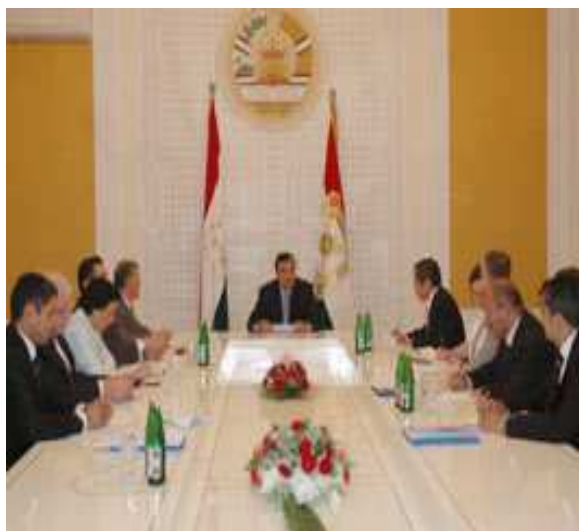




The basic themes of this release:

- **The second meeting of the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan;**
- **Decisions by the Consultative Council;**

CONSULTATIVE COUNCIL MEETING



On December 18, 2008 the second meeting of the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan was conducted at the office of President Administration.

In the work of the meeting the President of Republic of Tajikistan, Chairman of the Consultative Council - Emomali Rahmon, Prime-Minister of Republic of Tajikistan - O. Okilov, Head of Secretariat of Consultative Council - Sh. Zardov, Chairman of

State Committee on Investments and State Property Management of Republic of Tajikistan - F. Khamraliev, Head of the EBRD Country Office - M. Le Blan, Country Director of the United States Agency on International Development (USAID) in Tajikistan - C. Bryan, General Director of the LLC "Rukhom" - M. Mukhabbatov, Chairman of the Board of the National Association of Small and Medium Enterprises - M. Uljabaeva, President of «Tethys Tajikistan Limited» - D. Robson, Project Manager of IFC Business Enabling Environment Project in Tajikistan - W. Werner took part.

Three packages of documents have been brought for consideration during the meeting:

- Draft Decree of President RT on reforming the permitting system;
- The action Plan on first-priority activities of the Government RT for improvement of the international rating indicators of Republic of Tajikistan;
- Draft Decree of President RT on improvement of the administrative procedures related with construction activity.



The package of documents on reforming of permitting system has been prepared on the basis of the «Business environment in Tajikistan» survey prepared by the International Financial Corporation (IFC).

The anticipated reforms will be oriented to reduction and simplification of the complicated and none-transparent administrative procedures which are presently followed by businessmen while creation and doing business. High costs of business activity as result are directly connected with lack of clear legislation regulating the system of permits issuing, contradictions in normative legal acts, insufficient execution of laws, non-differentiation/delimitation of powers of the bodies which are in charge for giving out permits and also non-transparency and limited access of businessmen to legislation acts.

Existing administrative procedures promote corruption in the bodies which are giving out permitting documents to entrepreneurs. Based on results of the spent studies, presently, the general income to the state budget received upon all permits is 1.9 million US dollars a year and expenses for maintenance of the permits system - 2.5 million US dollars.

Reforming of permits system will be based on review of the existing legislation to meet the criteria of legality and necessity of all procedures for business development. Fast review will allow to reduce business activity regulation and in the shortest periods to cancel the normative legal acts impeding free economic activities and development of competitive business climate.

Besides, during the meeting the issues related with necessity of development of draft Law on "Permits" and upcoming introduction of the method "Analysis of regulatory impact" (ARI) have also been considered. The given method will allow to carry out fast and profound analysis of benefits and expenses from adoption of the normative legal acts promoting business activities and as a whole to review all legislation to meet the market economy principles.

In the course of the meeting the presented package on reforming the permitting system was approved by the Council members and sent to the corresponding ministries for final agreeing further to be submitted to the President RT for approval.

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The second package of the documents representing the Plan of first-priority activities of the Government RT on improving the international rating indicators of Republic of Tajikistan was prepared at direct support by PRAGMA BEI Project (USAID).



4 indicators have been included to the present plan:

- Starting a business
- Dealing with construction permits
- Protecting investors
- Closing a business

The plan provides the development of new draft laws which will be focused on using the "One-stop-shop» principle, simplification of procedures on enterprises liquidation and closing, procedures on conducting construction activity including simplification of licensing mechanisms and giving out other kinds of permits for construction activity. In the given plan the measures on protecting investors are defined and also it is planned to make amendments to the Law of Republic of Tajikistan on «Joint-stock companies» and others.

The implementation of the approved Plan will allow Tajikistan to considerably raise its ratings according to the World Bank Report "Doing Business" and to create competitive conditions for doing business as well as improve investment climate in the country and as result to promote direct foreign investments attraction.

During the Council meeting the presented Plan was approved by the President RT who in particular has told: «I approve this Plan not for the Council activity, but for execution by corresponding state bodies as implementation of the given plan is their direct task».

Upon instructions given by the President RT the Plan on improving Tajikistan international ratings was sent to the Government RT for execution.

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The third package of documents on improving the administrative procedures related with conduction of construction activity was also prepared at direct support by USAID Project on Business Environment Improvement.

The justification for presenting the given package of documents at the Consultative Council meeting became the Republic of Tajikistan low position in international ratings which is one of the worst across other countries as it occupies 178-th place out of 181 represented in the report countries.

The Republic of Tajikistan according to its ratings is rather on lower position compared with its nearest neighboring countries – Kyrgyz Republic, Kazakhstan and even Uzbekistan which represented considerable progress in reforming of administrative procedures.



Presently, the current legislation of Republic of Tajikistan contains requirements on repeat passing the same procedures in one body for several times that leads to increase in unreasonable financial and time expenses both by entrepreneurs and the state budget.

The presented proposals being based on introduction of "One-stop-shop» principle are focused on reduction in number and timing of administrative procedures and in cost of the permitting documents required for carrying out of construction activity. The proposals also include measures on increasing responsibility for breaking of the norms to be established in construction sphere. At timely implementation of proposed reforms the Republic of Tajikistan can improve its construction ratings by 50-60 positions.

Ms. Carolyn Brian, the director of USAID expressed readiness of the Agency on providing technical support of proposed reforms.

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The main result of the second Consultative Council became the instruction given by the President of the country on development of the program **«200 days of reforms»**.

The proposed program **"200 days of reforms»** - is the program of reforms for carrying out quantitative and qualitative changes of parameters of improvement of business environment in the country.

The final goal of the given program is development of the whole package of legislative and administrative reforms oriented to protecting investors, simplification of administrative procedures and creation of favorable conditions and new forms of business dealing. It is anticipated that upon implementation of this program the Republic of Tajikistan will considerably improve its positions in the international ratings.

The process of the present program development will be based on principles of partnership and taking into account the points of view which will be expressed by all interested parties.

It is planned that foreign investors and donor organizations implementing their projects on improvement of business environment will be also involved into the process of the given program development.



With the aim to execute the President's RT instruction reflected in the Minutes of the second Consultative Council meeting the State Committee on investments and state property management RT and the Secretariat of the Consultative Council have developed the joint action plan on development of the program of reforms which is to be prepared within 90 days period by the moment of the next Consultative Council meeting conduction (preliminary in the middle of April, 2009).

The Secretariat has started consultations with business structures and donor organizations on issues of potential and resource mobilization for development and implementation of the given program. The corresponding interdepartmental working group will be created with a view of comprehensive development of the present program of reforms.

**RESOLUTIONS BY THE SECOND CONSULTATIVE COUNCIL MEETING
(According to the Minutes dated from December 30, 2008)**

- To consider the Resolutions by the second Consultative Council meeting as a whole executed;
- To recommend the Government of Republic of Tajikistan to strengthen the control over execution of the approved resolutions by the Council;
- To approve the attached Plan on first-priority activities of the Government of Republic of Tajikistan in improvement of Tajikistan international ratings and recommend to hold the Government RT responsible for performance and implementation of the present Plan in established dates;
- To charge State Committee on Investments and state property management of RT jointly with the corresponding ministries to submit in established order draft normative legal acts on reforming the permitting system of Republic of Tajikistan to the President and Government RT;
- To charge State Committee on Investments and state property management of RT jointly with the corresponding ministries to submit in established order draft normative legal acts on improvement of administrative procedures related with conduction of the construction activity in Republic of Tajikistan;
- To consider the submitted by the Secretariat information on projects on business environment improvement implementing by various donor organizations in Republic of Tajikistan as being taken into account in order to be used during next Council meetings;



- To recommend the Government of Republic Tajikistan and donor organizations being guided by Regulations of Paris Declaration on effective aid delivery for more intensive use of technical assistance in the area of improvement of business environment and to promote effective coordination and harmonization of the put forward recommendations/resolutions by the Consultative Council;
- To prolong the President of the company «Tethys Tajikistan Limited», Mr. D. Robson's membership for 4 next Council meetings;
- **To charge State Committee on Investments and state property management of RT jointly with Secretariat of the Council:**
 - **to present as the key issues to the third Council meeting: «Assessment of execution of all resolutions approved during the second Council meeting» and the draft program "200 days of reforms»;**
 - to submit to the next Council meeting the proposals on modification of the Council structure and increase the membership of local and foreign investors from 3 to 5 persons by submitting the list of candidates for membership in the Consultative Council;
 - to prepare together with donor organizations the plan on promoting implementation of the large projects on improvement of business environment and investment climate via the Council meetings with participation of heads of projects and corresponding ministries and institutions;
 - to present for the next Council meeting the map of donor's aid and proposals on effective use of projects recommendations in the Council activity;
 - to constantly conduct monitoring on implementation of the Resolutions by the Consultative Council and on a regular basis to inform the Council members on their execution.