

Data Sheet

USAID Mission:	Tajikistan
Program Title:	Small and Medium Sized Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	119-0131
Status:	Continuing
Planned FY 2006 Obligation:	\$4,320,000 FSA
Prior Year Unobligated:	\$882,000 FSA
Proposed FY 2007 Obligation:	\$4,012,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: USAID's program to improve the business environment for the growth of small and medium enterprises includes training and technical assistance to increase opportunities to obtain business information, knowledge, and skills; to support more responsive financial institutions, instruments, and markets; and to improve the implementation of laws and regulations.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$1,427,630 FSA, \$235,793 FSA carryover, \$207,182 FSA prior year recoveries). USAID will strengthen the capacity of Parliament to conduct economic and fiscal analysis. Continued assistance will be provided to the Ministry of State Revenues and Duties to improve tax policies and administration. USAID will help the Ministry of Finance to develop and implement program budgeting. Assistance will also be provided in macroeconomic analysis and monetary policy. USAID will work with business associations, governments, and other stakeholders to increase the effectiveness and sustainability of local institutions and partnerships in their pursuit to improve the business, trade, and legal environment. Principal contractors/grantees: Bearing Point (prime), Chemonics International (prime), and to be determined (TBD) (prime).

Improve Private Sector Competitiveness (\$900,000 FSA, \$20,000 FSA carryover). USAID will evolve its work in the area of Small and Medium Enterprise (SME) development from firm-level assistance to strengthening local business service providers and increasing competitiveness of Tajikistan's SMEs. Future work will provide technical assistance to SME support institutions, professional business associations, and the private sector, including agribusinesses. USAID will support implementation of International Financial Reporting Standards through increased sustainability of the professional certification program and professional accounting associations, to improve transparency and competitiveness of SMEs. Principal contractors/grantees: TBD (prime) and TBD (prime).

Improve Quality of Workforce through Vocational/Technical Education (\$245,778 FSA carryover). USAID will improve the quality of business and economics education at the high-school level. Principal contractor: TBD (prime). USAID will strengthen the quality of business and economics programs in higher education institutions by helping them to become more responsive to the needs of businesses, creating sustainable faculty development and advocacy mechanisms, and supporting educational institutions to move toward international standards. Principal contractor/grantee: Carana Corporation (prime).

Increase Agricultural Sector Productivity (\$684,000 FSA). USAID's Land Tenure Reform Project will work to establish market-oriented land policy, including development and adoption of new regulations, strengthening of land ownership rights, and promoting land market transactions. With improved land legislation and management, and reduced constraints for land market development, greater investment and land productivity can be realized. Principal contractor/grantee: Chemonics International (prime).

Increase Trade and Investment (\$126,200 FSA, \$10,005 FSA carryover, \$51,795 FSA prior year recoveries). USAID will provide assistance to implement reforms required for liberalizing Tajikistan's trade regime and increased participation in the global economy. This assistance will include support to

draft new legislation and amend existing legislation required for Tajikistan's accession to the World Trade Organization (WTO). Principal contractor/grantee: TBD (prime).

Strengthen the Financial Services Sector and Increase Access to Capital (\$1,182,170 FSA, \$32,480 FSA carryover). Assistance to the National Bank of Tajikistan will further strengthen the quality of banking supervision. USAID will strengthen the capacity of local banks and microfinance institutions to provide financial services to micro and small entrepreneurs on a sustainable basis. Special attention will be given to expand services to rural areas. Principal contractors/grantees: Bearing Point (prime), European Bank for Reconstruction and Development (EBRD), and TBD (prime).

Strengthen the Legislative Function/Legal Framework (\$78,500 FSA prior year recoveries). USAID will assist in assessing and improving the current framework of commercial legislation. USAID will continue to build the capacity of legal professionals and the judiciary responsible for interpreting and applying laws and regulations. Principal contractor/grantee: Associates in Rural Development (prime).

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$1,892,621 FSA). USAID's Economic Policy Reform Project will continue its assistance to Parliament. USAID will continue to strengthen fiscal capacity of the Government and start assistance in intergovernmental fiscal finance. Further work will be conducted with business associations and the Government to improve the environment for businesses. Principal contractors/grantees: Bearing Point (prime) and TBD (prime).

Improve Private Sector Competitiveness (\$633,760 FSA). Support will be provided to expand opportunities for businesses to grow and become more competitive. USAID will continue its work on accounting reform. Principal contractors/grantees: TBD (prime) and TBD (prime).

Increase Agricultural Sector Productivity (\$501,260 FSA). Further assistance will be provided to improve land market development and productivity. Principal contractor: Chemonics International (prime).

Increase Trade and Investment (\$180,000 FSA). USAID will provide assistance in implementation of reforms required for liberalization of Tajikistan's trade regime and increased participation in the global economy. Principal contractor/grantee: TBD (prime).

Strengthen the Financial Services Sector and Increase Access to Capital (804,359 FSA). The National Bank of Tajikistan will receive further assistance to improve its supervisory capabilities. USAID will also support further expansion of access to finance for micro and small entrepreneurs through banks and/or microfinance institutions. Principal contractors/grantees: Bearing Point (prime) and TBD (prime).

Performance and Results: With USAID assistance, the Ministry of State Revenues and Duties developed a strategic plan to implement the functional reorganization of the Tax Department, which will improve revenue collection and reduce opportunities for corruption. USAID also helped the National Bank of Tajikistan strengthen on-site and off-site supervisory capacity of the banking supervision department and improve compliance with Basel Core principles. Confidence in the banking sector has improved, resulting in a growth of deposits from 5.5% of gross domestic product (GDP) in 2004 to an estimated 7.5% by the end of 2005. The portfolio of banks participating in the USAID co-funded EBRD Micro and Small Business Lending Program has quadrupled within the year to reach \$7.1 million, serving 3,630 active clients. With assistance from USAID, the Government successfully held its second World Trade Organization (WTO) Working Party meeting in Geneva in April 2005, and is continuing its efforts toward accession. In FY 2005, 99 local firms received enterprise improvement and trade advisory services, which resulted in a 50% increase in sales and 39% increase in productivity. The cumulative number of clients served by the end of the third year of the project grew to 147 and amounted to combined estimated yearly sales revenue of over \$47 million, or 2.2% of Tajikistan's \$2.1 billion GDP. USAID assisted in the development of an improved Law on Pledge of Moveable Property, which was adopted in March 2005. By program's end, it is expected that microfinance, trade promotion, a modern legal and regulatory environment, the adoption of international accounting standards, and accession to the WTO will expand entrepreneurial opportunities and competitiveness, and improve public sector effectiveness.

US Financing in Thousands of Dollars

Tajikistan

119-0131 Small and Medium Sized Enterprises	FSA
Through September 30, 2004	
Obligations	17,498
Expenditures	12,384
Unliquidated	5,114
Fiscal Year 2005	
Obligations	7,105
Expenditures	5,837
Through September 30, 2005	
Obligations	24,603
Expenditures	18,221
Unliquidated	6,382
Prior Year Unobligated Funds	
Obligations	882
Planned Fiscal Year 2006 NOA	
Obligations	4,320
Total Planned Fiscal Year 2006	
Obligations	5,202
Proposed Fiscal Year 2007 NOA	
Obligations	4,012
Future Obligations	5,405
Est. Total Cost	39,222