



National Food Pricing Policy in Tajikistan

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Executive Summary

A major development objective for Tajikistan is to ensure nationwide food security and affordability for all social groups so that the entire population can meet healthy nutrition and food consumption standards.¹

To ensure food security in the country, a number of **issues** have to be addressed. These include the country's heavy dependence on imports; inconsistency between quantitative and qualitative indicators of per capita food consumption and healthy nutrition standards; the low purchasing power of population coupled with seemingly unending growth in prices for food as well as non-food goods and services. Some populations cannot afford to purchase food and there is also an issue with the quality of available food; domestic production of food is insufficient and unstable; the Tajik consumer sector faces high inflation rates; and wholesale markets, management information systems, and other essential elements of market infrastructure are immature. Neither sale prices for products nor their actual production costs perform their regulatory function in the pricing process.

In recent years, prices for staple foods have risen so much that some populations and vulnerable groups cannot afford them. According to a Food and Agriculture Organization (FAO) study, in 2012 Tajikistan's undernutrition prevalence was 35 percent and the share of people living in poverty was 4.7 percent (FAO 2017, p. 7). The domestic food market is facing significant price growth because retail prices (i.e., consumer prices) are many times higher than respective producer prices and production costs of the products. This is the result of actions taken by various intermediary groups, profiteers, monopolists, and oligopolists; such price rocketing also oc-

curs during various international and national holidays when the demand for certain essential goods soars. It should be pointed out that consumer prices for food products are growing much faster than consumers' incomes.

To stabilize the situation, it is necessary to take **coherent measures**. Among these are the development and adoption of a long-term government food price support strategy, which could keep prices at an optimal level; a national food security program for the period up to 2030; a program of food aid for the poorest; a roadmap for the development of regional agricultural clusters; and an improved mechanism for providing credits and benefits to agricultural producers as well as improved monitoring of prices and food security indicators. According to the FAO definition, "food security is achieved when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life" (FAO 2012). This definition is integrally linked with the four dimensions of food security: availability, access, consumption, and stability. The government plays an important role in ensuring physical access to and affordability of safe food for the population of the country.

Key stakeholders include urban and rural populations of the country; agricultural producers; and a number of government agencies: the Ministry of Agriculture, the Ministry of Economic Development and Trade, the Ministry of Finance, the Agency on State Stockpiles, the Agency on Procurement of Goods, Works and Services, and the Tax Committee.

The main aim of this case study is to identify policy options to address food pricing in Tajikistan to secure access to food for households.

¹ The phrase *healthy nutrition standards* refers to intake rates for specific foods currently used by the Presidential Statistics Agency of the Republic of Tajikistan for purposes of national household and food security surveys. See http://www.stat.tj/ru/img/ed6443e9a7d02e8078f549_1508578838.pdf

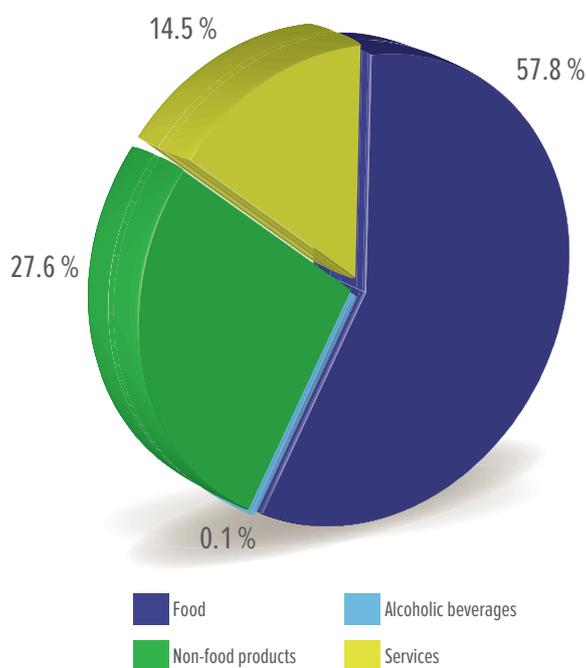
Background

The Importance of Agriculture

Food security in the country directly depends on the efficient and sustainable development of agriculture. Agriculture is a backbone sector as an employer of a majority of the population and a vital source of food and income for agricultural households. It contributes 20.7 percent to the country's gross domestic product (GDP) and 64.5 percent of total employment (Agency on Statistics 2017a, p. 15; 2017f, p. 86). The country's relatively remote and landlocked location, the poor integration of its roads and railways in the existing international transportation infrastructure, and its mountainous terrain all contribute to its unfavorable economic and geographic situation.

Over the past five years, the average annual growth rate of Tajikistan's domestic gross agricultural output

Figure 1: Breakdown of Household Consumer Spending



Source: Authors' calculations based on data from Agency on Statistics 2016d; 2016b, pp. 105–06.

has been 4 percent. Most agricultural products are cultivated in *dekhan* farms and household farms.² In 2016, community farms, *dekhan* farms, and household farms accounted, respectively, for 5.2 percent, 34.1 percent, and 60.7 percent of total agricultural output. Agriculture remains heavily dependent on support from the government.

Consumption Level

Affordability of food is a critical criterion of food security. Taking into account high inflation rates, qualitative and quantitative indicators of actual food consumption are, to a great extent, determined by purchasing power. Low purchasing power of a large share of the population (around 31 percent of the population live in poverty) has a serious impact on consumption. In Tajikistan, earnings from employment comprise the largest share of household income: in 2016, this was 46.7 percent; income from household farming (earnings from the sale of agricultural products) amounted to 12.5 percent; pensions, benefits, and scholarship allowances made up around 6.3 percent; compensation payments, including charity support, accounted for 1.3 percent; income from the use of property and the sale of real estate was 0.3 percent; and other proceeds contributed 32.9 percent (Agency on Statistics 2017d). The share of household spending on food products is over 57 percent (Figure 1).

Consumer prices for food have been increasing faster than consumer incomes. This impairs urban dwellers' ability to meet healthy nutrition standards but benefits rural consumers. Rural food producers consume part of their own food products and sell the rest in the market. Agrarian inflation is particularly detrimental for city consumption. At the same time, increases in prices for such food products as flour, sugar, and tea affect both urban and rural populations because the country is directly dependent on imports for these products.

² A *dekhan* farm is a term for an individual or family farm in Central Asia.

Significant shifts have been observed in consumption patterns. Bread products currently account for a large share of consumed food (28.7 percent), which is 2.2 times larger than the share recommended in the healthy nutrition standard; potatoes, vegetables, and fruit account for 25.4 percent; meat and meat products for 18.2 percent (1.9 times less than required by the healthy nutrition standard); and dairy products for 7.9 percent (1.9 times less than required by the healthy nutrition standard).

In July of 2017, the food component of the Tajik consumer basket was worth 198.46 Tajik somoni, while the cost of a healthy diet is 383.24 Tajik somoni (almost two times higher). Thus the actual consumption of staple foods fails to comply with the healthy nutrition standards (Table 1).

It should be also noted that food consumption varies by decile. In 2016, among the richest 10 percent of the population, the average per capita potato consumption was higher by 46.2 percent than among the poorest 10 percent; the richest consumed 3.1 times more meat and meat products, 2.3 times more eggs, and

2.6 times more fruit. In 2010 and 2016, the differences between the richest and the poorest in the consumption of meat and meat products were, respectively, 2.8 and 3.1 times; in the consumption of dairy products, they were 2.1 times in 2010 and 1.5 times in 2016; and in eggs, they were 3.0 times in 2010 and 2.3 times in 2016 (Agency on Statistics 2016b, p. 109).

Dependency on Imports

Currently, despite positive changes in Tajik agribusiness and a steady increase in average per capita production of staple foods, the dependency of the domestic food market on imports persists and has been steadily increasing. A large portion of food products is imported. Domestic production of meat and meat products satisfies only 22.1 percent of the country's needs; domestically produced milk and milk products (in milk equivalent) meets 41.6 percent of its needs (Agency on Statistics 2016b, pp. 100–09; 2017a).

In recent years, per capita food output has been steadily growing, but high annual population growth

Table 1: Food Consumption in Tajikistan

Annual per capita consumption	Actual consumption						2016	
	1991	2000	2005	2010	2015	2016	Percent of the 1991 level	Percent of consumption based on healthy nutrition standards
Bread products (kg per capita)	155.1	148.0	154.9	159.1	150	151.4	97.6	116.5
Potatoes (kg per capita)	33.2	37.8	32.2	35.6	35.8	39.4	118.7	85.7
Vegetables, gourds, and melons (kg per capita)	94.2	98.5	79.4	84.7	80.0	80.4	85.4	56.6
Milk and dairy products (kg per capita)	171.0	64.9	48.2	61.0	57.5	59.5	34.8	23.7
Meat and meat products (kg per capita)	26.1	4.4	8.3	11.0	14.6	14.8	56.7	24.7
Vegetable oil (kg per capita)	13.3	10.2	12.4	14.4	15.7	17.2	129.3	143.3
Eggs (the number of eggs)	88	19	24	40	72	72	81.8	43.6
Sugar and confectionery products (kg per capita)	12.6	6.7	11.0	12.0	13.7	14.3	113.5	43.3
Fish and fish products (kg per capita)	3.0	0.3	0.3	0.4	0.4	0.5	16.7	4.2
Fruit, berries, and grapes (kg per capita)	31.9	50.8	38.4	33.3	35.9	30.4	95.3	39.0

Source: Agency on Statistics 2016a, p. 129; 2016b, p. 109.

rates (of 2.0 percent) mean that the country relies on food imports to meet domestic demand for some products (sugar, tea, wheat, meat, and fish). Thus food imports have been steadily increasing, reaching US\$651.2 million in 2016. Compared with food imports in 2000 (US\$68.4 million) and 2008 (US\$418.0 million), imports have increased 9.5 times and 1.6 times, respectively. The share of food in the total value of imported consumer goods rose from 11.5 percent in 2005 to 21.5 percent in 2016 (Agency on Statistics 2017c, p. 10).

The share of imported food in total imports has also increased—from 4.9 times in 2015 to 6.0 times in 2016. The share of agricultural exports in total exports was only 4.4 percent in 2014 and 4.7 percent in 2015 (Agency on Statistics 2016c, p. 10). In 2015, imports of agricultural products exceeded their exports by 13.7 times, and 14.6 times in 2014 (Karimova 2017).

Basic food imports include wheat and flour (which have the largest share); sugar, vegetable oil, vegetables, fruits, potatoes, food made of wheat (pasta, noodles, elbow macaroni, bread, fancy cakes, biscuits), milk products, and eggs. Tajikistan is not able to meet its needs for cereals and flour through domestic production. Kazakhstan and Russia are the country's major suppliers of wheat and flour. Around

1 million metric tons of cereals (including flour) were imported in 2015; wheat and wheat flour comprised 56.1 percent of total exports. In 2015 Tajikistan increased its imports of wheat and reduced imports of flour because of higher domestic wheat production.

The country's heavy dependency on the imports of some agricultural products is detrimental to national interests because it puts more pressure on the country's hard currency reserves. Such factors as the insufficiency of domestic outputs and substantial dependency on food imports and raw materials, among others, push up prices for staple foods and have an impact on the inflation rate in the consumer sector—this was 5.1 percent in 2015 and increased to 6.1 percent in 2016.

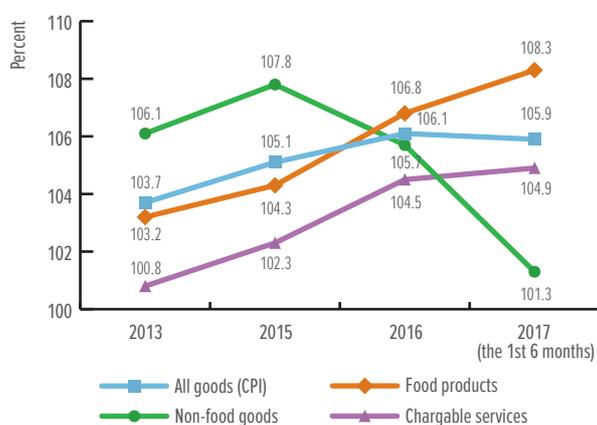
Price Disparity

Reducing the price disparity between agricultural products and manufactured goods is a crucial task. How and to what extent this task will be addressed will ultimately define the status of food security at the individual and national level.

In the aggregate consumer price index, indices of food prices remain relatively high. Of late, the most significant rises in prices for consumer goods have been observed in prices for food products. In 2016, the consumer price index was 106.1 percent, with the price indices for foods, non-food goods, and services at 106.8 percent, 105.7 percent, and 104.5 percent, respectively. In 2015 and 2016, the food price index grew steadily: from 103.2 percent in 2013 up to 106.8 percent in 2016. After the first six months of 2017, the food price index reached 108.3 percent (Figure 2). This translates to a substantial rise in consumer prices for food products in the country.

Over the course of the recent decade, prices for food products have increased considerably: 3–4 times for beef, poultry, dairy products, and flour, among other products (Figure 3). In addition, the country is facing

Figure 2: Consumer Price Index: Change over Time, December to December, 2013–17



Source: Agency on Statistics 2017c; 2017d, p. 203.

a significant divergence between producer prices (i.e., farmers' sale prices) and consumer prices for foods. For example, the end consumer price for potatoes in the first quarter of 2016 was 2.3 times higher than the producer price (i.e., the price paid to the farmer) (Figure 4). Although compared with prices in previous years, the divergence between producer and consumer prices has decreased, it remains vast.

Consumer prices have been growing because of factors such as:

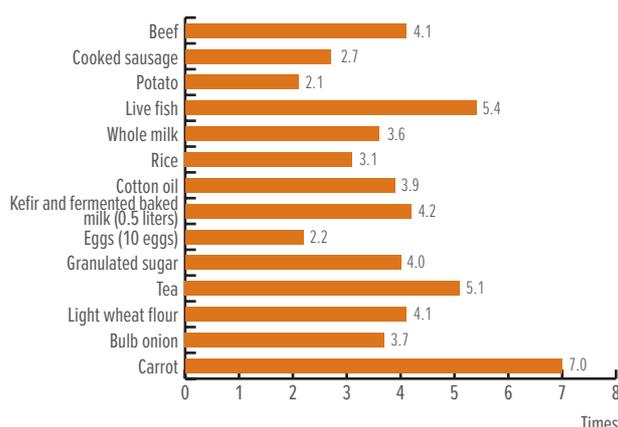
- ✓ Insufficient domestic production
- ✓ Fraudulent actions on the part of intermediary groups and profiteers
- ✓ Poorly developed transport and trade infrastructure, especially in some regions of the country
- ✓ Increased prices for the transportation of products, primarily because of regularly increasing prices of fuel (gasoline), because products are transported from one region to another primarily by road
- ✓ Lack of up-to-date storage facilities, warehouses, and facilities for accepting and processing perishable agricultural products
- ✓ Poorly developed system of government intervention in markets
- ✓ Impact of changes in demand and supply on the volume of agricultural production
- ✓ Increased costs of renting space in big central markets, taxes, and other payments to be made by retailers

For example, the wholesale price for potatoes was 0.80 Tajik somoni per kilogram. Potatoes are cultivated primarily in mountainous areas such as the districts of Jirgatal, Mastchoh, Divashtich, and Pan-

jakent. These areas are located 200 to 350 kilometers from Dushanbe and 50 to 450 kilometers from regional centers. The cost of transporting potatoes to end consumers ranges from 0.20 to 0.40 Tajik somoni per kilogram. Potatoes are transported by truck from the northern areas via the only road from the northern region to the capital of the country; this is a toll road with no alternative routes.

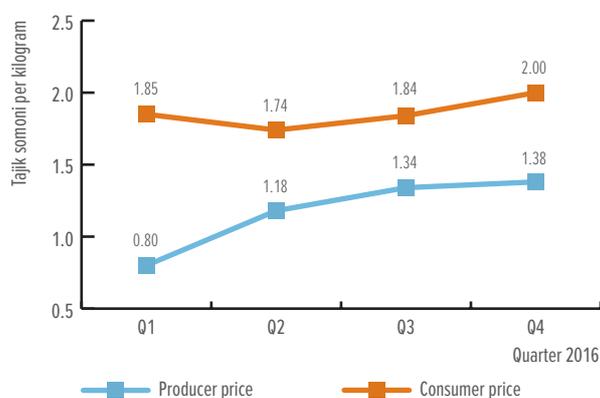
Thus the transportation of the farmer's produce from the field to the consumer significantly increases its price. Against this background of growing consumer prices, farmers' prices tend to grow too, but not as

Figure 3: Growth of Prices for Key Food Products, 2005–16



Source: Agency on Statistics 2017c, pp. 77, 78.

Figure 4: Potato Prices, 2016



Source: Agency on Statistics 2016b, pp. 99–100.

quickly. Retail prices grow much faster, but the bulk of the gains do not reach the farmers because it is captured by other players: retailers, resellers/intermediaries. As a result, neither consumers nor producers benefit from this price increase: both urban people and farmers lose. Such a situation damages the financial and economic performance and operations of agricultural producers in Tajikistan.

Prices are also growing because of the devaluation of the national currency and Russian ruble; the outflow of individuals' deposits from banks (three Tajik banks—Agroinvestbank, Tochiksobirotbank, and Tochprombank have become insolvent and are almost bankrupt so customers are withdrawing their funds); and the abrupt reduction of proceeds from labor migrants' remittances, which had been the main source of the country's budget revenues (their share in GDP was over 40 percent). Therefore it is critically important to reduce inflationary processes in the consumer sector and its food component.

Tajik agribusiness is technically and technologically significantly lagging behind not only European countries but also some former USSR republics. In the first six months of 2017, more than 25 percent of agricultural machinery was in a state of disrepair (Agency for Statistics 2017d, p. 161). The degree of depreciation of production equipment and facilities is so high that the share of modern machinery and

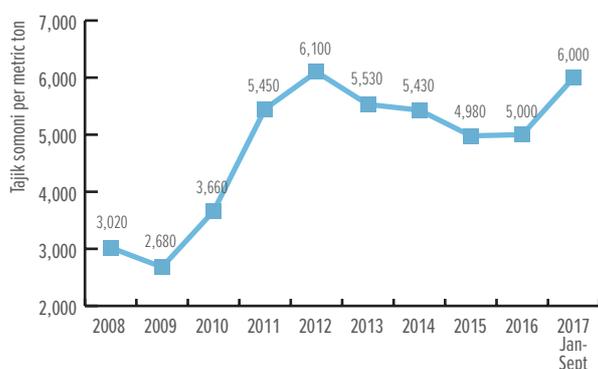
technology is very small, which adversely affects the sustainability of agricultural production. Agricultural producers have to use old, outdated machinery and the share of manual labor has sharply increased.

Because of the growth of prices of manufactured goods, electricity, fuel and lubricants, pesticides, spare parts, and mineral fertilizers (which are mostly imported), coupled with lowered rates of the national currency relative to the hard currencies, these goods became unaffordable for agricultural producers. At the same time, the producers' share of expenses for these goods in the production cost of agricultural products is quite high.

Between 2005 and 2016, the price of gasoline included in the fuels and lubricants product group increased 2.3 times. To buy a liter of gasoline, producers have to sell more than 2.5 kilograms of potatoes. In terms of specific price ratios of basic types of agricultural products and inputs, the situation has deteriorated. For agricultural machinery, because of price disparity, the situation is that in order to purchase the same category of machinery, increasingly more agricultural products have to be sold. Prices of gasoline, diesel fuel, mineral fertilizers, and other necessary products keep rising, creating problems for agricultural companies across the country (Figure 5). Electricity consumption in agriculture has been dropping mostly because the number of machines and tractors has decreased, the technical equipment use rate in the country's farms has fallen, and prices for electricity and compound feed have increased.

During the same period, farmers' prices grew at slower rates. Reducing the disparity between industrial and agricultural prices would improve the situation. It would be appropriate to contain the growth of prices at the stage between the farmers' price and consumers' price rather than to contain the growth of farmers' prices. It is support of farmers' prices that could provide a solid foundation for increasing agricultural outputs, modernizing production processes,

Figure 5: Average Prices for Diesel Fuel, 2008–17



Source: Agency on Statistics 2017c, p. 80.

and encouraging producers to offer competitive products. Mitigating these accumulated problems would have a positive effect on both structural reforms in agriculture and effective national policies. The involvement of public-private partnerships would also help in this regard.

Policy Issues

Inadequate governmental regulation of the food market, disproportionality between domestic supply and demand, food-related foreign trade transactions, insufficient protection of the domestic food market of some essential products that can be produced domestically, a lack of needed logistics infrastructure and modern storage facilities with refrigerators, energy price growth, poorly developed system of intervention buying, and operation of intermediaries and profiteers—all these factors have been contributing to the price growth of most products.

Meeting Demand

Domestic production of some food products does not satisfy demand. For example, annual domestic demand for meat products, based on the dietary intake levels (60 kilograms per year per capita) is 528,000 metric tons, the demand for dairy products (251 kilograms per year) is 2,208,800 metric tons, the demand for eggs (165 eggs per capita) is 1,452 million eggs, and 404,800 metric tons for potatoes. Domestic supply covers 22.1 percent of the demand for meat products, based on the healthy nutrition level, 41.6 percent of the demand for dairy products, and 23.2 percent of the demand for eggs (Agency on Statistics 2016a, 2016b).

It is necessary to revitalize animal husbandry and crop farming by identifying untapped opportunities in development of *dekhan* farms and other types of farms and by clarifying their new role, which is to meet basic food needs of the population, primar-

ily by offering local products. This effort should be aimed toward a more efficient use of the country's natural diversity, taking into account local conditions. The Ministry of Agriculture, together with the Ministry of Economic Development and Trade, has prepared a comprehensive program for animal husbandry development. This program is now undergoing approval by these ministries; when implemented, it will help increase animal husbandry output, reduce prices in the consumer market, and improve food availability for the population.

Current production does not fully meet the needs of the country's population. The task is to provide support to domestic production and substantially reduce the share of food imports in the domestic market. For example, every year Tajikistan imports US\$50 million worth of food oil, though this shortage could be easily eliminated by creating and expanding the production of cotton, sunflower, linseed oil, safflower oil and other types of vegetable oil. It is not advisable to pursue self-sufficiency in wheat, because agroclimatic conditions in Tajikistan are not good for its cropping. However, irrigated lands have been diverted for growing wheat in the country, which will lead to higher production costs of domestic wheat compared with the price of wheat imported from Kazakhstan, which is characterized by low production cost and high gluten content. The country could instead produce more potatoes, maize, rice, soy beans, dried fruits, fish and fish products.

Government Actions

During Tajikistan's transition to the market economy, agriculture (as the main supplier of food for the country's population and a sector with a limited capacity to compete) loses in the inter- and intra-sectoral competition and becomes a sort of donor for better organized and monopolized related sectors. In the agricultural sector, price liberalization without price regulation and without competition benefits the

related sectors—primarily those standing between food producers and end consumers. This situation could be analyzed by using Porter’s Five Forces Framework—an analytical tool that shows how competitive environments could be improved under the influence five forces: the intensity of rivalry, the entry of new players, the bargaining power of consumers, the bargaining power of suppliers, and the emergence of product substitutes.

Porter’s Framework could be adapted to the specifics of the agricultural sector by introducing a sixth force: the government. In present-day Tajikistan, government and its policies could act as this sixth force by changing the intensity of rivalry and optimizing food prices.

The government has been attempting to strengthen food security and reduce the impact of globalization and global financial crises. Despite a number of measures that have been adopted, the legislative framework of the country in support of creation and operation of the food market is still evolving. Over the last several years the following programs and laws have been adopted:

- ✓ The Food Security Program of the Republic of Tajikistan up to 2015 (Resolution of the RT Government No. 72, dated February 2, 2009)
- ✓ The law “On Food Security,” which sets forth main guidelines of state policy on food security perceived as an integral part of the security of the state
- ✓ The Program for Agricultural Reforms for 2012–2020 (Resolution of the RT Government No. 83, dated August 1, 2012)
- ✓ New law “On Dekhan Farms” (Resolution of the RT Government No. 1289, dated March 15, 2016)³

In addition, the following sector-specific development programs have been adopted and are being implemented:

- ✓ The Program for Development of Sericulture and Processing of Mulberry Silkworm Cocoons for 2009–2020 (Resolution of the RT Government No. 409, dated August 30, 2011)
- ✓ The Program for Development of Animal Biotechnologies for 2013–2017 (Resolution of the RT Government No. 384, dated August 1, 2012)
- ✓ The State Program for Developing New Irrigated Lands and Reclaiming Lands Previously Taken out of Commission for 2012–2020 (Resolution of the RT Government No. 450, dated August 31, 2012)
- ✓ The Program for Organization and Rehabilitation of Refrigerators and Refrigerated Storage Rooms for Storing Agricultural Products for 2015–2019 (Resolution of the RT Government No. 727, dated December 1, 2014)
- ✓ The Program for Pasture Development for 2016–2020 (Resolution of the RT Government No. 724, dated November 28, 2015)
- ✓ The Program for Development of the Breeding Stock Sector and Pure Breeding for 2016–2020 (Resolution of the RT Government No. 792, dated December 30, 2015)
- ✓ The Program for Horticulture and Viniculture Development for 2016–2020 (Resolution of the RT Government No. 793, dated December 30, 2015)
- ✓ The Program for Seed Farming Development for 2016–2020 (Resolution of the RT Government No. 438, dated October 28, 2016)

³ The official website of the National Legislation Center under the President of the Republic of Tajikistan is <http://mmk.tj/ru/legislation/legislation-base/>

However, the measures adopted do not provide full protection for food producers and consumers. They are fragmented and characterized by poor coordination among ministries and the lack of a common development strategy. To implement a comprehensive approach to food market development in the country, a package of consistent regulatory and legal acts, based on forecasting horizons and state regulation of the country's food sector, is needed. This comprehensive package should be linked to the *National Development Strategy of the Republic of Tajikistan for the Period up to 2030*.

Household Spending

The informal market accounts for the biggest share of retail food sales. The share of consumer cooperatives overall is insignificant (less than 2 percent). Trading margins for foods are high. Resellers set rather high trade markups (45–50 percent), making food less affordable for a large share of the population. Any deflection of the price from its market equilibrium will have an impact on the composition and volume of consumption, spending, living standards, subsistence, and the household consumer budget.

Household spending on food is increasing much faster than the quantity of agricultural outputs. The population of the country spends a lot of money on agricultural products, but profits from sales earned by agricultural producers are limited.

In Tajikistan, household spending on food includes a huge amount of money paid to sellers in cash. The aggregate value of these funds substantially exceeds the cost of agricultural products. This difference has been increasing more rapidly than the growth of agricultural production. In fact, it turns out that the country's population spends large amounts of money on food, while the farmers' portion is much less. Agricultural processing companies and retail trade companies earn most of their profits from the sale of agricultural products to the population.

Therefore the task of state price regulation should be to increase the share of agricultural producers' profit in food prices, and this task should be viewed as a priority. Antimonopoly, tax, and customs measures will be more efficient than fiscal measures, because these are the measures that really influence the restructuring of the price system.

Stakeholder Groups

Tajikistan's Population

The population of Tajikistan is around 8.8 million (as of January 1, 2017), with 73.6 percent living in rural areas, and an annual growth rate of 2.4 percent (Agency on Statistics 2016a, p. 23). The poverty rate in 2016 amounted to 30.3 percent, falling from 53 percent in 2007. The extreme poverty rate dropped from 20 percent in 2012 to 14.0 percent in 2016. Over the period of steady economic growth, the Human Development Index ranking for Tajikistan increased on average by 1.07 percent every year. Out of 188 countries included in the Human Development Index, Tajikistan was ranked 129th in 2017. The need to improve the population's diet is a persistent issue. Chronic undernourishment affects 26 percent of population, while 10 percent of children under five suffer from severe malnutrition. The economic burden of undernutrition in Tajikistan is substantial and is estimated at 41 million US dollars. In the Global Food Security Index 2016, the country was rated 88 in the list of 109 countries (EIU 2016).

The urban population accounts for 26.4 percent of the total population of the country (Agency on Statistics 2016a, p. 27). Urban dwellers want to lower and stabilize prices for agricultural products because this would enable them to buy more food products. Differences in the structure of food consumption in urban and rural areas must also be taken into account. For example, urban people consume more eggs (by 40 percent), fish products (by 33.3 percent),

and meat products (by 22.4 percent) than rural populations.

The rural population accounts for 73.6 percent of the total population. A growth in the price of food increases their revenues. At the same time, it is necessary to prevent significant differences between producer prices and retail prices because a large difference does not benefit either producers or consumers, especially urban consumers.

Agricultural Producers

The country has 131 associations and 4,674 collective and 14,507 individual *dekhan* farms, which together account for 99.3 percent of total number of agricultural enterprises. In accordance with national legislation, producers have the right to set selling prices and determine cropping patterns themselves. Measures taken by the government price support program to support producers' prices in different seasons are expected to be welcomed by agricultural producers. Possible customs privileges and tax exemptions could be included in the government food security program; such measures would encourage producers to increase agricultural production and harvest.

Consumer Groups

Tajik consumer cooperatives operate on the basis of the law "On Consumer Cooperation in the Republic of Tajikistan." These cooperatives include three regional unions of consumer cooperatives in Sughd, Khatlon, and Gorno-Badakhshan Autonomous Oblast (GBAO), and 47 district consumer cooperatives. One of key tasks of consumer cooperatives is to procure and store agricultural products in order to limit price increases for staple agricultural products in the country's consumer market. Today Tajikistan has 73 markets with links to the Tajikpotrebsoyuz (Tajik Consumer Union); 16 of them specialize in live-

stock. All together, these markets have 3,154 outlets. The cooperatives purchase products for the country's food markets and agricultural raw materials from local sources. Procurement organizations sign contracts for growing and delivering products with *dekhan* farms and other producers, inform them about purchasing prices and about terms and conditions for the acceptance of products. Organizations purchase more than 15 types of agricultural products and raw materials. The average annual volume of procured agricultural products is 3,000 metric tons. To improve the supply of agricultural products to the cities, districts, and villages, 32 for-profit procurement agencies have been established. In 2016, with the aim of creating stockpiles and limiting spontaneous increases in prices of agricultural products in the country's consumer market, 4,660.5 metric tons of agricultural products were procured (primarily potatoes, onions, carrots, pumpkins, and similar foods).

Government Stakeholders

The Ministry of Economic Development and Trade is a central executive agency participating in development of state policy in all social and economic sectors of the country. It is tasked with the development and implementation of state policy; the regulation of analysis; and the development of roadmaps and short-, medium- and long-term strategies, among other responsibilities. Its key strategic document is the *National Development Strategy of the Republic of Tajikistan for the Period up to 2030*, which sets the goal of improving the population's living standards through sustainable economic development as the overarching goal of long-term development. To implement the strategy, the government has prepared the Mid-Term Development Program for 2016–2020, which proclaims the achievement of food security and access to adequate nutrition to be one of its tasks. The program's priority objectives are to address the low affordability of food and to improve food and nutrition security. Currently an interagency working group has been set up under

the Ministry of Economic Development and Trade to develop a new food security program.

The Ministry of Agriculture is a central executive agency responsible for the implementation of agricultural policy. The country adopted the law “On Food Security,” which sets forth main guidelines of state policy toward achieving food security as an integral part of its security in accordance with recognized international principles and standards. The government also approved the Concept of Agricultural Policy and the Program for Agricultural Reforms for 2012–2020. The efforts of the Ministry of Agriculture are aimed at developing and implementing agricultural reforms in order to provide access to affordable food to the maximum extent possible.

The Ministry of Finance helps to implement a uniform state policy on the regulation of financial, fiscal, and tax activities; accounting and financial reporting (except for the banking system); and insurance, currency, and financial markets. It participates in the development of investment, pricing, monetary, currency, and other policies for which it is responsible. It prepares forecasts of fiscal, investment, and other macroeconomic indicators; develops proposals on priorities of budget financing of various sectors of economy; guides the development of the mid-term state budget and budgetary process; and supports the efficient day-to-day management of the country’s budget funds.

The Agency on Public Procurement of Goods, Works and Services is an independent body engaged in the public procurement of goods and services. In Tajikistan, there are more than 6,000 purchasing organizations, including ministries; agencies; state committees and state enterprises; regional, city, and district administrations; hospitals; and schools.

The Agency on State Stockpiles is a central executive agency implementing state policy on state stockpiles. Its responsibilities include implementation of state policy on state stockpiles, protection of

economic security of the country, and the development of methodological guidelines for the preparation and efficient management of stockpiles. To stabilize prices in the country’s consumer market and in emergency situations (various natural disasters, flooding, earthquakes, etc.), a certain amount of funds is set aside in the annual budget to purchase and store food products (mostly, flour, sugar, tea, salt, potatoes, onion, carrot, vegetable oil, etc.).

The Tax Committee is a central executive agency responsible for tax collection and the implementation of tax legislation. It also develops tax administration mechanisms as well as controlling and overseeing the accuracy of tax assessment and ensures the payment of all taxes in a timely fashion.

Policy Options

1. To develop a long-term food price support strategy to keep optimal food prices

A food price support strategy to keep optimal food prices is needed to avoid or prevent monopolism of producers and rocketing prices for raw materials, fuel and energy, and essential goods. Developed countries’ experience shows that prices are usually regulated primarily by proactively making an active impact on the generation of revenue by agricultural producers by setting guaranteed prices, loan rates, price limits, and quotas and by providing government subsidies. But free market prices remain definitive. So it can be concluded that the price should act as a means rather than an object of regulation by the government. The government might reimburse the losses incurred by agricultural producers as a result of deviations from market prices in amounts needed for their performance within a pre-set level of revenue. It would provide for the establishment of an optimal system for regular impact on market prices and enable the use of prices as a tool to make an impact on production, revenue, savings, and

investment. At the same time, such a strategy should create favorable environments for agricultural production and enhance the existing wholesale markets and information sources, including extension and technical services.

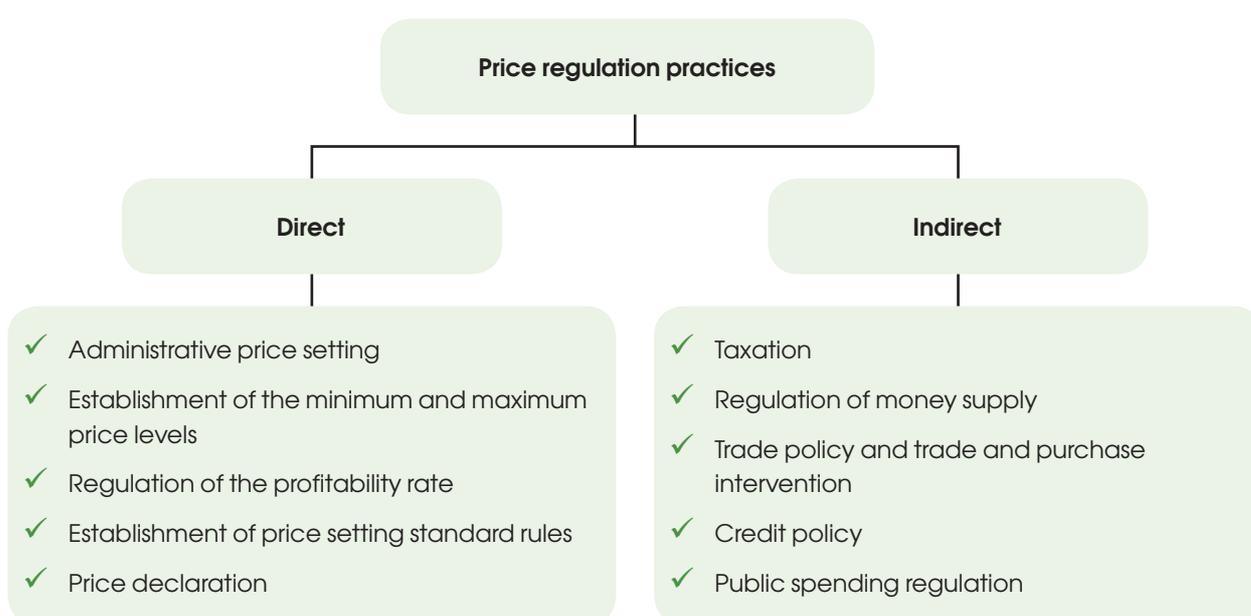
Pricing is a powerful lever for economic management, and the ways a government uses this lever define, to a great extent, the direction of reforms in a country. Advocates of regulated markets and advocates of self-regulated markets have disputes primarily about pricing systems, putting forward fairly well justified arguments in support of their theories. However, international experience shows that in the course of deepening market reforms, government regulation in the agricultural sector is an integral part of its successful performance. Countries such as Germany, Spain, Sweden, and the United States have used various interventions to support farmers during different periods of their development, including the regulation of prices for agricultural products. In developed countries, self-regulation of market-based production of agricultural products is coupled with effective economic management.

Having a long-term food price support strategy would help increase the effectiveness of government interventions aimed at balancing demand and supply of food products, as well as supporting an efficient food market infrastructure. The government's role would be to operate as an economic institution assigned to harmonize and align interactions of interests, proceeding from the interests of society as a whole and using both direct and indirect methods (Figure 6). National price regulation policy should be focused on the interests of agricultural producers. To this end, efficient interventions would include antimonopoly, tax, and customs measures because they have a tangible impact on restructuring the price system.

The government could develop coherent incentives for producers to encourage them to expand the scope of their agricultural products and increase their outputs. At the same time, it should take an active part in the implementation of activities aimed at improving the affordability of food for all social groups.

Many tools are available for governmental price support. These tools are also flexible, and may be

Figure 6: Price Regulation Practices



Source: Неъматов 2012 (in Russian).

switched on or enhanced depending on circumstances. They include, among other things, public procurement of agricultural products if there is a surplus and government market intervention in the case of deficits. Both these tools can support producers and stabilize prices.

In agriculture, the mechanism for changing and regulating prices operates differently than it does in other sectors because of the specifics of agriculture and the food market. **Three key components of price regulation** in the food market should be identified with a view to improving it: **demand regulation**, **supply regulation**, and **regulation of the food market infrastructure**. Today the main focus is on regulation and support of food producers—that is, the supply side of the market. However, development and robustness of the food market depend just as much on demand, which can be encouraged, constrained, or balanced if it develops unevenly.

Demand regulation. Domestic food demand should be regulated to encourage demand and meet nutritional requirements. Measures stimulating demand will help ensure that all groups have an optimal, nutritionally adequate diet in order to maintain the nation's health. This aim could be achieved by increasing the income of the population, implementing activities to reduce and stabilize food prices by improving the quality control of food sold in the market, protecting consumer rights, and so on.

Supply regulation. Locally produced food supplies could be regulated by providing state guarantees to producers and investors and streamlining the institutional framework of the market, for example. Imports should be regulated with the aim of eliminating food shortages and protecting domestic producers by licensing importers, implementing technical and sanitary standardization and standards, and setting requirements for packaging and labeling food products.

Regulation of the food market infrastructure. The right balance between demand and supply should

guide the regulation of the food market infrastructure. This balance could be achieved by developing a mechanism for wholesale and retail trade in manufactured goods; providing incentives for creating refrigerated rooms, storage facilities, and so on; regulating and improving the system of transporting manufactured goods; providing information and analytical support to producers and consumers in the market of manufactured goods; and improving the financial and credit system that provides services to the food market.

An important measure against the disparity of prices between agricultural and manufactured products could be to reduce prices for agricultural machinery and equipment by introducing customs privileges for imports of agricultural machinery and equipment.

Regulating the food market's institutional framework would help develop a competitive environment and, therefore, reduce prices of manufactured goods. In this connection, we believe that government efforts should be channeled toward creating an optimal mix of market participants of various organizational and legal forms and different forms of ownership. This would be a win-win situation for all stakeholders and the business environment would be much improved.

The existing informal wholesale markets are unable to efficiently transfer products from producers to consumers and processors. An important element of the food price support strategy could include establishing a wholesale food market to function as group of production, transportation, service, and trading enterprises of the country and major financial institutions. This wholesale market could purchase and sell agricultural products based on certain rules. At the same time, prices of agricultural products should provide maximum support to production and movement of food products from production to consumption places. The creation of such entities would help reinforce the production and sale processes.

A national program for developing infrastructure for wholesale markets could be prepared and implemented together with private companies.

“Guaranteed price.” Drawing from experience gained by developed economies, it would be possible to introduce an intervention mechanism to enable the government to participate in setting and regulating prices for agricultural products by setting target, benchmark, or minimum prices that would guarantee a certain level of revenue for *dekhan* farms. The introduction of the “guaranteed price” tool would benefit many players in the market.

The current market price is defined by the difference between supply and demand prices at a given time. This price does not necessarily benefit agricultural producers. In some cases, it even fails to cover production costs. Governmental regulation implies a regulation of the income of Tajik farmers through a price mechanism rather than regulation of market prices.

Having a long-term food price support strategy would improve the overall performance of agricultural producers. For example, when prices for some products decrease significantly and the government buys the farmers’ produce at higher prices, the farmers’ income would remain stable or even increase. Thus agricultural producers would be the main beneficiaries of this intervention.

In addition, an efficient food price support strategy would benefit government agencies and consumer cooperatives because it will provide support for their activities. To limit activities of resellers and intermediaries in the domestic consumer market, the Stockpiling Agency, jointly with the Agency for Public Procurement of Goods, Works and Services and consumer cooperation societies, already work on containing the growth of prices for agricultural products. For example, contracts locking in the maximum possible retail mark-up for basic food products could be signed between producers and various distribu-

tion chains. In this case, the population would benefit from stable prices in the food market.

2. To develop a national long-term food security strategy

The development of a national long-term food security strategy would help to meet the goals and objectives identified by the Government of Tajikistan in such strategic documents as the *Millennium Development Objectives* and the *National Development Strategy of Tajikistan for the Period up to 2030*. The country’s experience shows that the adoption and implementation of its Food Security Program for the period up to 2015 yielded good results, helping to alleviate food insecurity. Positive shifts were also observed in addressing such issues as food availability, its physical accessibility and affordability, and increased actual consumption.

The shortage of good-quality domestic food became very acute after the liberalization of prices—primarily, food prices—was quickly fixed through aggressive food importation that accounted for more than half of food consumption in Tajikistan and more than 60 percent in its capital city. In the course of reforms, the situation in agribusiness improved substantially; however, many institutional transformations remain incomplete because of a number of social and political constraints that led to a new surge in imports, including food imports.

Today it is increasingly obvious that agricultural market liberalization alone cannot address mounting issues in agriculture and that the food security of the country cannot be improved unless radical structural reforms are implemented. To improve the profitability of companies and increase yield per hectare, preferences should be given to growing such leguminous crops as beans and soy.

To supply food to the population of the capital city, industrial cities, and districts, beginning with live-

stock products (milk, meat, eggs), a considerable portion of cotton-growing farms in the suburbs could be converted into vegetable and dairy farms and inter-farm beef-fattening enterprises could be set up, among other structural modifications.

To satisfy the demand for sugar as fully as possible and reduce dependency on imports, the area planted with sugar beet could be increased. *Dekhan* farms could consider borrowing the funds to construct mini-sugar mills in the regions where sugar beet is cultivated.

The government could provide incentives for *dekhan* farms and agricultural processors to produce various preserved food products and market them for export. To achieve this, mini-packaging facilities should be built where agricultural products are grown. Agricultural output processing should become a priority in developing the regional economy. By supporting the development of small businesses and industrial entrepreneurs in rural areas, appropriate conditions could be created to set up mini-processing enterprises to process fruits and vegetables—especially tomatoes, cucumbers, various oil crops, meat, beans, and so on, which have comparative advantages and competitiveness in the Commonwealth of Independent States markets. To support the further development of farm cooperation, farmers should be trained on a large scale to build skills they need to organize efficient cooperation based on market conditions.

In the country's rural areas, individual entrepreneurship in production is underdeveloped. Only 5 to 8 percent of entrepreneurs are engaged in production. Unfortunately, individual entrepreneurs in the rural areas are involved only in retail trade, catering, and transportation services.

Based on the principle that the sector should develop competitive advantages, it is necessary to:

- ✓ Adjust the composition of agricultural subsectors to develop subsectors that have compara-

tive advantages. Much attention should be paid to the subsectors related to the production of cereals, vegetable oils, vegetables, fruits, cotton, sugar beet, livestock products, and fish. Strengthen trade complementarity and supply more products of downstream and fine processing for export to avoid unnecessary competition.

- ✓ Provide incentives to private producers, state-owned enterprises, and enterprises with foreign capital in order to develop agricultural processing, including processing of cereals, animal meat and poultry, food freezing, and processing of oils and fats; produce high value added agricultural products; create jobs; and enhance competitiveness in the agricultural product market.
- ✓ Develop the processing capacity of special products: turn from exporting commodities and low value added products to exporting high value added products, set up supply depots oriented to processing, and increase the industrialization level of agricultural production and its efficiency.
- ✓ Focus on improving the skills and knowledge of the rural population by developing the capacity of the agricultural workforce to adopt new agricultural technologies and facilitate agricultural education.
- ✓ Create depots for processing agricultural products in the border areas; adjust the composition of agricultural production so that it includes key basic sectors and many new production sectors. Cereal production, animal husbandry, and fishery could be selected as basic sectors. The central role given to crop farming development would mean an increase in paddy fields for growing semiaquatic rice and areas planted with wheat, maize, and other crops so that the government can meet basic food needs of the nation. In animal husbandry and poultry farming,

such resources as grasslands should be used to the fullest extent; it is necessary to develop standardized farming of meat-type chicken, laying hens, meat cows, milk cows, and goats. Fish farms would help take advantage of country's water resources, create a new economic model, and develop shallow water fishery.

Both traditional and new agricultural sectors in Tajikistan should be further developed. Strengthening cotton production, as well as encouraging new production sectors such as gathering the fruit of wild plants, apiculture, horse breeding, sericulture, and growing citrus plants would contribute to Tajikistan's long-term food security. In addition, studies in seed breeding, genetics, cattle quality improvement, and chemical fertilizers and pesticides would be very helpful to the development of agriculture in the country.

Developing a national long-term food security strategy is expected to improve the competitive environment, expand distribution channels for competitive products, and support domestic agricultural producers. This policy option would be conducive to trade and transport infrastructure development by increasing the number of storage facilities for agricultural products, promoting innovative practices and products of market infrastructure in an integrated manner, and improving the framework of product marketing and delivery to the market as well as marketing arrangements/relations. Public authorities would benefit from signing direct contracts with distributor networks and agreements with producers, which would include activities to support prices for selected products.

A better-developed agricultural sector would meet the nation's food needs by supplying domestic products. It would also reduce food imports and support producers and consumers of agricultural products.

Government institutions and people are keen to have the food security issue successfully addressed.

A national long-term food security strategy would build on the assurance of affordability of and access to foods for all social groups, environmental safety of foods, protection of consumer rights, and conservation of the natural environment. When implemented, it would help to increase the supply of domestic products to the internal market and reduce currency drain. Ensuring food security would be also good for people's health. Other benefits would include the creation of new jobs, greater processing capacities for agricultural products, and increased tax revenues to the national budget. Both the government and the population would benefit.

3. To develop a food aid program for the poorest households

Improved efficiency of agricultural production does not address the issue of food affordability for the entire population because more than a quarter of the country's population is poor. The foreword to the FAO publication *World Agriculture: Towards 2015–2030* emphasizes that, despite concerted efforts to halve the number of undernourished, this target is unlikely to be achieved by the target date (FAO 2003). The prevalence of the undernourished population in Tajikistan dropped from 36.5 percent in 2005 to 30.3 percent in 2015. Nonetheless, Tajikistan continues to be one of the hungriest nations in Central Asia.⁴

Food consumption among poor households is of particular concern. Significant demographic growth (on average, the population is growing by 2.2 percent per year) and lack of employment opportunities result in high poverty rates, especially in rural areas. This in turn limits access to food and nutrition. Affordability of food varies by social group and geographic area

⁴ ASIA-Plus. 2016. Media Group/Tajikistan. October 16, 2016. <http://news.tj/ru/news/tajikistan/economic/20151016/tadzhikistan-ostaetsya-samoi-golodnoistranoi-tsentralnoi-azii> (in Russian).

by income levels. According to official statistics, in the poorest household decile, food consumption is significantly below healthy nutrition standards. Quantitative and qualitative parameters of food consumption have a wide-ranging impact. Therefore the development of a food aid program for specific social groups could help to improve actual food consumption rates, bringing them closer to the standards. Certainly both rural and urban populations are keen to have such a program in place. It would generate additional demand for goods supplied by *dekhan* farms and boost food consumption among the poorest in Tajikistan.

In spite of the positive development in poverty alleviation, it is poverty (i.e., the inability of some populations to pay) that continues to affect food security for the country's citizens. The distribution of consumer spending could be used as a criterion for determining poverty and a symptom of food insecurity. According to the Engel coefficient, in very poor households, food expenditures account for one-third of total spending; if food expenditures account for 50 percent of total spending, the poverty of the household is considered to be extreme. Most Tajik households spend a significant part of their income to buy food products, and it is therefore deemed critically important to mitigate inflation in the consumer sector and its food constituent.

The country is predominantly mountainous. Arable land occupies only 7 percent of its territory, and parcels of land for agriculture are distributed unevenly across the country. For this reason, there is a sharp regional disparity in the development of agricultural production and the availability of food. Land scarcity creates spots of social tension where mechanisms for satisfying basic necessities are either absent or not working; potentially, these mechanisms can be destructive and could become an impediment for sustainable development of the regional economy. This issue could be addressed by controlling and managing local disparity processes. Developing a food aid program for the poor could be the first step in this direction. It would help make food affordable in the most backward regions, defuse social contradictions,

increase the income of *dekhan* farms, assist the supplying companies to sell their surplus products, and build the population's trust of the authorities.

The consumer cooperation sector and core government ministries would face the challenge of increasing food procurement in the market to distribute it among the poorest populations in the country. However, aid to the poorest is currently a prohibitively heavy burden for the Ministry of Finance and the Ministry of Economic Development and Trade because of a lack of financial resources. Government agencies would have to look for sources of finance for such a program.

The main advantage of this policy option rests with its focus on making the nation healthier by providing food aid to those who need it, strengthening the economy of the farming sector by improving the arrangements for its direct contacts with food consumers, raising public awareness of what constitutes healthy nutrition, and reducing social tension.

Socially vulnerable populations would benefit the most from this option because they would be able to improve their food and nutrition security as well as reduce the gap between the richest and the poorest 10 percent.

4. To improve the mechanism for providing credits, subsidies, and tax reductions to agricultural producers

Credit products offered by the National Bank and commercial banks of Tajikistan are not at all cheap—they have an average interest rate of 27 percent (the annual interest rate ranges from 24 percent to 40 percent). High credit risks compel a majority of commercial banks to enforce prudent credit policy. Despite that, a number of banks in the country have become bankrupt. The Agroinvestbank, which invests in Tajik agribusiness, has been on the verge of bankruptcy since 2015.

Today demand for credit is limited as a result of high interest rates and tightening requirements for collateral. The agricultural sector receives a small number of loans because the country's banks consider agriculture to be a high risk sector.

Agricultural producers need access to concessional short-term credit to purchase fuel, spare parts, and other inputs; repair agricultural machinery; buy mineral fertilizers, pesticides, fodder, veterinary drugs, and other inputs; hire seasonal workers; and purchase young agricultural animals and equipment. They also need investment loans with a maturity of up to five years to purchase agricultural specialized transport and machinery; establish perennial plantings and vineyards; reconstruct and modernize livestock farms and fodder production, storage facilities for vegetables and fruits, greenhouses, refrigerators, and so on.

A national system of harvest insurance also needs to be put in place to protect interests of *dekhan* farms, especially small farms during crises and natural disasters that trigger harvest losses.

Dekhan farmers are at risk of losing their livelihoods when confronted with crises beyond their control. To protect their interests—especially those of smaller, more vulnerable *dekhan* farms—during crises and natural disasters that trigger harvest losses, a national system of harvest insurance also needs to be put in place. A full discussion of the benefits of harvest insurance is out of the scope of this study, but more work is urgently needed in this area.

An agricultural credit bank could be established as a source of financial resources. Drawing from public finance, private investment, and various aid funds, it would be possible to implement plans to develop supply chains of agricultural products to reduce their production and supply costs. Credit products offered by domestic banks and meant for agricultural and rural development should be made available on favorable terms and for long periods. The government should actively participate in lending

to agricultural subsectors and provide incentives for commercial banks to encourage them to increase the share of agricultural concessional credits in the lending to the agricultural sector. For example, Germany extends concessional government credits to farmers with an interest rate of 1 percent for 28 years (Neshchadin 2009).

Agricultural output growth as well as reduction in food prices could be achieved by granting benefits (exemptions) and, possibly, by improving the credit vehicle for those agricultural producers who cannot afford to buy expensive fertilizers, pesticides and herbicides, agricultural machinery, and manufactured inputs.

Consumers would also benefit because the government agencies would enable them to buy relatively cheap products. Tax exemption and favorable credit terms could act as an incentive to increase the production of agricultural products and, consequently, would help to increase revenues and tax proceeds because the scales of production would expand. Consumers would be able to meet their needs for various food products.

Increased amounts of long-term credits would benefit agricultural producers in many ways. They would be able to establish new enterprises and make new agricultural production and processing capacities operational, among other advances. At its current stage of development, Tajik agriculture is in dire need of long-term credit.

5. To design a roadmap for developing regional agricultural clusters

In 2016 agricultural products were produced by 150,952 different agricultural entities, including 132 state-owned companies, 131 associations of *dekhan* farms, 159 joint stock companies, 4,674 collective *dekhan* farms, 749 household plots, and 145,107, individual *dekhan* farms. Because of the reorganiza-

tion of agricultural enterprises and the financial insolvency of a majority of these enterprises, the government system that had supplied chemical fertilizers, fuel, and agricultural machinery was abolished.

To enhance the efficiency of agricultural production, a roadmap for developing regional agricultural clusters needs to be prepared. First, clusters facilitate partnerships between the government, the economy, and scientific institutions. Second, clusters help organize the entire production process from design to primary production to sales in a single chain. Both of these elements contribute to developing cooperation, innovation, and increasing efficiency of the agricultural sector.

Establishing regional agricultural clusters could help minimize costs by eliminating intermediaries and reducing prices. An agricultural cluster could enable its participants to meet the requirements of a market that needs regular supplies of products and services produced by the cluster enterprises that meet quality requirements. It could benefit from economies of scale in purchasing inputs and production, minimize costs by eliminating intermediaries, support retraining of personnel, conduct market and logistics studies and technological research, enter new product markets through proactive marketing and innovation policy, and establish strong contacts with financial and credit institutions based on its cluster image.

This policy option would be expected to improve agribusiness competitiveness through effective cooperation and coordination at all stages of agricultural production. It would benefit the Ministry of Agriculture and the Ministry of Economic Development and Trade, as well as other government agencies responsible for the national agricultural policy implementation.

Tajikistan has significant capacity for establishing regional clusters in agriculture and food production. The development of potential agricultural clusters

could be based on the roadmap of socially motivated protected small businesses that are equipped with highly effective mini-technology. Possible areas of focus might include measures to increase the production of canned fruit and vegetable products. It would be possible to launch activities that establish a regional cluster—for example, in wine-making and vine-growing, cattle leather processing, and horticulture (to produce apples, dried unpitted apricots, figs, and other dried fruit). The Tax Committee would benefit from an increase of the number of small enterprises, and, hence, from increased proceeds to the national treasury. This intervention would increase the supply of domestic goods to the internal market as well as the country's exports. The Ministry of Finance would have to find opportunities to give grants and provide credits to implement this policy option, which would result in future financial returns.

6. To improve mechanisms for price monitoring and food security indicators

The relevant Tajik state entities (especially the statistical agencies) should increase their coverage of regions and cities where prices for staple agricultural products are monitored (currently 21 regions are covered). Monitored products and their market prices should include products important for producers such as mineral fertilizers, fuel and lubricants, and pesticides. Information should be collected not only on average prices but also on minimum and maximum prices of agricultural products and, if possible, should include prices for products in wholesale markets in large cities.

Priority measures aimed at improving mechanisms for price monitoring and food security indicators are:

- ✓ To expand the geography of monitoring prices of main agricultural products and enlarge the nomenclature of products (to include mineral fertilizers, fuel and lubricants, and pesticides)

- ✓ To collect information not only on average prices but also on minimum and maximum prices of food, and also to collect information on prices in wholesale markets in large cities and regional centers
- ✓ To streamline the process of monitoring, collecting, and disseminating price information by implementing modern information and communication technologies as well as innovative technologies
- ✓ To improve the monitoring of indicators in order to boost the quality and completeness of information that characterizes the status of food security
- ✓ To improve regulatory and legal acts concerned with food security and nutrition; to update, develop, and approve nutrition requirements such as nutritionally adequate diet requirements, minimum requirements, and recommended diet requirements for each social and demographic population group (by age, gender, employment status, etc.)

Price monitoring at the regional and national level for decision making could enable the government to compare regional prices and implement urgent measures to supply food and reduce prices for certain foods, if necessary.

Systematic data collection would benefit all stakeholder groups because it would help implement government policy aimed at improving the country's well-being in a more efficient and targeted way. In addition, updated and high-quality data would help the ministries involved in developing food security policies to identify the relevant short-term and long-term objectives for the agricultural sector. Improved statistical monitoring of prices would provide a realistic picture of the situation in the food market and help adopt timely and necessary measures to contain increases in prices and inflation. As a result,

both consumers and agricultural producers would benefit from more stable prices in the market.

Agricultural producers would also benefit from the dissemination of information about changed prices for food products, mineral fertilizers, fuels and lubricants, and pesticides and their publication in the websites of the Agency on Statistics under the President of the Republic of Tajikistan. Such information would help agricultural producers to make sound decisions about how to sell their produce. If agricultural producers could stay abreast of market developments, they would be able to improve their performance.

Assignment

Analyze the prices in the food market in Tajikistan and assess policy options that are most suitable to make food affordable to all population groups in the country.

Policy Recommendations

With a focus on food security and sustainable revenues of agricultural producers, a successful strategy for optimizing the food price policy should be socially oriented and aim to satisfy needs of the country's population. To pursue this objective, the following measures should be undertaken:

- ✓ Introduce mandatory governmental regulation of the country's food market, taking into account comprehensive development of its major components—that is, its consumer, production, and foreign trade components.
- ✓ Enhance partnerships and cooperation between government (the public sector) and private businesses.
- ✓ Improve the system of product marketing and develop marketing relations in domestic agricultural managing entities.

- ✓ Promote contract-based relations in the Tajik agricultural sector, direct contracts and agreements with producers and trading networks, and enhance the cooperation of producers with representatives of wholesale and retail markets and trading centers.
- ✓ Use measures of administrative and economic regulation of food prices.
- ✓ Implement an efficient mechanism for setting minimum and maximum (cap) food prices.
- ✓ Improve the system of crediting agricultural producers, increase the share of long-term loans in the loan portfolio of the sector, and reduce interest rates.
- ✓ Improve the performance of the Tajikpotrebsoyuz at the national and regional levels.
- ✓ Organize and release intervention stocks, develop and apply public procurement mechanisms, and improve trade and transportation infrastructure.
- ✓ Reinforce public-private partnerships to increase the number of storage and warehouse facilities across the country.
- ✓ Provide incentives in the form of reduced charges for transporting good products along toll roads; construct alternative roads that connect different regions of the country as an alternative to the toll roads.
- ✓ Assist in reducing import dependency by creating enabling conditions for the development of production of staple foods and reducing the disparity of prices between manufactured goods and agricultural products.

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