

Tajikistan Adopts Law on Business Inspections with Assistance of IFC

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Dushanbe, August 24, 2006 — The President of Tajikistan has signed on July 28 the Law "On Inspections of Business Activity". The Law has been adopted by the Parliament of Tajikistan. The new Inspections Law will streamline the inspections system in Tajikistan by significantly decreasing the inspections burden on small enterprises.

Tajikistan's Law on Inspections was drafted by a working group headed by the State Agency for Anti-Monopoly Policy and Support for Entrepreneurship with assistance of IFC's Tajikistan SME Policy Project. The project is funded by the Swiss State Secretariat for Economic Affairs (seco).

IFC's 2006 survey of SMEs in Tajikistan revealed that the inspections process is one of the most complex administrative procedures for the country's small and medium enterprises (SMEs). Over 95% of small businesses are inspected each year in Tajikistan, with each SME undergoing an average of 13 inspections per year, which last a total of a calendar month.

The new law sets key principles for the conduct of business inspections by state authorities. The law specifies frequency and duration of inspections, determines a clear procedure for conduct of site visits, and stipulates the list of regulatory bodies entitled to inspect businesses in Tajikistan. The law also provides for implementation of a risk-based system of inspections, which directly links the frequency of inspections to the level of risk a firm's activities pose to society and the environment.

State Agency on Anti-Monopoly Policy and Support for Entrepreneurship with technical assistance from IFC will now address its implementation by helping to integrate the law into Tajikistan's overall legislative base, as well as by working with a number of key inspectorates to incorporate the law's provisions into their working practices. IFC will also conduct trainings for entrepreneurs to make them aware of the effect the new law will have on their business.

"The new law should become a daily reference for both entrepreneurs and inspections authorities. With new legislation on inspections entrepreneurs can breathe freely!" emphasized Naimov Mirali, Deputy Head of the State Agency on Anti-Monopoly Policy and Support for Entrepreneurship.

The International Finance Corporation (IFC) is the private sector arm of the World Bank Group and is headquartered in Washington, D.C. IFC coordinates its activities with the other institutions of the World Bank Group but is legally and financially independent. Its 178 member countries provide its share capital and collectively determine its policies. The mission of IFC is to promote sustainable private sector investment in developing and transition countries, helping to reduce poverty and improve people's lives. IFC finances private sector investments in the developing world, mobilizes capital in the international financial markets, helps clients improve social and environmental sustainability, and provides technical assistance and advice to governments and businesses. From its founding in 1956 through FY05, IFC has committed more than \$49 billion of its own funds and arranged \$24 billion in syndications for 3,319 companies in 140 developing countries. IFC's worldwide committed portfolio as of FY05 was \$19.3 billion for its own account and \$5.3 billion held for participants in loan syndications. For more information, please visit www.ifc.org.

The State Secretariat for Economic Affairs (seco) is the Swiss Confederation's competence center for all the core issues related to the economic policy. seco's aim is to create the basic regulatory and economic policy conditions to enable business to flourish for the benefit of all. seco represents Switzerland in the large multilateral trade organizations as well as in international negotiations. seco is also involved in efforts to reduce poverty and help developing countries with transition economies build sustainable democratic society and viable market economy. Each year Switzerland spends approximately 1.9 bln. swiss francs on development cooperation and transition assistance to countries.

State Agency on Anti-Monopoly Policy and Support for Entrepreneurship was instituted by the Government of Tajikistan on November 29, 2000 to advocate in favor of entrepreneurial interests. The Agency has been granted broad powers in questions concerning regulation of private enterprise in Tajikistan. The objectives of the agencies work are: to improve legislation related to SME development; to create a well-developed SME financing, lending, and insurance system and to develop business support infrastructure.

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