

# Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #34

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## 1. News directly connected to SME Project

- IFC and MSDSP partner to conduct inspections law training

## 2. News interesting for Business Environment

- ADB to continue helping Tajikistan develop agrarian sector and energy.
- Switzerland, GBAO government sign agreements on extension of two projects.
- More than 15,000 vehicles delivered to Tajikistan this year so far
- Three new markets opened in Shahritus.
- May be this year there will be Rail way connection of Dushanbe with Tashkent.
- Center on Assistance to Dekhan Farmers.
- Tajik, Afghan entrepreneurs to hold business forum in Qurghon Teppa tomorrow.
- BTA local office introduces money transfer system FASTER in Tajikistan.
- More than 50 large investment projects currently being implemented in Tajikistan
- AgroInvestBank is the first in Tajikistan to introduce RS-Bank V.6 system.
- Latvian entrepreneurs want to cooperate with Tajikistan

IFC PRESS REVIEW

## 1. News directly connected to SME Project

### IFC AND MSDSP PARTNER TO CONDUCT INSPECTIONS LAW TRAINING

**DUSHANBE, April 19, Asia-Plus** - On Tuesday April 17, the International Finance Corporation (IFC) and the Mountain Societies Development Support Program (MSDSP) signed a memorandum of understanding (MoU) to conduct joint training events on the Law of Inspections for entrepreneurs of Tajikistan.

"MSDSP is delighted to have formed this new partnership with the IFC in a common effort to advance enterprise development through the promotion and creation of new initiatives and opportunities for the private sector in rural Tajikistan," said Ilhom Mahkamboyev, MSDSP's Enterprise Development Unit Manager.

The surveys of business environment in Tajikistan conducted by IFC in 2003 and 2006 revealed that inspections constitute the main administrative barrier for SME development. Adopted on July 28, 2006, the "Law on Business Entities Activity Inspections in Tajikistan" is expected to reduce the burden on businesses while at the same time

increasing effectiveness of inspections by regulating inspection procedures and defining the rights and responsibilities of inspected entities and inspectors. Having supported the development of the Inspections Law, IFC's Business Enabling Environment/SME Policy Project is currently working on its implementation. Building awareness through media and training events is a critical component of this effort.

Based on mutual agreement, IFC will train MSDSP trainers in the Rasht Valley, Khatlon province, and Gorno Badakhshan, while MSDSP trainers trained under the partnership will then provide direct training for entrepreneurs in these regions.

"In an effort to maximize coverage of our Inspections Law training program, we partner with institutions like MSDSP, which have extensive reach throughout Tajikistan," said Andrea Dall'Olio, the IFC Project Manager. "This allows us to leverage both our expert knowledge on inspections and MSDSP's capability to effectively "spread the word" to people out in the field."

IFC has proposed partnership to a number of international organizations and projects involved in supporting the SME sector in Tajikistan. By the end of this year, IFC plans to conduct 12-15 train-the-trainer events for its partners in key inspections procedures in accordance with the adopted Law. As a next step, IFC will provide informational and advisory support for its partners in their training of entrepreneurs in all regions of Tajikistan – Sughd and Khatlon provinces, districts subordinate to the center (RRPs), Gorno Badakhshan and Dushanbe.

IFC's Business Enabling Environment/SME Policy Project is financed by the State Secretariat for Economic Affairs (SECO). MSDSP, a project of the Aga Khan Foundation (AKF) of Tajikistan, promotes participatory community development and efficient management of natural resources to contribute to sustainable poverty alleviation.



## 2. News interesting for Business Environment

### ADB TO CONTINUE HELPING TAJIKISTAN DEVELOP AGRARIAN SECTOR AND ENERGY

**DUSHANBE, April 20, Asia-Plus** - Visiting Asian Development Bank (ADB) Deputy Director General Xianbin Yao today met with Tajik President Emomali Rahmon.

The meeting focused on issues related to further expansion of cooperation between the Asian Development Bank (ADB) and Tajikistan's Government.

Following his meeting with President Rahmon, Xianbin Yao told journalists that ADB attaches an important significance to partnership with Tajikistan and the Bank will support Tajikistan in future as well.

He reminded that a CAREC ministerial conference will be held in Dushanbe in November.

The Central Asia Regional Economic Cooperation (CAREC) Program was initiated in 1997. CAREC's goal is to improve living standards and to reduce poverty in CAREC countries through more efficient and effective regional economic cooperation. To date, the Program has focused on financing infrastructure projects and improving the region's policy environment in the priority areas of: transport; energy; trade policy and trade facilitation.

"Your President underlined the importance of regional cooperation and outlined hydropower, agriculture, transport and infrastructure as priorities of economic development of the country," said the ADB deputy director general, "Our bank actively supports and will continue supporting improvement of this sectors in Tajikistan in future as well."

On the cooperation in energy sector, Xianbin Yao hailed Tajik government's efforts to reform the energy sector. He noted that the Bank jointly with the government works on preparation of projects construction of power plants and power-transmission lines.

Asked about cooperation in the field of agriculture, the ADB deputy director general noted that it is necessary to tackle, first of all, the problems related to debts of cotton farmers to their creditors, irrigation and mitigation of effects of flooding. Xianbin Yao arrived in Tajikistan yesterday for an official two-day for talks with high-ranking Tajik state officials and donors.

He is also scheduled to meet with other Tajik senior government officials to discuss ADB's assistance program in Tajikistan, which focuses on strengthening rural development, social sectors, and regional cooperation, and rehabilitating basic infrastructure. He will also meet with donor representatives in the country, according to her.

Mr. Yao, who joined ADB in 1991, is the Deputy Director General of the Central and West Asia Department covering 10 countries – Afghanistan, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

Mr. Yao will leave the country tomorrow.

## **SWITZERLAND, GBAO GOVERNMENT SIGN AGREEMENTS ON EXTENSION OF TWO PROJECTS**

**DUSHANBE, April 20, Asia-Plus** - Switzerland and the government of the Gorno Badakhshan Autonomous Region (Gorno Badakhshan or GBAO), Tajikistan have signed agreements on extension of the Pamir High Mountain Integrated Program and Local Self-Governance Project in southeast and east Tajikistan for a total amount of 1,083,000 US dollars.

According to the Swiss Cooperation Office (SDC) in Tajikistan, SDC Country Director, Rudolf Schoch, and Chairman of Gorno Badakhshan Autonomous Region, Qodir Qosimov, inked the agreements in Khorog on April 19.

The overall goal of both – Pamir High Mountain Integrated Program as well as the Local Self-Governance projects is to contribute to poverty reduction through sustainable improvements in rural livelihoods in mountainous areas and promotion of local governance in Tajikistan. The projects work in Gorno Badakhshan, Rasht Valley, and selected districts of Khatlon province (Shuroobod, Khovaling, and Mouminobod), particularly with the civil society, local communities, and local governments.

The Swiss allocations amount to \$600,000 for the Pamir High Mountain Integrated Program implemented by ACT-ED - a French NGO and \$483,000 for the Local Self-Governance Project implemented by Aga Khan Foundation in the southeast and east Tajikistan.

Switzerland started to fund Pamir High Mountain Integrated Program as well as the Local Self Governance Project in 1999. Since then, both projects went through external reviews, which considered the results effective. Based on these recommendations the Government of Switzerland agreed to extend its funding until December 2007 for Pamir High Mountain Integrated Program and until June 2008 for Local Self-Governance Project in southeast and east Tajikistan.

## **MORE THAN 15,000 WESTERN AND JAPANESE TYPE VEHICLES DELIVERED TO TAJIKISTAN THIS YEAR SO FAR**

**DUSHANBE, April 20, Asia-Plus** - 15,122 western and Japanese type vehicles have been delivered to Tajikistan over the first three months of the year, Nouriddin Mahmudov, deputy head of Tajikistan's Customs Service, remarked at a news conference in Dushanbe on April 19.

According to him, only 1,478 of them have been delivered by physical entities for personal use while others have been delivered to the country for business and commercial activity.

In the meantime, according to Tajik traffic police, at present there are more than 153,000 vehicles in Tajikistan.

Asked about customs clearance of vehicles, the customs official said that customs duty varies according to vehicle design and value, and it depends on the vehicle's engine capacity and the year of production.

"For example, customs clearance of Nissan Maxima produced in 2006 and with engine capacity of 3,000 cubic centimeters (cc) comes to 600 US dollars (\$0.20 per 1 cc)," said Mahmudov, "While customs clearance of vehicles produced before 2002 (five years before the customs clearance) will cost much more, at the rate of \$1.00 per each cc of the engine capacity."

Speaking to journalists, the Customs Service first deputy head Nemat Rahmatov noted that over the report period the country's budget has received some 240 million somonis from collection of customs duties, which is 108.2 million more than in the same period of 2006.

According to him, Tajikistan's external trade turnover in the first quarter of 2007 has amounted to \$914.7 million. This consisted of Tajikistan's exports estimated at \$358.5 million and Tajikistan's imports worth \$556.2 million.

In January-March 2007, Tajikistan has had trade relations with 75 countries.

### **THREE NEW MARKETS OPENED IN SHAHRITUS**

**SHAHRITUS, April 20, Asia-Plus** - Three new markets – Inom to house 700 shops, Sakhovat (120 shops) and Ismoili Somoni (920 shops) – have been opened in the Shahritus district over the first three months of the year, Kholmurod Rahmonov, the head of the Shahritus district, announced at a news conference in Shahritus on April 19.

According to him, the markets have been built by local entrepreneurs. “Opening of these markets will create some 2,000 new jobs in the district and will allow reducing a number of labor migrants from Shahritus,” the Shahritus head said.

He also added that a number of shops, restaurants, cafes and other facilities are being built in the administrative center and large villages of the district. “These facilities will provide with jobs more than 800 people in Shahritus,” Rahmonov said.

### **MAY BE THIS YEAR THERE WILL BE RAIL WAY CONNECTION OF DUSHANBE WITH TASHKENT**

**“Vecherny Dushanbe”, No.16 (461), 18 April 2007** - ... Today the fleet of Tajik Rail Way has 1,500 locomotives and this number is insufficient as accepted by the TRW management, however for the purchase of lacking railroad cars large funds or investments are required that practically at the present is absent.

As for new communications of Tajikistan with outside world, Hukumov (TRW Head), said that this year it is planned to open the number of new routes and among them the routes Dushanbe-Tashkent, Dushanbe-Alma-ata.

### **CENTER ON ASSISTANCE TO DEKHKAN FARMERS**

**“Minbari Halk”, No.29 (498), 18 April 2007** - Yesterday in the center of Rudaki district, the Legal, Marketing and Informational Support Center was officially opened. Related agricultural organizations representatives, local governments, Dekhkan Farmers Associations, farmers, and mass-media representatives participated at the opening ceremony.

Mr. Azizbek Sharifov, head of National Dekhkan Farmers Association of RT opened the ceremony and said that the given Center will initiate training courses on trade, dekhkan farmers rights protection, create a library for dekhkan farmers and entrepreneurs, provide advisory on import and export, preparation of business-plan, organization of forums and round-tables for dekhkan farmers and etc.

In his speech, the First Deputy Chairman of Rudaki district Hukumat Mansur Salomovich Kodirov mentioned that there are 3,250 dekhkan farmers at the district, and 3,000 of them are small households at 3 hectares of land. It is very helpful that such Center is established.

Other speakers – Mustakim Naimov, Head of Agricultural District Department, Saifullo Sharopov, First Deputy of district Consumers' Association, Sangin Khafizov, Labour Veteran indicated that there are many agricultural problems in the district and it is very timely the opening of such Support Center for dekhkan farmers.

### **TAJIK, AFGHAN ENTREPRENEURS TO HOLD BUSINESS FORUM IN QURGHON TEPPA TOMORROW**

**QURGHON TEPPA, April 17, Asia-Plus** - Construction of another Tajik-Afghan bridge would development entrepreneurship and commerce within the region, Ato Muhammad Nour, the governor of the Afghan province of Balkh, remarked during a meeting with the Khatlon governor Ghaybullo Avzalov in Qurghon Teppa, the capital of the Khatlon province, on April 16.

The Balkh governor proposed to construct another bridge across the Panj River in the area of the Shahritus district.

For his part, Avzalov noted that the being built bridge across the Panj River linking Tajik Panji Poyon (Nizhny Pyanj) to Afghan Sherkhon Bandar will consolidate permanent overland links between the two countries and strengthen friendship and economic ties between them.

“Tajiks will never forget assistance the Afghan people provided to Tajiks who temporarily left their country as the fates decree,” the Khatlon governor said.

Nour noted that Tajikistan has been and remains reliable partner of Afghanistan.

The same day, the Afghan delegation also visited the transformer-producing plant and a number of other industrial enterprises in Qurghon Teppa.

Ato Muhammad Nour heading an Afghan delegation arrived in Khatlon province yesterday for a working three-day visit. Today, Afghan officials are scheduled to visit the Kulob region of Khatlon.

The source at the Khatlon government said that a business forum with participation of the Khatlon and Balkh entrepreneurs will be held in Qurghon Teppa on April 18.

## **BTA LOCAL OFFICE INTRODUCES MONEY TRANSFER SYSTEM FASTER IN TAJIKISTAN**

**DUSHANBE, April 17, Asia-Plus** - A representative office of Kazakhstan's Bank TuranAlem (BTA) has introduced its electronic money transfer system FASTER in Tajikistan.

An agreement on introduction of FASTER in Tajikistan has been concluded between BTA and open joint-stock company OryonBank, Tajikistan's largest commercial bank. The sides are currently working on putting the system into operation.

The source at OryonBank said that it is the first experience of the Kazakh bank in introducing its electronic money transfer system in Tajikistan.

According to him, the system will improve speed of payments (in US dollars, euros and Russian rubles) to near real time. "And this system does not require opening of bank account," the source said, adding that OryonBank now offers its clients nine money transfer systems: Migom; Western Union, Contact, Bystraya Pochta, InterExpress, UniStream, Oryonline and bank requisites.

For the first time, BTA entered the money transfer market in 2006. The Pilot project on introduction of the FASTER system was realized in Kazakhstan. Depending on demand, feedback and reaction of the customers transfer geography has been expanded to CIS states with BTA presence.

BTA is the core of the financial group, present in all market segments. BTA is the system-making bank of Kazakhstan and the leader in creation of banking network in the CIS countries. Assets of BTA exceed \$10 billion, its total capital exceed \$1.7 billion.

New strategy of BTA for 2006-2015 includes taking of leading positions in Kazakhstan and CIS markets in corporate and retail banking, SME and increasing of BTA shares in Kazakhstan market at least up to 25%, at least 2% in Russia, and at least 5% in other countries of presence. In the context of new strategy it is planned to acquire 51% of voting shares from JSC "Temirbank" present shareholders till the end of 2006. For realization of all competitive advantages it is planned to increase till 2015 the assets in Kazakhstan up to \$34 billion, capital – \$3.8 billion, net profit – \$615 million, number of branch offices – 268, employees – 6963 people.

Founded in 1991, OryonBank is Tajikistan's largest commercial bank. It offers a broad spectrum of financial products to its customers. According to Tajik central bank, OryonBank's issued share capital has amounted, as of March 1, 2007, to 40.7 million somonis.

## **MORE THAN 50 LARGE INVESTMENT PROJECTS CURRENTLY BEING IMPLEMENTED IN TAJIKISTAN**

**DUSHANBE, April 16, Asia-Plus** - More than 50 large investment projects for a total amount of \$1.358 billion are currently being implemented in Tajikistan, Asanali Karamaliyev, the deputy head of Tajikistan's Chamber of Commerce and Industry (CCI), announced at a news conference in Dushanbe on April 13.

According to him, of this amount, 89.6 percent are foreign investments.

"The present stage of economic reforms in the country sets new tasks and the CCI has to take efforts to make potential foreign investors better informed of economic situation in Tajikistan," Karamaliyev.

He termed as an example President Rahmon's visit to Egypt. "The business community of this country has not had information about the business environment in Tajikistan as it turned out," said the CCI official. "We ought to establish close ties with our foreign colleagues."

For this purpose, Tajikistan's CCI has sent copies of the special edition of its official paper "Tojik-Kommersant" with appeal to international business community to 182 countries throughout the world, according to him.

"The cooperation appeal we have launched contains materials about they main national projects and outlines sectors like tourism, processing of precious metals and stones, telecommunications, processing of farm produce, financial and banking system, healthcare and tourism, as areas of which could drive mutually beneficial cooperation," Karamaliyev said.

He also noted that the Czech traveling exhibition will open in Dushanbe on April 16.

## **AGROINVESTBONK IS THE FIRST IN TAJIKISTAN TO INTRODUCE RS-BANK V.6 SYSTEM**

**DUSHANBE, April 16, Asia-Plus** - Open joint-stock company (OJSC) AgroInvestBonk is the first bank in Tajikistan to introduce the centralized automated banking system RS-Bank V.6 (Version 6).

The source at AgroInvestBonk said that a contract on introduction of that system was signed between the bank and R-Style Ukraine in Dushanbe in early April.

“This technology is expected to be introduced in the bank’s head office in Dushanbe in the coming two years and after that it will be introduced in all branches of the bank across the country,” the source said.

R-Style Ukraine, an affiliate of Russia’s R-Style Group, was established in August 1994. AgroInvestBonk has cooperation with R-Style Group since 1998.

Established in 1991, R-Style Group now consists of 16 companies acting in different fields of the computer industry and having branches in Russia, CIS states and other countries. Each company is among the leaders of the Russian IT market. Today R-Style and E-Style Groups employ more than 1,500 specialists including the staff of branch offices and regional representatives.

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

## **LATVIAN ENTREPRENEURS WANT TO COOPERATE WITH TAJIKISTAN**

“**Jumhuriat**”, **No.13, 12 April 2007** - Igors Apokins, the Ambassador of Latvia in Tajikistan during the meeting with Odil Sangov, Deputy Chairman of Trade and Commerce Chamber, said that Latvian entrepreneurs want to cooperate with Tajikistan on banking activity, transit trade development and transport services Odil Sangov proposed to Latvian entrepreneurs to participate at exhibition ‘Interlegprom-2007” that will be held this summer in Dushanbe.



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With best wishes,  
Tajikistan SME Public Relations/Communication Department