

2019

A Study on Poverty in Tajikistan

Holly Gwydir

Follow this and additional works at: <https://preserve.lehigh.edu/library-research-prize>



Part of the [Growth and Development Commons](#), and the [International Relations Commons](#)

Recommended Citation

Gwydir, Holly, "A Study on Poverty in Tajikistan" (2019). *The Libraries Student Research Prize*. 15.
<https://preserve.lehigh.edu/library-research-prize/15>

This Article is brought to you for free and open access by the Undergraduate scholarship at Lehigh Preserve. It has been accepted for inclusion in The Libraries Student Research Prize by an authorized administrator of Lehigh Preserve. For more information, please contact preserve@lehigh.edu.

A Study on Poverty in Tajikistan

Holly Gwydir

IR 322 Poverty and Development

Professor Madeira

Abstract

Tajikistan is one of the most impoverished countries in the world today, with low rates of human development as well as inadequate social services. The state currently faces several development challenges, beginning with inhospitable geography that severely limits the expansion of an agricultural sector and prevents the development of adequate transportation capabilities. Tajikistan has a legacy of colonialism that was characterized by repression and stagnation, and ultimately assisted the development of poor institutions that continue to plague Tajikistan's governance today. Finally, Tajikistan's history of violent conflict has served to decimate financial resources as well as state infrastructure. The state, its neighbors, and several international financial institutions have attempted a variety of development policies, beginning in 1991 with post-communist market reforms. Tajikistan has been the recipient of many loans and grants, which were provided with the goal of alleviating poverty in the country. While these policies have succeeded in making progress towards financial stability, they are impossible to maintain and ultimately have not made enough progress towards promoting human development in Tajikistan. Instead, Tajikistan would benefit from investment into energy production and the agricultural sector of its economy. As its neighbor, China is the most ideal investment partner for these projects. Lastly, economic development resulting from these projects will eventually allow for the development of adequate institutions, which should be a focal point for future projects in the state.

Contents

Introduction	1
Section 1: Development Challenges	2
<i>Geography</i>	2
<i>Colonialism</i>	3
<i>Institutions</i>	4
<i>Conflict</i>	6
Section 2: Previous Development Policies	7
<i>Post- Communist Market Reforms</i>	7
<i>National Development Strategies</i>	8
<i>International Financial Institutions</i>	9
<i>Bilateral Foreign Aid</i>	10
Section 3: New Development Program	11
<i>Investment into Energy Production</i>	11
<i>China</i>	12
<i>Institutional Reform</i>	13
Conclusion	14
Bibliography	15

Introduction

Nearly one billion people, or 10% of the world's population, live on less than two US dollars per day. Impoverished populations struggle to survive while faced with starvation, disease, inadequate healthcare, and few opportunities for employment or education. Author Paul Collier argues that this 'bottom billion' results from a variety of factors that impact the populations' environments and home countries. Bad institutions, inhospitable geography, and violent conflict are only a few examples of hurdles that incontrovertibly deconstruct a state's potential to succeed economically and provide for its citizens (Collier 2007). It is imperative for scholars to develop an understanding of the varying factors that contribute to poverty, because a deeper understanding of these issues will lead to the development of programs that can successfully lift these populations out of poverty. The more we understand about poverty, the more people we can help to reach a better life.

In order to contribute to the achievement of this goal, this paper conducts an in-depth analysis into the extremely poor, post-Soviet state of Tajikistan. The United Nations "Human Development Index" ranks Tajikistan 127th out of 189 countries in terms of human development, which is an abysmally low rating. The country has the 37th lowest gross national income per capita in the world, with citizens earning an average of US\$3,317 per year (UN 2010). Currently, 29% of citizens in Tajikistan live in poverty, and about half of the country's male population seeks employment abroad (Gyulumyan 2018). The country is in the midst of a health care crisis, and its presidency is becoming increasingly authoritarian. Scholars and development researchers are left wondering how exactly this happened. How did Tajikistan become so poor? What factors of its history, geography, and institutional development brought on such insurmountable poverty and low quality of life? And, of course, what can be done about it?

In this paper, I will argue that Tajikistan's geographical characteristics, colonial experience and subsequent development of poor institutions, as well as its history of violent conflict are the central components that have inhibited development in the country and caused extremely high levels of poverty. Attempted and ongoing development policies such as the partial transition to a market economy, adoption of a National Development Strategy, and assistance from international financial institutions have proven insufficient to combating Tajikistan's poor infrastructure and high levels of unemployment, and have yet to provide a stable source of energy and food to end insecurities. Instead, the country would benefit from investment into hydroelectricity, as well as partnership with its regional neighbors. This would provide an inflow of capital as well as potential access to markets. To support my argument, I will first describe the development challenges that Tajikistan has faced, which will be followed by an outline of the policies that have been implemented in the state with the goal of alleviating poverty and spurring development. Lastly, I will present a development program that suits Tajikistan's unique needs and that can be successful in promoting development in the country.

Section 1: Development Challenges

Geography

One immutable explanation of poverty and underdevelopment in a state could be its geographical characteristics. Available farmable land and useful natural resources, proneness to natural disasters or disease, and access to markets are several ways in which geography can set a state up for initial success or failure. In his work *Is Geography Destiny?*, theorist John Luke Gallup argues that when all else is held constant, geography can account for one third of the gap in growth between developed and underdeveloped states. Gallup explains that the productivity of land determines a country's ability to feed its people and export goods, and poor health conditions influence the productivity of a labor force as well as drives down living conditions (Gallup 2003). Two additional, essential factors of a state's geography are the influence of neighboring countries, and, relatedly, the access a state has to markets. As discussed by Paul Collier, market access is essential to a thriving economy, for it provides opportunities for states to engage in trade. Further, neighbors can determine whether a state has access to markets, as well as the type of colonialism or state domination that a country may experience during its history. Conflict spillover can bring detrimental violence to a developing state that decimates infrastructure and social stability (Collier 2007).

Tajikistan's geography acts as a major inhibitor of state development. Tajikistan is landlocked, and offers very little farmable land to its citizens. These are two characteristics that severely limit Tajikistan's ability to produce and sell goods. Partly because of its lack of access to waterways, Tajikistan's access to markets is low, and is further hindered by the state's poor infrastructure. Additionally, 93% of the country is covered by mountain ranges. The inhospitable mountains serve to separate populous areas and increase the distance between markets (Curtis 1997). Aside from its physical geography, Tajikistan's climate has also posed a problem for development. In 2008, severe cold weather and snow caused the deaths of thousands of Tajikistan citizens, as well as \$250 million in temperature and snow related damages. This contributed to an economic crisis between 2008 and 2009 that brought high unemployment and financial disintegration (Olcott 2012). Overall, Tajikistan is characterized by geography that is not conducive to development, and seriously hinders its chances at development. Further, the state's geography problems are greatly exacerbated by its poor infrastructure. Transportation and communication systems have been demolished by years of violent conflict and the inability of institutions to maintain roads and access to markets (Curtis 1997). While good infrastructure could potentially mediate some of the issues that Tajikistan's geography brings, its poor transportation and communication systems instead provide additional hurdles to development.

Arguably the most impactful aspect of Tajikistan's geography is its neighbors. Tajikistan is bordered by Afghanistan, Pakistan, and Uzbekistan, and is very close to Russia. Islamic extremism in these surrounding states has spilled over into Tajikistan, and subsequently played a

major role in its civil war in 1992 (Brown 1997). Additionally, the states have far from assisted Tajikistan in gaining access to markets. They maintain poor infrastructure that has been maimed by violent conflict, and are also among the poorest and least developed states in the world. Afghanistan, for instance, is ranked 168 on the United Nations Human Development Index, with \$1,824 gross national income per capita (UN 2018). This type of poverty inevitably exerts a negative influence on surrounding states, whether through resulting conflict or other means. Tajikistan was further plagued by conflict with another of its neighbors, Uzbekistan. This ethnically motivated conflict was initiated by the proximity of the two states as well as their fluid borders, which allowed a large population of Uzbekistanis to populate an area of Tajikistan. The conflict contributed to Tajikistan's economic crisis in 2008, as Uzbekistan intentionally caused railroad stoppages that hindered Tajikistan's transportation and export systems (Brown 1997). Lastly, Tajikistan's proximity to Russia has proven to be particularly impactful throughout its history. The state was controlled by the Russian empire throughout the 19th century, and later by the Soviet Union in the 20th century. This colonization played an essential role in dictating Tajikistan's development (or lack thereof).

Colonialism

Most theorists agree that colonialism and the influence it has on the development of state institutions has a profound impact on a state's chances for success. Researchers Andy Baker and Andre Gunder Frank explain that many colonizer relationships are characterized by metropole and satellite roles. Colonizers take the form of metropolises who exploit satellite colonies to serve the needs of the metropole. Colonizers drain resources and capital from colonies, and develop extractive institutions that do not serve the colony's population (Acemoglu & Robinson 2012). They impose foreign governance that is inappropriate to the needs of colonies, and are instead conducive to corruption and nepotism. The inadequate governance and poor institutions result in the colony's reliance upon colonizers even after achieving independence (Baker 2014), (Frank 1969).

The land and people that make up what is now Tajikistan were historically incorporated within Persia, and later, Iran. The land was taken over by Russia in the 19th century, but wasn't established as a republic with distinct borders until 1924 by the Soviet Union. Following its founding, Tajikistan's colonial relationship was dominated by the Soviet Union throughout the 20th century. As Tajikistan was considered a republic of the USSR, its governance was a branch of Soviet communist, subordinate to both Uzbekistan and Moscow. This type of governance was incredibly repressive, with very few individual rights and opportunities for economic development. The collectivization efforts in the mid-20th century were particularly violent and brutal. Soviet officials forcibly removed agricultural goods, including food, from Tajik citizens, employing violence when met with resistance. Instead of responding adequately to Tajik leaders' complaints about the brutality, Soviet leaders purged the state's governance in order to instill unquestioned loyalty to Soviet authority (Curtis 1997). This treatment was typical of Tajikistan's governance from 1924 through 1991.

During its time as a Soviet Republic, the USSR allowed and developed only the parts of Tajikistan's economy that would most serve Russia. This took the form of agricultural development, with the primary good being cotton (Curtis 1997). The Soviet Union greatly limited Tajikistan's ability to develop an industrial or manufacturing sector, forcing it to operate only as a provider of raw materials. This trend caused an overreliance on cotton in Tajikistan, as well as high unemployment rates and low levels of industrial development. This has remained an issue in Tajikistan's independence as well. A lack of industrial development has severely inhibited the state's economic development, and its reliance on a single agricultural good makes Tajikistan sensitive to external shocks as well as economically primitive. Further, Soviet leadership did not provide for the prevention of long term environmental impacts of collectivization efforts. Heavy use of fertilizers and chemicals caused high levels of pollution and chemical poisoning to rural populations (Curtis 1997). This is an example of selective development, where the purpose of Tajikistan's economy was to serve Russian interests, resulting in a lack of widespread, natural development. This severely hindered Tajikistan's chances for broad economic development, as many parts of its economy remained backwards and unmodernized under Soviet repression.

The Soviet Union's influence expanded into Tajikistan's social and economic conditions as well. Its governance severely restrained social and human development, causing low standards of living. The development it did provide for was targeted towards Russians within Tajikistan, with education offered only in urban areas and taught in the Russian language. A lack of inclusive opportunities to receive education resulted in an uneducated and unskilled population, which contributed greatly to Tajikistan's poverty levels (Curtis 1997). The Soviet health care system was of extremely low quality, and maternal and infant death rates were high. Further, the Tajik government was rife with corrupt cronyism and nepotism that lasted long after the dissolution of the Soviet Union. Under Soviet control, the judicial system in particular was characterized by high levels of corruption, including frequent bribery of police officers and grossly inadequate judges and judicial officials (Olcott 2012). This high level of corruption resulted in a lack of security required for economic and social development. Further, it distorted governance and heightened inequality, ensuring that only corrupt elites would remain in power and disenfranchised lower classes (Acemoglu & Robinson 2012).

Institutions

While John Gallup argues for the importance of geography to development and Baker insists that colonialism instead has the greatest developmental impact, theorists Daron Acemoglu, James A. Robinson, and Simon Johnson argue that in fact, institutions carry the most weight in determining a country's chances for growth and development. These theorists explain that both economic and political institutions are essential factors in tracing the origin of poverty and underdevelopment in a state. While inclusive institutions foster economic and social activity and productivity, as well as technological and educational advances, extractive institutions instead bring repression, stagnation, and inequality. Extractive institutions are imposed in a state

in order to exploit the population to serve and benefit elites or a colonizer. These institutions allow elites to amass huge amounts of wealth without checks on power, and are characterized by few individual rights, widespread corruption, low wages, and other factors (Acemoglu & Robinson 2012).

Colonization by the backwards Soviet state inevitably contributed to the development of poor institutions that remain present in Tajikistan today. Following independence, Tajikistan attempted to begin the transition to both democracy and a market economy. The state held one of its first elections in 1994, electing Emomali Rahmon in a contested election that suggested corrupt influences. Over time, Rahmon sought greater and greater power for the Presidency, and today, Tajikistan is gradually sliding into authoritarianism. Rahmon has amended the Constitution to negate term limits in order to keep himself in power. Further, he undermines serious electoral competition using corrupt practices such as harassing or jailing candidates, as well as severely limiting the amount of legal campaign funds and opportunities allowed to candidates. The practice is so widespread that serious opposition parties no longer nominate candidates in elections for fear of becoming the target of Rahmon's attacks. Rahmon has further labeled himself as the foremost national religious thinker, showing attempts at domination of private spheres in addition to political (Olcott 2012). Additionally, Rahmon has continued the trend of cronyism and nepotism in Tajikistan, contributing even more to the environment of high corruption in the state, which has detrimental effects on the country's political and economic systems (Olcott 2012).

Tajikistan's poor political institutions are further exemplified by its social underdevelopment. The United Nations Development Index ranked Tajikistan 112th out of 169 countries in 2010 (UN 2018). The state demonstrably does not provide for necessary public goods and services, such as electricity, water, heat, transportation, and adequate health care (Gyulumyan 2018). In fact, Tajikistan is in the midst of a health care crisis, spending less than 1.6% of its GDP on health care which equates to \$49 per person. Regarding women and children, Tajikistan provides few social services. It is plagued by high birth rates, child mortality rates, and maternal mortality rates, as well as high malnutrition and cases of life threatening diarrhea (Gyulumyan 2018). Further, women hold less than 20% of the seats in Parliament, and consequently have very little rights as wives. Cases of child brides, polygamy, and domestic abuse are extremely common, demonstrating a statewide disenfranchisement of its female population (Olcott 2012).

Other obstacles preventing economic development in the state include inadequate infrastructure, an unreliable energy supply, and weak rule of law. The high levels of corruption and weak rule of law make engaging in the formal economy unattractive and risky; as a result, only 13% of total employment in the state is with the formal economy (Gyulumyan 2018). A lack of secure private property rights in addition to these other factors further dissuades investors from pursuing opportunities in Tajikistan, a phenomenal that is demonstrated by the abysmally low rate of private investment in the country, which only accounts for 4.4% of the state's GDP

(Gyulumyan 2018). This results in a reduced flow of capital in the country, as well as lower employment rates (Olcott 2012).

The deficiency of Tajikistan's economic institutions is shown clearly by its outrageously high emigration and remittance rates. Tajikistan is plagued by a high labor surplus, to the point where its own government encourages citizens to seek employment abroad. The extreme lack of employment opportunities and economic resources has led more than half of the male population of Tajikistan to seek employment elsewhere. As a result, the country maintains the highest level of remittances in the world, and in 2010, remittances made up 35% of Tajikistan's GDP (Olcott 2012). This insufficient economic system leads to a "brain drain", where Tajikistan's most valuable laborers leave the country, resulting in low human capital and few entrepreneurs, doctors, or other such professionals (Curtis 1997).

Conflict

Lastly, violent conflict often plays a forceful role in a state's development or lack thereof. Paul Collier discusses conflict as a development trap, as while poverty and stagnation are the primary risk factors for civil war and violent conflict, conflict in turn is proven to cause an increase in poverty as well. Collier further explains that conflict sets developing countries back by 15 years, decreasing its GDP by 3%. Because of this, a poor state can find itself trapped in a cycle of slow growth and violent conflict that can be nearly impossible to emerge from (Collier 2007). The World Bank reiterates the detrimental consequences of violent conflict, explaining that poverty alleviation in states stricken by violence is 1% slower than in states without conflict. Further, the World Bank links conflict to weak institutions, which is an issue that Tajikistan faces as well (World Bank 2010).

Unfortunately, Tajikistan has been plagued by civil war and ethnic conflict which began after it achieved independence in 1991. Following the collapse of the Soviet Union, the communist party within the republics of the USSR was in disarray, and Tajikistan was no exception. The party and its leadership had lost its legitimacy completely. Because of this, several different groups attempted to challenge the authority of the remaining communist leadership in Tajikistan, including political parties like the Islamic Renaissance Party and the Democratic Party of Tajikistan. Since it had been reliant upon Russia up until 1991, Tajikistan did not have the resources to protect its government and stabilize its institutions militarily. Therefore, the administration was faced with unchecked aggression, and the President that was originally instated under Soviet control was even forced to resign at gunpoint. The administration disintegrated following the coup, and chaos ensued, instigating a civil war that lasted for five years (Brown 1997). Several groups and nations intervened in the conflict to promote peace. Russia and Uzbekistan attempted to force an armistice and develop a peace treaty, and the United Nations and the Organization for Security and Cooperation in Europe worked to facilitate dialogue between the parties to find a political solution to the conflict (Brenninkmeijer 1997). Partially as a result of their intervention, most of the violence ended by 1993 and a reformed

communist regime was eventually instated in Tajikistan, but the war did not officially end until 1997 (Brown 1997).

The impact of the civil war was predictably devastating. Authorities estimate that between 20,000 and 100,000 people were killed as a result of the violence. Already poor infrastructure, such as communications and transportation resources, were destroyed. This further exacerbated the issues that Tajikistan's economy faced. Institutions and economic resources were also decimated by the violence. Uzbeks, who made up 25% of the population of Tajikistan, were targeted during the conflict, which served to heighten ethnic tensions in the state. Several of Tajikistan's territories threatened to secede, which exacerbated governance disagreements and made it more difficult for Tajik leaders to maintain control. While Russian assistance was essential to ending the conflict, its forces were brutal towards Tajiks, especially to those seeking asylum in Russia at its borders (Brown 1997). Overall, the civil war further served to contribute to the growing poverty and underdevelopment in Tajikistan. Additionally, because it decimated much of Tajikistan's resources and governance capabilities, it caused Tajikistan to become more reliant on Russian assistance than it had been as a Soviet republic in 1990 (Brown 1997).

Section 2: Previous Development Policies

Since Tajikistan gained independence in 1991, the nation has pursued a variety of development policies in the pursuit of a reduction in poverty and increased economic growth. These policies have varied from economic reforms, to the attraction of foreign aid from both international financial institutions as well as independent actors, to investment projects targeted at specific sectors of their economy. While Tajikistan's poverty rates have remained high and development has continued to face debilitating hurdles, the development policies pursued in the last 27 years of Tajikistan's history have made tangible achievements. According to the World Bank, poverty in Tajikistan has been reduced from 83% in 2000 to 29% today. Its national GDP has increased from about US\$860 million in 2000 to about US\$7.1 billion in 2017 (World Bank 2018). Economic leaps like these suggest that at least some of Tajikistan's development policies have proven successful so far.

Post- Communist Market Reforms

The first of Tajikistan's reforms was instigated by their achievement of independence and the subsequent collapse of the Soviet Union. Tajikistan separated from the Soviet Union during a period of economic collapse that proved that the communist command economy model was insufficient in promoting development. As a result, Tajikistan was forced to consider economic reforms in an attempt to drive progress. Beginning in 1991, Tajikistan instituted several market reforms as part of a transition away from the Soviet command economy. To start, Tajikistan's

government legalized the privatization of firms and enterprises in 1991, but this was met with resistance from the state's leaders and citizens, and only two private firms were created during this pivotal year (Curtis 1997). President Emomali Rahmon came into political power in 1992, and continued to pursue a limited privatization program against the resistance. This was done in order to attract foreign investment into Tajikistan's economy, which was crumbling as a result of the ongoing civil war. Despite the renewed efforts, by 1995, less than half of Tajikistan's firms and enterprises had been privatized (Curtis 1997).

Further privatization efforts were sparked in 1998 by international financial institutions, who had recently become interested in assisting Tajikistan's economic transition through providing loans and grants as part of a post-conflict assistance program. As part of their aid, the IFI's included conditionalities that enforced market reforms. Because of this, privatization efforts increased, and by 2007 90% of the economy had been privatized, and these enterprises made up 48% of the state's GDP. Despite the growth, Tajikistan's private sector remains limited by several enduring state-owned enterprises, which include the state's Aluminum company, TALCO, and the energy supplier, Barki Tojik, which are integral to the state's GDP and are not transparent corporations. Corruption and a lack of legal rights inhibit the private sector's ability to attract investment and financing, all of which serve to further handicap the growth capacity of the private sector (Olcott 2012).

Aside from privatization, Tajikistan has made additional reforms in their transition to a market economy. They have liberalized prices, and starting in 2005, Rahmon has instituted a variety of laws and policies that are intended to protect investors and create a better business environment for the market economy. These include laws regarding movable assets and mortgages, as well as a law supporting the enforceability of arbitration agreements. As a result of the weak rule of law in the country, these policies are unreliable and are rarely enforced effectively. Further, Tajikistan lacks a stock exchange, and maintains a poorly operated securities market. Shareholders are not well protected, which serves to dissuade investors, and the rampant corruption additionally dissuades business owners from operating in the formal economy (Olcott 2012). Overall, the market reform process has been unsuccessful in accomplishing most of its goals regarding the transition.

National Development Strategies

Most of the development initiatives that Tajikistan has adopted have been promoted and enforced by international organizations or bilateral actors. One of the foremost development projects in the country has been Tajikistan's work on the Millenium Development Goals (MDGs) in conjunction with the United Nations. Tajikistan began working on this project in 2000, and adopted their first National Development Strategy in 2005, which serves as a national pathway towards achieving the MDGs. It expired in 2015, and was succeeded by a similar strategy that spans the period of 2016 to 2030. The first National Development Strategy (NDS) included goals such as administrative reform with the goal of increasing transparency and

decreasing corruption, development of the private sector in order to attract investment, and developing human capital through better access to social services (Office of the President 2016).

Tajikistan pursued the first goal of the 2005 NDS through domestic policy reform. Beginning in 2008, Rahmon's government proposed policies that would reform administrative processes by increasing the power of local governments and community leaders in the country. The law required the election of council members to a district committee that would help to decide local issues, specifically regarding farmland and agricultural conflicts. Rahmon's government also began efforts to start a discussion on the decentralization of power in the state. The UNDP has assisted with these goals by pursuing a Communities Program which has organized local councils to work on development initiatives (Olcott 2012). While the results of these reforms are still developing, the second goal has had more tangible success. As discussed, Tajikistan has succeeded in expanding its private sector to include 90% of the firms and enterprises in the country (World Bank 2018). The final goal of increasing human capital has proven difficult to achieve, and is a major aspect of the state's second development strategy.

Tajikistan's second National Development Strategy was adopted in 2016 and expires in 2030. Its four pillars include (1) ensuring energy security, (2) reforming Tajikistan into a transit country, (3) ensuring food security, and (4) expanding productive employment (Office of the President 2016). While these goals have not been adequately assessed due to the short period of time since they were adopted, there has been some success regarding the first goal of pursuing energy security. Rogun Hydropower Plant is currently Tajikistan's largest development project, and it seeks to both establish a reliable source of energy for Tajikistan's population as well as to generate revenue by selling surplus energy to its neighbors. The project has the potential to be a major impetus to development for Tajikistan, and is currently being financed mostly by private investors (Kucera 2013).

International Financial Institutions

International financial institutions like the World Bank, the World Trade Organization, and the International Monetary Fund have played major roles in Tajikistan's efforts to pursue development. Tajikistan began working with the World Trade Organization in 2001 to negotiate membership (Olcott 2012), and ultimately joined the organization in 2013. The International Monetary Fund has given Tajikistan several Poverty Reduction and Growth Facility awards that support the National Development Strategies, the most recent of which came in 2010. These awards are intended to develop Tajikistan's hydroelectric sector, encourage economic and agricultural diversification, and create a conducive environment for investment. The IMF further encourages land reform, the protection of private property rights, and the removal of trade barriers (Olcott 2012).

The World Bank has also provided major funds to Tajikistan, starting in 1996. These loans and grants have totaled more than US\$1.47 billion, and they are organized to advance two specific goals. The World Bank aims to support private sector development as well as make investments into developing human capital in the country. The organization is investing

in human capital through providing funding for education and health care infrastructure. The organization additionally supports regional integration through the facilitation of trade in goods and knowledge, and has also encouraged Tajikistan to decentralize power (World Bank 2010). These conditionalities have contributed to the development of the aforementioned National Development Strategies.

Bilateral Foreign Aid

Aside from policies promoted and funded by international financial institutions, Tajikistan has also worked with its neighbor to the east, China, to pursue development. China has targeted Tajikistan with loans and grants, particularly for the purpose of developing infrastructure. China has a vested interest in maintaining stability in Tajikistan because of their porous borders. Instability, terrorism, and conflict have historically flowed from Central Asia into China, and to combat this, China has recently attempted to promote stability and development in several Central Asian states (Lal 2006). As part of this initiative, China created the Shanghai Cooperation Organization that includes Kyrgyzstan, Tajikistan, Uzbekistan, Russia, and China in order to expand cooperation in both security and economic affairs. China consistently attempts to promote growth in underdeveloped states as part of the agreement, offering US\$10 billion in preferential loans to members of the SCO (Merrington 2014). In 2007, China provided a \$277 million loan to Tajikistan, and has promised an additional US\$1 billion in assistance within the coming years. It additionally funded the reconstruction of communication infrastructure in Tajikistan's capital of Dushanbe (Lal 2006). These loans and projects are intended to develop infrastructure in Tajikistan, a task that is essential to the state's development. China is additionally interested in securing another source of energy in the region, and has targeted Tajikistan for this goal because of its potential as a hydropower producer. For this reason, the country is currently pursuing investments in Tajikistan's hydropower plant projects including Rogun Hydropower Plant (Merrington 2014).

A second bilateral actor that has contributed heavily to Tajikistan's development policies in the past is the United States. Between 1991 and 2006, the United States provided US\$538.9 million in aid. Most of this aid came as either a post-independence grant or a post-conflict loan, but has continued in smaller amounts since these larger contributions (Aminjanov 2010). The aid was administered by the organization USAID. USAID has targeted food security in Tajikistan by teaching farmers how to produce at a higher level, and has attempted to promote a deeper understanding of nutrition in the community. The financial aid has also gone towards increasing access to safe drinking water, and has provided 26,000 Tajiks with safe water systems. Regarding health, the organization has assisted Tajikistan's Ministry of Health in providing better treatments for diseases like Tuberculosis, which are very prevalent in Tajikistan (USAID 2018).

Section 3: New Development Program

Despite various efforts to promote growth and development in Tajikistan, the country is still hampered by high levels of poverty and limited economic opportunities. State leaders as well as international financial institutions are concerned that unless Tajikistan rigorously pursues a drastic development initiative, the state will remain underdeveloped and struggle to meet the needs of its citizens. Researchers argue that Tajikistan must diversify its economy while creating a more conducive environment for investment. This paper argues that the most promising development program in Tajikistan involves heavy investment into energy production in the form of hydropower, as well as working alongside China to develop transportation infrastructure in the state. With a stable energy supply that also serves as a source of revenue, as well as adequate infrastructure, Tajikistan can then focus on institutional development and the pursuit of good governance policies.

Investment into Energy Production

Tajikistan is currently struggling with a project that would provide a massive source of energy production for the country. Despite the many aspects of its geography that hinder development, Tajikistan does have access to a significant natural resource- water. The country holds some of the largest glaciers in the world, and thus has great potential to produce energy from hydropower. It is also ideally located to provide energy to actors like Pakistan, India, and China (Kucera 2013). Because of this, building a hydropower plant in Tajikistan would be pivotal in diversifying its economy and addressing its high rates of poverty and unemployment. The current hydropower plant proposal is located in the city of Rogun, and would include the world's tallest dam if built. Rogun Hydropower Plant would produce more energy than is required to power the country, and the excess could be sold to foreign interests. The country's president, Rahmon, considers the project to be essential to Tajikistan's development, stating that it is of "life or death" importance to the state. Despite its potential for success, a major inhibitor to the project is financing (Kucera 2013). While the World Bank is not considering financing the project, it has financed two assessment studies of the Rogun Hydropower Plant. Both studies determined that Rogun was compliant with international and domestic regulations, and suggest that the hydropower plant would be both successful and environmentally sustainable (Zwahlen 2014). These assessments are integral in assuring investors that Rogun is a secure and promising investment opportunity.

Another positive aspect of this energy project is the renewable nature of hydroelectricity. The plant aligns with the sustainable development agenda, defined by Jeffrey Sachs as development that doesn't threaten the needs of future generations, and which links economic development and social inclusion with environmental sustainability (Sachs 2015). Because water is a renewable resource, Tajikistan does not have to be concerned that the resource will run out or cause overly burdensome environmental destruction. This characteristic of the project should

hopefully increase interest in investing in the plant, as it supports the reliability of the project and aligns with international goals for sustainable development. To this end, Tajikistan is currently seeking investment in any form, and has found the most success with private investors (Kucera 2013). According to the National Bank of Tajikistan, the project will be financed through bonds sold to investors, which include hedge funds, banks, and other financial institutions. Actors in the United States have contributed 38% of investment thus far, with 24% originating from Great Britain. The project still needs nearly US\$2 billion to be built to completion (Aliyeva 2018).

This hydropower plant is essential to Tajikistan's economic development, and its financing should be pursued above most other economic objectives. It would end the ongoing, central issue of energy instability. Solving this issue would allow corporations in Tajikistan to be more efficient and productive, while increasing the quality of life for citizens in the country. It would also provide a massive source of income for the state that could be put towards infrastructure development that would create better transportation pathways as well as increase Tajikistan's access to waterways. Further, the hydropower plant would allow Tajikistan to develop sustainably, making it more attractive to investors and foreign aid agencies. Lastly, the positive affirmations given by the World Bank have already encouraged investment into the country through Rogun, and this has the potential to attract additional investment into surrounding infrastructure or other hydropower projects. An inflow of capital and investment could be essential to increasing economic activity and encouraging economic development in the state.

While Rogun Hydropower Plant presents as a strong option for Tajik development, several hurdles remain that could be problematic. Rogun will be a state owned enterprise, which creates the opportunity for revenue created by the plant to be misused by state institutions. This is especially probable in consideration of the corruption and poor governance practices of Emomali's regime. The lack of transparency in the current administration could allow the revenue to be exploited by Tajik leaders and bureaucrats, and restrict capital from being invested in infrastructure or from reaching Tajik citizens. As a result, the involvement of institutions such as the World Bank and investors from the United States is essential in monitoring the capital inflows through creating incentives for the correct application of such revenue.

China

An additional factor of Tajikistan's future development program is enhancing ties with the state's eastern neighbor: China. As discussed by Paul Collier, neighbors can be essential to a state's development pathway. Neighbors can provide market access or can act as markets themselves, serving as essential trade partners. Utilizing neighbors can be even more impactful if they have an incentive to promote the development of the underdeveloped state (Collier 2007). Fortunately for Tajikistan, China has a vested and legitimate interest in supporting stability and economic development within Tajikistan. Because the same issues that threaten Tajikistan's growth also threaten Chinese interests (namely, terrorism, instability, and high poverty rates), China should be Tajikistan's primary partner in development efforts, trade policies, and military

security. China's economic resources have the potential to funnel investment into infrastructure and communication development in a way that would allow Tajikistan to overcome its geographical hurdles and enhance the quality of life in the state. Additionally, China could provide both a pathway to waterways and access to markets that Tajikistan so desperately needs. Providing market access and serving as their primary trade partner would allow Tajikistan to benefit from China's strong economy and high population of consumers.

While Chinese assistance and investment will be extremely helpful to alleviating poverty and spurring development in Tajikistan, it could also prove to be problematic in the long run. China is not democratic, and does not promote democratic ideals to the states it becomes involved in. While partnership with China is beneficial in the short term, as it will allow maximum economic development, it could prevent democratic institutional reform in the future.

Institutional Reform

While this paper argues that achieving economic objectives is paramount to pursuing political and social change, ensuring good governance in Tajikistan remains essential to successful long term development. That being said, Tajikistan would not benefit from a democratic transition at this time. It is too poor, with too few resources and economic opportunities for individual empowerment. Collier explains that while poor governance can be very destructive to a state's economy, the impact of good governance is not certain. In fact, good governance policies tend to have a limited impact when a state has few economic opportunities and resources. As Collier states, good political institutions "cannot generate opportunities where none exist" (Collier 2007). This is particularly accurate with regards to Tajikistan, a state with fruitless geography and low economic activity. As a result, political and social reforms should not be a priority for Tajikistan at this time. In fact, an effort to instill democratic principles in the Rahmon administration would most likely result in a civil war or heightened repression instead of tangible political changes, which would ultimately add to the economic crisis that Tajikistan is currently facing.

Instead, political change should be pursued after economic development progresses. As capital inflows from Rogun Hydropower Plant reach Tajik citizens, bottom up empowerment alongside pressure from international financial institutions and other foreign actors will have the power to force political change in the state. As this process begins, civil society and Tajik leadership pursuing democratization should additionally seek assistance from international actors such as the United Nations and the United States. These actors can provide guidance and incentives to ensure a successful transition to democracy. When pursued at the right time, democracy and good institutions will help to promote economic development by empowering citizens and allowing them to be included in the national economy. It will additionally encourage foreign investment by developing a reliable rule of law, transparency in state and economic institutions, and protecting private property rights (Acemoglu & Robinson 2012).

Conclusion

Clearly, there are numerous issues facing Tajikistan at this stage, and they can seem both devastating to the prospects of development and overwhelming to aid agencies. It is important for first world countries and international financial institutions to understand that many of the issues that impoverished countries like Tajikistan face are out of the developing state's control and impossible to combat without international assistance. For this reason, continuing and increasing foreign aid and investment are imperative in the struggle to alleviate global poverty. Despite the seemingly insurmountable issues facing Tajikistan, there are still numerous opportunities for development in the state, of which this paper has only touched on three. Fortunately, Tajikistan has many other opportunities to pursue development as well. Microfinance and encouraging the involvement of women in the formal economy is one such option. Lobbying for additional foreign aid to invest in transportation and communication infrastructure could also spur development. With continued assistance from international actors, as well as further development of national goals and agendas, Tajikistan's prospects for development are optimistic. The future is bright.

Bibliography

- Acemoglu, Daron and James A. Robinson. (2012). "The Making of Prosperity and Poverty." From *Why Nations Fail*. New York NY: Crown Publishing Group.
- Aliyeva, Kamila. (2018). "Tajikistan Continues to Seek Financing Sources for Rogun HPP" *Azernews*. Retrieved from <https://www.azernews.az/region/131125.html>.
- Aminjanov, Rustam. (2010). "Tajikistan." In *Delivering Aid Differently: Lessons from the Field* (165-185). Brookings Institution Press.
- Baker, Andy. (2014). "Slavery and Colonialism" from *Shaping the Developing World*. London: Sage.
- Brown, Bess A. (1997). "The Civil War in Tajikistan: 1992-1993". In M. Reza Djalili & F. Grare & S. Akiner (Ed.), *Tajikistan: The Trials of Independence* (pp. 86-96). New York NY: Routledge.
- Brenninkmeijer, Olivier A. J. (1997) "International Concern for Tajikistan: UN and OSCE efforts to promote peace-building and democratization". In M. Reza Djalili & F. Grare & S. Akiner (Ed.), *Tajikistan: The Trials of Independence* (pp. 180-215). New York NY: Routledge.
- Collier, Paul. (2007). *The Bottom Billion*. New York NY: Oxford University Press.
- Curtis, G. E. & Library Of Congress. Federal Research Division. (1997) *Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan: Country studies*. Washington, D.C.: Federal Research Division, Library of Congress.
- Frank, Andre Gunder. (1969). "The Development of Underdevelopment." In *Latin America: Underdevelopment or Revolution* (pp. 3-17). New York: Monthly Review Press.
- Gallup, John Luke. (2003). *Is Geography Destiny? Lessons from Latin America*. World Bank Publications.
- Gyulumyan, Gohar & World Bank Group. (Spring 2018). *Tajikistan: A Changing Regional Environment- Critical to Capitalize*. World Bank. Retrieved from <http://www.worldbank.org/en/country/tajikistan>.
- Kucera, Joshua. (2013). "Tajikistan's Dream." *The Wilson Quarterly*, 37 (3).
- Lal, Rollie. (2006). "China." In *Central Asia and Its Asian Neighbors: Security and Commerce at the Crossroads* (pp. 3-10). RAND Corporation.
- Merrington, Louise. (2014). "India and China: Strategic Engagements in Central Asia." In *The Engagement of India: Strategies and Responses* (pp. 89-106). Georgetown University Press.
- Office of the President Emomali Rahmon. (2016). National Development Strategy of the Republic of Tajikistan For the Period Up To 2030. Dushanbe. Retried from http://nafaka.tj/images/zakoni/new/strategiya_2030_en.pdf.
- Olcott, Martha Brill. (2012). *Tajikistan's Difficult Development Path*. Washington, DC: Carnegie Endowment for International Peace.
- Sachs, Jeffrey. 2015. "Introduction to Sustainable Development" In *The Age of Sustainable*

- Development*. New York: Columbia University Press.
- United Nations. (2018). *The Human Development Index: Tajikistan*. Retrieved from <http://hdr.undp.org/en/countries/profiles/TJK>.
- USAID. (December 2018). *Tajikistan: Our Work*. USAID. Retrieved from <https://www.usaid.gov/tajikistan/our-work>.
- World Bank. 2010. *World Development Report 2011: Conflict, Security and Development*. New York: Oxford University Press.
- World Bank. (2018). “Embedded in Broader Reforms, the Rogun HPP Could Provide a Significant Development Impetus to Tajikistan” World Bank Press Release. Retrieved from <http://www.worldbank.org/en/news/press-release/2018/11/16/embedded-in-broader-reforms-the-rogun-hpp-could-provide-a-significant-development-impetus-to-tajikistan>.
- Zwahlen, Robert. 2014. *Environmental and Social Impact Assessment Report for Rogun Hydro Power Plant*. World Bank Assessment Reports. Retrieved from <http://pubdocs.worldbank.org/en/119331488268268674/ESIA-Vol-II-Annexes-Final-eng-rus.pdf>.