

REPUBLIC OF TAJIKISTAN

**NATIONAL DEVELOPMENT COUNCIL AND
DEVELOPMENT FORUM**

3 July 2018

Dushanbe, Tajikistan

**CLOSING REMARKS BY H.E. QOHIR RASULZODA
PRIME MINISTER OF THE REPUBLIC OF TAJIKISTAN**

Ladies and Gentlemen!

Dear Participants!

Based on the instructions given by the Founder of the National Peace and Unity, Leader of the Nation, President of the Republic of Tajikistan, H.E. Mr Emomali Rahmon, at the Session of the National Development Council on the outcomes of implementation of the country's strategic objectives through the National Development Strategy of the Republic of Tajikistan (to 2030) and the Midterm Development Program of the Republic of Tajikistan (2016-2020), the issues of sustainable macroeconomic development, enhancement of public administration system, development of the economy's real sectors, continuous diversification of production, strengthening the country's export capacity, improvement of the investment climate, population's social protection, expansion of the labor market, human capacity building and job creation will remain as main priority areas in the near future.

Distinguished Participants!

We have defined three midterm periods to ensure effective implementation of the National Development Strategy of the Republic of Tajikistan (to 2030). The first of these periods focuses on transition from agrarian to industrial model of development of the national economy.

Therefore, the objective of transition to the new model of economic development, which is based on investment into and development of export-oriented and import substitution production, is the foundation for this period. This model will build on the effective institutional mechanisms, which will make it possible to train qualified professionals meeting the labor market requirements, attract investments into the economy's real sectors and infrastructure.

This model should also become the driver of speedy development of the industry, agriculture and financial sectors, and ensure creation of productive jobs, access to new export markets and decreasing the country's dependence on remittances.

In addition to this, implementation of this model should promote the socio-economic empowerment of women and men by relying upon the balance between the main areas of sustainable development – economic, social and environmental sectors.

Annex 18 – PM closing remarks

The main areas of transition to new development model in the near future will include the improvement of effectiveness and diversity of the economy's real sectors based on the use of all available national resources and capacities, strengthening of public administration focusing on sustainable development, creation of a new institutional system for support of the private sector, improvement of business environment and investment climate, enhancement of the productivity of human, natural, physical and spiritual capacities.

Ladies and Gentlemen,

We have seen from the presentations of the heads of ministry and agency that a number of significant activities are accomplished with a view to achieving our strategic papers' objectives.

For example, during the implementation of the Midterm Development Program launch of new capacities, effective use of available assets, introduction of the production of competitive and import-substituting products, and strengthening of the country's export potential in the field of industry made it possible to increase the volume of industrial products and for the first time the industrial products accounted for more than TJS 20bn in monetary value within the GDP. The industry's share in GDP has been growing continuously and it made 17% in 2017, however, in my opinion, this indicator is still low.

Despite the achievements in the industry, we still have many challenges in the industry sector, which impede the sector's speedy development, including: weak customs and tariff regulation, tax policy and other regulatory mechanisms promoting the sector's development, insufficient floating assets of the industrial enterprises, high physical and moral deteriorated of production machinery and infrastructure (more than 70% of the existing equipment are outdated from the effectiveness perspective and the majority of them are the second generation, though other countries already apply the fourth and fifth generation equipment), low level of innovations and investments as well as low level of the production diversification in the processing industry.

At the same time, to address the outlined challenges, the Midterm Development Program (2016-2020) defines a set of priorities and objectives on individual areas of industry, the implementation of which depends on effective performance of the line ministries and agencies.

We achieved only one indicator out of three expected outcomes, i.e. the share of industry in the GDP (13.5%) reached 17%, however, we still need to do a lot in order to improve the product competitiveness against the growing industrial export (40%) and creation of new innovative jobs (more than 28 000 jobs).

Our main task in the next three years is to improve the local industrial production effectiveness, renew the main assets and introduce the latest generation equipment and modern technologies to ensure the competitiveness of our products.

Dear Participants!

Annex 18 – PM closing remarks

We notice positive trend in investments during the recent years. The share of investments against the major capital increased by four times during the last five years. Now, 68 investment projects amounting more than USD 2.4bn are under implementation in the country.

With a view to creating favorable environment for attraction of local and foreign investments, we have been undertaking continuous measures, about which we have heard in the presentation of Mr Farrukh Hamralizoda in detail.

Indeed, while introducing the new development model, alongside with the vitalization of local investments, we need to increase the share of foreign direct investments and create a conducive environment to strengthen the local investments.

In this regard, the share of annually attracted investments should make no less than 10% of the GDP or doubled compared to the average level of investment attraction during the last ten years.

Despite the improved investment activities and development of business currently there are still many challenges creating barrier for the development of these sectors. They include weak financial support of investment activities has been causing additional expenditures, complicated incentive mechanisms, risk sharing, investment insurance, lack of securities market, administrative barriers towards business development, inadequate self-financing mechanisms (loan unions, mutual insurance societies), limited number of effective mechanisms for women entrepreneurship development, lack of best practices, knowledge and skills on business planning, management and marketing by entrepreneurs, underdeveloped national system of business training lagging behind the market-based economy and international standards, and low level of administrative, economic and legal knowledge of entrepreneurs, particularly women, and other challenges.

The Government of Tajikistan will make necessary efforts to overcome the existing challenges and I believe that our efforts will create a conducive environment for development of business.

Ladies and Gentlemen,

The education development is the main priority for Tajikistan to ensure the education quality at all levels and maintain equal access to it by all segments of population disregard of social status, gender, age and place of residence.

In the current circumstances, particularly development of the vocational education system focusing on industrial development model is very important. In this context, we see annual growth in enrollment and training of professionals. Access to vocational education in the country is ensured by 66 secondary vocational education institutions (colleges, including 12 private ones) and 39 higher education institutions. All universities and a part of colleges admit students through the National Testing Centre under the Office of the President of Tajikistan.

Annex 18 – PM closing remarks

We notice the development of higher education and increased number of students in higher education institutions in the country. Integration of our country into the Bologna system committed us to create a two-level, bachelor and masters education system.

Currently, we are lack of qualified professionals, particularly medium-level specialists, who can address important issues related to industrial and innovative reforms in the country. I have to note that the Target Framework on Training of Professionals for Remote Areas of Tajikistan based on Presidential quotas and the Durakhshandagon Program on Training of Professionals Overseas for important rare occupations are under implementation now.

We introduced mixed type of public and private funding in the professional education system. However, we still have many challenges in this area, solution to which require the collective efforts of production enterprises and educational facilities.

Distinguished Participants!

To ensure the development of agriculture, the strategic papers of our country set forth a set of beneficial tasks and measures, effective implementation of which will improve the food security and access of population to quality nutrition through the development of intensive agriculture, increase the import-substituting production and ensure financial viability of agricultural producers to a certain extent.

I have to note that agriculture is a strategically important area in the Tajik economy in terms of its share in the GDP, capacity for ensuring food security and supply of industry with raw materials, and employment. Almost two third of the operative enterprises in the country are agribusiness entitites. Minister of Agriculture reported about some achievements of the sector. However, we still have many issues to be resolved in the area, including: the public and private partnership in agricultural production is not sufficiently developed, new agricultural financing mechanisms are not introduced, the agricultural infrastructure and physical resources do not meet the current demand, the low level of commercialization since the individual components of marketing and professional skills of agricultural workers are not applied accordingly, the irrational use of land and water resources and so on.

According to the Midterm Development Program of Tajikistan (2016-2020) the country's financial sector would be transformed into a modern multi-operational system of competitive financial institutions capable of providing a wide range of financial services and quality and innovative products to consumers in the midterm period, which would create a favorable environment for a sustainable national economic growth and would be resilient to the impact of all unfavorable shocks. Mr President also highlighted his ideas about this issue in detail at the Session of the National Development Council.

Reducing vulnerability of the financial sector and ensuring its resilience as well as improving access to financial resources in the midterm period are our primary priority.

Annex 18 – PM closing remarks

At present our banks focus on ensuring competitiveness of the banking services market, financial viability of financial institutions, improvement of the public trust to the banking system, support of small and medium enterprises, mobilization of public deposits and attraction of foreign investments.

Distinguished guests!

It is my firm belief that the Government of Tajikistan, ministries and agencies and other public authorities as well as the civil society in cooperation with the development partners will further contribute to implementation of our strategic objectives and priorities, which are in line with the SDGs, in ensuring development and improving living standards of our population.

At this point, we would like to conclude the Development Forum of Tajikistan.

Thank you.