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News interesting for Business Environment

- Government of Switzerland is allocating \$160,000 as a grant assistance
- Tajiks squeezed by Russian clampdown on traders
- Average monthly wage rises by 25 percent in Tajikistan
- Rahmonov charges governors to improve economic results
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IFC PRESS REVIEW

News interesting for Business Environment

Government of Switzerland is allocating \$160,000 as a grant assistance

Djumhuriat (Republic) newspaper, February, 10, 2007. The Government of Switzerland decided to allocate 160,000 USD under small credits program for 2007-2008 for Tajikistan as grant funds.

Shuhrat Juraev, Coordinator of Swiss Cooperation Agency in Tajikistan, informed that the purpose of the provision of assistance to Tajikistan, first of all, is to improve living level of rural population, especially at the field of human right protection, access to fair justice and small business development.

During allocation of funds, the priorities will be made for projects having \$6,000 up to \$8,000 USD of project cost.

Tajiks squeezed by Russian clampdown on traders

Institute for War and Peace Reporting, January, 26, 2007. New legislation hits vulnerable migrant labor from Central Asia's poorest republic.

The recent Russian ban on migrants from Central Asia working as market traders will have a major impact on the lives of hundreds of thousands of Tajiks.

The new legislation, which came into force on January 15, will not only leave many people from the former Soviet states without work, but slash the remittances they are able to send home.

Russia's economic development minister German Gref has said the new rules are designed to improve the way markets operate, but many observers suspect the decision reflects a groundswell of xenophobic attitudes towards people from Central Asia and the Caucasus. Following violence between Russians and Caucasians in the town of Kondopoga last year, President Vladimir Putin accused "ethnic" gangs of dominating markets, to the detriment of the "native Russian population".

Under the new regulations, foreign nationals must account for no more than 40 per cent of the total number of market traders and street vendors before April, and after that they will be banned from working in the informal retail sector altogether. They are specifically prohibited from selling alcohol and pharmaceuticals.

According to Russia's Federal Migration Service, one quarter of all foreign nationals in the country are employed at markets. Almost all these traders, together with seasonal workers in other low-paid sector such as construction, are from the former Soviet Union, China and Vietnam.

Depending how seasonal migrants are counted, there may be around a million Tajikistan nationals away working in Russia, many of them in the grey economy. Tajik officials put the figure lower, at some 450,000, but either way the figure is high for a population of seven million people.

A recent World Bank study estimated that the remittances sent back by these workers contribute more than 10 per cent of Tajikistan's gross domestic product. Economists warn that the impoverished Central Asian republic can ill afford to lose this regular influx of cash, and social conditions would be hit further if tens, perhaps hundreds, of thousands of Tajiks reappeared on the domestic labour market.

Average monthly wage rises by 25 percent in Tajikistan

DUSHANBE, February 15, Asia-Plus. Compared to November 2006, an average monthly wage of employees in Tajikistan working on the basis of hiring in December 2006 increased by 25.2 percent and amounted, as of January 1, 2007, to 162,56 somonis, according to the State Committee for Statistics.

Compared to December 2005, an average monthly wage in December 2006 increased by 51.5 percent. Compared to November 2006, the rate of real wage in December 2006 rose by 23.7 percent.

In December 2006, the lowest average wage rate in Tajikistan was reported in the agrarian sector and forestry – 62.59 somonis and 71.01 somonis respectively. The highest average wage rate was reported in the finance and crediting sector – 879.59 somonis.

In the sphere of material production, an average monthly wage in December 2006 was 152.45 somonis,

which is 37.2 percent more than in December 2005.

In the branches of non-production sphere, an average monthly wage in December 2006 was 148.63, which is 56.1 percent more compared to December 2005.

A total wage debt in Tajikistan has amounted to 23,891,500 somonis by end of December 2006.

Rahmonov charges governors to improve economic results

DUSHANBE, February 14, Asia-Plus. President Emomali Rahmonov on February 13 had telephone conversations with governors of Gorno Badakhshan, Khatlon and Sughd to discuss last year's economic results and preparations for the spring sowing campaign in the country, presidential press service reported.

Abdulfattoh Sharipov, a spokesman for the president, said that during the conversations, the governors had reported on measures taken to implement president's decrees and instructions on development of plant growing, gardening and wine-growing, cattle-breeding, beekeeping, and social security of the population.

The president charged the governors to improve activity of all economic branches, according to the spokesman.

AgroInvestBank supports development of Tajikistan's economy through loans

DUSHANBE, February 14, Asia-Plus. This year, AgroInvestBank will have helped develop Tajikistan's economy through loans totaling 480 million somonis (equivalent to \$139 million), which is 60 million somonis more than last year, according to the AgroInvestBank's headquarters in Dushanbe.

A source at AgroInvestBank said that some \$13 million will be provided to finance enhancement of the agrarian sector, which is 45% more than last year. "Of this amount, more than \$7 million will go to restoring productivity and profitability of the cotton industry," the source said, noting that the remainder is dedicated to promote enhancement of cattle breeding, beekeeping and other agricultural branches, especially in remote mountain areas.

According to him, the bank in cooperation with international financial institutions is currently working out a number of projects aimed at providing loans for leasing machinery and equipment to enhance the agrarian sector.

AgroInvestBank will participate in a \$2.5 million project of the European Bank for Reconstruction and Development (EBRD) and a \$5 million project of International Finance Corporation (IFC) aimed at promoting agribusiness and leasing machinery and equipment, the source said. "The other \$1.5 million project that will be implemented in cooperation with the Asian Development Bank (ADB) is dedicated to fund microcrediting organizations."

Founded in 1992, AgroInvestBank, with headquarters in Dushanbe, has main branches in Khorog, Khujand, Kulob and Qurghon Teppa and 57 other branches across the republic.

Private entrepreneurs contribute to industrial production in Kulob

KULOBO, February 12, Asia-Plus. In January 2007, Kulob produced a total of 2.691 million somonis worth of industrial goods, which is only 3,600 somonis more than in the same period of last year.

Deputy Kulob mayor, Ismatullo Nusratov, said in an interview with Asia-Plus that frequent electricity supplies disruptions had seriously affected large industrial enterprises of Kulob, which failed to reach the January 2006 production level.

"For example, the Kulob cotton-ginning factory ZarKham in January produced only 500,000 somonis worth of output while in January 2006, it produced output for 1.8 million somonis," said Nusratov, "The Kulob brickworks, meat factory, cotton-oil-extracting plant and bakery were not in operation last month."

"Local private enterprises have saved the situation to a certain extent, producing 285 tons of flour, 75 tons of bread, 21 tons of cotton oil, 60 tons of meat and other basic food products and consumer goods," the

deputy mayor said.

Commercial banks to double crediting this year

DUSHANBE, February 13, Asia-Plus. Commercial banks in Tajikistan plan to have doubled crediting this year, according to the National Bank of Tajikistan (NBT).

Deputy NBT chairman, Ahmadjon Sharifjonov, said that henceforth, the banks will support any initiative aimed at enhancement of industrial and agrarian sectors in Tajikistan. According to him, this will allow curbing inflation in the country.

According to Tajik central bank, the remainders of loans provided by banks increased by 22.7 percent last year and amounted, as of January 1, 2007, to 1.5 billion somonis.

"More than half of all loans were provided for commercial activity," said Sharifjonov, "While demand for loans to enhance industrial production and agrarian sector is not so much."

According to him, one of the main problems facing commercial banks in Tajikistan is attraction of resources. "There are several methods to attract resources," said the NBT official, "They include domestic attraction of deposits and foreign investments or resources of international financial institutions such as the European Bank for Reconstruction and Development (EBRD) and the Asian Development (ADB)."

He added that at present practically all commercial banks operating in Tajikistan participate in the Tajikistan Micro and Small Finance Facility (TMSEF) Project. The EBRD has provided access to finance to Tajik micro and small borrowers (MSE) since October 2003. The MSEs are recognized as a strong factor of job creation, poverty alleviation and grass-root economic development.

At present nine banks operate in Tajikistan: AgroInvestBonk, OryonBonk, SohikkorBonk, Bank Eskhata, AmonatBonk (Tajik savings bank), TojikSodirotBonk, Tajikistan Development Bank (TDB), TajPromBank and The First MicroFinance Bank (FMFB). Additionally, a branch of Iran's Tejarat Bank and an office of Kazakhstan's TuranAlemBank also function in the country.

With best wishes,
Tajikistan SME Public Relations/Communication Department