



Qatar – Tajikistan: Beyond Business

Doha, 5 Feb 2017

**Presenter: Nuraliev Jamoliddin.
First Deputy Chairman
National Bank of Tajikistan**

Tajikistan: Selected Indicators

Territory

142.6k km²

Population

8.7 million

Religion

Islam (98%)
Sunni (95%), Shia (3%)

GDP Growth
2016

Christianity (1.6%)

GDP per capita

\$805

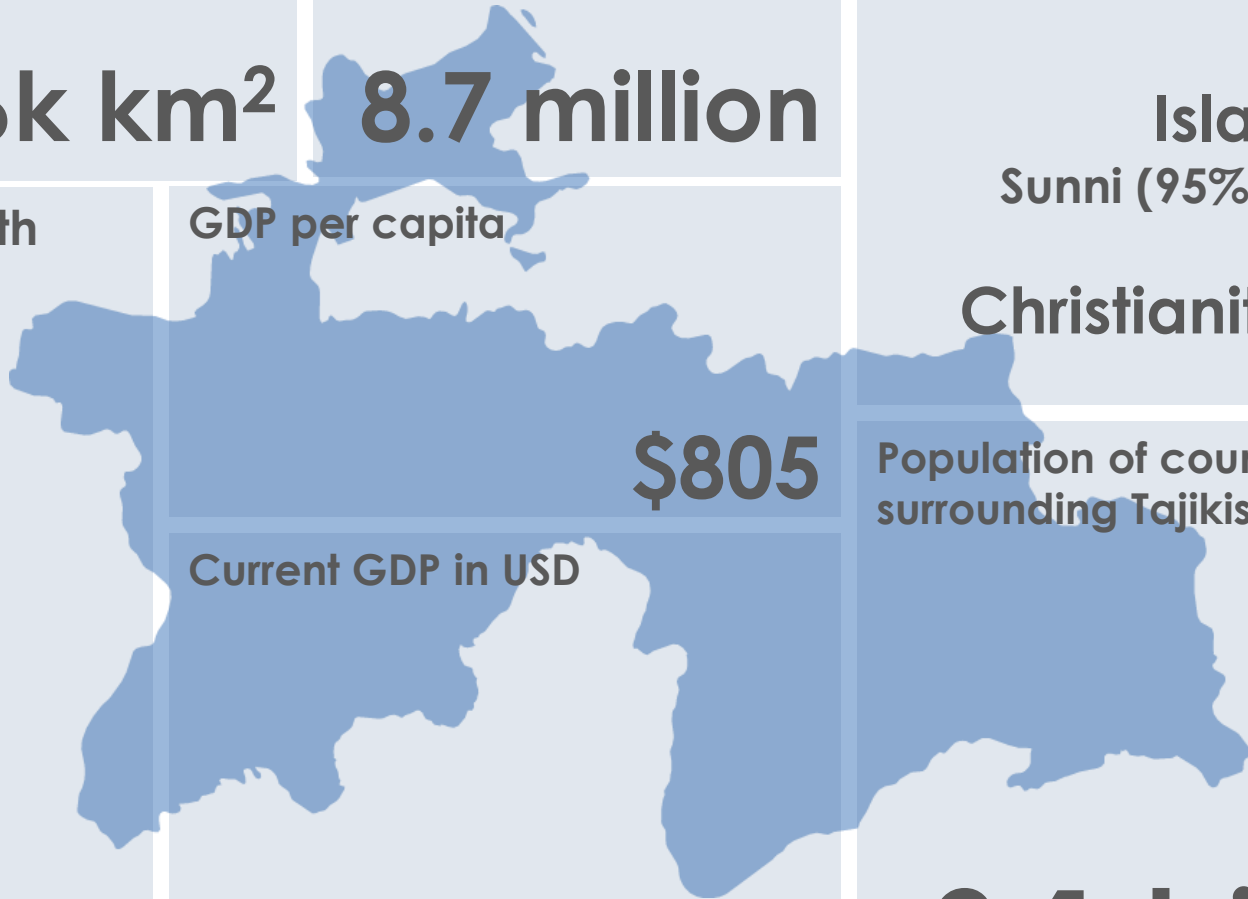
Population of countries
surrounding Tajikistan

Current GDP in USD

6.9%

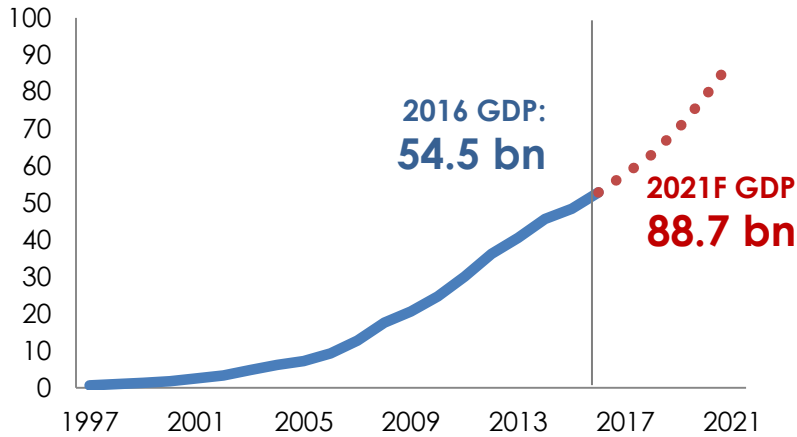
\$7bn

3.1 billion
(42% of world population)

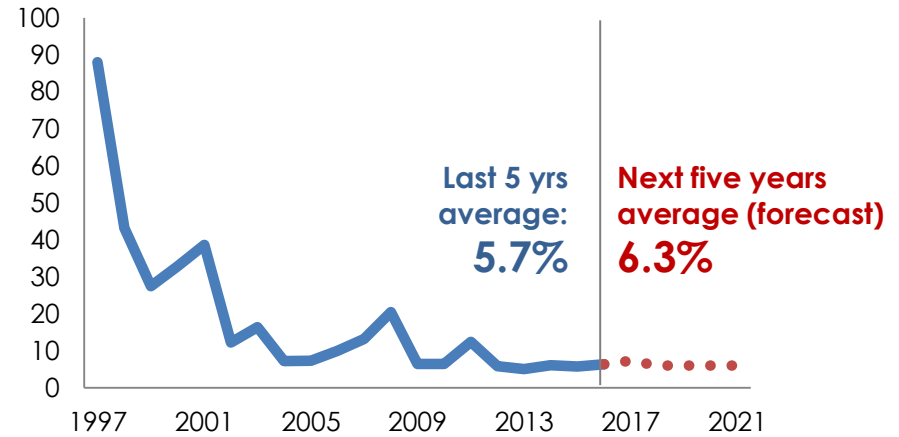


Key Macro Trends

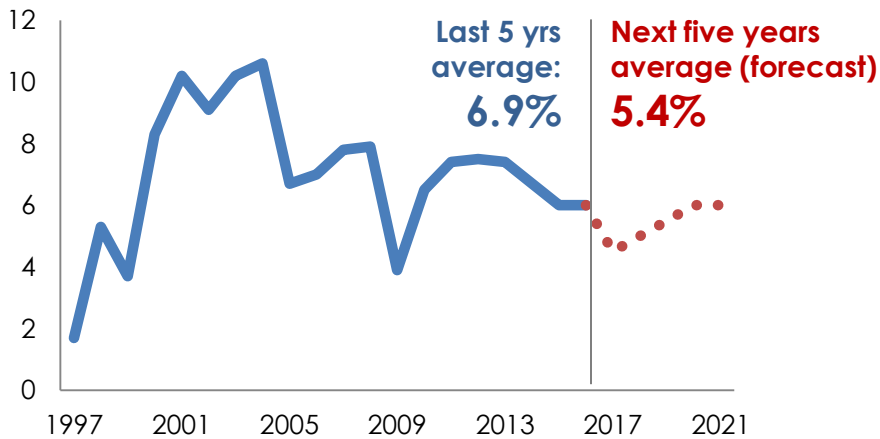
Nominal GDP, billion TJS



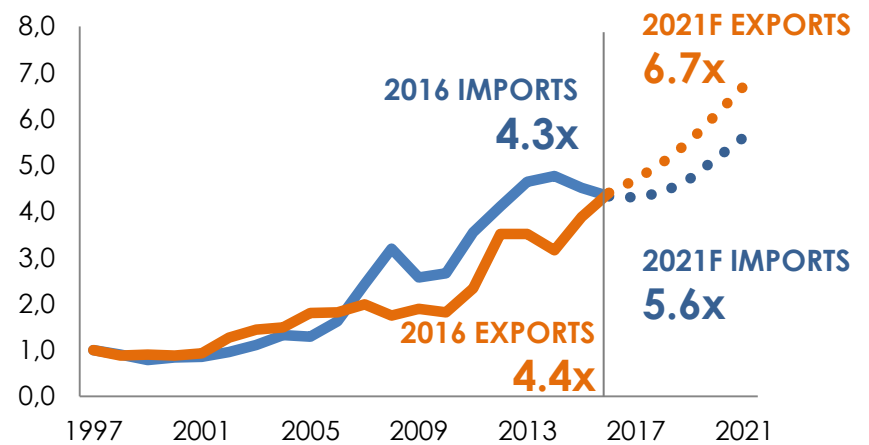
CPI Inflation, %



Real GDP growth, %

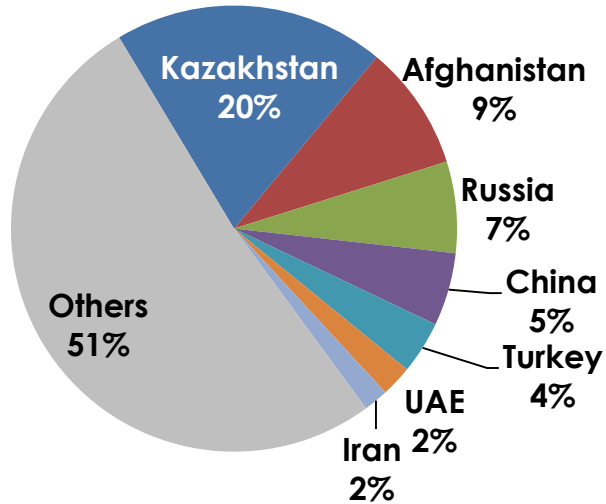


Exports & Imports, Indexed to \$1 in 1997

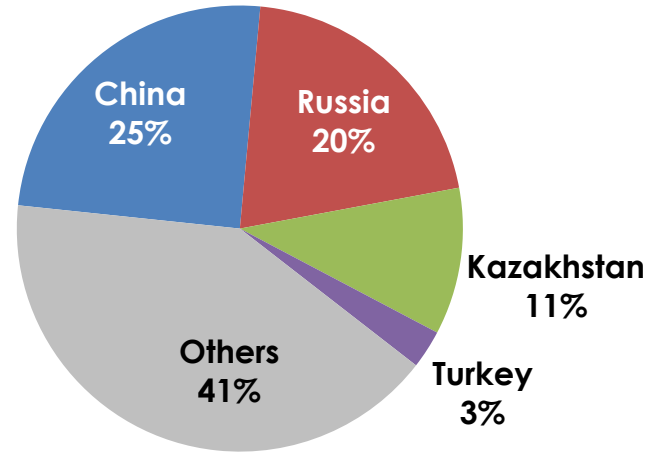


Export & Import Structure

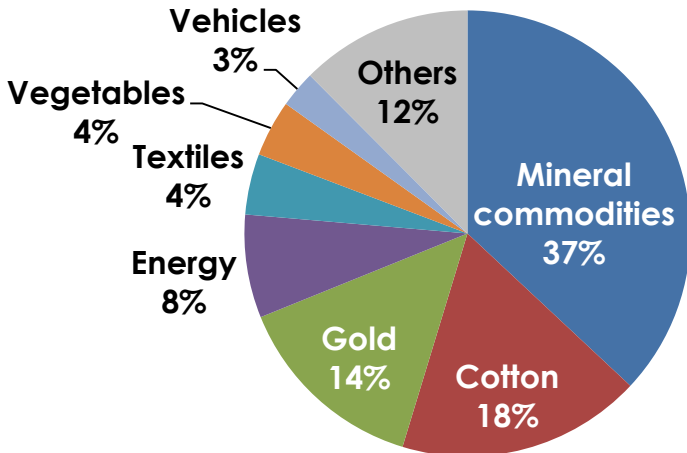
Exports in 2016 by Country



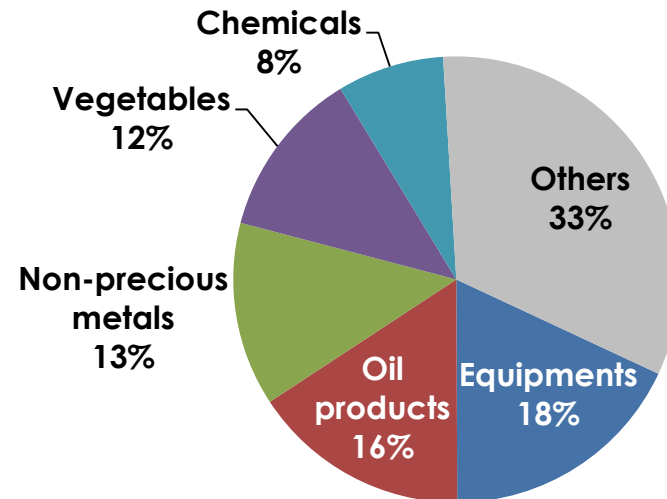
Imports in 2016 by Country



Exports in 2016 by Goods



Imports in 2016 by Goods



Why Tajikistan?



**In Top-10 Performers List
of WB Doing Business in
2010, 2011, 2015**



**In Top-10 Safest Countries
according to Gallup Law &
Order Index**



**Stable Economic
and Political
Environment**



**No Restriction on
Profit Repatriation**



Tax Exemptions



Free Economic Zones



**Low Labor Cost, Well
Educated Talent Pool**



Well Connected



**Shared Culture and
Values**

Why Tajikistan?



**In Top-10 Performers list
of WB Doing Business in
2010, 2011, 2015**

2010 (up 12 ranks)

- Several procedures eliminated for construction permits
- Improved investor protection, getting credit, starting and closing a business

2011 (up by 6 ranks)

- One-stop shop for opening a business
- Greater disclosure and access to information
- Tax rates were lowered

2015 (up by 36 ranks)

- Credit scoring mechanism introduced
- Electronic system for filing taxes
- Simplified procedures to start a business and efficiency in getting construction permits

Why Tajikistan?



**In Top-10 Safest Countries
according to Gallup Law
& Order Index**

**Tajikistan Ranked 4th among
133 countries, based on:**

- Sense of personal security in the neighborhoods
- Low level of crime
- Adequate law enforcement
- Feeling of safety to walk alone at night
- Marked improved from 2014, when it was in the 8th place among 141 countries

Why Tajikistan?



Stable Economic and Political Environment

Stable Economic Environment:

- Poverty rate decreased from 80% to less than 30% in 15 years
- Among top-10% in the world in terms of the pace of poverty reduction
- Average economic growth 6.5-7%
- Continued structural reforms

Stable Political Environment:

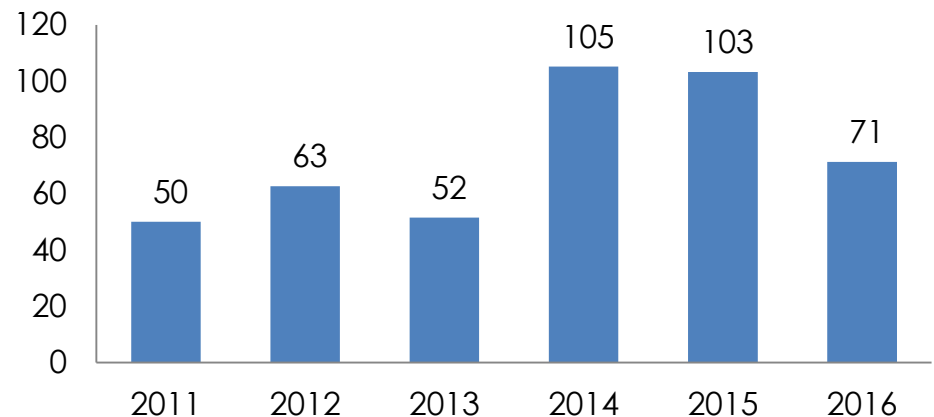
- Reforms toward market-based economy
- Peace and security maintained despite several political tensions in neighboring countries

Why Tajikistan?



**No Restriction on Profit
Repatriation**

Investments Income Outflow *(from interest income and dividends, US\$m)*



Local and Foreign Investment Equally Protected

- No limitations on currency conversion and cash inflow/outflow
(Total outflow in 2011-2016 is US\$444mln)
- Tajikistan ranks 27th in the world on investor protection in WB Doing Business, ahead of many developed countries, including Austria, Spain, Italy, France, Germany etc.

Why Tajikistan?



Tax Exemptions

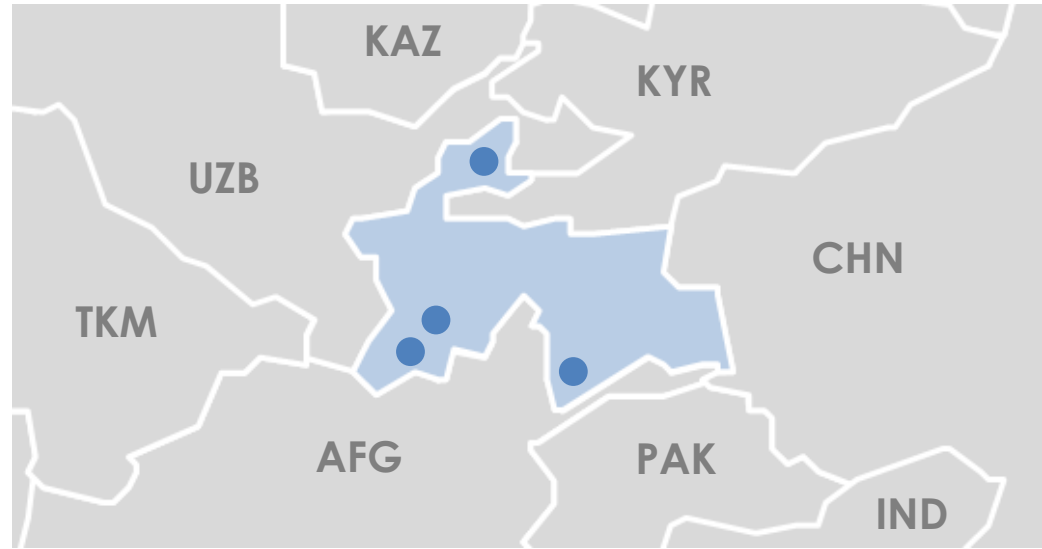
Income Tax Exemptions

<i>Investment size</i>	<i>Tax-free years</i>
\$200k-\$500k	2 yrs
\$500k-\$2m	3 yrs
\$2m-\$5m	4 yrs
>\$5m	5 yrs

VAT & Customs Duty Exemptions

- Technical equipment & components
- Goods for projects endorsed by Gov't of TJK, e.g.:
 - construction of Hydropower stations
 - full-cycle cotton processing

Why Tajikistan?



● Free Economic Zones

Preferences

- Exempt from all taxes (except 2)
- Annual rent: \$1/m²

Free Eco. Zones	Area (ha)	Reg. comps	Examples & planned investments
Danghara (2009)	521	26	Cement: \$160m, Oil: \$68m, Materials: \$10m
Soghd (2008)	320	27	Bazalt: \$11m, Meat: \$5m, etc.
Panj (2008)	401	15	Trade: \$15m, etc.
Ishkoshim (2009)	200	2	Trade: \$200k

Why Tajikistan?

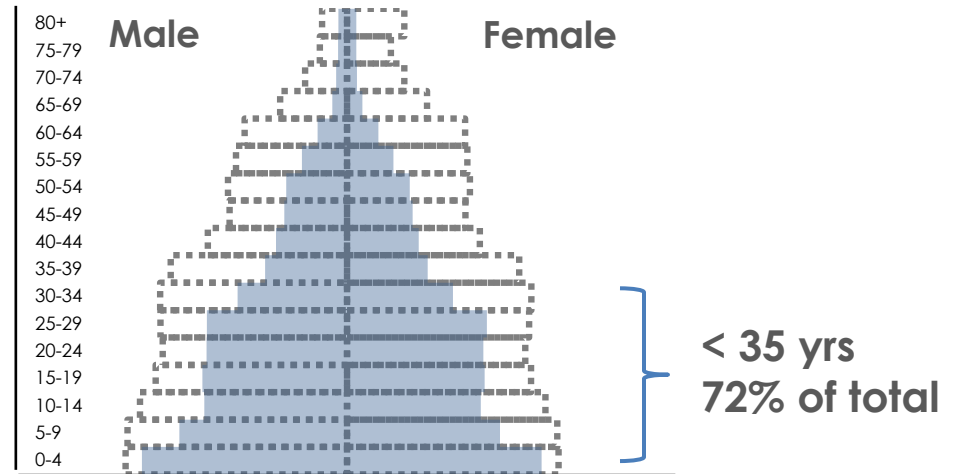


Low Labor Cost, Well Educated Talent Pool

Skilled Labour

- 99.7% literacy rate
- 4553 schools and 65 technical schools
- 39 universities

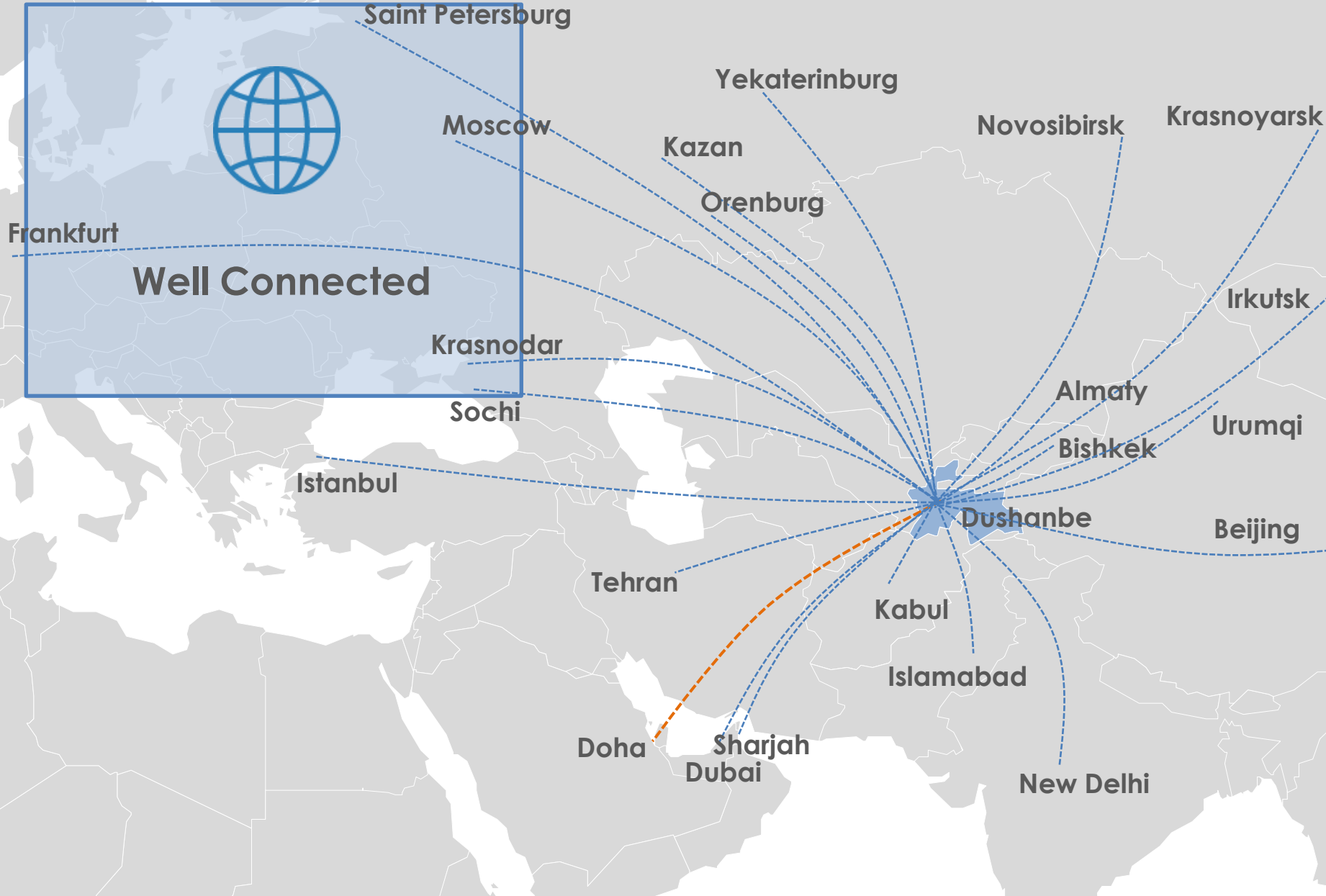
Young & Growing Population Population Pyramid



■ Population in 2016: 8.7mln

▤ Population in 2050: 14.3mln

Why Tajikistan?



Why Tajikistan?



Shared Culture and Values



- Same religion, same madhhab, same holidays
- Hospitality (respecting guests)
- Family values (esp. respect to elders)
- Collective good over individualism
- Honesty and integrity
- Love of poetry
- ..and we also love machbous (oshi palav)

Business Opportunities: Comparative Advantages



Hydropower



Finance



Mining



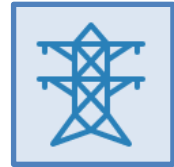
Tourism



Agriculture

Business Opportunities: Comparative Advantages

Hydropower & Clean Energy



- Tajikistan ranks **1st in the world** in terms of hydropower potential per unit of area, 2nd on per capita basis, and 8th overall*.
- The total potential is 527 billion kW/h.
- 95% of this potential is open for investment.
- Unique projects include Norak (3000 Mw) and Rogun (3600 Mw).
- Current investment projects: 8 hydropower projects with target capacities ranging from 125Mw to 3600Mw are available for investment.

Business Opportunities: Comparative Advantages



Finance and Banking Sector

The sector can absorb >\$1.5bn in investment

- Total current size of the credit portfolios is \$1.2bn, which makes only 18% of the GDP.
- Average credit/GDP ratio for the CIS countries is ~33%. Tajik banking system can adequately absorb doubling investment in this field.
- Simple deposit structures in the banking system could yield double digit income.
- Liberalization of the banking system: new banking licenses can be granted (minimum required capital is ~\$10m).
- To diversify financial services, Islamic Banking law has been adopted.

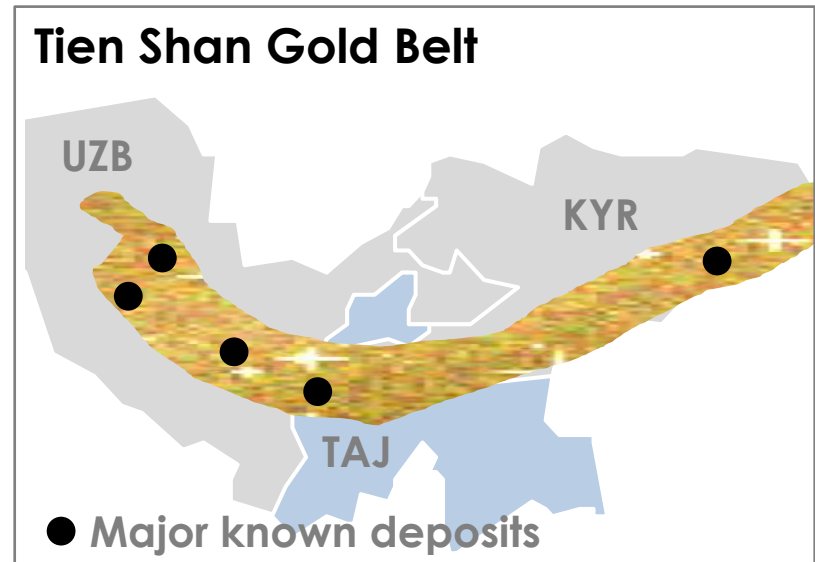


Business Opportunities: Comparative Advantages



Mining Sector

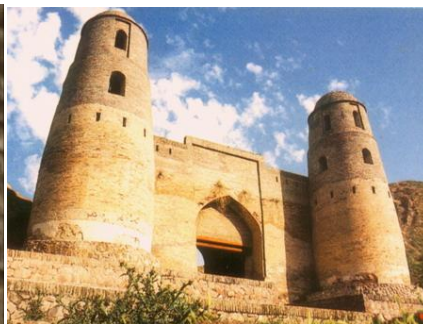
- Tien Shan Gold Belt passes through Tajikistan.
- Current known gold resources in Tajikistan add up to 250-300 tonnes of gold.
- An illustrative case is Konimansuri Kalon, one of the largest global silver / zinc / lead deposits in the world (1bn tonnes of ore, with 49gr/t silver, 0.38% zinc and 0.49% lead).
- Current gold production of the country is <10 tonnes per annum. With additional investments this could increase from 10 to 20 tonnes per annum.
- Other resources: coal, uranium, precious stones, are also available.



Business Opportunities: Comparative Advantages

Tourism – Pamir: “Roof of the World”

- Dushanbe city ranked number one tourism destination*
- Most favored for hunting (e.g. Marco Polo goats), hiking, skiing, and eco-tourism.
- Annually increasing demand creates multiple investment opportunities in tourism infrastructure.



* Source: Based on Master Card Research, 2016

Business Opportunities: Comparative Advantages



Agriculture

- Tajikistan is a major fruit & vegetables producer.
- Productive soil and favorable weather conditions yield great harvest.
- Up to 20 percent of agricultural products are lost due to lack of storage & processing facilities.



Investment Platforms & Guarantees

Investment Platforms

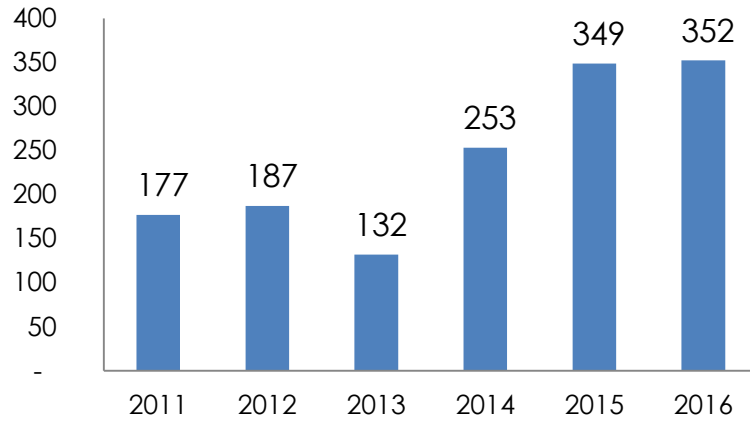
- Concessional Agreements
- Public Private Partnerships
- Investment Agreements
- Production Sharing Agreements

Guarantees to Investors

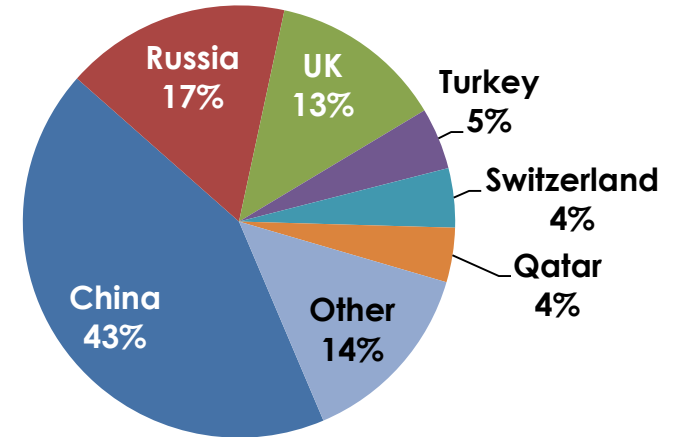
- Equal rights of domestic and foreign investors
- Guarantee of noninterference of government in business
- Right of using and transferring funds abroad
- Free property and information movement
- Intellectual property rights
- Right to use natural resources

Who is Grasping the Momentum?

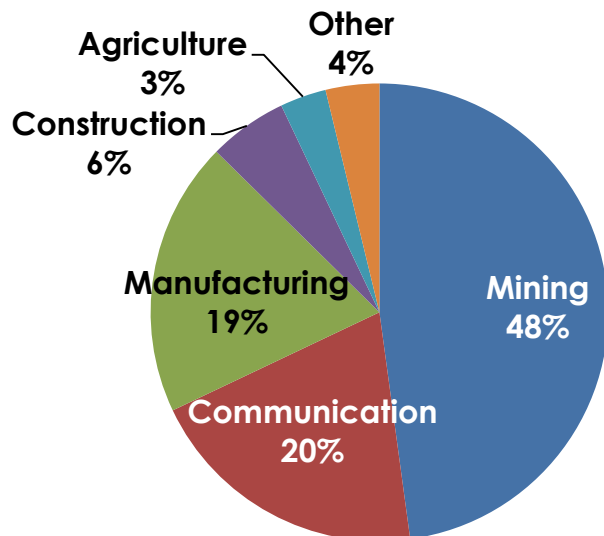
FDI into Tajikistan, USD mln.



Total FDI by Countries, 2011-16



Total FDI by Sectors, 2011-16



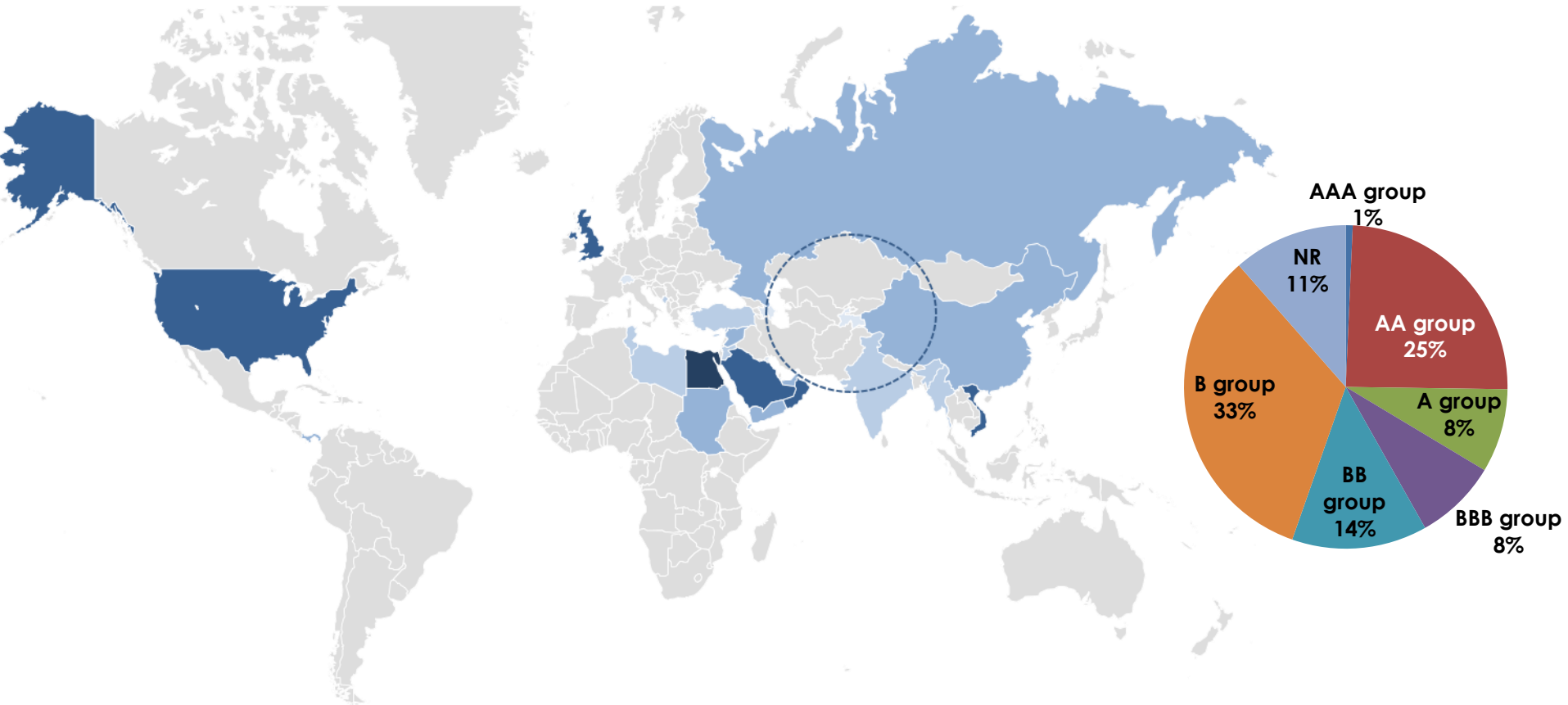
Major Transnational Projects

CASA → 1000 **ZIJIN**
TRANS TAJIK GAS PIPELINE **Beeline®**
МЕГАФОН
China Non Ferrous Gold (Pakrut)
GAZPROM **Auchan** **Coca-Cola** **TOTAL**

Qatar's Outward Investments

Outward Investment Stock ~\$95.3bln (2015), of which ~50% is Greenfield

Greenfield Investments 2003-2015 and Sovereign Ratings (S&P)



Source: FDI intelligence, May 2015, FT

Synergies

Why Qatar is Welcome to Take the Opportunity in Tajikistan

QATAR

TAJKISTAN

Liquid assets seeking new investment opportunities

High return projects in search for funding

Demand for precious stones, nuts, dried-fruits, honey.
Supply of petroleum, gas, plastics

Supply of precious stones, nuts, dried-fruits, honey.
Demand for petroleum, gas, plastics

Fresh water is in the strategic agenda

One of the greatest fresh-water supplies

Globally competitive and ambitious airlines

Geographically advantageous location for an airline hub

Qatari people desire hunting & mountains. Qatar is a great destination for seaside tourism

Tajikistan is highly ranked for hunting & tourism all four seasons throughout the year. Tajik people like sea-side tourism

Qatar – Tajikistan: Beyond Business

There is no perfect, risk-free, unrestricted country in the world for investors. There are always risks...

However, being in Tajikistan is a value in itself.