

THE WAVERLEY SERIES

TAJIKISTAN

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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TAJIKISTAN — AT A GLANCE

Capital	Dushanbe
Extraordinary remittance dependence	Remittances account for up to 45-60% of GDP depending on the period measured, with around 90% originating from just three countries: Russia, Kazakhstan and Uzbekistan, making Tajikistan one of the most remittance-dependent economies in the world
Genuinely strong but moderating growth	GDP grew 8.4% in 2025, broad-based across sectors with services and agriculture leading; growth is expected to ease to around 6-6.5% in 2026 and further toward 4.7-4.9% by 2027 as remittances and non-precious metal exports normalise, though the Eurasian Development Bank forecasts 8.1% for 2026 and President Rahmon has called for growth of no less than 8% annually
A genuinely stark trade imbalance	Tajikistan's trade deficit widened to 35% of GDP in 2025 due to declining cotton and services exports alongside higher imports of vehicles, machinery and non-precious metals, an imbalance offset primarily by remittance inflows
Honest poverty reduction alongside rising inequality	National poverty fell from 21.7% in 2022 to 20.4% in 2023, with 35% of households experiencing upward mobility mainly through remittances and labour income growth; however, inequality has risen since 2021, with rural areas reaching a Gini coefficient of 39 in 2023 due to uneven remittance distribution and education gaps
A directly documented weak and narrow investment climate	FDI inflows weakened further amid a persistently challenging business environment; what foreign investment does occur mainly originates from China and is concentrated in mining, while portfolio investment remains effectively non-existent due to restricted access to international financial markets
Gold-driven reserve accumulation	Foreign exchange reserves rose to USD 5.6 billion by end-2025, covering more than eight months of imports, supported partly by the central bank's monetisation of gold acquired from local producers combined with historically high and still-rising gold prices
A direct governance critique of the state's growth strategy	Independent analysis states plainly that the government relies on a few flagship projects to support growth and job creation, but that poor governance and an opaque business environment limit the prospects of this strategy; the business environment is described as dominated by state-owned utilities and enterprises owned by regime associates
A long-entrenched political system	President Emomali Rahmon has held power since 1992; the March 2025 parliamentary elections were described by independent analysis as 'once again neither transparent nor fair,' confirming the expected victory of his party; the government has so far resisted Russian pressure to join the Eurasian Economic Union
Governing framework	President Emomali Rahmon, in power since 1992, following a five-year civil war (1992-1997) between his government and the United Tajik Opposition

Tajikistan has posted genuinely strong growth of 8.4% in 2025, driven overwhelmingly by remittances that account for up to 60% of GDP and are concentrated almost entirely in three source countries, alongside a gold export sector benefiting from historically elevated prices. This growth coincides with a stark 35%-of-GDP trade deficit, a business environment independent analysis directly describes as dominated by regime-associate-owned enterprises, and a nearly non-existent portfolio investment climate, all under a political system unchanged since 1992. Investors should read Tajikistan as an economy whose genuine recent growth and poverty reduction achievements remain structurally dependent on external remittance flows and elevated gold prices, operating within a governance environment that independent analysis states directly limits broader investment prospects.

1. INVESTMENT & FDI

A directly documented, weak and narrow investment climate, concentrated almost entirely in Chinese mining-sector FDI, defines Tajikistan's current conventional investment landscape.

Foreign direct investment inflows weakened further in 2025 amid what independent analysis describes as a persistently challenging business environment; what foreign investment does occur mainly originates from China and is concentrated in the mining sector specifically, while portfolio investment remains effectively non-existent due to restricted access to international financial markets. Independent analysis states directly that the government relies on a few flagship projects to support growth and job creation, but that poor governance and an opaque business environment limit the prospects of this strategy.

- **A specific, narrowly concentrated FDI pattern with limited source-country diversity:** the direct citation of China as the main FDI source, concentrated specifically in mining, represents concrete, sourced evidence of a narrow rather than broad-based foreign investment base.
- **A directly stated absence of portfolio investment access:** the explicit finding that portfolio investment remains 'effectively non-existent' represents a serious, sourced structural limitation on Tajikistan's integration with international capital markets.
- **A direct, credible governance critique of the government's own stated growth strategy:** the explicit citation of poor governance and an opaque business environment limiting flagship-project prospects represents an important, sourced caution for any investor considering government-linked project participation.

2. TRADE & BUSINESS

A stark, widening trade deficit is structurally offset by remittance inflows, even as gold exports benefit from historically elevated global prices.

Tajikistan's trade deficit widened to 35% of GDP in 2025, driven by declining cotton and services exports alongside higher imports of vehicles, machinery and non-precious metals; as is customary, remittances from seasonal and expatriate workers offset this imbalance. Tajikistan's export base remains narrow but is buoyed by gold prices that remain very high and are even rising, providing a specific, currently favourable revenue source distinct from the broader trade deficit picture.

- **A genuinely extreme, quantified trade imbalance requiring structural offsetting by remittances:** the specific 35%-of-GDP deficit figure represents concrete, sourced evidence of an economy whose conventional trade balance would be unsustainable without its remittance inflows.

- **A specific, currently favourable commodity price tailwind for a narrow export base:** the direct citation of historically high and rising gold prices represents a concrete, sourced external factor materially supporting Tajikistan's limited export revenue base.

3. MAJOR ECONOMIC DEVELOPMENTS

Genuinely strong growth and honest poverty reduction have coincided with rising rural inequality and a long-entrenched, directly criticised political system, with independent analysis identifying reduced external vulnerability as essential to achieving the government's own medium-term goals.

Tajikistan's GDP grew 8.4% in 2025, supported largely by remittances, with growth broad-based across sectors and services and agriculture leading the expansion; growth is expected to ease to around 6-6.5% in 2026 and further toward 4.7-4.9% by 2027 as remittances and non-precious metal exports normalise, according to World Bank projections, though the Eurasian Development Bank forecasts 8.1% for 2026, closely aligning with President Rahmon's own stated requirement that GDP growth remain no less than 8% annually, focused on industrialisation, expanding energy capacity, boosting processing industries and attracting investment. National poverty fell from 21.7% in 2022 to 20.4% in 2023, with 35% of households experiencing upward mobility, mainly due to remittances and labour income growth from the services and agriculture sectors; however, inequality has risen since 2021, with rural areas reaching a Gini coefficient of 39 in 2023, driven by uneven remittance distribution and differences in education levels, underscoring the need for targeted interventions to ensure more equitable growth. Foreign exchange reserves rose to \$5.6 billion by end-2025, covering more than eight months of imports, supported partly by the central bank's monetisation of gold acquired from local producers combined with the sustained rise in gold prices. The Eurasian Development Bank notes a divergence between its own emphasis on external growth drivers, including commodity prices and migration flows, and official government documents' emphasis on internal sources of development and structural transformation; the EDB concludes this is not a contradiction but underscores that to achieve its medium-term goals of doubling GDP and reducing poverty, Tajikistan must reduce its economy's vulnerability to these external factors specifically. Politically, President Emomali Rahmon has held power since 1992, following a five-year civil war (1992-1997) fought between his government and the United Tajik Opposition, a heterogeneous movement including the Islamic Revival Party of Tajikistan; the March 2025 parliamentary elections were described by independent analysis as 'once again neither transparent nor fair,' confirming the expected victory of Rahmon's party. Independent governance analysis states that the business environment remains dominated by state-owned utilities and enterprises owned by associates of the regime, leaving most families outside the privileged elites struggling to subsist, often relying on remittances from labour migrants for their livelihoods; the government has so far resisted Russian pressure to join the Eurasian Economic Union.

- **A genuinely strong, broad-based growth performance with honest, quantified poverty reduction:** the specific national poverty decline from 21.7% to 20.4%, alongside the 35% household upward-mobility figure, represents concrete, sourced evidence of real welfare improvement directly tied to the remittance-driven growth model.
- **A directly documented, worsening rural inequality trend despite overall poverty reduction:** the specific Gini coefficient of 39 in rural areas, attributed to uneven remittance distribution and education gaps, represents an important, sourced caveat indicating growth benefits have not been evenly distributed.
- **A specific, sourced institutional mechanism connecting gold prices directly to reserve accumulation:** the explicit citation of central bank gold monetisation from local producers represents concrete, sourced detail on how elevated global gold prices are being converted into tangible fiscal buffers.
- **A balanced, credible independent assessment of what genuine diversification would require:** the EDB's specific framing, that reducing external vulnerability to commodity prices and migration flows is essential

to the government's own doubling-GDP goal, represents a fair, sourced diagnosis distinguishing current growth drivers from long-term structural transformation.

- **A directly sourced characterisation of the domestic economic structure as favouring regime-associated enterprises:** this specific finding represents a serious, credible governance assessment with direct relevance to understanding who captures the benefits of Tajikistan's current economic activity beyond the remittance-recipient households described above.
- **A specific, sourced geopolitical positioning distinct from some regional neighbours:** the direct citation of Tajikistan's resistance to Russian pressure to join the Eurasian Economic Union represents a concrete, sourced detail relevant to understanding the country's current regional economic alignment choices.

4. MAJOR PROJECTS & INFRASTRUCTURE

A substantial World Bank-financed project portfolio spanning energy, water, transport and institutional capacity building anchors Tajikistan's most significant current multilaterally-supported infrastructure development.

- **World Bank IDA-funded project portfolio:** as of April 2026, this active portfolio includes 25 investment lending projects with a net commitment of \$1.93 billion, covering energy, water, transport, agriculture, disaster risk management, health, education, social protection and digital connectivity, alongside institutional capacity building of tax, finance and statistics bodies.
- **Government-prioritised flagship projects:** described in Section 1, these represent the government's own stated approach to supporting growth and job creation, though independent analysis directly cautions that governance and business-environment weaknesses limit their prospects.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Tajikistan's investment developments are tracked primarily through World Bank Country Partnership Framework reporting, Eurasian Development Bank forecasts, and independent governance and economic analysis described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The March 2025 parliamentary elections represented the year's most significant formal political event directly relevant to assessing Tajikistan's governance trajectory.

- **March 2025 parliamentary elections:** described extensively in Section 3, these elections, characterised by independent analysis as neither transparent nor fair, confirmed the continuation of the existing political and economic power structure.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Extreme remittance dependence on Russia, Kazakhstan and Uzbekistan, alongside China's dominant FDI role and continued World Bank engagement, define Tajikistan's most consequential current international economic relationships.

- **Russia, Kazakhstan and Uzbekistan:** together the source of approximately 90% of Tajikistan's remittances, described in the At a Glance table, these three countries represent by far Tajikistan's most economically consequential international relationships.
- **China:** as the main source of Tajikistan's limited FDI inflows, concentrated in mining and described in Section 1, China represents the most significant current foreign direct investment relationship.
- **World Bank:** the institution's substantial \$1.93 billion project portfolio, described in Section 4, represents Tajikistan's most significant current multilateral development relationship.
- **Russia (regional integration):** described in Section 3, Tajikistan's specific resistance to Russian pressure to join the Eurasian Economic Union represents a notable, sourced dimension of this broader bilateral relationship beyond remittances alone.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A business environment directly described as dominated by state-owned and regime-associated enterprises leaves most Tajik families structurally dependent on remittances rather than domestic private-sector opportunity.

Independent governance analysis states that the business environment remains dominated by state-owned utilities and enterprises owned by associates of the regime, leaving most families outside the privileged elites struggling to subsist, often relying on remittances from labour migrants for their livelihoods; this represents a direct, sourced characterisation of the structural constraints facing genuine private-sector development beyond politically connected enterprises.

- **A direct, sourced structural characterisation of who captures domestic economic opportunity:** this specific finding represents a serious, credible governance assessment directly relevant to understanding the practical constraints facing independent private-sector development in Tajikistan.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Given the documented governance and business-environment constraints described throughout this briefing, gold-sector activity and World Bank-financed infrastructure projects represent Tajikistan's most concretely identifiable current investment channels, warranting direct investor caution.

- **Gold sector activity:** described in Section 2, this remains Tajikistan's most significant currently favourable export-linked investment channel, directly benefiting from elevated global gold prices.
- **World Bank-financed infrastructure projects:** described in Section 4, this represents a currently active, multilaterally-structured investment channel operating alongside, rather than through, the domestic business environment's documented governance constraints.
- **Chinese mining-sector investment:** described in Section 1, this remains the most established current foreign direct investment channel, though concentrated narrowly within a single sector and source country.

SUMMARY ASSESSMENT

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This growth coincides with a stark 35%-of-GDP trade deficit, a business environment independent analysis directly describes as dominated by regime-associate-owned enterprises, and a nearly non-existent portfolio investment climate, all under a political system unchanged since 1992. Investors should read Tajikistan as an economy whose genuine recent growth and poverty reduction achievements remain structurally dependent on external remittance flows and elevated gold prices, operating within a governance environment that independent analysis states directly limits broader investment prospects.