



## Tajikistan: Improving Urban Policy for Small and Medium Enterprises' Growth and Economic Diversification

Project Name	Improving Urban Policy for Small and Medium Enterprises' Growth and Economic Diversification	
Project Number	51437-001	
Country	Tajikistan	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	<b>TA 9493-TAJ: Improving Urban Policy for Small and Medium Enterprises' Growth and Economic Diversification</b>	
	Technical Assistance Special Fund	US\$ 225,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development	
Sector / Subsector	<b>Public sector management</b> - Public administration	
Gender Equity and Mainstreaming	Some gender elements	
Description	<p>Economic diversification for sustained growth will require a dynamic urban economy. The urban sector is central to Tajikistan's future growth. Agriculture accounts for only about 20% of the GDP with industry share being even lower at 13%. Services sector, accounting for more than half the economy (two-thirds of the service sector consists of trade, transportation, communication and storage), tends to be concentrated in urban areas, particularly for the modern and faster growing segments. Dushanbe, the largest city, for example, has grown by nearly 40% in its population since 2000 and accounts for more than 20% of the national GDP, anchored primarily on the services sector. The role of cities as hubs for job creation, innovation and growth in modernizing economies is increasingly recognized. Cities also provide complex challenges for policy makers to address associated issues such as concentrated poverty, pollution and infrastructure bottlenecks. <i>'Getting cities right'</i> is recognized as a prerequisite to laying the foundations facilitating growth, inclusion and environmental sustainability</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>Large informal sector in the urban economy. All business activity in Tajikistan requires legal registration but due to various factors such as registration difficulties, regulatory procedures and tax administration, as well as limitations in the reach of the state machinery, a large part of the economy remains outside the formal sector. Much of the formal economy is dominated by micro- and small-scale enterprises (SMEs), which have been major drivers of growth and employment in the country, accounting for more than 90% of private-sector employment. For example, in 2012, of the 206,300 business units registered in the country, 177,000 were individual entrepreneurs. Given the preponderance of SMEs in urban areas, many not even registered officially, recorded data has shortcomings in capturing what is happening on the ground and how it is being affected or distorted by the policy environment, requiring primary data collection to overcome some of these constraints. Previous data collection however has focused narrowly on access to finance and on business registration procedures and excluded the informal sector. Need to reduce gaps between de jure policy environment and de facto urban business conditions. While recent primary-data based assessments have contributed insights in urban SMEs, a lot more needs to be done to improve policy for promoting diversification and growth in the sector. This includes identifying potential opportunities for reducing transaction costs of the SMEs (not just regulatory costs, for example), assessing mechanisms for the SMEs to address various types of risks, and role of human capital and gender in their performance. In all cases the identified opportunities and constraints need to be linked to various policies affecting the urban business environment, such as zoning and land use, intra- and inter-urban transport services, capital markets, migration and labor mobility, and other infrastructure services. Links to ADB operations. Effectively harnessing the entrepreneurial energy of the urban SME sector through improved urban planning and policies can provide rich dividends to government efforts towards economic diversification and job creation. SMEs also provide an entry point for youth, women and rural and returning migrants. TA outputs will also provide useful inputs into ongoing and proposed ADB operations in Tajikistan. ADB is currently implementing improvement of the road linking two major urban centers, Dushanbe and Kurgon Teppa in Khatlon province, which is expected to impact transport costs both within and between the two cities. ADB is also entering urban development with a proposed project for approval in 2019 while the third sub-program for investment climate reform program is also envisaged for 2020.</p>	

Impact Urban SME diversification and competitiveness improved.

### Project Outcome

Description of Outcome Urban SME planning and policy improved by 2020.

Progress Toward Outcome

### Implementation Progress

Description of Project Outputs  
1. Urban SME policy review completed  
2. Government capacity and systems on integrated urban SME development policy strengthened

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location Nation-wide

### Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

### Business Opportunities

Consulting Services The TA will use individual international consultants for (i) urban policy (one person month); (ii) transport economics (1 person month) and (iii) private sector development (2 person months). Up to two additional international consultants will be recruited on output basis in areas prioritized during implementation (2 person months). Two national consultants including one SME expert (4 person months) and one project assistant (12 person months) will be recruited with input-based contracts. For the surveys, a Data Collection Agency will be recruited in accordance with ADB procedures through single-source selection after consultations with local institutions and government, with an output-based contract not exceeding \$35,000. The consultants will be engaged by ADB in accordance with the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instruction.

Procurement Procurement arrangements for workshops will be done in accordance with ADB procedures. ADB staff will supervise conference and hospitality events funded by the TA.

Responsible ADB Officer Boboev, Muhammadi

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Tajikistan Resident Mission

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### Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	20 Dec 2017
Last Review Mission	-
Last PDS Update	09 Jan 2018

### TA 9493-TAJ

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
20 Dec 2017	-	20 Dec 2017	30 Jun 2019	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
225,000.00	0.00	0.00	0.00	0.00	0.00	225,000.00	20 Dec 2017	5,445.56

Project Page <https://www.adb.org/projects/51437-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=51437-001>

Date Generated 09 November 2018

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