

## AMFOT NEWSLETTER 02/2011

### NEWS

#### **5<sup>th</sup> National Microfinance Conference “Microfinance on the way to sustainable socio-economic development of Tajikistan”**

On June 24th, 2011, the Association of Microfinance Organizations of Tajikistan (AMFOT) and German International Cooperation GIZ held the 5<sup>th</sup> National Microfinance Conference “Microfinance on the way to sustainable socio-economic development of Tajikistan”. Over 250 representatives of the microfinance sector, public authorities and international organizations took part in the event.

The conference covered four main themes: Potential of microfinancing in providing sustainable economic development of Tajikistan / Social mission of microfinancing: Results and lessons learned / Modern MFI products and services as instrument of broadening the population’s access to finance / Alternative models, methods and approaches to agricultural financing.

On the day after the conference, many participants attended the workshop on “Innovative marketing tools for introduction of microinsurance products”, jointly organized by GIZ and AMFOT. In it, the expert with Frankfurt School of Finance and Management (FSFM) Mr. Eric Simon presented best international practices on microinsurance implementation and gave recommendations for product design.

As part of the conference, MFI Customers’ Fair also took place, where MFI representatives together with their customers were able to demonstrate colorful arts and crafts and other products produced and grown by MFI clients.



#### **Update on the new RT law “On MFIs”**

According to the position No. 45 of the RT Government Action Plan for the second half of 2011, the National Bank of Tajikistan has to present the draft version of the new RT Law “On MFIs” to the attention of RT Government till December 2011. AMFOT will continue to play an active part in the development of the final version of the law and ensure that suggestions of the microfinance sector and of the Working Group of AMFOT consultants will be taken into consideration.

#### **Strategic partnership for Credit Information Bureau of Tajikistan**

The process of choosing a strategic partner for the Credit Information Bureau of Tajikistan (CIBT) is coming in its final round. In June and July 2011, the CIBT Working Group visited three shortlisted candidates D&B (USA), Creditinfo SCHUFA Group (Germany) and CRIF (Italy) and considered their tender bids for strategic partnership with CIBT. In the next step, all three companies will be evaluated upon objective criteria in order to identify the most suitable potential CIBT partner. The members of CIBT Working Group will comment on key strategic questions, and present their results to the Group and CIBT executive director. The final selection of the strategic partner will be determined through discussion and subsequent voting.

### **Work on improvement of RT tax legislation**

On July 17<sup>th</sup> 2011, AMFOT representatives participated in the meeting of Advisory Panel under the Tax Committee of RT Government. The main objective of Advisory Panel is to provide wide and transparent discussion on development of measures for taxation improvement in the Republic of Tajikistan. This includes analysis of available taxation system for small and medium entrepreneurship and provision of recommendations and assistance to the Working Group on the new Tax Code under the RT Ministry of Finance.

At the meeting, participants discussed the status of Advisory Panel and also approved Mr. R. Jabborov, Deputy Chairman of Tax Committee, as a Head of Advisory Panel. In addition, the action plan of further activities was approved at the meeting. According to the action plan, all members of Advisory Panel will provide proposals on improvement of taxation system for small and medium businesses. In September 2011, the consolidated proposal will be submitted to the Working Group on the new RT Tax Code.

### **Meeting of AMFOT and international organizations with the administration of Soghd region**

On July 8<sup>th</sup>, 2011, representatives of AMFOT, GIZ, UNDP and DFID met with deputy chairman of Soghd region S. Rustamov in the frame of their cooperation in the Rural Growth Program (RGP). The participants of the meeting heard the presentation on the development of the microfinance sector in Tajikistan as well as presentations on progress assessment of two pilot MFIs “Rushdi vodi Zaravshon” and “Sughd Microfin”, supported by the GIZ Program on Financial Sector Development. All presented information was very appreciated by the administration of the Soghd region, which will continue to host such events for broader audience in the future.

### **Annual Meeting of the Social Performance Task Force in Den Bosch, Netherlands**

The Social Performance Task Force held its annual meeting in Den Bosch, Netherlands on June 19-23, 2011. Among participants were representatives of microfinance networks, associations, donor organizations and investors from different countries of the world. AMFOT representative also took part in the meeting.

The program included a training on Social Performance initiatives on the first day and a round table of social investors on the second day. At the same time, working groups on different topics such as personnel motivation, capacity building and Social Performance Management took place. These events were followed by plenary sessions on June 20<sup>th</sup> and 21<sup>st</sup>, where practices of Social Performance, perception of social goals, responsible financing, Client Protection standards and initiatives on Social Transparency were discussed. All presentations of the meeting will be soon published under [www.sptf.info](http://www.sptf.info)



### **New NBT instructions on regulation of MLO and MLF activities**

The National Bank of Tajikistan (NBT) adopted two new instructions: Nr. 136 on regulation of activities of microloan organizations (MLOs) and Nr. 137 on regulation of activities of microloan funds (MLFs). According to the instruction Nr. 136, newly created MLOs should have a minimum start capital of 1.000.000 Somoni. Microloans to individuals should not exceed the equivalent of 50.000 USD and to legal entities, the equivalent of 80.000 USD. Microloans to other MFOs should not exceed the equivalent of 150.000 USD.

According to the instruction Nr. 137, microloan funds should fulfill the following requirements: Microloans to individuals should not exceed the equivalent of 50.000 USD and to legal entities, the equivalent of 70.000 USD. Microloans to other MFOs should not exceed the equivalent of 100.000 USD. According to the RT legislation, National Bank of Tajikistan can apply for MLF liquidations through court. In case of liquidation, the property of MLF will be handed over to those stated in its charter, after the requirements of creditors have been fulfilled.

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

### **Training statistics for the 1<sup>st</sup> half of 2011**

In the first half of 2011, Center for Training and Development of Microfinancing of Tajikistan (CTMT) organized and conducted fifteen trainings for employees and professionals of MFOs, banks and NGOs. Compared to the same time period of 2010, the number of trainings rose by 87 percent (1<sup>st</sup> half of 2010: eight trainings in total). Eight trainings were conducted in Dushanbe, three in Khudzhand and four in Kurgan-Tyube. Three of fifteen trainings were conducted internally as in-house trainings for MDO Dastras (Agribusiness), MLO Imon International (training for credit specialists) and journalism NGO Khoma (Banking and Microfinancing in Tajikistan).

### **The process of quality management at CTMT**

The CTMT / GIZ working group on Quality Management has completed the first phase of Quality Management process at the Center for Training and Development of Microfinancing of Tajikistan (CTMT). This project started in April 2011 with the visit of Maria Johansson, an expert on trainings and quality management with Frankfurt School of Finance and Management (FSFM). The aim of Mrs. Johansson's visit was to review existing practices of training and evaluation at CTMT and to consult the Center on the development of methodology standardization and systemic approach to quality management.

The first phase of the project from April to June 2011 concentrated on preparing a starting ground for the future system of CTMT Quality Management. In it, Mrs. Johansson gave recommendations on composing standardized training modules, methods of trainer assessments and on setting up the CTMT Quality Management Committee. In the second phase, the recommendations of the expert will be put into practice. The first meeting of CTMT Quality Management Committee is scheduled for the beginning of August 2011. The next step will also include the standardization of training modules of all CTMT trainers as well as working on CTMT corporate design and a new website.

### **Project on Risk Management Certification**

In order to provide financial organizations with practical support in portfolio stabilization and risk management, the project on Risk Management Certification has been launched in Tajikistan. The Risk Certification Program (RCP) is jointly run by Azerbaijan-Central Asia Financial Markets Infrastructure Advisory Services Project (ACAFI) and the ECA Crisis Response Project of IFC. As international partner of IFC, the Global Association of Risk Professionals (GARP) implements the program in Russia, Ukraine, Moldova, Armenia, Georgia, Azerbaijan, Kyrgyz Republic, Tajikistan and Uzbekistan.

In Tajikistan, CTMT was chosen by IFC as local partner to conduct the trainings and to prepare the exams on Risk Management Certification. The trainings will be organized at least once every six months till January 30<sup>th</sup>, 2015.

In the next step of the project in Tajikistan, GARP will conduct a ToT program for local instructors, who will adapt the RCP modules to practices in Tajikistan. After ToT and certification, the instructors will conduct trainings and exams for candidates willing to obtain the international Risk Management Certificate.

### **Information visits on CTMT activities**

March through April 2011, AMFOT staff members visited twelve MFOs and banks in Dushanbe in order to inform them about the activities of Center of Training and Development of Microfinancing of Tajikistan (CTMT). These visits also aimed to determine the educational potential of MFO and bank personnel and to assess the demand for CTMT services.

In May 2011, CTMT representatives visited MFOs and banks in the regions of Tajikistan and informed them about current CTMT activities and the training program for the next months. In Soghd, they met with nine MFIs and in Khatlon region, with five MFIs and banks.

The results of information visits were evaluated and will be taken into consideration for planning of future CTMT training and consulting activities.



#### **Joint trainings of CTMT and IFC**

CTMT in cooperation with the IFC's Corporate Sector Crisis Response Project started a series of trainings for small and medium enterprises of Tajikistan.

The series was opened with the strategic workshop on "Cost reduction in small and medium enterprises: Theory and practice" on May 31st, 2011, conducted by business trainer and expert on finances and banking Alexey Kutsenko. In the workshop, managers and owners of SMEs learned how to adapt their businesses to the post-crisis situation and expanded their knowledge on analysis and reduction of costs, cash flow management and optimization of business processes. The workshop was conducted in interactive sessions and used practical knowledge from business practices and recommendations of leading experts.

#### **Trainings on TAFF methodology**

From May 10th to 13th, Tajik Agricultural Finance Framework (TAFF) conducted intensive trainings on its methodology of assessing creditability and issuing short and middle term agricultural credits. The training program was successfully attended by AMFOT consultants and representatives of GIZ, Agroinvestbank and MLO Imon International.

At present, TAFF works together with eight partner credit organizations: Agroinvestbank, Amonatbank, Bank Eshkata, Tojiksodirotbank, MDO Arvand, MLO Imon International, MLO Oxus Microfinance and MLO Humo and partners. It provides a systemic approach to methodology and procedures of agricultural crediting and has trained 283 credit experts since program start.

#### **PUBLICATIONS**

CGAP and MIX Microfinance Information Exchange (March 2011): MIX Microfinance World. Eastern Europe and Central Asia Microfinance Analysis and Benchmarking Report 2010

Analysis of statistical data of AMFOT members for reporting period of January 31<sup>st</sup> to March 31<sup>st</sup>, 2011