



REPUBLIC OF TAJIKISTAN PROJECTS

Profile No.	PROJECT NAME	LOCATION
TJ1	Upgrade of the Telecommunications Network	Nationwide

REPUBLIC OF TAJIKISTAN

Upgrade of the Telecommunications Network

Project Summary

Subsector	Telecommunications
Location	Tajikistan
Project Cost	US\$16 Million
Export Potential	US\$16 Million
Project Type	Telecommunications upgrade
Project Executing Agency	Tajiktelecom & Ministry of Communications



Project Outline

This project involves the potential procurement by Tajiktelecom (TT) of US\$15 million of telecommunications equipment and US\$1 million of consulting services for the upgrade of the telecom network in Tajikistan. Consideration by the European Bank for Reconstruction and Development (EBRD) and final approval is expected to be made in June or July 2001.

Technical Description

Tajiktelecom is the national incumbent and virtual monopolist providing local, long-distance and international voice services in Tajikistan. TT is an open joint stock company formed in 1996 and currently owned by the government of Tajikistan. TT has approximately 215,000 working lines, making the teledensity in Tajikistan about 3.5%. The teledensity in the capital, Dushanbe, is about 14%. Most of the population lives in rural areas, however, where only about 1% of the population has access to a telephone line. The TT network is old and consists of obsolete equipment with 90% analog switches.

According to the World Bank, there has been very little investment in the sector over the past 10 years. Non demand-driven allocation of lines has resulted in an inefficient network structure where lines are allocated to customers who hardly use them and/or do not pay their bills, while major capacity shortages constrain new residential, business, and government demand. The waiting list is 48,000 and the average waiting time for a subscriber line is 3.6 years.

The World Bank also emphasizes that the present telecommunications market is largely confined to fixed telephone services. Access to new communications services through mobile networks or the Internet, as well as more modest communications facilities such as fax machines, lags behind what might be expected given income levels in Tajikistan.

For example, Tajikistan has at most 600 cellular and 300 Internet subscribers, all in Dushanbe. Rudimentary telecommunications infrastructure and low accessibility constrain access to markets, inhibit private sector growth, impede competition, and hinder the efficient delivery of public services such as education, health, and security.

Finally, the World Bank points out that the sector derives only US\$35 in revenue for every main line in service, one of the lowest averages in the world. Low local tariffs are cross-subsidized by disproportionately high international tariffs, which reduces competitiveness and disadvantages exporters. A direct consequence of state cross-ownership is that, because accounts among government agencies and state companies are often not settled or are settled through barter, small telecommunications operators have difficulties in claiming overdue payments from state owned enterprises to whom the Ministry of Communications is in arrears. Due to low revenues, operators lack the resources needed to modernize and expand the network.

The present potential project involves necessary upgrades to the Tajiktelecom network. Pending approval by the EBRD and agreement by the government of Tajikistan, TT will procure about US\$15 million in equipment for the upgrade of the network. The equipment will include digital switching for about 20,000 to 30,000 lines, SDH transmission equipment, microwave radio equipment, an electronic billing system, and Internet equipment. There will likely be a further procurement of US\$1 million for consulting services related to project implementation, regulatory development, and possibly corporate development for Tajiktelecom.

If the project is finalized by the EBRD, then the general procurement notice will appear on the EBRD website (www.ebrd.com). The bidding process will be conducted by Tajiktelecom in accordance with the EBRD Procurement Policy and Rules for Public Sector Procurement (see all via www.ebrd.com).

Project Site

The project will involve the upgrade of the telecommunication network throughout Tajikistan.

Project Status/Timeline

If the project funding is approved by the EBRD, the general procurement notice will likely appear on the EBRD website in the summer or early fall of 2001 followed by specific calls for tenders.

Equipment and Services

If funding is approved by the EBRD, Tajiktelecom will procure about US\$15 million in equipment for the upgrade of the network. The equipment will include digital switching

for about 20,000 to 30,000 lines, SDH transmission equipment, microwave radio equipment, an electronic billing system, and Internet equipment.

There will likely be a further procurement of US\$1 million for consulting services related to project implementation, regulatory development, and possibly corporate development for Tajiktelecom.

U.S. Competitiveness

U.S. companies will be highly competitive in the provision of the telecommunications equipment and consulting services required by Tajiktelecom. While U.S. companies will face competition from European bidders, they are still well positioned to bid.

Project Financing

Pending project approval, the EBRD will provide US\$16 million in a loan to Tajiktelecom supported by a sovereign guarantee provided by the government of Tajikistan to fully fund the proposed project.

Conclusion

Tajiktelecom's network is obsolete and U.S. companies are well positioned to assist in the needed upgrade of Tajiktelecom. If the project is approved, it will have full funding from the EBRD and will provide an opportunity for U.S. exports of telecommunications equipment and services to Tajikistan.

Key Decision Makers

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