

# Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #42

Dushanbe, 15 June 2007

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- Ukraine's East-European Alliance weighs establishment of cooperation with Tajik OJSC Tekstil.
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- Tajik, Belgian banks sign loan agreement for \$1 million.

IFC PRESS REVIEW

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## 2. News interesting for Business Environment

### WB TASK TEAM LEADER ON ILLEGAL LOGGING AND MONEY LAUNDERING VISITS TAJIKISTAN

**DUSHANBE, June 15**, - Visiting World Bank FDPFI's Task Team Leader on Illegal Logging and Money Laundering; and Asset Recovery Theodore S. Greenberg, heading a group of experts, yesterday met with Tajik Drug Control Agency (DCA) Director, Lieutenant-General Rustam Nazarov, Asia-Plus has learned at the Tajik counternarcotics agency.

According to the counternarcotics agency, the main purpose of the visit is for the group to study a progress of fight against money laundry in Tajikistan. "This analysis will be foundation for report and specific proposals on raising efficiency of work in this direction," the source at a DCA said.

In the course of the talks, Tajik drug control chief briefed WB experts on the present drug situation in Tajikistan and efforts taken by the DCA and other law enforcement agencies to fight drug trafficking and money laundry in the country.

Mr. Greenberg joined the World Bank in 2003 as Senior Counsel in the Legal Vice Presidency and now serves in the Financial Market Integrity Unit (FPDFI) where he helps to design and implement the Bank's anti-money laundering and combating financing of terrorism program. He is FPDFI's Task Team Leader on Illegal Logging and Money Laundering and Asset Recovery. Among other organizations, he is working with the Eurasian Group on Combating Money Laundering and the Eastern and Southern Africa Anti Money Laundering Group.

## **CIS CCI HEADS DISCUSS WAYS TO SUPPORT SMEs**

**DUSHANBE, June 15**, - Chamber of Commerce and Industry (CCI) heads from the CIS states have gathered in Tbilisi, Georgia, to discuss cooperation issues.

According to Tajik CCI, a two-day meeting that opened in Tbilisi yesterday has discussed ways to support small and medium enterprises (SMEs) within the CIS area.

The meeting participants include representatives from Russia, Belarus, Georgia, Ukraine, Moldova, Armenia, Azerbaijan, Tajikistan, Kyrgyzstan, Kazakhstan, and Uzbekistan.

The meeting participants have also discussed issues related to arbitration as an alternative mechanism for defending civil rights, certification of goods, training of business personnel, etc.

The source at Tajik CCI said that the meeting is expected to result in signing of a number agreements and election of new chairman of the CIS council of CCI heads.

## **IS IT POSSIBLE TO REDUCE POVERTY WITHOUT \$13 BLN?**

**DUSHANBE, June 14, Facts and Comments** - The discussions at the meeting of Donors to Tajikistan were focused on National Development Strategy (NDS) for 2015 and the Poverty Reduction Strategy for 2007-2009.

Experts of the Fakti i Kommentarii newspaper claim that the two documents, PRS-2 and NDS, were less transparent as compared to the Poverty Reduction Strategy Document.

The population of the country has a rather lame idea of the two documents and knows nothing of the principles and mechanisms of partnership.

In this context, Emomali Rahmon's critical remarks voiced at the development forum (Donor Consultative Group Meeting) seem to be logic.

Authors urge experts join the polemics over the aforementioned issues by answering the following questions:

- **Was it so necessary to elaborate PRS-2 on the basis of NDS if the Poverty Reduction Strategy Document, which allowed reduce poverty level during 1999-2005 down to 17%, was implemented without these conditions?**
- **PRS-2 covers the period from 2007 to 2009, but its already June outdoors. The parliament is still considering the draft strategy and it remains unclear when the strategy will be launched.**
- **Will the PRS-2 be funded from the 2007 regular budget?**
- **How do these strategies combine the interests of various sectors and territories, the republic and donors?**
- **How will the process of PRS-2 implementation be highlighted?**

## **INDIA'S MICRO-CREDIT RATINGS INTERNATIONAL LTD RECOMMENDS BANK ESKHATA TO INVESTORS**

**DUSHANBE, June 14, Asia-Plus** - Experts from India's Micro-Credit International Ltd have recognized Tajik open joint-stock company (OJSC) Bank Eshkata as reliable and solvent bank, Masrourkhon Ishonov, a leading economist with the Bank Eshkata department for work with financial institutions and documentary operations, said.

According to him, the Micro-Credit International Ltd experts have evaluated risk-rating of the Tajik bank and Eshkata Bank has been recommended to investors as reliable and solvent partner. "Eshkata Bank received mark "alpha minus" (a-) that is equivalent to 7 on a 10-point scale," Ishonov said.

He stressed that analysis of its financial activity has allowed Eshkata Bank becoming more transparent.

Micro-Credit Ratings International Ltd (M-CRIL) was established to facilitate the flow of commercial funds into micro-finance through both debt and equity instruments. Over the past year, M-CRIL has emerged as the world leader in the rating of microfinance institutions (MFIs). By April 2007, M-CRIL has undertaken 422 ratings or assessments covering 246 MFIs in 17 countries of Asia stretching from Russia to Philippines.

Established in November 1993, a privately owned Eshkata Bank, with headquarters in Khujand, has eight branches in various regions of the country. The bank got operating license in 1994. In December 2005, European Bank for Reconstruction and Development (EBRD) took equity in Eshkata Bank that allowed Eshkata to continue to comply with the National Bank of Tajikistan's minimum capital requirements, which have been revised upwards to \$5 million. As of May 1, 2007, a regulative capital of Eshkata Bank has amounted to 23.1 million somonis.

## **GBAO ENTREPRENEURS TO TAKE PART AT TRADE AND INDUSTRIAL FAIR IN CHINA'S KASHGAR**

**DUSHANBE, June 14, Asia-Plus – Pamir Media** – Entrepreneurs from Gorno Badakhshan will take part at a trade and industrial fair that will open in the Chinese city of Kashgar in late June.

Khursand Vafobekov, the deputy head of the GBAO directorate for economic development and antimonopoly policy, said that the Third Trade and Industrial Fair of Central and South Asia will open in the International Exhibition Center I Kashgar, China's Xinjiang-Uighur Autonomous Region, on June 28.

"More than 120 entrepreneurs from our region will take part at this fair that will run through July 2," said Vafobekov, "They have an opportunity to put on display their goods at the fair in Kashgar."

## **CCDR LAUNCHES TRAINING COURSE ON COMMUNITY BASED DISASTER RISK**

**Dushanbe, June 14, Asia-Plus** – On Monday June 11, the Center of Competence for Disaster Reduction (CCDR), funded and implemented by the Swiss Agency for Development and Cooperation (SDC), jointly with the Asian Disaster Preparedness Center (ADPC) started a five-day course on Community Based Disaster Risk Management (CBDRM) for professionals working in the field of risk management.

According to CCDR, the CBDRM course provides an opportunity for practitioners to learn essential skills and knowledge in community based disaster risk management to address implementation challenges in a systematic manner. CBDRM participants acquire tools and obtain knowledge on "how to" design and implement programs for reducing disaster risks and vulnerability and building community capacity to promote a 'culture of safety'. Through exercises, simulations and field visit participants practice risk assessment and risk management planning.

The audience represented in the course is professionals from Tajikistan and Kyrgyzstan working in disaster management, managers of non-disaster reduction development programs and governmental officials who wish to learn more on integrating of disaster risk reduction tools into development projects and other cross cutting issues.

At the opening ceremony the Country Director of SDC Dushanbe Mr. Rudolf Schoch highlighted the necessity of integration of disaster reduction component into development initiatives in order to make them more sustainable and resilient. He pointed out that the given course will contribute to a significant added value for an improved disaster risk management in Central Asia.

Tajikistan is a disaster-prone country due to its geographical location in the active seismic zone (Pamir-Alai) and mountainous landscape. Floods, debris flows, and mass movements of different scale occur every year and cause damage and destruction.

The Center of Competence for Disaster Reduction (CCDR) helps reduce the impacts of disasters in Tajikistan and Central Asia by supporting the public, professionals, and organizations (local and international) to better understand disaster risk and how to reduce it. CCDR activities range from public education to technical support for planning and implementing risk reduction measures.

CCDR is currently a self-implemented project of the SDC, although it plans to become a legally independent and self-sufficient organization in the future.

## **UKRAINE'S EAST-EUROPEAN ALLIANCE WEIGHS ESTABLISHMENT OF COOPERATION WITH TAJIK OJSC TEKSTIL**

**DUSHANBE, June 13, Asia-Plus** - Ukraine's East-European Alliance weighs the possibility of launching a joint venture in cooperation with Tajik open joint-stock company (OJSC) Tekstil (Textiles), Tajikistan's Chamber of Commerce and Industry (CCI) said.

The source at a CCI said that East-European Alliance's delegation led by its director general Aleksandr Ivanchuk met with Tajik entrepreneurs in Dushanbe yesterday.

The meeting discussed issues related to cooperation between the Ukrainian company and Tajik enterprises in the field of textiles and relevant industries. Ukrainian entrepreneurs are interested in importing Tajik cotton aluminum, mineral water and dried fruits and exporting dried milk, sausages and alcohol drinks to Tajikistan, the source said.

The meeting also considered opportunities of establishing cooperation between Tajik enterprises and the Kharkov tractor-producing plant and Dnepropress, which deals with production of blanks for mechanical engineering, metallurgy, cement, mining and other branches of industry.

For their part, Tajik entrepreneurs offered launch of joint ventures on production of vegetable oil and sugar in Tajikistan.

The meeting participants also discussed the possibility of establishment of Tajik-Ukrainian Business Council and Ukrainian Trade House in Tajikistan.

## **EXCISE TAX AFFECTS PRICES OF JEWELRIES PRODUCED BY TAJIK-RUSSIAN JV**

**DUSHANBE, June 13, Asia-Plus** - A 5% excise tax has affected prices of jewelries produced by Tajik-Russian Joint Venture Almaz-Asia.

The Almaz-Asia director general Abdujalil Saidov said, "It has become difficult to realize our products inside the country not to mention abroad." According to him, their products are currently realized at the rate of \$19-\$20 per gram, which is nearly \$2-\$3 higher than the rate of products imported from Turkey and other countries.

Saidov noted that his enterprise monthly processes up to 1.5 kilograms of gold, while its target has been determined at 5 kilograms of gold per month.

In connection with the arising problems, the enterprise has appealed to the government asking for exemption from the excise duty that may probably help them tackle the production problems.

The joint venture Almaz-Holding was established on March 1, 2007 by a group of Tajik entrepreneurs in cooperation with Russia's Almaz Holding. The sides assume equal ownership interest in the company - 50% each. The enterprise produces jewelries mainly from the local gold.

Almaz-Holding Company is one of the largest jewelry companies throughout Russia. The Company unites leading plants and highly-qualified experts. This allows to offer a large variety of jewelry to a wide range of consumers and please real experts of jewelry with outstanding specimens of author's works.

Founded in 1993, it started as a firm specializing in the wholesale trade of jewellery. Shortly thereafter, the company's management realized the need of its own production facilities and started moving in that direction. Over the years Almaz-Holding became a highly-developed commercial organization with a structure that includes well-known jewelry factories such as Krasnoselsky Uvelirprom, and a wide range of wholesale and retail networks.

The basis and most precious gems of Almaz is the Krasnoselsky Orlovsky, one of the biggest in Russia with an 85-year history. It creates a variety of highly artistic products made from silver and platinum with insets of precious and gem stones as well as table suits and different kinds of dishes from silver and cupronickel.

## **HEAD OF RUDAKI'S KUKTOSH JAMOAT ARRESTED FOR BRIBERY**

**DUSHANBE, June 12, Asia-Plus** - Sadridin Mahkamov, the head of the Kuktosh jamoat in the Rudaki district, some 17 kilometers south of Dushanbe, has been arrested on suspicion of having been involved in corruption.

The source at the Agency for State Finance Control and Combating Corruption said that Mahkamov and two other persons, Uktam Khurramov and Rustam Jurayev, were detained on June 5 for demanding \$25,000 from local resident Alimahmad Solehov as bribe for allotting 0.25 hectares to him for housing. Criminal proceedings have been instituted against them. Mahkamov, Khurramov and Jurayev face charges under Article 319, Point 4 of Tajikistan's Criminal Code – bribery.

As it had been reported earlier, the anticorruption agency on May 15 received a legal status giving it to the right to carry out investigation and institute criminal proceedings. Since May 15, the agency has instituted 32 criminal proceedings on charges of extortion and bribery.

We will recall that Mahmadi Jourakhonov, the head of the Qairoqqum city natural-gas distributor, Qairoqqumgaz, in the Sughd province, was arrested on May 29. Officers from the anticorruption agency arrested him when he was taking a bribe of \$1,000 from local resident M. for placing him in job at Qairoqqumgaz.

President Emomali Rahmon signed a decree on the establishment of the Agency for State Finance Control and Combating Corruption on January 10, 2007. The Agency, including its three regional directorates, has a staff of some 500 and performs functions previously carried out by the State Finance Control Committee, Main Tax Police Directorate, Directorate for Combating Corruption, and other agencies. Sherkhon Salimov, formerly Chairman of the Majlisi Namoyandagon (Tajikistan's lower chamber of Parliament) Committee on Constitution and Human Rights, was appointed to head the anticorruption agency.

## **TAJIK, BELGIAN BANKS SIGN LOAN AGREEMENT FOR \$1 MILLION**

**DUSHANBE, June 12, Asia-Plus** - Open joint-stock company Bank Eshkata, Tajik commercial bank headquartered in Khujand, and Belgian bank, VDK Spaarbank N.V., have signed a loan agreement for \$1 million, Asia-Plus has learned from Masrourkhon Ishonov, a leading economist with the Bank Eshkata department for work with financial institutions and documentary operations.

According to him, Bank Eshkata has attracted foreign loans for a total amount of \$2 million since the beginning of the year. "All these funds are being used for crediting the bank's customers," Ishonov said, adding that Eshkata Bank also plans to conclude loan agreements with Deutsche Bank (Germany), the Asian Development Bank (ADB), and other financial institutions this year.

Established in November 1993, a privately owned Eshkarta Bank, with headquarters in Khujand, has eight branches in various regions of the country. The bank got operating license in 1994. In December 2005, European Bank for Reconstruction and Development (EBRD) took equity in Eshkarta Bank that allowed Eshkarta to continue to comply with the National Bank of Tajikistan's minimum capital requirements, which have been revised upwards to \$5 million. As of May 1, 2007, a regulative capital of Eshkarta Bank has amounted to 23.1 million somonis.



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Federal Department of Economic Affairs FDEA  
**State Secretariat for Economic Affairs SECO**

With best wishes,  
Tajikistan SME Public Relations/Communication Department