



CORE TOPIC:

**THE 16-TH SESSION OF THE CONSULTATIVE COUNCIL ON
IMPROVEMENT OF THE INVESTMENT CLIMATE
UNDER THE PRESIDENT OF THE REPUBLIC OF TAJIKISTAN**

On April 12, 2016, the Prime Minister of the Republic of Tajikistan opened the Sixteenth Session of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan.



The session began with the report from Qodiri Qosim, the Executive Secretary of the Council and Chairman of the State Committee on Investments and State Property

Management, on the progress of the implementation of the Council's past decisions. At the previous session, the Council made decisions on the development of industry and support for national producers, on lowering export costs for competitive products, and increasing access to electricity for businesses. The Fifteenth Session also addressed the development of the insurance market, a timely review of requests from entrepreneurs, the stable development of businesses and investments inflows as well as the establishment of Entrepreneurship Day.

It was noted that 14 October 2015, the first anniversary of Entrepreneurship Day, with the participation of the Founder of Peace and National Unity, the Leader of the Nation, the President of the Republic of Tajikistan Emomali Rakhmon, was marked by a number of business events and culminated in the International Business Forum Dushanbe - 2015, "Entrepreneurship and Investment for Sustainable Development".



The Secretary of the Council, Qodiri Qosim, noted that in response to the decisions of the Council, the Government developed the Laws of the Republic of Tajikistan on Investment, On Inspection of Business Entities, and the Government Action Plan for the development of the secondary securities market and stock exchanges, taking into account best international practices. He observed that the draft Government Action Plan on industry and support for entrepreneurs in manufacturing had been finalized in coordination with the relevant ministries and agencies and presented to the Government for consideration.

On the second agenda item dedicated to the agricultural sector, Mr. Izatullo Sattori, the Minister of Agriculture of the Republic of Tajikistan, reported that an inter-ministerial working group under the Ministry of Agriculture had completed a comprehensive analysis of the agricultural sector to identify ways to improve the investment climate and promote agribusiness. The working group elaborated 104 specific recommendations and a 39-point plan of action, which will help to improve the investment climate in the agricultural sector and promote agribusiness development.

The third agenda item of the Council session addressed taxation. Mr. Nematullo Hikmatullozoda, the Minister of Economic Development and Trade





of the Republic of Tajikistan, on the basis of a preliminary analysis of the taxation system, highlighted the existing shortcomings in tax administration and outlined possible ways to address them.

Ms. Kerstin Laabs, KFW Director in Tajikistan and the deputy Head of the Donor Coordination Council representing Development Partners noted the importance of the tax system evaluation and expressed the readiness of development partners to support a detailed study of the tax system and development of specific recommendations for the government.

Mr. Qodiri Qosim, summarizing key points and decisions from the Session, proposed to consider investment and business climate issues in the transport sector at the upcoming session of the Consultative Council. The selection of the topic for the agenda was unanimously approved by members of the Council.

Representatives from the private sector and Development Partners also made respective presentations.

Ms. Nabot Dodkhudoeva, the Head of LLC Madina and Partners, spoke on the role of the private sector in implementing the previous decisions of the Council: creating jobs through the establishment of small and medium-sized enterprises, translating local resources into final products, and the full processing of fruit and vegetables.

Mr. Richard Jones, Head of the Representative Office of the European Bank for Reconstruction and Development (EBRD) in Tajikistan, praised the role of the Consultative Council as a public-private dialogue platform to improve the investment and business climate in the country. EBRD's contribution to the development of the private sector, through financing infrastructure projects, including in energy, industry and the financial services, was also noted.





Further, Mr. Shorauf Sharahmatov, the Head of the Agribusiness Association of Tajikistan, noted the potential adverse impact of the draft Farming Accounting Regulation which is currently under development. The regulation, by introducing additional expenses and representing a distraction for farmers, would likely be detrimental to the efficiency of the agricultural sector.



Mr. Viorel Gutu, Head of the United Nations Food and Agriculture Organization in Tajikistan, spoke of the need for agricultural reform across all value-chains, for the introduction of various financial incentives and for the expansion of ‘extension services’ to attract investment for agribusiness. In addition, a greater commercialization of seed, equipment and agricultural insurance would help to support farmers. Mr. Gutu also emphasised the need to strengthen the national Food Safety System and further reduce barriers to trade.

On the conclusion of the Council’s session, the Prime Minister tasked the responsible ministries and agencies to implement the following provisions of Council’s decisions:

1. Ministry of Agriculture

- taking into account the proposals and proposed improvements voiced at the Council Session, present the Draft Government Action Plan on the improvement of investment climate in agriculture and agricultural trade for Government’s consideration;
- together with the relevant ministries and agencies, perform a review all agricultural programs adopted and state investment plans in the sector and report to Government;
- together with Development Partners prepare state investment plans on the construction of modern fruits and vegetables cold storage facilities and small



field processing and packaging enterprises and submit them, based on the established procedures, for Government's consideration;

- together with the State Committee on Investments and State Property Management, take measures to attract the attention of local entrepreneurs to the construction of modern fruits and vegetable processing enterprises, greenhouses, modern cold storage facilities with the aim to preserve a greater share of the agricultural produce;
- study the submissions of the private sector and the Development Partners related to investment climate in agricultural and agriculture and submit specific proposals to the Government;
- to promote sustainable development of the livestock sector, take concrete measures for provisioning of cattle feed, increasing the number of cattle breeds, simplification of importation of vaccines and medicines, and the rehabilitation of pastures and fishery basins;
- jointly with local authorities, ensure the rational and efficient use of available land, ensure full compliance with agro-technical requirements and timely crop rotation. On the basis of sectoral programs, implement the necessary measures to increase the agricultural output.

2. Ministries of Agriculture, Economic Development and Trade, Finance, Justice, State Committee on Investments and State Property Management, and Local Development Committee to explore ways to establish extension services in the agricultural sector and submit specific proposals.

3. To expand access of farmers to agriculture machinery and equipment, State enterprise TojikAgroLeasing to expand agricultural technology centers around the country, based on its own resources and by attracting additional capital. In addition, special attention should be paid to the import of multipurpose agricultural machinery.

4. The National Bank of Tajikistan and the Ministry of Finance, in cooperation with commercial banks, to study the ways to modernize the financial system and financing product for agricultural development, taking into account appropriate terms and interest rates. Consider the possibility of suspending debt payments between planting and harvesting seasons.



- 5.** The Chamber of Commerce and Industry, Tojikstandart, State Phytosanitary and Plant Quarantine Service, the State Veterinary Service, the inspection service under the Ministry of Finance, the State Pharmaceutical Supervision Service, Communications Service, the State Sanitary and Epidemiological Supervision Service to take measures to further simplify the export of fresh and dried agricultural products and to eliminate barriers, reduce time and export-related paperwork related to export. Submit the results to the Government.

- 6.** The Land Amelioration and Irrigation Agency, together with the State Committee of Land Management and Geodesy and the Ministry of Agriculture, to compile an inventory and report on the state of arable land, identify measures for their gradual improvement, to develop new land reclamation measures and submit specific proposals to streamline the fee collection for water services.

- 7.** The Ministry of Finance, jointly with other ministries and agencies and the private sector, conduct a comprehensive analysis and decide on the need to introduce the Agricultural Accounting Manual for small, medium and large farmers from different points of view.

- 8.** The Ministry of Finance together with the Ministries of Economic Development and Trade, Industry and New Technologies, Agriculture, the State Committee on Investments and State Property Management, the Tax Committee, the Customs Service, in coordination with business associations and Development Partners to set up a working group on taxation. Based on the previous preliminary analysis, the working group to conduct a comprehensive analysis of the tax system and submit specific proposals on each respective area.

- 9.** Television and Radio Committee, taking into account the severe competition in the consumer market and with the aim of support domestic producers, introduce more favorable terms for the advertisement of national products.



10. Ministries of Economic Development and Trade, Industry and New Technologies, Education and Science, Labor Migration and Social Protection, the State Committee on Investments and State Property Management to compile a list of the clothing and textile enterprises for access to Presidential grants and other technical assistance offered by the Development Partners with the aim to attract experienced professionals into the sector.

11. Ministry of Transport, jointly with the Secretariat of the Consultative Council, gather a working group from the representatives of relevant ministries and agencies, the private sector and the Development Partners for a comprehensive analysis of the transport sector and to identify ways to attract investments to the sector. Submit working group's findings for consideration at the future meetings of the Council.

12. Ministries and Agencies:

- Take urgent measures to promote the full implementation of the Government Action Plan on improvement of Tajikistan's indicators in the World Bank's 'Doing Business' report; and other measures to improve the country's international standing;

- **accelerate the establishment of the electronic of Movable Collateral Registry;**

- at the next meeting of the Council, submit a detailed report on the implementation of the Government Action Plan to improve the investment and business climate in tourism.

13. Recommendations for Development Partners:

- Support a broad and thorough analysis of the taxation regime and tax administration; provide necessary funds for the preparation of recommendations and their implementation;

- **align projects to contribute to the implementation of the objectives of the Government, including in maintaining the macroeconomic stability, employment creation, expanding access to financial resources, improvement of country's investment image, and professional development of the private sector;**

- take steps to coordinate the planned projects and streamline the aid flows.



Sincerely Yours,

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