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**Interview with Makoto Ojiro, Country Director for Tajikistan, ADB**

**Why has ADB changed the scheme of cooperation with Tajikistan? Will the Bank's support to the country be reduced? Has ADB caught its project staff in Tajikistan in corruption? Makoto Ojiro, ADB's Country Director for Tajikistan, replies to these and other questions of Asia-Plus.**

**Asia-Plus: – At the end of the last year, the Asian Development Bank declared that it would provide only grants to Tajikistan. Why does ADB refrain from providing loans to the republic? Does ADB management doubt about Tajikistan's capability to return debts?**

**Makoto Ojiro:** – I will start with the second part of the question. ADB's total loan portfolio in Tajikistan is about \$270 million. Repayment schedules of these loans are all agreed, and I don't anticipate any problems with these agreements with the Government.

I will explain why ADB has switched over to grants only. The main reason is the issue of debt sustainability in Tajikistan. According to the latest data, as of early July, the external debt of Tajikistan was \$1.47 billion, this level is still manageable. Last year, the Government came up with an external debt strategy, which aims at keeping the external debt at level not more than 40% of GDP. And the current external debt level is well below this ceiling.

However, if the country continues to borrow, it could lead to an unmanageable level of external debt. That is why, in 2008, our management decided to refrain from providing loans to Tajikistan, and instead to provide only grants during 2009-2012.

I would like to clarify that ADB is not going to reduce its assistance to Tajikistan just because of a change in modality (from loan to grant). For example, in 2008, ADB provided grant of \$54 mln to Tajikistan for reconstruction of switchyard in Nurek Hydro Power Plant, and this year, the Bank has approved two projects for a total of \$60 mln.

**Asia-Plus: – Recently, EBRD became a shareholder of Tajik commercial bank Agroinvestbank. Prior to that, EBRD bought 21% shares of another Tajik commercial bank Eskhata. Does ADB management intend to become a shareholder of Tajik banks?**

**Makoto Ojiro:** – The banking sector is very important for the country's development. ADB worked with two Tajik commercial banks Tojiksodirobank and Eskhata Bank. We provided credit lines to these banks under the trade facilitation program in a very modest way. But at the moment, we do not have plans to buy shares of a commercial bank in the country.

**Asia-Plus: – This year, ADB provided \$40 million to Tajikistan to implement the anticrisis plan. Where will this money go?**

**Makoto Ojiro:** – First of all, I would like to tell how quickly this program was approved and disbursed. On 6 July was approval of this grant by the Board of Directors, on 7 July the grant agreement was signed, on 8 July we received a legal opinion from the Ministry of Justice, on 9 July the grant became effective, and on 10 July the entire amount was disbursed to the country in a single tranche. Usually, it takes several months to do all these steps.

\$40 mln provided to Tajikistan for implementation of the anticrisis program will be used for three categories of expenditures. The first category is employment programs for migrants returning from Russia and Kazakhstan. In the first quarter, about 100,000 migrants came back to Tajikistan. It's already the third quarter, and I am sure that the number of returned migrants is increasing, and the government needs to provide jobs for them.

The second category is social protection programs for vulnerable groups, including disabled people, elderly and children. The Ministry of Labor has a number of programs to assist vulnerable people, and we decided to include this group into our program, so that they can get some part of the assistance.

The third category is payment of utilities, food and medicine for education, health, and social protection institutions.

In percentage, the ADB's program looks as follows: employment programs – 2.2%; social assistance programs for vulnerable groups – 33%; utilities, food, medicine for education, health, and social protection institutions – 64.8%.

The Ministry of Finance has already started to withdraw money from the program account. For example, I had a chance to visit Bahor Village in Vahdat District, where I met with local representatives. They told me that Somoni 350,000 was allocated to their account under this program.

I would like to note that the account of this program is kept at the National Bank of Tajikistan, but the executing agencies are the Ministry of Finance and the Ministry of Labor and Social Protection. We agreed that the Ministry of Finance will submit monthly statements of expenditures under this program. One month has passed since the grant approval and effectiveness, and we expect to receive the first report very soon. It is very important for the government to use the funds as agreed.

**Asia-Plus: – Do you agree that corruption is a key obstacle for economic growth in Tajikistan?**

**Makoto Ojiro:** – Corruption is an important issue, and the Government of Tajikistan recognizes this and undertakes measures to combat corruption. Of course, it affects the economic growth in the country. In 2006, the government established a special committee – State Financial Control and Anticorruption Agency. Occasionally, I see some news report talking about allegations of corruption against government officials. This shows that authorities are taking measures.

ADB has a very strict anticorruption policy. At present, we provide only grants to Tajikistan, and this money comes from taxpayers of ADB's donor countries. Therefore, we need to use it for proper purposes. We have a special audit office, called the Office of Auditor General in ADB that looks after these issues.

**Asia-Plus: – Has ADB caught Tajik officials in improper use of funds?**

**Makoto Ojiro:** – During the period of our operations in Tajikistan, we did not have any confirmed case of corruption involving ADB-financed projects in the country. I have been working here for 1 year and 8 months only, but I have reports of our past operations for all our projects. And for the whole period of our operations, we did not have any confirmed corruption case under our projects. The total amount of assistance provided by ADB to Tajikistan so far is almost \$500 million.

**Asia-Plus: – Experts of our newspaper say that increase in wages for government officials is a compulsory condition for fight against corruption. In the past there were projects funded by loans or grants of international organizations for government officials' salary increase. Is ADB ready to support such project in Tajikistan?**

**Makoto Ojiro:** – Reform of civil servants' wages is a program that several international agencies working in Tajikistan are involved. But ADB is not involved in such a program. ADB is involved in reforms of other sectors, like agriculture, energy, transport.

**Asia-Plus: – What plans does ADB have for future cooperation with Tajikistan?**

**Makoto Ojiro:** – 10 years have passed since Tajikistan joined ADB in 1998. It was the end of the civil war, after which the country tried to rebuild itself, and establish relations and cooperation with international agencies that could help in that process. At the very beginning of our cooperation, it was not very clear how we could work with new member-countries. Over years, we were able to build trust with the country, and we started to help the country. The first decade of our cooperation ended, and I would call it "assistance provided by ADB to the country". We are now in the second decade of cooperation, and I would call it "partnership between the ADB and Tajikistan". ADB does not only help the country, but it also develops a country partnership strategy jointly with the country, because the country knows what it needs. Currently, we are preparing a new country partnership strategy for the next five years. We expect

it to be finalized within several months. In addition to our own country partnership strategy, in parallel, we are developing a joint country partnership strategy together with 12 donors. Preparation of this joint country partnership strategy has started in line with Paris Declaration on Aid Effectiveness, as in the past there were some issues of donor coordination, and we decided to get together and prepare a joint strategy. Besides ADB, international agencies, like the UN, World Bank, Swiss Cooperation Office, and many others take part in this process. We hope to finalize this joint strategy within a month or so.