

«Approve»
Chairman of the Council - President
Of the Republic of Tajikistan
Emomali Rahmon

Sign

«28» April 2016

PROTOCOL

XVI Session of the Consultative Council on Improvement of the
Investment Climate under the President of the Republic of Tajikistan

April 12, 2016

Attended by the members of the Consultative Council and invited individuals
(participant list is attached)

Agenda:

1. Report on the implementation of decisions of the Consultative Council under the President of the Republic of Tajikistan on improvement of investment climate.
2. Presentation of analysis and draft action plan to improve the investment climate in the agriculture and agribusiness.
3. Report on the preliminary analysis of the tax system problems and their possible solutions.
4. Decision on the agenda of the next Session of the Council.

On the first item on the agenda, Qodiri Qosim, the Executive Secretary of the Council and the Chairman of the State Committee on Investments and State Property Management reported on the implementation of the Council's past decisions.

In particular he noted that the decisions adopted at the previous Sessions of the Council related to the development of industry and national production, on reducing cost of domestic goods and promoting export of competitive goods, supplying businesses with electricity, growing insurance market, and the timely consideration entrepreneurs' requests, led to the steady growth in investment and entrepreneurship.

In this context, the laws of the Republic of Tajikistan 'On Investment' in the new edition, 'On Inspection of Legal Entities' and the Government action plan for the development of the secondary market for securities and stock exchanges have been adopted in line with the international best practice.

With a view to expand public-private dialogue, timely review and response to entrepreneurs' appeals, and in light of the instructions of the President of the Republic of Tajikistan, the Leader of the nation, His Excellency Emomali Rahmon, a government Working Group headed by the First Deputy Prime Minister have held a number of meetings with entrepreneurs. The Working Group also included the heads of ministries and agencies, administrations of Khatlon and Sughd provinces, of Rasht valley, of Dushanbe and other cities in districts of direct subordination.

With respect to the implementation of Council's decisions, the representatives of the private sector, Nabot Dodkhudoeva, the Head of LLC "Medina and Partners" and Richard Jones, the Head of the Representative Office of the European Bank for Reconstruction and Development in Tajikistan expressed opinion that the Consultative Council has been recognized as an important instrument of economic reforms and so far had implemented many reforms to improve the investment and business climate in various sectors of the economy.

On the second issue of the meeting agenda, the presentation of the Mr. Izatullo Sattori, the Minister of Agriculture of the Republic of Tajikistan, on the results of the analysis and the draft action plan to improve the investment climate in agricultural and the development of the agricultural trade have been heard.

The Prime Minister noted that the agricultural sector represents one of the most important sectors of the national economy, and that one of the country's strategic objectives was to ensure food security. Industrial development and export potential of the country was closely linked with the development of agriculture.

In addition, Mr. Viorel Gutu, the Head of the UN Food and Agriculture Program in Tajikistan and Mr. Shorauf Shorahmatov, director of the Agribusiness Association of Tajikistan made presentations on the outstanding issues and needs in the agriculture.

On the third item on the agenda, Mr. Nematullo Hikmatullozoda, the Minister of Economic Development and Trade of the Republic of Tajikistan, outlined the preliminary analysis of the current tax regime and administration, highlighting the existing shortcomings and suggesting possible solutions.

It was noted that the objectives of reforms, including of the suggested tax system reform, was to upgrade the financial system, which aims to attain a sustainable

development, ensure unobstructed opportunity for business activity and expand the tax base.

The Head of KfW Development Bank in Tajikistan, Kerstin Laabs, in the capacity of the Deputy Head of the Donor Coordination Council, highlighted the importance of the above mentioned proposals and expressed readiness of Development Partners to support the detailed analysis of the tax regime and help in the elaboration of concrete recommendations.

The Prime Minister noted the need, without negatively affecting the state revenues, to find ways to address the tax system including by analyzing the effectiveness of tax incentives, audits and tax penalties; Steps should be taken to implement a better VAT refund and tax dispute resolution mechanisms, offer incentives to entrepreneurs and further improve the tax collection procedures.

On the fourth agenda item, Mr. Qodiri Qosim the Executive Secretary of the Council, proposed the topic of improvement of investment and business climate in the transport sector for the upcoming Council Session. The selection of the topic for the agenda was approved by members of the Council.

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.

Executive Secretary of the Consultative Council,
Chairman of State Committee on
Investment and State Property Management
of the Republic of Tajikistan

Sign Qodiri Qosim

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

Sign Numon Abdughafforzoda