



# SECRETARIAT OF THE CONSULTATIVE COUNCIL FOR IMPROVEMENT OF THE INVESTMENT CLIMATE UNDER THE PRESIDENT OF THE REPUBLIC OF TAJIKISTAN

## ISSUE # 2 (2019)

### SUB-NATIONAL DOING BUSINESS REPORTS

Capture differences in business regulations and their enforcement across locations in a single country. They provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas.

Sub-national Doing Business studies have benchmarked 510 locations in 75 economies since 2005.

## CONTENT:

Meeting on improvement of Tajikistan's rating in the World Bank report "Doing Business"	page 2
The visit of the European Bank for Reconstruction and Development President to the Republic of Tajikistan	page 3
The Law on Craftsmanship	page 4
The tax rate will be reduced for private education facilities and food processing companies	page 4
The meeting of the Task Force for women in business support	page 5
The International Investment Forum – Khatlon 2019	page 6
Discussion of entrepreneurship and investment issues	page 7
Regional Workshop on Women in Business Support	page 8
The meeting with private sector representatives from IT and telecommunication sector	page 9
Workshop on introduction of B2B portal and development of electronic tax services	page 10
The meeting of working sub-group on access to loans	page 10

Meeting under the First Deputy Prime Minister of the Republic of Tajikistan on improvement of Tajikistan's rating in the World Bank report "Doing Business" was conducted on April 3, 2019.

The meeting was attended by the Advisor of the President of the Republic of Tajikistan on economic issues and high-level representatives of respective government bodies.

Session was opened by the First Deputy Prime Minister, Davlatali Said. Following the Agenda overview, the First Deputy mentioned that the President of the Republic of Tajikistan Emomali Rahmon stressed the importance of Tajikistan's position in international assessments, particularly the "Doing Business" report.

Doing Business measures regulations affecting 11 areas of the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

The First Deputy Prime Minister was concerned about country's position in this assessment comparing with neighbor countries on several indicators, telling that the regional competitiveness requires adoption of comprehensive reforms, improvement of business and investment climate and betterment of these indicators involving all relevant structures.

## MEETING ON IMPROVEMENT OF TAJIKISTAN'S RATING IN THE WORLD BANK REPORT "DOING BUSINESS"

The chairman of the State Committee on Investments and State Property Management – Hamralizoda Farrukh made a presentation on first issue. In particular, it was noted that in order to simplify the business regulation, the draft Action Plan of the Government of the Republic of Tajikistan on Improvement of Tajikistan's position in the Doing Business report for 2019-2022 was submitted to the Government of the Republic of Tajikistan.

There reports of following government structures were presented during the meeting: Ministries of Justice, Finance, Economic Development and Trade, Energy and Water Resources, Committees on Land Management, Tax, Construction and Architecture, Customs Service, State Agency on Social Insurance and Pension and other respective authorities.



## THE VISIT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT PRESIDENT TO THE REPUBLIC OF TAJIKISTAN



On July 1, 2019 in a framework the official visit of the President of the European Bank for Reconstruction and Development (EBRD) Suma Chakrabarti to the Republic of Tajikistan there was a meeting with the President of the Republic of Tajikistan, relevant ministries and departments, private sector and mass media on issues of private sector development and regional integration.

On behalf of the Government of the Republic of Tajikistan the First Deputy Prime Minister of the Republic of Tajikistan, Davlatali Said mentioned that the Government recognize the European Bank for Reconstruction and Development as one of our principal and reliable partners and expressed his gratitude to the Bank's management for the effective.

After EBRD President speech there was a questions and answers session.

The event was attended by guests, representatives of ministries, agencies and private sector.

The EBRD is operating in Tajikistan starting from 1993. As of July 1, 2019 the total EBRD investments to the Republic of Tajikistan include \$840 mln US Dollars where \$585 mln US Dollars is a support to the Government and more than \$260 US Dollars is directed to enhance finance and private sector.





## THE LAW ON CRAFTSMANSHIP

On June 20, 2019 the Founder of Peace and National Unity, Leader of the Nation, President of Tajikistan Emomali Rahmon signed the Law on Craftsmanship. At XVII Session of the Investment Council the order for the Law development was given to the State Investment Committee and Investment Council Secretariat. In this regard, the Secretariat of the Investment Council and posted the draft Law on Craftsmanship on its website ([www.investmentcouncil.tj](http://www.investmentcouncil.tj)) on July 28, 2017.

The draft Law was discussed during meetings with experts and craftsmen. The meeting protocols were submitted to the Government of the Republic of Tajikistan along with the Draft Law on Craftsmanship on February 16, 2018.

At this stage the State Committee for Tourism Development was instructed to establish the Working Group on development of the Law on February 23 this year. The Law on Craftsmanship was approved by the Parliament of the Republic of Tajikistan.

## THE TAX RATE WILL BE REDUCED FOR PRIVATE EDUCATION FACILITIES AND FOOD PROCESSING COMPANIES.

The Founder of Peace and National Unity, Leader of the Nation, President of Tajikistan Emomali Rahmon on the XIX Session of the Investment Council has given and order to review tax rates for private education facilities and food processing companies.

In accordance with the Session Protocol the Ministry of Finance was responsible to extend the implementation of the given incentive, i.e. 5% VAT for abovementioned facilities.

This incentive relates to private education facilities and food processing companies. The incentive conditions were reviewed by the Parliament of the country on June 28, 2019.

The simplified system on tax fee reduction was reviewed and approved by the Parliament of Tajikistan on June 28, 2019.

In accordance with the incentive the VAT rate for private education facilities will account 5%. The food processing companies in their turn will pay 7% VAT fee.



The meeting was conducted on July 5, 2019 in the State Committee for Investment and State Property Management.

The main objective of the meeting was to discuss the second phase of the project "Reforming of investment climate considering gender aspects" and introduction of the mechanism for assessment of state policy effectiveness to promote the development of women's entrepreneurship in relevant government bodies.

## THE MEETING OF THE TASK FORCE FOR WOMEN IN BUSINESS SUPPORT.

The meeting was led by the head of the Task Force – Nigina Anvari and the representative of European Bank for Reconstruction and Development Dr. Yolanda Gibb. Representatives of respective government bodies also attended the meeting, including all members of the Task Force.

It should be mentioned that the Secretariat of the Investment Council is running the coordination activities of the Task Force.





## THE INTERNATIONAL INVESTMENT FORUM KHATLON 2019



The Investment Forum Khatlon 2019 was conducted on June 14, 2019 in Kulob city of Khatlon region. The Forum was endorsed by the Founder of Peace and National Unity, Leader of the Nation, President of Tajikistan Emomali Rahmon and facilitated by the State Committee on Investments and State Property Management in coordination with local government authorities.

In a framework of the Forum activity there was organized an exhibition of local production companies and handcrafters. The forum was attended by a wide range of domestic and foreign entrepreneurs and investors, government officials, experts, and representatives of mass media.

In the official part of the Forum was facilitated by the Chairman of the State Investment Committee Hamralizoda Farrukh. It was attended by the Advisor of the President of the Republic of Tajikistan on economic issues Ashurboy Solehzoda,

Deputy Chairman of the Khatlon region Rajabali Rajabov, Chairman of Kulob city of Khatlon region Inoyatzoda Bahrom, Ambassador of the United States of America in the Republic of Tajikistan John Mark Pommersheim, Ambassador of the Kingdom of Saudi Arabia in the Republic of Tajikistan Abdulaziz Muhammad Al Bodi, executive director of the Islamic Corporation for the development of the private sector Ayman Amin Sejini, President of the Tibet Everest Xuan Zan Jung and Balkhi region of Islamic State of Afghanistan deputy governor.

In the second part of day the Forum worked in four subdivisions on the following topics: "Ways and Methods of Improvement of State Policy on Investment and Business Initiative for the Development and Innovation of National Economy", "Free Economic Zones as an Accelerating Industrialization of the Republic of Tajikistan", "Opportunities for Entrepreneurship Development in Tajikistan tourism sector and attraction of investments to tourism infrastructure",

"Opportunities for export and processing of agricultural products with modern technology"

Within the framework of the Forum, there was signed a number of bilateral documents, including the Agreement between the Government of the Republic of Tajikistan and the International Islamic Trade Finance Corporation (ITFC), "Investment Agreement between the Government of the Republic of Tajikistan and the limited liability company" Kashi Sanyu Dadi Mining", Memorandum of the joint investment projects with the "Tibet-Everest" resources, "Agreement on cooperation between the executive bodies of the state authority of Kulob city and Khatlon region and the public association "Oriyon-Rustam" and Memorandum of Understanding on Cooperation between the Executive Office of the Government of Khatlon region and Balkhi region of Islamic State of Afghanistan.

### Discussion of entrepreneurship and investment issues

The Forum - Khatlon 2019 consisted from four panels. The first Panel "Ways and Methods of Improvement of State Policy on Investment and Business



Initiative for the Development and Innovation of National Economy" was facilitated by the head of the Investment Council Secretariat - Sharaf Sheralizoda. It was attended by the representatives from the local authorities and private sector. It was mentioned by the head of the Investment Council Secretariat that private sector development through improvement of investment climate and state support is one of the important priorities of the Government of the country.

It was noted that the possibilities of investment and the ways for cooperation in the Khatlon region are also important topics, and in this regard many investment opportunities in Kulob city are subject of special significance.

At this stage the project "Accelerate Prosperity" of Tajikistan and the activity of the State Enterprise "Formation and development of entrepreneurship" have important role for the promotion of many issues of small and medium enterprises.

In general, the first panel expressed the readiness of the government for attraction of investments for entrepreneurship support and technology development as well as establishment of joint companies in the country.



In this regard a number of achievements were noticed:

- In accordance with the National Development Strategy of the Republic of Tajikistan 2030 the Private Sector has a big share in implementation of the strategy outcomes. (54.7 bln USD PS share out of 118.1 bln USD)
- In accordance with the Address of the President of the Republic of Tajikistan to Majlisi Oli of the Republic of Tajikistan (December 22, 2017) the share of the Private Sector in national economy shall be double increased by 2020
- Role of executive bodies of the state authority in the regions and cities and districts in the field of entrepreneurship and investment development;
- tax and customs incentives;
- Improvement of Tajikistan's rating in the World Bank report Doing Business for the 2019-2022 and others.



## REGIONAL WORKSHOP ON WOMEN IN BUSINESS SUPPORT

On July 4, 2019 in Hilton Hotel Dushanbe, the State Committee on Investments and State Property Management of the Republic of Tajikistan and the European Bank for Reconstruction and Development conducted a workshop on "Expansion of rights and opportunities of women entrepreneurship in Tajikistan".

The purpose of the event was to present the effectiveness of the EBRDs Program "Women in Business", launched in September 2017. This program is aimed at ensuring broader access of women in business to financial resources as well as business consultations aimed on increase of their business competitiveness.



The event was attended by representatives of ministries and government agencies, members of the Task Force for women in business support, development partners, international experts and the private sector, including the beneficiaries of the Program. The next stage of the Program implementation includes increased number of women entrepreneurs from various regions of the country.

At the end of the official part of the conference, the head of the Resident Office of the European Bank for Reconstruction and Development in Tajikistan announced the start of the second phase of the "Women's Business" program and invited successful entrepreneurs to actively participate in the Program.

Active members of the partner financial organizations, which participated in the first stage of the program, were rewarded with presents.



## THE MEETING WITH PRIVATE SECTOR REPRESENTATIVES FROM IT AND TELECOM- MUNICATION SECTOR

The meeting with IT and telecommunication sector representatives was conducted on June 26, 2019 in the Secretariat of the Consultative Council for Improvement of the Investment Climate under the President of the Republic of Tajikistan.

During the meeting the head of the Investment Council Secretariat Sheralizoda Sharaf mentioned that the Founder of Peace and National Unity, Leader of the Nation, President of Tajikistan Emomali Rahmon is concerned about issues of private sector in a field of IT and Telecommunication and mentioned these topics in different meetings on the decision-making level.

The head of the Investment Council Secretariat noted that the Communication Service under the Government of the Republic of Tajikistan was instructed establish a working group from relevant

ministries and agencies to analyze the issues of improvement of the investment climate in the field of IT and telecommunication and submit to the next Session of the Council with concrete recommendations. Participants appreciated the role of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan, particularly on its 10th Anniversary. It was noted that this period transformed our republic into one of the most developed countries in the field of IT and telecommunication.

During the meeting participants discussed current situation, challenges and obstacles, the realization of sectoral security aspects, taxation, regulation, role of IT and telecommunication in education, digital economy and other sectors of economy, e-government development, strengthening the infrastructure of the sector, its potential and needs for development.

At the end of the meeting, the head of the Secretariat expressed consideration regarding this issue and promised that the IT and Telecommunication sector analysis will be conducted in short term period. The private sector representatives in their turn will have active role in the development of recommendations for improvement of investment and business climate in this sector.

## WORKSHOP ON INTRODUCTION OF B2B PORTAL AND DEVELOPMENT OF ELECTRONIC TAX SERVICES

The workshop was organized in the Hyatt Regency hotel on June 3, 2019 in cooperation with the Tax Committee of the Republic of Tajikistan.

The workshop was opened by welcome speeches of the deputy head of the State Investment Committee Nigina Anvari and deputy head of the Tax Committee Solehzoda Aybjon.

The interactive B2B portal was presented by the management of the SUE "Tojinvest". The SUE "Center for Tax Administration Program" representatives presented electronic tax services.

The Portal contributes to the attraction of partners, provide information on potential partners, guidelines for entrepreneurs and investors, the acquisition of goods and services, information on promotion of business and services in the country.



As of June 1, 2019, the Tax Committee under the Government of the Republic of Tajikistan has introduced the e-service portal for taxpayers. This portal includes 36 types of electronic services for taxpayers. At the same time, introduction of the portal will be one of the mechanisms for preventing corruption and will reduce interfacing between the taxpayer and the tax authority.

It should be noted that taxpayers have full access to the portal from the moment of registration until the termination of the activity and due to the tax obligation, the financial costs and savings have been reduced significantly.

The event was attended by heads and officials of the State Committee on Investments and State Property Management, Tax Committee, ministries, departments, executive bodies of the government, development partners, local entrepreneurs from cities and districts of the republic and foreign investors.

## THE MEETING OF WORKING SUB-GROUP ON ACCESS TO LOANS

The meeting of the sub-group under the Permanent Working Group on improvement of the country's position in international assessment studies under the State Committee for Investments and State Property Management was organized on April 29, 2019.

The session was attended by members of the Working Group on Access to Credit Union, as well as sectoral

associations and heads of credit unions of the country.

The participants discussed the definition of the credit unions and the credit funds in the legislation, their distinction from the financial institutions, state registration, and the final limit for re-registration of credit unions and credit funds, simplifying regulation and establishment of list of noncommercial activity, improvement of legislative basis of the credit unions and funds, implementation of simplified procedures for reporting, attraction of their free remittances to the banking system of the country, support of development partners at the initial stage of their activities.

As a senior consultant on the economic issues of the Secretariat of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan - Manuchehra Madjonova noted that the support and legalization of the credit unions will improve of the country's position in the "access to credit" indicator of "Doing Business" report as a result of expanded coverage of the population to the credit information provided by the credit unions.

In this regard, the sharing of credit information between the credit unions and the credit information bureaus can significantly increase the coverage of the country's population with credit information and at the same time increase the country's position in international assessments.



According to the "Doing Business" report, despite the fact that the two credit information bureaus operating since 2013, the coverage rate of the population is still 44.9%, while at the regional level the coverage is 42.8% and in Europe it is 63.7%.







## **Upcoming activities:**

- 1. The analysis of improvement of investment climate in IT and Telecommunication sector**
- 2. The analysis of international standards for clustering the agricultural sector**
- 3. Improvement of the Republic of Tajikistan's rating in the World Bank Report "Doing Business"**
- 4. Implementation of the Government Action Plan on 300 days reform**
- 5. Approval of the new transport-automobile code of the Republic of Tajikistan**
- 6. The Sub-national Doing Business research**

### **Contacts:**

10 Rudaki avenue  
734003 Republic of Tajikistan  
Dushanbe city  
Tel: (+992 44) 610-60-09  
Fax: (+992 44) 610-60-04  
Web: [investmentcouncil.tj](http://investmentcouncil.tj)  
Email: [secretariat@investmentcouncil.tj](mailto:secretariat@investmentcouncil.tj)

*For more information please contact the Secretariat of the Consultative Council on Improvement of the Investment Climate under the President of the Republic of Tajikistan*