

ECONOMIC NEWS OF TAJIKISTAN

Tajikistan is recognized as one of the best reformatory countries of the world in doing business

According to the World Bank’s report Tajikistan in an annual rating “Doing Business 2015”, has improved its position on 11 points, having risen from 177 to 166 place, thereby having reached positive results in the world. These results have been achieved due to improvement of sectors of “Credit Accessibility for businessmen” on 62 positions and "Taxation" on 15 positions. Achievement of such results provides a powerful impulse to improvement of investment climate and growth of country’s rating, and also has positive influence on improvement of investments attraction in various directions of economy.

Also, the World Bank considers, that acceptance of such positive measures will open opportunities for business environment development in the country.

TABLE The 10 economies improving the most across 3 or more areas measured by Doing Business in 2013/14

	Ease of doing business rank	Reforms making it easier to do business									
		Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Tajikistan	166	✓	✓			✓		✓			
Benin	151	✓					✓		✓	✓	
Togo	149	✓			✓		✓	✓			
Côte d'Ivoire	147	✓			✓	✓	✓	✓			
Senegal	161	✓	✓		✓	✓	✓	✓			
Trinidad and Tobago	79	✓				✓					✓
Congo, Dem. Rep.	184	✓		✓		✓	✓	✓			
Azerbaijan	80	✓			✓			✓			
Ireland	13				✓	✓				✓	
United Arab Emirates	22				✓	✓	✓				



Meeting of the President of Tajikistan with entrepreneurs and investors



On October 15, 2014 at the State Complex "Kohi Borbad" of Dushanbe was held meeting with the President of the Republic of Tajikistan Emomali Rahmon and entrepreneurs’ and investors.

This event was attended by more than two thousand domestic and foreign businessmen and investors, representatives of international organizations, business associations, national banks, business companies, prominent scientists and experts, heads of ministries and government departments, local executive authorities.

President Emomali Rahmon in his speech, drawing attention to the goals of the organization of the meeting, including the strengthening of reforms to improve the investment and business climate in the sectors of the national industry, technical and technological modernization of industrial enterprises, the complete processing of local raw materials, the production of finished competitive products that meet international standards, the development of export capacity of the country, to

promote greater investment, finding priority sources of long-term investments, as well as the exchange of information, communication and use of international best practices for the development of cooperation between domestic and foreign entrepreneurs and investors, determining the main directions and ways to increase rights and opportunities for domestic and foreign businessmen and investors to support the production of business and industrial development in the direction of the processing of domestic raw materials, called the progressive realization of these objectives, among the number of important issues.

Forum "Dushanbe 2014: Entrepreneurship - engine of the economy"



On October 15, 2014 at the National Library of Tajikistan the Economic and Investment Forum "Dushanbe 2014: Entrepreneurship - engine of the economy" was held with the participation of the President of the Republic of Tajikistan Emomali Rahmon.

This forum was attended by more than 500 domestic and foreign businessmen and investors, representatives of a number of influential international organizations such as the UN, World Bank, International Financial Corporation, the European Bank for Reconstruction and Development, the Islamic Development Bank, Asian Development Bank, the diplomatic representatives of the countries of the world, famous scientists and experts as well as representatives of large companies, business entities, executives and government officials.

President Emomali Rahmon called the Forum an important event in the economic life of the country, which brought together representatives of governments, international organizations and expert circles, entrepreneurs and investors from around the world, as well as local business circles.

National Conference of Consultants -2014

The Second National Conference of Consultants gathered more than 400 participants to develop the consulting sector in Tajikistan. The event took place in the Sheraton Hotel Dushanbe on 14 November 2014. The European Bank for Reconstruction and Development (EBRD) hosted the Second National Conference of Consultants in Tajikistan. The Conference consisted of an exhibition of consulting companies working in Tajikistan, presentations and master classes from leading local and international consultants on management skills and a reception celebrating International Consultants' Day. The Conference support small and medium-sized businesses by building strong demand for local consulting services and develop the local consulting market by consolidating the consultancy industry. The Conference served to create a strong relationship between SME representatives and consultants and involved presentations by local consulting companies, as well as attracting the attention of the local community and donor agencies to the growth and development of consulting industry in the Republic of Tajikistan.

The first part of the event was a public exhibition of consulting companies working in Tajikistan. It was an open event. More than 25 companies from 1C service providers to design agencies and management consultants presented their services, distributed informational materials and spoke about their activities and opportunities for fruitful cooperation. The exhibition continued during the event and provided a colorful background to the conference.

The event started with an opening speech of Richard Jones, the Head of EBRD Resident Office in Tajikistan, Davlat Habibov, State Committee on Investment and Property and Sitora Bobojanova, National Program Manager for SBS Tajikistan. Then a presentation was made on “the Profession of the Consultant and its specifics” by an international consultant from Russia, Vladimir Cherniavsky. Local consultants then followed with a discussion of various consulting areas, including management consulting, working in the regions, financial reporting and IFRS, the importance of correct recruitment, market research services, quality management and strategic planning.

Master classes for entrepreneurs on strategic management were also conducted as part of the event.

Led by Tetsuo Fukuyama, an EBRD expert, over the course of 1.5 hours, the master class covered strategic management principles with bright examples from Japanese enterprises. The next master class was oriented to clients on the subject of internal audit. Marco Corver, the International audit Director of Finconsult, conducted it. Finally, Vladimir Cherniavskiy conducted a master class on pricing policy for consultants. More than 60 participants took part.

The 21st EAG Plenary Meeting in Dushanbe

The Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) the 21st Plenary meeting and meetings of Working Groups took place in Dushanbe (Republic of Tajikistan) from 10 to 14 November 2014.

The event was attended by delegations of EAG member states: Belarus, India, Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan, as well as representatives of the EAG observer states and organizations: Armenia, Afghanistan, Poland, Turkey, the USA, Montenegro, France, Ukraine, the FATF, APG, MONEYVAL, the Eurasian Development Bank (EDB), the Asia Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the World Bank (WB), Collective Security Treaty Organization (CSTO), the Organization for Security and Cooperation in Europe (OSCE), the UN Office on Drugs and Crime (UNODC), as well as Iran and CIS ATC which were invited by the Plenary.

The Most Important Issues of the Plenary Session

The EAG Deputy Chairman, Chairman of the Committee on financial monitoring, Ministry of Finance of the Republic of Kazakhstan, Mr. B. Tajiyakov chaired the Session.

The Plenary approved Mr. Ajay Tyagi, the Republic of India, as the EAG Chairman until the completion of EAG Chairman Dr. K.P. Krishnan’s Action Plan in November 2015.

The Plenary approved Mr. Vladimir Nechaev as the EAG Executive Secretary from January 1, 2015 upon completion of the member states' national consultations, if necessary.

The Plenary approved the EAG Working Plan for 2015 and the EAG Calendar for 2015, the Action plan of the Working group on counteraction of financing drug business, crime and terrorism (WGCF). The Plenary approved co-chairs for WGCF and WGEL, as well as WGEL, WGTA, WGTYP, WGCF and WGRS co-chairs reports.

The Plenary meeting approved the Procedures of the EAG 2nd Round of Mutual Evaluations. The Plenary meeting approved the EAG Secretariat activity report for 2014 and made a decision to conduct an external audit of the Secretariat's activities in 2015.



Tajik central bank raises its refinancing rate to 8 percent

The National Bank of Tajikistan on December 22 raised its refinancing rate by 1.1 percent to 8.0 percent from 6.9 percent set on October 9.

An official source at Tajik central bank says the bank has raised its refinancing rate in order to ensure effectiveness of the monetary policy.

“Refinancing rate is the main instrument of the monetary policy and it is used to ensure an efficient implementation of the main goals of the country’s monetary policy,” the source noted, adding that increase in the refinancing rate is also aimed at minimizing external factors on the country’s macroeconomic indices.

In 2009, the NBT changed the refinancing rate four times and the 8-percent rate set in July 2009 was the lowest refinancing rate in 2003-2009. In 2009, the refinancing rate was lowered from 10% on May 12 to 9% in late June. Before that, the refinancing rate was lowered from 13.5% to 12% on January 28 and to 10 percent on May 12.

Refinancing, which is one of the main instruments of monetary policy, can alter the monthly payments owed on the loan either by changing the loan's interest rate, or by altering the term to maturity of the loan. More favorable lending conditions may reduce overall borrowing costs. Another use of refinancing is to reduce the risk associated with an existing loan. Interest rates on adjustable-rate loans and mortgages shift up and down based on the movements of the various indices used to calculate them. By refinancing an adjustable-rate mortgage into a fixed-rate one, the risk of interest rates increasing dramatically is removed, thus ensuring a steady interest rate over time. This flexibility comes at a price as lenders typically charge a risk premium for fixed rate loans.

Tajikistan completes the creation of the legal framework for Islamic banking in 2015

Tajikistan has begun to prepare drafts of regulations needed to implement banking activities according to the principles of the Islamic religion.

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The controller noted that the draft legal acts developed on the basis of excellence in the European Union, the USA, China, Russia, Azerbaijan, Kyrgyzstan and Kazakhstan. It is expected that the implementation of projects of these documents, after their adoption, will begin in the first half of next year.

The National Bank believe that Islamic banking will help to expand the range of banking operations, finding new sources of external financing, as well as domestic deposits.

Recall the Law "On the activity of Islamic banking" was adopted by Parliament in May 2014.



Legal Forum

On October 21, 2014 on the initiative of AMFOT, forum was held. This forum brought together over 50 representatives of banks, MCF, MCO and MDO.

In the forum discussed the following topics:

- additions and amendments to the Regulations №199 of NBT;

- issues related to the execution of judicial acts and their solutions;
- questions of legislation of the Republic of Tajikistan in the sphere of counteraction to legalization (laundering) of proceeds from crime and terrorist financing;
- an overview of the project Microfinance Development Strategy of the Republic of Tajikistan;
- issues related to the existing problems of credit institutions in the field of legislation of the Republic of Tajikistan.

It should be noted that the above issues were responsible persons of the National Bank of Tajikistan, the Ministry of Justice of the Republic of Tajikistan and AMFOT. After each presentation, participants rapidly open a discussion issues related to the topic.

In conclusion, the forum participants decided to establish a working group under the AMFOT, which aims to identify gaps and deficiencies in the legislation of the Republic of Tajikistan in the regulation of credit relations and the development of appropriate proposals and ways to address them.

Seminar on practical application of instructions NBT in microfinance institutions

From October 31 to November 1, 2014 AMFOT in cooperation with the National Bank of Tajikistan conducted workshop on the practical application of instructions NBT in microfinance institutions.

For seminar were involved the leading heads and employees the Department of Banking Supervision of the NBT, the Financial Monitoring Department of the NBT and the Department of Currency Regulation of the NBT.

Topics of the seminar: regulation and supervision MFO's activity, currency regulation and currency control, features and inspection procedures MFO by NBT, features of the regulation of MFOs, formation and use of reserves and funds to cover potential losses on loans, requirements for risk management and internal controls in MFOs and more.

The seminar was attended by 20 representatives of microfinance institutions and banks.

Explanatory work for microfinance institutions

through the activities carried out by the AMFOT.

In view of the existing problems of microfinance institutions in the process of organizing the work with problem loans, in particular collateral repossession of collateral, participation of MFIs in litigation, handling the judicial authorities by filing petitions, questions of judicial acts, omissions and gaps in the procedural and substantive rules of the current legislation of the Republic of Tajikistan initiative AMFOT were conducted one-day workshops November 24, 2014 in the city of Khujand and 10 December 2014 in the city of Kurgan-Tube.

At these events as tutors were invited responsible persons from the staff of the court of general jurisdiction, economic and court bailiffs.

The seminars were focused on the following questions: the content and procedure of registration of mortgage contracts and the pledge of movable property, forms of foreclosure on the mortgage of movable and immovable property, foreclosure in court, features of submission of claims in the courts of general jurisdiction, features of submission of claims in the economic courts, order and features of

legislative regulation, the law on enforcement proceedings, enforcement of judgments, problems and their solutions.

After each presentation the participants rapidly open a discussion by asking the right questions and getting answers directly from the judiciary.

Summing up the results of these workshops, and based on the existing practice, it can be concluded that such activities are very useful, and they effectively influence the relationship between microfinance institutions and the judiciary, as well as of bailiffs.

Given the proposals of the participants of these seminars - representatives of microfinance institutions, AMFOT plans next year to hold a two-day training sessions on the above topics, involving senior representatives of government agencies.

NEWS FROM THE FINANCE SECTOR OF TAJIKISTAN

Results of banking system activity for the 9 months of 2014

The meeting with the participation of Heads of banks, Association of banks of Tajikistan, Bureau of Credit Histories Somonien, Fund of insurance deposits of physical entities and Association of Microfinance organizations of Tajikistan on the results of banking system activity for the 9 months of 2014 has taken place on October, 28th current year in the National Bank of Tajikistan.

Abdujabbor Shirinov, the Chairman of the National Bank of Tajikistan, addressing to participants, has told on achievements of banking system of the country in the reporting period.

Then the Director of Monetary Policy Department Tashripov M. and the Director of Banking Supervision Department Khaknazarov T. have reported on macroeconomic-financial situation and banking system of the country for the nine months of current year.

Participants of meeting have also noted urgent problems of the branch solution of which is essential for improvement of activity of banking system of the country.

Assistance to the victims of the earthquake in Vahdat city

Hundreds of houses were destroyed and dozens of families became homeless after a strong earthquake that befell Vahdat on October 10, 2013. In those days, on the instructions of the President of Tajikistan Emomali Rahmon, the affected families were allocated plots of land where the construction works commenced urgently.

So a year later, on the territory of the city Vahdat, a new settlement called "Istikloliyat" was built complying with all up-to-date requirements of homebuilding. Many private companies and organizations nationwide made a contribution within their powers to the construction of a new settlement for the earthquake casualties and the whole process was coordinated by the Administration (Khukumat) of Vahdat district.

Sharing the tragedy and grief of stricken families, the company Humo jointly with another company Arvand, just showed initiative and committed themselves to construct a house.

On October 24, 2014, employees of Humo, in a festive atmosphere, handed the keys to the new home to one of the affected families. New modern house consisting of four rooms and a veranda was turned over to the family of 90-year-old pensioner Nusrat Abdulloev. At the time of transfer of the house, tears of happiness were seen in the eyes of its new owners and they wholeheartedly expressed their gratitude for assistance to the companies Humo and Arvand.



MDO “Humo” opening the new CBS in Istaravshan

On October 13, 2014, in order to provide affordable banking services to the population, a new Center for Banking Services (CBS) of the Closed Joint Stock MDO Humo was opened in the central market of the city Istaravshan. The opening ceremony was attended by staff

The new office is outfit with all necessary equipment and appliances for high-quality customer service. Now, affordable loans, time deposits at attractive conditions, the system of rapid international money transfers and other financial services offered by Humo are also available to customers of the CBS located in the central market of Istaravshan city.



Green energy expo opens in Dushanbe

On November 20, 2014 in Dushanbe at the Kokhi Borbad State Complex was held a three-day energy efficiency expo titled “Energy Efficiency – Your Wise Choice”

The Ministry of Finance of Tajikistan and the Asian Development Bank (ADB) in partnership with the Korea Export–Import Bank, and Public Foundation Habitat have sponsored the expo that has brought together local and international manufacturers and suppliers.



60 local and foreign companies are participating in the exhibition to share energy-saving and efficiency products, new technologies, and alternative energy sources.

Inaugurating the expo, Deputy Minister of Finance, Mehrinamo Jonmahmadova, noted that the exhibition was organized within the framework of the Access to Green Finance project.

According to her, the Ministry of Finance will set up the Green Finance Fund and the ADB has extended a grant of 8.8 million USD for the Fund.

The Fund will provide loans through microfinance organizations for sale of energy efficiency roofs, doors, double-glass panes, ceilings, flooring, water heaters and other energy-saving and efficiency products, Ms. Jonmahmadova noted.

According to the ADB Tajikistan Resident Mission, the ADB approved a \$10 million grant for an Access to Green Finance project to help Tajik families increase power access and efficiency through financing of “smart” green energy solutions. The project is supported by a \$750,000 grant from the Japan Fund for Poverty Reduction for capacity building technical assistance.

20-th anniversary of the OJSC “Bank Eskhata”!



On the 29th of November the OJSC “Bank Eskhata” celebrates jubilee of 20 years. For Tajikistan twenty years working in the financial market is a sign of experience, reliability, highly qualified management. During these twenty years, "Bank Eskhata" shows a steady growth in all major banking indicators, and today it is confidently ranks among the top five banks in Tajikistan.

Since its establishment in 1994, Bank Eskhata set out to meet the business practices of the best banks in the world, using modern banking technology and financial instruments. The Bank continues to strive consistently to meet the highest standards, fully meet the needs of customers, confirming its high reputation. Reliability, efficiency and commitment to the search for optimal

solutions, flexibility and willingness to meet any wishes along with a team of professional staff - that's what stands out Eskhata Bank over 20 years of active service.

Reliability, professionalism, compassion - these are the values that guided the bank today and working with clients.

In the past 20 years, the bank has implemented a number of projects in the field of financing the real economy, philanthropy, support of culture and art, as well as sports. Bank Eskhata will continue its dynamic development, and go further to success.

First Shareholder of MDO HUMO

The Desjardins Fund for Inclusive Finance (DFIF), a fund based in Canada and managed by Développement international Desjardins (DID), has become the first foreign Shareholder Member of the CJSC MDO HUMO.

DFIF was created by the DID, intended primarily to support the creation and strengthening of microfinance institutions such as financial centers for entrepreneurs and is also intended to deliver support for institutions operating in the field of micro-insurance, pension funds and housing finance, in addition to sector funds aimed a wide range at financing of microfinance institutions.

Développement international Desjardins is a component of the Desjardins Group, the largest cooperative financial group in Canada and fourth largest worldwide. It was established in 1970 by the Desjardins Group with the objective of sharing the success of the Desjardins model with the developing countries in the world. Its goal is to increase empowerment among disadvantaged populations by facilitating access to a diverse range of financial services and by developing individual and community assets

By investing in MDO “Humo”, the DFIF aims to help the institution realize its mission of increasing access to quality financial services in rural areas of Tajikistan.

Attraction of the new investor enabled CJSC MDO "HUMO" to raise additional capital and (thereby) comply with the capital adequacy ratios, attract additional financial resources to support intensive growth, increase the network of branches and offices, improve the quality of financial services and offer new banking services to rural population of Tajikistan.



AccessBank Tajikistan opens its branch in Istaravshan

On December 9, 2014 AccessBank Tajikistan has opened its branch in Istaravshan, Sughd province.

In her welcoming speech in honor of the inauguration of the branch, Chairperson of the Board of JSC AccessBank Tajikistan, Katharina Schachtner, noted the importance of the event to the public: "Our main task - to provide public access to profitable, transparent, user-friendly products and services to customers had the opportunity to improve the quality of their business, improve their life and achieve success and prosperity. Particular attention will be given to the agro - lending, which is the main direction of our branch. In such a way we actively support local farmers by providing them with new opportunities for significant development of its agro - business."

In the new branch of AccessBank Tajikistan clients (individuals and legal entities) can quickly open the savings and deposit accounts with favorable interest rates, choose the most convenient loan at attractive conditions for the development of micro, small and medium-sized businesses to take advantage of cash settlement services, as well as from a fast money transfer on all major money transfer systems.

This branch is the eighth of a series of branches of AccessBank Tajikistan.

New Branch Office of Bank Eskhata.

New branch office of Bank Eskhata was opened in Dushanbe that occurred in the year of bank's jubilee. At the coming New Year it turned out to be as one of the holiday presents for customers and personnel of Bank Eskhata. Opening new branch office is realized according to the development strategy of the bank in order to attract more customers and providing them with quality banking products.

The first branch office of Bank Eskhata in Dushanbe was opened in 2002, and it was aimed to implement banking services, gradually spreading them to other country regions. The branch in Dushanbe became a foundation for other branches opened in regions of the republican subordination

and Khatlon oblast. Nowadays there are 2 branch offices and 8 banking services centers of Bank Eskhata in the capital city, which operate to provide bank customers with high quality service.

The new branch office is situated in 11, A.Adhamov str., district Shohmansur, Dushanbe. Now citizens of this district have the opportunity to better use banking services and promote their business.

Staying in the branch office, customers are able to get a loan, to open saving account, to receive or to make money transfer, to use settlement and cash services and others. They can get help of qualified bank staff, who are ready to provide prompt service, in this way contributing to solving their present troubles and for business development.

Reference: Bank Eskhata has the network of 23 branch offices, 115 banking service centers and over 430 money transfer points through the major part of the country.



EBRD and Bank Eskhata lend further support to Tajik food maker Dilpiland.

The European Bank for Reconstruction and Development (EBRD) and Bank Eskhata are further extending their support to Dilpiland, a producer of traditional Tajik food, with a US\$ 500,000 loan provided in a new joint financing agreement.

Dilpiland produces traditional Tajik mince pies, sambusa and handmade dumplings known as manti. The company, part of the family-run Yakhmos Group, sells the produce through its own chain of nine small café-bakeries located mostly in the Sugd region of Tajikistan.

The financing will help Dilpiland open 14 new cafés in different parts of the country, including the capital Dushanbe.

“The EBRD has teamed up with Bank Eskhata to support the growth of successful companies like Dilpiland,” said Nadia Petkova, a senior banker for agribusiness at the EBRD. “Our previous joint loan helped the company expand and win a larger share of the market. We are now looking forward to seeing Dilpiland become a leading, modern, fast food chain selling traditional products of very high quality.”

The loan comes under the EBRD's Medium Sized Co-Financing Facility (MCFF) designed to meet the financing needs of medium-sized private companies in countries such as Tajikistan where the requirements of such businesses are outgrowing the financial sector.

The financing is also accompanied by a technical cooperation grant from the EBRD's Early Transition Countries (ETC) Fund which enabled the EBRD to engage a consultant to work with Bank Eskhata to help develop the project and train the bankers for the future implementation of similar projects. Bank Eskhata joined the EBRD's MCFF programme in 2012.

Supporting small and medium-sized enterprises is one of the ways in which the EBRD is boosting growth in Tajikistan. Since the beginning of its operations in the country, the Bank has invested some US\$ 400 million in various sectors of the economy, focusing on areas that tangibly improve people's lives, such as public utilities and infrastructure.



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

Training "Basel II and its implementation in the Republic of Tajikistan"

On November 2014, CTMT organized corporate training "Basel II and its implementation in the Republic of Tajikistan"

Basel II is the second of the Basel Accords, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision.

Basel II, initially published in June 2004, was intended to create an international standard for banking regulators to control how much capital banks need to put aside to guard against the types of financial and operational risks banks (and the whole economy) face. One focus was to maintain sufficient consistency of regulations so that this does not become a source of competitive inequality amongst internationally active banks. In theory, Basel II attempted to accomplish this by setting up risk and capital management requirements designed to ensure that a bank has adequate capital for the risk the bank exposes itself to through its lending and investment practices. Generally speaking, these rules

mean that the greater risk to which the bank is exposed, the greater the amount of capital the bank needs to hold to safeguard its solvency and overall economic stability.

Coach of this training was Advisor to the Chairman of the National Bank of Tajikistan Davlatov Iskandar Khasanovich.

The training covered topics: Basel Principles for Effective Banking Supervision, advantages and disadvantages of the Basel Capital Accord. The use of Basel II and Basel II goals, the scale and scope of Basel II, components 1, 2, 3, capital to be evaluated - the risk capital of the bank (economic capital), the benefits and challenges of the implementation of Basel II, Basel III, risk oriented supervision, National practice for capital adequacy, conclusions and prospects; risk-oriented supervision.

