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TAJIKISTAN - AFGHANISTAN BORDER: CROSS BORDER MARKETS ECONOMIC AND INFRASTRUCTURE GAP ANALYSIS

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ABBREVIATIONS AND ACRONYMS

AKFED	Aga Khan Foundation for Economic Development
BCP	Border Crossing Point
BOQ	Bill of Quantities
BOMNAF	Border Management in Northern Afghanistan
CBM	Cross Border Market
DM	District Market
GBAO	Gorno Badakshan Autonomous Oblast
GOT	Government of Tajikistan
DDP	District Development Plan
DFID	Department of International Development of the United Kingdom
DPs	Development partners
EU	European Union
IOM	International Organization for Migration
OSI	Open Society Institute
TAJSTAT	Agency of Statistics under the President of the Republic of Tajikistan
UNDP	United Nations Development Program
WB	World Bank
JICA	Japan International Cooperation Agency
US$	United States Dollars

EXECUTIVE SUMMARY

To facilitate cross border trade, four cross-border markets (CBMs) were set up between Afghanistan and Tajikistan in GBAO region of Tajikistan, namely Tem (Khorog), Ishkoshim (Ishkoshim district), Ruzvai (Darvaz district), and Khumrohi (Vanj district). The CBMs were opened in 2007 and actively functioned until 2016 on a weekly basis. The CBMs are managed by the local government with the security arrangements provided by the border and customs personnel. In addition, two District Markets (DMs) in Murghab and Roshtqala district centers were set up. Both the CBMs and DMs contribute to the local economic development and provide an important source of employment, livelihoods and income opportunities through trade of similar types of goods and commodities for both Tajik and Afghan communities both in the immediate cross border and internal areas of GBAO region.

This assessment is aimed to conduct economic and infrastructure gap analysis and is based on the interviews which were conducted among experts across all six markets above mentioned markets in the area (four CBMs and two District Markets (DMs) as mentioned above. Other findings and recommendations of the assessment also draw on the review of literature and other similar assessments, surveys conducted in the recent past.

The assessment is based on the following information:

1. Literature review of the existing research and analysis by various stakeholders and actors;
2. Qualitative survey among the experts involved into cross border and domestic trade in the region including government, private traders and international agencies involved into support of cross border trade;
3. Complementary analysis of the available statistical information both at the region and concerned district level.

The findings of the assessment are consistent with similar analysis and other sources which emphasize on significant socio-economic benefits of the cross-border market for all community members. Much of the benefit of this cross-border trade goes directly to small- and medium-sized enterprises, with significant positive effect on local incomes. Enabling cross-border trade is, therefore, a “win-win” strategy that generates local incentives for stability and cooperation, whereby the most significant effect of growth in cross-border trade is likely to be poverty reduction in communities in contiguous regions.[1]

The analysis of the available statistical information for GBAO region suggests that amid higher than national level of poverty and unemployment, CB and DMs could have been playing an essential role to boost local trade, ensure lower and affordable prices for the key commodities, create employment opportunities, and sustain local livelihoods. Given the small size of the local economy, geographic isolation, shortage of land, inability to boost local agriculture production, hence high food insecurity, import of basic foodstuff (also via cross border trade) is critical for GBAO communities to ensure access to affordable foodstuff and commodities. Moreover, the highest national level of unemployment and underemployment in GBAO (compared to other regions of Tajikistan) amid the lack of ample opportunities to create jobs in agriculture (due to shortage of land) suggests the acute need to create economic opportunities and employment in other economic sectors, including trade and services, tourism. The lack of jobs and economic opportunities results in striking difference between labor force and employed population (significantly above the national) especially for the remote rural districts of GBAO, which is pushing many for migration. At the same time, with the decline in remittances, migration has a diminishing economic utility to provide source of incomes and revenues to sustain livelihoods, suggesting high need to create sustainable domestic economic and employment opportunities for GBAO population (also via trade). Last but not least, the stagnation of the retail trade since 2018 (except for Khorog, figure 7) suggests that CBMs have provided a significant impetus to boost local trade. Finally, the role and significance of the functioning CB and DMs is essential to keep the prices lower and ensure affordability of key commodities for GBAO population amid accelerating inflation rate amplified by the high costs of transportation to GBAO from central districts of Tajikistan.

Affected local population claimed that they could access some food items and other goods for lower price including milk, soap, sugar, rice, butter and other products. The markets have also created job opportunities for local youth. Similarly, the cross-border markets were assessed as an asset for local communities who could sell their fruits, vegetables and local products.

Economic gap analysis (based on the survey) helped to confirm the following major economic benefits of both CBM and DMs: benefits for local community, income generation for traders, income generation for local producers of handicrafts, impact on consumers: prices and reducing price fluctuation throughout of the year, strengthening economic ties between neighboring districts of two countries, etc. The interview respondents from the four CBMs (Darvoz, Vanj, Tem, Ishkoshim) indicated the following economic benefits from the CBMs: place to buy affordable cheaper products; source of revenues and employment; marketing and networking. Pricing and revenues/employment sources were indicated as the most important direct economic effects, followed by jobs and marketing source. Employment and income effects of cross-border trade are more significant in rural areas in remote locations, where they provide an opportunity to move beyond subsistence farming and gain access to desired services that are not available locally. Same group of surveyed respondents indicated that fostering closer trusted relations and creating opportunities for associated business and economic activities are the most important indirect benefits from the CBMs.

The surveyed respondents were at the CBMs predominantly indicated insecurity in Afghanistan as the major risk to CBMs functioning. Among other assessed risks were - remoteness and transportation, poor knowledge and marketing. While rapidly deteriorated security situation remains fundamental risk factor and reason to close CBMs, cross-border trade hinges critically on a number of other factors, including the free movement of people and goods, enabling regulation and adequate infrastructure.

Infrastructure assessment revealed that conditions vary significantly across the assessed markets. The CBM have benefited significantly from the government and especially development partners investments in the recent past (UNDP, JICA, AKF) and are therefore in relatively good condition in terms of available infrastructure, buildings, cover, fencing, pavement, major connections (transportation, electricity, water), trading places. These markets require only relatively minor improvements.

Others Murgab and Roshtqala districts markets are in very poor shape and mostly unsafe for traders and visitors – lack very basic engineering and safety conditions, such as no pavement and sand ground, unstable and shaky ground with no concrete reinforcements, vulnerable to the seismic loads, lack of buildings (only metal containers), no water connections, no fencing, entry and security. Those markets would need to be redesigned and built from the scratch in the new more suitable and safer locations to serve the purpose, hence renovation and improvements is not a suitable option for them.

Likewise, connectivity of the surveyed markets differs significantly. While the majority of CBMs are situated in close proximity to border crossing points and connected with roads, district markets are usually far away from the border and located in the respective district centers where the connectivity and logistics is not well developed.

The total estimated costs of renovation of the six surveyed CB and DMs is US$ 167,700, including U$ 65,800 for four CBMs and US$ 101.800 for the DMs. Assuming new construction of the DMs, the costs for the DMs would be more than four times higher and jump to US$ 417,400. Even amid the prospects of indefinite closure of the CBMs due to security reasons and the latest developments in Afghanistan, investments into CB and especially DMs are strongly justified to maintain and improve an enabling basis and infrastructure for local trade and services to mitigate the risks of deteriorating economic situation (lack of jobs, high unemployment and underemployment, rising local prices). Also, the functioning of the markets (both CB and DMs) is essential to enable positive spillover effects, create opportunities for related services (transportation, catering, logistics, stimulus for localized production based on the demand created by the full capacity markets operation, etc).

While the economic assessment could not generate specific investment return analysis due to the lack of data and statistics, other sources indicate that the potential trade volumes across these CBMs could easily be substantially increased from their current level of approximately USD 1 million per year if the infrastructure improvements are made and the above discussed barriers to CBMs functioning and operation are effectively addressed (IOM, 2016). While more specific estimates are not available based on the existing data and the risks (seel below), a proxy indicator of the likely economic benefits in terms of trade turnover suggests that trade infrastructure is expected to contribute to a 60% increase in cross-border trade, and up to 30% increase across other cross border bridges (AKF, SCORED, 2020). More specific economic estimates of the increased trade turnover, price differentials, incomes of traders in attribution to the infrastructure investments would be inaccurate at this stage and largely depend on the overall economic and security environment allowing to resume the markets operation, frequency of the CBMs and DMs operation, ease of border passing regime, numbers of visitors and traders, etc. Nevertheless, an improved infrastructure and logistical is most definitely to facilitate easier and less costly transportation, storage and selling process, hence reduce the costs and increase the benefits (trade turnover, lower prices, higher income margin for the traders).

The proposed recommendations from the assessment can be grouped into the following areas (discussed in more details in the report below):

Priority recommendations:

- Gradual revisiting of the CBMs status and reopening (with the resumption of at least weekly trading) assuming an improvement in security situation and applying covid-19 testing and safety measures. Related to the latter, setting up Covid-19 test centers at border control and medical posts in the markets.
- For the border forces, apply real time security monitoring and announce the planned closure/opening hours/days of the CBMs operations with the use of ICT and online platforms (see recs below).
- Opening centralized website with general information on CBMs and DMs functioning in cross border areas of GBAO (in both Tajik, English and Afghan (Dari, Farsi) languages, including the following information – opening status, regime and timing of operation, expected closures, opening status and working hours, required documentation and procedure for border crossing, covid-19 testing, safety and cargo transportation requirements, services offered at CBMs, fees, other marketing information, etc.
- In order to ensure security control and prevent illegal trafficking, apply-risk based security regulation and control with increased use of non-intrusive ICT tools for security monitoring and border control. Developing and adopting other innovative and non-intrusive techniques for customs and border control (e.g. ASYCUDA) as relevant for small traders.
- Minimize the risks of informal regulatory and fiscal pressure, specifically in terms of enforcing implementation of customs and tax-free regime for CB traders, zero tolerance for non-trade barriers and informal payments which the traders have to do occasionally during border crossing, etc[2].
- Support minor infrastructure renovations in line with the assessment and estimates within the four assessed CBMs while discussing and ensuring operation and maintenance arrangements to ensure sustainability.
- Consider the design and implementation of the sustainable arrangements of the CBMs management (e.g. model guidebook for CBMs PPP arrangement), including operations and maintenance, with possible private public partnership arrangements to ensure sustainability of the expected investments into the infrastructure and other improvements, investments and construction as supported by government and various donors and international organizations.

Other recommendations:

- More actively stimulate supply response for related services (catering, transportation, local goods and food supply production for the CB trade) which are also critical to create employment opportunities amid higher than national rates of unemployment and underemployment in GBAO.
- Promote trading in clusters.
- Create enabling conditions to promote women traders and visitors such as gender segregated infrastructure.
- Introduce and promote digital marketing tools (also via easy virtual mobile platforms/apps) also via capacity building and business extension services.
- Focus more attention on creating opportunities, invest into CB and DMs renovation (as per infrastructure assessment above), with the developed infrastructure for the following support services around CBMs: local transportation, warehousing, logistics, catering and other services.
- For the DMs and despite higher costs, abandon old structures and locations and proceed with new construction due to safety and other considerations (better location, better connectivity, and logistics

[2] https://cabar.asia/ru/pogranichnye-rynki-tadzhikistana-na-kakom-beregu-poluchayut-bolshuyu-vygodu

More actively engage provincial and district governments. Local development plans (both provincial and district level) should increasingly reflect the importance, measures and investments to improve CBMs operation and functioning. Also, local government (and development partners) should increase the assistance (both technical, financial and regulatory) to stimulate various above referred ancillary support services around CBMs.

1. SETTING THE SCENE

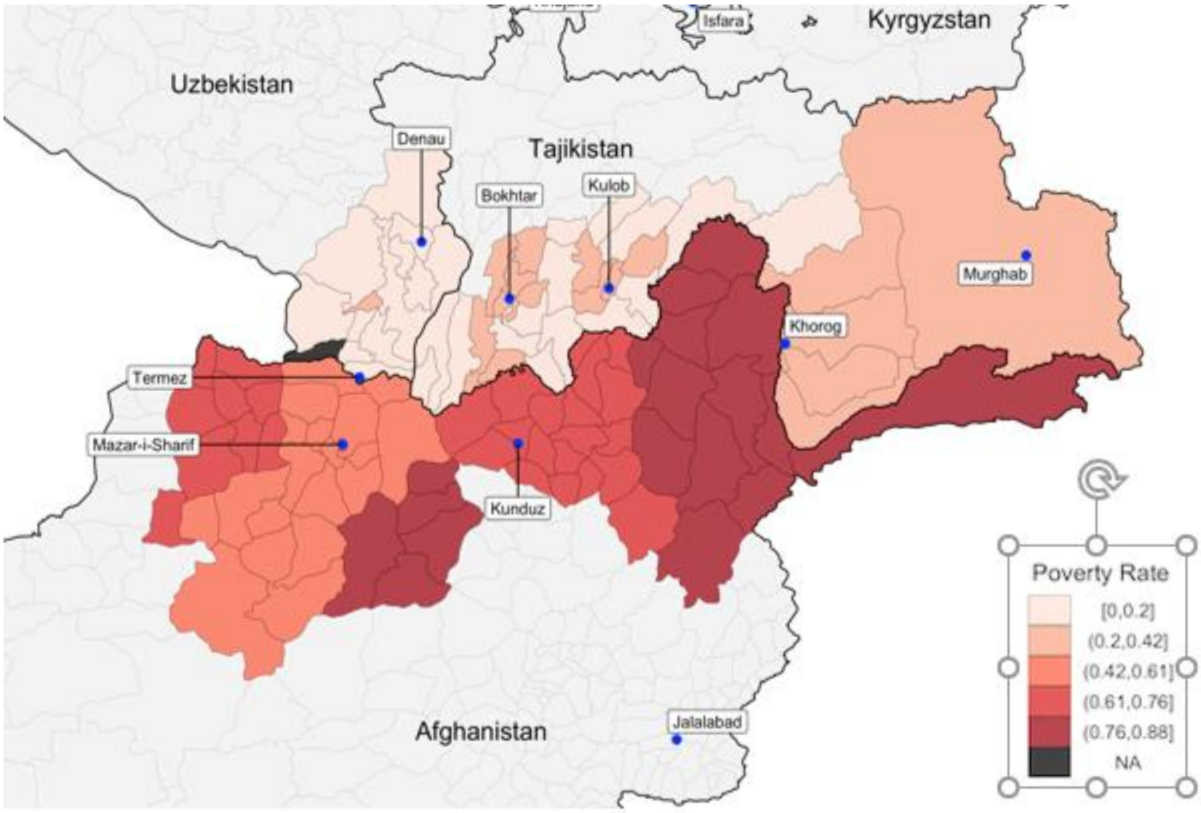
1.1. Socio-economic background of the target areas

1. **GBAO is a remote region in the East of Tajikistan**, **which comprises 2.5 percent of the country's population and 44.9 percent of the country's territory**[3]. It occupies the lion's share of the Tajikistan-Afghanistan border.[4] GBAO borders Xinjiang Province of China in the East, Badakhshan Province of Afghanistan in the South and West, and Osh Province of Kyrgyzstan in the North. Little of it is cultivable and only 3 per cent of the Tajikistan's total population lives there. Livelihoods of the population in GBAO, predominantly depend upon agriculture, and mainly livestock due to limited cultivatable land, remittances from abroad, and wholesale and retail trading of goods and services. Remittances through banking channels represented about 10–15 per cent of the GDP of the region since 2010. [5]
2. The target areas of GBAO (and Northern Afghanistan) are the poorest regions their countries suffering from economic underdevelopment, geographic isolation, shortage of land, agricultural resources, food insecurity resulting in higher than national rates of poverty, access to infrastructure and unemployment.
3. All the districts of GBAO have the highest national poverty rate of greater than 30% under the $3.2 poverty line (see map 1 below). In Afghanistan, poverty is concentrated in all cross-border provinces of Samangan, Badakhshan, and Takhar, all hosting over 70% population living below AFG national poverty line.

Map 1: Tajikistan, Northern Afghanistan - Poverty Map

[3] Agency of Statistics under the President of RT, 2017, https://stat.ww.tj/13b992a6b19499d948c865b3572cb4a1_1510580431.pdf

[5] Central Asia Risk and resilience assessment, World Bank, 2021



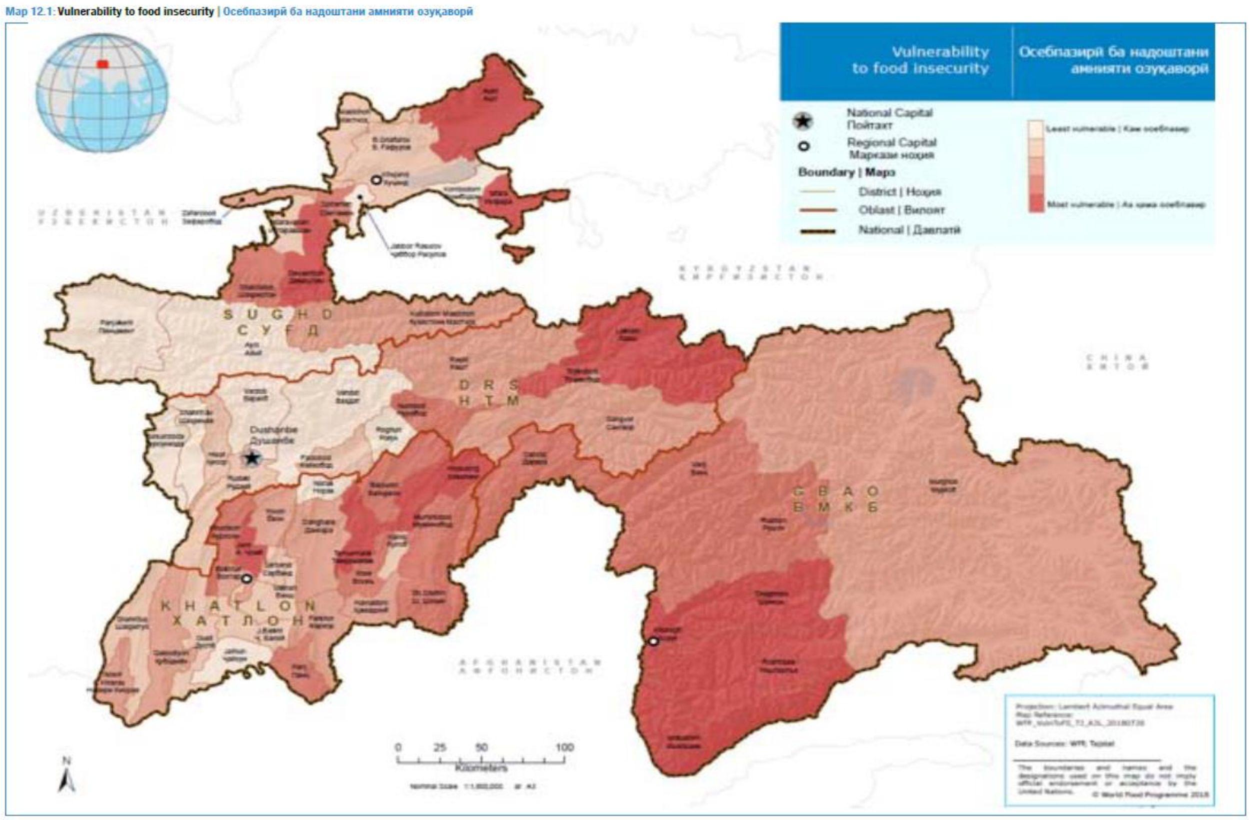
Source: World Bank, poverty GP, 2020

4. **Afghan Badakhshan** is home to approximately 950,000 people (Central Asia Risk and Resilience Assessment, World Bank, UN, FCDO, 2021). The province of is located in the north-eastern region, bordered by the province of Takhar in the west and Nuristan in the south, and shares international borders with Tajikistan in the north. Nearly nine tenths of the province is mountainous or semi mountainous. Agriculture is the major source of revenue for most households (55%) who own or crop agricultural land or do orchard management (Murtazashvili, 2021[6]). Livestock is integrated with farming and contributes significantly to household income. The predominant commercial activities in Badakhshan are related to trade in agricultural and livestock products.

5. **By virtue of their remoteness, both GBAO and Afghan Badakhshan provinces regularly experience shortages of several products undermining food security**. On the Afghan side these include (i) fresh fruit and vegetables, (ii) food items (mainly processed), and (iii) household daily use items. On the GBAO side these include (i) household daily use items, (ii) food items, and (iii) construction material (IOM, 2018). According to the Agency on Statistics under the President of the Republic of Tajikistan (TAJSTAT), some of the GBAO districts are the most food insecure areas of Tajikistan (see map 2 below). Given the shortage of land, inability to boost local agriculture production, hence high food insecurity, import of the basic foodstuff (also via cross border trade) is critical for GBAO communities to ensure access to affordable foodstuff and commodities.

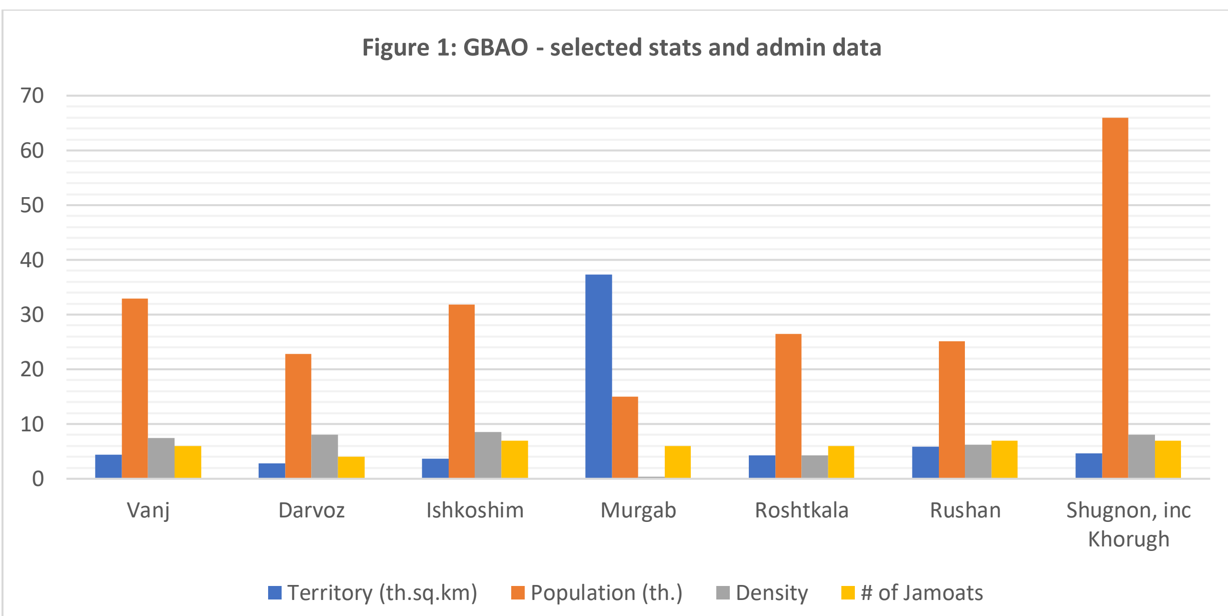
Map 2: Tajikistan – Vulnerability to Food Insecurity Map

[6] Inputs to the WB, UN, FCDO, Central Asia RRRA, 2021



Source: Tajikistan, Vulnerability Atlas, Agency of Statistics under the President of the Republic of Tajikistan, 2018

6. The target areas of the CBMs (Darvoz, Vanj, Ishkoshim, Khorog) have relatively higher share of population. On the contrary, Murghab district has the highest territory but the lowest in GBAO density of population (figure 1 below).



Source: Agency of Statistics under the President of the Republic of Tajikistan, 2020

7. Unemployment is the highest in GBAO (27 percent) compared to other provinces of Tajikistan (see figure 3 below). Also, unlike other Tajikistan rural provinces (e.g. Khaton) the majority of officially employed population in GBAO are occupied in other than agriculture sectors (e.g. manufacturing), see figure 2 below. The highest level of unemployment amid the lack of ample opportunities to create jobs in agriculture (due to shortage of land) suggests the acute need to create economic opportunities and employment in other economic sectors, including trade and services, tourism.

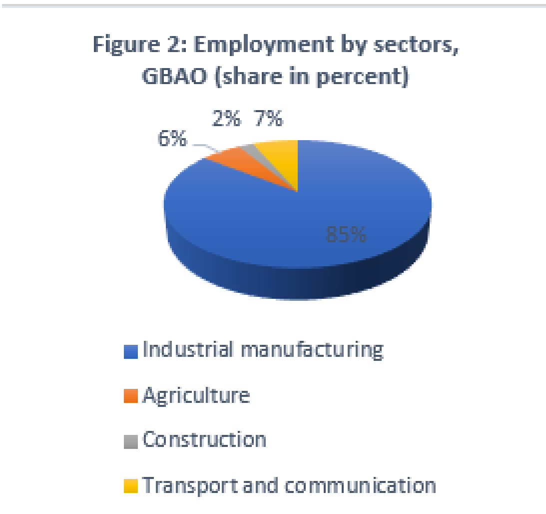


Figure 2: Employment by sectors, GBAO (share in percent)

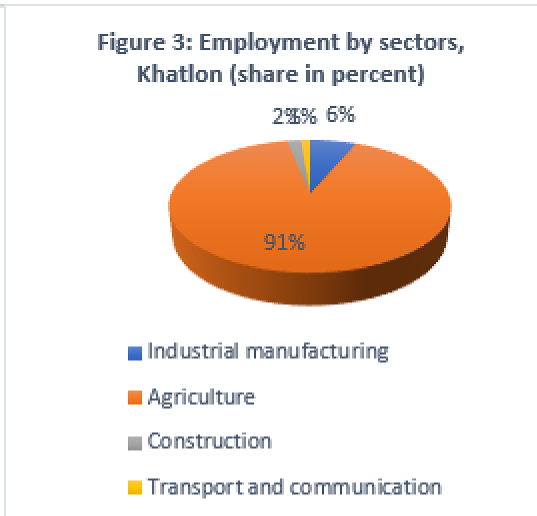


Figure 3: Employment by sectors, Khatlon (share in percent)

Source: Agency of Statistics under the President of the Republic of Tajikistan, 2020

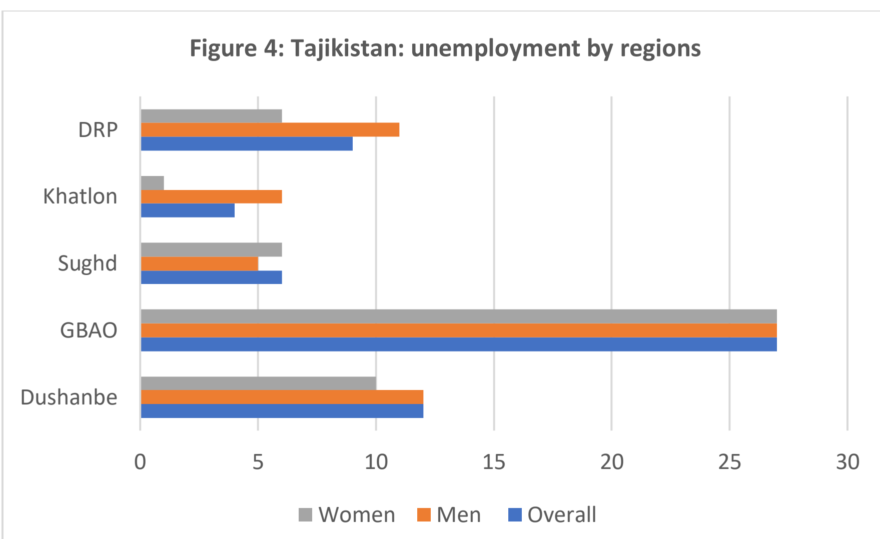


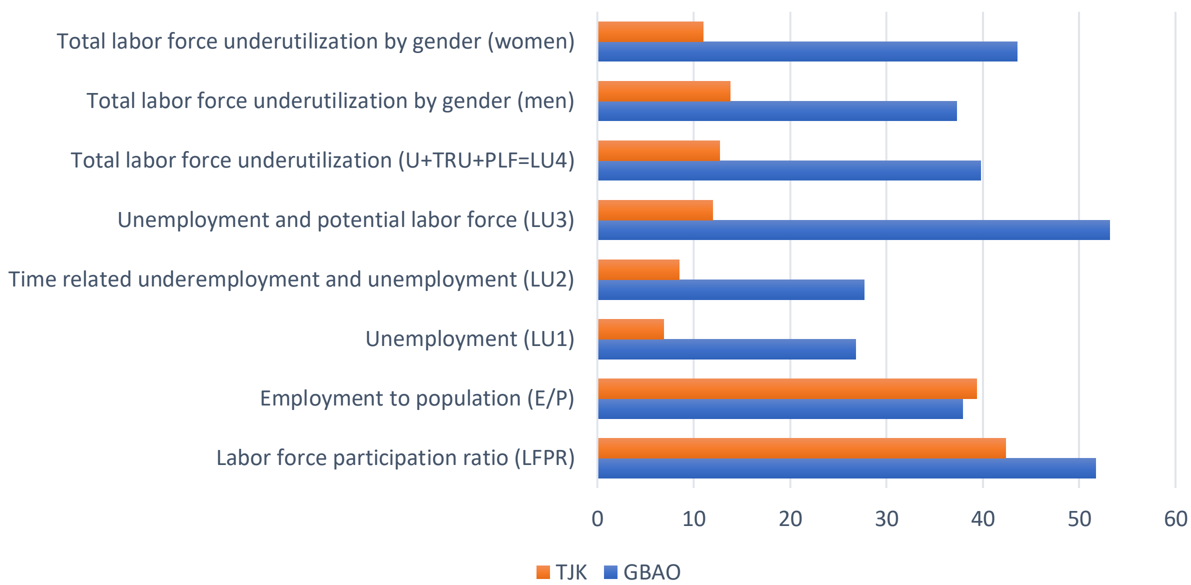
Figure 4: Tajikistan: unemployment by regions

Source: Agency of Statistics under the President of the Republic of Tajikistan, 2020

8. **Despite slightly higher than national rate of labor force participation, unemployment, underemployment and labor force participation rates combined are significantly higher in GBAO compared to countrywide.** The total labor force underutilization at 39.8 percent (compared to 12 percent nationwide), with especially high rates for women (see figure 4 below). On the top of higher than national rates of unemployment and the limitations to create even temporary jobs in agriculture, such a high rate

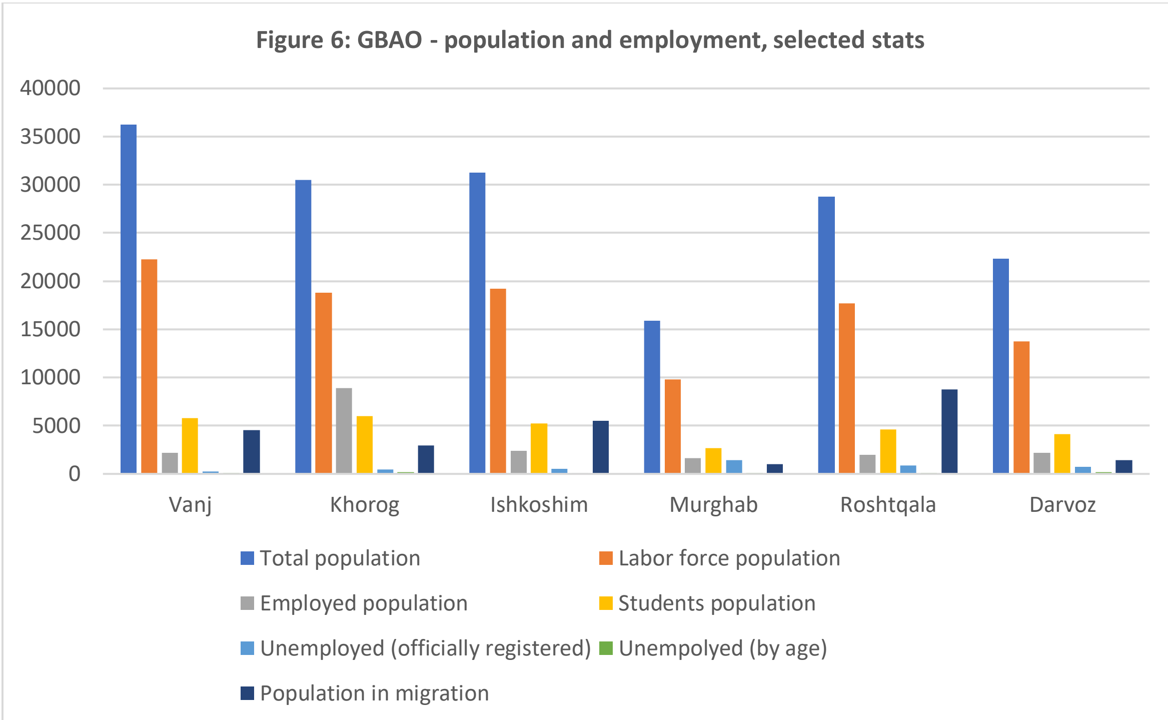
of underutilized labor force suggests acute need to create economic opportunities and jobs, also in trade and services.

Figure 5: Use of labor force (TJK vs GBAO, in percent)

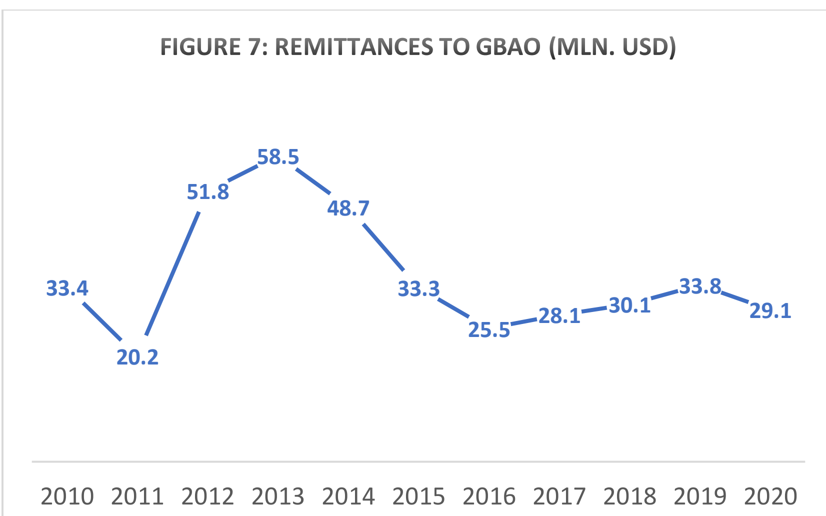


source: Tajikistan Labor Force Survey, Source: Agency of Statistics under the President of the Republic of Tajikistan, Eurostat, 2019

9. **The lack of jobs and economic opportunities results in striking difference between labor force and employed population (significantly above the national) especially for the remote rural districts of GBAO, which is pushing many for migration**. **At the same time, with the decline in remittances, migration has a diminishing economic utility to provide source of incomes and revenues to sustain livelihoods, suggesting high need to create sustainable domestic economic and employment opportunities for GBAO population (also via trade)**. The difference between labor force and employed population is consistently high in all districts of GBAO except for the regional center, Khorog, and especially for Ishkoshim, Roashtqala and Vanj. Hence, the migration remains one of the few options especially for the residents of Roshtqala, Ihskoshim, Vanj, where the number of migrants exceeds the employed population. At the same time with the deteriorated economic situation in receiving countries (Russia) and the latest restrictions imposed by the covid-19 pandemic, the level of remittances earned by migrants from GBAO is consistent declining since the historically highest level of 2013-2014 (figure 6).

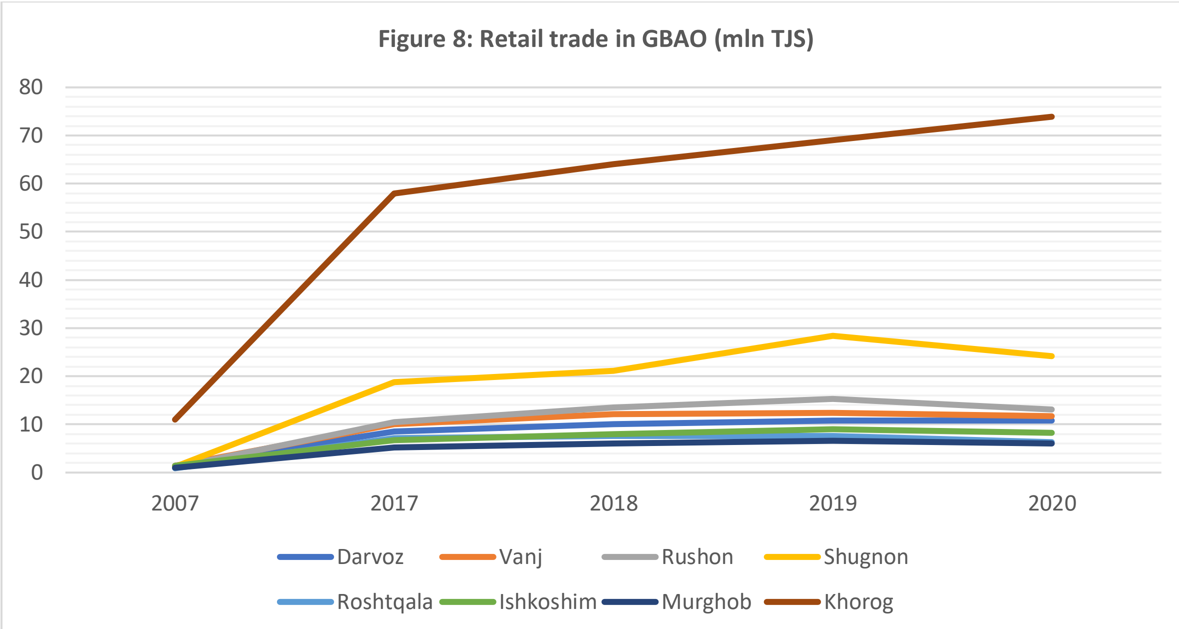


Source: Agency of Statistics under the President of the Republic of Tajikistan, 2020, GBAO government, statistics department, 2021



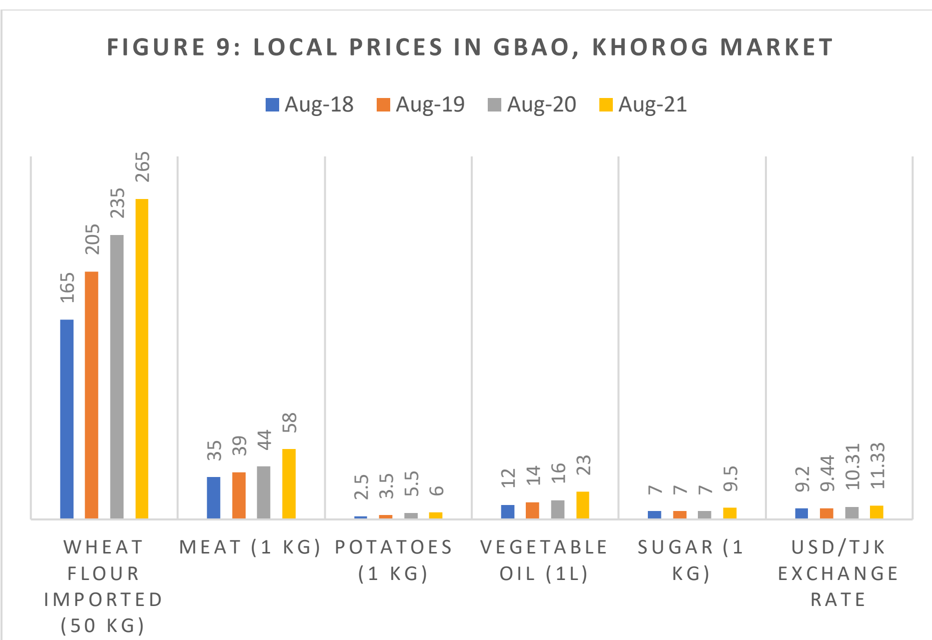
Source: GBAO stats bulletin, Source: Agency of Statistics under the President of the Republic of Tajikistan, 2021

10. **The stagnation of the retail trade since 2018 (except for Khorog, figure 7) suggests that CBMs provided a significant impetus to boost local trade.** After an impressive increase since 2007, the official recorded volumes of retail trade (in nominal terms) have stagnated and even somewhat declined during 2018-2020. This dynamic is correlated with the period of CBMs active operation (2007-2018).



Source: Agency of Statistics under the President of the Republic of Tajikistan, 2021

11. **Amid increasing inflation amplified by the high costs of transportation, CBMs are critical to keep the prices lower and ensure affordability of key commodities for GBAO population.** Even amid accelerated inflation rate in the country (8.6 percent for 2020), local prices for the key goods in GBAO usually exceed the national average (especially for fresh fruits, vegetables, key imported items such as wheat flour, sugar, vegetable oil, figure 8). In the absence of cross border trade, major commodities and foodstuff have to be transported from the central districts of Tajikistan, which significantly increase the prices in GBAO.



Source: Agency of Statistics under the President of the Republic of Tajikistan, 2021

1.2. Background on the CBMs along Tajikistan Afghanistan border in GBAO area

12. **The border between Afghanistan and Tajikistan stretches 1,206 km, from Uzbekistan's tripoint in the west until China in the east**. The Amu Darya, Pyanj, and Pamir rivers draw this border almost entirely, except for the Wakhan Corridor Section in the easternmost part of Afghanistan. Agriculture provides the main source of income for those living in border areas on both sides. It depends on transport connectivity and access to markets, as well as reliable availability of water and land, reinforcing the need for expanded cross border trade and regional cooperation among bordering communities (ADB, CAREC Institute, 2020).

13. **Official trade and commerce between Central Asia and Afghanistan are small and mostly one-sided.** Between 2015-2020, just one percent of all of Afghanistan's exports went to Central Asia, exporting just $13.4 million worth of goods to Tajikistan and $6.3 million to Uzbekistan. Imports from the five Central Asian states constitute 37% of imports to the country.[7] A majority of what comes from Central Asia to Afghanistan is transit goods that originate in China as well as wheat from Kazakhstan. Afghan export items to Uzbekistan and Tajikistan are primarily agricultural seeds, fresh and dried fruits and vegetables, live animals, and handicrafts. In this environment, cross border markets (CBMs) create a unique opportunity to foster economic development of the remote rural areas, strengthen livelihoods, economic and social interconnections.

14. **In line with World Bank standards, cross-border trade is defined as a flow of goods and services across international land borders within an easy reach of up to 30 kilometers (Kaminsky, Mitra, 2012).** Cross-border trading is usually carried out by individual producers as well as transit traders. The quantities involved are small in terms of weight and value of the traded goods. This kind of trade mostly concerns agricultural products and consumer goods for which price differentials exist. The unique feature of cross-border trade lies in the geographical proximity between the involved communities which renders transportation costs almost irrelevant. This allows traders to take advantage of differences in the supply, demand, and prices of various goods and services available on either side of the border. Most cross-border trade activities are not reported in foreign trade statistics (IOM, 2016).

15. **To facilitate cross border trade, cross-border markets (CBMs) were set up between Afghanistan and Tajikistan around the four bridges over the Panj River at Tem, Darvaz, Langar and Ishkashim.** The legal basis for CBM functioning is the article 53 of the Law on External Economic Activities of the RT (№215 from 08.08.2015[8]) and the Regulation on conducting cross border activities in the RT (#238, June 2016[9]) which establish special regime for cross border trade among the permanent residents of bordering regions of Tajikistan and neighboring states to meet the demands and needs of bordering communities. According to the regulation, CBMs are duty-free zones where traders from neighboring countries can sell and buy goods with a restriction of a maximum value and volume of imported goods, without the need for a visa. The traders are CBMs are legally exempt from any taxes, customs and other duties and fees associated with the border crossing and trading activities, provided that total trade volume remains below USD 1,000.

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[8] http://ncz.tj/content/%D0%B7%D0%B0%D0%BA%D0%BE%D0%BD-%D1%80%D0%B5%D1%81%D0%BF%D1%83%D0%B1%D0%BB%D0%B8%D0%BA%D0%B8-%D1%82%D0%B0%D0%B4%D0%B6%D0%B8%D0%BA%D0%B8%D1%81%D1%82%D0%B0%D0%BD-%D0%BE%D0%B2%D0%BD%D0%B5%D1%88%D0%BD%D0%B5%D1%82%D0%BE%D1%80%D0%B3%D0%BE%D0%B2%D0%BE%D0%B9-%D0%B4%D0%B5%D1%8F%D1%82%D0%B5%D0%BB%D1%8C%D0%BD%D0%BE%D1%81%D1%82%D0%B8

[9] http://www.adlia.tj/show_doc.fwx?rgn=127118

16. **The cross-border markets between Tajikistan and Afghanistan were opened in 2007 and actively functioned until 2016 on a weekly basis.** There are four border markets between Tajikistan and Afghanistan, these markets are located around bridges and established Border Crossing Points (BCPs). The four border markets are located in Tem, Khorog; Ishkashim district; , in the villages of Ruzvai – Darvaz and Khumrogi in Vanj district. These border markets are set-up as duty-free zones allowing for the exchange of goods and services, within a limited maximum value, without the need for a visa. Goods sold here, as long as it remains below USD 1,000, are not taxed.

17. **Much of the benefit of this cross-border trade goes directly to small- and medium-sized enterprises, with a disproportionately positive effect on local incomes**. Enabling cross-border trade is, therefore, a "win-win" strategy that generates local incentives for stability and cooperation, whereby the most significant effect of growth in cross-border trade is likely to be poverty reduction in communities in contiguous regions.[10]

18. **The full closure of the cross-border markets over last years had a significant negative impact on the small scale local economy where the CBMs played a great role and served as a center of economic activity with various spillover effects.** While for the past six years, due to uncertain and deteriorated security situation in the border areas, the cross-border markets were closed most of the time, they were fully closed and not functioning since 2019. As stated by the Ministry of the Economic Development and Trade of the RT, the official reason for the CBMs current closure is the spread of covid-19 pandemic[11]. This had significant negative impact on the local isolated communities., making accessing food and basic commodities harder for these communities as their income has dropped and they lost access to cheap food products and employment opportunities.

1.3. Objectives and Methodology

19. **The main objective of this analysis** is to conduct cross border markets economic and infrastructure gap analysis, including findings and recommendations.

20. **The analysis is based on the following methodology:**

- Literature review on the CBMs in GBAO area, as well as broader local economic development, community level cross border cooperation (Government of Tajikistan and Afghanistan, World Bank, UNDP, OSI, AKF, etc.).
- Key Informant Interviews with main stakeholders: (1) government representatives and market administration; (2) private sector actors (traders); (3) development agencies and NGOs involved in supporting cross border and local development activities. The interviews were conducted among 12 experts in total across all six markets in the area (four cross border and two local), with three experts interviewed per market (one per each group of stakeholders). Interviews were based on the questionnaires as developed and approved by the World Bank. The latter includes 17 closed and open-ended questions, including 13 overall and economic questions, and 4 specific infrastructure related questions.
- Analysis of the available secondary quantitative data.
- Technical infrastructure assessment was conducted by engineer based on technical questionnaire which includes 60 indicators and questions.

[11] https://rus.ozodi.org/a/31112582.html

2. GOVERNANCE AND REGULATORY MANAGEMENT

3. CROSS BORDER MARKETS

3.1. Stakeholder Analysis

3.1.1. Central and Local Government

21. The CBM economic and infrastructure gap analysis is also well aligned to the following priority objectives of Tajikistan National Development Strategy (2015-2030): overcome connectivity bottlenecks and profit from the country's potentially strategic geographic location along principal continental trade routes; (iii) ensure food security and households' access to high-quality nutrition; and (iv) expand productive employment.

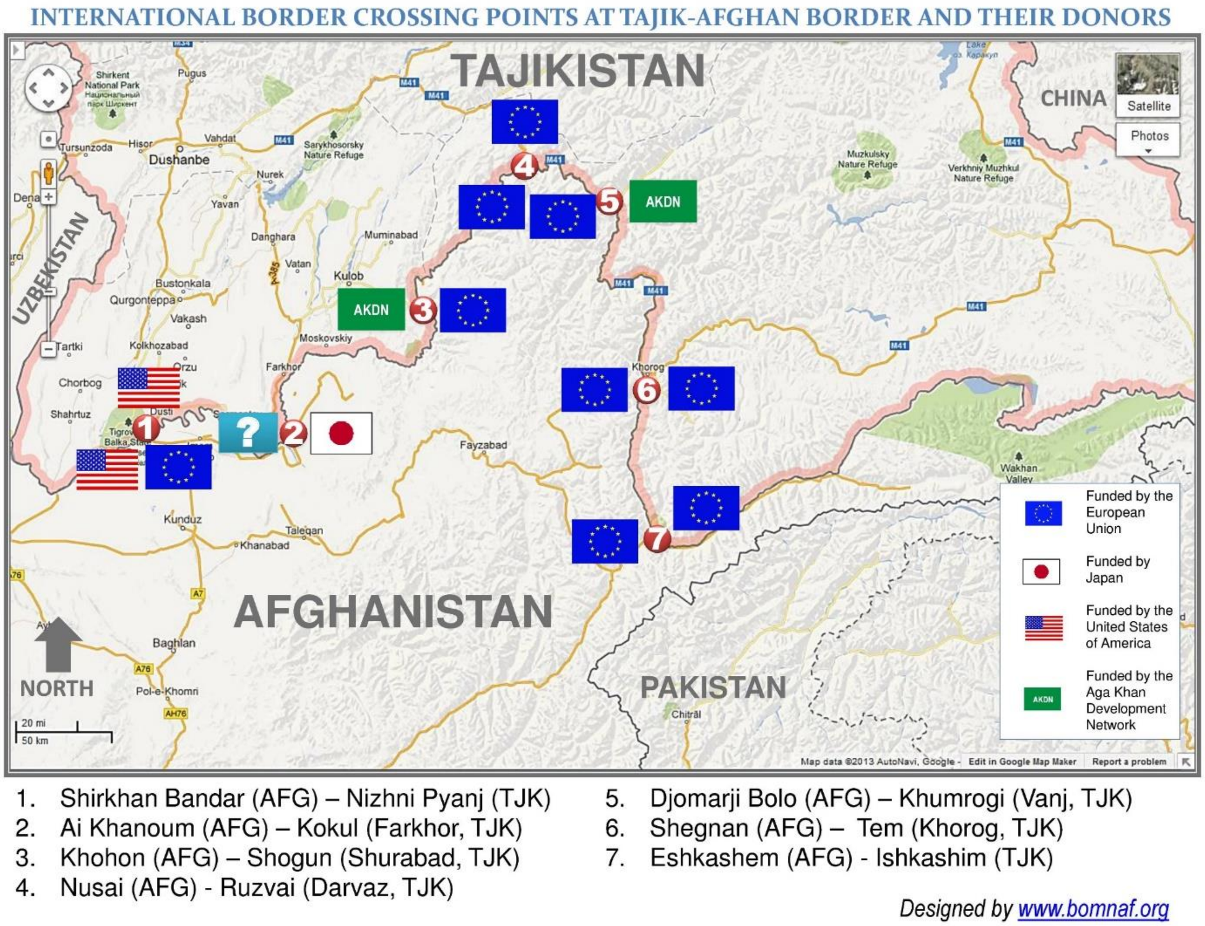
22. All the assessed markets have been set up by the local governments and funded by various international organizations. Each of the CBMs is currently managed under the various local government departments with day-to-day operations handled by their respective directors, which regularly submit reports on the higher supervising government departments. The directors of the CBMs are held responsible even during the times when the markets do not function. Even though the territory of the CBMs is also shared by the BCPs, the security of the markets is provided by troops/military personnel of the Tajik Border Forces. Tajik border force is responsible for the security of the markets both during the functioning as well as when the markets do not function. Below is short description of the CBMs supervision arrangements:

- All CBMs of GBAO–(Ruzvai CBM of Darvaz district, Khumroghi CBM of Vanj district Tem CBM of Khorog city and Ishkoshim CBM of Ishkoshim district) are owned and managed by Tojikmatlubot (State Consumers Union Enterprise).
- Murgab district market is owned and managed by Tojikmatlubot (State Consumers Union Enterprise) as well
- Roshtqala District market consists only of private sector shops and all available infrastructure within the market is being controlled by private sector as well.

3.1.2. Development Partners

23. Development partners and NGOs are extensively involved in various projects along Tajikistan Afghanistan border in GBAO in various broad areas of local economic and social development, livelihoods improvement, infrastructure improvement and rehabilitation, disasters risk management. The map and the table below maps specific development partners interventions along border crossing points and as relevant to CBMs functioning in the following related areas: border management, cross border markets development, CBMs infrastructure and auxiliary CBMs services.

Map 3:



Source: EU BOMNAF, 2018

24. As evident from the table below, DPs has been gradually shifting assistance from the investments into physical infrastructure of border crossing, management, and administration and CBMs towards 'soft' aspects and capacity building, business advisory and extension services related to CBMs functioning, broader local area development around CBMs. This signifies the trend to institutionalize CBMs, ensure their sustainability (also from infrastructure investments), and CBMs integration to the local economy also allowing to enhance interlinkages, create opportunities and positive externalities among CBMs and local economic services. Its therefore important to ensure that going forward support to CBMs is put into the context of wider local economic and community development. Unfortunately, and as a result of sharply deteriorated security situation in Afghanistan (which resulted in full border closure and shutting down of CBMs since 2019) none of the interviewed DPs was able to indicate any plans for continued future assistance to CBMs.

Table 1: Mapping of development partners activities in cross border management and local development

Project name	Donor/Implementing Agency	Development objective/goal
Livelihoods Improvement in Tajik Afghan Cross-Border	JICA/UNDP	To promote stability and security in targeted communities, including the component - promoting cross-border cooperation through trade

Areas Phase I, (LITACA I), 2009-2014 Status: closed		promotion, e.g. "One Village – One Product", cross-border forums, fairs, Business to Business events.
Livelihoods Improvement in Tajik Afghan Cross-Border Areas Phase II, (LITACA II), 2014-2017 Status: closed	JICA/UNDP	To foster a culture of licit economy, ensuring peace and stability in the cross-border region and improve living standards in both supply and demand side of the labor force and, through a multiplier effect, in their families in cross-border areas between Afghanistan and Tajikistan
Livelihoods Improvement in Tajik Afghan Cross-Border Areas Phase III, (LITACA III), 2021-2024 Status: active	JICA/UNDP	To promote security and stability of the region through improved community-based rural infrastructures (health, education, transportation, irrigation and agricultural facilities), and service delivery mechanisms, capacity building on sustainable economic development and localization of OVOP (one village- one product) movement in Tajikistan and cross-border trade promotion in Tajik-Afghan areas.
Supporting Cooperation and Opportunities for Regional Economic Development (SCORED), 2020-2024 Status: active	AKFED	To catalyze regional economic development and integration in the border regions of Afghanistan and Tajikistan. The specific objective is to facilitate an enabling physical and institutional environment for local business development, trade and production in the target areas. To deliver these objectives, the Action will work towards achieving the following two results: 1. Enhanced and sustainable economic infrastructure in (and around) border areas. Under this result the support will be focused on infrastructure for improved land production (irrigation) as well as technical support to farmers to catalyze supply-side requirements for enhanced productivity and trade (commercial orchards and livestock farming). These activities will be complementary to the European Union's investment in a new cross-border bridge and cross-border market, and improved roads in the border areas of Takhar and Khatlon. 2. Improved range and quality of micro and small enterprise support services in target areas
Border Management in Central Asia (BOMCA), 2011-2014 Status: closed	UNDP	To promote stability and security of Central Asian countries. BOMCA's input for modernization and upgrading of infrastructure ensure smooth traffic at selected border crossing points located in trade corridors; introduce better living and working conditions of the personnel of border outposts' located at the most vulnerable stretches of the Tajik-Afghan border.
Border Management in Northern Afghanistan (BOMNAF Phase I, II), 2014-2019	EU/UNDP	To improve integrated border management in northern Afghanistan by enhancing cross-border cooperation, coordination, and communication to reduce crime and thereby increase legal trade,

Status: closed		travel, and commerce; increasing the capacity of the Afghan Border Police and Customs, and building confidence between Central Asian countries and Afghanistan.
Promoting Cross-Border Cooperation through Effective Management of Tajikistan's Border with Afghanistan (BMP Phase II, July 2019-December 2021)	JICA/UNDP	To promote local economic development and security at Tajik-Afghan border communities by helping Tajikistan's border authorities to ensure legal cross-border flows of people and goods, thereby improving livelihoods in border communities.
Tajik-Afghan Integration, Resilience, and Reform Building Program (TAIRR), phases 1-3 (2014-2020).	IOM/DFID	The project consists of several components, which are aimed at increasing resilience to the interrelated issues of crime and conflict on the Afghan/Tajik border through strengthening Tajik-Afghan border, improving livelihood opportunities and access to information on safe migration and reintegration. It has been implementing this project in 9 districts of Khatlon and 8 districts of GBAO of Tajikistan (Dusti, Jayhun, Panj, Qubodiyon, Shaartuz, Nosiri Khusrav, Farhor, Khamadoni, Sh. Shohin districts).

3.1.3. WB Areas of Intervention and Existing Gaps

25. The World Bank is actively engaged into local socio-economic development in GBAO area through the following projects:

- Rural Economic Development Project (REDP) aimed to improve the sources of livelihood for local populations in GBAO and Khatlon through tourism and agribusiness.
- Socio-Economic Resilience Project (SERSP) aimed to strengthen participatory local governance, improve the quality of local infrastructure and increase extracurricular or livelihood opportunities for youth in select districts of Tajikistan's southern Khatlon province and eastern province of Badakhshan. Central Asia Road Links Project 4 (CARS-4) aimed to enhance the efficiency of cross-border trade for participants of the regional economy and to improve the resilience and safety of regional connectivity infrastructure in Sughd region and GBAO.

26. Based on the above mapping of the current development partners and government activities and interventions in supporting CBMs, the following broad gap areas can be preliminary identified those requiring increased assistance. These are specified in greater details in the recommendations section below. There is however major uncertainty (as a result of current intensified insecurity in Afghanistan) over future plans by the development partners to support and promote cross border socio-economic cooperation including along CBMs:

- Continued assistance (following closure of EU BOMNAF program) to operate the 'soft aspects' of CBMs functioning including enabling regulations, risk based security, safety and border inspections, border management in working both with the central and local government and policy makers.
- Support services to allow greater integration of CBMs into the local economy and enhance positive externalities/spillover effects (also from the significant rural socio-economic investments into community level infrastructure), including business advisory and extension services, user friendly IT

and mobile platforms, other ancillary support services around CBMs to better accommodate and serve the traders, visitors (catering, warehousing, transportation and other logistics)

- Various infrastructure and connectivity related improvements within the CBMs (where needed and based on the existing gaps) and especially DMs (where no prior investments have been made) as specified in the infrastructure assessment and the recommendations.

3.2. Security Issues

3.2.1. State of the art

27. All the CBMs territories are connected with bridges and attached to the territory of the Border Crossing Points. When the Afghan traders used to cross the border during the period of CBMs opening (2007-2018), they were first checked by the border force and then at the customs check points of each of the markets. Security control arrangements have been made easier and more efficient since 2016, when the UNDP BOMNAF project provided both the border force and customs officers with the latest RAPISCAN technology, surveillance cameras and metal detectors. These have been used to check traders crossing border from the Afghan side. Finally, when the markets were functioning, the monitoring was also ensured by the border troops and the surveillance cameras. Each of the markets possesses from 5 up to 10 CCTV surveillance cameras. Currently the CBMs are fully closed (officially due to coronavirus) since 2019, and de facto since 2018 due to the closure of border crossing points as a result of deteriorated security situation in cross border areas of Afghan Badakshan. With the current deteriorated security situation in Afghanistan and full takeover of northern Afghan provinces by Taliban, Tajikistan increased military presence on the border. This has resulted in full closure of border crossing points (hence CBMs) for indefinite future. The only potential possibility for the border re-opening (one time) could be a situation of a large influx of Afghan refugees escaping the violence and conflict, which has once happened already in July when about 300 Afghan refugees were temporarily accommodated in GBAO. Therefore, the prospects of CBMs reopening are very much uncertain at the moment due to the security situation in Afghanistan.

3.2.2. Suggestion for Improvements based on review of best practices and survey findings/observation

28. Based on the best international experience, it is suggested to increasingly use less intrusive and more efficient ITC/technological tools for security control and apply risk-based approach in physical monitoring and check-up of the CBMs participants, traders and visitors. This shall also reduce opportunities for informal pressure and corruption. For example, most of installed CCTV cameras are not working and need to be fixed. Likewise, security forces need to be equipped with trained dogs to help with drugs control.

3.3. Economic Analysis

3.3.1. Structure of traded goods: agriculture, food and non-food items

29. **Based on the analysis of interview responses, agriculture and food products dominates the structure of goods traded at cross border markets in surveyed area.** These mostly locally grown but also imported staples and crops, dairy, canned and other foodstuff, the share of which is ranging from 35 to 75 percent from the total. The only exception is Ishkoshim CBM where other commodities dominate the structure with 50 percent from the total. In other markets, commodities and other goods comprise from 10 to 30 percent from the total.

Key products offered by the Tajikistan and Afghanistan traders

30. **Figure 2 and 3 below provides more details on the types of products offered at the CBMs in surveyed area which looks quite diversified.** As evident, the product structure is quite diversified and able to meet basic needs of cross border communities not only in foodstuff, household commodities, clothing and textile, but also some of the electronics, entertainment and construction materials. Such diversified product structure could also potentially create opportunities for market demand in neighboring inner districts of both Tajikistan and Afghanistan, potentially bring in more traders and buyers, create other positive spillover effects.

Figure 10: Products offered by Tajikistan traders

Agricuture, food, livestock	Basic commodities	Electronics	Other
•Canned fruits and vegetables, •Dairy: poultry, meat, egg, milk. •Tea, coffee, sugar •Crops: rice, soybeans,buckweat. •Fruits and vegetablles: apple, cherry,apricot, grape lemon, peach, melon, garlic, potato, tomato, cucamber, onion.Cooking oil, salt, pasta •Livestocck (sheep. donkey, hem)	•Laundry soap,toilet paper, detergents, health and beauty prodcuts •Firewood, charcoal, candles, •Household goods, basic construction materials such as cement, pvc pipe, glass, window, wood, plastic sheets, iron sheets,	•Radio player, used mobile phones, watches, tv, headphones, electric kettle, stove electric	•Musical instruments, Electric lighting lamp, cable,phone charger, pen,pencil, textile, clothes (tajik and china product)

Source: survey among the experts involved into CB and domestic trade, World Bank, 2021

Figure 11: Products offered by Afghanistan traders

Agricuture and food	Basic commodities	Electronics	Other
•Dried fruit, wheat, medical herbs, (banana, pineapple traded only in Ishkashim CBM exported from Pakistan and India) peanut butter, nut, dried dates (from Iran) tea from India. Packed milk	•Secondhend clothes, Afghan cap-tibet, handmade carpets, handmade jewerly, wool, textile	•mobile phones	•Umbrella"Chatr", bags, handmade musical instrucments, cigarette

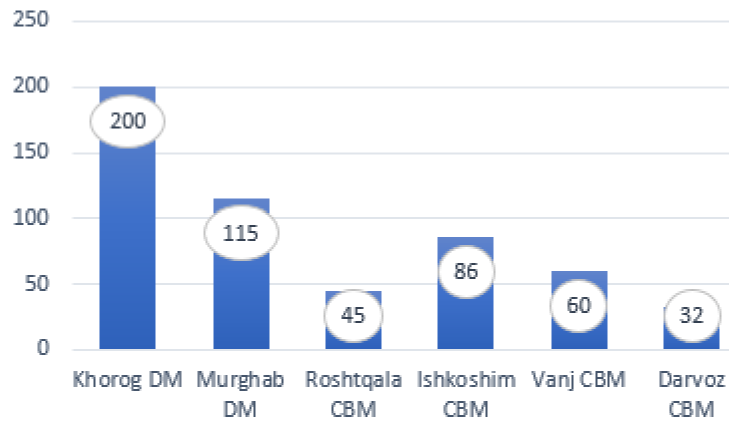
Source: survey among the experts involved into CB and domestic trade, World Bank, 2021

3.3.2. Traders and customers

31. The cross border markets have had between 32 and 200 traders with daily customer flows of about 4000 customers (WB, AKFED). Market activities have been only occuring once or twice a week, usually Saturday for Tem, Ishkashim and Darvaz markets.

32. According to the heads of some participating villages in GBAO (UNDP, LITACA II, 2018), almost eighty percent of the village residents sell their fruits, vegetables and wood in the cross-border market and the benefit local traders make in the cross-border market is four times bigger as compared to the internal trade.

Figure 12: Average traders (per day)

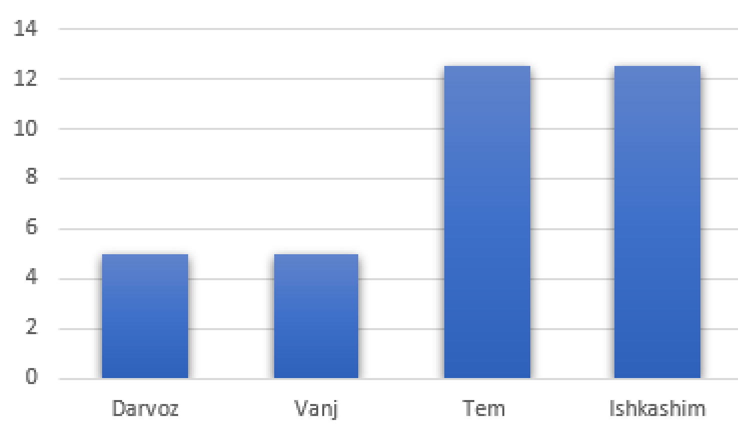


source: AKFED SCORED, 2020

3.3.3. The main drivers of border trade: price differentials and the products generating highest profit

33. **The respondents from the surveyed CBMs indicated that price differentials for the main products traded are ranging from about 5 to 10-15 percent, which creates significant incentives in terms of demand and potential savings for the largely poor local communities population.** Specifically, price differentials for all categories of goods (no breakdown data by goods is available) in Darvoz and Vanj CMBs were indicated at average 5 percent, and in Tem and Iskoshim CBMs at around 10-15 percent.

Figure 13: Price differentials for products traded in CBMs (in percent)



source: survey among the experts involved into cross broder and domestic trade

34. **The data on reported price differentials by the interview respondents is broadly consistent with other sources and analytical reports.** According to IOM (2016), when analyzing the differences in pricing both across the border and for communities on the same side of the border, it emerges that not only could Tajiks benefit substantially from buying products such as oil from their Afghan neighbors, and Afghans by purchasing flour from across the bridge, but that the terrain visibly prevents a perfect harmonization of prices even within the region. Tea, oil and potatoes are considerably more costly in Khorog than in Ishkoshim, while on the Afghan side rice appears to be more than twice as expensive in Ishkoshim compared to Shugnon.

35. **International experience suggests that cross border trade mainly depends on price differentials while larger differentials indicate greater local economic isolation**. Broadly speaking, larger price gaps point to lower levels of market integration and significant barriers to border trade. Despite the short distances, transport costs may add to the difference, as moving goods through the BCP often requires offloading cargo due to restrictions on the movement of vehicles. Traders devise various strategies to tap economies of scale by consolidating shipments, for example, by mobilizing entire families. Other costs borne by traders and contributing to price gaps relate to informal payments whose size usually depends on the cost of an alternative, for example, that of official payments (Kaminsky, Mitra, 2012).

36. **Money saved from buying goods at the cross-border markets improved the living conditions of the local populations, contributing to the food security of households and freeing funds for education and healthcare expenses**. Indeed, for Tajik consumers the cost of the products purchased here was reportedly 30 per cent lower than local rates, while Afghans could purchase goods at a 10 per cent to 20 per cent discount (IOM, 2018). Furthermore, consumers at the CBMs benefited from access to a greater variety of products. The CBMs thus functioned as a means to prevent monopolization on what used to be isolated markets. Massive imports of citrus fruits from Afghanistan and Pakistan became a permanent stabilization factor for prices of fruits (including apples and pears), even of those that are grown in Tajikistan (UNDP, LITACA, 2018).

37. **In line with previous findings and interview responses, the combination of agri-food products, textile and electronics are generating the highest net profit for local traders both Tajik and Afghan.** Apart of the fresh fruits (as most likely offered by living nearby Tajik traders), other categories of goods (canned products, rice and pasta, textile and electronics) do not require cold storage, less suspectable to spoiling and are easier to transport.

Figure 14: Products generating highest net profits

Agricuture and food	Textile and handicrafts	Electronics
• Fresh and canned fruits and vegetables • Dried fruit • Foodstuff (wheat and bread, rice, backwheat, pasta, etc)	• Imported textile, bed lined and clothing products from China	• mobile phones

Source: survey among the experts involved into CB and domestic trade

3.3.4. Major economic benefits from CBM

38. **Various sources emphasize on significant socio-economic benefits of the cross-border market for all community members.** Affected local population claimed that they could access some food items and other goods for lower price including milk, soap, sugar, rice, butter and other products (AKF, 2020). The market has also created job opportunities for local youth. Similarly, the cross-border markets were assessed as an asset for local communities who could sell their fruits, vegetables and local products.

39. Overall, the major benefits include but not limited to - benefits for local community, income generation for traders, income generation for local producers of handicrafts, impact on consumers: reducing price fluctuation throughout of the year, strengthening economic ties between neighboring districts of two countries, etc.

40. The interview respondents from the four CBMs (Darvoz, Vanj, Tem, Ishkoshim) indicated the following economic benefits from the CBMs: place to buy affordable cheaper products; source of revenues and employment; marketing and networking. Pricing and revenues/employment sources were indicated as the most important direct economic effects, followed by jobs and marketing source.

41. **Employment and income effects of cross-border trade are more significant in rural areas in remote locations, where they provide an opportunity to move beyond subsistence farming and gain access to desired services that are not available locally**. Indeed, the benefits of cross-border trade for the local communities around Tem and Ishkoshim bridge are real. In these remote corners of the world, where employment is scarce and salaries low, cross-border trade can generate income for entire households and is more profitable than most other economic activities available (ACTED, 2020).

42. **Same group of surveyed respondents indicated that fostering closer trusted relations and creating opportunities for associated business and economic activities are the most important indirect benefits from the CBM**. As CBMs are tax free zones, none of the respondents indicated that taxation/revenues for local budget (sales tax, etc.) is a benefit as well.

Figure 15: Direct economic benefits of CBMs (rating 1 low to 5 high)

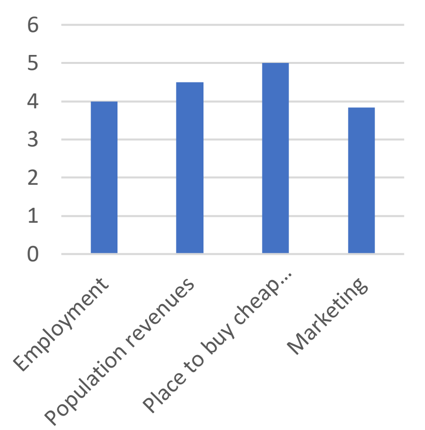
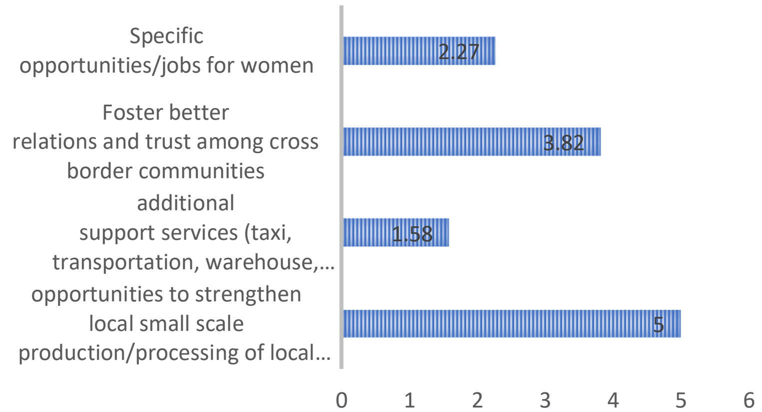


FIGURE 16: INDIRECT ECONOMIC BENEFITS OF CBMS (RATING 1 LOW TO 5 HIGH)



source: survey among the experts involved into CB and domestic trade

43. The above referred findings are consistent with other sources and pieces of analysis, namely IOM (2016), which indicate the following set of economic benefits from CBMs:

- **Cross-border trade as a driver of income for local traders**

CBMs had led to an important expansion of the local businesses, a higher demand for the goods and an increased number of business deals with the other side. Even though access to the markets was easier for Tajik entrepreneurs (since the CBMs take place on Tajik territory), it was found that participation in the cross-border trade formed about a quarter of a monthly income for majority of the surveyed Afghan traders, and over 50 per cent for a third of them (IOM, 2018). Furthermore, for a large majority of traders on both sides of the border, trading on the CBMs was an important source of income. An average turnover for small traders was TJS 50–100 per week, while medium sized traders earned TJS 1500–2000 per week.

- **Cross-border trade as a driver of employment**

Representatives of local authorities report the creation of a number of job opportunities due to the cross-border markets. The types of jobs created include the merchants themselves but also taxi drivers and other transportation service providers, market support and administration personnel, security or police officers and many others. The World Bank notes that CBMs were not simply sites with one or two buildings used by customs and border guards but that the border crossings were surrounded by one-story buildings with small stores, bars, hairdressers, repair shops and exchange offices.

- **Access to cheaper goods, access to previously unavailable products**

Money saved from buying goods at the cross-border markets improved the living conditions of the local populations, contributing to the food security of households and freeing funds for education and healthcare expenses. Indeed, for Tajik consumers the cost of the products purchased here was reportedly 30 per cent lower than local rates, while Afghans could purchase goods at a 10 per cent to 20 per cent discount. Furthermore, consumers at the CBMs benefited from access to a greater variety of products. The CBMs thus functioned as a means to prevent monopolization on what used to be isolated markets. Massive imports of citrus fruits from Afghanistan and Pakistan became a permanent stabilization factor for prices of fruits (including apples and pears), even of those that are grown in Tajikistan.

- **Fewer incentives to smuggle goods**

By providing a licit and regulated way to exchange goods, the markets reduced the incentives to smuggle wares across the border.

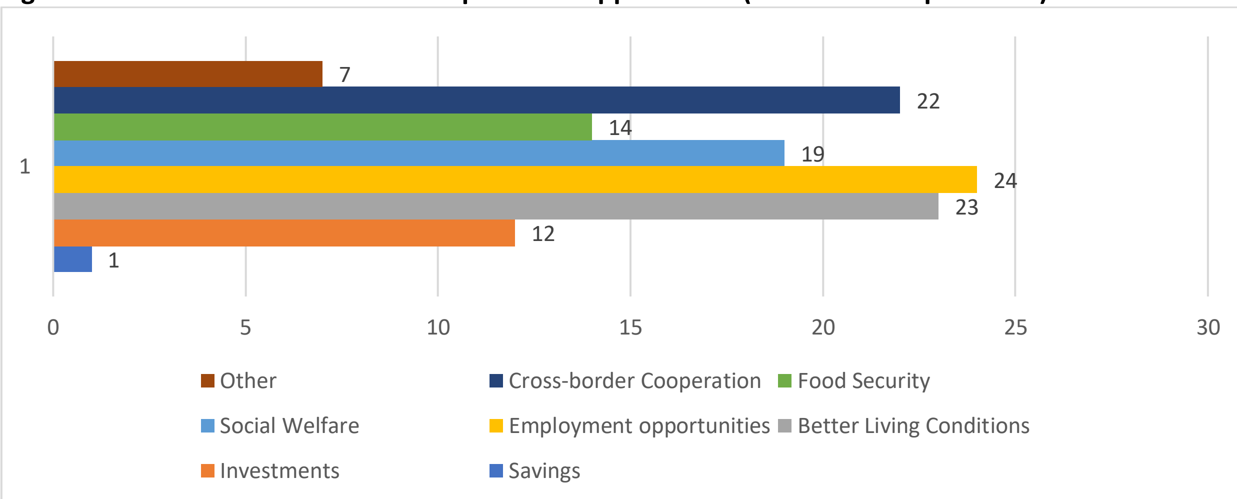
- **Benefits for vulnerable groups**

Labor migrants were involved on these markets by selling goods which they had purchased in the Russian Federation. Even if the bulk of cross-border trade at Tem and Ishkoshim was reserved for (male) traders who came in from other locations, it clearly had a gender dimension. In particular, Tajik women were more actively involved in border trading activities than they were at the local level.

44. Overall, the experience in other countries amply demonstrates that border trade not only enhances traders' lives and incomes, but also strengthens local production and fosters service provision (such as storage facilities, transportation, and ancillary services in local bazaars). The employment and income effects of border trade are more significant in rural areas in remote locations, such as at the Afghanistan–Tajikistan border (World Bank 2007). Hence, demand and supply of goods and services generates income and employment for people working in bazaars and for activities associated with bazaars and trade (Kaminsky, 2011).

45. The above-mentioned findings are consistent with other similar surveys and analysis. For example, the respondents of UNDP LITACA II project funded survey (UNDP, 2018) believed that the cross-border economic cooperation have had and will have positive impacts on economic growth and the well-being of the population in their areas of responsibility. They further said that better living conditions as a result of engaging in cross-border economic cooperation has resulted in savings, investments, employment opportunities, social welfare, and food security.

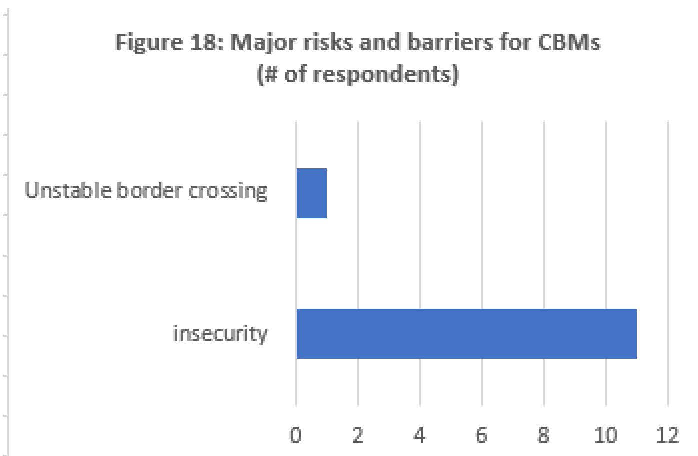
Figure 17: Cross-border Economic Cooperation 'ripple effect' (number of respondents)[12]



source: Survey of Traders and Entrepreneurs in Cross-border Areas, UNDP, LITACA, 2018

3.3.5. Cost, risks and barriers to CBMs functioning

46. **The surveyed respondents were at the CBMs predominantly indicated insecurity as the major risk to CBMs functioning.** Among other assessed risks were remoteness and transportation, unstable and burdensome border crossing regime, poor knowledge and marketing. Only one respondent indicated unstable border crossing (also allegedly related to insecurity) as the main risk to CBMs. Current closure of the CBMs since 2018 could be one of the reason why the respondents could not identify other risk factors and barriers to CBMs functioning.



source: survey among the experts involved into CB and domestic trade

47. **While rapidly deteriorated security situation remains fundamental risk factor and reason to close CBMs, cross-border trade hinges critically on a number of other factors, including the free movement of people and goods, enabling regulation and adequate infrastructure**. The number of the following necessary conditions did not hold while they were active, which resulted in important welfare costs for the communities living on both sides of the border (IOM, 2016; ACTED, 2014).

- **Market days**

While the cross-border bridges are open for six days a week, the markets were operational only on Saturdays. This in itself was a serious limitation on trade activities. But they would frequently be closed altogether. According to national regulations, the CBMs can be closed by the State Committee on National Security in case of security reasons, infectious diseases, natural hazards and national holidays. In 2013, the CBM in Tem opened 42 days and the one in Ishkoshim 32 days (out of 52).61 Local authorities would sometimes provide advanced notice of market closure; however, this was not always the case.

- **Market times**

The markets' opening hours for traders and customers were de facto restricted by customs and border control checks. Delays were often due to the late arrival to the markets of the employees charged with keeping order in the markets.

- **Moving across the border**

The free movement of Afghan market participants was hampered by many restrictions, and there were considerable more costs and difficulties associated with accessing the markets than for their Tajik counterparts. The absence of vehicles further aggravated the situation. Trucks cannot cross into respective customs territories, and cargo thus had to be offloaded before being submitted to customs inspection. The process not only took a long time but was also very costly. Afghan traders could only bring to the market what they could carry across the bridge. Bulk items could not be traded under these circumstances, limiting the markets' benefits to the local population.

- **Tension between traders**

The fact that the markets only took place on Tajik territory was criticized by respondents of both nationalities. Tajiks merely considered it inefficient, whereas for Afghan traders and community leaders it was a notable source of resentment.

- **Regulation**

In spite (or because) of this large array of government regulatory bodies, it was not always clear to respondents where particular responsibilities resided. With regard to the rules and regulation, it was reported that rules applicable at the border including customs and tariff are unknown and very much depend upon the border officials.

3.3.6. Future trade perspectives due to infrastructure improvement

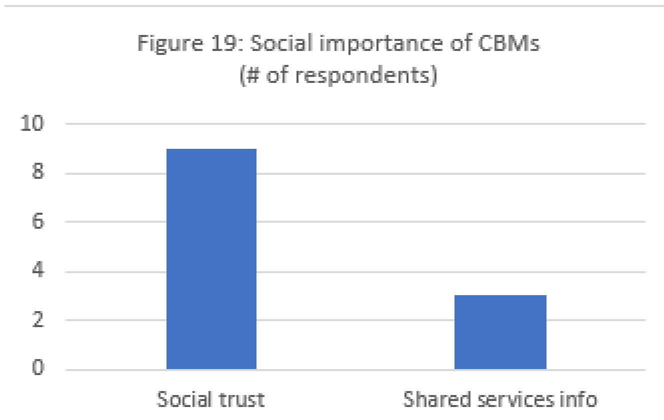
48. **In terms of the opportunities to be had living in border areas, there is little evidence to suggest that border communities have tangibly benefitted so far from their proximity to the borders** (IOM, 2016). Despite new bridges, bazaars and the majority of border dwellers had either no or limited contact with the other side and were often unable to financially afford the crossing. Despite improvements that have facilitated trade across the borders, significant hurdles remain that hamper the ability of local communities to take full advantage of the opportunities for trade. These include a need for better infrastructure and transport routes, the initial capital for investment, connections, overcoming red tape and, overall, trust. While benefits have not been fully explored, proximity of borders is conceived by local communities as an asset in terms of providing trade opportunities, use of common resources such as electricity and water, safe havens in case of the need for refuge, travel for medical purposes and the exchange of know how.

49. Specifically, according to IOM (2016), potential trade volumes across these bridges could easily be substantially increased from their current level of approximately USD 1 million per year if the infrastructure improvements are made and the above discussed barriers to CBMs functioning and operation are effectively addressed.

50. **All in all, fostering the development of border markets as an ideal vehicle for exchanges of ideas and information about commodities with different prices, qualities and brands and building trust and improving socio-economic conditions of people on both sides of the borders**. More investment is needed to boost the potential of border markets, (e.g. pave roads leading to them; simplify procedures for movement of traders and goods, customs procedures; and create additional infrastructure for storage etc) (OSI, 2015).

3.4. Social Aspects

51. Surveyed interview respondents indicated that the CBMs are effective in building social trust and cohesion among cross border communities. Another indicated social function of the CBMs is the venue to share information about available social and other social services and opportunities for the cross-border population especially from Afghanistan.



source: survey among the experts involved into CB and domestic trade

52. The above findings resonate with other partner analysis (IOM, AKF, UNDP) which indicate an improved cross border relations as an important side effect of CBMs functioning. According to IOM (2016), given that the markets were the only opportunity for the inhabitants of both sides of the border to meet and interact, their function was always not only economic but also social in nature. The interaction on the markets stimulated positive attitudes towards the communities on the other side of the border, feelings which had been lost during the separation of Soviet times. Both Tajiks and Afghans freely mentioned the improvement in relations.

53. Further some researchers (IOM, 2016), indicate an emerging but still marginal grassroots cooperation between cross border communities (e.g., Afghan Badakhshan and Tajik GBAO) because of trade and social contacts and medical tourism which facilitate interdependencies, commerce, and are the foundation for building trust (e.g. small scale women livelihood projects and exchanges on the border regions)

3.5. Infrastructure

3.5.1. Overall Assessment of Markets Infrastructure and Recommended Improvements

54. **Infrastructure assessment was conducted for the four cross border markets Ruzvai, Khumrohi, Tem, Iskoshim and two district markets Murghab and Roshtqala. Overall infrastructure conditions vary significantly across the assessed markets**. The CBMs have benefited significantly from the government and especially development partners investments in the recent past (AKF,UNDP, JICA) and are therefore in relatively good condition in terms of available infrastructure, buildings, cover, fencing, pavement, major

connections (transportation, electricity, water), trading places. These markets require only relatively minor improvements. Other markets (district) are in very poor shape and mostly unsafe for traders and visitors, lack very basic engineering and safety conditions, such as no pavement and sand ground, unstable and shaky ground with no concrete reinforcements, lack of buildings (only metal containers), vulnerable to the seismic loads (Roshtqala market), no water and electric connections, no fencing, entry and security. Those markets would need to be redesigned and built from the scratch in the new more suitable and safer locations to serve the purpose, hence renovation and improvements is not a suitable option for them (see below under 3.5.3). Below is the summary of key findings from infrastructure assessment from the surveyed markets (see annex 3 for detailed infrastructure assessment):

- **Ruzvai CBM:** The market had been constructed in 2006. Then it was renovated twice – once by the AKF in 2010 and then by UNDP in 2016. The market is on Tojikmatlubot (State Consumers Union enterprise) balance and has one full time worker – the director of the market. The general condition of the markets infrastructure is good. Inside the market the main spot for trading is the metal shed. In addition, there is a sports training building, toilet, area for selling animals and storehouse. The overall number of places available for trading is 98, 60% of which is occupied by the Tajik traders and the rest is used by the Afghans. The traders of both sides do not need extra space for trade. The market is provided both with water and electricity power. There is a consistent provision of water of the market with a 10m3 cistern. (see Pic1 1,2,3,4,5 drawings pages 1,2)

  Minor improvements are recommended in terms of storehouse cover slab, septic area cover, walkaway concrete repair, toilet renovation, trade places iron sheets replacement. *For more details see the annex 3 -challenges and recommendations.*
- **Khunrohi CBM**: The overall square of the market is 3,582 m^2 the space used for trading is 807 m^2. During the days when the market is working, there are 120 traders overall from which 50% is Tajik and the other half are Afghans. The market is on the balance of the KMK (housing and communal department) of the Vanj district and has one full time worker – the director of the market. Across the territory of the market there are six buildings (see drawing page-3 and Pic-6) which are trading pavilion -main place of trade, shed, canteen, admin building, car inspection pit/tower and toilet. There is a metal hence around the market. (see Pic 6,7 drawing pages 3,4)

  Main challenges requiring attention – lack of paved ground (sand ground creating a lot of dust), rusted steel shed superstructures, lack of benches for sitting, lack of entry gate posing security risks, poor development of canteen, green zone.
- **Tem CBM**: The overall number of traders within the market are 100 from which 60% Tajiks and the rest Afghans. The main places for trade is hangar and metallic shuttles from two sides. Apart from trade spaces, there is a canteen, admin office, toilet, private shops and sports complex for the Tajiks and Afghans visitors for joint sport activities. The market has a concrete pavement which connects all the buildings. Also the market is provided with water and electricity power (see Pic-8,9,10,11,12 drawing pages-5,6).

  The main challenges and recommended improvements include: need storehouse, surrounding private shops in close proximity in very poor condition; broken window glasses in the main trading hangar; painting of trusses of wooden roof, refrigerator in the canteen.
- **Ishkoshim CBM:** The current state of the market infrastructure is good, the best among all surveyed markets. In the current market the overall number of the traders reached up to 200, which constituted the highest number across all CBMs in the area. The space had been equally distributed amongst the

tradesmen of both Tajik side and Afghan side. The overall trade space occupied by the market is 730.8 sqm. Territory of the BCP Ishkoshim is relatively larger and has two hangars for trade, a kids playground, two separate toilets buildings for ladies (6 sits) as well as men (4 sits), a canteen, administrational office and a big steel warehouse.(see Pic 13,14,15,16,17,18 drawing page 7) The market is provided both with water and electricity power. The market is surrounded with a stoned wall as high as two meters. The entire perimeter of the market is all covered with concrete. Since after the overhaul by BOMNAF UNDP the market had functioned only once, not a single building needs to be renovated. For more details see the annex 3 -challenges and recommendations.

The main minor recommended improvements include: Steel shed for additional table which are located outside of the trade pavilion; damaged water tank thermal insulation; no electric plugs to check the condition of electric goods and appliances sold; lack of entry gate, fridge in canteen area, cracks on the concrete of ground and walkaways; need of steel sheets on the trade warehouse/hangar.

- **Murghab DM**: The Murghab's market is not a market as an infrastructure but within the territory of the market there are 70 metal containers. All the containers are private and placed across the market in a random order. The market's territory was deserted until 2000 when the locals bought containers from China and installed there. The market possesses only one worker who receives his salary from the market itself. This market does not correspond to any infrastructural norms and standards and the market is situated in a high level of underground water and the liquefaction effect is occurring there. Therefore, it becomes challenging to construct a structure on the existing soil. The feasibility of any typology of construction in the area of existing market requires more fund and man-power than construction in the new zone with the better characteristics of ground soil. For construction of simple building or toilet (3m x 5m) within the market territory first 27 square cube of soil should be replaced or reinforced under the foundation of the structure. It is also difficult to walk around in all four seasons. The market lacks water, toilets, road and in general any infrastructure.

  Within the market's territory there have been built few small private buildings used as shops and canteen. However, within the last two years the buildings have cracked and currently they are empty since it was not safe for the tradesmen to stay inside those buildings.

  During the technical monitoring, a new territory has been allocated for construction of a new market by the head of the district. The same territory was planned to be used for the erection of a new market earlier as well; however, because of the shortage of funds it had been postponed. The new territory is 600 m away from the current exiting market/containers and is registered in a Government balance. It has a hard type soil which is good for any kind of construction. In addition, there are three large warehouses above the ground as well as underground which were built during the Soviet period. All the buildings in the new territory for a market are in a poor condition and cannot be used as a market. One of the warehouses is being used for governmental resources as a warehouse. The territory is quite large and is occupying 10,875sqm. In order to improve the conditions of the technical part of the market in Murgab, a couple of alternative plans have been developed and estimated accordingly (see drawing pages 8,9,10 Pic 19,20,21,22,23). For more details see the annex 3 -challenges and recommendations.

  The main recommendation for this market is not to proceed with renovation of existing market, which is costly and unsafe, but to construct a new market within the new territory that have also been planned by the government and other stakeholders. For more details see the annex 3 -challenges and recommendations.

- **Roshtqala DM**: In general, the Roshqala market could be assessed as the most vulnerable market amidst all other markets of the region. The market is situated in the center of the district with an overall territory of 2800m2. Until 2000 the territory of the current market was a deserted space; however, after small private shops were built. The market does not possess any technical documents and is not registered on a government balance as all of the buildings are private. Inside the market there are three mainly one storied building with an overall length of 50m. Inside those buildings there are almost 15 average sized (2.5m*3m) shops. Around the buildings there are shops built with iron sheets and car containers. All the buildings are non-engineered and do not correspond to any engineering standards. The main issue of the market is that all the buildings are built with natural stone and mud (no cement) covered with wood. Because of the poor condition of the market's buildings some of the shops do not operate (see Pic 24,25,26 drawing page 11,12,13).

  Recommendation: renovation is not an option for this market due to unsafe conditions. The stakeholders are not approving the idea of renovation of the existing market. Since the initial responsibility of the infrastructure consultant was to consider only the renovation of the existing markets, the possible renovation plan along with the estimation have been developed. Having said that, the renovation is not being recommended by consultant as an alternative. Also the proposed idea of construction of a new market within the new territory that have also been planned by the government and other stakeholders. For more details see the annex 3 -challenges and recommendations.

55. **Key findings and the best practices from the assessment** include the following:

- CBMs in the best conditions benefited significantly from the improvements, investments and construction as supported by government and various donors and international organizations. Still sustainability of these investments is at risks as there is no operation and maintenance, funding for repair and renovations.
- District markets in the poorest condition are poorly designed from the beginning and largely unsafe for renovation and not suitable for repair. Despite higher costs, it is advised to abandon them and construct new markets nearby in accordance with proper engineering and design. This is also supported by the government which allocated new space for the DMs.

3.5.2. Connectivity and Logistics: within the markets and transportation to- and from the market to traders and goods

56. The location and connectivity of the surveyed markets differ significantly. While the majority of CBMs are situated near the BCPs and connected with roads, district markets are usually far away from the border and located in the respective district centers where the connectivity and logistics is not well developed. Below is the summary of key findings from infrastructure assessment in terms of connectivity and location from the surveyed markets (see annex 3 for detailed infrastructure assessment):

- **Ruzvay CBM:** located on the right side of the road Khorog-Dushanbe and is 2 km away from the center of the district. Both the Ruzvai cross border market and the Ruzvai Border Crossing point possess the same territory and the road from the bridge until the entrance of the market is about 70 meters.

- **Khumrohi CBM:** the market is 400m away from the Border Crossing Point in Shohon and 300m away from main road.
- **Tem CBM:** the market area is situated 3km away from Khorog. The market's territory is connected to the Border Crossing Point of Tem and the distance from the bridge is 100 meters.
- **Ishkoshim CBM:** 3.5 km away from the district's centre and close to the border crossing point
- **Murgab DM:** Murghab's market is situated at the center of the district but far from the border
- **Roshtqala DM:** the Roshtqala market is situated in the center of the district but far from the border

3.5.3. Technical solutions and estimated costs to improve infrastructure

57. The proposed technical solutions are described in detail in the assessment. Technical solutions along recommended improvements and renovations for the CBMs are straightforward and relatively simple to implement. However, the solution to renovation of the district markets is not feasible and unsafe as these markets have been never properly designed and were built chaotically in the areas which are not suitable and safe for the large structures and construction, e.g. poor and unstable ground, remote locations far from major connections, lack of permanent buildings and structures. The proposed technical solution for these DMs despite significantly higher cots is not renovation but new construction in safer and more appropriate locations, also in line with government and other partners assessments/recommendations.

58. The total estimated costs of renovation of the six surveyed CB and DMs is US$ 191,269, including U$ 74,300 for four CBMs and US$ 116,969 for the two DMs. Assuming new construction of the DMs, the costs for the DMs would be more than four times higher and jump to US$ 520,368.

4. MAIN TAKEAWAYS

59. **Despite relatively short period of irregular functioning during 2007-2018, cross border markets in GBAO area generated significant socio-economic benefits for cross border isolated communities** allowing local residents to access affordable products, creating new jobs, sources of income, as well as strengthening social ties among previously disconnected regions. CBMs also bear significant potential to create indirect positive spillover effects on local value chains and support services. After the CBMs were fully official closed in 2019 (as cited due to covid-19 pandemic), the near prospects of CBMs reopening are very much uncertain at the moment due to deteriorated security situation in Afghanistan.

60. While the WB has been involved into supporting local socio-economic and infrastructure development (roads, energy) in GBAO, other development partners have been gradually shifting assistance from the investments into physical infrastructure of border crossing, management, and administration and CBMs towards 'soft' aspects and capacity building, business advisory and extension services related to CBMs functioning, broader local area development around CBMs. This signifies the trend to institutionalize CBMs, ensure their sustainability (also from infrastructure investments), and CBMs integration to the local economy also allowing to enhance interlinkages, create opportunities and positive externalities among CBMs and local economic services. Its therefore important to ensure that going forward support to CBMs is put into the context of wider local economic and community development.

61. **The analysis of the available statistical information for GBAO region suggests that amid higher than national rates of poverty and unemployment, CB and DMs could have been playing an essential role to boost local socio-economic development through expansion of local trade, ensuring lower and affordable prices for the key commodities, creating employment opportunities, and sustaining local livelihoods.** While the CB and DMs have different location and regulation, their contribution to economic development is very much similar and aligned. Given the small size of the local economy, geographic isolation, shortage of land, inability to boost local agriculture production, hence high food insecurity, import of basic foodstuff (also via cross border trade) is critical for GBAO communities to ensure access to affordable foodstuff and commodities. Moreover, the highest national level of unemployment and underemployment in GBAO (compared to other regions of Tajikistan) amid the lack of ample opportunities to create jobs in agriculture (due to shortage of land) suggests the acute need to create economic opportunities and employment in other economic sectors, including trade and services, tourism. The lack of jobs and economic opportunities results in striking difference between labor force and employed population (significantly above the national) especially for the remote rural districts of GBAO, which is pushing many for migration. At the same time, with the decline in remittances, migration has a diminishing economic utility to provide source of incomes and revenues to sustain livelihoods, suggesting high need to create sustainable domestic economic and employment opportunities for GBAO population (also via trade). Finally, the stagnation of the retail trade since 2018 (except for Khorog, figure 7) suggests that CBMs have provided a significant impetus to boost local trade. Finally, the role and significance of the functioning CB and DMs is essential to keep the prices lower and ensure affordability of key commodities for GBAO population amid accelerating inflation rate amplified by the high costs of transportation to GBAO from central districts of Tajikistan.

62. **The findings of the CBMs survey are consistent with international experience of Africa and South Asia which point out to significant positive externalities and a welfare effects of cross border**

trade. Border trade fosters amicable relations between neighbors separated by borders. It usually comprises produce and consumer goods but often also involves industrial products. It can support and engage entire families, and its income effects are more significant in rural border regions where cross border trade tend to be modest in both size and support services.[13].

63. Overall cross border trade alleviate poverty by offering products at lower prices and by creating employment opportunities, not only at bazaars themselves but well beyond them. Employment effects extend to a wide array of services that are needed to transport products and people in and out of bazaars. Large CBMs are the main source of employment in some communities.

64. **While the benefits were obvious, barriers related to insecurity, border crossing, regulation and significant infrastructure deficiencies prevented to fully realize economic potential of the CBMs.** Even amid the prospects of indefinite closure of the CBMs due to security reasons and the latest developments in Afghanistan, investments into CB and especially DMs are essential to improve an enabling basis and infrastructure for local trade and services to mitigate the risks of deteriorating economic situation (lack of jobs, high unemployment, and underemployment, rising local prices). Also, the functioning of the markets (both CB and DMs) is essential to enable positive spillover effects, create opportunities for related services (transportation, catering, logistics, stimulus for localized production based on the demand created by the full capacity markets operation, etc).

65. **Support for cross-border trading is a "win-win" strategy for each country.** Cross-border trade contributes to food security, creates economic opportunity, and brings people together. Hence it alleviates poverty and improves the (social) wellbeing of communities on both sides. On the cross-border markets, sales volumes have increased continuously over the past few years, mostly in the form of transit trade. Nonetheless, the local populations benefit considerably from such trade. Markets produce income for local traders, but also serve as a powerful driver of ancillary employment and broadly improve overall living conditions of the local population. The interaction on the markets fosters positive attitudes between border communities. Problems identified included the limited number of market days, the conscribed opening hours, restricted movement across the border for Afghan participants, resentment among Afghan traders for several reasons and frequently a lack of understanding of market regulations (IOM, 2016).

4.1. Areas for engagement of the WB

4.1.1. Economic aspects

66. The CBM economic and infrastructure gap analysis is well aligned with Tajikistan CPF (World Bank, 2018-2022), which identify the following development challenges - high costs of trade, isolation and wide array of fragilities and risks in the remote border areas and propose priority objectives to tackle those challenges. Specifically, the analysis is going to inform the Rural Economy Development Project interventions, which is part of the CPF objective to Improve the resilience of residents in local communities, as funded from the supplementary IDA Risk Mitigation Regime.

4.1.2. Infrastructure

67. The World Bank is actively supporting various infrastructure improvements in GBAO through the following projects:

- Tajikistan Socio Economic Resilience Strengthening Project (SERSP) which provides investments into livelihoods and small scale socio-economic infrastructure (e.g. youth centers) of selected vulnerable districts of GBAO
- Central Asia Road Links Project -4 which is planning to invest into road construction as well modernization of border and customs infrastructure in GBAO area
- Tajikistan Rural Electricity Project (REP) which invests into electricity connection lines between Tajikistan and Afghanistan cross border communities as well planning to rehabilitate major generation and transmission facilities.

5. RECOMMENDATIONS

68. The proposed recommendations can be grouped into the following main areas, including priority and other longer-term measures. More specific recommendations presented in 5.2-5.5 below:

69. **Overall priority recommendations for the Government and DPs**:

- Continued increased support to enable trade and service infrastructure both physical and soft is critical for isolated and economically underdeveloped GBAO region where there are not so many employment opportunities in traditional sectors such as agriculture. Even amid the prospects of indefinite closure of the CBMs due to security reasons and the latest developments in Afghanistan, both the Government and DPs need to increase investments into CB and especially internal DMs to create centers of growth, improve an enabling environment and sustain infrastructure for local trade and services, while also mitigating the risks of deteriorating economic situation (lack of jobs, high unemployment and under-employment, rising local prices). This is also critical since the functioning of the markets (both CB and DMs) is important to enable the positive spillovers, create opportunities for related services (transportation, catering, logistics, provide stimulus for localized production based on the demand created by the full capacity markets operation, etc).
- Gradual revisiting of the CBMs status and reopening (with the resumption of at least weekly trading) assuming an improvement in security situation and applying covid-19 testing and safety measures. Related to the latter, setting up Covid-19 test centers at border control and medical posts in the markets
- Respective district government (khukumats) of Murghab and Roshtqala districts to speed up the necessary activities and paperwork to issue permits, allocate land and relocate DMs to the new safe locations.

5.1. Support services

70. CBMs do not exist in isolation and create significant yet largely unrealized spillover economic effects. And these income effects extend far beyond traders to reach providers of support services, such as taxi drivers and owners of warehousing facilities. Interestingly, some income effects of border trade are especially favorable to women. Moreover, border trade not only enhances traders' lives and incomes, but also strengthens local production and fosters service provision (such as storage facilities, transportation, and ancillary services). Hence, demand and supply of goods and services generate income and employment for both people working in bazaars and activities associated with bazaars and trade (IOM, 2016; WB, 2012). Also, although the CBMs are an important source of income and job opportunities, there are currently few employment opportunities or economic activities to support the livelihoods of borderlands communities. Better relations between the people of two neighboring states can influence cross-border trust and cooperation and improve their economic wellbeing. Although there remain

challenges for advocacy and communication, there are also opportunities; for instance, in catering, health care and other services associated with cross-border markets[14] (EU UNDP, BOMNAF II).

71. **Priority recommendations to promote support services along CB and DMs for the government, DPs and private sector:**

- Focus more attention on creating opportunities, invest and develop infrastructure for the following support services around CBMs: Local transportation, warehousing, logistics, catering, and other services also employing women
- Introduce and promote digital marketing tools (also via easy virtual mobile platforms/apps) also via capacity building and business extension services, also allowing to better connect traders across border, and also enable potential value chains for the local products (e.g. agriculture)
- Opening centralized website with general information on CBMs and DMs functioning in cross border areas of GBAO (in both Tajik, English and Afghan (Dari, Farsi) languages, including the following information – opening status, regime and timing of operation, expected closures, opening status and working hours, required documentation and procedure for border crossing, Covid-19 testing, safety and cargo transportation requirements, services offered at CBMs, fees, other marketing information, etc.
- Develop support infrastructure for trading in clusters and e-commerce based on the experience from Africa (see 5.5)

5.2. Regulatory and security improvements

72. In line with the overall recommendations above, informal regulatory pressure should be minimized, especially in terms of ensuring no informal payments, non-trade barriers and enforcing tax and customs fees free regime of operation. Currently, CBMs legally benefit from officially granted tax and customs free regime which create great incentives for small traders and allowing for price differentials. In order to ensure the enforcement of this regime and prevent informal payments, risk based approaches should be increasingly implemented in terms of security and safety control procedures both at the border and CBMs (e.g. use of CCTV cameras, RAPISCAN equipment, trained dogs), use of other non-physical means of control and border crossing. This is also consistent with IOM (2016) which emphasizes that while the construction of hard infrastructure is necessary, it is not sufficient to facilitate seamless connectivity. 'Soft infrastructure' – whether human capital, efficient security control procedures or legal frameworks – needs to be developed in parallel. Administrative burdens can also work to limit the impact of connectivity initiatives, hence need to be minimized.

73. **Priority recommendations for regulatory and security improvements for the government, regulatory, security and border agencies:**

- Minimize the risks of informal regulatory and fiscal pressure, specifically in terms of enforcing implementation of customs and tax free regime for CB traders, zero tolerance for non-trade barriers and informal payments which the traders have to do occasionally during border crossing, etc[15].
- For the border forces, apply real time security monitoring and announce the planned closure/opening hours/days of the CBMs operations with the use of ICT and online platforms (see recs below)
- To ensure security control and prevent illegal trafficking, apply-risk based security regulation and control with increased use of non-intrusive ICT tools for security monitoring and border control. Developing and adopting other innovative and non-intrusive techniques for customs and border control (e.g. ASYCUDA) as relevant for small traders.

5.3. Regional economic policy through the lens of cross border trade

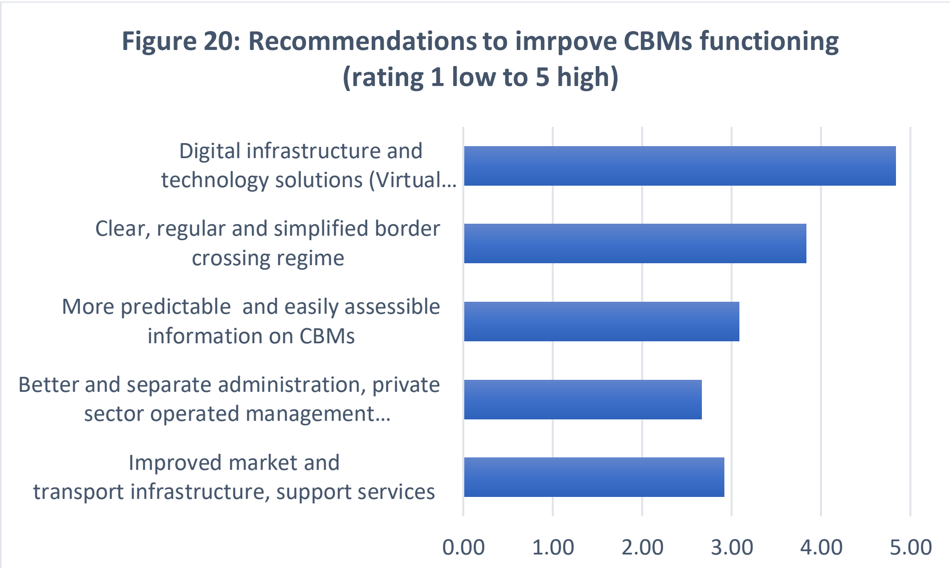
74. **Longer term (non-priority) recommendations for the Government and DPs to promote integrated regional economic policy (and regional development programs) including support to CBM and allowing enhanced positive externalities (spillover effects):**

- Local development plans (both provincial and district level) should increasingly reflect the importance, measures and investments to improve CBMs operation and functioning. Development partners involved in supporting the development of district development plans through technical assistance (e.g. UNDP) should streamline CBMs analysis and integration into DDPs, also for example by developing model toolkit via the responsible departments in the Ministry of Economic Development and Trade.
- Local government (and development partners) should increase the assistance (both technical, financial and regulatory) to stimulate various above referred ancillary support services around CBMs as well the potential value chains which could potentially use the products traded at the CBMs, or offer those products locally.
- Stimulate supply response for related services (catering, transportation, local goods and food supply production for the CB trade) which are also critical to create employment opportunities amid higher than national rates of poverty, unemployment and underemployment in GBAO.
- Create enabling conditions to promote women traders and visitors such as gender segregated infrastructure.
- Focus more attention on creating opportunities, invest into CB and DMs renovation (as per infrastructure assessment above), with the developed infrastructure for the following support services around CBMs: local transportation, warehousing, logistics, catering and other services.

[15] https://cabar.asia/ru/pogranichnye-rynki-tadzhikistana-na-kakom-beregu-poluchayut-bolshuyu-vygodu

5.4. Infrastructure improvements

75. The respondents from the surveyed CB and DMs ranked the recommendations for the markets improvements (also infrastructure) in the following sequence: first – digital technologies and improvements; second – simplified and more predictable border crossing regime, and third – more predictability in the CBMs operation.



76. Overall, the above recommendations as well as the findings from other analytical reports and surveys by the development partners conducted during 2011-2020 (World Bank; AKF; IOM; UNDP) remain relevant to the current CBM analysis.

77. **Priority recommendation for sustainable infrastructure investments**:

- Support minor infrastructure renovations in line with the assessment and estimates within the four assessed CBMs while discussing and ensuring operation and maintenance arrangements to ensure sustainability.
- Consider the design and implementation of the sustainable arrangements of the CBMs management (e.g. model guidebook for CBMs PPP arrangement), including operations and maintenance, with possible private public partnership arrangements to ensure sustainability of the expected investments into the infrastructure and other improvements, investments and construction as supported by government and various donors and international organizations.
- For the DMs however, and despite higher costs, the recommendation is to abandon old structures and locations and proceed with new construction due to safety and other considerations (better location, better connectivity, and logistics).

5.5 Recommendations based on the best international experience

78. **Potentially relevant recommendations to ease and allow cross border trade during the covid-19 pandemic (based on the latest experience in Africa)[16]:**

- SUPPORTING POLICIES THAT EMBRACE TRADING IN CLUSTERS AND E-COMMERCE. Trading in clusters could potentially play an important role in creating and promoting a safe trading environment that does not require large movements of people across borders to engage in trade in the GLR. This approach could further contribute to a reduction in trade costs for SSCBTs. E-commerce holds the same, if not greater, potential to promote a safe trading environment and save on costs associated with physically crossing borders to trade. Therefore, policies that support group trade are vital, including redefining how initiatives like the Simplified Trade Regime can be applied to group trade and boosting investments in internet infrastructure to support e-commerce and electronic payments.
- STRENGTHENING POLICIES TO SUPPORT WOMEN TRADERS. The data suggest that four times more women than men continue to engage in small-scale trade through group trade during the pandemic. Women are also among the most vulnerable groups in the region. Therefore, introducing and strengthening policies and initiatives (such as establishing gender segregated infrastructure) aimed at preventing harassment and corruption or supporting victims of harassment and corruption are important.
- DEVELOPING AND ADOPTING INNOVATIVE TECHNIQUES FOR BORDER MANAGEMENT. The need for social distancing, a critical measure to preventing the spread of COVID-19, has made it necessary to adopt measures to minimize or even avoid physical contact between traders and border officials. In that regard, digital technologies and adopting processes like preregistrations and prearrival clearance of consignments,6 which enable a trader to register and enter goods for clearance on a mobile app ahead of arriving at the border, can help quicken clearance times, reduce the amount of human-to-human contact, and allow for the collection of data on types of goods, their quantity, and the value of goods being imported and exported. The ability to tap into digital data streams is particularly important as the pandemic has made it almost impossible to carryout surveys at the borders for monitoring and evaluating the impact of the project.
- ESTABLISHING TEST CENTERS AT BORDER POSTS. A quick, efficient, and low-cost way to ensure that test centers are available at border posts within the region would be to use large family-sized tents or shipment containers or to work with border agencies to acquire office space at the facility. Establishing test centers at the border posts would help traders save time and costs associated with having to travel to the other side of the border to get tested for COVID-19.

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ANNEXES

Annex 1. List of interviewed persons

Name of respondent	Position	District
Abdulasan Mamadasanov	Head of Agriculture department of GBAO	GBAO
Yodgor Faizov	GBAO Governor	GBAO
Abdurahmonzoda Saidburhon	Head of Darvoz government	Darvoz
Madaliev Mirali	Darvoz market director	Darvoz
Khushvakhtova Qumri	Private/Trader in CBM	Darvoz
Muhabbatova Moiston	Private/Trader in CBM	Darvoz
Madad Madadov	Darvoz MSDSP manager	Darvoz
Jabori Qosim	Head of Vanj government	Vanj
Boqiev Valijon	Vanj market director	Vanj
Islomov Orzu	Private/Trader in CBM	Vanj
Shodi Saidshoev	Private/Trader in CBM	Vanj
Nekqadamzoda Hilol	Deputy of Ishkashim Government	Ishkashim
Donyorbekov Nosir	Ishkashim market director	Ishkashim
Khonjonova Aqlibegim	MSDSP Ishkashim manager	Ishkashim
Taigunshoeva Gulnamo	Private/Trader in CBM	Ishkashim
Rajabekova Gulrukhsor	Private/Trader in CBM	Ishkashim
Mirzonabotov Alisher	Head of Khorog government	Khorog/TEM
Shanbiev Jahongir	TEM market director	Khorog/TEM
Rajabzoda Husniya	Head of Murgab government	Murgab
Ergesh Pulatov	Murgab market director	Murgab
loiq Nazarshozoda	Head of Roshqala government	Roshqala
Vafobek Nizomov	Deputy of Roshtqala Government	Roshqala

Annex 2. Questionnaire for government stakeholders[17]

1) **Name and place of employment**
   - Name (optional):
   - Regional (oblast) government:
   - District government:
   - Area of responsibility: (economic development, social development, transport, tax, etc)
2) **Cross border markets you are most knowledgeable about. Pls indicate the period of functioning (since and until, in years) and the current status**
   - All of them:
   - CBM Tem:
   - Current status: open or closed - XXX; years of operation - XXX; permanent or seasonal - XXX):
   - CBM Ishkashim:
   - Current status: open or closed - XXX; years of operation - XXX; permanent or seasonal - XXX):
   - CBM Darvaz:
   - Current status: open or closed - XXX; years of operation - XXX; permanent or seasonal - XXX):
   - CBM Khumrogi (years):
   - Local market Murghab:
   - Current status: open or closed - XXX; years of operation - XXX; permanent or seasonal - XXX):
   - Local market Roshtqala.
   - Current status: open or closed - XXX; years of operation - XXX; permanent or seasonal - XXX):

3) **Management and operations of CBMs**
   - CBMs are managed by local security forces
   - CBMs have they own administration
   - CBMs are self-managed by local traders
   - Any other security and management arrangements
4) **Types/volume of goods/commodities traded at the CBMs (rating 1 – lowest traded to 5 – highest traded):**
   - Primary agriculture products/seasonal fruits and vegetables (pls add approximate annual or daily volume if available)
   - Processed food (pls add approximate annual or daily volume if available)
   - Basic commodities
   - Textile and handicrafts
   - Other (pls indicate)
5) **Main types (volumes) of products offered by Tajikistan traders (rating 1 – lowest offered to 5 – highest offered):**
   - Agriculture and foodstuff (volume, rating)
   - Livestock (volume, rating)
   - Basic commodities (volume, rating)
   - Textile and handicrafts (volume, rating)
   - Electronics (volume, rating)

- Other (pls describe)

6) **Main types (volumes if available) of products offered by the Afghan traders (volume or rating 1 – lowest offered to 5 – highest offered):**
   - Agriculture and foodstuff (volume, rating)
   - Livestock (volume, rating)
   - Basic commodities (volume, rating)
   - Textile and handicrafts (volume, rating)
   - Electronics (volume, rating)
   - Construction materials (volume, rating)
   - Other (pls describe)
7) **Economic importance/benefits of CBMs (rating 1 – low to 5 – high):**
   - Source of employment for local population (how many jobs created, temporary or permanent in those markets, if available)
   - Additional source of sales tax revenues for the local budget (pls indicate the share of revenues from CBM operations to the local budget for the total years of operation, if available)
   - Source of revenues for local population and private sector (SMEs), pls indicate the share if available
   - Venue to buy cheaper and more affordable goods and foodstuff (pls indicate how much cheaper, in percent, have been goods and commodities traded in the markets)
   - Venue to gather marketing information and learn more about local market demands and purchasing power
   - Other economic benefits – pls elaborate:
8) **Indirect economic benefits (positive externalities) from CBMs operations (rank 1 insignificant to 5 significant. Pls add data and numbers if available - jobs, revenues, services):**

   - Create opportunities and strengthen local small scale production/processing of local products
   - Create additional support services (taxi, transportation, warehouse, catering, etc)
   - Foster better relations and trust among border communities
   - Specific opportunities/jobs for women (services, etc)
   - Other indirect benefits (pls describe)

9) **Price differentials/gains: the main goods and products traded on CBMs are significantly cheaper compared to other markets in the region (yes, no, how much cheaper):**
   - No
   - Yes (up to 5 percent, indicate type of products)
   - Yes (up to 10-20 percent, indicate type of products)
   - Yes (more than 20 percent, indicate type of products)
   - Other (pls specify)
10) **How much the closure of CBMs due to pandemic affected local economic development (jobs, availability of goods, food security and revenues) in your area**
   - Significantly
   - Moderate
   - Insignificantly
   - Pls add more analysis
11) **Social importance of CBMs**
   - Important venue to build social trust and CB community connections
   - Place to find out about shared public services
   - Pls add more

12) **What are the major risks and barriers for more effective and efficient functioning of CBMs providing greater economic and social benefits both for the GBAO and local residents/traders (rating 1 – low to 5 – high)**
   - Insecurity in Afghanistan
   - Remoteness, high transportation costs and lack of roads
   - Unstable border crossing regime creating uncertainty for local traders
   - Lack of knowledge and easily accessible marketing related, other information (including on the status of border crossing point)
   - Burdensome border crossing regime (long time to cross the border, limits on the cargo volume, etc, informal payments at the border)
   - Poor infrastructure at the CBMs
   - Other
13) **How do you rate current infrastructure of CBM (rating 1 – low to 5 – high, Pls rate 0 for non-existent)**
   - Accessibility from the main road
   - Trading places
   - Secure storage facility
   - Storage facilities, warehouse for perishable goods (cold chain, refrigerators)
   - Water and sanitation facilities
   - Electricity
   - Pls add more analysis
14) **What kind of solutions, policy measures, investments and infrastructure improvements would have the strongest socio-economic effect on CBMs operation (rating 1 low to 5 high)**
   - Improved market and transport infrastructure (electricity, roads, storage and warehouse, CBM security, financial services, banking, etc)
   - Better and separate administration, private sector operated management arrangements
   - More predictability and better easily assessable information on CBMs
   - Clear, regular and simplified border crossing regime
   - Digital infrastructure and technology solutions such as (mark the relevant):
     A. Virtual marketplace
     B. Information sharing through USSD platforms (short message services similar to sending text messages)
     C. Facilitating trade through USSD platforms
   - Other (pls describe)
15) **Has the market been significantly repaired or altered during past four years?**
   - Some area of the market
   - Trading pavilion
   - Road
   - Other, please add

16) I**s market connected to the electricity line?**
   - Trading Pavilion only,
   - All buildings and facilities
   - Part of the market, please add…

17) **Source of the water of the market? Does the market have a water supply for both irrigation and drinking?**

- River water
- Spring water
- Transported water
- Not available
- Please add if other

Annex 3: Infrastructure Assessment of the Cross Border and District Markets in GBAO. Challenges and Recommendations.

1. Ruzvay CB Market

Challenges

A. Ruzvay CBM possesses a storehouse, however, it does not have a cover slab.(Pic-2) The store is only covered with an iron sheets supporting on the steel truss therefore the temperature inside the warehouse and outside of it is the same. Because of this the existing storehouse cannot be used as a storehouse.

B. The plaster and floor finishing material of the toilet are destructed in some places. (Pic-3)

C. The fire septic is open and located in the walkway close to the main trade area. Sometimes there are too many people inside the market and it becomes problematic to move around the septic (Pic-4)

D. The walkway concrete has a small cracks and destroyed in some places.

E. About 3sqm GL sheets of cover roof of the trade hangar are destroyed. (Pic-5)

F. The market lacks fridge for canteen and elastic hose for cleaning the area and watering the trees.

Recommendations.

A. The storehouse to be covered by the concrete slab. For this was designed a cover reinforced cement concrete slab which supports on the RCC column in the middle and on the perimeter of the existing walls of the storehouse. (drawing page 2)

-The existing GL sheets and steel trusses of the roof of storehouse, accurately should be removed from the top and after finishing the concreting works the same material should be used for storehouses roof.

B. The toilets building to be renovated 30%.

a. Plastering of external and partition wall- 40%.

b. Painting of the external and partition wall -100%

c. tiling of floor -100%

d. painting of frontons-100%

C. The fire septic to be covered with steel grid (drawing page-2)

D. The cracks of the concrete to be filled with concrete C1:3

E. The destroyed galvanized iron sheets of the trade shed should be replaced

F. Fridge and elastic hose are estimated in BoQ

For the technical details and estimates see the drawings and Bills of Quantities.

2. Khumrohi CBM

Challenges

A. Need pavement - The ground of the Khumroghi market consists of sand (has no pathway) and during the wet seasons it is all in mud and when it is hot/windy it becomes very sandy. Sometimes there are too many people inside the market and it becomes problematic to move around.

B. The superstructures of the steel shed are rusted in some place.

C. As water is available in all four seasons within the market the green zone with sitting benches are recommended.

D. The security is having a hard time controlling people who enter and exit the market as the market lacks an entry gate.

E. The canteen lacks tables, chairs and fridge.

Recommendations.

A. A concrete pavement L-120m B-1.8m H0.2m has been designed and estimated right from the entrance leading to all the market's buildings. (drawings page-4)

B. Prepare and apply two coats of Oil paint to columns and beams.

C. Green zone and benches were planned in drawings and estimated in BoQ

D. An entry steel fabricated gate has been added to the BoQ.

E. Plastic chairs, tables, fridge and elastic hose are estimated in BoQ

For the technical details and estimates see the drawings and Bills of Quantities.

3. Tem CB Market

Challenges

A. The market needs a storehouse. Until today the goods were being kept in a steel container which was donated by the AKF in 2016. Since material of the container is steel in summer time the temperature inside it rises up to 35-38 C and becomes impossible to keep there the products. (Pic-9)

B. The Tem CB market is surrounded by some private shops the condition of which is very poor. (Pic-10, 11)

C. -The main trade hangar has two broken window glasses.

D. The roofs wooden trusses of the trade hangar needs two coat lacquer paint. (Pic-12)

E. The canteen lacks fridge.

Recommendations.

A. A storehouse was designed and estimated. (drawing page-6).

B. During the meeting with the director of the Tem CB market, he reported that the owners of the private shops had been informed to renovate their shops until the market is open.

C. The replacement of glass for the hangar windows and painting of its wooden trusses were added to the BoQ.

D. Fridge and elastic hose for green zone and cleaning the market are estimated in BoQ

4. Ishkoshim CB Market

Challenges

A. In Ishkoshim CB market, the trade buildings are all close/covered buildings. The tradesmen from the Afghan side find it hard to sell their goods indoors since their goods range from herbs to second hand clothes – goods with specific odor. For this reason they trade the goods outdoors in summer times for which special metallic tables were made. (Pic-14) However, the tables are not covered from the above which is becomes a big challenge for the tradesmen both in hot weather and in rainy/snowy days. Their goods get damaged.

B. The water cistern's thermal insulation had been damaged by the wind; therefore, the water inside it becomes icy in the winters and hot in summers (Pic-15)

C. The PPC concrete tray for rain and snow has been damaged hence during the rainy days the market becomes all muddy and is surrounded by water. (Pic-16)

D. In the market there are electrical goods of different sorts sold by the Tajik traders – such as kettles, iron, lamps, phones etc,. However, there are no plugs available across the market to check the workability of the items for potential clients.

E. The ground cover concrete/walkway and boundary wall has small cracks and broking.

F. The administrational office (located outside of the market zone) has no door. (Pic-17); There is no main gate at the entry of the market; The canteen lacks fridge; Steel GL sheets required for the warehouse/steel hangar and its gate(Pic-18)

Recommendations.

A. The extra steel tables which are located outside of the trading pavilions need shed (#12 in the markets layout, drawing page-7) with the overall length of L-89 x B-2.8m. The metal shed has been designed and added to the estimation

B. Water cistern needs to be covered with thermo isolation. The total area of the cistern should be covered with the glass wool and a galvanized iron mash and the last layer to be cement plaster C 1:5

C. The Tray should be renovated with concrete C1:3.

D. There are concrete columns with electrical mounting in the market zone. On the three of them need to be install an electric outlet and four other outlets inside the hangars.

E. The ground cover concrete/walkway to be concreted with concrete C 1:3

F. An entry gate for the market, door for the administrational office, fridge for canteen to be supplied.

For the technical details and estimates see the drawings and Bills of Quantities.

5. <u>Murgab District Market</u>

In order to improve the conditions of the technical part of the market in Murgab, a couple of alternative plans have been developed and estimated accordingly.

Alternative 1- Renovation of existing market and

Alternative 2- Construction of a new market within the new territory that have also been planned by the government and other stakeholders.

Alternative 1. Renovation. The stakeholders are not approving the idea of renovation of the existing market. Since the initial responsibility of the consultant was to consider only the renovation of the existing markets, the possible renovation plan along with the estimation have been developed.

Having said that, the renovation is not being recommended by consultant as an alternative.

Challenges (Renovation)

A. The underground water of the soil is at a high level. Moreover, the soil is unstable for construction and is hard to walk on. It would be a waste to plan a construction on that soil.
B. The market's territory has no pathway. The market is all surrounded by soil. During the rainy/cold weather it becomes muddy
C. All the containers are randomly placed across the market
D. Both the market and the terminal are situated in a shared territory which becomes hard for the tradesmen as well as the clients to find space for themselves or their transport.
E. During the winter times the temperature inside and outside the containers are the same
F. The market lacks a toilet

Recommendations

Renovation

A. The soil of the market's territory where the containers and pathways are located and planned 216m3 of soil should be changed down to 1.5m with crushed stone and gravel.
B. A RCC concrete pathway with an overall width of 1.8m to be built which will have paths to each of the containers as well.
C. The containers should be put in one row on each other (two story) and for the containers on the second floor an iron road should be built
D. The market's territory should be separated with a concrete block wall from the main road as well as the terminal.
E. Thermal insulation for the containers is not recommended and not estimated as it will not work in such climate condition like Murgab.
F. Toilet to be built (estimated in BoQ)

Construction

The new approximate plan of a Murgab market within the new territory has been designed. (drawing page-9). *In the course of planning the project all the constructional standards of СНиП 2-Л. 2-62 - Standards and norms for design of public buildings as well as the requirements of standards of Food and Agriculture Organization have been observed*. Moreover, the design of the new market considers the climate, the soil structure, seismic zone, and the demographic of Murghab district.

6. Roshtqala District Market

In the past years, the government had allocated territory for the market up to making the pan of the market. However, it was not implemented due to the shortage of the funds. In order to improve the conditions of the technical part of the market in Roshtqala, a couple of alternative plans have been developed and estimated accordingly.

Alternative 1- Renovation of existing market and

Alternative 2 Construction of a new market within the new territory that have also been planned by the government and other stakeholders.

Alternative 1. Renovation of the existing market

The stakeholders are not approving the idea of renovation of the existing market. Since the initial responsibility of the consultant was to consider only the renovation of the existing markets, the possible renovation plan along with the estimation have been developed.

Having said that, the renovation is not being recommended by consultant as an alternative

Challenges (renovation)

A. The road to shops is ground. It becomes muddy during the winter and spring when its wet.
B. The walls of the shops buildings within the market constructed by stone and mud. No cement has been used in the walls. As a result, the walls have all cracked.
C. The cover roof of some of the shops is destroyed.
D. Handmade doors and windows of the shops are in bad condition.
E. The floors of all the market's buildings destroyed and cracked.

Recommendations

Renovation

A. Pathway to be provide. (drawing page-11) Its designed and estimated in the BoQ
B. The surface of the internal and external walls should be removed and cleaned. The surface of the walls to be seismic retrofitted with metal wire mesh and then covered by a plaster C 1:4.
C. The roof GL sheets of some shops to be removed and replaced.
D. The doors and windows should be replaced.
E. The shops floors to replaced.

For All the technical details and estimates see the drawings and Bills of Quantities.

Construction

The new approximate plan of a Roshtqala market within the new territory has been designed. (drawing page-12).

Annex 4: Summary Costs of CB and DMs renovation and construction (Bill of Quantities)[18]

Bill No.	Description	Amount in USD
(A) RENOVATION		
1	Ruzvai CBM	14,224.74
2	Khumroghi CBM	20,624.40
3	Tem CBM	25,372.37
4	Ishkoshim CBM	14,078.96
5	Roshtqala district Market (Renovation)	39,591.34
6	Murgab district Market (Renovation)	77,377.81
Total		**191,269.62**

(B) CONSTRUCTION		
1	Construction of Roshtqala Market	273,736.79
2	Construction of Murgab Market	246,631.51
Total		**520,368.30**

Annex 5: GBAO - selected statistical information

Table 1:

	Territory (th.sq.km)	Population (th.)	Density	# of Jamoats
Vanj	4.4	32.9	7.5	6
Darvoz	2.8	22.8	8.1	4
Ishkoshim	3.7	31.8	8.6	7
Murgab	37.3	15	0.4	6
Roshtkala	4.3	26.5	4.3	6
Rushan	5.9	25.1	6.2	7
Shugnon, inc Khorugh	4.6	66	8	7

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 2: GBAO employment (absolute. Th.)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Khorog	7,2	7,0	6,8	6,8	8,8	7,2	8,7	8,6	8,5	8,9	9.6	8.7	7.9	8.5
Vanj	2,4	2,3	2,1	2,0	1,8	2,1	1,8	1,9	2,0	2,1	2.1	2.2	2	2.1
Darvoz	3,9	4,2	1,9	1,8	1,7	2,3	2,3	1,9	2,1	1,8	2.1	2.1	2	2.1
Ishkoshim	2,3	2,4	2,4	2,4	2,1	2,3	2,1	2,2	2,2	2,2	2.3	2.2	2.1	2.2
Murgab	1,3	1,5	1,3	1,4	1,4	1,5	1,2	1,4	1,4	1,4	1.5	1.5	1.6	1.6
Roshtkala	2,0	2,1	2,2	2,6	1,8	2,0	1,7	1,8	2,1	1,8	1.9	2	2	1.9
Rushan	2,8	2,5	2,3	2,2	2,1	2,5	2,1	2,2	2,4	2,5	2.5	2.7	2.5	2.6
Shugnan	2,9	3,7	2,4	2,6	2,9	2,9	2,5	2,8	2,8	3,1	3.1	3.1	2.9	2
Total GBAO	**24,8**	**25,7**	**21,4**	**21,8**	**22,6**	**22,8**	**22,4**	**22,8**	**23,4**	**23,6**	**23,7**	**23,8**	**23,9**	**23,10**

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 3: GBAO vs Khatlon: employment by sectors (th)

	Khatlon	GBAO
Industrial manufacturing	17.6	11.8
Agriculture	250.3	0.8
Construction	5.2	0.3
Transport and communication	3.4	0.9

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 4: Share of unemployment by regions (in percent)

	Overall	Men	Women
Dushanbe	12	12	10
GBAO	27	27	27
Sughd	6	5	6
Khatlon	4	6	1
DRP	9	11	6

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 5: GBAO – schools and students

		Students				*Student per school ratio*	# of teachers (th)	Student per teacher ratio	Teacher per school ratio
	Schools	**2007-08**	**2014-15**	**2015-16**	**2016-17**	**2016-17**	**2016-17**	**2016-17**	**2016-17**

Khorog	14	5,6	5,0	5,1	5.2	371.4	0.5	10.4	35.7
Vanj	50	7,4	5,8	5,7	5.6	112.0	0.8	7.0	16.0
Darvoz	48	6,2	4,4	4,3	4.4	91.7	0.6	7.3	12.5
Ishkoshim	45	7,1	5,8	5,5	5.4	120.0	0.9	6.0	20.0
Murgab	14	2,9	2,7	2,7	2.6	185.7	0.4	6.5	28.6
Roshtkala	41	5,1	4,4	4,4	4.3	104.9	0.8	5.4	19.5
Rushan	44	5,8	4,4	4,4	4.3	97.7	0.7	6.1	15.9
Shugnan	56	7,3	6,0	5,9	6	107.1	0.9	6.7	16.1
Total GBAO	**312**	**47,3**	**38,4**	**38,0**	**37.8**	**121.2**	**5.6**	**6.8**	**17.9**

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 6: GBAO – selected absolute population and labor statistics (th)

	Total population	Labor force population	Employed population	Students population	Unemployed (officially registered)	Unempolyed (by age)	Population in migration
Vanj	36217	22263	2200	5787	275	103	4551
Khorog	30522	18771	8900	5977	441	210	2946
Ishkoshim	31230	19206	2400	5214	549	53	5482
Murghab	15895	9775	1600	2651	1397	85	1001
Roshtqala	28803	17713	2000	4585	890	123	8765
Darvoz	22353	13747	2200	4123	747	207	1460
Total	**165020**	**101475**	**19300**	**28337**	**4299**	**781**	**24205**

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 7: Labor force survey statistics: GBAO vs nationwide (2018, share in percent)

	GBAO	TJK
Labor force participation ratio (LFPR)	51.7	42.4
Employment to population (E/P)	37.9	39.4
Unemployment (LU1)	26.8	6.9
Time related underemployment and unemployment (LU2)	27.7	8.5
Unemployment and potential labor force (LU3)	53.2	12
Total labor force underutilization (U+TRU+PLF=LU4)	39.8	12.7
Total labor force underutilization by gender (men)	37.3	13.8
Total labor force underutilization by gender (women)	43.6	11

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 8: Labor force survey statistics (absolute, 2019)

Working age population	148883
Labor force	77022
Employed	56411
Time related employed	707
Unemployed	20611
Not in labor force	61780
Potential labor force	9374

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 9: GBAO, retail trade (mln TJS)

	2007	2017	2018	2019	2020
Darvoz	1.4	8.5	10.1	10.8	10.8
Vanj	1.4	10	12.1	12.4	11.7
Rushon	1.1	10.4	13.5	15.3	13.1
Shugnon	1.2	18.8	21.1	28.4	24.2
Roshtqala	0.9	7.1	7.6	7.6	6.3
Ishkoshim	1.4	6.7	8	9	8.3
Murghob	1	5.2	6	6.6	6.1
Khorog	11	58	64	69.1	73.9

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 10: GBAO migration (by districts)

	Darvoz	Vanj	Rushon	Shugnon	Roshtqala	Ishkoshim	Murghab	Khorog	GBAO
2011	1310	4138	5189	4206	5437	2359	862	1532	29033
2012	1323	4361	5383	7858	7257	3783	1277	1354	32596
2013	1474	4332	5462	7988	7412	4005	993	2343	34000
2014	1555	4387	5526	7928	7490	4310	1061	1791	34048
2015	2378	4478	7077	7539	7578	3888	1249	2130	36326
2016	2161	4700	7391	7552	6711	3523	1479	2584	36101
2017	2389	4609	7747	7691	7719	3996	1711	2727	38589
2018	1404	4591	8212	7891	8106	4271	1875	2727	39077
2019	1585	4471	6926	8576	8700	5028	2741	2943	40973
2020	1460	4551	6017	8035	8765	5482	2636	2946	39892

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 11: GBAO, incoming remittances (mln. USD)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
33.4	20.2	51.8	58.5	48.7	33.3	25.5	28.1	30.1	33.8	29.1

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020

Table 12: GBAO, selected prices in Khorog central market (TJS)

	Aug-18	Aug-19	Aug-20	Aug-21
Wheat flour imported (50 kg)	165	205	235	265
Meat (1 kg)	35	39	44	58
Potatoes (1 kg)	2.5	3.5	5.5	6
Vegetable oil (1l)	12	14	16	23
Sugar (1 kg)	7	7	7	9.5
USD/TJK exchange rate	9.2	9.44	10.31	11.33

Source: Agency of Statistics under the President of RT, GBAO stats department, RT, 2017-2020