On the eve of the collapse of the USSR, Tajikistan was the poorest and least industrialised republic of the Soviet Union, with a gross domestic product (GDP) amounting to only 0.6% of the total for all the Soviet states. Tajikistan was hit harder than the other Central Asian states by the process of economic transformation. By 1997, Tajikistan’s gross domestic product (GDP) had shrunk to less than 50% of what it was in 1991. Moderate and continuing economic growth at the national level was achieved after 1997, as a result of joint efforts by the international community and the Republic of Tajikistan, which implemented economic reforms.

Tajikistan’s role and responsibilities under the Soviet system can be summarised as follows: the northern area was the centre of industrial production (e.g. aluminium). The south-western areas had the primary task of producing cotton, whereas Gorno Badakhshan in the south-east was assigned the responsibility to secure the borders with Afghanistan and China. Hence the GBAO was not expected to produce any significant agricultural or industrial output.

Today economic structure in the GBAO is characterized by the dominance of a subsistence-oriented agricultural sector. Local agricultural production has increased significantly since 1996, especially on privately managed farmland in areas with good biophysical conditions. Agricultural production and food self-sufficiency are still insufficient in marginal areas, and a large share of the local population remains dependent on food aid. The industrial sector is dominated to a great extent by the power industry, complemented by a small number of old Soviet plants trying to adapt to the market economy, and by a growing number of newly established small-scale enterprises. The service sector is still heavily dominated by education, health and administration. The health and education sectors in particular, given their current size and structure, are not capable of surviving economically without external assistance. There has been virtually no development of a private service and trade sector. With the collapse of the Soviet Union, limited trade relations and traditional sales markets dwindled. Despite some efforts, particularly to improve the transport infrastructure, the economy of the GBAO is still very isolated, and trade with neighbouring countries is almost non-existent.

In general, the pace of economic transformation in Gorno Badakhshan is rather slow. In particular, it seems to have taken a relatively long time for a majority of the people to recover from the shock of the disappearance of the Soviet system and to show self-initiative. But economic transformation has also been hampered by frequently unfavourable regulations and economic conditions.
Employment conditions

There has been a sharp increase in unemployment rates in the GBAO. Among the reasons for the increase in unemployment were the reshuffling and closure of industrial complexes and reforms in the governmental administration. In Gorno Badakhshan the deteriorating labour market was also strained by approximately 50,000 war refugees. Between 1990 and 2000, the total number of persons employed in the oblast of Gorno Badakhshan decreased by 42.7%, leaving an estimated 80% of the population either unemployed or underemployed at the peak of the recession (Mamadsaid 1997). The majority of the population had no income during this time. People who were still employed and continued to work as teachers, administrators or labourers in one of the remaining operating factories were either not paid or paid only after great delay. Today the salaries of formerly relatively well-paid employees are often less than USD 10 per month, and pensions diminished by inflation are of little more than symbolic value.

Although many governmental jobs were abolished during the past decade, the proportion of state employees among all employees in the GBAO has remained more or less stable. In 1990, while the Soviet system was still in existence, the proportion of persons employed by the state compared to the total number of employees was 86.6%. Despite extensive reforms, jobs provided by the state still hold the lead, their percentage having been only slightly reduced to 85.6% in the year 2000, while the total number of jobs stood at 25,790.

Fortunately, the employment situation seems to have become less critical in the last two years. Yet the number of officially employed persons is only gradually increasing, while the share of workers employed in the informal sector is steadily growing. Some years ago, for instance, selling a few products on the street was an expression of the struggle for survival. Nowadays, such activities have become a permanent part of the local economy.

Winners and losers in a changed system

Only a limited number of people have been able to profit from the economic transformation and enjoy the chance to operate on a higher scale as ‘businessmen’, with the necessary capital. Some managed to ‘privatise’ former state property and are now operating profitable businesses on this basis. However, these few winners are an exception. The great majority of the population experienced a sharp decline in standard of living under the new economic system.

Young people, retired persons and women have been particularly affected by the changes. Young people who have graduated from university are often forced to seek employment in other parts of Tajikistan or other former Soviet republics. Those who remain have little choice but to work in agriculture or the public service sector. Retired persons with minimal pensions who often depend completely on family ties and are unable to adapt to the new situation, must be regarded as the people most affected by the transformation. Finally, the importance of the role of women in society seems to have diminished, and there is evidence that women are disproportionately affected by the shrinking labour market.

Although the worst crisis has been overcome, thanks to enormous external inputs and internal efforts, the GBAO is still not able to survive on its own. Agricultural production needs to be increased, trade and industry must become more competitive, and new job opportunities must be created. If the high level of education is exploited and the cooperation of all stakeholders can be secured, these goals seem attainable in the medium to long term.

1 This chapter is based on a report prepared by Islomkhuja Olimov, a Master’s thesis by Patrick Sieber, and local statistics.