



## ВАЗОРАТИ МОЛИЯИ ҶУМҲУРИИ ТОҶИКИСТОН

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**Mr. Fredrik Reinfeldt,**  
**Chair**  
**CC: Board Members**

**Dear Mr. Reinfeldt,**

Let me express our gratitude and appreciation for the support given to the Republic of Tajikistan in promoting the EITI.

As you know, the status of Tajikistan will be considered at the upcoming meeting of the EITI Board to be held in Bogota. It should be noted that the country for the first time goes through the validation process, which is based on the new requirements of the EITI Standard 2016. We are extremely concerned that unfair decision, which does not reflect the ongoing positive progress within the Initiative could be taken, and it may impinge the further implementation in the country.

We would like to remind once again about our achievements in the implementation of the EITI, which will allow you to make an adequate assessment.

Let us recall that Tajikistan has received its candidacy in February 2013. However, due to the delay of funding, the first National EITI report has not been prepared within the period prescribed by the Board, and in February 2015, the country's status was suspended. In April of that year, after the receipt of financial support from the World Bank, the National Board of the EITI has started work on the preparation of the Report, which was approved in October 2015, and the country's status has been restored.

The process of validation in the country officially started on 1 July 2016, and in August of that year, representatives of the International Secretariat visited the country for the preliminary data collection and consultations with the stakeholders. At the beginning of October 2016, the EITI International Secretariat Report was submitted to the Board. Given that fulfilment of certain requirements was not quite correctly and adequately evaluated, letters were prepared, appeals addressed to the International Secretariat, and Board members on behalf of the National Council and the CSO Coalition "Transparency for Development" attached.

Below are the results of the assessment of the Compliance with the requirements set by the Validator. **According to this assessment, only 2 requirements out of the 35 levels of progress are rated as "no progress":**

**Requirement 4.2 "in kind revenues"** - *According to the report of the International Secretariat, the procedure of collecting the state's share of production from oil, gas, and precious metals is less clear in the EITI report, and according to the law, all tax and customs payments are made in cash.*

EITI Board indicated in the letter, that there is only one state-owned Enterprise "Tilloi Tojik", which is funded by the state budget, and in return provides products in the form of gold. However, according to the Law of the Republic of Tajikistan "On state secret" payments in relation to the precious metals are not reflected in the form of the volume of production and are shown in the sum total.

**Requirement 6.2 "quasi-fiscal expenditures of state owned enterprises"** – by the time of validation, the study on quasi-fiscal expenditures of the state-owned enterprises, scheduled in the work plan for 2016 was not completed. In November 2016, international consultants were engaged and they prepared a draft report on the quasi-fiscal expenditures of the state-owned enterprises in Tajikistan and relevant recommendations according to the results of this study. Currently discussions on the draft report are completed and its final updated version has been already submitted.

**The requirements which are listed below are evaluated as "inadequate progress":**

**Requirement 2.2 "License allocations"** - *According to the assessment of the validator, the report does not contain any further details about the technical and financial criteria for the issuance and renewal of licenses. The transfer of the contracts and licenses is not stipulated.*

The issue was included in the work plan for 2016-2017. Currently licensing system analysis is planned to ensure that the results of this analysis can be used in the next EITI report.

In addition, members of the Board from the Coalition of CSOs were included in the inter-agency task force on the drafting of the new Law of the Republic of Tajikistan "On Subsoil and Subsoil Use". Due to close collaboration of the representatives of the government and civil society as part of this task force, the Law includes important rules and articles for implementation of the EITI requirements. Adoption this Law will help to meet a number of validator recommendations (**p. 4.4, 4.9, 4.10, 4.11, 4.13, 4.14, 4.17**). The proposed Law is currently under consideration of the Government of the Republic Tajikistan.

**Requirement 2.4 "disclosure of the contracts"** - In the validation report to the State Committee on Investments and State Property Management of the Republic of Tajikistan, it was recommended to have a separate page on the website, which will disclose the total number of mining companies in Tajikistan.

Currently negotiations with the state institution are hold for the establishment of this portal.

**Requirement 2.6 "State participation"** - It should be noted that the EITI Council (MSG) has initiated research on quasi-fiscal expenditures of the state-owned enterprises in Tajikistan. The materials of this research will be used in preparation of the second EITI report.

In October 17, 2016 the EITI Council approved the document "Communication Strategy of the EITI National Secretariat on presenting the project to the public, mass media and

government agencies”, according to which, transparency of the data will be provided, including those referred to p.4.12. in validator recommendations. During preparation of the second report, more detailed information regarding the financial relationship between the government and state-owned enterprises will be provided.

**Requirement 3.2 "production"** - according to the recommendations of the International Secretariat in the next EITI report production volumes will be divided by regions of production and production volumes will be specified by product type.

**Requirement 3.3 "Exports"** – the data on export volume were included in the first EITI Report for natural sand, gold, zinc, lead and antimony. In the second report, export data on the volume of other types of products will be also included, as far as data is available.

**Requirement 4.1 "comprehensiveness"** - According to the recommendations for this requirement, in January 2017, a new Coverage report was prepared and a new threshold was set at 1 000 000 million TJS (\$ 125 000), which guarantees coverage of 97.23% of revenues from the extractive industry from 38 mining companies. In the last Coverage report the threshold was set at 50 000 TJS (\$ 6,250), and covered only 14 companies.

In addition, in new Terms of Reference for the Independent Administrator for the preparation of the 2015-2016 Report, recommendations of the validator and International Secretariat were taken into account, which ensures the completeness of the report.

It should be noted that Tajikistan had carefully prepared for the first validation. In December 2015, the International Secretariat and the coaches of the Eurasian Hub Center conducted two Trainings on validation. At the beginning of 2016, national experts conducted preliminary analysis of EITI implementation in the country, due to which a number of requirements have been aligned. Moreover, after the completion of the validation process, the training was conducted in December 2016, in the framework of which the recommendations of the validator for each of the requirements were considered and the implementation steps have been taken.

The close-knit work of all parties of the process is maintained in the country, in

particular, representatives of civil society have an active information campaign in the regions. An important achievement of the last year is that experts from civil society were included in the inter-agency task force on drafting of the new Law of the Republic of Tajikistan "On Subsoil and Subsoil Use". The proposed Law is currently under consideration of the Government the Republic of Tajikistan. National Council adopted "Open Data Policy" and "Roadmap for beneficial ownership for 3 years (2017-2020)." It has also established regional work, in the framework of which public and parliamentary debates are conducted in the country's regions for the full coverage of the issues of the EITI by involving all stakeholders in the implementation of the Initiative.

Given that last year Tajikistan went through the validation process for the first time, it would be fair, at least to maintain the current status of the country and to provide a specific time for implementation of the validator recommendations regarding the EITI requirements. Such decision would undoubtedly have a positive impact on the further implementation of the Initiative in the country, including strengthening of the mutual cooperation between three parties of the process. Any other inappropriate solution can affect the further implementation of the EITI in the country, including the ongoing activities that are in the design stage.

Please, also take into account that after receiving validator recommendations the MSG has **immediately began the implementation** of the validator recommendations, which are set out in this letter. Such a response is indicative of MSG's responsible and committed attitude in respect of the implementation of the Initiative.

We hope for your support.

Sincerely,

M. Jonmamadova

Chair of the National Council

Tajikistan

