



TAJIKISTAN ECONOMIC UPDATE

Focusing on Digital Transformation of Trade in Tajikistan

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EXECUTIVE SUMMARY

Economic Outlook

Tajikistan's recent economic performance has been marked by an accelerated growth trajectory, underpinned by substantial remittance inflows. Against a backdrop of strong private sector demand, the authorities' policy response has been broadly appropriate, characterized by a commitment to fiscal discipline and the fortification of external buffers. Despite this above-trend growth, appropriate policy adjustments have helped to ease overheating pressures in the economy.

Tajikistan maintained robust economic momentum in 2024 while confronting mounting external uncertainties. Real gross domestic product (GDP) growth reached 8.4 percent, nearly matching the pace in 2023, with services and industry driving expansion. This positive trajectory continued into Q1 2025, with 8.2 percent year-on-year (yoy) growth. Domestically, consumption and investment offset an export decline of 20.5 percent due to decreases in precious metals and cotton shipments. Domestic demand was bolstered by substantial remittance inflows—approximately 49 percent of GDP in 2024 compared to 39 percent in 2023—and increased public sector wages. Private investment surged 8.4 percent, predominantly in residential construction, and private consumption grew by 12.4 percent in 2024.

Over the medium term, economic growth is set to moderate but remain robust. Real GDP is expected to slow to 7.0 percent in 2025, 4.9 percent in 2026, and 4.7 percent in 2027, primarily reflecting a normalization of remittance flows, although private consumption and somewhat recovered precious metal exports are also expected to support growth. Real GDP growth is expected to converge toward potential growth, which is estimated at 4.5 percent over the medium term. Although real GDP growth has been above potential growth since 2021, there is no evidence of overheating, since inflation has remained within the 6 percent (+/-2) target of the Tajik central bank, the National Bank of Tajikistan (NBT). Sustaining the current strong economic trajectory and unlocking Tajikistan's potential growth rate will critically depend on the authorities' resolute commitment to accelerating the implementation of comprehensive structural reforms.

Despite strong financial inflows and private sector demand, the prudent course of monetary policy ensured that inflation is under control. Price stability characterized 2024, creating space for monetary easing. Average inflation edged down to 3.6 percent from 3.8 percent in 2023, below the NBT target range of 6 percent (+/-2). Amid strong financial inflows, the central bank absorbed excess liquidity from the system by scaling up its sterilization operations to contain money supply growth. This benign environment has enabled the NBT to reduce the policy rate through sequential cuts from 10 percent in the beginning of 2024 to 8.25 percent by May 2025. Food and nonfood inflation decreased significantly, with food prices dropping from 3.4 percent to 2.5 percent by year end. For 2025, the inflation rate is expected to rise slightly to 3.9 percent before converging toward the 5 percent medium-term target, as the NBT aims to achieve credibility in moving toward its target.

While the sharp decline in exports widened the trade deficit, substantial remittance inflows helped maintain a resilient current account and finance private sector demand for imports. The trade deficit broadened to 38.3 percent of GDP as exports contracted. Nevertheless, the current account surplus expanded to 6.2 percent of GDP in 2024, from 4.8 percent in 2023,

powered by a 45.5 percent surge in remittances. Strong foreign exchange inflows supported the accumulation of international reserves by the central bank. Looking forward, the current account surplus is projected to narrow to 2.9 percent in 2025 and 1.6 percent by 2026, as income flows normalize and the trade balance improves as is anticipated, while exports slowly recover amid less monetary tightening and there is a gradual rebound in the demand for base metals.

The authorities were able to keep a cap on the budget deficit amid revenue challenges in 2024, while debt indicators improved markedly. Despite strong economic activity, a decline in investment grants, VAT rate cut, and reduced taxes on international trade, including import exemptions for electric vehicles contributed to a revenue shortfall. According to preliminary estimates, the fiscal deficit widened marginally to 1.3 percent of GDP from 1.0 percent in 2023, reflecting revenue shortfalls that resulted in growth in revenues of 8.1 percent (yoy) in 2024 compared to 22.5 percent growth in 2023. Expenditures contracted to 29.0 percent of GDP, growing by 9.5 percent (yoy) in 2024, down from 20.7 percent in 2023. This was mainly due to reduced capital investment as several major infrastructure projects reached completion. Much needed social sector spending was prioritized, climbing from 41 percent to 47 percent of total spending. Public debt decreased from 30.0 percent to 25.4 percent of GDP, aided by vigorous economic growth and substantial external debt repayment.

Banking indicators strengthened despite structural limitations persisting, thus hampering financial intermediation. Financial institutions posted strong profits in 2024, achieving 20.7 percent return on equity, while nonperforming loans decreased from 12.7 percent to 7.1 percent. However, financial markets remain considerably shallow—deposits and private credit are only around 10 percent of GDP, substantially below neighboring countries and all international benchmarks. Interest margins remain exceptionally wide, at 21.8 percent, reflecting operational inefficiencies, elevated credit risk, and competition constraints. Only 14.7 percent of private firms had bank loans in 2024, compared to a 42.1 percent regional average. Looking ahead, the central bank should remain cautious to mitigate the potential risks stemming from the rapid private sector credit growth observed in recent years.

Recent poverty reduction has been driven by remittances and growing labor incomes, although Tajikistan faces growing inequality challenges, particularly in its rural areas. National poverty declined from 21.7 percent in 2022 to 20.4 percent in 2023, with 35 percent of households experiencing upward mobility, primarily driven by remittances and labor income growth from services and agriculture sectors. Inequality has risen since 2021, however, with rural areas reaching a high level of inequality (Gini coefficient of 39) in 2023, due to disparities in uneven remittance distribution and education attainment. This highlights the need for targeted interventions to ensure more equitable growth.

Digital Transformation of Trade in Tajikistan

Digital innovation offers Tajikistan a pathway to overcome geographic constraints and revolutionize its trade landscape. This transformation encompasses not only modernized processes through digital tools but also new forms of digitally enabled commerce. For a landlocked nation, these represent strategic solutions to reduce trade costs by upward of 13 percent while enhancing efficiency, transparency, and global market access. Successful digitalization can help local businesses meet time-sensitive delivery requirements essential for global value chain participation.

Technology adoption lags regional peers, creating competitive disadvantages in the digital marketplace. Tajikistan underperforms in crucial metrics spanning e-participation, online services, telecommunications capability, and technological readiness. Its e-commerce market is projected to grow at only 4.7 percent compound annual growth rate (CAGR) between 2025 and 2029, reaching only US\$28.4 million by 2029. This is well below the regional forecast of 30.63 percent CAGR with a market value of US\$182.2 billion by 2033. Infrastructure gaps—notably poor internet connectivity—affect nearly half of customs checkpoints.

Legal and regulatory frameworks show significant gaps, hindering digital commerce development. Despite having foundational electronic documentation laws, Tajikistan lacks broad provisions for digital identity, paperless trade, data protection, security standards, and consumer safeguards. Specific deficiencies include missing data subject rights, unclear consent protocols, and inadequate breach notification requirements. International evidence suggests robust digital trade regulations can slash goods trade expenses by up to 20 percent and service costs by up to 30 percent.

Progress in trade digitalization shows promise, but implementation remains partial. Tajikistan has advanced several initiatives, including e-commerce development programs and customs automation through its Central Asia Regional Links Program (Fourth Phase) (CARs-4) program. Implementation of the Automated System for Customs Data (ASYCUDAWorld) represents the country's most significant customs modernization effort. However, many processes still require physical presence at customs offices and the Single Window system, launched in 2020, faces utilization challenges despite significant trader uptake.

Accelerating digital transformation requires synchronized interventions across seven priority domains: (i) building digital foundations through connectivity and security enhancements; (ii) modernizing government digital services; (iii) creating an integrated ecosystem for trade operations; (iv) implementing performance monitoring; (v) strengthening legal foundations with international alignment; (vi) establishing trust mechanisms; and (vii) developing institutional expertise. Each domain requires specific actions, from broadband infrastructure expansion to implementing mandatory cybersecurity standards and developing comprehensive data protection legislation. With 2025–2030 designated as "Years of Digital Economy and Innovation Development," this moment presents a critical opportunity to catalyze reforms and strengthen Tajikistan's competitive position in global digital markets.

ABBREVIATIONS

CAGR	➤	Compound annual growth rate
DTRR	➤	Digital trade regulation readiness
FDI	➤	Foreign direct investment
GDP	➤	Gross domestic product
HPP	➤	Hydropower Plant Project (Rogun)
NBT	➤	National Bank of Tajikistan
OECD	➤	Organisation for Economic Co-operation and Development
PPG	➤	Public and publicly guaranteed
TJS	➤	Tajikistan somoni (local currency)
TSA	➤	Targeted Social Assistance
WTO	➤	World Trade Organization
y-o-y/yoy	➤	year-on-year or year on year

1. Economic Outlook

1.1 External Environment

According to the June edition of Global Economic Prospects, global growth is projected to slow to 2.3 percent in 2025 before edging up to an average of 2.5 percent in 2026-2027, below the pre-pandemic average (Figure 1). The global outlook has become more challenging amid escalating trade tensions and heightened policy uncertainty, which have contributed to tighter global financial conditions over the first half of the year- factors that are expected to weigh on trade and global activity. As a result, growth forecasts have been downgraded in most economies compared to 2024, particularly in the United States and the Euro Area, characterized by a high degree of openness and deep integration into global value chains.

Growth in the emerging markets and developing economies, excluding China, is also expected to decelerate. The slowdown reflects the slower growth of open economies with large manufacturing sectors and close links to international supply chains, amplifying the impact of recent trade and confidence shocks. China, an important destination for Tajikistan's exports (17 percent of total exports in 2023) and its largest foreign investor and creditor, is expected to slow amid rising trade barriers and lower external demand, despite support from fiscal policy. Growth in the Europe and Central Asia region is expected to moderate in 2025, driven by weaker consumption alongside an adverse trade environment, before picking up slightly in 2026 as investment and exports slowly recover amid less monetary tightening and a gradual rebound in the Euro Area. The Russian Federation, a significant trade partner of Tajikistan and its primary source of remittances, is projected to experience slower growth in the 2025–2026 period due to tight monetary conditions, sluggish real wages, and lower oil prices.

Tajikistan's economic outlook remains closely linked to commodity price movements, given that metals and minerals account for two-thirds of exports. Global commodity prices are expected to decline by 10 percent in 2025 and by another 6 percent in 2026, mainly reflecting weaker growth prospects (Figure 2). Energy prices are projected to fall by 17 percent in 2025 as global demand softens and oil production from OPEC+ exceeds earlier expectations. Agricultural prices are anticipated to be little changed. Metal prices are envisaged to soften by 5 percent in 2025 due to trade tensions weighing on industrial demand, following a temporary boost from the early-year anticipation of new trade-restrictive measures that supported copper and aluminum prices. Tajikistan's base metal exports, particularly aluminum, zinc, and ores, are vulnerable to these trends, with prices impacted by the ongoing weak global demand conditions, including in China. However, the country, which also relies on gold exports (32 percent of total exports in 2023), is expected to benefit from higher gold prices in 2025 following record levels in 2024, supported by safe-haven demand amid rising policy uncertainty, financial volatility, trade tensions, and central bank purchases.

Disinflation is expected to be gradual. Global headline inflation remained elevated earlier this year, staying above pre-pandemic levels. Core inflation remained sticky due to service price increases (Figure 3). Easing commodity prices and reducing labor market tightness are expected to support global disinflation, although higher tariffs, particularly in major economies, could delay this. In the Europe and Central Asia region, median headline inflation has moderated somewhat since March 2025, but remained above 4 percent, limiting space for rate cuts.

Risks to global growth are tilted to the downside. Heightened policy uncertainty and further escalation of trade tensions or tariffs—reflected in record-high uncertainty levels—are expected to undercut confidence and weigh on trade and investment (Figure 4). Rising geopolitical tensions, including a more protracted or intensified Russian invasion of Ukraine and a resurgence of inflation pressures, also pose significant risks.

Figure 1 Gross Domestic Product Growth

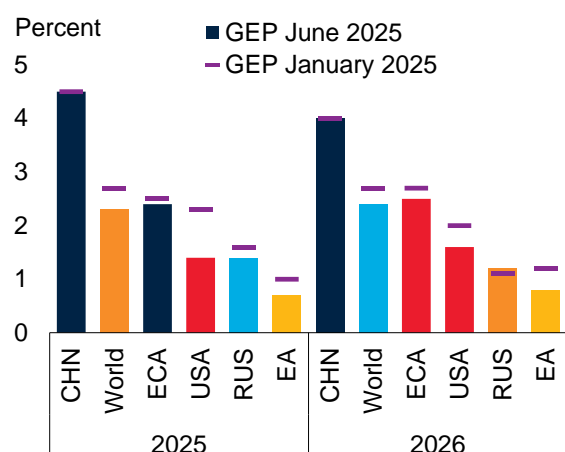


Figure 2 Commodity Price Forecasts

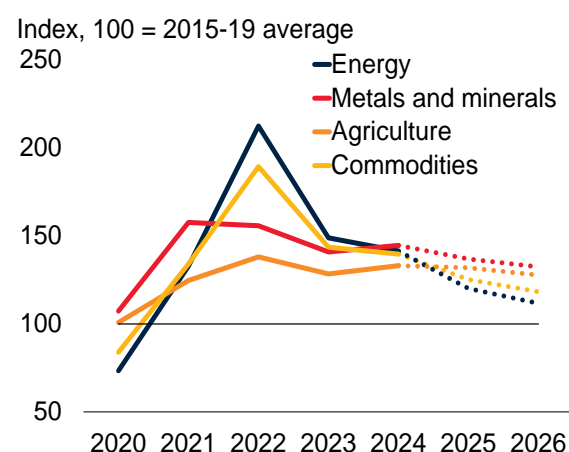


Figure 3 Inflation

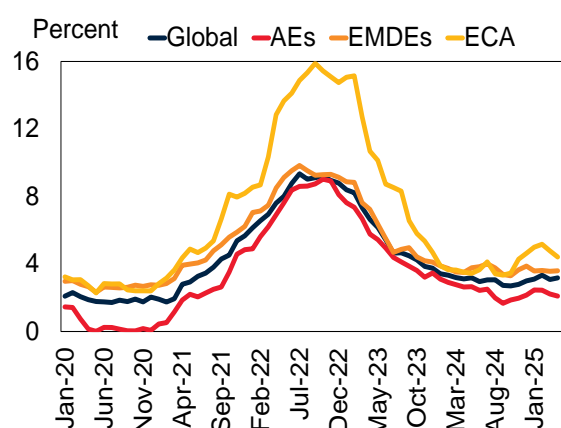
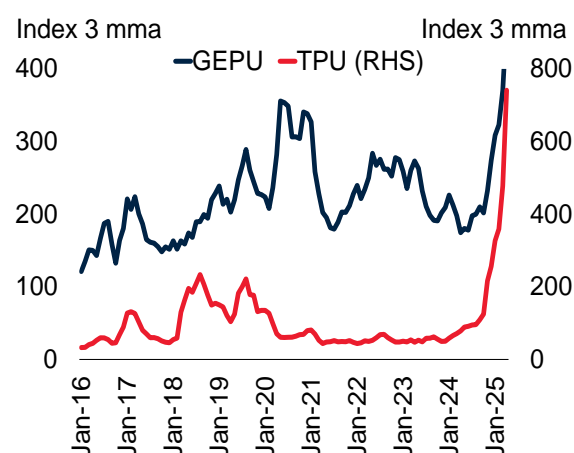


Figure 4 Global and Trade Policy Uncertainty (index)



Sources : Bloomberg; Caldara et al. (2020); Consensus Economics; Haver Analytics; World Bank.

Notes: 3 mma = 3-month moving average; AEs = advanced economies; EA = Euro Area; ECA = Europe and Central Asia region; EMDE = emerging market and developing economies.

Figure 1: Bars show GDP growth for 2025, and 2026, presented in the June edition of the *Global Economic Prospects*.

Figure 2: Commodity prices refer to the World Bank commodity price index annual average, excluding precious metals. Dashed lines indicate forecasts.

Figure 3: Lines show the median headline Consumer Price Index inflation (year on year) for different aggregates. The most recent observation was April 2025.

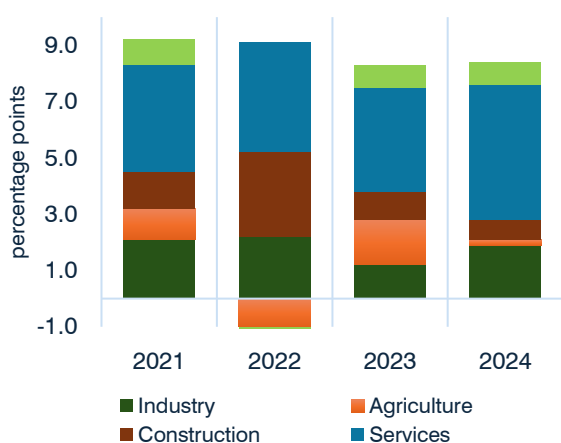
Figure 4: Lines show the 3 mma Global Economic Policy Uncertainty index (GPEU) and Trade Policy Uncertainty index (TPU), which measures media attention to news relating to economic and trade policy uncertainties. Last observations are April 2025.

1.2 Economic Growth in Tajikistan

The country’s economy continued its strong growth in 2024 and further in the first quarter of 2025, expanding at the same pace as a year earlier. Tajikistan’s economy grew by 8.4 percent in 2024 in real terms, maintaining almost the same growth rate (8.3 percent) as in 2023 (Figure

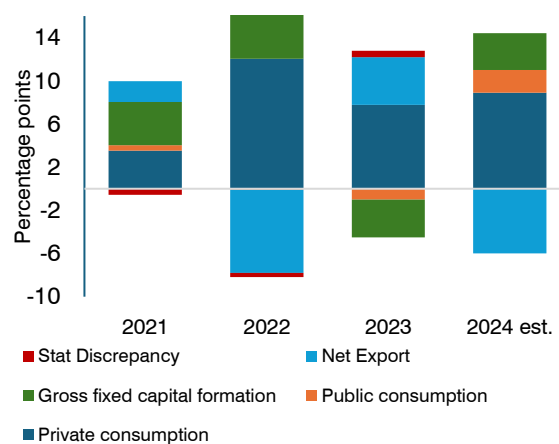
5). Economic activity in 2024 was stronger than originally projected, with services and industry contributing the most to economic expansion. Services accounted for more than half of total growth, largely from value addition in transportation-related services (12.1 percent growth) and wholesale and retail trade activity (11.4 percent). High nominal growth in metal ore mining (50 percent), metallurgical production (13.5 percent), and food processing (10 percent) was largely responsible for expansion in industrial output, which grew by 11.7 percent, contributing to almost one-fourth of total economic growth in 2024. Economic growth was also aided by construction activity, which grew by 8.9 percent, largely in line with growth in private housing developments. Value-added growth in the agriculture sector was minor, rising by only 0.8 percent. The agricultural sector's productivity is being adversely impacted by insufficient technological equipment, limited extension services, soil degradation and the pervasive effects of climate change. Economic activity remained robust in the first quarter of 2025, recording an 8.2 percent growth (yoy), supported by transportation-related services, wholesale and retail trade activity, and agricultural production.

Figure 5 Composition of Gross Domestic Product Growth by Sector, 2021–2024



Source: Statistical Agency of Tajikistan and World Bank staff calculations.

Figure 6 Composition of Gross Domestic Product Growth by Expenditure, 2021–2024



Source: Statistical Agency of Tajikistan and World Bank staff calculations.

On the demand side, rapid domestic consumption and investment growth offset a decline in exports (Figure 6). Consumption, which grew by 12.7 percent in 2024, was the primary driver of demand-side growth in 2024, benefiting from moderating inflation. Stronger-than-expected private consumption was fueled by higher remittance inflows,¹ while public consumption rose largely in line with higher government spending for public sector wage increase which, in turn, contributed to an 11 percent increase in real wages. Total investment also grew (up 8.4 percent) with expansion in private investment (up 38.5 percent), predominantly for residential housing. However, exports fell by 20.5 percent and imports grew robustly by 19.2 percent. The contribution to GDP growth from net exports of goods and services (-39.7 percent growth, contributing -12.8 percentage points) in 2024 was dramatically lower than in 2023 (17.7 percent growth, contributing 4.3 percentage points).

Over the medium term, economic growth is set to moderate but remain robust. The medium-term outlook remains favorable, with growth projecting to slow from 8.4 percent in 2024 to 7

¹ Net compensation of employees, which includes remittances from abroad, grew by 47 percent—or from US\$3.2 billion in 2023 to US\$4.8 billion in 2024.

percent in 2025, to 4.9 percent in 2026, and to 4.7 percent in 2027. This is in line with an anticipated moderation of remittance inflows, although private consumption and recovered precious metal exports are expected to support growth. Real GDP growth is expected to converge toward potential growth, which is estimated at 4.5 percent over the medium term. Although real GDP growth has been above potential growth since 2021, there is no evidence of overheating, since inflation has remained within the NBT's target of 6 percent (+/-2).² Capital investment is projected to expand given higher public capital expenditures for key energy infrastructure projects over the medium term. Despite tightening budgetary policy, higher public spending for the continued funding of the government's policy for wages and pension increases will likely stimulate demand-side growth. The near-term outlook also suggests improvements in export growth, benefiting from the recovery in precious metal exports. Consumer spending growth is expected to remain steady, as lower remittances are counterbalanced by wage increases. On the supply side, economic growth will likely be supported by the industrial and agriculture sectors, in line with expected robust growth in mining as well as food and beverage output, in addition to a recovery in cotton production.

1.3 Monetary Policy

Consumer price inflation remained stable and below the NBT's 2024 target range of 6 percent (+/-2). Average Consumer Price Index inflation slightly eased, from 3.8 percent in 2023 to 3.6 percent in 2024, signaling a more stable economic environment and reduced price pressures. This trend persisted in 2025, as inflation stood at 3.8 percent in May. Several factors contributed to this decline, notably lower global food prices which helped reduce imported inflation, a stable exchange rate throughout the year, and a prudent monetary policy by the NBT. To contain money supply growth and inflationary pressures, the central bank intensified sterilization of excess liquidity from TJS 8.9 billion in 2023 to TJS 12 billion in 2024, and further to TJS 4.6 billion in Q1 2025 compared to TJS 1.4 billion in Q1 2024.

With a benign inflation outlook, the NBT reduced interest rates from February 2024 to May 2025. The policy rate was first reduced in February 2024 from 10 percent to 9.5 percent and was followed by further cuts in 2024-2025, which brought the policy interest rate to 8.25 percent by May 2025. This steady reduction in the policy rate reflected NBT's confidence in managing inflationary expectations. The real interest rate averaged 5.5 percent in 2024 compared to 6.6 percent in 2023.

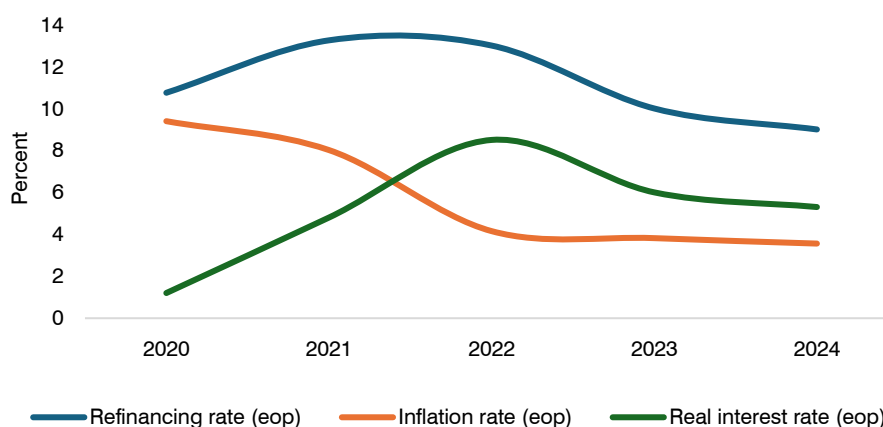
The significant reduction in food and nonfood inflation in 2024 contributed to easing the overall inflationary pressure and provided relief to households.

Food inflation improved notably, dropping from 3.4 percent at the end of 2023 to 2.5 percent at the end of 2024 (Figure 7). This was mainly driven by lower prices for bread and flour products, fruits and vegetables, and sugar. The drop in food prices was key in the overall reduction in inflation, providing relief to vulnerable households, their having had to face higher living costs in the previous year. Nonfood inflation also decreased, falling from 6.6 percent in 2023 to 4.0 percent in 2024. This was primarily attributed to lower prices for petroleum products, clothing and footwear, and vehicles—especially considering the growing popularity of low-cost e-vehicles. Inflation in services, however, saw a different trend, rising from 1.2

² The NBT has been able to use prudent monetary policy without restricting GDP growth because growth is so much driven by remittances from outside the country. Remittance inflows are also causing the exchange rate to appreciate and, hence, the inflation rate is low.

percent in 2023 to 4.8 percent in 2024. The rise in service prices resulted from increased tariffs for electricity, housing and communal services, and healthcare.

Figure 7 Interest Rates and Inflation



Sources: National Bank of Tajikistan and World Bank staff calculations.

In 2025, inflation is expected to rise slightly to 3.9 percent before gravitating toward the NBT’s medium-term target of 5 percent (+/-2)³, thanks to prudent monetary policy. Global commodity and food prices are expected to be higher, given global policy uncertainty and intensifying trade protectionism. The NBT is expected to maintain a monetary stance consistent with price stability, increasing policy rates as needed.

1.4 Financial Sector and Lending Activity

Tajikistan's financial sector faces significant development challenges despite recent reforms. The banking system dominates the financial landscape, accounting for 77 percent of financial sector assets, but operates with high intermediation costs, moderate concentration, and limited depth that constrains economic growth. Strong financial inflows boosted private credit growth, which reached over 27 percent yoy, and supported robust banking sector profitability in 2024, with return on equity at 20.7 percent. In December 2024, according to NBT data, reported nonperforming loans had decreased from 12.7 percent in 2023 to 7.1 percent—a significant improvement on past years, but still elevated compared to peer countries. The reported Tier 1 capital ratio stood at a healthy 17.8 percent (compared to a 10 percent minimum) while liquid assets to short-term liabilities stood at 78.3 percent.

Financial intermediation remains severely constrained, although there have been improvements in banking stability. While on an upward trend, deposits-to-GDP and private sector credit-to-GDP ratios hover slightly above 10 percent—far lower than neighboring countries and suggesting that the Tajik economy remains largely unbanked. This limited intermediation coincides with extraordinarily high interest rate spreads (i.e., the difference between what banks charge to their borrowers and what they pay to their depositors) of 21.8 percent in 2024. Following a severe banking crisis in 2016/2017, the authorities have implemented significant

³ In early 2025, NBT updated its medium-term inflation target from 6 percent (+/-) to 5 percent (+/-).

reforms that have strengthened financial stability⁴—however, the sector remains vulnerable and underdeveloped compared to regional peers.

Box 1 Factors behind Tajikistan’s High Interest Rate Spreads

Multiple interrelated factors contribute to Tajikistan's exceptionally high interest rate spreads, as indicated by recent World Bank research. Operational inefficiency plays a major role, with banks passing high operating costs on to customers (the banking sector shows a high cost-to-income ratio of 54.6 percent). Credit risk remains substantial, prompting banks to charge premium rates to compensate for potential defaults. The small size of many banks prevents them from achieving economies of scale, while limited competition allows institutions to maintain higher margins than would be possible in a more competitive environment. Risk aversion compounds these issues, as well-capitalized banks tend to charge higher spreads to mitigate perceived risks. Banks with limited noninterest income sources rely more heavily on interest income for profitability, further contributing to high spreads.

Businesses face particularly severe barriers to accessing finance. According to the latest Enterprise Survey data, only 14.7 percent of private firms had bank loans or credit lines as of 2024 compared to the regional average of 42.1 percent, and firms cited prohibitively high interest rates and collateral requirements as constraints to accessing finance (World Bank 2025b).

Tajikistan's banking system shows persistent vulnerabilities despite strong profits. High related party lending increased nonperforming loans, while credit risk is concentrated with large exposure to state-owned enterprises, making up 45.9 percent of regulatory capital as of 2024. The country's outdated insolvency framework lacks creditor protections and has almost no practical implementation, with inefficient foreclosure processes and foreign currency risks further weakening the system. To strengthen its financial sector, Tajikistan needs banking consolidation to achieve economies of scale; stronger regulatory frameworks to enhance competition; and improvements to macroeconomic stability, monetary policy, legal frameworks, and contract enforcement—reforms that would address the high costs of financial intermediation and better serve the country's development needs. In the short to medium term, caution is warranted to mitigate the effects of the rapid double-digit credit growth observed in recent years.

1.5 External Sector and Exchange Rate

Strong financial flows supported Tajikistan’s external position and exchange rate. Despite a notable widening of the trade deficit led by a significant drop in exports, the robust inflow of

⁴ The 2016 banking crisis forced Tajikistan to undertake dramatic financial sector reforms. The collapse of energy prices in the 2014–2015 period triggered a major economic shock in Tajikistan. As remittances from Russia plummeted by more than 10 percentage points of GDP between 2014 and 2016, the currency depreciated sharply, and nonperforming loans skyrocketed from 25 percent in 2014 to a staggering 54 percent by 2016. Several banks became insolvent, forcing authorities to take drastic measures. The NBT revoked licenses from multiple institutions, launched comprehensive asset quality reviews, and ultimately liquidated two systemic banks.

remittances helped ensure a surplus in the current account and finance the private sector’s demand for imports. This surge in remittances, reaching approximately 49 percent of GDP in 2024 from 39 percent in 2023, was largely spurred by strong economic activity and real wage growth in Russia. The nominal exchange rate against the U.S. dollar appreciated by 0.4 percent, largely supported by robust financial inflows from migrant remittances.⁵ The real effective exchange rate, however, depreciated by 1.6 percent (Figure 9), driven by the relatively lower inflation rates in Tajikistan's major trading partners, particularly China. Gross international reserves increased by US\$751 million over 2024 to reach US\$4.3 billion by the end of the year, equivalent to roughly seven months of import cover.

Figure 8 Current Account and Remittances

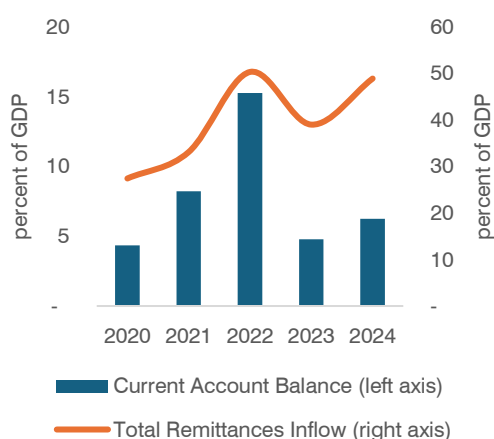
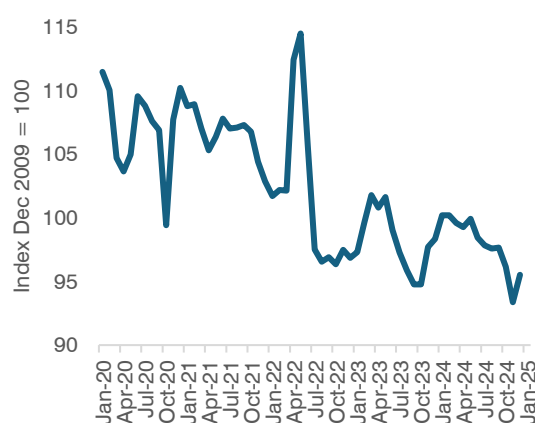


Figure 9 Real Effective Exchange Rate



Sources: National Bank of Tajikistan and World Bank staff estimates and projections.

The external trade balance deteriorated, as a downturn in export volumes coincided with a robust expansion of imports. Export of goods and services fell by 23.2 percent in 2024, caused by declining precious metals and cotton exports,⁶ while import of goods and services grew robustly by 16.4 percent in line with higher imports of equipment, ferrous metals, and food commodities. Accordingly, the trade deficit widened to 37.2 percent of GDP in 2024 compared to 31.3 percent in 2023. Although the somoni appreciated against the Russian ruble by 1.5 percent in 2024, this was not responsible for Tajikistan’s declining exports since the Russia accounts for a small share of Tajikistan’s exports. The current account surplus was estimated at 6.2 percent of GDP in 2024, an increase compared to the 4.8 percent current account surplus in 2023 (Figure 8). The surplus was driven by remittance inflows, which grew 45.5 percent (yoy) in 2024.

Although foreign direct investment (FDI) inflows increased in 2024, they remained low since the poor business environment continues to constrain investment. Net inflows of FDI were 1.3 percent of GDP compared to 0.8 percent in 2023, supported by manufacturing as well as wholesale and retail trade, although 2023 net inflows were still lower than the prior five-year average of 1.6 percent from 2018 to 2022. Tajikistan’s FDI sits between the average for low- and middle-income countries (1.1 percent of GDP) and that of the Europe and Central Asia

⁵ The most recent nominal effective exchange rate is for 2023. The same rate appreciated from 60.1 in 2022 to 65.6 in 2023.

⁶ The drop in precious metal exports was caused by the NBT having sent, in 2023, gold for refinement and conversion to monetary gold overseas—mostly to Switzerland—and subsequently not exporting gold in 2024. The NBT purchases most of its domestic gold production, followed by the Ministry of Finance.

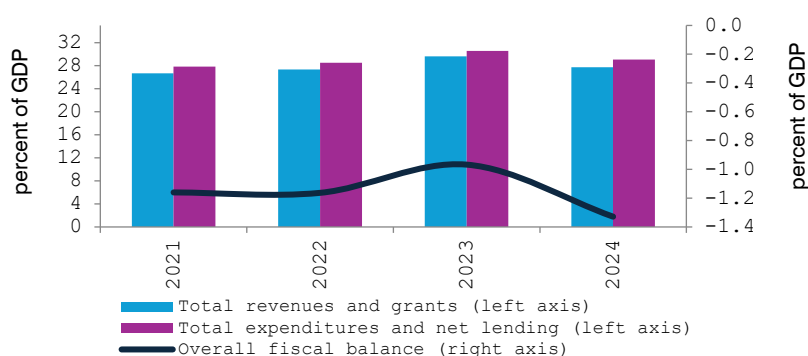
region, excluding those of high income (1.9 percent of GDP).⁷ In the third quarter of 2024, manufacturing grew by 8.1 percent (third quarter on third quarter); wholesale and retail trade grew by 2.6 percent (third quarter on third quarter); and agriculture declined.⁸ In 2025-2026, net FDI inflows are expected to remain limited at about 1.5 percent of GDP.

In the 2025–2026 period, the trade balance is likely to improve slightly, although the current account surplus is set to remain robust, albeit narrow, as recent strong remittance flows normalize. In 2025, a reduced import bill from lower food prices will likely narrow the trade deficit to an expected 35.8 percent of GDP in 2025, rising only slightly to 35.9 percent in 2026. As Russia’s economic growth slows and its migration policies tighten, net remittance inflows are expected to be adversely affected, leading to a decline in the current account surplus to 2.9 percent of GDP in 2025, then further to 1.6 percent by 2026. As the fall in remittance flows is expected to outweigh the rise in net exports, and given the Tajik economy’s heavy reliance on remittances, the overall current account is expected to deteriorate.

1.6 Fiscal Policy

Despite strong growth, the state budget faced challenges in revenue collection but managed to maintain a low fiscal deficit through spending cuts. According to preliminary estimates, the deterioration in the overall fiscal balance from 1.0 percent of GDP in 2023 to 1.3 percent in 2024 largely reflects lower revenues, which fell by 1.9 percent to 27.7 percent of GDP in 2024 (Figure 10)⁹. While a 1.3 percent decline occurred in public investment program (PIP) grants, in line with the pattern of PIP disbursements, grants for budget support were almost stable relative to GDP in 2024. Domestic nontax revenues also dropped by 0.9 percent to 2.2 percent of GDP in 2024, based on preliminary data from the Ministry of Finance. Tax revenue recorded a moderate decline from 19.4 percent of GDP in 2023 to 19.0 percent in 2024, mainly due to reduced VAT rate from 15 percent in 2023 to 14 percent in 2024, lower taxes on international trade and, in part, due to the import duty exemption for electric vehicles. A 14.3 percent drop in raw cotton exports, in line with lower cotton production and falling global prices on this commodity, also contributed to falling export duties in 2024.

Figure 10 Fiscal Revenues, Expenditures and Balance, 2021–2024



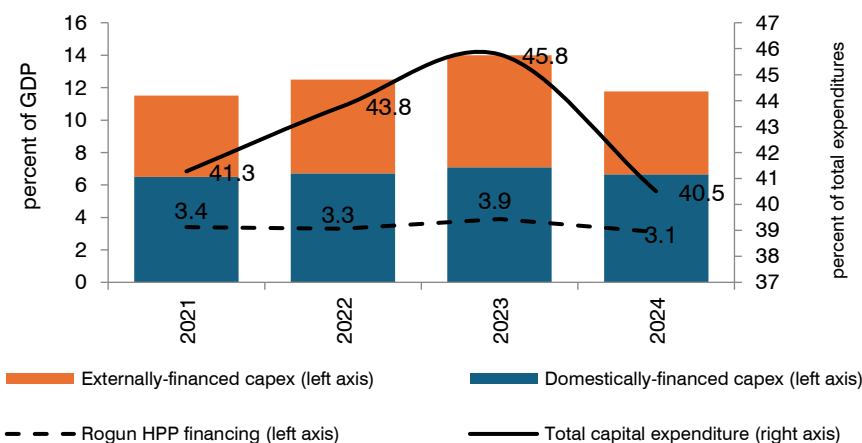
Sources: Ministry of Finance of Tajikistan and World Bank staff calculations.

⁷ Among the Central Asia countries in 2024, Kazakhstan had net FDI outflows of 0.9 percent of GDP, the Kyrgyz Republic received 2.8 percent of GDP, and Uzbekistan received 2.2 percent of GDP.

⁸ Only three-quarters of sectoral data is available at present. In 2023, for which the latest annual sectoral data is available, hotels and restaurants grew by the most: 7.9 percent (in thousands of U.S. dollars) from 2022 to 2023. The next highest growth was in wholesale and retail trade. Manufacturing declined by 0.4 percent while mining also declined by 0.6 percent from 2022 to 2023.

⁹ The World Bank team is still reviewing the final budget figures, which indicate a slight surplus for 2024.

Figure 11 Composition of Capital Expenditures, 2021-2024



Sources: Ministry of Finance of Tajikistan; and World Bank staff calculations.

General government expenditures declined in line with the downward shift in capital spending in the energy and transport sectors (Figure 11). Overall budget expenditures fell from 30.6 percent of GDP in 2023 to 29.0 percent in 2024, largely reflecting a decline in externally financed capital investments, which dropped by 1.8 percent of GDP due to falling financing for transport (1 percent of GDP), energy (0.3 percent of GDP), and agriculture (0.2 percent of GDP). This reflected completion or near-completion of several major infrastructure projects in the country. Domestic capital expenditures fell by 0.4 percent of GDP, in line with reduced financing for the Rogun Hydropower Plant Project (HPP) in 2024. At the same time, current expenditures grew by 0.7 percent of GDP in 2024, reflecting a rise in salaries and pensions, which increased by 0.8 and 0.4 percent of GDP, respectively, in 2024 compared to a year earlier, driven by wage adjustments. The share of spending allocated to the social sectors (i.e., education, health, social protection, culture, and sports) in total public expenditures advanced considerably, rising from 41 percent in 2023 to 47 percent in 2024, reflecting salary and pension rises and increased allocation of capital investment from domestic resources to those sectors.¹⁰

Public debt continued its downward trend due to strong GDP growth and scheduled debt service. The public debt-to-GDP ratio fell from 30.0 percent of GDP in 2023 to 25.4 percent in 2024, in line with a higher GDP value and the sizeable repayment of external debt. The decline also was supported by fiscal discipline and appreciation of the national currency against the U.S. dollar. The stock of public and publicly guaranteed (PPG) external debt in U.S. dollar terms fell by 1.7 percent (US\$55.7 million) to US\$3,188 million at end-2024 as debt principal repayments exceeded new disbursements. PPG external debt fell from 26.8 percent of GDP in 2023 to 22.7 percent in 2024. Domestic debt followed a similar pattern, falling from 3.2 percent of GDP in 2023 to 2.7 percent in 2024, mainly due to repayment of past issues of special bonds.

Despite continued pressure for social and infrastructure spending, the authorities are expected to maintain good fiscal discipline and limit the fiscal deficit to less than 2.5 percent of GDP over

¹⁰ The size of cash transfers of the Targeted Social Assistance (TSA) continued to rise under a new targeting mechanism, from TJS 612 (+TJS 34 per child) in 2023 to TJS 720 (+TJS 72 per child) and, further, to TJS 825 (+TJS 150 per child) in 2025. The budget allocation for the TSA is projected to rise by about 38 percent to TJS 273.2 million (0.2 percent of GDP) in 2025, but with negligible increase relative to GDP (0.04 percent).

the medium term. The government envisages a widening of the fiscal deficit to 2.1 percent in 2025 due to a shortfall in nontax revenue collection and expansion of government expenditures. Thus, the fiscal deficit is expected to remain within the anchor of 2.5 percent of GDP,¹¹ consistent with debt sustainability objectives over the medium term. Nontax revenues are projected to decline in line with a two-year moratorium on business inspections,¹² introduced in early 2025 to reduce the pressure these created on the private sector. This will be reflected in the collection of fines, fees, and forfeitures. An envisaged increase in external grants, collection of natural resource tax, and personal income tax—in line with continued wage increases—is expected to somewhat mitigate the fall in nontax revenues. While the authorities could rely on external grants to relieve some fiscal pressure, expenditure consolidation measures will be needed, especially nonpriority capital expenditures, to preserve fiscal space for crucial expenditures. On the revenue side, maintaining fiscal discipline will necessarily involve streamlining inefficient tax exemptions, refraining from granting new tax incentives, and containing contingent liabilities from state-owned enterprises. On the latter, the Rogun HPP financing from domestic and external sources is projected at 1.7 and 1.4 percent of GDP in 2025, respectively, which will remain within an annual spending limit of 3.0–3.5 percent of GDP¹³ set for budget sustainability.

While public debt is assessed as sustainable, anchored by the government’s commitment to maintain a fiscal deficit of 2.5 percent of GDP over the medium term, a high risk of debt distress nevertheless remains. The updated Debt Sustainability Analysis¹⁴ indicates that the external and public risk of debt distress remain high, which mainly results from the breach of external PPG debt service-to-export indicator in the 2025–2027 period¹⁵. Debt service will peak during this period due to repayments of the Eurobond (US\$500 million) and the International Monetary Fund’s (IMF) Rapid Credit Facility loan (approximately US\$183 million). Under the baseline scenario, the external PPG debt-to-GDP ratio is envisaged to decline to 23 percent by 2027, once Tajikistan’s Eurobond is repaid, and to rise further to 25 percent of GDP by 2033, in line with increased borrowing for Rogun HPP financing. The long-term projection assumes a gradual decline in external debt to 21.5 percent of GDP by 2045 due to electricity export growth and scheduled repayment of Rogun debt obligations. Over the medium term, strengthening revenue mobilization and a reduction of nonpriority expenditures to build fiscal buffers, as well as diversifying electricity exports, are key to maintaining debt on a sustainable path. Nevertheless, public debt remains on a sustainable path, anchored by the government’s commitment to maintain a fiscal deficit of 2.5 percent of GDP over the medium term.

1.7 Poverty Developments

Since 2021, a reduction in poverty has been primarily influenced by growth in labor incomes and remittances. The poverty rate under the national poverty line declined from 21.7 percent in 2022 to 20.4 in 2023. Upward mobility was significant, with 35 percent of households moving up the economic ladder between 2021 and 2023, primarily into the middle class—aligned with

¹¹ The anchor refers to the government’s commitments under the IMF Policy Coordination Instrument arrangement.

¹² Except for tax inspections.

¹³ The government’s commitments under the IMF Policy Coordination Instrument arrangement.

¹⁴ The World Bank-IMF Debt Sustainability Analysis (July 2025)

¹⁵ Despite a relatively modest public debt stock and adequate international reserves, Tajikistan’s outlook is constrained by weaknesses in economic policies and institutions, coupled with significant vulnerabilities to remittances and export shocks, contingent liabilities from SOEs, and fluctuations in global commodity prices.

the National Development Strategy 2030 ambition of growing the middle class.¹⁶ From 2021 to 2022, labor income contributed a 2.57-percentage-point reduction in poverty, or 73 percent of overall progress. Transfer incomes resulted in a 1.55 percentage decrease in poverty (contributing 43 percent), and remittances were the main driver of poverty reduction (Figure 12).¹⁷ Meanwhile, a lower propensity to consume, represented in a higher savings rate, partially offset the reduction in poverty from labor and transfer incomes. Capital income had a minimal impact due to the early development stage of the capital market in Tajikistan. The effect of public transfers on poverty reduction was negligible, because they reach less than 15 percent of poor households.¹⁸

Figure 12 Shapley Decomposition of Poverty Reduction by Income Type



Source: World Bank staff calculations based on Household Budget Surveys in 2021 and 2022.

The service and agriculture sectors have been more effective in reducing poverty compared to the industry sector. When labor incomes are analyzed by sector, jobs in the service sector (42 percent) and the agriculture sector (29 percent) contributed the most to poverty reduction (Figure 13). Despite having the lowest per capita income among all sectors, agriculture remains a significant source of income due to its accessibility. More than two-thirds of poor as well as nonpoor households depend on agriculture for income. Jobs in the service sector exhibit greater diversity compared to those in agriculture and industry: domestic nontradable service jobs¹⁹ and skill-intensive social services²⁰ are more correlated with poverty reduction than other service jobs, whereas industry jobs are in between.

¹⁶ Tajikistan’s National Development Strategy 2030 aims to increase the middle class to half the population and reduce poverty to below 10 percent by 2030.

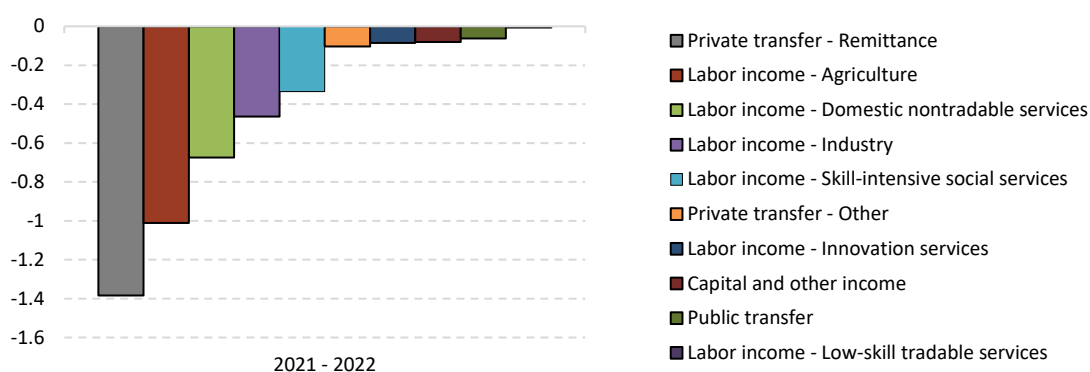
¹⁷ According to the Listening to Tajikistan survey, the share of households receiving remittances rose from 17 percent in 2023 to 21 percent in 2024.

¹⁸ This indicates that the TSA program does not have sufficient coverage.

¹⁹ Including administrative and support services, real estate, entertainment and recreation, and household services.

²⁰ Including education, health, public administration, defense, and compulsory social security.

Figure 13 Drivers of Poverty Reduction by Income and Labor Sectors



Source: World Bank staff calculations based on Household Budget Surveys in 2021 and 2022.

Rising inequality in Tajikistan is mainly due to higher levels of inequality in rural areas, caused by more regressive growth patterns compared to urban areas. Inequality in Tajikistan started to increase after years of gradual decline. Inequality began rising again from 2021, with Gini coefficient reaching 39 by 2022 before slightly reducing to 38 in 2023. Similarly, the consumption ratio between the 10th and 90th percentiles dropped to 0.2, indicating worsened disparities between the lowest and highest earners. In rural Tajikistan (Figure 14), the Gini coefficient was 40 in 2022 and 39 in 2023. This level of inequality would classify a country as being one with high inequality based on World Bank standards. The higher rural than urban inequality observed in Tajikistan is not the global norm. Studies across countries such as Brazil, China, and India show that urban inequality often outpaces rural inequality, since cities act as hubs of economic growth and migration. The Theil index decomposition reveals that the increase in rural inequality, post pandemic, is primarily attributed to disparities within rural areas rather than an escalating rural-urban disparity. This is because the consumption growth pattern is more regressive in rural than urban areas, as confirmed by growth incidence curves (Figure 15).

Figure 14 Trends in Rural and Urban Inequality

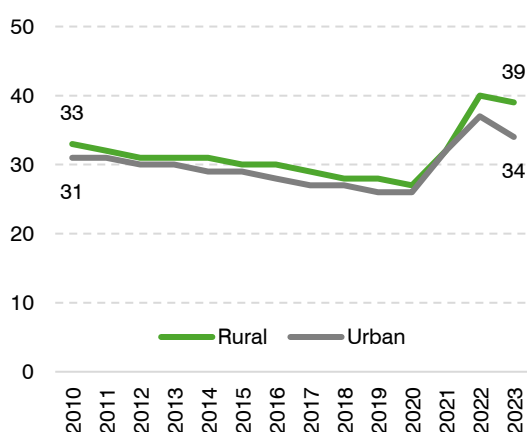
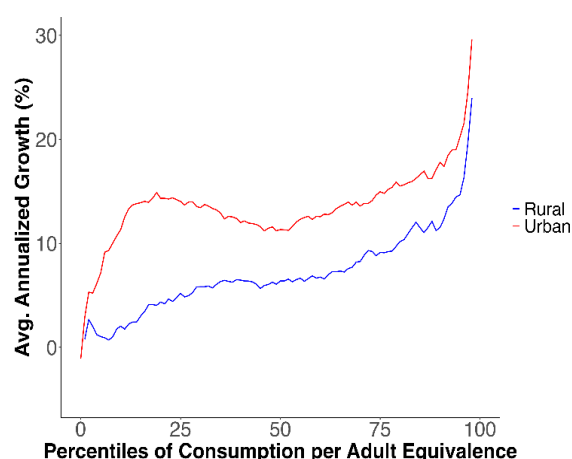


Figure 15 Growth Incidence, 2020–2023



Source: World Bank staff calculations based on Tajikistan's Household Budget Surveys.

Notes: Results for the 2021–2023 period are from the modernized Household Budget Surveys. Results from the 2010–2020 period use back-casted consumption distribution, comparable with that of 2021–2023. The back-casting methodology relies on sectoral growth-consumption elasticities.

Remittances have contributed more to rising rural inequality than labor incomes from various sectors. Results from a rigorous statistical decomposition technique—a Recentered Influence Functions approach—suggests that changes in rural Gini coefficients from 2021 to 2022 are attributable to different income sources and human capital endowments. Disparities in education attainment—which determine access to income opportunities such as migration and jobs in the service sector—are the largest source of rural inequality. Similarly, remittances contributed to the increase in inequality, largely due to their growing impact on welfare disparities.

Table 1 Key Macroeconomic Indicators, 2022–2027

	2022	2023	2024	2025	2026	2027
	actual	actual	est.	proj.	proj.	proj.
National income and prices	(In percent, unless otherwise indicated)					
Real GDP growth	8.0	8.3	8.4	7.0	4.9	4.7
GDP deflator	8.2	3.7	6.6	4.0	4.9	5.0
Consumer price inflation, period average	6.6	3.7	3.4	3.9	4.5	4.7
External accounts	(In percent of GDP, unless otherwise indicated)					
Current account balance	15.3	4.8	6.2	3.8	2.0	1.7
Merchandise exports	15.1	15.2	10.0	11.2	10.4	9.6
Merchandise imports	42.7	42.3	41.8	40.0	39.2	37.4
Services, net	-5.1	-4.1	-4.9	-4.7	-4.9	-5.0
Remittances, net	47.8	35.3	43.0	37.2	35.6	34.6
Other income	0.2	0.7	-0.2	0.0	0.0	0.0
Foreign direct investment, net	1.5	0.8	1.3	1.3	1.3	1.3
Total external debt	50.0	47.1	44.0	42.3	40.9	39.4
o/w public and publicly guaranteed	28.5	27.6	26.3	25.6	24.9	24.1
Gross external financing needs	-8.7	4.2	0.7	2.5	4.1	4.4
Gross international reserves (US\$ million)	3,803	3,627	4,485	4,677	4,775	4,845
In months of next year's imports	7.7	6.3	7.4	7.2	7.1	7.0
Fiscal accounts	(In percent of GDP, unless otherwise indicated)					
Revenues	27.2	29.6	27.7	28.2	28.7	29.0
Tax revenues	18.5	18.9	19.0	19.2	19.7	20.0
Nontax revenues	4.6	5.3	4.6	4.0	4.0	4.0
Grants	4.1	5.3	4.1	5.0	5.0	5.0
Expenditures	28.5	30.6	29.0	30.7	31.0	31.4
Current spending	16.1	16.7	17.2	17.1	17.0	17.1
Capital spending	12.4	13.9	11.7	13.6	14.0	14.3
Net lending	0.1	0.1	0.1	0.0	0.0	0.0
Fiscal balance	-1.4	-1.0	-1.3	-2.4	-2.3	-2.3
Fiscal balance (incl. stat. discrepancy)	0.9	-0.4	0.5	-2.4	-2.3	-2.3
Total PPG debt	31.8	30.0	25.2	24.3	24.9	25.3
<i>Memorandum items:</i>						
Nominal GDP (US\$ millions)	10,714	12,245	14,206	15,784	17,070	18,422
Exchange rate, period average (TJS per US\$)	11.0	10.8	10.8	

Source: Tajik authorities, and World Bank staff estimates and projections

1.8 Risks and Reforms

Tajikistan's economic outlook faces several downside risks that stem from Russian labor policies, global policy instability, and ongoing conflicts. Tighter migration policies and restrictions for Tajik workers in Russia threaten to considerably reduce remittance inflows, prompting a

decline in economic growth, higher poverty, and a deterioration of fiscal and external balances. Trade may become more expensive for Tajikistan as trade protectionism escalates with U.S. tariffs against many of its trading partners, causing China and other countries to retaliate with their own tariffs. Weakening commodity and oil prices are expected to further moderate growth, prompting uncertainty in Tajikistan's economic outlook. Tajikistan's base metal exports, including aluminum, zinc, and ores, face vulnerability to weak global demand. However, the country's gold exports are projected to benefit from higher prices in 2025, following record levels in 2024. Additionally, improved EU-Central Asia cooperation could boost trade with the European Union and increase FDI.²¹ Regional armed conflicts may continue to escalate in the region as Russia and Ukraine fail to agree on an extended ceasefire, as well as in the Middle East, thus lifting energy and logistics costs and disrupting global supply chains, resulting in higher import bill for Tajikistan. A prospective normalization of the U.S.-Russia relationship, accompanied by a relaxation of sanctions would likely prompt economic volatility among Central Asian countries, albeit this is subject to considerable uncertainty given the multifaceted nature of economic linkages and potential magnitudes of such shifts.²²

The growing frequency of extreme weather events poses significant medium- and long-term risks to Tajikistan's economic outlook, underscoring the importance of investing in climate resilience. Given Tajikistan's mountainous terrain and vulnerability to climate change, more common and severe droughts, floods, and other disasters threaten agricultural productivity, critical infrastructure, and economic stability. These adverse events may be inflationary and could erode the fiscal balance with large expenditures for disaster response. Thus, Tajikistan must cultivate economic resilience and adaptation to climate change, in a timely manner, with climate-resilient infrastructure; financing mechanisms and financial sector reforms; strong and countercyclical fiscal policy; renewable energy development; and so on. Comprehensive analysis of the climate change-related risks and solutions can be found in the recently released *Country Climate and Development Report* (World Bank 2024a).

Implementing and maintaining domestic policy reforms can lift economic growth and investment. While the government already made progress in 2024 on implementing cross-sectoral reforms, especially those supporting the private sector, risks to the outlook are posed by the reversal of these reforms and a failure to implement further ones necessary for economic growth and poverty reduction. Institutional reforms and those that support private sector development are especially critical, including further liberalizing the aviation sector, strengthening the Competition Law, streamlining procedures to attract investments, augmenting state aid regulations, and promoting public sector efficiency and accountability, among others. Tajikistan must move toward stronger and more transparent investor protections and greater ease of doing business since catalyzing investment, especially across non-extractive sectors. This will be needed for strong revenue streams and long-term growth potential. Reforms will raise the potential growth of the economy, easing the supply-side constraint, and thereby will increase actual growth without stoking inflation. Ambitious structural reforms will also support the construction of the Rogun HPP and reduce its pressure on the budget while improving investment conditions for renewable energy, thus ensuring that energy security can be delivered alongside strong economic growth.

²¹ For instance, the first EU-Central Asia summit was held in Uzbekistan on 4 April 2025.

²² Alternatively, the imposition of further sanctions that could weaken the Russian economy also poses risks to Tajikistan's economic outlook.

2. Special Topic: Digital Transformation of Trade in Tajikistan

Tajikistan stands at a pivotal digital crossroads, where modernizing trade processes and embracing digital commerce promise to slash border delays, thus dramatically expanding market access for small businesses, creating new high-value jobs, and transforming the country's economic landscape, despite its challenging geography. To explore the challenges and promises of the digital transformation of trade, this chapter covers two distinct dimensions that are especially relevant for Tajikistan: (i) **trade digitalization**, which refers to the modernization of trade processes through digital tools such as paperless customs, e-certification, and registries; and (ii) **digital trade**, which involves production, distribution, and sale of goods and services that are digitally ordered, delivered, or enabled (WTO 2023). The latter includes e-commerce, digitally delivered services (e.g., IT, design, and consulting), and digital platforms themselves—such as online retail platforms—that serve as service providers facilitating cross-border transactions. Beyond trade, contemporary studies²³ in Africa provide evidence that the spread of digital technologies and internet can significantly increase inclusive jobs.

Box 2 Leveraging Digitalization for Economic Growth and Formalization in Tajikistan

Digitalization offers significant opportunities for Tajikistan to enhance productivity, expand its export base, and reduce the informal economy. Digital tools can connect farmers to broader domestic markets, improving price discovery and reducing transaction costs. E-commerce platforms encourage business formalization, leading to better access to finance and increased productivity. Digital platforms also match skills with job opportunities, reducing unemployment. Improved digital infrastructure and financial services facilitate international trade, benefiting sectors like textiles and agriculture. Digital platforms incentivize informal businesses to formalize, increasing tax revenues and regulatory compliance. Enhanced governance and transparency through digital tools reduce informal operation risks. Lessons from Kazakhstan's gig economy show expanded consumer choice and improved quality, suggesting similar benefits for Tajikistan through digitalization and policy reform.

Trade digitalization offers more than a technical upgrade and access to markets; it is a strategic approach to making trade more efficient, thus enhancing participation in global trade and enabling small business growth and job creation. By implementing electronic customs documentation and border management systems, Tajikistan can significantly reduce processing times at borders, thereby reducing trade costs and delays, which can help ease some of the structural constraints associated with being landlocked. Indeed, according to the Organization for Economic Co-operation and Development (OECD), complete implementation of trade facilitation measures could reduce trade costs by 13 percent or more in low-income countries (Moisé and Sorescu 2013). Since the conclusion of the World Trade Organization's (WTO) Trade Facilitation Agreement, trade facilitation reforms—including border process

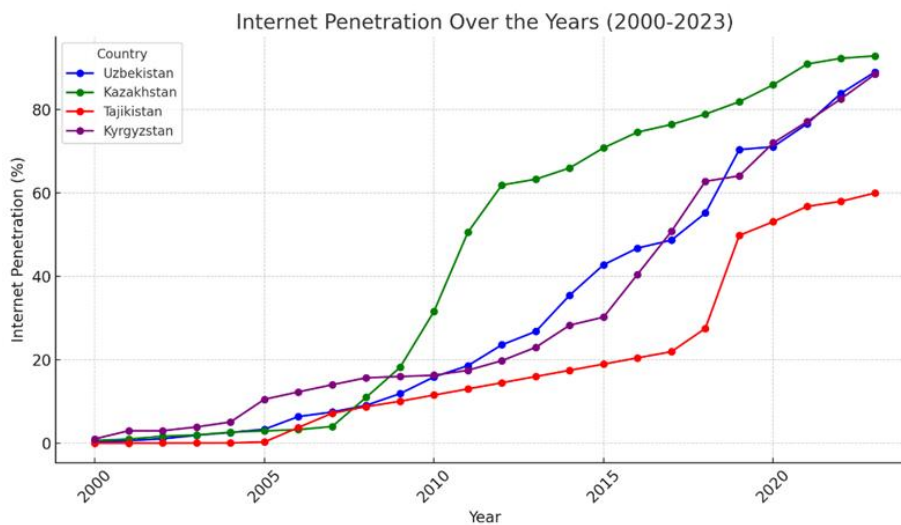
²³ Tania Priscilla Begazo Gomez; Moussa Pouguinimpo Blimpo; Mark Andrew Dutz. 2023. Digital Africa - Technological Transformation for Jobs. Washington, D.C.: World Bank Group. <https://documentsinternal.worldbank.org/search/34043376>

automation—have boosted global trade by up to 16 percent in specific regions, particularly benefiting developing economies (WTO 2023, p. 36). While customs operators are formally registered and procedures are often auditable even in paper-based systems, digitalization enhances transparency by enabling real-time data sharing, reducing discretionary practices, and strengthening auditability in other parts of the trade ecosystem—particularly where informal practices persist. Digital platforms also democratize market access: Tajikistan's SMEs can use e-commerce marketplaces to reach international buyers while digital payment systems remove banking barriers that have hindered export transactions. Trade digitalization will help Tajikistan develop in sectors such as agriculture, textiles- including IT and business process outsourcing—by lowering operational costs and enhancing connectivity. Tajikistan's recently adopted E-Commerce Program 2025–2029 provides a strategic framework and this is an excellent start. Nevertheless, the Tajik authorities should raise their ambition by prioritizing implementation with sufficient budget allocations and measurable key performance indicators to accelerate digital trade growth beyond the projected modest 4.7 percent CAGR.

Digital trade transcends physical borders, offering Tajikistan's small businesses unprecedented global market access. To create a suitable environment for small businesses, Tajikistan's regulatory framework must evolve to support digital trade through updated e-commerce legislation, electronic signature recognition, and cross-border data flow provisions aligned with international standards. This would allow for the development of localized digital solutions; for example, digital platforms such as Kaspi.kz in Kazakhstan. Particular attention should focus on interoperable payment systems with key trading partners in Central Asia and beyond. As Tajikistan pursues digitalization initiatives under its National Development Strategy 2030, robust data protection and cybersecurity frameworks will build essential trust. Implementing these regulatory reforms will bolster business and customer confidence in growing digital service markets.

To realize the benefits of digital trade, Tajikistan must take concrete actions to strengthen its digital trade ecosystem across multiple fronts. The government should accelerate upgrades to physical digital infrastructure by expanding reliable broadband connectivity, particularly at border crossing points, where nearly half of customs offices report poor internet access. Regulatory harmonization is equally critical: establishing comprehensive data protection laws with clear subject rights and consent protocols; implementing mandatory cybersecurity standards with breach notification requirements; and finalizing interoperability frameworks for cross-border recognition of e-signatures. Tajikistan should also fast track ongoing initiatives (e.g., ASYCUDAWorld implementation) to achieve fully paperless customs clearance by the target dates in the roadmap, while also addressing capacity gaps through targeted training for officials and traders alike.

Figure 16 Internet Penetration Over the Years



Internet Penetration is a prerequisite for ecommerce. - Tajikistan Lags Behind its comparators in Central Asia (Source: <https://datahub.itu.int/data/>)

Internet connectivity in Tajikistan is poor due to several reasons. Firstly, the telecoms market suffers from inadequate policy and regulatory frameworks, which hinder effective competition. Secondly, the institutional framework is insufficient, and the regulator needs to strengthen capacity to enforce fair practices and address anti-competitive behaviors. Additionally, until the recent operationalization of the Agency on Innovation and Digital Technologies there was a lack of ownership of the digital agenda, which resulted in a lack of strategic direction for improving connectivity. While as the dominant market player the Tajiktelecom OJSC has recently taken steps to improve pricing transparency, further enhancement of international connectivity could be achieved by removing any barriers that prevent operators from establishing their own gateways.

This chapter analyzes Tajikistan's digital trade landscape, presenting a strategic roadmap for the country to overcome critical gaps and compete in the global digital economy. First, the chapter examines Tajikistan's trade facilitation performance, noting progress through WTO agreements. Second, it outlines Tajikistan's digitalization efforts, including e-commerce initiatives, customs automation, and National Single Window implementation. Third, it assesses the digital infrastructure challenges to be overcome, particularly in terms of internet connectivity, which creates substantial barriers to trade participation. Fourth, it evaluates electronic transaction regulatory readiness, trust-building measures, and platform regulations, exposing competitive disadvantages in digital identity systems and paperless trade. Finally, the chapter concludes with seven targeted recommendations, spanning from strengthening digital foundations to enhancing institutional capacity, each with specific actionable items for accelerating Tajikistan's digital trade development.

2.1 Trade Facilitation and Trade Digitalization: Tajikistan's Performance

Effective trade digitalization is essential in order to enhance trade facilitation, as it creates faster, more transparent, and efficient cross-border procedures. Tajikistan has made notable progress in its digitalization efforts (World Bank 2023), including through WTO Trade Facilitation Agreement implementation, by streamlining operations, reducing fees, and simplifying

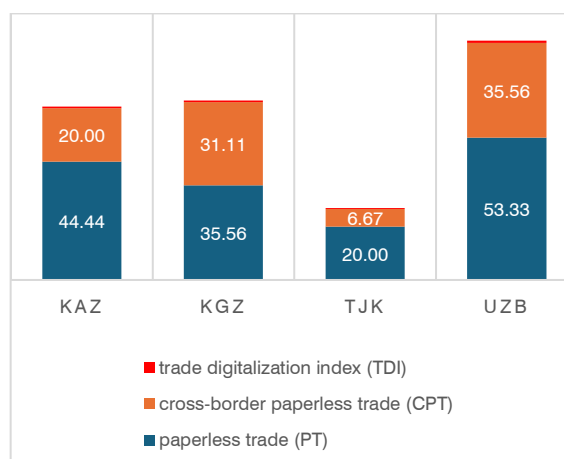
documents. Recent initiatives focus on improving border agency cooperation, information availability, and electronic declaration systems. While January 2025 time release studies show improved customs clearance times compared to 2021, Tajikistan still lags its Central Asian peers, according to OECD Trade Facilitation Indicators.

Tajikistan’s logistics performance, as assessed by the World Bank’s Logistics Performance Index (LPI), has fluctuated, with an overall upward trend from a score of 1.93 in 2007 to 2.5 in 2023²⁴. Tajikistan performs slightly above the lower middle income country average (2.27 in 2023), but below the Europe and Centra Asia average (3.01 in 2023).

Trade costs are high, lowering the competitiveness of exports. According to the World Bank’s survey on Trade Facilitation and Logistics in Tajikistan prepared for this note, most logistics companies indicated that transportation is the primary cost component (accounting for 30 to 50 percent of total cost), followed by the administration costs (accounting for 25 to 40 percent of total cost). Similarly, most export-import companies indicated that transportation was the primary cost component relative to turnover in 2023 (accounting for 30-45 percent of total turnover) and administration ranked as the second largest expense (accounting for 10-15 percent of total turnover). Limited use of IT and digital platforms, high costs of permits and paperwork, payment delays and unpredictable shipment schedules, limited competition on select routes and select types of import goods were cited among the top issues that increased logistics cost in Tajikistan.

Tajikistan needs to strengthen its electronic systems so that trade documentation keeps up with regional peers. The UN Trade Digitalization Index indicates that Tajikistan must accelerate paperless trade adoption by replacing traditional documents with electronic communications and digital data (Figure 16). Mutual recognition of electronic documents and signatures would enable efficient cross-border data exchange between trading partners.

Figure 17 UN Trade Digitalization Index



Tajikistan's digital transformation strategy encompasses several key initiatives that collectively strengthen the country's trade ecosystem. The focus areas include development of e-commerce, enhancement of the Trade Information Portal, automation of customs under the CARs-4 program (World Bank 2025c), and implementation of the National Single Window. While the Unified Automated Information System for electronic data exchange has been in operation since 2014, it remains partially manual. Recent progress includes electronic payment mandates for state services (August 2023) and deployment of digital surveillance at customs checkpoints. The World Bank-funded ASYCUDAWorld implementation represents Tajikistan's most significant customs modernization effort, automating procedures, improving transparency, providing reliable data, increasing revenue efficiency, and facilitating cross-

²⁴ <https://lpi.worldbank.org/index.php/international/scorecard/radar/C/TJK/2023>; the LPI is measured on a scale from 1 to 5 where 5 is best.

border information exchange. The implementation follows a government-approved roadmap with ongoing piloting in early 2025.

Uneven digitalization across government agencies creates persistent inefficiencies in Tajikistan's trade processes, despite significant reform efforts. Despite digital customs and Single Window implementation, many procedures still require physical presence at customs offices. The Single Window system (launched September 2020) has achieved significant trader uptake but faces utilization challenges.²⁵ The Medium-Term Program of Customs modernization exercise (March 2025) aims to address these gaps through legislative improvements, infrastructure upgrades, administrative enhancements, technical advancement, and personnel management. Key actions include electronic declarations, cashless payments, mandatory advance notifications, enhanced risk management, and regulatory alignment, with expected outcomes of improved compliance, efficiency, competitiveness, and investment attractiveness.

2.2 The State of Tajikistan's Digital Infrastructure

For a developing country like Tajikistan, robust digital foundations are essential to unlocking the benefits of international trade. Currently, Tajikistan lags its regional peers (Kazakhstan, Kyrgyzstan, and Uzbekistan) in key digital pillars, of which the following are especially crucial for Tajikistan:

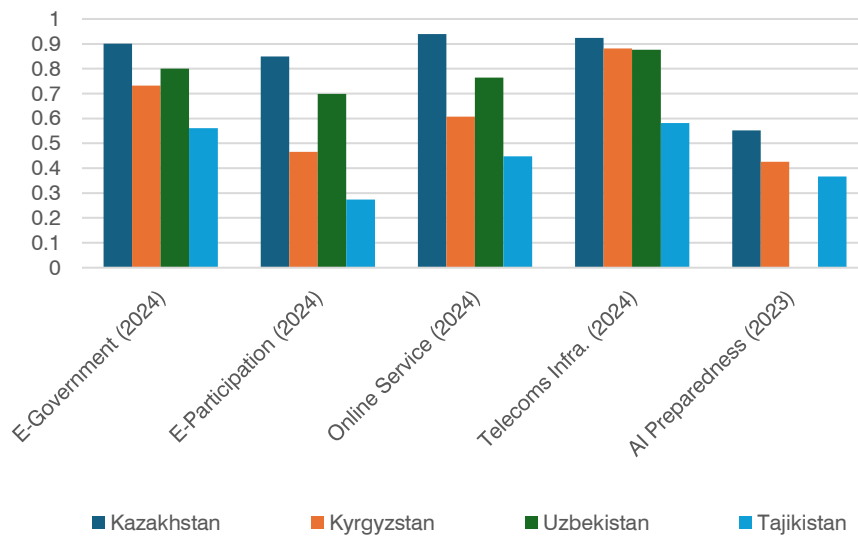
- Data from the International Telecommunication Union shows that Tajikistan lags in **digital readiness** indicators, including E-Participation, Online Services, and Telecommunication Infrastructure, as well as the IMF's AI Preparedness Index (Figure 17). In contrast, neighboring countries such as Kazakhstan and Uzbekistan have made significant strides in modernizing their own digital trade laws and aligning them with international standards.
- **Reliable internet connectivity** is crucial for participating in global e-commerce, ensuring efficient customs processing and accessing market information in real time. Nevertheless, Tajikistan continues to have the poorest internet penetration compared to its regional peers.
- **Digital literacy**, which enables individuals and businesses to use online platforms effectively, is another prerequisite.
- **Cybersecurity** is essential to build trust in digital transactions and protect critical infrastructure.²⁶ Tajikistan ranks the lowest among its peers on the International Telecommunication Union's Global Cybersecurity Readiness Index.

Poor performance across these various indicators underscores the need for targeted investments in digital infrastructure, legal frameworks, and digital literacy to fully realize the benefits of trade. Doing so will reduce trade costs, improve competitiveness, create new channels for integrating into global value chains, and provide new opportunities for its people to engage with the global economy.

²⁵ By December 2023, 2,300 users were trained, with 172,542 applications submitted and 156,294 permits processed electronically.

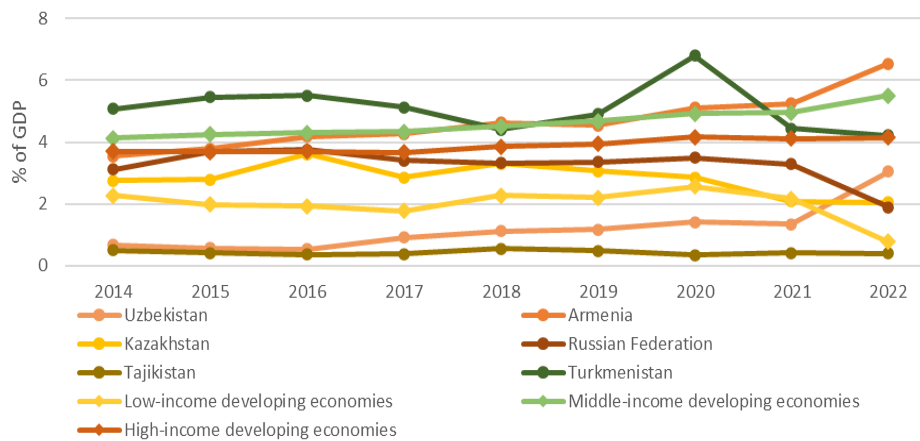
²⁶ Without cybersecurity, the risks of fraud and data breaches can undermine confidence in digital trade. Foundational laws—including electronic transactions, data protection, and digital signatures—create the legal certainty needed for cross-border commerce.

Figure 18 Digital Readiness Indicators



Sources: United Nations E-Government Knowledgebase and International Monetary Fund.

Figure 19 Trade in Digitally Deliverable Services



Source: UNCTADStat Data Center (no data for Kyrgyzstan).

While global trade is increasingly driven by services delivered over digital channels, Tajikistan has yet to fully capture this opportunity. The country’s share of digitally delivered services in total trade remains low and has shown limited growth over the past decade. This trend is clearly illustrated in Figure 18, where Tajikistan shows little growth relative to regional peers and low- and middle-income country averages. Sectors such as financial services, other business services, telecommunications, and computer services are still underdeveloped but demonstrate growth potential. Countries with more advanced digital ecosystems and regulatory frameworks (i.e., Armenia) have seen steady increases in digital service exports as a share of GDP. This underperformance underscores the importance of addressing foundational regulatory and infrastructure gaps in areas like data protection, digital identity, and cross-border data flows, all of which are essential to enable Tajikistan to integrate into the global digital service market.

Box 3 Tajikistan's Digital Trade Policy and Regulatory Framework

As of March 2025, Tajikistan has established the three core pillars of digital government: (i) a national e-government strategy, (ii) digital identification systems for public service delivery, and (iii) functioning e-procurement platforms. However, the effectiveness of these structures varies significantly based on the maturity of digital infrastructure, interoperability, and user adoption. Enhancing the implementation and integration of these tools is crucial for improving service delivery and advancing digital trade readiness.

Tajikistan's E-Commerce Program 2025–2029, approved in May 2024, represents a strategic government initiative to accelerate digital economy development. The program is led by the Agency for Innovation and Digital Technologies under presidential oversight and features a three-phase implementation approach. Annex 2 (Figure A2.2) details the full program structure.

The regional context underscores the opportunity as well as the challenge. Industry projections show that Central Asia's e-commerce market is expected to reach US\$182.2 billion by 2033, growing at more than 30 percent per annum.¹ However, Tajikistan's e-commerce market is only expected to grow by 5 percent per year.² This sluggish growth trajectory highlights the need for targeted policy interventions and a comprehensive regulatory framework to unlock Tajikistan's digital trade potential.

1 Based on a report by Statista's ECBD data hub which compiles data based on insights from online transactions, traffic, and clickstream data web scrapping. For information, see <https://ecommercedb.com/markets/tj/all> (accessed June 3, 2025).

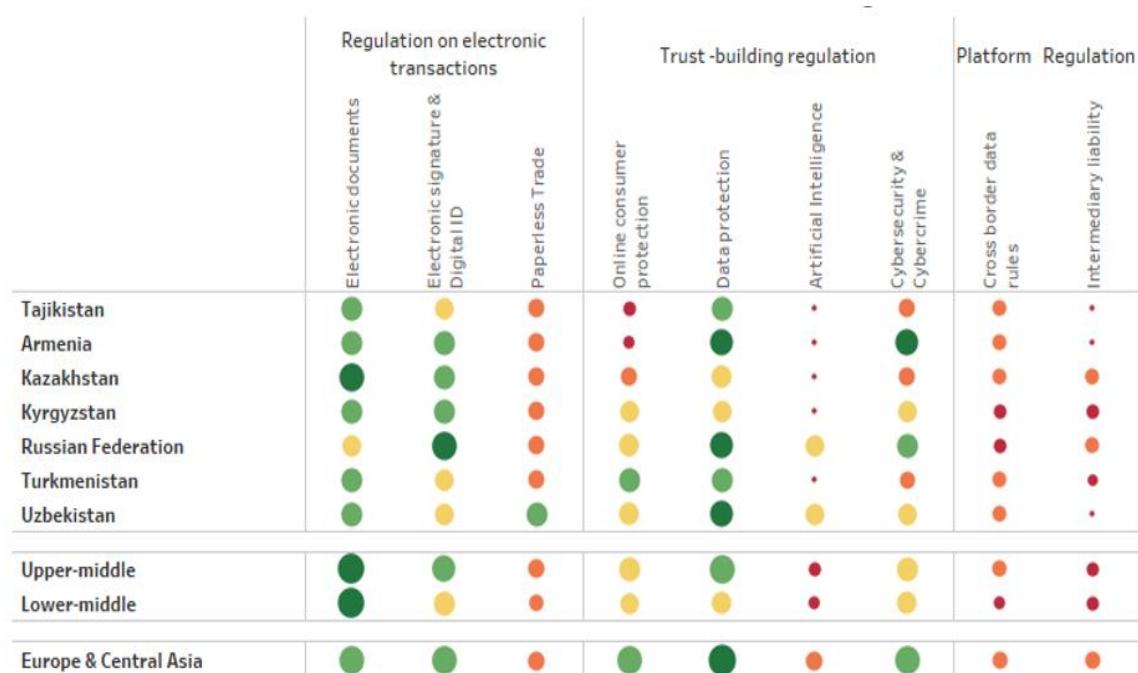
2 Electronic documents are digital files that contain text, images, or data and can be created, viewed, and shared electronically. E-signatures are digital representations of a person's intent to sign a document, legally binding as are handwritten signatures. E-commerce is the buying and selling of goods or services over the internet.

2.3 Digital Trade Regulatory Readiness in Tajikistan

Tajikistan has established basic legislation for electronic documents, e-signatures, and e-commerce;²⁷ however, important regulatory gaps remain. As Figure 19 shows, while the framework for electronic documents is largely in place, Tajikistan lags in regulations on electronic transactions, trust building, and digital platforms. Section 2.3.1, Section 2.3.2, and Section 2.3.3 consider each of these dimensions of regulatory readiness in turn.

²⁷ Electronic documents are digital files that contain text, images, or data and can be created, viewed, and shared electronically. E-signatures are digital representations of a person's intent to sign a document—legally binding as are handwritten signatures. E-commerce is the buying and selling of goods or services over the internet.

Figure 20 Tajikistan Lags Its Regional Peers in Regulatory Readiness



Source: World Bank Digital Trade Regulatory Readiness (DTRR).

Note: For individual countries, bubbles indicate the existence of such regulatory measure. Green represents positive regulatory measures. Red indicates regulatory restrictions to digital trade. For regional and income groups, bubbles represent the regulatory “readiness” in each category, based on the share (in quintiles) of positive answers in that category from 0 to 100

2.3.1 Regulation on Electronic Transactions

Establishing the legal validity of e-documents, e-signatures, and secure digital identification systems is essential for enabling trustworthy, efficient, and legally enforceable digital trade transactions. While consumer transactions on platforms such as Amazon, Jumia, and Airbnb often proceed with minimal formal documentation, business-to-business trade—especially those involving tailored goods and services or integration into global value chains—relies heavily on the ability to securely conclude and amend contracts across borders. Legal recognition of electronic tools reduces uncertainties and mitigates risks in international transactions, thereby facilitating smoother cross-border trade (UN n.d.). Complementing this, robust digital ID systems ensure reliable identity verification, expand access to e-government and commercial services, lower transaction costs, and build essential trust in digital marketplaces, all of which are critical to advancing Tajikistan’s participation in the global digital economy (World Bank, GMSA, and SIA 2016). Tajikistan has established the legal validity of electronic communications and contracts, ensuring that electronic records and contracts hold the same legal status as paper-based documents (Figure 19 and Annex 1 (Figure A1.1)). The foundational law on electronic documents and electronic signatures provides a starting point, but implementation remains partial—especially in terms of interoperability and mutual recognition of digital signatures with foreign partners.

Tajikistan’s limited legal recognition and cross-border interoperability of electronic signatures places it at a disadvantage compared to regional peers that have implemented more advanced frameworks. Countries such as Kazakhstan and Russia have fully enabled legal use of e-signatures for trade documents, while Tajikistan continues to rely on paper-based

authentication, hindering seamless digital trade transactions (Figure 19). This limits the ability of traders and exporters to use e-customs and Single Window platforms effectively, resulting in delays and higher transaction costs. Tajikistan's E-Commerce Program 2025–2029 rightly prioritizes the adoption of trusted e-signatures for cross-border trade. Strengthening legal recognition in this area—complemented by secure digital identity systems—can reduce administrative barriers and enhance competitiveness in the evolving digital trade environment.

2.3.2 Trust-Building Regulations

Comprehensive trust-building regulations across data protection, online consumer protection, cybersecurity, and cybercrime are essential to create a secure and reliable environment for digital trade. Tajikistan, however, falls behind its peers in each of these areas (Figure 19), which play a vital role in fostering user confidence and supporting the expansion of digital markets. Without clear rules on how personal data is managed and in the absence of defined guidelines on protection against cyber threats and safeguards for online consumers, businesses and individuals alike will remain hesitant to fully engage in electronic transactions. Strong and coherent frameworks not only encourage domestic participation in digital commerce but also facilitate cross-border trade, as countries increasingly require comparable regulatory standards to enable secure data sharing and transactions (Ferracane and van der Marel 2021). Advancing all components of trust-building regulation will be critical to strengthen Tajikistan's position in digital trade, particularly in the growing market for digitally delivered services.

Tajikistan's data protection laws provide partial coverage, but critical elements are missing and the country does not therefore match most of its peers (Figure 19). Specific rights for data subjects, clear consent protocols, and enforcement mechanisms for data misuse are either underdeveloped or absent, exposing traders and consumers to risks and undermining trust in digital platforms (Annex 1 (Figure A1.2)). Cybersecurity regulations also show gaps. While there are basic requirements for controllers and cybersecurity strategy creation, many essential safeguards—such as data breach notifications, employee training, and risk assessment procedures—are lacking. In contrast, Kazakhstan and Russia have established robust cybersecurity governance, which enhances business and trade partner confidence (Annex 1 (Figure A1.3)).

Strong online consumer protection regulations are essential to build trust in digital markets, address information asymmetries, and encourage greater participation in cross-border e-commerce. In digital transactions, especially international ones, consumers face heightened risks as they cannot physically inspect products or verify the credibility of vendors and must share sensitive personal and financial information with online platforms. The absence of robust protections undermines confidence, limiting engagement in online purchases globally, as shown by repeated findings from global surveys (CIGI and IPSOS n.d.). Consumer protection rules, when properly designed, extend traditional safeguards into the digital sphere by ensuring clear policies on cancellations, returns, and remedies in case of disputes. For emerging economies such as Tajikistan, such regulations are crucial for bridging trust gaps in international digital trade, and mechanisms like accessible online dispute resolution can further enhance consumer confidence by providing straightforward channels for addressing cross-border issues.

Tajikistan's regulatory framework for online consumer protection remains underdeveloped, significantly falling behind regional and global benchmarks. As illustrated in Annex 1 (Figure

A1.4), critical provisions, such as pre-contractual information disclosure, clear rules for returns and refunds, and opt-out options for unsolicited communications, are largely absent. This weakens consumer trust which, as highlighted earlier, is fundamental for encouraging participation in cross-border e-commerce. Without strong consumer protections in place, Tajikistan risks limiting its engagement in international digital markets, as consumers remain hesitant to transact with foreign vendors in the absence of clear remedies and guarantees.

2.3.3 Platform Regulation

Tajikistan’s platform regulation framework remains incomplete, with gaps in not only cross-border data transfer mechanisms but also with regard to intermediary liability provisions. Although many of Tajikistan’s peers also perform poorly on platform regulation (Figure 19), the need to address these issues is nonetheless acute. Although Tajikistan has established explicit rules allowing cross-border data transfers based on user consent, the country lacks adequacy determinations or alternative legal mechanisms commonly used to streamline international data flows. In particular, Tajikistan lacks strong safeguards for protecting personal information when moving across borders—frameworks that are critical to enabling Tajik firms to share data with international partners, including those in countries with stricter privacy regimes. Although often focused on domestic markets, clear and balanced rules for platform liability are key to strengthening trust in digital services—so users know that platform content is legitimate—while also reducing legal uncertainty for start-ups and digital businesses seeking to grow across borders. Addressing these gaps would strengthen legal certainty for digital service providers and support Tajikistan’s participation in the regional digital economy.

Clear and predictable cross-border data flow regulations are essential for enabling Tajikistan’s integration into global digital trade networks. Uncertainty of the rules governing international transfers of personal data raises compliance costs for businesses offering digitally delivered services (World Bank 2021), ultimately limiting Tajikistan’s participation in global markets. These regulations are critical for digital platforms that support transactions, logistics, and payment processing, where data must flow seamlessly across borders to ensure efficient service delivery. Without a coherent framework, Tajikistan risks constraining its digital trade potential, especially in services sectors that depend on timely, secure data exchanges. Tajikistan has established explicit rules governing cross-border data transfers, but gaps remain in adequacy determinations and alternative transfer mechanisms compared to regional leaders. As shown in Annex 1 (Figure A1.5), Tajikistan provides a clear legal framework for international data flows and permits personal data transfers based on user consent, which offers a foundational level of legal certainty for businesses engaging in cross-border digital transactions. This is an important step toward facilitating international trade in services and enabling digital platforms to operate more effectively across borders.

The absence of adequacy decisions and alternative transfer mechanisms in Tajikistan limits flexibility for international data sharing and creates legal uncertainty for businesses. Unlike Kazakhstan and Russia, which have adopted these advanced instruments to ease data flows with multiple jurisdictions, Tajikistan’s framework remains incomplete. While the absence of data localization requirements avoids unnecessary restrictions, the incomplete legal environment increases compliance costs and discourages participation in international digital markets. Strengthening these regulatory elements would improve predictability for businesses, lower operational barriers, and better position Tajikistan within the global digital economy.

2.3.4 Tajikistan's Regulatory Readiness Overall

The persistence of these gaps not only increases transactional costs but also undermines Tajikistan's competitiveness in an increasingly digital global marketplace. Global studies indicate that comprehensive digital trade regulations²⁸ can reduce goods trade costs by up to 20 percent and service trade costs by up to 30 percent. Stronger legal and institutional frameworks lower barriers to market entry, accelerate transaction times, and enhance trust among businesses and consumers. Tajikistan's regulatory framework for digital trade remains underdeveloped relative to its peers. Addressing these deficiencies is critical for improving the efficiency of customs processes, ensuring the legal certainty of electronic transactions, and attracting greater investment and participation in global supply chains. Without such improvements, Tajikistan risks lagging further behind regional leaders in digital trade integration, despite its recent reform efforts.

2.3.5 Opportunities for Digitally Delivered Services

Tajikistan has the potential to develop niche digital services exports that require limited physical infrastructure and leverage the country's labor and language strengths. Digitally delivered services (DDS) offer an entry point into global trade for landlocked and developing economies by enabling the remote provision of services such as customer support, data entry, or educational assistance²⁹. For Tajikistan, the increasing availability of internet access and a young, multilingual labor force create favorable conditions for engaging in this segment of digital trade.

Several service niches are particularly relevant to Tajikistan's current capabilities. These include call centers and customer support services for Russian-speaking markets, basic data entry and back-office processing for small-scale outsourcing, and translation or transcription services in regional languages³⁰. In the education and health sectors, remote tutoring and administrative support for telemedicine are also emerging areas where Tajikistan could gradually build expertise.

Global experience suggests that participation in digitally delivered services trade is feasible with targeted reforms and investment. Both the World Bank's *World Development Report 2020* and ITC's *Ready4Trade Central Asia* initiative highlight the opportunities for countries like Tajikistan to integrate into global DDS value chains by improving digital infrastructure, advancing regulatory alignment, and investing in workforce skills. These services represent an inclusive growth opportunity, especially for youth and women, and support the broader objective of digital trade-led economic diversification.

2.4 Key Recommendations: Accelerating the Digitalization of Trade

The analysis indicates that Tajikistan is making significant efforts to streamline trade procedures, relying on modern solutions and global best practices, but still lags its regional peers. The years

²⁸ Digital trade regulation refers to the exchange of goods and services that are digitally delivered or enabled, including e-commerce, digital platforms, and cross-border data flows.

²⁹ World Bank. 2020. *World Development Report 2020: Trading for Development in the Age of Global Value Chains*. Washington, DC.

³⁰ International Trade Centre. 2024. *Ready4Trade Central Asia – E-Commerce Development Assessment: Tajikistan*. Geneva: ITC/EU.

2025–2030 have been declared “Years of Digital Economy and Innovation Development.”³¹ The renewed focus of the government provides an excellent opportunity to overcome gaps in poor internet connectivity, insufficient digital literacy among populations, uneven and fragmented penetration of online services and e-government, cybersecurity challenges, lack of effective digitalization customs and paperless trade procedures, and gaps in digital regulations.

The fragmented nature of the current digital regulatory framework presents a particular challenge that requires comprehensive reform. A robust regulatory framework for digital trade must fulfill several essential functions:

1. Establish legal foundations for electronic contracts, authentication methods, and documentation.
2. Create trust mechanisms, including data protection regimes, consumer rights protections, and cybersecurity standards.
3. Provide clear governance for digital platforms and international data transfers.
4. Enable automated customs procedures and Single Window systems integration to streamline cross-border commerce.

The program's success ultimately depends on addressing these regulatory gaps while strengthening international partnerships, including technical assistance initiatives such as the World Bank's E-GATE program which aims to improve global market access for Tajik small and medium enterprises (World Bank 2024b).

Building on these opportunities for comprehensive reform, the following list of recommendations is high priority and actionable by the Tajikistan government.

- **ASYCUDAWorld deployment:** Follow CARs-4 project timelines to transition to customs clearance operations with ASYCUDA as the sole system, ensuring full and effective implementation.
- **Legal and regulatory frameworks:**
 - Expedite the legislative process to enact necessary legal frameworks and regulations for advanced cargo information and paperless processing, meeting the implementation timeline of September 2025. Fast-track internal approvals for all byelaws and regulations.
 - Conduct gap analyses and update laws on electronic transactions, intermediary liability, and cross-border data flows to improve legal certainty and reduce trade costs by 10–15 percent.³²

³¹ President of the Republic of Tajikistan. “Commentary on the Decree of the President of the Republic of Tajikistan on declaring 2025–2030 as the ‘Years of Digital Economy and Innovation Development.’” January 15, 2025 <https://www.president.tj/event/news/49425> (accessed June 3, 2025).

³² Estimated Impact: Estimated impact figures were proposed based on global benchmarks from institutions such as the World Bank, WTO, OECD, and UNCTAD, which have analyzed the effects of digital trade reforms in various economies. Since Tajikistan-specific econometric data is not available, the estimates reflect indicative ranges drawn from these studies. Specifically: (i) legal reforms such as cross-border data rules and e-signatures have been shown to reduce trade costs by 10–15 percent, by improving legal certainty and enabling automated cross-border digital processes; (ii) trust-building regulations, including data protection and cybersecurity, can reduce service trade costs by 10–20 percent, as they foster user trust and unlock participation in cross-border digital markets; (iii) institutional capacity building has indirect but critical impact, as it supports adoption, implementation, and sustainability of reforms—essential for realizing the full benefits. The estimates are meant to guide policy prioritization and help communicate the high-return potential of regulatory improvements in Tajikistan’s digital trade environment.

- Enact data protection legislation and mandatory cybersecurity protocols to safeguard digital transactions and boost trust, enabling a 10–20 percent reduction in service trade costs.
- Provide training on digital tools and data governance, and promote regulatory awareness among businesses to enhance adoption, compliance, and the sustainability of reforms.
- **Digital signature certificates:** Agency for Innovation to expedite the authorization process for all qualified organizations to become a digital certificate provider.
- **Express and postal cargo procedures:** Support digitalized border procedures for e-commerce by expediting implementation of simplified procedures for express and postal cargo via ASYCUDA modules, aligning with global regulatory standards.
- **Integration of border procedures:** Implement connectivity and data exchange between customs, border police, transport, and sanitary and phytosanitary (SPS) agencies to streamline border clearance operations, within the scope of ASYCUDAWorld implementation.
- **Internet infrastructure:** Ensure strong and reliable internet connectivity in key business centers involved in customs operations. Implement a comprehensive monitoring system in partnership with internet service providers to ensure that the availability and speed of internet services meet operational standards.
- **Digital skills and cybersecurity:** Fund programs to enhance digital skills among the trading community and government officials. Review existing cybersecurity measures supporting compliance with international standards to ensure that adequate measures are in place to protect digital transactions and data integrity.

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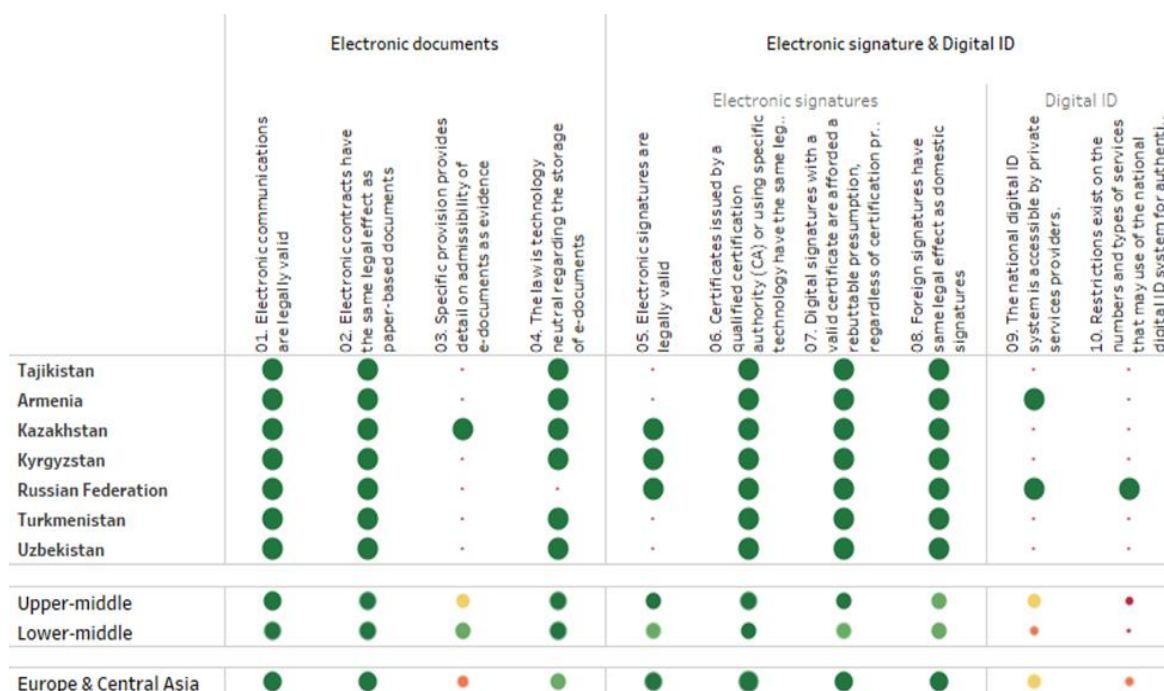
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Annex 1. Country and Regional Comparisons

For individual countries in the figures below, bubbles indicate the existence of such regulatory measure. Green represents positive regulatory measures. Red indicates regulatory restrictions to digital trade. For regional and income groups, bubbles represent the regulatory “readiness” in each category, based on the share (in quintiles) of positive answers in that category from 0 to 100

Figure A1.1. Regulations on Electronic Transactions



Source: World Bank DTRR.

Figure A1.2. Data Protection Rules



Source: World Bank DTRR.

Figure A1.3. Cybersecurity and Cybercrime

		Cybersecurity & Cybercrime										
		47. General requirement for controllers and/or processors to implement measure...	48. Data encryption required, under certain circumstances	49. Requirement to designate a person responsible for overseeing compliance w...	50. Risk assessment procedures required	51. Employee training and awareness program required	53. Specific timelines for data breach notifications	54. Unauthorized access, alteration, interference, or misuse of systems or dat...	52a. -To authority	52b. -To data subject(s)	55. A law, regulation or policy provides for the creation of a cyber-security strategy	56. A law, regulation or policy provides for the creation of an institution to identify, ...
Tajikistan		●	●	●	●	●	●	●	●	●	●	●
Armenia		●	●	●	●	●	●	●	●	●	●	●
Kazakhstan		●	●	●	●	●	●	●	●	●	●	●
Kyrgyzstan		●	●	●	●	●	●	●	●	●	●	●
Russian Federation		●	●	●	●	●	●	●	●	●	●	●
Turkmenistan		●	●	●	●	●	●	●	●	●	●	●
Europe & Central Asia		●	●	●	●	●	●	●	●	●	●	●
Upper-middle		●	●	●	●	●	●	●	●	●	●	●
Lower-middle		●	●	●	●	●	●	●	●	●	●	●

Source: World Bank DTRR.

Figure A1.4. Online Consumer Protection

		Online consumer protection																				
		14. Framework explicitly addresses online consumer protection	16. Explicit acknowledgement of obligation to pay for online transaction	17. Requirement to provide online transaction information in a format that...	18. Existence of the right of withdrawal	19. No need to provide a reason for withdrawal	20. Rules against dark patterns	21. Sending unsolicited electronic commercial communications is prohibite...	23. Consumers may opt out of receiving unsolicited electronic commercial comm...	24. Visible and functioning opt-out process required for unsolicited electroni...	25. Sender must honor opt-out request within a specific period of time	26. Consumer's right to a refund in case of goods of improper quality	27. Alternatives for redress in case of improper quality, such as repair, replace...	28. Penalties for noncompliance with online consumer protection provisions	15a. - Full business address of merchant	15b. - Full description of the product or service	15c. - Information about delivery and/or payment	15d. - Information about complaint handling	22a. -Express consent	22b. -Existing relationship		
Tajikistan		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Armenia		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Kazakhstan		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Kyrgyzstan		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Russian Federation		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Turkmenistan		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Europe & Central Asia		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Upper-middle		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lower-middle		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Source: World Bank DTRR.

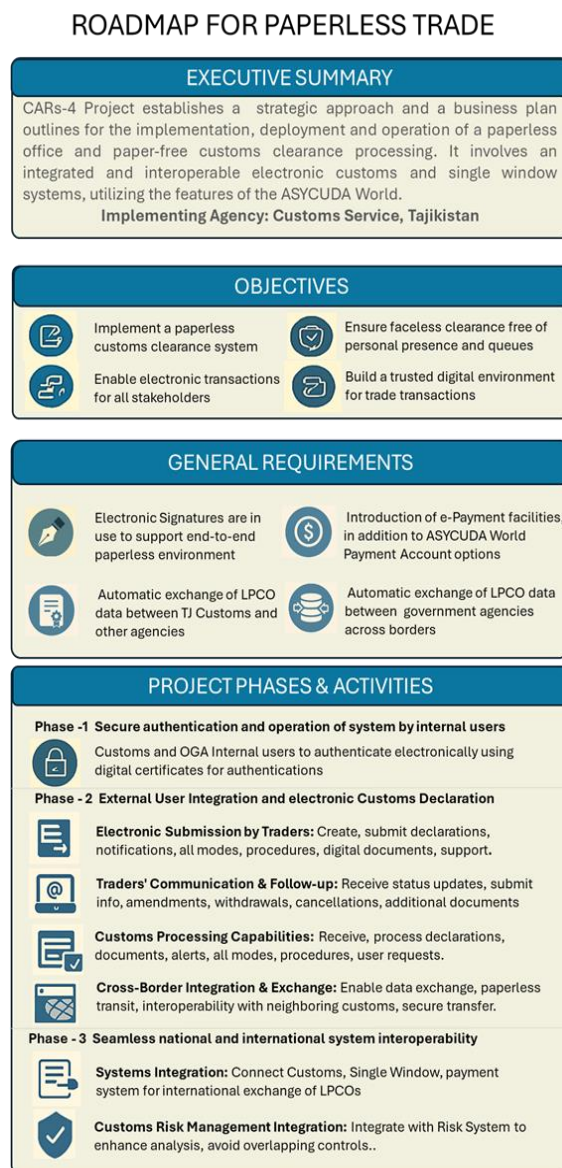
Figure A1.5. Rules on Cross-Border Data Flow

	Cross-border data regime										Cross-border data limitations										
	57. Explicit framework on cross-border data transfers	58. Data protection in cross-border data transfers relies on evaluation and accountability...	59. Adequacy determined by			60. Alternatives to for adequacy include:					61. Personal data is explicitly allowed to transfer across border based on consent by the data subject:	62. Required for cross-border data transfers:			63. Data localization requirements						
			59a. -Data controller on its own terms—with no specific guidance	59b. -Data controller based on statutory requirements.	59c. -Government agency	60a. -Agreement between governments, DPAs, or other governmental agencies	60b. -Intra-group transfers based on binding corporate rules	60c. -Use of government approved contractual clauses between private parties	60d. -Accountability requirement, where domestic controller is liable for data misuse	60e. -Ad hoc approval by government agency	61a. -Data subject's approval alone is sufficient.	61b. -Additional government approvals required	62a. -Government pre-approval	62b. -Notification of transfer without authorization/pre-approval	62c. -Submission of security assessment	General data localization	Personal Data	Financial Data	Health Data	National Security	Telecoms Data
Tajikistan	●	×	●	×	×	●	×	×	×	●	×	×	×	×	×	×	×	×	×	×	
Armenia	●	×	×	×	●	●	×	×	×	●	×	×	×	×	×	×	×	×	×	×	
Kazakhstan	●	×	●	×	×	●	×	×	×	●	×	×	×	×	×	●	×	×	×	●	
Kyrgyzstan	●	×	×	×	●	×	×	×	×	●	×	×	×	×	×	×	×	×	×	×	
Russian Feder..	●	×	×	×	●	×	×	×	×	×	×	×	●	×	×	●	●	×	×	●	
Turkmenistan	●	×	●	×	×	●	×	×	×	●	×	×	×	×	×	●	×	×	×	×	
Uzbekistan	●	×	●	×	×	●	×	×	×	●	×	×	×	×	×	●	×	×	×	×	

Source: World Bank DTRR.

Annex 2. Figures for Paperless Trade and E-Commerce Program

Figure A2.1: Implementing Paperless Trade under the CARs-4 Project



Source: World Bank staff

Figure A2.2: Areas of Focus of Tajikistan's E-Commerce 2025–2029 Program



Source: E-Commerce Program in the Republic of Tajikistan for 2025–2029

