

# Public-Private Dialogue

## **Business Enabling Environment: PPD in Tajikistan Regional level (Sughd, GBAO and Rasht)**

by

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*Presented at the Public-Private Dialogue 2014 Workshop  
(Frankfurt, March 3-6 2014)*

### **1- Background and Context**

Public-Private Dialogue is a relatively new dynamic in Tajikistan and is being used for implementation of running economic reforms in the country. To establish well structured, systematic, transparent, effectively functioning and locally driven activities, the GIZ Framework and Finance for Private Sector Development / GREAT Programme interacts with partner organizations at the national and sub-national level, both from the private as well as from the public sector.

Against the background that Public-Private Dialogue is not a singular, one-time intervention but rather a continuous process the GIZ supports the establishment and development of a permanent dialogue platform at the regional level in Sughd, GBAO and Rasht regions. By extending Dialogue platforms from national to regional and local, it allows issues and solutions to be identified and channeled upwards to the appropriate level of authority at which they can be solved. At the same time, a regional and local dialogue can contribute to effective implementation of national policies.

### **2- Partnership, Structure and Processes**

Prior to development of Regional PPDs supported by different development partners in Tajikistan, the EBRD in 2007 initiated technical support to establishment of dialogue platform at the national level. Support to national level only was insufficient, as that largely excluded or under-represented regional and local governments and regional specifics. To ensure the “bottom-up” approach, in 2010, GIZ initiated technical support to establishment of Consultative Councils on Improvement of the Investment Climate and Business Environment under the Governor (CC) and its Secretariat in Sughd Region (Northern province). At the same year, IFC provided technical support for the establishment of a regional CC in Khatlon Region. Currently, GIZ and IFC support the national level CC Secretariat only to channel up the proposals coming from the regional CCs as well as improve coordination and communication between regional and national CCs.

In accordance with the charter the current composition of the regional CC is 7 members, where there are 3 permanent members and 4 are subject to rotation. There is 1 seat for donor representation within the CC.

CC Secretariat in all three regions supported by GIZ is the permanent counterpart for private sector and consists as follows:

- **Public sector:** Khukumat nominates one person (Investment and State Property Department), and
- **Private sector:** Private sector seconds a person to the CC Secretariat.

Both people are responsible for inviting and preparing the CC meetings, for moderating different stakeholders in planning and steering development activities in respective working groups, meetings, and workshops.

Frequency of CC sessions: 2 - 3 times per annum. Ideally, it is good to have national level be harmonized with the regional one. This would support the bottom-up approach. Nevertheless, from regional level a close link and flow of communication to the district and jamoat level needs has been established. The communication from bottom up is comprised of proposals for improving the business climate as seen by the local levels, and development priorities as set by the local levels.

Since the private sector is not yet capable to pay for the expertise to compile analytical reports from an economic perspective, the GIZ recruits experts to undertake this work. The experts recruited on a short-term basis and being permanently in contact and working together with the secretary prepare analytical reports. The reports consist of an assessment of the overall situation within the considered sector; the existing problems and proposals on how these problems can be addressed. The analytical report shows clear analyses on what impact the implementation of the proposals will have on the economic development of the country. Afterwards, the team, based on the report and its findings, prepare the presentation. One or two team members undertake the role of a moderator during the CC sessions. This Moderator approach a neutral person to moderate the discussion process. It gives the private sector the opportunity not to be the public sector and ensure a friendly and transparent environment.

Upon completion of the CC Session the Secretariat is responsible for establishment of working groups decided upon by the CC. Among others, the working groups will address planning, monitoring and steering of development activities e.g. of different donors. For instance, as a result of the 2<sup>nd</sup> PPD dedicated to the Fruit & Vegetables (F&V) sector improvement, a working group for implementing the decree on enhancing the fruit and vegetable processing industry in the Sughd Oblast was founded and led to workshops for the concerned target groups.

The Secretariat also prepares minutes of the all meetings (CC and working groups) and the Secretariat ensures implementation of the decisions of the CC and monitors results and impacts. It also prepares reports for the CC at regional and national level.

As a constant process, there is a system established within the Secretariat for systematic and regular collection of complaints and proposals from the private sector to improve the business climate or to develop particular sectors. The Secretariat follows up on monitoring the implementation of proposals approved by the CC proposals. The GIZ supports improvement of the monitoring system within the Secretariat. At the beginning of each of the CC sessions, the Secretariat informs all participants about monitoring results.

Main partners from the public side in the execution regular CC and working group meetings in the regions are the Investment and State Property Department of Regional Khukumat and the State Committee on Investments and State Property.

From the private sector side, ideally, it is good to have a strong umbrella structured organization to represent an adequate voice for the private sector able to talk on eye level to the Government. Since it became evident that there is no such business association structure yet in the country, GIZ in 2013 initiated a 4-block TOT an for individual approach to business associations. The TOT focuses on the organizational development of business association and their role in PPD. The TOT strengthens the sustainability of business associations through development of their capacity in development of viable business plans. The business plans are based on introduction of fee based services. As well, the TOT trains moderators for the PPD platform and injects knowledge on carrying out analyses of problems vs impact from their implementation on economic development. Trainings cover the public sector side too. This is done for improving tue capacity of public sector representatives to cope with the tasks, particularly their knowledge on market economic interrelations, and the different roles of the private and the public sector.

Two or three Development Partners participate in the meetings but do not influence the discussion or decisions. The regional PPDs are trying to establish links with the national PPD.

### **Exit Strategy**

Right from the beginning, to ensure a proper exit strategy, GIZ tried to avoid dependency from donor grants as far as possible. The proposal was rather that the CC Secretariat finances itself by its services. However, it was challenging due to total absenteeism of trust from the private sector to make the secretariat sustainable with zero financial contribution from the donor's side. So far, GIZ finances the Secretariat (private sector representative) and subsidizes the organization and conduction of CC Sessions by financing the recruitment of experts for preparing and printing out of handouts. The Khukumat pays for office rent (as the office is in the building of the Khukumat) and basic salary of the public representative in the CC Secretariat. The Exit Strategy includes the point that one of the private sector representative in the CC Secretariat will be provided by the business association structure, which is appointing him/her. Gradually, the function of the Secretariat should move to

capacitated private umbrella organization structure where the advocacy capacity acquired will be applied as a fee based services. Such income will cover the running costs of the Secretariat and paying for needed reinvestment in office equipment and furniture.

### **3- Results so far**

In a three year timeframe, the Sughd PPD Model is recognized throughout the country as the most effective PPD model. Despite the challenges faced by the programme, i.e. 1) significant reluctance from local authorities to, (1) introduce a neutral moderator and eliminate the role, in this regard, of a Governor, and (2) secretary to be a person from public sector; nowadays the approach introduced by GIZ provides equal access to discussion for the private sector. This has resulted in a tremendous increase in trust between actors and demolishing the command style. The practice shows and proves, in Tajikistan at least, that overall success of PPD, including approach, structure and process heavily depends on the human factor, i.e. on the PPD Chairperson. In our case, the Governor appeared to be an intelligently helpful person to the process.

However, such reluctance postponed the launch of PPD for almost 2 years: from 2010 to November 2011. Since the launch of the Regional PPD, there have been conducted 5 PPD Sessions in Sughd, including a constitutional one; 1 session in GBAO; 1 session in Khatlon and the launch of PPD in Rasht valley. Out of 81 total proposals submitted and approved 40% have been implemented. The proposals have been split into 3 main areas: 1) making changes and amendments to legislation; 2) removing administrative barriers; and 3) removing economic barriers.

Since 2013 GIZ has been replicating the Model in GBAO and Rasht Valley.

#### **Some of the success stories of regional PPD:**

- Has been instrumental in improving electricity supply to water supply pump stations during irrigation period (Fruit & Vegetables sector);
- Led to diversification of export market for processed Fruit & Vegetables produce (from just Russia market to new direction towards South (Afghanistan) and Europe countries);
- Led to job opportunities and income generation through treatment of abandoned lands and establishment of intensive gardens (apricot, apple and grapes) on 6,000 ha;
- Resulted in joint private-public sectors outreach effort sponsored by GIZ in conduction of tax campaign to gather proposals from private sector on pitfalls and payoff of the recently adopted Tax Code;
- Led the city administration of Khujand, Sughd region, to create a so called “one-stop shop” day for permits obtain: for getting permits on start-up business. During the one stop shop day all the governmental institutions are gathered on one place and

private sector can obtain the permits without spending months for all the procedures. At the same time, the Session resulted in reducing number of permits from 600 to 86.

The regional Governors are the key PPD champions (the Governor who first supported PPD at the regional level is now the country's Prime Minister) and a key to the successful efforts to date has been political will from the public sector.

#### **4- Expected Results**

- Improved cooperation between the public and private sectors and civil society,
- Increased trust and transparency between relevant stakeholders through regular public-private dialogue platforms,
- Changed attitude of both sectors, with more emphasis to public sector,
- Legal proposals submitted to the Government and lobbied further,
- At least 2 recommendations submitted concerning procedures, policies, and legal practices with expected positive impact on private sector development,
- At least 50% of the submitted proposal from private sector representative are implemented, either at regional or national level,
- At least 20% of participants in subsequent workshops, training events, seminars, conferences are women.

## **Biographies of Authors:**

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