



SPECIAL EDITION

CORE TOPICS:

- **Approval of the Action Plan of the Government of the Republic of Tajikistan on Improvement of Investment Climate in Tourism**
- **Approval of the Action Plan of the Government of the Republic of Tajikistan on Improvement of Tajikistan's Indicators in the Doing Business Report of the World Bank**

**APPROVAL OF THE ACTION PLAN OF THE GOVERNMENT OF THE
REPUBLIC OF TAJIKISTAN ON IMPROVEMENT OF INVESTMENT
CLIMATE IN TOURISM**

Tourism is one of the key sectors providing economic growth. It is growing steadily during last decade on a global basis almost in defiance of economic recession, political upheaval and social change.

According to the global statistics in 2011 the industry contributed \$6.5 trillion to world GDP or 9.1% of the total, and this sector's revenue increased by 116%.

The number of international tourists worldwide increased from 698 million people in 2000 to 1 billion 35 million people in 2012.

Tourism promotes to create new jobs, to develop production and to increase inflow of foreign currency as well as provides good business opportunities for each enterprising person.

Moreover development of tourism has also significant advantages for other relevant sectors. In regard with experts' analyses on average every \$1 spent directly in tourism produces a further \$3 of revenue in ancillary businesses. Also, on average 91 cents of each \$1 spent remains in the local economy.

In line with this, it should be noted that Tajikistan has huge opportunity for development of tourism. Particularly high Pamir Mountains' peaks, Great Silk Road, unique nature and favorable climate, ancient history and culture, unique natural and recreational facilities, mountaineering, highly hospitable culture, provision of personal safety and other factors attract attention of foreign tourists.



Also location of Tajikistan in the heart of Central Asia could serve through its territory for transiting tourists to a number of countries of Europe, South Asia and the Pacific Ocean regions and strengthen its position as a transit country for development of regional tourism.

Taking into account abovementioned points and development of tourism in Tajikistan the State Committee on Investment and State Property Management of the Republic of Tajikistan was instructed by Chairman of the Consultative Council, the President of the Republic of Tajikistan, His Excellency Emomali Rahmon on 10th Session of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan to conduct analysis jointly with Secretariat of the Consultative Council, representatives of relevant ministries and agencies, private sector with assistance of development partners by involving tourism experts on improvement of investment climate in tourism in the Republic of Tajikistan and suggest its recommendations for further sessions of the Consultative Council.

With a purpose of implementation of this instruction a Working Group on improvement of investment climate in tourism was established and had effective activity.

The Working Group together with development partners have conducted comprehensive analyses in the following areas including: 1) Licensing and Permits, 2) Visa and Registration 3) Airports, land border and other service trainings 4) Information and Statistics 5) other aspects of tourism. Particularly current situation and sphere's problems were studied in above mentioned areas and on this base a Model of Tourism Development in Tajikistan were developed included comprehensive recommendations regarding elimination of shortages of tourism. In accordance with proposed recommendations a draft of the Action Plan of the Government of the Republic of Tajikistan on improvement of investment climate in tourism was developed.

An analytical paper "Model of Tourism Development in Tajikistan: analyses and recommendations" was developed by Secretariat of the Consultative Council and State Committee on Investment and State Property Management of the Republic of Tajikistan, suggestion of other members of the Working Group, private sector and development partners' Working Group. Also, results of analyses of tourism development in GBAO, Sougd and Khatlon regions were used in this paper.

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



During the 12th Session of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan conducted on December 13, 2013 an analytical paper “A Model of Tourism Development in Tajikistan” with comprehensive recommendations and a Draft of Action Plan of the Government of the Republic of Tajikistan on Improvement of Investment Climate in Tourism were submitted as the results of effective activity of the Working Group.

In accordance with protocol decision of the 12th Session of the Consultative Council Secretariat of the Consultative Council jointly with the State Committee on Investment and State Property Management of the Republic of Tajikistan coordinated Draft of Action Plan of the Government of the Republic of Tajikistan on Improvement of Investment Climate in Tourism with relevant ministries and agencies and submitted it for consideration of the Government of the country.

We are pleased to inform you that the Action Plan of the Government of the Republic of Tajikistan on Improvement of Investment Climate in Tourism has been currently approved by relevant decision of the Government of the Republic of Tajikistan.

According to the experts' forecasts full implementation of approved Action Plan could promote to increase the direct effects of tourism up to 5% and the indirect effects up to 15% of GDP by 2020.

Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan intends to present this Action Plan to a wide range of private sector, state authorities and development partners in the coming days.

**APPROVAL OF THE ACTION PLAN OF THE GOVERNMENT OF THE
REPUBLIC OF TAJIKISTAN ON IMPROVEMENT OF TAJIKISTANS
INDICATORS IN THE DOING BUSINESS REPORT OF THE WORLD BANK**

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

It should be noted that international ratings, including Doing Business Report contribute significantly in assessment of conducted reforms' results and identifying achievements of the countries as a results of reforms. Because through such ratings it is created an opportunity for timely elimination of the emerging shortcomings and is reached final goal of the reforms.



Since 2009 the Republic of Tajikistan has significantly improved its position in the Doing Business Report of the World Bank and in the result of implemented reforms by Government of the country in this direction was twice recognized as best reformer country in line with 10 countries of the world during 2010-2011.

However a lot of work should be done to improve better investment and business climate. As according to the Doing Business Report in 2014 Tajikistan has two positive and one negative reforms, including:

- Access to credit information was improved significantly by establishing a Private Credit Bureau in 2013
- Paying taxes was made easier and less costly for companies by reducing the corporate income tax rate, merging the minimal income tax with the corporate income tax and abolishing the retail sales tax.

However, as it was noted in a range with two positive reforms also one negative reform was revealed in Tajikistan that concerns with becoming more complex procedure of starting a business by expanding the list of necessary documentations for state registration of the enterprises. This is evidence of decreasing comparative effectiveness of reform in result of which position of the country dropped two notches lower than in 2013 and country was ranked 143 out of the 184 countries.

Also it was noted that reforms' absolute effectiveness is improved a little and the distance of the country to the "frontier" is reduced from 45,12% till 47,52% points away from the best performances observed on each indicator across all economies included in the Doing Business Report.

At the same time according to the report most of the reform of the Tax Code of 2013 and a "Single Window" of the Customs Service will be considered in the Report on "Doing Business" for the next year.

In this regard, for the purpose of improvement of Tajikistan's Indicators in the Doing Business Report of the World Bank Group it was developed a Draft of Action Plan of the Government of the Republic Tajikistan on Improvement of Tajikistan's Indicators in the Doing Business Report of the World Bank Group by Secretariat of the Consultative Council together with State Committee on Investment and State Property Management of the Republic of Tajikistan taking into account points of views of entrepreneurs and development partners.

This Draft of Action Plan includes a number of measures on each out of ten indicators of the Doing Business Report and was submitted to the 12th Session of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan conducted on December 13, 2013.



Main goal of implementation of the Action Plan is improvement of business and investment climate in different spheres of the economy through simplification of starting a business, obtaining permits, registering property, getting credit, protecting investors, paying taxes, eliminating some artificial barriers timely applying of which would significantly improve country's international indicators in the Doing Business Report of the World Bank Group.

Therefore in regard with 12th Session's protocol instruction of the Consultative Council Secretariat of the Council jointly with the State Committee on Investment and State Property Management of the Republic of Tajikistan coordinated Draft of Action Plan of the Government of the Republic of Tajikistan on Improvement of Tajikistan's Indicators in the Doing Business Report of the World Bank Group with relevant ministries and agencies and submitted it for consideration of the Government of the country.

We are pleased to inform you that the Action Plan of the Government of the Republic Tajikistan on Improvement of Tajikistan's Indicators in the Doing Business Report of the World Bank Group has been currently approved by relevant decision of the Government of the Republic of Tajikistan.

It should be noted improvement of Tajikistan's indicators in the Doing Business Report of the World Bank Group would promote to activate the inflow of foreign direct investments to the country. So as it is obvious that foreign investors and international finance organization pay special attention to the countries best reformers.

Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan intends to present this Action Plan to a wide range of private sector, state authorities and development partners in the coming days.

Sincerely Yours,

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

*Numon Abdujaborov – Senior Economic Consultant, Acting Head of Secretariat
Dilshod Odinaev – Economic Consultant
Manuchehra Madjonova – Economic Consultant
Safarbi Fayzova – Executive Administrative Assistant*