



BASIC THEMES OF THIS RELEASE:

- **Outcomes of the discussion on the Program «200 days of reforms»**
- **Measure matrix of the Draft program «200 days of reforms»**
- **Progress report on implementation of the « Plan for implementation of specific measures for improvement of international rating indicators of the Republic of Tajikistan»**

EVENTS

April 1, 2009

- The members of the Majlisi Namoyandagon of RT (Lower Chamber of Parliament) adopted the Law of the RT «On measures for protection of economic interests of Republic of Tajikistan when carrying out foreign trading». The Law was developed with the purpose of encouraging domestic producers and prevention of import to the country of low-quality foreign goods.

The enactment caused an ambiguous attitude of the society towards it:

- Some think that the Law may have a positive effect on the development of domestic production, especially on the growth of agricultural production in the country;
- Others support the idea that introduction of antidumping measures regarding some imported goods to Tajikistan will lead to weakening of the competition on the domestic market and to increase in prices for goods which in turn will worsen the situation of the population, where the 50% of people of live below the poverty line.

However, all of them agree that protectionist measures on the protection of domestic market will have positive effect only in case if undertaken along with other efforts extended by the government to support domestic producers.

April 8-9, 2009

- The deputies of the Lower Chamber of the country amended the Law of the RT «On licensing of certain types of activities», according to which the work with radioactive materials in Tajikistan (import, export, sale, processing, production, use and liquidation) will be permitted only if there is a special license obtained.

These amendments in the Law ensure the security of the state, enhancement of the ecological situation and fulfillment of international liabilities of our republic on non-

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dissemination of nuclear materials, which were supported by MAGATE and other international organizations.

April 21, 2009

- There was the discussion held at SCISPM on the draft Program «200 days of reforms», with participation of representatives from the key ministries and agencies and business associations. Representatives from some donor organizations such as DFID, IFC, USAID, Eurasia Foundation, including representatives from Chamber of Commerce and Industry of USA, also attended the meeting. The major objectives and tasks of the Program «200 days of reforms» were voiced out in the course of the discussion, and the presentation prepared by Secretariat jointly with SCISPM was introduced as well.

The idea of setting-up the Program «200 days of reforms» was suggested by the President of the RT, Emomali Rahmon, during the second meeting of the Consultative Council on improvement of the investment climate under the President of the Republic of Tajikistan, which took place on December 18, 2008.

On April 15, 2009 the President of the Republic of Tajikistan in his address to Majlisi Oli of RT once again raised the issue on enhancement of work on the development of the program aimed to improvement of the business environment.

The important thing is that the Program is based on the priorities of the National Development Strategy for the period till 2015 in the part of « reducing administrative barriers for the entrepreneurs when doing business» and is focused on the implementation of the objectives set forth in the strategy.

Such short term programs with clearly defined timeframes and brand were widely used in the past and still are being used currently in management practice of various countries, especially during crisis periods.

For example, June 11 -September 21, 1898, the Emperor of China Guancui issued 60 decrees which were passed under the motto «100 days of reforms». On March 4, 1933, the Resident Roosevelt F. when taking up his post promised to undertake the most urgent measures to fight the crisis, and this program got a name «100 days of reforms». Among the most recent programs, it worth noting the program «100 days of reforms» in Kyrgyzstan in 2007, which covered the improvement of indicators on «Doing Business» report. As a result of the program, the Republic of Kyrgyzstan has improved its international rating and was included to the list of ten top countries – reformers, thereby increasing its investment attraction. The Government of

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Kyrgyzstan, as a continuation of this program, intends to further improve the indicators and to be among 50 top leading countries on «Doing Business» report of the World Bank by 2010.

In our country, the need for the Program «200 days of reforms» was dictated by the time, because its concept meets the requirements of anti-crisis policy of the country. The Program aims at the promotion of administrative and regulative reforms to support business development. In times of crisis and in the toughest periods of economic development, the Government should lighten its regulative requirements which do not contain any serious political or economic risks.

The Program does not cover all aspects of regulative reforms but focuses only on 2-3 basic vital priorities, considering that it is not easy to carry out overall reforms at the same time. The implementation practice of various programs in the country showed that many good programs (reforms) were not accomplished due to weak implementation and lack of financial and human resource background.

As it was mentioned earlier, the Program is focused **first of all** to simplify the administrative procedures for business registration and liquidation, licensing, issue of permits, including issue of permits for construction and foreign trade operations. Simplification of administrative procedures involves introducing of «One-stop shop» principle.

«One stop shop» represents a simplified regulative facility according to which the entrepreneur has to provide required information and/or documents only one time, using the single processing channel. «One stop shop» is called to speed up and to simplify information flows among business participants and authorized state agencies, and to bring tangible benefits to all participating parties.

Apart from the procedures of «One stop shop», other regulative mechanisms will be considered, which conform to the principle «Silence is the sign of agreement» meaning that in case the authorized public servant of state agency does not make the positive or negative decision within the time set for certain procedure, the decision is considered as positive. In this case, the public servant will carry strict responsibility for the consequences of the violation of certain time lines.

Along with the mentioned above principles, the Program includes some activities which will lay the foundation for implementation of other reforms also, following the Program «200 days of reforms». These measures include the matters of simplifying the taxation system, labor relations, creation of infrastructure for the

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development of the businesses and etc. It is clear that this Program is just the first step, and in case of successful and timely implementation it is possible and will be necessary to continue administrative and regulative reforms.

From the financial point of view, the Program does not require significant budget financing. The implementation of the Program measures is based on technical support of international projects.

However the financial support of the Program is not the main sign of the Program success. The positive success of program implementation will directly depend on political factors, specifically - on active participation and responsibility of involved state agencies, and on business activity as well, i.e. the desire of businesses to implement reforms. **The most important and turning point will be the leadership and control from the side of the President of the Republic of Tajikistan.**

During the presentation of the Program «200 days of reforms», Mr. Sh. Zardov touched the matter of Program title, which was not clear for many participants of the meeting. First of all, any reforms should have the beginning and the end, secondly, in the present situation, the quality and the speed of implemented reforms, the regulative reforms in particular, are substantial factors for the development; and thirdly, the brand title of the Program, indicating the exact number of days, is a good incentive for the activating of efforts for its implementation.

The participants also raised some questions regarding the Program' presentation style. Concerning the issues raised about the style, it was emphasized that the program' presentation does not contradicts the scientific rationale of the program, because it has goals, tasks and specific measures for their implementation. It was proposed to form a special editorial board out of the meeting's participants.

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- The meeting was held in Bishkek, with participation of stakeholders, under the program «Central Asia Invest», during which the projects and also the review of business environment in Central Asia were presented as well as thematic workshops dedicated to key issues of private sector development in Central Asia were conducted. It is anticipated that the outcomes of these workshops will be presented during the plenary meetings of the Bureau for cooperation «EuropeAid», with the purpose of developing recommendations and determining new priorities in the work.

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DRAFT ACTION PLAN OF THE PROGRAM «200 DAYS OF REFORMS»

With the purpose of ensuring transparency and awareness, the Secretariat presents the summary draft of action plan for the Program «200 days of reforms».

No	Objectives	Measure	Expected result
<i>Simplification of procedures on entering and withdrawal from market</i>			
1.	Development of a mechanism of simplified registration for enterprises	Adoption of the Law of RT «On state registration of legal entities and individual entrepreneurs»	Reducing time for registration and elimination of unofficial charges
2.	Adjustment of normative legal acts according to new draft legislation « On state registration of legal entities and individual entrepreneurs»	Work out recommendations on introduction of additions and amendments to normative legal acts, corresponding to new principals of registration of legal entities.	Harmonized normative legal base
3.	Harmonization of the process for introducing «one stop shop» mechanism	Work out plan on introducing the mechanism for registration of legal entities based on the principal of «one stop shop» along with establishment of information network between the state agencies.	Consistence of and systematic approach to conducted activities
4.	Development of new rules and procedures for bankruptcy	Work out and adopt the plan for modifications and amendments to the Law of RT «On insolvency (bankruptcy)»	Simplification of procedures and reducing bankruptcy time terms.
5.	Simplification of procedures for opening of settlement accounts, and other types of accounts	Work out new guidelines for National Bank of Tajikistan	Reduction of time and financial costs for opening of settlement account
6.	Abolishment of procedure on issuing decision for accreditation of the facility	Introduce modifications and amendments to the current legislation with abolishment of the procedure on issuing a decision for accreditation of the facility	Reduction of time and financial costs

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No	Objectives	Measure	Expected result
7.	Bringing farms to general legal forms of incorporation	Introduce modifications and amendments to the Law of RT «On dehkan farms», based on Civil Code of RT.	Harmonization of legislation and activation of dehkan farms
<i>Improvement of tax and custom administration</i>			
8.	Identification of problematic issues in taxation system.	Conduct a survey among entrepreneurs and work out recommendations on reducing costs of entrepreneurs when they fulfill their tax liabilities, separately for individual entrepreneurs and legal persons.	Work out recommendations on reducing costs of entrepreneurs when they fulfill their tax liabilities
9.	Simplification of tax administration	Work out and approve action plan on improvement of indicators of RT in international rating of «Doing Business» in the area of taxation, based on financial economic analysis of Tax Code of RT.	Work out recommendations on improvement of taxation system
10.	Work out measures to support domestic producers of goods	Conduct the analysis of activities of domestic producers for feasibility study on measures on their stimulation	Work out recommendations
<i>Improvement of licensing and permit regimes</i>			
11.	Extend validity term of license and simplify procedures for its receipt	Introduce modifications and amendments to the Law of RT «On licensing», in the part pertaining to extending validity term of a license, and reducing a number of types of licensed activities.	Reducing time and financial costs when doing business

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No	Objectives	Measure	Expected result
12.	Define clear requirements and terms for obtaining a license	Work out recommendations for introducing modifications and amendments to normative legal acts based on the Law of RT «On licensing certain types of activities»	Harmonization of legislation
13.	Work out the list of permitting documents in compliance with principles of market economy	Carry out a review of normative legal acts regulating issue of permitting documents to the entities with entrepreneurial activities, with the view of their legality, necessity, and to promote development of businesses.	Reducing a number of types of activities requiring obtaining of permit
14.	Work out the procedure for carrying out review of normative legal acts regulating issuance of permitting documents to the entities with entrepreneurial activities	Establish a state commission on reformation of licensing system, with a working group which will carry out analysis of normative legal acts submitted for the review, regulating issuing of licenses and work out rules for conducting a review of normative legal acts	Establishment of qualified state commission Determine clear rules regulating review process of normative legal acts
15.	Working out of a new licensing system to entities with entrepreneurial activities	Work out a draft Law of RT «On permit system»	Introduction of a new licensing system to the entities with entrepreneurial activities
16.	Designing of a mechanism for quality preparation of draft laws in the area of regulating entrepreneurial activities	Work out analysis procedures for regulative impact of normative legal acts on the activities of business entities	Improvement of quality of regulative decisions

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No	Objectives	Measure	Expected result
17.	Simplification of administrative regulating of construction activities	Work out and approve the plan for improvement of normative legal acts, regulating construction works, allowing reducing administrative procedures impeding implementation of construction.	Reduced time for obtaining of permit documents and reduced costs for construction.
<i>Reorganization of ownership relations and creation of the system for free and secured entrepreneurship</i>			
18.	Enhancement of land legislation	Work out and introduce modifications to land legislation in the part of regulating matters of purchase and sale of land use rights	Liberalization of land use market
19.	Simplification of administrative procedures for obtaining land use rights	Work out of recommendations on introducing «one stop shop» principle when allocating a land plot and issuing a certificate for land use	Simplified mechanism for land allocation which will allow easing the process of registration of dehkan farms.
20.	Ensuring protection of shareholders in minority	Adopt a Draft law «On introducing modifications and amendments to the Law of RT «On joint stock companies» in the part of improving legal protection of shareholders in minority	Improvement of investment attraction of joint companies
21.	Development of measures for extending rights of shareholders	Work out recommendations and introduce modifications and amendments to the Law of RT «On joint stock companies» in the part of extending possibilities for JSC to attract foreign investments	Introduction of advanced practice of corporate governance
<i>Enhancement of foreign trade procedures, standardization and certification</i>			

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№	Objectives	Measure	Expected result
22.	Cutting down administrative barriers for export and import of goods	Work out and adopt recommendations on cutting down the number of documents required for export and import operations	Reduced administrative costs
23.		Work out an action plan for introduction of «one stop shop» system for export and import of goods	Systematization of measures on implementation of «one stop shop»
24.		Work out a feasibility study for introduction of «one stop shop»	Evaluation of economic effect
25.	Creation of efficient and simplified normative legal base	Carry out inventory of normative legal acts regulating export and import of goods, and present recommendations on introducing alterations and amendments to the specified acts based on «one stop shop» principle	Harmonized normative legal base
26.	Enhancement of management system for quality control of goods and services	Work out a national strategy for the development of quality infrastructure	Phased reformation
27.		Work out action plan for reorganization of Tajikstandart, providing for the separation of regulative and executive functions	Separation of functions of Tajikstandart
28.	Abrogation of compulsory certification of goods, not involving high risk and danger	Review again, with businesses involvement, the list of goods constituting high risk and danger	Reduced administrative costs for producers
29.	Bring the system of technical regulation in balance with international standards	Work out a plan for reformation of technical regulation system	Conformity of technical regulation system to international standards
<i>De-monopolization and enhancement of public services, reform of state administration</i>			

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No	Objectives	Measure	Expected result
30.	Working out of plan for improvement of the Labor Code	Carry out the analysis of the Labor Code of RT, with a view to conformity to market principles	Preparation of recommendations for the improvement of Labor Code
31.	Simplification of statistical reporting from dehkan farms	Work out methodology and forms of simplified reporting	Cutting down time and costs related to submission of statistical reports
<i>Enhancement of credit procedures, leasing operations and insurance</i>			
32.	Bringing the legislation of RT to conformity with the Law of RT «On credit bureaus»	Work out recommendations on introducing alterations and amendments to normative legal acts based on the Law of RT «On credit bureaus»	Harmonization of normative legal base
33.	Optimization of taxation for leasing operations	Prepare relevant recommendations on introducing alterations and amendments to the Tax Code of RT (page 211, part 2, ph.2 and part 4 , page 145)	Increase of amount of financing for leasing, renewal and creation of new production funds, jobs
<i>Development of business infrastructure, support of domestic producers</i>			
34.	Ensuring wider participation of domestic companies in the process of procurement of goods, works and services	Simplification of tender procedures for the procurement of goods, works and services for domestic companies on account of state budget and funding provided by international organizations	Increase of possibilities for domestic companies to participate in tender and ensuring employment for population
35.	Conducting inventory of all the normative legal acts regulating activities of foreign investors in RT, subject to modification or abolition		Creation of favorable legal base for the attraction of foreign investments
<i>Enhancement of investment climate</i>			

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№	Objectives	Measure	Expected result
36.	Activating the work on joining of the Republic of Tajikistan to Hague Convention	Work out the rationale on joining RT to Hague convention, and relevant draft decisions	Improvement of the image of Republic of Tajikistan on international level
37.	Activating the work on joining of Republic of Tajikistan to New-York convention, 1958	Work out a rationale on joining of Republic of Tajikistan to New-York convention, 1958, on acknowledgement and enforcing of foreign arbitration decisions	Improvement of the image of Republic of Tajikistan on international level
38.	Improving of the Law of RT « On free economic zones»	Introduce adequate alterations and amendments to the Law of RT « On free economic zones» in the part of improving of FEZ administration and providing guarantees for investors	Improving of FEZ administration

Progress report on « Plan for implementation of specific measures for improvement of international rating indicators of the Republic of Tajikistan»

The Secretariat, based on the decision taken by the Council on conducting continuous monitoring over implementation of the decisions taken by the Council, presents a summary on implementation of the «Plan for implementation of specific measures for improvement of international rating indicators of the Republic of Tajikistan»

We remind you that this Plan was approved by the decision taken during the second meeting of the Consultative Council on improvement of investment climate and business environment under the President of Republic of Tajikistan, dated of December 18, 2008, and directed by the order of the Head of the Executive Office of the President of RT for execution by ministries and agencies.

The Plan focuses on implementation of 16 measures on 4 indicators of international rating within 6 months (registration of enterprises, receipt of the construction permit,

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protection of investors and liquidation of enterprises), according to the report of the World Bank on «Doing Business». As for April 2009, the Plan was accomplished by 87,5%.¹

¹ **Note:** Progress evaluation covers only matters of development and approval by the Government of draft Laws, while the indicators of «Doing Business» consider adoption and implementation of draft Laws taking into account their immediate impact on businesses.

Indicator «Registration of enterprises»

Tajikistan, according to «Doing Business» report, have moved from 153rd place (2008) to 168th place (2009)

The leader in the post-soviet area, according to this indicator, is **Georgia**, which holds the 4th place in a rating.

Performance:

1. The Government of Republic of Tajikistan developed, approved and directed for the review by Majlisi Namoyandagon Majlisi Oli of Republic of Tajikistan, a **draft Law of Republic of Tajikistan «On state registration of legal entities and individual entrepreneurs»**, which makes provisions for procedures of registration in «one stop shop» mode and «by silence». Notarization is not required when registration is given. The changes in the registration data do not entail re-registration. The draft Law was reviewed by the Lower Chamber of the Parliament.
2. **«The Guidelines of the National Bank «On deposit bank accounts, opened in the banks of Republic of Tajikistan»** was developed in new edition, providing for abolishment of notary certification of constitutive documents, when opening deposit accounts/ foreign accounts in the banks. Drafted document is under the review at NBT. Due to some unclear reasons, NBT has not yet approved these Guidelines.
3. Besides, there were prepared some relevant draft documents on introducing alterations and amendments to normative legal acts with the purpose of bringing them to conformity with standards of the draft Law « On state registration of legal entities and individual entrepreneurs». **Draft documents will be presented for review to the Government of RT after the adoption of mentioned above Law by the Parliament of the country.**

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Indicator «Obtaining construction permits»

Tajikistan moved from place 166 (2008) to place 178 (2009).
Georgia, which holds place 10 in the rating, is the leader in post-Soviet area, according to this indicator.

Performance:

4. The President of Republic of Tajikistan signed the Decree **«On measures for improvement of administrative procedures, related to implementation of construction activities in Republic of Tajikistan»**.
5. With the purpose of implementation of the adopted decree of the President of RT, the Agency on construction and architecture under the Government of RT **has developed and presented to ministries and agencies draft decisions of the Government for approval**.

Indicator «Protection of Investors»

Tajikistan has improved its indicators in the rating, having moved from place 176 (2008) to place 150 (2009).

The Republic of Kyrgyzstan, which holds 11th place in the rating, is the leader in post-Soviet area on this indicator.

Performance:

6. The Government of Republic of Tajikistan worked out, approved and directed for the review by Majlisi Namoyandagon Majlisi Oli of Republic of Tajikistan, the **draft Law «On introducing alterations and amendments to the Law of Republic of Tajikistan «On joint stock companies»**, focused on the improvement of legal protection of shareholders in minority. The Draft was reviewed by the Lower Chamber of the Parliament.
7. According to the Plan, SCI was ordered to carry out inventory of all normative legal acts, regulating the activities of foreign investors in the Republic of Tajikistan, and to identify the normative legal acts which are to be modified or abolished.

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Currently, SCI is summarizing recommendations submitted by ministries and agencies on implementation of this assignment.

Indicator «Liquidation of enterprises»

Tajikistan improved its indicators in the rating, having moved from 99th place (2008) to 97th place (2009).

Lithuania, which holds 34th place in the rating, is the leader in post-Soviet area on this indicator.

Performance:

8. The Government of Republic of Tajikistan developed, approved and forwarded for the review by Majlisi Namoyandagon Majlisi Oli of Republic of Tajikistan the **Draft Law « On introducing alterations and amendments to the Law of Republic of Tajikistan «On insolvency (bankruptcy)»** in the part of simplification of bankruptcy procedures and time terms. The Draft was reviewed by the Lower Chamber of the Parliament.

9. According to the Plan, after adoption of a draft Law «On insolvency (bankruptcy) », the SCI will conduct explanatory work on bankruptcy procedures among entrepreneurs.

Expected results:

The adoption of all mentioned above modifications (draft Laws) will allow to substantially increase international ratings of the country according to «Doing Business» report. **However, it is important for these draft Laws to be adopted and enforced by the middle of May, for the World Bank to consider and include them in «Doing Business» report for 2010.**

In this regard, the Secretariat informs that on May 18, 2009 there will be held the next session of Majlisi Milli of RT (Upper Chamber of the Parliament), where they plan to consider the mentioned above draft Laws.

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