

Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #29

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IFC PRESS REVIEW

1. News directly connected to SME Project

SANITARY AND EPIDEMIOLOGICAL CONTROL WILL BE CONDUCTED BASED ON NEW MANNER

"Vecherny Dushanbe", March 7, 2007, No.10 (485) - Last week in Dushanbe an Action Plan was signed between the National Center of State Sanitary and Epidemiologic Supervision of the Ministry of Health of the RT (SES) and the IFC Tajikistan Business Enabling Environment/ SME Policy Project "With the signing of this action plan we confirm our Ministry's commitment to working with IFC to comply with the sanitary regulations with the new Inspections Law," said Mr. Samariddin Aliev, Head of SES at the meeting.

"We will do our best to make each inspection more thorough and effective, and as a result improve sanitary conditions at the economic entities of the country, mentioned Aliev.

The main emphasis at this stage of our cooperation with IFC will be development of the inspections check-lists that will make sanitary requirements clear and open for entrepreneurs and, as a result, provide the latest with an opportunity to comply with them.

It should be noted that signing of the second Action Plan is significant stage of two year collaboration between the SES and IFC's Business Enabling Environment/Small and Medium Enterprises Policy Project. In the past, activities were focused on (1) facilitation of an open dialogue between the sanitary inspection's officials and entrepreneurs aimed to the development of solutions favorable for both.

A the event, IFC Project Manager Andrea Dall'Olio noted that the development and dissemination of checklists to support the inspection process will result in a better understanding of sanitary rules among entrepreneurs, and will ultimately increase the transparency of the inspections.

INSPECTIONS ARE HINDERING SMALL BUSINESS

“Argumenty I Fauty” (Arguments and Facts), No.10, March 2007 - ntrepreneurs of Tajikistan of Tajikistan are subject to various inspections from 6 to 21 times per year

SUCH are the results of survey conducted by IFC SME Policy Project. Exactly such inspections and corruption are main barriers for further private sector development in Tajikistan and complicated licensing procedure is an obstacle for business start-up as experts consider.

“We will do our best to make each inspection more thorough and effective, and as a result improve sanitary conditions at the economic entities of the country, mentioned Samariddin Aliev, Head of State Sanitary and Epidemiologic Supervision of the Ministry of Health of the RT (SES) after the signing of Action Plan between this agency and IFC. SES and IFC will work together to improve sanitary supervision procedures in Tajikistan in accordance with the Inspections Law adopted by the Tajik Government. The main emphasis at this stage of our cooperation with IFC will be development of the inspections check-lists accessible for for entrepreneurs to comply with them. Signing of the Action Plan is the second step in this field collaboration financed by SECO. IFC Project Manager Andrea (the author wrote Andreev) Dall'Olio anticipates that The development and distribution of check-list for retail trade, catering and consumer services sites and trade centers will simplify the inspections conducting. He considers that process transparent; reduce administrative barriers to business, strengthening of SES capacity through the training of staff in new instructions and regulations. “We expect, - he stated, - to see significant changes at business environment of Tajikistan, particularly at the sphere of inspections and permits that can help entrepreneurs to open new companies and promote the current business growth.

INFORMATION: IFC –WB sub-department specialized on private sector issues that provide support to small enterprises at Tajikistan. New credit line through Tojiksodirobank makes up \$2,5 mln.



2. News interesting for Business Environment

TAJIKISTAN IS “OUT OF COMPETITION”

DUSHANBE, ASIA-Plus, No.10 (372), 7 March 2007. Our country is on 96-th place from 125 as indicated at the Report on Global Competitiveness for the period of 2006-2007. Foreign experts recognized Tajik economy as non-competitive. Local economists consider the survey results as fair findings.

In Tajikistan the following factors are considered as hindering the business development: corruption, access to financing, tax burden, low education level of officials and tax system staff. In addition, such factors as political instability, government instability and criminal are minor factors hindering business development. As a result we are at 96-th place. Our regional neighbors – Kazakhstan and Kyrgystan are at 56th and 107th places respectively. Russian is at 62-th place and China is at 54th. At the report, Switzerland is on the leading position among the most competitive economies. The second, third and forth places are kept by Finland, Sweden and Denmark.

The report is based on the comprehensive survey of entrepreneurs' opinions from the more than 120 world countries.

TAJIK PARADOX

DUSHANBE, ASIA-Plus, No.10 (372), 7 March 2007. Tajik economy extremely requires investments for dynamic development. Both Government and independent experts are always speaking on this. However, it is required important condition for foreign capital wide river flow – favorable investment climate and play directives clear for everybody.

Optimistic statistics

Based on data of State Committee on Investments and State Property Management, at the present 51 projects are implementing in our country for a total hydroelectric power stations, tunnels, roads, industrial and telecommunication enterprises, hotel and dwelling complexes.

Indicators looks very optimistically –investments flow to the country is increasing. Foreign business increases its turnover at Tajik market. However, during the careful consideration, not everything is so smooth and serene for investors in Tajikistan.

There are projects.

No conditions for them.

On of the main problems facing investors, experts consider **frequently changed 'game directives' and administrative procedures burden** at Tajik market.

One example. Last year spring one of the largest textile enterprises JSC Kabul-Tajik Textiles stopped its work. The main reason was –sudden increasing of prices for cotton for internal producer. Then Ministry of Economy, Ministry of Agriculture, State Antimonopoly and Entrepreneurship Support Agency increased the cotton price up to \$1,056 per one ton. At the same time, the previous price for foreign consumer is kept the same - \$948 per ton.

Serious problem for local and foreign investors –instable electricity and gas supply to enterprises.

Current tax system is also burden for investment projects.

Tajik-Iranian plant for tractor fabricating JSC 'TojIron' was established in September 2006 based on SC Humo. Due to doubled taxation, the price for tractors is higher than for similar equipment imported for other CIS countries. "Calculations showed, that the price of Tajik-Iranian tractor is \$14 thousands, at the same time price of imported tractor varies from \$11,000 to \$12,000.

Fabric that is stopped

Spring last year with the participation of high level management there was solemn ceremony of starting of construction of Tajik-Turkish JSC Bursel Dushanbe Textile for textile production. The project cost was \$74 mln. It was planned to create 4,000 new working places. After several months, Ministry of Economy and Trade stated: Turkish company Bursel Holding is bankrupt. It can start the construction of new textile enterprise due to current debt to Uzbekistan where the number of projects was implemented. The construction is stopped.

Five numbers Hotels: more means better

Last year at one time it was announced on the construction of five extra-class hotels. Now, from five promised hotels, only one is under active construction –Russian Hayatt Regency.So many five numbers hotels for one Dushanbe...

Clean water will be. By 2008.....

Dushanbe citizens has no luck with drink water. Water supply project is delayed. WB allocated \$17 mln. for Dushanbe water supply development. Loan is allocated, reservoirs are cleaned (at least, that was said by Dushanbe Vodocanal management in 2005). But clean water from taps of citizens are not flowing.

Last year, based on the survey results, WB accepted Tajikistan as a country with adverse conditions for doing business. One of the last places at the rating (172-nd from 175), Tajikistan places namely as per indicator as investors protection....

Rogun - long lasting construction No.1

Works are temporary stopped, constructors are on leave. Tajik side categorically insists on keeping of parameters required to hydroelectric station ensuring of national interests of RT. Laudable position. However, why contradiction are appeared only one year after signing of agreement" All terms of cooperation would be agreed at the signed Agreement. Recently, Tajikistan allocated \$50 mln.for construction of HES. Time will show, would our country continue independently construct Rogun or will use foreign investments.

Whose fault is it?

Why so interesting and ambitious projects implemented by local and foreign investors in Tajikistan some times are hindering (slipping)? Is there the fault of partners? Poor public management? Or our usual disorder?

Independent economist Farruh Zaripov considers that significant role for investment attracting plays doubled interests of projects participants. Mostly, there are interests of our side responsible persons. As he said, lack of openness in investments attracting process and doing business affects the situation.

Professor-economist Hodjimhammad Umarov, at his turn considers that our officials during signing of projects and agreements frequently have not studied them carefully and not taking into account possible economical, social, infrastructural and other factors and risks.

Afterword

In addition to first success at investment attraction, we have plenty of serious problems. The main one – we need change philosophy of relation to investor. We should remember once and for all: investor bringing hard-earned money to our economy – is our most dear quest. We should care of him not by words but in practice coddle and care of him as endangered species from Red Book. In addition, this is related both to forewing and local investors.

QAIROQQUM CARPET-PRODUCING ENTERPRISE STANDS IDLE FOR LACK OF ELECTRICITY

DUSHANBE, March 7, Asia-Plus - Open joint-stock company Qolinhoi Qairoqqum (Carpets of Qairoqqum), which is Tajikistan's largest carpet-producing enterprise, has stood idle since last year.

Gulchehra Sanginova, chairperson of the light industry department of the Ministry of Energy and Industries (MoEI), said in an interview with Asia-Plus that frequent electricity supplies disruptions had seriously affected the light industry enterprises.

She noted that the carpet-producing enterprise in the Tajik northern city of Qairoqqum has not been in operation because of power shortages. "The enterprise may possibly to resume its work already this month; everything depends on the supply of electricity," Sanginova said.

"It is not yet possible to assess an actual volume of damage caused to the country's industry by the electricity shortages," the MoEI official said.

According to her, damage caused by the power shortages to the light industry of Tajikistan last year amounted to more than 1 million somonis. She added that the damage amount for the first two months of 2007 alone will probably exceed the last year's level.

KULOB PRODUCES 6.1354 MILLION SOMONIS` WORTH OF INDUSTRIAL GOODS IN JANUARY-FEBRUARY

KULOB, March 7, Asia-Plus - Over the past two months (January-February), Kulob has produced a total of 6.1354 million somonis worth of industrial goods, which is 1.1639 million somonis more than it was originally planned, deputy Kulob mayor, Ismatullo Nusratov said.

According to him, 3.436 million somonis worth of industrial goods were produced in February.

"The mayor's office has taken under strict control the supply of electricity to enterprises, organizations and the public in Kulob," said Nusratov, "We even had to hurt, to some extent, interests of the public and cultural and educational facilities; otherwise, daily electrical power supplied to the city would be enough only for keeping operational pump stations of water-intake facilities."

KULOB BREAD-BAKING PLANT BEGINS TO PRODUCE CORN FLAKES

KULOB, March 7, Asia-Plus - A mini baking workshop opened at former Kulob bread-baking plant produced their first bulk of bread and bakery products on March 5, deputy Kulob mayor, Ismatullo Nusratov, said.

According to him, the building of former they have also installed special equipment to produce cornflakes. The Kulob official added that the Kulob bead-baking plant had also received equipment for producing macaroni, soft drinks and toilet paper.

Nusratov added that the Kulob boot and shoe factory, which had been privatized by the company "Sonomi-XXI", had also launched modernization.

AITEN GROUP EXTENDS ITS OPERATIONS INTO TAJIKISTAN

DUSHANBE, March 7, Asia-Plus - Consulting company AITEN Group is extending its operations into Tajikistan. An official opening of the company's representative office was held in Dushanbe on March 6.

Tahmina Qodiri, managing director of the AITEN Group Dushanbe Office, said in an interview with Asia-Plus that the company has been working in Tajikistan since last August, making available consulting services to local private enterprises.

According her, the company provides expert advice in the area of expertise such as information technology, the law, taxes, finance, etc. “We make available consultations to our clients in evaluating business risks, seeking alternate ways of development, introducing new types of software and standards,” Qodiri said.

Founded in 2002, AITEN Group, with headquarters in London, has its representative offices in Kyrgyzstan and Kazakhstan.



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With best wishes,
Tajikistan SME Public Relations/Communication Department