

As a part of the trip to N. Khusrav district, we have met the Chairman of the district, the Head of the Executive office of the Chairman of the district, as well as the Head of the Investment department of the Executive body of State Authority of of the district.

In the building of the executive body of state power of N. Khisrav district, with the participation of heads of dehqan farms, including four jamoats of N. Khisrav district and individual entrepreneurs, a seminar-presentation of the *Improvement of water resources management in Khatlon region Project* with enlightening talk on Islamic methods of financing was held. The seminar was attended by 30 people, including 5 women. The seminar began with an introductory speech of the Chairman of N.Khisrav region. The project experts were introduced to the participants of the seminar, and the floor was given to the *Improvement of water resources management in Khatlon region Project* Coordinator Mahmadiyev Ilhom for brief introduction of the Project components.

Then the floor was given to the Credit Expert Hojjeva M., who, after introducing herself, expressed gratitude to the heads of dehqan farms and chairmen of Mirzobad, Sunatullo, Beshkent, Chashma local farms for their assistance in solving the problem of local farms with water supply.



After that the speech was given to the Advocacy coordinator Mirakilov Kh., who introduced the audience to such products as Muzoraba, Murabaha, Mushoraka, Salam and Parallel Salam, Leasing and Leasing of property with subsequent purchase and also explained that within the framework of the within the framework of the *Improvement of water recourses management in Khatlon region Project* and in accordance with the Law of the Republic of Tajikistan “On Islamic banking”, adopted in 2014, the Islamic banks, Islamic banking windows, leasing companies (in accordance with Islamic banking standards) operate and provide services to the

population. During the workshop, the participants took an active part and have asked following questions:

Umarov A. asked the Project staff what methods of Islamic banking can be used for agricultural machinery purchase or rent?

- The Advocacy coordinator has answered to A. Umarov's question as follows: if one plans the complete purchase (i.e. with the intention to own assets) it is financed through Murabaha, if one plans to rent it can be financed through the lease agreement, services and financing are provided by Islamic credit organizations. However, it should be noted that before giving consent to the Client, the analysis is still carried out by bank and microfinance organizations employee (Islamic banking windows).

- Pirimov A., asked: In case of obtaining a loan from the project, the interest rate is lower or higher than that of traditional banks?

To the question of Pirimov A., Credit expert Hojjeva M. answered as follows: The annual interest rate of financing from the Islamic Bank operating in Tajikistan varies from 18 to 24%, but it is not interest, it is an extra charge, the project does not provide loans to the population, they are provided by Islamic credit organizations. Mirokilov Kh. added that the level of markups compared to traditional banks will be analyzed, and we hope that in the future Islamic credit organizations will offer lower markups, of course, we will try to make such financing available and reduce the size of markups and fees for services.

- The chairman of the Beshkent mahalla, Kayumov T., asked the question: “Who should draw up a business plan, a Client or a Bank?”

to which the Advocacy Coordinator Mirakilov replied as follows: In most cases, it is the responsibility of the Client, however if the Islamic credit organization has such services, they must be included in the tariff of the Islamic credit institution.

- Chairman of the “Chashma” mahalla Yusupov Abdurazok asked: “What shall we do in case if the water pumps do not work. Who will be responsible for these kinds of expenses?” The Advocacy Coordinator replied, that before financing, the Islamic credit organizations will study all the risks in details, for example, the cases if water is not pumped out of the well by a pump or in the event of an accident, the level of risks and further actions will be noted in advance. These are matters of each case, and each lending institution has its own analytical procedures and internal policies.

- Which banks provide loans?

Mahmadiev I. gave the following answer to the participant's question: Islamic credit organizations (Banks, MFIs, etc.) that have a license from the National Bank of Tajikistan to carry out Islamic banking.

Participants also asked other questions:

Are loans issued in national or foreign currency?

To the question of the participant Mahmadiiev I. answered:

Financing is provided in the national currency - TJS, which means that farmers and entrepreneurs are free from foreign exchange risk.

It should be noted that the introductory workshops held in N.Khusrav district was effective and the Project specialists provided the participants with detailed information about the Project.