

Teaser**DISCLAIMER**

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- (b) shall have any liability for this RfEOI, for the Project or for any other written or oral communication transmitted to an Interested Party in connection with the Project, any bid process or an Interested Party's evaluation of the Project; or
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This RfEOI constitutes an invitation to submit information; it does not constitute a solicitation to invest, or otherwise participate in, the Project.

Opportunity to Develop Cold Storage facilities in Tajikistan

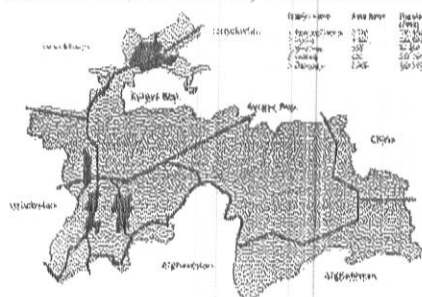
1. Introduction

The Government of the Republic of Tajikistan (the "Government") is seeking qualified private sector investors to finance, build, own and operate a portfolio of up to five (5) cold storage facilities across five regions in Tajikistan, with a total proposed capacity of approximately 17,000 MT (the "Project"). The International Finance Corporation (IFC) is acting as Financial Advisor to the Government for development of the Project.

This memorandum ("Teaser") provides preliminary details of the Project, as it is currently envisaged, together with how interested parties can indicate their interest in participate in it. Please note that the design of the Project is preliminary and may change or be amended at any time; the information in this Teaser is preliminary and may not be relied upon.

2. Cold Storage Project

It is envisaged that each cold storage facility will be located close to major fruit and vegetable growing farms in each of the five regions, currently unserved by cold storage facilities. The regions include Gissar Raion, Khuroson Raion, Gafurov Raion, Bohtar Raion and Dangara Raion, each of



which enable easy access to the fruits and vegetables grown in the catchment area. The key produce in the regions include grapes, cherries, apples, apricots, peppers, melons, carrots, potatoes, each of which can be stored in these facilities and sold for domestic and export markets. The regions have been also selected to provide good road connectivity, and access to basic utilities such as power and water supply.

The anticipated total capacity of all facilities taken together is 16,700 MT although the facilities could be developed with different capacities and in a phased manner. Initially plans show the cost of Phase 1 (8,700 MT) at up to \$15 million and Phase 2 (cumulative capacity of 16,700 MT) at up to \$27 million.

3. Tajikistan and its Agricultural Sector

Tajikistan is a young, fast growing country, with 55% of its population under the age of 25. With a land mass of 143,100 km² and a population of 8.4 million (2014), and over 90% of the country is covered with mountains. Tajikistan's Gross Domestic Product (GDP) is \$9.2 billion (2014) and GDP per capita is \$1,113 (2014)¹. Tajikistan has stable macroeconomic policies, characterized by large capital inflows. The capital and largest city is Dushanbe, with a population of 750,000.

Accounting for 20% of GDP and employing 53% of its workforce, the agriculture sector in Tajikistan offers a solid foundation for economic development. The Government of Tajikistan has displayed a strong commitment to the agricultural reform program and some of the key initiatives undertaken include the resolution of the cotton debt crisis, accelerated land reform, freedom to farm, improved access to rural finance and increased diversification of agriculture. The recent growth of non-cotton agricultural exports indicates the potential for growth in agro-processing, including

¹ World Bank, Global Development Indicators, 2015.

storage of fruit and vegetables, which holds great promise for development, along with textiles and clothing.²

The country has intensive orchards and vineyards and newly planted acreage meaning more output as growth in output is driven by increased area under cultivation and improved yields. However, storage capacity lags demand since the farm output vastly exceeds storage capacity even after project implemented.

4. Opportunity for Cold Storage

Existing storage capacity is estimated at 6% of annual harvest and the country experiences post-harvest losses of 40% - 50% of production (in field or in transit), with substantial spoilage by the time product reaches market.

As of 2013, Tajikistan has 50,300 Ha of cultivated area (CAGR 2011-13: 1.8%), 24 MTs/Ha of yield (CAGR 2011-13: 2.6%) and 1.5 million MTs of production volume (CAGR 2011-13: 4.7%) for vegetables. The country also has 82,900 Ha of cultivated area (CAGR 2011-13: 1.5%), 4 MTs/Ha of yield (CAGR 2011-13: 4.2%) and 0.3 million MTs of production volume (CAGR 2011-13: 5.7%) for fruits.

Cold storage is also needed as supermarkets raise standards throughout the supply chain. Procurement is increasingly centralized in large, technically-advanced distribution centres, where quality standards can be met only by preferred suppliers (not by the spot market). Access to markets in Russia (the world's largest importer of fresh fruit and vegetables) could translate into a steady growth in demand which is expected to continue with a forecast rise in Russian income of 145% from 2005-14³.

5. Next Steps

It is envisaged that the Project will be implemented by a joint venture to be set up between a local business partner and one or more foreign investors, with government arranging provision of the land. The intent is to identify investors who would engage with a local / foreign partner with a view to providing know-how and partly finance, develop, operate and maintain the cold storage facility a joint venture, co-investment or similar basis.

The Government intends to adopt a transparent, competitive bid process for the Project and is currently preparing a Project Information Memorandum for each of the identified sites to be shared with prospective investors. In order to receive an invitation to be considered for participation in the process, interested parties should submit the following information to IFC: (a) Name and contact details for interested party and nature of business; (b) A short profile of company, the nature of interest in the Project and their experience in developing and managing cold storage facilities; and (c) A description of their key shareholders, key management personnel and financial capacity.

Responses should be sent to:

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- Madina Nurmatova, IFC, Dushanbe – mnurmatova@ifc.org

² World Bank Country Overview: Tajikistan. <http://www.worldbank.org/en/country/tajikistan/overview>

³ World Bank, Global Development Indicators, 2015.