



**Organization for Security and Co-operation in Europe  
Secretariat**

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## **Conference Services**

Please find attached the presentation by Mr. Fernand Pillonel, EBRD, delivered to the Session II (*Improving economic prospects in countries of emigration*), of the 13<sup>th</sup> OSCE Economic Forum, Prague, 23-27 May 2005.

**Demographic trends, Migration and Integrating persons belonging to national minorities : Ensuring security and sustainable development in the OSCE area  
Prague, 23-27 May 2005**

Fernand PILLONEL  
Head of EBRD Resident Office  
Dushanbe, TAJIKISTAN



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**Improving the economic impact of Tajik migrations**

- Tajik migrations : Origins, types, realities, prospects
- Tajik migrants as an economic actor
- Microfinance in Tajikistan
- EBRD's microfinance program (TMSEF)
- Co-operation to improve economic prospects for migrants



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**Tajik migrations : Origins, types, realities, prospects**

- Large scale labour migration appeared after the break-up of the Soviet Union in 1991, and surged in 1993-1995 because of the civil war and the collapse of the economy.
- Types of flows : The "brawn drain", the brain drain, the shuttle traders, the replacement migrants.
- Categories : Seasonal migrant, migrant under employment contract, temporary migrant, shuttle migrants, settled migrants
- Status : Irregular, Illegal



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### Tajik migrations : Origins, types, realities, prospects

- Migrations in Tajikistan affect all segments of the population (young / old, cities / rural areas, skilled / unskilled workers) and has a vital impact on the Tajik economy (25 % of GDP, USD 300 Mln in banking transfers)
- Despite it constitutes a long-term trend, corresponding to both the receiving and sending countries economic needs, migration is still seen as an alternative to economic crisis, not integrated in a normal economic cycle.



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### EBRD Strategy for TAJIKISTAN (July 2003)

#### Focus points:

- Financing **private sector**: Trough the banking sector or directly with ETC instruments (DLF, DIF, SME Co-financing)
- Strengthening **financial sector**: TFP, MSE, equity, TA
- Supporting **critical infrastructure**: aviation, power sector, municipal infrastructure
- **Policy Dialogue** : improve investment climate and support undertaken reforms (Privatisation)
- **Summer 2005 > New country strategy**. Invitation to comment on the EBRD web site



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### EBRD in TAJIKISTAN : Priorities for 2005

- **ACCESS TO FINANCE / BANKING SECTOR**
  - MICRO FINANCE: development of TMSEF with 4 local banks, in 7 cities (Target of USD 7 Mln)
  - TRADE FINANCE: Increase of TFP limits in 4 local banks (Tajik Soderat Bank, TajPromBank, AgrolInvest Bank, Eskhata Bank (Target of USD 7 Mln)
  - CONSOLIDATION: of the banking sector through selected Equity investments (Target of USD 1.5 Mln) and Technical Assistance
- **PRIVATE SECTOR DEVELOPMENT:**
  - Development of viable projects in private sector: textile, cotton seed oil, mining, tourism (Target from 5 to 30 USD Mln)
- **MUNICIPALITY INFRASTRUCTURE:**
  - Replication of the Khujand water distribution project in Southern cities



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## Objectives

- **Capacity building**
  - Training of loan officers
- **Institution building**
  - Implementation of sound lending procedures
- **Creation of access to finance for micro & small enterprises & entrepreneurs (MSE)**



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## Results: Access to finance

	Disbursed in April 2005	Outstanding as of 30 April 2005	Accumulated disbursed since October 2003
Number of loans	555	2166	3982
Amount	\$ 1,385,938	\$ 4,088,962	\$ 10,361,222



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## Clients



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**Portfolio statistics**

- 39 % of loans disbursed are below USD 1,000.
- 85 % of loans disbursed are below USD 5,000.
- 47 % of loans are disbursed to female entrepreneurs.




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**Portfolio statistics**

- 55 % of clients are clients new to the program.
- 86 % of clients are new to the banking system. (7% have received loans from MFI before)
- 73% of loans are secured without using property.




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**Portfolio statistics**

- 70% of clients have less than 3 employees
- 24% of clients have 3 to 5 employees
- 4% of clients have 6 to 9 employees
- 2% of clients have more than 10 employees




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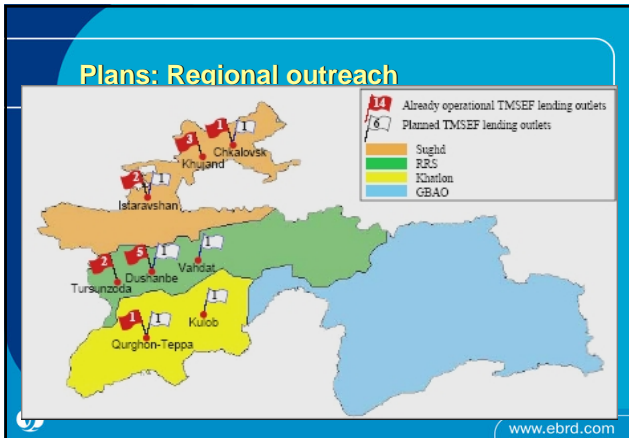
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### Plans: Partner banks

Existing partner banks:

- Tojiksodirotbank
- Bank Eshkata
- TajPrombank

New partner bank:

- Agroinvestbank

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### Plans: Products

Introduction of Small Business Loans

- Giving MSE the possibility to develop their businesses further than to the limits of microfinance
- Up to USD 25,000 on a first stage
- Starting from the second quarter 2005

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## Plans: Projections

	June	September	December
Number of lending units	20	25	30
Number of loan officers	110	130	150
Amount disbursed per month (USD)	1,400,000	1,700,000	2,000,000
Outstanding portfolio (USD)	5,900,000	8,900,000	13,400,000



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## TMSEF and the migrants ?

Difficult assesement of the use of remittances : consumer goods, construction, monthly income >>> low level of investment

The banking sector is only used for transfers

Possible impact on recently created MFIs

The migrant as an investor : Business advisory services, leveraging the remittances for launching a private business



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