

Tajikistan's economy in 2013:

- Tajikistan's economy grew by 7.4 percent in 2013, thanks to sustained, strong inflow of remittances, which offset the impact of weak export performance and a more pronounced trade deficit.
- The service sector remained the largest in the economy, contributing almost half of gross value added.
- Inflation fell to 3.7 percent in 2013 due to a limited increase in food prices and a stable exchange rate.
- Lower inflation led to further monetary easing and the managed floating exchange rate regime was preserved in 2013. Despite strong credit growth and high margins, the banking sector is not profitable, and the financial sector is vulnerable to liquidity shocks.
- Overall budget balance deteriorated compared to 2012, while overall revenue collection was on target, around 27 percent of GDP in 2013.
- Tax arrears rose, and government spending increased just over 3 percent to 28.2 percent of GDP in 2013.
- Government debt fell, but the Tajikistan's fiscal and debt positions remain fragile and subject to significant risks.
- Economy is vulnerable to external shocks due to its dependence on cotton and aluminum exports and high export market concentration.
- The number of those registered as unemployed rose to 7 per vacancy, compared to 6 a year ago. Also, wage employment decreased by 2 percent in December 2013, compared to a year ago.
- In 2013, officially registered unemployment was 2.4 percent of the economically active population.
- The government approved a state-owned enterprise dividend policy and a decree that provides for a unified property registration system, in 2013.
- The Chamber of Accounts is authorized to conduct external audits of all public institutions in Tajikistan.

Looking forward:

- GDP growth is estimated to ease modestly to 7 percent in 2014 due to slower sectoral growth and a deteriorating external environment.
- Current account deficit is projected to widen to over 3 percent of GDP in 2014 because of low external demand, low aluminum process and a slowdown in remittances.
- Given Tajikistan has a high number of youth (54 percent of population is 24-years-old or younger), the education system needs to equip young people with the right skills to compete in the labor market.
- Comprehensive economic and structural reforms are necessary to create better and more productive jobs.

- Despite positive trends in the agricultural sector, risks to it remain high, and a national and regional strategy for agro-processing can help guide the development of the sector.
- The government is developing a new accounting policy and a unified chart of accounts, while medium-term expenditure frameworks have been developed for six pilot sectors.