

# Towards Rural Inclusive Growth and Economic Resilience (TRIGGER II)

Strengthening economic resilience of Micro-, Small- and Medium-Sized Enterprises (MSMEs) including smallholder farmers in Tajikistan

## Background

Tajikistan is a low-income country and currently the poorest among the former Soviet Republics. More than 70 percent of the population live in rural areas and depend on agriculture. 93 percent of Tajikistan is mountainous, making it difficult to increase and intensify agricultural output. Negative impacts of climate change are evident in the country, facing notable changes of weather conditions and increased frequency of sand storms.

The transition to a country that is geared more to a market economy has only happened to a limited extent. There is a significant inflow of Chinese investments to large state infrastructural and industrial facilities but other foreign investment is deterred by a hostile investment environment. Labour remittances continue to be an important source of external financing, and are equal to 40 percent of Tajikistan's Gross Domestic Product (GDP), making Tajikistan one of the most remittance reliant countries worldwide.

Pressing issues in Tajikistan include the need to rebuild infrastructure, to improve the environment for doing business, and to attract foreign investment.

## Objective

The GIZ project TRIGGER II aims to strengthen the economic resilience of SMEs including smallholder farmers, young and female entrepreneurs. To this end, the project advises private sector actors and the political partner on the implementation of market-based approaches. Challenges for private sector actors are reshaped and introduced into the national discussion.

Project name	Towards Rural Inclusive Growth and Economic Resilience (TRIGGER II)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Republic of Tajikistan
Lead executing agency	Ministry of Economic Development and Trade of the Republic of Tajikistan
Duration	01.01.2019 – 31.12.2021

## Our Approach

TRIGGER II builds on activities of its predecessor projects. It keeps its primary focus on the agricultural sector (including agro-processing and marketing). The project aims to improve links between different market actors (e.g. producer groups and processing companies) and to increase the added value of products and services in Tajikistan. The sectoral focus of the project was chosen due to the sector's employment relevance, its substantial contribution to the GDP, growth trends, and its contribution to lift rural population out of poverty.

The project takes a multi-level approach. It advises private sector actors as well as the political partner in implementing market-based approaches. Digitalisation, the preservation of local biodiversity and adaptation to climate change are cross-cutting issues.

TRIGGER II focuses its support on four main intervention areas.



Left: Fruit and vegetable processing company "Barakat Isfara" in Sughd

Right: Variety of dried apricots grown by beneficiary farmers



Left: Discussion during Dushanbe Economic Meeting 2018

Right: Village advisor gives consultation in agroshop

## Business Enabling Environment (BEE)

The BEE component aims to improve evidence-based economic policy making and to facilitate dialogue between private and public actors. There are two key instruments: first, to strengthen the capacity of public actors involved in economic policy-making to conduct sound economic analysis. Second, to support dialogue formats between private sector actors and political institutions. One of the successes that is promoted and carried forward by TRIGGER II is the annual Dushanbe Economic Meeting. The purpose of this kind of forum is to provide a platform that facilitates policy discussions and suggestions for reform that are based on important topics of the economy.

## Inclusive Value-Chain Development (IVCD)

The IVCD component focuses its support on the development of inclusive value chains. All activities in this area point to increase income of smallholder farmers in selected rural regions of Tajikistan. An example is the improved extension services that enable farmers to produce in a more cost-efficient manner to yield higher quality agricultural products. Matchmaking events between smallholder farmers and processing companies are realised, which enables more efficient ways of distribution. The IVCD component improves access to market information for smallholder farmers via digital applications, e.g. latest price developments for specific crops. This allows farmers to be in a better position to negotiate prices for their produce.

When it comes to local biodiversity and the strengthening of ecosystem services, the component supports business-oriented advisory services. This includes trainings on relevant farming methods (e.g. the use of climate-resistant varieties, sustainable farming practices for adaptation to climate change, efficient technologies) and post-harvest processes (e.g. cleaning, drying, packaging).

## Export Promotion and Market Development (EPMD)

Through the EPMD component TRIGGER II spurs economic growth using export promotion tools. Integrating Tajik producers and processing companies into the world's niche markets is the overall goal. Specific activities relate to marketing, sales and export competencies of actors along selected agricultural value-chains. The project assists to develop product-specific marketing strategies based on a comparison of specific requirements in potential niche markets with potential export products in Tajikistan.

Selected actors at meso level (e.g. business associations) receive technical expertise and organisational advice to support producers in preparing and implementing relevant export or marketing strategies based on sound analyses. On the product side, the component provides support with selecting and carrying out international certifications and accreditations (e.g. organic certificates or Fair Trade) that increases the product quality and enables Tajikistan SMEs to export goods.

## Start-Up & Entrepreneurship Promotion

Here the goal is to improve the range of support services available to start-ups, young and female entrepreneurs. Potential start-up founders are encouraged towards entrepreneurship, while the economic capability of existing companies is increased and their failure rate reduced. Leveraging untapped business and financial skills of the target group strengthens financial independence, particularly of women. It is often the case that the economic migration of many men has forced women to adopt the role of decision makers within families and, in a few cases, within communities too, despite the patriarchal nature of societal structures.

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