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TMSEF Jumps Over the 10 million USD Threshold

Official Ceremony in Kurgan-Tyube

On 14 April the lending unit of Agroinvestbank in Kurgan-Tyube was officially opened in the presence of many guests of honour. The list of participants included the chairman of the National Bank of Tajikistan, Mr. Alimardonov, the Mayor of the Khatlon Oblast, Mr. Miraliev, the Chairman of Agroinvestbank, Mr. Saidmurodov and the representative of the European Bank for Reconstruction and Development, Mr. Myashin. Among the guests were furthermore representatives of international donor

organisations, of Tajik commercial banks and of the TMSEF project management as well as many entrepreneurs from Kurgan-Tyube and various press and media journalists. The speakers at the ceremony congratulated Agroinvestbank and the TMSEF for its achievements and wished success to the lending unit and its future clients.

The Khatlon oblast is far less developed, from an economic point of view, than Dushanbe and the Sogd oblast. Therefore, the access to financial services is particularly important in this re-

gion and will help to foster its development. The strong presence of the TMSEF in the south of Tajikistan reflects the concentration on developing banking activities in this region. The TMSEF is planning to serve clients in even more remote areas in this region. As a first step the branch of Agroinvestbank in Kolhosabad, a town near Kurgan-Tyube, will be used as an outlet of the TMSEF to enable clients outside the larger cities (Kulyab and Kurgan-Tyube) to benefit from the advantageous products of the programme.

offering microfinance products under the TMSEF. Tajprombank is the third bank, which joined the programme in May 2004 and has developed very well since. The bank has a current portfolio of 2.3 million USD with 1,100 outstanding loans to micro and small enterprises. In future, the bank plans to concentrate increasingly on small business loans in addition to micro loans. For this purpose, it has started to extend its SME activities in its branches in Tursunzade, Vakhdat and Istaravshan.

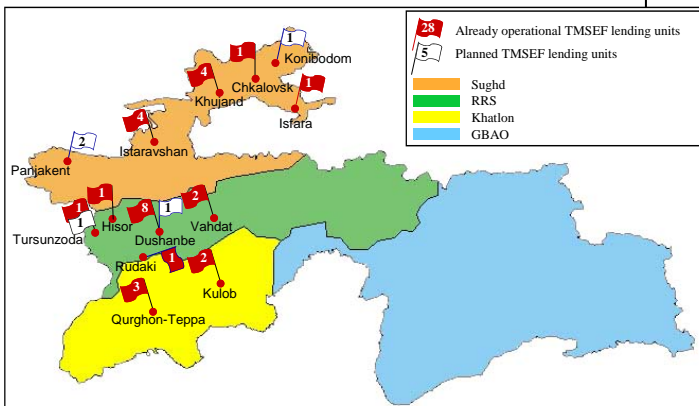
Results

In April the TMSEF partner banks have increased their disbursements and outstanding portfolio significantly. As a consequence, the overall outstanding portfolio under the TMSEF jumped over the magic 10 million USD threshold for the first time in its history. At the end of the month the programme comprised 28 lending units of four partner banks with more than 4,600 current clients and an outstanding portfolio of 10.7 million USD. Since the beginning of the programme in 2003 more than 12,000 loans with a total amount of 34 million USD have been disbursed to micro and small entrepreneurs in Tajikistan.

Opening of a New Lending Unit in Rudaki

On 17 April a new lending unit of Tajprombank started its operations in the town of Leninsky (Rudaki region). Two experienced loan officers from Dushanbe began lending activities in the town, which is located 25 km south of Dushanbe and popular for its cattle-farmers who provide fresh meat to the country's capital.

Rudaki is the seventh branch of Tajprombank



MAJOR APRIL PORTFOLIO STATISTICS

Outstanding Portfolio in USD:	\$10,729,409
Number of Loans below \$1,000:	34%
Number of Loans below \$5,000:	82%
Loans to Clients New to the Banking Sector:	82%
# Loans to Female Entrepreneurs:	42%
Share of Dushanbe Portfolio:	42%
Share of Sogd Portfolio:	38%
Share of Khatlon Portfolio:	10%
Share of RRS Portfolio:	10%
MSE Lending Units:	28
Planned for Next Month:	30
MSE Program Loan Officers:	178
Planned for Next Month:	190
Portfolio at Risk > 30 days	0.11%

Loans Disbursed in March 2006	Loans Disbursed in April 2006	Cumulated Disbursements since October 2003
754 loans	863 loans	12,095 loans
\$2,522,035	\$2,773,798	\$33,942,101
\$3,344 average	\$3,214 average	\$2,806 average

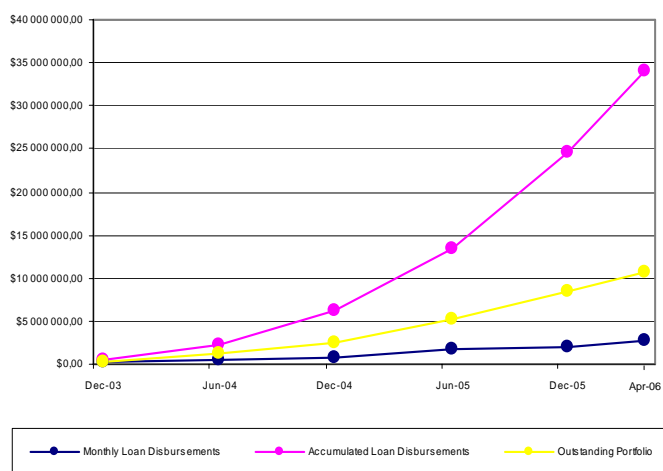
The **TAJIKISTAN MICRO AND SMALL ENTERPRISE FINANCE FACILITY (TMSEF)** is the fourth project of this kind in Central Asia and like the KSBP (Kazakhstan), KMSEF (Kyrgyzstan) and J-USBP (Uzbekistan) it focuses on institution building in selected partner banks and the delivery of sustainable and efficient financing to Micro and Small Enterprises (MSEs).

The Facility started lending operations to MSEs in October 2003. Partner banks fund the initial growth of the loan portfolio out of own resources, while EBRD and its partner organizations in the Facility provide funding for technical assistance. EBRD signed a first loan agreement (USD 1 million) with Bank Eshkata, a second loan agreement (USD 2 million) with Tojiksodirobank, a third one (USD 2 million) with TajPrombank and a fourth one with Agroinvestbank (USD 2 million). IFC provides co-financing to Bank Eshkata (USD 1 million).

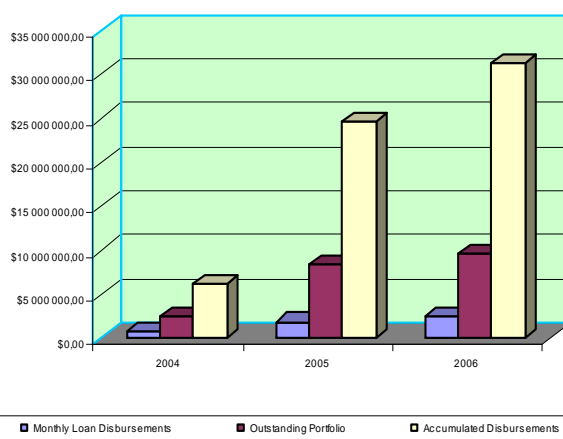
The technical assistance supports Bank Eshkata, Tajiksodirobank, TajPrombank and Agroinvestbank in establishing MSE lending departments, developing loan products tailored to entrepreneurs' requirements, and in training bank personnel in a cash-flow driven credit technology.

DFID together with USAID and EU have provided and committed the necessary technical assistance funds for EBRD to engage in long-term institution building in the banking sector. Additionally, the Swiss Government through SECO has granted a risk sharing guarantee for EBRD loans to the partner banks. TMSEF also benefits from TA funds from the EBRD's Early Transition Fund (ETC Fund) since September 2005.

EBRD/TMSEF
Portfolio Development - Volume



EBRD/TMSEF
Portfolio Development - Volume



PLANS FOR MAY 2006

- Opening of new lending units of Tajprombank in Dushanbe (Firdavsi) and Bank Eshkata in Penjikent
- Selection of loan officer candidates for future MSE lending operations of Tajprombank in Leninsky (Rudaki) and Penjikent, Tojiksodrotbank in Dushanbe and Agroinvestbank in Kannibadam
- Training of loan officers for future lending operations of Agroinvestbank in Tursunzade and Bank Eshkata and Tajprombank in Penjikent
- SME study tour of TMSEF loan officers to the Microfinance Bank of Azerbaijan in Baku

TMSEF CLIENTS

The cotton sector is central to Tajikistan's economy. Not only does it provide employment to about 80% of the country's rural labour force, but cotton fibre is also Tajikistan's second largest export, contributing to almost one-fifth of total export revenues.

As a consequence, there are many micro-entrepreneurs in Tajikistan whose business activities are connected with the cotton sector. One of them is Faysov Tohir, who is engaged in the cotton processing sector. He buys pressed cotton wool from large cotton factories and cleans the raw material, so it can be

used for mattresses, bed linen or the traditional Tajik "Kurpachis", that is, comfortable national mattresses that can be found in every household.

Faysov Tohir is involved in this business for more than 6 years already. In the beginning he bought large amounts of raw material from Tajikistan's rural areas and paid large industrial plants to clean the wool, so he could hand it over to his customers. Only in August 2006 he had saved up enough money to buy the extremely expensive equipment that is necessary to carry out the cotton cleaning process. It took him a couple of months to assemble the

equipment, so he started with his own cleaning of cotton wool in March 2006. Because he had spent most of his money on the equipment, he could not buy as much raw material as he needed to satisfy all orders of his customers. Hence, he approached the TMSEF lending unit of Agroinvestbank Korvon and asked for a SME credit of 15,000 USD to increase his working capital.

Within a short period of time, the bank approved the credit, so Faysov Tohir could buy the required cotton wool just in time for meeting the large demand for the up-coming wedding season, the best time for



sales of mattresses, bed linen, and "Kurpachis". "I'm fully satisfied with the services offered by the bank under the TMSEF. In future, I plan to buy large premises, so I will have more space for expanding my business. I'm sure that Agroinvestbank and the TMSEF will support me in fulfilling this plan", says Faysov Tohir.