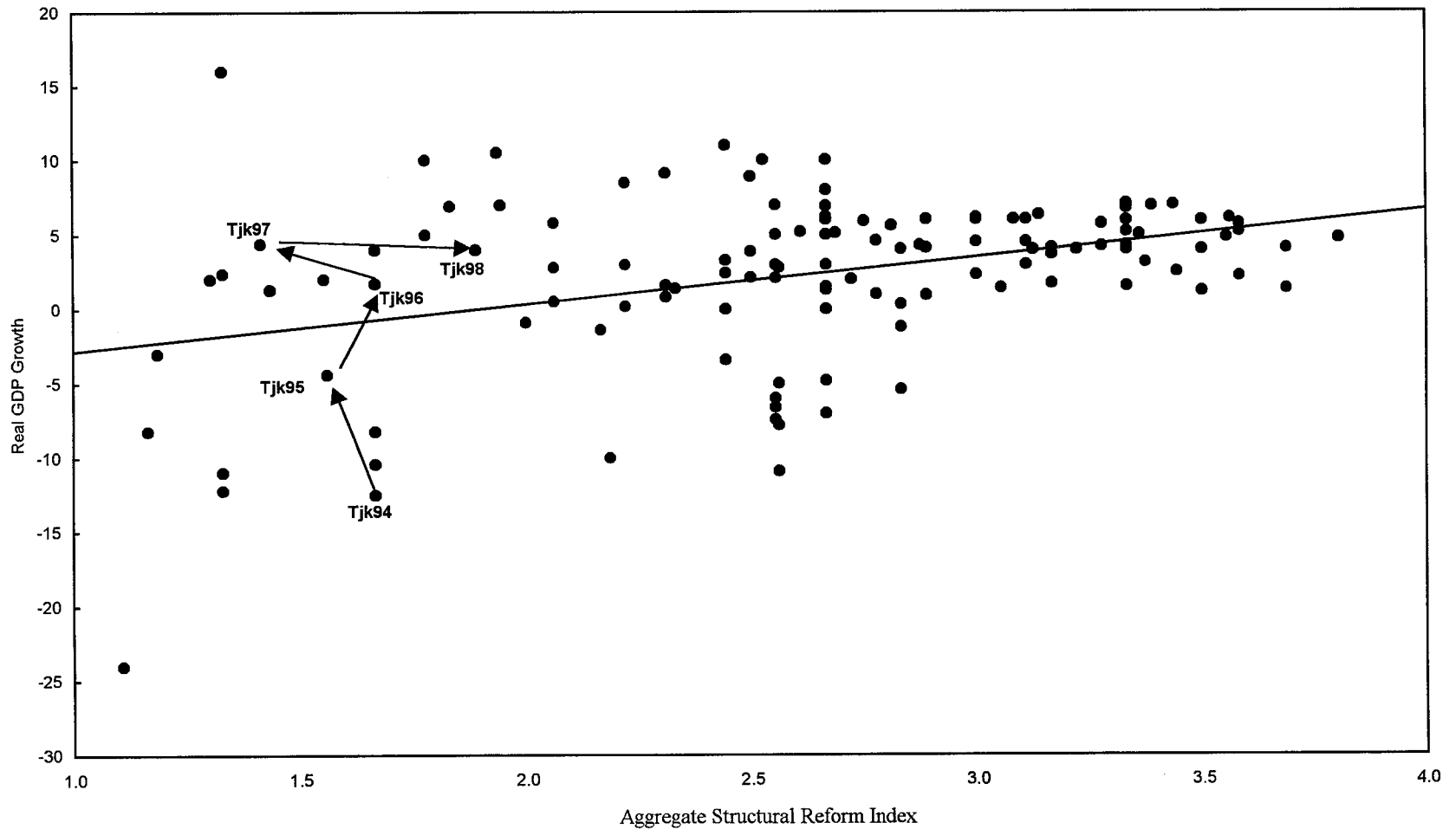


Figure 1. Structural Reforms and Real GDP Growth in Transition Economies, 1995-98



Sources: EBRD Transition Reports, 1995-98; and Fund staff estimates.

The depicted regression line is defined as $Y = -6.0 + 3.2 * X$, where Y is real GDP growth in period t and X is the aggregate structural reform index in period $t-1$. The T-values for the two coefficient estimates are -3.1 and 4.4, respectively. The value of the aggregate structural reform index is an unweighted average of the EBRD subsector reform indices at a given year, ranging from 1 to 4. See various editions of the EBRD's Transition Report for further details.

Table 1. Tajikistan: Summary of Medium-Term Program

	Actual 1998	Proj. 1999	Proj. 2000	Proj. 2001	Proj. 2002	
Output						
		(In percentage change)				
Real GDP growth	6.2	5.5	6.0	6.5	6.5	
Total factor productivity	1.5	3.5	3.5	3.0	3.0	
Key prices						
Consumer prices (average)	43.2	14.8	7.2	7.2	7.0	
Consumer prices (end-of period)	2.7	13.2	7.0	7.0	7.0	
Terms of trade	-4.0	-6.3	1.1	2.8	3.5	
Saving-investment balance						
		(In percent of GDP)				
Foreign saving 1/	10.9	4.9	7.0	6.1	5.1	
National saving	-2.1	0.8	1.3	3.2	4.3	
Public	-1.3	-0.6	0.5	1.1	1.5	
Private	-0.8	1.4	0.8	2.1	2.8	
Fixed investment	7.0	7.1	8.3	9.2	9.4	
Public	2.8	2.5	3.0	3.5	3.5	
Private	4.2	4.6	5.3	5.7	6.0	
Changes in stocks	1.7	-1.5	0.0	0.0	0.0	
Monetary indicators						
		(In percent change unless otherwise indicated)				
Reserve money	4.9	17.5	17.6	20.0	16.7	
Sources: 2/ 3/						
Net foreign assets	-18.8	1.3	46.1	27.3	23.0	
Net credit to government	22.1	0.0	0.0	0.0	0.0	
Counterpart funds	-3.2	-10.3	8.0	-4.6	-4.0	
Claims on private sector	0.0	22.6	-36.5	-2.7	-2.3	
Other domestic assets	4.8	3.9	0.0	0.0	0.0	
Ruble broad money	18.8	18.0	24.0	25.0	23.6	
Velocity (average)	1.2	-1.2	-6.1	-8.3	-9.6	
Money multiplier (end of period)	0.88	0.89	0.93	0.97	1.03	
General government finances						
		(In percent of GDP unless otherwise indicated)				
Total revenue, incl. grants	12.0	12.8	13.5	13.8	14.0	
Total expenditures	15.8	15.8	15.9	16.0	16.0	
Overall balance	-3.8	-3.0	-2.4	-2.2	-2.0	
Excluding PIP	-3.8	-3.0	-1.9	-1.2	-1.0	
External sector						
Current account	-10.9	-4.9	-7.0	-6.1	-5.1	
Trade account	-10.1	-5.6	-5.8	-5.6	-3.9	
Capital account	9.3	1.2	7.2	6.1	3.3	
Gross international reserves (US\$ mill)	65	86	145	198	202	
(In months of import)	1.3	2.0	3.2	3.7	3.4	
Change in NIR (US\$ millions)	-16	1	33	23	14	
Memorandum items:						
Nominal GDP (TR billions)	1,025	1,199	1,365	1,559	1,751	
Nominal GDP (US\$ millions)	1,289	1,029	1,137	1,299	1,459	

Sources: The Central Bank of Tajikistan, the Ministry of Finance, and Fund staff estimates.

1/ Current account deficit, including grants.

2/ Nominal changes in percent of reserve money in the beginning of the corresponding period.

3/ Calculated for a constant exchange rate.

Table 2 Tajikistan: Income and Social Indicators, 1995-2001

	Unit of Measure	1995	1996	1997	1998	1999 Proj.	2000 Proj.	2001 Proj.
Population								
Population	million (beginning of the year)	5.8	5.9	6.0	6.1	6.2	6.2	6.3
Population growth rate	percentage change (annual average)	1.4	1.7	1.5	1.6	1.5	1.5	1.5
Urban population	percent of total	28.1	27.7	27.4	27.1	...	...	...
Poverty								
Headcount Index 1/	percent of total population	...	...	85	...	...	...	...
Of which extremely poor and destitute	percent of poor population			17				
Income								
GDP per capita	US-Dollars	106	176	185	213	192	211	232
Average monthly wage	US-Dollars (annual average)	9.2	9.2	8.8	11.1	12.2	14.8	16.4
Real wage index	percent change (annual average)	-52.2	-62.4	0.3	18.9	23.4	9.4	6.9
Employment	milion (annual average)	1.85	1.73	1.79	1.80	...	...	...
Other Indicators								
Life expectancy at birth	years	...	67	...	...	...	...	...
Infant mortality rate	per thousand live births	41	30	26	...	...	...	...
Illiteracy	percent of population of age 15 or more	...	2	...	...	...	...	...
Gross primary school enrollment	percent of school age population	...	89	80	...	...	...	...
Male	percent of school age population	...	91	...	...	...	...	...
Female	percent of school age population	...	88	...	...	...	...	...

Sources: Tajikistan authorities; and World Bank and IMF Staff estimates.

1/ Percent of population below the "food only" poverty line; see World Bank, Tajikistan: A Poverty Note, March 12, 1998.

Table 3. Tajikistan: External Financing Requirements and Sources, 1993-2002.

(In millions of U.S. dollars)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Current account (excluding grants)	-233	-195	-115	-106	-100	-196	-105	-126	-134	-130
Trade balance	-159	-100	-33	9	-39	-130	-57	-66	-72	-57
Exports of goods	456	559	779	770	746	637	681	724	795	888
Imports of goods	-615	-659	-811	-761	-785	-766	-738	-790	-867	-945
Services (net)	-71	-76	-46	-45	-25	-26	-19	-21	-26	-29
Non-income current account (excluding grants)	-230	-176	-78	-36	-64	-156	-76	-87	-99	-86
Income (net)	-4	-19	-36	-70	-36	-41	-29	-38	-35	-44
Capital and financial account	-101	-96	-57	-140	18	59	-24	34	7	-17
Scheduled public sector amortization	-15	-19	-102	-125	-40	-23	-8	-10	-23	-38
IMF repurchases	0	0	0	0	0	0	-5	-10	-13	-10
FDI and other capital 1/	-86	-77	45	-15	58	82	-11	54	42	31
Increase in gross official reserves (- increase)	-2	1	-3	-10	-16	-36	-21	-59	-53	-4
Change in arrears (- decrease) 2/	17	37	112	-51	-19	-2	-111	...	...	...
External financing requirements	-319	-253	-63	-308	-116	-175	-150	-150	-179	-152
Disbursements: existing commitments	96	69	45	88	72	169	149			
Grants	25	25	25	30	40	57	55			
Loans	71	44	20	37	22	48	67			
IDA--Project financing	...	...	...	31	21	35	14			
IDA--Structural Adjustment Credits	...	...	...	...	...	0	38			
Other international financial institutions	35	...	...	...	...	13	15			
Official bilateral creditors	37	44	20	6	1	0	0			
IMF	...	...	...	22	10	64	27			
Disbursements: expected new commitments								139	153	110
Grants								45	55	55
Loans								59	80	55
IDA--Project financing								19	16	20
IDA--Structural Adjustment Credits								20	20	...
Other international financial institutions								20	44	24
Official bilateral creditors								0	0	11
IMF								36	18	...
Debt rescheduling	222	184	17	220	44	6	111			
Residual financing gap 3/			0	0	0	0	0	10	26	42

Sources: Data provided by the Tajik authorities; and IMF staff estimates.

1/ Including change in commercial banks' NFA and net errors and omissions.

2/ Including movements in the special debt service account.

3/ In 2001, the residual financing gap falls outside of the program period supported by the ESAF arrangement.

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Fiscal Policy			
Replace sales taxes with VAT for cotton and aluminum Cotton: -to 20% -to 15% -to 0% Aluminum -to 3% -to 2% -to 0%	MinFin/STC/SCC	September 2000 September 2001 January 2002 January 2000 January 2001 January 2002	
Restructure public sector wages as part of civil service reform which includes improving public service management	MinFin	January 2000	IMF/WB
Infrastructure Rehabilitation			
Prepare a plan to rehabilitate key infrastructure, including water and sewerage network	MinEcon. MinTransport, MinAgriculture, MinCommunication MinIrrigation, local authorities	December 1999	WB
Fiscal Institution Building			
Elimination of automatic taxation through banks' settlement accounts - for all companies currently under the Large Taxpayer Unit (LTU) - for all remaining taxpayers under the LTU	State Tax Committee	December 1999 March 2000	IMF
Improve tax administration by: - increasing the powers and authority of the LTU over local authorities - publicize the new VAT procedures and TIN requirements - complete the issuance of TINs for enterprises - increased use of asset seizure and the bankruptcy law to enforce tax payments	State Tax Committee	Prior action June 15, 1999 June 1999 1999-2002	IMF
Strengthen the tax collection of STC and SCC by involving qualified personnel of Ministry of Finance to the tax and customs duties collection	MinFin/STC/SCC	June 1999	
Complete transition to GFS accounting standards	MinFin	2000 Budget	WB

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Complete the introduction of the treasury system	MinFin	March 2000	IMF
Complete a public sector employment survey	MinFin, MinLabor	October 1999	
Undertake all public investments in the context of a Public Investment Program (PIP)	MinFin, MinEcon. President's Office		
Social Safety Net (SSN)			
Increase the share of expenditures (in percent of GDP) allocated to the social safety net	MinFin	1999-2002	IMF/WB
Build up a reserve fund at the SPF equivalent to <ul style="list-style-type: none"> - to 5 percent of outlays - to 10 percent of outlays 	SPF	December 1999 December 2000	IMF/WB
Complete household poverty survey	Goskomstat	July/August 1999	WB
Strengthen the SSN by designing a comprehensive program to improve targeting	MinFin/Ministry of Social Protection/SPF	October 1999	IMF/WB
Rehabilitate pension system by: <ul style="list-style-type: none"> - increasing the age for pension eligibility 6 months each year - freezing working pensioners' benefits - tightening early retirement provisions - introducing individual retirement accounts - introducing workers' social security contributions for pensions 	Ministry of Social Production/SPF	July 2000-July 2002 January 2000 January 2000 January 2001 January 2001	IMF WB WB
Government Restructuring			
Prepare a government restructuring plan	President's Office	March 2000	WB
Appoint the director and staff of the Public Administration Reform Management Unit which will follow up restructuring initiative as a secretariat for Presidential Task Force on Government Restructuring	President's Office	December 1999	WB
Initiate implementation of functional reviews of at least two pilot ministries	President's Office	March 2000	WB
Start developing a medium-term budget framework (MTBF)	President's Office	January 2000	WB

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Introduce new budget management system in two pilot ministries	President's Office	June 2000	WB
Full implementation of new budget management system in two ministries	President's Office	January 2001	WB
Establish special privatization account at the NBT to smoothly allocate privatization proceeds to the budget over the medium term	President's Office/MinFin	June 1999	IMF
Detail privatizable enterprises from ministries and state committees, make them joint stock companies and register at SPC for privatization	President's Office/MinFin	December 1999	WB
Financial Sector Reform			
Complete international audit of Agroinvestbank, Savings Bank, and Vneshekonombank	NBT/commercial banks	June 1999	
Liquidate Tajikbankbusiness	NBT	Prior Action	
Implement bank restructuring programs for Agroinvestbank and Savings Bank	NBT/commercial banks	1999-2001	IMF/WB
Audited financial statements for the commercial banks and NBT will be made public	NBT/commercial banks	1999	
Ensure all banks meet all prudential requirements (K1 through K6), or withdraw their license	NBT	Continuous	
Increase minimum capital requirements for banks to US\$1 million, and announce increase in minimum capital requirements for banks to US\$3 million by end 2002	NBT	January 2000	
NBT to use only credit auctions to allocate credit to banks	NBT	Continuous structural performance criterion	
Introduce a Lombard facility	NBT	January 2000	IMF/WB
Convert, at discount, government debt to NBT into an interest bearing long-term bond	MinFin/NBT	January 2000	IMF
Pay interest at market rates on government deposits	MinFin/NBT	January 2000	IMF

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Transfer 50 percent of NBT profits to the budget	MinFin/NBT	January 2000	IMF
Adopt an action plan to encourage the developmetn of an interbank credit and foreign exchange market	NBT	September 1999	IMF
Exchange and Trade Policies			
Remove informal restrictions on foreign exchange deposit withdrawals from the NBT	NBT	Prior action	
Modify the existing customs tariffs regime in line with WTO recommendations	State Customs Committee	1999-2002	
Refrain from imposing any non-tariff trade barriers	State Customs Committee	Continuous	
Apply for WTO membership	President's Office/MinEcon	December 1999	
Privatization and Private Sector Development			
Ensure completion of small-scale enterprises privatization by	SPC		WB
- selling 200 firms in May 1-September 30, 1999		September 1999	
- selling 200 firms in October 1-December 31, 1999		December 1999	
Corporatize 700 medium- and large-scale enterprises cumulatively since January 1998	SPC	June 1999	WB
Hold the second international tender for selling 16 ginneries	SPC	June 12, 1999	WB
Issue the third tender for the sale of remaining ginneries without reservation prices	SPC	Prior action	WB
Complete the sale of ginneries	SPC	June 30, 1999	WB
Receive full payment for all privatized ginneries	SPC	September 1999	WB
Complete disposition of Pakhtai Tajik fixed assets	SPC/President's Office	Prior action	WB

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Privatize (fully payment received) medium and large scale enterprises (cumulatively since January 1, 1998) as follows: <ul style="list-style-type: none"> - 120 sale contracts with 80 full payments - 150 sale contracts with 120 full payments - 180 sale contracts with 140 full payments - 210 sale contracts with 160 full payments 	SPC	Prior action September 1999 December 1999 March 2000	
Implement TADAZ restructuring plan	MinEcon/MinFin/TADAZ	1999-2002	WB/IFC
Non-cash economy			
Identify state-owned enterprises responsible for most tax and interenterprise arrears; adopt restructuring plans for those which are viable and liquidate those which are not viable	MinEcon/MinFin/NBT	December 1999	
Securitize viable state-owned enterprises' debts and market them	MinFin/MinEcon	March 2000	
Develop and implement a plan to ensure full payment for electricity and reduce cross subsidies	MinEcon/Barki Tojik	1999/2002	
Prepare a plan to address the stock of arrears for electricity Prepare and submit to Parliament an amended government procurement law	MinEcon/Barki Tojik MinJustice	September 1999 March 2000	WB
Streamline business licensing procedures	MinJustice	December 1999	
Enforce government resolution on banning tax offsets and in kind payments in the public sector	MinFin	Continuous	
Condition transfers to local government on timely payment to suppliers in cash	MinFin	Continuous	

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Legal Reform			
Review the adequacy of the existing Law on Collateral with the IFIs; introduce and submit to Parliament as necessary amendments to the law	MinJustice	December 1999	EBRD/WB
Establish an automated system for recording and disseminating laws and regulations	MinJustice	December 1999	ADB
Revise the mechanism to strengthen the enforcement of the Bankruptcy Law	MinJustice	December 1999	EBRD/WB
Agriculture			
Establish land registry	MinJustice/MinAgr/LRC	September 1999	WB
Organize the treatment of land reform issues in the economic court, and clearly determine legal land rights	MinJustice/LRC	September 1999	WB
Complete the process of liberalizing marketing for all agricultural inputs	MinAgriculture	December 1999	WB
Rehabilitate the irrigation system	MinIrrigation	December 2000	WB
Calculate the economic cost of water supply	MinIrrigation/MinEcon	September 1999	WB
Ensure that tariffs for irrigation adequately cover costs	MinIrrigation/MinEcon	December 1999 December 2000	
- 20 percent cost-recovery - 40 percent cost-recovery			
Develop a rural credit system and start implementation	MinAgriculture/NBT	December 1999	WB
Privatize state and collective farms by issuing marketable land use and land share certificates (after March 1999) as follows:	LRC/MinAgriculture		WB
- 20 farms		June 1999	
- cumulative 60		September 1999	
- cumulative 110		December 1999	
- cumulative 160		March 2000	

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Mining			
Draft a plan to attract foreign investors to develop Tajikistan's mining potential	President's Office/MinEcon	December 1999	
Energy			
Eliminate free use of electricity for privileged groups except for war veterans, invalids, and Chernobyl victims; a compensation mechanism for the most needy will be put in place at the same time	MinEcon/Barki Tojik	March 2000	
Electricity prices to be set at cost-recovery levels for all customers (see Annex III of the Memorandum of Economic Policies)	MinEcon/Barki Tojik		ADB
Industry			
- 75 percent cost-recovery		End-1999	
- 100 percent cost-recovery		End-2000	
Agriculture			
- 25 percent cost-recovery		September 1999	
- 50 percent cost-recovery		September 2000	
- 100 percent cost-recovery		September 2001	
Households			
- 50 percent cost recovery		March 2000	
- 100 percent cost-recovery		March 2001	
Communal tariffs			
- 50 percent cost recovery		September 1999	
- 75 percent cost recovery		March 2000	
- 100 percent cost recovery		March 2001	
Abstain from interfering with Barki Tojik's and the Tajik Gas' policy of cutting off service to customers not paying current obligations	MinEcon	Continuous	
Develop a long term investment plan for the electricity sector, including financing	Barki Tojik	December 1999	ADB

Appendix I. Tajikistan: Policy Matrix, 1999-2002

	Responsibility	Timing	TA Need
Install gas meters, first in Dushanbe and then other parts of the country	MinEcon/Tajik Gas	1999-2001	WB/ADB
Human Resources Development			
Education - Review and revise the composition of expenditures - Introduce user fees for specific education services	MinFin/MinEducation MinFin/MinEducation	2000 Budget 2000 Budget	WB WB
Health - Introduce user fees for specific health services - Review and revise the composition of expenditures	MinFin/MinHealth MinFin/MinHealth	2000 Budget 2000 Budget	WB WB
Statistics			
Increase the resources available to Goskomstat	MinFin	2000 Budget	
Establish a high level working committee designed to improve the statistics production	President's Office	June 1999	
Improve the national accounts and price statistics, in line with recommendations from the IMF	Goskomstat	1999-2001	IMF

Appendix II. Development Management Matrix

Area Players	Structural					Infrastructure			Social and Human Resources		
	Government Restructuring	Private Sector	Financial Ssector	Exchange & Trade	Agriculture	Energy	Water & Sewerage	Roads & Transportation	Social Programs	Education	Health
World Bank	<ul style="list-style-type: none"> • Wage policy • Budget framework • Civil service reform • Administration reform 	<ul style="list-style-type: none"> • Privatization • Streamlining private sector activities 	<ul style="list-style-type: none"> • Bank restructuring 		<ul style="list-style-type: none"> • Land reform • Land registration • Rural credit • Irrigation 	<ul style="list-style-type: none"> • Installation of gas meters 	<ul style="list-style-type: none"> • Water tariffs • Water supply rehabilitation program 	<ul style="list-style-type: none"> • Road construction 	<ul style="list-style-type: none"> • Social safety net reform • Household survey • Poverty alleviation pilot project 	<ul style="list-style-type: none"> • Rationalization program • Pilot projects 	<ul style="list-style-type: none"> • Rationalization program • Pilot projects
IMF	<ul style="list-style-type: none"> • Wage policy • Tax administration • Accounting standards • Administration reform 	<ul style="list-style-type: none"> • Privatization • Downsizing non-cash economy • Legal reforms 	<ul style="list-style-type: none"> • Bank restructuring • Bank supervision • Prudential regulations • Accounting standards 	<ul style="list-style-type: none"> • Trade policy • FX market 	<ul style="list-style-type: none"> • Land reform 	<ul style="list-style-type: none"> • Electricity tariff reform 			<ul style="list-style-type: none"> • Social safety net reform • Pension reform 		
ADB						<ul style="list-style-type: none"> • Electricity tariff reform • Rehabilitation program of electricity sector • Audit of Barki Tojik 		<ul style="list-style-type: none"> • Emergency projects 		<ul style="list-style-type: none"> • School rehabilitation project 	
ISDB								<ul style="list-style-type: none"> • Road construction 		<ul style="list-style-type: none"> • School rehabilitation project 	
UNDB									<ul style="list-style-type: none"> • Household survey 		
EBRD			<ul style="list-style-type: none"> • Governance in commercial banks • Audits 								
EU											
USAID							<ul style="list-style-type: none"> • Water emergency assistance 				<ul style="list-style-type: none"> • Health reform in Khulyab
Other							<ul style="list-style-type: none"> • KTZ 			<ul style="list-style-type: none"> • UNICEF • KTZ • AKF • PHRD • SCF-UK 	<ul style="list-style-type: none"> • WHO • UNFPA • UNICEF • KTZ • AKF • PHRD