



STRATEGIES FOR INCLUSIVE ECONOMIC GROWTH: WOMEN'S ENTREPRENEURSHIP IN TAJIKISTAN

A CASPIAN POLICY CENTER POLICY BRIEF

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I. Executive Summary

Women's entrepreneurship is a rising priority for the Government of Tajikistan. Owning a business is a pathway for women's economic development and gender equality, which are goals of the United Nations' 2030 Agenda for Sustainable Development.

The Government of Tajikistan has taken a number of steps to build a supportive environment for women to start and grow businesses. **Recent successes in women's economic inclusion** include the creation of a taskforce on women's entrepreneurship within the state investment agency; a presidential grant scheme for women-owned businesses; the establishment of an annual, regional forum for women entrepreneurs; and multiple property and tax reforms. From 2015 to 2020, the number of **female-owned businesses grew by about 30,000** and the amount of government **loans given to women increased by 63.3 percent**.

Despite progress, **obstacles to women's entrepreneurship remain**. Formal financial institutions are still twice as likely to issue loans to men. Underdeveloped social and telecommunication infrastructure in rural areas restrict women's time and access to resources. Lack of business knowledge and capital alongside societal norms regarding traditional family roles are frequently cited as the biggest impediments to women-owned businesses in Tajikistan.

Global responses to COVID-19 have increased external and internal stresses on Tajik women entrepreneurs. The decrease in remittances as male migrants return from Russia has increased pressure on women to provide sources of income while simultaneously burdening them with a greater unpaid workload at home. The trade and service sectors, the two main industries for women entrepreneurs, have been amongst the hardest hit by stay-at-home orders, while support groups for women business owners, such as networking forums and trainings, were canceled.¹

Immediate policies to target coronavirus-related stresses, coupled with longer-term initiatives to incentivize the change of informal social and institutional norms, are key to fostering a supportive environment for women entrepreneurs in Tajikistan.

Short-Term Policy Recommendations

1. Establish an emergency microloan fund for small, informal women-owned businesses to supplant the gap in the presidential grant scheme
2. Increase internet access in rural communities
3. Develop e-commerce infrastructure to facilitate the digitalization of trade

Long-Term Policy Recommendations

1. Establish rural childcare facilities to relieve the burden of unpaid work
2. Formulate taxation laws on social entrepreneurship
3. Create a government insurance program for high-interest loans
4. Launch permanent business consultative centers
5. Include provisions for unregistered marriages in land ownership legislation



Photo credit: Deidre Sorensen

II. Country Background

Tajikistan's transition to a market economy accompanied by five years of civil conflict after the break-up of the Soviet Union has created large social disruptions, disproportionately affected women-dominated industries like textiles and manufacturing, and weakened state budgetary capacity.

a. Historical Influences: Soviet-era Policies, 1929-1991

Under the Tajik Soviet Socialist Republic, secular family law supplanted shar'ia court systems, and polygyny, the payment of bride prices, and under-aged marriages were banned.² A quota system required one third of government posts to be filled by women.³ Free preschool and childcare, cash benefits to vulnerable populations, like single-parent households and large families, and incentives to join the formal workforce pushed women into the public sphere.

After independence, the state budget for welfare programs decreased. Tajikistan's GDP in 2006 was 50 percent that of 1989.⁴ Today, the government no longer provides universal child allowances, maternity benefits are undermined by inflation and frequently not paid, and the proportion of parliamentary seats held by women is amongst the lowest in Central Asia.⁵ When the Tajik government privatized collective farms, or kolkhoz, female-headed households were often barred from land allocations under the assumption that they did not possess enough "manpower" to work the land.⁶ Without ownership of land, women lack collateral for credit and access to social capital.

b. Present Influences: Civil War and Remittances

Civil unrest from 1992-1997 resulted in about 60,000 deaths, displaced 700,000 people, and destroyed Tajikistan's physical infrastructure.⁷ High unemployment and inflation

pushed many Tajik men to seek work abroad; in 2017, two out of every five Tajik homes had a family member who migrated to Russia, where wages are about 3.2 times the average wage in Tajikistan.⁸ Twenty-six percent of Tajikistan's GDP came from remittances in 2020, making it one of the most remittance-dependent countries in the world.⁹

War and migration have increased the number of women household heads. In Tajikistan, 19.5 percent of households are headed by women.¹⁰ Yet, women-led homes do not equate to women's empowerment: women's decision-making is undercut by multi-generational households and a lack of legal rights over property. Female-headed households are 28.6 percent more likely to be poorer than male-headed homes.¹¹ Pressure to supplement unpredictable remittance inflows or, in the case of abandoned families, completely replace male-generated incomes, has pushed women into informal agricultural jobs in addition to their unpaid domestic duties.

III. Current Situation of Women's Entrepreneurship

In Tajikistan, 45 percent of women participate in the workforce and are concentrated in sectors with lower average incomes, like agriculture, education, and healthcare.¹² Of women with university degrees, 60 percent are not working, suggesting an excess of untapped potential.¹³ Creating a business is a means for women to achieve economic independence, provide for their families, and build personal skills. In 2014, 90,434 female entrepreneurs were registered, which accounts for 26 percent of total registered entrepreneurs in Tajikistan. According to the World Bank, the portion of female participation in company ownership is 33 percent and 9 percent of firms are managed by women, compared to 49 percent and 28.8 percent respectively in neighboring Kyrgyzstan.¹⁶

Figure 1: Registered Entrepreneurs, 2014 ¹⁴

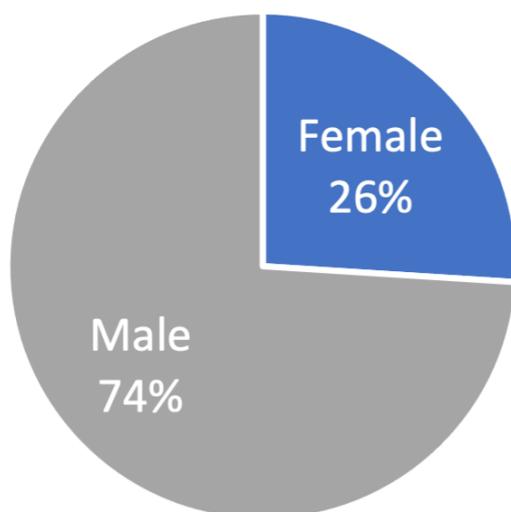


Figure 2: Participation in Company Ownership, 2013 ¹⁵

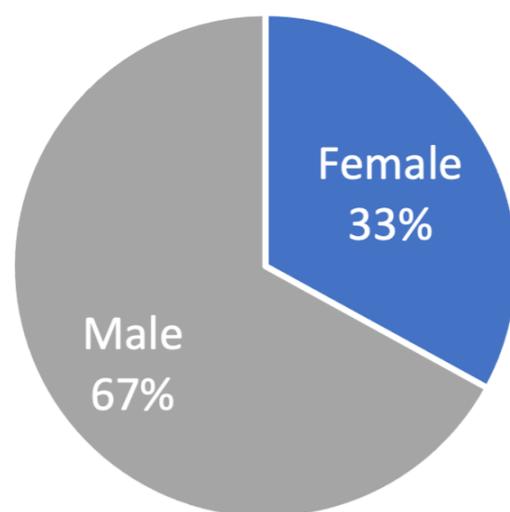


Figure 3: The Average Female Entrepreneur ¹⁷

Age	31-50 years old
Number of children	2+ children
Education	Secondary school level attained
Main income source	Entrepreneurship
Business age	5 years
Number of employees	5 (often family members)
Sector	Market/trade (30%), services (25%), agriculture (22%)

Data collected by the Ministry for Foreign Affairs of Finland and the United Nations Development Programme (UNDP) from 2014–2018 (see Figure 3) found that the experiences of female entrepreneurs are more affected by personal barriers, like education, skills, and self-esteem, compared to male entrepreneurs, who focus on state-level barriers to their businesses. Women-run businesses tend to be smaller, function on a semi-formal basis, and rely on networks of friends and family for support rather than formal organizations.¹⁸ Most women started businesses to improve their living conditions.

a. Actions Taken by the Government of Tajikistan and Non-Governmental Organizations

The Government of Tajikistan has implemented a number of reforms to strengthen the legal protection of women's economic and social rights. In 2015, the State Committee on Investments and State Property Management of the Republic of Tajikistan established the "Taskforce on Women's Entrepreneurship," which is comprised of donor organizations, including USAID, EBRD, and the Asian Development Bank, private sector representatives, like individual female entrepreneurs, civil society organizations, and state entities.¹⁹ In 2021, the taskforce was expanded to also cover youth and people with disabilities.

One of the taskforce's first undertakings was to develop gender-specific statistics on entrepreneurship to inform evidence-based policies sensitive to the needs of women. From this data, the taskforce collaborated with the government to remove systematic barriers to women's businesses, like taxes on homemade goods, increased the amount of loans available to female-owned businesses by 63.3 percent from 2015 to 2020 through a presidential grant scheme, and created an annual women's business forum with the five Central Asian countries and Afghanistan. During this period, the number of female-owned businesses grew by about 30,000. The presidential grant scheme ended in 2020, but is earmarked to restart in late 2021 and continue until 2025.

In addition to access to finance, legal ownership of land is a precondition for women's economic development. Although women in Tajikistan comprise 70 percent of the agricultural workforce, only an estimated 17 percent are landowners and 12 percent of individual and family-run farms, or dekhan, are headed by women.²⁰ On top of the economic benefits of land ownership as a means of food production, income generation, and collateral for credit, land titles are social assets critical for entry into decision-making circles.²¹ In 2013–2016, USAID's Land Reform and Farm Restructuring Project helped author

14 pieces of legislation, including the 2016 Law on Dehkan Farms that permits individual and family-sized farms to be legally registered, and therefore protected under the law.²²

All 14 laws passed a gender-sensitive checklist, which in some cases involved favorable legal provisions for female farmers. Information sessions on women's land rights, networking events with other female agricultural entrepreneurs, and free legal assistance also furthered women's access to land. Land reform was particularly crucial for women abandoned by migrant worker-husbands, because it allowed them to secure legal ownership over productive assets vital to their livelihood.



Photo credit: NADZHT

Parallel to building a favorable environment for women-owned enterprises on the ground through access to capital and land, the government developed a solid legal structure for gender equality. The framework consists of the 2011-2020 National Strategy to Promote the Role of Women in the Republic of Tajikistan, the 2013 Law on Domestic Violence, the 2005 Law of State Guarantees for Gender Equality, and a number of smaller provisions in the Civil and Labor Codes.²³ Tajikistan is the only Central Asian country to mandate equal remuneration for equal work between men and women and, in addition to Kazakhstan, mandates non-discrimination in the hiring process based on gender.²⁴

However, legal protections lack enforcement mechanisms, are undercut by patriarchal norms on the ground, and are hindered by a lack of awareness, especially in rural areas.²⁵

IV. Policy Recommendations

a. Addressing Short-Term Challenges

1. *Establish an emergency microloan fund for small, informal women-owned businesses to supplant the gap in the presidential grant scheme.*

Formal financial institutions in Tajikistan are twice as likely to issue loans to men.²⁶ Men have ownership over more assets for collateral, run larger businesses with greater capital flows, are more likely to seek financial assistance from formal institutions, and tend to have better application-writing skills.²⁷ At a juncture when income from remittances is low due to COVID-19 restrictions and the presidential grant scheme for women-owned businesses is in a hiatus, an influx of available capital is needed to help female business owners endure the current economic depression. Access to intermittent capital should include a selection system designed for the specificities of women entrepreneurs, namely the lack of formal application-writing capacities and informal, small business structures.

2. *Increase internet access in rural communities.*

For every 100 residents, there are 19 internet subscriptions in Tajikistan.²⁸ In rural areas, this number drops even lower. Online, women entrepreneurs can access information on funding and training programs, educate themselves on the best business practices, learn about their land and property rights, and connect with wider customer bases in lieu of in-person educational events, physical interactions with clients, and unrestricted tourism. Most people in Tajikistan access the internet through mobile phones. Non-governmental organizations and private donors can provide female-owned businesses mobile devices with pre-paid internet subscriptions during this period of in-person restrictions and, if successful, extend the initiative beyond COVID-19.

3. *Develop e-commerce infrastructure to facilitate the digitalization of trade.*

As commercial interactions retreat online, building adequate soft and hard e-commerce infrastructure is a means to facilitate inclusive economic growth that can overcome rural information barriers to connect consumers with women-owned businesses. Private-public partnerships can further enhance Tajikistan's e-commerce capacity in the short-term through trainings for women entrepreneurs, like the 2018-launched Startup Weekend Women that teaches women how to sell products, like homemade crafts, on virtual marketplaces, and continuing ongoing initiatives to develop website platforms, systems to process electronic payments, and postal logistics.²⁹



Photo credit: IWMI/Neil Palmer

b. Addressing Long-Term Challenges

1. Establish rural childcare facilities to relieve the burden of unpaid work.

The uneven allocation of unpaid duties within the household is one of the main perpetrators of gender inequality in the workforce. In Tajikistan, 60 percent of inactive labor is because of domestic work, compared to 11 percent in Kazakhstan and 35 percent in Kyrgyzstan.³⁰ Tajik women perform ten times more care work than men.³¹ Providing rural women with childcare facilities will increase the time they have available to accrue personal capabilities and strengthen their businesses, while also creating local jobs.

2. Formalize taxation laws on social entrepreneurship.

Tajikistan does not have a legal definition of social entrepreneurship and there are no stipulations in the Tajik tax code for businesses dedicated to addressing community problems. The lack of legal designation leaves social entrepreneurs, many of whom are women, vulnerable to extra bureaucratic and excise burdens.³² Tajikistan can develop a legal framework for social enterprises through collaboration with neighbors working on similar schemes, like Kazakhstan.

3. Create a government insurance program for high-interest loans.

Women are 3.5 times more likely to take money from their families than from banks.³³ High interest rates to the tune of about 35 percent deter women from taking out formal loans, restricting their access to capital.³⁴ By creating an insurance program for high-interest loans, the government can build women's confidence to engage with financial institutions and, through long-term interactions, break down gender biases within those institutions.

4. Launch permanent business consultative centers.

Trainings targeting women's business skills and knowledge function on an inconsistent basis dependent on external funding. Permeant 'one-stop-shop' business consultative centers in regional hubs, with regular excursions into rural communities, would increase the long-term capacity of women entrepreneurs. Training topics cited as most critical for women include financial literacy, knowledge of the tax code, and application-writing skills focused on how to create sustainable business plans suitable for small, informal businesses.

5. Include provisions for unregistered marriages in land ownership legislation.

Polygyny is illegal in Tajikistan, although it is common for men to take multiple wives through nikah, or an Islamic ceremony not registered with the state. Unregistered wives do not have a legal recourse to claim their husband's land under the current laws. When their husbands pass away or permanently settle abroad, unregistered wives and the property bequeathed to them are left to the mercy of their in-laws, with whom the bride traditionally resides. Recent land reforms have significantly improved women's access to land, however new provisions should be included that delineate a legal pathway for unregistered wives to gain ownership over the land they work.

V. Conclusion

In Tajikistan, 27.5 percent of the population lives under the poverty line, making the country one of the most impoverished in Central Asia.³⁵ About 73 percent of residents live in rural areas, where the poverty rate rises to 40 percent. Investment in women's entrepreneurship is a pathway to improving these formidable figures.

Entrepreneurs drive economic growth by increasing productivity through innovation. Unleashing Tajik women's full potential as entrepreneurs, which involves closing the gender gap in registered enterprises and business ownership statistics, is a sustainable strategy for increasing living standards and generating equitable wealth.

The Government of Tajikistan has demonstrated its commitment to creating a favorable legislative environment for women entrepreneurs and achieved significant milestones in the realms of inclusive property rights and access to capital.

The global pandemic, despite the enormous setbacks it has posed for business owners worldwide, has brought with it a renewed appreciation for the economic advantages of internet connectivity and e-commerce. Investment in these fields, pursued alongside programs to reduce women's unpaid labor and access to knowledge-based and formal financial resources, will reinforce and expand women's economic empowerment in Tajikistan for generations to come.

Endnotes

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