Board Meeting of July 30, 1998
Statement by Pieter Stek

Tajikistan: Country Assistance Strategy and Structural Adjustment Credit

We welcome the opportunity of discussing this CAS for Tajikistan and would like to commend staff for a well written document, which presents development objectives and strategies of the country. We find the role of the Bank in helping the Government to achieve growth and poverty reduction is appropriate and balanced. Therefore, we would have given our full support to the CAS, had not last week’s tragic event take place. Now we wish to ask Management for its balanced assessment of the risks for individuals including Bank staff involved in the implementation of projects and, more generally, for the risk that a lack of political stability will undermine the prospects of economic development and for sound investment of Bank funds. If the judgment is that risks are tolerable, then I endorse the priority given in the CAS to supporting the Government’s determination to develop the private sector and privatize public enterprises. Let us hope that political stability will enable the Bank to implement the measures outlined in the Base Case Scenario. Tajikistan has a good potential for attracting foreign investors because of its rich natural resources and its relatively cheap labor force. I would appreciate information from staff on the measures that are envisaged by the Bank Group to assist Tajikistan in attracting foreign investors, especially if the CAS objectives for privatization would be realized.

Poverty remains a serious concern in Tajikistan. In our view the close link between poverty and unemployment warrants special attention to labor market reform and programs of selective employment support. However, we would like the staff to comment on the measures which could be taken to improve the position of all the categories of poor. If possible, we would like to hear about the recent trends in the structure of poverty. The impact of the crisis on poverty particularly in rural areas, levels of income and employment are worrisome. We believe that the task of reversing this situation is enormous and needs the support of other development partners. We would appreciate more information about the role of the partners in addressing these problems.

We would like to single out the special importance of the Bank’s assistance strategy in the health and education sector. As the CAS
points out, health and education profiles in the poorer provinces are substantially worse than in the rest of the country.

There is a wide spectrum of suitable projects for IFC’s involvement, we encourage the Corporation to broaden its presence in the country.