *dehkan* farms. Logically, it would be expected that the increase in the number of economic agents in the agricultural sphere should stimulate demand for the training of management specialists but this is not happening. It seems that the de-industrialisation of agriculture and the poor remuneration for labour have been the reasons for the lack of professional growth in this sphere.

2.4 SCHOOL-TO-WORK TRANSITION

An important way to judge the efficiency of the labour market is to assess the opportunities for transition from education to work. The youth of today are tomorrow's labour force. Many direct and indirect factors determine how hard or easy it will be for young people to enter the labour market where they should be able to start

17 See definitions under Table 32, p. 53.

benefiting from previous investments in education and continue improving their working skills.

The training of a large number of specialists that the economy does not need gives rise to problems associated with the employment of vocational training graduates. The issue of transition from training to work has been studied very little in Tajikistan. It was only in 2007 that, inspired by an ILO commission, the Centre for Strategic Studies attached to the Executive Office of the President of Tajikistan carried out a large-scale study of issues associated with the transition from training to work (ILO, 2007a). The study was conducted in 28 cities and districts of Tajikistan and included 4,332 respondents.

According to the findings of the study, the most important objective for men was to develop a career and to make a contribution to society (both 85%), whereas for women the primary aspiration was to have a lot of money (27%) and to become a good economist (24%). Such aspirations as having funds and extensive knowledge are not so much the objectives but a means for implementing life plans, namely, to get an interesting job and to found a family. The responses of interviewed students indicated that 17% wished to have permanent and well-paid jobs, 11% wished to become good specialists and 10% wanted to succeed in life and make a contribution to society.

As for the quality of education, 89% of rural youth were satisfied and 80% of urban youth also gave a positive assessment. This high evaluation of the quality of education can be accounted for by low evaluation criteria. Unfortunately, this factor was not dealt with in the current survey.

On completion of their studies, a significant proportion of rural young people (40%) planned to start looking for employment whereas a significant proportion of urban young people planned to continue their education (40%). About 3% of young people intended to stay at home to assume personal and family responsibilities. These intentions were expressed by very similar numbers of males and females. Despite the traditional views of the

society, female respondents showed the least desire to stay at home. Another 21% of students intended to look for employment with the help of their friends and relatives, 15% were planning to find employment in educational institutions and 13% were planning to directly apply to employers.

The interviews showed that about 7% of students had discontinued their studies to work or to look for full-time employment. Of that number, over 86% were looking for employment in the private sector. Not everyone succeeded in finding employment. More than a quarter (26%) preferred to resume their studies on account of the lack of suitable employment and 17% had decided that they had enough money to continue their education; however, 12% stated that he/she was not ready to face the working world.

Poverty compels many young people to start working too early. Of the total number of people who discontinued their education, 28% were adolescents aged 13-14 although there was also a small number (1.3%) of children aged 11-12. Almost a third of young people (27%) combined studies with work. For a significant proportion of them (14%) the working day lasted between one and five hours, with 6% working between five and ten hours per day. More than 29% of respondents indicated that upon completion of training they would work in the same area where they had worked during their studies. This means that for almost a third of young people the transition from training to work does not cause any problems. In these terms, women turned out to be more optimistic than men.

For nearly a third of young people the transition from school to work was easy and took up to one month. For 24% of young people transition took up to six months and for 11% of young people it took six to twelve months. The transition from education to permanent jobs was easier for young people with complete secondary education (men 48.9% and women 1.1%). For 21% of young people (men 27.3% and women 14%), having professional education made the transition easy (TABLE 24).

TABLE 24: STUDY-TO-WORK TRANSITION ACCORDING TO EDUCATION LEVEL IN TAJIKISTAN (%)

Education level	Transition to any permanent job			Transition based on profession		
	Total	Men	Women	Total	Men	Women
Primary	9.1	7.2	11.1	1.4	2.9	0.0
Basic	15.2	16.5	13.9	2.9	5.9	0.0
Upper secondary	55.0	48.9	61.1	45.6	41.2	50.0
Vocational	4.2	2.9	5.6	2.9	5.9	0.0
Post-secondary	8.9	12.2	5.6	17.2	17.6	16.7
Tertiary	7.5	12.2	2.8	29.9	26.5	33.3

Source: ILO, *Study of transition from training to work, Dushanbe, 2007, p. 105 (draft report)*

Transition from school to work is easier in sectors of agriculture (45% men and 7% women) and retail trade. For rural people the transfer to agricultural employment is easier because of previous experience working on family subsidiary plots. Working as a shop assistant requires no particular qualifications either. If we compare indicators regarding finding a job based on specialty, the indicator of the transition to agricultural employment decreases twofold. Thus, agriculture and trade are the most accessible employment spheres for young people making the transition from study to work. Young women are more vulnerable in this respect, however, as their transition is more difficult than that of men.

2.4.1 YOUNG PEOPLE AT SCHOOL

An overwhelming majority of young people attending schools (62-65%) would like to receive higher education prior to becoming independent. This view was held by similar numbers of urban and rural residents, both male and female. For urban young people, second in order of importance (16.3%) was receiving complete secondary education, which they considered to be much more prestigious than vocational training (8.8%). Although a significant proportion of rural young people (13.3%) also wished to receive complete secondary education, for them it was slightly more important to receive vocational technical training. In gender terms, these opinions were similarly upheld by males and females living in rural and urban areas. However, in rural areas the share of females wanting to receive higher education was higher than that of males, whereas in urban areas, females were more inclined (as compared to males) to receive vocational technical training.

The survey results suggest that young people are not familiar with the situation in the labour market since most of them would prefer to become economists rather than qualified specialists in the production sphere. Young people seem to believe that people with an education in economics are in greater demand in a market economy and that they earn more. This work was considered to be 'clean' and to require little physical effort. Most rural and urban young people, both males and females, would like to be trained for trade and business administration (21-24%), education (17-21%) and industry and technology (15-18%) – although for rural females industry and technology was the least desirable career (10%). The least attractive spheres were engineering (10-15%), medicine (7-10%), literature and art (4-7%) and science (6-10%). In rural areas, nonetheless, there were more females wishing to work in engineering and science than males.

2.4.2 YOUTH UNEMPLOYMENT

Youth unemployment is a major problem in Tajikistan. The share of young people aged 15-29 in general unemployment and registered with the employment services is 60-65% (TABLE 25). The unemployment rate among economically active young people was 9-11% based on the LFS 2004 data. The average age of unemployed people was 29.6 years. Although there was a

decrease in the rate of youth unemployment in 2000-04, the indicator still remains rather high.

Of the total number of unemployed young people, 70% are actively looking for employment and 30% are trying to establish businesses of their own. Most unemployed young people, both males and females, prefer to look for employment with the help of friends and acquaintances (25%), by directly applying to employers or by registering for job vacancies (15%). Only 5.5% of unemployed young people use the state employment service and 7.2% use the services of the labour exchange. Of those who used the employment service, over 65% did not receive any assistance and only 11% received information on available vacancies (ILO, 2007a).

We should note that for one person in six (15.7%), the search for employment lasts over a year and for one person in three (28.5%) it takes up to three months to find work (ILO, 2007a). Unemployed young people frequently look for physical labour jobs (38%), almost 30% look for jobs corresponding to their profession and 9% look for administrative or managerial jobs. Unemployed young people are often offered unsuitable jobs and 64% of them turn down such job offers. The main reason for this is low wages.

About 40% of unemployed young people are prepared to move to another country to get a suitable job, and 16% more are prepared to move to another location within the country, all suggesting a high degree of mobility among unemployed youth. Rural young people are more mobile, with about 22% of rural women liking to move to the capital.

The main hindrance for finding a job for young people was lack of education (25.7%); another 12.8% indicated lack of working experience as another problem. Poor pay was not acceptable to 22% of the respondents and almost 20% considered shortage of employment opportunities a serious hindrance in their search for jobs. While lack of education was the key hindrance for urban young people, for rural young people lack of working experience was the foremost obstacle.

More than 42% of youth consider it useful to have professional education. An analysis has shown that most unemployed youth (37-40%) in both rural and urban areas believe that higher education is needed to find work and 12-14% consider it useful to undergo apprenticeship with an employer. Young people see it as extremely important to have training in the information and computer technologies (11%) and to receive professional training (9.8%-11.4%). This is why one in five young people (21.5%) plans to continue education, with over 65% wanting to receive higher education (ILO, 2007a). In general the survey shows that attraction to higher education is equally high among school students, the unemployed and economically inactive youth, and particularly among females.

On the whole, obtaining employment is difficult for young people. The obstacles are mostly related to the worker's employment history. Young people just beginning their

TABLE 25: GENERAL UNEMPLOYMENT IN TAJIKISTAN, 2000 AND 2004

	Census 2000			Labour Force Survey 2004		
	Total	Men	Women	Total	Men	Women
Unemployment rate (% of economically active population)	9.28	9.00	9.62	7.40	6.58	8.54
- Aged 15-19	16.87	18.52	15.25	9.43	8.84	10.10
- Aged 20-29	11.46	11.67	11.21	10.22	9.71	11.01

Note: ILO methodology

Source: State Statistics Committee, Analytical report on the labour force survey in Tajikistan, Dushanbe, 2005, p. 64

working career often have no working experience or professional skills. Over half of working young people did not receive any professional training in their current field of work. Employment-related difficulties can be presented as a succession of interrelated drawbacks and gaps that accompany young people from early childhood, as follows (ILO, 2007a):

- a large number of household members with low average incomes;
- lack of conditions and funds to receive a complete education (60.2% of respondents indicated insufficiency of material resources and 15.5% cited poor living conditions);
- obstacles in receiving a proper education related to parental prohibition (16.4% for girls);
- the poor employment status and low level of education of parents;
- a lack of labour nurturing at school;
- discontinuation of education;
- poor career expectations;
- lack of plans for the future (in terms of education and work);
- early marriages (16.4% for females) and birth of children.

Difficulties related to finding employment were analysed by measuring the following indicators: having a temporary job without a contract (40.6%); duration of the job search (15.7% over a year and 14.1% six to twelve months); and employment in the informal sector (85% of men and 87% women having temporary jobs). Unemployment also affects educated young people: one young person in five with higher education was unemployed. Poor remuneration (14.7%), inconsistency of educational and professional with the offered job (35.8%), a lack of working experience (14.7%) and gender-based restrictions (for women) were the key obstacles to young people finding employment.

The impact of all of the above difficulties is long term. The initial period of unstable employment on completion of schooling is becoming a widespread phenomenon. More than a third of young people have not started their transition from school to work, and of these, 28% are

inactive. There are more inactive young people in urban areas than in rural ones, particularly those from poor families.

Young people do not have a grasp of the fact that, in the current socioeconomic conditions, professional training received in a timely and effective manner provides a guarantee for their successful working career in the future. The unpopularity of vocational education results from poor awareness by young people of the opportunities to quickly obtain a profession, although the sluggishness of the system itself makes it unable to respond promptly to changes in labour market demand. Only 2.2% of young people wish to continue their education in a PTU.

Employers are interested in hiring fully trained workers. More than 74% of young people who were looking for employment had to apply to employers one to three times before they could start working; one young person in six could not start working because he/she did not meet the employer's requirements. Most young people (41.4%) accepted any work and only 9.3% measured their capacity against qualification requirements. Job applications by a quarter of young people (25.4%) were turned down on account of their lack of education and 24.6% of young people could not get employment because their level of education did not match the employer's requirements. Gender differences are not a serious consideration for around 50% of employers, although there are specialist production facilities where employers prefer to hire only men (21.1%) or only women (26.3%).

The survey conducted among employers showed that there is a demand for labour in all firms. However, employers are not satisfied with candidate qualifications. Firms in branches of economy where a high qualification is required have the greatest demand for workers. Firms where high qualifications are not required have lower demand for workers or refer to reducing the workforce. The labour offered on the labour market suffers from a lack of qualifications or fail to meet employer requirements, which to a considerable degree prevents the enlargement of many firms (Olimov, 2007). This is

corroborated by a survey conducted among 100 firms in 2008 (ILO, 2007b). Constant unsatisfied demand for labour exists in all branches of the economy. The highest demand for labour was registered in communication services (6.4%), health care and social services (10%), other kinds of services (6.4%) and in trade and catering (4.%). The least demand was in transportation, communal services and housing services. Some 42% of firms suffer from the lack of qualified workers. For 82% of firms, the lack of qualified labourers is felt or is a very serious problem, hampering the development of the firm.

Analysing findings of the aforementioned surveys, it can be concluded that, for the employer, work experience, practical skills and professional education are the most important criteria in assessing the qualification of a worker. In Tajikistan employers usually have the following requirements for candidates: age, education, qualifications and work experience (usually three to five years). Additionally they require the knowledge of languages: Tajik, Russian and English. Sometimes specific requirements regarding professions arise, for example, sex, appearance and communication skills.

To a certain degree employers do not trust the professional education system. Among the main reasons why vacancies are not filled is often the fact that the qualifications of the workers do not correspond to their diploma or certificate of education. The following reasons were also given: a lack of work experience, dissatisfaction with the wage or the lack of a social package and the low cultural level of the labourer. On average employers spend 25-30 weeks seeking for qualified workers. However, while requiring much from workers, it appears that employers are not ready to pay a high wage (ILO, 2007b).

The lack of employer confidence in the quality of the training given to young specialists is a result of the fact that employers are not involved in defining the standards for professional education nor do they participate in the practical training of young specialists. The system of professional education is isolated from the training of young specialists and is not linked to the direct beneficiary, namely, the employer.

2.5 KEY CONCLUSIONS

In the period 1991-2007, the quality of labour resources sharply worsened as a consequence of the weakening of the education system following independence, with the share of public expenditure in GDP falling overall 3.6 times. The educational heritage received by Tajikistan from the USSR has, however, enabled high literacy rates to be maintained in the population.

A sharp decrease in funding for education and, to some extent, state policy in this sphere have led to the decline in the quality of school education, a low level of attendance at schools and a deterioration in school infrastructures. As a result, the level of illiteracy among children from poor families and girls, especially in rural areas, is growing and functional illiteracy is on the increase.

Since 2005 the funding of education has been increased, but not enough to the problem of halting the decline in the quality of education. Education wages are poor and this is a major reason behind the decline in professionalism in secondary education and also in secondary vocational education (where wages are even lower than in secondary schools). In the opinion of experts from the Ministry of Education, funding needs to be quadrupled. Poor payment for labour in education has led to a brain drain of a considerable proportion of highly qualified teachers, particularly with outflows of male teachers.

Problems in the education sphere are affecting the level of professional education of the population. Between the 1989 and 2000 censuses, the professional education level of the population fell 1.5 times. The current system of professional education can only provide training annually to around 45% of the young people entering the labour market. Incomplete coverage for young people by the professional education system has been a problem in Tajikistan since the 1980s and is aggravated further by the decline in the general quality of education.

A certain imbalance has formed in Tajikistan regarding the vocational training of managers, with a 2:1:2 ratio of trained specialists with tertiary, secondary specialist and initial vocational education, respectively. The share of students in tertiary education has sharply increased while that of students in initial vocational training has decreased. The reduction in initial vocational education trainees is a consequence of the de-industrialisation of the country and the reduction in the number of workplaces, primarily in industrial production. A need for training is not considered given that a considerable part of the population migrates. Yet more than half the labour migrants have neither professions nor labour skills. Furthermore, there is a growing need for returned migrants to certificate labour skills obtained abroad.

What this implies is that the system of vocational training could be partially reoriented to meet migrant needs. For a level of professional education of labour migrants of 43%, more than USD 1.7 billion in the form of remittances is transferred to Tajikistan. Investments in the professional training of migrants could substantially increase the wages of migrants as professional workers. Furthermore, considering the seasonal character and high level of return among migrants, trained migrants would be able to find a job in their home country and this would more effectively help reduce the poverty level. Unfortunately, so far this approach has not been considered at the state level.

The dropout rate for the system of vocational education is high, a consequence mainly of poor progress by students, who can be expelled merely for bad marks or missing classes. Students do not study well because there is no system for professional orientation and so they choose their profession randomly, i.e. considered choice of a future profession among young people is very infrequent.

Since 2000 private education has appeared in Tajikistan, demonstrating increased flexibility in the sphere of education. Groups paying for their education also feature

in tertiary education establishments. For some reason the state provides support only to students in the tertiary education system (by paying stipends and providing dormitories). No stipend is envisaged for initial vocational education students and existing PTU premises are not maintained.

Associated with specialties which are in great demand (such as economics, law, taxation and customs, medicine) are unofficial payments and money extortion in regard to tests and exams, irrespective of whether the course is free or paid and whether or not the student has the knowledge. As a result, young graduated very often have a poor level of knowledge and practical skills.

There is a serious gap between secondary education and professional education, with no subject offered in secondary schools that would inform students about the labour market. After secondary school, students receive no guidance in choosing a profession as the state does not provide a professional orientation service for young people.

In general, an analysis of training specialties and trends in the professional education sphere show that there is a fairly rapid reaction to the decline in demand for some profession but a weak response to emerging new demands for specialists. The training of a large number of specialists that the economy does not need results in a problem of employment for graduates of professional learning institutions.

Young people are not familiar with the situation on the labour market and many want to become an economist, for example, rather than a qualified specialist in the production sphere. Young people also prefer to study in the tertiary education system and have little interest in studying in the system of initial professional training.

In general, it is very difficult for young people to find a job and obstacles are usually related to the lack of a work

record. Young people typically have neither work experience nor professional training. For the employer, work experience, practical skills and a professional education are the most important criteria for assessing the level of qualification of a worker. Nonetheless, employers are often not willing to pay the kind of wage that would attract workers that meet their many requirements.

The system of professional education needs a review of priorities with an eye to the real needs of the labour market. There is also a need to create a system for assessing labour market demand for specialists and forecasting labour market developments, and, based on this, to determine the training requirement for the system of professional education. This also requires the material and technical development of professional education and an upgrading of the quality of education.

Employers themselves should be involved into this process as the main beneficiaries of the vocational training system. The role of employers is very important in developing standards for professional education, developing curricula and organising practical learning.

In a context of excessive work force and lack of jobs it is urgent to revise the content of vocational education. The revision should concern not only core specialist subjects but it should also include new skills provision related to soft skills and business education, in order to support the creation of an entrepreneurial environment in the country. In addition, the system of secondary education should be re-oriented for preparing young people for entry into the labor market. This is the only system of education covering practically all young people aged under 15. It is important to integrate also carrier guidance activities, to support young people in their choice and to develop their ability 'to adapt', to find a place in the labor market, to choose a profession and other vital skills.

3. LABOUR RESTRUCTURING AND EMPLOYMENT PATTERNS

Historically, Tajikistan was the poorest republic in the former USSR and its average income per capita was half of that in Russia. Today it continues to be among the poorest countries in Eastern Europe and Central Asia. Dire consequences following the breakup of the USSR affected the establishment and development of independent Tajikistan: financial subsidies that had amounted up to 40% of the country's budget stopped, economic and production ties were disrupted and reciprocal deliveries ceased. As the entire national economy of the USSR had operated on the basis of the labour division principle, and industrial products manufactured in the republic had been sold in the domestic USSR market, Tajikistan lost its marketing outlets and industrial enterprises either stopped their operations completely or worked at 40-50% capacity when the USSR broke up. Agricultural production also declined. The post-independence civil war between 1992-97, difficulties associated with the transition to a market economy (persisting even now) and a prolonged political confrontation that only ended in 1997 resulted in a sharp economic recession and poverty pervading the entire country, reaching the level of 81% in 1999 (Olimova & Kuddusov, 2007).

It was only from 1997 that the government was able to launch rigorous socioeconomic reforms which brought about a significant economic revival already by 1998. By the year 2003, it had managed to bring the poverty rate down to 64%, when the Gini coefficient was 0.33. According to preliminary findings of the Living Standards Survey for 2007 the poverty level in the country had dropped to 53%¹⁸. However, about 20% of the population still lives on less than USD 1.25 per day, and it rates 122nd among 177 countries in the UNDP Human Development Index.

Rather than structural economic reforms, three factors in the period leading up to 2003 – ending conflict, the initial impact of macroeconomic stability and large increase of labour emigration – caused growth and have been relatively beneficial for the poor (World Bank, 2005). Peace, first of all, provided the stability that helped small-scale commercial activities to expand and/or re-emerge. Markets (bazaars and commercial markets) developed, helping people to sell production from their subsidiary plots and buy agricultural inputs. The grey economy grew, particularly the service sector, which provided the means of livelihood for many poor people. Secondly, the government launched stabilisation and reform programmes supported by international organisations (e.g. International Monetary Fund, Asian Development Bank (ADB), World Bank). Inflation fell

substantially and the exchange rate remained fairly constant, to the benefit of the agricultural sector in particular. Agricultural reforms in the non-cotton sector helped farmers to diversify production and increase productivity. An improved economy in Russia and in other parts of the former USSR provided a safety net in the form of offering the possibility of emigration for Tajik workers. The remittances sent to their families in Tajikistan (together with other forms of transfers) represented 10% of the average household income in 2003.

3.1 THE MACROECONOMIC SITUATION AND ECONOMIC RESTRUCTURING

In the period 1992-98, the country's economy was in a state of stagnation and profound crisis. In 1991, the GDP at 2005 values amounted to TJS 11,607 million, but by 1998 had dropped to TJS 4,044.9 million. Per capita income in 1991 was USD 400.3 and USD 221.8 in 1998 (**TABLE 26**). Starting from the year 1998 there has been steady growth in GDP, rising 2.3 times between 1998 and 2007. In 2006, the GDP per capita surpassed the 1991 figure for the first time in 15 years. Average annual GDP growth to 2007 was about 7%. However, economic indicators in the last decade have still failed to reach 1989 levels, and GDP per capita is still one of the lowest in the region (in terms of PPP, USD 1,600).

In the period 1998-2004, the country managed to bring the inflation rate down to 6.8% per year. However, in 2007 it zoomed again to reach 21.5%. The growth in the price index number is associated with changes in food commodity and fuel prices in the world market. Structural changes have taken place and traditional branches of the economy that dominated before 1991 have lost ground, especially light industry. Non-ferrous metallurgy and power engineering have come to the forefront and the food industry has retained its position in the industrial production structure. The main sources contributors to GDP are industry, agriculture, trade, services, transportation and communications. The production of goods is on the decrease whereas the production of services is rising (**TABLE 27**).

In the industrial sphere the extractive branch accounted for 10.4% and the processing branch for 89.6%. The extractive industry grew by 2.7% in the period 1990-2007. In general, there is a negative note in the declining volumes of production of goods in the GDP structure.

¹⁸ Poverty is considered to exist when total consumption falls below the marginal poverty level, estimated by the SSC as TJS 139 (USD 40.5) a month for food and non-food goods.

TABLE 26: GDP FLUCTUATIONS IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2005	2006	2007
GDP in current values for the corresponding years (million TJS)	13.4	1,025.2	1,786.8	7,206.6	9,335.2	12,779.7
GDP in comparable prices as % of previous year	94.0	105.3	108.3	106.7	107.0	107.8
GDP (million USD)	2,203.9	1,331.1	1,091.5	2,335.6	2,859.4	3,719.7
Index of consumer prices as % of previous year		143.0	143.5	107.8	111.9	121.5
GDP per capita¹ (USD)	400.3	221.8	158.0	337.5	404.8	515.5
External debt (million USD)		901.9	1,027.1	894.9	866.3	1,119.9
External debt as % of GDP		68.9	108.2	38.9	31.0	25.6

(1) Calculated in the current prices of the respective years.
Sources: National Bank of Tajikistan; Ministry of Finance

TABLE 27: GDP CONTRIBUTION BY ECONOMIC BRANCH IN TAJIKISTAN¹, 1991-2007

	1991	1998	2000	2005	2006	2007
Production of goods (%)	73.1	50.0	60.4	48.9	48.5	45.4
- Industry	25.4	20.1	33.1	22.7	21.3	18.3
- Agriculture/forestry	36.6	25.1	25.1	21.2	21.5	19.4
- Construction	10.4	3.9	2.1	4.6	6.1	8.0
- Other	0.7	0.9	0.1	0.4	0.1	0.2
Production of services (%)	25.4	42.4	31.1	39.6	40.1	42.1
- Trade/catering	7.5	22.6	10.9	16.3	17.1	16.6
- Transportation/communications	3.7	4.2	4.8	7.7	7.2	9.5
- Geology/exploration	-	0.2	0.2	0.04	0.03	0.03
- Housing/utilities infrastructure	1.5	5.3	6.7	6.1	5.9	5.4
- Health/social welfare/physical culture	2.2	2.8	1.1	1.6	1.7	1.4
- Education/culture/art	3.7	4.0	3.7	3.7	3.5	3.0
- Science/scientific servicing	0.7	0.1	0.1	0.3	0.2	0.1
- Finance/credit/insurance	-	0.8	1.0	1.1	1.5	2.0
- Governance	6.0	2.3	2.4	2.8	2.9	3.1
- Public institutions	-	0.2	0.4	0.7	0.6	1.5
- Financial mediation	-	0.3	0.3	0.7	1.0	1.3
Net taxes on production (%)	1.5	7.6	8.6	11.5	11.4	12.5
GDP (million TJS)	13.4	1,025.2	1,786.7	7,206.6	9,335.2	12,804.4

(1) In current prices.
Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008, p. 209

Foreign investment in Tajikistan is growing annually. In the period 1998-2007, the amount of foreign investment increased by 6.4 times (**TABLE 28**). Particularly significant growth is observed in the amount of non-direct investment in the economy, with a share in the total investment of 55% in 2007. The volume of indirect investment in 2007 increased three times. More than 19.2% of investment is in the generation, collection and distribution of electricity, 18.2% in financial intermediation, 4.6% in developing the communications system, 4.6% in providing various services, 4.8% in central bank activities, 1.1% in the mining of precious metals and rare metal ores and 11.6% in housing construction; the remaining 35.9% is distributed between other economic branches. More than half of the investment is from non-CIS countries, mainly China, Germany, Cyprus and the USA. Of the CIS countries, Kazakhstan is the largest investor (**TABLE 29**).

Investments are largely in the form of joint ventures. An example of large investments is the construction of power plants: Sangtuda-1 jointly with Russia, Sangtuda-2 jointly with Iran. Iran and China have invested in the construction of tunnels and roads. Lately China has also been investing funds in the construction of hydropower plants and energy transmission lines. Iran has started investing in the construction of housing. A large investment project with the Great Britain is a joint venture for gold mining.

During the Soviet period, the Tajikistan economy was characterised by a high degree of integration in the common USSR economic structure. A large number of industrial enterprises were either part of the larger USSR structure or managed by Tajik public authorities. Naturally, labour-related issues (e.g. employment and wages) were addressed at the central level, with decisions taken in compliance with Soviet legislation. The high degree of integration ensured at that time a sufficiently high level of labour force employment.

Expansion of foreign trade turnover is an essential condition for promoting the integration of Tajikistan's economy in the world economy. The volume of foreign trade turnover is growing: in 1998 it was USD 1,307.6 million and by 2006 it had increased to USD 3,124.4

million. In 2007 alone, foreign trade turnover increased a further 25.6% to USD 3,923.6 million (**TABLE 30**).

The volume of exports increased 2.5 times over this same period whereas the volume of imports increased 3.5 times, thereby significantly exceeding the exports growth rate. The significant growth in exports over imports has been the case since 2003 and largely reflects the condition and development of the country's economy, which is very dependent on imported goods, particularly foodstuffs, consumer goods, industrial and construction materials and transportation. Tajikistan markets are flooded with cheap Chinese goods although, according to official statistics, China supplies just 10.8% of the total amount of goods imported by Tajikistan. The competitive capacity of goods produced in Tajikistan is low for various reasons and, referring to Tajikistan's accession to the World Trade Organisation that is currently being negotiated, Tajikistan is incapable of competing in the international market for goods and services.

In 2007, exports of products from Tajikistan were mainly destined for such countries as the Netherlands (38.9%), Turkey (32.5%), Russia (6.6%), Uzbekistan (5.9%), Iran (5.1%) and Switzerland (1.7%). Imported goods come mainly from Russia (31.9%), Kazakhstan (13.1%), China (10.8%), Uzbekistan (8.4%), Romania (2.9%), Ukraine (2.1%) and Turkmenistan (1.5%).

Basic metals occupy an essential place in the exports structure, particularly primary aluminium. The specific weight of aluminium exports, starting from 2000 (55%), increased 1.4 times. In 2007, they accounted for 75.5% of the country's exports. There is every reason to believe that the specific weight of aluminium exports will continue to grow.

Cotton fibre and processed cotton products rank second in the exports structure, representing 11.9% of total exports in 2007. However, cotton production in Tajikistan in the 1980s ranged between 850,000 to 1 million tons annually, but at present is half of this. Another 4.8% of total exports is represented by mineral products consisting mainly of ore concentrates, an intermediate product of the metal mining industry.

TABLE 28: FOREIGN INVESTMENT IN TAJIKISTAN, 1998-2007

	1998	2000	2002	2004	2005	2006	2007
Total investment (million USD)	140.5	28.8	124.0	186.1	174.6	504.7	860.6
Direct investment (million USD)	115.6	23.2	36.1	22.4	54.5	385.2	388.4
Other investment (million USD)	24.9	5.7	87.9	163.7	120.1	119.5	472.2
Direct investment as % of total	82.3	80.3	29.1	12.0	31.2	76.3	45.0

Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008

TABLE 29: FOREIGN INVESTMENT IN TAJIKISTAN BY COUNTRY, 2007

	Total investment		Direct investment		Other investment	
	million USD	%	million USD	%	million USD	%
Total	860.6	100.0	388.4	100.0	472.2	100.0
CIS	393.6	45.7	171.1	44.0	222.5	47.1
Kazakhstan	231.3	26.9	10.8	2.8	220.5	46.7
Russia	162.1	18.8	160.1	41.2	2.0	0.4
Other	0.2	0.02	0.2	0.1	–	–
Non-CIS	466.9	54.3	217.2	56.0	249.7	52.9
Great Britain	10.8	1.3	10.8	2.8	–	–
Germany	91.3	10.6	0.1	0.02	91.2	19.3
Iran	10.3	1.2	10.3	2.7	–	–
China	110.6	12.9	6.4	1.7	104.2	22.1
Cyprus	88.7	10.3	88.7	22.8	–	–
USA	77.3	9.0	71.7	18.5	5.6	1.2
Philippines	39.1	4.5	1.5	0.4	37.6	8.0
Switzerland	16.5	1.9	15.5	4.0	1.0	0.0
Other	22.3	2.6	12.2	3.1	10.1	2.1

Source: State Statistics Committee, *Statistical yearbook of the Republic of Tajikistan for 2008*, Dushanbe, 2008

TABLE 30: FOREIGN TRADE TURNOVER FOR TAJIKISTAN, 1998-2007

	1998	2000	2002	2004	2005	2006	2007
Foreign trade turnover (million USD)	1,307.6	1,459.3	1,457.4	2,106.2	2,238.8	3,124.4	3,923.6
Exports (million USD)	596.6	784.3	736.9	914.9	908.7	1,399.0	1,467.6
Imports (million USD)	711.0	675.0	720.5	1,191.3	1,330.1	1,725.4	2,476.0
External trade balance¹ (million USD)	-114.4	109.3	16.4	-267.4	-421.4	-326.4	-1,008.4

(1) Exports less imports.

Source: State Statistics Committee, *Tajikistan: 15 years of state independence*, Dushanbe, 2006, p. 336

Ample opportunities are available to Tajikistan to significantly increase mutual trade with the CIS countries and with Eurasian Economic Community (EurAsEC) member states¹⁹, which would be conducive to the integration of their economies. However, there are a number of barriers hampering implementation of these opportunities. Tajikistan can transport its imported and exported goods to the territory of Uzbekistan only. Serious barriers are posed by high border-crossing duties, excise taxes, customs duties

and charges for customs clearance. In aggregate, they amount to 35-45% of the customs value of goods. On account of the corruption prevalent in these services, the issue of almost every single required document is very expensive for participants in external economic activities. This results in higher commodity prices which, coupled with the low paying capacity of the population, leads to a worsening of all trading activities indicators. Periodically, political issues compound these problems.

19 Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. Uzbekistan suspended membership in 2008.

The government of Tajikistan has plans to develop the above sectors and also the hydropower industry, which will lay the foundation for the development of other branches of the economy and provide opportunities for exports of electricity. However, translating these intentions into practice will require investment, which means that measures will have to be taken to increase the investment attractiveness of the country.

3.1.1 INDUSTRY

It is worth mentioning the process of de-industrialisation of the country, which previously had the status of an industrial-agrarian country. The fact is corroborated by the data on Tajikistan's industry provided in **TABLE 31**.

Table 31 shows a significant reduction in the number of enterprises in industry, resulting in production cutbacks and a reduction in workers in the sector. This is the result, first of all, of a lack of public financial support for the rehabilitation and reorientation of production facilities and this is also true with respect to operating enterprises. Secondly, products turned out by the enterprises are either non-competitive or lack demand in the marketplace. And the third reason lies in inter-enterprise arrears and debts (barter exchanges were used for a long time by way of mutual settlements, which is now completely inadmissible).

Access to resources is a significant issue, on account of high prices and the country's geographical position as a landlocked state. Rail is the only means of importing and exporting goods. To enter international markets Tajik exporters and importers have to cross Uzbekistan, Kazakhstan, Kyrgyzstan (from the northern part of the

country) and Russia. Complicated border-crossing procedures pose significant barriers for exports and imports, and this leads to high costs, compounded by corruption.

The decline of production in general and in the manufacture range and the reduction in employment have also been exacerbated by ill-conceived privatisation of public property and production restructuring, as negative phenomena such as protectionism, lobbyism and corruption have inevitably accompanied the process of privatisation.

The prolonged political confrontation and the infeasibility of taking drastic steps under such conditions meant that the country's economy and its industrial sector reached a critical state. To curb the recession and stabilise the economy the government of Tajikistan launched a programme of economic reforms for 1995-2000, followed up by an economic program for poverty reduction and economic growth for 1998-2001. These brought immediate results. By 1998, the decline in production was halted and the foundation was laid for economic growth. The industrial production index increased by 42.1 percentage points in the period 1998-2006.

Considerable changes occurred in the industrial fabric in the period 1991-2007. The period 1991-98 saw a near collapse in production in all branches of industry. From 1998 until 2007 growth could be observed in certain spheres of industry (**FIGURE 5**). Non-ferrous metallurgy increased its share almost five times and stable growth was observed in construction materials production and in the foods and flour-milling industry. The energy sector increased its share 1.5 times. The growth in the non-ferrous metallurgy sector was the result of the

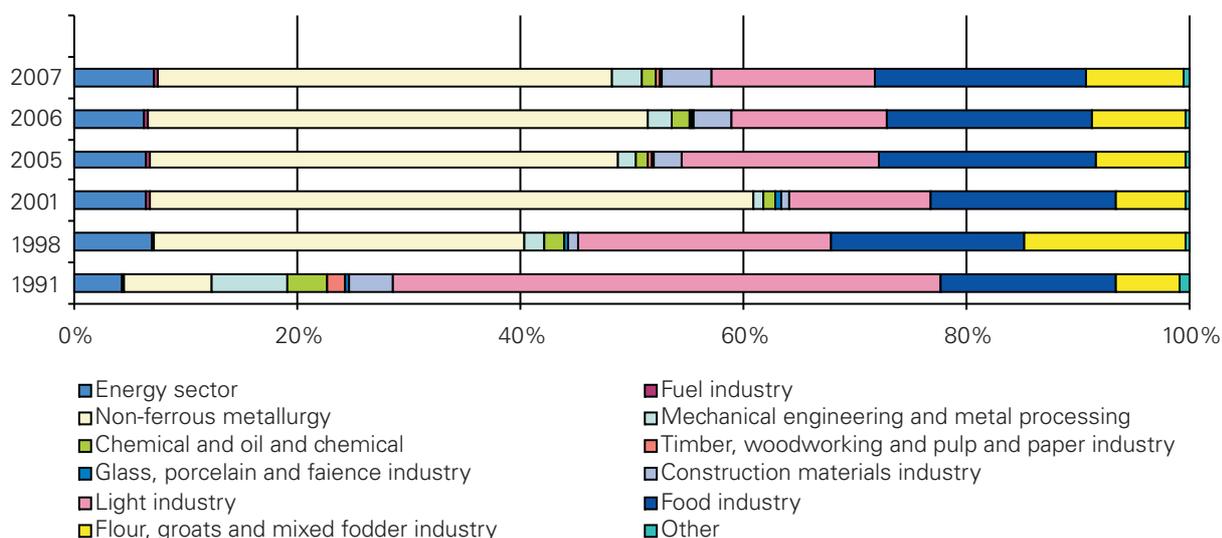
TABLE 31: KEY INDICATORS FOR INDUSTRY¹ IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2005	2006	2007
Number of enterprises	2,308	1,632	1,257	1,130	1,094	1,397
Industrial production volume (million TJS)	5,832	2,117	3,175	4,806	5,071	5,571
Average annual number of employees	215,400	98,600	86,700	85,100	82,100	80,400
Workers	188,200	79,600	69,000	66,700	64,000	62,100
Consumer commodities output (million TJS)	2,310.0	554.7	700.8	1,137.0	1,195.0	1,430.0
Industrial production rate as % of 1990	96.4	34.9	40.6	70.7	77.0	–
Industrial production rate as % of 2001	–	–	100.0	151.4	159.7	175.5

(1) Processing and mining. Data for 1991 and 1998 given in 2005 values.

Source: State Statistics Committee, *Tajikistan: 15 years of state independence*, Dushanbe, 2006, p. 249; *Statistical yearbook 2007*, Dushanbe, 2007, p. 24; and *Statistical yearbook 2008*, Dushanbe, 2008, p. 249

FIGURE 5: CHANGE IN INDUSTRY STRUCTURE IN TAJIKISTAN, 1991-2007



Source: Official statistics

restoration of the production capacities of Tajik aluminium plants. However, the volume of processing of primary aluminium remains minimal and practically all primary aluminium is exported.

The share of light industry was reduced three times. If 11.6% of fibre cotton was processed in 1991, then by 2007 the processed volume was about 10%. During this period the production of fibre-cotton fell 1.6 times, from 245,500 to 150,400 tons. The level of processing of agricultural produce is very low. For the period 1991-98 the volume of food production fell 55 times. From 1998 growth was evident in the production of sausages (10 times), dairy products (4.2 times), ice-cream (75 times), canned fruit (2 times) and confectionery (8.9 times). There were declines in other spheres of production, however.

The growth of production in certain branches of industry does not balance out the general decline, which is why employment in industry is steadily falling (see Table 31). Since 1998, growth in employment has been observed in non-ferrous metallurgy (1.8%), construction materials production (40%) and food production (6.8%). Redundancies, however, are a feature of other branches, with decreases in employment in the energy sector (20%), chemicals and oil chemicals (30%), mechanical engineering and metal processing (67%), flour milling (33%) and light industry (9%).

The productive capacities of industrial enterprises in 2007 were, on average, only 30% utilised (in 1991, 68%). The highest indicators of utilisation of industrial capacities have been observed in the production of silk fabrics (91.2%), cement (49.1%), cotton fibre (31.3%), carpets (30.5%), mineral fertilisers (29.4%), wall materials (22.9%) and dairy products (18.1%). The lowest indicators regarding the utilisation of industrial capacities are observed in the

production of assembled iron and concrete constructions (6.2%), meat processing and animal oil production (2.0%) and footwear production (0.6%). As a result of the privatisation of a single plant which was producing more than 145,000 domestic refrigerators in 1991, the production of refrigerators has stopped completely.

The availability of production capacity is an important indicator for assessing the job creation potential. Unfortunately, no inventory has been conducted in Tajikistan, and we can not assess opportunities for employment growth as the result of the increased utilisation of available production capacity in industrial enterprises. Nevertheless, the problems of the past years still persist. It is our opinion that Tajikistan needs to identify fiscal policies (with due regard to other countries' experiences) that would stimulate legal activities by economic agents and provide an impetus for the development of industrial facilities that would promote exports, import substitution and domestic consumption as economic development factors.

Another significant factor constraining production growth is insufficient energy availability (electrical power and natural gas). In the low-water season, when water levels drop significantly in the rivers feeding the Nurek water reservoir, power generation decreases. During the Soviet period, the deficit in power generation was met by Uzbekistan (by way of reimbursement for water) and partly by Kyrgyzstan. With the formation of the sovereign states and their transition to a market economy, supplies have decreased dramatically and the Tajik government has to introduce restrictions on power consumption during autumn and winter periods (eight months) every year. This affects all branches of the economy and the population. As a result of an accrued debt, natural gas supplies are also being cut down.

The lack of proper regional cooperation prevents water and energy-related issues in the Central Asian region from being resolved. A lack of necessary investment impedes completion of the Rogun hydropower plant, where the readiness condition is high. Putting this energy jumbo into operation would not only ensure energy security for the country (it would boost power generation at the Vahsh waterfall, particularly the Nurek hydropower plant) but also development of other branches of economy. The lack of electrical energy is substantially hampering increased production of aluminium and processing of agricultural products, not to mention other branches of the economy.

3.1.2 AGRICULTURE

The agricultural sector is among the most important branches of the Tajik economy with respect to both gross output and employment. Agricultural products rank high in the list of exported goods and yield significant revenues. Agriculture, like the other sectors of the economy, felt the effects of developments in the country. From 1992 to the end of 2000 gross production was on the decline (TABLE 32).

On completion of reforms launched earlier than in other sectors, the agricultural sector started showing stable growth. In 1992, Tajikistan legislation on land reform and transfer to a market economy was adopted, launching a restructuring of agricultural production. During the difficult post-war period, poverty severely affected the rural population, constituting 72% of the country's entire population. Under these conditions rural residents had to develop their own survival strategies. Over 70% of the population outside the urban areas have kitchen gardens²⁰, averaging 0.13 ha (in suburban areas) and 0.3 ha in valley areas. Households produce vegetables for their own consumption and, depending on the size of the plot, fodder for animals.

The presidential distribution of land responded to the poor harvest of 1994 and the devaluation of the rouble, which resulted in the collapse of many state farms. The country's President issued a decree in 1995 allocating 50,000 ha of land to rural residents to be used for personal subsidiary plots to increase agricultural production for their own consumption and for sale. In 1997, a further 25,000 ha were allocated for this purpose. These measures improved the living standards of rural residents, even if not very significantly. They were,

TABLE 32: KEY INDICATORS FOR AGRICULTURE IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2005	2006	2007
Number of enterprises						
Kolkhozes (collective farms)	206	358	283	12	16	14
Sovkhozes (Soviet farms)	362	345	260	46	41	18
Interfarm enterprises	19	9	6	3	2	–
Dehkan farms	–	10,207	12,074	23,101	24,901	26,518
Gross agricultural output¹ (million TJS)						
Crop production	1,871.3	1,176.5	1,229.4	1,804.5	1,921.8	1,966.0
Animal husbandry	921.1	259.2	402.0	700.8	725.1	773.4
Average annual employment						
Kolkhozes	293,000	378,000	373,000	131,000	119,000	107,000
Sovkhozes and other	205,000	193,000	95,000	422,000	397,000	435,000

(1) In comparable prices to 2003.

Definitions: **Kolkhozes (collective farms)**: a type of agricultural enterprise or cooperative association of peasants based on common means of production and collective labour. It is a legal entity. The land does not belong to the state. **Sovkhozes (Soviet farms)**: agricultural state enterprise, based on state ownership of land and other means of production. Property of the state farm belongs to the state, but it is fixed after the state farm. It is established as a legal entity. **Interfarm enterprises**: agricultural state enterprise which usually specialises in elite pedigree cattle breeding, cultivation of planting stock for fruit and decorative trees, issues of water supply, material and technical provision of collective farms, state farms and farms. They are established as legal entities. **Dehkan farms**: a form of free entrepreneurial, independent economic entity (in the form of a legal entity or not), set up by a family or individual citizen. It produces, processes, stores and sells agricultural products and uses land and other means of production which are its own property, for lifelong inherited use or leased. All such farms are private property.

Sources: State Statistics Committee, Tajikistan: 15 years of state independence, 2006, pp. 281-282; and Basic indicators of a survey of household budgets in the Republic of Tajikistan, Dushanbe, 2008, p. 279

²⁰ Kitchen gardens are used to grow food crops. In cities they are located near the house and property rights are not usually processed. In rural regions the equivalent is the subsidiary plot.

however, aimed at poverty reduction and in this proved to be worthwhile.

The main goal of the land reform and the restructuring of agricultural production was to ensure better access to land for farmers and the introduction, on a large scale, of various new forms of market-based management techniques, i.e. by transferring land for use by the private sector. This would seem to have been the right thing to do and world practices have proven this. However, the measures were implemented in such a hasty and confused manner that serious blunders and omissions were made. The implementation of the land reform and the restructuring of agricultural production were delegated to local executive bodies (*khukumats*) whereas the Ministry of Agriculture was, regrettably, assigned the role of mere observer. *Khukumats* were responsible for land division, so those with good contacts or with powerful leaders received the best land. The duration for which this land is to be used is decided by the *kolkhoz* leaders and, consequently, cases have been reported where the *kolkhoz* has reclaimed the plot once it is fertile²¹.

Most people in both cotton and non-cotton areas perceived the land to have been distributed unfairly, with people with connections and money receiving larger and better quality plots. Poor households received the poorest quality land, often at a distance from the household. Some households, such as those with teachers and doctors, initially received no land because they were perceived to be capable of earning an income through their profession. In many cases, women were excluded from land allocations (World Bank, 2005).

A feature of employment in rural areas and in the agricultural sector was an extensive service industry within the agricultural production sector. Prior to the reforms, agricultural enterprises, irrespective of their organisational form of production, had access to sizable intra-farm production, utility, social, irrigation and drainage networks, with the associated infrastructure (e.g. power transmission lines, water supply systems). This intra-farm infrastructure constituted key assets that used to be state property in *sovkhoses* and collective cooperative property in *kolkhozes*, where the state had no right of asset administration and disposal.

Restructuring the *kolkhozes* and *sovkhoses* resulted in new forms of management which affected not only the structure of land use but also production patterns and, quite naturally, the employment structure. Individual, family, collective *dehkan* farms and a number of other forms of state-owned and corporate farms emerged at that time. Large farms were split into smaller farms. The land was distributed among farms (with collective farm debts), the property of collective farms was sold or given away, and the farm infrastructures (such as roads, canals and pump stations) were left without maintenance.

Land had to be reallocated on a parity basis among rural population involved in agricultural production, people providing agriculture support services and those working in the educational and health sectors. Moreover, all of the above mentioned people were entitled to a property share. There are no official statistics regarding those property shares, so we cannot comment on the issue. As to the allocation of land, a significant number of rural residents did not receive land at all as a result of various mistakes and omissions. We assume that protectionism and corruption played a role in this process. The arithmetic is quite straightforward. There are 700,000 households living in rural areas. The most valuable irrigated land in these areas amounts to 700,000 ha. Therefore the land resources of the country constitute one hectare per household. But in violation of the parity principle, some tenants received much more land than that. Thus, for example, if somebody received 100 ha, then 99 households were left without land altogether. When the land that had formerly belonged to *kolkhozes* and *sovkhoses* was distributed, the new users (farmers) were also handed the debts of those *kolkhozes* and *sovkhoses*. This resulted in mass unemployment in rural areas that essentially defies attempts at defining magnitude, although it is reflected in the data on employment levels in the country. The average staff numbers of gainfully employed workers in agriculture also decreased in this period.

Before the reforms, the entire agricultural production system was intensive and heavily energy and resource-based, which provided for a considerable employment level. Taking, for instance, the growing of cotton: achievement of a significant yield capacity (up to 3.0-3.2 tons/ha) required a high labour input of up to one person per two to three hectares in the cotton-growing and cotton-harvesting period. Such an intensive agricultural production was ensured by an effective public support.

In the period 1992-2000 – the period when agricultural production was restructured – a severe drop in gross output occurred, including in such important export products as raw cotton (which fell from 814,200 to 335,400 tons). Crop productivity decreased over the same period from 2.76 tons/ha to 1.41 tons/ha (SSC, 2006a).

The main reasons for the reduction in agricultural output in the post-reform period were, in our opinion, the discontinuation of state support, the collapse of the system providing agricultural inputs and its replacement by unscrupulous intermediaries like 'futures' companies (their total number today in the country is 46). As a result of their unscrupulous activities, about 30,000 *dehkan* farms are now in a catastrophic state. The total debt of *dehkan* farms to 'futures' companies²² is about USD 488 million as of the beginning of 2008. For several years now, farmers have been receiving agricultural inputs on the strength of next year's crop. They receive meagre incomes, just enough to sustain everyday life. Saving any funds for future development is out of the question.

21 Tajikistan Humanitarian Assessment, visit report, October and November, 2001, pp. 8-9

22 'Futures' companies are companies which buy future harvests (usually cotton) from farmers at the beginning of the year, providing, in return, seeds, fertilisers, fuel and lubricants, and machinery. Farmers and 'futures' companies make the exchange according to a signed written agreement (a 'futures' contract).

How are those debts formed? Purchase agreements ('futures' contracts) determining terms of mutual supplies do not indicate a specific amount of product (ginned cotton) and its fixed price, but the amount of cotton correlated to the agreed yield (tons/ha). As a result of untimely supplies of petroleum, oil and lubricants, and particularly fertilisers, which have to be applied at a designated time, and unpredictable weather conditions, the farmer cannot meet the yield stipulated in the agreement. In this case, the 'futures' company enters the value of the shortfall in cotton as debt. Lacking sufficient legal knowledge, farmers sign this absurd (there is no other way to define it) agreement which places them in bondage. A number of commissions have been examining this phenomenon for some time now, but either no results have been obtained so far or they have not been made public.

Today, the state, while realising the importance of tackling the problem of farm debt, has developed an action plan and established an independent commission for debt resolution. However, the problem has not been adequately resolved so far. Since 2007-08 a new system of crediting of farmers via banks was introduced. The above reference to ongoing de-industrialisation concerns also agricultural production (**TABLE 33**).

The data shows that the availability of agricultural machinery has decreased over twofold. It seems that the decrease in machine availability is largely due to the aging and wear of old machinery and an unwillingness to purchase new units, probably due to an inability to recover the cost. An increase is only observable in the number of grain harvesters, which means that at least some new machinery is being purchased. Under the current land use conditions, farmers need updated, modern, small-sized, high-performance machines concentrated in an agricultural support organisation, given that it is not generally cost-effective for an individual farm to own and maintain its own machinery. Since 2007 the state has started a process of establishing maintenance centres in each district and providing them with new machinery.

When *dehkan* farms were established, another omission was made: they were not given the status of legal entities and this restricted their access to banking services, whereas services provided by 'futures' companies have proved to be inadequate. The possibilities of obtaining loans against pledged property are limited since there is no capital accumulated in the form of immovable property.

Considering that *dehkan* farms do not have the status of legal entities (i.e. as registered entities), all working-age employment on such farms cannot be registered by the authorities as employment in the real economy, and this leads to a distortion of the real employment indicators.

The lack of proper regulation of labour relations (labour agreements) has placed *dehkan* farm workers outside the compass of the public social insurance system, affecting hundreds of thousands of citizens. More than 30% of *dehkan* farm workers work solely on the basis of a land certificates without legal status (informal workers).

Our assigned objectives did not include an examination of all the details of agricultural production and still less of all its sub-branches. We decided, nonetheless, to concentrate on problem issues. Fifteen years have passed since the reforms, and the reallocated land is still the same: it is being tilled by the same people but the results have deteriorated. The growth rate is weak, with 1991 levels of production still not attained. In our opinion, this is happening for three main reasons. Firstly, there is a lack of experience in independent farming and, secondly, there is a lack of sufficient knowledge about farming and other necessary professional knowledge. These reasons are compounded by migration processes, both permanent and seasonal (yearly) migration. Thirdly, the foremost reason is dissatisfaction with wages, particularly in the cotton-growing sector. Every rural resident is well aware of prices in cotton exchanges and also know how much is left to the farmer after the many, sometimes corrupt, intermediaries have had their share.

In general, the problems of the transition period, economic restructuring and reforms in the agricultural sector have resulted in a significant reduction in employment in the formal economy, considerable deterioration in the quality of labour and a drop in labour costs. Of all the branches of the economy the lowest wages are paid in agriculture.

3.1.3 PRIVATISATION

It is a well-known fact that private sector involvement in the economy and in the development of entrepreneurial activities is the driving force behind economic growth. This is why the government is pursuing a policy of denationalisation of the economy in a purposeful manner. In the period 1991-2007, a total of 9,939 enterprises and organisations were privatised. The privatised enterprises are concentrated as follows: 2,578 trade enterprises (25.9%), 2,597 consumer service enterprises (26.1%) and 1,543 agriculture enterprises (15.5%), 443 industrial enterprises (4.5%), 389 construction enterprises (3.9%) and 289 transportation and communication enterprises (2.9%).

As of January 2008, a total of 55,787 enterprises and organisations were registered in Tajikistan. In the period 1998-2009, their number has increased 3.1 times (**TABLE 34**). The number of privately owned enterprises and organisations is growing at a rapid pace, with annual growth amounting to 3,500 new entities. The number of state-owned, collective and other enterprises is also increasing, but their specific weight in the total number of enterprises is decreasing annually.

The increased number of enterprises and organisations in the private sector comes as a result of the growing number of *dehkan* farms. In 2007, agriculture accounted for 56% of the total number of enterprises. In comparison to 1998, the share of agricultural enterprises increased 3.3 times. Registered enterprises working in other branches of the economy are distributed as follows: 4.9% in industry, 5.2% in construction, 4.6% in trade and public

catering and 9.9% in general commercial activities (TABLE 35).

In non-production branches of the economy enterprises and organisations are mostly concentrated in governance (3.7%), education (2.4%), health care (2.0%) and public associations (5%).

Of the total number of enterprises and organisations in 2007, slightly over 82.8% (46,221) were operational and, of these, over 90% have up to 50 employees, 7.1% employ from 51 to 200 workers and 2.7% have over 200 employees.

The growth in the number of enterprises and organisations in the private sector is largely the result of the increased number of *dehkan* farms (the process of splitting up major agricultural enterprises is ongoing). The growth in the number of small *dehkan* farms has a negative effect on the production of certain kinds of agricultural produce. For instance, experience has shown that to minimise production prime costs in cotton growing

a farm must allocate more than 50 ha of land to cotton crops. Kyrgyz experience demonstrating the ineffectiveness of a large number of small farms is a vivid example of this principle. In the northern part of Tajikistan (the Sughd region), most cotton growing *dehkan* farms have now joined together in cooperatives and associations. A similar process is now taking place in the neighbouring Kyrgyzstan.

The National Development Strategy for the period up to 2015 (approved by the government in 2006 as the main programme document of the country) highlights priorities for the development of industry. In particular, it envisages diversification of economy and strengthening of export capacity by implementing the following measures:

- measures such as diversification of agricultural production, resolution of farmer debts and ensuring sustainable development of the cotton sector, all aimed at upgrading the efficiency of available export-gear production, in particular, by increasing the cost effectiveness of Tajik aluminium plants and

TABLE 33: AGRICULTURAL MECHANISATION IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2005	2006	2007
Tractors	37,054	28,808	24,007	19,947	18,839	17,295
Grain harvesters	1,383	1,500	1,199	873	907	857
Tractor ploughs	9,449	6,915	5,566	4,524	4,350	4,143
Tractor seeders	6,078	4,930	4,191	3,715	3,593	3,429
Lorries	18,307	13,857	10,925	7,660	6,830	5,822
Fodder choppers	3,062	2,165	675	1,139	974	862
Cotton harvesting machines	3,011	1,875	1,346	763	598	511

Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008, p. 285

TABLE 34: ENTERPRISES AND ORGANISATIONS BY OWNERSHIP FORM IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2005	2006	2007
Total enterprises and organisations	8,797	18,076	21,286	45,000	50,018	55,787
State owned (%)	47.8	30.7	27.2	14.7	13.5	13.6
Private (%)	25.4	44.9	48.3	60.1	61.3	59.7
Collective (%)	24.9	22.8	23.0	23.8	23.8	25.2
Other forms of ownership (%)	1.9	1.6	1.5	1.4	1.4	1.5

Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008, p. 213

TABLE 35: ENTERPRISES AND ORGANISATIONS BY ECONOMIC BRANCH IN TAJIKISTAN, 1991-2007

	1991	1998	2000	2005	2006	2007
Total enterprises and organisations	8,797	18,076	21,286	45,000	50,018	55,787
- Industry	1,004	1,742	1,877	2,334	2,358	2,716
- Agriculture	1,469	5,606	7,421	24,470	28,186	30,896
- Transport/communications	290	508	537	688	722	800
- Construction	1,162	1,807	1,960	2,589	2,712	2,885
- Trade/food catering/supplies	636	1,328	1,472	2,361	2,451	2,549
- General commercial/real estate	1,012	2,473	2,875	4,457	4,988	5,503
- Other material production	406	628	685	903	938	996
- Housing/utilities infrastructure	261	388	462	592	684	770
- Health	412	592	647	825	918	1,110
- Education	221	308	345	587	673	1,329
- State and economic management	1,130	1,471	1,541	1,947	2,024	2,080
- Public associations	272	474	626	1,986	2,140	2,786
- Finance	229	340	370	592	632	737
- Other non-material production	293	429	468	554	592	630

Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008, p. 213

the energy sector, promoting industrial, infrastructural, export and tourist investment projects and projects oriented towards import replacement;

- measures aimed at promoting capital investments in the deep processing of primary aluminium, the textile industry and the development of the extractive industry.

As a result of the implementation of the planned measures, the number of additional industrial jobs in industry will increase as a consequence of full restoration and development of the construction materials industry and processing into final products all produced fibre cotton, no less than 50% of produced tobacco and other agricultural products and no less than 10% of produced aluminium, extracted precious metals and stones.

The implementation of measures in the agricultural sector will ensure sustainable high growth in agricultural production and strengthen the financial and economic situation of producers. Development of agriculture is expected to also substantial increase harvest capacity and overall agricultural profitability. The production of other agricultural crops in demand in the internal and external markets will be revived and developed. Cattle breeding will be developed to meet the increase in demand and the

country will be able to considerably upgrade capacities for meeting its food needs through internal production.

In the energy sector there will be increased technical condition of main funds as well as the production of electrical energy of up to 20.5-21.0 billion kilowatt-hours a year by 2009, the lowering of technological and commercial losses, the modernisation of existing power plants and the commissioning of operation of new plants. By 2012 it is expected to complete the construction of the first line of the Rogun hydropower plant and four smaller plants on the Zeravshan river, which will make it possible to bring the production of energy up to 35 billion kilowatt-hours.

Exploration of coal deposits will help create coal-based chemical products and provide for regional needs. Agreement will be reached and measures will be implemented for the creation of regional water, energy and industrial complexes (clusters) and consortia. Forecasts are that the export potential of the country may reach 5 billion summertime kilowatt-hours in 2009 and 12 billion kilowatt-hours a year by 2015. According to the National Development Strategy, GDP development per capita is anticipated to be USD 472.6 by 2010 and USD 806,2 by 2015, up from USD 337 in 2005 (nominal terms).

3.2 NEW JOB CREATION AND LABOUR MOBILITY TO NEW SECTORS

The current status of the labour market is an outcome of the imbalance between demand and supply. In the labour market demand is expressed in the form of workplaces. However, in Tajikistan the term 'workplace' is not legally defined. A workplace in the modern sense of the term, is an aggregate of special product (or service) objectives, assigned for a specific amount of remuneration (wage) or income (not less than that established by legislation), which the worker must accomplish in a specific period of time. In the case of self-employment, as opposed to waged employment, a person sets the objectives and the terms of their accomplishment himself, in the form of a business plan for instance (Ashurov, 2007).

The process of creating new workplaces is a dominant factor in providing employment opportunities. Within the framework of this report we will assume that the number of jobs equals the number of the unemployed. There has been a considerable change in the structure of employment, with an increase of workplaces in the private sector and a decrease of workplaces in the state sector (TABLE 36).

The growth of workplaces in the private sector surpassed twofold the reduction in workplaces in the state sector. In the period 1991-98, there was a reduction in the quantity of workplaces by 234,000 units; in the period 1999-2006, there was an increase in the quantity of workplaces by 415,000 units. Even though the increase was 6.8 times the reduction in the period 1998-2007, with the overall number arriving to 354,000 units, the number of the

working-age population increased by 1.22 million people (TABLE 37).

In industry, trade and public healthcare there was a steady reduction in workplaces. Since 1998 there has been an increase in workplaces in the agricultural sector (340,000 units), construction sector (11,000 units), transportation and communication (9,000 units), housing and utilities infrastructure (30,000 units), education (4,000 units) and in administrative bodies (21,000 units). In the period 1998-2007, a total of 34,000 workplaces were lost in the industrial sector (29%). Jobs were cut back in large industrial enterprises and the growth in small enterprises failed to compensate for the losses. Meanwhile the volume of industrial production for that period increased more than twice and labour wages increased eight times, indicates a growth in labour productivity in this sector (TABLE 38). The significant growth in industrial production volumes was determined by the growth in production in the primary processing industries, with a share in the total volume of 90.5%.

In the construction sector in the period 1991-2001, workplace reduction was massive (a fourfold reduction). This is explained by the civil war, when the homes and buildings were demolished rather than constructed. This was precisely when a drain of construction workers from the country was especially evident. With political reconciliation and the growth of economy, the construction sector gradually began to revitalise. Construction of homes in the private sector began and the state and other private and informal investors started investing their capital in the construction sector. A shortage of housing led to an abrupt increase in prices, particularly in the capital city of Dushanbe. Just in the period 2000-08, housing prices in Dushanbe increased 30 times.

TABLE 36: EMPLOYMENT BY OWNERSHIP FORM IN TAJIKISTAN, 1998-2007

	1998	2000	2002	2004	2005	2006	2007	Change in workplace numbers
Employment ('000)	1,796	1,745	1,857	2,090	2,112	2,137	2,150	+353.7
Ownership form (%)								
- State-owned	42.7	32.0	27.8	26.5	25.7	25.1	24.2	-245,100
- Private	33.1	43.1	44.0	50.0	51.2	50.7	51.8	+518,200
- Collective	23.2	23.8	27.5	22.6	22.2	23.2	22.9	+79,200
- Combined – foreign participation	0.4	0.8	0.6	0.9	0.8	0.9	1.0	+14,100
- Combined – no foreign participation	0.6	0.3	0.1	0.04	0.1	0.1	0.1	-8,800

Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008, p. 89

TABLE 37: DISTRIBUTION OF EMPLOYMENT BY ECONOMIC BRANCH IN TAJIKISTAN, 1991-2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Change in workplace numbers
Employment ('000)	1,796	1,737	1,745	1,829	1,857	1,885	2,090	2,112	2,137	2,150	+354
Material production ('000)											
- Industry	148	133	121	123	122	115	118	121	118	114	-34
- Construction	52	43	37	33	31	31	68	62	64	63	+11
- Agriculture/forestry 1	1,090	1,118	1,135	1,218	1,255	1,275	1,391	1,424	1,432	1,430	+340
- Transport and communications	53	44	42	45	43	45	64	62	66	62	+9
- Trade/food catering/supplies	121	70	72	68	65	78	99	91	100	105	-16
- Other	14	17	11	15	10	10	10	10	10	11	-3
Non-material production ('000)											
- Housing/utilities infrastructure	18	24	27	29	32	31	30	33	33	48	+30
- Health/physical culture/social welfare	84	75	82	79	76	78	80	72	74	76	-8
- Education	170	166	167	169	173	172	170	174	173	174	+4
- Culture/art/science	17	17	19	16	16	15	17	16	17	17	0
- State/administrative bodies	29	30	34	34	34	35	44	46	51	50	+21

(1) Including subsidiary farms.

Source: State Statistics Committee, Statistical yearbook 2008, Dushanbe, 2008, p. 89

In the period 1998-2007, the volume of capital investment increased 28.3 times and labour wages increased 21 times, whereas the number of employed people only increased 1.2 times. This indicates the growth of labour productivity in this sector. The growth of capital investment in the construction sector was determined mainly by the growth in state capital investment (33 times) and private investment (29 times).

In the period 2006-07, housing prices increased to an extent that began to pay off the expenditure on the construction and private investors started to invest enormous sums in the construction of multi-storey buildings. Foreign investors began to invest their capital in the construction of hotels, business centres, hydro-stations and roads.

Since independence in Tajikistan, stable growth in the quantity of workplaces has only been observed in the agricultural sector. In the period 1998-2007, the quantity of workplaces increased by 340,000. The growth in workplaces was assured due to the development of

farming and subsidiary husbandry. It is paradoxical that, despite the increase in the quantity of workplaces, gross agricultural production fell twice by 1998, whereas the labour wages decreased 76 times. The rural population has shifted to the bartering of goods. Labour relations in the classical sense of the term have deteriorated in the countryside.

The growth in the agricultural sector commenced in 1998; by 2007 gross production had increased over 1.9 times and labour wages had risen 10 times. However, compared with 1991, labour has lost its value in the countryside almost tenfold. The large quantity of workplaces in the agricultural sector is determined by de-industrialisation and by the expansion of manual labour in the countryside. Labour remuneration and labour productivity in the countryside remain the lowest in the agricultural sector, which employs 67% of the employed population in the country. The growth of gross production in the agricultural sector is assured due to crop production, whereas the volume of production of cattle farming is falling.

TABLE 38: CHARACTERISTICS OF MAJOR ECONOMIC SECTORS IN TAJIKISTAN, 1991-2007

	1991	1998	2001	2005	2006	2007
Industry						
Industrial production, 2007 values (million TJS)	5,832	2,117	3,175	4,806	5,071	5,571
Employment	256,000	148,000	123,000	121,000	118,000	114,000
Labour wages (TJS)	405	28.34	71.22	191.59	226.37	293.11
Labour productivity as % of 1991	100.0	76.6	117.2	167.0		
Construction						
Capital funds implementation ¹ (million TJS)	1.2	27.6	81.7	363.9	683.0	765.7
Employment	148,000	52,000	33,000	62,000	64,000	63,000
Labour wages (TJS)	445	22.24	55.4	198.78	318.96	467.78
Agriculture						
Gross production output, 2003 values (million TJS)	2,792.4	1,435.7	1,631.4	2,505.3	2,646.9	2,739.4
Employment	881,000	1,090,000	1,218,000	1,425,000	1,432,000	1,430,000
Labour wages (TJS)	401	5.26	13.69	38.39	42.99	52.5

(1) Cost of completed construction less buildings, facilities, enterprises, etc.
Source: Official statistics, annual reports

The quantity of workplaces in the transport and communications sector increased by 13,000. In transportation, the growth of workplaces is assured by private sector transportation and carriage and state sector aviation and railroad transportation. Aviation and railroads mainly provide services to labour migrants. The same is also largely true of private sector automobile transportation, particularly passenger transportation, where the contribution of labour migrants is invaluable.

In communications the increase in workplaces is determined by the rapid development of mobile communications and the relatively liberal policy of the state in this area. Nowadays, in a small country like Tajikistan, there are 12 mobile communication providers, established with the involvement of foreign investors. By early 2009 every second resident of Tajikistan had a mobile phone. As a matter of fact, in the last seven to eight years this new sector has developed space in Tajikistan, providing high-yield workplaces to 13,000 people. The communications and networks sector has good prospects for growth in the future.

In the past decade, an increase in the quantity of workplaces has been observed in housing and public utilities. Labour wages are increasing fast in this sector. In many aspects the relative preservation of this sector is assured due to the preservation of centralised

management. Assets which have been transferred to the local government bodies are practically non-operational, however, with workplaces permanently lost in those areas.

As for labour productivity in Tajikistan, for the period 1991-95 labour productivity (annual GDP average per hour in %) declined 3.3 times. Since 1998, due to the growth of the economy, labour productivity has increased (**FIGURE 6**).

For the period 1998-2007, the GDP increased 2.8 times and the number of employed increased only 1.2 times. The growth in labour productivity is the outcome of the privatisation policy, as private owners foster growth using the least possible number of workers. For the period 2005-07 the average annual increase in labour productivity was 29.5%. Indicators of labour productivity by branches of the economy differ greatly. A high rate of growth in labour productivity is evident in industry and construction. For the period 1998-2007 labour productivity in industry grew annually by 36.6% and in construction by 52.2% (**FIGURE 7**).

The growth in labour productivity in agriculture for the same period was 18.3% annually. Only in agriculture was the growth in production accompanied by growth in employment (**FIGURE 8**).

FIGURE 6: CHANGES IN GDP AND EMPLOYMENT IN TAJIKISTAN, 1991-2007

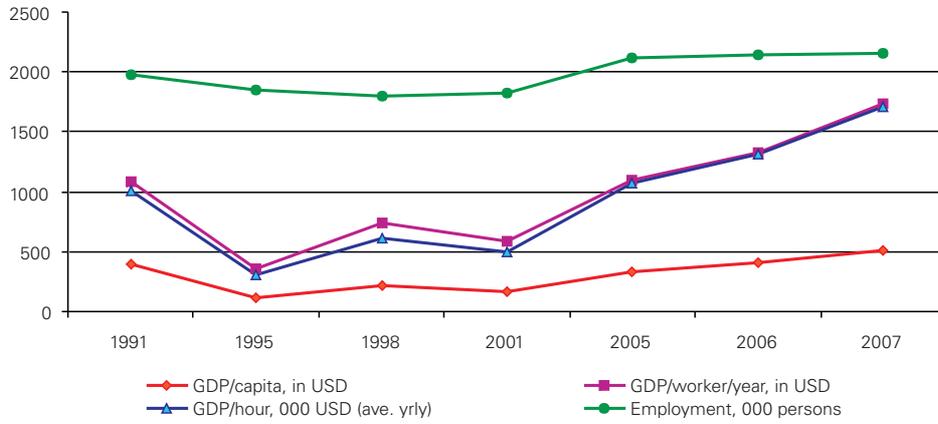


FIGURE 7: CHANGES IN GDP PER WORKER BY ECONOMIC BRANCH IN TAJIKISTAN, 1991-2007

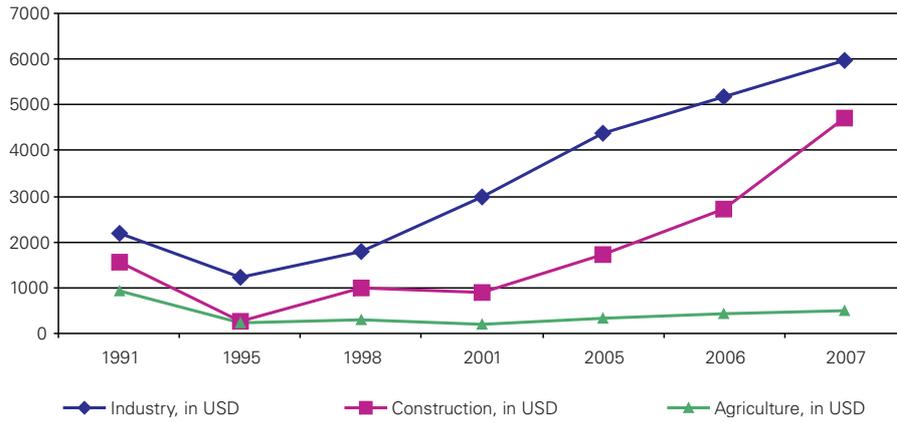
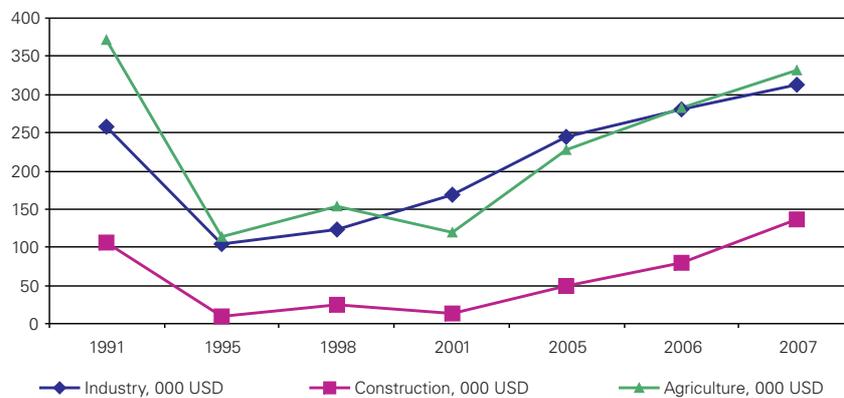


FIGURE 8: CHANGES IN GDP PER HOUR BY ECONOMIC BRANCH IN TAJIKISTAN, 1991-2007



Of concern is the increase of 22,000 in the quantity of workplaces in administration and management bodies (at all levels), even though this growth is determined by the increase in the number of economic entities in the agriculture, construction, finance, credit and insurance areas.

Arousing serious concern is the reduction of workplaces in the public healthcare sector and the insignificant increase in workplaces in education (1.7%). High population growth and the increased demand for services explain the growth in the number of healthcare and educational institutions. However, even though the state pays a great deal of attention to the construction of new hospitals and schools, it does not influence the growth of workplaces in these sectors (see **TABLE 39**). The burden on doctors and teachers is thus growing whereas wages in these sectors remain low. The majority of employed people in these sectors are women.

Over the last few years the formerly centralised wage settlement system collapsed, so the mechanism of linking remuneration to productivity and standard labour inputs is rarely used. This is partly due to the aging of production facilities and the slow introduction of new technologies and production techniques, with old labour input standards used of necessity at present.

The National Development Strategy makes no mention of the number of jobs to be created as a result of the development of specific economic branches, the employment level to be achieved in these branches or the

labour payment increase to aim for. Another major failing is that it is not clear what the need of the economy in specialists is expected to be and how and by whom they will be trained so as to suitably meet the needs of the developing branches of the economy.

An essential indicator of employment is productivity. Moreover, when it comes to the quality of the labour force, remuneration is the crucial factor in labour force reproduction. Unfortunately, salaries and wages in Tajikistan are very low. The share of salaries in the national GDP structure dropped from 58.8% in 1991 to 10.9% in 2005. Although this indicator has since increased, reaching 12.15% in 2007, the cost of labour remains low. For example, in industry payments to labour were 16.2% of the total cost of goods production in 2005, twice higher than the indicator of 1991.

According to the State Statistics Committee, in 2007, the average wage was TJS 163.27 or USD 47.4 a month. Almost 79.6% of wage and salary earners in enterprises and organisations were receiving monthly wages of up to TJS 300, slightly more than USD 90.4 and the others were receiving wages of up to TJS 100 or USD 30. If we take into account the real cost of a basket of consumer goods per adult family member of TJS 300 at the end of 2007 (calculated according to the normative method), then only 20.4% of people employed in the formal economy are able to cover their costs.

In 2007, the average wage exceeded the cost of the minimal consumer goods basket of TJS 300 only in

TABLE 39: TRENDS IN EDUCATION AND HEALTHCARE IN TAJIKISTAN, 1991-2007

	1991	1998	2001	2005	2006	2007
Education						
Teachers in secondary schools	99,100	94,900	100,200	98,900	99,900	99,400
- Women (%)	37	43	46	50	52	53
Wage (TJS)	295	6.44	17.25	75.41	102.11	140.79
Total secondary schools	3,229	3,560	3,695	3,804	3,830	3,810
Secondary school students	1,325,400	1,451,300	1,579,500	1,682,000	1,688,400	1,692,100
Workload – student/teacher ratio	13.4	15.3	15.8	17.0	16.9	17.0
Healthcare						
Doctors in all specialties	14,140	12,600	13,400	13,300	13,300	13,400
- Women (%)	46	37	38	38	39	39
Wage (TJS)	271	3.06	8.85	40.87	56.0	77.13
Medical centres	2,749	3,091	3,196	3,218	3,223	3,231
Workload – doctors/10,000 people	25.5	20.6	21.0	19.2	18.8	18.6

Source: Official statistics, annual reports

construction (TJS 467.78), communications (TJS 482.62) and credit and state insurance (TJS 818.72), where only about 8.5% of the total employed population work. The lowest wages of TJS 52.50 were to be found in agriculture, accounting for 67% of all employment.

The extensive development of productive capacity and the enormous spare labour capacity is a primary reason for low labour costs and poor labour productivity. In 1991, the transition to the market economy led to drastic changes in the country that resulted in the collapse of the state system of labour sector regulation, a decline in production, an upsurge in inflation and the mass departure of specialists to entrepreneurial activities, small businesses and overseas in search of employment. As a result, the minimum wage has lost economic significance. When fixing the amount of the minimal wage, the government only takes into account its own financial resources without considering the minimal cost of the basket of goods, price increases and other factors characterising the living standards of the population.

Although the state has been taking steps to raise the minimum wage in stages, it still remains far too low as it provides no economic or social guarantee to workers. According to the State Statistics Committee, the minimum wage of TJS 20 per month in 2006 constituted just 18.7% of the cost of foodstuffs in the consumer basket with due regard for a rational nutritional level (TJS 106.92).

In 2008, the minimum wage was increased three times and now amounts to TJS 60 (USD 17.5). However, the state has decided to discard the principle of referencing all minimum norms and standards (allowances, etc.) to the minimum wage indicator.

Tajikistan is characterised by a situation in which earning a large share of consumption expenditure from formal sector employment is negatively correlated with living standards. Households who are dependent on income from employment alone are more vulnerable than those who have diversified income sources (World Bank, 2005). A household survey for 2006 showed that 42.3% and 22% of the household gross income structure was based on incomes and proceeds from personal subsidiary plots, respectively. When comparing these figures with those for a similar survey conducted in 2000, the share of earnings within the total household budget increased by a quarter while incomes from personal subsidiary plots dropped almost 2.3 times (SSC, 2008).

The average wage level is gradually increasing. In 2007, it reached TJS 163.27 (USD 47.4), with the real wage level increasing by 14.6%. In 2008 (effective as of July), the government decided to increase the salaries of public servants by 90% and the salaries of employees in other state-financed entities by 40%. Undoubtedly, the increase in salaries in state-financed organisations and the increased minimum wage will become a good incentive for raising wages and salaries in all branches of the economy.

In Tajikistan, a mistaken opinion has tended to develop among newly emerged employers that it is possible to

establish an effective system of labour remuneration without defining requirements for labour inputs and the labour intensity of production. However, in market economy conditions it is essential to develop a wage settlement system and the scientific management of labour so as to be able to assess the quantity and quality of labour in an objective manner.

3.3 THE INFORMAL ECONOMY AND INFORMAL EMPLOYMENT

The market economy, despite all its advantages, also gives rise to adverse phenomena that have a significant impact on the socioeconomic development of the country, e.g. the shadow economy. To make a quantitative assessment of the scale of informal employment, we adopted the absence of state registration as a legal entity as a measure of the size of the informal sector. Among the businesses operating within the informal sector we can refer to household-based enterprises or corporate enterprises owned by households that produce goods and services to be sold in the market but have no legal status. Taking the above into account we assume the following categories of activities in informal sector:

- people performing entrepreneurial activities without registration as legal entities or on an individual basis whether or not they have been registered with the state authorities as individual entrepreneurs;
- individuals working in *dehkan* farms who are not registered as legal entities;
- individuals employed by natural persons as individual entrepreneurs;
- people working on family farms (personal subsidiary farms);
- assistant family members working on leased land to produce agricultural products.

Based on the above criteria the number of people employed in the informal sector can be calculated. Based on the LFS 2004, of the total number of people employed in the economy (2,452,600), 1,117,800 are self-employed, 7,850 assist with the family business and 6,000 refer to other types of employment. That is, a total of 1,131,650 people – nearly half (46%) of the total number of employed individuals – work in the informal sector. Considering that of the total number of those working for wages and salaries only 80.4% have labour contracts (176,650 people are working on the basis of verbal agreements), the share of those employed in the informal sector constitutes 53.3% of total employment. Of those employed in the informal sector women constitute 42.3%.

The specific weight of the shadow economy as calculated by the authorities represents 25% of GDP in Tajikistan. In reality, this figure is significantly underestimated. Calculations by a leading economic expert (R. Jabbarov), using a method proposed by Prof. Steven Hail of Cornell University (USA), indicate that the specific weight of the

shadow economy in Tajikistan (with official statistics factored in) represented 79-80% of GDP in 2001 and 82% of GDP in 2003.

'The activities of the state have contributed to a certain degree to business criminalisation in Tajikistan. It was not hard to anticipate that the division of the economy into the public and private sectors would entail shadow transfer of public funds into commercial entities. [...] Moreover, the joining of interests of commercial entities and public authorities has been going on in parallel to this process. As a result, a significant share of budgetary resources is used, even now, for other than the specified purposes without proper control. [...] Furthermore, the shadow economy is closely linked to the level of public interference in business life, i.e. the influence of bureaucracy. Bureaucracy itself creates a shadow economy in the form of corruption and suppresses business activities or induces the latter to invent way of avoiding interaction with public authorities.' (Jabbarov, 2004)

With the current level of shadow economy and given its tendency to grow, there is an urgent need for its legalisation. It is clearly a complicated task since those combating for its preservation include many agents with influence in the executive authorities and agencies of state administration. Nevertheless, the state must assume this task since resolution of this problem will bring qualitative changes in the socioeconomic life of the country. This step will make it possible to increase budget revenues, significantly change the employment status of the employable population and increase the number of the gainfully employed. The latter change is essential to ensure decision-making efficiency in the field of labour and social protection.

In 2003, upon the initiative of the President and with his support, a tax amnesty campaign was conducted with regard to the incomes of natural persons. The campaign resulted in the legalisation equivalent to USD 190 million. Our calculations show that a considerable portion of entrepreneurs would like to engage in legal business provided that excessive administrative barriers were removed and an acceptable business environment was created.

However, formal sector employment has not proved to be a way out of poverty in Tajikistan. The large informal economy appears to have helped those with access to key assets to command substantially higher earnings than those performing formal sector activities. This large informal economy has, however, reduced government revenues that could have been used to improve services and social assistance to the poor (World Bank, 2005).

Taxation policy in Tajikistan is a major factor in stimulating informal employment. Four taxes in 2003 (value added tax (VAT), sales tax on cotton and aluminium, social tax and customs duties) provided 69% of tax revenues. The tax system draws on six sources, none exceeding 1% of tax revenues in the budget.

Direct taxes on the use of labour resources (income tax, social tax, maintenance tax for public passenger transportation) were 18.9% in 2003, excluding payments by individual entrepreneurs functioning on the basis of the patent scheme (Jabbarov, 2004). The state registration of commercial legal entities according to legislation on state duties requires a payment of TJS 210-700, which greatly exceeds the state expenditure on provision of the service. Despite the fact that amendments considerably reducing the state duty have been introduced, the actual costs for establishing a legal entity were not decreased. Given the limited employment possibilities and mass labour migration, a tax policy of this nature does not encourage legal employment. The Ministry of Justice has in place an excessively centralised procedure for the registration of legal entities. It is more profitable to be an entrepreneur, without becoming a legal entity, on the basis of a patent (Jabbarov, 2004). At present, the social contribution rate is 26% of wages, with 1% paid by the worker and 25% paid by the employer.

As a result of this policy, the number of legal small and medium business is falling and the number of entrepreneurs working according to the patent scheme is on increase. Meanwhile, tax revenues from small-scale entrepreneurs are very small. As a result, the area covered by taxation is shrinking and many workers are left out of the system of state social security.

The heavy burden of taxes stimulates the development of the shadow sector of economy, which, in 2003, represented an average of 40-80% for law-abiding citizens. A deduction of taxes of 20-25% of income is excessive for Tajik entrepreneurs (Jabbarov, 2004). The situation has not changed substantially following adoption of the new tax code in 2004.

The system of taxation in Tajikistan does not facilitate activation of the population, expansion of legal and productive self-employment, growth in investment (including from the savings and remittances of labour migrants) or an increased level of earnings.

Studies have shown that entrepreneurs consider ineffective fiscal policy and high tax rates to be the main obstacles to normal operations and expansion of business activities. Although official tax rates seem to be moderate and comparatively uniform, firms, in addition to tax payments, have to face high costs to comply with tax legislation, including cash and non-cash expenditures associated with tax payment procedures and the need to interact with tax authorities and bureaucracy. These expenditures significantly impede business activities. The high costs associated with compliance with tax legislation create incentives for firms to underpay their taxes and understate the salaries of their employees. On average, 33% of taxes are underpaid and 34.92% of wages are understated (Olimova & Kuddusov, 2007).

Overcomplicated rules and expensive and time-consuming official procedures result in a situation whereby firms avoid them and resort to informal methods aimed at minimising their operational costs. Overcomplicated rules and procedures also create

additional opportunities for public servants to extort illegal payments from firms trying to maintain their legal status as well as from firms that do not have the necessary licenses and permits. It has been shown that informal payments are used to settle disputes with public officials and to avoid possible future disputes. On average, informal payments constitute 7.18% of annual sales (almost a third of average revenues) (Olimova & Kuddusov, 2007).

In Tajikistan, therefore, factors featuring employment are the relatively low unemployment rate (considering the impact of labour migration) and the high informal employment rate. A level of official employment of 56% is impossible, as it implies that 44% are unemployed or economically inactive. The population has devised a strategy for survival that is not taken into account by the state.

The volume of the shadow economy in terms of tax evasion represented 33% of GDP in 2005; foodstuffs produced by households for their own consumption amounted to 15% of GDP and in-kind incomes and incomes from barter exchanges accounted for 13% of GDP. Adding up these figures, the size of shadow economy amounted to 61% of GDP in 2005 (Olimova & Kuddusov, 2007).

The main shadow economy activities arise from structures legally registered in the form of individual entrepreneurs (including private farms with no company status) and unregistered economic activities that take place in all spheres of economy. Large numbers of small enterprises (e.g. restaurants, filling stations, shops, service enterprises) only pay the cost of a patent, legally avoiding the payment of other taxes (although the state is trying to maintain the system of formal invoicing for purchases), without legally hiring personnel and without accounting and reporting. As a result, large groups of the population, theoretically with revenues far below subsistence level, have managed to survive for many years.

In rural areas, agriculture accounts for most of those employed in the informal sector. These people are mostly employed in small personal subsidiary plots and *dehkan* farms for which it is difficult to collect statistics. The share of people employed in the above manner constitutes 62.3% of all those employed in agriculture. People work from 2 to 84 hours per week on their personal subsidiary plots (SSC, 2005a).

A household survey (Olimova & Kuddusov, 2007) revealed several important phenomena prevalent in the labour market. Firstly, 46% of all respondents are working in the informal sector. Specifically, those working in the informal sector in rural areas are mainly engaged in agricultural production on subsidiary plots and family farms. People employed in the informal sector in urban areas mostly work for their relatives in family-owned small businesses or are self-employed.

Secondly, the production of goods and services by households, both for their own consumption and for sale, constitutes 23.3% (i.e. almost a quarter) of total

household incomes. For 16.2% of all households, the production of goods and services is the only source of income. The total value of foodstuffs produced by households for their own consumption amounts to 14.7% of GDP. Thirdly, the household survey showed that a significant part of the population (29.4% of all surveyed households) received in-kind incomes. People receiving in-kind incomes (such as food, firewood and clothing) are mostly employed in the agricultural sector including state-owned enterprises, collective, cooperative and *dehkan* farms. It was determined that 19.82% of respondents did not have any other source of income apart from in-kind payments and that the share of in-kind incomes constitutes 13.21% of GDP.

3.4 KEY CONCLUSIONS

In the period 1991-98, the economy of Tajikistan collapsed on an unprecedented scale, affecting practically all branches of the economy with the exception of aluminium production. Production volumes fell dramatically and wages, incomes and living standards also fell, with poverty becoming widespread in the country.

Since 1998 the economy has picked up and by 2007 economic development had progressed greatly. However, the level of the 1991 economic indicators has still not been reached a decade later. Structural changes have taken place, with traditional branches of the economy that dominated before 1991 losing their positions, especially reductions in the light industry. Non-ferrous metallurgy and power engineering have come to the forefront and the food industry has retained its position in the structure of industrial production. These three branches dominate in the export structure of Tajikistan. In the last years the volume of imports has exceeded the volume of exports as a result of the decline in production in Tajikistan. Mainly raw materials are exported, with the level of processing of industrial and agricultural goods remaining at the lowest level.

In the last decade, growth in the number of jobs lagged 3.5 times behind growth in the number of working-age people. Although there has been growth in production volumes in industry and construction, this progress has been achieved not by creating new jobs but by increasing labour productivity and reducing the workforce. This trend was accompanied by a downsizing trend in large enterprises that could be used to organise vocational training in the workplace. Production capacity in the country is at a third of full capacity. Increasing production capacity could help take advantage of abandoned worksites, although the exact number of such sites is not known.

In agriculture the increase in employment has been accompanied by low labour capacity. The establishment of a multitude of small farms has considerably decreased the need for many narrow profile specialists (e.g. agronomists, animal technicians, accountants). Farm heads were supposed to become multi-profile specialists (with knowledge of agronomy, veterinary medicine, management, accounting, etc.) and, given the robust growth in the number of farms, were to stimulate a need

for training for a new profile specialist, the farmer-entrepreneur. So far this has not been the case: a surplus of labour in rural areas and poor payments have not stimulated any upgrading of the level of professionalism among rural workers.

Communication, transportation and construction are branches showing some growth in new jobs. The high level of population growth has led to an increase in the number of school-age children, which logically stimulates an increase in the number of jobs in education and health. In practice, however, what has happened is that the workload of teachers and doctors simply has increased. Furthermore, poor wages in these areas have led to a lack of specialists.

In practice the development of branches of the economy has been based on a rotation of managers, with younger generations replacing older generations. Unfortunately, statistics gives no information regarding the rotation of managers.

Since independence the shadow economy has expanded considerably. The origins of the shadow economy are mainly in enterprises legally registered as individual entrepreneurs, private farms with no legal status and unregistered economic activities that takes place in all spheres of economy. In many respects state policy has promoted growth in informal employment in the shadow economy.

4. LABOUR MIGRATION TRENDS AND CHALLENGES

4.1 DOMESTIC LABOUR MOBILITY AND MIGRATION

In the early 1990s, external shocks such as the collapse of the USSR, the severance of economic ties and the civil war served as catalysts for migration processes. The activation of migration processes has led to changes in the ethnic composition of Tajikistan. Between the 1989 and 2000 censuses the share of Tajiks in the population structure grew from 62.3% to 80%, whereas the share of Uzbeks dropped from 23.5% to 15.3% and the share of Russians decreased from 7.6% to 1.1%. A significant drop also occurred among Tatars, Kyrgyzes, Ukrainians and Germans (Kuddusov, 2004). During the civil war, Tajikistan experienced a major refugee outflow. Active government policy eventually led nearly all refugees from Tajikistan (about 1 million people) to return to their home country.

These same years were marked by significant changes in migration trends within the country. The early 1990s were characterised by active migration from rural to urban areas. However, in the mid-1990s this trend started to abate. The share of intrastate migration in overall migration is over 70% (TABLE 40).

The main migration flow from villages is towards towns and cities. Starting from 1999, population growth due to migration in Dushanbe has been 1-2% per year. Over the above period, the total population of the city increased by 15%. The population of large cities has increased by 21% whereas this indicator for medium-sized and small towns was just 3.4% (Kislitsina, 2005). According to the

Census 2000, only 15% of urban residents had changed their place of residence. About 30% of the latter had moved to another place of residence in the previous 10 years.

The decreased living standards of the population and unemployment have contributed to the development of such migration modes as commuting (daily trips to work or study, mainly from rural to urban areas in search of jobs or to study) and temporary external labour migration abroad. The total of commuters from rural to urban areas constituted 164,000 people in early 2002. As of the beginning of 2004 this figure increased to 207,000 people which is approximately equivalent to 2.5-3% of the rural population (Kislitsina, 2005). Commuting has been steadily increasing. About 70-80% of commuters are people who work in urban areas in enterprises and organisations with different forms of ownership and 20-30% are students attending classes in urban areas.

The reasons for the growth in commuting include the lack of employment opportunities in rural areas and the fall in housing construction in urban areas. Urban settlements cannot receive significant numbers of migrants at present. Besides, the difficult and poorly remunerated work available in rural areas does not attract rural residents who seek better paid employment with decent working conditions in cities. There is already a marked shortage of qualified workers (irrigators, mechanics and agronomists) in the cotton production industry in professions that were traditionally considered to be male. Commuting and external labour migration contribute to increasing the population's employment rate, decreasing unemployment and improving the living standards of Tajik population.

TABLE 40: MIGRATION IN TAJIKISTAN, 1991-2007

	1991	1992	1993	1994	1998	2000	2004	2005	2006	2007
Changed residence	101,300	146,000	146,100	88,800	32,300	28,200	24,600	27,300	30,500	38,800
- Internal migration (%)	50.2	41.1	59.6	33.6	14.6	13.6	16.8	20.0	22.2	27.4
- External migration (%)	48.6	104.7	86.3	55.1	17.6	14.6	7.9	7.3	8.3	11.4
New arrivals	74,900	51,300	71,400	43,300	16,900	14,500	15,200	18,000	19,600	24,300
- Internal migration (%)	50.3	39.5	59.3	36.6	14.1	12.8	14.2	16.8	18.6	23.0
- External migration (%)	20.0	11.3	12.0	6.6	2.7	1.7	1.1	1.1	1.0	1.3
Migration change	-26,400	-94,700	-74,700	-45,500	-15,400	-13,700	-9,400	-9,300	-10,900	-14,500

Source: State Statistics Committee, *Tajikistan: 15 years of state independence*, Dushanbe, 2006, p. 36

4.2 INTERNATIONAL MIGRATION

Migration processes in Tajikistan reflect the tortuous recent history of the country. The main migration trends of the early 1990s (the repatriation of ethnic groups and forced migration caused by the civil conflict) were replaced by labour migration by the late 1990s, and it has become a key structural characteristic of economic and social life of Tajikistan in the past decade.

The early 1990s were characterised by a high level of external non-returning migration with changes in permanent residence. The outflow mostly affected industrialised cities where the share of non-indigenous people had been high. In general, the migration level of the urban population during this period was several times higher than that of the rural population. In the period 1991-2002, more than 467,000 people left the country of which more than 85% constituted urban residents (see Table 40). The migration turnover in this period involved 6-9% of the urban population and 1.5-2% of the rural population (Kislitsina, 2005).

The reasons for the growth in no-return migration were political instability, civil war and economic crisis. The outflow of well-qualified specialists has undoubtedly had an impact on the country's socioeconomic situation in recent years. Starting from 1997 no-return migration decreased. In 2006 and particularly in 2007 the number of people wishing to move abroad for permanent residence began to grow again. This can be explained by the fact that the main destination country for Tajik migrants, Russia, announced the launch of a public programme to assist with the voluntary relocation to Russia of Russians living abroad. Former USSR citizens having a command of the Russian language and a suitable profession and wishing to move with their families to Russia could participate in the programme. The Russian government provided financial assistance, jobs and housing and offered the promise of citizenship in due course. Such programmes are being actively promoted in Russian regions most in need of qualified labour, such as Kaliningrad, Lipetsk, Tver and other regions. All in all, 12 regions in Russia were selected as pilot regions for the implementation of the public programme.

According to unofficial figures for the period 2006-07 alone, the number of Tajik families wishing to move to Russia for permanent residence increased several times, constituting several thousands of families. Although these programmes were suspended in December 2008 due to the global financial crisis, this is merely a temporary measure. Those leaving the republic are mainly doctors, teachers and qualified blue-collar workers. The government of Tajikistan has not responded in any way so far to the incipient mass outflow of qualified specialists needed in Tajikistan. Salaries and wages for the existing vacancies, particularly in such sectors as health and

education, do not meet the expectations of the skilled labour force. This situation could result in irreparable damage to the quality of the labour force in Tajikistan.

Tajiks are traditionally sedentary people with a relatively low degree of migratory mobility and generally need very potent reasons to decide to move abroad together with their families for permanent residence. A catalytic role in non-returning migration of Tajik population has been played by the limited employment opportunities and the poor remuneration of labour coupled with greatly increased prices for goods and services, not to mention the energy crisis during the severe winter of 2007/08, when an overwhelming majority of the population (except for in some areas within Dushanbe) had to live virtually without electricity and all industrial production was stopped for two months (January-February 2008), with the exception of the aluminium smelter and other vital facilities.

The current socioeconomic situation in the country would be incomplete if labour migration were not taken into account. It is the most significant social phenomenon as Tajikistan enters the 21st century. At the moment, labour migration has a determining influence on the lives of the overwhelming majority of families in Tajikistan (Kuddusov, 2004a). According to the Ministry of Labour and Social Protection, information gathered from aggregated data from migration cards, in the period 2004-05, more than 420,000 citizens of Tajikistan travelled abroad in search of work, representing about 11% of the active population of the country. In 2006, the number of labour migrants exceeded 460,000 people (Olimova & Kuddusov, 2007). According to the Census 2000 (conducted in January, i.e. when migrants are at home) the number of labour migrants constituted approximately 200,000 people. According to the LFS 2004, at the time of the survey (July, when the maximum number of migrants are abroad), a total of 317,900 people or 13% of the employed population (8.5% of the working-age population) were working outside the country as labour migrants.

Dynamics reflecting the involvement of the Tajik population in labour migration is reflected in the results of living standard surveys carried out in Tajikistan in different years. Between 1997 and 1999, the number of migrants in households constituted just 1.5%. By 1999, according to the Living Standards Survey of 1999, the number of labour migrants had increased sharply. Then the migration situation stabilised until, a new increase in labour migration began in 2004. In 2003, 3.54% of respondents said they occasionally left the country and worked abroad for three months or more (Poverty Reduction Monitoring Survey 2003), in 2005 this figure constituted 10.08% (IOM & Sharq Research Centre, 2006). In 2008, according to the household survey conducted by the Ministry of Labour and Social Protection, about 430,000 people were working abroad. An analysis has shown that the methodology applied in the survey was far from perfect²³, with inaccurate data in particular regarding the number of migrants from urban areas. Thus the number of migrants may be higher.

23 The survey is conducted by the State Agency for Social Protection, Employment and Migration staff. It includes a questionnaire aimed at obtaining information about labour migrants: number, sex, age, reasons for migration and countries of destination. Staff in rural areas work jointly with local *jamoats* to identify households with migrants. The methodology for conducting the survey in rural areas is not entirely clear, however, as local authorities often interfere in findings by lowering the number of migrants. Thus the survey results cannot be considered entirely reliable for rural areas.

According to a study conducted by the Sharq Research Centre in 2002-03, 26.4% of all households of Tajikistan had at least one labour migrant; the survey conducted in January-February 2003 revealed that 18% of the adult residents of Tajikistan (15 years and older) had travelled abroad looking for employment in the period between 2000 and 2003 (632,000 people). Of this number 84% (530,000 people) worked in Russia between the beginning of 2000 and January 2003. Naturally, these is not the number of people who live and work in Russia, but refers to seasonal migrants, those who have been in Russia longer than one year and the earlier migrants who settled there and occasionally visit their motherland (Olimova & Bosc, 2003).

There are other sources of information on Tajik migrants to Russia, such as mandatory medical insurance and transport organisations, but exact numbers are not known. According to data from the migration service of the Ministry of Internal Affairs in 2008, 852,100 citizens of Tajikistan were registered as migrants in Russia²⁴. However according to Russian statistics, the number of labour migrants from Tajikistan amounts to 797,000 people, or 11.8% of the population (TABLE 41). More than 84% of labour migrants from Tajikistan go to Russia which is the most popular destination for all the countries of the region. In addition, a large number of Tajik labour migrants are illegal in Russia and are not registered as migrants. In general, no system of registration of migrants in Tajikistan exists so the exact number of labour migrants is not known.

Labour migration from Tajikistan follows certain patterns. The main outflow of labour is towards CIS countries. The overwhelming majority go to Russia; few others go to

Kazakhstan, Ukraine, Belarus, Kyrgyzstan, Moldova and countries further abroad (Iran, the Persian Gulf states, Mongolia, Canada, USA). It is characterised by a prevalence of males. According to the LFS 2004, of the total number of labour migrants, men constitute 94.3% and women just 5.7%. In recent years, the share of women in migration has declined further. Labour migration is generally seasonal and returning, as family ties are traditionally strong in Tajikistan. Most migrants consider their work abroad as a temporary measure to address the financial problems of the family. However, in the last three to four years there has been an increase in the duration of stay abroad and a higher differentiation based on professional qualifications. Thus, according to the LFS 2004, migrants staying abroad are proportionally divided as follows: 38% stay up to six months, 32% for seven to twelve months and 30% for more than twelve months.

Labour migration is dominated by young people aged 15-29, who account for about 53% of all migrants, whereas middle-aged people (aged 30-49) constitute 44.4% of the total. The average age of labour migrants in 2004 was 30.6 years (SSC, 2005a). According to the LFS 2004, approximately every third labour migrant (31.5%) has some professional training. This includes 7.9% of migrants with higher education, 7.5% of people with secondary specialist education and 13.4% of migrants with basic vocational training. More than 57% have complete secondary education. This last group is a large group that does not have any basic professional training. Migrants with a speciality work abroad in different professions; they have either mastered other working skills or are employed in low-paid jobs that do not require high qualifications.

TABLE 41: DISTRIBUTION OF LABOUR EMIGRANTS FROM THE CIS COUNTRIES

	Labour migrants	% of population	By country of destination, %			
			Russia	Ukraine	Other CIS	Other
Azerbaijan	1,365,000	15.9	70.6	8.8	12.6	7.9
Armenia	813,000	27.1	67.9	8.5	5.0	18.6
Georgia	1,025,000	23.3	70.0	9.2	5.8	15.0
Kazakhstan	3,710,000	24.0	78.4	8.8	6.6	6.3
Kyrgyzstan	615,000	11.7	84.1	6.3	2.5	7.1
Tajikistan	797,000	11.8	84.4	5.4	5.4	4.8
Turkmenistan	260,000	5.2	76.0	12.7	0.8	10.5
Uzbekistan	2,186,000	8.1	50.5	14.7	26.1	8.7
Total	10,771,000	14.3	70.9	9.7	10.7	8.8

Source: *Russia and the countries of the Commonwealth of Independent States, Moscow, 2008, p. 30*

A lack of basic professional education, a low level of technical knowledge, a poor knowledge of the Russian language, a lack of knowledge of the needs of the labour market in Russia, the absence of legal knowledge and unfamiliarity with basic elements of labour relations complicates the stay and the work of labour migrants. In their difficult situation, they are forced to and willing to do lowly qualified and poorly paid work, and often live in unsuitable housing. Illegal stay in combination with the above reasons increases the probability of crime by this group of migrants.

Migrants' remittances became an important income source for many families in Tajikistan, and made a large contribution into the country's economy. In 2001, money transfers by migrants were slightly over USD 300,000, rising to USD 256 million in 2003, equal to 20% of GDP (Kuddusov, 2004a). According to information from the National Bank of Tajikistan, in 2006 money transfers by labour migrants exceeded USD 1.127 billion, and in 2007, money remittances from private persons (of whom migrants constitute the overwhelming majority) amounted to USD 1.774 billion, 47.6% of the country's GDP. Over 64% of migrants use the banking system for money transfers. According to the World Bank estimates, the volume of money transfers by labour migrants exceeded USD 2.5 billion, or 56% of GDP in 2008. Remittances have not become a major source of investment in the economy though. Less than 2% of migrants start their own business or invest in enterprises (Fagan et al., 2005). Even though the National Bank of Tajikistan (in its semi-annual surveys) notes growth in the savings of labour migrants, revenues are mainly spent on consumption and living expenses.

Labour migration serves as a factor of political stability, otherwise extreme poverty could lead to increased social-political tension in Tajikistan. The problem of unemployment and employment in the country has been mitigated thanks to labour migration. In fact, labour migration has made it possible to reduce the level of unemployment almost threefold and has increased the

level of employment of the working-age population by 15% (**FIGURE 9**).

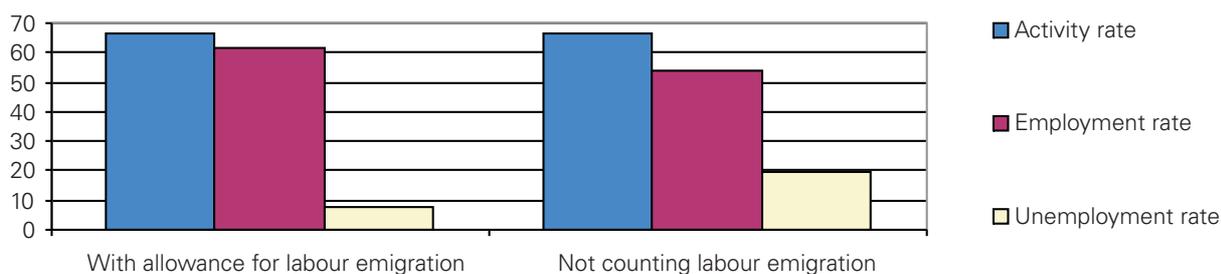
Migration has become the key survival strategy in Tajikistan over the last 15 years. Studies show that limited opportunities for getting well-paid employment, even for individuals with permanent jobs in their homeland, force people to seek jobs abroad. That is why in recent years remittances from labour migrants play quite an important role in household revenues. Labour migration has, in all, a positive effect on household income.

The 2005 study carried out by the Sharq Research Centre showed that 54.5% of potential migrants did not have any income in the 12 months before their departure. Since the first years of work abroad (1999-2005) the level of income of migrants has increased, each migrant sending home an average of TJS 474.2 a month. The highest salary of some migrants is around TJS 900 (approximately USD 300). At the same time, not all migrants have been successful and not everybody finds an appropriate job. Thus, 19% of migrants could not send anything to their families, and 1% depended on help from their families. In 2004-05 69.5% of migrants sent income to their families in the form of money or commodities.

The assistance was mainly sent as cash and 22% of migrants also helped with goods.

The main areas of spending of remittances in 2004-05 were indicated by migrants as follows: 89.6% on food and essential commodities, 4.4% on renovation or purchase of a house, 2% for weddings, funerals and the repayment of debts. Only 0.8% of migrants planned to purchase items of long-term use; 0.4% intended to use the money to travel abroad on pilgrimage (Hajj) and for saving. The actual distribution of the remittances of migrants was as follows: 47.13% on food and essential commodities, 11.1% on renovation or construction of a house, 10.15% on the repayment of debts, 7.85% on medical services, 4.98% on weddings, funerals and other rites. Investment in more long-term activities was much lower: 6.9% on

FIGURE 9: MIGRATION IMPACT ON EMPLOYMENT AND UNEMPLOYMENT IN TAJIKISTAN



Based on the Labour Force Survey 2004

commodities of long-term use, 5.6% on education, 2.5% on savings, 0.77% on the purchase of agricultural machines and 0.57% on opening a small business.

The reasons prompting migrants to return are social more than economic. Therefore, on return, former migrants seek for possibilities of further well-paid employment. One possibility is the development of a private business. Half of former migrants have considered the possibility of starting their own business, and only 20% had not yet made a decision. Those willing to open businesses were interested in working in agriculture (69.1%), construction (12.4%), production (6.2%), trade and services (6.2%) or transport and communications (2.4%).

The majority of returnees (85.2%) expected that they would need at least TJS 5,000 to start a business, over 11% could not make any estimate of start-up needs, and 3.7% thought they would need between TJS 5,000 and 30,000. Over 30% indicated that they did not want to get involved in a private business, giving as reasons the lack of accumulated means (27.7%) and those who had saved enough did not know how to invest their money (38.6%). Some migrants did not know where to obtain general information (5%), a small proportion (4%) expected support from the state, some had difficulties with getting credit (1%), and about 2% of respondents believed they would need a large amount of start-up capital. Some former migrants are already in a private business. They received their information about the main legal and practical procedures for opening a business from the mass media (46.8%), brochures (40.3%), conversations and hearsay (6.5%), from other returning migrants (3.9%) and from other sources.

Migration as a whole has both positive and negative influence on the families of migrants. They noted the positive factors of working abroad, such as better paid jobs, the ability to meet the needs of their household (50.7%), learning foreign languages and new work skills (34.5%), earning good money (4.3%), or purchasing a house. But only 0.9% of respondents felt independent enough to start their own business or look for a new job. As for the negative sides of migration, 40.5% of migrants got divorced, over 19% complained that families made decisions without informing them, 2.9% complained of the impossibility of finding well-paid jobs in their own country and 2.9% felt that absence from their family prevented them from taking part in raising children. Finally, 10.4% of respondents noted they did not feel any negative influence of migration on their families. Labour migration has promoted the establishment of a market in construction services, air transportation and automobile transportation services and also active development of banking and trade services and an improvement in work culture and professional standards among migrants.

Migration has also social implications for society and economy. Firstly, representatives of the most active age group (20-45 years), known to have the highest labour productivity, travel abroad to work. This negative impact is mitigated by the lack of demand for labour at home, but

the need for skilled workers is becoming increasingly pronounced. Secondly, most of the migrants are married or single men. This has resulted in a problem for women of marrying age and family problems. There has been an increase in the number of migrants abandoning their families at home and not sending them money. As a result the number of single mothers is growing, wives and children left behind in the home country lose their breadwinner and join the marginal groups of society (Olimova & Kuddusov, 2007). Thirdly, the human capital of migrant workers tends to diminish (deterioration in professions and qualifications) when migrants work outside their main specialisation abroad. Migrants are also vulnerable to labour exploitation and political manoeuvring and are often associated with drug trafficking. Finally, they have become the main source of various sexually transmitted diseases brought in from abroad, particularly AIDS (Kuddusov, 2004a).

4.3 ETF MIGRATION AND SKILLS SURVEY – KEY FINDINGS

In cooperation between the ETF and Socservice Information and Research Centre, another national survey on migration and skills was recently conducted aimed at analysing the education and skills levels of potential and returning migrants in Tajikistan²⁵. The survey included around 2,000 respondents (1,000 potential migrants and 1,000 returning migrants) interviewed in their homes during the off-season period in December 2008 when the majority of migrants had returned home or were planning travel abroad for spring time. This sub-section gives the first preliminary findings of this survey, which, in many respects, largely confirms the results of previous surveys.

Mainly men seek jobs abroad, and men represented 84.8% of all returnees. The predominance of men can be explained, first of all, by labour market demand in the major receiving country – Russia – where labourers for male-dominated professions are in greatest demand (e.g. builders, drivers, industrial workers). A second reason is gender stereotyping in Tajikistan, where maintenance of the family is almost exclusively the responsibility of males. Hence, households prefer to send men abroad to seek paid employment, as labour migration is perceived to belong in the male sphere. Mostly sent abroad to work are sons (52.5%) and heads of households i.e. fathers (30%). Labour migration tends to be dominated (48.6%) by younger people in the 15-29 age band, confirming the data in previous surveys.

Labour migration still remains one-directional. The overwhelming majority of potential migrants (88.8%) and returnees (96.8%) prefer Russia as their destination. Despite Russia toughening rules for residence and employment from 1993, its labour market continues to be the most attractive for Tajik labour migrants. Seasonal migration (with circular movements back and forth) predominates in Tajikistan, with 32% of returnees

reporting that they go abroad for work every year, i.e. for every third migrant, employment abroad is a professional activity. Almost half of migrants (46.4%) stayed abroad for six months to one year, whereas 37% stayed abroad for more than one year. Return after a period of work is a common feature of Tajik migration, with most people leaving to seek for jobs for a certain period of time, leaving behind a household, a plot of land and sometimes a family business to be taken care of by their parents, wives and children. Men who go abroad without wives (80%) believe that it is preferable and less expensive for the family and children if wives stay at home. The duration of stable jobs abroad was longer among labourers with higher levels of education. Migrants who performed unskilled work without an employment contract changed jobs more often or often had to return to Tajikistan.

The reasons for departure have changed in the last five years. In 2003, 43.8% of migrants left because of the economic situation of their family, poverty or misery, whereas only 22.8% left due to unemployment and only about 5% to improve their quality of life (Olimova & Bosc, 2003). As for the results of the most recent ETF survey, the main reason for departure was to improve living standards (50.1% of all migrants). Other reasons were as follows: 9.7% were not satisfied with the jobs available in the home country, 8.7% wanted to find a better paid job, and 7.3% left due to unemployment. The reasons reported by potential migrants were similar. The change in reasons is due to economic growth and the increasing incomes of the population in Tajikistan itself, where the poverty level has fallen from 87% to 53%. Despite the fact that jobs are available, however, a major problem continues to be poor wages, and large Tajik families are not satisfied with employment incomes in their own country. It is hardly surprising that 31.8% of respondents intended to go abroad to seek better paid work, with better educated respondents more willing to emigrate compared to poorly educated respondents. The desire to migrate was also correlated with employment status, with unemployed individuals or employed individuals unsatisfied with their jobs more keen to emigrate. The desire to migrate also depended to some extent on family size and family income; larger, poorer families were more determined to migrate abroad.

Around half (55.8%) of migrants worked abroad in construction, a similar figure to 2003. Employment in agriculture has decreased, employment in transportation has quadrupled and employment in industry has almost tripled. There is also greater diversity in employment choices. New employment opportunities have emerged in domestic service (6.2%), repair services (3.2%) and public administration (2.4%). These same professions are popular among potential migrants. The average working week of returned migrants substantially exceeded the 40 hours per week fixed by legislation, with only 14% of migrants reporting that they worked fewer than 40 hours per week. Practically every second migrant worked abroad at full stretch, indicating a certain degree of exploitation of migrants and infringement of labour rights by employers.

The survey confirms that the most mobile and professionally trained part of the labour force emigrates. Almost 58% of migrants had professional education; in fact, the level of professional education among migrants is 2.1 times higher than the national average (according to the LFS 2004, the level of professional education in the workforce was 27.6%). The level of professional education among returning migrants was 18% higher than that of potential migrants. Of potential migrants, 7.2% choose professions specifically with a mind to going abroad.

A recent trend in some regions is the orientation of young people to working abroad when choosing a profession. A vivid example is the Isfara area (north Tajikistan), where young people mostly take up studies for the mineral resources industry with an eye on employment in Russia, where wages are 10 times higher than in Tajikistan (Socservice, 2009). Most migrant families in the Isfara region have traditional links with Russia as they are Russian citizens and so regularly go there to work. A high level of fluctuation of managers is also observed in the Tajikistan power industry, with the best specialists going to work abroad. Barki Tojik, the national holding company, lacks mid-level qualified personnel and is negatively affected by labour emigration. Brain drain is a negative impact of labour migration on the Tajikistan internal labour market.

Despite the fact that only 5.8% of migrants received some kind of training abroad, it is thanks to informal professional training (most often in-service training on the job) that labour emigrants upgrade their qualifications, learn new professions and improve work ethics. The desire for further training is not directly correlated with the level of education of migrants but mostly depends on the type of work performed and knowledge of the foreign language. Most migrants who worked in construction reported having acquired vocational skills on the job and in industrial practical sessions. Migrants who did not know Russian attended language courses.

The survey showed that migration impacts positively on the quality of life of both the returned migrants and their families. Remittances sent by migrants were the major income source for many households. Households consider migration to be the main means of meeting their basic needs of food and living essentials, with 68.1% of migrants reporting that remittances were spent on day-to-day living costs. Other less important destinations for remittances were 'leasing property' and 'education'.

Another benefit of migration reported was the acquisition of knowledge, professional skills and life experience. Migrants employed through formal contracts and in higher status jobs (as employers or self-employed) send more money home and more regularly. The quality of a job held to some extent depended on a migrant's level of education but, to a greater degree, depended on the knowledge of the language, communication skills and the willingness to learn and take further training. The positive impact of migration on the services sphere (bringing in new effective and low-cost tools and technologies), construction (bringing in finishing techniques, new

materials and work ethics), production, processing and storage of agricultural products and small and medium businesses is confirmed by other studies (ILO, 2008).

However, the experience gained by migrants abroad is not in demand in their homeland. Upon return, only 19.1% of returned migrants found jobs – although experience gained abroad helped 60.7% of them to do so mainly through work skills gained abroad (26.7%) and education and training received abroad (13.8%). The level of employment is linked to the skills gained abroad, particularly in the construction sector, but in other employment spheres this linkage is less obvious. The level of employment of migrants in their home country has no bearing on the time spent or the type of training received abroad. This is because migrants perform different types of work abroad compared to the vacancies available in their home country. Besides, the number of migrants trained abroad is so small that it does not have any real impact on their employment in the home country.

Returned migrants face the same problems as before going abroad: unemployment or poor wages for what jobs are available. Some migrants return with health problems or because they are ageing. Leaving to work abroad often interrupts career development because migrants rarely work abroad in their specialty and, as a rule, lose skills they had prior to departure, not to mention the social networks and contacts that could help them find a decent job in their home country. Unfortunately, in Tajikistan one needs to have influential acquaintances or money to get a good job or start a business. Returned migrants often have no opportunity to use experience and qualifications gained abroad in Tajikistan due to the low technical capacity of enterprises.

Due to the limited employment opportunities in Tajikistan, most returned migrants decide to seek work abroad again: 79.9% of returned migrants have reported seriously considering going abroad again for work. The re-migration tendency is not correlated with the level of education, but with labour market status, as practically all those wishing to migrate again had either failed to find a job or were not seeking a job at home. This is an alarming trend, because the number of people wanting to emigrate keeps growing from year to year. In 2006 (ILO, 2008), only one in twenty (4.6%) returned migrants thought of going abroad permanently; at the end of 2008, this figure was nearly one in five (19%). Only 20.1% of returned migrants reported being sure that they would not go abroad. The main reasons were given as their bond to the homeland and the need to take care of their family. This is a decision typically taken by older migrants. Young people are more likely to consider labour migration, although very often they have no experience, foreign language skills or profession.

The role played by public authorities in the employment of migrants abroad and in their reintegration in the home country remains insignificant, despite some measures undertaken in recent years. Migrants mainly rely on themselves and personal connections and collect information from friends, acquaintances and more

experienced relatives. Only 6.2% of all returned migrants were informed about any state employment programmes.

Summarising the findings of the ETF survey, one notes the importance of labour emigration for Tajik workers and the internal labour market in general. Migrants have a higher level of professional training, some gained while working abroad, but not recognised by any state-approved documents (e.g. diplomas or certificates). Labour migrants need official certification mechanisms for their professional skills. The survey revealed that the higher the level of professional training of migrants, the more successful they were in finding a decent job both abroad and at home. Work abroad, given the lack of demand in the home country, is still more productive as an income source and as a training opportunity for upgrading vocational skills of the Tajik workforce and has a positive impact on the development of national economy.

4.4 POLICY IN THE FIELD OF LABOUR MIGRATION

Although migration abroad in search of work by members of the active population began around 1993-94, the state only reacted in 2000 when it implemented various measures of an institutional nature in regard to the regulation and development of labour migration. A network of intermediary firms was created to assist citizens of Tajikistan in finding employment abroad and Ministry of Labour and Social Protection delegations were opened in five regions in Russia. In 2001, amendments were made to migration legislation (the part that regulates migration) and the government approved a Concept Paper for Labour Migration referring to citizens of Tajikistan abroad. According to this concept, labour migration is a component of employment policy (Kuddusov, 2004a).

In 2002, a Labour Migration Programme for 2003-05 was adopted; it was updated in 2006 to cover the period 2006-09. In 2004, the government issued a resolution on the regulation of labour migration that demonstrates further development of state policy in the field of labour migration. An analysis of the content and results of the implementation of the Concept Paper for Labour Migration and the Labour Migration Programmes shows that the activities prescribed in these documents are lacking funding. The programmes require streamlined actions and quantitative and qualitative changes in processes and efficiency. Their implementation cannot be measured if they do not contain specific results and tools: e.g. the number of citizens prepared for labour migration in accordance with market requirements in Russia. This is the most important part of the labour migration regulation process in terms of the success of labour migrants in Russia. Many objectives were not reached, however, due to a lack of finance.

To help citizens to find work abroad, intermediary firms were allowed to be established on the basis of licences. Until recently, licences were issued for one year under the condition that documents would be provided ensuring employment of no fewer than 30 people. The procedure

is complicated and detailed, however, as the firm has to look for employers and select migrants that meet the requirements of employers (specialty, qualifications, etc.). The employers would then obtain permits to hire foreign citizens. Due to the difficult nature of these requirements, many intermediary firms work illegally, and the authorities do not take responsibility for illegal activities. Out of 30 firms with licenses from the Ministry of Internal Affairs in 2008, only five to eight managed to find employment for only 1,656 people. This number is only 0.3% of the total number of labour migrants. Indicators for 2007 were similar. Despite the fact that in 2008 the volume of services provided by the intermediary firms grew to 11,044 people, this is a mere fraction of the total number of migrants who left on their own (646,300 people based on migration records (SSC, 2009).

Intermediary firms in Tajikistan are a link between the migrant and foreign employers, but they merely provide informational support to migrants, and are not involved, for example, in issues of vocational training and legal protection for migrants. In general, a potential migrant wishing to study a profession currently in demand has nowhere to go to obtain good quality training. Intermediary firms have a long list of those wishing to work abroad, but skilled workers are severely lacking, and this is largely explained by the fact that qualified migrants have already found jobs in the past 15 years of migration and younger people do not have the required labour skills.

On 30 November 2006, by Presidential Decree No 9, the responsibility for labour migration was transferred to the Ministry of Internal Affairs, which has established its own migration service and issues licenses to firms to export and import labour. It has also tried to set up a system to record emigrants abroad and foreign citizens arriving in Tajikistan. Meanwhile, social protection of migrants and their vocational training have remained under the jurisdiction of the Ministry of Labour and Social Protection. Fragmentation and frequent structural changes have had a negative effect on the process of progressively developing state policy in labour migration.

An important breakthrough in 2001 was removal of the 30% state duty on money transfers and the creation of a system of money transfers. Thus, large volumes of remittances became a catalyst for the development of the Tajikistan banking system. The next successful breakthrough was a branched system of transportation services for emigrants. In 2000 the volume of transportation by all types of transportation in Tajikistan did not exceed 200,000-250,000 passengers, but, by now, this number has grown to over 650,000 people a year (departures only) and could be still expanded more. Until 2000, only Tajik Air operated in the market for aviation services, but now there are more than ten air carriers. Competition with foreign aviation companies has had a positive impact on the cost of air tickets and the quality of services. The number of railway and aviation transportation routes has also sharply increased. Now emigrants can easily choose suitable routes, transportation mode and plan travel dates.

Labour emigration issues have also led Tajikistan to establish bilateral and multilateral relations with receiving countries. In 1994 an agreement was signed on the protection of the rights of labour emigrants within the CIS. In October 2004 Tajikistan and Russia signed an intergovernmental agreement on the protection of the rights of labour emigrants. A similar agreement was also signed with Kazakhstan. All these agreements envisaged general measures regarding labour activity and protection of the rights of labour emigrants. A very important aspect of these agreements was that each party recognised (without legalisation) diplomas, certificates of education, relevant documents on awarded rank, grade, qualification and other documents required for the performance of temporary labour activities. However, these agreements do not resolve the issues of professional training of emigrants, their social insurance and the provision of pensions, which remain pending.

Tajikistan has a dual citizenship agreement with Russia and many emigrants are more actively seeking Russian citizenship. Labour emigrants believe that obtaining Russian citizenship is a way of protecting themselves from harassment and infringement of their rights. The dual citizenship agreement is thus considered a crucial and positive factor in the migration policy of the country. Furthermore, a special department has been set up for migrants, attached to the Embassy of Tajikistan in Moscow and consulates have been opened in several regions of Russia.

However, there are still many problems to be addressed and the improvement of migration regulations is fundamental in this respect. For example: social protection and health insurance have both to be properly addressed; the pre-departure guidance service for migrants has hardly been implemented; and the quality of vocational training does not meet the requirements of the external labour market. The official mediation service for migrants is weak. The majority of migrants do not have a regulated status abroad, including in the main destination of Russia. Despite the fact that the migration service was transferred under the authority of the Ministry of Internal Affairs, an effective system of labour migration management has not been set up as yet. Only 10-12 staff members work in the migration service of the Ministry of Internal Affairs providing coverage to the whole country. Meanwhile, the Ministry of Internal Affairs' representation office in Russia does not have diplomatic status and therefore can only act in limited ways.

The whole migration service needs very competent staff to manage labour migration policy, therefore the need for capacity building is high. The government has recently become very active in improving labour migration policy, in particular because some issues urgently need to be tackled, such as the need to attract remittances as investments into the economy and the problem of wives and children abandoned by male migrants. It has also started the development of a cooperation strategy with Tajik diasporas abroad, drafting a separate law on labour migration as well as a national strategy for labour migration and other documents with the support of the World Bank and the International Organisation for Migration (IOM).

In addition, the government and different international organisations (IOM, ILO, Organisation for Security and Cooperation in Europe (OSCE), United States Agency for International Development (USAID), EU, World Bank, Asian Development Bank, Open Society Institute (OSI) and others) have implemented a number of donor projects in Tajikistan since 2000. These projects are mainly aimed at the institutional development of migration management structures and to a lesser extent are aimed at directly assisting migrants. Out of these projects we can highlight the first scaled survey in the sphere of migration commissioned by the IOM in 2003 and conducted by the Sharq Research Centre (Olimova & Bosc, 2003). The IOM, the World Bank, the ILO, the Asian Development Bank and the ETF subsequently have launched various surveys in the sphere of migration that are still ongoing. In 2004, thanks to the support of the IOM and OSCE, an information centre providing legal support to labour migrants was established to assist and inform emigrants about Russia.

In 2004-06, within the framework of the sub-regional ILO project entitled Combating Human Trafficking and Forced Labour Outcomes in Central Asia and Russia (supported by the Netherlands), a large-scale information campaign for potential migrants was launched, and five information centres for migrant builders were established in cooperation with the Tajik builders' trade union. The ILO initiated the signing of an agreement on dual membership between the trade union and Russia that has become an important element in effective protection of migrant rights. Later on a similar agreement was signed with the builders' trade union of Kazakhstan.

The most important achievement of this project is the organisation of three-month courses of professional training and pre-departure orientation courses for 50 potential migrants for the mason and welder specialisms. As a result, 30% of graduates of these courses immediately found a good job in Tajikistan itself, and the other 70% found legal jobs abroad through the mediation of the Tajikistan and Russia builder trade unions. These courses were the first professional and pre-departure orientation courses to provide quality training. Similar courses have been organised within the framework of the follow-up ILO project (supported by Japan) in the Rasht district of Tajikistan, based on the application of modular training programmes.

Within the framework of a small-scale ILO project entitled Social Consequences of Migration in Tajikistan (supported by Finland) in the Tavildara district in 2006-09, a bee-keeping centre to support the families of labour migrants was set up in cooperation with employer associations. It offered a number of courses providing professional training in bee-keeping. Micro-credits were also granted to help people start up bee-keeping businesses. At present the ILO, IOM, World Bank and EU

are implementing several migration projects in Tajikistan. In general, this has revealed that the most effective projects in practice are those aimed at working directly with emigrants and their families, organizing professional training and providing micro-credits. Unfortunately, not many projects of this kind have been implemented in Tajikistan.

4.5 KEY CONCLUSIONS

In the current socioeconomic situation and faced with the impossible task of creating thousands of jobs, Tajikistan has had to review its employment strategy to export labour, but not much has been done in terms of the organisation and regulation of labour migration. The state needs to move from the role of bystander and regulator to active participant by investing in labour migration, as has been done in countries like the Philippines. Legal labour export could be part of an employment strategy provided other components are in place. In the development of a well-balanced policy, it should be borne in mind that labour is not a commodity but an important asset. Measures aimed at organizing labour export must be implemented in the context of legal work and decent working conditions, with an explicit condition that the migrant returns.

It will be necessary to carry out a detailed analysis, firstly, of the current state of the entire educational system under the auspices of the state employment and migration services and, secondly, of the position of all concerned authorities regarding cooperation and assistance in order to ensure that activities conform with present day conditions. This will help determine the direction of activities and of goals corresponding to today's needs.

With the ratification of inter-governmental agreements on labour migration (Tajikistan-Russia and Tajikistan-Kazakhstan) and the legalisation of labour migrants in Russia, mainly according to the selection principle (i.e. only of professionally prepared people), these tasks acquire even greater importance. Repatriation of migrants (by deportation or administrative repatriation) might cause a deterioration in the social situation in Tajikistan. For successful implementation of this approach, the labour markets of the CIS countries need to be monitored so as to determine the necessary training for qualified workers and the range of their specialties. To address the complexity of labour migration issues, the Government of Tajikistan could learn from other international examples, such as the Philippines. By learning from the experiences of other countries, it could develop its own model for labour migration management oriented to migrant needs, even in a short period of five to seven years.

5. THE EMPLOYMENT POLICY FRAMEWORK

At present, the Ministry of Labour and Social Protection, as the central structure of executive power, implements common state policy and legal regulation in employment, wages, training for adults, migration, social security and social protection of the population. As stated in the labour code (Article 10), it regulates labour through its territorial organs, which are responsible for the preparation, implementation, and coordination of policies in this sphere, including labour and employment conditions, labour relations and labour migration. Its structure includes the State Agency for Social Protection, Employment and Migration, which, since December 2006, merges the functions of two formerly independent services of the same ministry, the Public Employment Service and the Public Migration Service. It is also responsible for social service institutions (e.g. asylums for the elderly and the disabled, orphanages). The State Agency also includes the Centre for Professional Orientation and the National Centre for Adult Education.

The legal status of the State Agency for Social Protection, Employment and Migration in the area of implementing functions of the state employment service is defined in legislation on facilitating employment, adopted in 2003 (Law No 44). In its functions in regard to the state migration service the legal status of the State Agency for Social Protection, Employment and Migration is defined by migration legislation. According to legislation on facilitating employment, the activities of the State Agency regarding employment are the following:

- making estimates and forecasts of employment and preparing and implementing state, territorial and sectoral programmes aimed at the facilitation of employment;
- assisting citizens to seek appropriate employment and assisting employers in the selection of staff;
- organising professional training, guidance, retraining and upgrading of unemployed citizens;
- providing social aid in the form of unemployment payments and training stipends on the recommendations of employment service.

According to legislation on migration, the State Agency has the following responsibilities:

- preparing proposals for the development and regulation of migration policy;
- regulating ecological-hazardous migration issues (resettlement of families inside Tajikistan from ecologically hazardous territories to safe areas, mainly resettlement from mountainous hazardous areas to valleys);

- planning and organising voluntary resettlement of families (inside Tajikistan) from densely populated to less populated regions;
- dealing with issues of refugees and people seeking refugee status;
- analysing and forecasting migration flows in the country.

The State Agency for Social Protection, Employment and Migration provides information services for labour migrants. Labour migrants are considered to be unemployed and all services are provided to them as if they were unemployed. No special measures are envisaged for the registration and servicing of labour migrants. It forwards unemployed people seeking jobs abroad to a state body (Tojikhorijakor) attached to the ministry, which has a licence from the Ministry of Internal Affairs for the export of labour. The units of the State Agency for Social Protection, Employment and Migration function at the regional level in the regions, cities and districts. Administration and coordination is effected centrally.

In general, legislation on facilitating employment regulates public policy in employment and determines the legal, socioeconomic and organisational basis for state policy in this field, as well as providing guarantees in regard to the constitutional rights of citizens to labour and social protection from unemployment.

5.1 EMPLOYMENT POLICY

Back in 1991, the mechanisms of implementation of the new economic policy presupposed a large-scale reduction of jobs and a redistribution of the labour force. With the purpose of ensuring social protection and assisting employment of the released labour resources and of those reaching working age, the employment bureaus were transformed into the Public Employment Service.

The status of the Public Employment Service was legalised in 1991 in legislation on employment (Law No 367). Simultaneously, the legal, economic and organisational base for social guarantees was created for implementing state policy in regard to ensuring the right to work. The law introduced new economic terminological categories in Tajikistan such as labour market, unemployment and unemployment aid. For resolving employment problems and regulating the labour market, it was determined that annual state and regional employment programmes would be developed, starting from 1992. Since 2001, mid-term (two to three years) employment programmes have replaced annual programmes.

The mechanism for developing the state employment programme is based on summarising indicators and activities for regional programmes. Although called a state programme and approved by the government, it is just a programme of activities of the employment services. The methodology of development and the content do not meet the requirements for state programmes. Sectoral ministries and organisations do not participate in preparation and not used are indicators for labour resource usage that document authors should submit for inclusion in the state socioeconomic development programme. Data from monitoring the labour market at the level of the republic, regions, cities and districts are not used, because the employment services do not do any such monitoring.

The labour market analyses being conducted are mostly descriptive and fail to expose in-depth peculiarities and multiple subsystems and their influences. Aggregated labour market indicators are used, which prevents detailed and high-quality analyses. The issues of labour market status modelling and forecasting are handled poorly and a tendency has developed to conduct isolated and fragmented analyses on separate aspects of labour market formation. All of these issues require further socioeconomic analyses of the problem in hand and the development of methodological approaches aimed at discovering cause-and-effect relationships in labour market formation (Ashurov, 2007).

An analysis of development programmes such as the National Development Strategy to 2015, the Programme of Socioeconomic Development to 2015, and even the Poverty Reduction Document shows that programme activities are not linked to the resolution of problems of employment. The forecast data in these programmes is shown as a separate chapter without any link to indicators of growth in the economy, such as the volume of investment and other macro-economic indicators. The responsibilities of the Ministry of Labour and Social Protection include providing expertise in drafting socioeconomic development and regional and investment programmes from the point of view of their impact on employment. This work is not being done.

In the period 1991-2001, significant changes occurred in the field of employment and in the labour market. When developing employment legislation in 1991 the state could not foresee such radical shocks to employment as the collapse of the USSR, the civil war, and other disasters. Therefore legislation on employment adopted in 1991, even with amendments in 1993, 1996 and 1998, failed to reflect the realities of the employment scenario. The law, for example, did not take into account the financial resources of the country in providing the social protection for unemployed. That is why, in 2003, in active consultation with the Federation of Trade Unions, a new version of legislation on facilitating employment was adopted in Tajikistan, defining fundamentally different approaches to the implementation of state employment policy.

First of all, taking into account the principle of freedom of choice of employment, state policy in employment is directed at measures for facilitating productive

employment rather than guaranteed employment for all, which is erroneous, in our opinion. Secondly, the criteria for assessing employment and unemployment were revised in accordance with the recommendations of the ILO. A new definition was introduced for the term 'unemployed', along with a whole range of corrected terms related to labour market.

Thirdly, responsibility for implementing employment policy was assigned in equal measure to local authorities, employers, trade unions and the employment services. The new law determines only those guarantees of the state which can be realised in view of financial possibilities and stipulates that local executive authorities are responsible for employment policy at the local level. Local authorities have labour divisions (at the district level) or labour departments (at the regional level) in their structure, charged with coordinating the activities of all bodies at the regional level and also including divisions of the Public Employment Service. Regional programmes for population employment are developed under the supervision of local authorities and their implementation is monitored, i.e. local authorities perform the role of customers for the employment services, ordering the performance of activities aimed at resolving employment problems. Regional employment programmes are approved by local legislative assemblies. The same bodies have the right to take decisions on various employment-related issues, e.g. on the payment of supplements to unemployment allowances for people who have to maintain dependants aged under 15.

Fourth, the mechanism of social partnership has been expanded in resolving employment issues, by the creation of coordination committees for facilitating employment at all levels. The main principle in forming such committees is the equal participation of three parties: the state, employers and trade unions. At the local level, the activities of these committees are organised by the local executive authorities. Unfortunately, in practice this mechanism is not functional. The reason for this is poor experience in conducting social dialogue and the extreme centralisation of power at the regional and local levels. Trade unions and employers hardly participate in the formation or realisation of employment policy, the organisation of vocational training or in follow-up employment. At the country level, meetings of the committee for the promotion of employment were conducted for the first time and only twice in the period 2007-08, and no serious decisions were made. This commission was composed in violation of the principle of parity for participation by the three main stakeholders. Although the Federation of Trade Unions has tried to activate the work of this commission, it is still very premature to speak about effective work and, in general, the principles of social partnership regarding the issues of employment are not applied.

Fifth, approaches to distributing unemployment aid have been revised, with the right to aid belonging only to those who have been making contributions to the Fund for Social Protection. Previously, according to the employment legislation of 1991, unemployed people without work experience and looking for work for the first

time and longer-term unemployed people (over one year) were eligible for unemployment aid equivalent to the minimum wage (TJS 60 since 2008). That is, the principle of legislation on state social insurance was implemented, with the system of state social security available only to individuals who had made contributions to the Fund for Social Protection before losing their job.

In May 2006 the government approved an Employment Promotion Concept Paper for 2006-12. The following priority directions were identified:

1. strengthening arrangements for active labour market policies;
2. improving the structure of professional training and retraining;
3. upgrading the employment level in the economy.

In September 2006 the government approved a national implementation plan, with specific assignments to branch ministries and agencies for the implementation of measures aimed at achieving the concept goals. Under the national plan, the government adopted a Programme for the Promotion of Employment for 2008-10 and approved in March 2008 was a Concept Paper for the Creation and Retention of Jobs for 2008-15. Under the latter, besides the activity of the State Agency for Social Protection, Employment and Migration, it is envisaged to create a minimum of 100,000 jobs in various branches of the economy, as mentioned in the Concept Paper for the Creation and Retention of Jobs for 2008-15. Although the State Agency for Social Protection, Employment and Migration annually reports that these jobs have been created, in practice, the statistics reveals that no jobs have been created. Thus, either they are created in the informal economy or the methodology for recording new jobs needs reviewing. Practice shows that the defect lies in the methodology used for data collection. A comprehensive analysis shows that these indicators of jobs growth are not linked to plans for the development of branches of the economy.

5.2 BUSINESS ENVIRONMENT AND INVESTMENT CLIMATE

There are two types of entrepreneurs in Tajikistan. First there are the individual entrepreneurs performing independent activities as an unincorporated natural person on the basis of a patent issued by taxation authorities. The other kind of entrepreneur is a legal entity performing independent activities carried out on incorporation. Legal entities are registered with the judiciary authorities and hold settlement and foreign exchange accounts, a round seal and other attributes.

In 2007, the number of people engaged in individual entrepreneurship (i.e. in self-employment) amounted to 117,000 people, 69.4% of whom were working in trade and public catering, 18.9% in consumer services, and the remaining 28.7% in other types of activities. In the period 1998-2006, the number of individual entrepreneurs decreased by 13.6%. Registered in 1998 were 116,000

entrepreneurs. It is noteworthy that such a high indicator was only registered in 1998; in 1997, the number was just 47,400 people and in 1999, 50,700 people. Thereafter, there has been a gradual growth in the number of individual entrepreneurs. Some growth was noted in 2007 compared to the indicator of 1998.

As of January 2008, there were just 2,003 small enterprises operating in Tajikistan, employing a total of 18,900 people, or 0.9% of the total number of people employed in the national economy. Product sales amounted to TJS 864.9 million in 2007, or 6.75% of GDP. We should bear in mind that enterprises are mostly operating in the trade and public catering sector (653 entities), with only 359 small enterprises in the industrial sector and 266 in construction.

In 2007 there are 26,518 (registered) *dehkan* farms in the agricultural sector. In the period 1998-2009, their number increased 2.6 times. According to the National Association of Dehkan Farms, the number of *dehkan* farms in 2008 amounted to over 32,000. If in 2006 the total volume of agricultural gross product constituted TJS 3,659.3 million (39.2% of GDP) the specific weight of *dehkan* production was 25.9% (SSC, 2007a). Available statistics do not cite any data on the number of people employed on *dehkan* farms.

An analysis has shown that entrepreneurship has become well developed in Tajikistan due to the development of private farming in rural areas. The number of *dehkan* farms and unincorporated individual entrepreneurs has been steadily growing, while the number of incorporated small and medium business entities has increased but insignificantly.

Entrepreneurs in Tajikistan face various problems. The main barriers hampering individual entrepreneurial activities are inspections and limited access to financial resources. The next in order of importance are problems posed by import and export clearance procedures. And lastly, there are issues of registration and taxation. For incorporated small and medium businesses, the key problems are posed by inspections, access to external financing and permit and licensing procedures. Difficulties of the second order are issues of taxation and import and export operations. For *dehkan* farms the key problem lies in access to financing and difficulties with registration. Problems are also caused by procedures related to inspections and taxation.

Although it is not easy to start a business in Tajikistan, what is more difficult is to keep it running. As the number of enterprises is increasing the business environment is becoming ever more complex. Unofficial methods of resolving problems still remain a widely prevalent practice (International Finance Corporation, 2007). In 2007, business activities in Tajikistan did not suffer any significant changes particularly with regard to small and medium enterprises.

According to the World Bank and International Finance Corporation Doing Business report for 2008, which compared regulations in 178 economies, Tajikistan

continues to rank close to the bottom for most indicators, ranking 153rd among 178 economies. In the last year Tajikistan's ranking has dropped further under several categories, including obtaining licenses to conduct economic activities, raising loans and property registration (3 points down), tax payment (2 points down) and protection of investor rights and cross-border trade (1 point down). This drop in the ranking is the result of several factors, including poor scores under some of the indicators such as fiscal management and lack of progress over the last few years in reforming legislative and regulatory frameworks.

High interest rates on loans constitute a serious deterrent for the development of small and medium enterprises (20-28% per year). Moreover, the forms and ways of regulating small and medium businesses are not clearly defined in current legislation. Control procedures are burdensome and the lack transparency is manifested in an increased number of inspections and unofficial payments.

Taking into account the above facts and in order to support and further promote the development of small and medium enterprises and create favourable conditions to attract investment, the President issued a decree on 25 July 2008 announcing a moratorium on all types of inspections of small and middle businesses for the duration of two years. Data enabling an analysis of the outcomes of these measures regarding their impact on employment and labour productivity is not yet available. The government, however, hopes that this measure will help activate small and medium businesses. The moratorium is not applied with regard to inspections carried out under criminal proceedings in accordance with legislation, a decision which has commanded support from entrepreneurs.

Since 1998, the micro-finance sector has been developing in Tajikistan through foreign grants and credits, expanding access by the population to small loans. Microfinance had especially enabled women to increase their economic activity. Aware of the importance of developing microfinance initiatives, the state adopted legislation on microfinance organisations in 2004. According to information from the National Bank of Tajikistan, 66 microfinance organisations and several microfinance banks now operate in the country. The Association of Microfinance Organisations of Tajikistan, consisting of over 30 organisations, has revealed that over 105,000 people have used the services of the association. When combined with the activities of the banks, this number could be over 140,000.

In general, the state envisages measures for strengthening the normative and legal base, including taxation and customs legislation and an upgrading of the effectiveness of judicial protection of the rights of investors and entrepreneurs. Measures will also be aimed at improving legislation regarding investment, property rights and concessions, with the possible formation of an investment code, the establishment of a legislative and organisational basis for the establishment, functioning and liquidation of corporations and small and medium businesses, the provision of equal rights for internal and

external investors and the creation of a single body for investments promotion. Also to be established are forms and methods for the regulation of micro-, small and medium enterprises, with a detailed formalisation of their relationship with authorities and governance bodies. In addition, taxation measures stimulating legal business and employment will be introduced.

Measures will be undertaken for planned and regular reduction of administrative barriers to entering the market and running a business, including barriers regarding access to public services and physical and private infrastructure. Equal conditions will be created for state-owned and private enterprises and possibilities will be explored for the introduction of a mechanism for the registration of economic entities based on the one-stop shop principle. Certification procedures for products will be hugely simplified.

The issue of the establishment of an investment council attached to the office of the President will be considered, to include representatives of small and medium businesses, large businesses and the government in its composition and with a permanently functioning technical staff. Measures are planned for involving non-governmental organisations, business communities and international organisations in drafting and implementing programmes, standards and norms. According to the National Development Strategy for the period until 2015, measures will be undertaken for the establishment of constructive dialogue between the business sector and the state.

5.3 LABOUR LEGISLATION

In 1997 the Tajikistan Labour Code was adopted, according to which the minimum working age is established at 15 years (previously 16 years). Labour legislation does not place any limitation on hiring for work, with the exception of a prohibition against hiring very young people and hiring women for heavy or hazardous work. Young people can combine work and study, with the application of a reduced working day for people younger than 18 years. The employer is fully responsible for the organisation of safe and secure working conditions. In accordance with legislation on the civil service, state servants are banned from undertaking commercial activities.

To prevent mass dismissals and ensure social protection, legislation foresees limitations on dismissals. According to the Labour Code (Art. 48-50), termination of the work contract on the initiative of an employee can only happen after preliminary (not less than two weeks) notice issued by the relevant trade union or other representative organ of employees, who should inform the employer, within 10 days, of the decision in writing. The employer must notify the employee in writing of his intention to terminate the work agreement (contract) concluded for indefinite period not less than two months in advance.

People dismissed from an enterprise due to a reduction in the volume of work or a change in work conditions

(termless labour agreements), are guaranteed the following:

- payment of severance pay by the employer amounting to no less than one month's wages;
- guaranteed average monthly salary for the period when seeking employment during the second and third months after dismissal;
- the right to early retirement (one year before the age set by law).

An analysis of applications to employment services show that in practice employers try not to pay the severance pay but force the employee him/herself to resign. In recent years, the number of fixed-term work agreements has been increasing massively: dismissal is simpler and there is no obligation to make a severance payment. In cases where employees appeal to employment bodies, especially to state employment inspectors or trade unions, negotiations result in the payment of the severance.

In countries with a strict legislative framework regulating the labour market, firms usually try to avoid high social security payments by employing workers either on a part-time basis or without contracts. As a result, unregistered employment in such countries constitutes a significant part of the shadow economy. The available evidence shows that statutory acts regulating the labour market in Tajikistan do not encourage the growth of the shadow economy and informal employment in Tajikistan is not caused by the strictness of labour legislation. More than half of the firms do not employ workers on a part-time basis at all. Firms hiring employees on a part-time basis do so because the employees themselves prefer this form of partial employment (26.4%). Only 3.6% of firms prefer to hire their employees part-time to avoid high social security payments and only 1.4% of firms do so to get around certain provisions of the Labour Code (Olimov, 2007).

Practice showed that employers, to minimise the social insurance tax of 25%, lower the officially stated wage and do not furnish employment in accordance with labour registration. Some experts, for example, propose reducing the tax to 15-20%, out of which at least 6-10% would be paid by the employee. This measure would be more effective with the introduction of a flat-rate income tax at the level of 13% (Jabbarov, 2004). Indeed, this measure could stimulate legal employment, decrease employee dependency by their own accumulation of insurance funds and stimulate legal activities.

In fact legislation does not regulate labour relations of people who are not legally hired. Section 3.3 of this review shows that under the data of LFS 2004, 53.3% of those employed work informally, i.e. labour legislation does not apply to this category of workers, as it does not regulate non-official labour relations. In reality, such a situation was created by the state itself, because the labour code accepts both written and verbal labour agreements. From one side, this can be interpreted as a degree of flexibility of the labour market; but on the other side when the agreement is only verbal, it is not clear how issues of labour statistics, labour protection, taxation and

most importantly, social insurance can be addressed and solved.

A similar situation is valid in the *dehkan* farms, where legislation envisages both juridical and non-juridical legalisation of this form of entrepreneurship in periphery. Actually in this sector there are large gaps related to labour statistics. Practically the majority of workers in *dehkan* farms have no social insurance. Even the number of people working in *dehkan* farms is not clear, as their sex/age distribution, their level of education, etc. Along with this, thanks to the state policy, farming is growing and developing fast. Another new factor is that the increasing number of free lancers working with patent (issued by tax authorities). Their social security in principle is covered by 20% of the cost of the patent, but in practice this is not the case, and these people are not registered by social insurance bodies.

All three mentioned categories of the employed are invited to refer to social insurance bodies based on their place of residence and open a personal account (Social Identification Number - SIN). Then they should transfer a certain part (25-30%) of declared income into this account. The state, however, does not guarantee the protection of these savings against inflation and does not index them. As a result, the system of personified record in Tajikistan is not popular and practically is not functioning. That is why annually still a large number of employed people drop out from the social insurance system and from the protection of labour legislation. Therefore, current labour legislation is not addressing the most important labour issues. In order to solve some problems, the state planned to develop norms regulating 'work at home'. At the end of 2009 thanks to the EU support, a strategy for labour market development till 2020 has been started to be drafted.

5.4 LABOUR MARKET POLICY MEASURES

The Public Employment Service actively carries out measures to restore employment and expand employment opportunities, including assistance in the search for work, professional orientation, professional training, retraining for the unemployed with the payment of stipends during training, the organisation of public paid works and assistance in self-employment by providing micro-credits.

In 2007, TJS 6.7 million (USD 1.9 million) were earmarked for funding the activities of the Public Employment Service, with 30.8% envisaged for the maintenance of the Public Employment Service, 21.1% for unemployment aid, 11.7% for the organisation of community work, 11.6% for professional training of the unemployed and 24.8% for micro-credits. According to indicators for the Employment Promotion Programme for 2006-07, spending on active measures amounts to 48% of the Public Employment Service budget. Some 582 staff work in the Public Employment Service system: in 2007, the workload per staff member was 0.38 people per day.

In 2007, the Public Employment Service registered 60,500 people, 51,740 recognised as unemployed; of these, over 24,500 people (40.5% of the total of those recorded with the Public Employment Service) were employed directly through the employment service, 6,780 people (11.2%) received vocational training, 5,230 people (8.6%) received professional orientation, 18,970 people (31.35%) were assigned to public paid jobs and 1,600 people (2.6%) received micro-credits (SSC, 2007c). The Public Employment Service indicators were similar in the years 2004-06.

Article 24 of legislation on facilitating employment stipulates that the period during which a person receives unemployment aid or a stipend or takes part in public paid works is included in their overall work experience. Thus, the active measures implemented by the Public Employment Service enabled employment of 51,850 people (work, vocational training, public works and micro-credits), which is 85.7% of the total number of registered employed. In general, the Public Employment Service produces good results, but given the scale of the country, its effects are minimal and negligible as far as the employment rate of the working-age population is concerned.

We should take into account that, of 51,850 formerly unemployed people, 37% are mainly young people doing temporary public works. The involvement of young people and women in public works does not change their status in the labour market. After completion of these projects these people return to unemployment. At least a third of the total number of those involved in public works are repeatedly and chronically unemployed.

When over 66% of the registered unemployed do not have a professional education (ISCED 2) or work skills, public works lose their importance as a source of temporary employment for those who seek permanent jobs. The bias in the activity of the Public Employment Service towards increasing the volume of public works at

the expense of more efficient methods such as vocational training, micro-credits, searches for vacancies and other measures, significantly decreases the efficiency of the Public Employment Service.

We can judge the efficiency of the Public Employment Service based on its impact on the labour market. Its activities eased the labour market tension ratio by 8-13% in 1994-2000 and by 5% in 2005. This indicator should be compared with a figure of 16% for 1991 (Ashurov, 2007). **TABLE 42** shows the data on the employment of various categories of people through the Public Employment Service. It shows that the number of applications for employment increases yearly. With this growth, which includes rural areas, the level of employment is 31.2-39% of the total.

At the same time, employers do not provide enough vacancies for the employment service (**TABLE 43**). With this number of offered vacancies it is not possible to employ all the applicants. An analysis of indicators of Public Employment Service activities shows that the number of applicants for vacancies is 1.6 times larger than the number of announced vacancies. This can be accounted for by a poor system of recording announced vacancies. A report on announced vacancies is submitted monthly but the Public Employment Service does not track the filling of vacancies nor does it calculate the number of filled vacancies, so it cannot show the total number of vacancies declared by employers in a year.

The Public Employment Service regularly organises job fairs in which some 10% of the referred unemployed (in Dushanbe city alone, some 1,100 people annually) are assigned jobs. Vacancies at these fairs are not the part of the Public Employment Service record system, although the number of the employed is included in its statistical report. The number of unemployed people who visit these fairs is not included in the record system either.

TABLE 42: PUBLIC EMPLOYMENT SERVICE WORK BREAKDOWN, 2001-07

	2001	2002	2003	2004	2005	2006	2007
Applications	52,318	66,428	75,049	75,209	58,345	55,742	60,492
- Employed (%)	34.0	29.2	32.2	29.2	39.2	42.6	40.6
Employment (%)							
- Job seekers aged 15-29	42.4	30.5	31.2	27.8	36.1	43.1	38.5
- Job seekers aged 15-18	42.7	37.5	23.1	21.2	28.5	48.4	37.9
- Rural job seekers	32.2	30.3	45.8	27.0	33.0	32.6	36.9
- First-time job seekers	28.2	25.5	25.7	25.7	38.3	37.2	39.1
- With no profession	28.0	27.4	23.6	23.6	30.4	32.9	31.2

Source: Official statistics

TABLE 43: VACANCIES ANNOUNCED BY THE PUBLIC EMPLOYMENT SERVICE IN TAJIKISTAN, 2001-07

	2001	2002	2003	2004	2005	2006	2007
Total vacancies announced (by end of year)	10,020	10,083	16,309	21,840	15,748	16,293	15,529
Including workers (%)	35.0	39.2	42.0	43.7	43.5	38.9	42.6

Source: Official statistics

A large number of unemployed people who contact the Public Employment Service leave unsatisfied after the primary consultation without any record being made of their visit. Thus, there are good indicators of Public Employment Service activities, but a poor level of referrals on behalf of the truly unemployed (those most in need of help).

Taking into account the good level of education of the unemployed, the Public Employment Service has all the possibilities for delivering short-term micro-credits. The annual budget allocates up to 10% (USD 160,000-170,000) to the development of entrepreneurship. At the same time, micro-credit repayments from previous years should be used for the same purpose. Micro-credits amount to between 80 and 150 times the amount of the minimum wage, with a repayment period ranging from 1 to 1.5 year. The amount of a micro-loan and its repayment period depend on the type of activity, whether trade, a service or production. No interest is charged for micro-loan. This type of service is officially referred to as 'financial assistance to the unemployed for the promotion of entrepreneurship'.

In 2007, over 1,600 people received micro-loans and it was envisaged that this number would increase to over 3,500 people in 2008. For comparison purposes, microfinance organisations and banks in Tajikistan issue micro-loans and micro-credits at 2.5-3% monthly interest rate and require monthly payments of the interest. The maximum micro-credit amount is USD 10,000. Thus, with the correct organisation of work, the service might provide larger numbers of the unemployed with micro-credits. Already, residents of remote districts note the attractiveness of the micro-credit terms: up to one year and interest-free.

According to legislation, specialised micro-credit organisations are an element of the Public Employment

Service. All possible options for organising the work of the Public Employment Service for micro-financing of the unemployed require comprehensive assessment of their effectiveness and legal validity. To implement this and other initiatives, the functions of the Public Employment Service include the organisation of networks of social business centres, business incubators and labour exchanges. As yet, however, only seven social business centres have been created for the 73 territorial employment offices.

In accordance with Article 8 of legislation on facilitating employment, unemployed individuals registered at the Public Employment Service and persons seeking employment have a right to free vocational training and retraining. Vocational education of the unemployed (to six months) is the performance indicator for state statistics.

TABLE 44 shows that the approach to organising this initiative is not well grounded.

There are vast possibilities for increasing coverage with professional training. Firstly, the demand in the domestic labour market for qualified specialists is growing by the year. Therefore, organisation of good quality vocational training to meet the needs of the domestic labour market in close cooperation with employers is an urgent challenge for developing the labour force in Tajikistan. This requires exploring growing labour market needs.

Recent studies have shown that there is clear evidence that virtually every surveyed firm had a demand for labour. At first glance this situation would seem to defy common sense considering the high unemployment level in Tajikistan. However, the unsatisfied demand reported by firms is rooted in the fact that most workers in the labour market do not have the required qualifications. Firms

TABLE 44: VOCATIONAL TRAINING BY THE PUBLIC EMPLOYMENT SERVICE IN TAJIKISTAN¹, 1991-2007

	2001	2002	2003	2004	2005	2006	2007
Sent to training	5,021	5,278	5,596	6,047	6,560	7,174	8,152
Received training – men	4,444	5,165	5,172	5,813	6,403	6,872	6,779
Employment of trainees (%)	66.4	73.5	73.5	73.5	74.0	68.3	62.0

(1) Delivered or funded by the Public Employment Service.

Source: Official statistics

working in economic sectors where a high level of qualification is essential have the greatest demand for labour, whereas firms working in branches that are not as sensitive to qualifications have less demand for labour or prefer to reduce their staff²⁶. These results show that the labour offered in the labour market is under-qualified or does not match existing requirements, significantly hampering the expansion of many firms (Olimov, 2007).

Secondly, the state has acknowledged labour migration abroad as a strategic direction in state employment policy. This means that the state understands that it is unable to provide employment with decent wages for all the surplus labour in the domestic market in the near future. It therefore regards external labour markets (those of Russia and Kazakhstan in particular) as an opportunity for easing tension in the labour market in Tajikistan.

The Public Employment Service implements a forecast of labour demand and supply taking into consideration employment status and the international labour market. Enhancement of measures for the provision of basic professional training for young people planning to migrate was mentioned in the report of the President at a meeting of representatives of the educational system in December 2005. Legislation on facilitating employment determined the authority of the Public Employment Service not only in regard of the registered unemployed but the entire unemployed population. Labour migrants undoubtedly belong to this latter group and should be provided with basic vocational training.

A potential migrant should be registered as a job seeker and be provided with vocational training in accordance with legislation; furthermore, based on registration as a worker and obtaining a work permit, migrants should be considered as officially employed. In this way, the Public Employment Service can establish an indicator of real employment. If shortage of funds occurs, expenditure can be reviewed and a well calculated proposal can be submitted to the government.

Considering the seasonal and shuttle nature of labour migration of Tajik citizens abroad, trained migrants with working experience could theoretically meet the demand for their skills in their home country in the near future. There are many such examples already; e.g. the construction sector at present is recruiting highly skilled specialists from among former labour migrants.

Expansion and development of the vocational training system, including short-time courses, is among the most complicated and urgent tasks facing the development of an effective labour market in the Tajikistan of today. Development of the vocational training system must be based on three major directions:

- building human capital capacity;
- developing teacher guidelines;
- drastically improving training facilities in educational institutions.

It is the failure to address these issues that impedes the development of the vocational training system in Tajikistan, thereby limiting its flexibility to respond to labour market demand.

As a measure for social protection of the unemployed, labour legislation determines payment of unemployment aid from the funds of the State Agency for Social Insurance and Pensions, which finances the work of the Public Employment Service. According to legislation on facilitating employment, unemployment aid is paid to people who are recognised as unemployed. In the first 10 days following registration, the Public Employment Service seeks appropriate employment for the applicant. The decision on payment of aid is taken on the 11th day after registration together with the decision to recognise the person as unemployed. Unemployment aid is paid during six calendar months as 50% of the average wage at the last workplace. Payment is effected once a month, provided the unemployed registers again in terms determined by the Public Employment Service.

Legislation on facilitating employment clearly stipulates that to be eligible for aid an unemployed individual should have had paid employment for at least 18 calendar months in the last three years prior to applying to the Public Employment Service. People who have had paid employment for less than the specified time are paid aid amounting to the minimal wage. People should also have made payments to the Fund for Social Protection. These payments are deducted by the employer (for waged workers); self-employed people must make their social insurance payments independently.

For unemployed people with dependents aged under 15, the local authority can determine additional payment from the local budget of 10% for each dependent. In practice, local authorities do not make such payments. People seeking employment for the first time, who have not worked for a lengthy period (over a year), have received vocational training, have had their qualifications upgraded or had retraining by decision of the Public Employment Service and also those who have participated in public paid works or who have been dismissed for violation of the labour code and labour discipline are not entitled to receive unemployment aid.

The authors of the new legislation on employment, adopted in 2003, worked on the basis that the activities of the Public Employment Service should be enhanced, the unemployed should be stimulated to seek jobs and dependency attitudes among them be eliminated. In 2002, some 16,000 people were paid unemployment aid; in 2003, the number fell 5.8 times. In 2007 only 5.7% of people with unemployment status as per the Public Employment Service received aid. The number of the unemployed who received Public Employment Service assistance, however, has not fallen, whereas the number of employed people has increased more than 1.5 times. Due to savings in unemployment aid payments, the Public Employment Service managed to improve its employment

²⁶ Employers have their own requirements regarding qualifications depending on the specificity of work and the equipment used. Unfortunately, employer requirements as to the level of qualification required of workers were not clarified in the shadow economy survey.

indicators and implement active labour market measures. It is important that the assignment of unemployment aid should be the protective measure of last resort.

Legislation on facilitating employment provides for the creation of non-state (private) employment agencies, but services for employment assistance are not yet licensed. So far the private sector is very slowly engaging in the creation of private employment agencies. New legislation governing private employment agencies is currently being drafted and it is anticipated that private employment agencies will be permitted to work both with domestic and migrant workers.

Unfortunately with regard to the informal sector the state has not taken any specific measures to stimulate employers to emerge from the shadow economy.

5.5 THE IMPACT OF THE RECENT GLOBAL ECONOMIC CRISIS

It took a while for the world financial crisis to affect the economy of Tajikistan. In 2008 growth in agricultural sector was 7.9%, supported by sustained growth in cattle breeding, fruit and vegetable production and the global rise in prices for food products. The inflation rate declined to 11.9% by December 2008, although the average for the year remained relatively high at 20.7% (ADB, 2009). The volumes of remittances for 2008 grew by 60%. Inflation in the first half of 2009 declined compared to the same period of 2008, but the National Bank of Tajikistan has forecast a 13% inflation rate for 2009.

As of March 2009 Tajikistan has felt the impact of the world financial crisis. In particular, according to the National Bank of Tajikistan, GDP growth of 2009 was 3.4%, compared to 7.9% of 2008. GDP growth was ensured due to growth in the agriculture (10.5%) and retail trade sectors (10.4%), whereas the industry sector contracted by 6.3%. External trade turnover (USD 3,578.7 million) declined by 23.6% compared to 2008. Export volume (USD 1,010.0 million) fell by 28.3% and import volume (USD 2,568.7 million) fell by 21.5%. The reduction in exports was caused by a sharp decline in world prices for the major export products of Tajikistan, namely aluminium and cotton.

In the first half of 2009, there was a considerable depreciation of 27.3% in the national currency against the US dollar. Considering the high level of 'dollarisation' of the economy (70%), the strengthening of the US dollar could have led to rocketing prices for imported products. However, an intervention by the National Bank of Tajikistan helped stabilise the situation. For the purpose of supporting the banking structure in the crisis period the National Bank of Tajikistan reduced the annual refinancing rate from 13.5% to 8%.

The volume of external public debt for Tajikistan as of 1 July 2009, according to the Ministry of Finance, was USD 1.473 billion, equal to 25.4% of GDP. During six

months in 2009, the external debt grew by USD 101.84 million. As of 1 January 2009 the volume of external debt as a share of GDP was 26.7%. The debt mainly increased due to credits for investment projects for the energy sector, the construction and rehabilitation of roads and the construction of Dushanbe airport terminal. At present China is Tajikistan's main creditor.

Preliminary statistical data show no impact of the world crisis on employment and the labour market of Tajikistan. Officially registered unemployment, on the contrary, fell from 2.3% to 2.1% with regard to the economically active population. It is important to note an increase in overdue wages of 10.2%. By the end of December 2008, overdue wages represented TJS 20.94 million, reaching by the end of December 2009 to TJS 23.08 million. Most (94%) overdue wages belonged to the production sphere.

Due to the global crisis, housing prices in Dushanbe in January 2009 had fallen by 20-30% and the cost of construction materials by 10-15%. A number of construction projects were discontinued. Due to the high rate of population growth, however, there will always be a shortage of housing in urban areas. That is why there are all grounds to maintain that prices will gradually reach their previous level.

The economy of Tajikistan to a large extent depends on the labour migration, which has been affected by the crisis. As a whole, the volumes of migrants remittances for 2009 decreased by 31%. Labour migrants and their families are the most vulnerable members of the population. Starting from around November 2008, the world financial crisis has affected, first of all, labour migrants, and especially those without qualifications, as they were among the first to be fired by employers. Labour migrants working in construction were affected most of all. The reduced wages of other migrant workers has made their life abroad economically disadvantageous.

Interviews of 5,533 migrants who returned between November 2008 and March 2009 showed that 36-50% of migrants were affected by the financial crisis. The main reasons for return were the following: traditional seasonal return (27%), end of contract or job and the impossibility of finding other employment (25%), family circumstances (1.5%), illness (9.8%), long overdue wages (7%), untimely redundancy (4%), deportation (4%) and other reasons 12.6% (Kuddusov, 2009).

The share of those who decided to return to home in between seasons was high, as the crisis commenced during the traditional seasonal return period for Tajik migrants. At least half of those who decided to come home for a holiday decided to wait out the crisis at home. A total of 14.5% of migrant workers found jobs on return and 10.4% have decided not to go abroad for employment but to seek work at home, i.e. one on four migrant workers is planning to live and work in the home country (**FIGURE 11**).

More than 61% of migrant workers still plan to work abroad in the future, 44.1% are determined to seek work abroad and 19.5% of migrant workers will wait at home

FIGURE 10: REASONS FOR MIGRANTS RETURNING TO TAJIKISTAN

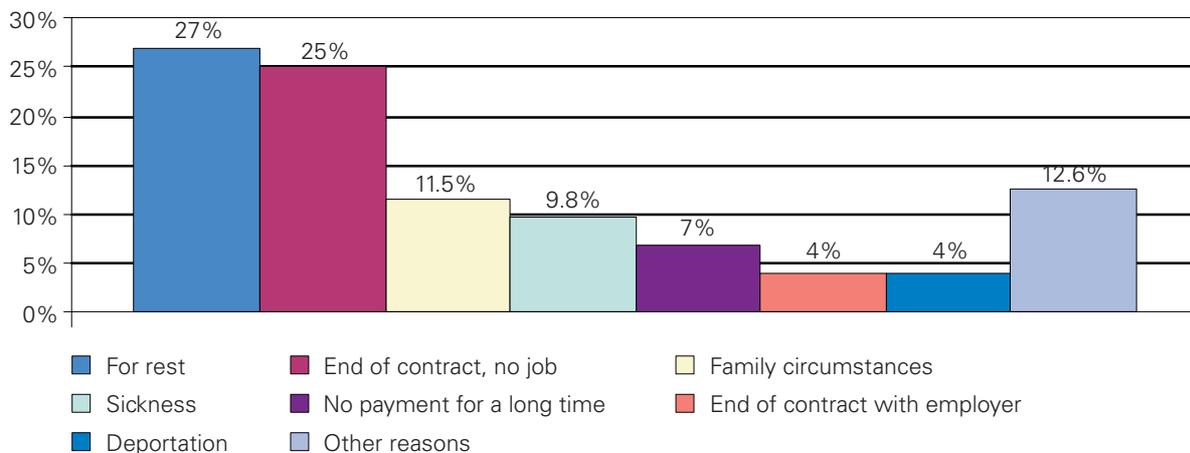
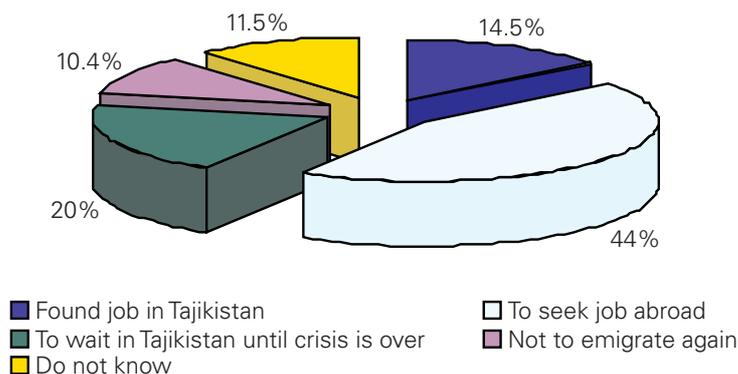


FIGURE 11: TAJIKISTAN MIGRANTS' PLANS FOR THE FUTURE



until the crisis is over; one in nine migrants is still not sure about future employment. Many migrant workers are ready and willing to stay in the home country but are not satisfied with the wages offered for job vacancies.

As a possible option for employment at home, migrant workers prefer to receive a land plot and start farming. Entrepreneurship is also attractive to migrant workers. The choice of these types of activity is due to the desire to work for themselves and rely on their own capacities.

The government of Tajikistan has elaborated anti-crisis measures in order to mitigate the consequences of the global financial crisis. In March 2009 it approved legislation on the state registration of legal entities and individual entrepreneurs, designed to make entrepreneurship easier. Once it comes into force, legal entities and individual entrepreneurs will have to deal only with the tax committee, i.e. the one-stop-shop principle will be introduced. Only three procedures out of 13 required at present will remain. There are also plans to considerably decrease the number of documents required for registration. Rather than the current 49 days, registration will require only five days for legal entities and three days for individual entrepreneurs.

There are a number of measures underway. For example, active measures are taken for the creation of two free economic zones in Tajikistan. The Ministry of Labour and Social Protection is undertaking a number of measures to upgrade the efficiency of the Public Employment Service and ensure the availability of information on the labour market. A regulation on the provision of information regarding vacancies and a draft decree on compiling an inventory of available jobs have been prepared and a new strategy for labour market has commenced development. The Public Employment Service is becoming more active in organising jobs fairs. A national database is being created and rules for providing micro-credits to the unemployed have been changed.

In general, the state policy to mitigate the negative impact of the world crisis yielded positive results. The inflation rate in the country went down from 11.8% to 5%. Monetary incomes of the population grew by 14.3%. As the prices for cotton went down, the volume of cotton crops declined by 20%. The government made an unprecedented decision: in May 2009 the President of the Republic of Tajikistan issued a decree releasing all cotton facilities from the payment of their debts. The debt burden – incurred between 1997 and the beginning of 2008 – exceeded USD 500 million.

As a result, farmers in cotton growing areas were free to grow the most profitable types of products. And it was not by chance that in 2009 a record wheat harvest was grown in Tajikistan (more than 1.5 million tons). Horticulture and viticulture started to develop actively and areas for green houses to expand. It was agriculture which made it possible for migrants, affected by the crisis, to find jobs in their home country.

The liberalisation of legislation in the sphere of entrepreneurship helped Tajikistan to improve its indicators in the world classification by 12 points. Tajikistan was included into the World Bank's Doing Business 2010 survey only three years before. In 2008-09, Tajikistan went up from the 164th to the 152nd place out of 183 countries and became part of a group of 10 reforming countries (including for example Belarus, the former Yugoslav Republic of Macedonia, the United Arab Emirates and Egypt).

5.6 KEY CONCLUSIONS

State employment policy will be implemented better if a vital principle is understood, namely, that employment policy is an integral part of state socioeconomic development policy. In designing short-term and middle-term forecasts of socioeconomic development, sectoral ministries and organisations must indicate the kind of employment (the human factor of production) that would provide for specific planned economic growth. It is known that such a growth ensures increased productivity – the most overlooked indicator in Tajikistan. Draft state socioeconomic development programmes should include a special chapter on the creation of new jobs with the purpose of developing full, productive and freely chosen employment. Unfortunately, even though this principle is foreseen in legislation on facilitating employment, it is ignored in practice.

In view of the real situation of labour and employment, labour legislation needs to be significantly amended and changed. It is important to stimulate legal employment and expansion of the sphere of state social security through economic measures. The system of the state social security should become attractive for both workers, irrespective of their status in the labour market, and employers.

Even before the crisis the Tajikistan economy was not capable of providing jobs for a growing population due to limited opportunities. The crisis has already had a negative impact on economic growth rates and the employment situation is likely to be aggravated. In addition, opportunities for seeking jobs abroad have sharply reduced.

In these conditions the government needs to develop specific measures to create conducive conditions for the more intensive development of entrepreneurship and farming in the country, as ways of quickly providing jobs for the unemployed. In conditions of crisis the priority should be the development of productive capacity at home and the creation of real and effective jobs.

It is important to develop an effective strategy for employment with due consideration of labour migration and the development of professional training. To date the state has not yet defined the role of labour migration in terms of whether it is to be considered a temporary or permanent phenomenon, what the government's intentions in this respect are, what labour market policy is envisaged and what shape professional training policy will take? Strategies for labour emigration and labour market development policies which are being developed at the moment will provide answers to these questions.

There is a need to restructure the work of the state employment service, as it needs to be oriented towards the needs of the unemployed. The quality of services should become the main evaluation criterion of effective functioning of this service, into which the state annually invests a lot. This service should become independent. Current structure of organisation which also includes social services prevents it from managing effectively the responsibilities assigned under labour legislation. Among the main priorities in the activity of the Public Employment Service there should be active measures on the labour market, like professional education with integration of business education linked to micro-credits, information and consultation and professional orientation of the youth. Additional funding can be found through the reduction of the volumes of public works. Along with this vocational education and entrepreneurship training should be promoted towards the unemployed.

6. CONCLUSIONS AND RECOMMENDATIONS

Demographic, economic and labour market analyses of the report show that the issue of promoting employment and job creation is the most pressing problem in Tajikistan today. Demographic factors exercise heavy pressure on the labour market, but the economic development and job creation are lagging behind the growth of the working-age population. In fact, the growth rate of the working-age population considerably exceeds the growth rate of the labour force. There is a need to create a minimum of 150,000 jobs annually in order to preserve the current level of employment of the population and absorb the increase of the working-age population. The average annual rate of employment growth consequently needs to be at least 7%. To date, however, the average annual rate of employment growth, at a mere 0.9%, is eight times less than necessary.

Since the dissolution of USSR, de-urbanisation and de-industrialisation have been the main features of the Tajik economy and the consequent sharp reduction in job opportunities in industry, mainly concentrated in urban areas. The ongoing de-industrialisation has resulted in decreasing employment rates (51.7% in 2007), a concentration of the bulk of labour resources in agriculture (mostly unproductive family farming), an increased share of rural/manual labour and reduced use of technical equipment. Structural changes have taken place in the economy since 1991, especially light industry lost ground: only non-ferrous metallurgy, power engineering and light food processing has retained their position in industry. The share of economic sectors in employment has substantially changed as well, with 67% agricultural employment (23% of GDP), 25.3% employment in services (52.8% of GDP) and around 8% industrial employment including construction (24% of GDP). Meanwhile, the informal economy has expanded and the number of non-waged workers doubled the number of waged workers.

Despite some economic recovery over the last decade, the Tajik economy was not capable of providing enough jobs for everyone and the urban labour market opportunities remained limited. The economic indicators have still failed to reach 1989 levels, with GDP per capita still one of the lowest in the region (PPP, USD 1,600), even before the recent global economic crisis. The rural life has become the only available option for the large majority of the population with already high population growth dynamics. This is why labour emigration has become an important factor in the provision of employment to the able-bodied population of Tajikistan. Estimates of migrant workers who seasonally commute to work abroad (mainly to Russia) go up to the one-third to half of the labour force in Tajikistan. Since the global crisis has had a negative impact on the economic growth rate,

the absorption rate of Tajik migrants by host countries as well as remittances (one-third decrease of remittances in the first half of 2009), the already tense situation in employment sphere is likely to be further aggravated.

Although the state has taken some steps to develop branches of the economy, an analysis shows rooms for further improvement of a comprehensive national strategy for economic development in which priority sectors are identified with a maximum potential of productive employment. Existing development programmes are not linked with key indicators like 'number of created jobs'. For example, the productive potential of industry in terms of spare capacity is underused. The low level of processing of aluminium, fibre-cotton and agricultural production considerably hampers the growth of employment in these sectors. An ill-conceived privatisation policy in certain branches led to almost all jobs being liquidated. No comprehensive 'rural development strategy' exists for improving the labour productivity in agriculture which employs two-third of the country's labour force. A national development strategy can not ignore this substantial rural part which is also main source of acute poverty and labour emigration.

As a result of recent economic crisis, opportunities for work abroad have reduced despite the fact that still labour emigration offers an outlet for reducing the pressures on the labour market. However, the state does not have effective leverage in terms of regulating and managing this phenomenon of labour emigration. It is important to develop an effective strategy for employment with due consideration of labour migration. If labour migration process was managed better, the benefits for development could be greater for the country. To date the state has not defined a role for labour migration, indicated whether it views labour migration as a temporary or permanent phenomenon, declared its intentions with regard to labour migration or decided an active labour market policy, entrepreneurship strategy or the development of a national professional training system not only for adults in general but also responding the particular needs of potential migrants.

The role of the education system in this socioeconomic context remains crucial. There are many challenges facing the system, including missing girls from schools, functional illiteracy as a result of non-attendance, low quality education and the misbalance between general and vocational/technical education, and in particular pathways between secondary and post-secondary, general and vocational education. There is no obvious linkage or mechanisms between vocational education and labour market needs. In fact, the needs of the labour market still remain to be identified. The level of social

partnership in the country is very poor; and the involvement of employers in the vocational training system is very limited. An important factor in increasing the quality of vocational training is close partnership between educational establishments and employers, the main beneficiaries of vocational school training.

The content of education should be reviewed as a whole and re-oriented for the needs of the country's economy. It is also important to train people on entrepreneurship to create jobs given the excess of work force and the lack of job creation. Conducive conditions for entrepreneurship need to be in place. Labour legislation should meet the requirements of modern market with consideration of variety of types of employment. The system of social insurance needs to be attractive for both employees and employers, and the volumes of informal employment reduced. This is also important for establishing an effective system of social security for labour migrants.

The report has already outlined key policy conclusions and concrete recommendations for addressing the identified challenges and problems under each chapter above. Having summarised the main conclusions, we can formulate a number of broad recommendations.

1. Considering the economic, demographic and employment challenges of the country under transition, the first and foremost need is job creation. If this will come from private sector, measures are needed to improve business environment and investment climate. A more flexible taxation policy is necessary to create the conditions for accelerated growth in priority sectors of the national economy. The state should identify priority sectors with a maximum potential of productive employment. Drawing on the experience of other countries, the tax legislation should provide for special taxation regimes, encourage investment and entrepreneurial activity in selected areas, such as the small business sector, competitive production, export-oriented and import-replacement sectors, research and experimental engineering, higher productivity and competitiveness of traditional local materials (cotton, aluminium, vegetables and fruit), new and reconstructed enterprises with local or foreign investments.
2. Moving patent-holding entrepreneurs out of the shadow through incentives, supportive services and legislative measures provided for private micro and small enterprises, mandatory but simplified procedures for registration of private farms as legal entities based on the number of employees can facilitate entrepreneurship. It would promote formal employment in the country and activate the population, greatly expand self-employment, increase the level of investment and wages. Enterprise support and benefits should be well-targeted; e.g. financial policies targeted to micro and small enterprises should encourage employment and production. Good regulation can play a key role in economic development, promoting formal employment, better income in reducing poverty and the size of the shadow economy.
3. Given the 73% of total population living in rural areas and 67% of total employment in agricultural sector, there is a pressing need for a comprehensive 'rural development strategy' and specific programmes for improving the labour productivity in agriculture. No national development strategy can ignore this substantial rural part which is also main source of labour emigration. As poverty is observed most acutely in rural areas, mostly deprived from basic education and health facilities, special measures targeting girls' education and women's employment should be foreseen and implemented rigorously in rural Tajikistan.
4. It is necessary to facilitate employment and self-employment of women in all over the country particularly as they become more vulnerable as a result of men's migration and abandoned with children. Possibilities for addressing these issues include designing special programmes for women: assistance in job search, organisation of income-generating activities, vocational training, financial and other state support of entrepreneurial activities, particularly in the small business sector. It is important to expand the range of professions that are attractive for women.
5. Under the current demographic trends and socioeconomic environment, Tajikistan needs to review its employment and labour market strategy, including the issue of labour migration. In other words, the state needs to change its role from that of a bystander-regulator to that of an active participant delivering active labour market policies. Migrant labour is not a commodity but the property of the country. Measures for organising labour migration should be accompanied by protective measures for legalising migrants and creating suitable working conditions. Bearing in mind the limited capacity of the Tajik labour market, the migration policy must envisage the whole circle of migration process that includes the preparation of potential migrants, protection of workers abroad, ensuring the links of migrants with home and their final return with skills and savings at the end. Due to the importance of labour migration, it would be useful to consider the possibility of reorganising the existing authorities and establishing an independent public authority to proactively manage the labour migration process (e.g. a state committee attached to the government).
6. There is a need to give more emphasis on the development of entrepreneurship and legal self-employment to promote employment and job creation and mitigate the negative impact of the current crisis on people, including migrant workers. Based on the real situation in the labour market, many people and returning migrants have to choose entrepreneurship and farming as the only option and there are lots of examples involving migrant workers returning to farming. Conducive economic and administrative environment for free development and more systematic entrepreneurship training and business support services given to adults (including micro-finance and credits), even entrepreneurial learning given to students in their school curricula,

should be planned and implemented as long-term development strategy.

7. Another urgent need is to develop more efficient infrastructure for providing employment services for the Tajik labour market. Supported with more financial and human resources, the usual work practices of the State Agency for Social Protection, Employment and Migration (particularly public employment services) needs to be strengthened and reformed for more service-orientation towards customers. Thus capacity building measures are necessary both for the Ministry of Labour and Social Protection as well as the State Agency to improve the quality of their services towards labour market (the unemployed and employers). In addition, the development of private employment agencies should be promoted through appropriate incentives to raise competitiveness.
8. It is important to review the whole education policy in terms of focusing on the needs of the labour market. The full coverage of primary education should be restored in Tajikistan, including the coverage of missing girls from schools and/or functional illiteracy as a result of non-attendance or low quality education. The balance between general and vocational/technical education, and in particular pathways between secondary and post-secondary, general and vocational education, should be re-established again. It is necessary to develop a mechanism to attract larger investments to technical and vocational education in order to provide coverage for some additional 80,000 youngsters annually.
9. Enhancing development of adult education and providing more (second-chance) opportunities as continuing training in a lifelong learning perspective is also necessary. The adult education system must complement and better linked to the formal vocational education system, ensure flexibility of options for both youngsters and adults alike through more developed and extended system of professional short-term training courses, and provide attestation and certification of the professional skills learnt on the job by the workers, including professional skills of migrant workers acquired abroad. The key issue here is the availability and accessibility of high quality professional education services for all adults.
10. Another dimension of the education system is related to upgrading the quality of secondary education and including labour market-related subjects that facilitate an easier transition from education to work, without penalising general education subjects. The secondary education system (particularly the upper grades) should be oriented towards preparing students to enter the labour market or carry out independent paid activities by the introduction of career guidance, vocational counselling and entrepreneurial learning into the school curriculum. This can be addressed by revising the content of the labour market education in the school curriculum and retraining teachers on professional/career guidance.
11. Current low wage practices in enterprises require a comprehensive analysis and an assessment of reasons. Although minimum wage can be problematic if market wage is low as in the case of Tajikistan, a situation in which the wage share of the production costs does not exceed 12-16% is unacceptable. The increase of wages could be achieved with measures to increase labour productivity. For this, structured dialogue and support from relevant stakeholders to ensure decent work and pay is needed.
12. It is necessary to apply the principles of social partnership more widely when addressing problems associated with employment, and the state should begin to work more closely with the new employers appearing in the country. Social dialogue should become a core element in leadership – and not merely serve as a slogan but as a demonstration of political will.
13. Finally, the role of good governance should not be forgotten particularly in the economic policies. It is necessary to review the policy of privatisation, rehabilitating nomenclature production to replace imports, reorienting enterprises for production and enhancing employment.

ANNEXES

ANNEX 1: EMPLOYMENT BY ECONOMIC SECTOR

TABLE A1.1: EMPLOYMENT AND WAGED EMPLOYMENT BY ECONOMIC SECTOR IN TAJIKISTAN, 1991-2007

		1991	1998	2000	2002	2005	2006	2007
Employment		1,971,000	1,855,000	1,794,000	1,904,000	2,154,000	2,137,000	2,150,000
Material production								
Industry	Employment	256,000	148,000	121,000	122,000	121,000	118,000	114,000
	Waged	–	–	118,400	113,900	109,600	–	–
Agriculture	Employment	881,000	1,090,000	1,135,000	1,255,000	1,424,000	1,432,000	1,430,000
	Waged	–	–	514,600	536,100	548,400	–	–
Construction	Employment	148,000	52,000	37,000	31,000	62,000	64,000	63,000
	Waged	–	–	31,400	28,200	24,500	–	–
Transport/ communications	Employment	93,000	53,000	42,000	43,000	62,000	66,000	62,000
	Waged	–	–	36,200	38,000	30,700	–	–
Trade/ public catering/ procurement	Employment	108,000	121,000	72,000	65,000	91,000	100,000	105,000
	Waged	–	–	18,500	29,300	26,900	–	–
Non-material production								
Utilities	Employment	51,000	18,000	27,000	32,000	33,000	33,000	48,000
	Waged	–	–	18,000	19,700	19,000	–	–
Health/social welfare/physical culture	Employment	106,000	84,000	82,000	76,000	72,000	74,000	76,000
	Waged	–	–	72,500	72,400	71,100	–	–
Science/science- related services	Employment	5,000	5,000	5,000	5,000	5,000	4,000	4,000
	Waged	–	–	4,500	4,500	4,200	–	–
Education	Employment	197,000	170,000	167,000	173,000	174,000	173,000	174,000
	Waged	–	–	160,600	165,900	166,900	–	–

Source: Official statistics

ANNEX 2: POPULATION EDUCATIONAL LEVEL

TABLE A2.1: EDUCATIONAL LEVEL OF THE EMPLOYED POPULATION IN TAJIKISTAN, 1989

	Total in employment	Higher and incomplete higher (%)	Specialist secondary (%)	General secondary (%)	Incomplete secondary (%)	Primary (%)
Total	1,831,593	12.1	15.5	49.7	14.3	6.1
Men	1,059,217	13.5	16.8	48.4	13.4	5.9
Women	772,376	10.3	13.6	51.5	15.5	6.3
Urban	682,484	19.7	22.6	36.8	14.1	5.0
Rural	1,149,109	7.7	11.2	57.4	14.4	6.7

Source: State Statistics Committee, All-Union Census 1989, Vol. II, Dushanbe, 1991

TABLE A2.2: EDUCATIONAL LEVEL OF THE POPULATION IN TAJIKISTAN, 2000

	Total	With education (%)					Without education (%)	
		Higher	Incomplete higher	Specialist secondary	Complete secondary	General incomplete secondary		General primary
Total population	3,510,728	7.6	1.3	6.6	57.5	19.1	5.9	2.0
Labour force	2,218,266	9.9	0.8	8.3	65.9	13.2	1.5	0.4
Employed	2,012,372	10.3	0.7	8.5	65.8	12.8	1.4	0.5
Waged workers	1,471,510	12.7	0.8	9.7	64.2	11.2	1.1	0.3
Employers	3,603	6.7	0.8	6.0	60.6	22.2	2.6	1.1
Economically non-active	1,292,457	3.6	2.1	3.6	43.3	29.4	11.4	6.6

Source: Census 2000

TABLE A2.3: EDUCATIONAL LEVEL OF THE EMPLOYED POPULATION AGED 15-75 IN TAJIKISTAN

	Total	Male	Female	Urban	Rural
With professional education (%)	27.8	36.6	15.3	49.7	22.2
Higher	11.2	14.8	6.1	26.2	7.3
Incomplete higher	1.2	1.7	0.4	2.1	1.0
Specialist secondary	7.9	8.5	7.1	11.8	6.9
Basic vocational	7.5	11.6	1.7	9.6	7.0
Without professional education (%)	72.2	63.4	84.7	50.3	77.8
Complete general secondary – 11 grades	50.5	46.2	56.7	40.4	53.1
General basic – 9 grades	16.8	13.7	21.2	8.0	19.1
General primary – 4 grades	4.2	3.1	5.7	1.7	4.8
No education	0.7	0.4	1.1	0.3	0.8
Total	2,452,591	1,441,748	1,010,843	500,746	1,951,845

Source: State Statistics Committee, Analytical report on a labour force survey in Tajikistan, Dushanbe, 2005, p. 42

ANNEX 3: TURNOUT OF EDUCATIONAL SPECIALISTS

TABLE A3.1: TURNOUT OF SPECIALISTS FROM HIGHER EDUCATION IN TAJIKISTAN, 1991-2006

	1991	1992-97	1998-2000	2001-03	2004	2005	2006	Total turnout 1991-97	Total turnout 1998-2006
Higher education specialists	9,970	66,630	38,600	37,000	14,370	15,100	17,100	76,600	122,200
Industry	940	6,150	4,070	3,400	1,200	1,200	1,660	7,090	11,530
Agriculture	780	5,400	3,360	2,500	340	600	800	6,140	7,600
Economics	90	6,600	3,800	11,900	3,640	3,350	3,960	6,690	26,650
Health/physical fitness/sports	1,060	6,800	4,440	3,000	1,170	1,160	990	7,860	10,760
Education	6,730	37,800	19,700	11,550	7,420	8,130	8,950	44,530	55,750
Arts/film	360	1,580	490	370	190	190	250	1,940	1,490
Other	–	40	1,720	1,100	400	470	500	40	4,190

Source: Official statistics

TABLE A3.2: TURNOUT OF SPECIALISTS FROM SECONDARY PROFESSIONAL EDUCATION IN TAJIKISTAN, 1991-2006

	1991	1992-97	1998-2000	2001-03	2004	2005	2006	Total turnout 1991-97	Total turnout 1998-2006
Secondary professional education specialists	13,670	60,000	18,600	19,230	7,640	8,000	7,460	73,670	60,930
Industry	3,220	11,800	3,460	2,950	1,180	1,350	1,260	15,020	10,200
Agriculture	1,110	2,600	1,540	1,200	110	90	100	3,710	3,040
Economics	2,180	5,400	1,860	1,540	440	460	250	7,580	4,550
Health/physical fitness/sports	3,880	22,500	6,350	6,150	2,840	2,770	2,970	26,380	22,100
Education	2,990	13,500	4,860	6,700	2,860	3,100	2,640	16,490	20,160
Arts/film	300	2,000	700	730	210	240	230	2,300	2,110

Source: Official statistics

TABLE A3.3: TURNOUT OF SPECIALISTS FROM INITIAL PROFESSIONAL EDUCATION IN TAJIKISTAN, 1991-2006

	1991	1992-97	1998-2000	2001-03	2004	2005	2006	Total turnout 1991-97	Total turnout 1998-2006
Initial professional education specialists	26,050	112,400	46,200	43,000	13,750	13,540	14,130	138,450	130,600
Industry	2,900	1,170	7,300	4,200	820	800	850	14,600	13,970
Agriculture	7,140	30,850	11,300	9,500	3,260	2,200	2,420	38,000	28,700
Transport	880	4,140	2,400	2,150	500	390	230	5,020	5,670
Communications	210	860	460	620	160	180	130	1,070	1,550
Construction	2,640	7,100	1,170	910	240	430	330	9,740	3,100
Trade and food catering	1,130	3,100	430	290	40	130	220	4,230	1,110
Housing and utilities infrastructure	250	1,430	530	530	–	90	180	1,680	1,330
Consumer services	1,030	7,870	3,020	3,060	850	870	730	890	8,530
Other	730	9,560	1,730	1,970	1,860	2,160	3,180	10,290	10,900

Source: Official statistics

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CIS	Commonwealth of Independent States
ETF	European Training Foundation
EU	European Union
EUR	euro
GDP	gross domestic product
ILO	International Labour Organisation
IOM	International Organisation for Migration
ISCED	International Standard Classification of Education
ITQ	Index of Teaching Quality
LFS	labour force survey
MICS	Multiple Indicator Cluster Survey
OSCE	Organisation for Security and Cooperation in Europe
PPP	purchasing power parity
PTU	professional-technical school
SSC	State Statistics Committee
TJS	Tajik somoni
UNDP	United Nations Development Programme
Unesco	United Nations Educational, Scientific and Cultural Organisation
Unicef	United Nations Children's Fund
USAID	United States Agency for International Development
USD	US dollar
USSR	Union of Soviet Socialist Republics

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