

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 2005 Obligation:	\$3,525,000 FSA
Prior Year Unobligated:	\$3,291,000 FSA
Proposed FY 2006 Obligation:	\$4,581,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

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

Inputs, Outputs, Activities:

FY 2005 Program: Enhance Participation in Global Trade and Investment (\$383,000 FSA carryover). USAID's Trade Facilitation and Investment Project will continue working to improve the business environment, particularly in the Ferghana Valley, where customs and administrative barriers inhibit the flow of cross-border trade. Support in World Trade Organization (WTO) accession will assist in the preparation of required documentation, and will bring Tajikistan's legal regime into compliance. Principal contractor/grantee: Pragma Corporation (prime).

Improve Economic Policy and Governance (\$2,079,000 FSA, \$1,298,000 FSA carryover, \$337,000 FSA prior year recoveries). Assistance will be provided to the Ministry of State Revenues and Duties to implement its functional reorganization, develop methodologies for estimating income for SMEs, and continue the development of a Central Taxpayer Registration System. USAID will begin assistance to Parliament to establish a Fiscal Analysis Unit. USAID will work with the Ministry of Finance to develop a medium-term budget framework. Assistance in developing Tajikistan's framework of commercial legislation will continue, as USAID helps finalize a draft Law on Pledge, participates in developing a new draft Law on Mortgage, and helps gather support for development of an Administrative Procedures Act. USAID may continue its assistance in land reform through a regional project which would include legal assistance to farmers. Principal contractors/grantees: ARD/Checchi (prime) and TBD (prime).

Improve Private Sector Growth (\$672,000 FSA carryover). Under USAID's Enterprise Development Project (EDP), support will be provided to expand opportunities for businesses to grow and become more competitive. As a result of this assistance, client firms' sales and productivity will increase. The project will continue to support the Certified International Professional Accountant (CIPA) training/testing/certification program. Principal contractor/grantee: Pragma Corporation (prime).

Enhance the Financial Sector's Contribution to Economic Growth (\$1,205,000 FSA, \$315,000 FSA carryover). USAID will continue to support microfinance institutions by providing technical advice and funds for on-lending. USAID will continue to partner with the European Bank for Reconstruction and Development's (EBRD) Micro and Small Enterprise Finance Facility to train commercial bank loan officers to administer micro and small business loan programs. Assistance to the National Bank will strengthen monetary management and the quality of banking supervision. Principal contractors/grantees: Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA) (prime), EBRD (prime), TBD.

Expand and Improve Access to Economic and Social Infrastructure (schools and higher education institutions) (\$241,000 FSA, \$286,000 FSA carryover). USAID will continue providing support to strengthen the quality of business and economics programs in secondary and higher education

institutions. The program will make business and economics programs more responsive to the needs of businesses and the economy, create sustainable faculty development and advocacy mechanisms, and help move educational institutions towards international standards in economics and business education. USAID, in partnership with Junior Achievement Worldwide (JA), will provide business and economics training to middle and high school teachers and build administrative capacity in the JA local chapters. Principal contractors: JA (prime), TBD.

FY 2006 Program: Enhance Participation in Global Trade and Investment (\$322,000 FSA). Assistance for WTO accession will continue as will efforts to strengthen partnerships between the government and business community to improve the policy and legal conditions for business. Efforts to improve cross-border trade in the Ferghana Valley will also continue. Principal contractor/grantee: Pragma Corporation (prime) or TBD (prime).

Improve Economic Policy and Governance (\$1,828,000 FSA). USAID will continue training programs for the Tajik judiciary in commercial and civil law. Assistance will be provided to the National Bank to improve monetary policy. Assistance will continue to the Ministry of Finance in medium term economic, revenue, and expenditure forecasting. Work with parliamentary staff will focus on strengthening the fiscal analysis capacity of Parliament. Principal contractor/grantee: TBD (prime).

Improve Private Sector Growth (\$801,000 FSA). Support will be provided to expand opportunities for businesses to grow and become more competitive. Principal contractor/grantee: Pragma Corporation (prime).

Enhance the Financial Sector's Contribution to Economic Growth (\$1,229,000 FSA). Assistance to MFIs will emphasize building their capacity to provide services on a sustainable basis. USAID will continue to partner with the EBRD to train bank loan officers. Further assistance will be provided to the National Bank of Tajikistan to develop a legal and supervisory framework. Principal contractors/grantees: ACDI/VOCA (prime), EBRD (prime), and TBD (prime).

Expand and Improve Access to Economic and Social Infrastructure (schools and higher education institutions) (\$401,000 FSA). USAID will continue providing support to strengthen the quality of secondary and higher education and thus better prepare youth to enter and compete in a market economy. Principal contractors/grantees: JA (prime), TBD.

Performance and Results: Although weak institutional capacity and inconsistent political will continue to hamper movement on reforms, some progress has been achieved. With USAID assistance, the Ministry of Finance released the new Tajik Chart of Accounts, and the Ministry of State Revenues and Duties completed the functional reorganization plan of the ministry, which will improve revenue collection and reduce opportunities for corruption. USAID also helped the National Bank 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 growth of deposits from 4.76% of GDP in 2003 to 5.5% of GDP in 2004. USAID assisted the Government to prepare for the first meeting of the WTO Working Party for accession of Tajikistan. USAID also provided expertise to draft a new, WTO-compliant customs code. USAID supported development of the Law on Licensing that was passed by the Parliament in May 2004. USAID's EDP provided enterprise improvement consulting services to 48 local enterprises, which resulted in portfolio sales growth in excess of \$8.4 million, with average sales increases of 42% and productivity increases of 6% for the assisted enterprises. USAID assisted in the development of an improved draft Law on Pledge, which governs the creation of security interests in moveable property, and funded judicial and legal training of 185 judges and 250 lawyers on commercial law. By the end of the objective, 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 strengthen public sector effectiveness and accountability.

US Financing in Thousands of Dollars

Tajikistan

119-0131 Small and Medium Sized Enterprises	FSA
Through September 30, 2003	
Obligations	13,096
Expenditures	5,137
Unliquidated	7,959
Fiscal Year 2004	
Obligations	4,391
Expenditures	7,246
Through September 30, 2004	
Obligations	17,487
Expenditures	12,383
Unliquidated	5,104
Prior Year Unobligated Funds	
Obligations	3,291
Planned Fiscal Year 2005 NOA	
Obligations	3,525
Total Planned Fiscal Year 2005	
Obligations	6,816
Proposed Fiscal Year 2006 NOA	
Obligations	4,581
Future Obligations	5,405
Est. Total Cost	34,289

