



BASIC THEMES OF THIS RELEASE:

- The Fourth Meeting of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan
- Other business news of the month

THE 4 MEETING OF THE CONSULTATIVE COUNCIL



- the forth Meeting of the Consultative Council under the President of Republic of Tajikistan took place on **December 8, 2009**, chaired by the President of the country, Mr. Emomaly Rakhmon.

The main subject of the meeting was **the discussion of the implementation process of the Programme «Improving Business Environment – 200 days of reforms»**, which was approved by the Government of the Republic of Tajikistan on July 2, 2009.

The meeting was attended by Mr. Akil Akilov – the Prime Minister of the Republic of Tajikistan, Mr. Matlubhon Davlatov – the State Adviser to the President of the Republic of Tajikistan on Economic Policy, Mr. Davlataly Saidov – the Chairman of State Committee on Investments and State Property Management of the Republic of Tajikistan - the Executive Secretary of the Council (further referred to as SCI of RT), Mr. Ulf Hindstrom – the Head of EBRD Country Office in Tajikistan, Mr. Jeffrey Lekhrer – the Director of the US Agency on International Development (USAID) in Tajikistan, Mrs. Wendy Werner – the Country Coordinator of International Financial Corporation (further referred to as IFC), Mrs. Shallotte Adriane - the Authorized Representative of EC Delegation in Tajikistan, Mr. Jonathan Hornbrook – the Chairman of German Society on Technical Cooperation (GTZ), Mrs. Matluba Uljabaeva – the Chairman of National Association of Small and Medium Enterprises of Tajikistan (further referred to as NASMET), Mr. Zaid Saidov – the Chairman of Association of Producers and Entrepreneurs, Mr. Necrui Zabiroy – the Chairman of the Union of Entrepreneurs and Exporters of Tajikistan, Mr. Izatullo Lalbekov – the Chairman of Association of Banks of Tajikistan (ABT), Mr. Nazir Sharipov – the Head of American Chamber of Commerce and Industry in Tajikistan, Mr. Zafar Khotamov – the Head of the Secretariat of the Council, as well as the senior managers from ministries and agencies involved in the Program's implementation.

The meeting was opened by the Chairman of the Council – the President of Tajikistan, Mr. Emomaly Rakhmon, who welcomed the participants and introduced new members of the



Consultative Council, such as Mr. Davlatally Saidov - the Executive Secretary of the Council, Mr. Zafar Khotamov – the Chairman of the Council's Secretariat, and the member of the Council from non - public sector, Mr. Nazir Sharipov - the Head of the American Chamber of Commerce and Industry in Tajikistan.

Then the senior managers of the ministries and agencies involved in the implementation process of this Program presented their reports on the implementation progress of the Program's items, among whom were: Mr. Davlatally Saidov – the Chairman of SCI of RT, Mr. Farukh Khamraliev – the Minister of Economic Development and Trade, Mr. Sharif Rakhimzoda – the Chairman of National Bank of Tajikistan, Mr. Safaraly Najmuddinov – the Minister of Finance, Mrs. Sumangul Tagoeva – the Deputy Minister of Labor and Social Protection of Population, Mr. Mirgan Shakhbozov – the Chairman of State Committee on Statistics, Mr. Nasrullo Davlatov – the Chairman of Tax Committee under the Government of RT, Mr. Abduvaly Komilov – the Director of the Agency on Construction and Architecture under the Government of RT.

In addition, Mr. Abdullo Yuldashev, the Deputy Minister of Foreign Affairs of RT presented his report on the work accomplished regarding the specific decision taken by the third meeting of the Consultative Council on simplifying visa regime.

After the presentations of reports, representatives from the international organizations providing technical support to the Government in regard to implementation of the discussed Program have familiarized the participants of the meeting with the activities of their projects in this specific area. During the meeting the information was presented on the following projects:

- The Project by European Commission on introduction of «One-Stop Shop» system for the state registration of legal entities and individual entrepreneurs ;
- USAID Projects in Tajikistan on Business Environment Improvement (BEI), on Land Reform (LRMDP), on Regional Trade Liberalization and Customs (RTLCL);
- IFC Projects on Leasing Development in Central Asian Region (CAR), on Corporative Management in CAR, on Business Enabling Environment (BEE);
- GTZ Project on Facilitating Regional Economic Cooperation;

- - -

The participants of the meeting highlighted the major successes and discussed the problematic issues of Program's implementation. Thus, the most significant achievements were observed with regard to introducing new state registration system for entrepreneurs, obtaining permit documents to carry out construction activities, as well as reforming ownership relations and establishment of a system for free and safe entrepreneurship in the part of legislative protection and expanding shareholders rights.

In the course of the meeting, the participants emphasized the need to accelerate Program's implementation, because its timelines draw to a close, and the major part of activities have not been yet accomplished. Based on the information provided by SCI of RT only 6 items,



out of 24 items of the Program can be considered as accomplished (which is about 25%), because the managerial decisions were taken on those items. Along with that, the situation with preparation of project documents on the Program is better, compared to managerial decision making on the items of the Program. Thus, the draft decisions were elaborated for 11 items of the Program.

It was emphasized that timely implementation of the governmental Program has been impeded by a long process of approval of draft regulative legal acts by the ministries and agencies of the republic. Therefore, the Chairman of the Consultative Council, Mr. Emomaly Rakhmon, has instructed the senior management of the ministries and agencies to improve the cooperation among the state structures in the process of law making, as well as to ensure a proper performing discipline, based on the requirements of the Governmental Rules of the Republic on meeting the execution deadlines of the documents, without effecting their development' quality.

The participants of the meeting supported the intentions of the President of the Republic of Tajikistan to bring to a successful completion the reforms carried out under the Program and aimed at improving the international rating of the country in «Doing Business» Report.

According to the President of Tajikistan, the accomplishments of the current year due to which the country was listed among 10 top-reformers, could not satisfy the Government, because Tajikistan has still been listed among the countries characterized by weak investment climate.

The President drew the attention of the ministers towards the fact that inclusion of Tajikistan into the list of 10 top countries- reformers implied even greater responsibility for the ongoing reforms, because foreign investors and international organizations pay close attention to the «countries -reformers».

The meeting demonstrated that:

1. The implementation progress of the Program on «Improving Business Environment – 200 days of reforms» was weak;
2. The existing status of the Program's implementation would not positively effect to Tajikistan 's indicators in «Doing Business» 2010 Report;
3. The business associations were not properly involved in the process of development and implementation of the Program' items, and also took a passive position in discussions at the Council's meeting. It became clear that business-structures are still not ready to actively participate in monitoring and evaluation of execution of the governmental decisions;
4. Awareness campaign on implementation progress of «Improving Business Environment – 200 days of reforms» Program was not properly performed through mass media.



**The Instructions by the President of the Republic of Tajikistan
(According to the Minutes dated December 29, 2009)**

Based on the outputs of the Councils' meeting, the President of the Republic of Tajikistan gave the following orders:

1. To the Government of the Republic with the purpose to eliminate existing deficiencies in the Program's implementation:
 - To adopt the drafts of regulative legal acts, developed and agreed under implementation of Program's items, within 1 month.
 - To make the implementation plan for the non-fulfilled items of the Program which will specify the proposed measures and timelines for their implementation.
2. To the senior management of the ministries and agencies, to undertake strict measures on observing the Rules of the Government of the Republic, having ensured the proper fulfillment of its requirements regarding timelines for development, harmonization and execution of documents.
3. To the State Committee on Investments and State Property Management of the Republic of Tajikistan, together with representatives of business-structures and international organizations, to conduct the evaluation of Program's implementation and to determine, based on this evaluation, the further steps on carrying out reforms in the area of improving investment climate;
4. To the Government of the Republic of Tajikistan, to develop, the proposals on conducting future necessary reforms to improve country's indicators in the international rating of «Doing Business» Report, until the next meeting of Consultative Council.
5. To the members of the Consultative Council from private sector, it is recommended to be more active at the meetings of the Council and to be ready to openly discuss the existing problems.
6. To the Committee on Television and Radio under the Government of Republic of Tajikistan:
 - with the purpose of providing the entrepreneurs with detailed information in January 2010, to conduct an open TV discussion of the Program's implementation progress with participation of the responsible state agencies and business-structures;
 - jointly with SCI of the Republic of Tajikistan, to develop and implement the Plan for conducting the series of television programs on private sector development reforms, ongoing in the country;



7. To the Ministry of Foreign Affairs, to undertake necessary measures to eliminate the existing impediments when issuing visas to foreign citizens
8. To the Executive Secretary, jointly with the Secretariat of the Council, to undertake the necessary measures on improving the quality of organizing and conducting the Council's meetings
9. To the Secretariat of the Council, jointly with the members of the Consultative Council, to develop and submit for the review by the Chairman of the Council, the Schedule of quarterly meetings.

OTHER EVENTS

December 16, 2009

- International Financial Corporation has presented the results of the new survey of «Business Environment in Tajikistan as seen by representatives of small and medium businesses» -2009, which was the continuation of the first and the second surveys of business environment in Tajikistan conducted in 2003 and 2006.

This survey was based on results of interviewing 1500 respondents, such as directors of small and medium enterprises, as well as individual entrepreneurs and dehkan farmers, on administrative procedures, which they faced when establishing or implementing their activities in 2007.

The results of the survey showed some improvements in business environment for SME compared to 2002, especially in the matters of conducting inspections, business registration as well as obtaining licenses. The main constraints mentioned by SME were the access to financing, access to electricity, as well as excessive tax rates. The access to financing was mentioned as the biggest constraint for the dehkan farms. The access to electricity was the main constraint mentioned by every forth small and medium enterprise. The excessive tax rates were the «number one» constraint for individual entrepreneurs.

For more detailed information, please refer to the following link:
www.ifc.org/ifcext/tajikistansme.nsf/Content/Survey

December 16, 2009

- The final conference was held by the EC Project on introduction of «One-Stop Shop» for business registration as the completion of the first phase of this project. Under the Project, the European Commission has provided technical assistance in the implementation of the Law of RT «On State Registration of Legal Entities and Individual Entrepreneurs», and particularly in establishing and technically equipping the registration centers, connected to the central Register office at the Tax Committee of the Republic. EC is planning to launch out the second phase of the Project from January 15, 2009, with the activities aiming at strengthening the capacity of departments on registration of legal entities and individual entrepreneurs in the Tax Committee.

December, 2009.

5