

TAJKISTAN

MATLUBKHON S. DAVLATOV, Governor

Let me thank the Asian Development Bank (ADB) for the opportunity to welcome all participants at the 41st Annual Meeting of ADB, which is being held in such a wonderful European city.

I would like to express special gratitude to the Government of Spain for its hospitality and support in organizing this meeting.

We consider this meeting an important step in enhancing fruitful cooperation and solid relations between Tajikistan and ADB.

I am very pleased to note that, with the assistance of international agencies, including ADB which is one of Tajikistan's major donors and partners in development, Tajikistan has made considerable achievements in economic reforms and adjustment programs. This has provided a good opportunity to maintain sustainable economic growth and expand the capacity of the country to resolve poverty issues in a planned manner.

However, Tajikistan currently faces a destabilizing macroeconomic situation. An unprecedented cold winter and energy problems have crippled the economy and infrastructure, and this has caused an energy crisis and risks to food security.

The peak of the energy supply crisis is over, but Tajikistan continues to have a misbalance in fuel and gas supplies. Drought and locusts in some regions have an adverse effect on the economy.

In order to maintain sustainable growth and further development, developing countries need expanded financing, as their lack of funds and heavy debt burden do not allow them to resolve poverty issues and achieve sustainable development on their own. Moreover, developing countries are at constant risk of unstable financial markets, fluctuations in world energy prices, natural disasters, and increasing risk of epidemics.

Considering the shortage of internal resources faced by the Government and delays in implementing development projects, I would again like to draw the attention of the Board of Governors of ADB to the possibility of financing for development without counterpart funds from governments of developing countries.

The new *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020* that is before us now commits ADB to an enhanced role in the development of Asia.

We are in agreement with its vision of an Asia free of poverty and its mission to assist developing member countries to fight poverty.

We also agree with the overall strategy to limit the role of ADB to the five core operational areas of infrastructure, environment, regional integration, financial sector development, and education. It is best not to spread resources too thinly and instead concentrate on ADB's core competencies.

While the Asia and Pacific region has done well in general, there are strong interregional and intra-regional disparities in performance. Some countries have done far worse than others. Central Asia has not performed well by wider regional standards. The flow of resources has also been uneven, with poor performers getting less, compounding the problem of low growth and slow development. We would like to see many more resources flow into Central Asia, where many of the members, including Tajikistan, are Asian Development Fund (ADF)-only countries or blend countries and are in urgent need of greater resource flows as well as technology and management inputs.

We are happy that the ADF X negotiations are now complete and that there will be significantly higher allocations than during ADF IX. During ADF IX, the performance-based allocation (PBA) criteria resulted in the poorest countries receiving a lower share of ADF resources. The new PBA formula tries to correct this imbalance and we think that the share of Tajikistan will actually increase from 1.4% in 2005–2006 to at least 3.4% in 2009. This should mean a substantially higher resource flow and we will be keenly watching to see whether this promise is translated into reality.

We welcome the decision to make the PBA system less volatile. Also welcome is the enhanced grant component in the ADF allocations. The earmarking of funds for subregional projects is a good concept, but ADB will need to develop such projects quickly so that these funds can be utilized.

We are happy to support the new initiative to address the consequences of climate change and global warming. Coming after the clean energy initiative of 2007, this new fund can channel resources into cleaner energy initiatives, mass transit systems, and forestry. This fund and the associated lending programs should enable developing member countries to facilitate deployment of new technologies at lower costs.

I hope the initiative will be expanded and reinforced by particular steps aimed at eliminating the existing constraints and problems using the geopolitical and economic capacities in the region.

ADB's initiatives in developing and implementing regional projects in other parts of the Asia and Pacific region should also cover Central Asia through expanding regional infrastructure programs, especially clean energy projects and transport and communication projects.

The 6th CAREC Ministerial Conference held last November in Dushanbe was joined by ADB's President Mr. Haruhiko Kuroda and revitalized Central Asian regional cooperation.

Tajikistan could take the lead in establishing new economic relations for regional cooperation in Central Asia, for which we would need support both from individual countries and international financial institutions, particularly ADB.

From our side, I would like to give assurances that the Government of Tajikistan will continue its policy aimed at strengthening economic transparency and deepening market relations.