



OECD Policy Component of the Central Asia Invest Programme

# Enhancing Investment Promotion in Tajikistan

## OECD Eurasia Competitiveness Roundtable

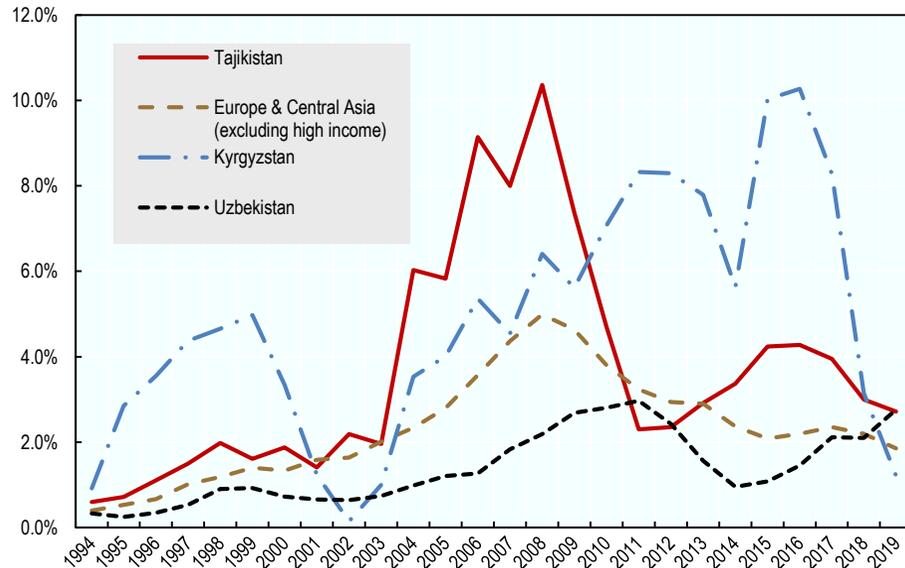
Webinar, 24 November 2021, 10.00-11.45



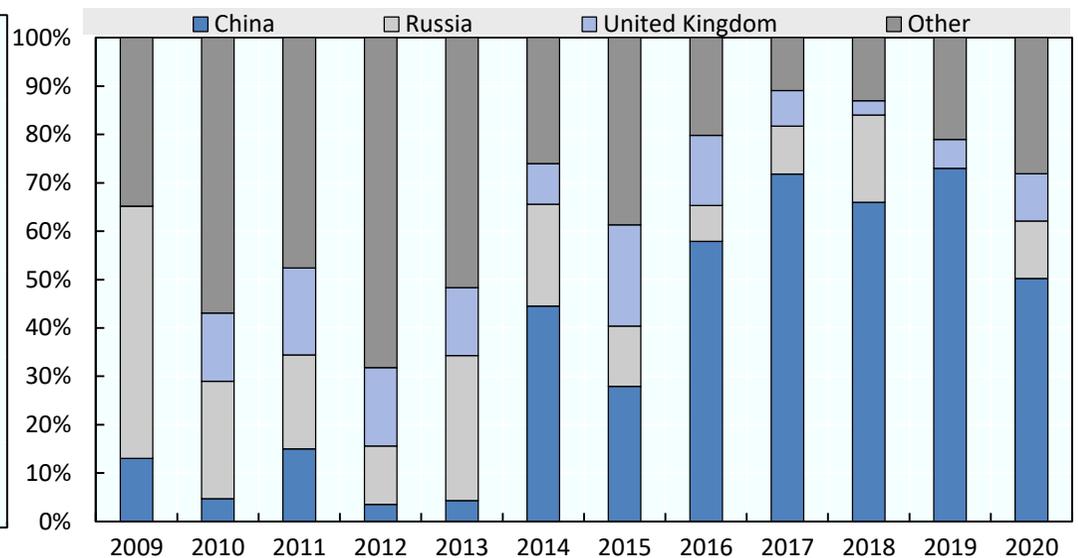
# Investment in Tajikistan

Tajikistan needs more – and more diversified – FDI inflows

## Inward FDI as a % of GDP (3yma)



## FDI inflows by country of origin

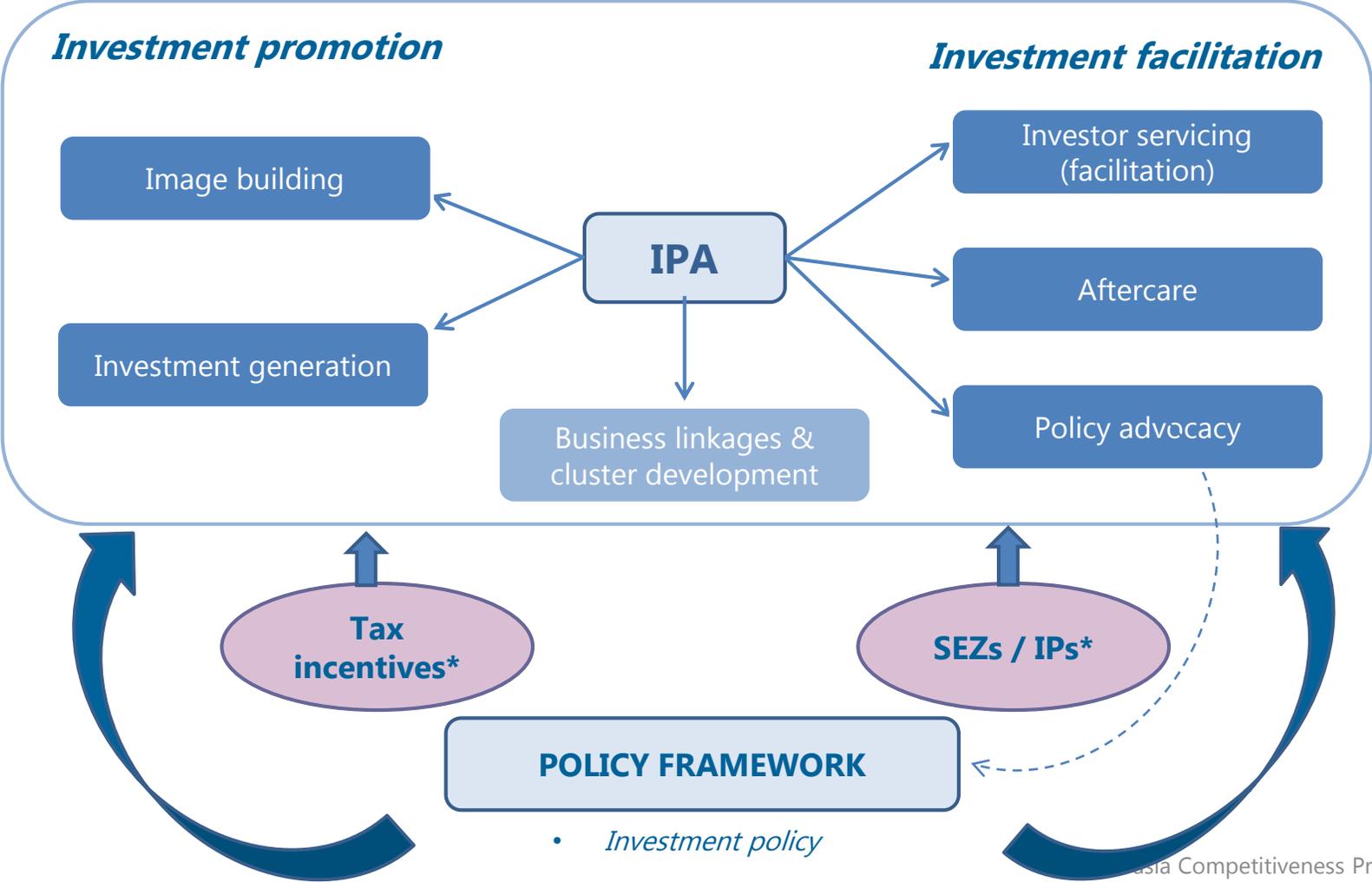


- Annual FDI inflows during 1999-2019 **averaged 4.3% of GDP**, compared to a Central Asian average of 5.2%
  - This has led to an **accumulated FDI stock of 36.7% of GDP in 2019**, compared to an average of 57.6% in CA
- **FDI inflows have been unstable and decreasing in the past 5 years**
- **The COVID-19 crisis also severely affected FDI**, as FDI inflows fell by 53% in 2020 (greater than the estimated global drop of 42%).

- Tajikistan FDI inflows are historically from Russia but **there are changing dynamics now**
- **Mining receives the largest share of FDI in Tajikistan:**
  - In 2020, the sector received around 70% of total FDI (USD 221m)
- **Investment in Tajikistan has been driven chiefly by public funds**
  - In 2020, 25% of investment came from private sources of finance, concentrated in aluminium, cotton, and energy

# IPAs are instrumental in resolving market failures by both *promoting* and *facilitating* investment

As Tajikistan is relatively little-known to most investors outside the Eurasia region, **many global investors are not aware of its potential or have little experience doing business there**, which **justifies public intervention and support from a dedicated agency for foreign investors**.



# Three series of recommendations were developed to support investment promotion in Tajikistan

Main issues	Overall recommendations	Detailed recommendations
<ul style="list-style-type: none"> <li>• <b>More accessible information</b> on investment opportunities</li> <li>• <b>Aligned messaging</b> about the country's unique value proposition</li> <li>• <b>Stronger digital presence and actions</b> to attract investment</li> <li>• Wider and more adapted range of <b>tools to target investors</b></li> </ul>	<ol style="list-style-type: none"> <li><b>1. Make sure the proper tools for promotion are in place</b></li> <li><b>2. Strengthen the institutional setting and strategy of IP</b></li> <li><b>3. Ensure a well functioning facilitation system</b></li> </ol>	<ul style="list-style-type: none"> <li>• Develop a clear and realistic <b>value proposition</b> and streamline across websites (or consolidate)</li> <li>• <b>Select 3-5 specific priority sectors</b> along with target countries and projects (and promote accordingly)</li> <li>• <b>Make greater use of digital tools to approach investors (incl. CRM)</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Multiplicity of actors involved in IP in Tajikistan</b></li> <li>• <b>Greater financial independence could help</b></li> </ul>		<ul style="list-style-type: none"> <li>• Develop an overarching investment <b>strategy</b></li> <li>• <b>Align IPA mandates</b> with resources</li> <li>• <b>Clarify roles and mandates</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Easing procedural and legal hurdles for investors</b></li> <li>• Simplifying and clarifying <b>investment procedures</b></li> <li>• Meeting investors' demand for <b>more effective direct support from IPAs</b></li> </ul>		<ul style="list-style-type: none"> <li>• <b>Liaise with investors</b> to assess and address bottlenecks</li> <li>• <b>Reallocate resources</b> towards facilitation and aftercare</li> <li>• Empower the <b>SCISPM's single window</b></li> <li>• <b>Improve information</b> on IPA websites</li> </ul>

