



DOI: 10.22363/2313-2329-2022-30-4-577-586

UDC 332

Research article / Научная статья

Socio-economic development of the Gorno-Badakhshan Autonomous Region

Farzona M. Garibova  

*Institute for Demographic Research, FCTAS RAS,
6 Fotievoy St, build. 1, Moscow, 119333, Russian Federation*

 farzona.garibova@mail.ru

Abstract. Gorno-Badakhshan Autonomous Region (GBAO) occupies the entire eastern part of Tajikistan, being the largest region of the country in terms of area. Almost the entire territory of GBAO is occupied by highlands, where the Pamir highland system is located. The article highlights some of the causes of the problems that caused the crisis in the region. A review of investment projects of international organizations on the territory of GBAO was carried out. It has been established that the leading sector of the region's economy is agriculture and industry. The problem of attracting investments for the Gorno-Badakhshan Autonomous Region remains relevant and periodically rises at all levels. Nevertheless, no significant success has yet been achieved. Experts associate barriers to investment in the region with economic, geographic and political characteristics, as well as the lack of capacity of local entrepreneurs to work with large-scale funding.

Keywords: socio-economic development, agriculture, industry, investments

Acknowledgments: The reported study was funded by RFBR, project number 20-011-00526 A

Article history: received 07 July 2022; revised 20 July 2022; accepted 18 August 2022.

For citation: Garibova, F.M. (2022). Socio-economic development of the Gorno-Badakhshan Autonomous Region. *RUDN Journal of Economics*, 30(4), 577–586. <https://doi.org/10.22363/2313-2329-2022-30-4-577-586>

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Социально-экономическое развитие Горно-Бадахшанской автономной области

Ф.М. Гарибова  

*Институт демографических исследований ФНИСЦ РАН,
Российская Федерация, 119333, г. Москва, улица Фотиевой, дом 6, к. 1*

 farzona.garibova@mail.ru

Аннотация. Горно-Бадахшанская автономная область (ГБАО) занимает всю восточную часть Таджикистана, являясь крупнейшим по площади регионом страны. Почти всю территорию ГБАО занимает высокогорье, где расположена высокогорная система Памир. Освещены некоторые причины возникновения проблем, вызвавшие кризисную ситуацию в области. Проведен обзор инвестиционных проектов международных организаций на территории ГБАО. Установлено, что, ведущей отраслью экономики региона является сельское хозяйство и промышленность. Проблема привлечения инвестиций для Горно-Бадахшанской автономной области остается актуальной и периодически поднимается на всех уровнях управления. Тем не менее, существенных успехов пока добиваться не удастся. Эксперты связывают барьеры на пути к инвестициям в регион с экономическими, географическими и политическими особенностями, а также с отсутствием у местных предпринимателей потенциала работать с крупными финансированием.

Ключевые слова: социально-экономическое развитие, сельское хозяйство, промышленность, инвестиции

Благодарности: Исследование выполнено при финансовой поддержке РФФИ в рамках научного проекта № 20–011–00526 А

История статьи: поступила в редакцию 07 Июля 2022 г.; проверена 20 Июля 2022 г.; принята к публикации 18 Августа 2022

Для цитирования: *Garibova F.M. Socio-economic development of the Gorno-Badakhshan Autonomous Region // Вестник Российского университета дружбы народов. Серия: Экономика. 2022. Т. 30. № 4. С. 577–586. <https://doi.org/10.22363/2313-2329-2022-30-4-577-586>*

Introduction

The socio-economic and cultural life of the regions of Tajikistan has changed dramatically with the receipt of state independence. These changes were further deepened and intensified by the civil war. The regions, oblasts, districts, collective farms, and villages of the republic independently began to solve their socio-economic and cultural problems.

Gorno-Badakhshan Autonomous Region (GBAO) occupies 62.9 thousand square km, or 44.9 % of the territory of the Republic. At the end of 2020, the population was 228.9 thousand people, of which the urban population is 30.5 thousand people (13.3 % of the total population of the region), the rural population is 198.4 thousand people (86.7 %). The average population density in the region (per 1 sq. km.) is 3.6 people.

The Soviet period for Gorno-Badakhshan was effective in terms of the development of the economy, culture, social sphere, infrastructure construction: highways, hydroelectric power plants, factories.

Since 1925, GBAO has gone through a long historical path with a relatively developed social infrastructure, a system of general education of the population and culture. It is worth noting that it is important to show what role the region plays in the socio-economic development of Tajikistan and what problems it will have to solve in the future (Alekseeva, 2018).

GBAO is the most sparsely populated region of the Republic of Tajikistan, where in 2019 there were 228.9 thousand people, and accounts for 2.5% of the total population of the Republic. In the same year, 1869 people were in migration, and, as a rule, the countries of destination of migrants are Russia, Canada, the USA (labor migrants) and some European countries (mainly educational migrants) (Rakhmonov, Manshin, 2019).

Table 1

Demographic indicators of GBAO, 2010–2019

Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Population, thousand people	206,5	208,5	210,2	212,1	214,3	217,4	220,2	223,6	226,9	228,9	228,9	231,4
Population growth rate, % to the previous year	100,8	101	100,8	100,9	101	101,4	101,3	101,6	101,5	100,9	100,9	101,3
Population density, people per 1 km ²	3,2	3,3	3,3	3,3	3,3	3,4	3,5	3,5	3,6	3,6	3,6	3,7
Population migration, people												
Emigrants	531	844	742	952	698	638	638	723	675	742	565	590
Immigrants	1751	1785	1976	2201	2125	1833	1834	1866	1652	1869	1552	1573
Migration growth	-1220	-941	-1234	-1249	-1427	-1195	-1196	-1143	-977	-1127	-987	-983

Source: Compiled by the author based on the collection: Population of the Republic of Tajikistan as of January 1, 2021 30 years of state independence / Agency on Statistics under the President of the Republic of Tajikistan. Dushanbe, 2021. P. 11–17.

After the collapse of the Soviet Union and as a result of the civil war, many residents of GBAO emigrated to Russia in search of a better life. And, to date, Regional public organizations have been formed in three cities of Russia: in Moscow, St. Petersburg and Yekaterinburg. The main goal of these organizations is to promote the integration of migrants into the Russian community and maintain ties with their homeland, because many migrants have been in another country for more than 25 years and, as a rule, have the citizenship of the Russian Federation.

Materials and methods of research

A relatively small number of works are devoted to the analysis of the socio-economic development of the GBAO. The information basis of the study was the work of Russian and Tajik scientists, as well as reports of international organizations and materials of national programs in the field of economic development of the region — GBAO.

The research method used in this work is content — analysis of open sources of information: analytical reports, scientific articles and annual reports of the Republic of Tajikistan.

At the same time, it should be noted that research activities devoted to the regions of Tajikistan have an unfinished form and are subject to development.

The main sectors of the economy of the Gorno-Badakhshan Autonomous Region

The issue of disproportionate development of the regions since Tajikistan gained independence has not been resolved. The authorities believe that these are the consequences of the USSR, and hope to solve the problems of the regions as foreign investments come in.

The COVID-19 coronavirus pandemic, which led to the closure of borders, to the financial and food crisis, further revealed the need for the development and self-sufficiency of the regions of Tajikistan. The longer an administrative-territorial unit is able to provide certain types of security without the help of the center and develop independently, relying on its own resources, the more stable the situation in the country as a whole remains.

The regions of Tajikistan have diverse potential in terms of territory, human resources, population and geographic location. And, as a rule, the private sector in them is at a different level of development.

Since Soviet times, in the southern and southwestern regions, the population is mainly employed in agriculture, in the northern part there were enterprises, and this trend continues to this day, and in GBAO there is potential in the extraction of minerals and efforts are focused on the possibility of their development (Parshin, 2016).

GBAO remains the most sparsely populated and least developed region of Tajikistan. The share of industrial production in the region is 0.8%. The region produces electricity, grain, potatoes, vegetables and meat. According to the World Bank, the poverty rate in GBAO is 27.7%.

Table 2

Gross regional product, 2013–2019, mln somoni

Region	2013	2014	2015	2016	2017	2018	2019
GBAO	633,2	721,7	716,8	841,2	956,5	1035,6	1063,4

Source: Compiled by the author according to the report “Socio-economic situation of the Republic of Tajikistan” for January — July 2021 / Agency for Statistics under the President of the Republic of Tajikistan, 2021.

As can be seen from Table 2, there is an upward trend in the gross regional product of GBAO. For 2013, the GRP amounted to 633.2 million somoni, and by 2019 it amounted to 1,063.4 million somoni.

Table 3

Structure of gross regional product by sector in GBAO in 2013–2018, %

Sectors	2013	2018
Agriculture	47	29
Industry and Energy	6	12
Construction	19	21
Trade and services	6	9
Transport and communications	1	6
State administration	2	3
Education	10	10
Healthcare	7	6
Utility bills	1	2
Taxes	1	2

Source: Compiled by the author based on the data of the report “Socio-economic situation of the Republic of Tajikistan” for January-July 2019 / Agency on Statistics under the President of the Republic of Tajikistan, 2021.

According to the Agency on Statistics under the President of the Republic of Tajikistan, the structure of GRP by sector in 2013 and 2018 had such data, and in 2013 the share of agriculture in the GRP of the region was 47 % and by 2018 this share had decreased to 29 %. And, here, the share of industry and energy increased from 6 % in 2013 to 12 % in 2018. The construction industry accounted for 19 % in 2013 and increased to 21 % by 2018.

Table 4

Retail turnover, 2013–2019, mln somoni

Region	2013	2014	2015	2016	2017	2018	2019
Tajikistan	11311,7	12823,9	14377,7	16166,7	18435,2	20479,7	24948,3
GBAO	101,3	108,1	114,2	121	128,6	138,1	154,7

Source: Compiled by the author based on the data of the report “Socio-economic situation of the Republic of Tajikistan” for January-July 2021 / Agency on Statistics under the President of the Republic of Tajikistan, 2021.

The retail trade turnover of the region for 2013 amounted to 101.3 million somoni, and in general, there is a growth trend until 2019, and reached 154.7 million somoni.

Volume of industrial production, mln somoni

Region	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GBAO	75,1	76,8	88	83,1	104,4	122,1	138,9	202,7	243,2	249,3

Source: Compiled by the author based on the data of the report “Socio-economic situation of the Republic of Tajikistan” for January-July 2021 / Agency on Statistics under the President of the Republic of Tajikistan, 2021.

According to Table 5, the volume of industrial production in GBAO in 2010 was 75.1 million somoni, by 2019 this figure was 249.3 million somoni.

GBAO, which has huge natural resources, in particular minerals, is considered one of the richest regions not only in Tajikistan, but throughout Central Asia (Tsykunov, Demeshko, 2020).

In Soviet times, along with the Urals, GBAO was considered the gold reserve of the USSR. Currently, the Pamir is called the Golden Gate of Tajikistan.

In conditions of economic and social underdevelopment, GBAO has significant natural resources. The development of these resources will contribute both to a significant development of the productive forces of the region and will increase its contribution to solving the problems of the country. The region as a major producer of electricity and mining products has a huge potential. First of all, this concerns the use of large water resources in GBAO. The development of agriculture can be facilitated by the improvement of the sectoral structure of agricultural production with its primary reorientation to food needs of regional importance. The diversity of natural conditions in Tajikistan contributes to the development of a diversified livestock economy. For a scientific understanding of socio-economic and cultural processes in the conditions of independence, both positive and negative phenomena and trends, it is necessary to deeply and exhaustively study the reasons for the manifestation of socio-economic, industrial and cultural activity in individual regions.

Foreign investments in the economy of the Gorno-Badakhshan Autonomous Region

The most profitable for investments among the districts of GBAO are Rushan and Murgab. They contain deposits of gold — “Rangkul”, silver — “Yakdjilva”, tin — “Pasirud”, iron ore deposit “Barch” and polymetal deposit “Ikar”. In addition to ore deposits, many non-metallic deposits are also known in the region (Turakulaminsky gem belt, gem deposits — Kukhi Laal, Lojvardara, marble — Dashtak and Poimazor), where exploration work is carried out, but due to difficult climatic conditions and other problems, poor organization of work cannot effectively influence the economy of the region, the main factor is a short working period of 3–5 months (Kayumova, Yusufbekova, 2019).

In addition to tourism, the development of the region can be stimulated by the development of the mining industry, as the region is rich in mineral resources. The inaccessibility of the raw material potential of GBAO does not give investors the opportunity for immediate returns, however, the organization of modern technological production allows you to benefit from investment funds.

In order to stimulate the inflow of foreign investment and strengthen the role of the private sector in Tajikistan, the Aga Khan Fund for Economic Development (AKFED) makes long-term investments while building the necessary infrastructure. The Fund pays special attention to the gradual building of the country's human resources, including the development of managerial, technical, marketing and financial skills.

Complementing these efforts is the Aga Khan Foundation's Mountain Societies Development Support Program (MSDSP), which helps isolated mountain communities implement small infrastructure projects needed to improve access to markets and social services.

The program also includes activities to support local micro, small and medium-sized enterprises, as well as to assist in the creation of rural microcredit organizations that provide financial services to households with limited resources to secure loans.

Currently, AKFED investments are directed to the energy, telecommunications and tourism sectors of Tajikistan. Project companies include Pamir Energy Company, Tcell and Serena Hotels.

In one of the most affected regions, after the collapse of the USSR and the civil war in the Republic of GBAO, economic and social development was significantly hampered. Schools, health centers and businesses were closed during the cold winter months due to lack of electricity for heating.

AKFED, in cooperation with the International Finance Corporation, founded the Pamir Energy Company in 2002. Since then, the company has invested about \$53 million to rehabilitate GBAO's energy infrastructure and expand hydroelectric power plants, with the result that more than 91 % of the region now has access to electricity and, thanks to tariff subsidies, even the poorest households use electricity. As a result of the company's efforts, 70 percent of its consumers in GBAO, which are connected to the main power grid, now receive electricity 24 hours a day for the first time since the end of the Soviet era, and the remaining 30 percent receive 16–18 hours a day. Along with this, the company serves as a source of income and skills development, offering employment opportunities to more than 600 local residents and partnering with 200 contract organizations.

Another direction is that the tourism infrastructure of Tajikistan is relatively poorly developed, because investors are reluctant to make large investments and do not seek to take on long-term obligations that are necessary for the construction of hotels that meet international standards.

AKFED's subsidiary Tourism Promotion Services (TPS) operates a hotel in Dushanbe and a hotel in Khorog.

Through its MSDSP, AKF aims to ensure tangible food security, agricultural development and natural resource management, with particular attention to the needs of rural communities in mountainous and resource-poor areas. By supporting sustainable, locally adapted interventions, AKF and MSDSP are contributing to improved household nutrition and food security while supporting 300,000 farmers to adapt to climate change, realize greater economic opportunities and reduce risks in disaster-prone areas. Recognizing that investment in household

food security does not always translate into adequate dietary and consumption diversity for women and children, AKF brings together nutrition interventions to address maternal and child malnutrition.

In recent years, with the financial support of the Swiss Agency for Development and Cooperation (SDC), the Japan International Cooperation Agency (JICA), the European Commission (EC) and the German Society for International Cooperation (GIZ), infrastructure projects have been implemented, the need for which was identified by the communities themselves: local roads, bridges, repair of clinics and rural schools, and drinking water supply schemes for small villages, benefiting 108,000 people (17,000 in GBAO).

The Aga Khan Development Fund established the university in 2000 by an international agreement between the Republic of Tajikistan, Kazakhstan and Kyrgyzstan with the financial support of a major businessman Karim Aga Khan IV — Imamate of the Ismailis (Ismailis are the majority of residents of the GBAO of the Republic of Tajikistan) with the aim of development education and literacy of the population in the mountainous areas of Central Asia. The campus of the University of Central Asia in Naryn (Kyrgyzstan) was opened in 2016, and in 2018 in the border town of Khorog (GBAO, Tajikistan). The Tekeli campus is expected to open in 2022 among the mountains of Kazakhstan. To provide higher education, teachers from Central Asia, Russia, North America, South Asia and Europe are involved in the work. For example, in April 2020, there were 272 undergraduate students at UCA campuses in Naryn, Kyrgyzstan and Khorog, Tajikistan, of which 81 % were Central Asians, 12 % Pakistanis, 4 % Afghans and 3 % are citizens of Russia, Iran, Syria and Kenya. There are exchange programs between students and teachers of the two campuses (Ryazantsev, Vazirov, Garibova, 2020).

A separate point worth noting is the development of infrastructure projects of the PRC, the implementation of which affects both GBAO and Tajikistan as a whole. As part of the One Belt, One Road Initiative (OBOR), China is actively investing in the road infrastructure of Central Asia. For example, in 2020, Beijing issued a \$357 million grant to Dushanbe for the reconstruction of the Dushanbe-Kulma highway, which passes through GBAO and links the PRC with Tajikistan.

COVID-19 and the subsequent pandemic have weakened the country's international influence, with much of China's Belt and Road Initiative being suspended or slowed down.

GBAO has a large source of renewable energy — Lake Sarez. Proper use of its resources as a result of existing investment projects will help both improve the energy situation in the region and reduce the danger posed by the lake for the whole of Central Asia.

Conclusion

GBAO after gaining independence of Tajikistan, like other regions, faced the serious consequences of the civil war. Nevertheless, in a short historical period, the region managed to start building a new democratic civil society.

Agricultural activity in the region takes place in more extreme natural and climatic conditions than in other mountainous regions, not to mention the flat areas of the country. And this, of course, requires additional labor costs, funds and reduces productivity. Therefore, *ceteris paribus*, higher capital investments, subsidies, tax and customs benefits are required.

Summing up, it should be noted recommendations that can contribute to the socio-economic development of the GBAO:

- with the use of foreign investments, namely the Aga Khan Development Network, to increase the extraction of minerals and non-ferrous precious metals — geological exploration;
- increase the number of medium, small and micro power plants;
- improve medical care by applying medicinal herbs, local folk medicine, healing minerals and rich water treatments of Gorno-Badakhshan and develop public health.

In recent years, the government of the country has adopted a number of resolutions aimed at stabilizing the socio-political and socio-economic development of the region, as well as creating favorable conditions for the activities of international humanitarian programs in GBAO, primarily the AKFED, the Eurasia Foundation, the German Ministry of Economic Development, etc.

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Bio note / Сведения об авторе

Farzona M. Garibova, Graduate Student of the Federal Center of Theoretical and Applied Sociology of the Russian Academy of Sciences, Junior Research Assistant, Institute for Demographic Studies of the Federal Center of Theoretical and Applied Sociology of the Russian Academy of Sciences (IDR FCTAS RAS). ORCID: 0000-0001-6041-8204. E-mail: farzona.garibova@mail.ru

Гарибова Фарзона Майбалиевна, аспирант Федерального научно-исследовательского социологического центра РАН, младший научный сотрудник Института демографических исследований ФНИСЦ РАН. ORCID: 0000-0001-6041-8204 E-mail: farzona.garibova@mail.ru