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Tajikistan Business Enabling Environment- SME Policy Project Press Review - Issue #66

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IFC PRESS REVIEW

1. News directly connected to SME Project

FIRE MEN ARE SOUNDING THE ALARM

DUSHANBE, November 29, Asia Plus - National Conference 'On strengthening of fire safety at ministries, organizations and enterprises of Tajikistan' was on November 27, 2007 at the National Patent and Informational Center of the Ministry of Economy and Trade Development, with the participation of heads and officials of various structures of national economy.

The organizer of the event is Main Department of State Fire Service of the Ministry of Internal Affairs of Tajikistan. As it was mentioned by Nazarboi Jangiev, Head of the Fire Service, the objective of the conference is improvement of fire prevention situation at the ministries, organizations and enterprises of Tajikistan.

... Rakhmon Ismailov, Deputy Head of Fire Service reported that ministries and organizations and facilities do not pay proper attention to for installation of fire alarm system, fire protection board and sensors and other equipment that leads to large property damage and human victims. Mr. Andrea Dall'Olio, BEE-SME Policy Project Manager made a speech on the methods of business entities fire inspections.

Just to remind – there were 992 fires in Tajikistan with property damage for a total amount of 20 mln.somoni within 10 months of current year. 23 people died at fires, including 11 children.

2. News interesting for Business Environment

ECONOMY MINISTRY OFFERS THE GOVERNMENT TO HALVE VAT ON IMPORTED GRAINS AND FLOUR

DUSHANBE, November 29, Asia-Plus - The Ministry of Economic Development and Trade (MoEDT) has offered the Government to reduce the value-added tax (VIAT) on grains and wheat flour imported to the country VAT.

The reliable source at a MoEDT told Asia-Plus that the ministry had prepared a document requiring halving an amount of VIAT on grain and flour imports.

At present VAT on goods imported to the country makes 20 percent of their costs. Specialists from the ministry expect a 50 percent reduction in VAT to allow lowering prices of grains and flour inside the country.

"Thus, the price for a 50-kilogram sack of wheat flour in the country now fluctuates from 100 to 110 somonis, depending to the region," said the source, "While with reduction in VAT the price might come down by 10-12 somonis."

The source further added that the recent flour deficiency had been tackled and at present supply exceeds demand for flour and grains.

Over the last 20 days alone, 35,157 tons grains and 53,905 tons of wheat flour have been delivered to the country. Kazakhstan and Russia provide the bulk of Tajikistan's grain and flour imports.

PHYTOSANITARY CONTROL SPECIALIST DETAINED FOR ISSUING FAKED CERTIFICATE

DUSHANBE, November 29, Asia-Plus - Officers from the Agency for State Financial Control and Combating Corruption have detained Y.A., leading specialist with the phytosanitary control department at the Khonaqo railway station in Hissor, who is charged with issuing faked certificate.

According to the anticorruption agency, Y.A. in September this year issued a certificate to the consumers' cooperative in the Rudaki district for exporting 35 tons of grapes to the Russian Federation. "The product was sent to Russia's Orenburg without proper phytosanitary control; when checking the arrived production, experts from the Russian agricultural supervision inspectorate revealed that it does not meet sanitary requirements (it was affected by strangleweed) and the consignment was returned to Tajikistan," the source at the anticorruption agency said.

As a result of this, the Rudaki consumers' cooperative has incurred losses in an amount of 158,200 somonis.

Criminal proceedings have been instituted against the specialist under Article 314 (abuse of office) and an investigation is under way.

RUSSIAN-TAJIK TRADE MAY EXCEED \$1 BILLION NEXT YEAR, SAYS RUSSIAN AMBASSADOR

DUSHANBE, November 28, Asia-Plus - Specialists expect a two-way trade between Russian and Tajikistan to exceed \$1 billion next year, Russian Ambassador to Tajikistan remarked at a news conference in Dushanbe on November 27.

"Dynamics of bilateral trade over the past ten months of this year enable us to suppose that the trade between the two countries will have neared \$800,000 by the end of the year," the ambassador said, noting that as of October, 2007, the two-way trade between the Russian Federation and Tajikistan has amounted to \$6652 million.

According to him, Russian large companies such Russia's Unified Energy Systems (RAO YeES) and Russia's state-controlled company Gazprom are actively working in Tajikistan, and more than 70 regions of Russia have direct cooperation with Tajikistan.

Abdulatipov noted that 113 Tajik-Russian joint ventures now operate in Tajikistan. Russian investments also play an important role in development of Tajikistan's economy. Over the first nine months of this year, Russian companies have invested some \$217 million in Tajikistan, according to him.

GASOLINE PRICES RISE IN TAJIKISTAN

DUSHANBE, KHOROG, November 28, Asia-Plus Gasoline prices are continuing to rise in Tajikistan.

Gasoline prices jumped in the country yesterday.

According to the Ministry of Economic Development and Trade (MoEDT), the price of one liter of gasoline has risen in Tajikistan on average from 2.43 somonis in July to 3.23, with similar price rises in the provinces.

In the meantime, yesterday, the price of one liter of 96-octane gasoline in Dushanbe was 4.5 somonis.

Specialists from a MoEDT say fuel prices are rising all over the world, and the effects of this are felt everywhere. The price hike has resulted from the world market trends, according to them. Besides, the gasoline price risings could also be a result of the fact that excise duty on fuel imports should be paid in euros. Today, an exchange rate of euro to somoni is 1:5.12.

"Moreover, Russia, which provides the bulk of Tajikistan's fuel imports, has raised customs duty on fuel exports," the specialists said, noting that local private companies are also delivering gasoline and other oil products from Kazakhstan, Uzbekistan and Turkmenistan.

Some 20 private companies are now engaged in delivery of oil products to Tajikistan: Zuhro; Akramzod; Khonaqo Neft-eprodukt; Nouri Dilshod, Avesto, etc.

In the meantime, Tajikistan has produced little more than 20,000 tons of oil over the first nine months of this year, which is 14 percent or 2,555 tons more than in the same period of last year.

In January-October 2007, Tajikistan has imported 198,800 tons of gasoline and 124,300 tons of diesel fuel. The price of gasoline imported over the report period had averaged \$483 per one ton.

Meanwhile, the gasoline price risings have been reported in Gorno Badakhshan as well. Last weekends the price of gasoline in Khorog, the capital of the Gorno Badakhshan, which had averaged 2.8 somonis a liter, yesterday rose to 4 somonis. Workers of local refuel stations say the price hike has resulted from the rising cost of the petroleum products in Dushanbe and Kulob because gasoline is delivered to Gorno Badakhshan mainly from these two cities.

Rising fuel prices will lead to increase in the prices of basic food products in the country.

UNDP REPORT RANKS TAJIKISTAN THE LAST AMONG CIS STATES IN HDI

DUSHANBE, November 28, Asia-Plus – The Human Development Index (HDI) prepared by the United Nations Development Program (UNDP) has ranked Tajikistan the last among the CIS states in terms of quality of life.

In the list of countries by Human Development Index as included in the UNDP Human Development Report 2007/2008 (2007/2008 Human Development Index rankings), Tajikistan is ranked 122nd among 177 countries.

Neighboring Kyrgyzstan and Uzbekistan are ranked 116th and 113th respectively. Kazakhstan is ranked 73rd and Turkmenistan 109th.

As far as other CIS states are concerned, Armenia is ranked 83rd, Azerbaijan 98th, Georgia 96th, Moldova 111st, Russia 67th, and Ukraine 76th.

Iceland, Norway, Australia, Canada and Ireland are among the top five countries on the list of 2007/2008 Human Development Index rankings, and Mali (173rd), Niger (174th), Guinea-Bissau (175th), Burkina Faso (176th) and Sierra Leone (177th) are in the bottom of the list.

The list of countries by Human Development Index as included in the UNDP Human Development Report 2007/2008, compiled on the basis of 2005 data and published on November 27, 2007. It covers 175 UN member countries (out of 192), along with Hong Kong (SAR of China) and PA-governed territories. 17 UN member nations are not included due to lack of data.

The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education, and standards of living for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, a developing, or under-developed country, and also to measure the impact of economic policies on quality of life. The index was developed in 1990 by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen.

Countries fall into three broad categories based on their HDI: high, medium, and low human development. The arrows show the change from 2004 values.

The Human Development Index (HDI), published annually by the UN, ranks nations according to their citizens' quality of life rather than strictly by a nation's traditional economic figures.

WORLD BANK REPORTS TO REPRESENTATIVES OF TAJIK CIVIL SOCIETY ON ITS ACTIVITY

DUSHANBE, November 27, Asia-Plus - At present 15 World Bank-funded investment lending operations for a total amount of \$189.3 million are being implemented in Tajikistan, Mr. Edward Brown, acting World Bank Country Representative in Tajikistan, remarked yesterday at a meeting with representatives from the country's civil society. The meeting was held to present activity of the World Bank in Tajikistan.

According to Mr. Brown, \$74.3 million have to date been disbursed and the undisbursed balance is 64.1 percent.

In agrarian sector, as of October 10, 2007, \$20 million have been provided for implementation of the project aimed at rehabilitating rural infrastructure, \$15.3 million for development of the community agriculture and watershed management, \$10 million for the Ferghana Valley Resources Management Project, \$15 million for the Land registration and Cadastre System Project, \$15 million for the Cotton Sector Recovery Project, and \$5 million for the Avian Influenza and Human Pandemic Preparedness Project.

In infrastructure sector, the World Bank has provided \$22 million for implementation of the Dushanbe Water Supply Project, \$15 million for the Tajikistan Municipal Infrastructure Project, \$10 million for the Pamir Power Private Project, and \$18 million for the Energy Loss Reduction Project.

In economic sector, as of October 10, 2007, the Bank has provided \$10 million for Programmatic Development Policy Grant, \$5 million for the Public Sector Reform Project and a grant of \$1 million for the project to strengthen the Tajikistan National Statistical System.

In human development sector, \$20 million have been provided for the Education Modernization Project and \$10 million for the Community and Basic Health Project.

Mr. Brown noted that since 1993, when Tajikistan became a member of the World Bank, the Bank has committed \$450 million for over 30 operations.

During the presentation, they also touched upon the issue of small grants provided by the World Bank to support development of civil society in Tajikistan. The World Bank small grants program has been working in Tajikistan since 2002, and over the past period, the bank has provided more than \$187,000 for implementation of 47 projects.

Mr. Brown also noted that the following projects are under preparation for the Fiscal Year of 2008: Cotton Commodity Project - \$7.2 million, Pamir Energy - \$2.5 million: and Public Financial Management Project - \$5 million.

CORPORATE GOVERNANCE ISSUES DISCUSSED IN KHUJAND

DUSHANBE, November 26, Asia-Plus - The first public seminar to discuss issues related to corporate governance was held in Khujand, the capital of the northern Sughd province, on November 22, according to Tajikistan's Chamber of Commerce and Industry (CCI).

The source at a CCI said the seminar is part of the Corporate Governance Project run by International Finance Corporation (IFC).

The main objective of the seminar was to discuss general issues of corporate governance, including attraction of new investments and raising efficiency of decision-making process, the source said.

The seminar participants included representatives from Sughd companies, local authorities and media.

The Project is implemented and funded by the International Finance Corporation (IFC), the private sector arm of the World Bank Group. IFC announced the launch of the Project in Tajikistan in October.

The mission of the Project is to improve corporate governance practices of Tajikistan's joint-stock companies and banks in order to increase their ability to attract investment.

To meet these objectives, the Project will be working in Kazakhstan on the following principle activities, with the possibility of later extending these activities into other Central Asian countries: working with joint-stock companies and banks to implement and improve corporate governance practices; advising on improvements to the legislation and regulatory environment regulating corporate governance issues; partnering with local educational and training institutions to help develop corporate governance programs targeted to the needs of the next generation of business leaders; and conducting a public education campaign to raise awareness about corporate governance among Kazakhstan's population and shareholder base.

The project is scheduled for the next two years beginning in October 2007.

DEVELOPMENT OF THE ENTREPRENEURSHIP – MAIN OBJECTIVE OF ECONOMIC POLICY

DUSHANBE, November 24, Minbari Halk - President of Tajikistan held a meeting with state officials, Office of the President staff, heads of number of ministries and organizations involved to further development of entrepreneurship and attracting of foreign and local investments to economy of RT.

Sharif Rakhimzoda, Head of State Investments and State Property Management Committee and other involved persons made a speech on the investment projects implementation.

It was noted that at the present 53 investment projects are under implementation for a total amount of 1,3 billion USD. During 10 months of year \$275,54 million USD is executed and \$572,17 million from the starting period.

President of RT explained the development of small and medium enterprises as one of key objectives of Tajik economic policy and noted that statements of Letter of the President to Majlisi Oli of Tajikistan and relevant instructions to be timely implemented.

Creation of favorable legal conditions for foreign and local investments and new technologies attracting, new working places and particularly learning of foreign languages and new technologies are evaluated as significant challenges of the current time.

Instruction of Head of State

There will be held a meeting with entrepreneurs and tradesmen

Emomali Rakhmon, President of Tajikistan gave an instruction to arrange a meeting at the end of December with entrepreneurs and tradesmen in order to conduct comprehensive analysis to define priority directions of investments policy.



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Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO

With best wishes,
Tajikistan SME Public Relations/Communication Department