

The state of the art Dushanbe Serena hotel will support Tajikistan's efforts to become a more viable and friendly destination for visitors, ultimately translating into improved economic activities in the country and increased availability of trained manpower.



Partners

Government of the Swiss Confederation (SECO)
International Development Association (IDA)
International Financial Corporation (IFC)
TeliaSonera
World Bank

of the Inn is currently being planned to meet the rising demand for quality accommodations in Khorog. In line with AKFED's objectives, the Inn is fully staffed by local residents. In order to promote cultural awareness of the surrounding regions, it sells handicrafts manufactured in the local community and also organizes performances of traditional music.

TPS projects have and will continue to contribute to Tajikistan's economic growth in an environmentally and culturally sensitive manner. With the opening of the Dushanbe Serena Hotel,

TPS will further enhance its support of Tajikistan by increasing tax and foreign exchange revenues, improving the availability of trained manpower, providing employment to local residents and promoting the products of local vendors.

More broadly, by offering high quality accommodations for tourists and business travellers, Serena projects will support Tajikistan's efforts to become a more viable, friendly and comfortable destination for visitors, which ultimately will translate into improved economic activities in the country.

For further information

Aga Khan Fund for Economic Development
137 Rudaki Avenue
Tojikmatlubot, 4th Floor
734003 Dushanbe
Tajikistan
Tel: +992 37 2246565
Fax: +992 37 2246565

Aga Khan Development Network
8-10 Gani Abdullo Street
734003 Dushanbe,
Tajikistan
Tel: +992 37 2246500/2246508
Fax: +992 37 2510066
Website: www.akdn.org

The Aga Khan Development Network (AKDN) is a group of private development agencies working to empower communities and individuals, often in disadvantaged circumstances, to improve living conditions and opportunities, especially in Africa and Asia. Its agencies work in over 30 countries for the common good of all citizens, regardless of their gender, origin or religion. Its underlying impulse is the ethic of compassion for the vulnerable in society.

© AKDN, April 2008. Information contained in this brief can be reproduced with acknowledgement to AKDN.

Photo credits: AKDN/Jean-Luc Ray, Indigo Tajikistan, ARCOP Associates

TAJIKISTAN



Aga Khan Fund for Economic Development

The Aga Khan Fund for Economic Development (AKFED) is an international development agency dedicated to promoting private initiative and building economically sound enterprises in the developing world.

The Fund is making long term investments in Tajikistan as part of an effort to catalyze foreign investment and strengthen the role of the private sector in the country while building essential infrastructure. Its approach emphasises the development of local human resources over time, including managerial, technical, marketing and financial skills.

AKFED's current investments in Tajikistan are in the sectors of energy, telecommunications and tourism; they include the PamirEnergy company, Indigo Tajikistan and Tourism Promotion Services.

PamirEnergy

Following the collapse of the Soviet Union in 1991 and a five-year civil war, Tajikistan's electrical infrastructure was in need of significant investment. Among the most affected areas was the Gorno Badakhshan Autonomous Oblast (GBAO), where economic and human development was stifled during the cold winter months as a result of a lack of electricity for heating and the consequent closure of schools, health centres and small businesses.

AKFED, in partnership with the International Financial Corporation, formed the PamirEnergy Company in 2002 to address the situation. Under a public-private partnership agreement signed with Government of Tajikistan in 2002, the company is managing all power generation, transmission and distribution facilities of GBAO for a 25-

year concession period. Some US \$26.8 million dollars has since been invested by the company to repair the electrical infrastructure of the region and expand hydroelectric capacity.

Following its rehabilitation efforts, over 86 percent of the population of GBAO now has access to electricity. Most residents of the city of Khorog, GBAO are enjoying 24 hours of power a day for the first time since the end of the Soviet era. The company has increased the installed capacity of the 11 hydropower plants it operates from 28 Megawatts (MW) in 2002 to 42 MW.

A pioneering subsidy scheme makes the electricity produced by PamirEnergy affordable to residents and financially viable for the company. One such subsidy ensures that a minimum "lifeline" monthly supply of power is provided to all households served by PamirEnergy

PamirEnergy has doubled the installed capacity at the Pamir I power plant, enabling most of the plant's Khorog customers to have electricity 24 hours per day for the first time since the end of the Soviet era.



PamirEnergy's rehabilitation efforts have included:

- Installing an additional two turbines and generators at Pamir I, the company's main generating facility, thus increasing the plant's installed capacity from 14 MW to 28 MW.
- Creating a retention structure at Lake Yashilkul, the source of water for Pamir I. The addition has increased water flow of the Gunt river by as much as 40 percent during the winter months, when electricity is especially crucial but power generation ability is restricted due to low river flows.
- Re-calibrating 9,200 old electricity meters and installing 7,600 new individual meters to provide efficient billing to approximately 60 percent of all customers to date.

Cover Photo: Today, PamirEnergy is operating all power generation, transmission and distribution facilities of GBAO under a 25 year concession agreement with the Government of Tajikistan.

at a rate of US 0.25 cents per kilowatt-hour - one of the lowest rates in the world. The subsidies are made possible by generous grants from the Government of the Swiss Confederation (SECO) and by the Government of Tajikistan through financing by the International Development Association, a member of The World Bank Group.

The renewable energy produced by the company's plants has displaced the need to burn trees or to use high-polluting diesel generators. The company is also serving as a source of livelihood and skill development for populations in the region, providing employment opportunities to over 600 local residents.

Looking forward, the company will complete a cross-border transmission line between Tajikistan and Afghanistan in the spring of 2008, enabling it to share its surplus power in the summer months with the Shugnan district of Afghanistan. If successful, AKFED expects to replicate this pilot project in other villages along border, representing a significant step towards increasing cross-border collaboration and development in the region.

Indigo

In the late 1990's, telephone service in Tajikistan was in a poor state: service was delivered using a single, out-of-date, radio system; headsets were heavy, expensive and short on battery life and coverage outside urban areas was almost non-existent, forcing residents in rural districts to line up for

hours at scattered land-line stations to communicate with others.

In 2001, AKFED partnered with MCT, a company with holdings in 25 major mobile operators in Central Asia, to launch the Indigo mobile telephony company in Tajikistan as part of an effort to improve service and spur competition in the mobile services industry.

Today, Indigo is the largest mobile operator in Tajikistan by revenue, with annual figures of close to US \$50 million, and the second largest by subscriber base, with a 28 percent market share in 2007. Indigo provides coverage to over 90 percent of Tajikistan's population.

It is the first mobile provider to offer service in the remote mountainous regions of Tajikistan, including the cities of Khorog, Ishkashim and Darvaz. It also became the first 3rd generation (3G) mobile operator in Central Asia, making Tajikistan the first 3G-enabled country amongst the five Central Asian republics.

Among Tajik telecom companies, Indigo is widely recognized as the leading provider of customer service, with a 24-hour service hotline, five walk-in customer service facilities in Dushanbe as well as regional offices to serve the rural areas of the country.

It is one of the few companies in the country to conduct an internationally-accredited annual audit, performed by PricewaterhouseCoopers, which promotes transparency and best

business practices amongst other companies operating in the country.

As part of AKFED's aim to create more employment opportunities in higher-skilled segments of Tajikistan's economy and to build local management ability, all of Indigo's over 700 employees are local residents. In line with AKFED's philosophy, Indigo also seeks to welcome rather than discourage mobile service competitors in the country and to expand telecommunications coverage into Tajikistan's rural areas even if these regions are not profitable in the short term.

Tourism Promotion Services

High quality tourism infrastructure is largely underdeveloped in Tajikistan. Due in part to instability and insecurity in the 1990's, investors have been reluctant to make the large investments and long term commitment necessary to build hotels at international standards of quality in the country.

Tourism Promotion Services (TPS), an affiliate of AKFED, seeks to develop tourism potential in underserved areas such as Tajikistan. Operating under the "Serena" brand name, TPS hotels enjoy a long-established reputation for the highest standards of comfort and service, with over 30 properties in nine countries in East Africa and Asia.

Each Serena property is carefully built to harmonize with local culture and heritage and to reflect the architectural styles of the region so that it promotes awareness

of these elements amongst travellers. The Dushanbe Serena Hotel, a five-star hotel with an estimated project cost of US \$40 million, is currently under construction and expected to be completed in 2009. The nine-story, state of the art hotel will have 95 rooms—including suites and apartments—along with a banquet hall, meetings rooms, restaurants, a bar and lounges, a business centre, a gym and a health club. It will also have office space to meet the growing demands from organizations based in the city.

An expected 200 people will be employed during the Dushanbe Serena's construction and about 200 will be employed for the hotel's operation, with a focus on hiring from the local population at all levels of the organization. In an effort to develop local management ability, employees will be provided extensive training in hotel management and will be exposed to other Serena hotels globally for on the job training.

Operational since 2002, the six-room Khorog Serena Inn was Tajikistan's first hotel built at international standards of quality. The roof of the Inn and pillars inside the lobby are inspired by the design of a Pamiri house, while the interior also reflects local culture.

The Inn caters to the needs of Government dignitaries, diplomats, NGOs and tourists in the GBAO region, providing a fully equipped business centre and a restaurant, offering local and international cuisine. An expansion

"AKFED, in turn, seeks to use its resources in a highly strategic way—by building up sectors which will have a strong and swift impact on the national economy. Its record is one of creating sound enterprises in places and sectors where private investors often fear to tread and where management experience is frequently in short supply. We adapt to these challenges by bringing knowledge and technical capacity to create a positive ripple effect across the national economy."

The future Dushanbe Serena Hotel will, I believe, reflect that ethic by contributing significantly to stability and prosperity in this region. As this site is developed, it can both draw on and feed, a positive investment climate."

— His Highness the Aga Khan, speaking at the foundation stone-laying ceremony of the Dushanbe Serena Hotel, 30 October, 2006



Indigo is a customer service leader amongst Tajik mobile service providers, with five walk-in facilities in Dushanbe. The company has gained renown for its customer-oriented culture and broad national coverage area.