

Economic and Social Monitoring from Listening to Tajikistan

December 2023

Despite regional instability and global inflation, Tajikistan had strong economic growth and record-low inflation in 2022. Economic activity was bolstered by remittances flows and expanded services and industrial production. Real GDP expanded by 8% in 2022, following the recovery from previous years.

Tajikistan's prudent monetary policy and appreciation of the exchange rate have enabled the country to attain the lowest inflation rate in the region. By end 2022, consumer price inflation had dropped to a mere 4.2%, and the trend continued well into the first half of 2023. Despite rising consumer imports, the external position remained strong thanks to migrant transfers and foreign investments. International reserves sharply increased and now cover more than nine months of imports.

However, challenges remain. In 2022-2023, though the poverty rate in Tajikistan decreased, many vulnerable households yet rely on labor migration as a significant source of income. The poverty rate fell to 13.4 percent under the international poverty line of US\$ 3.65 (2017 PPP). Despite earlier forecasts, labor migration increased significantly with reports of one-third to one-half of households having at least one member working as a migrant abroad. Remittances have played a crucial role in reducing poverty in Tajikistan, with over 80 percent of remittances being used for food consumption and around 10 percent for other basic needs like healthcare, housing, and education.

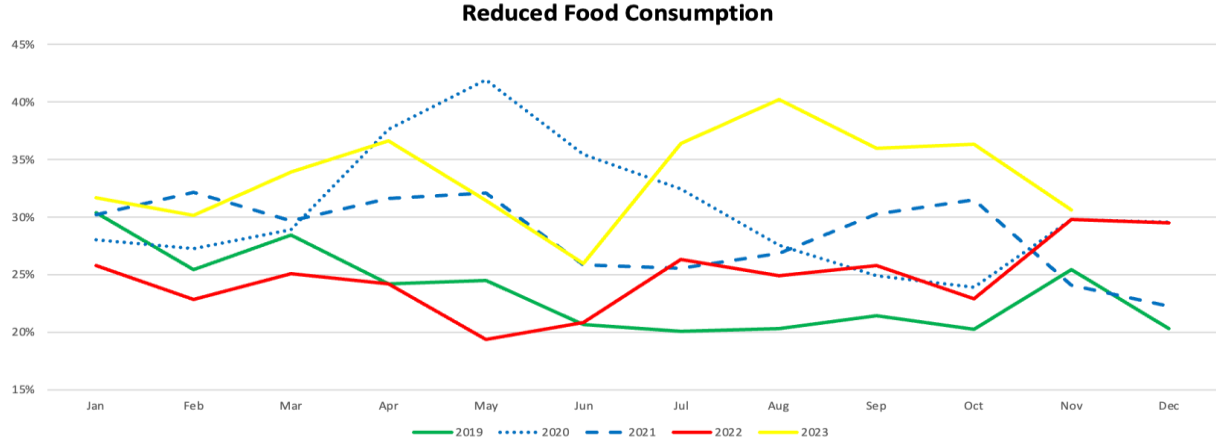
The Listening to Tajikistan survey 2023, concluded the following main highlights:

- *Food Security: reduction of food consumption to cope with other basic needs in 2023 were more pronounced than in 2021.*
- *Children's wellbeing: around 15% of children eat only two meals a day.*
- *In 2022 and 2023, labor migration is reported to be much higher than in previous years, even comparing with pre-pandemic levels. Perhaps, due to mobilization in Russia, share of households with any migrant was much lower on average towards the end of the 2022 and during the first half of 2023.*
- *Some Truths and Facts on Gender Gaps and GBV: in Tajikistan, the total value of society's losses from GBV is USD 1.5 million.*

Food security and rising hunger

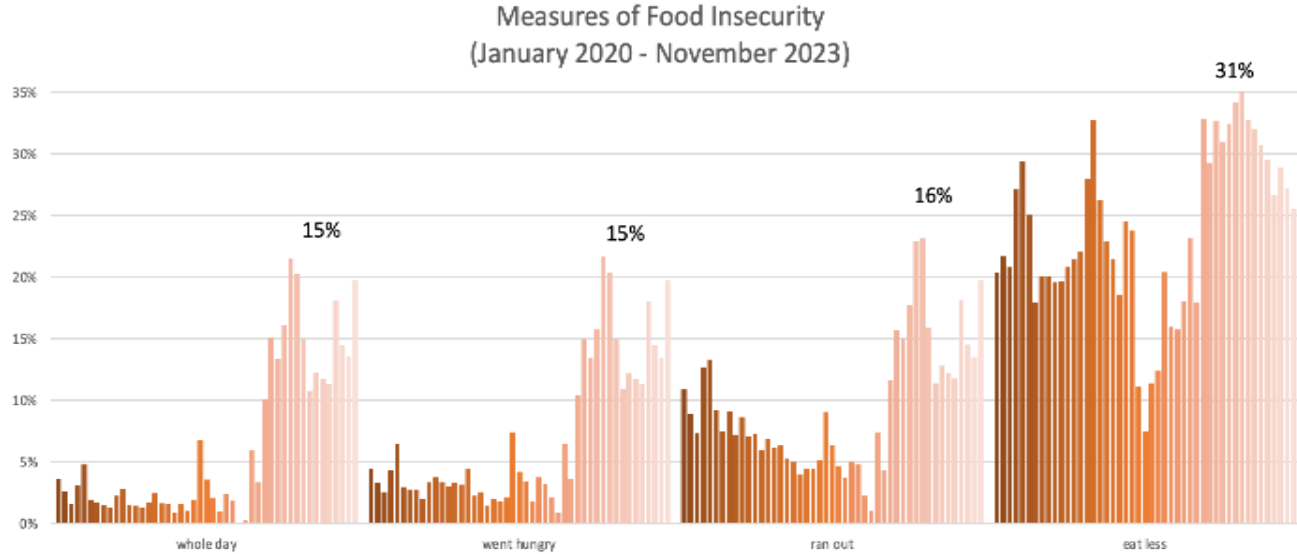
Incidences of reducing food consumption to cope with other basic needs in 2023 were more pronounced than in 2021 and 2022. Pockets of food insecurity remain in the country, with 1.5 million people facing acute food insecurity, and nearly 50,000 of them severely food insecure. The situation regarding food consumption has been fluctuating in 2023. During the beginning of the year, 32 percent of households confirmed reduced food consumption. The lowest records of reduced food consumption among households were observed in June as 26 percent similar to the records of 2020. However, the

situation worsened in August whereby 40 percent of households confirmed reduced food consumption. Towards, end of the year the percentage of households with reduced food consumption started to decline and was reported to be 30 percent in November 2023.

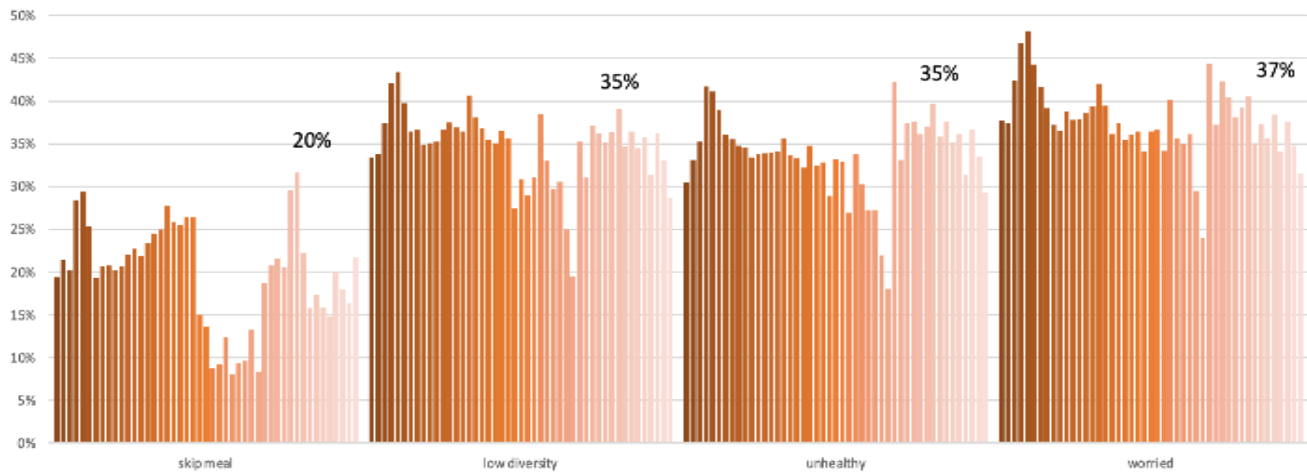


Source: Listening to Tajikistan

The deteriorating food security situation has been further confirmed by **measures of food insecurity**, whereby 15 percent of households reported that they have experienced hunger, 16 percent ran out of food, and more than 31 percent have eaten less. Further, 20 percent of households confirmed that skipped a meal through the day, whereby 35 percent consumed unhealthy and/or low diversity meals and 37 percent of households felt worried and food insecure.



Measures of Food Insecurity (January 2020 - November 2023)



Source: *Listening to Tajikistan*

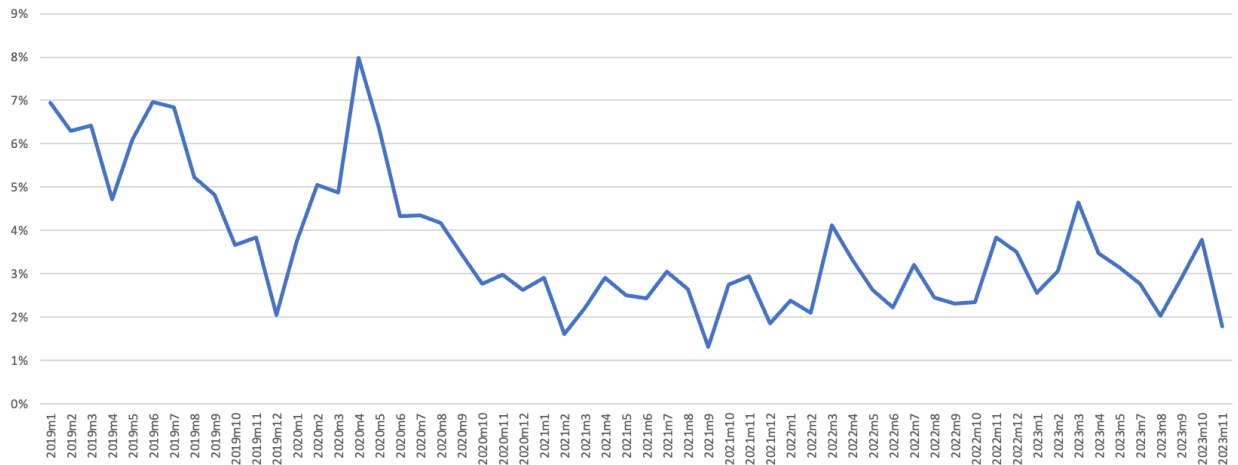
According to the Special Report 2023 of FAO/WFP Crop and Security Assessment Mission to Republic of Tajikistan, almost half of the population, 4.7 million people, spend more than 65 percent of their monthly budget on food, which limits household capacity to cover non-food essential needs, such as health and education. Households' economic access to food appears as the main driver of food insecurity, high percentages of households are resorting to livelihood coping strategies, with a high food expenditure share and borrowing money to cover basic needs, mainly food. These strategies to cope with the limited budget to cover food needs compromise households' future productivity and resilience.

Children's wellbeing

Children's wellbeing in Tajikistan faces many challenges such a limited access to quality education, healthcare, and nutrition, especially in remote areas.

The survey looked at the ability of households to buy enough food for children for a day in the past 10 days period and the findings for the period of 2023 confirms **inability of households to buy enough food for children at 3 percent during the beginning of the year with an increase being observed to 5 percent in spring and the decline to 2 percent in November 2023**. The highest percentage over the past years was recorded in March 2020 whereby 8 percent of households confirmed inability to buy enough food for children as shown below.

Not able to buy enough food for children for a day in the past 10 days

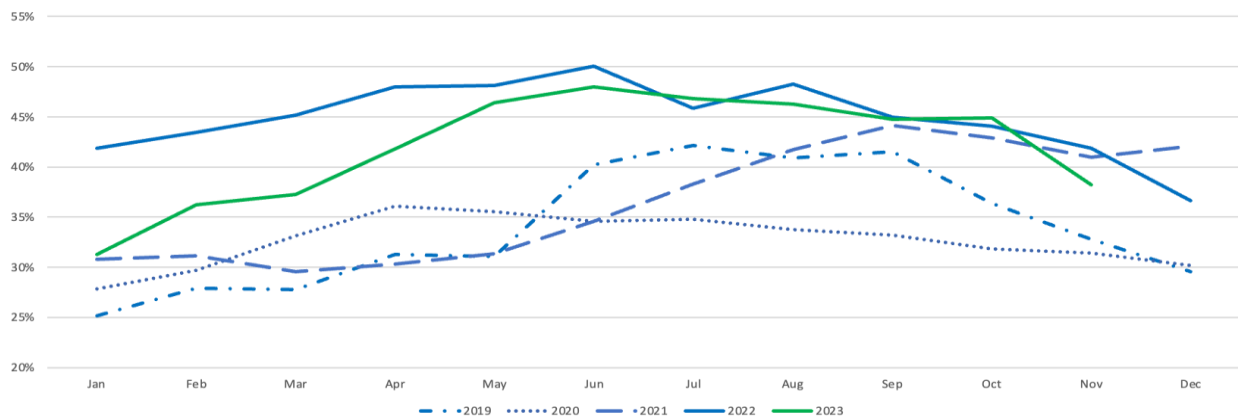


Source: Listening to Tajikistan

Migration, remittances and savings

Historically, Tajikistan has experienced significant labor migration, with a substantial portion of its workforce seeking employment opportunities abroad, particularly in Russia. In 2022 and 2023, **labor migration is reported to be much higher than in previous years**, even comparing with pre-pandemic levels. Perhaps, due to mobilization in Russia, share of households with any migrant was much lower on average towards the end of the 2022 and during the first half of 2023.

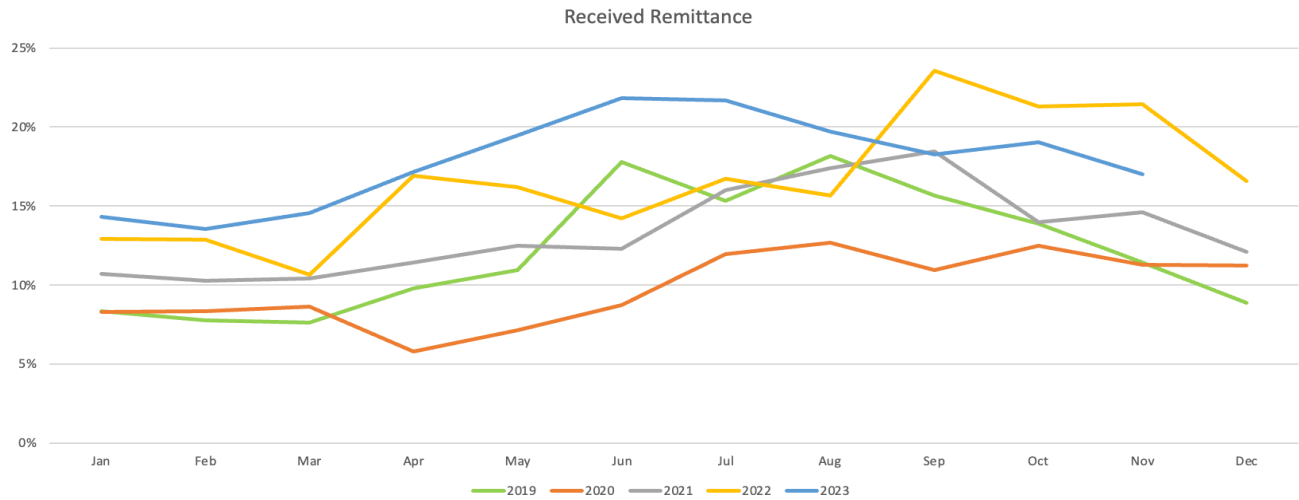
Share of households with any migrant



Source: Listening to Tajikistan

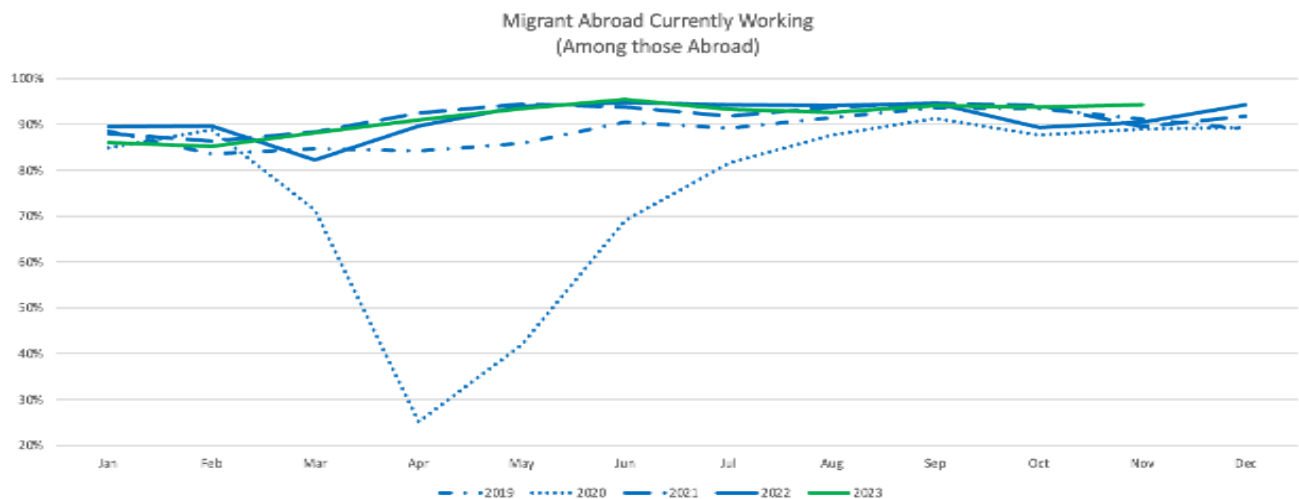
Remittances from Tajik migrant workers abroad play a crucial role in the country’s economy, contributing significantly to household incomes and national GDP (32% in 2023). These remittances

often support families back home and have socio-economic implications. **Remittances in 2023 started at a higher-level 14 percent than in previous years**, with the share of households receiving remittance reaching 22 percent by mid-2023. This share went down to 17 percent during November 2023.

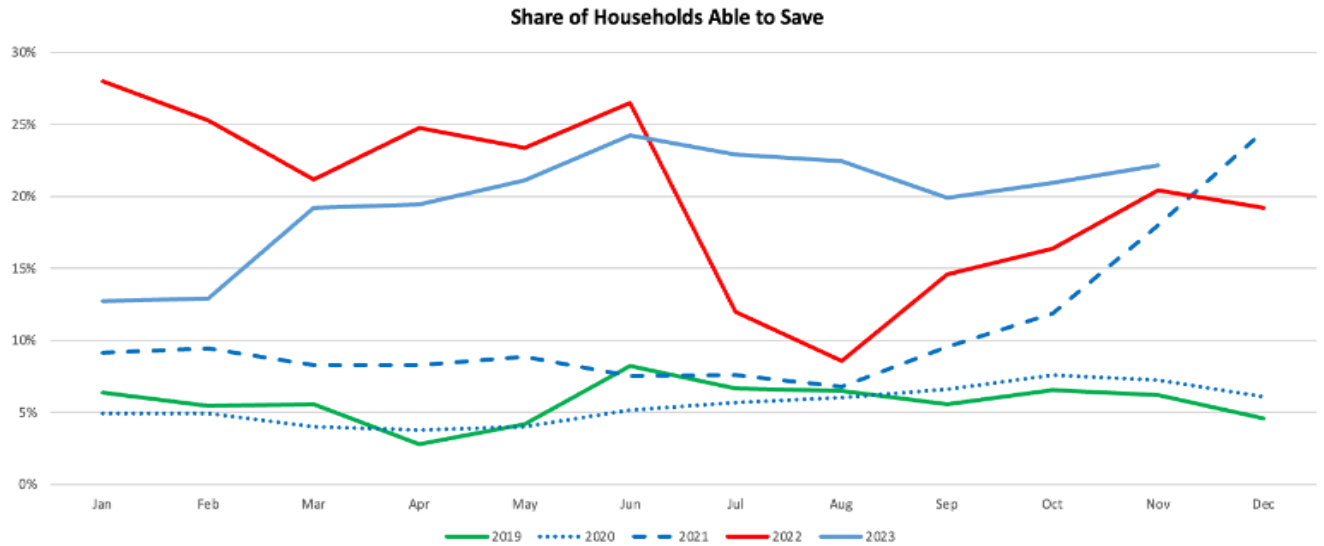


Source: Listening to Tajikistan

On average the **employment situation among migrants abroad has been stable** with 92 percent working during 2023. This trend has been similar to 2021-2022. Additionally, the higher ability and more stability in savings was reported in 2023 compared to 2022 and the previous years. The share of households able to save was reported as 28 percent during the beginning of the year, declining to 8 percent in the third quarter with an observed increase towards the end of the year reaching 20 percent in November 2023.

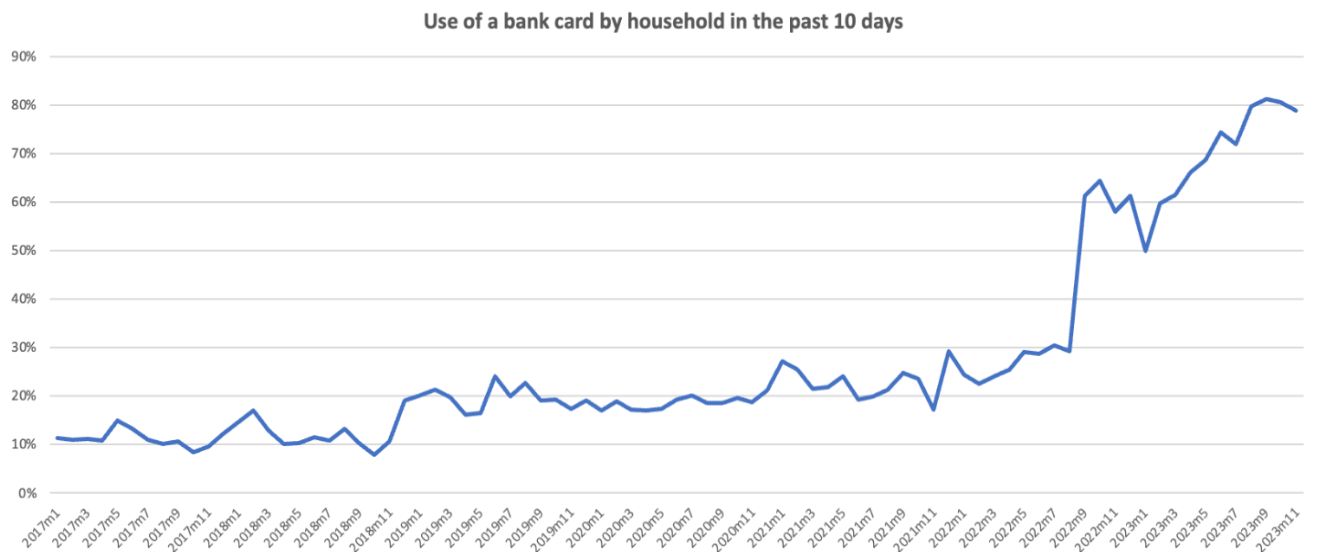


Source: Listening to Tajikistan



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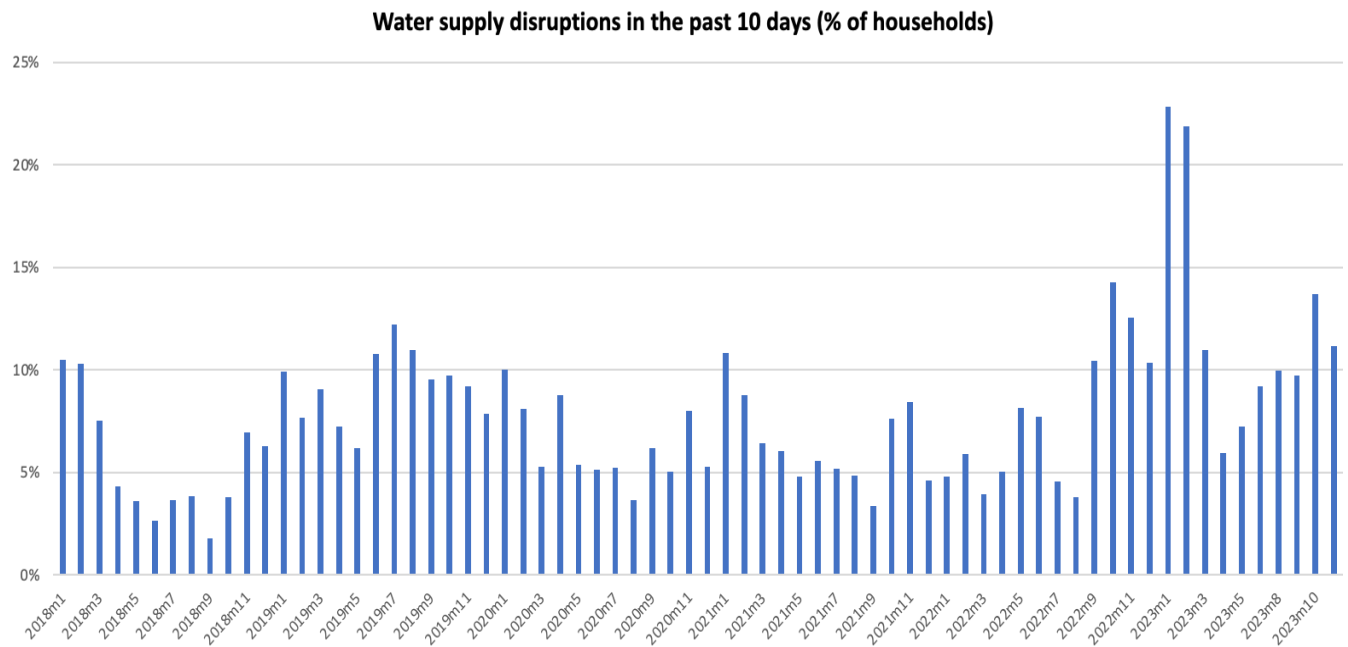
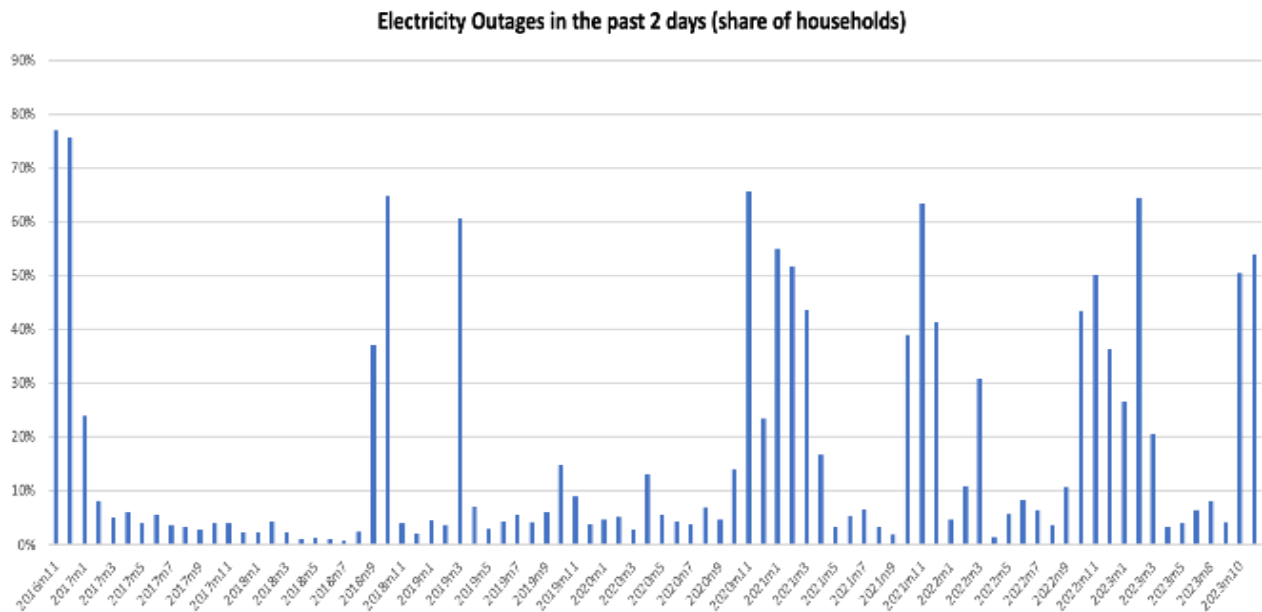
During 2023, the households reported an increase in the use of bank cards, especially post July period, reaching 80 percent in the last quarter of the year. This is also due to a significant move aimed at promoting a modern and efficient financial system, by Presidential Decree № 586 dated June 22, 2023, that introduced measures to expand cashless payments for taxes, state duties, fines, mandatory state insurance funds, medical services, utilities, and various other public services throughout the country. The decree, effective from August 1, 2023, outlines a series of steps that will not only boost the digital economy but also streamline financial transactions for both individuals and businesses.



Source: Listening to Tajikistan 2023

Access to water and electricity

The households reported that **electricity disruptions are more prevalent in colder season**, thus during January-February 2023 up to 65 percent of households experienced shortage of electricity, whereby during summer period of the year it was declined to only 8 percent. **Water supply outages are reported to be common** and do not have seasonal character. The percentage of households with water supply disruptions ranged between 24 to 14 in 2023.

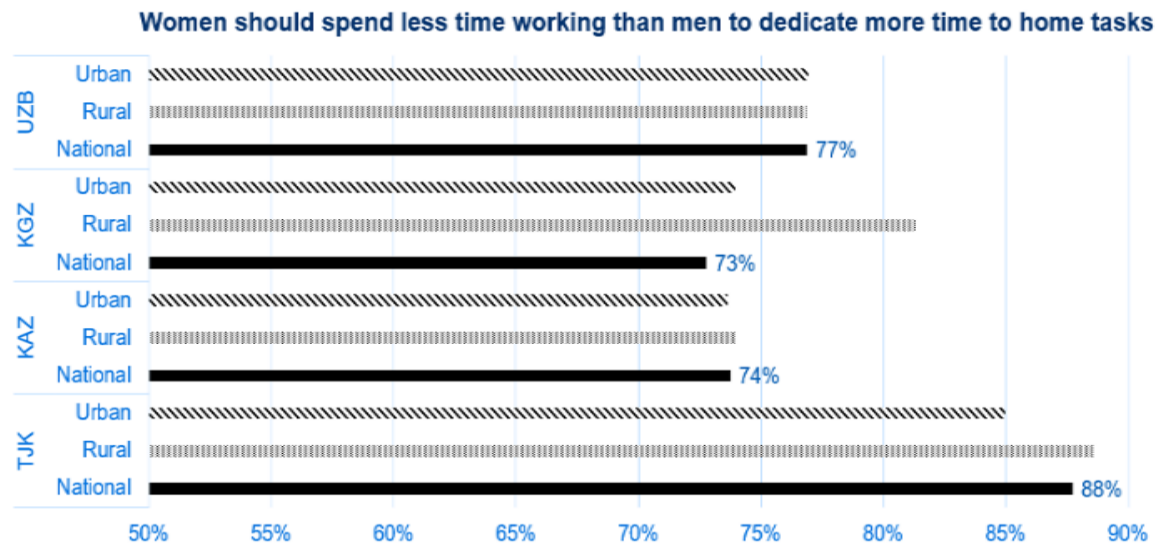
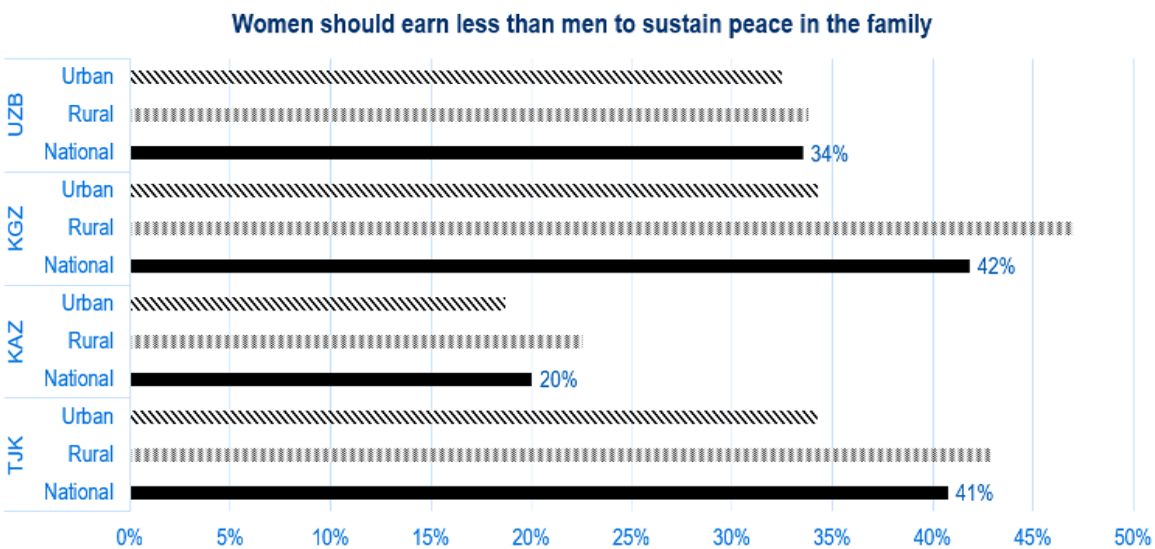


Source: Listening to Tajikistan 2023

Gender perceptions in Central Asia

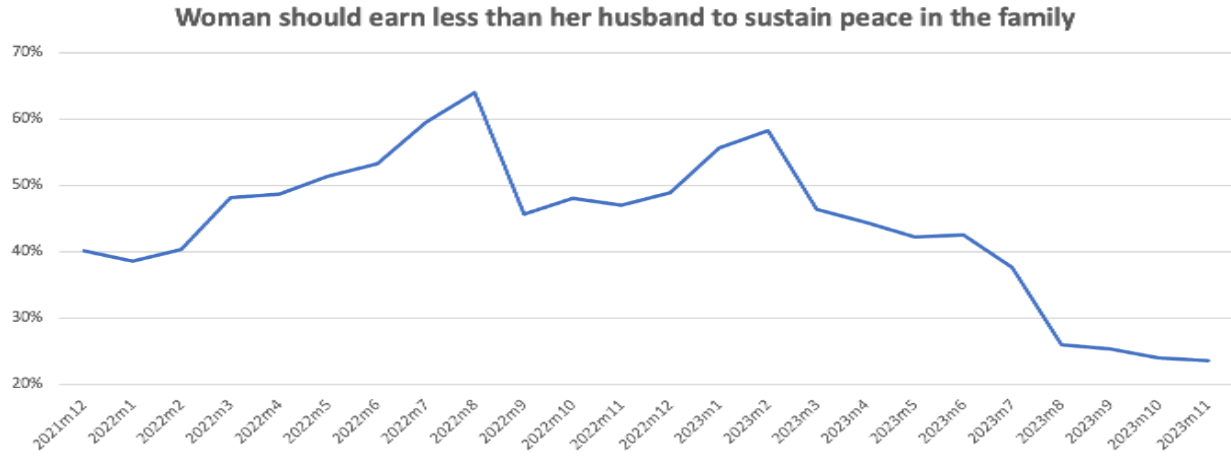
Globally, women earn about 80 percent of what men earn on average. But the **gap is larger in Central Asia**: working women earn about 60 percent of what men earn in Tajikistan, 61 percent in Uzbekistan, 75 percent in the Kyrgyz Republic, and 78 percent in Kazakhstan. In Central Asia, a pattern of low pay and low employment rates among women directly reduces the size of the region's economies and increases the number of people living in poverty.

The survey revealed that over two-thirds of respondents across the region said that women should prioritize caregiving and home responsibilities over work outside of the home, while men should be the primary breadwinners. Between 20-50 percent also said that married women should earn less than their husbands for the sake of family harmony. And these patterns were relatively similar whether respondents lived in urban or rural areas.

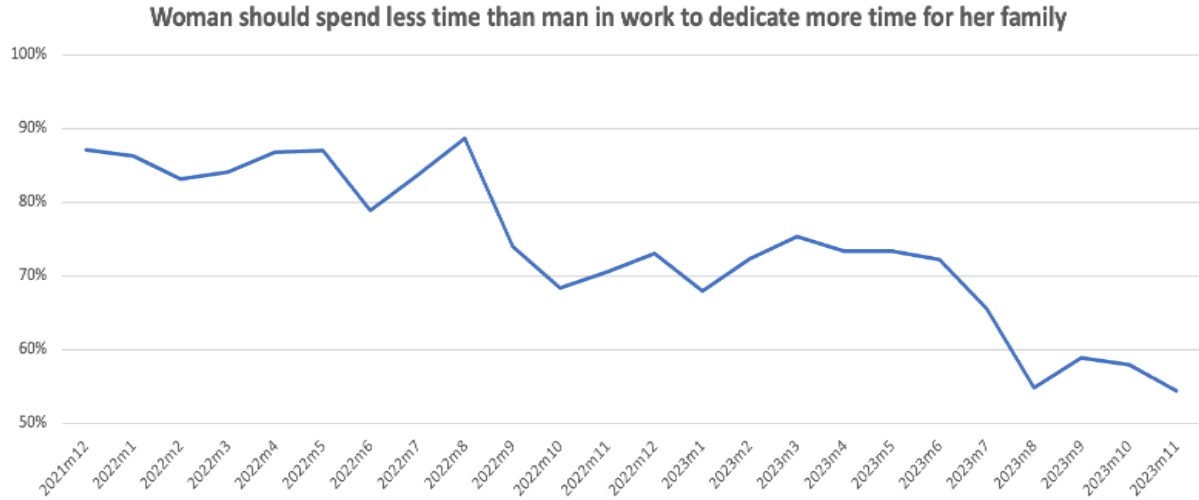


Source: Listening to Central Asia household surveys

In Tajikistan over 40 percent of respondents said that women should earn less than husband to sustain peace in the family and over 70 percent of respondents said that women should spend less time than man in work to dedicate more time for her family. This demonstrates the high prevalence of restrictive gender norms and expectations that discourage women's full participation in the labor market. **Women’s contribution to the economy of Tajikistan is twice less than men’s contribution**, due to gender inequality confirmed by UN HDR, 2022 and the total value of society's losses from GBV is USD 1.5 according to UN Women report from 2021.



Source: Listening to Tajikistan



Source: Listening to Tajikistan

If women across Central Asia were to participate in equal measure to men, national income would be anywhere from 27 percent higher in Kazakhstan to 63 percent higher in Tajikistan. In Uzbekistan, equalizing the average wage among women and men who are already working would alone pull more than 700,000 people out of poverty.

This brief has been prepared by Mahvash Kalandarova, World Bank ECA Poverty and Equity GP consultant under the guidance of Alisher Rajabov, World Bank ECA Poverty and Equity GP Senior Economist.

