Statement by Ahmed Sadoudi  
Date of Meeting: January 23, 2001

**Turkmenistan Country Assistance Strategy**

We welcome the opportunity to discuss the Bank Group Country Assistance Strategy for Turkmenistan and support the priorities and proposed strategy outlined in the CAS.

Turkmenistan is becoming more oil revenue dependent. It is becoming a significant oil and gas exporter in the region and is going to increase its production levels further. We would like to emphasize that huge oil and gas revenue could create some problems for a country with weak governance and macroeconomic management and the lack of financial and monetary discipline. We would like to see that the Government of Turkmenistan takes this fact into consideration and strengthen the pace of improvement in these areas.

There is a need for greater commitment from the Government in putting in place the institutions and framework to reap the full benefits of the natural resources potential of the country. Building an efficient management and institutional capacity, which are crucial to achieve a
sustainable economic growth, deserves more attention. More clarity and transparency in the financial sector and budgetary system should be recognized as a vital element in the pace of reform. The private sector development is another area of concern. A lot more should be done and we believe that IFC should become more involved.

The agriculture sector in this country continues to be an important one. Irrigation system and rural financing play a crucial role in this regard. We strongly believe that the World Bank's financial and technical assistance in this sector is very much needed. We would like to see the Bank's involvement in this sector go further than dialogue and analytical work. Therefore, we very much support a loan program for this sector as well as the areas highlighted in the paper.

Mr. Chairman, I would like to associate myself with Mr. Meyer's statement and emphasize on the need for more World Bank engagement in Turkmenistan. The country needs assistance, especially in the areas mentioned above. In this regard we also support the idea of upgrading the World Bank liaison office to a country office. It will definitely help the World Bank and the country to establish a more solid and efficient relationship, as it is very well described in Mr. Meyer's circulated statement.