



OPERATING REPORT
of the Secretariat of the Consultative Council on
the Improvement of the Investment Climate
under the President of Tajikistan
(June 2010 – June 2011)

Dushanbe – 2011

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1. Introduction

This report describes the progress made by the Secretariat of the Consultative Council on the Improvement of the Investment Climate under the President of Tajikistan (“the Council”) during the period June 2010 - June 2011.

It discusses the results of the Secretariat’s work to support the process of aligning public and private interest in advancing reforms aimed at the development of the private sector.

During the past year, the Secretariat’s work focused on the following areas:

- analyzing draft laws and other regulatory instruments submitted by government agencies, international organizations and business associations for discussion at Council meetings;
- drafting regulatory instruments aimed at improving the investment climate and preparing draft laws and other regulatory instruments submitted by Working Groups, the business community and donors for discussion at Council meetings;
- summarizing proposals on improvements to Tajikistan’s business environment and investment climate submitted to the Council by government agencies, business associations and international organizations;
- distributing all documents required for Council meetings to Council members and collecting the final versions of documents relating to items to be discussed at the meetings, incorporating members’ comments and proposals;
- identifying the main barriers to attracting investments from local and foreign enterprises and from key stakeholders for discussion by the Council;
- participating in developing the strategy required to attract foreign investment and improve the business environment and determining the relevant priorities;
- holding consultations with international organizations and receiving the recommendations (feedback) of government agencies and departments, the private sector,
- international financial institutions and other donor organizations;
- agreeing and preparing agendas for future meetings in consultation with representatives of the private sector and international organizations, and providing them with documents for discussion at Council and Working Group meetings;
- holding regular Council meetings;
- participating in and coordinating the activities of Working Groups relating to investment policy and improvement of the business climate, and supporting their work;
- assisting in the preparation of materials for publication in the Secretariat’s information bulletins and providing information support to the Secretariat and the Council;
- preparing presentations, conclusions and recommendations for the Council and/or the Working Groups for submission to government authorities, representatives of the private sector and the EBRD;
- identifying donor organisations represented in Tajikistan, able to assist in analysing specific issues raised at Council meetings and coordinating work with those agencies and other stakeholders within the Working Groups;
- identifying key private sector, international organization and foreign investor representatives to serve as Council members;

- participating in keeping records of Council decisions and in monitoring their implementation;
- preparing minutes of Council meetings for approval by Council members and implementing the measures decided on by the meetings;
- arranging for professional development of Secretariat personnel based on their activities and on participation in seminars, round tables and conferences held by various organizations (e.g. the EBRD, World Bank, IFC, GTZ and others);
- coordinating the activities of the private sector and the donor community aimed at improving the investment climate and enhancing the business environment;
- participating in the development of public-private dialogue and assisting in the establishment of public-private partnership;
- developing regional public-private dialogue;
- providing information about the work of the Council and the Secretariat and about its achievements and challenges, and preparing specific recommendations.

2. Secretariat performance during the period under review

2.1. *Principal events and work products:*

- the Sixth Council Meeting was held on 23 July 2010;
- the Seventh Council Meeting was held on 15 March 2011;
- based on decisions reached by the Sixth and Seventh Council Meetings, the Secretariat prepared Government Decrees, subsequently adopted by the Government;
- it also prepared the agenda, documents and materials for the Eighth Council Meeting;
- it has monitored and evaluated the progress of the implementation of previous Council decisions and informed the general public of its results;
- it is continuing its effort to involve institutions providing support to enterprise in the monitoring process;
- it has raised the level of private sector involvement in government agency decision-making on private sector development;
- it has implemented the measures required to rotate Council members representing the private sector, foreign investors and international organizations;
- it has held a Round Table on “The Consultative Council on the Improvement of the Investment Climate attached to the Office of the President of Tajikistan as a Means of Establishing an Open Public-Private Dialogue”. Participants in the Round Table, who heard presentations on the work of the Council and the Secretariat and their achievements, included representatives of the public sector, international organizations, private sector and the Secretariat;
- the Secretariat participated actively in the creation and operation of an Interdepartmental Working Group on improving the investment climate in the construction;
- industry and in the preparation of a Draft Program for acceptance by the government.

2.2. The creation and operation of Working Groups preparing proposals on improvements to the investment climate

Following a decision of the Sixth Council Meeting recorded in its minutes, the Government Agency for Building and Architecture set up a Working Group to analyze and prepare recommendations and a government program to improve the investment climate in the building industry, for submission to the Seventh Council Meeting.

Working Group consisted of 24 members, representing building industry ministries and departments, research institutes and higher educational institutions, as well as the Secretariat and the Tajikistan Builders' Association.

The Working Group established its rules of procedure and set up 10 subgroups, each with its own area of responsibility.

The Working Group and its subgroups met on a regular basis, and held a total of 12 meetings. They identified the key issues and prepared a brief analysis which took those issues into account and included recommended ways of resolving them for submission to the Seventh Council Meeting. Their enlarged final meeting prepared a Draft Program for improving the investment climate in the building industry and an Action Plan naming those to be responsible for its implementation and specifying implementation dates. As required by the Government Rules of Procedure, the documents were forwarded to the relevant ministries and departments for comment and for subsequent submission to the government.

The Secretariat took an active part in the work of the Working Party preparing the Draft Licensing Act.

It created, coordinated and participated in the operations of a Working Group updating the Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012.

It also participated in Working Groups set up at the suggestion of the World Bank, to work on improving Tajikistan's Doing Business ranking.

In addition, work continued on raising awareness of the need to organize and develop public-private dialogue and partnership among government institutions, NGOs, business associations, foreign investors and international organizations.

The work was successful in significantly enhancing public-private partnership. Efforts continue to involve the private sector in the government decision-making process as it relates to private sector reform and development.

2.3. Work products and deliverables

The following documents and materials were prepared during the period under review:

- The Secretariat's Annual Report for June 2009 – June 2010, which was distributed to government institutions, business associations and international organizations;

- Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012;
- Government Action Plan on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services;
- A Program of Support of Building Organizations aimed at improving the industry's investment and enterprise climate;
- Draft regulatory instruments and other materials for the Sixth and Seventh Council Meetings;
- Draft materials for the Eighth Council Meeting;
- Handouts and presentations for the Round Table on "The Consultative Council on the Improvement of the Investment Climate attached to the Office of the President of Tajikistan as a Means of Establishing an Open Public-Private Dialogue";
- Materials for an experience-sharing meeting with the Nepal Business Forum, on the subject of the Aims and Objectives of the Consultative Council on the Improvement of the Investment Climate attached to the Office of the President of Tajikistan, on the Secretariat's achievements and innovations and on the organization and operation of Working Groups;
- Based on comments received from ministries and departments, the Secretariat updated the Draft Government Decree amending Decree No. 489 of 1 October 2007 approving the Schedule of Imported Agricultural Machinery Exempt from Value Added Tax and Customs Duty and the corresponding draft laws amending the Tajikistan Customs Code and Tax Code, a Draft Presidential Order amending Presidential Order No. 170 of 27.02.2009 establishing the Council on Information and Communication Technologies;
- Tajikistan Licensing Act;
- Amending Tajikistan's Joint Stock Companies Act in order to improve the country's Protecting Investors ranking;
- The Secretariat has screened private sector proposals for inclusion in the Consultative Council's forward action plan.

The following documents were updated:

- in cooperation with the CASE Association, the Secretariat updated the Measures to Enhance the Cost Effectiveness of Agriculture to Ensure the Food Security of Tajikistan, which had originally been prepared by the Tajikistan Agribusiness Association with the financial support of ACTED, CECI, USAID/BEI and GIZ;
- analysis of building industry laws relating to the introduction of One-Stop-Shop business registration system, tendering, pricing, licensing, audits, tax reduction etc.;
- regulatory instruments aimed at improving Tajikistan's World Bank Doing Business ranking.

2.4. Preparation and conduct of the Sixth Council Meeting

The following measures were implemented in preparation for the Sixth Council Meeting:

- the Secretariat assisted the Tajikistan Investment and State Property Management Committee (“SIC”) in summarizing partners’ proposals and recommendations on improving the forms of doing business and the business environment, enhancing the legal framework and other issues of relevance to business;
- it monitored the implementation of existing Council decisions;
- it prepared interim meetings with the Prime Minister to discuss the progress of implementation of Council decisions;
- it prepared speeches to be delivered by the Chairman and Executive Secretary of the Council as well as other materials for the meeting;
- acting jointly with SIC, the Secretariat organized a series of meetings with representatives of business associations to discuss the Draft Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services, and the Draft Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012;
- the Secretariat held working meetings with donor organizations to discuss the provision of technical support of the preparation of these documents;
- it initiated the formation of an Interdepartmental Working Group to prepare a Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services, involving the relevant ministries, departments, the private sector, business organizations and international organizations in the process;
- the Secretariat regularly participated in the meetings of the Interdepartmental Working Group preparing the Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services;
- it prepared drafts of the Further Measures and the Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012 and submitted them to the Council;
- it selected new Consultative Council members representing the private sector and presented them to the Council;
- the Secretariat consulted Council members representing the private sector and donor organizations on the agenda for the Seventh Council Meeting;
- it analyzed proposals received from Tajikistan Builders’ Association and other stakeholders on improving the construction industry investment climate;
- it consulted the German Technical Cooperation Agency (GIZ) on amending the draft Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012;
- it held individual meetings with partners (ministries, other government agencies, the private sector and donor projects) on arrangements for information sharing and preparations for the Sixth and Seventh Council Meetings;
- it consulted the World Bank Doing Business team on further improvements to the investment climate and to Tajikistan’s Doing Business ranking, and discussed the results at Council meetings;
- the Secretariat consulted the private sector, donor organizations and government agencies on including in the Agenda for the Seventh Council meeting an item on improving the construction industry investment climate and a number of other relevant issues relating to improvements to the investment climate;
- it took preliminary steps and held meetings with business associations to discuss the rotation of Council members representing the private sector;

- it identified candidates from the private sector to serve on the Council.

On 23 July 2010, the President of Tajikistan, Mr. Emomali Rakhmon, chaired the Sixth Council Meeting.

Participants included the Prime Minister of Tajikistan, A. Akilov, the Head of Presidential Administration, M. Davlatov, the Chairman of the Tajikistan Investment and State Property Management Committee and Executive Secretary of the Council, D. Saidov, Head of Council Secretariat, Z. Khotamov, Minister of Economic Development and Trade, F. Khamraliev, Minister of Justice, B. Khudoerov, Minister of Finance, S. Nadzhmudinov, Chairman of the National Bank, Sh.Rakhimzola, Minister of Transport and Communications, O. Boboev, Minister of Energy and Industry, Gul Sherali, First Deputy Director of the Government Agency for Building and Architecture, M. Sultonov, First Deputy Minister of Agriculture, R. Amirov, Deputy Chairman of Tajikistan Investment and State Property Management Committee, Sh. Rakhmatboev, Senior Economic Adviser to the President N.Buriev, Head of the Presidential Administration's Economic Reform and Investment Department, Kh.Tagoimurodov and the Head of the Presidential Press Service, A. Sharifzoda.

Participants representing the private sector included the Chairman of the Tajikistan Entrepreneurs and Exporters Union, N. Zabirov, Chairman of the Manufacturers' and Entrepreneur's Association, Z. Saidov, Chairman of the Association of Tajikistan Banks, I. Lalbekov, Chairman of the Association of Internet Providers, A. Atoev, Director of the Internet Social Fund, R. Kosimov, Chairman of the Tajikistan Agribusiness Association, M. Rakhmatov, Chairman of the National Dekhkan (Farm) Association, A. Sharipov, Chairman of the Tajikistan Agrarian Alliance, Sh. Bozorov, Chairman of the National Association of Business Women, G. Makhkamova, and Chairman of CJSC 'Guliston' Agribusiness Combine, S. Khakimov.

The international donor community was represented by the Head of the EBRD's Tajikistan Office, U. Hindstrom, Director of the United States Agency for International Development (USAID) in Tajikistan, J. Lehrer, the Head of the World Bank's Tajikistan Office, Chiara Bronchi, Head of the Tajikistan Office of the United Nations Development Program, Michael Jones, the German Ambassador to Tajikistan, D. Hertrams, the Head of Tajikistan Office of the International Finance Corporation, V. Verner, Deputy Director of the GIZ SME Development Project in Tajikistan, Z. Kosimova, and the former Vice-President of World Bank and current Adviser to the United National Development Program, Johannes Linn.

In his opening address, the President of Tajikistan introduced new Council members representing the private sector: Chairman of the National Association of Business Women, G. Makhkamova, Chairman of CJSC "Guliston" Agribusiness Combine, S. Khakimov and Director of the Internet Social Fund, R. Kasymov. N. Zabirov, a serving member of the Council, was reappointed for a further term.

The speaker on the first Agenda item, the progress of the Government Action Plan on Improving Tajikistan's Investment Climate and its International Ranking and the implementation of the decisions made by the Fifth Council Meeting was the Prime Minister of Tajikistan, Mr. A. Akilov.

Commenting on his presentation, President Mr. Emomali Rakhmon noted that the implementation of Council decisions, Presidential Orders and Government Decrees arising out of Council meetings must be monitored in the strictest possible manner. It was especially important to step up the effort to ensure that there is effective cooperation between the public and the private sector, that entrepreneurs are given greater responsibility and acquire greater knowledge. He quoted as an example the provision of training courses for entrepreneurs by higher educational institutions, enabling them to learn about foreign business experience and raise business standards and entrepreneurial culture.

The speaker on the second Agenda item, the approval of the Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services (“e-Government”) was the Council’s Executive Secretary and Chairman of Tajikistan Investment and State Property Management Committee, Mr. D.Saidov.

The speaker noted that in preparation for further ICT reforms, the relevant analyses have been conducted and that draft Further Measures on the Utilizations of Information and Communication Technologies to Improve the Operation of Government Services were prepared.

The President supported the Program and pointed to the benefits the implementation of e-Government would bring, including better interaction between all government agencies, transparency of government activities (including taxation and customs regimes), systematization of control functions, curtailment of the abuse of government powers etc.

He further noted that adequate time and financial resources will be required for the proper implementation of the Program and that above all professional personnel will need to be trained.

This being the case, international organizations have been invited to consider whether they would be able to provide financial and technical assistance to the Program.

The speaker on the third Agenda item, approval of the Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012, was the Chairman of the Tajikistan Entrepreneurs and Exporters Union, Mr. N.Zabirov.

He noted that fruit and vegetable processing was one of the main components of agribusiness, and that the aim of the Special Program was to ensure its further development.

The Draft Program was presented by the German Ambassador to Tajikistan, Ms.Doris Hertrams, who supported the adoption of the Program, since Tajikistan was predominantly an agricultural country, and noted in particular that the Program would be financed by GIZ and DFID, and would not call on public funds.

The Program was also supported by the Chairman of the National Dekhkan (Farm) Association, Mr.A.Sharipov. He noted that it would encourage the development of agribusiness and enhance its export potential. The Draft Program included short-term and medium-term fruit and vegetable sector development measures, and envisaged active participation of the public and private sector as well as international organizations in its implementation.

The Head of the EBRD’s Tajikistan Office, Mr. Ulf Hindstrom, the Director of the United States Agency for International Development (USAID) in Tajikistan, Mr. Jeffrey Lehrer, and

the Special Adviser to the United Nations Development Program, Mr. Johannes Linn, all spoke in support of strengthening cooperation with the international community in the context of existing Council decisions, and the Program in particular. Mr.J.Linn emphasized the improvements in the work of the Council, the increased role assumed by the private sector and its active participation in the implementation of the Programs presented to the meeting.

While noting the progress of the Action Plan, the speakers referred to items which were still outstanding and proposed ways of accelerating their implementation. Overall, they expressed their satisfaction with the progress of reforms and their readiness to continue the existing fruitful cooperation.

Following contributions of representatives of international donor organizations, President, Mr. E. Rakhmon made a number of suggestions, having summarized the problems increasingly frequently encountered by Tajik entrepreneurs, in particular those working in agriculture. He proposed strengthening cooperation between the government, the private sector and donor organizations on issues relating to lending, in particular to Tajikistan's cotton industry, purchases of agricultural machinery and capital goods and their accessibility, and to exporting, processing and sale of agricultural products, and noted that this would in its turn improve collectability of taxes, increase investment in the agricultural sector, provide access to additional extra budgetary financing, increase the demand for agricultural products and stabilize the market.

The assistance of international donor organizations would contribute to increasing the number of processing enterprises, incentivize manufacturers and thus enable Tajikistan to overcome the economic crisis. The President called on donors to keep the Government informed of the implementation of their proposed measures and to participate not only in public-private dialogue, but also in the implementation of its decisions.

The speaker on the fourth Agenda item, the Agenda for the Seventh Council Meeting, was Executive Secretary of the Council, Mr.D.Saidov, who proposed including in the agenda the difficulties experienced by the building industry, which would require improvements to the pricing, tendering and audit systems, and preparing specific recommendations on improvements to the industry's investment climate.

In his remarks, Mr.D.Saidov noted that a discussion of improvements to the construction industry's investment climate would yield decisions leading to the development of Tajikistan's building industry, speed up the construction of a wide range of buildings and facilities, including housing, thus providing many more people with living space, and would also improve the quality of building work. The issue had been raised by Tajikistan Builders' Association jointly with the Tajikistan Investment and State Property Management Committee and the Council Secretariat. Mr. D. Saidov therefore proposed setting up a Working Group consisting of representatives of the relevant ministries, departments and the private sector, to prepare documents for discussion at the next Council meeting.

The President supported the proposal and instructed the Government Agency for Building and Architecture and all involved ministries and departments to analyze the issues and submit their proposals on addressing them jointly with the private sector and the donor community.

The President next called on Mr. Johannes Linn, who spoke of Tajikistan's achievements on improving the investment climate. He noted that while there now existed a virtually complete regulatory framework capable of supporting and developing entrepreneurship, there were also certain problems associated with its implementation, and that attention should be focused on dealing with them. He pointed to the relevance of the introduction of ICT and suggested that the experience of other countries could be used in implementing the proposed measures, as well as to the timeliness of discussions of construction industry issues at the next Council meeting, adding that both legislative regulation and implementation measures should be discussed. He concluded by noting the important role of the Council in addressing issues of improving investment climate and the business environment and emphasized the importance of communication between the government, the private sector and the international community via the Council.

In his closing remarks, the President noted that while an appropriate regulatory framework had been developed, there were problems associated with implementing its provisions and with the poor understanding of the regulatory environment by the entrepreneurs themselves. As to the investment climate, the situation was further aggravated by the lack of proper funding, especially of the agricultural sector, an aspect of considerable importance to Tajikistan. Although the country has achieved notable success in improving its international ranking, this work needed to continue, with both the private sector and donor organizations becoming more actively involved in the effort; special attention should also be paid to agricultural issues such as the production, sale, processing and export of agricultural products.

In bringing the meeting to a close, the President expressed his satisfaction with the work of the Council and the involvement of the private sector and international organizations in it, thanked all those present for their participation and expressed his hope for continued fruitful cooperation.

Decisions:

Based on the results of the Sixth Council Meeting and the decisions recorded in its minutes, the President issued the following instructions:

- The Government of Tajikistan was instructed to:
 - take the steps required to attract funding to the ICT implementation program;
 - make provision for monitoring the implementation of Council decisions.
- Tajikistan Investment and State Property Management Committee and other relevant ministries and departments were instructed to agree and submit to the Government draft Government Decrees on Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services and on the Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012.
- The Executive Secretary of the Presidential Council on Information and Communication Technologies and the Presidential Adviser on Science and High Technology were instructed to act jointly with the relevant ministries and departments, as well as representatives of the private sector and international organizations, to take the steps required to enable the Council to start its work.

- The Working Group preparing the draft conceptual document on the development of e-Government in Tajikistan was instructed to coordinate its work with the Council on Information and Communication Technologies and to submit the draft for discussion within the specified time.
- The Ministry of Energy and Industry and the Tajikistan Investment and State Property Management Committee were instructed to take the steps required to establish pomegranate processing and pomegranate juice manufacturing plants.
- The Ministry of Education was instructed to act jointly with the Tajikistan Investment and State Property Management Committee and involve business associations and international organizations in offering professional development courses to entrepreneurs in order to raise entrepreneurial culture and their understanding of finance and trade, business law, the transition from trading to manufacturing etc.
- The Executive Secretary and Secretariat of the Consultative Council were instructed to investigate whether the number of Council members representing the private sector and international organizations could be increased, and if necessary prepare draft amendments to the Statute establishing the Council.
- An item on enhancing entrepreneurial activity in the construction industry to be included in the Agenda for the Seventh Council Meeting.
- In this context, the Government Agency for Building and Architecture was instructed to set up a Working Group to prepare the relevant documents for the Seventh Council Meeting, involving the relevant ministries and departments and construction industry research and design institutes, as well as representatives of the private sector, international organizations and the Secretariat in the work.
- The President approved new Council members, G. Makhkamova, R. Kosimov and S. Khakimov, and reappointed N. Zabiroy for a further term.
- The appointments of Council members representing the domestic private sector, I. Lalbekov, Z. Saidov and G. Kayumov, and of D. Robson representing foreign investors were terminated following expiry of their term of office.

2.5. Preparation and conduct of the Seventh Council meeting

The following measures were implemented as part of preparations for the Seventh Council Meeting:

- council members representing the private sector were consulted on the Agendas for the Seventh and Eighth Council Meetings;
- separate meetings were held with partners (ministries and departments, other government agencies, donor organizations and the private sector) on arrangements for information sharing and preparations for the Seventh Council Meeting, as well as an extended meeting on monitoring the progress of the Program

of Further Measures to Improve Tajikistan's Investment Climate and its International Ranking approved by Government Decree No. 276 of 29 May 2010;

- a series of meetings were held with Tajikistan Builders' Association and representatives of the Government Agency for Building and Architecture, to discuss increasing the cost effectiveness of the construction industry, and to prepare recommendations on removing administrative barriers to construction in order to improve the industry's investment climate, as well as on tendering for building contracts and auditing projects submitted by building companies in response to the tenders, speeding up the one-stop-shop registration process, licensing etc.;
- the Secretariat analyzed issues raised by representatives of business and business associations and proposed including in the Agenda for the Seventh Council Meeting the adoption of a Program of Improvements to the investment climate in the building industry, incorporating specific measures, naming entities responsible for its implementation and specifying completion dates;
- it initiated the establishment of an Interdepartmental Working Group to analyze, prepare recommendations and draw up a Government Program of improvements to the investment climate in the building industry, involving the public and the private sectors and international organizations in the work;
- to implement a decision recorded in the minutes of the Sixth Council Meeting and promote efficient operation of the Working Group, the Secretariat held meetings with the management of the Agency for Building and Architecture and other stakeholders;
- it participated regularly in the meetings of the Building Industry Working Party dealing with improvements to existing legislation aimed at improving the investment climate in the building industry, set up by the Government Agency for Building and Architecture;
- it monitored the implementation of the Program of Further Measures to Improve Tajikistan's Investment Climate and its International Ranking approved by Government Decree No. 276 of 29 May 2010 for the purposes of a report to the Council, to be discussed at the Seventh Meeting;
- it prepared materials for an interim meeting with the Prime Minister to discuss the implementation of decisions recorded in the minutes of Council meetings.
- it prepared documents to be given by the Chairman and Executive Secretary of the Council at the Seventh Council Meeting, as well as other materials.

On 15 March 2010, the President of Tajikistan, Mr. Emomali Rakhmon, chaired the Seventh Council Meeting.

Participants included the Prime Minister of Tajikistan, Mr. A. Akilov, the Head of Presidential Administration, Mr. M. Davlatov, the Chairman of the Tajikistan Investment

and State Property Management Committee /Executive Secretary of the Council, Mr. D.Saidov, the Head of Council Secretariat, Mr. Z. Khotamov, Senior Economic Adviser to the President, Mr.N.Buriev, Director of the Government Agency for Building and Architecture, Mr. A.Komilov, Deputy Chairman of the Tajikistan Investment and State Property Management Committee, Mr .Sh. Rakhmatboev, Head of the Customs Crime Control Department of the Tajikistan Customs Service, Mr. R. Emomali, Manager of the Presidential Administration's Economic Reform and Investment Department, Mr.O.Sangov, Manager of the Presidential Administration's Building and Architecture Department, Mr. I. Nosirov, Manager of the Presidential Administration's Legal Department, Mr.D.Murodov, Deputy Manager of the Presidential Administration's Economic Reform and Investment Department, Ms.N. Abdullaeva and Lead Specialist of the Presidential Administration's Economic Reform and Investment Department, Mr. F. Khaekhodjaev.

Participants representing the private sector included Council members, Director of the Internet Social Fund Mr.R. Kosimov, Chairman of the Tajikistan Entrepreneurs and Exporters Union, Mr.N.Zabirov, Chairman of the National Association of Business Women, Ms. G. Makhamova, Chairman of CJSC "Guliston" Agribusiness Combine, Mr.S.Khakimov and invitees – Chairman of the Association of Tajikistan Banks, Mr. I.Lalbekov, Chairman of the Association of Tajikistan Builders, Mr.F. Radjabov, Chairman of the Association of Microfinance Institutions, Mr. F.Akbarov, Chairman of the Association of Sogd Province Entrepreneurs, Mr.A.Khuseinov, Chairman of the Association of Internet Providers, Ms. P. Ibodova, Chairman of the Association of Tajik-Turkish Investors, Mr. Mustafo Beyaz, Chairman of the Association of Tusrsun-zade Entrepreneurs, Mr. Kh.Makbulov, Deputy Director of the Dushanbe Enterprise Support and Development Centre, Mr. M. Kadyrov, Chairman of the Board of Ltd "Jinfeng Tajikistan" and JV "Zarafshon", Mr. Tian Shian Fu, Director of CJSC "Yokut 2000", Mr. A. Kodirov, Director of CJSC "Avicenna", Ms. M. Tyuryaeva, Director of CJSC "Khudjandsoz", Mr. R. Abdunabiev and Director of CJSC "Khatlonstroï", Mr. N. Rabiev.

The international donor community was represented by the EBRD Director for Central Asia, Mr. Masaru Honma, Senior Adviser to the President of European Bank for Reconstruction and Development on improvements to the investment climate, Mr. J. Otorbaev, Head of the EBRD's Tajikistan Office, Mr. U. Hindstrom (Council member), Director of the United States Agency for International Development (USAID) in Tajikistan, J. Lehrer, Head of the European Union Tajikistan Office, Mr.Ed. Auer, Head of the International Finance Corporation Tajikistan Office, Mr. C.Miller, Chief Economist of the World Bank Private Sector and Finance Development Department, Mr. A. Dall'Olio, Head of the Swiss Cooperation Office in Tajikistan, Mr. R. Schoch (Council member), Head of the Tajikistan Office of the German International Cooperation Agency, Mr.St. Erber, Deputy Director of the German International Cooperation Agency's Small and Medium-Sized Business Support Project, Ms Z. Kosimova, Acting Head of the World Bank Tajikistan Office, Mr. Z. Karaev and Deputy Head of the United Nations Development Program in Tajikistan, Ms. Z. Virani.

Agenda of the Seventh Meeting:

1. Progress of the implementation of existing Council decisions.
2. Discussion of the Draft Government Action Plan to Intensify the Pace of Economic Reforms aimed at improving Tajikistan's Investment Climate and the Program of Improvements to the Investment and Enterprise Climate in the Building Industry in the Years 2011-2012.

3. Approval of the Draft Agenda of the Eighth Council Meeting.

In his opening address, the President of Tajikistan introduced new Council members - Chairman of the Association of Tajikistan Builders, Mr. F. Radjabov, representing domestic entrepreneurs, Chairman of the Board of Ltd “Jinfeng Tajikistan” and JV “Zarafshon”, Mr. Tian Shian Fu, representing foreign investors and Head of the Swiss Cooperation Office in Tajikistan, Mr. Rudolf Schoch, representing bilateral international organizations. Council member for multilateral international organizations, Head of the EBRD Office in Tajikistan, Mr. U. Hindstrom, was reappointed for a further term.

The speaker on the first Agenda item, dealing with the progress of implementation of existing Council decisions was the Council’s Executive Secretary and Chairman of the Tajikistan Investment and State Property Management Committee, Mr. D. Saidov.

In his report, Mr. D. Saidov noted that the Council’s Fifth and Sixth meetings were held in 2010. To implement the decisions reached at those meetings, the Tajikistan Investment and State Property Management Committee, acting jointly with the Secretariat and other stakeholders, prepared Draft Government Decrees approving the Government Action Plan on Improving Tajikistan’s Investment Climate and its International Ranking, the Government Program of Enhancement of the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012 and the Government Action Plan in the Utilization of Information and Communication Technologies to Improve the Operation of Government Services, which has been adopted by the Government and was now being successfully implemented.

Mr. D. Saidov noted that thanks to the reforms, Tajikistan’s investment climate had improved noticeably and that this has been reflected in its World Bank Doing Business ranking, resulting in Tajikistan being included among the top ten reformers two years running.

Mr. D. Saidov also presented information on the interim meetings held by the Prime Minister, Mr. A. Akilov, to coordinate and monitor the implementation of Council decisions. In particular, on 9 February 2011 the Prime Minister held a meeting with the heads of the ministries and departments involved in the implementation of Council decisions, which discussed the progress of the Government Action Plan on Improving Tajikistan’s Investment Climate and its International Ranking.

To implement further reforms in this area, Mr. D. Saidov put forward a Draft Government Action Plan to intensify the pace of economic reforms aimed at improving Tajikistan’s investment climate. The Action Plan outlines further steps to improve the investment climate, leading to the full implementation of the One Stop Shop business registration system, measures to facilitate access to loans and simplify pledging of movable assets, dealing with construction permits, protecting investors etc., by passing the relevant regulations, amending existing ones and harmonizing existing legislation as a whole.

The proposal was supported by the Head of the Swiss Cooperation Office in Tajikistan, Mr. Rudolf Schoch, Chairman of the National Association of Business Women, Ms G. Makhamova and the Chief Economist of the World Bank Private Sector and Finance Development Department, Mr. A. Dall’Olio. Their contributions stressed the need to continue with reforms aimed at improving the investment climate and developing enterprise as a whole, and expressed

their readiness to cooperate with the private sector, international organizations and government agencies on the implementation of the Plan.

The speaker on the second Agenda item, dealing with the Program of Improving the Investment and Enterprise Climate in the Building Industry in the Years 2011-2012 was the Chairman of Tajikistan Builders' Association, Mr. F. Radjabov.

In his presentation, Mr.F. Radjabov noted that as required by a decision of the Sixth Council meeting recorded in its minutes, the Government Agency for Building and Architecture, working in cooperation with other relevant ministries and departments and representatives of the private sector and international organizations, set up a Working Group, which has prepared a Draft Program of Improvements to the Investment and Enterprise Climate in the Building Industry in the Years 2011-2012, calling for a major reform of the building industry.

Speaking on behalf of building industry enterprises, the Director of Ltd “Khatlonstroi”, Mr. N. Rabiev, fully supported the Program. He noted that it envisaged realistic measures aimed at removing administrative barriers to the development of the industry and that it would help to improve the building industry environment in Tajikistan.

He was followed by the Head of the Tajikistan Office of the German International Cooperation Agency, Mr. Stefan Erber, who spoke of the fruitful cooperation between Tajikistan and Germany, which brought benefits to their economic development and prosperity. He told the meeting that the German government had allocated a total of over 120 million euro to the development of Tajikistan. Moreover, negotiations between the governments of the two countries held in 2010 resulted in the allocation of a further 44 million euro for the implementation of bilateral programs.

Mr. St. Erber expressed his general satisfaction with the cooperation between the Tajikistan office of the German International Cooperation Agency with the Council and its Secretariat, as well as its willingness to continue the cooperation and to provide technical support of the Council's work, and in particular of monitoring the implementation of its decisions.

The Chairman next called on representatives of the private sector to describe to the meeting what they regarded as their most pressing problems and proposed solutions.

The first speaker was Chairman of the Board of Ltd “Jinfeng Tajikistan” and JV “Zarafshon”, Mr. Tian Shian Fu, who stressed the need for a Tajikistan Mineral Resources and Mineral Resources Management Act, and for a development program for the mineral extraction industry. Mr. Tian Shian Fu emphasized in particular that the adoption of these laws would contribute to the improvement of the industry's investment climate by introducing a new administration process and facilitating access to mineral resources.

He was followed by the Director of the Internet Social Fund, Mr. R. Kasymov, who informed the meeting of the progress of the Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services (“e- Government”), adopted by the Sixth Council Meeting. In particular, this included the creation of a Council on Information and Communication Technologies attached to the Office of the President, which had now held its first meeting. In February 2011, the country hosted an international conference on “Electronic Government – An effective and innovative

means of interaction between the government and the citizens”. To ensure continued development of the industry, to implement reforms aimed at improving the investment climate and introducing foreign technologies, strengthening manufacturing, energy, agriculture, infrastructure and other sectors of social and economic importance, he proposed including in the agenda for a forthcoming Council meeting the preparation of a Draft Strategy for the construction of a Tajikistan High Technology Park.

Deputy Director of the Dushanbe Enterprise Support and Development Centre, Mr. M. Kadyrov was the next speaker, and pointed to a number of acute and pressing issues preventing the development of enterprise in Tajikistan. He noted that a number of amendments to the Tajikistan Tax Code adopted in 2010 had had an adverse impact on the operations of domestic entrepreneurs, and that they had been adopted without consultation with representatives of the private sector and without conducting an economic analysis to support their effectiveness. Mr. M. Kadyrov further thought that another obstacle was the very complex system of tax administration, which also created difficulties for entrepreneurs. He pointed to a lack of a mechanism for the implementation of the Business Audit Act, saying that although the Act had been adopted in 2006, there was still not a unified implementation mechanism in place and that without such a mechanism it would be impossible to avoid the numerous unjustified audits by the authorities and prevent the development of corruption and illegal business, thus promoting national prosperity and increasing tax revenues.

Mr. M. Kadyrov was supported by the next speaker, Director of CJSC “Yokut 2000”, Mr. A. Kodirov, who emphasized the importance of government support to local manufacturers, as it would promote job creation, increase the prosperity of the nation, result in affordable prices and thus increase tax revenues. He also noted that businesses needed access to long-term loans, since at the present time not everybody was in a position to import manufacturing equipment, and if long-term loans could be provided on favorable terms, this would contribute to the development of the manufacturing sector and encourage local manufacturers. Another issue raised by Mr. A. Kodirov related to customs duties and VAT charged on imported equipment, which created major obstacles to the development of leasing. It was his view that businessmen found it more profitable to import finished goods and products rather than machinery with which to manufacture them, which also hampered the development of domestic manufacture and served as an obstacle to local manufacturers.

The next speaker was the Head of the Tajikistan Office of the International Finance Corporation, Mr. Christopher Miller. He expressed his satisfaction with the results of cooperation with the Council and the Secretariat, and with the Tajikistan Investment and State Property Management Committee. Mr. C. Miller noted that the trilateral cooperation resulted in interviewing around 110 representatives of the private sector, who offered over 60 suggestions and recommendations for inclusion in the Council’s Program of Work. 21 proposals were selected and submitted to representatives of international organizations to enable them to establish to which of them they would be able to offer technical assistance. Mr. C. Miller assured the meeting that the Tajikistan Office of the International Finance Corporation was willing to cooperate wholeheartedly with the Council, the Tajikistan Investment and State Property Management Committee and with the private sector on further strengthening of public-private partnership.

The next speaker was the EBRD Director for Central Asia, Mr. Masaru Honma, who had travelled to Tajikistan specially to participate in the Council meeting. In his address he made

special reference to the positive results achieved by the Council since its inception and expressed his expectation of continued success. He focused on a number of issues which if addressed could have a major impact on the development of enterprise in the country as a whole. They included first of all support for the creation of a domestic building materials industry.

According to Mr. M. Honma, Tajikistan imported over 55 per cent of its building materials, although production could be set up locally. It might involve considerable costs, but with time they would pay for themselves many times over and prove their effectiveness. For this to be achieved, the government of Tajikistan had to continue with reforms aimed at improving the investment climate, so as to attract experienced investors from different sectors of the economy to the country. The second issue was simplifying access to investment in the building industry. This would require specific measures, including early adoption of a new Land Code and a Pledge Act. In addition, Mr. M. Honma proposed revising Tajikistan's Public Procurement Act from the point of view of international practice and stepping up the completion of the building project privatization process. He concluded by stressing the willingness of international organizations to provide the required technical assistance to the reforms.

The speaker on the third Agenda item was the Chairman of the Tajikistan Investment and State Property Management Committee and Executive Secretary of the Council, Mr D. Saidov.

He proposed a Draft Agenda for the Eighth Council Meeting, which included discussion of the draft Public-Private Partnership Act. Its objective would be to regulate cooperation on investments between the public and the private sector and to define each party's role in the implementation of projects of importance to the economy.

Based on Mr. D. Saidov's contribution, the President asked for a Working Group to be set up and instructed to analyze the appropriateness of such a draft by the time of the Eighth Council Meeting, and if it was found to be appropriate, prepare the draft by the end of 2011.

Concluding the meeting, the President expressed his satisfaction with the work of the Council, especially in view of the involvement of a wide range of representatives of the private sector and international organizations, thanked all those present for their participation and expressed his hope for continued fruitful cooperation. He also offered his good wishes for the forthcoming holiday of "Idi Navruz", which had been officially recognized as an international holiday by the UN General Assembly.

Decisions:

Based on the results of the Seventh Council Meeting and the decisions recorded in its minutes, the President issued the following instructions:

- The Government of Tajikistan was instructed to:
 - make provision for monitoring the implementation of Council decisions, hold regular interim meetings with the Prime Minister to discuss this issue; and
 - to ensure that Council decisions are implemented promptly and in full.
- The Tajikistan Investment and State Property Management Committee was instructed to act jointly with the Secretariat to agree and submit to the Government the Draft

Government Action Plan to Intensify the Pace of Economic Reforms aimed at improving Tajikistan's investment climate.

- The Government Agency for Building and Architecture was instructed to revise the Draft Government Resolution approving the Program of Support of Building Organizations aimed at improving the industry's investment and enterprise climate in the years 2011-2012 and submit it for comment to the government.
- The Executive Secretary of the Council was instructed to collaborate with local government authorities of the Gorno-Badakhshan Autonomous Region (GBAO) and Sogd Region and with the local authorities of Dushanbe to set up permanent Regional Consultative Councils attached to the offices of the regional chairmen and to Dushanbe City Council, involving representatives of the private manufacturing sector and development partners in their work and coordinating their operations.
- The Executive Secretary of the Council and the Secretariat were instructed to seek the participation of private sector representatives and use their proposals to prepare issues for discussion at future Council meetings, taking into account the country's economic priorities and capturing the most urgent problems of the development of enterprise and of improving the investment climate.
- The Ministry of Finance was instructed to cooperate with the relevant ministries and departments, the private sector and development partners on analyzing the existing Tax Code and if necessary prepare a draft of a new Tax Code for submission to the Council.
- The National Bank of Tajikistan, the ministries of economic development and trade and of finance as well as other relevant ministries and departments were instructed to take steps to provide long-term loans to the building industry and to submit specific measures to the government.
- The President required Council members representing the private sector to raise awareness of reforms aimed at improving the investment and enterprise climate, involving development partners in this work, and to provide detailed information about its results to Council meetings.
- A representative of the Parliament of Tajikistan, Majlisi Namoyandagon Majlisi Oli, should be invited to future Council meetings as an observer.
- The Agenda for the Eighth Council meeting should include an item dealing with the preparation of a Draft Public-Private Partnership Act. In this context, the State Property Management Committee was instructed to work jointly with the relevant ministries and departments, the private sector and the Secretariat to prepare a Draft taking into account regional and international best practice and ensuring that it is not to the detriment of current projects involving public-private partnership, involving development partners in the work and submitting the Draft to the Council by the end of the year. Existing legislation regulating public-private partnership should therefore be analyzed and coordinated and any amendments proposed within the coming three months.

- The President approved new Council members: the Chairman of the Association of Tajikistan Builders, Mr.F.Radjabov, representing the domestic private sector, the Chairman of the Board of Ltd “Jinfeng Tajikistan” and JV “Zarafshon”, Mr. Tian Shian Fu, representing foreign investors, and the Head of the Swiss Cooperation Office in Tajikistan, Mr. Rudolf Schoch, representing bilateral international organizations, and reappointed the Head of the EBRD’s Tajikistan Office, Mr. Ulf Hindstrom, representing multilateral international organizations, for a further term.
- The appointments of Council members representing the domestic private sector – the Head of the Tajikistan Office of the American Chamber of Commerce, Mr. M. Sharipov and the Head of USAID in Tajikistan, Mr. J. Lehrer, were terminated on expiry of their terms of office.

Preparations for the Eighth Council Meeting

The following measures were implemented as part of preparations for the Eighth Council Meeting:

- to implement a decision recorded in the minutes of the Seventh Council Meeting, a Working Group attached to the Tajikistan Investment and State Property Management Committee was set up to analyze existing public-private partnership legislation and prepare a Draft Public-Private Partnership Act. A representative of the Secretariat is a member of the Working Group, which has now held three meetings, and is working on the analysis and on the preparation of a Draft Public-Private Partnership Act;
- the implementation of the decisions of the Fifth, Sixth and Seventh Council Meetings has been monitored by ministries and departments. The results have been reported to the Prime Minister, for use at the interim meeting which will be attended by the heads of the participating ministries and departments;
- acting jointly with SIC, the Secretariat organized a series of meetings with representatives of business associations, to discuss the draft agenda and other materials for the Eight Council Meeting;
- it has held meetings with donor organizations to discuss technical assistance in the preparation of these documents;
- it has participated regularly in the meetings of the Working Group preparing the Draft Public-Private Partnership Act;
- the Secretariat has consulted Council members representing the private sector and donor organizations on the agenda for the Eight Council Meeting;
- it has analyzed proposals on improving Tajikistan’s investment climate received from associations and other stakeholders;
- it has held separate meetings with partners (ministries, other government agencies, the private sector and donor projects) to discuss information sharing issues;

- it has consulted members of the World Bank Doing Business team on further improvements to Tajikistan's investment climate and its international ranking, discussing the results at Council meetings;
- the Secretariat has consulted the private sector, donor organizations and government agencies on agenda items for the Eight Council Meeting;
- it has held meetings with representatives of the CASE Association and of the German Agency for International Cooperation to discuss updating the Measures to Enhance the Cost Effectiveness of Agriculture to Ensure the Food Security of Tajikistan;
- it has prepared materials to be delivered by the Chairman and Executive Secretary of the Committee, a list of participants and other documents relating to the conduct of the Eighth Council Meeting and submitted them to the Executive Secretary.

3. Monitoring the implementation of existing Council decisions and informing the community

3.1. Monitoring undertaken by the Secretariat

Alongside the preparation of Consultative Council meetings, one of the Secretariat's main tasks is evaluation of the implementation of Council decisions. The Secretariat is now fully engaged in performing this task with respect to the decisions made by the Fifth and Sixth Meetings, which adopted the Program of Further Measures to Improve Tajikistan's Investment Climate and its International Ranking, and is continuing this work.

Overall control of the implementation of Council decisions is undertaken by the Tajikistan Investment and State Property Management Committee, which reports the results to the government on a monthly basis.

In order to define its place within the monitoring and evaluation system, the Secretariat has developed its own implementation monitoring plan. It is designed both to track the immediate results of each individual measure and instruction and to serve as the basis of an extended monitoring report placing special emphasis on the assessment of socially significant outcomes of the decisions.

To arrange for systematic gathering, sharing and analysis of information required for monitoring and evaluation purposes, the Secretariat has held numerous working meetings with representatives of ministries and departments involved in the process of monitoring of the relevant Council decisions and government instructions, including representatives of donor organizations and concerned business associations. The meetings have resulted in the Secretariat obtaining copies of documents and summaries of information on the implementation of the various parts of the decisions, which have served as the basis of monitoring reports submitted to the Tajikistan Investment and State Property Management Committee and to the government for use in the preparation and conduct of the Prime Minister's interim meetings. The reports gave a detailed picture of the progress of implementation of the decisions and the results of their implementation or failure to implement by government agencies as well as of the participation of international organizations and the private sector in the implementation process.

3.2. Interim meetings held by the Prime Minister

The first interim meeting was held by the Prime Minister, Mr. A. Akilov, on 21 July 2010 in Dushanbe to discuss the results of implementation of the Government Action Plan on Improving Tajikistan's Investment Climate and its International Ranking.

The meeting was attended by the Chairman of the Tajikistan Investment and State Property Management Committee and Executive Secretary of the Consultative Committee, Mr. D. Saidov, the Minister of Finance, Mr. S. Nadjmudinov, the Minister of Labor and Social Protection, Mr. B. Makhmadaminov, the Minister of Energy and Industry, Mr. Gul Sherali, the Minister of Transport and Communications, Mr. O. Boboev, The Minister of Justice, Mr. B. Khudoerov, the Minister of Health, Mr. N. Salimov, the First Deputy Minister of Agriculture, Mr. R. Amirov, the Chairman of the National Bank of Tajikistan, Mr. Sh. Rakhimzoda, the First Deputy Minister of Internal Affairs, Mr. R. Rakhimov, the Chairman of the Government Tax Committee, Mr. N. Davlatov, the Chairman of the Government Customs Service, Mr. G. Zaripov, the Director of the "Tochikstandard Agency", Mr. D. Khotamov, Chairman of the Government Statistical Agency, Ms. B. Mukhammadieva, the Head of the Presidential Administration's Economic Reform and Investment Department, Mr. Kh. Tagomurodov and the Prime Minister's Assistant, Mr. Ch. Lafizov.

The Agenda for the meeting was as follows:

Discussion of the progress of implementation of the Program of Further Measures to Improve Tajikistan's Investment Climate and its International Ranking, approved by Government Decree No 276 of 29 May 2010.

Opening the meeting, Mr. A. Akilov noted that improving the investment climate together with economic reform and the creation of a favorable environment for the development of enterprise and improvement of Tajikistan's international ranking were important components of the government's economic policy and that therefore the relevant ministries and departments should continue contributing to the achievement of these goals.

Speakers on the issue under discussion included D. Saidov, S. Nadjmudinov, B. Makhmadaminov, Gul Sherali, O. Boboev, B. Khudoerov, N. Salimov, R. Amirov, Sh. Rakhimzola, R. Rakhimov, D. Khotamov, N. Davlatov, G. Zapirov and B. Mukhammedova.

Based on the results of the interim meeting, Mr. A. Akilov issued the following instructions to those present:

- The heads of participating ministries and departments were instructed to step up efforts to implement the Government Action Plan on Improving Tajikistan's Investment Climate and its International Rankings on time and to submit a detailed report to the Tajikistan Investment and State Property Management Committee and to the Secretariat by 5 August 2010.
- Participating ministries and departments were instructed to submit the names of candidates for Working Group membership within three days of the meeting, and to arrange for their participation in the Working Group.

- Tajikistan Investment and State Property Management Committee was instructed to step up oversight of the progress of the Action Plan and submit the final report to the government by 15 August 2010.

The second interim meeting was held by the Prime Minister, Mr A. Akilov, on 9 February 2011 in Dushanbe, to discuss implementation of Council decisions.

The meeting was attended by the Chairman of the Tajikistan Investment and State Property Management Committee and Executive Secretary of the Consultative Committee, Mr .D. Saidov, the Minister of Economic Development and Trade, Mr. F. Khamraliev, the Minister of Finance, Mr.S.Nadjmudinov, the Minister of Energy and Industry, Mr. Gul Sherali, the Minister of Transport and Communications, Mr. O. Boboev, the Minister of Labor and Social Protection, Mr. B. Makhmadaminov, First Deputy Minister of Internal Affairs, Mr.R. Rakhimov, Deputy Minister of Agriculture, Mr. S. Isroilov, First Deputy Minister of Health, Mr. S. Djobirov, Chairman of the National Bank of Tajikistan, Mr. Sh. Rakhimzoda, Chairman of the Government Statistical Agency, Ms. B.Mukhammadieva, Chairman of the Government Tax Committee, Mr. N. Davlatov, Chairman of the Government Customs Service, Mr. G. Zaripov, Director of the Government Agency for Building and Architecture, Mr. A. Komilov and Deputy Manager of the Presidential Administration's Economic Reform and Investment Department, Ms. N. Abdullaeva.

Opening the meeting, Mr. A. Akilov noted that improving the investment climate together with economic reform and the creation of a favorable environment for the development of enterprise and improving Tajikistan's international ranking were important components of the government's economic policy and that therefore the relevant ministries and departments should continue contributing to the achievement of these goals.

The speaker on the issue under discussion was the Chairman of the Tajikistan Investment and State Property Management Committee and Executive Secretary of the Consultative Committee, Mr. D. Saidov. He provided the meeting with detailed information about the progress of implementation of Council decisions, but also noted the associated major shortcomings. The heads of participating ministries and departments then reported on the implementation of Council decisions for which their agencies were responsible.

Based on the results of the interim meeting those present received the following instructions:

1. The heads of participating ministries and departments were instructed to step up efforts to implement Council decisions and to submit detailed three-monthly reports to the Tajikistan Investment and State Property Management Committee and the Secretariat.
2. The Ministry of Justice was instructed to act jointly with the Ministry of Health and the Government Agency for Building and Architecture to decide on the amendments to the Sanitary and Epidemiological Safety Act required to bring it into conformity with other regulatory instruments, prepare the relevant draft and submit it for comment to the government, completing the work within three days of the meeting.
3. The Government Tax Committee, the Ministry of Labor and Social Protection and the Presidential Statistical Agency were instructed to take steps to improve the technical

- support of the Uniform National Register and to introduce the One Stop Shop business registration procedure, submitting proposals on extending the deadline for its implementation in the appropriate manner.
4. The Ministry of Finance was instructed to undertake a thorough analysis of the contents of Item 8 of the Government Action Plan on Improving Tajikistan's Investment Climate as part of the work of the relevant Working Group and submit it to the government.
 5. The Ministry of Economic Development and Trade was instructed to analyze the support offered to domestic manufacturers and the provision of incentives to the domestic manufacturing industry and submit the results to the government.
 6. The Tajikistan Investment and State Property Management Committee was instructed to step up its oversight of the implementation of the Action Plan, analyze the implementation of reforms aimed at improving Tajikistan's investment climate and submit a comparative table to the government.

To prepare the third interim meeting with the Prime Minister, the Secretariat, acting jointly with the Tajikistan Investment and State Property Management Committee monitored the implementation of the decisions made by the Fifth, Sixth and Seventh Council Meetings, including the Plan of Further Measures to Improve Tajikistan's Investment Climate and its World Bank Doing Business Ranking, approved by Government Decree No. 276 of 29 May 2010 to ensure the prompt and appropriate implementation of these decisions. It also issued specific instructions, based on the minutes of the Seventh Council Meeting, on the preparation of a revised version of the Tajikistan Tax Code, analyzing regulatory instruments relating to public-private partnership and preparing a draft Government Decree on Stepping Up Reforms Leading to the Improvement of Tajikistan's Investment Climate.

Based on the results of the Fifth Council Meeting, the government adopted a Decree approving the Program of Further Measures to Improve Tajikistan's Investment Climate and its International Rankings. The Program consists of nine items, intended to simplify the administrative procedures required to start a business, reduce the expenditure of time and money associated with doing business and investing, and support domestic manufacturers.

During 2010-2011, the Secretariat monitored the implementation of the Program jointly with the Tajikistan Investment and State Property Management Committee, dividing the process into several stages. The results showed the Program to have been partially implemented.

In particular, the Ministry of Economic Development and Trade had set up an Interdepartmental Working Group to analyze the list of mandatory documents required for trading across borders. The analysis showed that their number needed to be significantly reduced, and that it should be forbidden to demand additional documents confirming the quality of goods not listed as requiring certification for export or import purposes (Item 2). However, the Draft Amendments to the Tax Code called for by the Program had not been prepared, and this was one of the reasons for Tajikistan's Doing Business ranking having been downgraded.

Under the section of Item 2 of the Program, dealing with the preparation of draft amendments to the Pledge of Movable Assets Act relating to lending and access to loan funds and the practical opportunities for pledging movable assets, the Tajikistan Investment and State Property Management Committee submitted the relevant request to the National Bank of

Tajikistan, which advised that it had set up a Working Group which was currently examining the issue.

The Government Agency for Building and Architecture had prepared draft amendments to the Fire Safety, Architectural, Town Planning and Building Operations, Sanitary and Epidemiological Safety Acts and the Land Code. All the drafts were agreed with the relevant ministries and departments and submitted for comment to the government.

While amendments to the Fire Safety Act and to the Land Code had been accepted by Parliament, amendments to the Sanitary and Epidemiological Safety Act were still being processed by ministries and departments.

Items 5 and 6 of the Program, calling for laws and other regulatory instruments to be brought into conformity with the State Registration of Legal Entities and Individual Entrepreneurs Act have been fully implemented by the relevant ministries and departments.

It must be noted that the information provided by the Government Tax Committee suggests that the issue of the hardware required to support the Uniform State Register and intended to ensure full information sharing between the government agencies involved in the One Stop Shop registration procedure (Item 7) is still being examined. This is due to the fact that the hardware and software available to the social protection agencies and required for the operation of the One Stop Shop is adequate.

On Item 9 of the Plan, the Ministry of Finance has submitted proposals on improving the Draft Acts amending the portions of the Tax Code and the Customs Code as well as the Financial Leasing Act relating to manufacturing equipment imported through leasing, and these have been forwarded for comment to the government.

On the issue of short-term and long-term plans naming specific, well-founded measures to support local manufacturers and making local manufacture more attractive (Item 9 of the Program), the Committee set up by the Ministry of Economic Development and Trade has so far done nothing.

To implement a decision made by the Sixth Council Meeting and recorded in its minutes, the government has adopted decrees approving the Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012 and the Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services.

To implement the Government Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012, the Ministry of Economic Development and Trade has set up a Working Group consisting of representatives of ministries and departments, the private sector and donor organizations. The Working Group has held meetings, but has not been able to implement any of the Program items due to lack of funding.

The Interdepartmental Working Group required to implement the Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services has not been set up.

Analysis of the instructions contained in the minutes of the Seventh Council Meeting shows that they have been only partially implemented by the ministries and departments.

For instance, the Tajikistan Investment and State Property Management Committee and the Secretariat prepared a draft Government Decree on stepping up the effort to improve Tajikistan's investment climate (Item 2), which was agreed with the ministries and departments and submitted for comment to the government. Working meetings were held with representatives of the private sector and development partners, and their suggestions were used to prepare a list of issues to discuss at future Council meetings (Item 5).

The Government Agency for Building and Architecture prepared a draft Government Decree approving the Program of Support of Building Organizations aimed at Improving the Investment and Enterprise Climate in the Building Industry in the years 2011-2012 (Item 3). The draft is currently being agreed by the relevant ministries and departments.

Under Item 4 of the minutes of the Seventh Council Meeting, permanent regional Consultative Committees have been set up in the GBAO, Sogd and Khatlon Regions. A similar Council for Dushanbe is now being considered.

The Ministry of Finance has set up a Working Group to prepare a revised version of the Tax Code (Item 6). The Tajikistan Investment and State Property Management Committee has also set up a Working Group (Item 10) to analyze existing regulatory instruments in preparation to drafting the Public-Private Partnership Act.

At the same time, to increase understanding of the law among local entrepreneurs, members of the Secretariat and representatives of the private sector have held seminars in various areas of the Sogd Region.

Full and prompt implementation of the proposed economic reforms will improve Tajikistan's investment and enterprise climate, and will create a favorable environment for the development of its economy as a whole.

3.3. Informing the community

The Secretariat is the operating arm of the Council and is responsible not only for organizational, methodological and technical support of the Council's operations, but also for providing it with information. This being the case, provision of information forms an integral part of its work, and the Secretariat attaches tremendous importance to informing the community and to ensuring transparency of the process as part of the public-private dialogue.

To increase the sustainability of the Council's operations and to ensure their transparency, the Secretariat undertakes the following actions:

- it keeps the community informed about the work of the Council and its achievements by e-mail, through the Council Bulletin, press releases, radio and television appearances and interviews and by updating its website, and also;
- by expanding and strengthening public-private dialogue;
- by expanding its cooperation with its international partners and the private sector, and involving them in the Council's work;

- by organizing the process of assessment and systematization of proposals on improving the enterprise environment and the investment climate received from the business community.

To provide information about the work of the Council and the Secretariat and about particularly important events in the areas of enterprise, investment and the development of the private sector and public-private dialogue to partners involved in the process, the Secretariat collects, prepares and publishes the information it obtains in its Bulletin, which appears every two months in Russian and English, and on its website www.investmentcouncil.tj

Seven Consultative Council Bulletins have appeared during the period under review. It must be emphasized that this initiative has received considerable support from the partners, and in particular from business associations throughout the country. The Bulletin currently has over 360 subscribers, which make it available to their own members and partners.

In addition, after every Council meeting the Secretariat issues press releases with information about the agenda, discussions, their results and decisions made by the meeting. During the period under review, it prepared two press releases dealing with the Sixth and Seventh Council Meetings.

In connection with the amendments to of the State Registration of Legal Entities and Individual Entrepreneurs Act which were introduced in December 2010, the Secretariat has updated and issued a series of Checklists for Businessmen dealing with issues such as Official Registration of your Business, Business Reorganization Procedures, Business Liquidation Procedures and State Registration of Closing your Business as an Individual Entrepreneur.

The Secretariat has also published a booklet on the Institutionalization of Public-Private Relationships in Tajikistan, which was presented at the Seminar on Public-Private Dialogue and Investment Policy held in Vienna in June 2011. The booklet describes the main areas of the Council's operations, the procedures and approaches it has used during the period under review, its work with its partners, examples of successful public-private dialogue, its achievements as well as the risks and challenges it has faced. The booklet was published to achieve wider distribution of information about the Council and its operations both within the country and within the international community.

To distribute information to stakeholders, the Secretariat publishes information about its work with the public and private sector and with the donor community, about instances of successful cooperation and about reforms on its website, www.investmentcouncil.tj.

4. Partner liaison

4.1. Work with international organizations /donors

During the period under review, the Secretariat held a series of working meetings with international organizations and representatives of the private sector in order to arrange for regular sharing of information and experience of the implementation of Council decisions, and to develop public-private dialogue.

In particular, its work has included:

- meetings between Secretariat representatives and the World Bank Doing Business and IFC teams, designed to monitor the implementation of the Program of Further Measures to Improve Tajikistan's Investment Climate and its International Ranking approved by Government Decree No. 276 of 29 May 2010;
- meetings with IFC representatives to discuss the results of the trip to Vienna in 2011 and the format to be used in screening proposals and issues submitted by business associations for discussion by the Council, as well as the Program of Future Cooperation between the Secretariat and the IFC;
- numerous meetings with the EBRD, GIZ, IFC, USAID, SDC, DFID, EC, WB and OSCE to discuss cooperation as well as the innovations adopted by the Secretariat in its work following the Sixth Council Meeting (increasing the number of Council members representing the private sector, introducing a rotation procedure for those members, monitoring the implementation of the decisions of the Fifth and Sixth Council Meetings relating to the Program of Further Measures to Improve Tajikistan's Investment Climate and its International Ranking, organizing and holding interim meetings to discuss the results of the monitoring process with SIC and the Prime Minister, liaising with the private sector to discuss agendas for Council meetings, discussing topical issues put forward by the private sector, ensuring the participation of its representatives as keynote speakers at Council meetings and collecting proposals for foreign investor representation on the Council), and to discuss the Secretariat's work program, its reports and achievements and the organization and conduct of a Round Table on the work of the Council as a whole;
- meetings with representatives of the EBRD, USAID and GIZ and of the private sector to discuss the Agendas for the Sixth and Seventh Council Meetings, presentations by representatives of international organizations and the rotation and selection of new Council members representing the private sector;
- a meeting with the Ambassador and Head of the Delegation of the European Union to Tajikistan to discuss the Sixth Council Meeting and its results and to receive updated information about EU projects and plans for future cooperation;
- working meetings with Mr. J. Otorbaev, the EBRD's Senior Adviser on the CIS, to discuss the current status of the Secretariat and measures to improve its operations by establishing a permanent public-private dialogue via the Council, to develop future Action Plans and discuss the Secretariat's achievements and issues arising in the course of its operation. The meetings decided that in the future the Secretariat's work should develop not only in the direction of the preparation and conduct of formal meetings, but should also include specific measures aimed at ensuring active participation of the business community as an entity capable of influencing the creation of an administrative and legal framework for starting and doing business in close cooperation with the donor community, as well as setting up an ongoing information sharing process including the monitoring of actual measures envisaged by the various donor projects;
- a meeting between members of the Secretariat and Mr. Johannes Linn, Special Adviser to the United Nations Development Program. The meeting was designed to provide

information about the work of the Secretariat and the Council during the recent period, and their achievements and future plans, and to identify key areas of continued interaction and close cooperation with the private sector and the donor community, as well as current issues. The meeting included a presentation on the Secretariat's work, given by its employees, which provided information about the changes in the work of the Council and the Secretariat in Tajikistan, about its future strategy and its interaction with government agencies, the private sector and international organizations. It made special reference to the recent innovations in the Secretariat's work and in particular to strengthening its cooperation with the private sector and the donor community, new Council member rotation procedures, monitoring the implementation of Council decisions recorded in its minutes, and the preparation of the Council's Work Program for 2011, which includes the Plan to Improve Tajikistan's World Bank Doing Business Ranking. Particular emphasis was placed on the fact that the reforms enabled Tajikistan to be included among the top ten reformers two years running, which improved its ranking among the 183 countries covered by the World Bank Doing Business survey.

4.2. Work with World Bank Missions

The Secretariat's work with the World Bank Missions on the development of private sector dialogue /Doing Business Reform Program for the years 2009-2010.

During the period under review, the Secretariat has worked closely with the World Bank Missions on the Private Sector Development Dialogue/Doing Business Reform Program for the years 2009-2011 and the Mission to Monitor the Disbursement of the IDF Grant.

The first mission visited Tajikistan during the week of 14-20 March 2011. It focused on the following aspects: preparation and participation in the Seventh Council Meeting, including a presentation on Doing Business Reforms and information on next steps and priorities; support of the implementation of an Action Plan for Doing Business Reforms and monitoring measures put in place in Tajikistan as part of its work on its World Bank Doing Business ranking.

During the second mission, which took place between 28 March and 9 April 2011, the Secretariat, working in collaboration with Mr. Igor Artemyev, a World Bank expert on building permit system reform, participated in examining the information on amendments to regulatory instruments aimed at cutting down on licensing and One Stop Shop registration procedures in the building industry, and on revising the approach to issuing permits for small and low-risk building projects.

The mission's main objective was to support the Government Agency for Building and Architecture and the Tajikistan Builders' Association in the achievement of two short-term goals: providing assistance in organizing and conducting an awareness raising campaign on the reforms initiated in 2009 (Government Decree No. 282 of 6 May 2009), aimed at introducing the One Stop Shop mechanism to speed up and increase the efficiency of processing preliminary permits by public utilities and of issuing planning permissions, and providing assistance in the development of a rapid building permit issuing system and of mechanisms for checking/verifying applications for low-risk building work, to be undertaken by members of an informal working group consisting of representatives of the two organizations.

The mission met with the private sector, the Tajikistan Builders' Association and its Chairman, a number of representatives of government agencies as well as the Director of the Government Agency for Building and Architecture, and prepared draft handouts on the building permit system to be used in a joint information campaign.

The third World Bank mission visited Tajikistan during 18- 27 April 2011. The Secretariat worked closely with the Mission.

Key areas of cooperation:

1) Building permit system

Outcomes: Meetings were held with the private sector and the Government Agency for Building and Architecture, which produced an agreement on cooperation on an information campaign on the One Stop Shop registration of building projects; in addition, handouts on the building permit system to be used in a joint information campaign were drafted and submitted for comment and subsequent publication and distribution. Various ways of the World Bank providing support to the Agency were also examined.

2) Updating and agreeing the Program of Further Action to Improve Tajikistan's World Bank Doing Business Ranking. Updating and agreeing the Draft Act amending the investor protection section of the Joint Stock Companies Act.

Outcomes: Meetings were held with the Tajikistan Investment and State Property Management Committee to discuss comments made by ministries and departments on the Draft Plan and Act. The comments were incorporated in the drafts, which were then agreed with all participating ministries and departments and have now been submitted to the government for consideration and adoption. Once approved by the government, the draft will be submitted to the Parliament of Tajikistan for approval and adoption. The prompt completion of this process will find its reflection in the relevant indicators of the World Bank Doing Business survey for the current year.

3) Work with the Government Tax Committee, the Government Social Insurance and Pension Agency and the Presidential Statistical Agency on the implementation of a business registration One Stop Shop.

Outcomes: Meetings were held with the Heads of the Government Tax Committee, the Government Social Insurance and Pension Agency, the Ministry of Labor and Social Protection and representatives of the Presidential Statistical Agency, to discuss the areas of collaboration of the three agencies on the introduction of a One Stop Shop for registering a business with the Tax Committee. The representatives of the World Bank mission gave a presentation on the issue to all interested parties, attended by the management of the Tax Committee and representatives of international organizations (IFC, DFID and the World Bank) and of the Secretariat.

4) Work on the Getting Credit indicator

Outcomes: The World Bank held a seminar on "Facilitating access to credit by reforming the secured transactions system" at the National Bank of Tajikistan. The analysis presented by it was examined and commented on by members of the National Bank's Working Group on improving pledge laws; the team also held two meetings with members of the Working Group to amend the sections of existing laws dealing with pledges, secure transaction mechanisms, the pledge of movable assets and access to loans.

Members of the World Bank mission met the management of the National Bank, other National Bank representatives and representatives of various ministries and departments. It was decided that the Working Group should continue its operations and hold a visiting session this June to prepare specific recommendations on amendments to existing legislation in this area.

5) *On the Trading Across Borders indicator* members of the World Bank mission met with representatives of the Ministry of Economic Development and Trade and the Ministry of Justice of Tajikistan and of the USAID Regional Project on the liberalisation of trade and customs reform to discuss preparing and lobbying for the Draft Act amending the Customs Code of Tajikistan to reduce the number of documents required for trading across borders.

It was also decided to continue the work described above by placing special emphasis on the indicators listed above and discussing the government's interest in cooperation on the implementation of the reforms with a view to submitting specific positive recommendations on improving Tajikistan's ranking to the World Bank.

4.3. *Joint project on gathering/screening investment climate improvement proposals*

The Council as a platform for top-level decision-making offers a mechanism enabling the private sector to exercise significant influence on government decisions relating to business and the country's economy as a whole. The mechanism consists of a process of screening of issues submitted by representatives of the private sector for consideration and inclusion in the agendas of Council meetings.

The idea behind the screening process is to discuss the issues submitted by the private sector with all stakeholders and use all the results to prioritize them, so that the process will result in reducing the issues proposed by the private sector to 3-4 agenda items.

During November and December 2010, the Secretariat has held the first pilot screening round, having received over 60 proposals from the private sector. All were thoroughly analyzed and screened by Secretariat specialists and independent experts.

The Secretariat requires all proposals to be clearly worded and to include an analysis of the existing situation and recommendations on improving regulatory instruments with an impact on the issue under review.

In addition, all proposals received by the Secretariat are required to pass several screening stages, during which all their aspects are examined, starting with their substance, relevance and contribution to improving Tajikistan's business environment and ending with the financial impact of their implementation on the country's economy and the availability of financial, physical, human and other resources for their implementation.

The process of screening, from the first stage of collection and summarization of the proposals by the Secretariat up to the formulation of specific reform recommendations, helps to improve the quality of proposals submitted to the Secretariat by the private sector. It contributes to the transparency and legitimacy of the ultimate proposals, demonstrating the path travelled by them from their acceptance to their inclusion in the agenda of a Council meeting.

The private sector is not only a most important resource in the development of Tajikistan's economy, but also a reliable source of up-to-date comprehensive and trustworthy information about problems, barriers and difficulties faced by local entrepreneurs. For this reason, when preparing agendas for Council meetings, proposals from the private sector are regarded as having a higher priority.

The Council is one of the most effective tools of public-private dialogue in Tajikistan. It allows the private sector to express its views and suggest ways of addressing issues faced by our entrepreneurs in full confidence that the "voice of the private sector" will be heard at all levels of government.

Business thus has an opportunity to provide government with important information, to ensure that its ideas and proposals are the result of a thorough review of issues affecting the future of our country. The private sector is a most important resource, since it is well informed about the market and the economic situation.

Public-private dialogue consists of structured mechanisms operating at the highest levels of management and enjoying a powerful interdepartmental mandate. The dialogue is coordinated by a small Secretariat, headed by an authorized individual and intended to support the reform process. It consists of a balanced spectrum of players representing the public and the private sectors involved in determining, screening, accelerating, implementing and assessing the reform policy.

The institutional mechanism designed to implement public-private dialogue in Tajikistan consists of two key bodies: the Consultative Council on the Improvement of Investment Climate under the President of Tajikistan and the Tajikistan Investment and State Property Management Committee.

The objective of the support offered by the IFC to public-private dialogue in Tajikistan is to assist those bodies in developing a constructive political dialogue and consultations on improving the investment climate with the private sector and the donor community.

In particular this component of our work pursues the following objectives:

- engaging the private sector more closely in the preparation of reforms aimed at improving the investment climate and of proposals for reforms meeting actual business needs;
- introducing a more systematic approach to collecting proposals for and establishing priorities of reforms aimed at improving the investment climate, so as to create a transparent legal framework underpinning the reforms.

In recent years, the government has put forward a number of initiatives on public-private consultations, and has taken specific steps to put new ideas into practice and pursue a policy of improving the investment climate and attracting investment.

Representatives of the private sector and of the civil society have welcomed this more open political approach and were happy to participate in the public-private consultations, which have

already produced very encouraging results: Tajikistan has been included among the World Bank's Doing Business survey top ten reformers for two years running.

5. Work with the private sector

During the period under review, the Secretariat held consultations with the various business associations, including the Tajikistan Agribusiness Association, the Tajikistan Association of Internet Providers and the Association of Tajikistan Banks to discuss establishing public-private partnerships, including regional ones, and has established close cooperation with Tajikistan Builders' Association.

More specifically, the Secretariat has participated in an extended Council meeting of Tajikistan Builders' Association, which prepared an Open Address to the Council, the Government and the Government Agency for Building and Architecture, based on the President's instructions on improving the building industry investment climate. To support these initiatives, aimed at achieving a closer cooperation between the private and public sector, Tajikistan Builders' Association held the Second Builders' Forum, timing it to coincide with Builders' Day, and invited Secretariat employees to provide a presentation.

During the meeting, the Chairman of Tajikistan Builders' Association referred specifically to the progress in the development of Tajikistan's building industry and identified a number of issues which would need to be addressed in the near future to ensure further improvement of the industry's investment climate, including among them pricing, tendering, audits etc.

At the joint suggestion of the Association, the Government Agency for Building and Architecture and the Tajikistan Investment and State Property Management Committee the issues were included in the Agenda for the Seventh Council Meeting. In his contribution, the Chairman of the Tajikistan Builders' Association noted that the proposal had the support of the Tajikistan Investment and State Property Management Committee and the Secretariat and called on representatives of all involved ministries and departments, the private sector and international organizations to participate in a Working Group being set up to prepare documents for discussion at the Seventh Council Meeting. To express their support for the Forum and emphasize the relevance of the proposed Agenda items, Secretariat employees took part in the Forum and prepared a presentation with information about the Council, its aims and objectives, key areas of its operation, achievements and the results of the Sixth Council Meeting.

In preparation for the Sixth Council Meeting, the Secretariat worked with the Association of Internet Providers on a presentation of the Program of Further Measures on the Utilization of Information and Communication Technologies to Improve the Operation of Government Services, held a series of meetings with members of the private sector representing the National Dekhkan (Farm) Association and assisted in the preparation of presentations on the Special Program on Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010-2012.

In July 2010, a meeting of the Tajikistan Business Associations Coordinating Committee was held in the Aini District of Sogd Region. The meeting was attended by over 30 heads of associations from all regions of the country, as well as representatives of international organizations and the Secretariat. Agenda items included a discussion of the results of the Sixth Council Meeting.

Throughout the period under review, the Secretariat has worked with the Internet Social Fund and its Director, a newly re-elected member of the Council and Chairman of Tajikistan Builders' Association, on presentations for Round Tables to be attended by representatives of the public and private sector as well as donor organizations. The Round Tables will address issues of strengthening public-private dialogue, closer collaboration between business associations and the Secretariat and international organizations and of the preparation of a medium-term program of further improvements to the investment climate.

Special mention must also be made of the Secretariat's work with the "Milal Inter" Association of Entrepreneurs and Hill Farmers, in particular on the preparation of the Pamir-Invest 2011 International Forum which was held on 16-17 June 2011 in Khorog. It was supported by the Tajikistan Investment and State Property Management Committee and the GBAO authorities and received financial support from the German International Cooperation Agency.

Its objective was to make domestic and foreign investors aware of the business opportunities offered by the region, to speed up the implementation of GBAO development programs and ensure efficient management of its natural resources. The Forum contributed to the removal of barriers to foreign direct investment in GBAO and to the establishment of direct contacts between members of the Association, businessmen, hill farmers and investors.

6. Identification of Council members representing the private sector, international organizations and foreign investors and the principles of their rotation

During the period under review, the Secretariat has continued its work on the preparation and conduct of meetings, involving representatives of the private sector in the process.

Bearing in mind that the Council operates on the principle of rotating its non-permanent members, that is, members representing domestic business associations and foreign investors, as well as representatives of bilateral and multilateral donor organizations, during the period under review the Secretariat prepared the rotation of three Council members representing business associations and two members representing donor organizations.

New members representing business associations and donor organizations were appointed to the Council. The appointments were preceded by preparatory work resulting in a method of selection of candidates and a rotation procedure being proposed to the Council.

7. Round Tables, training courses, seminars and Working Groups

During the period under review, the Secretariat has participated in a Round Table on the development of e-Government, held jointly with Tajikistan Association of Internet Providers and the Fund for Civic Initiatives in Internet Policy (GIPI).

Secretariat employees participated in a series of training courses conducted by ANKO and supported by the IFC, to learn how to support the Secretariat's site.

Another IFC training course dealt with setting up working parties and interdepartmental working parties and their rules of procedure and included exchange of experience.

Secretariat employees participated in videoconferences with the Nepal Business Forum, whose main objective was experience sharing between the Secretariat, the Council and the Business Forum, and discussion of issues relating to setting up and operation of working groups, the roles of the government, donors and the private sector, and ways of involving the private sector through participation in working groups. The presentations were prepared for each of the videoconferences.

The Secretariat held a Round Table on “The Consultative Council on the Improvement of the Investment Climate attached to the Office of the President of Tajikistan as a Means of Establishing an Open Public-Private Dialogue”, which was attended by representatives of the public sector, international organizations, private sector and the Secretariat. To make the Round Table as effective and all-encompassing as possible, the Secretariat held a series of meetings with international organizations and the private sector, seeking their recommendations and suggestions.

At the Round Table, participants heard a report on the Secretariat’s work during the past year and on its future plans. The aim was to promote open public-private dialogue by enabling representatives of the private sector, business associations and the donor community to express their views. Participants discussed current problems and their potential resolution.

The Chairman of the Tajikistan Investment and State Property Management Committee and Executive Secretary of the Council, Mr. D. Saidov, gave a presentation on the work of the Council.

The presentation included detailed information about the Council’s and the Secretariat’s recent work and its achievements and future plans, as well as the proposed key areas of cooperation with the private sector and the donor community. The Council’s most successful work included the adoption of key documents, such as the 200 Days of Reform Program of Enhancement of Business Activity and the Government Action Plan to Improve Tajikistan’s International Ratings, which made a significant contribution to the improvement of Tajikistan’s investment climate and to raising its profile on the international stage.

Participants were told of the changes on the Council’s and the Secretariat’s work, of their future strategy and of the collaboration between Tajikistan Investment and State Property Management Committee, the Secretariat, the private sector and international organizations. The presentation stressed that the meeting itself and the open dialogue between representatives of government agencies, the Secretariat, the private sector and donor organizations were intended to strengthen continued collaboration on expanding public-private dialogue, and to facilitate the submission of recommendations on current problems, both by business associations and international donor organizations.

The Head of the Secretariat gave a presentation on its role and objectives, as well as its achievements and shortcomings, future plans and expectations. Mr.Z.Khotamov called for a closer cooperation on agendas for Council meetings, screening of proposals and selection of Council members between the Secretariat, the private sector and the donor community.

The Round Table also heard presentations from the Council's main partners representing the donor community: Ms Kristin Bauer from the IFC, Mr. Ulf Hindstrom from the EBRD and Mr. Hartwig Ungethuen from GIZ. All spoke of the main achievements of the collaboration, and of relevant issues they were planning to propose for discussion at Council meetings. In addition, the donors expressed their willingness to continue working with the Council and its Secretariat and their ability to offer technical assistance in the future. They placed particular emphasis on protecting the interests of the private sector, stressing the need to keep business representatives involved in the work of the Council and the Secretariat.

Private sector representatives took an active part in the meeting. Mr. F. Radjabov, Chairman of the Tajikistan Builders' Association, gave a presentation on the history of the Association, its principal aims and objectives and its work with government agencies, international organizations and donors and with the private sector. Concluding his presentation, Mr. F. Radjabov asked for the donor community's technical support of the reforms decided on jointly by the government, the private sector and international organizations.

The heads of the various business associations made a number of constructive proposals and recommendations on improving and strengthening the collaboration between government agencies and the private sector, and on expanding the opportunities for technical assistance by international organizations and the donor community.

Senior Economic Adviser to the President, Mr. N. Buriev, supported the idea of the Round Table, which had made participants aware of the results of the Council's and the Secretariat's effective and well-organized work, and of the cooperation between government agencies and the private sector. Mr. N. Buriev expressed his gratitude to the international community, represented at the meeting by the EBRD, USAID, GIZ and IFC, for their genuine assistance and support of the implementation of reforms aimed at improving Tajikistan's investment climate.

8. International experience and cooperation

8.1. The meeting of Tajikistan, Kyrgyzstan and Mongolia Investment Council Secretariats

The Secretariats of the Investment Councils of Kyrgyzstan, Tajikistan and Mongolia met in Bishkek on 15-17 December, 2010 to exchange information about their recent activities, achievements, proposed areas of future close cooperation with the private sector and the donor community, and of the problems they were currently experiencing.

The meeting was opened Mr. J. Otorbaev, Senior Adviser to the President of the EBRD, who expressed his confidence that the meeting would prove productive and fruitful. Speaking on behalf of the EBRD and on his own behalf, Mr. J. Otorbaev thanked the governments of Kyrgyzstan, Tajikistan and Mongolia for supporting their Secretariats and Investment Councils in their efforts to improve their countries' investment climate and attractiveness to investors, placing special emphasis on opportunities for continued cooperation towards this end.

Mr. E. Umetaliev, Minister of Economic Regulation of Kyrgyzstan and Mr. Kenji Nakazawa, Permanent Representative of the EBRD in Kyrgyzstan, both referred to the importance of such meetings, and to the positive impact and significant role of Investment Councils in the economic

reform process, placing particular emphasis on their importance to the continued economic prosperity of Kyrgyzstan, Tajikistan and Mongolia.

The Secretariats were represented by their Heads, who spoke on public-private dialogue, liaison with government agencies and promoting issues raised by business associations, and provided information about the work of each country's Investment Councils and their Secretariats.

The Tajikistan presentation specifically referred to the changes in the work of its Council and Secretariat, its future strategy, and the Secretariat's work with government agencies, the private sector and international organizations.

It highlighted the recent innovations in the Secretariat's work, and in particular the strengthened relationship of the private sector and the donor community with the Secretariat, new Council member rotation procedures and monitoring of the implementation of Council decisions. Particular emphasis was placed on the fact that the reforms enabled Tajikistan to be included among the top ten reformers two years running, which improved its ranking among the 183 countries covered by the World Bank Doing Business survey.

The meeting gave Secretariat employees representing the three countries the opportunity to share their experience with colleagues, study their internal documents and talk of their successes. Particular emphasis was placed on Investment Council self-assessment methods, the legal aspects of their work, liaison with partners, establishment and participation in Working Groups, improving the trading across borders environment, reform of the building industry, preparing reforms and rectifying any errors in their preparation and in lobbying for them, and on the final stages of approval of all the documents. Other areas on which the meeting focused included informing the community about the work of the Councils through the various media, their websites, the process of their continual updating and the demand for them on the part of all parties to the public-private dialogue. The Secretariats also noted their close cooperation with international organizations, including the EBRD, USAID, GIZ, IFC and the UNDP, and the technical assistance provided by them.

It must be noted that the meetings were also attended by the Tajikistan Secretariat's partners representing GIZ and the United Nations Development Program. They spoke of their work in Tajikistan on improving the investment climate and the business environment (cooperation with the Council and with business associations), of their role in the work of the Council and its achievements, of the achievements of the Secretariat, their future plans and expectations, and made recommendations on future fruitful cooperation and close interaction on issues relating to the work of the Council and the Secretariat.

During their visit, Secretariat employees had the opportunity to study specific documents relating to the work of the experts working for each of the Secretariats. They looked at regulatory documents, analyses, minutes and procedural documents, information materials, press releases, websites as well as financial and administrative documents. They also discussed specific issues relating to the various areas of expertise, and the preparation of analyses and information documents and presentations, to the methods of their presentation and public discussion, and to the involvement of the business community and international organizations in this process.

The meeting concluded with the preparation of a draft resolution reflecting the issues it had discussed and its conclusions, and outlining key areas of future collaboration.

Participants were unanimous in their wish to continue such experience sharing meetings and suggested holding a future Forum involving all participants of public-private dialogue, including donor organizations, on “Consultative Councils as the Most Effective Tools of Open Public-Private Dialogue”.

8.2. Participation in a public- private dialogue conference and an Investment Policy Seminar

During the period of 13-17 June 2011, members of the Secretariat participated in the Sixth International Conference on Public-Private Dialogue and Investment Policy held in Vienna. The conference was attended by representatives of the Office of the President of Tajikistan, Tajikistan Investment and State Property Management Committee, the Regional Government (Khukumate) of Khatlon Region, the private sector and the International Finance Corporation (IFC).

The main objective of the conference was to enable participants to study the public-private dialogue mechanisms of different countries, and to share experience using examples of best practice.

Participants from over 35 countries presented their public-private dialogue platforms to the conference. The platforms were different in each case, and this gave participants the opportunity to discover additional opportunities, special features and advantages for the sustainability and development of the dialogue.

Tajikistan presented its two current public-private dialogue platforms: at the national level the Consultative Council on the Improvement of the Investment Climate attached to the Office of the President of Tajikistan and at the regional level the Consultative Council on the Improvement of the Investment and Enterprise Climate attached to the Office of the Chairman of Khatlon Region.

The Head of the Secretariat, Mr. Z. Khotamov, told the conference about the work of the Council, of the strategic documents and regulatory instruments adopted in the course of its operations which have had a favorable impact on entrepreneurial activity in Tajikistan, about cooperation between the government and the private sector which has resulted in numerous economic reforms leading to improvements in administrative procedures and reduced the expenditure of time and money associated with doing business. He regarded as one of the most important achievements the fact that thanks to the productive cooperation between the government and the private sector and to the reforms, in 2011 Tajikistan was included among the top ten reformers in the World Bank Doing Business survey for the second time running.

The Secretariat told the conference about its work on increasing the transparency of the Council's work and of the introduction of a systematized process of selection of issues for discussion at Council meetings (the screening process), developed with the support of the IFC. The process proved to be of considerable interest to participants from other countries and was recognized as being among the most effective mechanisms for increasing the trust of the private sector, and for selecting issues of the greatest relevance and urgency to the business community.

The activities of the Consultative Council on the Improvement of the Investment and Enterprise Climate attached to the Office of the Chairman of Khatlon Region were described by the Deputy Chairman of Khatlon Region, Mr. A. Rakhmonov, who emphasized that the Council was first created in 2011. In spite of this, businesses showed considerable interest in its work, and as early as during its second meeting representatives of the private sector identified issues of the greatest interest to them, relating to the development of enterprise in Khatlon Region and in the country as a whole.

The Tajik delegation also told its colleagues from abroad that regional platforms of this kind were now being set up in other regions of Tajikistan.

On the last day of the conference participants had the opportunity to hold detailed discussions with experienced international experts on the establishment and development of sustainable public-private dialogue and investment policy, and to hear their explanations and comments on issues of relevance to Tajikistan, which took into account the country's special features and the potential of its private sector. After a long discussion with members of the Tajik delegation, international experts declared the Tajik public-private dialogue practice to be among the most effective and successful approaches.

Recommendations put forward by the experts included: stepping up the Secretariat's work with the private sector so as to maximize its interest in the work of the Council and in initiating reforms, improving the reporting and monitoring system, improving public relations and informing the community about the achievements of the Council.

The lessons learned at the conference will enable participants to use new tools with which to develop and increase the effectiveness of public-private dialogue, to strengthen and expand the existing partnership system, and thanks to the new contacts with colleagues from abroad, to continue to share innovations in the development of public-private dialogue.

9. Conclusion

In spite of these positive results, the Council is encountering a number of subjective and objective problems which impose constraints on its work.

These risks include:

- Initiatives to create consultative bodies and reform agenda originate mainly from international partner organizations (i.e. donor-driven) and are perceived by governmental officials as temporary measures as part of projects.
- Not all of the line ministries and government bodies feel ownership of the reforms and have capacity constraints in implementing the reforms.
- Weak support on the part of business bodies – On the one hand, business has skepticism about the proposed policies, while on the other it is itself very poorly consolidated and cannot formulate properly the reform proposals: the existing business associations (seen as the main structural unit) cannot effectively represent the interests of the business community. The culture and mentality required for the successful operation of business associations has not yet been formed.

To impart greater stability to the Council's work, the Secretariat is:

- increasing public awareness of the importance of the Council's work;

- preparing of the monitoring of the decisions of the Consultative Council;
- preparing the Agendas and materials for the next meetings of the Council;
- broadening dialogue with government agencies as well as with business associations and individual business people;
- preparing the Strategy of the activities for the medium term;
- expanding its cooperation with international partners;
- encouraging regional business bodies to take an active part in the Council's work.

In future the Consultative Council's and Secretariat's activity is based on consultation between the Council Secretariat, private sector, donors' organizations and members of the Council.

The Consultative Council and it's secretariat are currently addressing the following issues:

- strengthening Public-Private dialogue;
- consolidation of partners' efforts in promoting reforms;
- conduction of analysis of investment climate in Tajikistan;
- simplification of tax administration;
- elimination of illegal and ungrounded inspections;
- simplification of procedures on getting permits for construction;
- improving access to credit, including leasing transactions;
- simplification of import-export operations;
- improvement of agriculture sector.

The result of work of the Consultative Council for the reporting period has demonstrated that the idea of public private partnership continuous to gain public support, especially among business community. The Consultative Council has proved its importance as one of the main instruments of public administration system, that is able to connect horizontally the partners interests: the private sector as an engine of economic development and the state – as administration system.

The activities of the Consultative Council have once more proved, that the Council is the structure, which is able to advance many issues related to administrative and regulatory reforms, the solution of which was prevented by separate ministries and agencies.

The Consultative Council became an important institution for supporting the public private dialogue, demonstrating the ability to raise and solve the significant problems for business and this institute has to develop and gain support of the Government of Tajikistan as well as of international community.

Attachment 1

Institutionalization of interaction between the Government and businesses in Tajikistan: The Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan

General provisions, Goals and Objectives

In recent years, the problem of existing disunion among businesses and governmental agencies, as well as the issue of the private sector's low self-organization in Tajikistan, are raised more frequently at the top level meetings. Meetings between senior officials of the Government and entrepreneurs became more regular, and one can observe the Government and private sector gradually starting to have a constructive dialogue with each other, while position of businesses is taken into account more often while making policy decisions.

First step to build relationships between the Government and the businesses was the establishment of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan in December 2007. This structure was created in the form of a consultative-advisory body and has institutionalized the informal dialogue started between the Government and the private sector, to set it to a permanent basis.

Activities of the Consultative Council are aimed on elaborating a unified position of state authorities and business structures regarding implementation of various interventions designed to improve business environment and investment climate in the country.

Outcomes of the Consultative Council work proved that its establishment in the current national development context was a good incentive and catalyze to initiate a serious dialogue between the business community and the Government of the Republic of Tajikistan.

The Consultative Council promotes the following:

- The governmental bodies are able to be aware of the impact of their decisions on entrepreneurs, and can handle developing public regulation measures in a more responsible manner, and
- Representatives of business structures are able to participate in a public decision making process and to understand its essence.

Consultative Council Meetings

A primary form of the Consultative Council activities are quarterly meetings chaired by the President of the Republic of Tajikistan, with the participation of the Prime-minister together with other members of the Council.

Heads of key governmental agencies, representatives from business structures and international institutions, as well as entrepreneurs, depending on the agenda, are invited to attend the meetings as observers.

Consultative Council Secretariat

The Secretariat of the Consultative Council is its executive tool providing organizational-methodological and technical support to its activities.

The Secretariat ensures the overall coordination and interaction between governmental agencies, entrepreneurs and their unions, international insititutions, foreign investors and working groups on drafting necessary materials for the Consultative Council meetings. Key functions of the

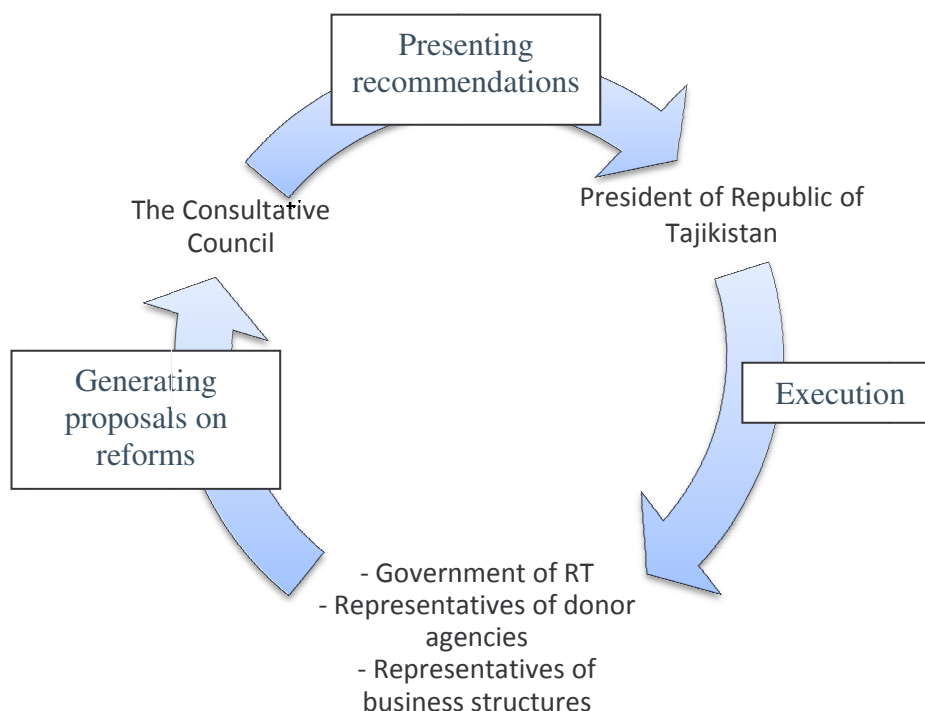
Secretariat include collection and processing of information required to prepare reports, drafting information materials for the Chairman of the Council and its members regarding implementation status of the recommendations of the Council, developing proposals and recommendations for the Council regarding attracting foreign investments and improving business environment, and ensuring monitoring over implementation of recommendations and proposals issued by the Council.

Working Groups

Working groups are established to draft and improve the legislation with a view to enhancing investment climate, protecting rights of entrepreneurs, promoting reforms on improving investment climate and indicators of the Republic of Tajikistan under international rating, as well as building private sector capacity and engaging it into a public-private dialogue.

Establishment and activities of the working groups were driven by the need to develop well coordinated proposals, accelerate drafting of recommendations, ensure coordination while identifying priority issues, bring transparency and democracy into the process, facilitate public discussions and close interaction between public and private sectors with direct involvement of donor community, and simplify lobbying process for the designed legal acts.

Working groups are established based on a regulatory act, a recorded decision of the Consultative Council, an instruction from the Government of Republic of Tajikistan, an order of the President of the Republic of Tajikistan, and upon an initiative of the private sector or an initiative from donor institutions.



Monitoring and Evaluation

Monitoring and evaluation of implementation status of decisions made by the Consultative Council is one of its key activities. General supervision over implementation of the decisions is carried out by the State Committee on Investments and of State Property Management through the Secretariat of the Council reporting to the Government on a monthly basis.

In order to carry out such activities, a special Monitoring Framework was developed and focused both on tracking direct outcomes of every particular action taken upon decisions made, on early warning about problems and challenges faced during the implementation, as well as on preparing monitoring reports with a focus on evaluating socially significant results.

Regular working meetings are held with specialists of relevant ministries and agencies, donor projects and leading associations, to establish a system for data collection and analysis for monitoring and evaluation purposes. Brief newsletters are prepared following such meetings.

Results of the monitoring over execution of decisions made during the Consultative Council meetings, are discussed with the Prime-Minister of Republic of Tajikistan, with the participation of chief executives of relevant ministries and agencies. After such meetings, minutes are sent to all stakeholders including donor institutions.

Findings are published every two months in the Bulletin and on the web-site (www.investmentcouncil.tj) to disseminate the information among stakeholders. This initiative was broadly supported by different partners, particularly by business structures in the regions of the country. Currently, there are more than 300 subscribers to the Bulletin. The Monitoring List was also developed in addition to the monitoring updates on execution of decisions taken by the Consultative Council, and it is published in the Bulletin.

The monitoring process adds great value to public awareness and process transparency, being an integral part of the public-private dialogue.

Interaction with Partners

The Consultative Council is the platform helping to shape horizontal interaction between the partners (the Government and the businesses), including donor community, and it is called to enhance governmental institutions efforts toward creating business enabling environment, attracting investments into the economy, implementing consistent and well-coordinated governmental investment policy.

A dialogue between the Government and the business community is an integral part of a cyclic reform pattern targeted to eliminate existing administrative barriers to investments.

Engagement of representatives from governmental agencies in the Consultative Council work will ensure proper decision making, and involvement of representatives from the businesses will secure relevance of the proposed reforms, since they will often be able to identify in detail the most problematic procedures, as well as possible ways to adjust them. That is why the Consultative Council, upon certain political support by the management of the county, can significantly promote solutions for many problems

Importantly, international institutions render their considerable assistance for developing public-private dialogue (PPD) in Tajikistan; particularly, by providing technical and consultative support for building PPD mechanisms. Currently, main partners of the Consultative Council include European Bank for Reconstruction and Development (EBRD), Swiss Agency for Development and Cooperation (SDC), International Financial Corporation (IFC), World Bank (WB), German Agency for Technical Cooperation (GIZ), United States Agency for International Development (USAID), DFID, UNDP, EU, etc.

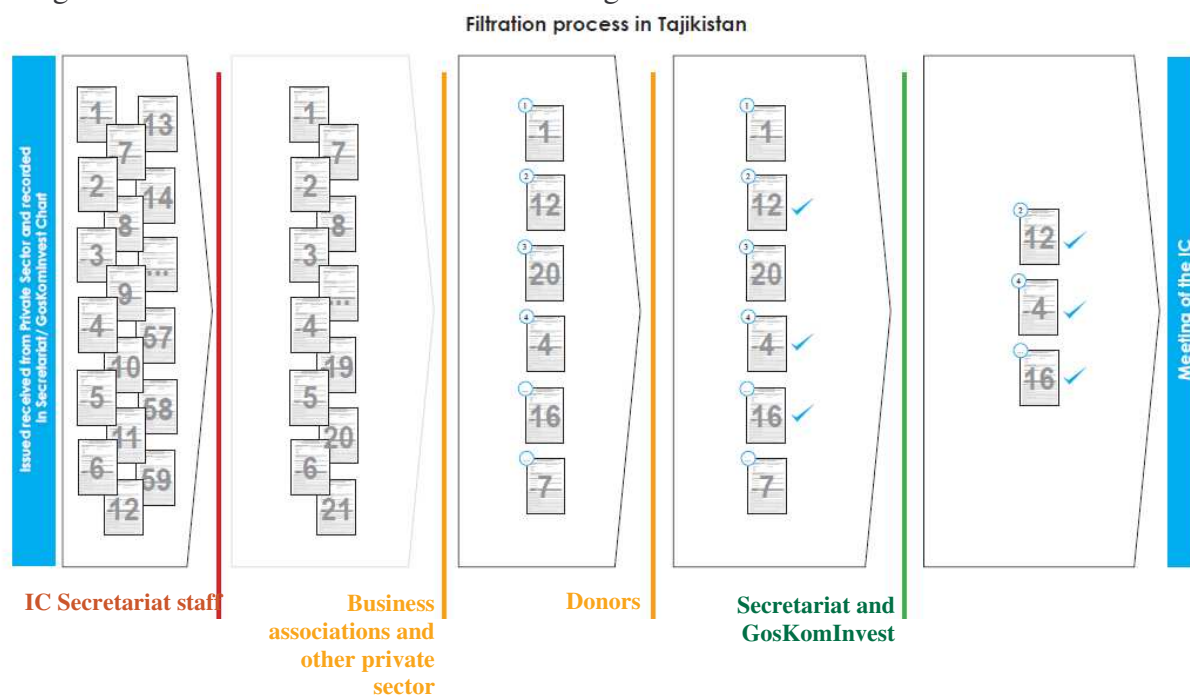
Notably, EBRD and GIZ provide their assistance in drafting necessary documents and materials, writing opinions on proposed draft regulatory acts, as well as providing technical support to the working groups and consultations with experts, including efforts to build a human resource capacity of the Secretariat. World Bank is involved in the area of developing and implementing the Consultative Council programs on improving Doing Business indicators for Tajikistan' international rating.

IFC actively mobilizes private sector to identify existing challenges and to prioritize its most relevant problems. In addition, IFC facilitates in establishing a public-private dialogue and appropriate partnership between the public and the private sectors. First Regional Consultative Council was established in Khatlon province upon the initiative and with the assistance of IFC. Setting up and strengthening public-private dialogues at regional level will make it possible to monitor and to evaluate the outcomes of the reforms and their impact, not only at the national level but also at the local level.

Success story of a public-private dialogue. Filtration process

Being a top-level platform for decision making, the Consultative Council has developed the mechanism through which the private sector can have greater influence on Governmental decisions regarding business and economy of the country as a whole. The mechanism ensures prioritization of issues suggested by the private sector, and as a result, selecting them as agenda items for the Consultative Council meetings.

The concept of such "filtration" includes discussing the issues offered by the private sector between the stakeholders, and then appropriately prioritizing the issues based on the discussion outcomes at every level. First pilot round of such filtration process was completed last year, and all submitted proposals were thoroughly analyzed and selected by the public and the private sector, with participation of donor institutions and the Secretariat. This filtration process enhances formulation of the specific proposals and identification of existing problems in the private sector, and it also promotes transparency and legitimacy in a course of their consideration, displaying every stage of the process-from receiving a proposal to including it into agenda for the Consultative Council meetings.



Results and Achievements of the Consultative Council work

As a result of the Consultative Council's productive work during the last two years, some key strategic documents were adopted with a focus on creating business enabling environment and improving investment climate in the country, namely: Priority Action Plan of the Government of RT on Improving International Rating of Tajikistan, "Business Enabling Environment– 200 Days of Reforms" Program and Follow-up Action Plan of the Government of RT on the next steps to improve the investment climate and indicators of international rating of Republic of Tajikistan.

Development, adoption and implementation of the mentioned above documents was caused by a desire to improve Tajikistan's rating according to "Doing Business" indicators (World Bank report). In 2010, Tajikistan moved 10 positions up in the rating and was listed among the top-reforming nations, taking 149 place among 183 countries covered by the DB Report. Continuing with the reforms initiated by the management of the country and launched earlier, Tajikistan was able to go up another 10 positions in 2011 and became a top-reformer country again.

Risks and Challenges

Along with positive results, there is a number of problems restraining the Consultative Council operations, such as: weak support from public and private structures, lack of clear coordination between government institutions and donor agencies, inadequate private sector capacity, lack of stimulus to promote reform initiatives, limited engagement of local experts while drafting analytical documents etc.

However, the Consultative Council is planning to continue working on improving investment climate, developing public-private dialogue and promoting proposals and recommendations generated by business-associations. Next steps are expected to include continues monitoring over implementation of adopted documents and decisions made by the Consultative Council, preparation to and conducting of the regular meetings, developing and adopting Working plans for the Consultative Council, and technical assistance by donors in cooperation with the Council and business-associations, as well as carrying out broad public awareness efforts on the achievements and reforms implemented.

Attachment 2

PRESS RELEASE

On 23 July 2010, Dushanbe hosted the Sixth Meeting of the Consultative Council on the Improvement of the Investment Climate in Tajikistan.

The meeting was chaired by the President of Tajikistan, Mr.Emomali Rakhmon.

The meeting discussed the following issues:

1. Implementation of existing Council decisions
2. Discussion and approval of the Draft Program of the Development and Introduction of Information and Communication Technologies in Tajikistan
3. Discussion and approval of the Draft Government Program for Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the year 2012
4. Approval of the agenda for the Seventh Council Meeting

The Government Program of the Development and Introduction of Information and Communication Technologies in Tajikistan is intended to implement the government strategy On the Use of Information and Communication Technologies in the Development of Tajikistan, approved by Presidential Order No. 1174 of 5 November 2003. The Program addresses the issue of coordinating the actions of government authorities of all levels aimed at the development and large-scale introduction of information and communication technologies in the economy, government services and public life through the implementation of departmental programs. Its main objective is to create the conditions required to improve the performance of the economy and of central and local government authorities through the large-scale introduction of information and communication technologies.

The Government Program for Enhancing the Export Potential of the Fruit and Vegetable Processing Industry for the years 2010- 2012 is a program of short-term measures to be implemented by the Government to develop the local fruit and vegetable processing industry, provide incentives to local agricultural producers and to encourage exports of agricultural products and thus to develop enterprise. It includes such strategic areas of the socioeconomic development of Tajikistan as achieving high sustainable economic growth rates through the implementation of the government's structural and institutional policy. This policy aims to give Tajikistan's fruit and vegetable sector a global competitive advantage and thus enable it to grow faster and become a "support industry" helping the government to achieve its objectives through mutually beneficial inter-industry and international cooperation.

The main index of the success of the measures envisaged by the Program will be achieving the expected performance in terms of the key indicators, including: foreign trade turnover, export of goods and services, the growth rate of processed fruit and vegetable exports compared to a baseline period, exports of top-quality products etc.

The Program is designed to be implemented without budget support, using instead funds provided by the donor organizations' technical support projects.

Speakers at the Council meeting included representatives of the private sector, who spoke of the need to adopt the Programs and to implement them to a high standard.

Special reference must be made to the presence at the Council meeting of a distinguished guest – former Vice-President of the World Bank and former Head of the Wolfensohn Center for Development at the Brookings Institution, Mr. Johannes Linn, who also spoke at the meeting, expressing his high regard for the Council's achievements and for the development of public-private dialogue in Tajikistan.

Attachment 3

PRESS RELEASE

On 15 March 2011, the Seventh Meeting of the Consultative Council on the Improvement of the Investment Climate took place under the chairmanship of the President of Tajikistan.

Participants included a larger than ever contingent of business representatives.

The meeting discussed the following issues:

1. Implementation of existing Council decisions and the Draft Program of Further Measures to Step Up Economic Reforms aimed at Improving Tajikistan's Investment Climate
2. The Draft Program of Improvements to the Investment and Enterprise Climate in the Building Industry in the Years 2011-2012
3. Approval of the Agenda for the Eighth Council Meeting

New Council members were introduced at the meeting: the Chairman of Tajikistan Builders' Association, Mr. F. Radjabov, Chairman of the Board of CJSC "Jinfeng Tajikistan", Mr. Tian Shian Fu and the Head of the Swiss Cooperation Office in Tajikistan, Mr. Rudolf Schoch. Participants spoke on all Agenda items. The speaker on the first item was the Executive Secretary of the Council and Chairman of the Tajikistan Investment and State Property Management Committee, Mr. D. Saidov. His views were supported by the Head of the Swiss Cooperation Office in Tajikistan, Mr. Rudolf Schoch, Chairman of the Tajikistan Association of Business Women, Ms. G.Makhkamova and the Leading Expert of the World Bank Private Sector and Finance Development Department, Mr. Andrea Dall'Olio.

The speakers on the second Agenda item were the Chairman of Tajikistan Builders' Association, Mr. F. Radjabov and the Director of CJSC "Khatlonstroi", Mr. N. Rabiev. Other speakers on the issue included the Director of the Agency for Building and Architecture, Mr. A. Komilov.

Based on their contributions, the meeting instructed the Agency for Building and Architecture to update the Draft and submit it for comment to the government.

The speaker on the third Agenda item was the Executive Secretary of the Council and Chairman of the Tajikistan Investment and State Property Management Committee, Mr. D. Saidov. He proposed including in the new agenda the preparation and approval of a Draft Public-Private Partnership Act. He stressed the importance of the Act, quoting the successful practice of other countries. The Chairman of the Consultative Committee approved the proposal, and it was decided that a preliminary analysis should be conducted and a draft prepared by the end of 2011, involving the private sector in the project.

Other speakers, who raised a number of issues, included representatives of the private sector: the Chairman of the Board of CJSC "Jinfeng Tajikistan", Mr. Tian Shian Fu, the Chairman of the Internet Social Fund, Mr. R. Kosimov, the Acting Director of the Dushanbe Centre for the

Support and Development of Enterprise, Mr. M. Kadyrov and the Director of CLSC “Yokut 2000”, Mr. A. Kodirov.

They made various recommendations on improving Tajikistan’s investment climate, including the adoption of a Mineral Resources and Mineral Resources Management Act and an extractive industries development program, as well as a Draft High Technology Park Development Strategy. Other issues raised at the meeting included leasing, lending and the latest amendments to the Tax Code, introduced in December 2010.

Having heard all presentations and other contributions, the Chairman of the Council issued instructions to the relevant ministries and departments.