

# TAJIKISTAN:DEVELOPMENT FORUM, 2012 DCC PRESENTATION

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**Putting the Priority on People**

# INTRODUCTION

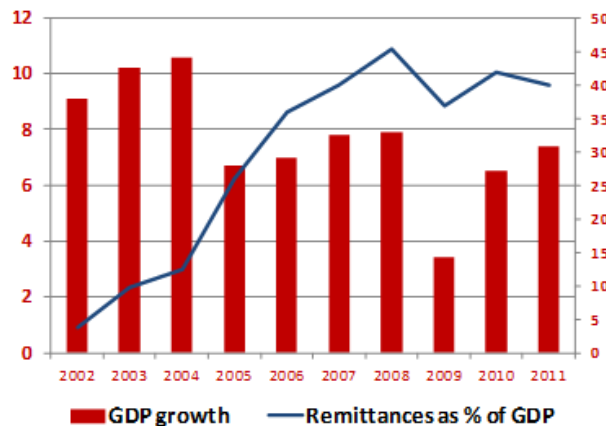
## **Purpose of DCC Presentation:**

- to assess principal outcomes of 3<sup>rd</sup> Poverty Reduction Strategy (PRS-3) — 2010-12;
- to outline challenges and policy priorities for Living Standards Improvement Strategy (LSIS) — 2013-15; and
- to propose several measurable results that will improve the lives of people in Tajikistan by 2015, in line with the new Government LSIS.

# Macroeconomic Trends—Steady Progress

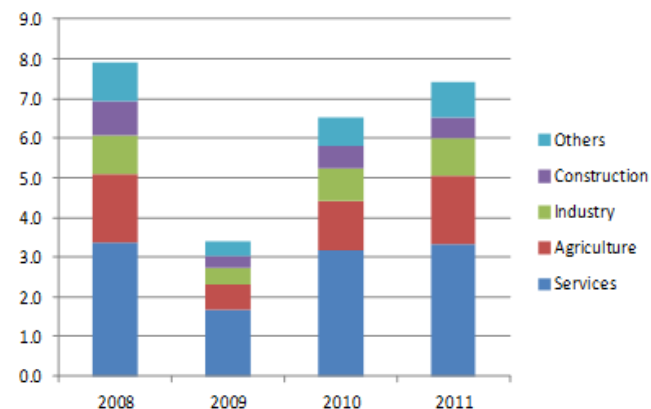
- Tajikistan withstood 2008-09 global downturn better than expected, thanks partly to prudent economic management and partly to timely action by development partners including \$288 million in budget support for social needs
- Economy recovered quickly and medium-term outlook—GDP growth averaging 6% annually—is favorable

**Remittances rebounded in 2010 and 2011, contributing to faster economic growth**



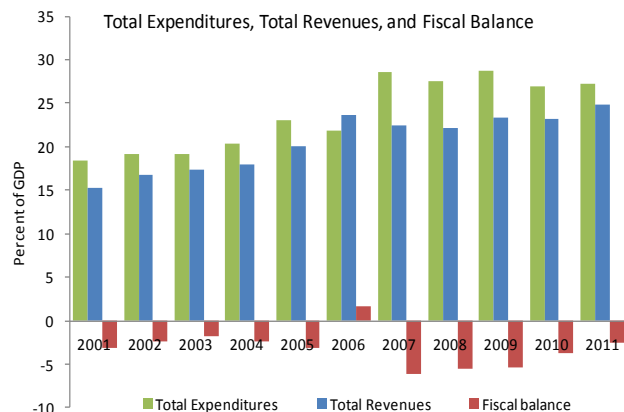
Source: State Statistical Agency, IMF. GDP growth is in percent

**The services sub-sector was the largest contributor to growth, followed by agriculture**

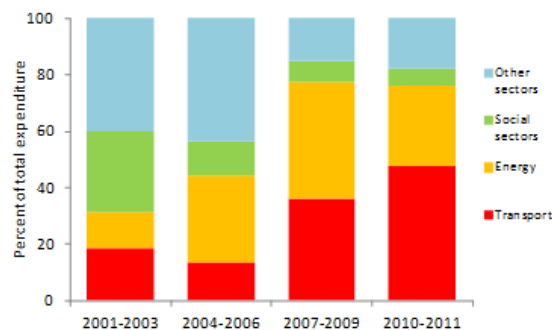


Source: State Statistical Agency. GDP growth is in percent.

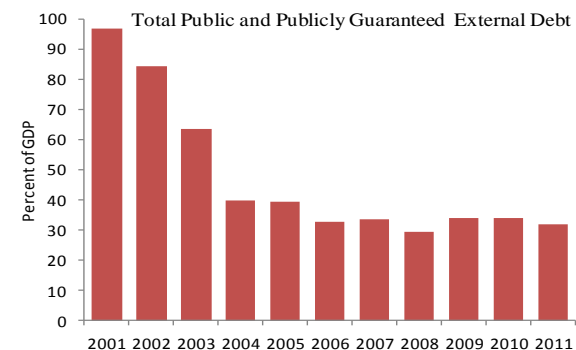
## Fiscal deficit declined steadily



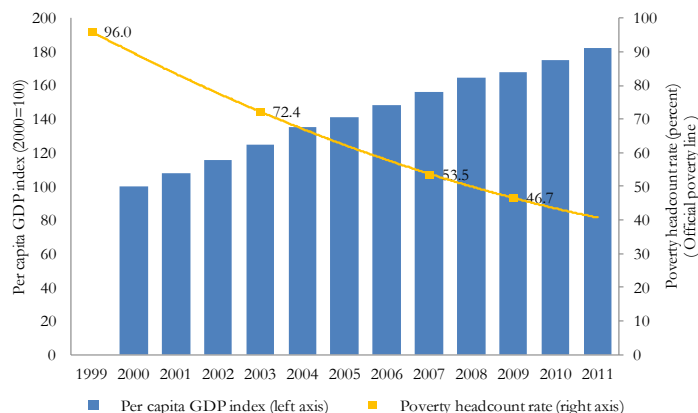
## Capital spending increased sharply. Social expenditures grew modestly



## Tajikistan's public debt declined gradually

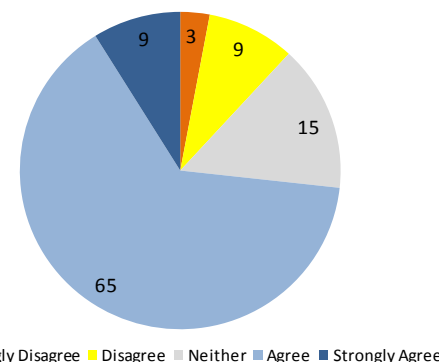


# Poverty steadily declined. Satisfaction of the public with life increased



According to latest official data, poverty declined from 47% in 2009 to 39.6% in 2012

The economic situation in our country is better today than around 4 years ago



According to EBRD-WB Life in Transition Survey, Tajikistan enjoys one of highest rates of life satisfaction in Europe and Central Asia

# However, progress towards achieving MDGs remains uneven



Only 13 of 32 MDGs likely to be achieved—with 13 still possible, and 6 unlikely



Most gaps relate to gender: maternal mortality, girls in secondary and tertiary education; women employed (outside agriculture), and female members of parliament



Safe drinking water remains serious challenge: only 48% of rural communities have access and 63% of supplied water does not meet local or WHO standards

# Significant improvements needed in **access to**, and **quality of** essential public services

Experienced  
unscheduled  
electricity outages

- 81.1% nationwide

Satisfaction with  
quality of education  
(% satisfied/fully  
satisfied)

- 22.5% nationwide

Access to health  
services (% stating  
easy or very easy)

- Ambulatory: 35.7% nationwide
- Inpatient: 29.1% nationwide

## Private Sector—important laws adopted, but implementation now critical



### Land code:

- land use certificates
- land valuation methods
- mortgage law
- land registration and market



### Financial Sector Laws:

- Banking
- Deposit insurance
- Insolvency
- Central bank



### Tax Code:

- dispute resolution
- unnecessary inspections
- corruption
- tax administration



**Tajikistan to join  
WTO by mid-2013**

## Public Administration and Governance — slow but steady progress

- ✓ **Single Treasury Account** in Ministry of Finance
- ✓ **New salary grid for all central government staff**—to be extended eventually to all public sector employees
- ✓ **Improved transparency and efficiency in large state-owned enterprises**, including in energy (*Barki Tajik*) and industry (*TALCO*)
- ✓ Tajikistan to **join the Extractive Industries Transparency Initiative**
- ✓ **Chair & Deputy of Supreme Audit Institution** appointed



# Energy Security



- BT restructuring under way
- Collection of metered electricity payments increased, energy losses reduced



- Energy efficient light bulbs
- Renewable energy law

# Food Security



**Key component of agrarian reform, including:**

- farmers' access to inputs and irrigation
- improved management of natural resources
- Higher productivity in yields



**But, malnutrition remains a major problem:**

- 9% of Khatlon population
- 24% of GBAO population
- One third of children chronically malnourished

**ACCESSIBILITY  
AFFORDABILITY  
AVAILABILITY  
UTILIZATION**

**Food security policy needs to broaden and focus on higher incomes for small farmers and access to nutritious food by children**

# GOING FORWARD: Putting People as Priority

- Increase focus on **MDGs**, especially for education, health and access to safe drinking water
- Develop a comprehensive **social protection strategy** to improve both coverage and targeting of social assistance
- Expand **access to quality social services**, such as healthcare and education.
- Improve **policy and regulatory framework** for migrants and refugees



# GOING FORWARD: Planning for and Managing Risks

- Given Tajikistan's vulnerability to external shocks, plan for a **low case scenario**, and implications for budget, poverty and social spending
- Given agriculture's susceptibility to extreme weather conditions, build **resilience to climate change**, as well as proper land use management
- Broaden **food security needs** to include domestic production and better access to food and nutrition through purchasing power and public policy

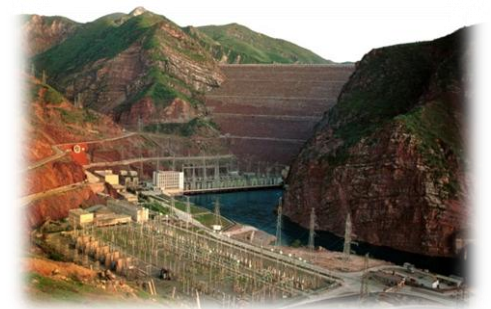


Decline in Income from  
Agricultural Production by  
10%  
=  
Increase in Poverty by 7%



# GOING FORWARD: Addressing Winter Energy Deficits

- Increase electricity tariffs gradually, accompanied by actions to protect vulnerable groups
- Shift some electricity-based heating to other fuels like domestic coal or gas
- Speedily implement energy efficiency measures, mainly at TALCO
- Promote regional trade initiatives designed to expand import and export options



# GOING FORWARD: Using Public Resources Wisely

- Accelerate public financial management reforms, especially Unified Chart of Accounts, single treasury account, tax administration
- Subject SOEs to transparent oversight, with those on solid financial footing to pay dividends to state budget
- Streamline bottom up budget and local planning process, and open it to greater citizen participation
- To tackle corruption, strengthen laws governing conflict of interest and declaration of income and assets
- Develop anti-corruption strategy for education and healthcare



## Informal Payments in Education

- 24% of respondents made informal payments in 2010

## Informal Payments in Healthcare

- 55% of respondents made informal payments in 2010



# GOING FORWARD: Increasing Role of Private Sector

- Eliminate directed lending and increase access to finance
- Improve banking and microfinance regulations, enforce prudential standards by central bank, enhance consumer protection
- Continue empowering farmers through implementation of amended land code and issuance of land certificates
- Move from paper to practice, i.e. implement all recently adopted legislation, thus demonstrating government's continued commitment to reforms



# DCC Development Partners' Initiatives – Proposals to Support LSIS

- Improving Public Administration, Public Finance Management, and Rule of Law
- Improving Tajikistan's Investment Climate
- Inclusive Rural Growth through Value Chain Support
- Integrating into the Global Economy—Tajikistan's accession to WTO
- Communal Services Development Fund
- Improving Access to Quality Social Services
- Maximizing Benefits, Minimizing Costs of Migration
- Ensuring Tajikistan's Energy Security
- Improving Tajikistan's Food Security and Nutrition
- Better Connectivity—through Improved Transit and Trade