

# Public-Private Dialogue

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

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### A- GENERAL PROVISIONS, GOALS AND OBJECTIVES

#### Institutionalization of interaction between the Government and the businesses in Tajikistan

In recent years, the problem of existing disunion among businesses and governmental agencies, as well as the issue of the private sector's low self-organization in Tajikistan, are raised more frequently at the top level meetings. Meetings between senior officials of the Government and entrepreneurs became more regular, and one can observe the Government and private sector gradually starting to have a constructive dialogue with each other, while position of businesses is taken into account more often while making policy decisions.

First step to build relationships between the Government and the businesses was the establishment of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan in December 2007. This structure was created in the form of a consultative-advisory body and has institutionalized the informal dialogue started between the Government and the private sector, to set it to a permanent basis.

Activities of the Consultative Council are aimed on elaborating a unified position of state authorities and business structures regarding implementation of various interventions designed to improve business environment and investment climate in the country.

Outcomes of the Consultative Council work proved that its establishment in the current national development context was a good incentive and catalyzer to initiate a serious dialogue between the business community and the Government of the Republic of Tajikistan.

The Consultative Council promotes the following:

- The governmental bodies are able to be aware of the impact of their decisions on entrepreneurs, and can handle developing public regulation measures in a more responsible manner, and
- Representatives of business structures are able to participate in a public decision making process and to understand its essence.

### B- STRUCTURE AND PROCESS

### **Consultative Council Meetings**

A primary form of the Consultative Council activities are quarterly meetings chaired by the President of the Republic of Tajikistan, with the participation of the Prime-minister together with other members of the Council.

Heads of key governmental agencies, representatives from business structures and international institutions, as well as entrepreneurs, depending on the agenda, are invited to attend the meetings as observers.

### **Consultative Council Secretariat**

The Secretariat of the Consultative Council is its executive tool providing organizational-methodological and technical support to its activities.

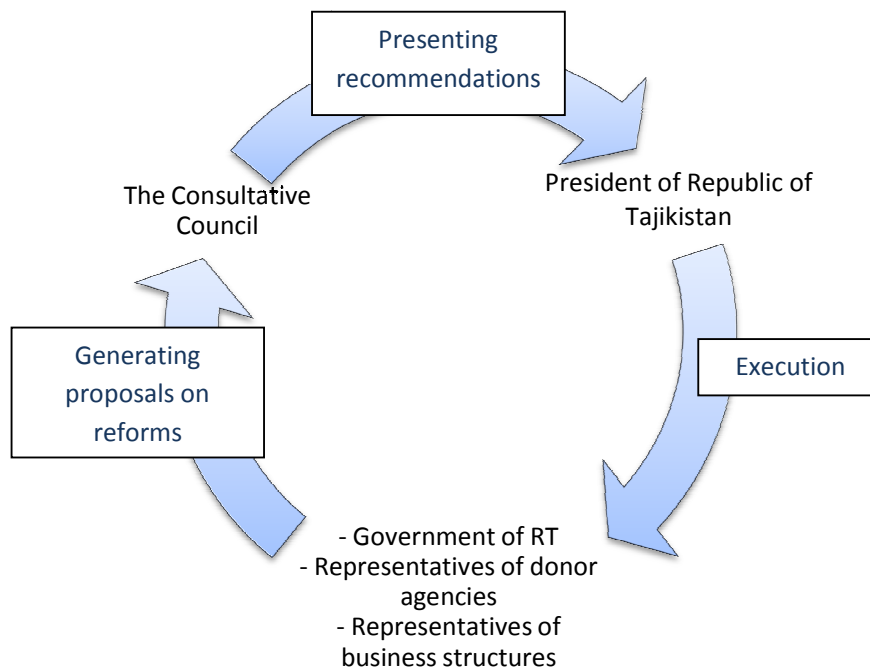
The Secretariat ensures the overall coordination and interaction between governmental agencies, entrepreneurs and their unions, international institutions, foreign investors and working groups on drafting necessary materials for the Consultative Council meetings. Key functions of the Secretariat include collection and processing of information required to prepare reports, drafting information materials for the Chairman of the Council and its members regarding implementation status of the recommendations of the Council, developing proposals and recommendations for the Council regarding attracting foreign investments and improving business environment, and ensuring monitoring over implementation of recommendations and proposals issued by the Council.

### **Working Groups**

Working groups are established to draft and improve the legislation with a view to enhancing investment climate, protecting rights of entrepreneurs, promoting reforms on improving investment climate and indicators of the Republic of Tajikistan under international rating, as well as building private sector capacity and engaging it into a public-private dialogue.

Establishment and activities of the working groups were driven by the need to develop well coordinated proposals, accelerate drafting of recommendations, ensure coordination while identifying priority issues, bring transparency and democracy into the process, facilitate public discussions and close interaction between public and private sectors with direct involvement of donor community, and simplify lobbying process for the designed legal acts.

Working groups are established based on a regulatory act, a recorded decision of the Consultative Council, an instruction from the Government of Republic of Tajikistan, an order of the President of the Republic of Tajikistan, and upon an initiative of the private sector or an initiative from donor institutions.



### C- MONITORING AND EVALUATION

Monitoring and evaluation of implementation status of decisions made by the Consultative Council is one of its key activities. General supervision over implementation of the decisions is carried out by the State Committee on Investments and of State Property Management through the Secretariat of the Council reporting to the Government on a monthly basis.

In order to carry out such activities, a special Monitoring Framework was developed and focused both on tracking direct outcomes of every particular action taken upon decisions made, on early warning about problems and challenges faced during the implementation, as well as on preparing monitoring reports with a focus on evaluating socially significant results.

Regular working meetings are held with specialists of relevant ministries and agencies, donor projects and leading associations, to establish a system for data collection and analysis for monitoring and evaluation purposes. Brief newsletters are prepared following such meetings.

Results of the monitoring over execution of decisions made during the Consultative Council meetings, are discussed with the Prime-Minister of Republic of Tajikistan, with the participation of chief executives of relevant ministries and agencies. After such meetings, minutes are sent to all stakeholders including donor institutions.

Findings are published every two months in the Bulletin and on the web-site ([www.investmentcouncil.tj](http://www.investmentcouncil.tj)) to disseminate the information among stakeholders. This initiative was broadly supported by different partners, particularly by business structures in the regions of the country. Currently, there are more than 300 subscribers to the Bulletin. The Monitoring List was also developed in addition to the monitoring updates on execution of decisions taken by the Consultative Council, and it is published in the Bulletin.

The monitoring process adds great value to public awareness and process transparency, being an integral part of the public-private dialogue.

## **D- INTERACTION WITH PARTNERS**

The Consultative Council is the platform helping to shape horizontal interaction between the partners (the Government and the businesses), including donor community, and it is called to enhance governmental institutions efforts toward creating business enabling environment, attracting investments into the economy, implementing consistent and well-coordinated governmental investment policy.

A dialogue between the Government and the business community is an integral part of a cyclic reform pattern targeted to eliminate existing administrative barriers to investments.

Engagement of representatives from governmental agencies in the Consultative Council work will ensure proper decision making, and involvement of representatives from the businesses will secure relevance of the proposed reforms, since they will often be able to identify in detail the most problematic procedures, as well as possible ways to adjust them. That is why the Consultative Council, upon certain political support by the management of the county, can significantly promote solutions for many problems

Importantly, international insititutions render their considerable assistance for developing public-private dialogue (PPD) in Tajikistan; particularly, by providing technical and consultative support for building PPD mechanisms. Currently, main partners of the Consultative Council include European Bank for Reconstruction and Development (EBRD), Swiss Agency for Development and Cooperation (SDC), International Financial Corporation (IFC), World Bank (WB), German Agency for Technical Cooperation (GIZ), United States Agency for International Development (USAID), DFID, UNDP, EU, etc.

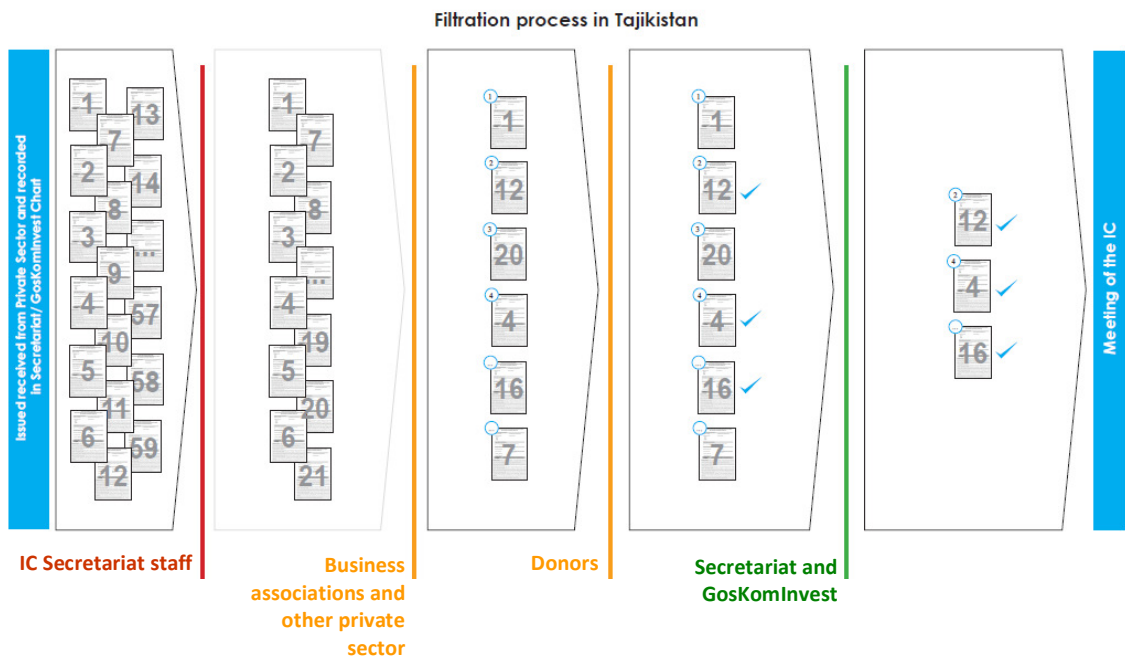
Notably, EBRD and GIZ provide their assistance in drafting necessary documents and materials, writing opinions on proposed draft regulatory acts, as well as providing technical support to the working groups and consultations with experts, including efforts to build a human resource capacity of the Secretariat. World Bank is involved in the area of developing and implementing the Consultative Council programs on improving Doing Business indicators for Tajikistan' international rating.

IFC actively mobilizes private sector to identify existing challenges and to prioritize its most relevant problems. In addition, IFC facilitates in establishing a public-private dialogue and appropriate partnership between the public and the private sectors. First Regional Consultative Council was established in Khatlon province upon the initiative and with the assistance of IFC. Setting up and strengthening public-private dialogues at regional level will make it possible to monitor and to evaluate the outcomes of the reforms and their impact, not only at the national level but also at the local level.

## **E- SUCCESS STORY OF A PUBLIC-PRIVATE DIALOGUE. FILTRATION PROCESS**

Being a top-level platform for decision making, the Consultative Council has developed the mechanism through which the private sector can have greater influence on Governmental decisions regarding business and economy of the country as a whole. The mechanism ensures prioritization of issues suggested by the private sector, and as a result, selecting them as agenda items for the Consultative Council meetings.

The concept of such "filtration" includes discussing the issues offered by the private sector between the stakeholders, and then appropriately prioritizing the issues based on the discussion outcomes at every level. First pilot round of such filtration process was completed last year, and all submitted proposals were thoroughly analyzed and selected by the public and the private sector, with participation of donor institutions and the Secretariat. This filtration process enhances formulation of the specific proposals and identification of existing problems in the private sector, and it also promotes transparency and legitimacy in a course of their consideration, displaying every stage of the process - from receiving a proposal to including it into agenda for the Consultative Council meetings.



## F. RESULTS AND ACHIEVEMENTS OF THE CONSULTATIVE COUNCIL WORK

As a result of the Consultative Council's productive work during the last two years, some key strategic documents were adopted with a focus on creating business enabling environment and improving investment climate in the country, namely: Priority Action Plan of the Government of RT on Improving International Rating of Tajikistan, "Business Enabling Environment– 200 Days of Reforms" Programme and Follow-up Action Plan of the Government of RT on the next steps to improve the investment climate and indicators of international rating of Republic of Tajikistan.

Development, adoption and implementation of the mentioned above documents was caused by a desire to improve Tajikistan's rating according to "Doing Business" indicators (World Bank report). In 2010, Tajikistan moved 10 positions up in the rating and was listed among the top-reforming nations, taking 149 place among 183 countries covered by the DB Report. Continuing with the reforms initiated by the management of the country and launched earlier, Tajikistan was able to go up another 10 positions in 2011 and became a top-reformer country again.

## **G. RISKS AND CHALLENGES**

Along with positive results, there is a number of problems restraining the Consultative Council operations, such as: weak support from public and private structures, lack of clear coordination between government institutions and donor agencies, inadequate private sector capacity, lack of stimulus to promote reform initiatives, limited engagement of local experts while drafting analytical documents etc.

However, the Consultative Council is planning to continue working on improving investment climate, developing public-private dialogue and promoting proposals and recommendations generated by business-associations. Next steps are expected to include continuous monitoring over implementation of adopted documents and decisions made by the Consultative Council, preparation to and conducting of the regular meetings, developing and adopting Working plans for the Consultative Council, and technical assistance by donors in cooperation with the Council and business-associations, as well as carrying out broad public awareness efforts on the achievements and reforms implemented.

Author

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**Mr. Zafar Khotamov** holds the following degrees with distinction: 1) MA in Economics –California, 2005; 2) MBA, Finance Option – California, 2005; 3) Master of Public Policy (MPP) –Tokyo, 2001; and 4) Diploma in International Economics – Dushanbe, 1998. He also completed successfully the 4-months intensive Applied Economic Policy Course at Joint Vienna Institute.

Upon graduating in 1998, Mr. Khotamov had been working at the TajikVneshEconomBank, Tajikistan, as Head of Credit and Planning Division and then Deputy Head, Accounting Division/Dushanbe Branch; then, at the Banking Supervision Department in the National Bank of Tajikistan. In 2002-2003, he had joined the Barents Group of Bearing Point, inc., Tajikistan. During 2004-2005, he had worked at Merrill Lynch/Castro valley, conducting studies of capital markets, structured products and identified investment opportunities; and built working relationships and networked with representatives of capital markets, investment banks and mutual funds. When working at Asian Development Bank in Tajikistan from 2005-up to 2009, he was the Economics Officer dealing with designing, processing and implementing the projects for economic management and budget support, including private sector development; and produced and published his analytical works.

From September, 2009 – he became Head of the Secretariat of the Consultative Council for Improvement of Investment Climate under the President of the Republic of Tajikistan.