

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

# Country Profiles on the Housing Sector



## Tajikistan



UNITED NATIONS



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**COUNTRY PROFILES**  
**ON**  
**THE HOUSING SECTOR**

**TAJIKISTAN**



**UNITED NATIONS**  
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UNECE Information Service  
Palais des Nations  
CH-1211 Geneva 10  
Switzerland

Phone: +41 (0) 22 917 44 44  
Fax: +41 (0) 22 917 05 05  
E-mail: [info.ece@unece.org](mailto:info.ece@unece.org)  
Website: <http://www.unece.org>

## *Foreword*

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The country profiles on the housing sector are intended to assist Governments of countries with economies in transition to improve the performance of their housing sector and, at the same time, to promote sustainable development. The reviews analyse trends and policy developments and make an overall assessment of the political, economic and social framework of the housing sector. This work was initiated by the United Nations Economic Commission for Europe (UNECE) Committee on Housing and Land Management in the early 1990s, in response to requests from UNECE member States.

The studies are requested by member States and carried out by international teams of experts in cooperation with governmental bodies, other international organizations, non-governmental organizations (NGOs), local authorities and the private sector. Through a process of broad consultations, the experts undertake a comprehensive review of the housing sector and develop recommendations to help policymakers draft strategies and programmes.

This country profile on the housing sector of Tajikistan, prepared at the request of the Agency for Construction and Architecture, is the fifteenth in the series published by the Committee on Housing and Land Management. The country profile programme continues to emphasize in-depth analysis and policy recommendations, but also focuses on specific challenges or achievements in the housing sector that are particularly relevant to the country under review. In the case of Tajikistan, these issues are spatial planning and land administration, new and existing housing stock, natural disaster mitigation and the legal, institutional, and financial framework. This country profile report lays out a set of policy recommendations. Their timely and effective implementation is regarded as crucial to meeting the challenges Tajikistan currently faces.

I would like to thank the international and local experts who contributed to the preparation of the country profile, as well as the Governments that provided funding for its development. I invite all those with an interest in Tajikistan's housing and land management sectors — policymakers and legislators, Government officials, academics, NGOs and other national stakeholders, as well as international organizations, lender and donor organizations, technical assistance agencies and private sector investors — to make full use of the information and recommendations contained in the study. It can serve as a framework for future action, and can help shape programmes at the national and local levels.

Finally, I would like to stress the relevance of the country profile reviews as unique instruments for UNECE countries to share experiences on housing and land management issues, to compare trends and gain knowledge from different practices, to adopt policies and planning tools and to learn about the actions implemented. I, therefore, trust that this exercise will continue to prove itself to be a practical policy tool that all stakeholders concerned can use to address development-related challenges in the housing and land management sectors, most particularly in countries in transition and in emerging economies.



Ján Kubiš  
Executive Secretary  
United Nations Economic Commission for Europe



## Preface

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This country profile on the housing sector of Tajikistan was requested by the Agency for Construction and Architecture and began with a preparatory mission by the UNECE secretariat. A fact-finding mission by the international expert team was carried out in February 2010.

The project's expenses were covered by extrabudgetary funds provided by Governments. The successful conclusion of the project would not have been possible without this generous support.

Previous studies in the series include Bulgaria (ECE/HBP/101, published in 1996), Poland (ECE/HBP/107, 1998), Slovakia (ECE/HBP/111, 1999), Lithuania (ECE/HBP/117, 2000), Romania (ECE/HBP/124, 2001), Republic of Moldova (ECE/HBP/125, 2002), Albania (ECE/HBP/130, 2002), Armenia (ECE/HBP/132, 2004), Russian Federation (ECE/HBP/131, 2004), Serbia and Montenegro (ECE/HBP/139, 2006), Georgia (ECE/HBP/143, 2007), Belarus (ECE/HBP/150, 2008), Kyrgyzstan (ECE/HBP/157, 2010) and Azerbaijan (ECE/HBP/160, 2010).

Five other UNECE publications related to housing may also prove useful to Tajikistan and other countries in transition: (a) *Guidelines on condominium ownership of housing for countries in transition* (ECE/HBP/123, 2003); (b) *Housing finance systems for countries in transition: principles and examples* (ECE/HBP/138, 2005); (c) *Guidelines on social housing: principles and examples* (ECE/HBP/137, 2006); (d) *Self-made Cities: In search of sustainable solutions for informal settlements in the United Nations Economic Commission for Europe region* (ECE/HBP/155); and (e) *Green Homes: Towards energy efficient housing in the United Nations Economic Commission for Europe region* (ECE/HBP/159).

This country profile and other related publications are available on our website (<http://www.unece.org/hlm/welcome>).

# Acknowledgments

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## INTERNATIONAL EXPERTS

|   |  |
|---|--|
| Cecilia Batac (UNECE)   | Socio-economic conditions and housing policy framework |
| Anna Badyina (University of Oxford, United Kingdom of Great Britain and Northern Ireland) | Housing conditions and new housing construction        |
| Arvydas Bagdonavicius (Centre of Registers, Lithuania)                                    | Land administration                                    |
| Paola Deda (UNECE)  | Team leader  |
| Jakob Krupka (UNECE)  | Project leader   |
| Alisher Mamadzhanov (UNECE)   | Urban planning and development                         |
| Andrey Tumanov (Institute for Urban Economics, Russian Federation)                        | Financial framework for the housing and land sectors   |

The international experts provided inputs in their above-mentioned areas of expertise. Although this mainly involved drafting one specific chapter, parts of their work also contributed to other chapters for the purposes of clarity. The legal framework has been fully reflected as appropriate. The final publication should therefore be considered as the result of a joint effort.

## NATIONAL EXPERTS

|                    |   |
|--------------------|---|
| Hamrokul Samiev    | Head of the Department of Construction Programmes and Integration Processes of the Agency for Construction and Architecture       |
| Ulugbek Umarov     | Head of the Department of Science and Technical Documentation of the Agency for Construction and Architecture                     |
| Anvar Fozilov      | Director of Project Research Institute for Construction and Architecture, Agency for Construction and Architecture                |
| Bahtiyor Ishanov   | Director of the project Institute “Giprostroy”, Agency for Construction and Architecture  |
| Kurbon Teshayev    | Chief of State Department for Supervision in the Field of Construction and Architecture, Agency for Construction and Architecture |
| Dildor Toshbekov   | Head of Department, State Geodesy Inspection, Agency for Land Management, Geodesy and Cartography                                 |
| Abdusattor Boltaev | Head of Department on Housing Use and Heating of the State Unitary Enterprise “Housing and communal services”                     |



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## LIST OF ABBREVIATIONS

|              |  |
|--------------|--|
| <b>ALMGC</b> | Agency for Land Management, Geodesy and Cartography (since March 2010, the State Committee for Land Management, Geodesy and Cartography) |
| <b>AMFOT</b> | Association of Microfinance Organizations of Tajikistan  |
| <b>BTI</b>   | Bureau of Technical Inventory  |
| <b>EBRD</b>  | European Bank of Reconstruction and Development  |
| <b>FAO</b>   | Food and Agriculture Organization of the United Nations  |
| <b>GBAO</b>  | Autonomous region of Gorno-Badakhshan  |
| <b>GDP</b>   | Gross domestic product   |
| <b>GIS</b>   | Geographic information system  |
| <b>GNI</b>   | Gross national income  |
| <b>GPS</b>   | Global Positioning System  |
| <b>HFHT</b>  | Habitat for Humanity Tajikistan  |
| <b>IFC</b>   | International Finance Corporation  |
| <b>LURC</b>  | Land Use Right Certificates  |
| <b>MDGs</b>  | Millennium Development Goals   |
| <b>MFI</b>   | Microfinance institutions  |
| <b>NDS</b>   | National Development Strategy  |
| <b>NGO</b>   | Non-governmental organization  |
| <b>PRP</b>   | Poverty Reduction Programme  |
| <b>PRSP</b>  | Poverty Reduction Strategy Paper   |
| <b>SASB</b>  | Specially Authorized State Body  |
| <b>SFL</b>   | Shelter for Life International   |
| <b>SNiPs</b> | Construction Norms and Regulations   |
| <b>SRTM</b>  | Shuttle Radar Topography Mission   |
| <b>UNDP</b>  | United Nations Development Programme   |
| <b>UNECE</b> | United Nations Economic Commission for Europe  |
| <b>UNHCR</b> | United Nations High Commissioner for Refugees  |
| <b>USAID</b> | United States Agency for International Development   |



# EXECUTIVE SUMMARY

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## **Socio-economic conditions and housing institutional framework**

*The Government of Tajikistan demonstrates its commitment to maintaining macroeconomic and financial stability in the country through the implementation of reforms and the development of programmes and projects in cooperation with various organizations. This is reflected, for example, in the poverty reduction programmes (first and second Poverty Reduction Strategy Papers (PRSP), 2002–2006 and 2007-2009 respectively) and the National Development Strategy for the period 2015, with some references to housing. The latter document is focused on achieving sustainable economic growth, expanding public access to basic social services and reducing poverty.*

*Although poverty has fallen significantly since 1999, an estimated 60% of the population still lives in poverty. With the rapidly increasing population, the job creation process could not match the demand for employment, resulting in high levels of unemployment. The lack of employment opportunities as well as low wages, especially in the rural areas, have led to labour migration within and from Tajikistan. More than 400,000 Tajiks left the country in 2004 to find jobs, mainly in the Russian Federation. The amount of remittances from migrant workers was so significant that it became a source of economic growth for Tajikistan. However, labour migration deprives the country of its skilled workers and limits the work force.*

*Natural disasters have plagued Tajikistan over the years. The Government has taken steps to address disaster risk management and adopted a national strategy on disaster management. Yet the various natural disasters that the country is continually experiencing further complicate the poverty situation in the country.*

*The downgrading of the housing authorities has important implications. In fact, several institutional changes have occurred. Most notably, the status of the national housing authority has been downgraded from a State Committee to the State Agency for Construction and Architecture. At the local level, a governance system is in place, but the current sharing of competencies between national housing authorities and local bodies remains unclear and is not accompanied by adequate financing.*

*There is little information on the housing situation in Tajikistan. Programmes and practices are currently not supported by enough reliable and comprehensive statistical data to enable the Government to identify and understand housing related problems.*

## **Housing conditions, housing construction and public utilities**

*Today, the housing conditions of many families are deteriorating due to lack of maintenance and repair. Since 1995, when the Law on Housing Privatization was approved, around 93% of the housing stock had been privatized by January 2010. With privatization, the responsibility for housing was transferred increasingly to individual tenants, without proper implementation of the existing legal framework and without provision of adequate financial resources for housing maintenance. Regarding single-family housing units, the majority of them were built without planning guidance, often in violation of seismic regulations.*

*Currently there is no strategy or comprehensive action plan for both housing maintenance and the utility sector despite the development of a draft Concept for Housing and Utility Sector Reform in the Republic of Tajikistan. However, as of January 2010 this draft concept was still under consideration. Budget funding for the sector is also limited.*

*The existing law on Apartment Building Maintenance and Homeowner Associations contains provisions on managing the common areas of multi apartments building. It states that homeowners can choose either to manage the common property and utilities by themselves through an assembly or homeowners association or hire a management company. However, these formal provisions have often not worked in practice, as there has been no proper institutions for implementation and funding. Furthermore, many new homeowners are not able to implement capital repairs at their own expense.*

*It appears that decent housing remains unaffordable for average households, given their low annual wages.* In urban areas, housing construction is mainly led by the private sector and aimed at wealthy customers, while in rural areas housing output is made up of self-built single-family housing. The official housing market is dominated by demand from wealthy households and there are no mechanisms that could stimulate effective demand from the rest of the population.

*The Government has tried to improve urban and rural water supply by attracting donor support.* Projects carried out so far, such as to improve the water supply of Dushanbe city, have brought positive outcomes, and the quality and availability of water supply has improved in recent years. However, the recent construction boom, especially of high-rise multifamily units, will further strain the existing infrastructure, and the improvements made in recent years may be lost without further, considerable investment.

*The management systems of local utility companies are ineffective,* the practices for collection of fees and tariff policies also need to be revised, and water meters need to be installed in multifamily units. *The situation with sewerage systems operating in towns is even more urgent,* as this sector has seen considerable underinvestment. Most of the sewage treatment facilities in the country are working at the limit of their capacity. The increasing population of towns puts additional stress on very outdated sewerage infrastructures. *The situation is similar with the collection, storage and incineration of municipal solid waste.* The existing system of waste collection is inadequate and cannot meet the needs of growing urban populations.

*The Government is investing in modernization of the existing intra-city energy distribution networks.* However, the problem of sufficient electricity supply for the population of Tajikistan still remains very acute. The country experiences a serious deficit of electricity during winter, when its hydropower plants are not producing adequate electricity to cover the needs of the country. The import of electricity from neighbouring States is also not stable due to technical and political reasons. The energy sector needs modernization to decrease the considerable losses in transmission lines.

*The natural gas supply situation has also been challenging.* The country is importing almost all its natural gas supply from Uzbekistan and local production can only cover the needs of a few smaller towns. As the price of natural gas has increased greatly during the past five to six years, the country cannot afford to import sufficient gas, mainly due to the inability of both businesses and the population to pay for it. This difficult situation has forced the population to search for autonomous energy sources. Gasoline- or diesel-run generators were widely used as alternative electricity sources, while liquefied petroleum gas or compressed natural gas were used for heating together with locally available wood and coal.

*The energy efficiency of new and existing buildings has been on the Government agenda since the adoption of the “Concept for the Development of the Fuel and Energy Sector for the period 2003–2015”.* In general, developments with regard to energy efficiency remain patchy, although the Agency for Construction and Architecture was recently entrusted with the development of a national programme on energy-efficient housing. The programme was intended to include a broad range of actions, such as research, design, funding and tariff regulation. *The use of renewable energy sources has also been explored.* A number of small community-based projects on energy efficiency in housing have been carried out in Tajikistan by some international organizations as part of the poverty alleviation programme.

*There is a growing trend towards self-help construction,* driven by limited opportunities for many households to improve their housing situation. Self-build single-family housing made up almost 87% of the total housing output in Tajikistan. Many self-build houses in both rural and urban areas are not in conformity with the formal building regulations, mainly due to the residents' limited financial resources, but also due to the inadequacy of building regulations. The houses are made of stone and mud bricks found or produced locally to substitute for other expensive building materials. In some urban areas, self-build housing is supported by municipalities.

## **Financial and legal framework**

*Building costs are increasing by 25%–50% annually* and decent housing is becoming beyond the reach of the majority of the population. The Government does not provide any repair grants and only a few microfinance organizations have recently started to offer housing repair loans.

*Lack of mechanisms to facilitate the construction of affordable housing, but an overwhelming demand for such housing.* The supply is insufficient due to the lack of financial mechanisms to support the construction companies. Residential construction is financed mainly by the savings of future unit owners.

*No government policy to develop the rental housing sector.* According to the Housing code, the Government is responsible for the provision of social rental housing for households in need. Given the economic difficulties and fiscal constraints, a transparent income-based subsidy system has not been developed to meet the housing needs of the vulnerable segments of the population.

*The Government has yet to create a conceptual framework for a residential mortgage financing system.* The State has not defined as a priority the development of such a system, nor has it identified the major objectives, means and mechanisms necessary to develop and support the residential mortgage industry.

*Taxation system related to property transactions does not stimulate the development of mortgage lending and residential construction.* Furthermore, there is no favourable tax treatment of income coming from the sale of a taxpayer's primary residence, nor is mortgage interest tax deductible.

*The problems that Tajik banks are facing are the insufficient incomes of borrowers combined with a lack of cheap, long-term capital* as well as the lack of internal policies, procedures and personnel experienced in mortgage lending. These are necessary elements to implement sound risk management policies, methods and tools. The necessary conditions to strengthen the capacity of the key participants in the mortgage market and further develop their institutional potential are also not in place yet.

*A microfinance sector is being actively developed with the assistance of international organizations but mainly for trade and entrepreneurs.* However, some microfinance institutions offer small loans for housing construction and refurbishment and housing purchase. The commercial banks, despite the financial crisis, are starting to consider microfinance as an attractive sector for their activities.

*Although the general legislation framework for housing exists and is being updated,* there is a lack of guidance on its implementation.

*The increasing density and rebuilding of outdated housing stock inevitably raises the issue of compensation for the people to be evicted.* The current housing legislation does not contain any clear instructions on how to deal with this problem or how to determine those dwellings which should be demolished due to unsuitable living conditions.

## **Urban planning and development**

*The Government has recently approved new administrative procedures for obtaining a construction permit* which introduces the principle of the "Single Window". It has also reviewed the list of documents required for obtaining a construction permit and approved the updated templates of documents to be submitted as part of application for a construction permit.

*The process of preparations of master plans is carried out by Gipstroy in cooperation with the local branches of the Executive Power.* However, the information provided by local governments to the people on the current situation with master plans is rather inadequate. The participation of the population in the decision-making process of drafting and elaborating master plans is also very limited. This leads to confusion among the people regarding their plans to construct new houses and creates uncertainty about the future of existing dwellings. This, in turn, creates further problems related to illegal construction and evictions in such areas.

*Inadequate implementation of medium-term plans for resettlement of the population from disaster-prone areas to safer places* was recognized by the international community, as some of the resettlement activities were not well planned and the relocated population has not always been able to find appropriate living conditions in their new settlements. The compensation and loans given to resettled populations are also not appropriate, which hampers the construction of proper dwellings in a new place.



*Forced resettlement and the related inadequate compensation, especially in major infrastructure projects and inner-city housing redevelopment, remain one of the most problematic areas for the development of housing policy in Tajikistan. The existing housing legislation contains a provision on the compulsory purchase power of the State in cases of major projects of public importance, but does not elaborate on the relocation procedures and compensation for those whose homes are so purchased. At the moment, resettlement is not implemented following clear-cut procedures, but rather through controversial administrative actions.*

*Following the liberalization of the urban transport sector, a large portion of the passenger transportation began to be carried out by privately owned means of transportation, mostly by minibuses. Though it provided a partial solution to problems of transportation in large cities, especially in Dushanbe, the increasing number of minibuses, coupled with the constantly soaring number of private cars, has started to create both air pollution and traffic congestion. At the same time, the safety of public transportation has also declined.*

*The importance of preserving green spaces in towns and villages was stressed by the Government repeatedly and campaigns have been launched to plant new trees. However, as there is a lack of strategy, the sustainability of such fragmented efforts is uncertain. The green spaces might become victims of possible future road-widening operations in cities, and the general shortage of available land for construction may also result in some land being taken from the recreational parks located in towns.*

## **Land administration**

*The main legal instruments regulating land administration and the necessary land reform measures to promote private ownership and develop an agricultural land market have been approved. However, the legal framework contradicts the principle of private ownership and restricts the granted land use rights.*

*The traditional large-scale farms were gradually eliminated and reorganized into lease-share enterprises, cooperatives and *dehkan* farms. However, the State still retains strong control over the land market, basically through imposing pricing regulations.*

*In practice, the land reform in Tajikistan has not yet been fully implemented. The disputes between agricultural enterprises and *dehkan* farms are frequent due to the excessive intervention of the *Hukumat* ((local executive authorities) in the local economy. At present, the main challenge facing Tajik agriculture is a lack of funds and the urgent need for investments. The relatively high land use taxes could further discourage private farming. Efficient land dispute resolution mechanisms, as well as the adoption of uniform land administration principles to promote development of the land market in the country, have not yet been introduced.*

*Currently, there are various institutions responsible for land administration but their activities are not well coordinated, and data integration processes are not well developed.*

*The real estate registration processes in Tajikistan are complex and inefficient. Procedures take a lot of time and are expensive for both the Government and the property owners. Limited public access to land registry information threatens the long-term integrity of the system.*

*Mortgage registration processes are complex and the registration of real property rights requires closer interaction with the banking system. On the other hand, progress has been accomplished and, with the support of international projects, the main basis for topographic and cadastre mapping has already been developed.*

*There is sufficient national and local staff to implement the land administration reforms in the future. However, progress seems to be slow as the land allocation and property registration procedures have yet not been simplified.*



## SOCIO-ECONOMIC CONDITIONS AND HOUSING INSTITUTIONAL FRAMEWORK

### A. GENERAL INFORMATION

#### Geographic situation

Tajikistan is the smallest country in Central Asia. It borders on Kyrgyzstan to the north, Afghanistan to the south, China to the east, and Uzbekistan to the west. The autonomous region of Gorno-Badakhshan (GBAO) occupies 45% of the country's territory.<sup>1</sup>

Tajikistan is a landlocked country which has an extremely mountainous terrain. Mountains cover

93% of its 143,100-square kilometre surface area. As a result, about half of the country lies above 3,000 metres.<sup>2</sup> The major part of the Pamir Mountains, also known as the Roof of the World, lies in Tajikistan. Tajikistan's mountains are home to numerous glaciers that supply its rivers and lakes, and its dense river network provides abundant water resources to the country. The country's population is mostly concentrated in the lowland areas, which are situated in the river valleys.

Figure 1. Map of Tajikistan



Map No. 3765 Rev. 11 UNITED NATIONS  
October 2009

Department of Field Support  
Cartographic Section

Source: UN Cartographic Section

<sup>1</sup> United Nations Development Programme, "Tajikistan Human Development Report 1998", p. 130.

<sup>2</sup> Statistical Agency under the President of the Republic of Tajikistan, "Tajikistan in Figures 2009", pp. 11–13.

The climate is continental, subtropical and generally semi-arid, but changes drastically according to elevation. Tajikistan's difficult topographic, geographic and climatic conditions have given way to a range of natural disasters like floods, avalanches, mud flows, droughts, landslides and earthquakes. The most recent disasters that occurred were the extremely cold winter and droughts in 2008 and the heavy rainfalls in 2009 as well as mudslides and earthquake in January 2010.

head of State and the Government. The President appoints and dismisses the Prime Minister, the heads of Government ministries, the chairs and deputies of the National Bank, the judges of the Constitutional Court and the Supreme Court, as well as the Prosecutor General, and the Governors of the oblasts. The President has the power to sign laws, formulate foreign policy and to sign international treaties.

The legislative body is made up of a two-chambered *Majlisi Oli* (Parliament) which

**Picture 1. Family house destroyed by a landslide, Vanj district**



Source: UNECE.

### **Political system<sup>3</sup>**

Tajikistan gained independence in September 1991 and officially adopted its Constitution in 1994, which serves as the legal framework for its political system. On the recommendation of the National Reconciliation Commission, established at the end of the civil war in 1997, major constitutional amendments were made. The Constitution was further amended after a national referendum in June 2003.

The Constitution outlines a Presidential form of governance with three branches of State power: executive, legislative, and judicial.

The Executive Body consists of the Office of the President and the Government. The President is the

consists of the *Majlisi Namoyandagon* (Chamber of Representatives), which functions on a regular basis, and the *Majlisi Milli* (Regional Chamber), which meets less frequently and functions on a convening basis. The Parliament is the highest organ of representation of Tajikistan. The Chamber of Representatives consists of 63 deputies directly elected through a secret ballot voting procedure. The Regional Chamber, with its 33 members (plus former Presidents who choose to become members), represents the regions. Twenty-five of the members are elected indirectly at a meeting of all local assemblies within that region, with the country's four oblasts and the capital city each having five representatives. The remaining eight members are appointed by the President.

Tajikistan has a tripartite court system with no single centre of authority. The Constitutional Court,

<sup>3</sup> Based on the Constitution of the Republic of Tajikistan.

the Supreme Court and the Higher Economic Court are separate from each other. The President submits the candidatures for judicial positions to the *Majlisi Milli* for election to the three courts and the Council of Justice, an executive body established by the 1999 constitutional amendment with various responsibilities within the judicial system. The Council of Justice administers all lower courts and recommends appointment and dismissal of judges. The Council of Justice reports to the President.

The country is divided into four administrative regions (*Oblast*):<sup>4</sup> Gorno-Badakhstan Autonomous Oblast in the east; Khatlon Oblast in the south; Sogd Oblast in the north; and the Region of Republican Subordination in the centre. The capital of Tajikistan is Dushanbe, with over 600,000 inhabitants. The powers of GBAO are also regulated by the national laws of the Republic of Tajikistan.

The local government consists of representative and executive authorities (*Hukumats*). Their function is to ensure that the Constitution, laws and decrees by the *Majlisi Oli* and the President are implemented. The local representative authority consisting of people's delegates from the oblast, towns and rayons form an assembly or majlis headed by a chair. The local executive authority is attributed to the President's representative to the oblast, town or rayon. Local self-government in settlements and villages is formed by a local organization (*Jamoat*).

### **Overall economic development**

Economic and social conditions in Tajikistan in the early 1990s reflected the severe difficulties the country experienced in its transition from a planned to a market economy. These difficulties were further exacerbated by the heavy impact of the withdrawal of subsidies from the Russian Federation after the break-up of the Soviet Union. Five years of civil unrest, which started less than a year after its independence, derailed the implementation of economic reforms and further aggravated the country's difficult situation. The United Nations-led peace process resulted in a power-sharing agreement between concerned parties in 1997 and the General Agreement on the Establishment of Peace and National Accord in Tajikistan was signed.

Tajikistan's economy was seriously weakened by the civil war. There was a drastic decline in gross domestic product (GDP) output between 1990 and

1994, averaging 20% per year (table 1). However, with the restoration of peace and stability after the signing of the 1997 peace agreement, Tajikistan entered into a new development phase. The economic, political and social situation started to improve through the execution of tight fiscal and monetary policies, credit monitoring, spending cuts, accelerated privatization, land reforms and disciplined social spending.<sup>5</sup> GDP started growing and continued its positive trend until 2009. Growth between 2000 and 2008 was strong, averaging about 8% per year. Strong economic

**Table 1. GDP growth rates, 1990–2009 (%)**

| Year      | Change in real GDP |
|-----------|--------------------|
| 1990–1994 | -20.2              |
| 1995      | -12.5              |
| 1996      | -16.7              |
| 1997      | 1.7                |
| 1998      | 5.3                |
| 1999      | 3.7                |
| 2000      | 8.3                |
| 2001      | 9.6                |
| 2002      | 10.8               |
| 2003      | 11.0               |
| 2004      | 10.3               |
| 2005      | 6.7                |
| 2006      | 7.0                |
| 2007      | 7.8                |
| 2008      | 7.9                |
| 2009      | 3.4                |

*Sources:* The average rate for the period 1990–1994: International Monetary Fund (IMF) Country Report No. 05/131, April 2005, p. 8. Other statistics from the Statistical Agency under President of the Republic of Tajikistan.

growth since 2000 was not only influenced by the implementation of macroeconomic and structural reforms, but also by favourable external factors. These include high market prices for the country's top export commodities, such as aluminium and cotton, and also high demand for migrant labour, especially

<sup>4</sup> Statistical Agency under the President of the Republic of Tajikistan, "Tajikistan in Figures 2009".

<sup>5</sup> *Ibid*, p. 13.

from the Russian Federation. The significantly large amount of remittances from labour migrants played a significant role in boosting the economy of Tajikistan as well. The latest statistics show that economic growth in 2009 decreased to 3.4%, mainly because of higher oil prices, the global economic downturn and the severe energy shortages during the winter season.

At present, Tajikistan's economy is still heavily dependent on the export of aluminium and cotton, as well as on remittances from its migrant workers. Aluminium and cotton together account for 80%<sup>6</sup> of Tajikistan's exports.

Due to its mountainous terrain, Tajikistan's arable land is only about 7% of its territory and is confined to the lowland areas. Despite this, agriculture plays a very important role in the country's economy, being the main source of livelihood for its rural population. The agricultural sector accounts for more than 20% of the country's GDP (table 2) and employs nearly 67% of the population.<sup>7</sup> Cotton is the main export crop, even though the cotton industry is generally burdened with debts and obsolete infrastructure.

of all exports in 2008. The energy shortage in early 2009 affected aluminium production and so did the much lower demand and prices during the global economic crisis.

The country is also heavily reliant on export revenues from electricity, which in 2008 accounted for 4.2% of the country's total exports. Tajikistan possesses plenty of water resources that enable irrigation of nearly 70% of its arable land and provide a huge hydropower generation opportunity. Some major hydropower projects are already lined up, but the Government is still seeking foreign investments. However, unfavourable economic conditions, geographical location, excessive administrative barriers, corruption and insufficient development of the public and private infrastructure impede the inflow of large investments.<sup>8</sup> At the same time, the country continues to experience a severe shortage of electricity, especially during harsh winters.

Remittances from Tajik migrant workers, mainly in the Russian Federation, constitute another important factor to be considered in Tajikistan's economy.

**Table 2. Share of economic sectors in GDP, 2000–2008 (%)**

| Sector       | 2000 <sup>a</sup> | 2001 <sup>a</sup> | 2002 <sup>a</sup> | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------|-------------------|-------------------|-------------------|------|------|------|------|------|------|
| Agriculture  | 27                | 26.5              | 26.3              | 24.2 | 19.2 | 21.2 | 21.4 | 19.4 | 21.8 |
| Industry     | 23.9              | 22.7              | 22.1              | 30.2 | 26.7 | 22.8 | 21.3 | 18.4 | 12.5 |
| Trade        | 18.3              | 19.1              | 19.9              | 11.2 | 16.1 | 16.2 | 16.9 | 16.7 | 18.6 |
| Construction | 3.4               | 4.1               | 3.8               | 2.9  | 4.2  | 4.6  | 6.1  | 8.1  | 11.2 |
| Other        | 27.4              | 27.6              | 27.9              | 31.5 | 33.8 | 35.2 | 34.3 | 37.7 | 35.9 |

Source: Tajikistan in Figures, Statistical Agency under President of the Republic of Tajikistan, 2009, p. 85.

<sup>a</sup> From Table A-1, *International Monetary Fund Country Report No. 05/131, April 2005, p. 68.*

Tajikistan's main industrial facilities include a large aluminium plant, several hydropower facilities and a number of small plants engaged in light industry and food processing. Based on the data for the first three quarters of 2009, there was a sharp fall in the industrial sector's performance compared with 2008. According to the Economist Intelligence Unit, the industrial sector contracted by 10% in the first three quarters of the year, although this trend had slowed down in the third quarter. This decline in output is attributed to the insufficient global demand for aluminium, the country's top export commodity, accounting for 72%

From January to September 2009, there was a 35% decline in remittance inflows over the same period in the previous year. Remittances through the banking system were projected to fall by 27% by the end of 2009, from the record high of 54% of GDP in 2008.<sup>9</sup>

The Government shows its commitment to maintaining macroeconomic and financial stability in the country by continuously initiating and implementing reforms and developing programmes and projects in cooperation with various organizations. Notable among these are the poverty reduction

<sup>6</sup> *Country Report: Tajikistan*, The Economist Intelligence Unit, December 2009, p. 6.

<sup>7</sup> Statistical Agency under the President of the Republic of Tajikistan.

<sup>8</sup> National Development Strategy of the Republic of Tajikistan for the period to 2015, p. 6.

<sup>9</sup> *Country Report: Tajikistan*, the Economist Intelligence Unit, December 2009, p. 24.



programmes and the National Development Strategy for the period up to 2015 that have some references to housing and are aligned with the Millennium Development Goals (MDGs). The first poverty reduction programme, set out in the Poverty Reduction Strategy Paper (PRSP) for 2002–2006, was developed by the Presidential Working Group, established by a decree of the President in March 2000. Positive results from its implementation encouraged the drafting of the second PRSP, covering the period 2007–2009 (PRSP 2). The long-range programme — National Development Strategy of the Republic of Tajikistan for the period until 2015 (NDS) — was drafted at the same time. It focuses on achieving sustainable economic growth, expanding public access to basic social services, and reducing poverty.

was listed as one of the main measures and actions to be undertaken in order to achieve the objectives of the programme. The Government has also collaborated with the United Nations Development Programme (UNDP) and other United Nations agencies and organizations that work in the area of natural disaster management. In 2004 a Disaster Risk Management Project, initially covering the period 2004–2006 was put in place. A second phase of the Project covered the period 2007–2009, and it is currently in its third phase, which will cover the period 2010–2015.

### *Poverty, employment and migration*

The substantial progress made in achieving macroeconomic and financial stabilization was not

**Picture 2. Houses constructed by the Government for the victims of natural disasters.**



Source: UNECE

Natural disasters have plagued Tajikistan over the years and it is estimated that, between 2000 and 2006 alone, these disasters have caused the deaths of more than 180 people, damaged more than 48,000 houses and caused economic losses of more than \$250 million.<sup>10</sup> Between 1991 and 2002, 6 out of 10 large-scale disasters were due to floods. The Government has taken steps to address disaster risk management and, in its first PRSP, the drawing up and adoption of a national strategy on disaster management

enough to curb poverty. Although poverty levels have shown significant reduction since 1999, an estimated 60% of the population still lives in poverty.<sup>11</sup>

Statistics show regional disparities in the poverty situation. A significant share of the poor population live in the densely populated areas of Sogd Oblast and Khatlon. The people in these two areas account

<sup>10</sup> *Disaster Risk Management Programme, Phase 2 (2007–2009)*, UNDP and Government of Tajikistan, p. 4.

<sup>11</sup> Central Intelligence Agency, “The World Factbook: Tajikistan”, Accessed on 20 November, 2010. <https://www.cia.gov/library/publications/the-world-factbook/geos/ti.html>.

for 72% of the total poor population, with some 75% of the population in these areas living in extreme poverty.<sup>12</sup> These two oblasts make up 65% of the country's total population.

The population of Tajikistan was estimated to be 7.4 million at the end of 2008 (table 3), growing at a rate of 2.2% per year since 2000. More than 70% of the population live in rural areas. With the rapidly increasing population, the job creation process could

helped in reducing poverty, especially in the rural areas.

The Government recognizes the role that the private sector could have in contributing to reducing poverty, and therefore supports the increase in investments in the country's private sector as well as the attraction of new investment. Improving the general business and investment climates for private investors by ensuring a favourable labour

**Table 3. Size of population and migration, in thousands**

|      | Population, total | Population, urban | Population, rural | Net immigration (+) or emigration (-) |
|------|-------------------|-------------------|-------------------|---------------------------------------|
| 1991 | 5 505.6           | 1 698.0           | 3 807.6           | -26.4                                 |
| 1992 | 5 567.2           | 1 653.5           | 3 913.7           | -94.7                                 |
| 1993 | 5 579.7           | 1 613.8           | 3 965.9           | -74.7                                 |
| 1994 | 5 633.8           | 1 582.4           | 4 051.4           | -45.6                                 |
| 1995 | 5 701.4           | 1 564.2           | 4 137.2           | -37.8                                 |
| 1996 | 5 769.1           | 1 548.4           | 4 220.7           | -27.6                                 |
| 1997 | 5 875.8           | 1 566.2           | 4 309.6           | -16.3                                 |
| 1998 | 6 001.3           | 1 594.3           | 4 407.0           | -15.4                                 |
| 1999 | 6 126.7           | 1 624.9           | 4 501.8           | -14.4                                 |
| 2000 | 6 250.0           | 1 659.9           | 4 590.1           | -13.7                                 |
| 2001 | 6 375.5           | 1 690.5           | 4 685.0           | -12.4                                 |
| 2002 | 6 506.5           | 1 719.9           | 4 786.6           | -12.5                                 |
| 2003 | 6 640.0           | 1 757.8           | 4 882.2           | -11                                   |
| 2004 | 6 780.4           | 1 791.9           | 4 988.5           | -9.4                                  |
| 2005 | 6 920.3           | 1 824.8           | 5 095.5           | -9.3                                  |
| 2006 | 7 063.8           | 1 857.7           | 5 206.1           | -10.9                                 |
| 2007 | 7 215.7           | 1 896.7           | 5 319.0           | -14.5                                 |
| 2008 | 7 373.8           | 1 941.3           | 5 432.5           | -13.2                                 |

Source: Statistical Agency under the President of the Republic of Tajikistan.

not match the demand for employment, resulting in high unemployment. The lack of employment opportunities and low wages, especially in the rural areas, have encouraged labour migration within and from Tajikistan. According to PRSP 2 estimates, more than 400,000 Tajiks left the country in 2004 to find jobs, mainly in the Russian Federation. The amount of remittances from migrant workers is so significant that it has become a source of economic growth for Tajikistan. If treated as an export commodity, the remittances would rank second to aluminium and would be ahead of cotton. Labour migration has

market and privatization of State enterprises is one of the objectives in the PRSP. Most of the small and medium-sized enterprises have already been privatized, but the large companies are still under Government control. The investment climate has improved and the World Bank's *Doing Business 2010* report has placed Tajikistan among the top 10 reformers for improving the business environment in 2009. However, investing is still challenging for potential entrepreneurs because of corruption, the inadequate supply of electricity, poor infrastructure and unclear regulatory processes.<sup>13</sup>

<sup>12</sup> Republic of Tajikistan, "Poverty Reduction Strategy of the Republic of Tajikistan 2007–2009", p. 8.

<sup>13</sup> *Country Brief: Tajikistan*, eStandards Forum, 9 March 2010, p. 10.

The country's various natural disasters further complicate the poverty situation. The poor are more dependent on natural resources for their livelihood and thus most affected by disasters. In 2009 heavy rainfalls caused major damage to agriculture; and mudslides ruined many homes and a lot of infrastructure. Considering the importance of agriculture for about three quarters of the population, the effects of disasters such as this one are devastating.

Tajikistan's food production is far from adequate to meet the demands of the growing population. Even where food is available, it is not affordable for most. Despite substantial food aid from the international community, food insecurity in Tajikistan is still a major concern.

Several basic infrastructure components that were destroyed during the civil war, such as schools, houses, medical clinics, roads and electricity supply systems, contributed to the increase in poverty. Improving access to basic social services is one of the main areas that the PRSP is focusing on and housing has also been given attention in Government programmes. However, there is very little information on the housing

situation and no dedicated discussion on housing in PRSP 2. PRSP 2 states that the Government will seek to promote public housing construction projects and increased access to housing and municipal services for the low-income and socially vulnerable population. In 2009, the Government allocated 3.8% of its budget expenditures to housing and municipal services, a slight increase of 0.2 from the previous year's allocation.<sup>14</sup>

### ***Ensuring equal access for men and women to land in Tajikistan***

Because of dominant patriarchal structures and gender stereotypes, women's position in the society is rather weak, and the situation of women has also been damaged by the combined effect of the civil war and the hardships of the transition period. Tajik women living in poverty have limited access to essential resources such as land and credit, and many are unaware of their economic and legal rights, in particular the opportunities available to them as a result of the land reform that started in 1992, giving households, including those headed by women, the right to use and inherit land.

#### **Box 1. Challenges in overcoming inequality between women and men**

Promotion of gender equality, being one of the MDGs to be achieved by 2015, is recognized as a pressing issue by the Government and therefore has been integrated into the national development<sup>15</sup> and poverty reduction strategies<sup>16</sup>. The Government's National Plan of Action to Improve Women's Position in Society and the State Programme on Basic Directions of the State Policy on Providing Equal Rights and Opportunities for Women and Men in the Republic of Tajikistan for 2001–2010 are two important instruments that have served as the principal gender policies in the country. To coordinate gender-related activities, the State Committee on Women's and Family Affairs was created and entrusted with promoting women's rights at the national and regional level.

Alongside gender-specific needs in health and education, elimination of domestic violence and access of women to decision-making and employment, Tajikistan's national plan highlighted women's rights and access to economic resources, including land and agro-extension services, as well as support for women's entrepreneurship. Consequently, women's needs are now being systematically integrated into planning and budgeting by the Government institutions responsible for land reform.

Important efforts are also being made by international organizations dealing with gender issues. Since 2003, the United Nations Development Fund for Women (UNIFEM) has been conducting the project Land Reform and Women's Rights to Land in Tajikistan, aimed at broadening economic opportunities for rural women in the context of State land reform. In the course of the project the following, considerable results were achieved: 7 out of the 11 recommendations that were suggested for the Land Code were adopted by the Parliament and approved by the President; and additions, related to issues of guaranteeing women's access to land, were adopted by the Government and approved by the President to be included in the State Programme on Basic Directions of the State Policy on Providing Equal Rights and Opportunities for Women and men in the Republic of Tajikistan in 2001–2010.<sup>17</sup>

As part of the UNIFEM project's information campaign to raise the public awareness of women's rights, and particularly economic rights, the project lent support to the production of "Women Land Life", which was broadcast on local television

<sup>14</sup> Table 4 – Structure of State budget expenditures, PRSP 2, p. 61.

<sup>15</sup> National development strategy of the Republic of Tajikistan for the period to 2015: [http://www.undp.tj/files/reports/nds\\_eng.pdf](http://www.undp.tj/files/reports/nds_eng.pdf).

<sup>16</sup> Poverty reduction strategy of the Republic of Tajikistan for 2007–2009: [http://www.undp.tj/files/reports/prsp2\\_firstdraft.pdf](http://www.undp.tj/files/reports/prsp2_firstdraft.pdf).

<sup>17</sup> UNIFEM regional office for the Commonwealth of Independent States: <http://www.unifemcis.org/index.html?id=142>.

and radio stations. The project also produced the information manuals “Women’s Land Rights: Questions and Answers” and “Women’s Rights in the Course of the Land Reform in the Republic of Tajikistan” that cover issues of land ownership, household management, leasing, property rights and management of inheritance.

The increase in the proportion of women owning family farms, from 2% to 14%<sup>18</sup> between 2002 and 2008, is a clear indication that significant progress has been achieved by the project. However, improving women’s rights and opportunities remains a challenge to the country’s economic development. The Government and the UN Country Team believe that without concerted effort by both the Government and the international community Tajikistan will unlikely reach the MDG on promoting gender equality and empowering women by 2015.

**MAIN CHALLENGES:<sup>19</sup>**

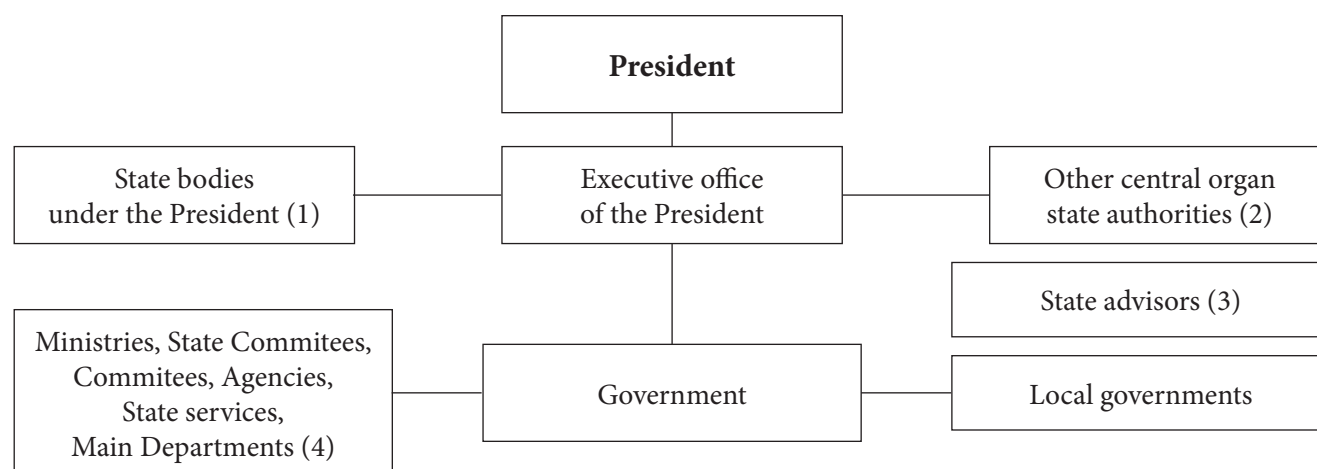
- Poverty and employment: low participation of women in the formal labour market; the ratio of women’s wages to those of men which is 72%; about 73% of women’s labour is not paid<sup>20</sup>; limited options for women to realize their labour potential as well as limited employment opportunities.
- Education: gender gap in school attendance in 2003 — 4% in primary, 10% in grades 6 to 9, 20%–21% in senior grades.<sup>21</sup>
- Maternal and infant mortality and reproductive health: maternal mortality rate in 2003 was 120 maternal deaths per 100,000 live births and ranged from 126.3 to 842.1 per 100,000 live births in some regions; the infant mortality rate in 2000 was 89 per 1,000 live births (UNIFEM MICS data); more than 37% of pregnant women received no prenatal and postnatal care.
- Nutrition: 1 out of 10 women does not receive the daily recommended supply of calories<sup>22</sup> resulting to in a poor diet that, in turn, leads to poor nutrition-related diseases, such as iodine deficiency, anaemia and vitamin A deficiency.
- Access to resources: less than 10% of the existing farms are headed by women and many female-headed households are left without land.<sup>23</sup> According to Tajikistan’s population census of 2002, female-headed households represented 5% of the country’s total households.
- Discrimination and violence against women: around 30% of women reported having experienced some form of domestic violence.<sup>24</sup>
- Gender sensitization: protection of women’s rights is adequately reflected in the country’s legislature but there are no mechanisms for providing effective protection to abused women.
- Women and politics: gender stereotypes persist; lack of training, and financial and other forms of support for women candidates; and a growing need for special education programmes on political rights of women and their responsibilities.

**B. INSTITUTIONAL FRAMEWORK**

The political system of Tajikistan is dominated by the Executive Body (figure 1), headed by the President. The Executive Body consists of the

Government and the Presidential Administration (or the Executive Office of the President). The Government is the principal forum for creating policies and the highest executive body of Tajikistan.

**Figure 2. Executive Body of the Republic of Tajikistan**



<sup>18</sup> Women’s Right to Land in Kyrgyzstan and Tajikistan: [http://www.unifem.org/cedaw30/success\\_stories/](http://www.unifem.org/cedaw30/success_stories/).

<sup>19</sup> Source: <http://www.untj.org/mdg/files/Gender%20eng.pdf>.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid, p. 76.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid, p. 77.

<sup>24</sup> Millenium Development Goals Needs Assessment: Tajikistan, UNDP, May 2005, p. 75.



- (1) Civil Service Department, Agency on State Financial Control and Fight against Corruption, Drug Control Agency
- (2) Security Council and Council of Justice
- (3) State Advisor on Economic Issues, State Advisor on International Affairs, State Advisor on Science and Social Issues, State Advisor on Public Affairs, Information and Culture, State Advisor on Personnel and State Advisor on Defense and Law Enforcement.
- (4) 14 Ministries, 3 State Committees, 7 Committees, 3 State services, 5 Agencies and 4 Main Departments

Source: Agency for Construction and Architecture under the Government of Tajikistan.

The Executive Office constituted by departments and other offices, reports directly to the President and is in charge of day-to-day governance.<sup>25</sup> It is the executive arm of the President. Figure 2 shows the structure of the State's executive bodies responsible for policymaking in the field of housing.

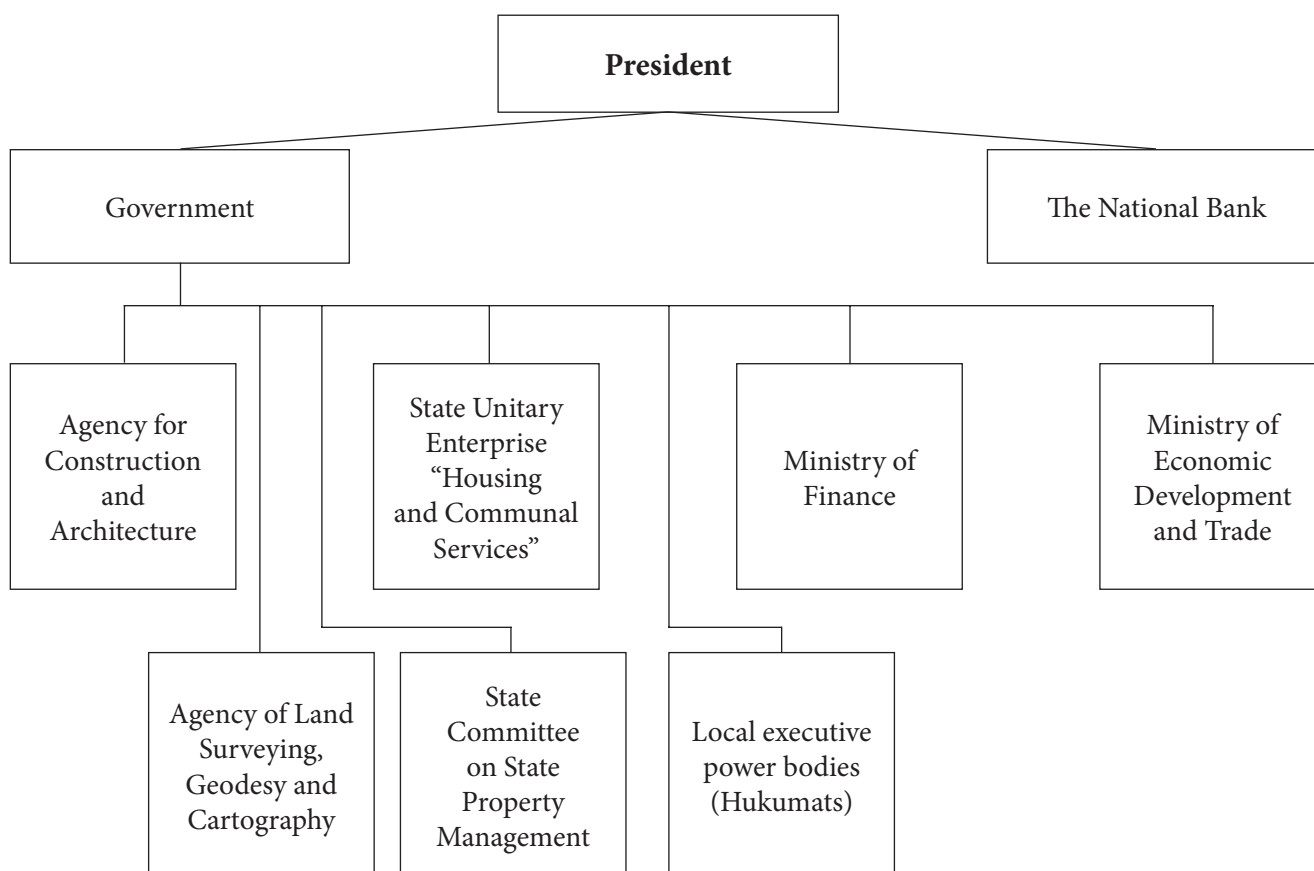
**Main national institutions responsible for housing policies and the housing sector:**

**The Agency for Construction and Architecture under the Government of the Republic of Tajikistan** is mandated to carry out the functions of the former State Committee of Construction and Architecture of the Republic of Tajikistan.<sup>26</sup> It is responsible for drafting laws and normative and legal acts of the President. It develops, approves and introduces norms and regulates construction and architectural activities and has control over their observance. It also issues licences to persons implementing economic activities in the field of construction and architecture.

The **State Unitary Enterprise** "Housing and Communal Services" ("Hojagii Manziliuy Omunaly") is in charge of managing the operation of enterprises and housing and communal services' organizations.

The **Ministry of Economic Development and Trade** (hereinafter, the Ministry of Trade) carries out the functions of the former Ministry of Economy

**Figure 3. Structure of State executive bodies responsible for housing policy**



Source: Agency of Construction and Architecture under the Republic of Tajikistan

<sup>25</sup> Country Governance Assessment of the Republic of Tajikistan, ADB, December 2004, p. 22.

<sup>26</sup> Decree of the President of the Republic of Tajikistan On Improving the Structure of the Central Bodies of the Republic of Tajikistan dated 30 November 2006 N° 9.

and Trade, except for managing the Agency for Standardization, Metrology, Certification and Trade Inspection (*Tajikstandart*) and the functions of the former State Agency for Anti-monopoly and Support for Entrepreneurship under the Government, except for issues related to supporting entrepreneurship. Its mandate also includes carrying out functions connected to the tourism sector. The Ministry of Trade is responsible for developing Tajikistan's social and economic development strategy and coordinating growth programmes for its regions and sectors within the economy.

The **Ministry of Finance** carries out functions related to the responsibilities of the former State Investment Insurance Company, *Tojiksarmoyaguzor*, under the Government, except for issues related to attracting investments. The Ministry of Finance is responsible for:

- Implementation of the unified financial, budget, tax and monetary strategy of the State; development and implementation of the State budget projects
- Development of the legal base and realization of a unified budget system
- Development of appropriate infrastructure for the securities market and creation of a favourable investment climate
- Development and introduction of international standards for accounting (financial reporting) and auditing.

The **State Committee on Investments and State Property Management** (hereinafter, the Investments Committee) carries out the functions of the former State Committee on State Property Management, the Aid Coordination Unit of the Executive Administration of the President, the functions of the former Ministry of Economy and Trade and the Ministry of Finance related to attracting investments, as well as the functions of the former Agency for Anti-monopoly and Support for Entrepreneurship related to supporting entrepreneurship.

The Investments Committee's functions include:

- Attraction of investments
- Implementation of the unified State policy in the field of privatization
- Management of State property
- Organization and conduct of work on privatization of State property together with public management bodies
- Representing the interest of the State as an owner in the privatization of property

- Protecting property rights
- Elaborating a strategy for entrepreneurship development and drafting programme documents on development and support of entrepreneurship.

**The State Committee for Land Management, Geodesy and Cartography** (hereinafter, the State Committee for Land) is mandated to carry out the functions of the former National Space, Geodesy and Cartography Agency (*Tojikkoilot*). The Committee is responsible for developing and implementing the unified State policy in land tenure, land cadastre, land utilization, land relations, topography, geodesy and aerospace. It is also responsible for the State registration of land use rights and for defining the administrative borders of oblasts, regions, cities and villages.

The **State Statistics Committee** was reorganized in March 2010 into the **Statistical Agency of the Republic of Tajikistan** (hereinafter, the Statistical Agency) by decree No. 832 of the President on further improvement of central bodies of the executive government. The Statistical Agency is responsible for population censuses, household surveys, demographic statistics and a wide range of economic statistics, as well as prices, international trade, the national accounts, government finance, agricultural, labour and social statistics. It compiles social statistics from the administrative records of corresponding Ministries. The Statistical Agency produces official statistics on several topics, including construction. It publishes an annual yearbook *Construction in Tajikistan* which contains indicators of construction development in the country.

#### ***International organizations, non-governmental organizations and private institutions:***

The **United Nations Office in Tajikistan** (United Nations Tajikistan) consists of several United Nations agencies collaborating with each other to assist the Government in attaining the MDGs. Among these agencies, the following are to different extents involved in activities related to housing:

- **The United Nations Development Programme** (UNDP) office in Tajikistan was opened in 1994 and is focused on activities aimed at eradicating poverty and achieving the MDGs by 2015. UNDP in Tajikistan collaborates with national counterparts, key donors, United Nations agencies and other international organizations and implements its projects with particular emphasis on sustainable development. It coordinates all United Nations activities in Tajikistan, including those related to the achievement of the MDGs.

• **The United Nations High Commissioner for Refugees (UNHCR)** is mandated by the United Nations to lead and coordinate international action for the worldwide protection of refugees and the resolution of refugee problems. UNHCR opened its office in Tajikistan in 1992 and started the repatriation, reconstruction and reintegration programme for Tajik returnees in 1993. Since then, it successfully reconstructed 25,000 destroyed houses. Based on a joint Swiss/UNHCR evaluation mission in March 1999, the project objectives for the repatriation/integration programme in Tajikistan were modified to reduce the emphasis on the shelter component.<sup>27</sup>

• **International Finance Corporation** is a member of the World Bank Group and in Tajikistan supports in the short and medium term the development of micro and small business enterprises as well as agricultural production and processing. Significant efforts are devoted to capacity and institutional building and the development of pilot initiatives

• **Habitat for Humanity Tajikistan (HFHT)** was established in 1999, two years after the end of the civil war, and has been involved in building new houses, completion of unfinished house constructions, energy-efficient rehabilitations of buildings, complete remodelling of Soviet-era apartment blocks and installation of low-cost bio-sand water filters in remote rural areas. It works in partnership with NGOs and local and central governments. It has completed a disaster-response project in conjunction with Oxfam and is working with the Institute of Seismology in Tajikistan in support of the “mulberry branch” technology in housing construction, which can withstand earthquakes up to a magnitude of 9 on the Richter scale (see chapter II).<sup>28</sup>

• **Shelter for Life (SFL)** is a private relief and development organization established in 1979 that specializes in providing medium- to long-term shelter for internally displaced persons, refugees and disaster victims. It first came to Tajikistan in 1994, and has since been involved in various housing construction and shelter reconstruction programmes. Although SFL still implements some shelter and infrastructure projects, the primary focus is on enabling communities to be self-sustaining and ensuring that they are able

to solve their problems without depending on outside assistance.<sup>29</sup>

• **The Open Society Institute** is a privately operating grant-distributing foundation that aims to shape public policy to promote democratic governance, human rights, economic, legal and social reforms. The Open Society Institute in Tajikistan was accredited by the Ministry of Justice on 13 August 1996 and by the Ministry of Foreign Affairs on 4 November 1996. In 2007, it was reaccredited with the Justice Ministry as a Branch Office of the International Organization of the Open Society Institute Assistance Foundation in the Republic of Tajikistan (hereinafter, Open Society Branch Office). In February 2009, a seminar for heads of housing and communal departments and organizations for utilizing and maintaining apartment buildings in Dushanbe, Khujand, Chkalovsk, Kurgan-Tube and Kulob was conducted with the support of the Local Government Initiative programme of the Open Society Branch Office. The seminar served as a platform for sharing experiences and bringing together the efforts of city authorities, citizens, and housing maintenance organizations in the maintenance of apartment buildings and addressing the issues of creating cooperatives of apartment owners as alternatives to the existing housing service offices managing apartment blocks. Its main objective was to contribute to the improvement and sustainable development of the system of maintaining housing in urban areas of Tajikistan.

• **The First Micro Finance Bank (FMFB)** in Tajikistan was established in 2003. It is the first commercial bank in Tajikistan focusing on microcredit lending. The Bank is affiliated with the Aga Khan Development Network and fully licensed by the National Bank of Tajikistan. It provides a comprehensive range of financial services to the poor throughout the country.<sup>30</sup> In February 2008, the Bank launched a variety of housing microfinance products and currently offers three of these, including credit for the purchase, construction and refurbishment of homes and working capital for home improvement. The Bank also works with HFHT in a pilot project on home refurbishments, in which the Bank is responsible for disbursing the loans to the borrowers, and HFHT manages the purchase of materials and the refurbishment process itself.

<sup>27</sup> “Tajiks: Repatriation, Reintegration and Local Settlement”, *UNHCR Global Report 1999*, p. 2. UNHCR <http://www.unhcr.org/3e2d4d68e.pdf>, (accessed 12 April 2010).

<sup>28</sup> Habitat for Humanity Tajikistan, <http://www.habitat.org/intl/eca/235.aspx> (accessed 2 February 2010).

<sup>29</sup> Shelter for Life International, <http://www.shelter.org/countries/tajikistan.php?r=resp> (accessed 2 February 2010).

<sup>30</sup> “About Us”, The First Micro Finance Bank, [http://www.fmfb.com.tj/eng/about\\_v8.htm](http://www.fmfb.com.tj/eng/about_v8.htm) (accessed 12 April 2010).



## HOUSING CONDITIONS, HOUSING CONSTRUCTION AND PUBLIC UTILITIES

The post-Soviet reforms in the housing sector of Tajikistan have gone through four main stages. The first stage of reforms from 1992 to 1997 was the initial introduction of market relations in the hitherto centralized housing system. This involved mass housing privatization, a withdrawal of the State from direct housing production and decentralization of housing functions from the national to local governments. These changes led to contractions in the State housing budget, in the house-building industry and in the housing and public utility services.

The second stage from 1997 to 2002 involved housing activities to support recovery after the civil war. This period was characterized by low housing prices, deteriorating infrastructure and patchy legislative initiatives. Some international organizations and NGOs implemented housing-related projects, but had difficulty in sustaining or maintaining them.

The third stage from 2002 to 2007 was characterized by speculative private housing constructions, fuelled by remittances from labour migrants working in the Russian Federation. At this stage, housing developments were predominantly market led, leading to expensive housing developments and the spread of unauthorized housing construction, while the existing housing and infrastructure fell further into degradation due to limited maintenance. International organizations and NGOs focused on improving sustainability and scaling-up of their successful housing projects.

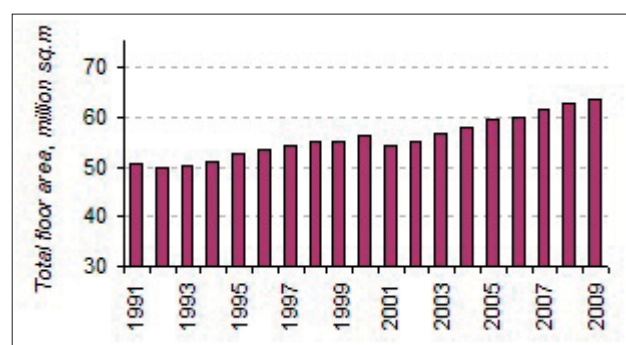
The last stage, since 2007, can be characterized by a slight increase in Government interventions in housing and cooperation with international donors and NGOs. A more strategic approach to the national housing policy has been taken and housing issues have been incorporated into the National Development Strategy and the Poverty Reduction Strategy Paper and housing legislation has been improved (see chapter III).

### A. CONDITION OF THE EXISTING HOUSING STOCK

The official national statistics in Tajikistan concerning housing needs to be considered with caution, as the

reliability of data collection remains questionable. Yet, according to this statistical data, received during the mission, the Tajik housing stock grew slowly from 56.8 million square metres (m<sup>2</sup>) in 2003 to over 63 million m<sup>2</sup> in 2009 (figure 4), an increase of almost 12%. There had been no net increase in the previous period of 1997-2002.

**Figure 4. Housing stock in Tajikistan, 1991–2009**



Rural and urban housing stock account for 60% and 40%, respectively. About 25% of the population lives in multifamily housing, and 75% in single-family housing. There are 8,500 multifamily buildings, 40% of which are located in Dushanbe. Multifamily housing is diverse and includes different types of buildings depending on the period of their construction, such as the high-rise buildings of the 1980s and the preceding *khrushchevki* blocks of flats.

Since 1995, when the Law on Housing Privatization was approved, around 93% of the housing stock had been privatized by January 2010. Only around 7.5% of the total housing is public (see chapter III). Privatization revealed geographical and social variations in “housing wealth” and access to housing services. Many people live in overcrowded housing. The average per capita total floor area decreased from 9.4 m<sup>2</sup> in 1998 (which was already the lowest figure among the former Soviet Republics) to 8.6 m<sup>2</sup> in 2008, while the official per capita national standard is 12 m<sup>2</sup>. For the purpose of comparison, in 2008, per capita total floor area in Kazakhstan was 17.9 m<sup>2</sup>, in Kyrgyzstan 12.4 m<sup>2</sup>, and in the Russian Federation 22 m<sup>2</sup>.<sup>31</sup> The highest 2008

<sup>31</sup> Interstate Statistical Committee of the Commonwealth of Independent States, <http://www.cisstat.com>.



per capita total floor area was registered in Dushanbe (11.3 m<sup>2</sup>) and in the Sogd Oblast (10.3 m<sup>2</sup>). Today, the housing conditions of many families are deteriorating due to neglected maintenance and repair. By 2008, the decrepit state of multifamily housing was estimated to be around 40%<sup>32</sup> (50–80 % of them in need of immediate renovation). Regarding single-family

assistance for those with housing needs, which now targets specific groups only (e.g. the disabled, persons with an illness and orphaned children). Even so, in 2007 only 5% of those on the housing waiting list improved their housing conditions.<sup>34</sup> In general housing demand significantly exceeds the supply especially in large cities.

**Picture 3. Multifamily housing in need of upgrading**



Source: UNECE.

housing, the majority were built without planning guidance and are usually in violation of seismic regulations.

Out of the total of 360,340 households in urban areas in 2007,<sup>33</sup> only 21,700 were registered on the housing waiting list — four times less than in 1991. Such a sharp decrease, despite the persistence of housing shortages, is due to a restructuring of State housing

## B. HOUSING MAINTENANCE

In both urban and rural areas housing management is inadequate and there is a lack of access to basic utilities. In 1991, local governments were given the responsibility for control over housing maintenance and provision of utilities, but no accompanying funding or other mechanisms were provided.

The sector today is facing a number of challenges, namely: (a) the physical degradation of utility networks; (b) ineffective administrative mechanisms

<sup>32</sup> Consumers' Union of Tajikistan (2010) "Background of Maintenance and Management in Residential Blocks". Dushanbe.

<sup>33</sup> State Committee on Statistics, Living Standards Survey in Tajikistan, 2007 — Household Characteristics.

<sup>34</sup> Interstate Statistical Committee of the Common Wealth of Independent States, <http://www.cisstat.com>.

guiding service delivery; (c) the lack of a strategic approach to setting tariffs; (d) the high proportion of poor households dependent on State support for housing services; (e) the low awareness of the needs and benefits of efficient use of resources; (f) unclear responsibilities over upkeep of and repairs to multifamily housing and utility networks between and inside multifamily houses (outside utility mains) or within communities in rural areas.

In 2002, a draft Concept for the Housing and Utility Sector Reform proposed a reform of the housing and utility services; however, as of January 2010 this draft concept was still under consideration. There is no strategy or comprehensive action plan at the moment for either housing maintenance or the utility sector. Budgetary funding for the sector is also limited.

### ***Multifamily housing management***

Multifamily estates built between the 1950s and the 1980s have not received enough maintenance and repairs for years and are generally characterized by poor conditions. According to the 1995 Law on Housing Privatization, the ownership of common

areas is also transferred to the owner of the dwelling. If the dwelling requires capital repair, the Government is obliged to do it before privatization or to pay compensation. The law on Apartment Building maintenance and Homeowners Associations, adopted in 2009 (see chapter III), concerns the common areas of multi apartments building, and states that homeowners can choose either to manage the common property and utilities by themselves through an assembly or homeowners association or can hire a management company. However, these formal provisions have often not worked in practice, as there have been no proper implementation institutions and funding. Furthermore, many new homeowners are not able to implement capital repairs at their own expense.

Between 2006 and 2007 four pilot projects to establish a legal entity in four multifamily estates to deal with management and day-to-day operations were implemented with the support of the European Commission and the Consumers' Union of Tajikistan. Since January 2010, however, only 28 homeowners' associations (8 in Dushanbe and 20 in Khujand) have been formed, because many homeowners did not want to take over the burden of major repairs

**Picture 4. Multifamily housing in need of upgrading**



Source: UNECE.



of the common areas in their multifamily houses. Since December 2009 the European Union has been funding a project, “Promoting Civil Participation in the Reform of Residential Building Maintenance and Management in Urban Areas”, to be implemented by the Consumers’ Union of Tajikistan in five cities — Dushanbe, Khujand, Chkalovsk, Kulob and Qurghon Teppa. The project is expected to promote effective and rational housing stock self-management, through awareness-raising and media campaigns, assistance in the de-monopolization of the housing service sector, and through capacity-building for housing management companies.

At present, the Government is discussing a number of instruments that could push forward the initiative on multifamily housing management, including building a clear legal and regulatory framework at the local level to support the formation of qualified housing management organizations, and the allocation of State funds for residents and housing management organizations to ensure long-term multifamily housing renovation and subsidized loans to homeowners.

### C. PUBLIC UTILITIES

The utilities infrastructure was mainly constructed during Soviet times and the vast majority of it has either become inoperable, or is working at the limits of its capacity. Outdated infrastructure leads to huge losses, inefficiencies of operation, and has serious repercussions on the economy.

#### *Water and sanitation*

Water supply in general is irregular and of poor quality. Per capita water consumption in Dushanbe is 10 times more than the European average, due to inefficient and wasteful use of water and substantial losses of water through leaks.<sup>35</sup> The poor physical state of water redistribution networks (a 50%–60% depreciation rate) and inadequate water purification put the health of the population at risk. In 2007, out of 699 centralized water supply systems available in Tajikistan, 113 did not operate and 358 did not comply with sanitary norms<sup>36</sup>.

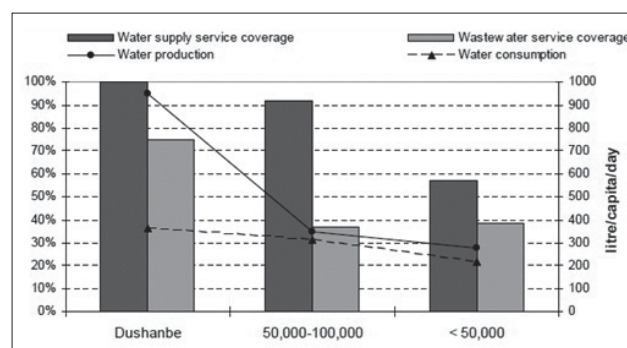
<sup>35</sup> Consumers’ Union of Tajikistan (2008) *Otchet Po Issledovaniyu Sferi Zhilishno-Kommunalnikh Uslug Gorodov Dushanbe I Khujand (Analytical Study on Housing and Utility Services in the Cities of Dushanbe and Khujand)*. Dushanbe.

<sup>36</sup> National development strategy of the Republic of Tajikistan for the period to 2015: <http://www.unpei.org/PDF/TAJ-National-Development-Strategy-en.pdf>.

Furthermore, an estimated 60% of water supply distribution networks and related infrastructure is either inoperable or does not meet the sanitary requirements.<sup>37</sup> This leads to an increased frequency and severity of outbreaks of water-related epidemics, such as hepatitis A, typhoid fever, dysentery and cholera, especially in rural areas. Enormous investment is required in this sector to improve the situation of water supply and sanitation in the country. The Water Sector Development Strategy of Tajikistan for 2006–2015 estimates that about \$1 billion is needed to improve the situation of water supply and sanitation in order to meet the Millennium Development Goals in these areas.

The situation of drinking water and sewage service supply differs considerably across different types of settlements. If in Dushanbe almost 100% of population is covered by the centralized water supply and about 75% have access to wastewater services, these figures fall to about 55% and 40% respectively for towns having population less than 50,000 (see figure 5).

**Figure 5. Drinking water supply and wastewater service coverage (percentage); water production and consumption in litres/capita/day across different types of settlements**



Source: Environmental Action Programme Task Force Water Utility Performance Indicator Data-base, Organization for Economic Cooperation and Development, 2006–2007.

The Government has tried to improve the urban and rural water supply by attracting donor support, as well as grants and loans from international institutions such as the World Bank, the Islamic Development Bank, the Swiss Agency for Development and Cooperation, the Asian Development Bank. For example, the World Bank has been implementing the Dushanbe Water Supply Project (2002) and the Second Water Supply

<sup>37</sup> Environmental Action Programme Task Force Water Utility Performance Indicator Database, Organization for Economic Cooperation and Development, 2006–2007



Project (2010) for the reconstruction of the water supply system, which has resulted in better service delivery in some parts of the city. Recently (April 2011) a new water purification system was launched in Dushanbe, which will provide nearly half of the city's population with clean drinking water, with a multimillion grant provided by the World Bank for the new system's equipment and rehabilitation of existing purification facilities in Dushanbe.

The Dushanbe districts of Ismoli Somoni, Firdawsi and Sino, which account for 40 per cent of the capital city's overall population, will be the beneficiaries of the new water purification system. The equipment to install the new water purification system was purchased in Germany and installed with the help of German specialists.<sup>38</sup>

In 2005, the water supply system of Khujand, the second largest city in the country and the capital of Sogd Oblast, was modernized. Many of the distribution and pumping facilities were replaced, the fee collection rates and practices were improved and water meters installed throughout almost the entire city. This project, implemented with financial contributions from the European Bank of Reconstruction and Development (EBRD) and the Swiss State Secretariat for Economic Affairs, represents an example of good practices for possible replication in other towns.

Projects to improve the water supply in Dushanbe have brought positive outcomes, and the quality and availability of water has somewhat improved in recent years. However, given the needs of Dushanbe and the projected future development of the city after the approval of the new master plan, the amount of work to be done in this field is still enormous.

The recent construction boom that began in the city, and the construction of high-rise multifamily units, will further strain the existing inadequate infrastructure and the improvements made in recent years may be lost without further, considerable investment. The management systems of local utility companies need to be modernized; and the practices for collection of fees and tariff policies also need to be revised. In Dushanbe water meters are absent in multifamily units, and this leads to the wasting of water.

The situation with sewage systems operating in towns is even more urgent, as this sector has been considerably underinvested in. Most of the sewage

treatment facilities in the country are working at the limit of their capacity. The increasing population of towns puts additional stress on a very outdated sewage infrastructure.

There is a similar problem with the collection, storage and incineration of municipal solid waste. The existing system of waste collection is inadequate and cannot meet the needs of growing town populations. Some pilot projects with international assistance in smaller towns remain fragmented and lack plans for sustainability in the absence of a general strategy from the Government for the reform of this sector.

### ***Electricity, natural gas and district heating***

Households are responsible for around 40% of the overall electricity consumption in the Republic. In 2009, about 90% of the urban population had access to electricity. Access to electricity is based on the so-called "joining agreement" under which a new customer has no choice but to join the uniform standard agreement of the monopoly provider.<sup>39</sup> Although the relationship between the customer and the electricity provider with regard to service delivery is formalized, the responsibilities for upkeep of the elements of the local electricity network running between and within multifamily houses or within communities in rural areas remain unclear. Electricity providers tend to deal only with electricity networks up to electrical transformers. Cables running to houses or located inside multifamily houses remain a "no man's land", and these are the areas where accidents often happen. At the same time, there have been substantial losses of electricity due to the physical degradation of the utility grid, lack of housing maintenance, inadequate electricity redistribution within houses and underdeveloped metering.

The problem of insufficient electricity supply for the population has been very acute in Tajikistan since independence. The country has a serious deficit of electricity during the winter, when its hydropower plants are not producing adequate electricity to cover the needs of the country. The import of electricity from neighbouring States is also not stable for technical and political reasons. A combination of different factors led to the acute energy crisis of the winter of 2007/08. The energy sector needs modernization to reduce the considerable losses in transmission lines. As hydropower sector development has been considered one of the top priorities of the Government, the country has invested in the construction of high-

<sup>38</sup> Tajikistan Business Gateway: [www.centralasianewswire.com](http://www.centralasianewswire.com)

<sup>39</sup> The conditions of the agreement are checked by an anti-monopoly body and should be approved by the Government.

voltage transmission lines, which will be used to export electricity to neighbouring countries after the projected completion of the Rogun and other smaller-size hydropower plants. The State electricity company, *Barki Tojik*, is also investing in modernizing the existing intra-city distribution networks by rehabilitating substations, transformers and distribution lines.

Interest is also increasing in programmes for energy saving and energy efficiency. Presidential Decree No. 653 of 24 April 2009 on “Additional measures for economical use of energy” initiated the use of energy-efficient bulbs. The same decree also foresees the elaboration of State programmes for reducing energy losses and achieving energy independence in terms of electricity and natural gas in the medium term.

In 2009 about 30% of Tajik households had access to gas supply. By 2008, gas meters were installed in Dushanbe for about 70% of supplied households and 88% of supplied households in Khujand city were metered.<sup>40</sup> The country is importing almost all its natural gas from Uzbekistan and local production is sufficient only to cover the needs of a few smaller towns. As the prices of natural gas have risen sharply during the past five to six years, the country cannot afford adequate imports of gas mainly due to the inability of both businesses and the population to pay for it. The difficult situation with both electricity and natural gas supply, especially in smaller towns and rural areas, has forced the population to search for autonomous energy sources. Gasoline- or diesel-run generators were widely used as alternative electricity sources, while liquefied petroleum gas or compressed natural gas were used for heating, together with locally available wood and coal.

The electricity network is especially stressed during winter when the population, mainly in urban areas, is using electricity for heating. Dushanbe and other major towns had very well-developed district heating and district hot water supply systems during Soviet times. However, during the years of the civil war and the economic problems that followed, the large majority of those systems became inoperable due to lack of maintenance. Only about 10%–15% of multifamily units in Dushanbe are now being supplied with district heating and hot water during winter. The problems are both with the decrepit network and

infrastructure and with the deficit of fuel for the district heating plants, which work mainly on imported fuel oil and natural gas. Since the 1990s, there has been no investment in rehabilitation of the heating supply system, leading to these significant losses in the system. In 2009, access to central heating was provided to only ca. 17% of the population, predominantly in Dushanbe. In fact, the system needs almost 100% capital investment. Due to the lack of a properly functioning heating system, people have used alternative services to heat their houses such as coal and electricity. Today, almost 80% of residents in multifamily houses have dismantled radiators and hot water pipes. Therefore, while the rehabilitation of the district heating and hot water systems in urban areas would lead to a considerable decrease in the levels of the peak electricity demand during winter time, it would be extremely costly to achieve.

Since 1996, UNDP has been involved in community-based initiatives to develop basic infrastructure within the framework of the Poverty Reduction Strategy Paper, mainly in rural areas. The UNDP projects helped develop basic utility systems in some communities made up of 12 to 14 single-family houses. However, ensuring sustainability of these projects remains a difficult challenge. The capacities for self-organization among communities are different. There is a lack of specialists and persistent poverty in many rural communities. Nevertheless, there are some successful examples too. In 2008, UNDP assisted a rural community in establishing efficient long-term management of its water supply system. The village council established a formal structure and a collective investment fund for the long-term management of the provision of drinking water, heating and waste management services.<sup>41</sup>

## D. THE HOUSING MARKET

### *Housing supply and demand*

The housing construction industry (including the domestic production of building materials) remains weak. There are only two cement plants in Dushanbe, whose production lines are becoming obsolete and need to be modernized, and many building materials are imported. In the light of the limited funding and capacity of the domestic housing construction industry, the Government has promoted a better investment climate for foreign builders. Some Iranian, Turkish and Russian companies have shown interest in the construction of “elite” housing. Nevertheless, until now only one Russian company has built such

<sup>40</sup> CU (2008) *Otchet Po Issledovaniyu Sferi Zhilishno-Kommunalnikh Usług Gorodov Dushanbe I Khujand (Analytical Study on Housing and Utility Services in the Cities of Dushanbe and Khujand)*. Dushanbe.

<sup>41</sup> Based on the interviews with a UNDP representative

housing, “Paytakht-80”, in central Dushanbe. Many large foreign housing construction companies are believed to be reluctant to enter the Tajik housing construction market, which lacks proper regulations, especially seismic regulations, and thereby puts their reputations at risk. Also, many skilled Tajiks migrate to work in the construction sector of neighbouring countries.

The official housing market is dominated by demand from wealthy households. There are no mechanisms that could stimulate effective demand from the rest of the population, despite the annual natural growth in population of 2%–3%. According to the State Statistical Committee, between 2003 and 2009 there was almost a 12% increase in the population (from 6.573 million in 2003 to 7.374 million by 2010).

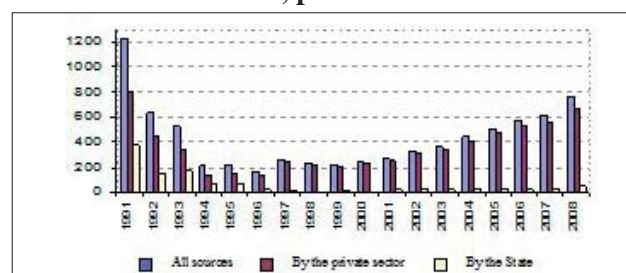
Picture 5. New constructions in Dushanbe



Source: UNECE.

Nevertheless, housing output in Tajikistan has been growing since 2003. Housing production more than doubled over the period 2003–2008 (from 364.8 thousand m<sup>2</sup> to almost 763 thousand m<sup>2</sup>); this was, however, 1.6 times less than in 1991 (see figure 6). In urban areas, housing construction is mainly led by the private sector and aimed at wealthy customers, while in rural areas housing output is made up of self-built single-family housing. If in 1991 private housing construction accounted for about 65% of the total housing output, by the end of 2008 that proportion had grown to almost 90%. On the same note, house building by State organizations dropped from 35% to 6% during the same period (Cisstat). Housing construction has also been geographically concentrated.

Figure 6. Housing output in Tajikistan from 1991–2008, per thousand m<sup>2</sup>



Source: State Statistical Committee (2010)

### Housing prices

In the early 1990s, due to a mass out-migration of the Russian population, the civil war and the



subsequent economic crisis, housing in Tajikistan was relatively affordable, despite the fact that there was practically no housing construction. However, the situation changed during the period 2001–2010 and housing prices increased manyfold due to the lack of construction and rural-to-urban migration. In January 2010, housing prices in Dushanbe ranged between \$300 and \$2,000 per m<sup>2</sup>, depending on quality, layout, and location, and rents were between \$250 and \$2,000 per month.<sup>42</sup> Nevertheless, today housing prices in Tajikistan remain the lowest among the former Soviet countries.

### **Affordability**

In general, there are no housing affordability indicators at the national level that could be used as one of the mechanisms to promote affordable housing. Despite widespread poverty, social support is undergoing monetization and is mainly targeting the most vulnerable population. The challenges of housing affordability in Dushanbe can be demonstrated by considering some examples of the relationship between household structure, income and house prices.

In January 2010 a leading construction company was selling a 55 m<sup>2</sup> two-bedroom flats in a 12-storey apartment building to be finalized in September 2010. The flats were offered to a household of two earners at \$33,000 on the condition that 50% (or \$15,500) was paid upfront and the remaining 50% was paid in instalments as the work advanced. Using the benchmark that monthly payments for housing should not exceed 30% of household monthly income, it appears that decent housing remains unaffordable for the average household, given that the current annual wage of a household of two earners is \$1,728 (the average monthly per capita wage in January 2010 was \$72). Therefore, the household would need at least 30 years to accumulate the required 50% of payment for a flat ( $\$15,500/\$518 = 29.9$  years). Purchasing housing through municipal housing programmes is also unaffordable for many households. For example, a similar flat of 55 m<sup>2</sup> offered under a similar payment agreement would be priced at construction cost between \$400–\$450 per m<sup>2</sup>. The total flat price would then be at \$22,000–\$24,750. The required 50% prepayment would be between \$11,000 and \$12,375, which is the equivalent of 21 to 24 years of savings for the average household.

Fees for housing maintenance are also high compared

<sup>42</sup> Vestnik Tajikistana (January, 2010), *Tseni na zhilye vverkh ili vniz*. Nedvizhimost N 008. Dushanbe.

with the actual amount needed to address long-term negligence in housing management and repair. In order to receive housing management and repair services, each homeowner makes an agreement with the municipal housing management organization (in major cities) or with representatives of the State Unitary Enterprise on Housing and Utility Services. Between 2005 and 2008, annual per capita expenses for housing services almost doubled: from about \$5 in 2005 to about \$11 in 2008.

Public utilities provided for the population include: electricity, natural gas, hot and cold water, sewerage and heating. Due to physical degradation of the utility systems, there have been substantial losses of resources through leaks. Such a situation affects the supply side of service provision, as many citizens refuse to pay for low quality and overpriced services. At the same time, the hitherto universal provision of utility services during the Soviet era has had a negative effect on the consumption habits of the population today, as many cannot get used to limiting the use of resources.

During the fact-finding mission, the following example was provided. A family with two earners and two children living in Dushanbe could spend between \$10 and \$15 dollars per month on its electricity bill. The household does not have central heating (like many other families in Dushanbe), and therefore does not pay for such services. Like many other residents, the family does not have access to gas, since gas supplies from Uzbekistan have become limited in recent years. Payment for water is usually very low, amounting to \$30–\$40 per year, with people in rural areas often just collecting water free of charge from a standpipe in the street. Therefore the total payment for utility services by the household would be between \$13 and \$18 per month. Given a total of \$144 in wages for the family per month, utility payments would account for 11% of the total family budget. In many countries, such a family would qualify for social support.

### **E. ENERGY EFFICIENCY**

The energy efficiency of new and existing buildings has been on the Government agenda since the adoption in 2002 of the “Concept for the Development of the Fuel and Energy Sector for the period 2003–2015”. The document proposes improving the heat insulation of the outer shell of buildings for effective savings in building maintenance and in fuel and energy resources. The momentum for energy efficiency in buildings was regained with the President’s address to Parliament in April 2009, in which the need for energy-efficient

technologies in building design, construction, maintenance and renovation was highlighted. In general, energy efficiency developments remain patchy, although the Agency for Construction was recently entrusted with the development of a national programme on energy-efficient housing the first quarter of 2010. The programme was intended to include a broad range of actions, such as research, design, funding, tariff regulation, etc.

Heat losses through buildings' exterior walls account for 20%–60 % of the overall heat consumption; at the same time, up to 95% of non-productive heat losses occur as a result of poor operation of buildings, amenities and utility systems. Multilayered walling, made of effective heat-insulation materials, has been suggested as part of the solution. Also, new construction norms and regulations regarding insulation for buildings are currently being developed. A number of other measures have been suggested to

improve insulation in buildings, such as: (1) making improvements in spatial arrangements and layout design, (2) establishing new regulations on the use of energy-efficient building envelopes, and (3) developing a new evaluation system for fuel and energy resource use in buildings.

A new system, called “energy passport for buildings”, is intended to be widely used in the near future and to be submitted from the very beginning in the project design stage. Moreover, the State intends to promote and to finance research and development of new energy-saving technologies for use in the construction and reconstruction of residential buildings.

The use of renewable energy sources has also been explored. Some recent projects demonstrate that the use of solar energy converters can be cost-efficient. For example, the use of solar converters for hot water supply and emergency lighting in entrances are

#### **Box 2. Study on heat supply and improving energy efficiency in multifamily housing**

About 14% of the overall population in the Republic lives in five major cities — Dushanbe, Khujand, Kurgan-Tube, Kulyab and Chkalovsk — and consumes more than 40% of the electric energy. In terms of natural gas consumption, the residents of Dushanbe city alone consume up to one third of the overall gas consumption of the Tajik population..

The study of the Consumers' Union of Tajikistan identified a number of challenges in the area of heat supply: (a) the need for almost 100% capital investment to restore the system; (b) ineffective methods of heat supply; (c) unclear responsibilities, including for the targeting vulnerable groups; (d) low quality of utility services; and (e) the need for innovative technical solutions.

The study also suggested a number of solutions. For example, for heat supply, it proposes the combination of centralized and decentralized (independent) systems depending on the particular technical and economic situation. Regarding the choice of heat supply systems, a number of alternatives were suggested and already exist in Tajikistan, such as: (a) electric power due to the recent plan to develop additional hydropower resources, which would allow the application of induction heater and heat pump technologies; (b) solar and wind power, as complementary energy sources for warming houses and water; (c) coal, as an additional resource (Tajikistan has substantial coal reserves); (d) natural gas (although gas resources are very limited in the Republic and need to be imported); and (e) liquid fuel in emergency situations, as Tajikistan lacks sufficient reserves of this type of fuel.

With regard to energy saving, two approaches were suggested: energy use management and reduction of unnecessary resource losses. Energy use management involves modernization of individual heating plants, the installation of thermostatic regulators for radiators, etc. Reduction of unnecessary losses can be achieved through external strengthening of walling, restoring sealing of seams between the panels and hydrophobization of walls; winterization of structural elements of attics, mechanical rooms and basements; insulation of heat and hot water supply pipelines; installation of radiator reflectors; and refurbishing of building entrances and glazing.

In terms of strategic planning of the public budget and external support, the following aspects were highlighted: (a) the need to allocate public budget and/or foreign assistance supported by reliable information, legislation, taxation (b) institutional support; and (c) the need to raise the efficiency of homeowners' energy use.

Finally, the study suggested three strategic options to improve energy efficiency and reduce the energy deficit. The first involves the formulation and implementation of a national comprehensive programme including both heat supply and energy saving components and the development of legal mechanisms to implement the programme. The programme would provide targeted funding for private and local government initiatives to restore and develop the heat supply system in Tajik cities, loan-based funding for energy-saving technical solutions for the population and homeowners' associations, and raising awareness of the population through the mass media.

The second option proposes the formulation and development of a national programme involving only an energy saving component, through the improvement of energy efficiency in housing and public buildings and would require less expenditure. The third and final option envisages only the development of a heat supply system that would address the unacceptable situation of electrical energy being overused for heating needs.

being considered for a 12-storey residential building in Dushanbe. The use of heat pumps, together with solar energy converters, underground thermal water energy, etc. is also expected to accelerate the process of the substitution of fossil fuel and hydroelectric energy sources. It is believed that heat pumps could substitute for electrical heating in single-family houses, equipment in multifamily houses could utilize liquid and hard fuel, boiler-houses and district heating systems.

A number of small community-based projects for energy efficiency in housing have been carried out in Tajikistan by some international organizations as part of the poverty alleviation programme and, recently, the Consumers' Union of Tajikistan has completed an important analytical study on heat supply and energy efficiency in multifamily housing (box 2). The analytical study was finalized in February 2009 as part of the Programme on the Development of Public Policy in Tajikistan and the Government Programme on the Promotion of Effective Consumer Policy in the Energy Sector of Tajikistan. The latter programme is being implemented by the Consumers' Union of Tajikistan and financed by the Delegation of the European Commission to Tajikistan. The study investigated what financial and technical mechanisms were available to improve heat supply and energy efficiency in multifamily houses in Tajikistan.

## F. SELF-BUILD HOUSING

In 2008, self-built single-family housing made up almost 87%<sup>43</sup> of the total housing output in Tajikistan. A growing trend towards self-help construction is driven by limited opportunities for many households to improve their housing situation. The Tajik family by tradition lives in a large detached single-family house with a well-protected and isolated garden. Self-help includes the conceptualization, design and building of a home through undertaking all or some of the activities directly, or indirectly, through subcontracting a building organization.

In Tajik rural areas, there is a community tradition of families assisting each other with the construction of houses. As a rule, there is a sort of foreman in each residential area with house building knowledge and skills who can be consulted by the other residents in building their own houses.<sup>44</sup> Therefore, many rural

areas have a more or less homogeneous residential pattern, in contrast to self-build in residential areas in large cities which consist of fenced single-family houses with varying architectural styles.

Many self-built houses in both rural and urban areas are not in conformity with the formal building regulations, mainly due to the residents' limited financial resources, but also due to the inadequacy of knowledge and training on building regulations. Many self-built houses in rural areas do not provide good quality and safe accommodation for the inhabitants. The houses are made of stone and mud bricks that are found or produced locally to substitute for other expensive building materials. The existing building norms do not have provisions on how to use local building materials and at the same time to be safe. While standard architectural design for a typical rural single-family house has recently been developed, it does not take into account the use of local resources and social vulnerability (lack of access to the required materials), and hence remains inadequate for use in many communities. In some urban areas, self-build housing is being supported by the municipality. For example, in Dushanbe, a number of recent self-built housing projects in Vostochniye Kholmi area have been supported through funding and building of the houses' foundations at the expense of the municipality.

Since 1997, a number of international organizations have been involved in promoting community-based self-help housing initiatives and successful examples have now been replicated throughout the country. For example, the World Bank has implemented the "Shelter and House Rehabilitation Programme"<sup>45</sup> that supported self-help housing initiatives of returning families in the areas most devastated by the civil war — Bokhtar, Vakhsh, Kolkhozabad, Kabodien and Shaartuz districts in the Khatlon Oblast. The programme supported essential structural repairs (walls and roofs) by providing roofing materials (timber, nails, tiles) as well as through the distribution of food for local builders. The programme also promoted the use of innovative roofing technologies such as fibre-cement tiles. Based on that success and lessons learned from its previous programmes, the World Bank has implemented a number of similar projects that have supported low income families' initiatives to improve their living conditions on a sustainable basis.

<sup>43</sup> Data provided by the Statistical Committee of the Republic of Tajikistan

<sup>44</sup> As was explained by experts at the State Agency of Architecture and Construction during the research mission to the country

<sup>45</sup> World Bank (1997), Staff Appraisal Report. Republic of Tajikistan. Pilot Poverty Alleviation Project. New York.



The effective outcomes of the World Bank projects involved: the establishment of the National Social Investment Fund of Tajikistan;<sup>46</sup> securing funding commitments from the project counterparts, capacity-building in effective management of the Social Investment Fund; securing community involvement in procurement; and better targeting of the vulnerable population by building up an evidence base through local and regional surveys, and through the establishment of monitoring and assessment procedures.

The following lessons were learned from the projects: (a) the relevance of social funds in maximizing the effect of the development impact by focusing on isolated communities, improving their capacity, especially of those in post-conflict situations; (b) the need to sustain community social infrastructure projects by incorporating them in local government development strategies and by coordinating activities with line ministries; and (c) the need to align capital investments with capacity-building, testing, documenting and disseminating innovative good practices, analysis and knowledge sharing to maximize project outcomes.

Due to decrepit and overcrowded multifamily housing or abandoned buildings, HFHT<sup>47</sup> has also been working, since 1999, on a range of community-based housing projects. By 2010, around 530 housing interventions with the assistance of HFHT had been completed. HFHT works in partnership with both local and international NGOs and local and national governments. Many HFHT projects have been piloted throughout Tajikistan and HFHT has plans for scaling-up the successful initiatives. Three areas of HFHT interventions can be identified: (a) the application of innovative, low cost technology with sustainable “green” materials; (b) the use of appropriate solutions, which match the needs of the local population; and (c) helping some of the poorest people access clean, safe drinking water. One of the recent successful projects of HFHT has been the renovation of a half-finished nine-storey multifamily house in partnership with Khujand State University.<sup>48</sup> The completion of this 13-year-old building provided 52 homes for qualifying faculty and staff families. Following the

<sup>46</sup> A ‘demand-driven funding mechanism to finance community-based initiatives in rehabilitation or restoration of small-scale social and economic infrastructure and services in poor communities’

<sup>47</sup> The Tajikistan arm of the not-for-profit international organization.

<sup>48</sup> Habitat for Humanity Tajikistan (2007), *Rising from Ruins*, Habitat World. Budapest.

agreement, the University made its contribution towards property (an incomplete building) and a \$60,000 investment in infrastructure works. HFHT then invested \$250,000 and provided its expertise in renovation, coordinating the work with the relevant governmental agencies and utility departments. The outcome of the project has been the finishing of the nine-storey multifamily building in two phases, with decent quality and affordable apartments purchased by families for \$4,630. Specific mechanisms HFHT used to implement the project included the selection of families by a joint committee of HFHT staff and university officials; the contribution by a selected family of a 10% down payment, 500 sweat-equity hours working during the renovation process and making a pledge to pay the mortgage over the following eight-year period.

## G. HOUSING AND NATURAL DISASTERS

Natural disasters such as earthquakes, flooding and mudslides affect the country frequently. In fact, about 74% of the population of 7 million in Tajikistan lives in 8- to 9-magnitude earthquake zones (Richter scale) and about 26% in 7-magnitude zones. In 2007, an earthquake severely damaged 19 villages, 1,484 homes and left more than 15,000 people homeless. The earthquake on 2 January 2010 severely hit 4 villages, affected 1,019 houses (6,145 people), with 98 houses being completely destroyed and 921 houses in need of repair.<sup>49</sup>

Many existing and newly built buildings and amenities do not meet modern seismic regulations for a number of reasons, such as: (a) the deformation of many buildings built on soft (collapsing) soil and without any preparation of the foundation; (b) damage to buildings’ structural elements as a result of previous regular 3- to 6-magnitude earthquakes (Medvedev-Sponheuer-Karnik scale); (c) inadequate maintenance; and (d) the widespread violation of construction regulations.

If, in the Soviet era, the control over compliance with seismic norms was strict, it has been practically lost in recent years. Today, there is a big gap between formal regulations and their practical application, which has serious social and economic implications. Many single-family houses in rural areas are built without taking into account building regulations because many households cannot afford to buy regulated building materials (bricks and cement). This means that their houses suffer most in natural disasters. There are only two cement factories in the Republic,

<sup>49</sup> Agency for Construction and Architecture (2010)

**Picture 6. International and local experts studying landslide damages**



Source: UNECE.

and both are in Dushanbe. Remote communities can rarely afford the cost of buying and transporting the required building materials from the capital and no affordable alternatives are provided for. Therefore, most houses are made of locally found cracked stones and clay with weak construction elements.

Rural communities at risk of natural disasters have the opportunity to move from these areas through the so-called “ecological migration” and “voluntary migration”<sup>50</sup> processes. Since 2009 such households receive subsidized loans of 3,000 somoni (approximately \$682), including 50% from the State as a free-of-charge down payment, and with the remaining 50% to be repaid within the following

<sup>50</sup> “Ecological migration” and “voluntary migration” are the terms used in Tajikistan to define the relocation process. The first one means compulsory resettlement from disaster-prone areas and the second relates to voluntary departures from mountain areas.

two to three years. In addition, each member of these households receives financial support of 50 to 100 somoni. Many households in disaster-prone areas, however, do not want to move out of the areas where they have long lived. In some cases, the resettled households return to the areas they left, mainly for financial reasons. In fact, it is rather difficult for many resettled families to build a house for the sum allocated (the construction of a new house would require around \$5,000).

Some government institutions dealing with house building regulations in Tajikistan have only recently initiated discussions on how to build safely from local materials. For example, the Institute of Earthquake Engineering and Seismology has a tentative plan to review in 2011 the available local resources that can be later added to the Building Code.

The State Agency “Giprostroy” has recently designed standard three- and four-bedroom houses



for the victims of the Vanj district earthquake. The estimated cost of these projects is 50,000 somoni each (or \$11,500), which is quite high for the average household. A number of disaster risk management initiatives have also been implemented by some international organizations with the involvement of the relevant local and national authorities and communities. For example, UNDP together with a local NGO, PMP International, has started seismic vulnerability assessment of residential buildings in Dushanbe. Vulnerability data have been collected for

2,290 residential buildings (higher than two storeys). Also, earthquake scenarios have been developed for Dushanbe (only for residential buildings) and several workshops with city authorities have been conducted in order to raise awareness about earthquake vulnerability. In addition, HFHT and the Institute of Seismology have developed a “mulberry branch” building method to strengthen houses before earthquakes occur. To date, HFHT has built, renovated, and reinforced over 850 homes in earthquake-affected communities.

**Picture 7. Houses constructed by the Government for the victims of landslides, Vanj district**



Source: UNECE.



# HOUSING FINANCIAL AND LEGAL FRAMEWORK

### A. AVAILABILITY OF HOUSING FINANCE

#### *Investments in housing renovation*

There is an overwhelming demand for housing and housing renovation, while the extremely damaged housing stock built mostly during the Soviet era does not correspond to present quality and comfort standards. After the mass free-of-charge privatization of residential dwellings in the 1990s there was a significant underinvestment in housing maintenance.

costs are increasing by 25%–50% annually and decent housing is becoming beyond the reach of the majority of the population. The Government does not provide any repair grants and only a few microfinance organizations have recently started to offer housing repair loans.

Remittances have become an important source of economic growth for the country and one of the most important ways of funding home repairs. The World Bank Report from 2006<sup>51</sup> states that 15% of

**Picture 8. Multifamily housing in need of upgrading**



Source: UNECE

The Government's obligation to maintain the privatized dwellings ceased and the new unit owners did not have the financial means to repair and maintain their own apartments nor the necessary skills to operate the collective mechanisms, such as condominium or housing associations. At the same time, building

remittance recipients used those funds for home repairs, which proves the importance and necessity of home maintenance for the population.

<sup>51</sup> Tajikistan Policy Note: Enhancing the Development Impact of Remittances, World Bank report, January 2006.

### **Investment in construction**

Investments in housing construction have grown steadily during the past five years. However, public investments in housing did not exceed 6% in 2008.<sup>52</sup> In addition, there is a lack of mechanisms to facilitate the construction of affordable housing. Therefore, while there was a slight increase in the housing stock in the recent past, it has not kept pace with population growth.<sup>53</sup> Apartment construction has been mostly concentrated in the largest cities and primarily targeted at the luxury segment of the market. In 2009, in the city of Dushanbe alone, new housing construction was 20% of the total new housing output in the country.<sup>54</sup> About 80% of the construction in rural areas is done primarily by the owners themselves.<sup>55</sup>

In such a situation, self-built housing becomes the easiest and most affordable way for the population to improve their situation. In 2008, individual houses built by tenants accounted for 87% of the total construction sector.<sup>56</sup>

There is an overwhelming demand for new affordable multi-story housing. However, the supply of such housing stock is insufficient due to the lack of financial mechanisms to support the construction companies. Residential construction is financed mainly by the savings of the future unit owners.

In the beginning of the construction of a building the prices offered are usually 70%–80% lower. However, there is a certain risk for the buyers, as no legal protection of their rights is provided and the apartment could be sold twice. The lack of protection of consumers' rights can also result in low construction quality and delays in the fulfilment of the developers' obligations to the purchasers.

Due to the lack of funding opportunities for residential construction of large, multi-unit apartment buildings, the majority of the companies are engaged in small-scale projects. Banks are unable or unwilling to provide credits for larger projects because, generally, the collateral requirements

cannot be met. However, before the 2009 financial crisis, banks were offering short-term loans (up to two years) at high rates (more than 30%) because it was a very profitable sector (especially the luxury segment). Usually the property of the developer or the owner was used as collateral. In 2011 the *Tojik Sodiro*t Bank was preparing to launch a programme for financing construction projects.

### **Rental sector**

The Government has no policy to develop the rental housing sector. According to the Housing code<sup>57</sup> the Government is responsible for providing social rental housing for households in need. However, such dwellings still could be subject to free-of-charge privatization. Today only 7.5% of the total housing stock is public.<sup>58</sup> The demand significantly exceeds the supply in this sector, especially in large cities. The main problems that inhibit the development of the sector are the absence of protection of the rights of tenants and landlords, the low quality of dwellings and the lack of utilities.

## **B. THE LINK BETWEEN HOUSING POLICY AND HOUSING FINANCE**

The Government does not regard the housing problem as its highest priority. The State must deal with more pressing needs, including health care and education. It has instituted a National Development Strategy to deal with these issues,<sup>59</sup> but a separate housing development strategy has not been developed. The limited State budget, coupled with Government spending on more essential social services, has left little room to pay for housing-related programmes. Given the economic difficulties and fiscal constraints, a transparent income-based subsidy system does not exist to meet the housing needs of the vulnerable segments of the population nor are there programmes containing tools for assessing the effectiveness and efficiency of the money spent.

HFHT successfully implements projects for low-income people in need of housing (construction,

<sup>52</sup> Data provided by State Statistical Committee of the Republic of Tajikistan.

<sup>53</sup> According to data of the State Statistical Committee, housing stock increased by 10% from 2000 to 2007. At the same time, the increase in population was 19.5%. As a result housing stock per capita decreased from 9.1 m<sup>2</sup> in 2000 to 8.6 m<sup>2</sup> in 2007.

<sup>54</sup> State Statistical Committee.

<sup>55</sup> State Statistical Committee.

<sup>56</sup> State Statistical Committee.

<sup>57</sup> Analysis of Tajik Legislation in the Construction Area. Report prepared by the Business Environment Improvement Project on 27 July 2008, available from: [www.bei-ca.net](http://www.bei-ca.net).

<sup>58</sup> Housing Code of the Tajikistan Republic, adopted on 12 December 1997.

<sup>59</sup> National Development Strategy of the Republic of Tajikistan for the Period to 2015. Draft. Regional Conference on MDG-based NDS and PRSP, 15–17 March, 2007, Dushanbe, Tajikistan.



renovation, repair, and seismic enforcement of buildings), using financing from international donors. Local authorities participate in these projects by providing access to infrastructure (electricity, water and sewerage connections) (see chapter II).

The Government has yet to create a conceptual framework for forming a residential mortgage financing system. As the International Finance Corporation (IFC) mentioned,<sup>60</sup> the State has not defined its role in the development of this system, nor has it identified the elements necessary to develop and support the residential mortgage industry.

The involvement of local authorities in housing issues is limited because of the scarce funds. Tax revenues could generate housing finance, but their distribution between State and local budgets is complex.<sup>61</sup> Property and sales taxes are the main sources of revenues for local budgets. Property tax rates are based on land tax rates. The overall tax rates are determined by the Tax Code.<sup>62</sup>

The existing taxation system related to property transactions does not stimulate the development of mortgage lending and residential construction. Furthermore, there is no favourable tax treatment of income coming from the sale of a taxpayer's primary residence, nor is mortgage interest tax deducted.

### C. MORTGAGE LOANS AND THE BANKING SYSTEM

#### *Overview of the financial sector*

Tajikistan has 13 commercial banks, including one State-owned bank, three foreign institutions and six credit societies. The four largest banks control 80% of all deposits.<sup>63</sup> In March 2010, the financial system was evaluated as “shallow and undeveloped” and the economy as still “largely cash driven by worker

remittances” by the Financial Standards Foundation.<sup>64</sup> Tajikistan has not been assigned a credit rating by any of the major credit rating agencies. The challenges for banking sector development in the country are to secure regulatory independence and to limit Government interference in commercial banks' activities.<sup>65</sup>

Total paid-in capital of banks has increased more than 4.5 times — from 157 million somoni in 2005 to 708 million somoni in 2009.<sup>66</sup> And total outstanding loans have increased more than 4.1 times — from 1.3 billion somoni in 2005 to 5.3 billion somoni in 2009. The delinquency rate reached 45% in 2009, an increase of more than 15 times since 2005.<sup>67</sup> The main source of financing for lending activities is foreign investments. The interbank market is undeveloped.

In 2007, bank deposits peaked at 18.8% of GDP, increasing the confidence in the banking system. In 2003, a State deposit insurance system was created, establishing a 100% guarantee for each deposit of less than 250 somoni, 90% for deposits of less than 2,500 somoni and 70% for deposits above that limit. After a presidential decree was issued establishing the terms for legalizing undeclared funds of individuals, and a law was enacted granting amnesty to these citizens, almost \$50 million were brought into the banking system.<sup>68</sup> However, only about 2.5% of the population uses bank deposits to save money.<sup>69</sup>

Long-term funding, especially from local sources, is limited (80% of deposits do not exceed one year).<sup>70</sup> Without sources of long-term capital, the growing capitalization still remains insufficient to fund mortgage lending, particularly in the presence of

<sup>60</sup> Central Asia Housing Finance Gap Analysis. IFC, 2006, p. 111.

<sup>61</sup> Proportions of distribution of tax revenues between State and local budgets are determined each year in the Law on the State Budget.

<sup>62</sup> Tax Code of the Tajikistan Republic, adopted on 3 November 2004.

<sup>63</sup> Tajikistan. Country Brief. eStandardsForum, 25 August 2008, p. 7.

<sup>64</sup> Government Decree on Measures for Implementation of the Presidential Decree on Improvements in Administrative Procedures related to Construction Activities in the Republic of Tajikistan. Approved on 6 May 2009.

<sup>65</sup> EBRD Country Factsheet Report, 2008.

<sup>66</sup> Review of the banking system. Published on the website of the National Bank of Tajikistan, available from: [www.nbt.tj](http://www.nbt.tj).

<sup>67</sup> Data published on the National Bank of Tajikistan, available from: [www.nbt.tj](http://www.nbt.tj).

<sup>68</sup> Central Asia Housing Finance Gap Analysis. IFC, 2006, p. 99.

<sup>69</sup> Estimates of Orash Hodghamuradov, specialist of the Financial and Economics Department of the Association of Tajik Banks. Published in *Nedvighimost. Vestnik Tadzhikistana*. #009, 11.02.2010.

<sup>70</sup> Data published on the National Bank of Tajikistan, available from: [www.nbt.tj](http://www.nbt.tj), accessed on 2 January 2010.

high property prices.<sup>71</sup> To address these issues the Government has prepared a good mid-term strategy for the development of the banking sector.<sup>72</sup>

workers can afford the monthly mortgage payments, and most of them are employed in the financial sector.

**Table 4. Assets and deposits of the Tajikistan banking sector, 2004-2009**

|  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  |
|--|-------|-------|-------|-------|-------|-------|
| <b>Credits, millions of somoni</b>           | 1 091 | 1 286 | 2 393 | 3 977 | 4 860 | 5 331 |
| <b>% GDP</b>                                 | 8.5   | 7.3   | 25.8  | 31.1  | 27.6  | 25.8  |
| <b>Share of delinquent loans</b>             | 4%    | 3%    | 1%    | 1%    | 2%    | 45%   |
| <b>Deposits, millions of somoni</b>          | 292   | 539   | 1 108 | 2 398 | 1 914 | 2 614 |
| <b>% GDP</b>                                 | 2.3   | 3.1   | 11.9  | 18.8  | 10.9  | 12.7  |
| <b>Share of deposits in foreign currency</b> | 57%   | 66%   | 76%   | 79%   | 64%   | 64%   |

Source: National Bank of Tajikistan available from [www.nbt.tj](http://www.nbt.tj).

### *Mortgage market and participants*

The mortgage market in Tajikistan is still in the incipient stages. Its development started in 2008, when the Law on Mortgages was adopted.<sup>73</sup> The law establishes a legal framework for mortgage lending, including the possibility of using unfinished buildings as collateral.

As a percentage of GDP, the mortgage portfolio in 2005 was about 0.03%, and mortgage debt per capita was less than \$1.25.<sup>74</sup> At present, only a few domestic lenders have experience in residential mortgage lending. Moreover, the mortgage lending proposed by these banks was, in some cases, a one-time experiment to test the new product. In other cases, the mortgages were financed by the State Programme on Provision of Housing for State Employees.<sup>75</sup>

Mortgage terms are unaffordable for most Tajiks, with an interest rate of 25%, an average term of 5 years and a loan-to-value ratio of up to 60%. At this stage, mortgages are affordable only for a small part of the high-income households. Less than 1% of

The biggest problems that Tajik banks are facing are the insufficient incomes of borrowers, combined with the significant share of remittances and the lack of cheap long-term capital. Given that short-term deposit base, banks constantly operate without an appropriate match in the maturity of assets and liabilities, which leads to a high interest rates and liquidity risks. Remittance income could play an important role in determining how repayment capacity should be calculated for potential mortgage borrowers. Even if banks decide not to take direct remittance income into consideration for specific clients, they will need to establish risk management policies to minimize the risk of a decline in overall remittances.<sup>76</sup>

Tajikistan still lacks internal policies, procedures and personnel experienced in mortgage lending. These elements are necessary to implement sound risk management policies, methods and tools. The necessary conditions to strengthen the capacity of the key participants in the mortgage market and to further develop their institutional potential are not yet in place. Mortgage lenders could substantially improve their residential mortgage operations by implementing basic residential mortgage lending policies, procedures, standardized documentation and internal structures to encourage such lending.

No training programmes exist for inexperienced borrowers (commercial developers, municipal enterprises, households), to increase the effective demand for housing finance including the development

<sup>71</sup> The average price for a two-bedroom apartment in Dushanbe is \$40,000. Thus, the total bank equity of \$162 million could hypothetically finance a maximum of about 4,000 apartment units.

<sup>72</sup> Mid-term strategy for development of the banking sector of the Tajikistan Republic up to 2009 approved by the Government on 3 August 2007.

<sup>73</sup> Law on Mortgages, adopted on 20 March 2008.

<sup>74</sup> Central Asia Housing Finance Gap Analysis. IFC, 2006, p. 101.

<sup>75</sup> During the past few years the programme has not been financed.

<sup>76</sup> Central Asia Housing Finance Gap Analysis. IFC, 2006, p. 93.

of proper construction proposals, market analysis and possible sources of loan.

It seems encouraging that IFC is currently implementing a project for improving the housing finance legislative framework, which includes the institutional capacity for mortgage lending and awareness of mortgage possibilities.

The relatively high risk in residential mortgage lending is exacerbated by the inadequacy of the laws and regulations related to repossession of residential property used as collateral, and by the lack of internal risk management mechanisms in the commercial banks' strategies. Housing legislation does not consider the transfer of ownership of residential property to a lender as legal grounds for evicting tenants.

Loans for residential construction are also undeveloped. Developers usually do not have liquid collateral and clear accounting documents. Sound procedures for pledging unfinished buildings and efficient risk assessment instruments are also lacking. Even though the demand for residential construction loans is relatively high, banks prefer to do short-term commercial lending, which creates higher returns.

The infrastructure required for a functioning mortgage lending system is underdeveloped. For example, the insurance sector lacks standardized policy documentation. According to the legislation,<sup>77</sup> insurers must have a licence, and they can offer life, property and third party liability products. Measures to increase the banks' confidence in the housing market, particularly for the property valuation and the security system, are not yet in place. Mortgage market development will also benefit from a foreclosure process, which is easier and less expensive both for the debtor and the borrower. However, this process needs to be facilitated through social assistance. To further develop the residential mortgage industry, the linkages between the insurance and residential mortgage sectors should be strengthened and the insurance companies should be stimulated to increase the range of standardized insurance products.

The Law on Credit Histories<sup>78</sup> was adopted in 2009. Under this law, banks are obliged to submit electronically the information on all loans to at least one commercial credit bureau. The National Bank

of Tajikistan has established a centralized credit history register and is supposed to supervise the credit bureaux once they are set up.

The country does not have a well-functioning independent institute for appraisals.<sup>79</sup> There are no specific assessment standards for residential valuation. Without independent appraisal services, banks have serious problems related to the objective assessment of residential property values.

There are no specialized laws regulating realtors' activities. Furthermore, the sector lacks transparency. The linkages with residential mortgage providers do not exist either. To further enhance an effective and transparent realty services sector, and to increase the level of professionalism, it is essential to introduce a self-regulating professional body that could license realtors and develop standards, methods and procedures for residential appraisals.

Although some of the banks want to increase the possibilities for mortgages, a number of legal concerns limit such a development. Crucial problems are the lag between registration of the property and the mortgage itself, and the uncertainty of the foreclosure process, which could take up to several years in practice, especially when court decisions are involved. These issues were carefully identified in an IFC study from 2006.<sup>80</sup>

Currently, two key tax elements in the development of mortgage lending are missing: mortgage interest deductibility; and the tax treatment of capital gains on the sale of residential property. There is no law on mortgage securities. Consequently, no special tax treatment of mortgage securities or mortgage transfers exists.

#### D. MICROFINANCE SYSTEM

In 2003, in conjunction with EBRD, IFC established a credit facility for entrepreneurs: the Tajikistan Micro and Small Enterprise Finance Facility. International organizations continue to support the development of the microfinance sector in Tajikistan, but mainly for trade and entrepreneurs.

The number of microfinance institutions (MFIs) in the country increased from 11 in 2004 to 116 in

<sup>77</sup> The Law on Insurance, adopted on 20 July 1994 #981.

<sup>78</sup> The Law on Credit Histories, adopted on 26 March 2009, #492.

<sup>79</sup> The Law on Appraisal Activity, adopted on 30 June 2006 #335, establishes general framework for realtors' activities, including licensing requirements.

<sup>80</sup> Central Asia Housing Finance Gap Analysis. IFC, 2006.

2009. Sixty-one are members of the Association of Microfinance Organizations of Tajikistan (AMFOT). At the beginning of 2010, MFI members of AMFOT had more than 128,000 active clients, with a loan portfolio of 1.06 billion somoni.<sup>81</sup>

The social mission of MFIs is to assist low-moderate-income households to gain access to credit. The average amount of an MFI loan in 2009 was about \$700, which is 5.7 times lower than a typical commercial bank loan.<sup>82</sup> The microfinance sector has the potential to offer housing loans, but focuses mainly on trade and agricultural lending especially for rural areas. However, some MFIs offer small loans for house construction, improvements, refurbishment or housing purchases.

Microfinance banks provide dollar-denominated loans for housing purposes of up to \$30,000 for more than 10 years with an interest rate of 21%–23% per annum. They have already disbursed 668 loans for a total amount of \$2.4 million, and the demand is significantly exceeding the supply. Small loans of up to \$200 can be provided without collateral and with a limited number of required documents.

HFHT is focusing mainly on the poorest segment of the population, and offers a range of products to improve housing conditions, especially in rural areas, in cooperation with MFIs. Several programmes include provisions concerning the financing of construction and renovations of houses in rural areas, as well as seismic reinforcement, and water filter installation. They require that the participating families repay the micro loans.

The international financial crisis affected the lending provided both by the commercial banks and MFIs. However, the MFI sector performs better, with a delinquency rate on the loans of 6.5% at the end of 2009, which was much lower than that of the banking sector (12.9%).<sup>83</sup> Thus the commercial banks are starting to consider microfinance as an attractive sector for their activities.

The Law on Microfinance Organizations adopted in 2004 regulates the sector.<sup>84</sup> This law creates the

<sup>81</sup> Analysis of statistical data of members of AMFOT in 2009 <website www.amfot.tj>

<sup>82</sup> Analysis of statistical data of members of AMFOT in 2009 <website www.amfot.tj>

<sup>83</sup> Analysis of statistical data of members of AMFOT in 2009 <website www.amfot.tj>

<sup>84</sup> The Law on Microfinance Organizations adopted on 19 April 2004 #1,112.

special obligation for MFIs to have a licence and to perform a limited scope of activities. There are no special regulations for MFI activities concerning their reserves, capital or any other normative requirements. Thus MFIs should follow the general requirements when issuing micro loans.

## E. HOUSING LEGISLATION AND BUILDING NORMS

### *Housing legislation*

According to the Tajik Constitution, “Every person has the right to housing. This right is ensured by means of construction of State, public, cooperative and private housing.”<sup>85</sup> The main legal framework for housing is established by the Housing code,<sup>86</sup> which was prepared on the basis of the Soviet State-oriented system and adopted in 1997. It regulates mainly the issues of public housing stock, especially its provision and management. The draft of a new Housing Code has already been prepared, but is still under discussion with the stakeholders. Based on the Russian and Belarusian models, it should solve the problems occurring in the housing sector and correspond to the new realities, including housing management and the relations between owners and developers and owners and tenants.

The NDS defines the priorities of Government policy. It focuses on achieving sustainable economic growth and public access to basic social services, as well as on reducing poverty. The only reference which covers housing issues is “Expansion of Access to Water Supply, Sanitation and Housing and Municipal Services”. The same priority is established in another very important document, the national PRSP. The housing-related goal of that document is to improve the utilities sector across the country and to introduce new efficient mechanisms in the housing management sector.

A concept for the development of the construction sector in Tajikistan was prepared in 2006. It aims to provide at least 700,000 m<sup>2</sup> of housing per year until 2012, 80% of which will be individual housing. It also focuses on the need to update the town planning documentation throughout the country and provides a comprehensive list of tasks to develop the construction

<sup>85</sup> The Constitution of the Republic of Tajikistan, adopted by the Government of Tajikistan on 6 November 1994, art. 36.

<sup>86</sup> Housing Code, approved by Parliament on 12 December 1997.



sector, including the introduction of modern materials and techniques and the implementation of new educational programmes and trainings. At the end of 2009, a development programme was prepared, which aims to increase the use of locally produced construction materials.

Like many other former Soviet republics, Tajikistan stimulates the development of private housing stock. The Law on Privatization was adopted on 4 November 1995 and allows tenants to privatize their dwellings free of charge.<sup>87</sup> The ownership of the common areas and the land use rights are also transferred to the owner of the dwelling. If the dwelling requires a capital repair, the Government is obliged to do it before privatization or to pay compensation; however, in reality, this does not happen.

The Law on Apartment Building Maintenance and Homeowners' Associations adopted in 2009<sup>88</sup> concerns the common areas of multi-unit buildings and creates legal grounds for housing management services. Homeowners can choose either to manage the common property and utilities by themselves through an assembly or homeowner association, or to hire a management company to perform everyday maintenance and servicing. It is planned that this law will be included into the new revision of the Housing Code.

The Law on Individual Housing Construction<sup>89</sup> grants people the right to build individual housing and provides protection against eviction from their individual houses. It also regulates the individual constructions, including a list of documents required to get permission to use the land and build a dwelling. According to the Law on State Registration of Immovable Property and Rights to It, after completion the building must be registered.<sup>90</sup> To be registered a building should match the construction requirements. The required documents relate to the confirmation of the land use right; a construction project adopted by the local authorities; and a construction permit.

The general framework for activities in town planning and construction is established in the Law

on Architecture and Town Planning Activities.<sup>91</sup> It deals with issues related to construction (construction projects, permits, oversight of construction and acceptance of finished buildings) and town planning (master plans, zoning).

At the State level, control over the construction process and the main regulative functions are performed mainly by the Architecture and Urban Planning Department. At the local level, the Architecture and Urban Planning Departments are mainly responsible for the preparation of local town planning documentation, master plans (including the master plans which should be approved by the State), provision of land plots for construction, expertise and supervision of construction projects.<sup>92</sup> The Agency for Construction is planning to prepare a draft Construction Code, which will consolidate the existing legislation on construction and town planning issues.

In 2007, the Government launched a property legalization process to facilitate registration. Many people who purchased property in the 1990s were unable to register it until this process was introduced due to the chaotic land-plot distribution during this period. This finally enabled them to avoid criminal and civil liability for illegal habitation. Although the law has since expired, the proposition to extend the period of amnesty is now under discussion.

Although the general legislative framework for housing exists and is being updated, there is a lack of guidance on its implementation. Increasing urban density and the need to destroy and rebuild outdated housing stock inevitably raises the issue of compensation for the people who have to be evicted. The current legislation does not contain any clear instructions on how to deal with this problem or how to determine the dwellings to be demolished due to unsuitable living conditions. A more detailed overview of the legislation related to forced evictions can be found in the report of the Bureau for Human Rights and the Rule of Law.<sup>93</sup>

<sup>87</sup> Law on Privatization adopted on 4 November 1995 #114, art. 14.

<sup>88</sup> The Law on Apartment Building Maintenance and Homeowners Associations, adopted on 5 August 2009 #542.

<sup>89</sup> The Law on Individual Housing Construction, adopted on 21 July 1994, #997.

<sup>90</sup> The Law on State Registration of Immovable Property and Rights, adopted on 20 March 2008 #375.

<sup>91</sup> The Law on Architecture and Town Planning Activities, adopted on 20 March 2008 #380.

<sup>92</sup> The Regulation on Local Architecture and Urban Planning Departments, approved by the Government on 27 February 2009 #127.

<sup>93</sup> *Human Rights Monitoring of Forced Evictions for State and Public Needs in the Republic of Tajikistan*, second ed., Bureau for Human Rights and the Rule of Law, 2009.

### Building norms and regulations

Concerning the technical aspects of the legal framework, regulations based on those of the Soviet era still remain in force, with amendments made to meet modern requirements (e.g. anti-seismic construction, reduction in water and heat consumption). In the post-Soviet era, new technical codes for building regulations were adopted, including the Residential Buildings Code (2005), the Anti-Seismic Construction Code (2007) and the Town Planning Code (2008). In addition, between 2004 and 2009 guidelines and standards on specific aspects of construction were adopted (e.g., for hotels, stone constructions, water supply and regarding the fire safety of buildings). Generally these building norms and regulations (SNIps) are obligatory. To keep them up to date, the Agency for Construction organizes a yearly revision of the existing SNIps with the participation of construction industry players. For 2010, the update of the Regulation on the Energy Efficiency of Buildings, Roofing and Insulation was scheduled.

A special SNIp on Anti-Seismic Construction was prepared in 2007, as 93% of the territory is in a high seismic activity zone. It contains modern requirements for residential buildings, including guidelines for individual constructions in rural areas. The latter is a significant problem for the country because of the poverty in rural areas and the lack of financial resources, skills and materials to construct earthquake-proof houses. HFHT, Caritas and the Institute of

provision of infrastructure, services and equipment. All building norms are developed and approved by the Agency for Construction and Architecture. To respond to local particularities, the SNIps are established according to the different types of territory, depending on the size of population, the area, the climatic conditions and the seismic activities.

If a developer wants to go beyond the limits established by the SNIps, for example, to build a skyscraper, a request to the Agency for Construction should be submitted and the technical requirements for the project prepared. The latter generally takes about one month and costs between 5,000 and 10,000 somoni.

In 2009 a legal reform was started. The Law on Technical Control<sup>94</sup> came into force on 1 January 2010 with the aim of creating a unified system. It provides that technical regulations based on international standards should be created within seven years to cover a variety of issues, such as safety, environmental protection, national security and the rational use of resources. Once approved by the Government, they will become obligatory for all market players. All the other norms and regulations, including the SNIps, will be voluntary, except during the transition period when the technical regulations are being prepared. In this period, the SNIps and other norms will be compulsory but only for the issues covered by the Law on Technical Control. Thus they will receive the status of temporary technical regulations until 1 January 2017. Finally, the Government is supposed

**Table 5. Classification of settlements in Tajikistan**

| Type of settlements | Size of population, thousands |           |
|---------------------|-------------------------------|-----------|
|                     | Urban                         | Rural     |
| <b>Large</b>        | 250–1,000                     | Above 5   |
| <b>Big</b>          | 100–250                       | 1–5       |
| <b>Average</b>      | 50–100                        | 0.2–1     |
| <b>Small</b>        | below 50                      | Below 0.2 |

Source: Building norms, “Town Planning” (2007)

Seismic Activity have recently implemented a joint project of reinforcing individual buildings by using local materials, which costs only \$8,500 per dwelling. The technique was recognized by the Agency for Construction and was incorporated into the SNIp on Anti-Seismic Construction.

The SNIps system not only covers safety and environmental protection issues but also regulates the

to publish a list of the existing norms and regulations, which will receive the status of temporary technical regulations. For the moment, in the housing and construction sector, such a list has not been yet published and there are no precise timelines for the preparation of technical regulations.

<sup>94</sup> The Law on Technical Control, adopted on 19 May 2009 #522.

### ***Administrative procedures in construction***

The construction sector is heavily regulated in Tajikistan. Moreover, according to the annual World Bank survey, *Doing Business*, which establishes an indicator for dealing with construction permits, Tajikistan ranks 177 out of 183 countries. To build a warehouse in Dushanbe requires 32 procedures, takes 250 days and costs 1,023% of per capita gross national income.<sup>95</sup> The most detailed analysis of Tajik legislation relating to construction was prepared in 2008 by USAID<sup>96</sup>. The report revealed and analysed the gaps and discrepancies in the legislation at every stage of the construction process and judged the administrative regulations to be excessive.

To address this issue, stimulate investments and improve Tajikistan's position in the *Doing Business* ranking, the President declared 2009 as the year of reform of the construction sector.<sup>97</sup> A "one-stop-shop" approach for administrative procedures in construction was implemented.<sup>98</sup> It clearly defines the stages and timelines for receiving all the necessary permissions and documents. Furthermore, it also

minimizes the interactions with Government and municipal structures.

The process of improving the legislation and simplifying the administrative procedures related to construction will continue in 2010, with the active support of some donor organizations. However, there is still a problem in the supervision and control of construction activities, especially individual ones.

In 2009, the Construction Oversight Agency conducted 1,159 inspections of construction sites (about 10% of all construction sites) and found 1,094 violations of the law (94% of surveyed sites). Most of these violations concern individual constructions. To amplify the coverage of its supervision, the Agency needs to increase the number of its staff, which is extremely low, consisting of only 30 people for the whole country. Also, the relatively low fines do not act as deterrents for those who profit by breaking the law. Particularly in the case of individual constructions, for which there is an expedited process, very often some of the required documents are omitted.

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<sup>95</sup> *Doing Business 2010*. Tajikistan. World Bank, 2010.

<sup>96</sup> *Analysis of Tajik Legislation in the Construction Area*. Report prepared by Business Environment Improvement Project on 27 July 2008, available from: [www.bei-ca.net](http://www.bei-ca.net).

<sup>97</sup> Presidential Decree on Improvement of the Administrative Procedures related to Construction Activities in the Republic of Tajikistan of 18 March 2009 #638.

<sup>98</sup> Government Decree on Measures for Implementation of the Presidential Decree on Improvement of the Administrative Procedures related to Construction Activities in the Republic of Tajikistan, approved on 6 May 2009 #282.





# URBAN PLANNING AND DEVELOPMENT

The Agency for Construction and Architecture is responsible for the elaboration and implementation of the State policy on Architecture, Urban Development and Construction. Specifically, it is responsible for elaboration of spatial planning activities, updating of existing master plans, carrying out research in the areas of its competence and elaboration of procedures for approval of projects related to architecture, urban development and construction.

The local branches of executive power (*hukumats*) are responsible for the elaboration of administrative territorial division schemes, master plans and detailed urban development plans together with the Agency for Construction and Architecture. The former are also responsible for allocation of land plots for construction projects in accordance with the Land Code.

The Government authorities approve the master plans of the provincial capitals, the city of Dushanbe and cities and districts of the Region of Republican Subordination. The Government is also responsible for submission of the State Complex Administrative Territorial Division Scheme and local administrative territorial division plans for approval to the *Majlisi Milli Majlisi Oli* (the Upper Chamber of Parliament).

### A. OBTAINING CONSTRUCTION PERMITS

Since independence, procedures for obtaining construction permits (box 3) have been very long, bureaucratic and not transparent even compared with those of other former Soviet republics. In order to improve the situation and ease the administrative procedures in the construction sector, a process was initiated by the Government in 2009. Presidential Decree #638 of 18 March 2009 on “Improvement of the administrative procedures related to construction activities in the Republic of Tajikistan” aimed at the elaboration of simplified procedures for obtaining construction permits which would improve the realization of the Law on Architecture, Urban Development and Construction Activities. Following this process, the Government has issued Regulation #282 of 6 May 2009 approving the new order of administrative procedures required for obtaining a construction permit which introduces the principle of the “single window”.

The Agency for Construction and Architecture has reviewed the list of documents required for obtaining a construction permit and, in June 2009, approved the updated templates of documents to be submitted as a part of application for a construction permit.

#### Box 3. Stages for obtaining a construction permit

- (1) The selection and allocation of a land plot for construction activities: the local *hukumats* are responsible for allocation of land plots in accordance with the land legislation.
- (2) Obtaining approval for the architectural design: local branches of the Agency for Construction and Architecture approve the project designs based on the capacities of the engineering infrastructure and prepare technical specifications to be used for the preparation of the project documentation.
- (3) Preparation of project documentation: the applicant prepares the project documentation in accordance with the procedures established by the Agency for Construction and Architecture.
- (4) Approval of project documentation: local branches of the Agency for Construction and Architecture verify if the documentation has been prepared in accordance with the architectural layout and urban development norms and send the documentation for approval to other concerned bodies.
- (5) Expertise of project documentation: After obtaining the approval of the concerned bodies, the applicant sends the documents to the body responsible for the State examination for the conduct of an expertise of the project documentation.
- (6) Obtaining a construction permit: After obtaining approval from a body responsible for expertise, the applicant applies to the local branches of the Agency for Construction and Architecture to obtain a permit to conduct construction activities.

## B. MASTER PLANS<sup>99</sup>

Throughout the 1990s, due to the civil war as well as to the resulting economic and social problems, activities related to the development of master plans were mostly suspended. Starting from 2001, *Giprostroy* resumed the process of updating and correcting master plans in Tajikistan as many of them became outdated or their validity expired. *Giprostroy*, is a body within the Agency for Construction and Architecture responsible for development of master plans. The organization has been working in this capacity since Soviet times and basically has a monopoly in this field of expertise.

Initially producing one to two master plans per year, *Giprostroy* has increased its capacity and is now capable of commissioning up to 8 to 10 master plans per year. *Giprostroy* also has one branch located in Sogd Oblast which is responsible for compilation of master plans for settlements located in that province.

The process of preparation of master plans is carried out in cooperation with the local branches of the Executive Power — the *hukumats*, which are responsible for providing information to *Giprostroy* on the current situation in their settlements and the plans for future development of the areas in question. Upon completion of each draft master plan, the document is circulated among the governmental agencies for their comments. Payment for the services of *Giprostroy* comes either fully from the local *hukumats* budget or, as in the case of the financially weaker regions, the State budget provides either full or partial support.

The participation of the population in the decision-making process of drafting master plans is very limited. Moreover, the information provided by local governments on the current situation with master plans and their ongoing updating is typically very inadequate. This leads to confusion among the people regarding their plans to construct new houses and creates uncertainty about the future of existing dwellings. This in turn may create further problems of illegal construction and evictions in such areas.

### *Master plan of Dushanbe*

After becoming the capital of the Tajik Soviet Socialist Republic, Dushanbe started to quickly develop into a city with an increasing population. The number of inhabitants in the capital had already reached 575,900 by 2009.<sup>100</sup>

At the same time, the city borders have also changed considerably during the twentieth century. If initially the development of the city occurred on the left bank of Dushanbe River, later on the city expanded noticeably to the west on the right bank of the river and to the south and east (see figures 7 and 8). The first master plan of the city was created in the 1930's by Russian specialists and Dushanbe has had few subsequent master plans since then.

Even though the 1983 master plan of Dushanbe has expired, its validity was extended in 2005 by the Government until elaboration of a new master plan for the city. In 2009, the Municipality of Dushanbe announced an open tender for the elaboration of the master plan of the city. *Giprogor*, the Russian Institute for Urban Planning and Design in Moscow, won the tender and has begun its work on the master plan.

Because of the civil war and the economic stagnation of the 1990s, many of the components of the 1983 master plan could not be completed. The work on the new master plan should be considered as the continuation of the 1983 master plan in order to update it, rather than being a completely new document.

As it was foreseen under the 1983 master plan, some territories of the neighbouring Rudaki and Vahdat districts that were temporarily being used for non-construction activities (mainly, agriculture) would be given to Dushanbe and the city borders would be enlarged in this manner. The transport, infrastructure and other schemes for the city elaborated previously would also be taken as the basis for the new master plan.

However, there are also considerable changes anticipated in the new plan. It is foreseen that under the updated master plan Dushanbe will have a population of 1 million people instead of 750,000, as outlined in the 1983 plan. As the area of the available land is very limited, the increase in the population would be achieved through construction of high-rise buildings, thus increasing the population density. This would be achieved through construction of 16-, 18- and 25-storey buildings.

With regard to this plan, the application and enforcement of building codes, especially those related to the seismic stability of buildings, is of utmost importance for Dushanbe, which is situated in a zone of high seismic activity.

<sup>99</sup> Based on information provided by *Giprostroy* Tajikistan, January 2010, Dushanbe.

<sup>100</sup> UNECE Countries in Figures, 2009.





### C. RESETTLEMENT AND COMPENSATION

The Committee for Emergency Situations and Civil Defence, in cooperation with other State agencies is responsible for the elaboration of medium-term plans for resettlement of the population from disaster-prone areas to safer places. The plan for 2008–2010, for example, has foreseen the resettlement of 1,800 households. There has been some criticism, however, especially in the earlier years of the implementation of such plans, from the international community, as some of the resettlement activities were not well planned and the relocated population has not always been able to find appropriate living conditions in their new settlements. These included problems with the provision of basic infrastructure and public services like medical care and schools. The compensations and loans given to the resettled population are also not adequate to build proper dwellings in a new place. According to Regulation #99 issued by the Government on 4 March 2005, the households that were affected by natural disasters and need to be relocated receive compensation in the amount of 100 somoni (\$1 = 4.4 somoni) per head of the family and 50 somoni per each additional family member. Each household is also allocated a tax credit in the amount of 3,000 somoni for the construction of a new house in a location chosen for resettlement. These funds are certainly not sufficient to build a proper house.

In addition to planned resettlement activities, the Government conducts resettlement of the population after some major disasters. The resettlement after a mudflow in Khuroson in April-May 2009, when more than 200 houses were either totally or partially damaged,<sup>101</sup> is an example of such activity. The affected population was relocated to a new settlement, to be constructed from scratch. The master plan of the new settlement was drawn up by the Agency for Construction and Architecture. The earthquake in Vanj district in January 2010 is another example of a major disaster. In the case of the Vanj earthquake, where most of the houses were destroyed because of improper construction materials and techniques used by the population, the main concern were to build new seismic-proof houses in the new settlement planned for the victims. Usually, as such large-scale disasters attract a lot of attention, both the Government and the international community mobilize considerable resources and the housing provided by such reconstruction and resettlement projects is of a relatively good quality.

Another example of resettlement activity is related to the construction of the Rogun Hydropower plant, located 110 kilometres east of Dushanbe. Several hundred households are to be resettled from the flood zone of the future reservoir of the hydropower plant. The resettlement will be conducted in several stages following the construction and eventual filling of the Rogun reservoir. The resettled population will be given compensation for their homes and land and given options to resettle either close to their homes in Rasht Valley or to move closer to Dushanbe, to Tursunzade district west of the capital where they would be allocated land plots to build new homes.

#### *Forced resettlement*

Forced resettlement and the related inadequate compensation, especially in the case of major infrastructure projects and inner-city housing redevelopment, have been widespread and remain one of the most problematic areas for housing policy in Tajikistan. The existing housing legislation contains a provision on the compulsory purchase power of the State in cases of major projects of public importance, but does not elaborate on the relocation procedures and compensation for those whose homes are so purchased. At the moment, resettlement is not implemented following clear-cut procedures, but rather through controversial administrative actions. Very often the whole bureaucratic machinery is involved to implement resettlements in inner cities, including the police and officers of the court.

Forced resettlement does not involve careful consideration of the social and economic impact of these actions and often involves violation of housing rights and deprivation of life-support assets. This may lead to widening the already big gap in housing wealth between the rich and the poor, and to the further impoverishment of the residents. Many residents to be resettled are not provided with equivalent accommodation and often suffer intimidation.

Since 2006, the Bureau of Human Rights and Rule of Law has been working in Tajikistan to provide legal consultations regarding forced evictions and violations of housing rights. However, no effective dialogue with the Government on the issue of adequate compensation has been established yet. One of the Bureau's tools to make the authorities provide adequate compensation and push forward settlements in favour of the resettled residents involves challenging authorities in the Court on the grounds of their abuse of office.

<sup>101</sup> Rapid Emergency Assessment and Coordination Team (REACT) Tajikistan, 2009



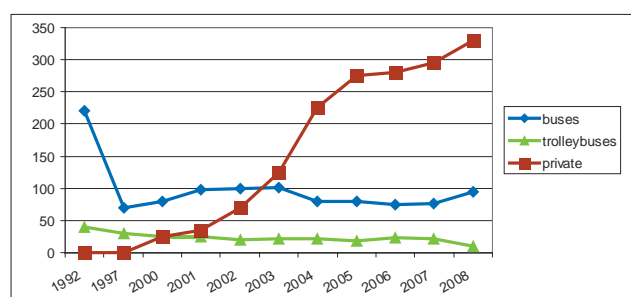
Today, some improvement in resettlement practices can be observed in Dushanbe. The city administration has recently completed the construction of a whole new neighbourhood in the city centre where the residents can be resettled from other areas of the city.

#### D. Urban transport

Most of Tajikistan's transport infrastructure was put in place between the 1960s and the 1980s, and it has been deteriorating rapidly, during the 1990s due to political and economic turmoil and natural disasters. The maintenance of many intercity and intra-city roads was neglected during that period. There has been also a constant lack of planning and strategic vision in this sector. Because of the mountainous landscape of the country and the relative underdevelopment of railroad transportation, more than 90% of passenger and cargo transport within the country is carried out via ground transportation.<sup>102</sup>

The cities also saw dramatic changes when a large part of the urban transportation fleet was damaged or became unusable during the civil war. After the liberalization of the urban transportation sector, a large portion of the passenger transportation started to be carried out by privately owned means of transportation, mostly by minibuses (see figure 9). Though it provided a partial solution to problems of transportation in large cities, especially in Dushanbe, the increasing number of minibuses, coupled with the constantly soaring number of private cars (see figure 10), started to create problems both of air pollution and traffic congestion. Moreover, the safety of public transportation has declined. The contribution of transport to total air pollution emissions increased from 40% in 1990 to 70% in 2002 (see figure 11), which was caused both by a decreased rate of industrial emissions and reduced cleanliness of urban transportation.

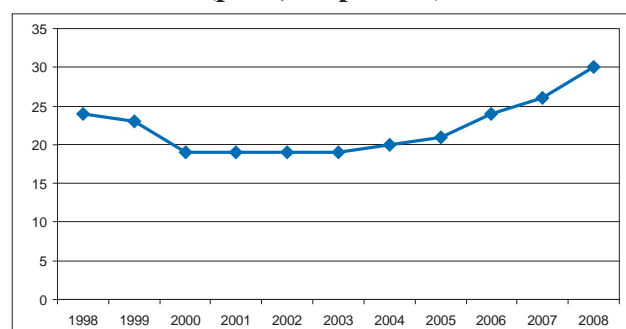
**Figure 9. Number of passengers (in millions) carried by different modes of public transport**



Source: Based on information provided by the Ministry of Transport and Communications.

<sup>102</sup> Draft State Programme of Transport Sector Development for 2010–2025.

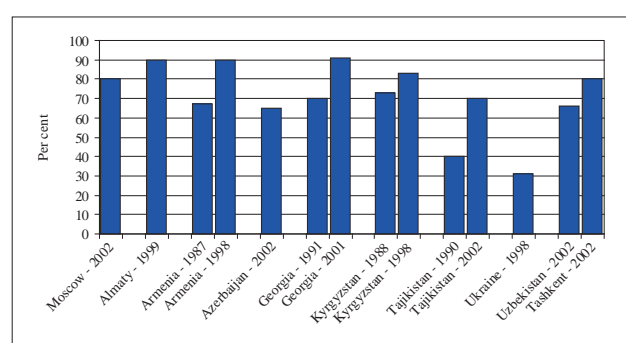
**Figure 10. Number of private cars (per 1,000 persons)**



Source: Based on information provided by the Ministry of Transport and Communications.

Even though the municipality of Dushanbe has been updating its fleet of buses and trolleybuses in recent years, a lot of investment is needed to solve the transportation problems in the city. The transport infrastructure also needs a good deal of rehabilitation. This is the case, for example, with the trolleybus lines and electric substations. Meanwhile, electrically driven means of transportation can provide benefits both in terms of decreasing emissions and cleaning up the air in the city, as well as savings in hydrocarbon fuel imported from the neighbouring countries. Currently, Tajikistan has two trolley bus networks — one in Dushanbe and the other in Khujand.

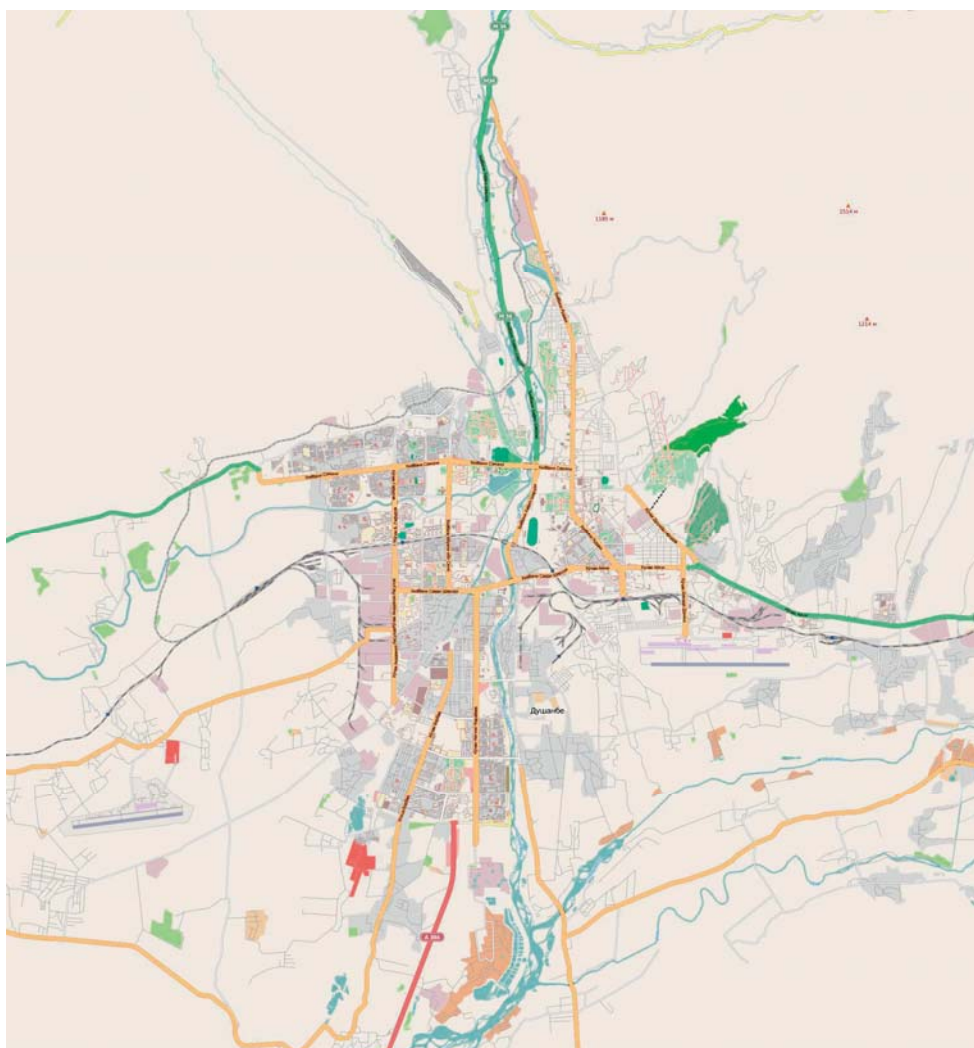
**Figure 11. Transport-related air pollution emissions (as a % of total emissions), in various countries and cities of Eastern Europe, the Caucasus and Central Asia**



Source: UNECE, 2006.

According to the Draft Programme for Development of the Transport Sector of Tajikistan for 2010–2025, trolleybus networks in Kulyab and Kurgan-tube should be created and the bus network of Dushanbe should be privatized by 2019. The districts of Tursunzade, Vakhdat and Somoni, neighbouring Dushanbe, are expected to be connected to the capital by 2025.

**Figure 12. Transport scheme of Dushanbe**



Source: <http://www.openstreetmap.org>

## E. GREEN SPACES

Dushanbe had been considered as one of the greenest capitals among the former Soviet republics. The city has many parks as well as other green areas located along the main avenues, both downtown and in residential areas. The chronic energy deficit during the 1990s and the first decade of this century has forced the population to start cutting trees for wood. This tendency was especially manifested in rural areas; however, the urban areas have also lost a lot of trees, especially in residential areas, where controls have not been enforced very strictly.

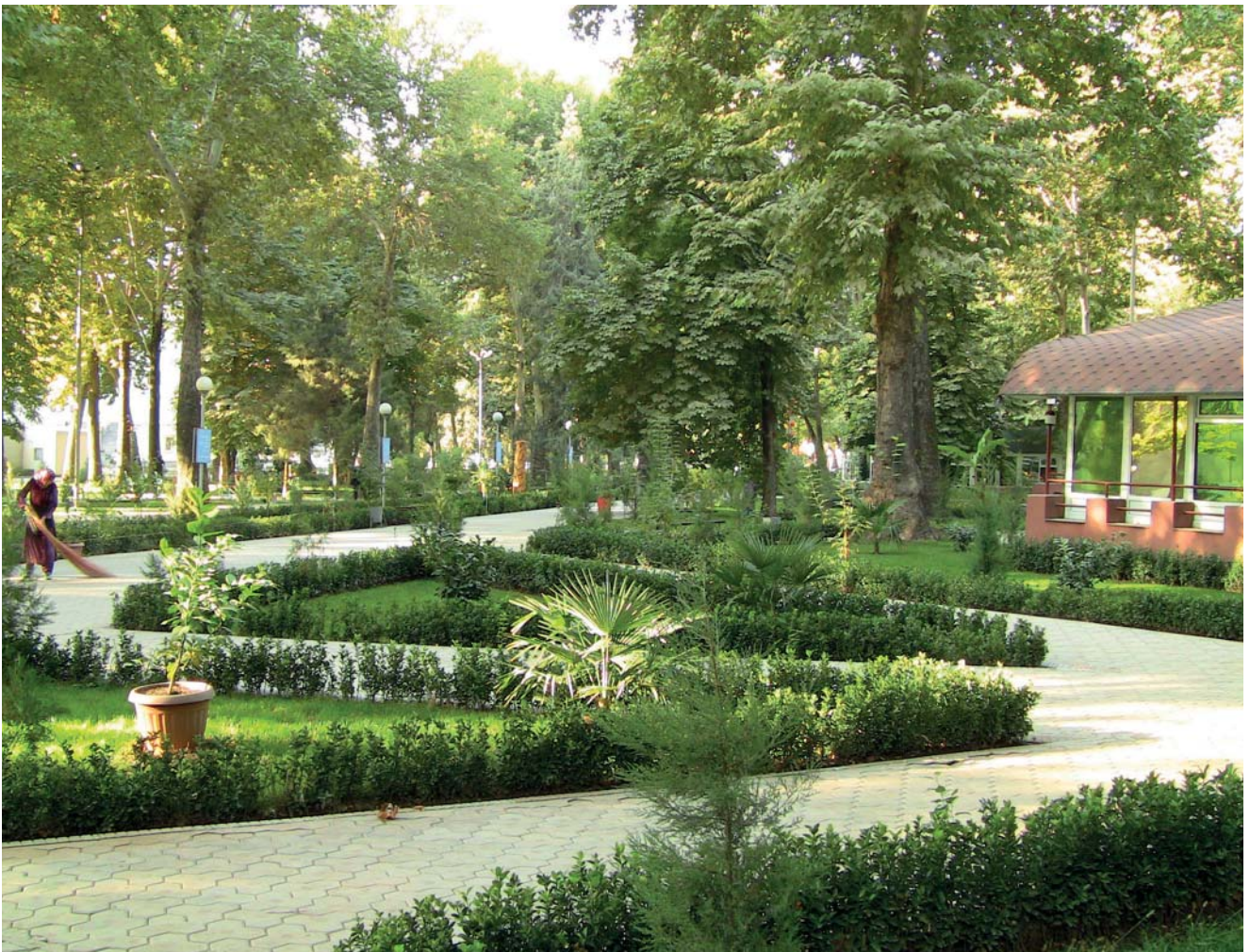
Following these negative developments, the importance of preserving green spaces in towns and villages was stressed by the Government repeatedly, and campaigns have been launched to plant new trees. However, as there is a lack of strategy in this sector, the sustainability of such fragmented efforts is uncertain.

The green spaces may become victims of possible future road-widening operations in cities, and the general shortage of available land for construction may also cause the loss of some land from the recreational parks located in towns. According to construction norms (SNIIP MKS–JT 30-01-2007 — Urban Development, Planning and Construction of Settlements), the relative density of green spaces with different functions within built-up areas should be at least 40%, and no less than 25% within the borders of the housing or mixed developed territories.

Therefore, the preservation of green spaces is one of the main challenges in large cities such as Dushanbe and Khujand. In the hot climate of Central Asia, the trees provide shade and generally help reduce the temperature in the city. Moreover, they are major oxygen producers and thus support efforts towards reducing air pollution in cities.



**Picture 9. Green space in the city centre of Dushanbe**



*Source: UNECE.*





## LAND ADMINISTRATION

## A. LEGAL FRAMEWORK

The land administration system in Tajikistan is based on the following legal instruments: the Constitution, the Civil Code, the Land Code, the Tax Code, the Law on Land Reform, the Law on *Dehkan* (Peasant) Farms, the Law on State Registration of Immovable Property and Rights to It, the Law on Mortgages, the Law on Privatization of State Property, the Law on Land Use Planning and the Law on Valuation of Land.

In addition, two Presidential Decrees have been issued, one on Ensuring the Right to Land Use and the other on the Reorganization of Agricultural Enterprises.

Finally, Government resolutions were implemented on the:

- Organization of *Dehkan* (Peasant) Farms
- Restructuring of *Kolkhozes*, *Sovkhozes*, and Other Agricultural Enterprises
- State Control of Land Use and Protection
- Simplified Procedure for Creation and Registration of Land Use Rights
- Simplified Procedure for Determination and Registration of Land Shares.

The **Constitution** postulates that “land, bowels of the earth [i.e. mineral resources], water, airspace, animal and vegetable kingdoms [i.e. flora and fauna], and other natural resources are owned by the State, and the State guarantees their effective use in the interests of the people”.<sup>103</sup> Thus, no person can own land, because it is the property of the State, which, under the Land Code, can grant people certain land use rights.<sup>104</sup>

<sup>103</sup> Art. 13, Official translation of the Constitution of the Republic of Tajikistan, as of 30 November 1994, available at: <http://www.legislationline.org/documents/section/constitutions/country/49>.

<sup>104</sup> Official translation of the Land Code of the Republic of Tajikistan (adopted in 1996, and subsequently amended in 2004, 2006 and 2008), available on the World Law Guide website (Legislation of Tajikistan) <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwetaj.htm>; specifies the rights and liabilities of land users (chap. 2) and the assignment of land (chap. 3).

The **Civil Code** regulates transactions involving immovable property, such as buying, selling, mortgaging and registration. Article 142 defines immovable property as “buildings, structures, perennial plantings, i.e., objects whose movement is impossible without disproportionate harm to their use”.<sup>105</sup> In addition, the Law on State Registration of Immovable Property and Rights to It specifies that, “immovable property shall be land parcels [such] as State-owned property, residential and non-residential building[s], structure[s] and suspended construction site[s]”.<sup>106</sup>

The **Land Code** regulates the allocation of and payments for land use, as well as compensation for withdrawn land use rights. It describes the concept of land management and the process of State registration of land use rights. This legal instrument defines three types of rights: perpetual use rights, fixed-term use rights and lifelong inheritable use rights. The land users can be natural or legal entities and are divided into primary and secondary land users. The primary land users have the right to use a land plot on perpetual terms, fixed terms or on a lifelong inheritable basis, while the secondary land users are entitled to use land under the terms of a lease agreement. The land plots may be leased by agreements for a period of up to 20 years.

Following the amendments made in 2006 and 2008, the Land Code permits conveying of land use to another person (with some exceptions) and the mortgaging of rights to a land plot (only for primary land users). Under Article 27 of the Land Code, “If a building or any other facility on land changes its owner, the right to use the land shall be conveyed together with the buildings to the purchaser or inheritor”.<sup>107</sup> The land plots can be allocated to foreign citizens and foreign legal entities for fixed-term use for a period of up

<sup>105</sup> Official translation of the draft Civil Code of the Republic of Tajikistan (1998), available on the “Tajikistan Development Gateway” website: <http://www.tajik-gateway.org/index.phtml?lang=en&id=446>.

<sup>106</sup> Law on State Registration of Immovable Property and Rights to It, art. 1, available at: [http://www.irl.tj/MYSITE/index\\_files/Law\\_on\\_Registration\\_Eng.doc](http://www.irl.tj/MYSITE/index_files/Law_on_Registration_Eng.doc).

<sup>107</sup> Official translation of the Land Code of the Republic of Tajikistan, available on the World Law Guide website (Legislation of Tajikistan): <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwetaj.htm>.

to 50 years. However, land which is under special protection may not be allocated to foreign citizens and foreign legal entities.

The **Law on Land Management (2001)** and the **Law on Land Valuation (2001)**, as well as their subsequent amendments, provide the necessary detailed guidance regarding the work of the land management institutions.

The **Penal Code of Tajikistan** contains extensive provisions dealing with land damage which is considered to be a criminal offence.

The **Administrative Code** regulates the functioning of the Governmental bodies and their related rights and obligations.

The **Tax Code** is the only normative and legal act regulating taxation issues.

The **Mortgage Law** is concerned with various aspects of mortgaging of immovable and movable property and further elaborates the provisions of the Civil Code. It is currently being reviewed in order to be improved and updated (see chapter III).

## B. INSTITUTIONAL FRAMEWORK

The **Presidential Administration**, the **Parliament (Majlisi Oli)** and the **Government** are the institutions with the major legislative and general decision-making roles in Tajikistan. The **Hukumat Administration** (government body on a district or city level responsible for allocation and withdrawal of land use rights) and the **Jamoat Administration** (municipal government) are involved in land-related activities and play a role in overall physical land use planning, especially in populated areas. They are also responsible for the establishment and approval of tax on adjoining land, as well as the creation of an inventory book.

The **Ministry of Justice** is responsible for the registration of mortgages, which currently are not of any significant number. This Ministry is also responsible for the activities of notaries.

The **Ministry of Agriculture** provides policies for agricultural development and meeting the national food needs. The charter of the Ministry makes it responsible for maintaining the quality of the land and ensuring its efficient use.

On 9 March 2010 by Presidential Decree the **Agency for Land Management, Geodesy and Cartography**

was reorganized into the **State Committee for Land Management, Geodesy and Cartography**. The institution is responsible for land management and registration of land use rights. The body also promotes and develops a unified State policy on land issues, land management work, land cadastres, geodesy, aerial imagery and topographic mapping.

The three specialized organizations of the State Committee are as follows: the State Project Institute on Land Management *Tojikzaminsoz*; the Design and Research Institute “FAZO”; and the State Enterprise *Markaz Zamin* (Land Centre).

The **State Project Institute on Land Management Tojikzaminsoz** (formerly known as GIPROZEM) operates under the control of the State Committee for Land Management. It manages the transition to market relations, records the resources and their productivity and assesses the value for land use. It also conducts soil and geo-botanical surveys and ensures the increased productivity of the soil and the protection of land related to economic activity.

The **Design and Research Institute FAZO**, also under the control of the State Committee, is the leading organization for geographic information system (GIS) and global positioning system (GPS) activity. Since 2003, it has produced vector maps for 32 districts (supported by a World Bank project). It has an archive of air photos of Tajikistan (1968–1990); data on delimitation of rayons (1960–1990); and materials related to State registration of agricultural lands (1989–2006). It also has a digital database and maps.

The **State Enterprise Markaz Zamin (Land Centre)** is the enterprise authorized by the State Committee to prepare documents for the registration of land use rights. It also undertakes the surveying of land plots and the preparation and issue of Land Use Right Certificates (LURC). The Land Centre has 69 offices located in all districts and cities. It prepares the documentation for clients who apply to the *Hukumat* for allocation of land use rights. Staff at the regional offices carry out the initial survey of the land plot, in the presence of the applicant and the representative from the District or the City Land Committee. Then it prepares the documents for sending to the Land Centre in Dushanbe, where the Land Use Use Rights Certificate is issued.

The Land Centre is supervised by the State Committee and reports every three months. It also reports to the Statistics and the Taxation Committees.

The **Bureau of Technical Inventory** (BTI) maintains property records. It undertakes technical inventory and valuation of houses and grounds, constructions and structures, monuments, engineering networks and other works. The structures and other objects are registered so as to ensure ownership rights.

### C. LAND REFORM

Ever since the 1930s, when the process of land collectivization began, the land in Tajikistan was controlled exclusively by the State. The efforts to promote land reform began immediately after the country gained independence in 1991, and land use rights were provided to private persons, i.e., former collective farm members and small-scale farming entities. However, the process was significantly delayed by the civil war, and the reform was largely unsuccessful in its early stages.

Land reform is fundamental for developing the agricultural sector. For an extended period of time the system supported the large State collective farms. until it became necessary to introduce a new system, which includes several land use categories: Presidential land plots, collective *dehkan* farms, individual *dehkan* farms, and State collective farms.

In 5 March 1992, the Law on *Dehkan* Farms was adopted, specifying the type of farm organization that the members of the former State and collective farms could be granted. Every citizen could create a *dehkan* (private) farm, primarily from the land kept in the local district administration's land reserve fund. The law provided for the division of *sovkhoses* and *kolkhozes* into individual, inheritable land shares certified by proper documentation.

Also in 14 March 1992, the Law on Land Reform introduced some additional requirements for restructuring the *kolkhozes* and *sovkhoses* into *dehkan* farms, lease share enterprises and agricultural cooperatives.<sup>108</sup>

In October 1993, under Presidential Decree No. 699 some detailed provisions on the organization of *dehkan* farms were approved, establishing the procedures for allocation of land. However, the applicants faced insurmountable bureaucratic obstacles, since the process detailed in this Decree required numerous

different approvals for the allocation of a *dehkan* farm.<sup>109</sup> Therefore, the subsequent measures focused on the following priorities: simplification of the land allocation procedures; further reorganization of the inefficient collective farms; and development of the agricultural land market.

Developing the sector of small household plots<sup>110</sup> was considered as "an intermediate step that would improve the economic situation of households in cotton regions",<sup>111</sup> on which the country's economy is dependent.

The enlargement of the household plots was established by two Presidential decrees: Decree No. 342 of October 1995, which increased the total area of arable land in household plots from 8% to 15%; and Decree No. 874 of December 1997, which allocated additional land, thus increasing the total area of arable land up to 18%.

In October 1995, the reorganization of the traditional large-scale farms was initiated by Presidential Decree No. 621 "On the Structural Reorganization of *Kolkhozes* and *Sovkhoses* and Other Agricultural Enterprises". The unprofitable large farms were supposed to be restructured into lease share enterprises, cooperatives and *dehkan* farms, while the profitable State farms were required to reorganize into collective farms. Specific targets for reorganization were set for each region. Thus, the sector of traditional farm enterprises had been gradually eliminated to facilitate the restructuring of farms by 31 December 2005.

The Presidential Decree on the Reorganization of Agricultural Enterprises and Organizations (June 1996) is considered to be a key document establishing the rights of individual members to hold land shares

<sup>109</sup> Ibid.

<sup>110</sup> The term "household plots" refers to "agricultural land allotted to individuals in accordance with norms established by the Land Code of the Republic of Tajikistan, including the land area occupied by structures and courtyards. Household plots shall not include parcels of land allotted following the established procedure for the establishment of peasant (owner-operated) farms, and they shall not include parcels of land provided to individuals under a lease arrangement". Definition taken from the Tax Code of the Republic of Tajikistan, available at: [http://www.tajikistan.jp/doc/Laws/laws\\_tax\\_code\\_ch2.htm](http://www.tajikistan.jp/doc/Laws/laws_tax_code_ch2.htm).

<sup>111</sup> Publication "Land Reform and Farm Reorganization in Tajikistan: Policy Issues Paper", produced for review by the United States Agency for International Development, 2004. Available at: [http://pdf.usaid.gov/pdf\\_docs/PNADD469.pdf](http://pdf.usaid.gov/pdf_docs/PNADD469.pdf).

<sup>108</sup> Report of the Rural Development Institute "Agricultural Land Reform and Farm Reorganization in Tajikistan", by Jennifer Duncan, May 2000, p. 4, available at: [www.rdiland.org/images/publications/RDI\\_106.pdf](http://www.rdiland.org/images/publications/RDI_106.pdf).

in farm enterprises. This decree establishes the right to withdraw a land share from a farm enterprise without the need for management approval.

In May 1997, the Law on Privatization of State Property was adopted, defining the legal principles for privatization: legality, transparency, equal rights of citizens, competition and succession.<sup>112</sup> However, sound principles of private property are limited in this legislation.

In June 1998, Land Use Certificates and Passports were introduced for both *dehkan* farmers and users of household plots by Presidential Decree No. 1,021 “On Ensuring the Right to Land Use”. In July 1998, a standard sample of a Land Use Certificate was published, as well as a schedule with the number of enterprises by region which had to be restructured successively in three stages: September 1998, December 1998 and March 1999.

In February 1999, two Government resolutions were adopted. They have simplified the procedures for registration of land use rights, as well as the determination of land shares distributed to members of former *kolkhozes* and *sovkhoses*.

In April 2001, the Law on Land Use Planning laid the foundations for registration and titling by introducing procedures for surveying, mapping and demarcation of land plots. However, this law also provided for State intervention in farm production activities. In January 2008 the law was amended, but some of its provisions still allow for the Government to intervene, which contradicts the principles of private ownership.

In April 2002, a new Law on *Dekhkan* Farms was adopted, which replaced the 1992 law. It introduced three forms of *dehkan* farms: “(a) a *dekhkan* [sic] farm founded on individual activity; (b) a *dekhkan* [sic] farm founded on the family business and joint estate; (c) a *dekhkan* [sic] farm built in the form of a special partnership on the basis of common property and founded under the contract of joint activity”.<sup>113</sup> However, these new forms of farms do not differ much from the former collective farm in reality, and

<sup>112</sup> Article 4 of the Law on Privatization of State Property of the Republic of Tajikistan, available on the “Tajikistan Development Gateway” web site: <http://www.tajik-gateway.org/index.phtml?lang=en&id=422>.

<sup>113</sup> Article 6 of the Law on *Dekhkan* [sic] Farms of the Republic of Tajikistan, available on the World Law Guide website (Legislation of Tajikistan) <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwetaj.htm> [accessed 28 September 2010].

the State can always influence the land market through price regulations and control over production.

Clearly, Tajik land reform still faces a number of obstacles. The legal provisions regulating the right of land ownership are “vague, over-broad, and include inappropriate rights of withdrawal for private, non-public interests”,<sup>114</sup> which could eventually decrease land tenure security and further discourage private investments. In this regard, more detailed provisions regulating land withdrawal procedures should be adopted, to ensure secure private rights to land.

The international donors monitoring the farm reorganization process observed that “the conditions for a land market in Tajikistan are very poor, because few agricultural workers have private use rights to land”.<sup>115</sup> Moreover, there is still a large portion of agricultural land occupied by unreformed farms, as well as a lack of access to information on the ongoing restructuring. According to the data provided by the State Committee during the fact-finding mission in Tajikistan in February 2010, 35% of the agricultural land is still owned by the agricultural enterprises and an additional 20% is owned by the collective *dehkan* farms.

The second weakness, as pointed out in a report of the Food and Agriculture Organization of the United Nations (FAO),<sup>116</sup> is the obligation imposed on many farmers to plant and grow cotton. The so-called *Hukumat* intervention is enforced almost entirely on cotton growers alone and no other farmers. This diminishes both the incentives to plant cotton and the profits of cotton farmers.

The third major weakness of the land reform is that managers of farms often have few choices for financing cotton sowing and marketing. According to the *FAO 2007–2008 Survey*, practically all cotton growers among family *dehkan* farms (90%) signed forward contracts with non-bank financial agents who advance inputs for sowing in exchange for a share of the harvest and the exclusive right to gin and market the cotton.<sup>117</sup> As a result, almost all farms are heavily in debt. This situation is worsened by the

<sup>114</sup> Publication “Land Reform and Farm Reorganization in Tajikistan: Policy Issues Paper”, produced for review by the United States Agency for International Development, 2004. Available at: [http://pdf.usaid.gov/pdf\\_docs/PNADD469.pdf](http://pdf.usaid.gov/pdf_docs/PNADD469.pdf).

<sup>115</sup> Ibid.

<sup>116</sup> FAO, 2008, *The Economic Effects of Land Reform in Tajikistan*. Available at: [http://www.fao.org/world/Regional/reu/RT\\_Policy\\_Studies/docs/Tajikistan\\_en.pdf](http://www.fao.org/world/Regional/reu/RT_Policy_Studies/docs/Tajikistan_en.pdf).

<sup>117</sup> Ibid..



fact that creditors use this indebtedness to dictate terms of purchase of farm inputs, cotton processing and sales, thus deepening the debt and dependence. In effect, many farmers have simply become bonded producers.<sup>118</sup>

The unfinished land reform has caused a financial crisis in Tajik agriculture. The lack of profits and the continued lending by banks regardless of the creditworthiness of agricultural enterprises and collective *dehkan* farms has created unsustainable debt. Although the farms growing cotton are the most concerned, it is a general problem for all the enterprises and collective *dehkan* farms.

#### D. CADASTRE AND LAND REGISTRATION

Cadastral and land registration systems facilitate the implementation of sound land policies, promote efficient land markets and ensure sustainable land development. In recent decades, several international organizations have conducted several campaigns to introduce sound governance principles and land administration projects. Many of these campaign initiatives have been influenced by the World Bank, the United Nations Human Settlements Programme (UN-Habitat), UNECE, FAO, UNDP and the International Federation of Surveyors (FIG). According to a recent UNECE publication,<sup>119</sup> “an efficient, integrated system of identification, cataloguing and classification of real estate and property rights should be established so that every asset is associated with information on their legitimate owners/title holders”.

During the fact-finding mission in Tajikistan, similar goals were defined by the local and foreign experts working on the development of a real property cadastre and register system in the country. However, a lot of work still needs to be done to implement the reorganization projects. Several institutions are responsible for land administration issues, but their activities are not well coordinated, and data integration and sharing processes are not well developed.

<sup>118</sup> UNDP Project Document (undated), *Demonstrating Local Responses to Combating Land Degradation and Improving Sustainable Land Management in SW Tajikistan*. Available at: [http://www.undp.tj/files/Prodoc%20for%20SLM%20in%20Shartuz\\_eng%20.pdf](http://www.undp.tj/files/Prodoc%20for%20SLM%20in%20Shartuz_eng%20.pdf).

<sup>119</sup> *Policy Framework for Sustainable Real Estate Markets: Principles and guidance for the development of a country's real estate sector*. United Nations Economic Commission for Europe (UNECE), Working Party on Land Administration (WPLA), Real Estate Market Advisory Group (REM). Geneva, 2010, p. 4.

Registration of land units in Tajikistan started in 1998. The primary rules were set forth in the Land Code (Articles 6, 15, 16, 17 and 18) and in the Regulations on Organization of *Dehkan* Farming. According to these legal instruments, land registration falls under the jurisdiction of the State Committee.

Land registration requires information about the incoming land user and a description of the piece of land, including the land category, land use type, size of plot, its boundaries, cadastre number and other characteristics. The process of official registration includes issuing of a title deed, which contains a registration number and plan or drawing of the plot boundaries.

Currently, about 750,000 land use rights have been registered. Typical fees for this work are 11.40 somoni (\$3.35) and 40 somoni (\$11.76) for hardcover certificates. The fees for the survey of a land plot vary between 29 and 35 somoni or \$8.53 and \$10.29. The Bureau of Technical Inventory has records of about 1.5 million State and privately owned buildings and apartments. According to the most recent data collected during the fact-finding mission in Tajikistan, the total number of land plots and housing units remaining to be registered is estimated at over 3 million. Approximately half of these are agricultural land plots and the rest are dwellings, buildings and apartments.

Although land registration and cadastral services are provided by various institutions, a building cannot be registered before the registration of the land plot on which it is located. According to Article 1 of the Law on State Registration of Immovable Property and Rights to It,<sup>120</sup> a “unified State register of immovable property and rights to it shall be an integrated collection of data and documents regarding registered units of immovable property”, and a “cadastral map shall be a document of the Unified State Register of Immovable property and Rights to It, which contains a graphic image of the respective registration district's territory”. These legal provisions mean that the immovable property register is linked to the property's graphic description, i.e., cadastre. Thus they provide the legal preconditions for a unified real estate cadastre and registration system. However, in practice an effective cadastre and registration system has not yet been implemented due to the lack of financial, technical and human resource capacities.

<sup>120</sup> Official translation of the Law on State Registration of Immovable Property and Rights to It is available at: [http://www.irl.tj/MYSITE/index\\_files/Law\\_on\\_Registration\\_Eng.doc](http://www.irl.tj/MYSITE/index_files/Law_on_Registration_Eng.doc).

The State registration of residential or non-residential buildings and of unfinished or suspended constructions cannot be conducted before the State registration of the land plot on which they are located. Furthermore the State registration of a separate part of a building cannot be done before that of the building itself.

Finally, the State registration of any change in immovable property, such as accrual, transfer or termination of property rights, cannot precede the State registration of the respective immovable property.

The property files are kept for each unit of immovable property. The information on privately owned immovable property is put together in a Registration Book which, in addition to the land plots, includes the following information: date; registration number; address of the owner of the immovable property; name; share; legal documents; encumbrances; signature of the registering staff member; and remarks, if any.

To register a new construction or a change in ownership, the owner receives a technical passport

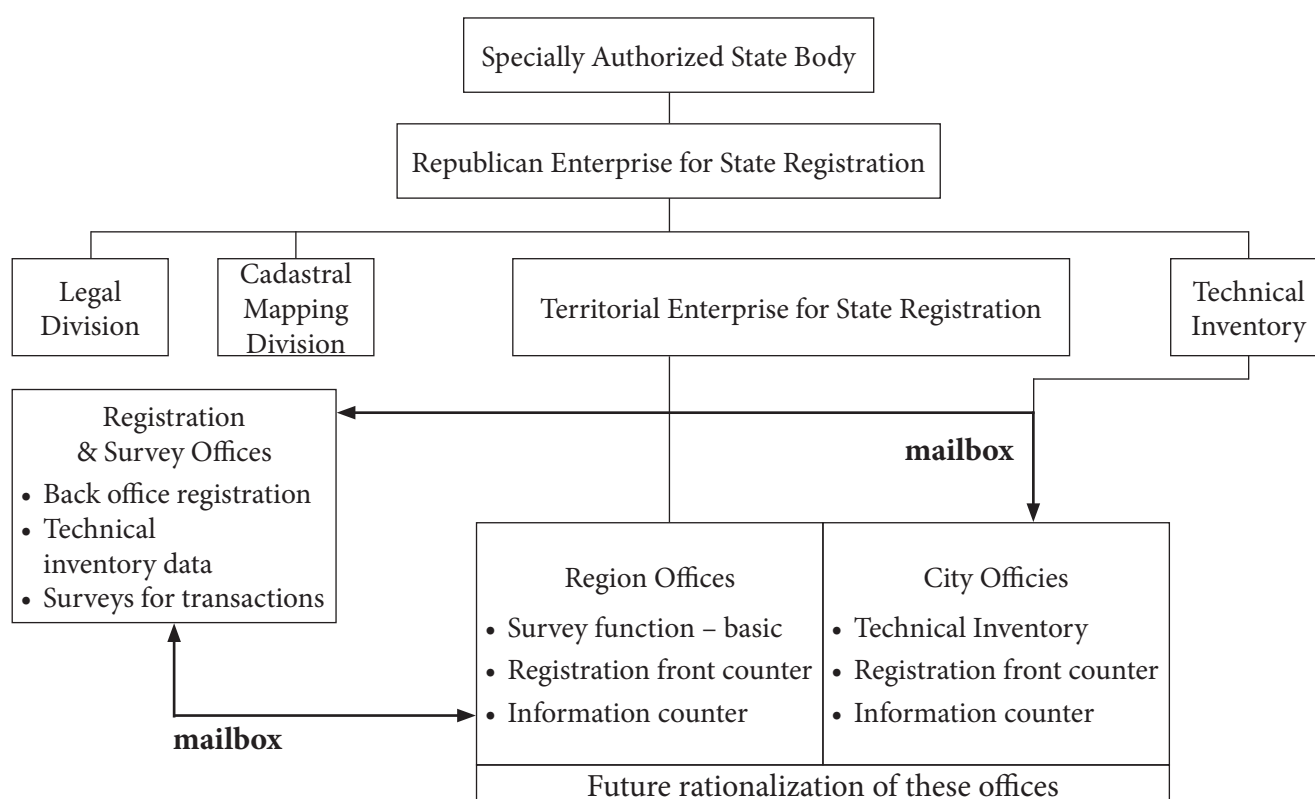
and an ownership certificate. The Bureau of Technical Inventory (BTI) is currently considering the creation of a digital technical passport. In the case of a property sale, an updated inventory is required. The updating of the property inventory takes about three days from the date of submission of an application to a BTI specialist.

The registration process requires the plotting of new maps. Originally 20 to 30 years old, these maps are generally with a scale of 1:500. They need to be updated to account for new land plots and buildings. Furthermore, a technical inventory is conducted by measuring floor layouts with measuring tapes and all map updates are done manually on paper map boards.

The location of buildings and apartments is shown on “architectural maps” or identified by their street addresses. The data relating to changes of structure and value of buildings are updated by the BTI every three years, which then reports this data to the Taxation Committee.

The current real estate registration processes in Tajikistan is complex and inefficient. Procedures

**Figure 13. Possible future organizational structure**



Source: Lennart Frej, “Framework of the Project on Capacity-building for the Implementation of the Law of Registration of Land and Immovable Property and Rights to It”, Fact-finding Mission in Tajikistan, February 2010.

take a lot of time and are expensive for both the Government and the property owners. A recent survey of 183 countries ranked Tajikistan in seventy-eighth position in terms of property registration,<sup>121</sup> due to the duplication of registration data and the fact that the land-parcel-based system remains to be completed.

The project on Capacity-building for Implementation of the Law of Registration of Land and Immovable Property and Rights to It introduces some recommendations on how to integrate the work of the various institutions responsible for cadastre, registration and land administration into one structure that could operate on the one-stop-shop principle and offer users access to a broad range of public services in one place. Figure 13 shows a possible organizational structure:

Two new institutions deal with registration issues. The Specially Authorized State Body (SASB) was established to develop policy and standards for registration activities. The self-funded Republican Enterprise for State Registration will implement practical work on a national level concerning the ongoing transactions and registrations, and will supervise the Territorial Enterprises.

#### **E. PUBLIC ACCESS TO LAND REGISTRY**

As public access to the land registry is not explicitly either denied or provided for, the degree of access depends largely on the discretion of the State Committee officials. This limited public access threatens the long-term integrity of the system and its usefulness as a source of land market information could, therefore, remain untapped. To increase public access to information, the charges for consultations should be kept to a minimal fee that covers only the costs of administrative assistance provided by the registration office.

Timeliness is also important. Under ideal circumstances, the provision of immediate access to the register should be granted to any individual who can prove they hold a right to the unit concerned. If it is not possible, due to administrative or personnel constraints, the delay between the request for information and the provision of access to that information should be kept to a minimum.

<sup>121</sup> *Doing Business 2010: Reforming through Difficult Times*. A co-publication of the World Bank, IFC and Palgarve MacMillan, 2009, p. 156.

#### **F. REGISTRATION OF MORTGAGES**

Tajikistan has two legal instruments which regulate the mortgages of immovable property: the Civil Code and the new Law on Mortgage, No. 364, that was adopted in 2008. The general rules of the Civil Code and the Mortgage Law must be observed in concluding a mortgage agreement.

A mortgage is established through a credit agreement, a loan agreement or other obligations, including obligations based on purchase and sale, lease, and contracts. The mortgage agreement is subject to notarial authentication.

The new mortgage law states that a mortgage shall be subject to state registration in the Unified State Register of Immovable Property and Rights Thereto in accordance with established procedures in the Law on State Registration of Immovable Property and Rights Thereto. The institution responsible for the registration of mortgages is the Ministry of Justice. The mortgage becomes effective upon state registration.

#### **G. NOTARY ACTIVITIES**

Notaries play a public role in the State registration of transaction documents. Notaries draft necessary documents, check and certify the parties' identity and signatures. Their main role is to protect both parties to a transaction and to ensure that they comply with the law.

There is at least one notary office in each district. The total network consists of 69 offices across the country and 128 notaries, who are all employed by the Ministry of Justice (i.e., there are no private notaries).

The Civil Code requires the notarization and the registration of all immovable property (buildings, apartments). This process takes a significant percentage of the notaries' time, as there are a large number of changes of ownership for each real estate unit.

The fees charged by notaries vary depending on the type of transaction. They are specified in a Government decree on tariffs. For a sale of property, the maximum fee is 25% of the minimal salary, which is approximately 5 somoni or \$1.50. However if a person belongs to a disadvantaged group (pensioner, children or disabled person), no fee is charged. There is also a transfer tax which amounts to 1.5% of the total property value. All these fees are levied by the fiscal authorities.

## H. TOPOGRAPHIC AND CADASTRAL MAPPING

The experts investigating cadastral mapping in Tajikistan<sup>122</sup> consider the sustainable management of land resources as a key issue for agricultural and infrastructural development. The GIS information and analysis are crucial to define the priorities and to improve decision-making efficiency. However, the lack of access to geospatial data and tools has constrained the ability of governmental institutions to effectively assess, plan, and monitor land and other natural resources.

All the territory of Tajikistan, except the Pamir Mountain region, is mapped in the following scales:

**Agricultural lands** (paper photo plans): with a scale of 1:10,000 and 1:25,000. The contouring was done by simple translation from topographic maps without any stereo devices. The maps are either in the system adopted in 1942 or in that of 1963, with the Baltic system for heights. For irrigated lands the 1:10,000 scale is used, while the 1:25,000 scale was used for mountain zones.

**Towns, villages and other localities** (paper photo plans in scale 1:5,000) are in a local coordinate system. These types of maps are available for the regions of Asht, Matchinsk, Dzilinkul, Fajzabad, Vahsh, and partly for Kumsangir and Kabodien. The region of Dushanbe is also in the local coordinate system, but with a 1:2,000 scale map.

The maps show the hydrography, topography, settlements, industrial and cultural objects, roads, boundaries, agricultural and other types of lands. The symbols for each element are the same as those used for topographic maps.

Initially, cadastral mapping was done on updated photo plans, which caused congestion and confusion due to the large number of updates. As a consequence, some plans had to be corrected many times. Since 2001, the map boards have been updated digitally. In Dushanbe a recent cadastral mapping has been completed for the Firdavsi district. Each map covers approximately 100

<sup>122</sup> Part H of this Chapter was written on the basis of information provided by Romuald Kaczynski, international team leader and key expert No. 1 in photogrammetry and satellite image processing (e-mail: romuald.kaczynski@finnmap.com) and Akbar Yatimov, Director of the Design and Research Institute FAZO (e-mail: tahmina79@mail.ru), in the report on “Progress in Cadastral Mapping in Tajikistan”.

hectares and is done in a scale of 1:2,000. For the south districts of Kabidiyan and Jilikul, 60 maps have also been finalized. This year, cadastral maps have been started for the Southern districts of Vakhsh and Bokhtar.

The Design and Research Institute FAZO holds an archive of land cadastre and settlement maps (on a scale of 1:10,000), which are currently being digitized and updated.

The *Tojikzaminsoz* runs an archive including air photographs and paper maps on scales of 1:10,000 and 1:20,000. The thematic focus is on land cover and land use, agricultural land cadastre, economic appraisal of land and soil and geobotanical characteristics.

The Soil Sciences Research Institute holds a stock of soil, erosion and vegetation maps including a thematic soil atlas (encompassing two tomes from 1984) on a scale of 1:500,000.

A comprehensive list of available cartographic materials can be found in the State Committee archives, covering thematic topics such as natural resources, land cover, vegetation, natural hazards, geology and geomorphology, glaciology, melioration and land development on scales of 1:500,000, 1:200,000 and 1:50,000.

The establishment of a new geodetic network based on GPS technology for cadastral mapping has been subsidized by international donors in order to map all agricultural parcel boundaries. The first order geodetic GPS network for cadastral mapping was established in 2008 and the second order was established at the end of 2009.

The necessary IKONOS and QuickBird high-resolution satellite imagery has been provided through the World Bank project and is now used by FAZO for orthorectification. More than 2,000 digital orthophoto maps in a scale of 1:5,000 have been produced with accepted accuracy.

The creation of a new satellite data is planned for 2010. WorldView-1, WorldView-2 and GeoEye will be used for the agricultural regions, where more accurate and up-to-date maps are needed. On the basis of generated digital orthophoto maps, the cartographic layer of agricultural borders have been elaborated by the FAZO Institute with the use of ArcGIS software.

Comprehensive technical and operation manuals



for the methods of GPS surveying and for geodetic calculations have been elaborated and implemented at FAZO. Also, a range of technical manuals and standard operational procedures have been compiled and completed in the field of digital photogrammetry, processing of satellite imagery, orthophoto generation from aerial photography and Shuttle Radar Topography Mission (SRTM) data use for digital elevation model (DEM) generation. Quality control procedures for all the steps in the mapping processes have been designed and implemented at FAZO.

## I. TAXATION

Currently, the tax system of Tajikistan is structured in two different platforms. First, there are two types of taxation — direct and indirect. Second, the tax revenues are distributed between the national and the local budgets.<sup>123</sup> The Tax Code encompasses a total of 20 taxes: 16 are national and 4 are local (see chapter III)

Based on the information obtained during the fact-finding mission in Tajikistan, it can be said that the country has competitive tax rates. The top income tax rate is 13% and the top corporate tax rate is 25%. Other types of taxes include the value-added tax and the tax on immovable property. In the most recent year, overall tax revenue, as a percentage of GDP, amounted to 17.8%.

The taxes pertaining to land and other immovable property are mainly:

- Land tax, levied at the national level (the average tax rates from 1 hectare (ha) are established based on the cadastre zones).
- Immovable property (real estate) tax, levied at the local level, in accordance with Chapter 46 of the Tax Code.

### *Land tax*

According to chapter 36 of the Tax Code,<sup>124</sup> “the land tax shall be paid by landholders who have been allotted parcels of land for tenure on an indefinite basis, for limited-time tenure, or for lifetime inheritable tenure” (art. 264, “Taxpayers”).

With reference to article 265 of the Tax Code, land taxation is conducted considering “the quality and the location of the parcel of land, the land registry appraisal of the land, the nature of its use, and the environmental aspects of the parcel of land”. If the area of land in use is greater than the area of land indicated in the taxpayer’s land registry documentation, “the area of land actually in use shall be applied for taxation purposes” (art. 265 regulating the object of taxation). The amount of the land use tax is assessed annually on the basis of the actual land area and does not depend on the results of a landholder’s economic activities.

The tax rates vary from 180 somoni per hectare for small cities and urban-type settlements to 500 somoni for the city of Dushanbe (as stated in art. 266,

**Table 6. Average tax rates per hectare of land outside cities and urban-type settlements**

| Name of land registry zone       | Type of land                                       |                        |   |  |
|----------------------------------|--|------------------------|---|--|
|                                  | Arable land and perennial plantings: irrigated/dry | Pastures and hayfields | Roads, streets, public buildings, forests, squares, canals, irrigations ditches, and reservoirs | Other land not used in the production of agricultural products |
| Sogd                             | 30.0/5.5   | 4.0                    | 12.0  | 3.75   |
| Gissar                           | 32.0/13.0  | 4.0                    | 9.0   | 2.75   |
| Rasht                            | 26.0/19.0  | 4.0                    | 6.0   | 1.25   |
| Kulyab                           | 33.0/15.5  | 4.0                    | 9.0   | 2.75   |
| Vakhsh                           | 46.5/11.5  | 4.0                    | 13.0  | 4.25   |
| GBAO (not including Murgab zone) | 9.0/4.0  | 2.0                    | 6.0   | 1.25   |

Source: Tax Code: Article 267. Land Tax Rates for Land Outside Cities and Urban-Type Settlements.

<sup>123</sup> Information available on the website of the Embassy of Tajikistan to the United States of America <http://www.tjus.org/Tax%20System.htm>.

<sup>124</sup> Chapter 36 of the Tax Code of the Republic of Tajikistan regulates the land tax issues; articles thereof quoted in this study were taken from the Web source [http://www.tajikistan.jp/doc/Laws/laws\\_tax\\_code\\_ch36.htm](http://www.tajikistan.jp/doc/Laws/laws_tax_code_ch36.htm).

“Land Tax Rates for Land in Cities and Urban-Type Settlements”). The average tax rates per hectare for land outside cities and urban-type settlements are from 0.8 to 93 somoni.

All types of allocated land are subject to taxation, including land occupied by structures and buildings, public health areas, industrial zones, etc. (art. 266).

The average tax rates per hectare of land outside cities and urban-type shall be assessed as indicated in article 267, “Land Tax Rates for Land Outside Cities and Urban-Type Settlements”, as set forth in Table 6.

Each year, before 1 March, taxpayers have to submit a land use tax statement to the tax authorities responsible for the area in which the parcel is located (art. 269 regulating the procedure for submission of a tax statement).

Local tax authorities prepare the land use tax statements and inform citizens about their obligations once a year no later than 1 June. The authorities keep a register of all taxpayers and monitor the correct assessment of the land taxes as well as their prompt payment.

Article 271 of the Tax Code provides for land tax concessions, i.e., types of land tax exemptions.

According to the information collected during the fact-finding mission in Tajikistan in February 2010, the rental fee for agricultural land depends on the quality and the location of the land plot in question, which could be examined in the existing cadastral data. The amount of rental fees for other types of land depends on their location, the character of their use and the ecological, social and economic specificities of the area.

### **Real estate tax**

According to chapter 46 of the Tax Code,<sup>125</sup> real estate taxpayers<sup>126</sup> are individuals and legal entities that own immovable property (art. 325, “Taxpayers”).

<sup>125</sup> Chapter 46 of the Tax Code of the Republic of Tajikistan regulates the real estate tax issues; articles thereof quoted in this study are from the Web source: [http://www.tajikistan.jp/doc/Laws/laws\\_tax\\_code\\_ch2.htm](http://www.tajikistan.jp/doc/Laws/laws_tax_code_ch2.htm).

<sup>126</sup> The term “real estate” is defined as “residential buildings, apartments, summer homes, garages, and other buildings, constructions, and structures”, according to article 326 (“Object of Taxation”) of the Tax Code of the Republic of Tajikistan.

The tax is assessed on the sum of the floors of a piece of real estate, adjusted by coefficients (art. 327, “Tax Base”). According to article 327 the size of a piece of real estate is the one included in the relevant documentation concerning that property. Alternatively, the measurements could be taken by the local tax authority in accordance with the procedures established by the authorized Government body and in consultation with the State Agency for Architecture and Construction of Tajikistan.

According to paragraph 1 of article 329 (“Tax Rate”), “the real estate tax rate shall be set in the range of 10 to 50 times that of the land tax rates”.

In reference to the data collected during the fact-finding mission in Tajikistan in February 2010, the legal entities calculate independently the amount of a real estate tax per calendar year following the procedure and the form established by the authorized Government body. The taxes must be paid annually before 1 April.

According to article 330 introducing the procedures for assessment and payment of a real estate tax, the amount should be calculated by the tax authorities on the basis of the real estate database information collected by the tax authorities. This amount should be assessed annually, as indicated in a notice issued by the tax authority, and paid by 1 October of that year.

The amount of real estate tax due is determined only for finished construction projects that are actually in use, even if they have not been placed on the State register and the corresponding documentation has not yet been prepared for them.

SOCIO-ECONOMIC CONDITIONS AND HOUSING INSTITUTIONAL FRAMEWORK

**Recommendation 1:**

*A more prominent role should be ensured for the housing sector in the Tajik economy. Delegation of power should be given to regional/local governments.*

Due to their scale, the present problems within the sector need to be addressed in an integrated way by taking into account socio-economic considerations as well as legal, institutional and financial framework conditions. Although the local authorities are formally in charge of some housing matters, their specific roles are not clearly defined. Local authorities should be given a more prominent role in deciding about housing matters, and, at the same, time should be allocated funds for implementing national framework policies for the development of the housing sector.

**Recommendation 2:**

*The State Statistical Committee should develop reliable and comprehensive data to support decision-making in the housing sector.*

Programmes and practices are currently not supported by reliable and comprehensive statistical data to allow the Government to identify and understand housing-related problems. Data should include e.g. housing conditions, characteristics of housing and of the population, housing tenure and housing needs.

**Recommendation 3:**

*Information and results achieved by pilot projects in housing should be collected by the Agency for Construction and Architecture, to learn more about experiences in carrying them out, including costs and lessons learned.*

The Government is heavily dependent on foreign aid, and, so far, projects and programmes carried out in the housing sector have proved to be valuable and achieved positive results. These could have a multiplier effect if widely known by those carrying out subsequent projects, including helping donors to select areas for foreign-aid intervention.

## HOUSING CONDITIONS, HOUSING CONSTRUCTION AND PUBLIC UTILITIES

### Recommendation 4:

*There is a need for a comprehensive policy framework to structure and develop the national housing system and to overcome the fragmented nature of housing initiatives contained in the Poverty Reduction Strategy Paper and the National Development Strategy.*

The policy framework should have clear goals. It should ensure that everyone has proper access to affordable quality housing in a safe and ecologically sound environment. It should include a scheduled action plan with budget, implementation mechanisms and performance indicators.

The following key elements should be included:

- Establishment of a consolidated housing law.
- Introduction of investment targets, covering new construction and maintenance of the existing stock, including housing redevelopment and renewal.
- Development of a concrete action plan/programme for social housing.
- Development of a non-for-profit and self-built housing sector.
- Development of feasible municipal housing programmes, identification of sources of municipal funding for long-term stable support for municipal housing development, and the provision of financial resources to support municipalities in the implementation of such programmes.
- Assistance for special vulnerable groups.
- Involvement of the private sector in housing development.

### Recommendation 5:

*A comprehensive programme addressing the improvement of housing management and utility services should be foreseen.*

The Government should develop a clear programme addressing the maintenance and repair-needs of the housing stock, regardless of tenure form. This should particularly entail regulations to make sure that the common structures and spaces of multi-apartment buildings are adequately taken care of. The municipalities should be provided with clear responsibilities for assessing the repair and renovation needs of the housing stock and for preparing local programmes with clear priorities for addressing these needs. This should be coordinated with the housing disaster risk management policies, taking into account the high risk of natural disasters, especially earthquakes. Furthermore, major housing repairs should be promoted while ensuring that long-term management is energy efficient. These programmes should take into account the possibilities for mobilizing resources from the public as well as the private sector, including from homeowners.

The Government should also urgently address the pressing need for repairs of the deteriorating utility infrastructure. A draft Concept on Housing and Utility Services Reform is being considered by the Government. However, it does not contain any plan and its main purpose is to introduce market relations into the sector. It should generate funds, from all possible sources, for repair and reconstruction. Policies need to be complemented by a system of social security assistance to those households that are not able to pay tariffs at cost-recovery levels.



**Recommendation 6:**

*Housing policy should promote the supply of different housing tenures to meet the needs of different income groups. At the same time measures should be drawn up to decrease construction costs.*

The organization of the housing sector in Tajikistan today is mostly oriented to meeting the housing needs of upper-income residents through housing ownership, while shortages persist for the rest of the population. Access to affordable housing should be better targeted and options should be increased such as rental not-for-profit and social housing for special population groups such as young families, single parents and the elderly as alternatives to homeownership (as recommended in the UNECE Guidelines on Social Housing, Principles and Examples (2006)).

Measures to reduce construction costs in the housing sector could entail: (a) lower material costs through an ongoing initiative to develop the domestic building material industry; (b) increased capacities in the construction industry, e.g. by tendering extra public works among domestic companies, (c) creating incentives for skilled expatriates to return.

**Recommendation 7:**

*Funding should be increased for water supply and sewage system rehabilitation and development projects.*

The possibilities for attracting international donors to this area have been tested and successful projects have been carried out. Possibilities of applying public-private partnership schemes should be further investigated. The management systems of the State water utility companies should be improved. Installation of water meters in residential blocks would reduce waste and losses in the systems. The fee collection rates should also be improved. More investments should be attracted into the wastewater network and treatment plants, which have been neglected for many years. The municipal solid waste collection, storage and incineration practices should be reformed and modernized. Special attention should be given to the proper disposal of industrial, construction and medical waste.

### **Recommendation 8:**

*Rehabilitation of the district heating system, as well as energy efficiency and renewable energy technologies, should be promoted.*

Investments should be made in the rehabilitation of existing and construction of new district heating and hot water distribution networks and power plants. A preference should be given to “clean coal” technologies. A national programme on the development of alternative energy resources should be adopted. The use of alternative energy sources such as wind, solar and biogas could improve the conditions of the population living in the mountainous regions.

There have been many activities recently to explore which energy-saving technologies could be effectively used in housing, but there has been no coordination or comprehensive plan to improve energy efficiency in the housing sector as a whole. The following key areas should be addressed:

- Environmental and resource efficiency standards for new and existing homes.
- Development of financial and other incentives for increased resource efficiency in housing.
- Integration of housing and sustainable urban planning.
- Promotion of sustainable architecture, design, and green technologies.
- Environmental standards for building materials and techniques, energy and resource efficiency requirements in construction practices and building control.
- Retrofitting existing housing stock.
- Efficient resource use in housing management and maintenance practices.
- Efficient utility systems providing services to housing.
- Sustainable waste recycling practices.
- Stimulation of private and public investments in the sector.
- Development of a green housing market.
- Affordability of green housing.

### **Recommendation 9:**

*An effective compulsory purchase policy and fair compensation package for those who are evicted should be developed.*

There is no policy or clear-cut procedure to guide compulsory purchase for public purposes and therefore such processes are implemented through administrative procedures that permit forced eviction and unfair compensation. This leads to construction in the interest of large business and wealthy residents. Therefore, the compulsory purchase policy should identify by whom and under what circumstances compulsory purchase powers can be exercised and clearly define the need to follow a number of necessary stages when exercising compulsory purchase power.

**Recommendation 10:**

*Local authorities should stimulate self-build housing to reduce costs both for renovations and for new construction.*

Tajikistan has good potential for the development of self-build housing in construction and renewal as a means of achieving social and economic reintegration and structural improvements. Stronger cooperation between the Government, especially at local level, NGOs and donor organizations should be established to learn from each other's experiences. A clear policy should be developed to address the following elements of the self-build process:

- Acquisition and development of land with the inclusion of active community participation.
- Provision of construction materials (on-site assembling, small local producers).
- Construction process (forms of community cooperation; the use of local building expertise, techniques and local materials and design models).
- Ensuring the regular and transparent flow of funds into the self-build sector (State funds and subsidies based on clearly-defined and widely-known criteria, community control over allocation and contribution, community-based social funds).

Training activities should be organized in co-operation with the construction sector, and self-help groups should be established to encourage exchange of experience. Building regulations mostly designed for new construction rather than for renewal should also be adapted to the needs of urban renewal. Special emphasis should be given to encouraging tenants and owners to introduce energy-saving measures.

**HOUSING FINANCIAL AND LEGAL FRAMEWORK**

**Recommendation 11:**

*An efficient and modern system of housing legislation should be created.*

The current legislation does not correspond to the realities which emerged after independence. The development and adoption of the Urban Development Code should be accelerated. The Code would serve as a link between the Law on Architecture, Urban Development and Construction Activities and the normative acts under the Law. New legislation currently under consideration could solve major problems. These legislative initiatives need to be broadly discussed with all actors involved, including the market players. The Government should adopt a law on the protection of the rights of real estate purchasers and future dwelling owners. It should also develop and adopt standards for the rebuilding of destroyed housing.

**Recommendation 12:**

*The mortgage legislation should be improved and the prerequisites for viable capital markets created.*

The participation of the State is required to create the necessary institutional and legislative conditions which could set in motion the development of various forms of residential lending. In particular, the regulatory environment needs to be clear and the strategy for developing the mortgage market must be comprehensive. Furthermore, the major objectives, tasks, means and mechanisms should be defined to develop a robust residential mortgage market. These should include measures to increase the banks' confidence in the housing market, to strengthen the capacity of the key participants in the mortgage market and to increase the effective demand for housing finance. The UNECE housing finance guidelines (*Housing Finance Systems for Countries in Transition, Principles and Examples*, 2005) and the recommendation of IFC ("Central Asia Housing Finance Gap Analysis" publication) should be used in the process of development of a mortgage system.

### **Recommendation 13:**

*Housing construction should be stimulated and a housing construction financing system created.*

The Government should create a legislative framework that stimulates housing construction. This includes drawing up and implementing land legislation, tax regulations and legal norms pertaining to land allocation for residential construction. Efforts to identify the administrative barriers in the construction sector should be continued. The legislative framework should encourage construction, the development of better technologies, the shortening of the time frame and the cutting of costs in the design and construction process. Furthermore, specific measures should be implemented to stimulate the development of housing construction finance. The Government should stimulate the construction sector to become more transparent.

### **Recommendation 14:**

*Technical control over the construction process should be increased.*

The procedures and documentation for obtaining construction permits and construction licences should be further simplified. The “one-stop-shop” approach to handle these applications needs to be established and maintained. The procedures should be made shorter and more transparent and authorities should provide clear explanations in case of refusals.

All existing building norms and regulations should be revised and public access to this information should be provided. The Government should increase the awareness of the population about new construction materials, technologies and regulations, especially in the domain of seismic protection. It could allow people in rural areas to build or reconstruct housing at less expense, using local materials, without violating the national building norms. The education and training of construction professionals and workers should be improved. Taking into consideration the high rate of individual construction, special attention should be given to the education of inexperienced workers. The Government should also enforce monitoring of compliance with the laws, and increase the staff of the respective agencies.

### **Recommendation 15:**

*The development of a microfinance sector should be supported.*

Microfinance institutions are quite successful in targeting low and moderate income households. However, the classic mortgage loans are too large for them to issue. The creation of an encouraging legal framework, including special financial requirements, could help to address problems in financing home repairs. It could enable people from the most poor and depressed areas to access essential financial resources.



## URBAN PLANNING AND DEVELOPMENT

### **Recommendation 16:**

*Master plans should be updated and meet current needs.*

Better coordination is needed between the various stakeholders to ensure better links between key areas such as infrastructure, housing, green spaces and transport. A hierarchical system of plans should be foreseen. It should include the national level providing a strategic approach, the regional level translating the national spatial development into guidance for the regions, and the local plans (master plans) which are more detailed.

Natural disaster prevention and preparedness should be integrated into spatial planning activities. The drawing up of detailed natural disaster risk and hazard maps should be promoted on the sub-district and district levels and they should be included in local community development plans and zoning activities. Construction activities in areas prone to natural disasters should be restricted.

### **Recommendation 17:**

*The process of updating and adopting master plans should be made open to the public.*

Public hearings on the newly planned master plans should be held by involving the concerned population, and amendments to such plans should be incorporated according to their needs and comments. Complete information on the existing and projected zoning regulations in cities should be openly provided to the general public to prevent illegal construction.

### **Recommendation 18:**

*The practice of resettlement of persons from areas prone to natural disasters within the State programmes of relocation should be improved.*

This can be achieved by providing, (a) sufficient financial support to the relocated population through State loans and subsidies and, (b) adequate social and physical infrastructure in the newly created settlement prior to the beginning of relocation activities. The oversight and control over construction activities carried out by the population in rural areas should be enhanced. This can be achieved by providing additional human and financial resources to local *Hukumats* and branches of the Agency for Construction and Architecture, by adopting seismic-stable construction designs and procedures based on locally available materials and training the population in these techniques.

### **Recommendation 19:**

*Public urban transport should be prioritized over individual car use.*

The investment in public transport should be focused on rehabilitation of transport infrastructure including roads, electrical substations and networks for trolleybuses, and on modernization of the public transportation fleet. The use of private transportation by low-capacity vehicles (taxis and minibuses) should be limited because of air and noise pollution and traffic congestion. The further promotion of electrically driven means of public transport would have a positive impact on the environment and would save a considerable amount of imported hydrocarbon fuels. The application of modern traffic management systems should be widely promoted.

**Recommendation 20:**

*The green spaces in cities should be preserved and further developed.*

This could be achieved by restricting the cutting of trees due to road-widening operations, construction and other industrial activities. All kinds of construction activities within the limits of city parks should be strictly monitored and restricted, and new recreational areas within city borders and adjacent to cities should be created to meet the growing demand from the population and to preserve urban microclimates. The preservation and development of green spaces within existing residential areas should be promoted and the enforcement of the green spaces development requirements in the new residential areas should be strictly followed.

**LAND ADMINISTRATION**

**Recommendation 21:**

*Good land governance principles should be promoted, focusing on better coordination of the activities performed by the various institutions responsible for land administration.*

Improved coordination among the authorities dealing with different land administration issues should be encouraged, as recommended in one of the most recent publications of the UNECE Working Party on Land Administration,<sup>127</sup> in particular a clear allocation of responsibilities among agencies and the provision of sufficient financial resources.

**Recommendation 22:**

*The development of the one-stop-shop principle should be encouraged, as well as the transition from paper-based registration towards a unified digital property register and cadastre system.*

At present, a clear vision of land policy reform is implicit in approved legislation in Tajikistan. The country also counts on sufficient staff to implement the needed reforms and a network of offices exists that can contribute to capacity-building initiatives by international organizations. However, adequate training of staff is needed to move ahead. The institutional infrastructure described in the Project on Capacity Building for Implementation of the Law of Registration of Land and Immovable Property and Rights should be used as a basis to move forward with needed institutional reforms. Priority should be given to the integration of activities (e.g., cadastre, registration, surveying) and to a clearer definition of responsibilities after integration occurs (e.g., subordination of agencies).

**Recommendation 23:**

*Land and real estate information should be available and affordable.*

This could be accomplished through the intensified use of spatial data infrastructure (SDI) and GIS information, as well as through promoting the integration of activities among cadastre and registration offices. The creation of a unified property register system should be implemented according to existing international standards. In Tajikistan, mortgage registration processes are complex, and there should be a closer link between banks and the registration of rights to real property.

<sup>127</sup> UNECE, *Policy Framework for Sustainable Real Estate Markets: Principles and guidance for the development of a country's real estate sector* (Geneva, 2010).

**Recommendation 24:**

*A faster transition towards efficient market mechanisms in land and other real property should be encouraged, and the respective legal changes should be adopted.*

The conditions for market transactions based on already existing land use rights should be improved. For instance, awareness about the legal definition and uses of land use rights should be increased through education and use of media among *dehkan* farmers in order to increase their capacity to engage in market transactions. Land dispute resolution mechanisms should also be established to address potential conflicts. In addition, objective mechanisms of real estate appraisal should be established that will reflect the market value of properties.

**Recommendation 25:**

*The legal framework should be streamlined by simplifying the procedures for real property registration.*

A unified cadastre and registration system should be developed in a form that fulfils customers' needs and wishes, and avoids duplication of work and unnecessary delays. Data conversion from paper to digital form should be encouraged in the medium term. Finally, long-term cost recovery for cadastre and registers should be encouraged in the long run.

**Recommendation 26:**

*Best practices of other countries where land reforms have been successfully implemented could be used by the authorities of Tajikistan, especially for increasing the efficiency of the land sector.*

The potential role of international cooperation should also be emphasized, especially concerning the training of Government officials and some technical aspects (e.g. land consolidation of inefficient farms).





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## Chapter V

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# Country Profiles on the Housing Sector

The UNECE Committee on Housing and Land Management, is an intergovernmental body representing all 56 UNECE member States. We provide countries with a forum for compiling, disseminating and exchanging information on housing, spatial planning and land administration.

Country profile studies are drafted by independent international experts and are prepared at the request of countries. Governments use these profiles to analyse their policies, strategies, institutions, and legal and financial frameworks.

To improve the economic and social development of countries with economies in transition, we can suggest innovative ways for different levels of Government to cooperate. Through our workshops, research and analyses, we offer practical advice on policies and strategies for the housing and land administration sectors.

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