POVERTY ANALYSIS (SUMMARY)

A. Recent Trends, Profile and Determinants of Poverty Variation

1. **Income poverty.** There has been a sustained reduction in income poverty levels (Table 1). Growth rates (although from a low base), which were registered during 1997 and 2014, set the context for the drop in poverty incidence from 81% in 1999 to 46.7% in 2009 (based on the living standards survey), down to 35.6% in 2013,1 with urban poverty at 29% and rural poverty at 40%. Poverty estimates from Q1 2015 puts it at 31.6%. The percentage of population below $1.90 at 2011 purchasing power parity line dropped from 10.4% in 2007 to 4.7% in 2009. Extreme poverty or the percentage of population below the food poverty line fell from 41.5% in 2003 to 13.8% in 2009.2 Food poverty line is defined as the cost to purchase food equivalent to 2,250 calories per day per person. Inequality as reflected by the Gini index dropped from 0.33 in 2003 to 0.31 in 2009. Average consumption per capita of the bottom 40% of the population expanded by 6% during 2003–2009, showing growth to be relatively broad-based. However, the benefits of growth were not evenly distributed because of regional disparities.

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<tbody>
<tr>
<td>Percentage of population below national poverty line</td>
<td>72.4</td>
<td>53.5</td>
<td>46.7</td>
<td>45.0</td>
<td>42.0</td>
<td>38.3</td>
<td>35.6</td>
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<tr>
<td>Percentage of population below $1.90 a day at 2011 PPP</td>
<td>...</td>
<td>10.4</td>
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<td>Percentage of population below $3.10 a day at 2011 PPP</td>
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<td>32.7</td>
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… = data not available. PPP = purchasing power parity.


2. **Non-income poverty.** Movements in non-income poverty indicators were not as significant as the shift in income poverty levels. Primary education enrollment reached universal levels and completion rates have increased. However, lags exist in the gender parity index at the tertiary education level at 0.52 in 2011.3 Food security and undernourishment remain critical issues. The global food security index that covers 109 countries and measures food affordability, availability, quality, and safety assigned a low 2014 score of 38.3 for Tajikistan (between Mali at 38.5 and Bangladesh at 37.4).4 The global hunger index of the International Food Policy Research Institute that covers the percentage of undernourished population, under-five underweight children, and under-five mortality rate ranked Tajikistan 44 out of 76 in 2014.5 Access to safe drinking water has lagged and coverage rose from 58% in 1993 to 72% in 2012 (footnote 3).

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1 Most recent estimate available although data used is from the household budget survey (sample size of 3,000 households; each is visited 4 times a year thereby factoring for seasonality), which is not completely comparable to the living standards survey (administered once in each household during the year of measurement).

2 The thresholds of the national poverty line on monthly consumption are less than TJS162 for poor, less than TJS230 for vulnerable, and less than TJS294 for middle class.


4 The Economist Intelligence Unit. 2015. *Global Food Security Index 2015*.

3. **Progress toward the Millennium Development Goals.** The country is unlikely to achieve several Millennium Development Goals (MDGs) by the end of 2015. Based on the most recent data available, progress was made in eradicating extreme poverty. The target on achieving full and productive employment and decent work for all is unlikely to be achieved. Official statistics that tracks registered unemployment shows the rate to be 2.3% in 2013, where each individual receives state benefits of $3.60 a month. Estimates from the ADB country diagnostic study using Tajikistan's living standards survey (2009) notes that overall unemployment could be 21%, with urban unemployment higher than in rural areas. The country is vulnerable to food security as undernourishment remains a critical issue. Literacy rate is 99.9% for both men and women aged 15–24 and although primary school enrollment is high for both sexes, gender parity index drops to 0.52 at the tertiary level.

4. Under-five mortality rates fell from 114.3 per 1,000 live births in 1990 to 63.3 per 1,000 live births in 2011; and infant mortality from 82.4 to 52.8 for the same years (footnote 3). However, these reductions were less than the targeted level of two-thirds. Maternal mortality rate was at 65 per 100,000 live births (2011) and it reduced to 44 (2015). There has been a drop in the level of skilled birth attendance from 90.3% (1990) to 87.7% (2010) and a rise in tuberculosis incidence rate from 70 per 100,000 (1990) to 193 (2010), which underscores the need for improvements in the health sector service delivery. Gender disparities exist in tertiary education, employment, and popular representation. Coverage of access to safe drinking water and basic sanitation has lagged because of the dispersed population. The implementation toward the 17 post-2015 Sustainable Development Goals will be against this backdrop of underachievement of MDGs.

5. **Determinants of poverty variation.** Poverty incidence declined by 40.3% in urban areas and 34.6% in rural areas from 2003 to 2012. Urban poverty rates fell from 68.6% in 2003 to 49.4% in 2007 and 28.5% in 2012. Rural poverty was reduced from 73.8% in 2003 to 55% in 2007 and 39.2% in 2012. Extreme poverty rates in urban areas fell from 39.4% in 2003 to 18.9% in 2007 and 10% in 2012, while in rural areas it dropped from 42.3% in 2003 to 16.4% in 2007 after which it has remained at the same level (footnote 6). Analysis of the 2003–2009 data show labor earnings (specifically wages, self-employment income, and remittance inflows) to be top factors that reduced poverty and enabled the rise of the middle class with monthly consumption levels between TJS230 and TJS294. During this period, 39% of the poor moved upward to the vulnerable group, while another 13% moved to the middle class; 24% from the vulnerable group also entered the middle class.

6. Poverty rates vary across Dushanbe and the four provinces: Gorno-Badakhshan Autonomous Region, Districts of Republican Subordination, Sugd, and Khatlon. The population density per square kilometer of Dushanbe is 7,758 while that of Khatlon is 117 and Sugd is at 95. The economic density of Dushanbe in 2014, defined as the gross regional product produced per square kilometer in the city during January–December 2014, was $17.73 million. The World Bank. 2014. Poverty Reduction and Shared Prosperity in Tajikistan. Policy Research Working Paper. 6923. Washington, DC. In terms of comparison, Bishkek in the Kyrgyz Republic has a gross regional product that is about 1.5 times that of Dushanbe with a roughly proportionately higher population. High economic density requires high concentration of capital and labor, which in turn correlates it to

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10 Regions of Tajikistan publication 2014 of the Agency on Statistics under the President of Tajikistan
density of population. Dushanbe’s population increased by 38% from an estimated 562,000 (2000) to the present level of 775,800 (2014).11

7. Income inequality as measured by the Gini coefficient widened from 0.31 (1999) to 0.32 (2002) and 0.33 (2004) but did not significantly improve as it remained at 0.32 (2007) and 0.31 (2012). Increase in inequality during the initial years can be explained in the scaling back of the social services with the fall of the former Soviet Union (footnote 6).

8. On the other hand, changes in expenditure shares are more pronounced in urban areas as it declined with the Gini coefficient at the national level, while the expenditure inequality in rural areas moved in the opposite direction. Data from 2007 and 2009 show that expenditure shares of the richest quintile in urban areas declined from 53% in 2007 to 50% in 2009, while in the rural areas, expenditures of the population in the richest quintile rose from 32% to 35% in the same period (footnote 6). Average consumption per capita of the bottom 40% of the population expanded by 6% overall during 2003–2009, pointing to broad-based growth.

9. Impact of remittances. Inflows of remittances from Tajik migrant workers rose from 6.4% of gross domestic product (GDP) in 2002 to 49.6% in 2013 and then down to 41.4% in 2014 with a further anticipated decrease to 33.4% in 2015. The economy is highly dependent on remittance inflows, besides international prices and demand for unwrought aluminum and raw cotton. Of the estimated 1.2 million Tajik migrant workers, 90% are concentrated in the Russian Federation’s construction, agriculture, trade, and services sectors. Reasons for the increase in migration of Tajik laborers can be attributed to limited urbanization beyond the capital city of Dushanbe, limited employment opportunities in nonfarm sectors either in industry or service sectors, and high wage differentials between domestic labor markets and the Russian Federation for similar work. Another important factor was the visa-free regime, although the Russian Federation tightened regulations for reentry and by December 2015, 333,391 migrant workers were given reentry bans for 3–5 years.12

10. Recent findings demonstrate that the average remittance amounts during September and November 2015 were smaller compared to earlier in the year, and fewer households in

the bottom 40% received them.\textsuperscript{13} Previous research on remittance inflows and household expenditures demonstrated that inflows increase propensity to consume by 1.7% percentage points and do not have a significant effect on household education expenditures.\textsuperscript{14} While labor earnings account for 21 of 36 percentage points of the total income poverty reduction during 2003 and 2009, remittances contributed to the tune of 8 percentage points for the same period with pensions and social assistance being other contributing factors (footnote 8). Remittances disproportionately benefit rural population and despite its positive effects on poverty reduction, large-scale labor migration resulted in domestic skill shortages, abandonment of families, and a rising burden on women left behind to cultivate fields and do household chores.

B. Government’s Poverty Reduction Strategy

11. The government configured its approaches to reduce poverty through improving living standards and expanding the emerging middle class. The 2013–2015 Living Standards Improvement Strategy included an action matrix with financing estimates. An average of 12.3% of GDP was spent on education, health, water supply, and sanitation in 2010–2015. Since low-productivity employment was identified as a factor for poverty, education and skills training for women were prioritized.\textsuperscript{15} The government will formulate its national development strategy for 2016–2030 with the following indicative priorities: job creation through private investments, greater contribution of industry to employment and economic growth, increased urbanization, reduced economic distance through improved transport connectivity, increased energy availability, improved sophistication of export items, and greater food security.

C. ADB Thematic Approach and Program

12. ADB’s approach to contribute to the poverty reduction efforts of the government is based on its corporate priorities to ensure inclusive economic growth as highlighted in its Midterm Review of Strategy 2020. The country program planned for 2016–2020 under public sector management, technical and vocational education, transport connectivity, energy security, and climate change adaptation will directly contribute to each of the three pillars of the ADB corporate approach to ensure inclusive economic growth. First, the policy-based lending will directly contribute to economic growth and expand opportunities including job creation by maintaining macroeconomic stability and improving investment climate. Second, support to improve transport connectivity, increase electricity supply, and raise food security and climate change adaptation in select rural areas are anticipated to contribute to growth and access to economic opportunities and services. Third, support to increase private sector participation in technical and vocational education targeting migrant workers will strengthen social protection, besides improving their employability. Further, regional cooperation, governance, climate change and gender equity issues will inform the design and implementation of projects. In this way, ADB operations will contribute to poverty reduction and support inclusive growth.

\textsuperscript{13} World Bank. 2016. Listening2Tajikistan: Survey of Wellbeing. The duration of the survey is from May 2015 to June 2016. The sample of 800 households is drawn from a national survey completed earlier in 2015.


\textsuperscript{15} National Strategy of Tajikistan for Education Development, 2012–2020.