

CASE STUDY 07: DEVELOPING AGRICULTURAL BUSINESS IN TAJIKISTAN

Tajikistan is primarily an agricultural country with most people living in rural communities and most of the workforce employed in agriculture.

The introduction of agricultural lending through the EBRD's Tajikistan Micro and Small Enterprise Finance Facility (TMSEFF) in 2005 proved crucial and timely for the development of agricultural businesses such as cattle breeding, crop raising and horticulture. Since 2002, the facility has been accompanied by intensive technical assistance of €3.4 million, provided by the ETC Fund, the European Commission, United Kingdom and United States.

Take Mr Kamolkhodzhi Madumarov as an example. After 36 years as a brigade leader on a collective farm in the Tursunzade region, Mr Madumarov decided to lease some land and study the cultivation of grapes. His years of experience stood him in good stead and in 1996 he built up his own farming and viticulture business, which consists of 44 hectares of land, 25 of which are vineyards. Mr Madumarov's varieties of grapes, such as "Victory", "Khusayni", "Black Beauty" and "Lady Finger", are famous beyond the borders of Tajikistan; each year the Madumarov family exports more than 2,000 tonnes of selected grapes to Russia.

However, Mr Madumarov wanted to expand, and so in May 2007, after hearing that Agroinvestbank in the city of Tursunzade was offering micro loans to farmers, he applied for a €6,800 loan to purchase fertilizer to increase his grape yield.

Mr Madumarov was very pleased with the services offered by the bank under the TMSEFF, particularly the fast loan processing and the grace period for repaying the loan. "Because of the agricultural loan from Agroinvestbank I was able to considerably develop my farming business," says Mr Madumarov. He plans to continue his cooperation with the bank to build up his business even further.