



**Basic themes of this release:**

- Further implementation of the decisions made by the second Consultative Council meeting
- On development progress of the Programme «200 days of reforms»
- Information on the global practices in organizing dialogue between government and businesses

**EVENTS**

**March 2-3, 2009**

- Mr. Otorbaev D., EBRD Senior Advisor on CIS countries, arrived with official visit to Dushanbe. The main purpose of the visit was to discuss further development of the activities by the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan. In the course of the visit Mr. Otorbaev together with Head of EBRD office in Tajikistan, Mr. M. Le Blan, met with the Prime Minister, Mr. A. Akilov, State Advisor of the President on Economic Policy – Mr. M. Davlatov, and the Chairman of SCISPM RT, Mr. F. Hamraliev.

**March 12-13, 2009**

- By initiative of SCISPM RT, there was joint discussion held on proposals and recommendations put forward by business and donor community with the purpose to have them included into the Draft Programme «200 days of reforms». The representatives of SCISPM, IFC, Project BEI (USAID), National Association on Small and Medium-size Enterprises and Secretariat of the Council participated in this discussion. As the result of this event, a consolidated document of the Programme «200 days of reforms» was drafted along with designed Programme's Action Plan (see details below).

**March 14, 2009**

- The meeting was held by the mayor of Dushanbe city, Mr. M. Ubaidulloev, with business structures of the capital, in regard to the entrepreneurship development issues.

**March 16-19, 2009**

- The World Bank Group mission visited Dushanbe and worked on the matters of reforming business environment. Mission members discussed their recommendations with the Government of RT and facilitated development of reforms implementation plan aimed to create more favorable business environment

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and at improvement of Tajikistan's indicators according to the WB Report on «Doing Business». The Mission arrived to Tajikistan upon the request of the Government of the Republic with the purpose of providing support in the implementation of reforms aimed to improve business environment.

During the course of the mission, IFC, jointly with the State Committee on Investments and State Property Management and the Executive Office of the President, held a number of workshops for Government agencies primarily focusing on starting a business, getting credit, dealing with construction permits, protecting investors and other areas related to the business climate.

The Doing Business 2009 report released in September 2008 ranked Tajikistan 159th out of the 181 economies measured by the Doing Business indicators. The report looks at the cost for a domestic business to meet government requirements in starting and operating a business, trading across borders, paying taxes, closing a business, and other activities.

The Mission held meetings with the leaders of a number of ministries and agencies, departments of Executive Office of the President of the Republic of Tajikistan, involved in the process of regulating and implementation of reforms in business sector.

In particular, the Mission met with State Advisor of the President of RT on Economic Policy, with Ministry of Justice, State Committee on Investments and State Property Management of RT, and others.

The Doing Business Mission provided specific recommendations in regard to potential reforms, which Tajikistan could implement in order to ease doing business for companies working or willing to work in Tajikistan. The Doing Business 2010 report will be released in September 2009. If Tajikistan succeeds in implementation of key priority reforms, its reforms will be recognized in Tajikistan's scores in that report.

We remind you that during the period of 2007-2008, the Doing Business Report registered implementation of only one positive reform in Tajikistan related to protection of investors' rights. Tajikistan reinforced the measures to protect the rights of investors by adopting new Law on Joint Stock Companies (dated October 6, 2008, № 431).

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Right after the Doing Business 2009 Report was published, the Government of RT has adopted a number of other reforms including the Law of RT on “Introduction of amendments to the Law on State Duty» (dated December 31, 2008, № 466), as well as adoption by the Parliament of the Country of the Law of RT “On Credit History» and reducing of minimum capital requirements when opening/starting a business. These accomplishments will be reflected in the Doing Business 2010 Report.

The adoption of new draft law on registration providing the establishment of «one-stop shop» system at Tax Committee is one of the positive steps taken by the Government of RT to improve international indicators of Tajikistan.

The World Bank Group and IFC experts suggested to the Government considering other short-term and medium-term reforms on reducing number of steps, time and costs for opening a business, in addition to ongoing reforms.

#### **March 18, 2009**

- A separate meeting between the Chairman of SCISPM RT, Mr. F. Khamraliev, and domestic businessmen on the issue of Programme «200 days of reforms» preparation was held at SCISPM RT, with the support of BEI Project (USAID). There were approximately 90 businessmen, representatives of international organizations and mass media attending the meeting. The opening of new web site of SCI of RT called «Investment Opportunities of Tajikistan» ([www.tajinvest.tj](http://www.tajinvest.tj)) was scheduled together with this event.

#### **March 31, 2009**

- EBRD mission headed by Mr. Olivier Descamps arrived to Dushanbe with the purpose to study the implementation process of current EBRD projects as well as to discuss economic situation within the country and implemented anti-crisis measures. The Mission met with the President of RT and, along with matters of cooperation with EBRD, had discussed the matters of supporting small and medium businesses. In particular, it was emphasized during the meeting that there were 47 ongoing projects in Tajikistan financed by EBRD with total amount of \$150,000,000. According to the decision made by EBRD Board of Directors, next year there will be 12 more projects launched in Tajikistan, with total amount of \$50,000,000.

Mr. Descamps assured the Government of the country of continuing the EBRD policy on providing financial support to agricultural sector, construction of small hydropower stations and to other priority sectors of the economy.

The Mission held a number of meetings with other relevant state agencies and individual enterprises.

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**FURTHER IMPLEMENTATION OF THE DECISIONS  
MADE BY THE SECOND CONSULTATIVE COUNCIL MEETING**

In February, in the released bulletin, the Secretariat provided information on envisaged activities of the Government of RT on approving Drafts of Decree of the President of RT on reforming the permit system and of Decree of the President of RT on improving administrative procedures related to construction activities.

As of to date, the President of RT has signed:

- Decree «On Reforming permit system in the Republic of Tajikistan» (dated March 7, 2009, № 633)
- Decree «On improving administrative procedures related to construction activities» (dated March 18, 2009, № 638)

The Government of RT approved the Draft Law of RT «On state registration of legal entities and individual entrepreneurs».

Under the envisaged reform of permit system, it is intended to review current normative legal acts providing issuance of permitting documents required to do business.

Review of normative legal acts assumes abolition of the legal acts holding back business development, as well as of the legal acts that are not provided for by the Law of RT. With the purpose to review the above mentioned legal acts, it is intended to establish a commission which would have to accomplish all specified activities within 9 months. The draft law on permits is to be elaborated based on conducted activities.

According to the Decree of the President of RT «On improvement of administrative procedures related to construction activities», the Government of RT was assigned with the task to elaborate and to approve new order of administrative procedures, related to construction activities, by April 18, 2009, that would allow to reduce the number of and the time for administrative procedures, and also to lower the costs of permitting documents required to carry out construction works.

Reforms in this area will not be limited by only development and approval of new order for administrative procedures in the construction sector.

According to the instructions received from the President of RT, the Government has to develop and approve a specific plan of detailed actions on improvement of

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construction legislation, with focus on reforming administrative procedures and increasing the responsibility for violation of norms which regulate the matters of compliance with administrative procedures in construction sphere.

### **INFORMATION ON THE DEVELOPMENT PROGRESS OF PROGRAMME «200 DAYS OF REFORMS»**

As mentioned above, on March 12-13, 2009, by initiative of SCISPM RT, the joint discussion was held on proposals and recommendations put forward by business and donor community, with the purpose to have them incorporated into the Draft Programme «200 days of reforms». The representatives of SCISPM RT, IFC, Project BEI (USAID), NASMET and Secretariat of the Council participated in this discussion. As the result, a consolidated document of the Programme «200 days of reforms» was drafted, including the matrix of measures on this Programme.

The consolidated version of the draft document included 32 measures, aimed to reduce state regulation in business sector. The measures were sorted out according to the following areas of their application:

- Reduction in inefficient administrative procedures;
- Adoption of guidelines and procedures based on a principle of applying to «one-stop shop» in the area of business registration, licensing, and foreign trade procedures;
- Simplification of taxation system and improvement of tax administration;
- Ensuring protection of rights for entrepreneurs, expansion of options for them in managing their assets;
- Improvement of country's image on international level

At present, the draft document of the Programme «200 days of reforms» is being worked out at the stage of coordination between the stakeholders.

### **INFORMATION ON THE GLOBAL PRACTICES IN ORGANIZING DIALOGUE BETWEEN GOVERNMENT AND BUSINESSES**

It's been over a year since the establishment of Consultative Council on Improvement of Investment Climate and Business Environment under the President of the Republic of Tajikistan. Despite the short period of implementing its activities, the Council became a good incentive for the start up of serious dialogue between businesses and the state.

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The experience showed that such a dialogue promotes rapprochement of interests between the state and businesses, and reaching consensus on the various issues, because the Council comprises high ranking officials and the most distinguished representatives and leaders of business community.

However, in the course of its work the Council faces a number of subjective and objective issues. One of the constraining factors is incomprehension of the status and the role of the Council. Many public agencies do not take an interest in the work of the Council, seeing it as their alternative.

Due to the existing situation, with support of IFC an expert in PPD (Public and private Dialogue) field was invited to Tajikistan who conducted consultations on this matter with SCISPM RT, Secretariat of the Investment Council and representatives from private sector.

Mr. Benjamin Herzberg, Senior Private Sector Development Specialist of the Investment Climate Department (World Bank Group) during his visit has informed the heads and staff of SCISPM, the Secretariat of the Council and representatives from the private sector, on the other countries' experience in organizing the dialogue between the state and businesses.

In the global practice, such **Public-Private Dialogue** has its rich history and certain experience, and is not a new concept developed and adopted specifically to the conditions of Tajikistan.

Such a dialogue turned out to be the most useful and effective instrument for identifying and resolving business-related issues, called to improve investment climate in countries with transition economy, such as Bosnia and Herzegovina, Republic of Belarus, Armenia, Georgia, Cambodia, Vietnam, Uganda, Ethiopia, Zambia and a number of countries in South-East Asia, Africa and Pacific region. The main purpose of organizing such a dialogue is to provide opportunities for promoting the reforms.

For example, in Bosnia and Herzegovina the dialogue between the state and businesses was developing under the motto of «bulldozer initiative», and with that purpose «Bulldozer Committee» was established, comprising high ranking officials and business representatives, who have been involved in promoting the reforms of primary importance to support and develop private sector in these countries.

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The dialogue between the government and businesses can be demonstrated in other formats, it can be structured or unrestricted, formal or informal, comprehensive or covering only specific issues. The dialogue can be initiated by the state or by a business, and even by international institutions. It can be conducted in a format of Forums, Councils, Committees and Round Tables, etc.

The most widely spread form of dialogue organization is the Council, having different names such as «National Business Council», «Investment Council», «Consultative Council» etc. In the majority of the countries these institutions are chaired by the President or by the Prime – minister of the country.

It's important to understand that the purpose of establishing such institution is not to replace or duplicate the functions of certain public agencies, but to establish so-called forum where representatives from authorities and businesses have the possibility to discuss jointly the issues of business development and ways of their resolution.

The most important condition for organizing such dialogues is the existence of *political will of the parties*, because any dialogue will be fruitless if one of the parties is not really interested in it.

Strategic body ensuring the work of the Council is independent Secretariat/committee, established with the basic task of organizing and promoting a structured dialogue between the government and representatives from local and foreign business organizations, with the purpose to improve business climate and to facilitate development of the private sector, to increase the employment rate and standards of living of the population.

The Secretariat of the Council performs the role of a facilitator, with its main functions as follows:

- Conducting consultations with partners to identify their interests, willingness and opportunities to participate in this process, as well as ensuring and supporting better participation of the representatives from private sector in the meetings of the Council;
- Ensuring transparency of the process and coordinating the dialogue between the working groups on identifying opportunities and compromises on raised issues;
- Ensuring constant cooperation between the partners on providing necessary technical assistance in a form of analytical and expert support on the various issues related to improvement of business environment etc.;

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**BULLETIN №3**  
**SECRETARIAT OF THE CONSULTATIVE COUNCIL ON IMPROVEMENT OF INVESTMENT CLIMATE**  
**UNDER THE PRESIDENT OF REPUBLIC OF TAJIKISTAN**



- Developing agendas and possible scenarios for the meetings of the Council, as well as summarizing and disseminating information on outcomes/ decisions made by the Council.

It is determined that the Council has to establish working groups out of a number of key people from involved ministries/ agencies, representatives of business entities/ associations and representatives of donor organizations, according to various areas of activities. These working groups normally are set up according to:

- 1) Sectors;
- 2) Functions, and/ or
- 3) Regional principals of organizing Council's work, depending on the goals and tasks set for the Council.

However, to organize the dialogue between the state and business is not the final goal by itself; because it's primary purpose is development of the specific *product*. The product of the dialogue is recommendations on legislation reforms, improvement of methods and forms of interaction between the state and businesses. The product of the dialogue should be assessable, visible, scheduled in time and task-oriented.

**For developing countries with transit economy in particular, in a situation when state should determine its role in the matters of business regulation, and businesses should determine their own role «in the matters of management of state affairs» - this mechanism of dialogue between the state and businesses is a vital integral part of the reforms implemented in the country.**

Note: Secretariat is prepared to render assistance (as resource-center) in providing necessary materials/ information on the above listed adopted Decrees of the President of RT and other normative legal acts of RT.

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