



### **CORE TOPICS:**

- **Preparation for the 12<sup>th</sup> Session of the Consultative Council**
- **Monitoring of Implementation of Accepted Decisions of the Council**
- **Reforms on Improvement of Investment Climate in Tourism Sphere**
- **Reforms on Improvement of Investment Climate in Insurance Sphere**
- **Reforms on Improvement of Indicators of the Republic of Tajikistan in the Doing Business Report of World Bank Group**
- **Proposals of Representatives of Private Sector on Improvement of Business Climate in the Republic of Tajikistan**

### **PREPARATION FOR THE 12<sup>TH</sup> SESSION OF THE CONSULTATIVE COUNCIL**

Secretariat of the Consultative Council prepared and submitted materials of the next Session of the Consultative Council. The following four issues are included to the Draft Agenda of the next Session of the Council:

1. Report on process of implementation of decisions of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan;
2. Presentation results of the analyses and draft Action Plan of the Government of the Republic of Tajikistan on Improvement of Investment Climate in Tourism Sphere;
3. Submission of draft Action Plan of the Government of the Republic of Tajikistan on Improvement of the Republic of Tajikistan's Indicators in Doing Business Report of World Bank Group;
4. Submission of draft Agenda issues for the next Session of the Consultative Council on establishment of secondary market for securities and stock exchange in Tajikistan.

According to each points of draft Agenda of the Session, the analytical and informational materials, drafts of the Action Plan of the Government of the Republic of Tajikistan on improvement of investment climate in tourist sphere, Action Plan of the Government of the Republic of Tajikistan on improvement of Republic of Tajikistan's indicator in Doing Business Report of World Bank Group, reports and presentations were prepared.



Also, within the preparation works for the next Session of the Consultative Council and discussion of issues of draft Agenda of the Session, the meetings were held with representatives of private sector and to conduct such meetings are planned with representatives of development partners.

The next Session of the Consultative Council under the President of Tajikistan is envisaged in December this year.

### **MONITORING OF IMPLEMENTATION OF ACCEPTED DECISIONS OF THE COUNCIL**

In accordance with preparation works for the next Session of the Council on monitoring of implementation of 10th and 11th Session's decisions of the Consultative Council were conducted in relevant ministries and agencies by Secretariat.

Accepted decisions of the Consultative Council were implemented by relevant ministries and agencies of the country. Particularly according to effective appliance Law of the Republic of Tajikistan "On Public-Private Partnership" in accordance with Resolutions of the Government of the Republic of Tajikistan a Council on Public and Private Partnership and a State Enterprise "Center for Implementation of Public-Private Partnership' Projects" were established and State Committee on Investment and State Property Management of the Republic of Tajikistan is approved as an authorized state body.

For full and in time implementation of 10th and 11th Session's decision of the Consultative Council the State Committee on Investment and State Property Management of the Republic of Tajikistan with Secretariat of the Consultative Council developed the draft Law of the Republic of Tajikistan "On State Protection and Support of Entrepreneurship in Tajikistan" and after reconciliation with relevant ministries and agencies submitted it for consideration of the Government of the Republic.

According to the Working Plan of the State Committee on Investment and State Property Management of the Republic of Tajikistan monitoring on appliance of Law of the RT "On System of Permits" has been conducted in 16 central government authorities and 27 local executive government authorities and its results will be presented in the next Session of the Consultative Council.

For the purpose of implementation of Point 1 of Protocol (Minutes) of 11th Session of the Council from April 30, 2013 on influence of Tax Code of the Republic of Tajikistan in a new edition and other normative legal acts based on this Code the Resolution of the Government of the Republic of Tajikistan from August 03, 2013 "On Introducing Amendment and Modification to the Resolution of the Government of the Republic of Tajikistan "On approval of the Rules of Taxation of Individual Entrepreneurs Operating on Basis of a Patent or Certificate" is adopted.

According to the adopted amendment and modification the list of entrepreneur activity operating on basis of a patent expanded and patent cost in accordance with



entrepreneur activity reduced, which contributed to the development of entrepreneurs activity.

Also, on purpose to investigate, analyze and develop of Tax Code of the Republic of Tajikistan a permanent working group is operating under the Ministry of Finance of the Republic of Tajikistan (Decree of the Minister of Finance from 19.07.2013, №71).

Regarding implementation of Point 3, Protocol (Minutes) of 11<sup>th</sup> Session of the Consultative Council on establishment of credit rating of Tajikistan some works are implemented by National Bank of Tajikistan. For example, National Bank intended firmly to cooperate with one of the influential and experienced international rating Agency for the establishment of credit rating of the country.

Secretariat of the Consultative Council is regularly continuing monitoring of implementation of Protocol's (Minutes) decisions of the Consultative Council's Sessions and the results will be submitted in the next Sessions of the Council for consideration.

### **REFORMS ON IMPROVEMENT OF INVESTMENT CLIMATE IN TOURISM SPHERE**

Secretariat of the Consultative Council continues his activity regarding implementation of 10-th Session's decisions of the Consultative Council under the President of the Republic of Tajikistan on improvement of investment climate in tourism sphere. Within the framework of Working Group are conducted significant works.

Working Group together with development partners have conducted comprehensive analyses in the following areas including: 1) Licensing and Permits, 2) Visa and Registration 3) Airports, land border and other service trainings 4) Information and Statistics 5) other sides of tourism. Particularly current situation and sphere's problems were studied in above mentioned areas and on this base a Model of tourism development in Tajikistan were developed included comprehensive recommendations regarding elimination of shortages of tourism sphere. In accordance with proposed recommendations a draft of the Action Plan of the Government of the Republic of Tajikistan on improvement of investment climate in tourism sphere is developed and will be submitted to the 12<sup>th</sup> Session of the Consultative Council.

An analytical paper "Model of Improvement of Tourism Sphere in Tajikistan: analyses and recommendations" is developed by Secretariat of the Consultative Council under the leadership of Zavkidjon Zavkiev – Head of Secretariat with participation of Philip Riddle – Tourism Development Adviser "VSO International" in Tajikistan invited by support of Great Britain Embassy in Tajikistan and prepared with suggestions of other member of this Working Group including private sector and development partners. Also, results of analyses development of tourism sphere in GBAO, Sougd and Khatlon regions conducted by GIZ support are used in this paper.



A range of development partners, as well as Great Britain Embassy in Tajikistan, IFC, EBRD, GIZ and SECO shared in activity of the Working Group on improvement of investment climate in tourism sphere.

### **REFORMS ON IMPROVEMENT OF INVESTMENT CLIMATE IN INSURANCE SPHERE**

In accordance with Point 4, Protocol (Minutes) instruction of 11<sup>th</sup> Session of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan Ministry of Economic Development and Trade, Ministry of Finance together with relevant ministries and agencies, private sector with the support of development partners were instructed to conduct necessary analyses on improvement of investment climate in insurance sector and to submit its results with concrete recommendations to the next Sessions of the Council. On this base regarding full implementation of this Protocol (Minutes) point of the 11th Session of the Consultative Council a Working Group was established and started its activity under the Ministry of Economic Development and Trade of the Republic of Tajikistan including representatives of the relevant ministries and agencies, private sector with support of development partners. The working group is focused on the development of specific recommendations for the improvement of legal framework for insurance sector, development of all forms of insurance, improve the competitiveness of the sector, and in general, improve the investment and business climate in the insurance sector.

It is necessary to note that the Working Group in the insurance sector started its activity from studying the policy paper prepared by World Bank on key issues facing the insurance sector in Tajikistan and supported proposed recommendations regarding the allowing for competition in the insurance sector, strengthening the supervisor and giving it independence and improving the legal framework for insurance. At the same time the Working Group has not limited with research of World Bank and carrying out analysis of the market of voluntary insurance. Especially as a results of analyses issues of population insufficient trust to the insurance companies, the shortage of highly skilled professionals (actuaries), the disparity of educational standards in higher education with modern demands of the insurance market, imperfections of competition, discrepancy services of the insurance companies with international best practice standards, low liquidity of insurance companies, the absence of association of insurance companies in the country, the lack of reinsurance companies, lack of development of health insurance, etc.

It should be noted that the Working Group report on the results of the working group activity on the insurance sector will be prepared and on this base an Action Plan or program for the improvement of the investment climate in insurance sector will be developed and submitted for the next Sessions of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan.



## **REFORMS ON IMPROVEMENT OF INDICATORS OF THE GOVERNMENT OF THE REPUBLIC OF TAJIKISTAN IN THE DOING BUSINESS REPORT OF WORLD BANK GROUP**

One of the priority directions of economic and social policy of the Government of the country is the issue of private sector development and investment. In this regard, the Government of Tajikistan has an active and deliberate policy on improving business and investment climate that aimed to increase the rating of investment attractiveness of the country. In the process of carrying out the policy Republic of Tajikistan cooperates closely with the team of the Doing Business Report of the World Bank and International Finance Corporation.

In this regard, the Draft of Action Plan of the Government of the Republic Tajikistan on Improvement of Tajikistan's Indicators in the Doing Business Report of World Bank Group is developed by Secretariat of the Consultative Council together with State Committee on Investment and State Property Management of the Republic of Tajikistan taking into account points of views of entrepreneurs and development partners and will be submitted for the consideration at the next Session of the Council.

On November 1, 2014 official presentation of the Doing Business Report 2014 in the content of Tajikistan was held at the World Bank's Office in Dushanbe in which representatives of public sector, private sector and development partners were participated. On the discussion was identified the role of the Doing Business Report on assessment of conducted reforms and achievements of countries and noted that in accordance with the report Tajikistan has two positive reforms in 2014. Especially, access to credit information was improved significantly by establishing a Private Credit Bureau and paying taxes was made easier and less costly for companies by reducing the corporate income tax rate, merging the minimal income tax with the corporate income tax and abolishing the retail sales tax.

Also it was noted that reforms' absolute effectiveness is improved a little and the distance of the country to the "frontier" is reduced from 45,12% till 47,52% points away from the best performances observed on each indicator across all economies included in Doing Business. At the same time according to the report most of the reform of the Tax Code of 2013 and a "Single Window" of the Customs Service will be considered in the Report on "Doing Business" for next year.

The Head of Secretariat Zavkijon Zavkiev also had a speech and added that recently, Secretariat of the Investment Council under the President of the Republic of Tajikistan has prepared a Draft of Action Plan of the Government of the Republic Tajikistan on Improvement of Tajikistan's Indicators in the Doing Business Report of World Bank Group. The Action Plan includes a number of activities on each out of ten indicators of the Doing Business Report and will submitted to the next Session of the Consultative Council on Improvement of Investment Climate under the President of the republic of Tajikistan.

It is expected that the adoption and implementation of this Action Plan will serve to further improvement ranking of the Republic of Tajikistan in the Doing



Business Report. At the same time, it is necessary to note that Government of the Republic of Tajikistan is not intended to be limited on efforts only around the Doing Business Report, and regardless of this report will continue to carry out the necessary reforms to improve the investment climate for the development of private sector and to ensure the economic stability of the country.

### **PROPOSALS OF REPRESENTATIVES OF PRIVATE SECTOR ON IMPROVEMENT OF BUSINESS CLIMATE IN THE REPUBLIC OF TAJIKISTAN**

**On November 14, 2013** a multilateral meeting with representatives of private sector and representatives of Secretariat of the Consultative Council was held in Secretariat's Office.

At the beginning of the meeting Zavkidjon Zavkiev – Head of Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan welcomed the participations and mentioned that Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan is a wide platform of cooperation of the state and business.

Therefore, the representatives of private sector invited for discussing of following issues:

1. Proposals of Representatives of Private Sector on Improvement of Tajikistan's Indicators in the Doing Business Report of World Bank;
2. Views and Proposals of Representatives of Private Sector on Issues of Improvement of Business Climate in the Republic of Tajikistan;

The representatives of private sector actively participated in discussion and had an exchange of views on issues of strengthening activity of Private Credit Bureau "Tajikistan", ensuring effective mechanisms for implementing adopted laws, eliminating of negative impact of new Tax Code for development of business, establishing of industrial zone in country for activating of the business production, studying of reform experience from neighboring countries, the proposal of tax privilege which establish new working place for entrepreneurs.



*Sincerely Yours,*

*Staff of Secretariat of the Investment Council on  
Improvement of Investment Climate under the  
President of Republic of Tajikistan*

*Zavkidjon Zavkiev – Head of the Secretariat  
Numon Abdujaborov – Senior Economic Consultant  
Dilshod Odinaev – Economic Consultant  
Manuchehra Madjonova – Economic Consultant  
Safarbi Fayzova – Administrative Assistant*