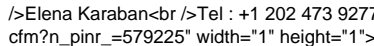




## Comprehensive Structural Reforms Needed to Bolster Growth, Create Jobs, and Reduce Poverty, Says World Bank

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Tajikistan's economic growth is slowing and vulnerability to shocks is increasing while Tajikistan faces a range of external and domestic risks, according to the latest Tajikistan Economic Report by the World Bank. Tajikistan's economic growth moderated to 6.7 percent in the first half of 2014, down from 7.5 percent a year earlier, as activity slowed in almost all sectors. Weaker world economic growth and lower prices for cotton and aluminum adversely affected the major export-oriented industries, pushing total industrial growth below 3 percent from nearly 7 percent a year earlier. Lower inflows of remittances due to the slowdown in Russia have translated into lower domestic demand and slower growth in services and housing construction. Though growth in agricultural output also moderated due to heavy rains and low temperatures, it was still a healthy 6 percent. Fixed investment grew swiftly as the public investment program got underway. According to the report, GDP growth is projected to ease to 6.5 percent in 2014 because of the spillover effect from the slowdown in Russia and in export sales. The main risks to the near-term outlook relate to vulnerabilities and governance issues in the financial sector, fiscal risks from state-owned enterprises, a slower recovery in the prices of aluminum and cotton, and a further slowdown in activity in Tajikistan's main trading partners. "Given increasing risks, it would be important for Tajikistan to put in place a comprehensive structural reform program to improve the business-enabling environment, while addressing challenges in the public and financial sectors," said Patricia Veevers-Carter, World Bank Country Manager for Tajikistan. "This is the essential foundation for Tajikistan to meet its ambitious growth and poverty reduction objectives." "Reinforcing fiscal and external buffers will be critical to mitigate the impact of external shocks, particularly in light of Tajikistan's strong links with Russia and such other trading partners as Kazakhstan, Turkey, and China," said Marina Bakanova, World Bank Tajikistan Senior Economist. "In the near term, prudent macroeconomic policies, such as greater exchange rate flexibility, could help the country absorb any shocks." The World Bank's Economic Report on Tajikistan concludes that over the medium-term, prudent macroeconomic management and structural reforms directed towards diversification and better integration into global and regional markets could create more economic opportunities and reduce Tajikistan's vulnerability to shocks. Investing in human and institutional capital could support productivity improvements and job creation, and ultimately speed up the transition to a more sustainable growth model. The active portfolio of the World Bank consists of 13 investment operations with net commitments of US\$220.6 million. The largest share of the portfolio is in urban, rural and social development (21%), followed by agriculture (18%), energy (16%), governance (10%), environment and natural resources (7%), health, nutrition & population (7%), education (7%), water (7%), trade and competitiveness (5%), social protection and labor (2%).  
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