



**BASIC THEMES OF THIS RELEASE:**

- **Monitoring of the implementation of the decisions of the sixth Session of the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan from 23 July, 2010**
- **Secretariat of Consultative Council presented its Annual Report**
- **Preparation for the 7<sup>TH</sup> Session of the Consultative Council: Association of builders of Tajikistan is preparing recommendations for improvement of Doing Business in construction sector in Republic of Tajikistan**

**News of Associations:**

- **Information about the next session of the Coordination Council of business associations of Tajikistan**
- **Association of Agribusiness of Tajikistan have conducted the first international exhibition "AgroExpoKhujand 2010"**

**MONITORING OF THE IMPLEMENTATION OF THE DECISIONS OF THE SIXTH  
SESSION OF THE CONSULTATIVE COUNCIL ON IMPROVEMENT OF  
INVESTMENT CLIMATE UNDER THE PRESIDENT OF REPUBLIC OF  
TAJIKISTAN FROM JULY 23, 2010**

The Secretariat of the Consultative Council and State Committee on Investment and State Property management of the Republic of Tajikistan have conducted monitoring of the implementation of the decisions of the fifth session of the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan, including implementation of the Action Plan of the Government of the Republic of Tajikistan on improvement of investment climate and international ratings of Tajikistan with the view to ensure timely and appropriate implementation of the decisions and recommendations of the Consultative Council.

One of the decisions of the 6<sup>th</sup> session of the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan was preparation of the draft decree of the Government of Republic of Tajikistan on "On further Action Plan of the Government of the Republic of Tajikistan on adoption of information and communication technologies for the improvement of state administration" with the view to carry out further reforms in the field of information and communication technologies. The Decree of the Government of the Republic of Tajikistan "On the approval of State target program on strengthening of fruit and vegetable (FV) processing sector export capacity for the years of 2010-2012" was drafted to increase the export potential for processing of fruits and vegetables. At present the above mentioned draft decrees of the



Government of Republic of Tajikistan have been consulted and agreed with ministries and agencies and were submitted to the Government of Tajikistan for adoption.

An educational centre was established by the Institute for improvement of government officials' qualifications under the Department of Government Services under the President of Republic of Tajikistan and the Coordination Council of business associations of Tajikistan in accordance with the recommendations and decisions of the Head of the Consultative Council which will conduct trainings with the view to train and retrain entrepreneurs as well as improve their qualifications in various fields including economics and finance.

Ministry of Education of the Republic of Tajikistan jointly with State Committee on Investment and State Property management of the Republic of Tajikistan and Coordination Council of business associations of Tajikistan have developed the draft regulation of the education centre for entrepreneurs. At present the draft regulation is sent to ministries and agencies for consultation. Moreover a number of institutes for higher education are planning to conduct trainings for entrepreneurs for the 2010-2011 academic years.

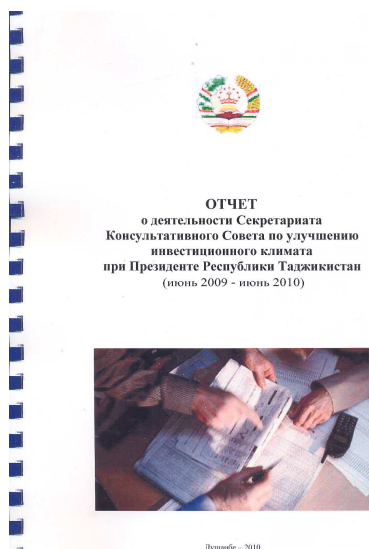
A working group was created under the Agency for the Construction and architecture under the President of Republic of Tajikistan with representatives of state ministries and agencies, scientific-research institutes and institutes of higher education in the field of construction, construction companies, the Secretariat of the Consultative Council, private sector with involvement of international organizations for preparation of analytical documents and draft normative and legal acts for consideration in the 7<sup>th</sup> session of the Consultative Council for improvement of investment climate in the construction sector. At present the working group is finalizing its work and it is expected that the working group will present the outputs to the Secretariat of the Consultative Council.

The implementation progress of the decisions and recommendations of the Consultative Council including the implementation of the Plan were discussed in the monitoring meeting chaired by the Deputy Chairman of the State Committee on Investment and State Property management of the Republic of Tajikistan. It is planned that a government meeting will be conducted chaired by the Prime Minister of the Republic of Tajikistan where the status of implementation of the decisions and recommendations of the Consultative Council, including the implementation of the Action Plan of the Government of the Republic of Tajikistan on improvement of investment climate and international ratings of Tajikistan will be discussed and appropriate decisions and instructions issued.

At present a new round of monitoring of the implementation of the decisions and recommendations of the Consultative Council and the decrees of the Government of Tajikistan issued on the basis of recommendation and instructions of the Consultative Council, including the decisions of the 6<sup>th</sup> session of the Consultative Council is ongoing. The results will be considered in the next government meeting chaired by the Prime Minister of the Republic of Tajikistan.



**SECRETARIAT OF THE CONSULTATIVE COUNCIL ON IMPROVEMENT OF  
INVESTMENT CLIMATE UNDER THE PRESIDENT OF REPUBLIC OF TAJIKISTAN  
PRESENTED ITS ANNUAL REPORT**



Душанбе - 2010

In October 5, 2010 in Dushanbe Round Table on: "The Consultative Council on Improvement of Investment Climate under the President of Republic of Tajikistan - as an instrument to facilitate open dialogue between the state and private sector" have placed where was presented the Annual report of the Secretariat of the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan for the past year period and further activity plans. to provide information on the activities and achievements of the Consultative Council on Improvement of Investment Climate under the President of Republic of Tajikistan (the Consultative Council) and the Secretariat of the Consultative Council, and to chart out the future activities of the Consultative Council. The public private dialogue is

one of the key components of the ongoing reforms and is aimed at helping with identification and elimination of administrative barriers on the way of private sector development. The participants of Round table discussed existing problems and ways of decisions.

Mr. Davlatoli Saidov, in his presentation pointed out that the round table is conducted with the view to provide information on the activities and achievements of the Consultative Council on Improvement of Investment Climate under the President of Republic of Tajikistan (the Consultative Council) and the Secretariat of the Consultative Council, and to chart out the future activities of the Consultative Council and the support of the donor community for reforms to improve business climate in the country.

It was pointed that the improved political and business climate through decisions and recommendations of the Consultative Council on reforming legal and administrative procedures are aimed at supporting economic development, attraction of investment and private sector development. For example, the recognition that Tajikistan has gained last year as one of the top ten reformer countries according to the World Bank Doing Business Report, is evidence that the country notwithstanding with difficulties and adverse effects of the global financial crisis is taking serious actions to improve the business climate.

Head of the Secretariat of the Consultative Council - Mr. Zafar Khotamov spoke about the role and work of the Secretariat of the Consultative Council and have provided his vision on improvement of the work of the Secretariat and the Consultative Council. He pointed that today a number of good suggestions and recommendations for strengthening the work of the Secretariat and the Consultative Council were provided. He suggested to Donors organizations to establish close cooperation with Secretariat in order to preparation of



agenda of Council's Sessions, filtration of proposals for consideration of Consultative Council's Sessions, selection of Consultative Council's members, also he expressed readiness to accommodate those comments and recommendation in the work of the Secretariat and to have further discussions and consultations.

Thereafter, the representative of International Finance Corporation (the IFC) in Republic of Tajikistan Ms. Christine L. Bowers, the Head of European Bank for Reconstruction and Development (the EBRD) Office in Tajikistan –Mr. Ulf Hindstrom and Head of the German Agency for Technical Cooperation (GTZ) Project on development of small and medium enterprises Mr. Hartwig Ungethuem made presentations. Every of them in their presentation pointed about the achievements through mutual benefit cooperation and issues for the consideration in the Consultative Council Sessions. They mentioned that the Consultative Council is gradually strengthening and the public private dialogue is entering higher levels as the dialogue is becoming more open and better results of the reforms are achieved. The Donors Community is interested in improvement of the investment climate in the country as we would like to have more investment projects in the country.

In the round table the representatives of private sector have actively participated. Mr. F.Rajabov – Chairman of Association of builders of Tajikistan made presentation and provide information about the history of establishment of the Association, main goals, cooperation of Association with state bodies, international organizations/donors and private sectors.

In conclusion he addressed to donors to provide adequate technical assistance to the Agency for Construction and Architecture of the Republic of Tajikistan by donor projects for implementation of single window on construction permits, also for implementation of other reforms.

Deputy Head of Center for entrepreneurship support and development of Dushanbe Mr.Kadirov M., made proposal on strengthening of monitoring for implementation of the Consultative Council decisions by state bodies and inform the society.

The representatives of private sectors made suggestions and recommendation with the view to strengthen the joint work for improvement of the business and investment climate in the country by the strengthening of mutual cooperation with state bodies and private sectors and opportunities to strengthening the technical assistance by international organizations.

The senior adviser to the President of Republic of Tajikistan on economy – Mr. N.Buriev has expressed his views on the discussions of the round table.

He emphasized with specific examples the achievements of the Consultative Council in the areas of advancing reforms and establishment of public private dialogue during the three years of its work. He expressed his gratefulness to the international organizations such as World Bank, EBRD, IFC, USAID, GTZ and other donor organizations for their support of the Secretariat and Consultative Council. He also thanked the representatives of the private sector for their active participation.



In the round table the participants noted that the Consultative Council during the three years of its activity, have passed the early stages of establishment and have demonstrated a capacity to maintain public private dialogue at a highest level in the country and suggested to organize such round tables and discussions regularly.

**PREPARATION FOR THE 7<sup>TH</sup> SESSION OF THE ICONSULTATIVE COUNCIL:  
ASSOCIATION OF BUILDERS OF TAJIKISTAN IS PREPARING  
RECOMMENDATIONS FOR IMPROVEMENT OF DOING BUSINESS IN THE  
CONSTRUCTION SECTOR IN REPUBLIC OF TAJIKISTAN**

For the last several years Tajikistan in the framework of recommendations of the World Bank on the results of the Doing Business Report has gained significant achievements, including on the Dealing with Construction Permits Indicators.

Tajikistan entered the top ten country-reformers by carrying out reforms in this sector. The results of the Doing Business Report of the World Bank for 2010 have provided evidence to this argument.

These successes were achieved due to the political will of the Head of the State, technical assistance of the donor organizations in the area of improving business environment – realized by international organizations in Tajikistan as well as initiative and active participation of the private sector.

For instance, the Association of builders of Tajikistan has contacted the Secretariat of Consultative Council with the initiative to conduct analysis and resolution of the most pressing issues for the sector at present, including the conduct of the tenders, licensing, pricing, inspections of the construction businesses.

The issues related to the construction business in Tajikistan were considered one of the priority reform areas in the 6<sup>th</sup> session of the Consultative Council which was held in 23 July 2010 chaired by the President of the Republic of Tajikistan, and were approved as an item for the 7<sup>th</sup> session of the Consultative Council for consideration.

In accordance with decision of the 6<sup>th</sup> session of the Consultative Council, the Agency for Construction and Architecture of the Republic of Tajikistan with its order from №67ф from 23 August 2010 has established a working group with the view to study the problems of the construction sector and preparation of concrete recommendations for their resolution. The working group consists of 24 persons representing relevant ministries , agencies, scientific and research institutes, the Secretariat of the Consultative Council, private sector and international organizations.

The members of the working group were divided into 10 subgroups depending on the issues to be considered and interests of the members that studies issues in more details by involving specialists of the sector, experts, lawyers and representatives of the private sector.





In its large meeting after covering the results of studies of each subgroup, the working group came to the conclusion that the existing problems hinder the development of the construction sector – which is the engine of the economy.

The issues are mainly related with improvements of the existing legislation and implementation of the current laws. It was mentioned that it is necessary to change views and approach to solve the accumulated problems.

For example, until now in preparation and conduct of the tenders the emphasis is on saving resources and time in determination of total cost and timing of the future construction works, selection of the winner of the tender, projection of the future works, expertise of the project documents.

According to the normative documentation that regulates the process of preparation and implementation of the construction works, the closing date of the construction and compliance with identified technology is set as a mandatory term.

Non compliance to each of these two terms will surely have a negative effect on the final result and the quality of the constructed objects that are made for the public and have potential risks for the life and health of everyone.

There problems related with application of those norms and requirements which are not in line with the principles of modern market economy. It is the pricing and permitting regulation system, preparation and conduct of the tenders, selection of the winner of the tender, inspections and pricing, accommodating inflation, terms of guarantee, bank guarantee, conduct of several tenders for the same construction object, the retirement to submit cost estimates with the resource method in cases where the cost estimate has already passed tender with lump sum method.

Many of the above mentioned problems raises due to the inconsistencies between various legal and normative acts.

For example in accordance with the article 760 of the Civil Code of the Republic of Tajikistan changes in the project and cost estimates documents, that need additional expenses for the contractor will be done at the expense of the sponsor on the basis of agreed additional cost estimates by the two sides. The contractor has the right to request for revision of the cost estimate if by the reasons beyond its control the cost of the construction is exceeding the cost estimate by more than ten percent. The contractor has a right to demand compensation of the reasonable expenses made in relation to identification and elimination of the shortcomings in the project and cost estimate documents. However in accordance with the article 76 of the Law of the Republic of Tajikistan on public procurement of goods, works and services from 3 March 2006 « after signing of the procurement contract it is forbidden to include other terms which may alter the content of the tender application which were base for selection of the contractor». It is also forbidden to make changes in the cost estimate, which is part of the contract according to the article 721 of the Civil Code of the Republic of Tajikistan.



Elimination of this kind of inconsistencies could solve many problems, including related to the additional financing a) the works that were not accounted in the project and cost estimate documents but identified in the course of the construction, b) works that exceed financial cost envisaged in the cost estimate (due to the reasons beyond the contractors control) that are more than 10% of the total cost of the project , c) problems related to the financial inspections and the repercussions.

The initiative for identification and resolution of the issues is of Association of ... and its members. The Association also became the initiator of making corrections to the results of the Doing Business Indicators Report of the World Bank on Getting the Construction Permits indicator taking into account the reform implemented in the construction sector recently.

For the first time in Tajikistan the forum of the builders of Tajikistan was held and an independent scientific-analytical and production-technical journal «Construction and Architecture» is issued with the initiative of the Association.

The Association of builders of Tajikistan in partnership with relevant interested sides has conducted numerous meetings and informative events on the subject of ongoing reforms, on their significance and importance on attracting investments as well as on development of the sector.

The Association of builders of Tajikistan jointly with the Secretariat of the Consultative Council helped to establish an open dialogue between private sector and public institutions with the view to study the existing problems and agree to eliminate them for the achievement of mutually beneficial cooperation. The main goals of the activity are creation of the investment climate for the normal and transparent development of the sector, creation of employment, and improvement of the living standards of the population of the country.

### **THE NEXT SESSION OF THE COORDINATION COUNCIL OF BUSINESS ASSOCIATIONS OF TAJIKISTAN**

In 1 October 2010 in the Center of rural education and development of Rudaki region the next large meeting of the Coordination Council of business associations where more than 40 heads of associations from all parts of the Republic of Tajikistan , representatives of the international organizations and the Secretariat of the Consultative Council. The main objective of the meeting was official announcement of the Coordination Council of business associations to gain the status of legal entity.

The Head of Coordination Council of business associations Mr. Zabyrov informed that on 30 September 2010 the organization underwent state registration and from now on will



contribute to the support of the small and medium business and to the development of the economy as a whole as a legal entity. At present about 42 associations and public institutions are members of the Coordination Council of business associations, hundreds of enterprises from the private sector are members of those associations and institutions. Today this organization is one of the largest institutions that unites private sector and is tasked to protect the rights and interests of the entrepreneurs as well as to participate in the reform processes aimed at improvement of business environment in Republic of Tajikistan.

The proceeds of the last 24<sup>th</sup> meeting of the Coordination Council of business associations, where an address from the business associations to the President of Republic of Tajikistan on extension of the moratorium on inspections of small and medium enterprises. In the address to the relevant ministries and agencies were asked to provide their comments to the proposal. At the moment the comments of the Ministry of Finance, Tax Committee under the Government of the Republic of Tajikistan and State Committee on Investment and State Property Management of the Republic of Tajikistan are received. The ministries and agencies that submitted their comments are supportive of the proposal - to extend the moratorium on all types of inspections -, except the Ministry of Finance and the Tax Committee under the Government of the Republic of Tajikistan that oppose it.

The Head of the Agrarian Alliance Mr. Sh. Bozorov made a presentation to the members of the Coordination Council of business associations about the work plan of the Coordination Council of business associations for 2011-2015. He expressed the position of the Coordination Council of business associations on attraction of investment in the future, development of relationship between state and the private sector and strengthening the position of the private sector in the economy of the country. The members of the Coordination Council of business associations have expressed opinion that the proposed Plan which determines the outlook of the organizations activities for the next five years is promising and a permanent working body has to work on converting the plan into an action.

A presentation on "Preparation, analysis, and recommendations on further development of entrepreneurship and improvement of investment climate for the work plan of the Consultative Council on improvement of investment climate under the President of the Republic of Tajikistan" was made by legal expert of the Secretariat Ms. Mavlonova. In her presentation she informed participants about the work of the Secretariat on preparation of a pipeline of the issues, where the priority issues will be included for consideration by the Consultative Council in 2011. In her presentation she invited the representatives of the private sector to demonstrate active involvement and submit their proposals and recommendations for inclusion in the work plan.

Besides Ms. Mavlonova told the participants about the regular bulletin of the Secretariat of the Consultative Council which contains all news about the current activities of the Consultative Council, its Secretariat as well as news about business associations. The





information bulletin is sent out in electronic form once in two months, all interested parties can subscribe to it, as well as submit their information which may be interesting to other parties.

During the meeting the staff of the Secretariat – Ms. Mavlonova and Mr. Kholiqov answered numerous questions from business associations and on some questions have provided concrete recommendations. In the conclusion, Mr. Kholiqov added that active cooperation of the private sector and business associations can really assist the growth of the sector and the overall development of economy and entrepreneurs have to take this opportunity.

The members of the Coordination Council of business associations have considered the participation of the representatives of the private sector in implementation of the Plan on... It was specially pointed that the representatives of the private sector are not actively participating in the work of the working groups, and therefore it is recommended to strengthen the participation in the implementation of the Plan. Additionally it was decided that members of the working groups from private sector present information on the activities to the Secretariat of the Council.

In the meetings of the Coordination Council of business associations other issues were also considered, such as organizational issues as well as those whose solutions are to be implemented with joint efforts. For example the issues related to social security, payment of the tax from average salary, collection of illegal payment from legal entities that have not registered on time.

**Association of Agribusiness of Tajikistan have conducted the first international exhibition  
“AgroExpoKhujaand 2010”**



From 27 to 29 August 2010 the Association of Agribusiness of Tajikistan with support of the Government of Tajikistan, Ministry of Agriculture of Republic of Tajikistan, and the local government of Sogd oblast and with the financial support of USAID and GTZ have organized and conducted the first international agriculture exhibition «AgroExpoKhujaand-2010». The main objective of the exhibition was to bring together the workers of the agriculture sector with the international partners as well as improvement of the trade within Tajikistan. The conduct of the event helped to provide international suppliers, agro



enterprises of Tajikistan, farmers, and organizations supporting agriculture development in Tajikistan, with the foundations for setting the business contacts and networks which will assist the strengthening of the agriculture sector in all parts of the country during many years.

More than 60 enterprises, public institutions, mini plants, industrial enterprise, which are engaged in production of agriculture products and pesticides, have presented their products in the exhibition. It is gratifying that among the participants of the exhibition the representatives of more than 10 international companies from Russia, Germany, Afghanistan, India, China and Holland have also presented their products.

The exhibition «AgroExpoKhujand-2010» has provided the agro businessmen of Tajikistan with a unique opportunity to meet with potential partners from all parts of Asia and Europe and to establish a business network. During the exhibition a wide range of agriculture inputs, outputs, machinery and equipment were presented such as: means to protect plant, various agriculture seeds, veterinary medicines, food additives, dried fruits, conserved products, agriculture machinery and tools, processed products by dekhkan farms, small processing equipment, wool products, and apiculture products.



Together with international companies and experts experienced in agriculture sector, the participants took part in the work of the thematic round tables on development of agribusiness in Tajikistan: «The measures to improve the economic effectiveness of the agriculture sector to achieve the food security in Republic of Tajikistan» and «VAT reduction in import of agriculture production inputs: fertilizers, pesticides for protection of plants and seeds». Besides, the participants of the exhibition had a chance to attend seminars on topics: «Fruits quality drying technology», «Organic land use», «Promotion of trade mark and brand», «Mineral and organic fertilizers, their effective use in the agriculture sector», «Production of products in greenhouses», «Production, growing and inventory of vegetables during winter season».

It is noteworthy that during the 3 days of the exhibition about 6, 5 thousand representatives of the agriculture sector from various regions of Tajikistan have attended it and in the amount of 4.5 million Somoni contracts were signed and products sold out.

Thanks to the exhibition Tajik investors and representatives of the agriculture sector were able to establish partnerships with foreign companies and existing local agro markets, had a



chance to buy new types of seeds, fertilizers and pesticides, veterinary medicines and fruits and vegetable processing technologies as well as modern equipment.

The first international exhibition «AgroExpoKhujand-2010» has finished. But at the same time an effective cooperation between foreign and local representatives of the agriculture sector in signing contracts and subsequent exchange of work experience. Mainly the conduct of such exhibition gave the Association... enormous experience and a strong push for further development and strengthening the network between Tajik and foreign companies.

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*Information about the Association: Association of Agribusiness (AAT) is a union of suppliers of equipment, raw materials, fertilizers, farmers, processors and exporters of agro sector, who help the development of the sector through protection of rights and interests as well as provide professional services. AAT is created with the view to coordinate the activities, support the development of the agro industrial complex, represent and protect the property and non-property interests of the members of the Association.*

INFORMATION BULLETIN №16  
SECRETARIAT OF CONSULTATIVE COUNCIL ON IMPROVEMENT OF INVESTMENT CLIMATE  
UNDER THE PRESIDENT OF REPUBLIC OF TAJIKISTAN



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*You may also share with us your information, which might be of interest to private sector and investors. We may include it in one of the next bulletins.*

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*The Secretariat of the Investment Council on Improvement of Business Climate under the President of Republic of Tajikistan is grateful for your interest in our bulletin and your general cooperation.*

*Sincerely,*

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

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