

AMFOT NEWSLETTER 01/2013

NEWS FROM THE MICROFINANCE SECTOR

Memorandum of Understanding between AMFOT, ABT and NASMB

On January 24th, 2013, a Memorandum of Understanding was signed between three Tajik business associations AMFOT, the Association of Banks of Tajikistan (ABT) and the National Association of Small and Medium Enterprises (NASMB). The associations decided to develop a closer partnership in order to support the economic development of Tajikistan through strengthening the small and medium businesses and the financial sector of the country.

The parties have agreed to undertake the following steps towards a closer partnership: Mutual cooperation in protection of interests of member organizations, active participation in legislation initiatives of common interest, organization of joint capacity building events such as conferences, trainings and workshops as well as joint development of training materials and literature.



General Assembly of AMFOT members

The General Assembly of AMFOT members took place in Dushanbe on January 31st, 2013. Among the participants were AMFOT member MFOs, national and international partner organizations from the financial and business sector of Tajikistan as well as representatives of RT Parliament, the National Bank of Tajikistan and the RT Tax Committee.

During the General Assembly, AMFOT CEO Farkhod Akbarov and CTMT Director Zarina Rakhmatova reported on the activities of their organizations in 2012. The participants also listened to the presentations of representatives of Bovari va Khamkori, AccessBank Tajikistan and Credit Information Bureau of Tajikistan. The General Assembly was taken as an occasion to present the results of the Assessment of AMFOT activities in 2012 as well as the survey on human resources and salaries in the microfinance sector of Tajikistan.

During the General Assembly four new MFOs were voted to be accepted as new AMFOT members. At the same time, three MFOs were excluded from the Association due to delays of membership fee payments and not submitting the operational statistics. With these changes, AMFOT now represents 81 member organizations, among which there are 4 banks, 2 international organizations and 75 MFOs.

Credit Information Bureau of Tajikistan

In 2012, the Credit Information Bureau of Tajikistan (CIBT) has finalized the necessary procedures in order to begin with its operating activities. With support of International Finance Corporation, the Italian company CRIF S.p.A. was chosen as a strategic technical partner and cofounder for CIBT. CRIF S.p.A. is participating in CIBT capital with the share of 49 percent. With CRIF S.p.A. as a final and essential cofounder company, CIBT now has fifteen founder organizations: CRIF S.p.A., AMFOT, OJSC Agroinvestbank, CJSC Fononbank, OJSC Bank Eskhata, Amonatbank, OJSC Orientbank, OJSC Tajiksodirotbank, CJSC Tajprombank, MDO Arvand, MDO Finca, MLO Oxus Microfinance, MLO Imon International, MLO Humo and Partners and MLO Furuz.

In December 2012, CIBT received the operating license of the National Bank of Tajikistan. In the next, technical phase, CIBT will be acquiring a licensed program on credit history and the necessary technical equipment. The practical start of CIBT activities is planned for the second half of 2013.

Consultations on regulatory questions for AMFOT members

In order to meet the growing demand for qualified legal advice on MFO policies and procedures, AMFOT has increased the number of free consultations on regulatory questions to its member MFOs. The consultations are conducted in AMFOT's office in Dushanbe as well as in different regions of Tajikistan in order to discuss, analyze and solve regulatory issues of its member organizations. For this purpose, AMFOT has also been organizing law forums for lawyers and managers of MFOs.

Most recently, AMFOT legal forums were conducted in December 2012 in Dushanbe, Khudzhand and Kurgan-Tyube. The representatives of AMFOT talked about the new regulations relevant for the MFO sector of Tajikistan and discussed strategies for solving general legal challenges to MFO activities. The participants had an opportunity to discuss own experience and to receive practical advice for applying current regulations to the activities of their MFOs.



Working Group on access to finances

In 2012, the representatives of AMFOT have been actively participating in the meetings of the Working Group on access to finances. The Working Group under the National Bank of Tajikistan was established in 2010 upon the initiative of the Presidential Advisory Council on fostering the business environment of the Republic of Tajikistan. One of the main tasks of the Working Group is to improve the financial literacy of the population and to reform the regulations on business transactions.

In order to improve business transactions, the Working Group is envisioning a reform of current legal regulations on collaterals in movable property and has been preparing recommendations for improvement of a current RT law “On movable property”. When adopted, the reformed law will also provide a clearer ground for MFOs in Tajikistan, whose clients often operate with movable property collaterals.

Survey on provision of financial products and services in the agricultural sector of Tajikistan

July through November 2012, AMFOT conducted a survey on provision of financial products and services in the agricultural sector of Tajikistan for the USAID Family Farming Program (USAID FFP). The results of the survey provided background for further project activities of the USAID Family Farming Program in Tajikistan.

The overall goal of the survey was, on one hand, to gain a better understanding about products and services offered in the agricultural sector of Tajikistan by FFP partner microfinance organizations (MFOs). On the other hand, AMFOT also analyzed the needs and wishes of farmers concerning the provision of financial services and products by MFOs. In addition, the survey paid a special attention to the current situation with the provision of microleasing services.

The survey was constructed upon interviews with two major respondent groups of 14 MFOs and 240 farmers, who offer and use financial products and services in the agricultural sector of Tajikistan. All interviews were conducted in Khatlon region.

AMFOT member workshop on the new RT Tax Code

With support of the Tax Committee under the RT Government, AMFOT conducted an introductory workshop on the new RT Tax Code for its member organizations on October 31, 2012. The new RT Tax Code was adopted on September 17th, 2012 and came into force on January 1st, 2013.

The free of charge workshop welcomed more than 50 representatives of AMFOT member MFOs from Dushanbe, RRP, GBAO and Khatlon regions. The participants were informed about the major differences between the old and the new Tax Code and the applicability of the regulations to the work of their MFOs. In the subsequent discussion the speakers clarified practical questions of MFO representatives. In the end of the workshop all participants were presented with the copy of the new RT Tax Code in Tajik and Russian languages.

In November 2012 AMFOT conducted a similar workshop for its member MFOs in the Soghd region.



LEGISLATION

New RT Law “On Credit Unions”

In December 2012, the new RT law “On Credit” has been adopted by the RT Parliament and will come into effect as soon as it will be signed by the President of the Republic. Credit unions are carried through financial participation of its members, accumulating their free financial resources and offering mutual crediting. The unions are a powerful social instrument: They provide financial support to participants, who are not able to receive credits from large financial institutions due to lack of collateral or small size of credits.

During the shaping of the new law, the RT government operated a Working Group on this topic at the RT Parliament. Among participants of the Working Group were members of the lower Parliament Chamber, administration of the National Bank of Tajikistan, RT Ministry of Justice, State Investment Committee as well as representatives of financial sector, business associations and international organizations. As an active member of the Working Group, the experts of AMFOT prepared legal, economic and social analyses of establishing Credit Unions in Tajikistan and conducted a Round Table on this topic in September 2012.



New NBT instructions on MFO activities

The National Bank of Tajikistan (NBT) issued three new instructions on regulation of MFO activities. All instructions have been registered at the RT Ministry of Justice and have recently come into force.

The Instruction No. 196 “On regulation of activities of microdeposit organizations” determines the maximum amount of MDO credits to individuals at 250.000 Somoni and to legal entities at 500.000 Somoni. The amount of MDO microcredits to other MFOs should not exceed 1.500.000 Somoni. For newly established MDOs, the minimum authorized capital stock is determined at 4.000.000 Somoni. The maximal amount of non-monetary share of the authorized capital stock of newly established MDOs should not exceed 20 percent of the total capital stock. The minimum regulatory capital amount of MDOs is determined at 1.000.000 Somoni for March 1st, 2013, 1.500.000 Somoni for January 1st, 2014 and 2.000.000 Somoni for January 1st, 2015. With the official registration of the Instruction No. 196, the previous NBT Instruction No. 135 is ruled invalid.

The Instruction No. 197 “On regulation of the activities of microcrediting organizations” determines the maximum amount of a loan of microcrediting organizations to individuals at 250.000 Somoni. The maximum loan amount of microcrediting organizations to legal entities should not exceed 400.000 Somoni. The minimal amount of the authorized capital stock for newly established microcrediting organizations is set at 1.000.000 Somoni.

The Instruction No. 198 “On regulation of the activities of microcrediting funds” determines the maximum amount of a loan of microcrediting funds to individuals at 250.000 Somoni. The maximum loan amount of microcrediting funds to legal entities should not exceed 350.000 Somoni.

SOCIAL RESPONSIBILITY

AMFOT activities in the field of gender

AMFOT has been expanding its expertise in the field of gender mainstreaming of MFO activities and conducted research and consultancy on this topic in 2012. Some of the services included consultancy on the topic of gender aspects of microfinancing in Tajikistan for Women’s World Banking and a presentation “Support of Women in Migrant Households through Microfinancing” at the ODIHR/UNWomen National Conference “Social Inclusion of Women from Migrant Households in Tajikistan” in September 2012. The in-house survey among AMFOT member organizations on Human Resources management and remuneration policies in the MFO sector also included a component on MFO policies towards their female employees.

With these activities, AMFOT has been further strengthening the social aspect of MFO work and is contributing to the economic and professional development of women in Tajikistan.

First experience in conducting social audit in Tajikistan

In December 2012, two local AMFOT experts on social audit applied their recently acquired knowledge on assessing the protection of MFO clients in Tajikistan. With support of Polish Microfinance Center, Mr. Sobir Rakhimov and Mr. Shukhrat Abdulloev conducted social audit for the MDO Dastras. From beginning of February 2013 this service will be available to all AMFOT member MFOs.

The principles of MFO client protection determine the standards of client services. The implementation of client protection principles in the everyday MFO activities stabilizes the relations to the client, binds the client to the MFO and decreases financial risks. Moreover, financial investors can also contribute to the general health and higher stability of the microfinance sector by including the principles of client protection into their investment criteria.



CENTER FOR TRAINING AND DEVELOPMENT OF MICROFINANCING OF TAJIKISTAN (CTMT)

CTMT activities in 2012

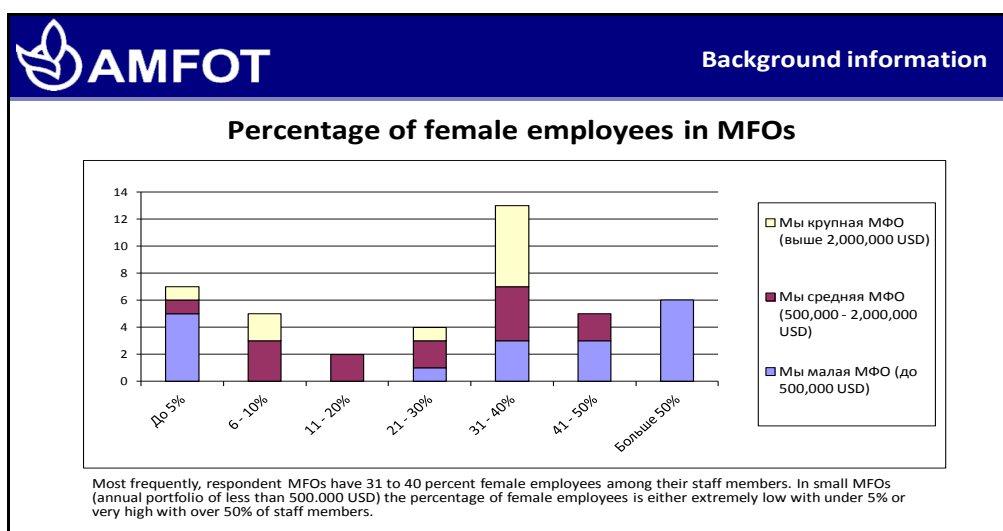
In 2012, Center for Training and Development of Microfinancing of Tajikistan (CTMT) organized and conducted 35 trainings for employees and professionals of MFOs, banks and NGOs. 20 trainings were conducted in Dushanbe, 8 in Khudzhand and 7 in Kurgan-Tyube. 9 of 35 trainings were conducted internally as in-house trainings for CTMT partner MFOs, banks and other institutions of the business and financial sector of the country (MLO Khumo and Partners, Bovari va Khamkori, Agroinvestbank, Amonatbank, MDO Finca, MDO Arvand, MIDAT Association).

CTMT/AMFOT survey on Human Resources Management in the microfinance sector of Tajikistan

In the end of 2012, CTMT and AMFOT conducted an online evaluation of Human Resources management and remuneration policies in the MFO sector of Tajikistan. Within the survey, AMFOT members answered questions about the institutional structure of their organizations, number of employees in different positions and duration of their employment, height of salaries for selected positions as well as instruments of staff motivation.

The special focus of the survey lay in analyzing the differences in MFO policies and regulations towards their employees on the basis of gender. For instance, the survey included questions on number and percentage of female employees as well as differences in remuneration between male and female staff members for selected positions.

The results of the survey will serve as background for advice and consultations for AMFOT member organizations on strategy towards their employees. The survey was introduced during the AMFOT General Assembly in January 2013 and disseminated among the AMFOT member organizations as well as interested colleagues and partners. The English version of the survey will be sent to AMFOT partner organizations with the AMFOT Newsletter 02/2013.



Training Program on Professional Development of MFO Managers

Together with GIZ and NBT, CTMT developed the new training program aiming at the professional development of MFO managers (MFO Managers Program). In 2012, the MFO Managers Program received the official approval of the RT Ministry of Education.

The MFO Managers Program consists of four components – “Banking”, “Management”, “Marketing” and “Strategic Planning”, which all consist of several two to three day trainings with end testing of the participants. The target audience of the Program is MFO managers and high

level staff and professionals with work experience in banking and microfinancing sectors of the country.

In February 2013, CTMT will be conducting the next two trainings of the MFO Managers Program: “Management of MFO Operations and Property” from the Banking component as well as “Strategic Management and Development Policy” from the Marketing component. Both trainings will be conducted by CTMT trainers on February 12th-14th, 2013 in Dushanbe, Tajikistan. The trainings will include following topics: Portfolio management in large MFOs, Essentials of deposit management, Client transaction services, Standards in accounting, Contracts and documentation, Strategic marketing, Product development policy.

New LinkEd courses starting in March 2013

CTMT is happy to announce the next round of e-learning courses in cooperation with LinkEd, the development finance e-learning platform of Frankfurt School of Finance & Management. The courses are tailored to financial practitioners worldwide and are held online. Upon the end of the course, the participants have a possibility to obtain a Frankfurt School certificate upon passing the final exam or a confirmation of course completion after working through all of the modules. The participants from Tajikistan can pass the final exam at CTMT premises in Dushanbe.

The new e-learning program will start on March 4th, 2013 and offer the following courses: Certified Expert in Microfinance, Certified Expert in SME Finance, Certified Expert in Risk Management, Sustainable Energy Finance (new in 2013). The courses offer the following features: Interactive e-learning program including video lectures and PDF scripts, practical exercises, online tests and case studies / Interactive discussion forum for course related issues as well as for exchange of opinions and experiences between classmates and tutors / Personalized support of the LinkEd team.

Interested participants can register online under www.linked.fs.de.

PUBLICATIONS

Analysis of statistical data of AMFOT members for the year 2012 (in Russian).