



USAID | **KYRGYZ REPUBLIC**
FROM THE AMERICAN PEOPLE

USAID REFORMA Project

Year Three, First Quarterly Report

Fourth Quarter 2013

January 10, 2014

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USAID REFORMA Project Framework

1. Major Accomplishments and Summary of Activities and Challenges

The following table describes REFORMA's major accomplishments and summary of activities and challenges in the Fourth Quarter:

Fourth Quarter 2013	
Status Summary of REFORMA's Project Activities	
New Projects Launched in the Fourth Quarter of 2013	<ol style="list-style-type: none"> 1. Analysis of STS Administrative Processes and Assessment of Private Sector Experience of VAT Registration, Reporting, Crediting and Refunding 2. Conduct of a week-long training in "Legal and Fiscal Frameworks and Negotiation of Investment Contracts" in the Mining Sector by the Vale Columbia Center 3. Phase I HICD Assessment of the Tourism Department of the Ministry of Culture, Information and Tourism 4. Phase II of HICD Assistance to the Tourism Department in Optimizing Core Processes, Creating Action Plan, and Training/Coaching 5. Development of a Strategy and Action Plan for Sustainability of the Secretariat of the Business Development and Investment Council 6. Launch of Phase I HICD Assessment at the Chamber of Commerce and Industry
Ongoing Projects throughout the Fourth Quarter of 2013	<ol style="list-style-type: none"> 7. Medium- and Long-Term Development Strategy of the Mineral Resources Sector 8. Phase II of HICD Assistance to the State Geology Agency – Licensing Data Base Development 9. Optimizing the Legal Framework and its Implementation for Conducting Business Inspections in Ecological and Technical Safety 10. Public Outreach and Awareness for Introducing the Universal Tax Declaration Regime 11. Support of the Working Group on VAT and Sales Tax Policy Formulation 12. Third Issue of the REFORMA Project Newsletter
Projects Completed or Near-Completed in the Fourth Quarter of 2013	<ol style="list-style-type: none"> 13. Study of the Need for a Law on Self-Regulatory Organizations (SROs) 14. Phase II of HICD Assistance to the State Geology Agency – Web Site Development 15. Taxpayer Survey for the Universal Tax Declaration Campaign 16. Passage of the Framework Licensing Law
Projects to be Launched in the First Quarter of 2014	<ol style="list-style-type: none"> 17. Drafting of Supporting Regulations for the Licensing Law 18. Phase II of HICD Assistance to the Ministry of Economy – Institutionalization of the Strategic Planning Process 19. Phase II of HICD Assistance to the State Agency for Geology – Optimization of the Reporting Process for Private Sector Mining Exploration and Development. 20. Phase II of HICD Assistance to the State Geology Agency – Data Entry Assistance to Support the Implementation of the Licensing Data Base 21. Study Tour for Tax Officials to Study VAT Requirements under the Customs Union 22. Assistance in Implementing the Development Strategy of the Mineral Resources Sector 23. Assistance in Implementing Legal and Procedural Changes in Technical Inspections 24. Phase II Commodity Procurements for the MoE and the State Agency for Geology

New Projects Launched in the Fourth Quarter of 2013

1. **Analysis of STS Administrative Processes and Assessment of Private Sector Experience of VAT Registration, Reporting, Crediting and Refunding.** During the conduct of REFORMA's Indirect Tax Policy Study, our experts identified a number of administrative processes that hamper the ability of the STS to efficiently and effectively manage the VAT regime.

Consequently, REFORMA designed a follow-on study and awarded a contract to MF Consulting to address the major bottlenecks that exist in private sector compliance with VAT reporting. Throughout the fourth quarter, the company began to document all VAT business processes and survey the business community to determine the compliance burdens placed on businesses. In October, REFORMA mobilized an international VAT advisor to work with MF Consulting in conducting the STS business process review, undertaking surveys and focus groups and analyzing the results of these studies. MF Consulting is currently finalizing its recommendations for eliminating burdensome administrative requirements. At the same time, the State Tax Service (STS), the Ministry of Economy (MoE), and the Ministry of Finance (MoF) have expressed their willingness to changing VAT registration procedures as well as phasing out the requirements for paper-based, high-security invoices. As a result, REFORMA is currently discussing revising MF Consulting's scope of work to include drafting amendments to the Tax Code that will enable the implementation of recommended changes to strengthen VAT registration procedures, simplify VAT refunding procedures, and eliminate the submission of high-security invoices for VAT crediting.

2. **Conduct of a four-day training course in “Legal and Fiscal Frameworks and Negotiation of Investment Contracts” in the Mining Sector, delivered by the Vale Columbia Center on Sustainable International Investment (VCC).** In cooperation with GIZ, REFORMA delivered a four-day training session from Oct 9-12 to Kyrgyz Government officials to promote the adoption of reforms to improve the business and investment climate for developing the mining sector. Three instructors provided by the VCC, an independent non-profit, academic center of the Columbia University Law School and the Earth Institute provided training on legal frameworks, mining contract negotiations, tax regimes, financial modeling, trade-offs between fiscal and non-fiscal benefits in negotiations, and other topics for attracting sustainable investment. Nineteen upper-middle level Government officials attended the session. REFORMA and GIZ were also able to organize special-topic seminars for other key stakeholders in the Kyrgyz Republic who were not attending training, including sessions for private investors, Government officials responsible for fiscal policy, representatives from Kyrgyzaltyn, and members of the REFORMA consortium responsible for drafting the Medium- and Long-Term Development Strategy.
3. **Phase I HICD Assessment of the Tourism Department of the Ministry of Culture, Information and Tourism.** REFORMA launched its HICD Assessment Program for the Tourism Department in response to requests from both the Department and private sector stakeholders for assistance in developing the Department's human and institutional capacity. REFORMA selected CAI Consulting in cooperation with Signum Consulting from a field of 11 bids to conduct the assessment, completed in October. Findings upheld initial assumptions that the Tourism Department not only lacks resources but also the capacity and vision to provide direction to sector growth and development. Although the HICD team set forth numerous strategic recommendations for the Government, the Ministry of Culture and the Tourism Department, the team also identified measures the Department could take in the short run to strengthen its ability to support broader strategic as they will be conceived and implemented in the future.
4. **Phase II of HICD Assistance to the Tourism Department in Optimizing Core Processes, Creating Action Plan, and Training/Coaching.** With the completion of the HICD Assessment, REFORMA selected Signum Consulting to undertake three initial activities to build capacity within the Tourism Department. These include: (1) Developing a format, structure and methodology for generating the Annual Report of the Tourism Department to the Government; (2) Reengineering core working processes (Planning, Activity and Program Implementation, Reporting, and Document Flow and Archiving) to improve efficiency; and (3) Working with the Department to prepare a detailed One-Year Action Plan that is linked to the 2014-2017 Tourism Development Program. Although Signum conducted a kick-off meeting on December 26, the project will actually get underway in January.

5. **Development of a Strategy and Action Plan for Sustainability of the Secretariat of the Business Development and Investment Council.** REFORMA mobilized an international Public Private Dialogue (PPD) advisor to help the Secretariat formulate its long-term strategic goals to enhance its sustainability and its role in driving the implementation and monitoring of the private sector's economic reform agenda. In September, the advisor developed a concept paper to begin discussion of strategic options with the Secretariat, and in October, he returned to help the Secretariat finalize the Strategy and draft a preliminary grant application to begin to implement key elements of its Action Plan. Since then, the REFORMA team has worked with the Secretariat to make revisions to proposed activities that could more realistically be accomplished by the end of the REFORMA Project. In January, Secretariat will finalize the grant application for a REFORMA grant award pending final USAID approval of our grants program.
6. **Launch of the Phase I HICD Assessment at the Chamber of Commerce and Industry.** On December 20, REFORMA launched its HICD Program with the Chamber of Commerce with an MOU signing ceremony between the President of the Chamber of Commerce and USAID, represented by Mission Director Michael Greene. At the launch, REFORMA's Senior HICD Advisor presented a summary of the HICD program and approach. REFORMA also concluded a competitive tender and identified SMART Business Solutions to undertake the assessment beginning in January. To assist the team in formulating its recommendations, REFORMA will mobilize an international specialist in business association management. Similar to our approach with the Secretariat of the Business Development and Investment Council, REFORMA will prepare the Chamber to apply for grant funding to implement HICD performance solutions.

Ongoing Projects throughout the Fourth Quarter of 2013

7. **Medium- and Long-Term Development Strategy of the Mineral Resources Sector.** On December 10, REFORMA sponsored the MoE's introduction of the key policy reforms outlined in the Development Strategy at a public presentation attended by 139 stakeholders and participants. Minister of Economy Temir Sariev moderated the session, followed by remarks by other Government and Parliamentary officials. USAID Mission Director Michael Greene also commented on USAID's outlook toward sector development. The process of creating the Development Strategy was to engage stakeholders in the Kyrgyz Republic to discuss the range of policy choices for sector development through a series of round tables and public meetings. With promising indications that the Kumtor controversy may be soon resolved, REFORMA expects to work with MoE in January to develop an activity timeline for future public presentations and more in-depth discussions with sector stakeholders to support Government adoption of the Strategy.
8. **Phase II of HICD Assistance to the State Geology Agency – Licensing Data Base Development.** Since July, REFORMA subcontractor TimelySoft has been working with Geology Agency staff to create and implement a comprehensive data base management system to help the Agency to manage the development of the mineral resources sector. In October, TimelySoft finalized the Licensing and Expert Assessment Modules and presented them to management and staff. TimelySoft also conducted training on the operation of the Licensing Module for Licensing Department staff. In November, TimelySoft completed and installed the Geological Information Catalogue Module. To emphasize the importance of populating the database, the Agency introduced an Action Plan to ensure data entry by the end of February. The volume of information to be entered to the database, however, has caused REFORMA to consider conducting a tender in January for data entry so that the Agency has electronic access to all of its paper-based information in the near term. Also in January, TimelySoft will launch the State Balance and the Reporting Modules into pilot operation and will conduct training on these modules. Prior to the end of the project in March, the company will develop an interactive system manual for the Agency.

- 9. Optimizing the Legal Framework and its Implementation for Conducting Business Inspections for Ecological and Technical Safety.** REFORMA has been supporting the MoE by conducting a review of the volume of NLAs that govern the authorities, functions, and conduct of ecological and technical safety inspections, and to recommend ways to streamline and optimize their underlying legal framework. Implementing partner EcoPartner reviewed 80 NLAs during the period to identify where duplications, gaps, and inconsistencies exist throughout the body of law governing ecological and safety inspections. The company then drafted a set of amendments to four core pieces of legislation and submitted required accompanying documentation. EcoPartner also reviewed the legal bases for the internal regulations of the State Inspectorate, the risk criteria used in setting inspections schedules, the checklists used in conducting inspections, and the function and processes associated with management of the ‘special account’ to which fines paid by businesses are deposited. In December, EcoPartner submitted a draft of its final report, which REFORMA will review before the company makes the final presentation to the MoE.
- 10. Public Outreach and Awareness for Introducing the Universal Tax Declaration Regime.** During the fourth quarter, REFORMA launched its broadcast media plan publicizing the benefits of tax amnesty, a component of the universal tax declaration initiative, through four video commercials and two audio announcements produced by the 5Paltsev Animation Studio. After successful negotiation of discounts with 15 local media companies, REFORMA began broadcasting the video commercials in both Russian and Kyrgyz on October 28 on regional and national TV and radio stations across the country. Throughout the campaign, which ended on December 29, the four video commercials were aired 1,027 times and the two audio announcements were aired 658 times. In the fourth quarter, REFORMA also finalized scripts for four additional video commercials and three audio announcements on the universal tax declaration requirements for production and broadcasting during the first quarter of 2014. The Chamber of Tax Consultants (CTC) also conducted numerous seminars on tax amnesty benefits and the procedures for registration throughout the quarter, and, working closely with the STS and the Ministry of Justice, responded to questions and phone calls from citizens throughout Kyrgyzstan. REFORMA also contracted a local IT firm, iCAP Systems, to develop a web-page for the official STS website that provides public information on universal tax declaration requirements.
- 11. Support for the Working Group on VAT and Sales Tax Policy Reform.** Following the completion of our study on Indirect Tax Policy, REFORMA has provided convening support and the advice of our Chief Tax Consultant to a working group formed by the MoF to assess various options in improving VAT policy and eliminating the sales tax. The working group is near completion of a proposal that it will present to Government representatives and the business community in the near future. REFORMA will determine how it can support public discussion of proposed changes to indirect tax policy.
- 12. Third Issue of REFORMA’s Project Newsletter.** In October, REFORMA released its third newsletter issue for electronic and hard copy distribution to nearly 400 Government counterparts, private sector and NGO partners, and international donor organizations throughout the Kyrgyz Republic. The cover feature was the Parliamentary hearing REFORMA sponsored for passage of the Law ‘On the Licensing and Permitting System of the Kyrgyz Republic.’

Projects Completed or Near-Completed in the Fourth Quarter of 2013

- 13. Study of the Need for a Law ‘on Self-Regulatory Organizations (SROs).** On December 17, REFORMA sponsored a round table discussion of the findings of our study on self-regulatory organizations, which included a discussion of the proposals and positions of various business associations. The objective of the meeting was to attempt to reach consensus on whether a framework Law on SROs would be necessary to support the development of self-regulatory organizations in the Kyrgyz Republic and what provisions such a Law should include. There was

no overall consensus, however, and many business associations had vastly different views on the type and extent of regulatory authority they are seeking and on the legal mechanisms through which they want the Government to grant these authorities. With this lack of conclusiveness, REFORMA will meet with Minister Sariev, whom we know has a more specific vision on self-regulation than the Deputy Minister, who chaired the meeting in his absence. For this discussion, we have identified four possible ways to move this project forward, including providing no follow-up activity, forming a public-private working group for further discussion and action, proposing amendments to existing sectoral laws, or drafting a framework Law ‘On Self-Regulatory Organizations.’ In selecting some of the above options, REFORMA could also provide assistance to a pilot project to help business associations create certification programs or create mechanisms for establishing quality standards.

- 14. Phase II of HICD Assistance to the State Geology Agency – Website Development.** In October, the State Geology Agency officially launched its new website developed by Yaros through REFORMA assistance. Yaros subsequently produced a detailed video training course and a user manual on website operation. Yaros also conducted a series of training courses for key personnel responsible for website maintenance. In addition, REFORMA’s IT consultant, Valentina Gaidamako, developed a draft Interactive Map to be featured on the website, which illustrates the location of all explored mineral deposits and other information. In January, Ms. Gaidamako will finalize the deposit map to be launched on the website. Yaros will continue providing technical support to Agency staff until March through oral and written consultation and ensure the interaction and synchronization of data between the website and the database developed by TimelySoft.
- 15. Taxpayer Survey for the Universal Tax Declaration Campaign.** REFORMA subcontractors TATConsulting and Promotank completed the processing of field data and the analysis of focus group results in October and presented the final report to REFORMA, STS officials and the CTC. Key survey findings showed that the level of awareness of Uniform Tax Declaration, Universal Tax Declaration, and Tax Amnesty was low at 36.9 percent, 13.3 percent, and 13.1 percent, respectively. Overall, respondents had a positive attitude to Universal Declaration (48.3 percent), and Tax Amnesty (75.8 percent), primarily because they consider these processes as transparent and legal. Although a presentation of the findings to a wider STS audience was planned for November, this was postponed until the end of January at the request of the STS Chairman. Prior to the end of the REFORMA Project in September 2014, we will undertake an identical survey to determine the impact that REFORMA’s public education campaign has had for end-of-project reporting.
- 16. Passage of the Framework Licensing Law.** After more than a year, the framework Law ‘On the Licensing and Permitting System of the Kyrgyz Republic’ was finally passed by Parliament on October 2, 2013 and signed into Law by the President on October 19. With the passage of this Law, the MoE states that there will be only 100 business activities subject to licensing. To support implementation of the Law, REFORMA recently selected the Union of Entrepreneurs to develop four regulations, described below, which will be launched in January.

Projects to be Launched in the First Quarter of 2014

- 17. Drafting of Supporting Regulations for the Licensing Law.** With the adoption of the Law ‘On the Licensing and Permitting System,’ Kyrgyz legislation requires that all implementing regulations be enacted within six months. Consequently, REFORMA has agreed to help the MoE to draft the four implementing regulations required under the Licensing Law: (1) the draft regulation on licensing; (2) the draft regulation on the methodology for risk assessment; (3) the draft regulation on the procedures for licensing control; and the (4) the draft regulation on the procedure for keeping the register of licenses and permits. These regulations are the next step in ensuring implementation of the Law. The Union of Entrepreneurs will initiate this work in January and will complete it by May 1.

- 18. Phase II HICD Assistance to the Ministry of Economy – Institutionalization of the Strategic Planning Process.** Since the conclusion of the MoE’s HICD Assessment, REFORMA has been working with the MoE to develop a Strategic Plan and implement a strategic planning process within the Ministry. Recently, an Internal Development Unit was established under the State Secretary to take over the strategic planning function, with a 4-member staff that will be responsible for developing ongoing strategic planning capacity in the Ministry. REFORMA will recruit a local firm to develop and deliver strategic planning and budgeting training programs for the new unit and other relevant departments. In December, REFORMA received 11 expressions of interest to implement the proposed scope of work, which will provide coaching and training on the use of strategic planning methodologies, program-based budgeting techniques, and monitoring and evaluation systems. This project is expected to start in February. As part of our assistance to help the Ministry implement its Communications Strategy, REFORMA also assisted the Ministry to launch a quarterly newsletter based on the Minister’s interest in the distribution of REFORMA’s newsletter.
- 19. Phase II of HICD Assistance to the State Agency for Geology –Optimization of the Reporting Process for Private Sector Mining Exploration and Development.** REFORMA’s HICD Assessment of the Agency identified processes and procedures for reporting private sector geological activity as one of the core processes that should be made more efficient to better respond to the needs of the investor community. Although REFORMA has intended to pursue this activity for several months, changes in Agency leadership delayed issuing a competitive tender for undertaking this work. During the fourth quarter, the new Chairman approved the project, and REFORMA has received three expressions of interest from local organizations following the announcement of this tender in December. REFORMA will issue the RFP for this work in January, which will optimize and standardize the templates for the exploration and extraction reports that mining license-holders are required to submit to the Agency.
- 20. Phase II HICD Assistance to the State Geology Agency – Data Entry Assistance to Support Implementation of the Licensing Data Base.** The licensing and geological data base that REFORMA is developing through subcontractor TimelySoft, will significantly improve the Agency’s ability to manage sector development. Although the Licensing Module is now ready to be populated with data, the Agency lacks the available human resources to scan and enter the voluminous documents and information into the system. Although the Agency recruited two students to help staff scan and enter data into the system, the volume of information to be entered has caused REFORMA to consider conducting a tender for data entry to fully populate the data base. REFORMA will develop the scope of work for this activity in January and hopes to award this work prior to the end of the month.
- 21. Study Tour for Tax Officials to Study VAT Requirements under the Customs Union.** REFORMA is supporting a study tour for tax officials to Belarus and Kazakhstan to study the experience and requirements of Customs Union members in administering indirect taxes. Participants will review counterpart legislation, regulations and administrative systems for VAT processing and the implementation of an electronic invoicing system for VAT crediting and refunding recently launched by the Kazakh tax authorities. The Kyrgyz Republic seeks to eliminate paper-based, security invoices by adopting electronic invoicing as a way to combat VAT fraud while appeasing lawful VAT payers. Review of the Kazakh experience in implementing an electronic invoice reporting system will promote adoption of such alternative measures of reducing fraud. REFORMA proposes that the group spend three days in Almaty and two days in Minsk exchanging information and interacting with counterparts from these member countries.
- 22. Assistance in Implementing the Development Strategy of the Mineral Resources Sector.** With resolution of the Kumtor negotiation, REFORMA expects to work with MoE in January to develop an activity timeline for future public presentations and more in-depth discussions with

sector stakeholders on proposed development policies. REFORMA will also provide further institutional development support to build implementation capacity within counterpart institutions and promote further public awareness of the benefits of Strategy implementation.

23. Assistance in Implementing Legal and Procedural Changes in Technical Inspections.

EcoPartner will present a summary of its findings and activities to REFORMA and the Ministry of Economy in January, followed by a presentation to the business community. Based on known findings, however, REFORMA has initially identified the scope of work for a follow-on project that will help the MoE support passage of proposed amendments mentioned above, draft implementing regulations supporting these amendments, and draft regulations to amend checklists employed in the inspections process to reflect the law. The scope of work may also draft regulations to limit the extra-legal power currently assumed by the State Inspectorate and to address the absence of a prescribed methodology for conducting inspections and taking samples for compliance testing by drafting an operations manual for the conduct of environmental and technical safety inspections (i.e., not fire or labor safety, which are also inspections undertaken by the State Inspectorate.) In this event, REFORMA will sponsor a series of training courses for inspectors as well as provide training to businesses to ensure they are aware of their rights.

24. Phase II Commodity Procurements for the Ministry of Economy (MoE), the State Agency for Geology and the Tourism Department. REFORMA is in the process of obtaining competitive quotes for the purchase of computer hardware and software equipment for the MoE, the State Geology Agency, and the Tourism Department of the Ministry of Culture, Information and Tourism. For the State Geology Agency, the equipment is to support a server and other equipment hosting the new data base system for licensing and geological information. Its estimated cost is \$41,426. The estimated cost for equipment supporting counterpart departments at the MoE is \$48,166, while that supporting the Tourism Department is \$13,890.

2. Improving the Business Environment for Mining and Mineral Resources

REFORMA has provided assistance to improve the investment climate for mining and mineral resources sector development since 2012. One of REFORMA's core activities has been to help the MoE Mineral Resources Policy Department to develop a Medium- and Long-Term Development Strategy for the sector. In September 2012, REFORMA awarded a competitive tender to a consortium of local organizations, led by the Kyrgyz Mining Association, to provide expertise in assessing and recommending development policies. Following a year during which the consortium conducted research of international practices and presented a series of round tables and seminars to engage local stakeholders in determining policy choices for sector development, the MoE conducted a public presentation of the draft strategy in December 2013. The next step in this process is further discussion of the recommended policies among stakeholders throughout the Kyrgyz Republic and approval of the strategy for implementation by the Government of the Kyrgyz Republic.

To prepare key Government stakeholders for implementation of the Strategy, REFORMA worked with both the MoE's Mineral Resources Policy Department as well as with the State Agency for Geology and Mineral Resources, which is responsible for policy implementation. In December 2012, REFORMA formally launched its HICD program within the State Geology Agency, and throughout 2013, REFORMA initiated a number of activities to strengthen the performance of the Agency that were identified as the result of our comprehensive Performance Assessment undertaken in the first quarter of 2013.

Medium- and Long-Term Development Strategy for the Mineral Resources Sector

REFORMA Activities in Q4 2013

On December 10, the MoE introduced the key policy provisions outlined in the Development Strategy at a public presentation that attracted a total of 139 stakeholders and participants from Government, Parliament, local authorities, private firms, international donors, and members of civil society. Minister of Economy Temir Sariyev moderated the session, followed by remarks by State Geology Agency Duyshenbek Zilaliev, and Chairman of the Parliamentary Committee on Fuel, Energy and Mineral Resources, Kozhobek Ryspaev. Mission Director Michael Greene commented on USAID's outlook toward sector development. The process of creating the Development Strategy provided stakeholders in the Kyrgyz Republic with a range of policy choices for sector development leading to the adoption of those that ensure widespread economic growth, job creation, environmental and health protection, and a fair distribution of economic benefits to all stakeholders. There was substantial discussion of various policy recommendations during the 3-hour strategy presentation session.

Planned REFORMA Activities for Q1 2014

Since the public presentation, the Kumtor negotiation has diverted the attention of the MoE and its development of a strategy to obtain Government approval of the Development Strategy. With promising indications that the Kumtor controversy may be resolved, REFORMA expects to work with MoE in January to develop an activity timeline for future public presentations and more in-depth discussions with sector stakeholders. These may include sponsoring extended meetings between key members of Government and Parliament to promote policy consensus, hosting public meetings throughout the regions to present recommendations and to solicit comments, creating a committee of Government officials and support of an expert working group to review existing legislation and pave the way for adoption of changes to the legal and regulatory framework reflecting policy recommendations, and hiring a local firm or consortium of firms and experts to draft legislative and regulatory changes to implement Strategy recommendations. REFORMA may also provide further institutional development support to build implementation capacity within counterpart institutions and promote further public awareness of the benefits of Strategy implementation.

Training in “Legal and Fiscal Frameworks and Negotiation of Investment Contracts” in the Mining Sector by the Vale Columbia Center

REFORMA Activities in Q4 2013

Both GIZ and the REFORMA Project have been working with key institutions of the Government to support the adoption of reforms to improve the business and investment climate for developing the mineral resources sector. In the summer of 2013, GIZ identified the opportunity to offer Government officials a training program provided by the Vale Columbia Center on Sustainable International Investment (VCC), which it proposed to deliver in a cost-sharing partnership with REFORMA. Established in 2008, the VCC is an independent non-profit, academic center of the Columbia Law School and the Earth Institute at Columbia University. It is the only applied research center and forum dedicated to the study, practice and discussion of sustainable development of global natural resources and is a leading provider of educational programs targeted to mineral resources stakeholders.

With USAID's approval, the VCC, GIZ and REFORMA developed a comprehensive four-day training course designed to build the knowledge and skills of Kyrgyz Government officials to create the appropriate legal, regulatory, and social development frameworks for attracting sustainable investment in Kyrgyzstan's mineral resources sector. Delivered from October 9-12, the VCC provided three instructors pro bono to conduct full-day training to 19 upper-middle level Government officials from the Ministry of Economy, the State Agency for Geology and Mineral Resources, Kyrgyzaltyn, the State Inspectorate for Ecological and Technical Safety, the Ministry of Finance, the Ministry of Justice, Staff of the Parliamentary Committee for Energy, Fuel and Mineral Resources, and the Office of the Prime Minister. The focus of the training was on international practices in legal frameworks, mining contracts, tax regimes, financial modeling for determining the impact of mining contract terms, trade-offs between fiscal and non-fiscal benefits in contract negotiations, and other

topics. REFORMA was able to ensure that training participants were released from daily activities to enable them to attend the full training session.

REFORMA and GIZ also organized special-topic seminars for other key stakeholders who did not participate in the attending training, including:

- A session for private investors to voice their concerns about the business environment for mining;
- A session on fiscal policy options for both Government officials and financial managers of private investors;
- A session with the REFORMA consortium responsible for drafting the Medium- and Long-Term Development Strategy with the MoE to obtain feedback on proposed policies; and
- A session with officials from Kyrghyzaltyn, one of the key players in the contract re-negotiation with Centerra Gold.

Feedback from the training was that the sessions offered practical, hands-on information on policy options for legal and fiscal frameworks, including the distribution of an Excel spreadsheet that enabled participants to determine the impact of various fiscal policy options on Government revenues.

Planned REFORMA Activities for Q1 2014

REFORMA has discussed the possibility with GIZ and VCC of supporting a second training session in 2014, with a focus on social and environmental policy considerations. We will pursue this discussion more fully in the first quarter and determine whether to request USAID support for this activity.

Human and Institutional Capacity Development (HICD) at the State Agency for Geology and Mineral Resources

During the first quarter of 2013, REFORMA hired CAI Consulting to undertake an HICD Assessment of the State Geology Agency. The assessment report, finalized in April, included an outline of findings, performance gaps and recommended solutions to improve the mineral development policy implementation performance of the Agency. These findings helped to determine which activities REFORMA would pursue in the implementation phase of the HICD program. Based on Agency priority, we selected three activities:

1. Development of a modern web site, available in three languages, that communicates development policies, promotes public transparency, and serves as a repository for critical documents to be used in auctions and competitive tenders of mining exploration rights;
2. Development of a comprehensive data base, as a central and definitive repository for information on mining licenses and geological information, to be expanded in the future to include a mining cadaster;
3. Development of a system of standard report templates and reporting processes for the required periodic report submissions of private sector exploration and mining activities.

In June, REFORMA issued competitive tenders for implementation of the first two of these activities and selected the Yaros and TimelySoft companies, respectively, to undertake these projects.

Agency Website Development

REFORMA Activities in Q4 2013

On October 18, the new website was officially launched after a presentation of its form and functions to Agency leadership and staff. Yaros also produced a detailed video training course and a manual with detailed instructions on the operation of the website. Subsequently, Yaros conducted a series of training courses for key personnel responsible for website maintenance. REFORMA's IT consultant, Valentina Gaidamako, also developed a draft Interactive Map to be featured on the website, which illustrates the location of all explored mineral deposits and other information of interest to investors

and other stakeholders. The map will provide information on the year of mineral discovery, estimated volume of ore, the status of mineral exploration rights, and other information.

Planned REFORMA Activities for Q1 2014

In January, Ms. Gaidamako will finalize the deposit map and present the final version to Agency management for posting on the website in late January. Yaros will develop a corporate email address format for Agency staff and will provide training to the Agency's IT Unit on corporate email operation and maintenance. Yaros will continue providing technical support to Agency staff until March through oral and written consultation. Yaros will also correct any potential problems that may arise, monitor the technical quality of the uploaded information, install and maintain corporate email addresses, and ensure the interaction and synchronization of data between the website and the database developed by TimelySoft.

Geological Data Base System Development

Since July, TimelySoft has been working with Agency staff to create and implement a comprehensive data base management system to assist in managing the development of the mineral resources sector. The system will allow the Agency to create, update and review data on licenses awarded for mining rights, geological-mining surveys, fluctuations in the value of mineral resource reserves, extraction and loss of minerals during production phases, information on geologically explored subsoil, and other critical information. The system will include the following modules: licensing, reporting, expert appraisal, geological information, and a catalogue of the State Geology Information Fund. The data base will provide access to information for Agency staff, the Department for Mineral Resources within the MoE, other potential public institutions, license holders and the public within a defined access framework that is accessible through the new Agency website.

REFORMA Activities in Q4 2013

In October, TimelySoft presented two database modules – the Licensing Module and the Expert Appraisal Module – to the Geology Agency's management. Participants were shown how to register applications, attach scanned documents to the application, assign a staff member for application processing, process the application, enter geological coordinates and other information and data, and complete other functions. Once TimelySoft also conducted a series of training on the operation of the Licensing Module operation for Licensing Department staff, they began scanning hard-copy licensing documents and entering data into the database. To emphasize the importance of this effort, the Agency introduced an Action Plan for launching the database into pilot operation and identified all necessary activities and deadlines to ensure the full operation of the system once it is completed in March. To expedite the process of scanning and data entry, Agency Director Zilaliev hired two students and allowed them access to licensing cases and protocols that had previously been considered "classified documents." He also appointed his chief advisor to be responsible for project implementation.

TimelySoft also completed the Geological Information Catalogue Module and installed it in the Department of the Geological Informational Resources. Its pilot operation, however, will be delayed until February, due to the lack of the necessary hardware, which REFORMA is in the process of procuring for the Agency. TimelySoft also developed and installed an online Help Desk tool for Agency staff, which allows them to write comments or ask the software developers any questions regarding system operation. Each day, TimelySoft tracks comments received and makes corrections to the software, if warranted.

Nevertheless, the Agency still lacks available human resources to scan and enter the voluminous documents and information into the system. As a result, REFORMA is considering a tender for data entry in January so that the Agency has electronic access to this information by the time the system is completed.

Planned REFORMA Activities for Q1 2014

In addition to the possible recruitment of a firm to complete the Agency's data entry requirements, the database project will complete the following activities in the first quarter of 2014:

- In January, TimelySoft will launch the State Balance Module and the Reporting Module into pilot operation and will conduct training for the staff of the Department of Geological Informational Resources, the Geology Department and the Subsoil Protection Department.
- The company will fine tune the database based on comments received from the staff in the course of the pilot operation of all database modules.
- TimelySoft will also develop an interactive system manual for the Agency.
- The deadline for the completion of the database development and its launch is in early March.

Optimization of the Reporting Process for Private Sector Mining Exploration and Development

Planned REFORMA Activities for Q1 2014

Following the comprehensive performance assessment at the Agency, private sector reporting activity was identified as one of the core processes that should be more efficient to better respond to the needs of the investor community. The scope of work will optimize and standardize the templates for the exploration and extraction reports that mining license-holders are required to submit to the Agency. It was also designed to optimize and standardize the reports that the Agency submits to Government institutions such as the MoE, the MoF, and others. Changes in Agency leadership delayed recruiting a consultant for undertaking this work. During the fourth quarter, REFORMA received approval from the Agency Chairman to proceed and has received three expressions of interest from local organizations following the announcement of this tender in December. REFORMA will issue the RFP for this work in January and will select the winner and begin work by February.

The selected partner is expected to review all reporting requirements currently in use at the Agency, review existing annual reporting standards, make recommendations for improvement and design the necessary revisions. It is expected that this undertaking will help the Agency improve its reporting procedures and will provide the mining companies clear guidance and templates in preparing required annual and semi-annual reports. The templates will be synchronized with the database that is currently developed by REFORMA, which will allow reports to be automatically uploaded to the system.

Commodity Procurements to Support Mining Sector Development

Planned REFORMA Activities for Q1 2014

REFORMA currently is in the process of obtaining competitive quotes for the purchase of computer hardware and software equipment for the State Geology Agency, the MoE and the Tourism Department of the Ministry of Culture, Information and Tourism. For the State Geology Agency, the equipment will support a server and other equipment to host the new data base system. Its estimated cost is \$41,426.

3. Improving the Legal and Regulatory Environment for Business and Investment

In 2008, the Kyrgyz Republic enacted the Law 'On Optimizing the Normative Legal Base for Regulating Business Activity' to reduce Government regulatory and supervisory interference in the activities of private market functions. Focusing on eliminating unnecessary licensing and permitting

requirements, REFORMA provided support to the Government to reduce the number of required licenses and permits from more than 600 to less than 300 by the end of 2012. REFORMA also provided support to the MoE to draft a framework Law ‘On the Licensing and Permitting System in the Kyrgyz Republic’ to establish overarching principles for government regulation through licensing and permitting. This Law was passed by Parliament and signed by President Atambaev in October 2013. With the passage of this law, only slightly more than 100 business activities are subject to licensing. With the completion of the Law on licensing and permitting, the MoE wanted to extend the optimization of the legal framework to include those that control the conduct of regulatory inspections. REFORMA agreed to tackle a portion of this task by legal loopholes in the conduct of ecology and technical safety inspections that continue to plague business activity.

Optimizing and Streamlining Business Licenses and Permits

REFORMA Activities in Q4 2013

In September, REFORMA sponsored a Parliamentary hearing conducted by the Committee for Economic and Fiscal Policy after the first reading of the proposed Law ‘On the Licensing and Permitting System of the Kyrgyz Republic.’ Following this public meeting, the Law was passed by Parliament on October 2 and signed into Law by the President on October 19. REFORMA will help the Government to implement the Law by supporting the drafting of four subordinate regulations: (1) the regulation on licensing; (2) the regulation on the methodology for risk assessment; (3) the regulation on the procedures for licensing control; and (4) the regulation on the procedure for maintaining a register of licenses and permits. REFORMA issued an RFP for this work and in December selected the Union of Entrepreneurs as the winning bidder. The four-month assignment will launch in January.

Planned REFORMA Activities for Q1 2014

The Union of Entrepreneurs will undertake the following activities in completing this four-month assignment:

- 1) Develop the four regulations observing the rules of legal technique and the requirements of the Laws ‘On normative legal acts of the Kyrgyz Republic’ and ‘On rules for working with documents of the Government of the Kyrgyz Republic’;
- 2) Review current NLAs in the field of licensing and permitting that regulate the licensing of individual activities, risk assessment methodology, licensing control procedures, and maintenance of registers of licenses and permits;
- 3) Prepare proposals with comprehensive analysis of the legislation in licensing/permitting sphere and provide an assessment of applying licensing procedures in legislation;
- 4) Solicit input from the business community and government organizations through focus groups, round tables, briefings, meetings and public consultation processes;
- 5) Prepare reports and presentations of the draft by-laws for consideration by the Ministry of Economy, the Ministry of Justice and the Government of the Kyrgyz Republic.
- 6) Provide expert advice to support the MoE in organizing and conducting round tables with representatives of the business community and government officials to discuss the draft regulations;
- 7) Prepare recommendations in cases where gaps, inconsistencies, duplication are identified in existing legislation.

This work is expected to be completed by May 1, 2014.

Review of the Legal and Regulatory Framework and its Implementation for Conducting Business Inspections

REFORMA Activities in Q4 2013

REFORMA has been supporting the MoE by conducting a review of the volume of NLAs that govern the authorities, functions, and conduct of ecological and technical safety inspections, and to

recommend ways to streamline and optimize their underlying legal framework. Implementing partner EcoPartner reviewed 80 NLAs during the period to identify where duplications, gaps, and inconsistencies exist throughout the body of law governing ecological and safety inspections. The company then drafted a set of amendments to four core pieces of legislation and submitted required accompanying documentation, including the Regulatory Impact Assessment (RIA) and the document substantiating the reasons for submitting the legislation. EcoPartner also reviewed the legal bases for the internal regulations of the State Inspectorate, the risk criteria used in setting inspections schedules, the checklists used in conducting inspections, and the function and processes associated with management of the ‘special account’ to which fines paid by businesses are deposited. Previously, EcoPartner had undertaken a survey of businesses to identify the degree to which laws and regulations have been implemented in practice. Key findings concluded that 27.6 percent of businesses reported that inspectors demanded the submission of documents not related to the inspection at hand, 30 percent of inspections identified violations over half of which resulted in fines, and more than a third of all businesses resolved inspections violations through informal payments. In December, EcoPartner submitted a draft of its final report, which REFORMA will approve and accept in January.

Planned REFORMA Activities for Q1 2014

EcoPartner will present a summary of its findings and activities to REFORMA and the Ministry of Economy in January as a component of its final report, followed by a presentation to the business community. Based on known findings, however, REFORMA has initially identified the scope of work for a follow-on project that will help the MoE support passage of proposed amendments mentioned above, draft implementing regulations supporting these amendments, and draft regulations to amend checklists employed in the inspections process to reflect the law. The State Inspectorate has assumed significantly greater powers than is granted in law, and REFORMA proposes to assist the Government to draft regulations specifically limiting extra-legal powers. To address the absence of a prescribed methodology for conducting inspections, REFORMA may support the development of this methodology for conducting environmental and technical safety inspections, (i.e., not fire or labor safety, which are also inspections undertaken by the State Inspectorate), as well as the methodology for taking samples for compliance testing. It is expected that these methodologies will be thoroughly documented into operations manuals, and REFORMA will sponsor a series of training courses for inspectors on the introduction of changes in the legal and regulatory regime. REFORMA will also provide training to businesses to ensure they are aware of their rights throughout the inspections process.

Study of Self-Regulatory Organizations

REFORMA Activities in Q4 2013

The Law ‘On the Licensing and Permitting System’ includes a provision that references the concept of self-regulation without further elaboration on how this provision would be administered. To better define the role, functions, rights and privileges of self-regulation and Self-Regulatory Organizations, REFORMA commissioned a study to examine international practices in governing SROs and make recommendations for adoption in the Kyrgyz Republic. Throughout the study, REFORMA worked with the business associations that have been discussing proposed provisions of a Law already drafted by one of the business associations. On December 17, REFORMA sponsored a round table discussion of the findings of our study as well as the proposals and positions of various business associations. The objective of the meeting was to attempt to reach consensus on whether a framework Law on SROs would be necessary to support the development of self-regulatory organizations in the Kyrgyz Republic and what provisions such a Law should include. Although Minister Sariev was expected to attend, Deputy Minister Danil Ibraev moderated the session.

Planned REFORMA Activities for Q1 2014

There was no overall consensus at the meeting among business associations on the type and extent of regulatory authority they are seeking, nor on the legal mechanisms through which they want the Government to grant these authorities. With this lack of conclusiveness, REFORMA will meet with Minister Sariev, whom we know has a more specific vision on self-regulation, to discuss his views

based on the outcome of this initial meeting. For this discussion, we have identified four possible ways to move this project forward: (1) Under order of the Minister, organize a working group including representatives of government agencies and the business community to create a platform for further discussion and action, including further review of associations that currently enjoy some measure of self-regulation. The working group could also identify opportunities for pilot projects and how they may be formed; (2) Amend existing legislation, particularly the Civil Code and the Law on Noncommercial Organizations, to reflect provisions of more recent sectoral laws that provide for self-regulation. Provide consulting services or launch a pilot to help business associations create certification programs or establish mechanisms for establishing quality standards under existing law; (3) Draft a framework Law ‘On Self-Regulatory Organizations in the Kyrgyz Republic,’ including all accompanying legal documentation. Harmonize sectoral laws to reflect the framework law and draft Government resolutions to put the framework law into practice for pilot sectors; (4) Maintain the status quo, in which some business associations set performance standards and codes of conduct for members.

Building Human and Institutional Capacity Development (HICD) in the Ministry of Economy (MoE)

REFORMA provides HICD assistance to ensure that our counterpart institutions develop the capacity to fully implement and monitor sponsored reforms. Since the MoE is vested with far-reaching powers to lead economic development and regulatory policy, REFORMA selected the MoE as our first counterpart institution to receive HICD support in 2012. The assessment phase was completed in the fourth quarter of 2012, and REFORMA has undertaken several activities to strengthen the MoE’s capacity to manage the numerous reform activities it has undertaken.

Strengthening the Strategic Planning Process and Plan Development

The first of these activities was to support the development of a Strategic Plan and a strategic planning process within the Ministry. In October 2012, REFORMA’s local partner, PDC, helped all departments to identify goals, objectives, performance indicators and targets, resulting in the creation of the Ministry’s Strategic Plan for 2013. Although REFORMA subsequently intended to initiate a program to institutionalize the strategic planning process, delays in getting Government approval to implement proposed changes in the Ministry’s organizational structure prevented the launch of this program. In August 2013, however, the new MoE structure was approved, and the Minister assigned responsibility for annually updating the Strategic Plan and implementing the strategic planning process to a new Internal Development Unit, reporting to the State Secretary. The functions of the four-member unit are to develop internal strategic planning documents, analyze the efficiency of all departments and develop recommendations for further improvement, and optimize business processes in the MoE. In addition, the unit was assigned responsibility for implementing a program-based budgeting process, creating an effective HR management system, and performing monitoring and evaluation of the Ministry’s performance relative to strategic targets identified in the Strategic Plan.

Planned REFORMA Activities for Q1 2014

By the fourth quarter, the MoE was ready to begin institutionalizing the strategic planning process and sought REFORMA’s assistance not only to build the capacity of the Internal Development Unit but also to assist the Strategic Planning Department to better monitor the implementation of Government-wide strategic initiatives, including the National Sustainable Development Strategy for 2013-2017. In December, REFORMA announced a tender to recruit a local firm to develop and deliver strategic planning and budgeting training programs for the relevant departments, provide consulting services in drafting MoE strategic documents, plans and program-based budgets, and develop an HR management strategy. In January, REFORMA will competitively select a local partner from a field of 11 candidates.

Strengthening Public Relations and Communications

REFORMA's HICD Assessment of the MoE identified the need to improve its public relations and communications capacities to strengthen its ability to promote public support for the implementation of economic reforms. In February 2013, REFORMA selected Door Media to assist the Ministry in developing a Communication Strategy and the Action Plan. Door Media conducted workshops for Ministry PR staff and provided on-the-job training and coaching to help implement of the Action Plan. In September, the PR Unit revised the Communications Strategy and the Action Plan for 2013-2015 to reflect the organizational changes in the MoE.

REFORMA Activities in Q4 2013

REFORMA helped the PR Unit to create a quarterly newsletter, similar to that developed by REFORMA, which was lauded by Minister Sariev. REFORMA conducted intensive coaching on how to create a newsletter, how to format the newsletter, prepare the content, edit articles and interact with all technical departments of the Ministry. REFORMA then helped the PR Unit to design, develop and launch the newsletter in both Russian and Kyrgyz, the first issue was distributed in December both electronically and by courier to regions where internet connection is weak. The MoE has allocated resources to continue the newsletter after the REFORMA project ends in September.

Planned REFORMA Activities for Q1 2014

Other forms of assistance to the PR Unit include sponsoring field visits to regions throughout the Kyrgyz Republic to present the Communications Strategy and the MoE organizational changes to regional MoE offices, the press and the business community.

Commodity Procurements to Support Mining Sector Development

REFORMA currently is in the process of obtaining competitive quotes for the purchase of computer hardware and software equipment for key counterpart departments in the MoE, particularly the Entrepreneurship Policy Department, the Internal Development Unit, and the PR Unit. The estimated cost for equipment supporting the MOE is \$48,166.

4. Improving the Business Environment for Tourism

Building Capacity of the Tourism Department of the Ministry of Culture, Information and Tourism through HICD

Although tourism is one of the Government's priority sectors and offers the potential for driving small- and medium-enterprise growth and job creation, the Tourism Department within the Ministry of Culture, Information and Tourism is under-funded and lacks even minimal capacity to undertake reforms to improve the investment climate. In response to a request for assistance in developing the human and institutional capacity of the Tourism Department by both the Deputy Minister and private sector stakeholders, REFORMA launched its third HICD Assessment Program in the third quarter of 2013, selecting CAI Consulting (CAIC), in cooperation with Signum Consulting, to undertake the capacity assessment program.

REFORMA Activities in Q4 2013

The preliminary results of the assessment were completed by the end of September. Findings upheld initial assumptions that the Tourism Department not only lacks resources but also the capacity and vision to provide any direction to sector growth and development. The REFORMA team presented findings to representatives from the Ministry of Culture, Information and Tourism, the Tourism Department, the Prime Minister's Office, and Parliament on October 11. Although the HICD team set forth numerous long-term strategic recommendations for the Government, the Ministry and the Tourism Department, the team also identified measures the department could take to strengthen its ability to support broader strategic goals in the near term.

REFORMA selected three of these activities: (1) Developing a methodology for generating the Annual Report of the Tourism Department to the Kyrgyz Government; (2) Reengineering core working processes to improve the efficiency of the Department; and (3) Preparing a detailed One-Year Action Plan for the Tourism Department that is linked to the 2014-2017 Tourism Development Program, currently under review by the Government. Based on Signum Consulting's performance in undertaking the Assessment, REFORMA awarded a sole-source contract to Signum for two key members of the assessment team to undertake these relatively small activities.

The REFORMA HICD Team also participated in the Field Meeting on Tourism of the Parliamentary Committee for Fiscal and Economic Policy, sponsored by the USAID Parliamentary Strengthening Program, on December 17 and made a presentation of recommendations resulting from the HICD assessment.

Planned REFORMA Activities for Q1 2014

Although Signum conducted a kick-off meeting on December 26, the project will actually get underway in January. In the scope of work, Signum is expected to review past annual reports that the Department submitted to the Government and review current sources of information for report development. Following this review, and in close cooperation with the Department's management, Signum must develop a clear format and structure for the content of the annual report with a methodology for collecting and evaluating information. The experts are expected to closely guide and support the Department's staff in developing the Department's Annual Report for 2013 that will be submitted to the Ministry and the Government in February.

Signum will employ findings from the assessment that identifies specific steps of all processes selected for optimization. The four key processes selected for revision are: (1) planning processes; (2) reporting processes; (3) activity and program implementation processes; and (4) document flow and archiving. The expert will develop process models, define clear phases of each process, and identify process results and indicators. In addition, the expert will develop all necessary instruments (formats and templates) for process implementation and support the creation of internal regulations for process implementation, taking into consideration other cross-cutting regulations and procedures. During this activity, the expert will deliver training and coaching to the Department staff on process-based management.

Based on the existing Program of the Department for 2013-2017, which is currently under approval by the Government, Signum will support the Department in developing a detailed action plan supported by measurable indicators for achieving the goals outlined in the Program, working closely with both the Tourism Department and Ministry staff. In doing so, and to ensure sustainability of these efforts, Signum will provide training on strategic planning and public management in the tourism sector. The team will also develop a performance measurement plan for Department staff that will be simple and easy to use.

This work will result in optimizing business processes that will be formalized through internal regulations, thus time spent on fulfilling core functions. The project will produce the 2013 Annual Report to be submitted to the Prime Minister's Office and other stakeholders in a clearly developed format. Finally, Department staff will participate in creating a detailed Action Plan for activities pursued during 2014 and be trained in Process-Based Management, Governance in Tourism; Formats and Tools for Reporting.

REFORMA is also currently in the process of obtaining competitive quotes for the purchase of computer hardware and software to improve the Department's daily operations. The estimated cost of this equipment is \$13,890.

Other activities that REFORMA is considering supporting through the remainder of the project are:

1. Improve the cooperation of the Tourism Department and the National Statistical Office by establishing a working group to review and revise methodology on tourism statistical data;
2. Develop and organize a training program on strategic planning, analytical skills, and work processes for Departments staff;
3. Organize a study tour for Department staff to a counterpart institution in a similarly small country to learn about best practices in the area of policy creation and implementation as well as to better understand the role of government institutions in tourism development, and the activities that governments have pursued that have successfully promoted tourism.

5. Implementing Indirect Tax Policy and Administration Reform

Indirect Tax Policy and Support to the Working Group

Following the completion of our study on Indirect Tax Policy, REFORMA has provided convening support and the advice of our Chief Tax Consultant to a working group formed by the MoF to assess various options in improving VAT policy and eliminating the sales tax. The working group is near completion of a proposal that it will present to Government representatives and the business community in the near future. REFORMA will determine how it can support public discussion of proposed changes to indirect tax policy.

Study to Improve VAT Administration

REFORMA's Indirect Tax Policy Study revealed a number of administrative processes that affect the ability of the STS to efficiently and effectively manage implementation of the VAT regime. Some of the specific problems identified were: (1) the mandatory use of paper-based, security invoices in the STS's attempt to curtail fraud; (2) excessive documentation required for the submission of monthly VAT reports; (3) widespread rejection of legitimate VAT credits; and (4) failure to remit VAT refunds to exporters. REFORMA hired MF Consulting in September to conduct a study to document all VAT business processes within the STS, create a manual of all required processes for tax inspectors, (which has never been previously compiled), quantify compliance burdens placed on businesses, and make recommendations for strengthening existing business processes specifically to reduce identified compliance burdens.

REFORMA Activities in Q4 2013

Throughout the fourth quarter, MF Consulting undertook the assessment of STS business processes and completed a series of focus groups and surveys to obtain information on VAT administration from the perspectives of both the private sector and STS staff and inspectors. In October, REFORMA mobilized an international VAT advisor to work with MF Consulting in conducting the STS business process review and undertaking surveys and focus groups. MF Consulting conducted five focus group meetings and nine interviews with officials of state tax bodies. It also conducted a roundtable meeting with tax experts within the Kyrgyz Republic and participated in a presentation of global tax practices delivered by the international advisor. In December, MF Consulting presented an interim report that identified burdens for VAT reporting and payment. MF Consulting is currently finalizing its recommendations for eliminating burdensome administrative requirements. Based on these findings, MF Consulting classified VAT administration procedures into six categories:

1. Procedures that do not match the institutionally prescribed form or the initially adopted procedures that irrationally increase the administrative burden of taxpayers. Registration procedures can serve as examples of such procedures.
2. Procedures that cause the duplicate submission of documents by taxpayers and/or actions which are almost universally applied to all processes where a decision of the tax body is required.
3. Procedures that require excessive efforts of taxpayers that do not lead to the elimination or reduction of the problems that caused the establishment of such procedures.
4. Procedures and requirements of some tax bodies that grossly violate the current tax legislation of the Kyrgyz Republic (KR).

5. Procedures and mechanisms that have not been fully or introduced or only partially implemented. The team stated that, “Unfortunately, these can include all of the VAT administration procedures.”
6. Procedures whose shortcomings are related to unresolved problems in the interagency exchange of information, which requires resolution at the Government level.

MF Consulting then analyzed each of the above sets of procedures to identify the underlying causes, which include the following: (1) Lack of detailed operational procedures that have been fully documented and conveyed to tax officers through training; (2) Abuses of power by individual tax officials, who impose conditions that are not stipulated by tax legislation; and (3) Low level of awareness of taxpayers of their rights and the inability of these taxpayers to defend such rights. The report provided detailed examples of each of the above described procedures and some initial recommendations to improve the way in which the STS administers the VAT regime.

Planned REFORMA Activities for Q1 2014

The State Tax Service, the MoE and the MoF, are open to changing VAT registration procedures, simplifying VAT crediting and refunding procedures and phasing out the requirements for paper-based, high security invoices. Therefore, REFORMA has been discussing revising MF Consulting’s scope of work to include drafting amendments to the Tax Code that will enable the implementation of recommended changes. It is expected that proposed amendments will be introduced to Parliament in advance of its recess in June to ensure consideration and public discussion of proposed changes.

MF Consulting will also continue its work in drafting a VAT administration procedures manual so that procedures that currently deviate from the law can be addressed in the near term. Although initially the procedures manual will reflect VAT administration practices under current law, MF Consulting will also draft chapters to be inserted when recommended procedural changes set forth in the proposed Tax Code amendments have been accepted into law. MF Consulting will also provide a series of training courses to tax officials that reflect documented operations manual procedures and also highlighting those aspects of current procedures that significantly deviate from existing law. This will strengthen the implementation of VAT administrative procedures and reduce burdens on VAT taxpayers. If amendments are adopted prior to the end of the REFORMA Project, we will also provide training to tax inspectors reflecting amended procedures and publicize the administrative changes to VAT taxpayers.

In addition, REFORMA is supporting a study tour for tax officials to Belarus and Kazakhstan to study the experience and requirements of Customs Union members in administering indirect taxes. Participants will review counterpart legislation, regulations and administrative systems for VAT processing and the implementation of an electronic invoicing system for VAT crediting and refunding recently launched by the Kazakh tax authorities. The Kyrgyz Republic seeks to eliminate paper-based, security invoices by adopting electronic invoicing as a way to combat VAT fraud while appeasing lawful VAT payers. Review of the Kazakh experience in implementing an electronic invoice reporting system will promote adoption of such alternative measures of reducing fraud. REFORMA proposes that the group spend three days in Almaty and two days in Minsk exchanging information and interacting with counterparts from these member countries.

6. Introducing the Universal Tax Declaration Regime and Tax Amnesty Program

Public Education Campaign for Universal Tax Declaration and Tax Amnesty

For the past year, REFORMA has sponsored a public education campaign on the introduction of a system of universal tax reporting for all Kyrgyz citizens. Throughout the first half of 2013, REFORMA’s implementing partner, the Chamber of Tax Consultants (CTC), executed a program of

public relations and advertising that was distributed through internet and print media across the country. Due to the timing of the tax year, REFORMA planned that we would conduct our broadcast media campaign beginning in the fall and would initially promote the benefits of tax amnesty since the Law on Tax Amnesty was passed in July. Consequently, REFORMA selected the 5Palstev Animation Studio to produce four animated video commercials and two audio announcements on tax amnesty, in both Russian and Kyrgyz.

REFORMA Activities in Q4 2013

After successful negotiation of government public service discounts with media companies, REFORMA began broadcasting the tax amnesty video commercials on October 28 on 15 national and regional television channels and radio stations throughout the country. On November 1, 5Palstev completed post testing of the commercials, which included surveying 80 viewers in Bishkek, Osh, Jalalabad and other cities, half of which responded in Kyrgyz and nearly half of which were women. Overall, perception of the commercials was positive, and respondents perceived about 80 percent of the communication messages from watching the video only once. In view of the complexity of the subject matter, this was considered a very high response indicator. REFORMA completed the broadcasting of video commercials and audio announcements on December 29. In total, the four video commercials in Russian and Kyrgyz were aired 1,027 times during the period October – December, and the two audio announcements were aired 658 times. The project also made the amnesty video commercials publicly available on Facebook, YouTube, the Namba local network, and websites of the MoE, STS and CTC. REFORMA also finalized the scripts for four additional video commercials and three audio announcements on universal declaration requirements for production and broadcasting during the first quarter of 2014.

The CTC also conducted seminars on tax amnesty benefits and the procedures for registration throughout the quarter. From October 7 to December 26, the CTC conducted 12 seminars for 224 entrepreneurs, businesspersons and members of the tax consultant chamber, whose clientele comprise most of the largest businesses and individual entrepreneurs. The Ministry of Foreign Affairs also reported that tax amnesty information materials were distributed to 28 embassies, consular agencies and other foreign missions of the Kyrgyz Republic. Throughout the quarter, the CTC responded to questions and phone calls from citizens across Kyrgyzstan, closely working with the Ministry of Justice and gathering information about the number of filed tax amnesty declarations.

REFORMA also contracted a local IT firm, iCAP Systems, to develop a web-page on the official STS website that provides public information on universal tax declaration requirements and forms for online completion for current filings for individuals, entrepreneurs and legal entities. iCAP made a presentation to STS officials and the CTC about international practices of electronic filing of tax declarations and presented general information about the websites of foreign tax authorities. Subsequently, iCAP designed the draft web page and commenced developing electronic tax declaration forms for individuals and individual entrepreneurs. The draft web page is available at: <http://declaracia.kg/> and draft forms are available at: <http://forma.declaracia.kg/>.

Planned REFORMA Activities for Q1 2014

The CTC has now begun to analyze the tax amnesty and tax declaration campaign results for 2013, which is expected to be completed by the end of January 2014. The CTC will report the total number of publications, consultations and answers to online questions, social network statistics and other measurable indicators. It will also report the number of tax amnesty filings received by the Ministry of Justice through public notary offices. The CTC is also tracking the number of citizens who registered income of more than 45 million som (\$900,000), a threshold at which they must pay a portion of back taxes owed.

During the first quarter of 2014, SPaltsev will produce the final four video commercials and two audio announcements on the universal declaration requirements for final testing and approval. In January, REFORMA will submit a print and broadcast media plan for the quarter for submission to USAID for approval. We expect to continue our print and broadcast media campaign until May 1.

REFORMA will also produce a booklet on 100 Questions and Answers on universal tax declaration in Russian and Kyrgyz to be distributed to STS offices and local government offices throughout the country. So far, the CTC has worked with the STS to prepare 73 questions and answers for legal entities, 127 questions and answers for individuals and 100 questions and answers for individual entrepreneurs. In January, REFORMA will conduct an off-site session for the STS, the MoE and the REFORMA/CTC team to determine official answers to the questions for final publication.

Taxpayer Survey for the Universal Tax Declaration Campaign

In August and September, REFORMA conducted a taxpayer survey of public perceptions of the filing requirements for universal tax reporting, to gauge attitudes about the law on tax amnesty. TATConsulting (TATC) surveyed 1,200 nationwide respondents, and Promotank conducted 12 focus groups throughout the Kyrgyz Republic. Results of this survey will assist in planning REFORMA's public education program for universal tax reporting in 2014 and will provide a set of baseline indicators for reporting REFORMA's impact in increasing public awareness of tax reporting requirements at the end of the project.

REFORMA Activities in Q4 2013

The processing of field data and the analysis of focus group results was completed in October and presented to REFORMA, the CTC and Deputy Chairmen of the STS. Key survey findings showed that the level of awareness of Uniform Tax Declaration, Universal Declaration, and Tax Amnesty was low at 36.9 percent, 13.3 percent, and 13.1 percent, respectively. Overall, respondents had a positive attitude to Universal Declaration (48.3 percent), and Tax Amnesty (75.8 percent), primarily because they consider these processes as transparent and legal. In November, the tax awareness survey report was completed for a planned presentation to a wider audience of STS officials. At the request of the STS Chairman, however, the presentation of survey findings was postponed until the end of January so that it could take place at the extended meeting of STS central office and regional officials. Prior to the end of the REFORMA Project in September 2014, we will undertake an identical survey to determine the impact of REFORMA's public education campaign.

7. Promoting Platforms for Reform Advocacy and Public-Private Dialogue (PPD)

Capacity Development for the Secretariat of the Business Development and Investment Council

In preparation of REFORMA's launch of its Grants under Contract program in 2014, REFORMA identified several viable grant candidates and have begun working with them to help generate grant applications that could be accepted once we receive final approval to issue grants. One of these candidates is the Secretariat of the Business Development and Investment Council, which is the key platform for conducting ongoing policy dialogue between the Government and the business community. The role of the Secretariat is to study reform recommendations originating from the private sector, assist business associations in drafting proposals for consideration by the Council, monitor the status of Council resolutions as proposals are subsequently circulated through the Government, and report on Government resolution and implementation of proposed reforms. Both the business community and the Government view the Secretariat's performance as highly positive, and funding for staff salaries and office expenses of the Secretariat has been provided by the EBRD since 2007. The EBRD has recently extended its support for another two years, but after this period the Secretariat is expected to be sustainable. Without a formal strategy and road map to build

sustainability, however, the Secretariat it is not likely to be able to identify how it can become sustainable ones EBRD funding expires.

REFORMA Activities in Q4 2013

To support the Secretariat in developing plan for sustainability, REFORMA mobilized an international PPD advisor to help the Secretariat create a three-year Strategic Plan, the initial stages of which could be implemented through the support of the REFORMA grants program. In September, the PPD advisor undertook an assessment of the Secretariat and worked with its team to review strategic options. In October, he returned to help the Secretariat develop a strategy concept and to draft a preliminary grant application. Since then, the REFORMA team has worked with the Secretariat to further refine its grant application and the strategic goals that could be realistically achieved through grant funding through the end of the REFORMA Project..

Planned REFORMA Activities for Q1 2014

In January, REFORMA will work with Secretariat to finalize the grant application pending final USAID approval for the rollout of our grants program. In preparation for the launch, REFORMA has made some organizational changes and has identified staff members responsible for both technical and financial implementation of the grants program. Our Grants Program Manager, responsible for technical implementation, monitoring and reporting, will work with the Secretariat to ensure that it meets USAID grant award requirements. He will also monitor performance of the grant through the end of the program. Our Financial Manager and Grants Assistant will manage the financial requirements of the grants program and ensure that the Secretariat meet all financial reporting requirements.

HICD Assessment of the Chamber of Commerce and Industry

REFORMA Activities in Q4 2013

In addition to REFORMA's initial work with the Secretariat of the Business Development and Investment Council, we planned to launch as least one similar program with a leading business association employing our HICD approach and HICD development team. The Chamber of Commerce and Industry of the Kyrgyz Republic indicated significant interest in participating in such a program. Consequently, REFORMA launched its work with the Chamber of Commerce on December 20 through an MOU signing ceremony between the President of the Chamber of Commerce and USAID, represented by Mission Director Michael Greene. At the launch, REFORMA's Senior HICD Advisor presented a summary of the HICD program and approach. In the meantime, REFORMA has also identified a local partner to undertake the assessment. By the end of the year, REFORMA had determined to award the work to SMART Business Solutions.

Planned REFORMA Activities for Q1 2014

In January, REFORMA will work with SMART Business Solutions to engage the Chamber of Commerce's staff in a more in-depth launch of the program. The team will employ the HICD methodology to assess the current performance of the Chamber and recommend a set of performance improvement activities. To assist the team in formulating its recommendations, REFORMA intends to mobilize an international specialist in business associations in February. The assessment is expected to be completed in March. Throughout the assessment period, REFORMA will prepare the Chamber to obtain grant funding for implementing initial performance solutions under the program and will work with the Chamber to draft is grant application.

8. Subcontracting and Grant Pipeline, Performance and Results

The following is a complete history of REFORMA's Subcontracts, including those that have been completed, those still ongoing, and those in the pipeline for award and launch.

REFORMA Subcontracting History and Awards

<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Optimizing and Streamlining Business Licenses and Permits	Foresight Foundation	Mar 2012	3 months	\$70,425	Completed
	<i>Description of the Subcontracting Activity</i>				
	Completed the review and recommendations for optimizing and streamlining business licenses and permits. Drafted and submitted to the Government required changes to all normative legal acts (NLAs) to implement the recommended elimination of licenses and permits. Signed into law the elimination of 97 of those recommended.				
Mining Action Plan Advisory	International Business Council (IBC)	Mar 2012	6 weeks	\$15,000	Completed
	<i>Description of the Subcontracting Activity</i>				
	Helped to create REFORMA's Mineral Resources Development Action Plan, as a road map to provide comprehensive assistance to improve the business and investment environment for sector development by getting stakeholder feedback from the public and private sectors.				
HICD for the Ministry of Economy – Phase I Assessment	Promotion and Development Center (PDC)	May 2012	4 months	\$49,675	Completed
	<i>Description of the Subcontracting Activity</i>				
	Completed the Phase I Assessment of REFORMA's first Human and Institutional Capacity Development (HICD) Program with the MoE. Realigned 39 functions identified through analysis of 96 laws, resolutions, and regulatory and reduced them to 16 by drafting functional Regulations for the Ministry. Provided support in helping the MoE develop the Government's pilot program budgeting process.				
Re-draft the 'Law on Licenses' and Submit RIA on Proposed Law	Foresight Foundation	May 2012	6 weeks	\$24,150	Completed
	<i>Description of the Subcontracting Activity</i>				
	Drafted a framework 'Law on Licenses' and completed the attendant Regulatory Impact Analysis (RIA) for the law.				
Medium- and Long-Term Development Strategy for the Mineral Resources Sector	Kyrgyz Mining Association (KMA), Kalikova & Associates, Ken-Too Company	Aug 2012	6 months	\$149,820	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Creating a national Medium- and Long-Term Development Strategy for the Mineral Resources Sector that will involve all stakeholders in the discussion of policy choices across legislative, regulatory, fiscal, environmental, educational and social spheres to stimulate sector growth and development.				
HICD for the Ministry of Economy – Phase II Strategic Planning	Promotion and Development Center (PDC)	Sep 2012	9 weeks	\$34,460	Completed
	<i>Description of the Subcontracting Activity</i>				
	Assisted the MoE to develop a Strategic Plan and to institutionalize a strategic planning process that will drive REFORMA's future HICD assistance to reform counterpart departments.				
Strengthening Public	Door Media	Jan 2013	4 months	\$61,095	Completed

REFORMA Subcontracting History and Awards

<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Relations and Communications for the Ministry of Economy	<i>Description of the Subcontracting Activity</i>				
	Provided a range of technical assistance activities to improve the MoE's public relations and communications capabilities. Conduct a Target Audience Survey, assessment of MoE's current communication systems, activities, tools and capacities of Ministry leadership and its Public Relations Unit, and an assessment of its web site. Develop a Communications Strategy and Action Plan, provide on-the-job training and coaching of the PR Unit to implement the Action Plan, design and implement a Monitoring and Evaluation (M&E) Plan, and improve Ministry's web site.				
HICD Assessment for the State Geology Agency	CAI Consulting	Jan 2013	2 ½ months	\$61,310	Completed
	<i>Description of the Subcontracting Activity</i>				
Conducted a full diagnostic study of Agency's organization, its functions and its activities, identifying performance gaps, and recommending targeted performance solutions. The Assessment team will also undertake a thorough inventory of the Agency's computer and information technology equipment and determine its IT needs.					
Public Outreach, Awareness, and Training of STS Officials for Introducing the Universal Tax Declaration Regime	Chamber of Tax Consultants	Jan 2013	16 months	\$146,320	Ongoing
	<i>Description of the Subcontracting Activity</i>				
Undertaking a Public Education and Outreach Campaign and conduct a Training of Trainers for 200 STS Officials for the introduction of Uniform Tax Declaration, undertake					
Implementation of Media Plan for the Public Outreach for the Universal Tax Declaration Regime	Chamber of Tax Consultants	Jan 2013	12 months	\$122,819	Ongoing
	<i>Description of the Subcontracting Activity</i>				
Purchasing printing and media for Public Education and Outreach Campaign For the introduction of Universal Tax Declaration for 2013.					
Optimization of the Legal and Regulatory Framework and its Implementation in Conducting Business Inspections by the State Inspectorate for Ecological and Technical Safety	EcoPartner	Jun 2013	4 months	\$97,511	Ongoing
	<i>Description of the Subcontracting Activity</i>				
Optimizing Normative Legal Acts by undertaking a comprehensive review of the body of NLAs that may address the conduct of ecological and technical safety inspections and undertaking a comprehensive, interview-based survey of SMEs to determine to what degree laws and regulations have been observed, implemented and enforced.					
HICD for the State Geology Agency – Phase II Web Site Development.	Yaros	Jun 2013	2 months	\$14,684	Completed
	<i>Description of the Subcontracting Activity</i>				
Developing a modern and functional website for the State Agency through which it can communicate transparency in its operations to the public and provide information and required documentation to potential future investors participating in the auctions and competitive tenders of mining rights.					
HICD Assessment for the Tourism Department of the Ministry of Culture, Information and Tourism	CAI Consulting/Signum	Jun 2013	2 months	\$36,541	Completed
	<i>Description of the Subcontracting Activity</i>				
Conducting a full diagnostic study of Agency's organization, its functions and its activities, identifying performance gaps, and recommending targeted performance solutions. The Assessment team will also undertake a thorough inventory of the Agency's computer and information technology equipment and determine its IT needs.					
HICD for the State Geology Agency – Licensing Data Base Development – Phase II	TimelySoft	Jul 2013	6 months	\$114,619	Ongoing
	<i>Description of the Subcontracting Activity</i>				
Developing a comprehensive data base to centralize critical \ information and enable access to this information across the Agency and with the MoE's Mining Policy Department, beginning with information on that allocation of mining licenses.					
Tax Declaration Awareness	TATConsulting Promotank	Aug 2013	3 months	\$45,205	Completed

REFORMA Subcontracting History and Awards

<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Baseline Survey	<i>Description of the Subcontracting Activity</i>				
	Conducting a baseline survey of taxpayer awareness of the universal declaration requirements and the tax amnesty law to determine the overall impact of REFORMA's public education campaign.				
Tax Declaration Video Production	Pyat Paltsev	Aug 2013	2 months	\$38,074	Ongoing
	<i>Description of the Subcontracting Activity</i>				
VAT Business Survey and Administrative Process Study	MF Consulting	Sep 2013	5 months	\$81,092	Ongoing
	<i>Description of the Subcontracting Activity</i>				
Universal Tax Declaration Web	ICAP Systems	Oct 2013	3 months	\$4,900	Ongoing
	<i>Description of the Subcontracting Activity</i>				
HICD Tourism Dept - Phase II Implementation	Signum Consulting	Dec 2013	3 months	\$19,239	Launched
	<i>Description of the Subcontracting Activity</i>				
Drafting of Supporting Regulations for the Licensing Law	Union of Entrepreneurs	Dec 2013	4 months	\$129,205	Launched
	<i>Description of the Subcontracting Activity</i>				
Phase I HICD Assessment for the Chamber of Commerce and Industry	SMART Business Solutions	Jan 2014	3 months	TBD	To be Launched
	<i>Description of the Subcontracting Activity</i>				
TOTAL SUBCONTRACTS AWARDED				\$1,317,033	

REFORMA Subcontracting Pipeline for First Quarter 2014

<i>Subcontracting Activity</i>	<i>Anticipated Tender Date</i>	<i>Anticipated Award Date</i>	<i>Target Period of Performance</i>	<i>Anticipated Subcontract Value</i>
HICD MoE Institutionalization of Strategic Planning - Coaching and Training	Jan 2014	Feb 2014	6 months	\$50,000
HICD Geology Agency - Improving Technical Reporting System	Jan 2014	Feb 2014	3 months	\$30,000
Data Entry Assistance to Support the State Geology Agency's Licensing Data Base	Jan 2014	Feb 2014	3 months	\$20,000
Total Anticipated Awards				\$100,000

9. Primary Events Conducted During Fourth Quarter of 2013

REFORMA Event		Men	Women	Total
Mining Strategy	October 23, 2013 – Roundtable on recommendations for improving the legislation regulating the mining sector of Kyrgyzstan	12	6	18
	October 28, 2013 – Round table on recommendations for improving tax legislation for the mining sector of Kyrgyzstan	19	8	27
	November 20, 2013 – Presentation to USAID on the Mining Sector Development Strategy			
	December 10, 2013 – Public Hearing on the Draft Midterm and Long-term Strategy for Mining Sector Development	89	50	139
VCC Training for Mining Officials	October 9 – 12, 2013 – Conducted a four-day intensive training session for member of the Kyrgyz Government on Legal Frameworks, Fiscal Regimes and Contract Negotiations	14	5	19
HICD at the Geology Agency	October 03, 2013 – Presentation of two GDMS modules – Licensing Module and Expert Assessment Module - to the Agency's leadership and staff	9	7	16
	October 31, 2013 – Presentation of the Licensing Module to the staff of the Agency's Licensing Department	3	5	8
	December 02 - 12, 2013 – Training for the students on scanning of the licensing protocols and entry of the data on licenses to the system	2		2
	December 12, 2013 - Training for the Licensing department staff on the operation of the licensing module (how to scan documents, enter data, geological coordinates, how to fill in the forms, etc.)	3	5	8
	December 26, 2013 - Training for the Licensing department staff on the operation of the licensing module (how to scan documents, enter data, geological coordinates, how to fill in the forms, etc.)	3	5	8
	December 23, 2013 - Training for the Staff of Subsoil Protection Department on operation of the Expert Assessment Module	2	1	3
	December 12 - 27, 2013 – Training on the process of electronic registration of the application in the system for the Licensing Department Specialist		1	1
	December 24, 2013 - Presentation of an Interactive Map of Deposits for the Agency's leadership and staff	9	6	15
HICD at the Geology Agency	October 14, 2014 - Formal Presentation of the Website			
	October 14, 2013 – Training for the Head of International relations department on how to open access to the website, manage data and edit materials on the website		1	1
	October 30, 2013 – Training for the Head of the SAGMR IT Unit on how to open access to the website, manage website users, work with general settings, work with mail, archive information and save backups.	1		1
	December 03, 2013 - Training on how to work with corporate email, archive documents and work with sections "Terms and definitions", "FAQ" and other website functionalities.	2		2
	December 04, 2013 – Training on how to work with the website editor, create materials, how to use the website manual.		3	3

REFORMA Event		Men	Women	Total
Self-Regulatory Organizations	December 17, 2013 – Presentation of the SRO Study to Business Associations at the Ministry of Economy	13	10	23
HICD at the Ministry of Economy	November – December 2013 – Intensive coaching of the MoE's Press Service on how to format a newsletter, use grids, create content, use photos, and produce a newsletter.	1	2	3
HICD at the Department of Tourism, Ministry of Culture, Information and Tourism	October 11, 2013 – Presentation of the HICD Assessment Findings and Recommendations to the Ministry of Culture, Information and Tourism of the Kyrgyz Republic, Tourism Department, Prime Minister's Office and the Fiscal and Economic Policy Unit of the Parliament	7	9	16
	December 17, 2013 – Presentation of the HICD Assessment Recommendations during the Field Meeting of the Parliament's Fiscal and Economic Policy Unit	22	30	52
	December 26, 2013 – Kick-Off Meeting for the HICD Second Phase at the Tourism Department of the Ministry of Culture, Information and Tourism.	5	10	15
VAT Administration	October 29, 2013 Focus Group Meetings with Large Taxpayers Department of STS in the framework of the VAT Administration Issues Survey	2	1	3
	October 29, 2013 Round Table Meetings with Tax Experts in the framework of the VAT Administration Issues Survey	5	10	15
	October 30, 2013 Focus Group Meetings with Sverdlovskiy Rayon Bishkek city Tax Inspection in the framework of the VAT Administration Issues Survey	2	2	4
	October 30, 2013 Focus Group Meetings 1 with Taxpayers Bishkek city in the framework of the VAT Administration Issues Survey	1	13	14
	October 31, 2013 Focus Group Meetings with Pervomayskiy Rayon Bishkek city Tax Inspection in the framework of the VAT Administration Issues Survey	2	2	4
	October 31, 2013 Focus Group Meetings 2 with Taxpayers Bishkek city in the framework of the VAT Administration Issues Survey		13	13
	November 1, 2013 Focus Group Meetings with Oktyabrskiy Rayon Bishkek city Tax Inspection in the framework of the VAT Administration Issues Survey	2	2	4
	November 1, 2013 Focus Group Meetings 3 with Taxpayers Bishkek city in the framework of the VAT Administration Issues Survey		13	13
	November 4, 2013 Focus Group Meetings with Djalalabad Tax Inspection in the framework of the VAT Administration Issues Survey	4		4
	November 4, 2013 Focus Group Meetings 4 with Taxpayers Osh city in the framework of the VAT Administration Issues Survey	7	6	13
	November 5, 2013 Focus Group Meetings with Osh Tax Inspection in the framework of the VAT Administration Issues Survey	3		3
	November 5, 2013 Focus Group Meetings 5 with Taxpayers Djalalabad and Batken city in the framework of the VAT Administration Issues Survey	3	9	12
	November 14, 2013 Focus Group Meetings with Bishkek Tax Inspection in the framework of the VAT Administration Issues Survey	3	2	5

REFORMA Event		Men	Women	Total
Tax Declaration and Tax Amnesty Campaign	October 7, 2013 – CTC Seminar on tax amnesty conditions and procedures for its members	3	22	25
	October 9, 2013 – CTC Seminar on tax amnesty conditions and procedures for its members	0	14	14
	October 23, 2013 – CTC Seminar on tax amnesty conditions and procedures for businesses	0	13	13
	October 24, 2013 – CTC Seminar on tax amnesty conditions and procedures for businesses	1	10	11
	November 19, 2013 – CTC Seminar on tax amnesty conditions and procedures for businesses	4	15	19
	December 2 -CTC Seminar on tax amnesty conditions and procedures for businesses	3	21	24
	December 6 - CTC Seminar on tax amnesty conditions and procedures for businesses	0	14	14
	December 10-CTC Seminar on tax amnesty conditions and procedures for businesses	4	18	22
	December 16 - CTC Seminar on tax amnesty conditions and procedures for businesses	4	15	19
	December 20 - CTC Seminar on tax amnesty conditions and procedures for businesses	2	15	17
	December 26 - CTC Seminar on tax amnesty conditions and procedures for businesses	6	5	11
	November 1, 2013 - Respondents of post testing survey of tax amnesty video commercials conducted by 5 Paltsev Animation Studio	43	37	80
	HICD at the Chamber of Commerce and Industry	December 20, 2013 - MoU Signing Ceremony at the Chamber of Commerce and Industry and Presentation of the HICD approach and methodology	6	8
TOTAL		326	444	770

10. Deliverables and Reports Produced During Fourth Quarter of 2013

Reform Activity	Name of Annex	English	Russian
REFORMA Newsletter	USAID REFORMA Newsletter – Issue 3 – Oct 2013	X	X
Mining Strategy Presentation – Dec 10, 2013	Draft Medium and Long-Term Development Strategy for the Mining Sector		X
	Draft Action Plan for the Development Strategy	X	X
	Mining Strategy Presentation Dec 10 – Overall Recommendations	X	X
	Mining Strategy Presentation Dec 10 – Legal Framework	X	X
	Mining Strategy Presentation Dec 10 – Taxation	X	X
	Mining Strategy Presentation Dec 10 – Implementation	X	X
	Mining Strategy Presentation Dec 10 – Agenda	X	X
	Mining Strategy Presentation Dec 10 – Letter of Invitation	X	X
	Mining Strategy Presentation Dec 10 – List of Participants	X	
	Mining Strategy Development Information Brochure		X
	CD Cover, Folder, and Banner Design		X
	Mining Strategy Presentation to USAID – Nov 20	X	
Round Table on Mining Regulation Oct 23, 2013	Round Table on Mining Regulation Oct 23 – Agenda	X	X
	Round Table on Mining Regulation Oct 23 – List of Participants	X	
	Round Table on Mining Regulation Oct 23 – Presentation	X	X
Round Table on Mining Taxation Oct 23, 2013	Round Table on Mining Regulation Oct 28 – Agenda	X	X
	Round Table on Mining Regulation Oct 28 – List of Participants	X	
	Round Table on Mining Regulation Oct 28 – Presentation	X	X
HICD for the State Geology Agency	Agency's Official Website at www.geology.kg	X	X
	Interactive Website User Manual		X
	Presentation on the Agency's Website		X
	State Geology Director's Order for the Launch of Data Base Testing		X
Licensing and Permitting Law	Law 'On the Licensing and Permitting System of the Kyrgyz Republic,' October 19, 2013, No. 195.	X	X
Inspections Legal Review and Survey	EcoPartner Interim Report	X	
	EcoPartner Presentation on Inspections Survey	X	X
	EcoPartner Report on Inspections Survey	X	X
	Table of Contents from EcoPartner's Draft Final Report	X	X
	EcoPartner Draft Amendment "On introduction of amendments and addenda to some normative legal acts of the Kyrgyz Republic" to amend the following Laws: <ul style="list-style-type: none"> • Law No. 72 as of May 25, 2007, 'On procedure of inspections of business entities' (with amendments and addenda as of 22.07.2011) • Law No.241 as of July 20, 2009, "On normative and legal acts of the Kyrgyz Republic" (with amendments and addenda as of 11.07.2013) 		X

Reform Activity	Name of Annex	English	Russian
	<ul style="list-style-type: none"> • Law No. 67as of May 22, 2004, "On fundamental principles of technical regulation in the Kyrgyz Republic" (with amendments and addenda as of 14.10.2011). • Law No 151 as of May 8, 2009, "General technical regulation on environmental safety in the Kyrgyz Republic" (with amendments and addenda as of 01.03.2012) 		
Self-Regulatory Organizations	SRO Report/Presentation (Long Version)	X	X
	SRO Presentation Dec 17, 2013	X	X
	SRO Agenda for Presentation Dec 17, 2013		X
	SRO List of Participants for Presentation Dec 17, 2013		X
	Ministry of Economy Press Release for SRO Presentation Dec 17, 2013		X
HICD for the Ministry of Economy	Ministry of Economy Newsletter = Issue 1 - Dec 2013 KR (Russian and Kyrgyz)		X
HICD for the Department of Tourism	HICD Assessment Report of the Tourism Department	X	X
	HICD Final Presentation of Findings and Recommendations for the Tourism Department	X	X
	HICD Second Phase Work Plan	X	X
	HICD Second Phase Kick-off Meeting Presentation		X
VAT Administration	VAT Administration Survey Report – Phase I	X	X
	Table of Inconsistencies and Gaps in Legislation Based on Assessment of VAT Administration Processes (Table 6)	X	X
	Report Annex 1 – Questionnaire for Taxpayers		X
	Report Annex 2 – Classification of Questionnaires		X
	Report Annex 3 – List of Participants at Focus Groups with Taxpayers		X
	Report Annex 4 – Summaries of Focus Groups	X	X
	Report Annex 5 – List of Participants at Focus Groups with Tax Officials		X
	Report Annex 6 – Description of Types of VAT Fraud	X	X
	Report Annex 7 – Table of Problems in VAT Administration	X	X
	Report Annex 8 – Tables of VAT Administration Procedures		X
	VAT Administration Exit Report - Terry Murdoch	X	
Tax Declaration Public Education Campaign	Media Plan Broadcasting Tax Amnesty Video and Audio Commercials	X	X
	Tax Declaration - Expenditures Against Media Budget - Apr 16 - Dec 17	X	
	Report on Results of Post Testing of Tax Amnesty Video Commercials		X
	Final Scripts of 4 Video and 3 Audio Commercials for the Tax Declaration Campaign		X
	Presentation materials for the CTC seminar on tax amnesty conditions and procedures		X
	List of participants of CTC Seminar to Businesses on Tax Amnesty Conditions and Procedures		X
	Interim Report by iCAP Systems on STS Web Page Development		X
Tax Declaration	Tax Awareness Survey Final Report	X	X

Reform Activity	Name of Annex	English	Russian
Survey	Tax Awareness Survey Final Presentation	X	X
HICD for the Chamber of Commerce and Industry	Presentation on HICD at the Chamber MOU Signing Ceremony Dec 20	X	X
	Signed MOU in English and Russian	X	X
Investment Council Secretariat Grant Application	Assessment Paper - Role of the Investment Council Secretariat	X	
	Grant Concept Paper - Investment Council Secretariat	X	

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