

Tajikistan Donor Coordination Council reflections on the PRS

- Tajikistan has made impressive achievements:
 - Political stability and strong economic performance
 - Poverty is declining
- An excellent platform for a new level of development – expectations increase
- Continued growth needs to be based on strategic choices and continued reform
- NDS and PRS – platform for development, donor harmonisation and alignment
 - Reflections on key challenges
 - How can donors and Government join efforts?

Employment in focus - increased demand needs a supply response

- The young and growing population – a strong potential that needs to be mobilised
- Education and health are important for a productive labour force – social spending needs to increase
- Labour migration is not a feasible long-term solution to poverty reduction – Tajik labour contributes more to GDB of Russia than to that of Tajikistan
- Private sector development still lags behind – institutional constraints have to be removed



A need for balanced investment choices

- A stable macro-economic environment is needed to sustain human capital
- Also projects funded with foreign debt imply a cost in the national budget
- A careful external debt strategy should carefully consider the risk for reduced scope for social spendings – a risk for detrimental long term effects on the labour force, on growth and poverty reduction



Agriculture has untapped potential

- **The majority of the poor lives in rural areas – rural resources have to be mobilised to reduce poverty**
- **Two major bottlenecks for growth and development have to be removed:**
 - **The cotton debt has to be resolved and measures taken to prevent new indebtedness**
 - **The incomplete agrarian reform; farmers require secure property rights and freedom to make decisions on crop production**



Public sector reform

- **The Public Sector Reform Strategy is an important milestone – needed to support growth and improve the overall governance situation**
- **Improved services in health and education can not be obtained without a public expenditure reform; per-capita financing a requirement**



PRS growth strategy based on investments in energy and infrastructure

- **Important but not sufficient for reducing poverty**
- **Repayment of the external debt may reduce space for necessary investments in other sectors ; a risk for deterioration of human and natural resource base**
- **Poverty is so far transient but inadequate education, health care and nutrition risk translating poverty into chronic and inter-generational.**
- **Sustainable growth needs a broader base**

Sustainable growth needs balance between PRS blocks

- **Investments also in**
 - Human capital
 - Environmental capital
 - Increased public expenditures
- **Policy reform – less costly but equally important**
 - Release private sector as an engine for growth through improved investment climate
 - Remove constraints for growth in the agricultural sector through agrarian reform
 - Take measures to prevent new indebtedness in the cotton sector

