



**PROGRESS REPORT**  
**Secretariat of the Consultative Council on the**  
**Improvement of Investment Climate under the**  
**President of the Republic of Tajikistan**  
*(June 2011 – June 2012)*

*Dushanbe – 2012*

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## 1. Introduction

This report was prepared to inform the work results of the Consultative Council's Secretariat on the improvement of investment climate under the President of the Republic of Tajikistan (the "Consultative Council") for the period from June 2011 to June 2012 on further development of public-private dialogue and reform efforts undertaken on business development, increasing investment and improvement of business environment.

Over the past period, the Secretariat of the Consultative Council focused on the following main areas:

- preparation and holding meetings of the Consultative Council to develop relevant documents on the issues under consideration on a regular basis;
- monitoring the implementation of the Consultative Council's decisions;
- identification of the key issues on the improvement of investment and business environment by the private sector (filtration process);
- public information on the process of economic reforms within the framework of the Consultative Council's activities;
- selection process of the new members of the Consultative Council represented by private sector, development partners and foreign investors;
- cooperation with partners;
- economic analysis to identify problems and prepare recommendations on the improvement of investment and business environment in the country for further consideration in the meetings of Consultative Council;
- work towards the formation and development of public-private dialogue at regional level;
- organizing, holding and attending the round tables, workshops, forums and conferences. Participation in the working groups.

The Council initiated key reforms in a number of prioritized directions, where a number of legal acts were adopted that positively affected the investment climate of Tajikistan, including:

- **Simplification of Procedures of Registration of Business:**

- Law of Tajikistan: "On State Registration of Legal Entities and Individual Entrepreneurs";
- Introducing "One Stop Shop" on Registration of Legal Entities and Individual Entrepreneurs.

- **Protection and Support of Entrepreneurs and Investors:**

- Introducing Amendment and Modification to Laws of the Republic of Tajikistan "On State Protection and Support of Entrepreneurship in Tajikistan", "On Joint Stock Companies", "On Bankruptcy".

- **Simplification of Inspections of Entrepreneurship:**

- Decrees of the President of Tajikistan: "On Reforming System of Permits in Tajikistan", "On Moratorium on Inspections of Small and Medium Size Business"; "On Moratorium of all Types of Inspections in the Production Sector".

- **Reform of System of Permits and Licensing:**

- Introducing Amendment and Modification to Laws of the Republic of Tajikistan "On Licensing of Some Kinds of Activities";

- Rules of Reconsideration of Legal Acts regulating Issuing of Permits for Entrepreneurs in the Republic of Tajikistan.

- **Reform of Tax Administration:**

- Tax Code of the Republic of Tajikistan in new edition;
- Laws of the Republic of Tajikistan: "On Introducing Amendment and Modification to the Tax Code of the Republic of Tajikistan" and "On Introducing Amendment and Modification to the Custom Code of the Republic of Tajikistan" concerning elimination of a value added tax and custom duties from leasing operations.

- **Establishment of Legal and Economic Foundation of State-Private Partnership:**

- Law of the Republic of Tajikistan "On Public Private Partnership".

- **Development of other spheres:**

- Law of the Republic of Tajikistan "On Free Economic Zones";
- Decree of the President of Tajikistan: "On Measures to Improve Administrative Procedures Related to Construction Activity";
- State Program on Strengthening of Export Potential of Fruit and Vegetables Processing Sector for 2010-2012;
- Program for Support of Construction Companies to Improve Investment Climate in the Construction Sector for 2012-2014;
- "Business Environment Improvement Program – 200 Days of Reforms";
- Plan of Further Activity of the Government of Tajikistan on Introduction of Information and Communication Technologies to Improve Management of the Government;
- Plan of Further Activity of the Government of Tajikistan on Improvement of Investment Climate and Indicators of Tajikistan in International Rating.

## **2. The results achieved over the reporting period**

### ***2.1. The results of the Consultative Council meetings***

- 8<sup>th</sup> meeting of the Consultative Council held on November 8, 2011;
- 9<sup>th</sup> meeting of the Consultative Council held on April 10, 2012;
- protocols of the 8<sup>th</sup> and 9<sup>th</sup> meetings of the Consultative Council prepared;
- relevant decrees of the Government of the Republic of Tajikistan drafted and adopted on the protocols' decisions of the 8<sup>th</sup> and 9<sup>th</sup> of the Consultative Council's meeting;
- agenda, relevant documents and materials for holding the 10<sup>th</sup> meeting of the Consultative Council prepared;
- monitoring and evaluation of the implementation progress of the previous decisions of the Consultative Council along with public information on the results;
- increased involvement of the private sector in the decision making process of the public institutions on private sector development;
- measures taken on the Consultative Council members rotation represented by private sector foreign investors and development partners;
- the round table "Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan - an instrument for ensuring open dialogue between public and private sector" held with the involvement of public and private sector representatives, development partners and the Secretariat of the Consultative Council, where the results of Consultative Council's work and its Secretariat for the previous years were presented;
- active involvement in the creation and work of the working group on the development of draft laws of the Republic of Tajikistan "On the state support and protection of entrepreneurship in the Republic of Tajikistan", "On the Licensing System", "On the public and private partnership", "On the inspection of economic entities", "On subsoil use", On amendments to the Law of RT "On pledge of movable property", "On amendments to the Tax and Customs Code of the Republic of Tajikistan".
- opinions on the draft Tax Code of the Republic of Tajikistan in new edition prepared, as well as on drafts of the State Programs on support of entrepreneurship for 2012-2020 and Improvement of investment climate and investment attraction in the subsoil use;
- active part taken in the development of draft Tax Code of the Republic of Tajikistan in new edition and in the discussion of draft Tax Code of the Republic of Tajikistan in new edition on the 9<sup>th</sup> meeting of the Council, the report of the Chairman of the State Commission was heard on drafting the Tax Code;
- monitoring the implementation of the Entrepreneurship development concept of the Republic of Tajikistan for the period up to 2015 was held together with the representatives of State Committee on Investment and Management of State Property of the Republic of Tajikista (further "SCI"), which was approved by the decree of the Government of the Republic of Tajikistan dated December 3, 2004 No.469.

## ***2.2. The results of materials development of the Consultative Council and Secretariat***

**The following documents and materials were developed over the reporting period:**

- Annual Report (June 2010 – July 2011) of the Secretariat of the Consultative Council and its dissemination among the government agencies, business organizations and development partners.
- Draft regulatory documents and other necessary materials for the 8<sup>th</sup> and 9<sup>th</sup> meeting of the Consultative Council.
- Handouts and presentation for the round table “Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan - instrument for ensuring an open dialogue between public and private sector”.
- Presentation about the Consultative Council, its secretariat, on the achieved results and future strategy: “Main goals and objectives of the Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan”, as well as achieved results and innovations in the work of Consultative Council”, “Establishment and activity of the working groups”, “Public and private dialogue in Tajikistan”.
- the draft Decree of the Government of the Republic of Tajikistan finalized “On amendments in the decree of the Government of the Republic of Tajikistan No.489 dated October 1, 2007, “On the approval of the List of agricultural machinery exempted from value added tax and customs duties on importation to the Republic of Tajikistan”, as well as relevant draft laws on amendments to the Customs and Tax Codes of the Republic of Tajikistan.
- Strategy for the improvement of work of the Secretariat of Consultative Council on the improvement of investment climate in the medium term.

## ***2.3. The results of draft legislation development***

**The following draft laws were developed with the involvement of the Secretariat of Consultative Council:**

- Draft Law of the Republic of Tajikistan “On the state support of small and medium enterprises in the Republic of Tajikistan” was prepared,
- Draft Law of the Republic of Tajikistan “On the Licensing system” was finalized and adopted.
- Draft of the Republic of Tajikistan “On Public-Private Partnership” was prepared.
- Draft Law of the Republic of Tajikistan “On the Inspection of Economic Entities” was developed.
- Draft Law of the Republic of Tajikistan “On amendments to the Law of the Republic of Tajikistan “On the Pledge of Movable Property” is being finalized.
- Draft Law of the Republic of Tajikistan “On Amendments to the Tax and Customs Code of the Republic of Tajikistan” was developed and adopted, which regulates leasing issues.

- Materials were prepared for the Chairman of Consultative Council and Executive Secretary of the Council on VAT and customs duties exemption for the production equipment imported for leasing and development of leasing services in Tajikistan.
- Filtration of proposal from the private sector for their incorporation in the future work plan of the Consultative Council.

#### ***2.4. Preparation and holding 8<sup>th</sup> meeting of the Consultative Council***

The following actions were taken for the preparation of necessary materials and holding 8<sup>th</sup> meeting of the Consultative Council:

- proposals and recommendations of partners were analyzed together with SCI on the improvement of conditions and types of doing business, on the improvement of legal framework and other relevant business issues;
- monitoring the implementation of the previous protocols' decisions of the Consultative Council and relevant report prepared for the Executive Secretary of the Council;
- work carried out for preparation and holding intersessional meeting with the Prime-Minister of the Republic of Tajikistan on the results of the Consultative Council's decisions execution;
- necessary materials prepared for the Chairman and Executive Secretary for holding the meeting;
- working meetings held with development partners on the issues of technical support of the arrangement and holding the meeting of the Consultative Council;
- a series of meetings with the representatives of public and private sector were held together with SCI with technical support of IFC on the analysis of legislation of the Republic of Tajikistan on public-private partnership and development of the relevant draft Law of the Republic of Tajikistan "On Public-Private Partnership";
- working meetings held with the representatives of "MIDAT" Association and the Association of agribusiness of Tajikistan on finalizing the "Analysis on the efficiency improvement in agriculture towards ensuring food security" with technical assistance of GTZ;
- consultations held with members of the Consultative Council from private sector, development partners regarding the speeches made on the agenda issues of the 8<sup>th</sup> meeting and proposals for the agenda the 9<sup>th</sup> meeting;
- individual meetings held with partners (ministries, other government agencies, private sector and donor projects) to share the information on preparation to the 8<sup>th</sup> and 9<sup>th</sup> meeting of the Consultative Council;
- consultations and working meetings held with the representatives of the World Bank on the "Doing Business" survey covering the issues of further improvement of the investment climate and indicators of the international rating of the Republic of Tajikistan with their subsequent review in the meetings of the Consultative Council;
- participation in the work of the Working group on "Doing Business" survey and "access to loan" indicator to develop amendments to the Law of RT "On the pledge of movable property" with technical support of the World Bank team;
- consultations held with the representatives of the private sector, government agencies and development partners to include the review of the draft Law of RT "On the inspection of the economic entities" in new edition and draft Procedure for the



inspection of economic entities in the agenda of the 9<sup>th</sup> meeting of the Consultative Council;

- preliminary events and meetings held with the representatives of private sector for rotation of members of the Consultative Council from private sector with their introduction on the 9<sup>th</sup> meeting of the Consultative Council;
- consultations held with private sector and development partners' representatives to develop documents on VAT, customs duties exemption for the imported production equipment for leasing.

***The meeting of the Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan was held on November 8, 2011 chaired by the President of the country, Mr. Emomali Rahmon.***

The meeting was attended by Mr. Alimardon M, the Deputy Prime Minister of the Republic of Tajikistan, Davlatov M., Head of the Executive Office of the President of the Republic of Tajikistan, Mr. Saidov D., Chairman of the State Committee on Investment and Management of State Property/Executive Secretary of the Consultative Council, Mr. Buriev N, Senior Advisor to the President of the Republic of Tajikistan on economic issues, Ms. Mahkamova M., Advisor to the President of the Republic of Tajikistan on economic issues, Kosimov K., Minister of Agriculture of the Republic of Tajikistan, Mr. Rahimzoda S., Chairman of the National Bank of Tajikistan, Mr. Zokirov M., Chairman of the State Committee on Land Management and Geodesy of the Republic of Tajikistan, Mr. Rahmatboev S., Deputy Chairman of the State Committee on Investment and Management of State Property, Mr. Sangov O., Head of economic reforms and investments department of the Executive Office of the President of the Republic of Tajikistan, Mr. Jabborov O., Head of finance division of the Executive Office of the President of the Republic of Tajikistan, Mr. Piriev J., Ms. Abdulloeva N., Head of agriculture and land use division of the Executive Office of the President of the Republic of Tajikistan, Hayokhojaev F., Head of legal unit of the Executive Office of the President of the Republic of Tajikistan, Mr. Dadoboev N., Head of the press center of the Ministry of agriculture of the Republic of Tajikistan.

The following individuals represented the private sector: members of the Consultative Council – Mr. Rajabov F., Chairman of the Builders Association, Mr. Kosimov R., Director of Public Foundation “Internet”, Mr. Zabirov N., Chairman of the Association of Entrepreneurs and Exporters of Tajikistan, Ms. Mahkamova G., Chairperson of the Business Women Association, and the invited persons – Mr. Rahmatov M., Chairman of the Board of Tajikistan Agribusiness Association, Mr. Negmatov I., Executive Director of Tajikistan Agribusiness Association in Khatlon region.

The following members of the international donor community attended the meeting: Mr. Ulf Hindström, Head of EBRD Resident Office in Tajikistan, Mr. Nicolas Guigas, Deputy Director of Swiss Cooperation Office in Tajikistan and invited persons: Mr. Xiaoyu Zha, the Vice-President of the Asian Development Bank, Mr. Sean O’Sullivan, Deputy Director General, Central and West Asia Department of the Asian Development Bank, Mr. Xiao Zhang, Senior Advisor to the President of Asian Development Bank, Mr. Joji Tokeshi, ABD Country Director, Tajikistan Resident Mission, Mr. Joomart Otorbaev, Senior Advisor to the President of the European Bank for Reconstruction and Development on the improvement of investment



climate, Ms. Evstifeeva T., International Liaison Coordinator, Asian Development Bank, Ms. Marsha Olive, World Bank Country Manager for Tajikistan.

Mr. Edward Ayer, Head of Delegation of the European Union to Tajikistan, Mr. Christopher Miller, International Finance Corporation Country Officer for Tajikistan, Mr. Kevin Dean, Deputy Director of the United States Agency for International Development (USAID) in Tajikistan, Mr. Stefan Erber, Country Director, German Agency for International Cooperation in Tajikistan, Ms. Kosimova Z., Deputy Director of Small and Medium Business Support Project of the German Agency for International Cooperation, and Ms. Zahira Virani, Deputy Resident Representative of the United Nations Development Program in Tajikistan.

**Agenda of the 8<sup>th</sup> meeting:**

1. Discussion of the results of monitoring the implementation of the Consultative Council's decisions.
2. Discussion of the analysis results on public-private partnership legislation of the Republic of Tajikistan.
3. Discussion of the analysis on improving the economic efficiency of agriculture to ensure food security.
4. Discussion of the draft Agenda for the 9<sup>th</sup> meeting of the Consultative Council.

In his opening speech, the President of the Republic of Tajikistan paid special attention to the effective policy of the Government of the Republic of Tajikistan thanks to which the private sector made significant contribution to the celebration of 20<sup>th</sup> anniversary of Independence of the Republic of Tajikistan. A number of vitally important construction facilities were built namely during this period, which include: manufacturing plants, sports facilities, residential buildings and other facilities of economic and social importance. The President also noted that the Government highly appreciated the contribution of the private sector in country's development. Therefore, a number of private sector representatives received state awards and letters of recognitions. At the same time, increasing the role of the private sector and business development as one of the priority directions that ensure economic development of the country and creation of new jobs, development of domestic production and exports remain our priority tasks. Full and timely implementation of the decisions of the Consultative Council is one of the key directions of the work of Consultative Council members represented by government agencies, private sector and international organizations.

Further, Mr. Saidov D., Executive Secretary of the Consultative Council, Chairman of SCI reported on the first item of the agenda – the implementation progress of decisions adopted on the 6<sup>th</sup> and 7<sup>th</sup> meeting of the Consultative Council.

In his report, Mr. Saidov D. noted that despite the fact that most of the decisions had been implemented by the ministries and agencies, there were still some outstanding issues.

In this connection, the Chairman of the Consultative Council asked the Executive Secretary of the Council to take strict control of the execution of the Council's decision and government agencies to undertake regular monitoring. The outcomes of regular monitoring need to be discussed in the intersessional meetings with the Prime-Minister of the Republic of Tajikistan.

Mr. Rajabov F., the Chairman of Tajikistan's Builders Association made a speech on behalf of the private sector on the progress of implementation of the Consultative Council's decisions. In his speech he pointed out that pursuant to the protocol instruction of the 7<sup>th</sup> meeting of the Consultative Council, significant work had been accomplished by the Council members to inform about the Council's activities, its decisions and their implementation as a result of reforms.

In addition, Mr. Rajabov F. noted that the "Program on the improvement of investment climate in the construction industry for 2011-2014" submitted for consideration in the 7<sup>th</sup> meeting of the Consultative Council was adopted by the Government of the Republic of Tajikistan and was aimed at the development of one of the key branches of national economy.

The following information was provided in the meeting: involvement of private sector in the developed of new Tax Code of the Republic of Tajikistan, Laws of the Republic of Tajikistan "On the Public-Private Partnership", "On the development of small and medium enterprises", "On subsoil use", as well as State programmes on the support of entrepreneurship for 2012-2020 and Improvement of investment climate and attraction of investment in sub-soil use.

At the end of his speech Mr. Rajabov F. highlighted the interest in creating favorable investment climate in the Republic of Tajikistan and proposed to establish a system for coordinating the work of international organizations in order to avoid overlapping in their activities and ensure effective use of the grant funds.

The next speech was made by Mr. Nicolas Guigas, member of the Consultative Council from bilateral donors, Deputy Director of Swiss Cooperation Office in Tajikistan. In his speech, on behalf of all donors he highly appreciated the decision made on monitoring the implementation of the Council decisions carried out by SCI in cooperation with the Secretariat of the Consultative Council.

In addition, Mr. Guigas expressed keen interest of donors' participation in the development of new Tax Code of the Republic of Tajikistan and hoped that the new Tax Code would promote the development of private sector and improvement of investment climate in the country.

Mr. Joji Tokeshi, Country Director of Asian Development Bank in Tajikistan and the invited guest were provided the opportunity to make a speech in the meeting. During his speech he highly appreciated the importance of the Consultative Council's work in the effectively established system of public and private partnership. For his part, he expressed willingness on behalf of the Asian Development Bank in continuing further cooperation with the Republic of Tajikistan for the development of entrepreneurship and improvement of country's investment attractiveness.

On finalizing the first item of the Agenda, the country's President asked the Executive Secretary of the Consultative Council to intensify control of the implementation of Consultative Council's decisions and to discuss the monitoring results in the intersessional meetings of the Prime-Minister of the Republic of Tajikistan.

The Presidents approved the proposals submitted by the private sector and donors, and specific guidance was reflected in the protocol decision of the 8<sup>th</sup> meeting of the Consultative Council.

Mr. Zabiroy N., the Chairman of Entrepreneurs and Exporters Association of the Republic of Tajikistan spoke on the second issue of the Agenda. In his speech, he brought the results of the analysis of current legislation of the Republic of Tajikistan to develop the draft Law of the Republic of Tajikistan “On public-private partners”, which indicated the need for its adoption.

To date, the country has already seen successful projects based on public-private partnership. The construction of new terminals in Khujand city and Khorog town, HPP “Pamir-Energy”, as well as the project of mining and processing in one of the largest deposits “Koni-Mansuri Kalon” were brought as example.

In the conclusion of his speech Mr. Zabiroy N. once again stressed the importance of developing the draft Law of the Republic of Tajikistan “On Public-Private Partnership”, and submission of its draft for consideration of the Consultative Council in the first half of 2012.

Also, Messrs. Jumaev D., Director General of LLC “Pamir Energy”, and Christopher Miller, International Finance Corporation Country Officer for Tajikistan spoke in support of developing this draft law.

In his speech, Mr. Jumaev D. brought the example of LLC “Pamir Energy” activity as one of the successful forms of public-private partnership.

Mr. Kosimov K, the Minister of Agriculture of the Republic of Tajikistan spoke on the third issue of the meeting’s agenda. In his speech he noted that despite improvements in agricultural sector, the farmers still face some problems hindering the development of the sector. Those are lack of crop protection chemicals and good quality seeds, modern equipment and spare parts, poor land reclamation and etc. At the end of his speech, Mr. Kosimov K. made a number of specific proposals including changes and additions to the Tax Code of the Republic of Tajikistan on VAT exemption for the imported agricultural inputs as well as seeds, mineral fertilizers, pesticides and etc.

Mr. Negmatov I, the Chairman of Agribusiness Association in Khatlon region made a speech to support this proposal, who submitted the Analysis on improving the economic efficiency of agricultural sector towards ensuring food safety in the Republic of Tajikistan for the consideration of the Council. The submitted Analysis was prepared by the Tajikistan Agribusiness Association, which describes the current situation in the agricultural sector as well as economic and legal justification of the proposals for VAT exemption of seeds, mineral fertilizers, pesticides and etc.

Mr. Stefan Erber, Country Director, German Agency for International Cooperation in Tajikistan made speech to support the proposals and also the above Analysis. In his speech, he described the successful experience of neighbor countries, including Kyrgyz Republic and Kazakhstan, where special tax exemptions were introduced for the imported agricultural inputs, which further contributed to the development of agricultural sector in these countries.

The next speakers were Messrs Kosimov R., Director of Public Foundation “Internet” and Xiaoyu Zhao, the Vice-President of the Asian Development Bank, who expressed their views on issues raised in the meeting and also made specific proposals and recommendations.

In particular, Mr. Kosimov R. raised the issue associated with current VAT regime while importing the equipment and purchase/sale through leasing, which is a serious obstacle on the way of developing leasing services in the Republic of Tajikistan.

According to him, the Working group had already been established earlier led by the Ministry of Finances and with the support of donors, which developed the draft amendments to the Tax and Customs Codes of the Republic of Tajikistan. This draft was fully supported by the key ministries and agencies of the country and sent for further consideration to the Government of the Republic of Tajikistan.

However, these proposals were not accepted due to disagreement of the Customs Service under the Government of the Republic of Tajikistan to the effect that adoption of relevant amendments to the VAT tax regime for the import of equipment through leasing would result in reduction of revenues to the national budget. Although, the figures brought in the analysis indicated on the insignificant number of such transactions and that the proposed amendments would not practically affect the revenues to the budget. Summarizing his speech, Mr. Kasimov R proposed to once again consider this proposal in the meeting of the Consultative Council and take final decision.

Mr. Xiaoyu Zhao suggested establishing an Investment Fund from the state funds, private sector and international organizations, which could serve for the development and strengthening public-private partnership as well as financing of joint projects.

In addition, he urged donors to support those dehkan farms that need agricultural inputs, including mineral fertilizers, crops protection chemicals, good quality seeds, agricultural equipment and spare parts.

The country's President supported the proposals of Mr. Xiaoyu Zhao and asked the Asian Development Bank to provide assistance to the Republic of Tajikistan in rehabilitation of 70 thousand hectares of land, which is in poor reclamation state.

Mr. Saidov D., the Executive Secretary of the Consultative Council spoke on the last 4<sup>th</sup> item of the meeting's agenda, who presented the information on preparation of draft "Standard procedure for the inspection of economic entities" to be reviewed in the next, 9<sup>th</sup> meeting of the Consultative Council.

In his speech he also noted that assigning to the relevant government agencies the functions of coordinating the inspection of business entities, monitoring and analysis of the business entities, introduction of checklists and the system of determining the degree of risk would allow to reduce burden on the state budget and also promote efficient use of the budget funds.

In this regard, Mr. Saidov D. proposed the Chairman of the Consultative Council taking into account the above to instruct the relevant government agencies together with private sector, the Council's Secretariat and with the support of donor organizations to prepare the draft "Standard procedure for the inspection of economic entities".

At the end of the meeting, the closing remarks were made by the Chairman of the Consultative Council. Expressing satisfaction with the result of meeting, the Council's Chairman made a number of his observations and comments about the discussed topics. He especially emphasized

that the government agencies need to get rid of stereotypes in performing their functions and duties and aim at reforms, which could lead to innovations and improvements in their systems. Besides, he gave special instruction to invite the heads of the economic sector, including the Tax Committee and Customs Service under the Government of the Republic of Tajikistan in future meetings of the Consultative Council.

The country's President supported the recommendations for improving business and investment climate in the Republic of Tajikistan proposed by members of the Consultative Council and invited guests. In particular, he highlighted the importance of development and adoption of the draft law "On Public-Private Partnership", the importance of agriculture sector development and ensuring food security, increasing local production by simplifying leasing procedures and also proper implementation of the earlier adopted regulatory and legal documents that regulate the business activity in the Republic of Tajikistan.

At the end of his closing speech, the country's President thanked all members of the Consultative Council for their productive and efficient work and also expressed special gratitude to the invited guests for their interest and willingness to contribute in the work of the Consultative Council and development of Tajikistan.

### **Protocol instructions of the 8<sup>th</sup> meeting of the Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan**

1. The Government of the Republic of Tajikistan:
  - To take control of the implementation of the decisions of the Consultative Council, the results of which were discussed at the intersessional meetings with the Prime Minister of the Republic of Tajikistan, as well as to ensure the full and timely implementation of the decisions taken.
2. Relevant ministries and agencies of the Republic of Tajikistan to ensure full and timely implementation of the decisions of Consultative Council.
3. Relevant departments of the Executive Office of the President of the Republic of Tajikistan to prepare draft regulations proposed by the Ministry of Finance of the Republic of Tajikistan on taxation procedures implemented by leasing and to present them at the next meeting of the Government of the Republic of Tajikistan.
4. The State Committee on Investment and Management of State Property of the Republic of Tajikistan together with the Consultative Council, private sector and international organization:
  - to develop draft laws of the Republic of Tajikistan "On public-private partnership", "On subsoil use", draft resolution of the Government of the Republic of Tajikistan "On the approval of Procedure for inspection of the economic entities" and to present at the next meeting of the Consultative Council;

- conduct analysis of the investment and business climate of the Republic of Tajikistan and present in the meetings of the Consultative Council;

5. Head of the Government Commission on the development of new Tax Code of the Republic of Tajikistan to submit a detailed report on the work of commission on the draft Tax Code in the next meeting of the Consultative Council.

6. The Chairmen of GBAO, Sughd, Khatlon regions and Dushanbe city to conduct specific assessment on the improvement of the investment climate and business, to take all necessary measures to improve the business activities and the role of the private sector, and provide a detailed report in the next meeting of the Consultative Council.

7. The Ministry of Agriculture of the Republic of Tajikistan:

- to urgently explore the exemption of imported mineral fertilizers, chemical pesticides and quality seeds from VAT and customs duties, prepare the necessary draft regulations and duly submit to the Government of the Republic of Tajikistan;

- together with the Ministry of Land Reclamation and Water Resources, Academy of Agricultural Sciences and branch institutes, local authorities and investors to take the necessary steps to introduce modern agricultural technologies, including technologies for economic provision of water, ensuring good status of agricultural land, and to improve the efficiency of agricultural sector, and to submit a report on the results to the Government of the Republic of Tajikistan.

8. The Ministry of Land Reclamation and Water Resources, Ministry of Agriculture, Ministry of Economic Development and Trade to take specific measures on prevention of degradation of arable land, and to take measures for ensuring the quality of construction and rehabilitation of irrigation facilities in accordance with the developed investment projects, and present the results to the Government of the Republic of Tajikistan.

9. The Ministry of Finance, the National Bank of Tajikistan and other relevant actors to develop proposals aimed at addressing the issues related to access to long-term loans for the development of the agricultural sector and submit to the Government of the Republic of Tajikistan for consideration.

10. To invite top officials of ministries and heads of the country's economic sector to the next meeting of the Consultative Council.



### ***2.5. Preparation and holding 9<sup>th</sup> meeting of the Consultative Council***

The following activities were held on preparation for the 9<sup>th</sup> meeting of the Consultative Council:

- consultations were held with the members of the Consultative Council from private sector on the agenda for the next 9<sup>th</sup> and 10<sup>th</sup> meetings of the Consultative Council;
- separate meetings were held with partners (ministries, other government agencies, development partners and the private sector) on the organizational issues and to exchange information on preparation for the 9<sup>th</sup> meeting of the Consultative Council, as well as on the progress of monitoring the implementation of previous decisions of the Consultative Council;
- a series of meetings were held with the private sector and entrepreneurs to discuss the draft of the Tax Code of the Republic of Tajikistan in new edition, and to make appropriate recommendations and suggestions;
- the request to provide suggestions for improving the system of taxation in the country was sent to the private sector for integration and submission to the State Commission on drafting the Tax Code in new edition;
- regular participation in the Working Group on the development of draft Law "On public-private partnership" and the Law "On inspections of economic entities" in the new edition;
- opinions prepared on the draft State programs on supporting entrepreneurship for 2012-2020, and Improvement of the investment climate and investment attraction to the subsoil use;
- the working meetings were held with representatives of the SCI, the private sector and development partners to implement the protocol decision of the 7<sup>th</sup> and 8<sup>th</sup> meetings of the Consultative Council and the effective operation of the above-mentioned groups;
- measures were taken to complete the process of rotation of the members of the Consultative Council from the private sector and investors;
- the process of filtering collection and compilation of the private sector proposals for consideration in the next meeting of the Consultative Council;
- analysis of the issues raised by representatives of business and business associations with a proposal to incorporate them in the agenda of the 9<sup>th</sup> and 10<sup>th</sup> meetings of the Consultative Council on the improvement of the investment climate and business environment;
- consultations held with representatives of the Regional Consultative Council on the improvement of investment climate under the Chairman of the Khatlon region;
- relevant materials prepared for the next intersessional meeting with the Prime Minister of the Republic of Tajikistan on the results of implementation of protocol decision of the Consultative Council;
- other materials prepared for the 9<sup>th</sup> meeting of the Council.



***9<sup>th</sup> meeting of the Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan was held on April 10, 2012, which was led by Mr. Emomali Rahmon, the President of Tajikistan.***

Before the meeting, Emomali Rahmon, the President of Tajikistan, Chairman of the Consultative Council on the improvement of investment climate presented the audience Mr. Zavkijon Zavkiev - a new Head of the Secretariat of the Consultative Council, and new members of the Council of representing local businesses: Mr. Daler Jumaev, the General Director of OJSC "Pamir Energy", Ms. Masuda Turyaeva, Chairperson of the Union of Business Associations of Sughd region, Mr. Farhod Akbarov Chairman of the Association of Microfinance Organizations of Tajikistan, as well as foreign investors - Mr. Gennadiy Rugin, General Director of "Sangtuda-1".

**Agenda of the 9<sup>th</sup> meeting:**

1. Discussion of results of monitoring the implementation of the Consultative Council's decisions
2. Report of the Chairman of the State Commission on drafting the new Tax Code of the Republic of Tajikistan
3. Chairman's report on the work of Khatlon region Consultative Council on the improvement of investment and business climate under the Chairman of Khatlon region
4. Discussion of the draft agenda of the 10<sup>th</sup> meeting of the Consultative Council.

The meeting participants listened to the report of Mr. Saidov Davlatoli, the Executive Secretary of the Council, and Chairman of the State Committee on Investments and State Property Management of the Republic of Tajikistan on the results of monitoring the implementation of decisions of the Consultative Council. It was noted that on the basis of decisions of the 7th and 8th meetings of the Consultative Council the Resolution of the Government of the Republic of Tajikistan dated December 3, 2011 No. 585 "On Amendments to the Tax Code of the Republic of Tajikistan" and the Law of the Republic of Tajikistan "On Amendments to the Customs Code of the Republic of Tajikistan" was developed, which were approved by the *Majlisi Namoyandagon Majlisi Oli* of the Republic of Tajikistan.

For the purpose of drafting the Law of the Republic of Tajikistan "On public-private partnership", "On Subsoil", draft "Program for the improvement of investment attractiveness in subsoil use", the State Committee on Investments and State Property Management of the Republic of Tajikistan established a Working group from the representatives of public and the private sector.

One of the major themes of today's meeting was to discuss the development process of the draft Tax Code of the Republic of Tajikistan in the new edition. In this regard, the participants heard the report of Mr. Safarali Najmuddinov, the Minister of Finance, the Chairman of the State Commission on drafting the Tax Code of the Republic of Tajikistan in the new edition.

Also, the representatives of the private sector spoke on the subject: Mr. Nekrui Zabiroy, Chairman of the Union of Business Associations and NGOs, and Mr. Abduhalim Kodirov, Director General of "Yoqut 2000".

In their view, the problems existing in respect of the tax burden and its administration for economic entities were not addressed in the draft of the new Tax Code.

In this connection, the private sector representatives proposed to take into account in the new Tax Code the measures to address the problems of taxpayers, simplify procedures, improve tax administration, reduce the number of reference rules to other articles of the Code and other regulations, and reduce the number of taxes and rates.

Emomali Rahmon, the Chairman of the Consultative Council, the President of the Republic of Tajikistan noted on this issue that revenues to the state budget should increase not by raising taxes, but by increasing the number of taxpayers, i.e. entrepreneurs, expanding the tax base, encouraging business initiatives, enforcement of tax obligations at the highest level and reduction of the shadow economy. Accordingly, it is considered appropriate to reduce ineffective measures using the state budget. In general, on the one hand, taxation should allow providing the state and society with financial resources, and on the other hand, to encourage the business development.

In this connection, the Government of the Republic of Tajikistan was requested to re-examine the draft of the new Tax Code, and improve it taking into account the views of entrepreneurs, investors, ministries and agencies, and other subjects of taxation.

In addition, Mr. Emomali Rahmon, the President of Tajikistan, Chairman of the Consultative Council ordered within a three months period to prepare an analysis of the positive and negative impact of the new draft Tax Code on the state budget, the economic activity of the private sector and social stability of the country as compared to the current Tax Code of the Republic of Tajikistan by independent experts, including the involvement of foreign experts.

During the meeting, it was stressed that the current public-private dialogue is also developed at the regional level. In particular, the National Councils on improvement of investment climate under the Chairman of Khatlon, Sughd regions and GBAO have been established.

In this regard, Mr. Gaibullo Afzalov, the Chairman of the Khatlon region presented information in the meeting of the Consultative Council on current situation with investment and entrepreneurship in the region.

Following the presentation of the Chairman of Khatlon region, the President of the Republic of Tajikistan noted that the condition of doing business in Khatlon region is improving from year to the next. Only in 2011, a total of 42 new industrial enterprises were created in the entire region. At the same time, most of the economic potential of the region remains unused by local entrepreneurs and foreign investors. Addressing the problems that today impede economic development in the region should be a priority of the Consultative Council under the region's Chairman.

The closing speech of the President of the Republic of Tajikistan was made at the end of the meeting, in which, the relevant ministries and agencies have been given the appropriate instructions.

In addition, by the subsequent meetings of the Consultative Council, the President of the country asked to prepare the draft law of the Republic of Tajikistan "On public-private partnership", proposals to simplify administrative procedures for investors, the analysis on elimination of additional barriers for the entrepreneurs, operating on the basis of licenses, and also to consider other urgent issues associated with the investment and business development.

**Protocol instructions of the 9<sup>th</sup>  
Meeting of the Consultative Council on the improvement of investment  
climate under the President of the Republic of Tajikistan**

Based on the results of the ninth meeting of the Consultative Council on improvement of investment climate under the President of Tajikistan, the Chairman of the Consultative Council – the President of the Republic of Tajikistan gave the following instructions:

1. The Government of the Republic of Tajikistan:
  - to re-examine the draft Tax Code in new version and to take into account the views of entrepreneurs, investors, ministries and agencies, and other subjects of taxation, including international organizations;
  - to prepare within a three months period an analysis of the positive and negative impact of the new draft Tax Code on the state budget, the economic activity of the private sector and social stability of the country as compared to the current Tax Code of the Republic of Tajikistan by independent experts, including the involvement of foreign experts.
2. The State Committee on Investment and Management of State Property together with the Secretariat of the Consultative Council, representatives of relevant ministries and agencies, private sector with the involvement of development partners to undertake analysis on simplification of administrative procedures for investors operating based on the license and present the results in one of the following meetings of the Consultative Council.
3. The Secretariat of the Consultative Council to regularly monitor the implementation of decisions taken by the Consultative Council, to monitor implementation of decisions, if necessary to discuss the results of monitoring with the Prime Minister of the Republic of Tajikistan.
4. Executive body of state power of the Khatlon region, together with relevant ministries and agencies, the private sector with the attraction of local and foreign investment to develop the necessary plans, measures for the establishment of small and medium enterprises in the industrial sector, for processing of agricultural products, including fruits and vegetables, processing of cotton fiber and production of final product, livestock and poultry production, processing of meat and milk, small enterprises in the tourism industry and other important economic sectors, as well as a significant increase of industrial enterprises in the region, particularly in remote mountainous regions.
5. The Ministry of Economic Development and Trade of the Republic of Tajikistan in cooperation with the executive authorities of the Khatlon region with the involvement of development partners to undertake a detailed analysis of the FEZ "Pyanj" and "Dangara" and take the necessary measures for their effective development, including cross-border trade and once in six month to report on the results to the Government of the Republic of Tajikistan.
6. Executive bodies of state power in the cities and districts, in cooperation with relevant ministries and agencies, entrepreneurs, vocational education institutions and development partners to take the necessary measures to improve the skills of entrepreneurs, to organize training centers for businesses and ensure their efficient operation, and once in six month to

report on the results to the Secretariat of the Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan.

7. The Regional Consultative Councils on the improvement of investment climate and business in GBAO, Khatlon and Sughd regions to coordinate the subjects of the upcoming meetings of Regional Councils with the Secretariat of the Consultative Council on improvement of investment climate under the President of the Republic of Tajikistan.

8. Secretariat of the Consultative Council to organize the outreach via mass media on the process of economic reforms to improve the investment and business climate.

9. Consultative Council members from the private sector to actively conduct awareness work among the entrepreneurs about the process of economic reforms to improve the investment climate and business and to report on the meetings of the Consultative Council.

10. Submit a report to the Chairman of the Regional Consultative Council on the improvement of the investment and business climate of Sughd region.

11. Banks and microfinance institutions are recommended to increase provision of loans with low-interest rate to women entrepreneurs.

12. To approve Zavkijon Zavkiev as the Head of the Secretariat of the Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan as of November 21, 2011.

13. Approve new members of the Consultative Council from the private sector: Mr. Daler Jumaev, the Director General of OJSC "Pamir Energy", Ms. Masuda Turaeva, Chairperson of the Union of Business Associations of Sughd region, Mr. Farhod Akbarov, Chairman of the Association of Microfinance Organizations of Tajikistan, and also from foreign investors Mr. Gennadiy Rugin, Director General of HPP "Sangtuda-1".

Terminate the authority of the Consultative Council members from the private sector: - Mr. Nekrui Zabiroy, Head of Coordination Council of business associations and Ms. Gulbahor Mahkamova, Head of Tajikistan Business Women Association, Sanginmurod Hakimov, Director of "Agroindustrial plant Gulistan" and from foreign investors Mr. Tang Shan Fu, Chairman of the Board of Directors of "Jinfeng Tajikistan" and JV "Zarafshan" due to the end of their term.

## ***2.6. Preparations for the 10<sup>th</sup> meeting of the Consultative Council***

The following activities were carried out for the preparation of necessary materials for holding 10<sup>th</sup> meeting of the Consultative Council:

- According to the protocol decision of the 8th meeting of the Consultative Council, a working group was set up under the State Committee on Investment to analyze the current legislation of the Republic of Tajikistan in the area of public-private partnerships and the draft Law of the Republic of Tajikistan "On public-private partnership";
- the monitoring conducted on the implementation of decisions of the 6th, 7th, 8th and 9th meetings of the Consultative Council;
- a series of meetings organized with representatives of the private sector, business associations, development partners to discuss the draft agenda of the 10th meeting and other materials for the meeting;
- working meetings held with development partners on the issues of technical assistance in drafting of the above documents;
- took part in regular meetings of the working group on drafting the Law "On public-private partnership";
- consultations held on the agenda for the 10th meeting with members of the Consultative Council from the private sector and development partners;
- analysis of proposals received from associations of Tajikistan and other stakeholders on the improvement of investment climate in Tajikistan;
- consultations and meetings held with representatives of the Regional Consultative Council in the Sughd region to present information in the 10th meeting of the Consultative Council on the current situation in the area of business and investment in this region of the country;
- separate meetings held with partners (ministries, other government agencies, private sector and donor projects) to exchange information on the activities of the Consultative Council and its Secretariat;
- meetings held with an expert - consultant on the development of the draft Law "On inspections of economic entities" in new edition and draft Procedure for inspection of business entities with technical assistance provided by the German Agency for International Cooperation;
- necessary materials prepared for the Chairman of the Consultative Council, the Executive Secretary, the list of meeting participants and other documents for the 10th meeting.

### **3. Monitoring the implementation of the Consultative Council's decision and public information**

#### ***3.1. Monitoring carried out by the Secretariat of the Consultative Council***

Along with the preparation and holding the meetings of the Consultative Council, one of the main tasks of the Secretariat is to assess the implementation of the Council decisions. Overall control of the implementation of the Council decisions is maintained by the SCI, which regularly submits the appropriate report to the Government of the Republic of Tajikistan.

In order to determine its role in the monitoring and evaluation system, the Secretariat developed its own scheme for monitoring of the implementation of decisions made by the Consultative Council. The monitoring scheme is oriented on tracking both direct result of each individual activity and instruction, and on preparation of expanded monitoring report focused on the results assessment of the publicly important decisions.

In order to ensure a systematic collection, analysis and continuous exchange of information needed for monitoring and evaluation, for the reporting period, the Secretariat held numerous meetings with representatives of the ministries and agencies involved in the monitoring the implementation of relevant decisions of the Consultative Council and the instructions of the Government of the Republic of Tajikistan, including the development partners and interested business association. As a result of the meetings held, the copies of documents and information on the implementation of decisions' points were sent to the Secretariat. Based on the work results monitoring reports were prepared that were sent to the State Committee on Investments and State Property Management of the Republic of Tajikistan and the Government of the Republic of Tajikistan for the preparation and holding of intersessional meetings with the Prime Minister of the Republic of Tajikistan. The progress of decisions execution, the results of or failure of their execution by the government agencies, as well as the process of involvement of international organizations and the private sector in their implementation were described in detail in the submitted reports.

#### ***3.2. Monitoring the implementation of the decisions of the 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> meetings of the Consultative Council***

To implement the decisions of the 6th and 7th meetings of the Consultative Council, the SCI together with the Secretariat of the Advisory Council and other authorized bodies developed a number of decrees of the Government of the Republic of Tajikistan aimed at the improvement of the investment climate in the country, strengthening the capacity for fruits and vegetables export and improving public administration through the development of information and communication technologies.

As part of implementing the decision of the 6th meeting of the Consultative Council, the following Decrees of the Government of the Republic of Tajikistan have been adopted: "On approval of State target-oriented program on enhancement of the export capacity of fruits and vegetables for 2010-2012", dated December 3, 2010, "On future measures of the Government of the Republic of Tajikistan on the application of information and communication technologies to improve the governance" dated 3 December 2010.

In order to implement the approved State program on enhancement of the export capacity of fruits and vegetables for 2010-2012, the Ministry of Economic Development and Trade has established a working group consisting of representatives of the ministries and departments, business associations, and donor organizations. The working group met several times and developed a cost estimate for the implementation of the activities envisaged in the program.

In order to improve the knowledge of entrepreneurs on legal and economic issues, the Secretariat of the Consultative Council in cooperation with business associations and donor organizations organize regular trainings and seminars in the cities and districts of Sughd and Khatlon regions.

In order to implement decisions of the 7<sup>th</sup> meeting of the Consultative Council, the Agency for Construction and Architecture under the Government of the Republic of Tajikistan has developed a "Program on the improvement of investment climate in the construction industry for 2012-2014", which was adopted by the Government of the Republic of Tajikistan.

In accordance with the protocol decision of the 7<sup>th</sup> meeting of the Consultative Council, the Consultative Councils were established under the Chairmen of Sughd and Khatlon regions and Gorno-Badakhshan Autonomous Oblast to improve the investment and business climate. Creation of such a body under the Chairman of Dushanbe city is under consideration.

The working groups are created in the SCI for the development of draft Laws "On public-private partnership" and "On state support and protection of business" with the involvement of government officials, private sector and international organizations.

The detailed results of the monitoring of implementation of the decisions of the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> meetings of the Consultative Council can be found in the Annex № 1 to this report.



### **3.3 Public Information**

The Secretariat is a working body of the Consultative Council and is responsible not only for the organizational, methodological and technical support, but also for the information support of the Consultative Council. In this connection, the information support is an integral part of the Secretariat's activity, which attaches great importance to the issues of public information and transparency of the process, as part of a public-private dialogue.

During the reporting period, in order to ensure transparency of the activities the Secretariat of the Consultative Council conducted public information about the activities and results of the Consultative Council by electronic mailing, the Bulletin of the Consultative Council, press releases, speeches, and interviews on radio and television, and posting information on the website of the Council; the Secretariat worked towards strengthening public-private dialogue, including the regional level through the Regional Consultative Councils, and closely worked with development partners, the private sector and businesses involving them in the work of the Consultative Council, re-organized the work to systematize proposals from business sector on the improvement of business environment and investment climate.

The Secretariat collected data, prepared and published them in the Bulletin for dissemination of information among stakeholders on the activities of the Consultative Council and the Secretariat and very important events in business, investment, private sector development and public-private dialogue. During the reporting period, there were 10 bulletins published in Tajik, Russian and English languages, as well as on the website **[www.investmentcouncil.tj](http://www.investmentcouncil.tj)**

After each meeting of the Consultative Council, the Secretariat prepared a press release on the agenda, the meeting, its results and the decisions on the outcomes of the 8<sup>th</sup> and 9<sup>th</sup> meetings of the Consultative Council, as well as two information sheets on the achievements of the Consultative Council.

In addition, a booklet "The government and business partnership for sustainable development" was published, which was presented at the round table held on 20 January 2012 and organized by the Secretariat of the Council. The guidelines, procedures and forms for the Consultative Council and Secretariat for the reporting period, cooperation with partners, as well as major achievements were reflected in the booklet. This booklet was published for wider dissemination of information about the Consultative Council and its activities not only in the country but also among the international community. The booklet was released in three languages - Tajik, Russian and English.

The work results of the Consultative Council and the Secretariat, as well as the prospects and ways of further improvement of the investment climate, development of public-private dialogue in the country were covered in articles of the Head of Secretariat - Mr. Zavkiev Z.: "*We encourage businesses for cooperation*" in the newspaper "Asia plus" and "*The State and the private sector - constructive partnership for sustainable development*" in the journal "Bonkdori dar Tojikiston".

### ***3.4 The selection process of proposals to improve the investment climate/filtration for consideration by the Consultative Council.***

The Consultative Council proposed a mechanism by which the private sector could have a greater impact on the Government decisions on business and on the economy as a whole. This mechanism represents a process of filtering the questions provided by the private sector for consideration and inclusion in the agenda of the meetings of the Consultative Council.

The idea of filtering process is to discuss the questions provided by the private sector with all interested parties, and subsequent prioritization of the issues taking into account all the results. At the end, the most pressing issues of the private sector are included in the agenda out of all proposed issues.

The private sector is not only an important resource for the development of Tajikistan's economy, but also is a reliable source of timely, comprehensive and accurate information about the problems, obstacles and difficulties that local entrepreneurs face in their commercial operations. In this connection, the proposals from the private sector are of higher priority for the Secretariat of the Council in drafting the agenda for meetings of the Consultative Council.

In order to ensure transparency and efficiency of the filtration process, the Secretariat of the Consultative Council on the improvement of investment climate under the President of Tajikistan has been working to prepare the list of issues for consideration at the next meeting of the Consultative Council (filtration process) since January 2011.

Secretariat of the Consultative Council held initial discussions with the private sector, which identified the most pressing problems that will contribute to the development of entrepreneurship in the Republic of Tajikistan.

Many of the issues, which are critical for consideration, were also raised by the private sector during the Round Table - "Consultative Council on the improvement of investment climate under the President of the Republic of Tajikistan - instrument for ensuring an open dialogue between public and private sector" recently held by the Secretariat of the Consultative Council.

The Secretariat of the Consultative Council took into account all the proposals made by the entrepreneurs, which were included in the work plan with their rationale and specifying the expected time of execution.

#### **4. The process of rotation of the Consultative Council members represented by the private sector, development partners and investors**

During the reporting period, the Consultative Council continued to work using rotation mechanism for non-permanent members, i.e. representatives from the private sector, investors and representatives of bilateral and multilateral donors.

The rotation of four members of the Consultative Council from representatives of business associations and entrepreneurs has been carried out over this period.

Thus, on January 9, 2012 the Secretariat of the Consultative Council announced the beginning of the admission process for membership in the Consultative Council. The announcement of the start of this process was disseminated via e-mail among all partners and stakeholders, and was also published in weekly newspapers "Millat" and "Asia Plus" in one month.

During the specified time, until March 15, 2012, the Secretariat of the Council received a total of 22 applications from the interested individuals.

Based on the results, three new Council members from the private sector were presented by the Chairman in the 9<sup>th</sup> meeting of the Consultative Council.

In addition, it should be noted that two more members of the Council will be elected in the forthcoming 10<sup>th</sup> meeting of the Consultative Council from the representatives of domestic business. Those applications that were received by the Secretariat of the Consultative Council from 9 January to 15 March 2012 will be considered as candidates.

## **5. Collaboration and cooperation with partners.**

During the reporting period, in order to enhance good relationships with partners the Secretariat of the Consultative Council accomplished a certain work. In particular, regular meetings and talks of Mr. Zavkiev Zavkijon, the Head of the Secretariat were held with development partners, including: Mr. Ulf Hindström, Head of EBRD Resident Office in Tajikistan, Mr. Christopher Miller, International Finance Corporation Country Officer for Tajikistan, Mr. Hartwig Ungetum, Head of GTZ Project in Tajikistan, Mr. Nicolas Guigas, Deputy Director of Swiss Cooperation Office in Tajikistan and other representatives of development partners on the current activities of the Secretariat of the Consultative Council, the directions of future mutual cooperation and technical support from donors to the Consultative Council and Secretariat.

From this perspective, the development partners have supported a number of analysis and reforms. Including:

- analysis of the current legislation in the area of public-private partnerships and the development of draft laws of the Republic of Tajikistan "On public-private partnership" and "On the licensing system";
- reform of the leasing services market, exemption from VAT and import duties and transfer of process equipment via leasing (these reforms were supported by the International Finance Corporation);
- analysis of "Measures to improve the economic efficiency of agriculture towards food security", organized by the Association of agribusiness Tajikistan with the support of the United States Agency for International Development (the analysis was further refined by Association "MIDAT" with the support of the German Agency for International Cooperation);
- development of the Law of the Republic of Tajikistan "On the inspection of business entities" (with support from the German Agency for International Cooperation).

In addition, the development partners supported the establishment and operation of regional advisory councils in the regions, cities and districts. Consultative Council on improvement of the investment climate in the Khatlon region was established with technical support of the International Finance Corporation; the Consultative Council on improvement of the investment climate in Sughd region was created with technical support of the German Agency for International Cooperation; the Consultative Council on improvement of the investment climate in Farkhor district was created with the support of UNDP. Currently, the OSCE is supporting the establishment of the Consultative Council on improvement of the investment climate in the Rasht Valley.

During the reporting period, the Secretariat of the Consultative Council held many meetings and negotiations. In particular:

On December 13, 2011 a video conference was held in the office of the World Bank with the representatives World Bank in Washington, representatives of the State Committee on Investments and State Property Management of the Republic of Tajikistan, the Secretariat of the Consultative Council of OJHC "Barki Tojik" to discuss the introduction of a new indicator "electricity connection" in the World Bank "Doing Business" report, as well as an explanation of the methodology for its calculation.

On December 15, 2011 the World Bank and the Tax Committee of the Republic of Tajikistan, the Agency for social protection and pensions of the Ministry of Labor and Social Protection of the Republic of Tajikistan, Agency for Statistics under the President of Tajikistan, with the

involvement of representatives of the State Committee on Investments and State Property Management of the Republic of Tajikistan and Secretariat of the Consultative Council held an event to highlight the World Bank survey results and identify major legal, technical and information difficulties for the successful implementation of the "single window" for business registration. The purpose of this meeting was to identify further reforms in this area and their practical implementation.

On December 20, 2011 the World Bank Group, in cooperation with the National Association of Small and Medium Business of Tajikistan and the association "MIDAT" held a round table to discuss the investment climate and business environment in Tajikistan. The round table was attended by the representatives of government, private sector, development partners, and the Head of the Secretariat of the Consultative Council. The level of business confidence in Tajikistan; key events for businesses listed in the "Doing Business 2012" report; the most topical issues in the private sector that are applicable to various industries, as well as the possibility of the World Bank Group to resolve the existing difficulties and problems on reviewed issues in Tajikistan were discussed in the round table.

Different participants spoke in the round table, who made their suggestions and recommendations. In the debates, Mr. Zavkiev Z. noted some flaws and inconsistencies in the mentioned report that were identified by the experts of the Secretariat of the Consultative Council in the course of analysis and a rapid survey of small businesses indicating the need to further adjust these reports and also improve the methodology and its transparency.

On 21 and 22 December, 2011 the Head of the Secretariat of the Advisory Council held a meeting with Mr. Karen Grigoryan, Senior Economist of the World Bank Mission and Mr. Salman Zaidi, Country Economist for Tajikistan. The purpose of the meeting was to discuss the next steps and opportunities for cooperation between the World Bank and the Consultative Council, continuing the dialogue in private sector development, including prospective development of a special investment project with the relevant recommendations of the Secretariat of the Consultative Council.

During all of the meetings, the parties discussed areas of further cooperation in the framework of the Consultative Council's work in various areas, including improving the work of the Secretariat of the Council and building its human resource capacity, improving cooperation of the Secretariat with partners, the development of public-private dialogue, improving the effectiveness of decisions of the Consultative Council, the expansion of the information and monitoring activities of the Secretariat, etc.

Based on the results of held meetings it was agreed to further continue joint cooperation with the Secretariat of the Consultative Council with the representatives of private sector and development partners.

Further, the Head of the Secretariat of the Consultative Council plans to continue meetings with partners on an ongoing basis in order to determine the next steps for a mutually beneficial and fruitful cooperation.

Mr. Zavkiev Z., Head of the Council's Secretariat met with the U.S. Ambassador, Mr. Ken Gross, where they discussed issues related to improving the investment climate and attracting foreign investments in the Republic of Tajikistan.

Members of the Secretariat of the Council held a meeting with the World Bank team on "Doing Business", during which they discussed the reforms carried out by the Republic of Tajikistan under the "Doing Business" survey.

The Secretariat of the Council held a meeting with representatives of the private sector to discuss the issues to be discussed in the next meeting of the Consultative Council.

The Secretariat of the Council attended a meeting with Mr. James Brew, an international consultant on public-private dialogue, which was arranged with the support of the International Finance Corporation (IFC). Also, Mr. James Brew held a seminar on "Public-private dialogue", which was attended by members of the Secretariat of the Consultative Council.

Mr. Zavkiev Z., Head of the Council's Secretariat attended a business breakfast organized by the American Chamber of Commerce of the Republic of Tajikistan "AmCham". At this event, Mr. Zavkiev Z. presented to participants the strategy for strengthening the work of the Secretariat of the Consultative Council on improvement of investment climate under the President of Tajikistan for the medium term and informed about the current activities of the Secretariat of the Consultative Council.

Representatives of the Secretariat of the Consultative Council met with economic adviser of the Association "MIDAT" to discuss the issues of cooperation. During the meeting they discussed various ways of interaction, including exchange of information, cooperation with the private sector, etc.

Mr. Zavkiev Z., Head of the Secretariat of Consultative Council met with Mr. Marian Mraz, Lead Economist of GTZ Project. During the meeting, they discussed ways of mutual cooperation on major economic issues through economic modelling and forecasting.

Mr. Zavkiev Z., Head of the Secretariat of Consultative Council attended a round table on regional economic development and investment, organized by the U.S. Agency for International Development (USAID) and the American Chamber of Commerce in Tajikistan "AmCham". The round table was led by Mr. Robert Blake, Assistant Secretary of U.S. Department of State for South and Central Asia.

Mr. Zavkiev Z., Head of the Secretariat of Consultative Council met with a representative of the Information Agency "Asia Plus". During the meeting, they discussed issues of investment climate in the Republic of Tajikistan, as well as an agreement on cooperation with the agency "Asia Plus" as one of the business representatives, and as a partner from mass media.



## **6. Round tables, seminars, forums and meetings of the Regional Consultative Councils**

### **6.1 Round tables**

For the reporting period, the management and experts of the Secretariat of the Consultative Council participated in a number of round tables, forums, seminars and meetings of regional advisory councils. Thus, the major activities include the following:

On January 20, 2012 a round table was held in Dushanbe to discuss the topic "The Consultative Council on improvement of investment climate under the President of Tajikistan – an instrument to ensure free dialogue between the state and the private sector."

The round table was attended by representatives of the State Committee on Investments and State Property Management of the Republic of Tajikistan, the Secretariat of the Consultative Council on the improvement of investment climate under the President of Tajikistan, the private sector, entrepreneurs, and development partners.

Ms. M. Mahkamova, the Deputy Chairman of the State Committee on Investments and State Property Management of the Republic of Tajikistan made an opening speech, welcoming the guests and participants, who introduced the new Chairman of the Secretariat of the Advisory Council on the improvement of investment climate under the President of Tajikistan, and expressed confidence that with new Chairman of the Secretariat, the work the Consultative Council will move to a new level of quality.

The next speech was made by Mr Zavkiev Z., Head of the Secretariat of Consultative Council, who provided information on the achievements of the Council over the past year, and noted that the purpose of the Round table was to inform about the activities and achievements of the Council and its Secretariat for the past year, and the presentation of the future plans considering the identification of the main areas of cooperation with government agencies, private sector and development partners.

He also noted that in 2011, the Law of the Republic of Tajikistan "On the licensing system", the "Program on the enhancement of the export potential of fruits and vegetables processing sector for 2011-2012", the "Program for support of construction companies to improve the investment climate in the construction industry for 2012-2014", the "Plan for future activities of the Government of the Republic of Tajikistan on the application of information and communication technologies to improve governance" were adopted as part of the Consultative Council's work, as well as other regulations that promote business activity and private sector development and elimination of administrative barriers.

One of the significant achievements of the Council in the past year is exemption from VAT and customs duties in importing and transfer of equipment through leasing. This issue did not find a solution for recent years. In this regard, according to the protocol decision of the 8<sup>th</sup> meeting of the Consultative Council, the draft laws of the Republic of Tajikistan "On Amendments to the Tax Code of the Republic of Tajikistan" and "On Amendments to the Customs Code of the Republic of Tajikistan" were developed, which were adopted by *Majlisi Namoyandagon Majlisi Oli* of the Republic of Tajikistan.



Public-private dialogue is one of the integral parts of the reforms, and now this dialogue is also developing at the regional level through the creation of regional councils to improve the business and investment climate under the Chairmen of regions.

During the four years of its activities, the Consultative Council sufficiently strengthened its position and has achieved a sustainable public-private dialogue on the highest level.

Regardless of the progress made, there are still difficulties in improving the business and investment climate, and the Consultative Council should take steps to address them.

In this regard, Mr. Zavkiev Z., Head of the Secretariat of Consultative Council presented a Strategy for strengthening the Secretariat of the Consultative Council on improvement of investment climate under the President of the Republic of Tajikistan for the medium term.

This strategy is developed based on the suggestions of the private sector and is aimed at simplifying the tax administration and statistical reports, eliminating groundless inspections, strengthening public-private partnerships, providing access to long-term loans with low interest rates for actual support of small and medium businesses.

The main goal of the Strategy is to strengthen the activities of the Council and its Secretariat, building partnership between government and the private sector, and development partners, and co-operation with the Regional Councils.

Mr. Radjabov F., Chairman of Tajikistan's Builders Association and Ulf Hindström, Head of European Bank for Reconstruction and Development Resident Office in Tajikistan spoke on behalf of the private sector and development partners. In their speeches, they provided information about the role of the private sector and international organizations in the work of Consultative Council.

During the round table, the participants had a lively discussion on all issues of the agenda in which participants presented a number of interesting proposals.

For example, the representatives from the private sector - Mr. M. Muhabbatov, Director of LLC "Rukhom", Mr. Saidov Z., Chairman of the Association of entrepreneurs and producers, Mr. Kadyrov M., Deputy Director of Business Support and Development Center of Dushanbe, Mr. T. Sharipov, Deputy Chairman of the Association of entrepreneurs and exporters, and representatives of development partners - Mr. Edward Auer, Ambassador of the EU Delegation in Tajikistan, Mr. Hartwig Ungetum, Project Manager of the German Agency for International Cooperation and others made various proposals on the improvement of business and investment climate. Among the concerns expressed, the entrepreneurs noted the difficulties in the area of processing of raw minerals in the country, including gold and precious stones, production of finished products, the complex system of tax administration, baseless inspections and other pressing issues affecting the development of business. Mr. Zavkiev Z., Head of the Secretariat of Consultative Council responded to all the questions raised by the participants.

At the end of the round table, the participants expressed hope that the implementation of the submitted strategy would address many of business-related issues in the Republic of Tajikistan.

## **6.2 Presentations**

On April 26, 2012 representatives of Secretariat of the Consultative Council took part in the Presentation of “Reforms of VAT Tax System for leases” conducted in Dushanbe and organized by the International Finance Corporation.

Vice Prime Minister of Tajikistan Mr. Murodali Alimardon, Ambassador of Delegation of European Union in Tajikistan Mr. Eduard Auer, IFC Country Office Director Mr. Christopher Miller, Manager of IFC Agribusiness Finance and Business Environment Project in Tajikistan Mr. Raiomand Billimoria and others participated in the Presentation.

During Presentation and participants' speech it was mentioned that the reform in lease taxation sector will facilitate the development of national economy of Tajikistan by improved access to financial resources for entrepreneurs, since amendments in tax legislation will lead to increase of financing and leasing operations, boost of new employment, raise of internal production of goods and services, growth of deals in sector of leasing services, increase in number of leasing services suppliers and growth of competition, raise of investments in leasing sector and investments from international financial institutions.

In the presentation the role of Consultative Council was particularly stressed in promotion and solution of questions related to VAT and customs duty release from imported technological equipment through leasing and development of leasing services in Tajikistan. Review of the mentioned question in Consultative Council meeting allowed fast and constructive reform of VAT system for leasing. So, in particular, the Government of the Republic of Tajikistan accepted amendments to the legislation in terms of optimization of taxation of leasing operations in November 2011 which were approved by the Lower and Upper Houses of Parliament of the country later in December 2011 and March 2012 accordingly.

## **6.3 Seminars**

On December 16, 2011 in State Committee on Investments and State Property Management of the Republic of Tajikistan a seminar on “Cooperation of regional platform of Public – Private Dialogue in the Republic of Tajikistan” took place. Representatives of state bodies, private sector and development partner organizations participated in the given seminar.

Specification of this seminar enclosed presence of representatives of not only national level of Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan, but also regional Secretariat of the Consultative Council on Improvement of Investment Climate under the Chairman of Gorno – Badakhshan Autonomous region, Secretariat of the Consultative Council on Improvement of Investment Climate under the Chairman of Sogd region, Secretariat of the Consultative Council on Improvement of Business Environment and Investment Climate under the Chairman of Khatlon region as well as being currently under formation process - Secretariat of the Consultative Council under the Chairman of Dushanbe city.

During the seminar representatives of the Secretariats had opportunity to exchange work experience with colleagues, discuss specific models of structure of each Council, share achieved results and get answers to existing questions. In view of the fact that regional Councils were

formed very recently, they were curious to know a lot from the representatives of Secretariat of the National Council, particularly, main work directions, organizational methods and judicial

aspects of activities of investment Council and Secretariat, rotation procedures of Council members, mechanisms and ways of cooperation with partners, creation and participation in working groups, organizational order and conduction of Council meetings, monitoring mechanisms of reforms and Council decisions as well as stage of approval of all documents and their implementation. Special focus was turned to informing the public on activities of Council through mass media and media components. During the seminar the information about Council websites, process of their constant update and demand by all the members of public – private dialogue was presented. From the Secretariats' side the fact of close cooperation with development partner organizations and their technical support was stressed.

Particularly, during the presentation, the Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan discussed in depth one of the most important components of Secretariat's work – monitoring of implementation of decisions of Consultative Council by related state bodies. The information on conducted interim meetings with Prime Minister of the Republic of Tajikistan was presented, where results of conducted monitoring were discussed thoroughly.

Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan proposed ways of further mutual cooperation with Regional Consultative Councils and Secretariats by means of constant exchange of experience, information, necessary documentation, participation at meetings of Consultative Council, bring forth suggestions, recommendations and questions from the Regional Councils to the national level and etc.

According to seminar results, participants made mutual decision on consolidation of their activities to strengthen and develop public – private dialogue in the Republic of Tajikistan and improve investment and entrepreneurial climate in the country.

#### **6.4 Forums**

On 13 – 15 September 2011 in Kairakum city of Sughd region Economic Forum on “Free Economic Zones of Tajikistan: Development Perspectives” took place.

Organizers of this Forum were Ministry of Economic Development and Trade of the Republic of Tajikistan and Free Economic Zone Administration of “Sughd” with support of Executive body of state authority of Sughd region, National Bank of Tajikistan and Bureau of OSCE in the Republic of Tajikistan.

The main purpose of the Forum was to inform the government, business, social and scientific circles as well as foreign investors about activities and advantages of Free Economic Zones (FEZ) in Tajikistan, brainstorm of new ideas and suggestions on improvement of regulatory activities of FEZ, cooperation of Ministry of Economic Development and Trade and international organizations on FEZ, attraction of investors and activation of cooperation between investors and FEZ Administration.

Besides, organizers of the Forum pursued the aim of creation of favorable conditions for cooperation and development of relationships between representatives of state bodies, Administration of FEZ, local and foreign companies, informing investors about advantages of FEZ in the country, come up with suggestions on improvement of regulatory framework of FEZ activities, development and implementation of mechanisms of public – private partnership in Tajikistan. Specific focus was directed to Russian participants who got a chance to visit enterprises in the territory of FEZ “Sughd”, present a report in the round tables and negotiate questions related to economic cooperation, educational and innovational projects with Tajik partners.

The work of the Forum was implemented by 300 people from 17 countries of the world and 15 international organizations including representatives of business, scientific, social and political circles of Russian Federation, the “International Russia” of All-Russia people’s front.

According to results of the Forum, a meeting of “Sughd” FEZ Administration Head Anvar Yakubov with Co-Chairman of Moscow regional group “International Russia” of All-Russia people’s front Ms. Tatyana Poloskova was held. During the meeting, agreement was reached on preparation and conduction of mutual scientific – practical conference in Moscow “Tajik Diaspora in Russia – economic and cultural potential of the Republic of Tajikistan” in 2012. In addition, agreement was reached on organization of number of presentations in Russian FEZ regions of Tajikistan. Besides, in the near future, initiative of “International Russia” of All Russia people’s front expects new participants from Tajikistan.

#### **6.5 Meetings of Regional Consultative Councils**

Consultative Council is one of the most effective instruments of public – private dialogue in the Republic of Tajikistan that assists private sector to express its opinion and suggest ways of resolution of country entrepreneurs' problems, herewith assuring that the voice of private sector will be heard at all levels of government, which at the same time facilitated the creation of

Regional Consultative Council (RCC) under the Chairman of GBAO, Sughd, Khatlon regions as well as Chairman of Farkhor district.

RCC plays a role of expert that promotes reasonable reforms to support and develop entrepreneurship, improve investment climate in regions, cautioning local governmental bodies from serious mistakes while projecting and implementing reforms.

On November 25, 2011 the first meeting of Regional Consultative Council under the Chairman of Sogd region on improvement of investment climate was held in Khujand under the management of Chairman of Sogd region.

Chairman of Sogd region, Chairman of Council Mr. Kohir Rasulzoda, Deputy Chairman of Sughd region Mr. Rustamov S.S., DFID representative Mr. Rajabov S., Director of OJSC “Sughdagroserv” Ms. Suleimanova M., General Director of JV “Zerafshan” Mr. Li Fen participated in the work of the Council.

Representative of Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan Mr. Khalikov S., Deputy Director of GIZ project on Private Sector Development Ms. Kasimova Z., representative of UNDP regional office Ms. Sharipova G. as well as the Senior representatives of Regional Committees and Departments directly dealing with entrepreneurs were invited to the Council meeting.

According to the Agenda the following issues were addressed in the first meeting:

1. Goals and objectives of the Regional Consultative Council under the Chairman of region on Improvement of Investment Climate.
2. Organization of the work and approval of composition of the Council.
3. Approval of Executive Council Secretary.
4. Investment environment in Sughd region
5. Approval of Agenda of the second Regional Consultative Council meeting

During the meeting the Chairman of the region presented detailed information about goals and objectives of the Council stressing that Council is created to solve problems on improvement of investment climate in Sogd region and develop public – private partnership.

Moreover, Head of GIZ Project in Tajikistan Mr. Hartwig Ungethuen, Deputy Chairman of Sughd region Mr. Rustamov S.S., Head of Investment and Management of State Property Unit in Sogd region Mr. Inomov I.N., Head of Association of Small And Medium Entrepreneurship Mr. Sangin I., representative of Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan Mr. Khalikov S. made speeches in the meeting.

Besides, the Executive Secretary of the Council was elected and its members were approved during the meeting.

One of the next meeting’s Agenda issue was the review of State Program on Development of Fruit and Vegetable Processing Industry in 2010 – 2012 and plan of action in Sughd region.

In conclusion, the Regional Council under the Chairman of Sogd region was recommended to strengthen cooperation with the Secretariat of the Consultative Council under the President of the Republic of Tajikistan on Improvement of Investment Climate.

## 7. Perspectives of further activities

With the purpose of conducting further reforms, the Consultative Council and the Secretariat plan to continue activities on improvement of investment climate, development of public-private dialogue and promotion of proposals and recommendations of business associations.

Subsequent activities involve continuation of monitoring of implementation of approved documents and decisions of the Council, preparation and conduction of regular Council meetings, development and adoption of relevant Consultative Council Working Plans as well as conduction of broad public awareness campaigns about achieved results and implemented reforms.

Hereinafter, the following will be priority areas of Consultative Council activities:

- strengthening Public-Private dialogue;
- simplification of administrative procedures for investors;
- removal of administrative obstacles to entrepreneurship, which function with licenses;
- improvement of investment climate in tourism sphere;
- establishment of credit rating of the country;
- assist in ratification of the Hague Convention (the Apostille Convention of 1961) on recognition of documents in countries that ratified the Convention by the Republic of Tajikistan;
- improvement of Investment and business climate in insurance sphere;
- speeding up the process of implementation of international standards of accounting in enterprises.
- development of existing Free Economic Zones, including FEZ “Pyandj” and “Dangara” and taking necessary measures on their effective development including development of cross-border trade;
- facilitation in development of necessary action plans on creation of small and medium enterprises in industrial sector, processing of agricultural products including fruits and vegetables, processing of ginned cotton and production of the final product, cattle breeding and poultry production, processing of meat and milk particularly in remote mountainous regions;
- development of agriculture sector and land use;
- facilitation in simplification of access to long-term credits with low interests for production development;
- development of main indicators of business environment together with private and public sectors involving development partners (dealing with investment climate);

The following measures will be taken jointly with partners in order to achieve above mentioned goals:

- preparation of questions for forthcoming Council meetings jointly with partners and development of new framework of Council meeting conduct;
- continuation and strengthening of monitoring process of implementation of official Council decisions; participation in television broadcasts and discussions, preparation of materials for electronic and printed media about Council activities and reform processes, constant update and improvement of Council website;



- broaden partnerships by attracting entrepreneurs, representatives of Ministries, development agencies and partners;
- facilitation in improvement of partnerships between private and public sectors and development partners as well as direct private sector capacity building;
- improvement of the process of question selection to discuss in the Council meetings considering their relevance and precedence (filtration);
- organization of educational seminars and trainings on market economy (main topics will be prepared considering opinion of the private sector) along with development partners' support;
- strengthening the collection of analytical and exploratory research related to private sector problems;

In order to strengthen the cooperation of Consultative Council with Regional Councils, it is necessary to create integrated nation-wide mechanism of consultative councils with the aim of provision of their independence and effective performance in the future; intercommunication and coordination of performance at the necessary level; resolution of existing problems for all regions of the country; increase of responsibility of state bodies in the field of reform implementation; provision of compulsory participation of Secretariat representatives at meetings of Regional Councils with the possibility to access information about activities of Regional Councils and organization of regular meetings with representatives of Regional Councils for experience exchange. Moreover, it is required to make possible efforts to create Regional Consultative Council in Rasht valley.

Work results and performance achievements of the Consultative Council for the last period showed that idea of public-private dialogue is widely supported in the community. Consultative Council is the only platform of cooperation between government and businesses at the horizontal level with participation of development partners, that provide open dialogue between private and public sectors on the constant basis.

Activities of the Consultative Council for the last period showed once again that it is important institution for establishing dialogues between government and businesses involving resolution of main existing issues of the entrepreneurs.



**Attachment 1**

**Monitoring results of decision implementation of 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> meetings of the Consultative Council**

<b>Official decision of the 7<sup>th</sup> meeting of the Consultative Council dated from 15<sup>th</sup> March, 2011 №1/12.2-2</b>			
<b>Content of the official assignment</b>	<b>Due date of implementation</b>	<b>Implementation process</b>	<b>Remarks</b>
According to the acting instruction, submit to the review of the Tajik Government the draft of Action Plan of the Government of Tajikistan for strengthening the process of economic reform on improvement of investment climate in the Republic of Tajikistan.	First half of 2011	<i>Implemented</i> Draft Action Plan of the Government of Tajikistan for strengthening the process of economic reform on improvement of investment climate in the Republic of Tajikistan was reconciled with the relevant ministries and departments and submitted to the Government of Tajikistan. However, due to inclusion of some points of the given project to the Action Plan of the Government of Tajikistan approved by the relevant decree №276 dated from 29 <sup>th</sup> of May 2010, adoption of this Plan was impractical.	
Enhancement of the draft of the Program to support construction companies on improvement of investment and business climate in construction field for 2012-2014.	2011	<i>Implemented</i> Draft Program to support construction companies on improvement of investment and business climate in construction field for 2012-2014 was completed and Program was adopted by the decree of the President of Tajikistan №459 dated from 4 <sup>th</sup> of October, 2011.	
Creation of Regional Consultative Councils on Improvement of Investment Climate under the Chairmen of regions and Dushanbe city.	2011	<i>Partially implemented</i> Consultative Councils under the Chairmen of GBAO, Sughd and Khatlon regions are created. Creation of Consultative Council under the Chairman of Dushanbe city is under the review.	
Presentation of private sector proposals in further Consultative Council meetings.	Regularly	<i>Being constantly implemented</i> In the forthcoming Consultative Council meetings revised version of Tax Code of the Republic of Tajikistan, issues related to the development of small and medium enterprises and strengthening the public-private partnership, revised version of draft laws of the Republic of Tajikistan on "Inspection of performance of economic	

		entities in the Republic of Tajikistan” and other questions submitted by the private sector will be discussed. All stages of question filtration were followed.	
Development of revised version of the Tax Code of the Republic of Tajikistan.	2012	<i>Implemented</i> State Commission on development of revised Tax Code of the Republic of Tajikistan was created. Commission developed revised Concept of Tax Code that was approved by the Decree of the President of Tajikistan. At the 9 <sup>th</sup> meeting of the Consultative Council Report of Chairman of State Commission on Development of Revised Tax Code under the Finance Minister of the Republic of Tajikistan was heard. This project of the Republic of Tajikistan was developed and adopted by the Government of the country and currently submitted to the Majlisi namoyandagon Majlisi Oli of the Republic of Tajikistan	
Difficulty elimination of receiving credits for construction development by the National Bank of Tajikistan, Ministry of Finance and Ministry of Economic Development and Trade.	Regularly	<i>On progress of implementation</i> According to the information of the National Bank of Tajikistan, currently banking system utilizes all possibilities for attracting internal and foreign investments and expanding access to long term credits for entrepreneurial development in the production field. As of 2011, process of lending in the Republic has a growing tendency. Simultaneously, for development of construction field and increase of long term credits in the Republic, the following arrangements should be made: <ul style="list-style-type: none"> <li>- create suitable conditions for domestic construction companies by the relevant bodies</li> <li>- reduce customs duties and embed reasonable tax system to import modern equipment and technology for manufacture of construction materials in the republic</li> <li>- create conditions for domestic and foreign companies to attract investments.</li> </ul>	

Conducting explanatory works between entrepreneurs of remote areas about reforms in progress.	Regularly	<i>Under constant implementation</i> In this direction, business associations, Consultative Council members representing private sector together with Council Secretariat and development partners conduct seminars and meetings in the regions of the Republic.	
<b>Official decision of the 8<sup>th</sup> meeting of the Consultative Council dated from 8<sup>th</sup> of November 2011, №1/12.2-11</b>			
Corresponding ministries and departments should provide full, quality and timely implementation of all Consultative Council decisions.	Regularly	<i>Under constant implementation</i> Monitoring of implementation of Consultative Council decisions is constantly conducted in ministries and departments and results are discussed in Consultative Council meetings. Interim meetings with the Prime Minister of Tajikistan about the process of implementation of Consultative Council decisions are conducted when required.	
In forthcoming governmental meeting of Tajikistan corresponding Departments of Tajik Executive Presidential Administration should present legislations on taxation of leasing operations, submitted by the Ministry of Finance of the country.	One month	<i>Implemented</i> Tajik draft laws “On Amendments and Additions to the Tax Code of the Republic of Tajikistan”, “On Amendments and Additions to the Customs Code of the Republic of Tajikistan” were approved by the Tajik Decree №585 dated from December 3, 2011, and submitted to Majlisi namoyandagon Majlisi Oli of the Republic of Tajikistan. These laws are adopted by Majlisi namoyandagon Majlisi Oli of the Republic.	
State Committee on Investment and State Property Management of Tajikistan along with Secretariat of Consultative Council, representatives of state bodies, private sector and development partners should: - prepare and submit in the forthcoming meeting of Consultative Council draft laws of Tajikistan “On Public-Private Partnership”, “On Subsoil Management”, “On approval of Standard	First half of 2012	<i>On progress of implementation</i> Working Groups under the State Committee on Investment and State Property Management of Tajikistan are developing revised versions of draft laws “On Public-Private Partnership”, “On Subsoil Management”, “On Inspection of Activities of Economic Entities in Tajikistan” as well as Program outline “On Improvement of Investment Appeal of Subsoil sphere”. The Tajik draft law “On public-private partnership” is approved by the Government of Tajikistan and submitted to Majlisi	

Procedure of Inspection of Economic Entities; - conduct the comprehensive analysis of investment and entrepreneurial climate in Tajikistan and present results in the next meeting of Consultative Council.		namoyandagon Majlisi Oli of the Republic. Comprehensive analysis of investment and entrepreneurial climate in Tajikistan is constantly conducted and results are discussed in the Consultative Council meetings.	
The Chairman of State Commission on development of revised version of Tax Code should submit extensive information on this project in the forthcoming meeting of Consultative Council.	First half of 2012	<i>Implemented</i> In the 9 <sup>th</sup> meeting of Consultative Council report of the Chairman of State Commission on development of revised version of Tax Code was heard. Currently, the revised Tax Code is approved by the Government of Tajikistan and adopted by Majlisi namoyandagon Majlisi Oli of the country.	
Chairmen of GBAO, Sogd and Khatlon regions as well as Dushanbe city should conduct comprehensive analysis of investment and entrepreneurial climate, take measures to mitigate problems and enhance role of entrepreneurs and present information in further Consultative Council meetings.	Regularly	<i>Implemented</i> In the 9 <sup>th</sup> meeting of Consultative Council report of the Chairman of Regional Consultative Council on Improvement of Investment and Business Climate in Khatlon region about activities of Regional Council was heard. President of Tajikistan gave the Chairman of Regional Council concrete instructions which were indicated in meeting Protocol. On 10 <sup>th</sup> meeting it is planned to hear report of Chairman of Regional Consultative Council on Improvement of Investment and Business Climate of Sogd region.	
Ministry of Agriculture of the Republic of Tajikistan should: - urgently examine question on remission of import duties for some types of mineral and organic fertilizers, plant protection chemicals and high quality seeds and submit relevant draft regulations to the Government of Tajikistan according to established schedule;	First quarter of 2012	<i>Partially implemented</i> Ministry of Agriculture of the Republic of Tajikistan prepared draft regulations concerning import VAT remission for some types of mineral and organic fertilizers, plant protection chemicals and high quality seeds. Projects were submitted to the Government of Tajikistan after reconciling with relevant ministries and departments. However, Government of Tajikistan did not accept	

- along with Ministry of Melioration and Water Resources, Academy of Agricultural Science and sectoral institutes, local governmental authorities and investors take measures on introducing modern agricultural technology including water-saving machinery for water supply, high quality seeds, effective land use and its meliorative condition and thereupon increasing productivity of agricultural field. Proposals should be submitted to the Government of Tajikistan.		corresponding documents. According to instruction of the President of the Republic of Tajikistan, specified modifications should be included in the revised version of the Tax Code of Tajikistan. Proposals of Ministry of Agriculture of Tajikistan on introducing modern agricultural technology including water-saving machinery for water supply, high quality seeds, effective land use, its meliorative condition and increasing productivity of agricultural field are presented to the Government of Tajikistan.	
Ministries of Melioration and Water Resources, Agriculture, Economic Development and Trade of the Republic of Tajikistan should take measures on elimination of tendency of agricultural land unsuitability, provision of high quality construction works and rehabilitation of irrigation facilities implemented by investment projects and submit information about results to the Government of Tajikistan.	First quarter of 2012	<i>Implemented</i> Detailed information is submitted to the Government of Tajikistan.	
Ministry of Finance of the Republic of Tajikistan, National Bank of Tajikistan and other relevant bodies should take measures to solve problems on obtaining long term credits for development of agriculture and submit information to the Government of Tajikistan.	First quarter of 2012	<i>On progress of implementation</i> According to the information from the National Bank of Tajikistan, currently banking system uses all possibilities to expand access to long-term credits in agricultural field. In this direction National Bank of Tajikistan cooperates with Development Bank of China and attracts credits through commerce banks for agricultural development. To solve this problem, National Bank of Tajikistan offers Tax benefits as well as expansion of long term provision of	

		subsidized loans for the account of state budget.	
Assure participation of Senior representatives of Ministries and Departments from economic block in Consultative Council meetings.	First half of 2012	<i>Regularly implemented</i> Head of Ministries and Departments from economic block are invited as observers to the Consultative Council meetings.	
<b>Official decision of the 9<sup>th</sup> meeting of the Consultative Council dated from 10<sup>th</sup> of April 2012 №1/122-7</b>			
Government of the Republic of Tajikistan should: - repeatedly examine the submitted revised version of Tax Code considering opinions of entrepreneurs, investors, sectoral ministries and departments as well as other taxation entities including international organizations during its finalization; - with the help of independent and foreign experts prepare analysis of positive and negative influence of new revised version of the Tax Code on state budget, economic activity of private sector and social stability of the country population compared to existing Tax Code of Tajikistan within three months.	During 3 months	<i>Implemented</i> In order to implement this point certain activities have been done. Particularly, State Committee on Investment and Management of State Property conducted number of meetings with representatives of country entrepreneurs and their proposals are submitted to State Commission on Development of revised version of the Tax Code. Moreover, joint meeting with entrepreneurs, representatives of tax institutions, Ministry of Finance of Tajikistan and State Commission on Development of revised version of the Tax Code was conducted, where proposals and remarks of entrepreneurs to the Tax Code were heard.  In accordance with the instruction from the extended business meeting with the President of the Republic of Tajikistan on May 8, 2012, State Committee on Investment and Management of State Property jointly with an international expert conducted analysis of influence of revised version of the Tax Code on development of entrepreneurship and investment. Results of the analysis are submitted to the Government of Tajikistan. Currently, revised version of the Tax Code is approved by the Tajik Government and adopted by Majlisi Namoyandagon Majlisi Oli of the Republic.	
State Committee on Investment and Management of State Property of Tajikistan	Present in the next Consultative Council	<i>On progress of implementation</i> In order to implement this instruction, a working group under	

jointly with Secretariat of Consultative Council, representatives of relevant ministries and departments, private sector and development partners should conduct analysis on simplification of administrative procedures for investors and elimination of administrative barriers for entrepreneurs operating based on Certificate and present the results in one of the forthcoming Consultative Council meetings.	meeting	the State Committee on Investment and Management of State Property is created with partners' assistance. This working group conducts analysis on simplification of administrative procedures for investors and elimination of administrative barriers for entrepreneurs operating based on Certificate. Results will be presented in forthcoming Consultative Council meetings.	
Secretariat of Consultative Council should constantly control and monitor implementation of Consultative Council decisions, and discuss monitoring results with the Prime Minister of the Republic of Tajikistan when required.	Regularly	<i>Being constantly implemented</i> Secretariat of Consultative Council constantly conducts monitoring of implementation of Consultative Council decisions in the ministries and departments and submits the results to the Executive Secretary of Consultative Council.  Currently monitoring of decision implementation of the 9 <sup>th</sup> Consultative Council meeting is conducted and results are submitted to the Executive Secretary of Consultative Council.	
Executive state body of Khatlon region along with relevant ministries and departments, private sector with attraction of local and foreign investments should develop necessary action plans: a) for creation of small and medium enterprises: - in industrial sector, processing of agricultural products including fruits and vegetables, processing of ginned cotton and production of the final product, cattle breeding and poultry production, processing of meat and milk; - in tourism and other important economic sectors; b) to increase number of industrial	Regularly	<i>Being constantly implemented</i> According to information of the Executive state body of Khatlon region which was submitted to the Government of Tajikistan, aiming for development of industrial sector, 157 modern small and medium enterprises will be created in the region in 2012-2013 with attraction of investors. 23 small and middle enterprises were created in the region within four months of the current year. It should be mentioned that Executive state body of Khatlon region pays special attention to creation of small and middle enterprises in mountainous regions of the country; hence in 2012-2013 creation of enterprises on processing of fruits and	



enterprises in the regional territory, particularly in remote mountainous regions.		<p>vegetables as well as cattle breeding production with attraction of local investors is forecasted in the following regions: Khovaling -6 enterprises, Muminabad -7 enterprises, Baljuvon -4 enterprises, Temurmaliq -8 enterprises and Shurabad -11 enterprises.</p> <p>Simultaneously, for effective use of current potential on processing of local raw material, a Program on socio-economic development of Shurabad, Hamadoni, Farkhor, Kumsangir, Kubodien and Jillikul regions is developed with the support of UNDP. This Program is approved for N.Khusrav region for 2012-2015. Currently, development of the Program for Nurek is under the process.</p> <p>All conditions for development of entrepreneurship and attraction of local and foreign investors are created. Regional Consultative Council on Improvement of Investment and Business Climate under the regional Chairman is working efficiently. In the course of its activities, working groups are created that conducted analysis on processing of agricultural products, development of investment projects and creation of industrial enterprises and etc.</p>	
Ministry of Economic Development and Trade of the Republic of Tajikistan with cooperation of Executive state bodies of Khatlon region with attraction of development partners should conduct detailed state analysis of FEZ “Pyandj” and “Dangara” and take necessary measures on their effective development including development of cross-border trade. Results should be reported to the Government of Tajikistan every six months.	Regularly	<p><i>Being constantly implemented</i></p> <p><b><i>Information on activities of FEZ “Pyandj”</i></b></p> <p>With the purpose of development of FEZ activities and creation of enterprises in the first half of 2012, Administration of FEZ “Pyandj” conducted different meetings and events with development partners and representatives of foreign countries. However, during 3 years it was clear, that without necessary infrastructure (roads, electricity, water lines, sewage system, fences surrounding FEZ) and new investment attraction, stable work of FEZ is impossible. Budget means of 300 thousand</p>	

		<p>Somoni in 2011 and the same amount in 2012, allocated for mentioned purposes are not significant. Based on Intergovernmental Agreement between Tajikistan and Poland, 5 million USD is planned to be allocated with the aim of FEZ “Pyanj” infrastructure building.</p> <p>Currently, FEZ “Pyanj” has six registered companies with investment provision of 19,5 million USD according to the business plan. These companies will be granted 18,7 hectares of land for lease.</p> <p>At present time, Administration of FEZ at its expense and at expense of allocated funds by the Government of Tajikistan, implemented certain works on development of general plan and zone topography, project of water lining, pump stations, water precipitation, construction works on basic infrastructure, zone fencing, electrification and etc.</p> <p>On the first half of 2012 in FEZ “Pyanj” one more company “Santekhnika Service” has registered.</p> <p style="text-align: center;"><b><i>Information on activities of FEZ “Dangara”</i></b></p> <p>With the aim of FEZ activity development and creation of enterprises in the first half of 2012, Administration of FEZ “Dangara” conducted the following works:</p> <p>with the purpose of creating basic infrastructure conditions, the Governmental Committee on Investment and Management of State Property of RT, international airport of Dushanbe city and investment projects that completed their activities have allocated FEZ Administration transportation means and agricultural machinery.</p> <p>Currently 14 candidates have reported about their willingness to register at FEZ from which “U and F Service” LLC and</p>	
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		<p>“Cosmos” LLC have already registered.</p> <p>As a result of negotiation with foreign partners, there is an intention to create the following enterprises:</p> <ul style="list-style-type: none"> <li>- construction of cement plant, plant on food production for cattle breeding as well as electric power meter plant from Iran;</li> <li>- small enterprise on production of soap by local entrepreneurs;</li> <li>- oil refinery plant from China;</li> <li>- organization of logistics center and goods storage for transit to Afganistan by the Russian Federation;</li> <li>- introducing solar battery by Israel and Holland;</li> <li>- plant on sugar production by Poland;</li> <li>- enterprises of light industry by Pakistan;</li> <li>- flour milling plant by Kazakhstan.</li> </ul> <p>In order to create these enterprises, investment attraction of 100 million USD is forecasted.</p> <p>With the aim of investment attraction, FEZ Administration developed 21 investment projects and submitted to diplomatic delegations of foreign countries and international organizations through MFA.</p> <p>April 17, 2012 was Doors Open Day. Fencing and construction works on building of FEZ Administration are going on.</p>	
Executive state bodies of cities and regions in cooperation with relevant ministries and departments, entrepreneurs, professional educational institutions and development partners should take necessary measures to strengthen professional skills of entrepreneurs, create educational centers for entrepreneurs and facilitate their effective performance. Results should be submitted every six months to the	Regularly	<p><i>Being constantly implemented</i></p> <p>Currently head of local executive state bodies of cities and regions pay special attention to improvement of investment and business climate.</p> <p>Center of Support and Development of Entrepreneurship is created in Khatlon region. With the assistance of local executive state bodies the Center is supplied with a building. Along with Regional Councils, District Councils on Improvement of Investment Climate have been created. For</p>	

Consultative Council Secretariat.		instance, with the support of development partners in Farkhor district Consultative Council on Improvement of Investment Climate under the Chairman of the district was created and their first Council meeting took place. In the near future, Executive state body of Kulyab city also has intention to create similar Council. Works on creation of the Rasht valley Council are being conducted.	
Regional Consultative Council on Improvement of Investment Climate and Entrepreneurship in GBAO, Khatlon and Sogd regions reconciled questions of the future meetings of regional Councils with the Secretariat of Consultative Council on Improvement of Investment Climate under the President of RT.	Regularly	<i>Being constantly implemented</i> Secretariat of Consultative Council together with State Committee on Investments and Property Management aligned constructive cooperation with regional councils of GBAO, Khatlon and Sogd. Questions that will be discussed in the meetings of regional council are coordinated with the Secretariat of the Consultative Council on Improvement of Investment Climate under the President of RT.	
Members of the Consultative Council representing private sector must conduct active explanatory works among entrepreneurs about the processes of economic reforms regarding improvement of investment climate and entrepreneurship and must report in the meetings of Consultative Council.	Regularly	<i>Being constantly implemented</i> In order to inform about the processes of economic reforms regarding improvement of investment and business climate and Council decisions, Secretariat of Consultative Council conducts certain arrangements through mass media. Moreover, head of Secretariat prepared and published articles on activities of Council in "Asia Plus" newspapers, "Bonkdori" magazine and etc. Also, other electronic information was submitted to the press. Every month Secretariat publishes Bulletin of Council and its Secretariat's work in Tajik, Russian and English languages and distributes it to partners, state bodies, private sector and development partners. In addition, the website of the Council, where updated information about Council's work is posted,	

		operates.	
Members of the Consultative Council representing private sector should activate their work in the process of economic reform directed to the improvement of investment and business climate, conduct explanatory works among entrepreneurs and report the results in the meetings of Consultative Council.	Regularly	<p><i>Being constantly implemented</i></p> <p>Secretariat of Consultative Council closely collaborates with Council members and recommends them to constantly conduct explanatory works about economic reforms in the regions. Explanatory works were conducted in the regions of the country by the Construction Association of Tajikistan, Union of Business-Associations of Sogd region, Center of Coordination of Business Associations and Tajik Public Associations, Microfinance Institutions of Tajikistan and other organizations. In May and June of the current year Microfinance Association of Tajikistan conducted meetings with the members of associations, public state bodies and other finance institutions that work in Khatlon and Sogd regions. Participants of these events received information about changes and amendments to the country legislation that regulates their business, particularly about the new Law of RT “On Microfinance Institutions”. Participants were also informed about the work of Consultative Council on Improvement of Investment Climate under the President of RT, about process of legislation development including revised draft laws of RT “On public-private partnership”, “On governmental protection and support of entrepreneurship” and “On inspection of economic entities”. In the first half of the year more than 2000 farmers of Khatlon region were trained regarding financial literacy and informed about the process of economic reforms that are conducted with participation of the Consultative Council. However, it is necessary to mention that not all members of the Council representing private sector work effectively in this direction.</p>	
To submit a report to the Chairman of the	Until the 10th	<i>Being constantly implemented</i>	

Regional Consultative Council on improvement of investment and business climate in Sughd region.	meeting of the Consultative Council	<p>In accordance with protocol decision of 9<sup>th</sup> meeting of the Council, the report of the Chairman of the regional Council on improvement of investment climate in Khatlon region was heard.</p> <p>In the 10th meeting, report of Chairman of the regional Council on improvement of investment climate in Sogd region is planned.</p> <p>In the 11th meeting, presentation of the Chairman of the regional Council on improvement of investment climate in GBAO is planned.</p>	
Banks and Microfinance Institutions are recommended to increase the volume of financing with low interest rates for women-entrepreneurs.	Regularly	<p><i>Being constantly implemented</i></p> <p>As per information of Association of Microfinance Institutions in Tajikistan, one of the main directions of Associations' work is to facilitate the reduction of credit interest rates provided by Microfinance Institutions. Association's work in this direction is accomplished via several mechanisms:</p> <ul style="list-style-type: none"> <li>- Association is one of the active clients of Working Group under the National Bank of Tajikistan on improving existing legislation concerning issues related to credit access. Activities of this Working Group are supported by the World Bank. Objective of this Group is to develop mechanisms which facilitate expansion of access to credits especially in mountainous regions.</li> <li>- Association adopted the Code of Work Ethic. One of the components of this Code is gender equality. Currently from total number of microfinance institutions' clients 35% are women.</li> </ul>	

**Attachment 2**

Informational list  
dated from October 14, 2011

Secretariat of Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan is honored to inform you that the 8<sup>th</sup> Consultative Council meeting is planned for the end of October, 2011.

The following questions will be discussed in the Meeting of the Consultative Council:

**1. Discussion of monitoring results of decision implementation of the Consultative Council:**

***Speakers:** Prime Minister of the Republic of Tajikistan Mr. Akilov A.G.  
Chairman of Construction Association of Tajikistan Mr. Rajabov F.  
Deputy Director of Swiss Agency for Development and Cooperation  
in Tajikistan Mr. Nicolas Guigas.*

**2. Discussion of results of legislation analysis of the Republic of Tajikistan on public-private partnership**

***Speakers:** Chairman of Coordination Council of Business Associations of  
Tajikistan Mr. Zabiroy H.  
General Director of OJSC "Pamir Energy" Mr. Dzhumaev D.  
IFC Country Office Director Mr. Christopher Miller*

**3. Discussion of Analysis on economic effectiveness in Agricultural field in order to achieve food security.**

***Speakers:** Minister of Agriculture of the Republic of Tajikistan Mr. Kasimov  
K.R.  
Head of Association of Agro business of Tajikistan in Khatlon region Mr.  
Negmatov I.  
Country Office Director of German Development Cooperation Mr. Stefan  
Erber*

**4. Discussion of Agenda of 9<sup>th</sup> Consultative Council meeting**

***Speaker:** Executive Council Secretary Mr. Saidov D.S.*



### Attachment 3

#### Informational list dated from December 1, 2011

Secretariat of Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan renders its honour to all partners and informs you on some results of the last 8<sup>th</sup> meeting of Consultative Council dated from November 8, 2011 under the Chairmanship of the President of the Republic of Tajikistan.

Along with questions discussed as per meeting Agenda, members of the Consultative Council representing private sector raised questions of existing barriers preventing market growth of leasing services in the country. They think existing system of VAT taxation and customs duties for importing equipment and handing over the equipment for lease is a serious obstacle for market growth of leasing services in the Republic of Tajikistan. Based on conducted analysis, only for the last two years the number of organizations that offer leasing services has decreased and, consequently, the number of leasing operations.

During the last 3-4 years this question was raised many times by representatives of private sector, however, it could not find its solution.

After hearing opinions and arguments of Consultative Council members representing private sector, Chairman of Consultative Council instructed relevant Departments and Executive Administration of the President of the Republic of Tajikistan to examine drafts of legislations, submitted earlier by the Finance Ministry of the Republic of Tajikistan on leasing taxation procedures and submit results in the next meeting of the Government of the Republic of Tajikistan.

As a result, in the meeting of the Government of the Republic of Tajikistan dated from November 29, 2011, drafts of legislations that allow VAT and customs duty remissions of imported equipment and technology for productive capacities, bought for lease were approved. In the near future, these legislations will be submitted for the review of Majlisi namoyandagon Majlisi Oli of the Republic of Tajikistan.

Proposed amendments will significantly improve investment climate in the Republic of Tajikistan in the field of leasing services market growth by stimulating growth and modernization of production, increase of production capacity of domestic goods and supply market with local goods, also increase of export commodities that will lead to tax revenue increase to the national budget.

Secretariat of Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan expresses its gratitude for your attention and hopes for mutual cooperation in the future for the sake of entrepreneurship development in the Republic of Tajikistan.

## Attachment 4

### Press –release

On the 8<sup>th</sup> of November 2011 under the Chairmanship of the President of the country, Chairman of the Consultative Council on improvement of investment climate held 8<sup>th</sup> meeting of the Consultative Council on improvement of investment climate in the Republic of Tajikistan.

In his opening speech, the President of the Republic of Tajikistan stressed effective policy of Tajikistan owing to which private sector hugely contributed to the celebration of the 20<sup>th</sup> anniversary of independence of the Republic of Tajikistan.

On the first question of Agenda about the process of decision implementation of the 6<sup>th</sup> and 7<sup>th</sup> meetings of Consultative Council, report of Executive Secretary of the Consultative Council, Chairman of the Government Committee on Investment and State Property Management of the Republic of Tajikistan Mr. Saidov D. was heard.

In his report Mr. Saidov mentioned that despite the fact that many approved decisions were implemented by ministries and departments, still some of them remained unresolved.

On the process of decision implementation of Consultative Council, Chairman of Construction Association of Tajikistan Mr. Rajabov made a speech on behalf of private sector. In his speech he stressed that in order to implement Protocol Instructions of the 7<sup>th</sup> meeting of the Consultative Council, members of Council representing private sector conducted huge works on informing about Council' work, decisions and their accomplishment as a result of implement reforms.

In the meeting, invited guest -Regular Representative of Asian Development Bank in Tajikistan Mr. Joji Tokeshi had a chance to give a speech. In his speech, he highly valued the importance of Consultative Council's work in effectively aligned system of public-private partnership. From his side, he expressed readiness on behalf of Asian Development Bank in continuing further cooperation with the Republic of Tajikistan on entrepreneurial development and improvement of investment attraction for the country.

On the second Agenda question, Chairman of Association of Entrepreneurs and Exporters of the Republic of Tajikistan Mr. Zabiroy made a speech. In his speech he presented results of analysis of the current legislation of the Republic of Tajikistan with the purpose of drafting new Law of the Republic of Tajikistan “On Public-Private Partnership” that showed a necessity to be adopted.

Up to date, successful projects based on public-private partnership are observed in the country. As an example, construction of new terminals in Khujand and Khorog cities, HEPS “Pamir-Energy” and project on mining and processing of one of the biggest mines “Koni Mansur” were mentioned.

On the third Agenda question, Minister of Agriculture of the Republic of Tajikistan Mr. Kosimov made a speech. In his speech he mentioned that despite the fact that a line of improvements in agricultural field can be seen, farmers still face some problems, that slow down development of this sector, such as shortage of plant protection chemicals, quality seeds, modern equipment and spare parts, poor land melioration and etc. At the end of his speech, Mr. Kosimov K. gave concrete suggestions about introducing amendments to the Tax Code of the Republic of Tajikistan on VAT remission for imported means of agricultural production particularly seeds, mineral fertilizers, pesticides and etc.

In particular, Mr. Kosimov stressed the problem of existing VAT system for import, purchase/sale of equipment for lease that is a serious barrier on the way of development of leasing services in the Republic of Tajikistan.

On the last 4<sup>th</sup> Agenda question, Executive Secretary of the Consultative Council Mr. Saidov D. gave a speech and presented information on project draft “Standard order of inspection of entrepreneurial entity” for review in the 9<sup>th</sup> meeting of the Consultative Council.

In his speech he also mentioned, that functions of inspecting, monitoring and analysis of entrepreneurial entities, introducing inspection papers and system of risk identification level that will reduce load to the governmental budget and assist in rational utilization of budget means, to be assigned to the relevant state bodies.

Based on results of the meeting, Chairman of the Consultative Council gave a concluding speech. Expressing satisfaction on meeting results, Chairman of the Council addressed some comments and remarks about discussed topics. Particularly he underlined, that governmental institutions need to be free from stereotypes and templates and strive to reforms that can bring innovative improvements in their work systems while performing their functions. Besides, he gave special instruction to invite Senior Officials of economic blocks including Tax Committee and Customs under the President of the Republic of Tajikistan to the Consultative Council.

The President of the country supported suggested recommendations of members of Consultative Council and invited guests on improvement of entrepreneurship and investment climate in the Republic of Tajikistan. Particularly, he stressed the importance of drafting and adopting new legislation “On public-private partnership”; he also pointed out the importance of agricultural field development in the country, provision of food security, increase of local production by simplifying leasing procedures, and proper implementation of earlier adopted regulatory acts, regulating entrepreneurial activities in the Republic of Tajikistan.

Concluding his speech, the President of the country expressed his gratitude to all members of Consultative Council for their fruitful and effective work and also expressed his special appreciation to invited guests for their interest and readiness to contribute to the work of Consultative Council and development of Tajikistan.

**Attachment 5**

**Press –release**

On the 10<sup>th</sup> of April, 2012 under the Chairmanship of the President of the country, Chairman of the Consultative Council on Improvement of Investment Climate Mr. Emomali Rahmon held the 9th meeting of the Consultative Council on improvement of investment climate in the Republic of Tajikistan.

Before the meeting, President of the country, Chairman of the Consultative Council on Improvement of Investment Climate Mr. Emomali Rahmon introduced the new Head of Secretariat of Consultative Council Mr. Zavkijon Zavkiev and new members of the Council representing local entrepreneurs: General Director of OJSC “Pamir - Energy” Mr. Daler Jumaev, Chairman of the Union of Business Associations of Sogd region Ms. Masuda Turaeva, Chairman of Association of Microfinance Institutions of Tajikistan Mr. Farhod Akbarov and foreign investors – General Director of HEPS “Sangtuda -1” Mr. Gennadiy Rugin to the participants.

In the meeting the report of Executive Secretary of the Council, Chairman of the State Committee on Investment and State Property Management of the Republic of Tajikistan Mr. Davlatali Saidov about results of monitoring of process of Consultative Council decision implementation was heard. It was mentioned that based on the decisions of 7<sup>th</sup> and 8<sup>th</sup> meetings of Consultative Council, the Decree of the Republic of Tajikistan dated from December 3, 2011 under the №585 “On introducing amendments to the Tax Code of the Republic of Tajikistan” and the Law of the Republic of Tajikistan “On introducing amendments to the Customs Code of the Republic of Tajikistan”, approved by Majlisi namoyandagon Majlisi Oli of the Republic of Tajikistan, were developed.

With the purpose of developing Draft Laws of the Republic of Tajikistan “On public-private partnership”, “On Subsoil Management”, draft of “Program on improvement of investment attraction in the sphere of subsoil management”, under the State Committee on Investment and State Property Management of the Republic of Tajikistan the Working Group was created from the representatives of public and private sector.

One of the most important meeting topics was discussion of the process of development of revised version of the Tax Code of Republic of Tajikistan. Therefore, report of Chairman of the State Committee of Development of the Revised Version of the Tax Code of Republic of Tajikistan, Minister of Finance of RT Mr. Safarali Najmuddinov was heard.

Also, representatives of private sector: Chairman of the Union of Business and Public Associations Mr. Nekruiy Zabiroy and General Director of “Ekut 2000” LLC Mr. Abdulhalim Kodirov made speeches about this topic.

To their view, in the draft of new Tax Code, existing problems about tax burden and its administration for economic entities are not eliminated.

In view of this, representatives of the private sector suggested to consider measures on eliminating existing problems for taxpayers, simplification of procedures, improvement of tax administration, reduction of quantity of reference normative for other tax clauses and other regulatory acts, decreasing amount and tax rates in the new Tax Code.

On this question, Chairman of the Consultative Council on Improvement of Investment Climate Mr. Emomali Rahmon stressed, that state budget income should increase not at the expense of tax rates, but at the expense of the number of taxpayers, i.e. entrepreneurs, expansion of taxable base, stimulating entrepreneurial initiatives, provision of implementation of taxpaying duties at the high level and reduction of hidden economy. Accordingly, it is necessary to decrease less effective enterprises at the expense of the state budget. In general, taxation scheme from one side should provide government and society with financial resources; from another side stimulate development of entrepreneurship.

In this respect, the Government of the Republic of Tajikistan was instructed once again to examine submitted draft of new Tax Code and finalize it considering opinions of entrepreneurs, investors, sectoral ministries and departments and other taxable entities.

In addition, the President of the Republic of Tajikistan, Chairman of the Consultative Council Mr. Emomali Rahmon gave instructions to prepare analysis of positive and negative influence of new revised version of the Tax Code on state budget, economic activity of private sector and social stability of the country population compared to existing Tax Code of Tajikistan within three months with the help of independent and foreign experts.

It should be mentioned, that currently public – private dialogue is developing also on the regional level, particularly, Consultative Councils on Improvement of Investment Climate under the Chairmen of Khatlon, Sogd and GBAO regions are created.

In this respect, in current meeting of the Council, the report of Chairman of Khatlon region Mr. Gaibullo Afzalov on existing situation of investment and entrepreneurship in the region has been heard.

“At the present time, in the region every year conditions of entrepreneurial activities are improving. Only in 2011 in the whole region 42 new industrial enterprises were created. Along with that, the biggest part of the economic potential of the region is still unused by the local entrepreneurs and foreign investors. Solution of the problems that prevent economic development of the region, must be prioritized task of the Consultative Council under the Chairman of the region” – said the president of the Country.

At the end of the meeting, concluding speech of the President of the Republic of Tajikistan was heard where he gave the relevant ministries and departments different instructions.

President of the country instructed to prepare Draft Law of Republic of Tajikistan “On public-private partnership”, proposals on simplification of administrative procedures for investors and elimination of administrative barriers for entrepreneurs operating based on Certificate, and consider other concerning questions on development of investment and entrepreneurship.

## Attachment 6

### **Strategy of strengthening activity of Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan in the medium term**

#### **1. General provisions**

This strategy is developed for strengthening activity of Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan (hereinafter as a Secretariat) for medium term period. This document will involve issues, which constitute obstacles for effective operation of the Consultative Council (hereinafter as a Council) and its Secretariat and also for carrying out economic reforms on improving investment climate and doing business.

Full implementation of the Strategy is one of the priority areas of activity of the Secretariat in the medium term.

#### **2. Goals**

The main goal of the Strategy consists of the following:

- Transformation of the Secretariat into the real facilitator of resolving problems of the private sector;
- Strengthening the Public-Private Dialogue;
- Transformation of the Council into an effective decision making structure.

#### **3. Priority areas**

Priority areas, which are listed for improving the investment and entrepreneurship climate, emerge from entrepreneurs' requests and practical observations and improving the situation in those areas is considered to be important.

For short term period (one year):

- Simplification of the tax system;
- Cancellation of ungrounded and illegal inspections;
- Strengthening the Public-Private Partnership;
- Collection of analytical researches' results concerning challenges of private sector;
- Conducting a deep analysis of current situation of investment climate and doing business.

For medium term period (up to three years):

- To facilitate in having access to long term loans at low interest rates for production development;
- To reduce elements of corruption;
- To analyze the activity of state unitary enterprises which are duplicating the functions of government authorities;



- To strengthen human and technical capacity of private and public sectors;
- To develop main indicators of business and investment climate in cooperation with private and public sectors, and attract partners (issues related to improving the investment climate).

The above mentioned priorities can be reviewed in view of changing economic condition and emerging other important problems.

#### **4. Strengthening the activity of the Council and the Secretariat**

To achieve the objectives of the Strategy the following actions will be implemented by the Secretariat and partners:

- To prepare topics at least for two next sessions of the Council in cooperation with partners;
- To take measures on developing a new format of holding sessions of the Council. Chairman, Executive Secretary, Head of the Secretariat and other members of the Council would be sited at a round table. Staff of the Secretariat would be sited at the second row and the rest of participants at the next rows. In this regard free dialogue atmosphere will be provided and instead of long speeches free short talking points will be established;
- To attract additional funds from the European Bank for Reconstruction and Development (EBRD) and to establish a sustainable funding mechanism for financing analytical materials of the Council's sessions;
- To improve monitoring of implementation of the Council's decisions;
- To participate in TV programs, discussions, preparation of materials for electronic and periodical mass media concerning the activity of the Council and process of reforms;
- To establish website of the Council in official language;
- To update website of the Council regularly and its ongoing process;
- To hold monitoring of users of website of the Council and to enhance its efficiency.
- To organize round tables and seminars regularly (an action plan will be developed);
- To provide participation of the Secretariat in the discussion of new draft of the Tax Code;
- To enhance the trust of partners to the Secretariat;
- To enhance staff management of the Secretariat;
- To improve informing and communication activity of the Secretariat;
- To strengthen planning and coordination skills of the Secretariat's staff;
- To have access to terms of references of staff of the Secretariat from the web site;
- To modify a legal status of the Secretariat;
- To resolve the issues of providing social and employment benefits of the Secretariat's staff by EBRD;
- To strengthen staff and technical capacity and independence of the Secretariat (to change personnel structure, to re-establish executive assistant's position, IT specialist, to provide with a service car and a driver). Currently technical, administrative and organizational operations wasting specialists' time. For example, administrative works, organization of sessions, seminars, round tables and other events;
- To improve providing technical assistance by the development partners for effective functioning of the Secretariat (the list is attached);



- Participation of the Secretariat's staff in business trips and knowledge sharing tours on public-private dialogue and other aspects of improving investment climate in foreign countries;
- Attraction of domestic and foreign experts for upgrading qualifications of the Secretariat's staff;
- To agree with local on-line news agencies, broadly used websites on placing information portal at their websites;
- In the long term gradually to seek technical and financial assistance from the private sector for the Secretariat;
- To organize independent assessment of the Secretariat's functioning.

### **5. Strengthening cooperation with partners**

Strengthening cooperation with representatives of private and state sectors and development partners will be implemented in the following areas:

- To extend the number and regional coverage of partners by attracting individual entrepreneurs, ministries and non-traditional donors;
- To organize regular meetings with the partners;
- To facilitate improving cooperation of the development partners with the private sector and in this connection to strengthen the private sector's capacity by the development partners;
- To provide active participation of representatives of partners in the sessions of the Council;
- Attraction of more representatives of private sector for preparation of issues which will be considered in the Council's meetings (starting from proposal of issue up to conducting economic analysis);
- Regular participation of the Secretariat's representatives in the events organized by partners;
- Participation of the Head of the Secretary in the meetings of Donor Coordination Council;
- To review the process of selecting issues for the Council's meetings (filtering) with the purpose of determining issues to be priority and topical;
- To strengthen technical support of working groups by development partners;
- To involve widely local consultants hired by development partners;
- To organize training seminars concerning economic market with support of the development partners (main subjects will be prepared with opinion of private sector);
- Monitoring of partners' activity regarding implementation of paragraphs of Minutes of the Council's session;
- To enhance the responsibility of members of the Council by private sector and development partners regarding the activity of the Council and execution of decisions;
- Full implementation of the Council's Rule regarding the election process of the representatives of private sector to membership of the Council;
- Implementation of regular activity for preparing the private sector to participate in the sessions of the Council and to provide free dialogue;
- To organize an innovation club (to provide a background of successful ideas by private sector).

## **6. To strengthen cooperation of the Secretariat with regional Councils**

In order to strengthen cooperation of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan with regional Councils the following actions will be implemented:

- To establish a single nationwide mechanism of Consultative Councils for these reasons:  
a) Independence of regional Councils will be provided; b) Cooperation and coordination of regional Councils with the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan at the required level will be established; c) Common challenges both for Dushanbe city and for regions of the republic exist; d) Accountability of municipal authorities in the regions on implementation of reforms will be increased; e) Efficiency of functioning of regional Councils will be improved.
- Participation of the Secretariat's representatives in the regional Councils' sessions;
- To obtain information on regional Councils' functioning;
- To add a link of addresses of regional Councils on website of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan;
- To facilitate establishing a regional Council in the Districts of Central Subordination (Rasht valley);
- To organize knowledge sharing meetings with representatives of the regional Councils.

## **7. Risks**

### *Political risk:*

The implementation of this Strategy for political reasons, for example, not having political support for proposed issues may not be fully implemented. In order to mitigate this risk explanatory works and justification of the issues would regularly be conducted with concerned parties. The Secretariat and development partners would carry out the necessary works with government agencies to enhance the sense of ownership of reforms.

### *Financial and technical risk:*

The implementation of this Strategy for financial and technical reasons, for example, lack of adequate financial and technical support from development partners, may not be fully implemented. In order to mitigate this risk, a firm commitment of development partners on financial and technical support would be obtained in advance according to the attached list.