



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

USAID REFORMA Project Second Year Annual Performance Report

October 2012 to September 2013

October 30, 2013

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USAID REFORMA Project Framework

1. The USAID REFORMA Project

The USAID REFORMA Project is a three-year, economic policy reform project to improve the enabling environment for business, investment, and economic growth in the Kyrgyz Republic. REFORMA was created to provide assistance to the Government of the Kyrgyz Republic in the implementation of its economic policy reform agenda, and to encourage greater private sector participation and input into the development of national reform priorities. Upon project launch in September 2011, REFORMA established its policy assistance agenda by applying a multi-step, multi-stakeholder approach to determine those policies that have obtained broad-based public-private stakeholder consensus. The reforms chosen for assistance also hold potential for generating substantial business development, economic growth, and job creation in the Kyrgyz Republic. The three broad areas of reforms REFORMA has supported have been the following:

- **Business Regulations, Licensing and Permitting.** Reducing the regulatory burdens placed on the private sector by licensing and permitting processes and requirements featured high on the reform agenda of the Kyrgyz government, as outlined in the 2011 Medium-Term Development Plan (MTDP) and in subsequent Government reform plans. Licenses and permits, as well as the overall business regulation regime were also among the set of regulatory reforms the private sector has identified as most burdensome to business growth and development. In our second year, REFORMA continued to support licensing and permitting reform as well as launched a program to improve the business environment for conducting ecological and technical safety inspections. REFORMA has also continued to help the Ministry of Economy (MoE) strengthen its human and institutional capacity to initiate and sustain reforms affecting the business environment.
- **Mineral Resources Policy, Legislation and Licensing.** Stakeholders identified that improving the policy and legal framework to stimulate greater investment in Kyrgyzstan's mineral resources sector offers the greatest potential for stimulating GDP growth and job creation in the medium-term horizon. Yet the policy and regulatory environment specific to this sector had worsened after the events of 2010, not only for attracting much-needed foreign investment but also for existing exploration companies. Getting the sector back on track has become a priority for Government reform as well as for numerous private investors whose work had ground to a halt. In our second year, REFORMA launched two substantial programs to help improve the business environment in the mining sector – the creation of a Medium-Term Mining Sector Development Strategy employing inclusive processes for strategy development, and the launch of a Human and Institutional Capacity Development (HICD) program with the State Agency for Geology and Mineral Resources.
- **Tax Policy and Administration.** Continuing to refine and simplify tax policy and the administrative processes and procedures for tax administration has remained a key private sector priority because it so directly affects the bottom line of businesses and their ability to reinvest in their own business to stimulate growth and employment. In our second year, REFORMA has launched two substantial programs to improve tax policy, administration, collections, and awareness. First, REFORMA undertook a study to streamline indirect tax policy by strengthening VAT policy and administration while phasing out a duplicative sales tax. Second, REFORMA launched a public education and awareness program to improve tax literacy among the people of the Kyrgyz Republic, particularly on the upcoming universal tax declaration requirements and on the ancillary tax amnesty campaign that was signed into law by the President in July.

In keeping with REFORMA's project design, REFORMA has employed Kyrgyz private consulting firms, business associations, think tanks and non-government organizations (NGOs) to deliver the majority of reform diagnostic and implementation activities. This has and will continue to ensure that

activities reflect the context and culture of Kyrgyzstan and that they help to build the service delivery capacity and sustainability of local organizations. So far, REFORMA has engaged 16 local organizations through the issuance of a series of public tenders designed to deliver specific design or implementation activities of the USAID REFORMA Agenda, 10 of which were awarded and launched in our second year.

2. Major Accomplishments and Summary of Activities

REFORMA achieved the following results during our Second Project Year:

- Supported the adoption of the ***Law ‘On the Licensing and Permitting System of the Kyrgyz Republic,’*** which REFORMA had drafted during our first project year. Following much political discussion of the provisions of the Law within the Government and among stakeholders throughout our second project year, ***the Law was finally passed by Parliament on October 2, 2013.*** With the passage of this Law, the Ministry of Economy states that there will be only 100 business activities subject to licensing. During our third project year, REFORMA intends to help the Government implement the Law to ensure that it achieves its goal in reducing the level of Government regulatory interference in business activity. *Local implementing partner: Foresight Foundation.*
- Provided support for the implementation phase of the MoE’s HICD program by helping the Ministry to ***create a Strategic Plan for the Ministry.*** This work included the ***development of a strategic planning process*** that involved all departments in setting implementation goals and a series of indicators for measuring the achievement of these goals, which will also serve as baselines for REFORMA’s end-of-project impact assessment. REFORMA also helped the MoE create and begin to implement a Communications Strategy to increase public awareness of the reform agenda of the MoE. Additional assistance in improving the Ministry’s website has ***resulted in a 26 percent increase in the number of visitors.*** *Local Implementing Partners: Promotion Development Center (PDC) and Door Media.*
- Undertook a ***review of the legal framework for conducting ecological and technical safety inspections*** as part of the Government’s overall program to reduce the scale of regulatory and supervisory control of market functions. REFORMA responded to a request by the MoE to assist in the optimization of normative and legal acts (NLAs) by identifying duplications, gaps, inconsistencies, and contradictions, and drafting amendments to eliminate these shortcomings. To supplement the legal analysis and determine to what degree the provisions of the 2011 amendment to the Law ‘On Procedures for Inspecting Business Entities,’ have been implemented in the normal conduct of ecological and technical safety inspections, REFORMA also conducted a survey of small and medium enterprises (SMEs), including those in mining exploration. The results of the survey and analysis will be available early in REFORMA’s third project year and will form the foundation for future activities to reduce compliance burdens on businesses and opportunities for corruption by the inspectorate. *Local Implementing Partner: EcoPartner.*
- Launched the project to create a national ***Medium- and Long-Term Development Strategy for the Mineral Resources Sector*** that has involved all stakeholders in the discussion of policy choices across legislative, regulatory, fiscal, environmental, educational and social spheres to stimulate sector growth and development. During the year, the strategy team conducted ***seven (7) round tables*** to present policy options and discuss policy implications ***to a combined audience of 279 participants.*** The draft Strategy and its policy recommendations will be presented in public meetings to be held early in REFORMA’s third project year. *Local implementing partners: Kyrgyz Mining Association (KMA), Kalikova & Associates, Ken-Too environmental firm.*
- Undertook a ***comprehensive HICD Assessment of the State Agency for Geology and Mineral Resources*** to determine how to improve its capacity to manage the implementation of international practice policies and legal frameworks, when adopted by the Government. Following the submission of our recommendations, REFORMA undertook an two projects to strengthen the Agency’s data management capacities by ***launching the development of a***

Geological Data Base Management System and the use of its website to improve transparency and accountability in the award of mining exploration and development rights, the conduct of auctions and competitive tenders for those rights, and the delivery of statistical and geographic information on sector development to the people of the Kyrgyz Republic. In addition, other donor organizations, such as GIZ and EBRD, used REFORMA's capacity assessment as a basis for determining their own development activities to strengthen the Agency. *Local implementing partners: Central Asian International Consulting (CAIC), TimelySoft and Yaros.*

- Conducted a policy study of the Kyrgyz Republic's Indirect Tax Policy with regard to Value-Added Tax (VAT) and sales tax to help the Government to evaluate the optimal balance between the size of the indirect taxpayer base and the level of tax rates for indirect taxation. The study resulted in the ***recommendation that the Government adopt a conditional VAT registration and reporting system for small businesses to bring all taxpayers into the VAT regime, while eliminating the duplicative sales tax.*** As a result, REFORMA is supporting an inter-governmental working group to compute VAT revenue at different rates and determine the legal and administrative policies and procedures to implement the conditional regime. The study also confirmed that there are many sub-optimal administrative procedures imposed on VAT taxpayers, which has prompted REFORMA to launch a separate assessment of VAT business processes. The results of this survey will be available early in REFORMA's third project year and will form the foundation for recommending the reengineering of administrative processes to reduce compliance burdens for taxpayers while curtailing opportunities for VAT fraud. *Local implementing partner: MF Consulting.*
- Launched a comprehensive public education and awareness campaign to ***build a taxpaying culture in preparation for the eventual adoption of Universal Tax Declaration*** for all citizens of the Kyrgyz Republic in 2016. In March, REFORMA introduced a series of newspaper columns, internet banners, a Facebook page, and information distributed through the websites of the State Tax Service (STS), the MoE, and the Chamber of Tax Consultants (CTC). The campaign began to develop strong brand recognition with taxpayers through use of a special logo in all promotional materials and media outlets. In July, we began to publicize the provisions of a new Law, which allows citizens to legalize previously unclaimed revenues and other taxable assets that were generated through December 31, 2012 without tax assessment or penalty. REFORMA also hired a local studio to produce a series of animated commercials for both tax amnesty and the universal declaration requirements, which will begin to air early in REFORMA's final project year. To help determine the increase in public awareness of tax declaration requirements that the campaign will generate, REFORMA also conducted a baseline survey of businesses, individual entrepreneurs, and owners of movable and immovable properties for use in our end-of-project impact reporting in September 2014. *Local implementing partners: Chamber of Tax Consultants, SPaltsev, TATConsulting/Promotank.*

3. Improving the Business Environment for Mining and Mineral Resources

Background

Upon its launch in October 2011, the REFORMA Project identified improving the business environment for mineral resources development as a key priority for reform by both the newly formed Kyrgyz Government and the private sector. During REFORMA's first year, the project provided support for sector development under the Government's 100-day plan, which included assisting a government-sponsored working group to draft and promote the passage of amendments to four laws to improve the business environment, completed in June 2012. To identify how REFORMA could provide further support, we awarded a competitive tender to the International Business Council (IBC) to help us create a comprehensive plan of sector development assistance. The resulting REFORMA Action Plan set forth a road map for REFORMA assistance to stimulate the adoption of international practices within the enabling environment to promote sector growth and investment.

One of the core activities of REFORMA's Action Plan was to help the newly created Mineral Resources Policy Department at the MoE to develop a Medium- and Long-Term Development Strategy for the sector. To do so, REFORMA awarded a competitive tender in September 2012 to a consortium of local organizations, led by the Kyrgyz Mining Association. The consortium began its development work in the fourth quarter of 2012 after the public launch of the Development Strategy to a group of more than 80 stakeholders in September, presided by First Vice Prime Minister Joomart Otorbaev and Minister of Economy Temir Sariev.

To prepare key Government stakeholders for implementation of the Strategy, REFORMA launched its HICD program within the State Agency for Geology and Mineral Resources (State Geology Agency) in December 2012. Throughout the remainder of the REFORMA project year, we initiated a number of activities to implement solutions to performance gaps identified as the result of the comprehensive Performance Assessment we undertook during the first quarter of 2013. In addition, REFORMA had previously introduced a similar HICD program within the MoE to strengthen the Ministry's ability to implement the range of economic development reforms REFORMA is pursuing within the business enabling environment. Among the beneficiaries of this HICD program has been the MoE's Mineral Resources Policy Department.

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

Improving the business environment for mining and mineral resources is one of REFORMA's core work streams. A foundation of our support and one that will drive sector development activities for the remainder of the project has been to assist the Mineral Resources Policy Department at the MoE to develop a Medium- and Long-Term Development Strategy. REFORMA competitively selected a consortium of local organizations, led by the Kyrgyz Mining Association, the Kalikova & Associates Law Firm, and the Ken-Too Environmental Company, to pursue this activity with input and support from the range of sector stakeholders in the Kyrgyz Republic, both public and private.

REFORMA devised the following methodology for developing the national Medium- and Long-Term Development Strategy:

1. Research policy, legal, and regulatory practices among top-performing countries;
2. Review current practices in the Kyrgyz Republic and analyze the possible impact of various international policies and practices based on current industry status and the business environment;
3. Work with stakeholders throughout the development period to vet political, economic, and social approaches and the appropriateness of policy choices; and
4. Recommend a comprehensive policy approach to sector development to be used as the basis for implementing recommended policies across legislative, regulatory, fiscal, environmental, educational and social spheres.

The process of creating the Development Strategy is to provide 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 the government, private investors, and the Kyrgyz people.

To announce the undertaking of the Strategy, REFORMA sponsored a public meeting on September 11, 2012, with the MoE and the participation of stakeholders from the public and private sector and other donor organizations. As a result of the meeting, the Government held another public event, targeted to regional authorities and other stakeholders on September 25, at which Prime Minister Satybaldiev committed to implement comprehensive reforms to improve the investment climate for mining exploration and development. In October, the beginning of REFORMA's second project year, the consortium submitted a comprehensive work plan that distributed the research and reporting responsibilities among all consortium members. As part of the development process, REFORMA planned to engage an international advisor to assist the team in analyzing international practices in

four key areas of focus: (1) Mining legal regimes and administrative and governance constraints; (2) geo-science information aspects of international best practice; (3) local communities and social license to operate; and (4) development of small deposits and mining hubs.

The consortium spent the first half of 2013 conducting its study of international practices and engaging local stakeholders in policy dialogue by conducting seven (7) Round Tables and Policy Seminars to discuss policy options under consideration. REFORMA viewed these public forums, targeted to the range of stakeholders within the mineral resources sector, as critical to vetting and obtaining buy-in to the policy choices that would ultimately be recommended for inclusion in the Development Strategy. They were also a mechanism to educate local stakeholders – including members of Government and Parliament – on the ramifications of various policy choices on developing an attractive business and investment climate for sector growth and development. Four of the seven public meetings were issue-specific so that they could generate more in-depth discussion of key policy issues. The round tables focused on the following issues: (1) Tax Policy and Fair Distribution of Benefits; (2) Education and Human Resource Development; (3) Environmental and Social Impact Protection; and (4) Legal and Regulatory Frameworks. REFORMA and the consortium also made a presentation to the Parliamentary Committee for Energy, Fuel and Mineral Resources, and its Chairman, Deputy Ryspaev, to engage committee members in the discussion of policy choices. A list of all the round tables/policy seminars, presentation topics and presenters is presented below:

Mineral Resources Development Strategy – Round Tables and Policy Seminars Conducted

Topic, Date and Time	Presenters	Presentation	Audience
Round Table Policy Choices for the Tax Regime and a Fair Distribution of Benefits January 29 9:30 am – 1:30 pm	Almaz Alymbekov Head of Mining Policy, Ministry of Economy	Moderator	49 people Experts and Stakeholders
	Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)	Co-Moderator	
	Rysbek Toktogul Mining Tax Expert	Distribution of Benefits to the Government and Investors, Taxes and Mandatory Payments	
	Karybek Ibraev Executive Director of KMA, EITI Secretariat	EITI findings from the 2011 Survey on State Revenues and their Distribution by Types of Payments	
	Alexander Glukhov Head of External Relations Department, Kyrgyzaltyn Company	Kyrgyzaltyn's Experience with the New Fiscal Regime for Mining	
	Bakyt Kojogulov Director of Ken Too Mining Project Design Company	New Tax Rates Implications for Economic Efficiency of Mining Projects (Togolok Gold Mine)	
Round Table Policy Choices for Education and Human Resources for the Mining Development 12 February 2:30 am – 5 pm	Almaz Alymbekov Head of Mining Policy Department, Ministry of Economy	Moderator	17 people Experts and Stakeholders
	Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)	Co-Moderator	
	Abdymanap Joldoshev Head of Technical Education Department of Ministry of Education	Existing System of Education	
	Bakyt Kojogulov Director of Ken Too Mining Project Design Company	Current and Future Human Resources Skill Needs in the Mining Industry	
	Kurama Tashtanaliev Rector of the Institute of Mining and Mining Technologies, Kyrgyz State Technical University	State of Education and Needs of Universities (Curriculum, Technology, Teacher Training, Internships, etc.).	
	Rozalia Djenchuraev Professor of Mining Resources, Department of the Institute of Mining and Mining Technologies	Experience with Foreign Cooperation in the Field of Education	
Policy Seminars	Almaz Alymbekov	Moderator	30 people

Mineral Resources Development Strategy – Round Tables and Policy Seminars Conducted

Topic, Date and Time	Presenters	Presentation	Audience
<p>MPs and Government Officials</p> <p>The Mining Industry of the Kyrgyz Republic Geology, Economics, Regulation, and Development Prospects</p> <p>18 February 3:00 pm – 6:00 pm</p> <p>20 February 9:30 am – 1:00 pm</p>	Head of Mining Policy Department, Ministry of Economy		<p>Jogorku Kenesh MPs and Staff</p> <p>37 people President 's office Government Ministries and Agencies</p>
	Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)	Co-Moderator	
	Anatoly Malyshev Head of the Geochemical Party of the Methodical Expedition, State Geology and Mineral Resources Agency	Prospecting, Exploration, Calculation of Deposit Reserves, Classification of Reserves:	
	Gulfia Shabaeva Head of the Geological Ecology Department of the State Geology and Mineral Resources Agency	Ecological and Social consequences of Mineral Resources Development	
	Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)	Institutional Structure of the Mining Sector	
	Gotthard Walser International Expert in the State Regulation of the Mining Industry	International Experience in Regulating the Mining Industry	
	Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)	SWOT Analysis of the Mining Industry of the Kyrgyz Republic	
	Leonid Oseldko Mining Expert	Development Potential of Mineral Resources and Small Deposits	
	Rysbek Toktogul Mining Tax Expert	Estimating the Current Value of Deposits Employing Various Value Estimation Methods	
	Bakyt Kojogulov Director of Ken Too Mining Project Design Company	The Economic Potential of the Mining Sector	
	Leonid Oseldko, Mining Expert	Issues in Mining Regulation: Licensing, Permitting, Authorization	
	Nurbek Sabirov Senior Lawyer, Kalikova & Associates Law Firm	Litigation and Arbitration Processes in the Mining Sector	
	Kamchibek Kozhogulov President of the Engineering Academy, Director of the Institute of Geomechanics and Mineral Development	Mining Industry Occupational Safety	
<p>Committee Presentation Jogorku Kenesh (Parliament)</p> <p>5 March 4:00-5:00pm</p>	<p>Karen Westergaard Head of USAID REFORMA Project</p> <p>Timur Gainanov Manager of mineral resource initiatives</p> <p>Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)</p>	USAID REFORMA introduced its sponsorship of the Medium- and Long-Term Development Strategy for the Mineral Resources Sector	15 people MPs and Specialists of Committee on Fuel, Energy and Subsoil
<p>Round Table Mineral Resources Development Strategy</p> <p>Policy Choices for Environmental and Social Impact Protection</p> <p>14 March 9:30 am–3 pm</p>	<p>Adyl Kasymaliev Deputy Minister of Economy</p> <p>Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)</p> <p>Gulfia Shabaeva Head of the Geological Ecology Department of the State Geology and Mineral Resources Agency</p> <p>Kalia Moldogazieva Director of NGO "Drevo Zhizni " (Tree of Life)</p> <p>Nazgul Aksarieva Project Manager, Eurasia Foundation of Central Asia</p> <p>Tatiana Vygovskaya Director, Egalite Public Foundation</p> <p>Nurlan Joldoshev Sustainable Development Manager</p>	<p>Moderator</p> <p>Co-Moderator</p> <p>Legal Aspects of Environmental Management in Mining</p> <p>Environmental Impacts of Mining and Public Participation</p> <p>Survey on the Impact of Mining Activity in 8 Regions of the Kyrgyz Republic</p> <p>Social Conflicts in the Mining Sector</p> <p>Talas Copper Gold's Experience in Community Relations Management</p>	81 people Experts and Stakeholders

Mineral Resources Development Strategy – Round Tables and Policy Seminars Conducted

Topic, Date and Time	Presenters	Presentation	Audience
	Talas Copper Gold LLC		
	Dmitry Vetoshkin, Aigul Jusupbaeva, Independent Ecology Experts	Aral Village Environmental Impact Assessment Team as a Platform for Company-Community Dialogue.	
	Gulnara Kalikova, Senior Partner Kalikova & Associates Law Firm	Mining companies and Local Communities: Conflicts and Resolutions.	
Round Table Mineral Resources Development Strategy Policy Choices for the Legal and Regulatory Frameworks for Subsoil Use 28 March 9:30 am – 2:30 pm	Almaz Alymbekov Head of Mining Policy Department, Ministry of Economy	Moderator	50 people Experts and Stakeholders
	Valentin Bogdetsky Member of Board of Directors, Kyrgyz Mining Association (KMA)	Co-Moderator	
	Almaz Alymbekov Head of Mining Policy Department, Ministry of Economy	State Subsoil Use Policy: New Perspectives in Legislation and Development	
	Aicholpon Jorupbekova Subsoil and Mining Legal Expert	Overview of Legal Regulation of Mining in the Kyrgyz Republic and Comparison with International Experience	
	Aibek Asanov Head of the Legal Department, State Agency for Geology and Mineral Resources	Judicial Disputes between the State Agency for Geology and Mineral Resources and Private Companies over Subsoil Issues: Application of the Law on Subsoil	
	Kuban Ashyrkulov Independent Private Sector Mining Expert REFORMA Project HICD for the State Agency for Geology and Mineral Resources	A Map of the Licensing and Permitting System for Mining Exploration and Development in the Kyrgyz Republic	
	Aktilek Tungatarov, Executive Director, International Business Council Mineral Resources Committee	Issues in Implementation Practices Experienced by the Mining Sector	
Gulnara Kalikova, Senior Partner Kalikova & Associates Law Firm	Conclusions and Preliminary Recommendations on the Second Package of Mining Laws: Mining Concessions and Production Sharing Agreements		
TOTAL PARTICIPANTS			279

The REFORMA strategy development team spent the second quarter of 2013 fine-tuning its initial assessment of policy options, taking into consideration the substantial feedback the team received from Government, Parliamentary, private sector and other stakeholder participation in our series of round tables and policy seminars. During the third quarter, the team drafted the strategy document and is currently formatting the document in the format required for official adoption by the Government. The team will finalize the Draft Development Strategy, which REFORMA will circulate for comment and discussion early in the fourth quarter.

With the completion of the Draft Strategy, REFORMA will conduct public discussions of the Strategy and develop the protocols to help the MoE obtain Government and Parliamentary adoption of the strategy. REFORMA will then work with the Government and other stakeholders to determine how we can support the execution of the Strategy. This includes helping to create an implementation Action Plan, supporting the harmonization of laws and regulations adoption of the policies reflected in the Strategy within the legal framework, providing further institutional development support to build implementation capacity within counterpart institutions, and promoting public awareness of the benefits of Strategy implementation

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

To ensure that the Government build the capacity to implement critical reforms to improve the business environment and investment climate for mineral resources development, REFORMA selected the State Agency for Geology and Mineral Resources as one of our key partner organizations for capacity development assistance. In September 2012, the Agency had undergone a change in leadership with the creation of the a new Government, and its new Chairman, Mr. Ishimbai Chunuev, was fully supportive of REFORMA's initiatives to help him improve the Agency's institutional framework, strategies and capacities to strengthen the overall performance of the Government in developing the mineral resources sector.

HICD Performance Assessment

On December 20th, 2012, REFORMA officially launched the HICD Program at the Agency with the signing of a Memorandum of Understanding between Chairman Chunuev and USAID Representative, Mr. Carey Gordon. During the launching ceremony, REFORMA presented the HICD approach, methodology and assessment activities planned for the first quarter of 2013. To undertake the assessment, we selected Central Asian International Consulting (CAIC) as our local implementing partner. Following the signing of the Memorandum of Understanding with the Agency in December, REFORMA worked with CAIC to launch the program by establishing a Performance Assessment Team within the Agency and launching the project with an introductory presentation of the HICD approach and implementation phases for all staff of the Agency on January 15, 2013.

To help guide and validate the Performance Assessment, REFORMA also established an HICD Stakeholder Group, which conducted its first meeting on January 23, chaired by Chairman Chunuev. Members of the Stakeholder Group are donors and implementing partners who have committed assistance resources to development of the mineral resources sector, and include USAID, EBRD, the World Bank, GIZ and the Eurasia Foundation of Central Asia, all of which have ongoing or planned assistance projects. Other institutions and groups, such as the MoE and the REFORMA implementing partners working on the creation of the Development Strategy, are also members of the Stakeholder Group. The primary objective of the Stakeholder Groups is to exchange information on respective donor projects, coordinate activities, avoid potential overlaps, and create synergies among the projects targeted to mineral resources sector development. REFORMA intends that this Stakeholder Group form the foundation for maintaining ongoing donor coordination by the Agency itself.

REFORMA's Performance Assessment consisted of a scan of the Agency's external environment and the conduct of in-depth research and analysis of its internal regulations, systems, processes and capacities. The assessment of the external environment included interviews with Ministries, Government Agencies, Parliamentary Committees, donor organizations, and representatives of the Agency's target audience – mining companies, business associations, community service organizations, and media outlets. For the program's internal assessment, the REFORMA team conducted interviews and meetings with representatives from the Agency and its subordinate organizations, led two focus-group discussions with specialists and leading specialists (junior-level professionals) from the Agency, and facilitated a SWOT analysis with senior and middle management. The team also mapped the Agency's core business processes such as: (1) licensing for mineral resource exploration and production; (2) collecting periodic mandatory reports from the private sector on mining activities; (3) reviewing and approving all project documentation submitted by the private sector for construction, expansion, reconstruction, equipment use, technical and geological activities, environmental protection and compliance, and all other requirements; (4) managing the workflow of internal documents; and (5) testing and evaluating mineral samples for inclusion in the State Balance of Mineral Reserves.

To assist CAIC in assessing the technical capacities of the Agency, REFORMA hired an international advisor to identify ways the Agency could strengthen its processes, systems and structure to adopt leading international practices in regulating the mineral resources sector. One of the advisor's key

specializations was in conducting competitive tenders for allocation of exploration and mining rights and interacting with international investors on behalf of governments in emerging economies. In this activity, he reviewed the proposed conditions of tender for the Jerooy deposit and provided input to Chairman Chunuev in the form of annotated comments to the terms of the tender. He also offered two training sessions for Agency representatives on Valuing Mining and Exploration projects using DCF models and conducted several valuable discussions with regard to investment promotion and public relations with Agency staff.

Following this analysis, the team identified gaps at three performance levels:

1. Organizational-level gaps, including strategy, goals, mission and vision, functions, current flow of input and output between functions, formal organizational structure, organizational efficiency, performance monitoring and performance management systems;
2. Process-level gaps, including the links between the organization's goals and their customer/organization requirements, design of business processes, efficiency and effectiveness of business processes to accomplish the process goals, and others; and
3. Job/Performer-level, including human resource management systems, policies and procedures, job descriptions, resources, incentives and rewards, and knowledge and skills.

Some of the key gaps that the REFORMA team has identified are the following:

- Insufficient funding for the Agency – the agency's allocated budget does not meet the needs of the Agency to properly perform its tasks according to its mandate;
- Lack of well-defined regulations for all departments and gaps in the legislation that governs the work of the State Geology Agency;
- Lack of medium and long term planning on behalf of top and middle management;
- Lack of well-defined work processes and workflows and no detailed work instructions, standards and quality assessment process;
- No clear definition of roles and responsibility for some departments;
- Weak public communications and media relations and weak capacity within the press service;
- Weak human resources policies and lack of professional development opportunities for the staff;
- Some functions identified in Agency regulations, such as attracting foreign investments, are not organizationally supported or fulfilled;
- Low satisfaction of the quality of services provided by the Agency on behalf of its target audience ;
- Lack of cooperation among the various Government agencies and institutions within the mineral resources sector.

As part of the Performance Assessment, the team expressly included IT experts and the firm, I-Cap, to conduct an assessment of IT infrastructure needs in anticipation of ultimate recommendations that the Agency must significantly improve its information management systems. The team undertook a thorough inventory of the Agency's computer and information technology equipment to determine its equipment needs, both in the near term and in the long run, to assess the extent of equipment procurement support REFORMA could plan to provide. As a result of the initial evaluation, the IT team also developed a temporary web site for the Agency (www.geology.kg) to support short-term management efforts to demonstrate transparent and efficient governance to the public and to close some of the immediate gaps in public communications that were identified through the assessment process. On March 20, REFORMA presented its initial contribution of computer equipment to help strengthen the Agency's daily information management operations.

On April 1, the REFORMA team presented its Draft Assessment Report to senior agency officials and department heads to ensure buy-in and ownership of assessment findings. Upon finalizing the Report, which included an outline of findings, performance gaps and recommended solutions, the REFORMA team conducted a second meeting of the Stakeholder Group on April 30. At this meeting, CAIC presented the findings to agency management, donor organizations, and stakeholders supporting the

development of the mining sector. As a result, several other donor organizations have begun to employ REFORMA's Assessment Report to identify their own assistance activities that can help to close performance gaps and build Agency capacity for sector management. Throughout the HICD Assessment period and beyond, REFORMA has conducted ongoing meetings with the World Bank, EBRD and GIZ to discuss their plans for assisting the mineral resource sector and brief them about REFORMA's activities. REFORMA closely coordinated HICD activities with those of our Medium and Long- Term Development Strategy team by exchanging expertise and best practices, thus providing complementary value to both projects. As part of REFORMA's efforts to develop the capacity of local organizations and companies, REFORMA staff has been supporting CAIC experts by providing advice and HICD best-practice tips throughout the performance assessment process.

Our Performance Assessment findings helped to determine which initial activities REFORMA would pursue in the implementation phase of the HICD program. Based on Agency priority, we selected those requiring knowledge of the Kyrgyz legal and regulatory framework, information technology specialization, and the availability of continuous, locally based project management attention to ensure activity implementation. Using these criteria, REFORMA chose three initial implementation 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, to be expanded in the future to include cadastral and geological information; and
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. Although the Government replaced Mr. Chunuev as Agency Chairman in August, REFORMA continued the launch of these projects due to the full support of the new Agency Chairman, Mr. Duyshenbek Zilalev. In addition, REFORMA hired the information technology specialist engaged in assessing the Agency's IT infrastructure component of the HICD Assessment as a part-time advisor to the Agency and as project manager for these two IT-related implementation activities.

Agency Website Development

Throughout the third quarter of 2013, Yaros completed website development in partnership with the State Geology Agency's IT department. The website incorporates requirements for website creation, development and maintenance established by the Government for all of its official websites using one of the well-known CMS (Content Management System) platforms. It features a content management tool that enables authorized users to develop, manage and deliver content in three languages: Kyrgyz, Russian and English. It has a high level of security and enables easy back-up and data recovery. The website also provides for mobile applications (tablets and smartphones) and offers editors a simple means of formulating content, including use of multimedia. It enables use of analytical instruments, including integration with Google Analytics, which REFORMA will train the Agency to utilize to monitor traffic and provide impact data for performance monitoring and evaluation. The website utilizes feedback forms (online requests, comments, surveys, forum), and offers permit integration with social networks. The system allows different levels of access and provides options for delivering services to website visitors, such as the ability to receive license applications electronically. By the end of our second project year, Yaros delivered a fully functional website, as well as detailed training for the Agency staff on how to maintain and upgrade the website. Yaros is also required to ensure timely maintenance until March 2014 in close cooperation with the Agency IT staff.

Geological Data Base System Development

In July, REFORMA selected local firm TimelySoft to create and implement a comprehensive data base management system that will allow the State Geology Agency to manage 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, registered licensees, geological-mining surveys, fluctuations in the value of mineral resource reserves, extraction and loss of minerals during the production phase, geologically explored subsoil, and other critical information required for management of the Kyrgyz Republic's mineral resources. In designing this activity, REFORMA and the Agency team envisioned that 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 website.

As of the end of REFORMA's second project year, TimelySoft had developed a prototype of the Licensing Module of the database and presented the prototype to senior Agency Management. The firm obtained approval from management to begin testing the prototype with Agency licensing data in early October.

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

The objective of this project was to standardize mining licensee report requirements and reporting templates for the reports that mining companies are required to submit to the Agency, as well as those reports that the Agency submits to various Government institutions such as the MoE, the MoF, and others. Due to the changes in Agency leadership described above, however, REFORMA delayed recruiting a consultant for undertaking the scope of work for optimizing the reporting process. Although it is expected that the Agency will request REFORMA to initiate this project, it remains unclear whether REFORMA will pursue this work in the short run since it is not a priority for project delivery should the project need to close due to issues of funding US Government operations.

Participation in International Mining Forum

REFORMA assisted a delegation of Government counterparts to participate in the Fourth Annual MINEX International Mining Industrial Forum, held from April 16 to 18 in Astana. REFORMA sponsored the participation of six Government officials from both the State Geology Agency and the MoE. The purpose of the forum is to stimulate multilateral discussion of regional perspectives for development of the mineral resources sector. In addition, the Director of the Agency, Mr. Ishimbal Chunuev, presented a case for the vast potential of the mineral and raw materials development of the Kyrgyz Republic.

Commodity Procurements to Support Mining Sector Development

REFORMA provided information technology equipment to the State Geology Agency as part of our program to stimulate development of the mineral resources sector. On March 20, REFORMA presented IT hardware and software equipment to the State Geology Agency to close some of the immediate gaps in the Agency's equipment needs. With the launch of the two IT-related HICD implementation projects at the Agency, REFORMA will further determine the level of additional IT support that the project will propose to provide to the Agency.

Presentation at the International Society for Performance Improvement (ISPI) Conference for Europe, Middle East, and Africa (EMEA)

A key objective of the REFORMA Project is not only to provide assistance in strengthening the investment climate of the Kyrgyz Republic, but also take a strategic and systemic approach to reform implementation. Based on REFORMA's HICD work with the institutions responsible for mineral resources development in the Kyrgyz Republic, REFORMA's Senior HICD Advisor and the Deputy COP delivered a presentation at the 11th Annual ISPI-EMEA Conference, September 26-28 in Tbilisi,

Georgia. They presented REFORMA's experience with the Ministry of Economy and the State Geology Agency in implementing capacity development programs, entitled *A Systemic Approach: A Way Toward Success in Sector Development in Emerging Markets*. In the presentation, REFORMA representatives stressed the importance of taking a holistic and strategic view in promoting economic reform and sector development, including the employment of local private sector firms and organizations in the delivery of reform implementation.

REFORMA also sponsored the participation in the conference of representatives of two local partner organizations, who worked with REFORMA to undertake HICD assessments. The active participation by representatives of the Promotion Development Center (PDC) and Central Asia International Consulting (CAIC), their exchange of experience and ideas, and their role as leaders for conference sessions significantly contributed to the success of the conference. In fact, implementing partner representatives were the first Central Asian participants in any ISPI EMEA conference. Their participation is another component of REFORMA's objective to build the service delivery capacities of Kyrgyz private firms and organizations.

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

Background

For the past five years, the Kyrgyz Republic has sought to improve the enabling environment for business growth and investment by reducing interference in the activities of private sector enterprises. In 2008, a Law "On Optimizing the Normative Legal Base for Regulating Business Activity" was enacted to reduce the scale of regulatory and supervisory control of market functions. To implement this law, a Presidential decree provided for the creation of an Interagency Commission that would oversee the execution of a program to streamline provisions of normative legal acts (NLAs) that regulate business activity and to eliminate redundant and unnecessary provisions that restrict the free functioning of commercial markets. The first set of NLAs reviewed was that regulating the issuance of business licenses and permits. Over the next three years, the Government applied a 'guillotine' process to review and eventually eliminate a substantial number of licenses and permits. Two USAID projects – first the Business Environment Improvement (BEI) project, then the REFORMA project – supported the Interagency Commission and its secretariat, the MoE, 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 Ministry to draft a framework Law 'On Licenses and Permits in the Kyrgyz Republic' that would establish overarching principles for government regulation through licensing and permitting. REFORMA submitted the draft law to the Ministry in May 2012, since which time it has been circulated for comment by all government institutions, reviewed by the Prime Minister's office, and finally submitted to Parliament in June 2013.

A provision of this draft law references, but does not elaborate upon, the concept of self-regulation as one mechanism for regulatory oversight. To determine the need for a legal framework that defines self-regulation and identifies the authorities of self-regulatory organizations (SROs), REFORMA undertook a study of international practices and legal frameworks for self-regulation to determine whether additional legislation is recommended for adoption in the Kyrgyz Republic.

As part of the program of easing business regulations, the Kyrgyz Republic issued a decree in early 2011 that extended the NLA optimization program beyond licensing and permitting functions to include those that control and supervise business activity through the conduct of regulatory inspections. In the summer of 2011, the International Finance Corporation (IFC) and USAID were successful in promoting the adoption of amendments to the Law 'On Procedures for Inspecting Business Entities' that aligned regulatory inspections powers, authorities and procedures with international practices. Nevertheless, a review of the NLAs to identify inconsistencies and duplication of inspections functions among Government agencies was not initiated at that time. More recently,

however, the Government has renewed its request to the MoE to undertake this legal and regulatory analysis to identify inspections activities that continue to create regulatory compliance burdens on the business community. This task has now become even more critical with the 2012 consolidation of a vast number of inspections functions into two primary Government inspectorates – the State Inspectorate for Sanitary, Veterinary, and Phytosanitary Safety and the State Inspectorate for Ecological and Technical Safety. Although the Government has recently undertaken another functional reorganization, primarily affecting the Sanitary Inspectorate, it seeks to align the legal and regulatory framework with present-day agency inspection functions to identify legal loopholes in inspections activities that continue to plague business activity.

Optimizing and Streamlining Business Licenses and Permits

While the licensing review process for optimizing business licenses and permits was completed in 2012, the draft Law ‘On the Licensing and Permitting System’ had been under review by the Government for 10 months due to wide differences in opinion among government institutions regarding its provisions. However, in June 2013, the proposed Law was finally submitted to the Parliament for review. In September, REFORMA sponsored a Parliamentary hearing conducted by the Committee for Economic and Fiscal Policy after the first reading of the proposed Law. Deputy Committee Chairman Zamir Bekboev presided over the hearing at which Minister of Economy Temir Sariiev presented the draft Law to more than 100 participants, including Parliamentarians, Government officials, NGOs and members of the private sector. After representatives of several business associations affirmed their support of the Law – as did several Parliamentarians – an active discussion ensued during which many participants raised issues with specific articles and provisions of the draft Law. Participants were instructed to submit proposals in writing that address these concerns for further consideration by Parliament prior to the Law’s final vote.

Previously, REFORMA’s work with the Government and the MoE resulted in the adoption of two laws in October 2012 that eliminated 109 licenses and permits of the roughly 350 licenses remaining after prior stages of reform. With the passage of this Law, the MoE states that there will be only 100 business activities subject to licensing. Once signed by the President, which is expected by the end of October 2013, REFORMA intends to help the Government implement the Law to ensure that it achieves its goal in reducing the level of Government regulatory interference in business activity. The initial form of this assistance will be to support the MoE in drafting four supporting 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. With USAID’s concurrence, REFORMA will select a local consultant to undertake this project through a competitive procurement process.

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

REFORMA has agreed to support the MoE by conducting a pilot 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. This will include ecological and technical safety inspection activities that may be undertaken by government bodies other than and in addition to the State Inspectorate for Ecological and Technical Safety. To supplement this analysis, REFORMA also wants to ensure that the project identify the degree to which these laws and regulations have been implemented in practice, particularly the 2011 amendments to the Law ‘On Procedures for Inspecting Business Entities’ This project helps to fulfill the Kyrgyz Government’s objective to reduce the burdens that regulatory inspections place on enterprises, while ensuring that the inspections regime adequately informs and protects citizens and the environment from harm to health, safety, and security. The goals of the pilot study will further this objective in the following way:

- **Optimize the legal and regulatory framework for technical inspections.** This study will identify duplications, gaps, inconsistencies, and contradictions in the legal and regulatory

framework for environmental and technical safety inspections in the Kyrgyz Republic, recommend amendments to specific NLAs that will eliminate these shortcomings, and draft the text of these amendments to optimize the supervising-controlling regime for environmental and technical safety inspections.

- **Identify gaps in the implementation of laws and regulations to inform the design of an implementation strengthening program.** This study will provide qualitative but empirical information on the degree to which laws and regulations are unheeded in the conduct of business inspections, identify which NLAs are least employed in practice throughout the inspections process, discover to what degree enterprises are aware of their rights and obligations within the inspections regime, and inform the design of a reform program to improve implementation and enforcement of the good practice laws and regulations governing environmental and technical inspections in the Kyrgyz Republic.
- **Identify burdensome and unnecessary technical regulations.** This study will identify the areas in which the Kyrgyz Republic needs to continue to review and revise its technical regulations to reduce unnecessary and excessive burdens for businesses and improve adoption of international standards.
- **Provide input for building human and institutional capacity at the State Inspectorate for Environment and Technical Safety.** This study will provide baseline data to support additional assistance that REFORMA intends to provide to the inspectorate to help improve its capacity to conduct inspections under a system that reduces unnecessary burdens for business.
- **Inform the design of other regulatory inspections reform programs.** Likewise, the experience of this pilot may also lead to REFORMA or other donor organizations' adoption of a similar review of the legal and regulatory framework for other state inspections functions and analysis of the degree to which NLAs are implemented, enforced, or duplicated by state agencies.

In June, REFORMA awarded a competitive tender in June to EcoPartner, a legal and consulting firm with substantial experience in regulatory and legal analysis, to conduct the two primary work streams that relate to the conduct of inspections in the spheres of environmental and technical safety: (1) optimizing NLAs; and (2) assessing the Environmental and Technical Safety inspections experience of small and medium enterprises by undertaking a nationwide survey. Under the first work stream, EcoPartner completed a comprehensive review of the NLAs that address the role, function, conduct, review process, resolution, and technical focus of environmental and technical safety inspections. It reviewed and summarized the role of the MoE's Department of Entrepreneurial Policy in the inspections regime and analyzed the information the Department collects on inspections conducted by the State Inspectorate for Environmental and Technical Safety. It reviewed the provisions of 80 relevant NLAs in the Kyrgyz Republic, and created a taxonomy to classify and easily communicate where duplications, gaps, inconsistencies, contradictions, and misaligned terminology exist. EcoPartner also reviewed the Regulatory Impact Analyses (RIAs) that related to the NLAs reviewed.

Once this was completed, EcoPartner made recommendations for strengthening the Law 'On Procedures for Inspecting Business Entities' according to best international practice. It reviewed the set of checklists that have been created by the State Inspectorate for Ecological and Technical Safety and compared them for consistency with the body of NLAs and the checklists of other government bodies to determine if any were conducting inspections with duplicative criteria. Finally, EcoPartner developed recommendations and draft amendments incorporating proposed changes to legislation and NLAs to harmonize provisions, eliminate duplications and gaps, and support stakeholders throughout public hearings that may arise to support the adoption of recommended legislative changes.

Under the second work stream, EcoPartner assessed the experience of enterprises subject to inspections by undertaking a comprehensive, interview-based survey of 100 SMEs, plus 50 SMEs engaged in mineral resources exploration and production throughout the country. The study will determine to what degree the provisions of the identified NLAs governing the conduct of environmental and technical safety inspections have been observed, implemented and enforced.

In addition to conducting in-depth interviews, EcoPartner also conduct four round-tables/focus groups with surveyed businesses and other interested participants (two focused on the mining sector) on topics related to specific categories of technical regulations, regulatory procedures, or the legal/regulatory framework, that were determined jointly with the REFORMA team and relevant government counterparts. Based on the outcomes of surveys and round table/focus groups, EcoPartner identified mechanisms for improving enforcement of laws and regulations that would strengthen the *implementation* of the legal and regulatory framework. In its final analysis, it will also utilize information contained from surveys and focus groups to strengthen proposed recommendations for optimizing normative and legal acts regulating environmental and technical inspections.

To obtain business and Government feedback on initial findings, EcoPartner conducted a round table on August 29 at which the firm presented analyses of the legal and regulatory framework supporting the conduct of ecological and technical safety inspections. EcoPartner presented its approach to the conduct other aspects of the study's scope of work, which included a review of international practices and legal frameworks for reducing compliance burdens on business, a review of the provisions of the Law 'On Inspections' passed in 2011, and a review of the status of the implementation of the Law within the framework of the State Inspectorate for Ecological and Technical Safety. Key issues relating to implementation included an assessment of the quality and use of checklists required by law for the conduct of inspections, an examination of the use of risk criteria in the selection of enterprises for inspection, and the results of a survey of more than 150 businesses regarding their experience in undergoing technical inspections.

So far, EcoPartner has reviewed more than 80 normative legal acts governing ecological and technical safety inspections and has preliminarily concluded that there is a substantial overlap and duplication of normative legal acts governing the inspection regime, particularly with the consolidation of inspections functions from 10 agencies into the State Inspectorate for Ecology and Technical Safety in February 2012. EcoPartner has also identified where duplications, gaps, inconsistencies, and contradictions exist, and many examples of these legal shortcomings were presented at the round table, as was the project's intention for working with the Ministry of Economy to eliminate them.

As of the end of REFORMA Second Project Year, EcoPartner has completed the NLA review and SME survey and is currently finalizing its analysis and recommendations. REFORMA will present the final results of EcoPartner's work in November and provide the MoE a set of recommended drafts to normative legal acts for improving the legislative and regulatory framework. The firm will also make recommendations for strengthening the implementation of the Law 'On Inspections,' and improving the quality and use of checklists, risk-based inspection selection methods, and other tools that will further align the inspections function toward prevention of harmful accidents and injury. REFORMA will further help the Ministry and the State Inspectorate for Ecology and Technical Safety to implement EcoPartner's legal and technical recommendations, including undertaking a thorough assessment of the human and institutional capacity within the inspectorate as part of a Human and Institutional Capacity Development program planned for launch early in REFORMA's Third Year.

Study of Self-Regulatory Organizations

The Law "On Licenses and Permits in the Kyrgyz Republic," 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, the MoE requested assistance in drafting a Law on Self-Regulatory Organizations (SROs). Despite the existence of a grass-roots group of business associations intent upon introducing such a Law, REFORMA sought to determine whether such a law was necessary or advisable according to international practices and under the legal framework of the Kyrgyz Republic before actually providing assistance to draft the Law.

Consequently, 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 serving the tourism sector. Components of the study included whether other countries with similar legal frameworks to the Kyrgyz Republic have a Law on SROs, which legal authorities these framework laws provide to SROs, which countries have active SROs operating outside of a framework law and what legal authorities such organizations possess within a general legal framework. The study also identified which, if any, SROs currently operate in the Kyrgyz Republic, created a list of these organizations with relevant information.

Although our local consultant is convinced that such a law is necessary, REFORMA requested that the author identify a list of pros and cons for adopting such a law. In October, REFORMA intends to sponsor a round table discussion of both the REFORMA findings as well as the proposals and positions of various business associations 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. Following this public discussion, if it is determined that a Law on SROs is beneficial to optimizing the regulation of business activity in the Kyrgyz Republic, REFORMA will issue a competitive tender to identify a local organization to draft the Law and undertake further public discussions as part of the development process. Based on the outcome of these discussions, REFORMA may also consider assisting the development of a pilot or several pilot projects with competitively selected business associations to implement a program of self-regulation for its members, either through local subcontracting or through a grant mechanism under our proposed Grants under Contract program.

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

As stated earlier, the REFORMA Project 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. The Performance Assessment phase of the MoE HICD Program was launched in May 2012 with the Promotion and Development Center (PDC) as REFORMA's local implementing partner. PDC undertook a full diagnostic study of the MoE to obtain a holistic view of the Ministry's current performance, identify performance gaps, and recommend targeted performance solutions. REFORMA also engaged an international HICD adviser to assist PDC in adapting the USAID HICD assessment methodology to the organizational culture of the MoE.

The HICD Assessment team completed a series of external interviews with internal and external stakeholders, analyzed work processes throughout the Ministry, developed a Business Process Modeling Reference Guide, identified the MoE's performance gaps, and proposed a model for implementing reforms to business processes. The Final Report with Findings and Recommendations for both the Ministry's institutional framework and its functional improvement included a Performance Solutions Package, which was presented to Minister Sariiev, Deputy Ministers, and Department Heads in September of 2012. Prior to launching the implementation phase of the HICD program, REFORMA met with Minister Sariiev and MoE State Secretary Aidai Kurmanova to discuss the results of the assessment and the recommendations of the Performance Solutions Package. Together, we determined that REFORMA's future HICD technical assistance would be channeled to close the identified performance gaps in the following areas: improving strategic planning, streamlining regulations, and strengthening communications processes and capacities.

Strengthening the Strategic Planning Process and Plan Development

In the fourth quarter of 2012, REFORMA extended PDC's contract to maintain the momentum it achieved in the assessment phase to institutionalize a strategic planning process, to train MoE staff on its implementation, and to help to finalize the Ministry's Strategic Plan begun independently during

the first half of 2012. PDC had already provided assistance in governance and alignment of internal regulations during the assessment phase even though this task was not included in the original scope of work. It involved preparing 17 regulatory statutes that detailed the goals and objectives for each MoE Department/Unit.

In October, Minister Sariev issued an internal ministerial order on the development of the MoE Strategic Development Plan for 2013 and a new regulation outlining the Ministry's organizational structure. The regulation instructed all departments to submit departmental strategic plans to the REFORMA team. Using a template developed by PDC, the company worked with each department to develop their strategic goals and objectives and to help them identify performance indicators and targets for monitoring implementation of their goals and objectives. Based on this information, the REFORMA team proposed the structure of the Strategic Plan, which delineates the goals, activities, expected results, deadlines, budget, source of funding and the person responsible for the achievement of the identified result. The team then helped an internal strategic planning working group to draft a Strategic Plan, incorporating the goals formulated for each level of the Ministry. This Strategic Planning process was approved by an order of the Minister, which assigns the Policy Development Unit to continue the strategic planning activities after the completion of the strategic planning phase of the REFORMA HICD program. Subsequently, each of the four Deputy Minister groups held their own strategic planning sessions, at which the heads of departments and units presented their goals and activities planned for 2013 to their respective Deputy Ministers. PCD also provided training on how to implement Program Budgeting as required through a pilot Government program.

In the first quarter of 2013, the REFORMA team completed the final version of the MoE Strategic Plan and submitted it to the Ministry and to REFORMA management. The Plan identifies the mission of the ministry, its development priorities and performance indicators for each department. The Strategy also divides the Ministry's goals into three levels – high level, mid-level and low level – with measurement indicators for each level and the persons responsible for their achievement. In March, Minister Sariev issued an Order approving the Regulations of the MoE's Planning and Budgeting Process and the Administrative Planning and Budgeting Regulations. The Regulations for the Planning and Budgeting Process, developed by REFORMA, included the following documents: (1) the Rules (Standards) for the Formulation of Goals; (2) the Rules for the Description of Functions; (3) the Rules for the Development of the Organizational Structure; and (4) the Rules for the Formation of the Annual Action Plan. Thereafter, all department heads and territorial and subordinate subdivisions were instructed to follow the approved standards and formats when developing annual plans and budgets and formulating goals and objectives for their departments.

In addition, the REFORMA team helped the Ministry to develop a new organizational structure in light of the Government's recent restructuring that delegated new functions to the Ministry, including the following: (1) Regional Development Policy; (2) Anti-Corruption Policy; (3) Policy on State Reserves; and (4) Expert Assessment of all strategic documents developed by Government ministries and agencies. In the restructuring of government functions, however, in April the Government decided to transfer tax policy from the MoE to the MoF. For this reason, subsequent work to implement the Strategic Plan had been placed on hold throughout the spring while responsibility for this function was resolved and determined that we will proceed with plans to institutionalize the planning process within the Ministry once the Government approved the Regulation that establishes the new organizational structure for the MoE.

In August, Minister Sariev approved the new MoE organizational structure and approved Regulations for all MoE departments revised in accordance with the organizational structure and the objectives, functions and input-output approach developed by REFORMA's PDC team. A new Internal Development Unit was established under the State Secretary to take over the strategic planning function, with a 4-member unit that will be responsible for ongoing strategic planning capacity development in the ministry. The functions of the unit include: development of the internal strategic planning documents; analysis of the efficiency of the work of all departments; and recommendations for further improvement; and optimization of business processes in the MoE, including program-

based budgeting process, effective HR management, evaluation and monitoring and other functions. In addition, the appointment of REFORMA's primary counterpart at the MoE to Permanent State Secretary will help ensure that the Ministry continue on its course of institutional reform.

In REFORMA's third year, we will provide coaching of the new staff on the formulation of goals and objectives, developing the action plan, establishing performance indicators, communicating with other departments, and managing the overall strategic planning and budgeting process. We will also assist the unit in developing a human resources management strategy and will consider support to adopting a new system of performance assessment. REFORMA may also undertake a more detailed functional capacity assessment of counterpart departments charged with implementing reforms supported by REFORMA, particularly the Mining Policy Department and the Entrepreneurship Policy Department. In this way, REFORMA will fully integrate its policy reform work with improving the capacities of departments and individuals charged with implementing policy reforms. Taking a comprehensive and strategic approach, improving the capacity of key counterpart departments to formulate, implement, and monitor policy reform will reinforce the implementation and sustainability of reform objectives.

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 economic reform. In October, REFORMA issued a competitive tender, which was awarded to Door Media. Door Media conducted a Target Audience Survey of mass media, businesses, and stakeholder government organizations on their perceptions of the MoE's internal and external communications capabilities. This involved holding in-depth interviews in seven oblasts and in Bishkek with a total of 88 respondents. The survey established a baseline that will help in measuring improvement in the level of effectiveness of the Ministry's communications in the future. Door Media then conducted an assessment of the MoE's current communication system, evaluated the activities, tools, and capacities of Ministry leadership and its Public Relations Unit, and completed a SWOT-Analysis of the communications system.

Following this assessment phase, Door Media and the REFORMA team assisted the Ministry in developing a Communication Strategy and the Action Plan. In January, Door Media conducted a 4-day workshop on Communications Strategy for 13 MoE employees responsible for public relations from both the head office and its territorial and structural subdivisions. The training was designed to be interactive and combined both theoretical and practical elements, covering topics such as: effective communication tools and techniques, principles of communication with mass media, social media and its advantages, organization of briefings, public outreach channels, and others. Door Media also developed a Handbook on Core Communication Tools for the MoE PR staff.

From February 1-3, Door Media conducted a second workshop to develop the Communications Strategy and Action Plan. The resulting documents detailed a list of PR activities to be implemented throughout the year, the persons responsible for implementation, and a set of performance indicators. On February 6, 2013, the MoE PR team presented the Communications Strategy and the PR Action Plan to Minister Sariev, Deputy Ministers and Heads of Departments which were subsequently accepted and approved by the Minister. Door Media also provided on-the-job training and coaching of the PR Unit in further elaboration and implementation of the PR Action Plan.

As part of this Communications Strategy project, REFORMA assessed the quality and function of the MoE's official website and, developed recommendations to improve the website's information dissemination to businesses and the public. The improved design offers easy navigation and direct access to all web pages. The new website also includes additional functions, such as: (1) a documents database with an easy and speedy upload; (2) SMS-notification of e-questions and requests from the public that will go directly to the Head of the relevant department who should ensure speedy response to the question asked; (3) a function to enable the Press Service to directly upload articles, bypassing the IT department; (4) the implementation of a single corporate email address for all staff members; (5) and the transfer of the website to a new reliable hosting company. REFORMA conducted a one-week training course for the IT department on the use and maintenance of the website and for the

specialists of subdivisions/departments who will be responsible for posting information to the web site. A Website Maintenance Manual was also developed for the MoE IT specialists. The new website also includes a special web-page designed for REFORMA to which is posted a considerable amount of information on the technical assistance provided by USAID through the REFORMA Project. (See the link to USAID REFORMA's page at <http://mineconom.kg/index.php?lang=ru> in the "MoE Partners" row on the bottom of the webpage.)

REFORMA's HICD Advisor also conducted a two-day training session specifically for Door Media and REFORMA HICD staff to introduce the concept of performance measurement and performance indicators based on the Communication Strategy developed for the MoE. From this training, Door Media worked closely with the MoE PR Staff to develop a Performance Monitoring and Measurement Plan for the Ministry, supported by specific and measurable indicators to monitor and measure progress in implementation of the Communication Strategy and Action.

Implementation of the Communications Action Plan. DoorMedia work to assist the MoE improve its public relations and communications was completed in the first quarter. In the second quarter, the Ministry's Press Service began to execute the Action Plan of the Communications Strategy using public relations techniques that Ministry staff learned during the Communication Workshops conducted by REFORMA. In the second quarter, the MoE Press Service implemented the following Action Plan activities:

- Launched media campaigns for the following initiatives sponsored by the MoE: (1) Creation of the Medium- and Long-Term and Mid-Term Development Strategy for the Mineral Resources Sector; (2) Presentation of issues associated with joining the Eurasia Customs Union; (3) Public information about the Government Action Plan for Sustainable Development of the KR (2013-2017); (4) Development of the Methodology for Monitoring and Evaluation of the Effectiveness of the Government Anti-Corruption Policy; (5) Explanatory campaign on Kumtor-related issues.
- Arranged a field tour of senior government officials to the regions of the Kyrgyz Republic to talk to the local communities on mining issues;
- Organized television and radio interviews the Minister and Deputy Ministers on the issues of joining the Eurasia Customs Union;
- Updated daily the news section of the Ministry's web-site, created under the Communications program.

The MoE Press Service also revised the Communications Strategy and the Action Plan for 2013-2015 to reflect the organizational changes in the MoE. On September 24, 2013, Minister Sariev approved the Communications Strategy and the Action Plan and obliged all departments and subdivisions to provide assistance to the Press Service in implementation of the Plan. To provide continued assistance, REFORMA will: help the MoE to design, develop and launch a regular newsletter that will be distributed both electronically and by courier; arrange field visits to regions throughout the Kyrgyz Republic to present the Communications Strategy and the MoE organizational changes to regional MoE offices and the business community; and provide assistance in arranging a year-end press conference in Bishkek to report on the MoE achievements throughout 2013 to the public.

Website traffic monitoring . Using Google Analytics, REFORMA monitored how much website traffic increased since the launch of the improved version of the website, comparing the number of visits for the three months, from 27 Oct. 2012 through 28 Feb. 2013, with the period from 01 March – 03 July 2013. This analysis revealed the following indicators:

- The number of visitors to the Investment Opportunities page increased by 100 percent. In the old website, this page was not very visible and was not conveniently located.
- Visits to the website expanded geographically. The number of visits from other countries increased by more than percent; visits from other countries selecting the English language pages increased by more than 23 percent..

- Visits through social network links increased by 54 percent. The number of visitors to the website through the MoE's Facebook account increased during the three-month period, 794 visitors to 1,130, an increase of 42,32 percent. Visits through Twitter increased from 3 to 120 for the same period.
- The number of website visits accessed through mobile devices increased by 56 percent, with the average length of visit increasing by 28 percent.
- The REFORMA Communications project created a new design of the *Bank of Documents* page, making it user-friendly and easy to navigate. As a result, the number of page views increased from 586 to 1,879, or 220 percent. The number of unique visitors increased from 210 to 1,175, an increase of 459%. At the same time, webpage download speed decreased by 12 percent. After the redesign, document search became easier and faster, resulting in 80 percent of all visitors to the page using the document search tool.
- For the total period from January 2013 to September 2013, the number of website visitors increased by 26.5%, from 23,365 to 29,545.

Commodity Procurements to Support Mining Sector Development

REFORMA also provided information technology equipment to the MoE as part of our reform program to stimulate development of the mineral resources sector. At an April 4 ceremony, REFORMA provided computer hardware, advanced geological modeling software, and other equipment to the Mineral Resources Policy Department.

5. Improving the Business Environment for Tourism

Background

Although opinion varies widely as to the near-term growth potential of tourism, it remains one of the Government's priority sectors and offers opportunity for driving small- and medium-enterprise growth and job creation in the Kyrgyz Republic. International donors have provided strategies for sector development and have launched capacity-development programs for various providers of tourism services, but these efforts have been widely disjointed and have had marginal impact on sector growth. There is widespread criticism within the sector that the legal and regulatory framework significantly hinders private sector growth and that this is an area that should be assumed by public authorities. Modernizing the legal and regulation framework to enhance attractiveness for investors is one of the four strategic objectives identified in the Export Strategy developed by the Government with the assistance of the International Trade Center (ITC), yet 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.

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

The REFORMA team held its kick-off meeting with the Tourism Department on June 27 to introduce staff to the HICD methodologies for identifying the department's strengths and opportunities, determining performance gaps, and recommending solutions to improve its operations and ability to lead development of this potentially promising sector of the Kyrgyz economy.

Between July and September, CAIC conducted the comprehensive performance assessment that included a detailed analysis of the department's internal processes and procedures, its functions, vision, mission and its human capacity. As part of the external environment assessment, CAIC conducted 39 interviews with representatives of public institutions, donors, media, universities, NGOs

and other experts, seven interviews with business associations, and 32 interviews with tour operators. In addition, to verify findings and further assess the level of satisfaction with the services provided by the Tourism Department, CAIC moderated four focus groups that represented 35 small- and medium enterprises in Osh, Kochkorka, Cholpon-Ata and Bishkek.

On July 16, the Tourism Department, with REFORMA's assistance, organized a Stakeholder Group Meeting for donors and associations who are closely working with and supporting the development of capacities of tourism sector stakeholders. The Stakeholder Group serves as platform for providing voluntary input and advice at the major stages in HICD development, implementation and evaluation. As with Stakeholder Groups formed by REFORMA to support HICD programs in other Government institutions, creation of this group offers the Department the opportunity to evolve into a platform for coordination of donor activities targeted toward sector development.

The preliminary results of the assessment were completed by the end of September. Findings upheld initial assumptions that the Tourism Department not only lacks capacity but also vision and direction. The Department executes only four of the 12 Government-identified functions, of which the REFORMA team believes that only half are relevant to the role and function for managing tourism development. Tasks that were assigned to the Department when they were transferred to the Ministry of Culture, Information and Tourism in 2012 have not been pursued. Although the Government has repeatedly declared the tourism sector a development priority, the country still lacks a holistic policy for tourism development, which is required by law, has not created any strategic goals for tourism development. Various strategic papers, many developed with the support of international donors, set different and even competing goals.

Although the HICD team set forth numerous strategic recommendations for the three key administrative organizations – Government, Ministry and Department – the team also identified measures the Tourism Department could take to strengthen its ability to support broader strategic goals as they are and will be conceived and implemented in the near- and mid-term. Some of these recommendations are the following:

- Create a vision and set of reasonably achievable functions in the short term to begin to play a role in sector development (although the creation of a Government Development Strategy is far beyond the scope of the REFORMA Project);
- Develop a format, structure and methodology for developing the Annual Report of the Tourism Department;
- Organize and improve the efficiency of the core working processes; reengineer the current processes and develop more result-oriented processes, supported by a mechanism of monitoring and evaluation;
- Develop clear work instructions and job descriptions for each position within the Department
- Improve the cooperation of the Tourism Department and the National Statistical Office (establishing a working group to review and revise methodology on the statistical data in the tourism area, etc.);
- Develop and organize training program on strategic planning, analytical skills, and work processes for the Departments staff;
- Organize a study tour for the Department staff in a counterpart institution to learn about best practices in the area of creation policy and implementation as well as role of the Department in the tourism sector;
- Support the Tourism Department with necessary IT equipment to improve the department's daily operations.

REFORMA will support the implementation of several of these recommendations in our last project year, based on Departmental priorities for sector development.

Tax Study of Resorts and Hotels in the Kyrgyz Republic

Resorts and hotels in the Kyrgyz Republic may elect to file taxes under one of four existing regimes: (1) regular tax regime; (2) tax contract; (3) simplified taxation (a single tax); and (4) voluntary patent. None of the existing regimes can ensure equal distribution of the tax burden, which results in unfair competition among resorts of various categories and tax evasion on the part of resorts that may incur a higher tax burden. Resorts manipulate their tax liabilities by understating the number of bed (objects of taxation) or understating the actual prices of the services provided. They conclude an informal agreement with the tax inspector who then accommodates such understatements in his reports.

Consequently, the Union of Entrepreneurs urged the Government to conduct a study to develop recommendations to eliminate these opportunities for various underreporting of tax liabilities. The Tourism Department of the Ministry of Culture created a working group to collect financial and tax data from approximately 150 Issyk-Kul resorts from a total of 184 registered resorts and sanatoriums. Following the collection of this data, the Ministry sought to analyze the effectiveness of the currently applied tax regimes and develop alternative options of tax payment by resorts and sanatoriums to ensure fair competition. The Tourism Department requested assistance from REFORM in analyzing data collected from resorts and making recommendations for the implementation of alternative regimes that would ensure fair taxation and increase budget revenue from resorts and sanatoriums.

The REFORMA project agreed to provide technical assistance and hired two local tax specialists to undertake the analysis and to propose recommendation. Prior to the conclusion of the study, the specialists sought the feedback from resorts and sanatoriums in a two-day conference in the Issyk-Kul. At the conference, supported by REFORMA, the Deputy Minister for Tourism and REFORMA tax experts presented their recommendations to 53 people representing resort and recreational businesses operating in Issyk-Kul, local administration and local tax authorities. The participants supported the proposed system of imputed tax to be paid in the form of a mandatory patent. The study recommended that the number of beds serve as the taxable base, which was agreed to be a fair base for taxation because it is difficult to conceal and easy to count. Three tax bands were proposed by the tax consultants based on a hotel rating system that was also introduced at the conference.

The participants suggested including the services provided by the resorts into the amount of the imputed tax, for which they agreed to raise the tax rate by 20% and expand the taxable base. The participants discussed the most appropriate due dates of tax payment, recommending at least 4 installments for summer resorts and 9 installments for resorts operating year-round. It was also proposed that the Government should guarantee that the new system of taxation will be in effect for at least five years, yet, at the same time, entrepreneurs supported the imposition of tough fines and sanctions for concealing the taxable base.

REFORMA's specialists incorporated many of the views shared by entrepreneurs in the final recommendations of the study. The proposed system of taxation will offer a simplified procedure of tax calculation based on two physical and verifiable indicators – the number of beds and the retail price per night of each bed. According to both participants and Tourism Department officials, the proposed imputed tax will reduce the time taxpayers spend undergoing tax inspections, reduce tax administration costs and help to eliminate tax evasion schemes. According to study estimates, the proposed system will increase budget revenues collected from resorts by 65 million soms.

Support for Discussion of Development of the Ski Tourism Cluster

In conjunction with our current activity to research international practices in self-regulation, in May REFORMA sponsored a two-day meeting of ski tourism businesses and national and local government officials in Karakol. The purpose of the meeting was to discuss the development of a "Ski Tourism Cluster," a new concept for developing the skiing industry in the Kyrgyz Republic that is being considered for inclusion in the President's Sustainable Development Strategy Road Map 2013-2017. The leaders of this initiative, including the Union of Entrepreneurs and the Secretariat of the Investment Council, presented their vision of the responsibilities and privileges self-regulatory

authority could take, including the autonomy to set facility and service standards and to monitor compliance to stimulate growth. The organizers also unveiled a proposed program of tax incentives designed to draw private investment into infrastructure development. REFORMA agreed to sponsor this meeting in response to our goals to improve the business environment and investment climate for sector development and promote public-private dialogue to determine reform priorities. This concept is in its infancy, however, and is not likely to materialize into a project for REFORMA support prior to the end of the project.

6. Implementing Indirect Tax Policy and Administration Reform

Background

The 2009 Tax Code contained tax policy reforms that improved the business environment in the Kyrgyz Republic by eliminating many redundant taxes, consolidating other taxes, reducing rates for both the profit tax and VAT, and streamlining filing procedures. After four years of implementation, however, both the private sector and the Government recognize that there are significant tax burdens remaining that need to be addressed in the near term. Problems with VAT administration triggered a wave of public opinion to eliminate the VAT altogether and increase the sales tax rate to compensate for VAT collection shortfalls. Despite growing popularity with this proposal, even among public officials, the Government is aware that the elimination of VAT would jeopardize its international trade competitiveness and its standing with international donors. At the same time, the Government's interest in reducing regulatory and tax burdens for small businesses has also stimulated a discussion to increase the threshold for VAT registration above the current annual revenue of 4 million som.

Indirect Tax Policy and Administration Study

The Government asked REFORMA to undertake an analysis of the Kyrgyz Republic's indirect tax regime to determine what fiscal policy changes it could make in the near term to reduce taxation burdens on business, while, at a minimum, maintaining its current level of tax receipts. As part of the study, the Government also sought to understand the financial and economic implications of raising the VAT registration ceiling, eliminating or phasing out the sales tax, reducing fraud in VAT reporting, and honoring the timely payment of legitimate applications for VAT refunds.

REFORMA mobilized a team of two international tax experts in March 2013 to undertake the indirect tax policy study. REFORMA also hired a local tax expert to ensure that the required data was available for use by the advisors, to brief the advisors prior to and throughout the study on the specific issues of the tax regime of the Kyrgyz Republic, and to liaise with key Government counterparts. The study evaluated the fiscal and economic implications of several courses of action, which included eliminating or phasing out the sales tax, raising the VAT registration ceiling, reducing fraud in VAT reporting, and improving on timely payment of legitimate VAT refunds. The study considered how international tax practices could be implemented within the context of the Kyrgyz economic and political environment, and analyzed the potential economic and fiscal impact of various policy choices on business growth and tax revenue. In addition, the study also evaluated some of the key current practices in VAT and sales tax administration to make specific recommendations to improve and simplify the administrative regime in reporting, collection and refunding.

REFORMA presented several alternative policy choices in three separate presentations. The first presentation was to Deputy Ministers of the Ministries of Economy and Finance and Deputy Chairmen of the State Tax Service. These officials are most technically knowledgeable about indirect tax policy and administration and are key decision-influencers in future tax policy recommendations. The second presentation was to a group of business association representatives who are active in advocating business-friendly tax policy, so that the REFORMA team could obtain an initial reaction to alternative proposals. The third was to First Vice President Joomart Otorbaev, whose recommendation was that REFORMA provide leadership and support to the formation of a public-private working group to discuss all indirect tax policy and administrative recommendations and reach

consensus on a solution to present to the Government. Following these presentations, the advisory team finalized the document, which REFORMA distributed to counterparts and stakeholders.

Support to the Working Group on VAT Policy

First Vice President Joomart Otorbaev recommended that REFORMA provide leadership and support to an intergovernmental working group originally initiated by the MoF to identify a solution to what has been perceived by authorities as widespread fraud by the private sector within the VAT. The Government's functional restructuring, however, introduced a delay into the functioning of the group by proposing to transfer responsibility for fiscal policy formulation and implementation from the MoE to the MoF, which was not finalized until July. Subsequently, the MoF revived the working group, this time to focus on reviewing the tax policy options outlined by the REFORMA study and reach a solution to the Government and the private sector. REFORMA has assisted this group by providing conference room facilities in which to convene the working group and two tax advisors to participate in ongoing group discussions. The working group is expected to complete its analysis and present its final recommendations to the Government early in REFORMA's third project year.

Study to Improve VAT Administration

During the conduct of REFORMA's Indirect Tax Policy Study, our advisors identified a number of administrative processes that affect the ability of the STS to efficiently and effectively manage implementation of the VAT regime. The private sector contends that the VAT system is needlessly burdensome in compliance requirements, which has been driving its advocacy efforts to increase the VAT registration threshold from 4 million to 10 million som. Among the specific problems voiced by the private sector are the following: (1) the mandatory use of 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 what are claimed to be legitimate VAT credits; (4) failure to remit VAT refunds to exporters. The STS counters these complaints with accusations of widespread VAT fraud on the part of the private sector as well as deliberate attempts by businesses to avoid reporting revenue above the 4 million som threshold that would trigger mandatory VAT registration. Overall, the REFORMA study concluded that VAT invoicing and reporting requirements penalize legitimate VAT taxpayers while failing to significantly curtail the incidence of fraud. The study identified several recommendations to improve administrative processes in VAT registration and inspection that would have far greater impact on combatting fraud, but providing a concrete plan for VAT administrative reform required a more in-depth analysis of VAT administrative processes and procedures.

Consequently, REFORMA designed a follow-on study to address specifically the STS's business processes associated with VAT administration, while determining where the major bottlenecks exist in private sector compliance with VAT reporting. The goal of the study is to identify specific recommendations to improve the way in which the STS administers the VAT regime to improve tax collections by reducing opportunities for fraudulent VAT activity while reducing private sector incentives to avoid VAT registration. The study will identify where the real burdens for VAT reporting and payment exist for the private sector and make recommendations for eliminating burdensome administrative requirements. This will encourage the Government to adopt REFORMA's recommendations to eliminate or phase the duplicative sales tax while bringing all private business into the VAT system throughout a simplified VAT regime.

In August, REFORMA issued a competitive tender to local firms to undertake a two-part study to conduct: (1) a comprehensive assessment of the STS's business processes in administering the VAT regime; and (2) a survey of VAT taxpayers to determine the business processes they undergo in registering, reporting and paying VAT. REFORMA subsequently selected MF Consulting as the winner, which presented a comprehensive work plan in September. In addition, REFORMA will mobilize an international VAT advisor in October to work with MF Consulting in conducting the STS business process review, undertaking surveys of VAT taxpayer experience, analyzing the results of the study, and recommending changes to legislation, regulation, business processes, administrative policy, and other issues that hinder the efficient implementation of the VAT regime. It is expected that the survey and administrative process study will be completed by the end of 2013.

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

Background

Another consequence of the adoption of the 2009 Tax Code was the intention to introduce a system of universal tax reporting for all forms of economic activity in the Kyrgyz Republic, as well as for all Kyrgyz families and citizens. Such tax reporting is currently required for civil servants, but the introduction of universal declarations for all citizens was initially delayed until January 2012. Subsequently, it was evident that the Kyrgyz population was unprepared to comprehend the legitimacy of this civil obligation and the State Tax Service (STS) was fully unprepared to process the resulting volume of tax returns. Consequently, Parliament waived this requirement until January 2016. In the meantime, the STS must develop and introduce the required reporting regime to the Kyrgyz population, design and introduce reporting forms, and train its 300 tax inspectorates and 2,300 staff on reporting requirements. The STS requested that REFORMA provide widespread public education and outreach assistance and training to initiate this tax reporting regime that will come into effect on January 1, 2013.

Public Education Campaign for Universal Tax Declaration and Tax Amnesty

During the fourth quarter of 2012, the STS, with the involvement of independent experts and members of the Methodological Council on Coordination of Fiscal Policy, was finalizing the tax declaration forms for taxpayer submission and the appropriate instructions for completion. REFORMA provided short term technical assistance by hiring two local tax specialists to write instructions for the three types of reporting forms: (1) legal entities; (2) individuals engaged in entrepreneurial activity; and (3) individuals (and families) not engaged in entrepreneurial activity. Working with the STS, REFORMA also issued a competitive tender to engage a local organization to conduct a comprehensive public outreach campaign and provide training to STS tax officials in all regions of the Kyrgyz Republic. In late December, REFORMA selected the Chamber of Tax Consultants (CTC) to undertake this substantial work.

In January, the Chamber of Tax Consultants (CTC) began to work with the STS and the REFORMA team to conceive of, develop, and implement a comprehensive public outreach campaign to strengthen the culture of taxpaying. The Chamber prepared and began to execute a full program of public relations, advertising and information to be distributed through electronic and print media throughout the country. Beginning in March, the Chamber launched REFORMA's media program on behalf of the STS, which involved writing columns and placing ads in key newspapers throughout the country in advance of this year's April tax deadline. It held local competitions to create appropriate public communications message(s) and to design the print, electronic, broadcast, and audio/visual outreach and awareness materials to educate the public on the tax reporting requirements. The CTC also designed the public education/outreach ad placement plan, a plan for the distribution of printed materials throughout the Kyrgyz Republic and a recommended electronic media delivery program. It has just begun to launch the media program, which involved writing columns and placing ads in key newspapers throughout the country in advance of this year's April tax deadline. Subsequently, the campaign switched focus to publicize the anticipated and now, executed, Law on Tax Amnesty that the President signed in late June.

Universal Tax Declaration and Tax Amnesty Public Education Activities

Month/Date	Activity
April	Ongoing Newspaper Column: <i>"If you did not file the tax declaration by April 1 but decided to rectify the omission..."</i> and two taxpayer success stories that describe receiving tax deductions by filing the universal tax declaration placed on Facebook and on key websites of the declaration campaign – STS, MoE, Chamber of Tax Consultants, in Russian.
April	Responses given to questions posed on the <i>"Questions and Answers"</i> Banner on the Kabar Information Agency in Russian – Questions related to patent holders and whether they are obliged to file a tax return. The general public confuses universal declaration with annual tax filing. Many patent holders are not aware of the filing requirement.
April	Arranged for the STS to send letters to seven mass media outlets requesting that they offer a social advertisement discount for placement of public outreach materials.
April	Commenced work with I-media Company on developing scripts for producing five video commercials and audio announcements on tax amnesty and uniform tax declarations.
April 26	Placement of the column <i>"Useful Information to Assist the Taxpayers"</i> on the following topic: <i>"What needs to be done if you missed the deadline for filing the uniform tax declaration (UTD) before April 1?"</i> in Russian in Vecherniy Bishkek and in Kyrgyz in Super-Info and Osh Shamy newspapers. Information also placed on Facebook and on key websites of the declaration campaign.
May	Gathered opinions of taxpayers about the quality of the STS website by: telephoning the most active 50 members of the CTC, distributing a letter to 2,800 CTC website subscribers at www.nalogi.kg website, interviewing 46 participants of CTC seminars and training courses, and interviewing 10 clients of the CTC. Summarized and analyzed these comments and developed recommendations and proposals to the STS to eliminate them, including expanding the website user capabilities.
May	Developed the slogan for the tax amnesty campaign <i>"Tax Amnesty is Your Opportunity"</i> .
May 27	Tax Awareness Campaign Team Leader, Ms. Tatyana Kim, gave five interviews on the newly signed Tax Amnesty Law that were shown on evening news on the following media outlets that air across the Kyrgyz Republic: (1) OTRK channel; (2) EITR channel; (3) Channel 5; (4) Kabar Agency; (5) Akipress Agency.
May 30	Published the tax amnesty communication message in Salyk Info newspaper in Russian.
May 31	Placed one promotional module on tax amnesty in the following newspapers: Vecherniy Bishkek in Russian, and in Osh Shamy and Super Info in Kyrgyz, immediately after the President signed the Tax Amnesty Law on May 27.
June 6	Held a Press Club on the newly signed Law on Tax Amnesty for 35 participants, including government agency and business community representatives and 13 mass media representatives. A total of 22 publications and informational announcements were published by different mass media after the Press Club.
June	OTRK channel conducted two interviews in Russian and Kyrgyz from Team Leader Ms. Kim and Head of Fiscal Policy Unit of the MoE, Mr. K. Aidaraliev, about the purpose of the press club and the newly signed Tax Amnesty Law.
June	After conducting four focus groups, finalized the description of the main characters of two series of spot commercials on tax amnesty and universal declaration and prepared draft pictures of these characters. The characters will be finalized by the production studio that will win the tender on producing spot commercials
June 13	Finalized five scripts of video commercials and audio announcements on tax amnesty and uniform tax declaration. The scripts will be translated into Kyrgyz after producing and approving the Russian version of the text following the production and editing of the final version of ready video spot commercials.
June 14	Placed a promotional module on tax amnesty in Osh Shamy newspaper in Russian
June 20	Komsomolskaya Pravda published an article about the Press Club and the Tax Amnesty Law in Russian
June 21	Jany Agym newspaper published a communication message on tax amnesty explaining the background and the procedures to file
June 21	Announced a bid among local production studios to produce five animated commercials and audio announcements on tax amnesty and uniform tax declaration in Russian and Kyrgyz. 22 local companies expressed interest to participate in the bid. The bid was closed on July 1 and the tender commission will soon determine the winner.

June 28	Kyrgyz Tuusu published an article about the Press Club and the Tax Amnesty Law .
July 11	Internet Banner on Tax Amnesty Campaign on Vecherniy Bishkek web-site from July through December 2013
July 25	The Tender Evaluation Committee determined TATConsulting and Promotank LLC as winners of the bid to implement the survey of assessing awareness of individual entrepreneurs, owners of immovable property, vehicle owners, owners of land plots, civil servants and individuals that are obliged to file uniform tax declarations in accordance with the Tax Code.
July 26	The Tender Evaluation Committee determined Animation Studio "5Palcev" the winner of the bid on the production of five animated commercials and audio announcements on tax amnesty and uniform tax declaration in Russian and Kyrgyz.
July 26	Conducted the training on the universal declaring and tax amnesty law for 14 participants, including TATC Consulting, Promotank LLC and Animation Studio "5Palcev".
August 1	TATConsulting and Promotank LLC commenced preparations to survey 1200 respondents and conduct 12 focus groups throughout the country. The preliminary results of the survey and focus group discussions will be presented on October 14.
August 13	Animation Studio "5Palcev" commenced preparations for the production of five animated commercials and audio announcements on tax amnesty and uniform tax declaration in Russian and Kyrgyz with pre-testing
August 22	Published a special edition of Salyk Info newspaper devoted to the universal declaring and tax amnesty (14,000 copies) for distribution throughout the country
August 23	Announced a bid among local IT firms and organizations to develop a web-page on the uniform tax declaration on the official web-site of the State Tax Service (STS). 17 Kyrgyz firms expressed interest to participate in the bid. The bid was closed on September 13 and the tender commission will soon determine the winner
September 12	Published detailed comments to each article of the tax amnesty law in Salyk Info newspaper in Russian.
September 30	Animation studio "5Palcev" produced four animated commercials and two audio announcements on tax amnesty in Russian and Kyrgyz. They were approved for release by the Ministry of Economy, State Tax Service and Ministry of Finance. The REFORMA Project jointly with the Chamber of Tax Consultants is working on the broadcasting plan that will be ready by mid October. The remaining one animated commercial and three audio announcements on uniform tax declaration will be produced by October 21.

The following table provides circulation information for the newspapers selected for the Universal Tax Declaration's media campaign:

Newspaper	Circulation Figures
Vecherniy Bishkek	Occupies second in popularity. Friday edition has a circulation of 42,000 in Bishkek and Chui Region.
Kyrgyz Tuusu	National circulation of 7,000 copies.
Super-Info	Rates the most popular newspaper in the regions of the Kyrgyz Republic with a (circulation of 101,700.
Osh Shamy	Considered the most popular newspaper in Osh city and Osh Region with a circulation of 5,000.
Jany Agym	Holds seventh place in popularity ratings among printed media. Friday edition has a circulation of 7,000 copies throughout the country.
Komsomolskaya	Holds sixth place in popularity ratings among printed media. Thursday edition has a circulation of 10,000 copies.
Salyk Info Newspaper	Operates under the State Tax Service and is distributed among the STS employees and taxpayers through territorial tax offices. Circulation is 5,000 copies.

After a slowdown in public education activity following the April tax deadline and the summer holidays, the campaign planned to launch a substantial campaign in broadcast media. In July, the USAID REFORMA Project selected the 5Palstev Animation Studio as the winner of our competition to produce animated spot commercials and audio announcements for REFORMA's public education program to promote Universal Tax Declaration requirements and the accompanying new Law 'On Tax Amnesty.'

Working with the CTC and the STS, 5Paltsev conducted a pre-testing of video characters (images, voices, and dialogues) to ensure positive reception by television audiences in Osh, Jalalabad and Bishkek. Once pre-testing results were evident, 5Paltsev produced pilot clips, then conducted post-testing of original music, voices and scripts before producing final production. By the end of September, the team produced four video commercials on the new Tax Amnesty Law in both Kyrgyz and Russian languages. These commercials then passed the review process from the Ministry of Economy and State Tax Service.

REFORMA had planned to begin broadcasting video commercials and audio announcements in October on local and national TV channels and key radio stations. However, the US Government shutdown in October delayed the launch of the media plan until it could be determined that this activity remains a priority expenditure in the outside event that REFORMA would be forced to close prior to its completion date. Once this is resolved, it is expected that REFORMA will launch our broadcast media campaign in November. In any event, REFORMA will make downloads of the video commercials available online on Government and CTC website. REFORMA has also placed on hold the development of a booklet on 100 Questions and Answers in Russian and Kyrgyz that was planned to be distributed to STS offices and local government administrative offices throughout the country until resolution of REFORMA's project tenure can be determined. In the meantime, REFORMA will continue to provide technical support to the STS to improve the user-friendliness of its Universal Tax Declaration and Tax Amnesty website, which is being implemented by the local firm, I-Cap.

In addition, at the launch of the project, it was expected that the CTC would begin training key STS officials in the autumn of 2013 so that they can undertake downstream training of regional tax officers and key opinion leaders across the country. This would include creating training program materials for conducting training-of-trainers seminars for tax officials throughout the Kyrgyz Republic; determine the training delivery plan, schedule and logistics; and conduct the training courses in eight cities throughout the Kyrgyz Republic –Bishkek, Osh, Jalal-Abad, Batken, Cholpon-Ata, Karakol, Naryn and Talas – to approximately 200 STS Officials. However, it was subsequently determined that REFORMA would place less emphasis on this training in 2013 because Parliament had delayed introducing the universal tax declaration requirement until 2016.

Taxpayer Survey for the Universal Tax Declaration Campaign

In June, REFORMA issued a competitive tender to conduct a taxpayer survey of public perceptions of the filing requirements for universal tax reporting, to include attitudes about the recently adopted law that awards tax amnesty to those who voluntarily register sources of assets and income purchased and generated prior to the end of 2012. Results of this survey will assist in planning REFORMA's anticipated public education, outreach and training program for universal tax reporting in 2014 and will provide a set of baseline indicators for reporting REFORMA's level of impact in increasing public awareness of tax reporting requirements.

REFORMA subsequently selected TATConsulting (TATC) to undertake the field survey and Promotank to conduct focus groups throughout Kyrgyzstan, to analyze the results of both the field survey and the focus groups, and to submit a report on findings. To help determine the survey questions that would produce baseline indicators for REFORMA's Performance Monitoring Plan, we also trained members of the CTC team, TATC and Promotank. In August, TATConsulting began surveying 1,200 nationwide respondents, while Promotank conducted 12 focus groups in Bishkek, Tokmok, Talas, Batken, Osh, Jalalabad, Naryn and Cholpon-Ata. REFORMA expects the team will

complete both the field surveys and the focus groups by the beginning of October. Following the processing of field data the analysis of focus group results, REFORMA will present findings and recommendations to the State Tax Service and the MoF and MoE. As of the end of REFORMA's second project year, the field survey and focus groups had been conducted. Results of the study will be presented to REFORMA in October. 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

8. Promoting Platforms for Public-Private Dialogue

Background

The Kyrgyz Republic has admirably attempted to establish a practice of promoting government transparency initiatives and mechanisms for public-private dialogue. Establishment of the Public Advisory Boards (PABs) as watchdog bodies to monitor the institutional expenditures of Government was one mechanism to promote transparency in fiscal management. The legislative requirement to hold public hearings on proposed laws and regulations and requirements for conducting Regulatory Impact Assessments (RIAs) to evaluate the potential impact of proposed legislation are other mechanisms designed to promote public dialogue and government accountability. Likewise, the creation of the Business Development and Investment Council and its Permanent Secretariat as an institutional platform for addressing the legal and regulatory concerns of the business community is also an attempt to establish open dialogue between Government, the private sector and civil society.

The Business Development and Investment Council is the key platform for conducting ongoing policy dialogue between the Government and the business community. In existence in its current form since 2007, the Council is chaired by the Prime Minister. Members of the Council include the First Deputy Prime Minister, the Minister of Economy, the Secretary of the Council, two rotating representatives of international donor organizations, and executive directors of key business associations. Currently, the Council meets approximately quarterly to discuss and attempt to resolve the key obstacles identified by the private sector that limit business growth and investment within the enabling environment. The Council is supported administratively by a Secretariat, whose funding for staff salaries and office expenses has been provided by EBRD since 2007. 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, implement resolutions by the Council which include monitoring the status of these resolutions as proposals are subsequently circulated through the Government for further consideration, and report on Government resolution and implementation of proposed reforms.

REFORMA has been providing the Council with access to a business environment improvement specialist, Mr. Azamat Akeneev, as a liaison among REFORMA, the Council's Secretariat and Vice Prime Minister Ortobaev's office to better integrate REFORMA initiatives with the reform priorities of Mr. Otorbaev and the Investment Council, chaired by the Prime Minister. This has been effective in ensuring that REFORMA's activities in optimizing business licenses and permits meets Government reform goals as outlined by its Private Sector Development Strategy and has contributed to REFORMA's undertaking the indirect tax study in early 2013.

In REFORMA's final project year, we expect to be able to utilize the anticipated Grants-under-Contract facility to promote more widespread use of PPD mechanisms, both to strengthen the role and function of the Business Development and Investment Council and its Secretariat and to improve the capacities of leading business associations under an HICD program. Prior to the end of REFORMA's second project year, we began to provide assistance to the Secretariat in preparation of the launch of our Grants program in late 2013.

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

Both the Government and the private sector believe that the Business Development and Investment Council and its Secretariat play a critical function in promoting public-private dialogue in the Kyrgyz Republic. The Secretariat not only supports the resolution of issues brought before the Council, it also conducts a public-private round-table sessions to discuss additional reform priorities identified by the private sector, sometimes on behalf of the international donor community. Periodically, it also supplements its income by undertaking studies or projects financed by international donor organizations or the directly from the Government. The Secretariat wants to become more active in seeking these research opportunities in the future as a continued source of funding.

Although both the business community and the Government view the Secretariat's performance as highly positive, as reflected in a recent informal survey, REFORMA believes that it could be substantially more effective in supporting PPD if it were able to develop and implement a more formal strategic plan. Currently, the Secretariat is not a sustainable institution, and without a formal road map for development, it is not likely to be able to identify how it can become sustainable in the future. But REFORMA believed that the Secretariat's current capacity was inadequate to formulate a viable strategic plan on its own. Further, it would be unable to write a compelling grant application to execute a strategic plan without REFORMA assistance. The objective of this program is to enhance the Secretariat's ability to improve the services it provides to both the Government and the private sector, play a more robust role in driving the implementation and monitoring of economic reforms, and ensure its eventual sustainability as a long-term resource for strengthening the enabling environment for business and investment growth in the Kyrgyz Republic. This will enable it to continue to act as an ongoing mechanism for public-private dialogue to voice private sector reform priorities and the Government's progress in addressing these priority reforms.

In August, REFORMA mobilized the input of an international advisor in PPD to help the Secretariat formulate its long-term strategic goals and a program for implementation in the form of a Strategic Plan and a Grant Application to implement the plan. During the first visit, the advisor assessed the Secretariat's current role, objectives, activities, processes and methodologies and provided recommendations for strengthening both the Secretariat as a PPD institution and the capacities of its staff based on international practices implemented in other countries. The consultant also evaluated role, objectives and processes of the Business Development and Investment Council. These activities were then discussed with the Secretariat and its stakeholders and documented in a Concept Paper.

During a planned second visit in October, the Concept Paper will form the basis of a Five-Year Strategy to include implementation of recommendations for institutional strengthening as well as determine what measures to take to position itself for building long-term sustainability. The advisor will also work with Secretariat to create a First Year Action Plan for implementation of the Strategic Plan for the period October 2013 – September 2014 and work with the Secretariat to draft a grant proposal for implementation of the First Year Action Plan that REFORMA will support once our Grant Program is approved and launched. REFORMA will then work with Secretariat to implement the grant during the remaining months of the REFORMA project to improve its ability to achieve its strategic objectives that is rooted in a sound institutional development model.

Capacity Development for Leading Business Associations

Based on the results of REFORMA's initial work with the Secretariat of the Business Development and Investment Council, we intend to launch as least one similar program with a leading business association employing our HICD approach and HICD development team. We have conducted initial discussions with the Chamber of Commerce and Industry, which has indicated significant interest in participating in such a program. We intend to finalize these discussions during the fourth quarter of 2013, and undertake an HICD performance assessment beginning in December, subject to approval of the launch of additional initiatives. Similar to the Secretariat, REFORMA will prepare the Chamber to obtain grant funding for implementing initial performance solutions under the program.

9. 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.				

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>
Strengthening Public Relations and Communications for the Ministry of Economy	Door Media	Jan 2013	4 months	\$61,095	Completed
	<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	12 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	10 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.				

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>
Tax Declaration Awareness Baseline Survey	TATConsulting Promotank	Aug 2013	3 months	\$45,205	Ongoing
	<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	\$28,000	Completed
	<i>Description of the Subcontracting Activity</i>				
	Creating four animated videos commercials for universal tax declaration/tax amnesty.				
VAT Business Survey and Administrative Process Study	MF Consulting	Sep 2013	5 months	\$81,092	Launched
	<i>Description of the Subcontracting Activity</i>				
	Undertaking a VAT business process study of the State Tax Service and a survey of business experience in registering, filing and paying VAT.				
TOTAL SUBCONTRACTS AWARDED				\$1,152,726	

REFORMA Subcontracting Pipeline

<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>
STS Universal Declaration Webpage Improvement	Sep 2013	Oct 2013	2 months	\$5,000
Development of the Strategic Document Supported by an Action Plan for the Tourism Department	Oct 2013	Nov 2013	2 months	\$20,000
Optimization and Training of Processes at the Tourism Department	Oct 2013	Nov 2013	3 months	\$20,000
Coach the New Internal Development Unit at the Ministry of Economy on Processes, Budgeting, HR policy and other Functions	Nov 2013	Dec 2013	4 months	\$35,000
HICD Performance Assessment of the Chamber of Commerce and Industry	Nov 2013	Dec 2013	2 months	\$30,000
Total Anticipated Awards				\$110,000

10. Primary Events Conducted and Produced During REFORMA's Second Year

REFORMA Event	Men	Women	Total
November 30, 2012, REFORMA exhibition at the National Consulting Forum II, sponsored by the Institute of Management Consultants and the EBRD Business Advisory Services (BAS) program.			
November 27, 2013 - Presentation of the MoE Strategic Plan to the MoE Trade Policy and Technical Regulation Block departments headed by Deputy Minister Pankratov and finalization based on their inputs.	8	3	11
November 29, 2013 - Presentation of the MoE Strategic Plan to the MoE Entrepreneurship and Macroeconomic Policy Block departments headed by Deputy Minister Mukanbetov and finalization based on their inputs.	12	4	16
December 1, 2013 - Presentation of the MoE Strategic Plan to the MoE Fiscal and Mining Policy Block departments headed by Deputy Minister Kasymaliev and finalization based on their inputs.	8	2	10
December 5, 2013 - Presentation of the MoE Strategic Plan to the MoE Departments headed by Permanent Secretary Kurmanova and finalization based on their inputs.	2	6	8

REFORMA Event	Men	Women	Total
December 4-5, 2012, Two-day workshop, initiated by Tourism Department of the KR Ministry of Culture and Tourism, for the owners of resorts in Issyk-Kul to present the results of the tax study conducted by REFORMA's tax consultants.	22	20	42
December 20, 2012, Launch of the Human and Institutional Capacity Development (HICD) Program with the State Agency for Geology and Mineral Resources, with the signing of a Memorandum of Understanding between State Agency Chairman Dr. Ishimbai Chunuyev and USAID Representative Mr. Carey Gordon.	17	8	25
January 15, 2013 – 'Case for Change' presentation to staff of the State Geology Agency under the HICD Program.	24	20	44
January 23, 2013 – Stakeholder Group meeting of the State Geology Agency under the HICD Program.	9	7	16
January 24 – 27, 2013 – Seminar on communications methodologies and tools for the Ministry of Economy's communications staff.	7	6	13
January 29, 2013 – Round Table presentation for Mining Development Strategy – Policies for Tax and Non-Tax Payments for all stakeholders.	24	25	49
February 1-3, 2013 – Seminar on creating a Communications Strategy and Action Plan.	7	6	13
February 6, 2013, Presentation of the Communications Strategy and Action Plan by the MoE PR team to Minister Sariev, Deputy Ministers and Heads of Departments	16	11	27
February 12, 2013 – Round Table presentation for Mining Development Strategy – Policies for Improving Education and Human Resources in the Mineral Resources Sector for all stakeholders.	12	7	19
February 18, 2013 – Seminar on Geology, Economics, Regulation and Development of the Mining Sector for Parliamentarians and Advisors.	22	17	39
February 20, 2013 – Seminar on Geology, Economics, Regulation and Development of the Mining Sector for Government Agencies and the Government Office.	16	21	37
March 5, 2013 – Presentation of REFORMA's work in Improving the Investment Climate for Mining to the Parliamentary Committee for Fuel, Energy and the Mineral Resources Sector.	18	6	24
March 14, 2013 – Round Table presentation for Mining Development Strategy – Policies to Address Environmental and Social Impact Issues for all stakeholders.	48	41	89
March 20, 2013 – Ceremony for the Handover of Computer Equipment to the State Geology Agency.	10	5	15
March 20, 2013 – Presentation of Preliminary Recommendations to Improve Indirect Tax Policy to Deputy Ministers of Economy and Finance, and the Deputy Chairmen of the State Tax Service.	6	3	9
March 22, 2013 – Presentation of Preliminary Recommendations to Improve Indirect Tax Policy to Businesses and Business Association Representatives.	8	4	12
March 22, 2013 – Discussion of Preliminary Recommendations to Improve Indirect Tax Policy to First Deputy Prime Minister Joomart Otorbaev.	5	0	5
March 25, 2013 – Presentation of SWOT Analysis Results by CAIC to Management of the State Geology Agency.	10	7	17
March 25, 2013, Meeting of tax experts initiated by Ministry of Economy of the KR, for the participants of Methodological Council on Fiscal Policy under the ME KR in Issyk-Kul to consider key tax questions.	5	3	8
March 28, 2013 – Round Table presentation for Mining Development Strategy – Policies for improving legal regulation for all stakeholders	28	24	52
April 1, 2013 – Presentation of Preliminary HICD Findings by CAIC to Management of the State Geology Agency.	15	8	23
April 4, 2013 – Ceremony for the Handover of Computer Equipment to the Ministry of Economy's Mining Policy Department.	9	6	15
April 30, 2013 – Second Meeting of the Stakeholder Group of the State Geology Agency under the HICD Program.	16	13	29

REFORMA Event	Men	Women	Total
May 4-5, 2013, Two-day workshop, initiated by Ministry of Economy of the KR, for the participants of Methodological Council on Fiscal Policy under the ME KR in Issyk-Kul to consider key tax questions.	5	3	8
May 16-17, 2013 – Round Table for discussion of the development of the Ski Tourism Cluster in Karakol.	36	5	41
June 6, 2013 –Press Club Presentation on the newly signed Law on Tax Amnesty as part of the Universal Tax Declaration Campaign.	11	24	35
June 21, 2013 – Seminar for Government Agency Representatives on provision of Tax Amnesty Law.	12	13	25
June 27, 2013 – Kick-Off Meeting for the HICD Assessment of the Tourism Department of the Ministry of Culture, Information and Tourism.	6	4	10
July 9, 2013, Brainstorming Session on Optimization of Reporting Process at the State Geology Agency.	9	4	13
July 11, 2013, Kick-Off Meeting for Data Base Development at the State Geology Agency.	11	3	14
July 16, 2013, the 1st Stakeholder Group Meeting with the Tourism Department management, 4 donors (UNDP, GIZ, USAID Local Development Program, ITC) and tourism associations	7	9	16
July 17, 2013, Kick-Off Meeting for Website Development at the State Geology Agency.	9	5	14
July 2013 – Focus Group on Optimization of Inspections, Jalal-Abad	2	6	8
July 2013 – Focus Group on Optimization of Inspections, Osh	5	2	7
July 23 - Monitoring and Evaluation Training for implementing partners (Chamber of Tax Consultants, TATConsulting, Promotank and Animation Studio "5Palcev")	4	4	8
July 26 - Training on Uniform Tax Declaration Requirements and new Law on Tax Amnesty for Research Company Key Staff (TATConsulting and Promotank)	5	9	14
July 26, 2013, Presentation on the Preliminary Website Design for the State Geology Agency.	10	3	13
August 6, 2013, Focus Group Discussion in Osh (Businesses, Tour Operators, Health Resorts, Tourism Associations)	3	9	12
August 7-9, 2013, Three-day workshop, initiated by Ministry of Economy of the KR, for the participants of Methodological Council on Fiscal Policy under the ME KR in Issyk-Kul to consider key issues to amend tax Code of KR.	4	4	8
August 2013 – Focus Group on Optimization of Inspections, Bishkek	4	2	6
August 2013 – Focus Group on Optimization of Inspections, Bishkek	3	3	6
August 14, 2013, Focus Group Discussion in Kochkor (Businesses, Tour Operators, Health Resorts, Tourism Associations)	1	13	14
August 15, 2013, Focus Group Discussion in Cholpon Ata (Businesses, Tour Operators, Health Resorts, Tourism Associations)	3	10	13
August 16, 2013, Focus Group Discussion in Bishkek (Businesses, Tour Operators, Health Resorts, Tourism Associations)	8	7	15
August 16, 2013 - present - Regular meetings on Reforming of VAT/Sales Tax mechanisms based on Resolution of Government of KR #185-r as of 17 May 2013 allowing to eliminate Sales Tax	4	0	4
August 29, 2013 - Round Table discussion of recommendations on optimizing inspections of businesses by State Ecological and Technical Safety Inspectorate under GOK	37	28	65
August 30, 2013, Presentation on HICD Methodology for the Newly Appointed Director of the Tourism Department	2	4	6
September 9, 2013 – Focus group with individual entrepreneurs (market sellers) in Bishkek	3	9	12
September 10, 2013 - Focus group with individual entrepreneurs (textile and garment workers) in Bishkek	2	5	7
September 11, 2013 – Focus group with heads and members of farm enterprises in Talas	9	4	13

REFORMA Event	Men	Women	Total
September 14, 2013 – Focus group with civil servants in Batken	3	4	7
September 15, 2013 – Focus group with individual entrepreneurs in Osh	8	2	10
September 15, 2013 - Focus group with owners of immovable property, vehicle owners and owners of land plots in Jalalabad	11	0	11
September 16, 2013 – Focus group with students in Bishkek	7	3	10
September 17, 2013 – Focus group with civil servants in Bishkek	4	2	6
September 17, 2013 - Public Hearings of draft law "On Licensing and Permits in the Kyrgyz Republic"	74	33	107
September 18, 2013 – Focus group with finance experts in Bishkek	0	3	3
September 19, 2013 – Focus group with heads and members of farm enterprises in Tokmok	8	0	8
September 21, 2013 – Focus group with civil servants in Naryn	1	8	9
September 21, 2013, Presentation “ Policy Options for Indirect Taxation in KG and VAT Administration Process Review”	19	6	25
September 22, 2013 – Focus group with individual entrepreneurs in Cholpon-Ata	4	7	11
TOTAL	738	543	1,281

11. Deliverables and Reports Produced During REFORMA’s Second Year

Project Quarter 1 – October – December 2012

Reform Activity	Name of Annex	English	Russian
REFORMA Brochure	REFORMA Brochure	X	X
	REFORMA Brochure Tender Rules	X	X
Ministry of Economy HICD	HICD MoE - Communications Strategy Work Plan EN	X	
	HICD MoE - Strategic Plan Regulation RU		X
	HICD MoE - Guide on Organizational Structure RU		X
Mining Strategy	Mining Strategy Consortium Work Plan	X	X
	Craig Andrews Scope of Work Revised Dec 10 2012	X	
State Agency for Geology HICD	MOU Signing at the State Geology Agency - Tazabek		X
	USAID MOU Press Release	X	X
Tourism Tax	Tourism Tax Report Dec 2012	X	X

Project Quarter 2 – January – March 2013

Reform Activity	Name of Annex	English	Russian
REFORMA Newsletter	USAID REFORMA Newsletter – Issue 1 – February 2013	X	X
Mining Strategy Reports on International Practice	Report 1: Mining Legal Regimes, Administrative and Governance Constraints – Craig Andrews and Gotthard Walser	X	
	Report 2: Geo-science Information : Aspects of International Best Practice – Craig Andrews and Gotthard Walser	X	
	Comparative International Tax Regimes – James Otto	X	
	Mineral Tender Guidelines – General Principles to Be Applied to the Tender	X	
	Russian Code for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves (NAEN Code)	X	

Reform Activity	Name of Annex	English	Russian
	Note on Product Sharing Agreements and their Use in Mining – A World Review	X	
Mining Strategy Policy Seminars for JK and Government February 18 and 20, 2013	JK Agenda for Seminar February 18, 2013	X	X
	JK Invitation for Seminar February 18, 2013	X	X
	JK Participant List for Seminar February 18, 2013	X	X
	JK Participants - Actual for Seminar February 18, 2013		X
	Government Agenda for Seminar February 20, 2013	X	X
	Government Invitation for Seminar February 20, 2013	X	X
	Government Participant List for Seminar February 20, 2013	X	X
	Government Participants - Actual for Seminar February 20, 2013		X
	Presentation – Economic Potential	X	X
	Presentation – Evaluation of Mineral Deposits	X	X
	Presentation – Exploration and Deposits		X
	Presentation – Institutional Structures	X	X
	Presentation – International Experience in Mining Regulation	X	X
	Presentation – Mining Disputes		X
Presentation – Security Issues		X	
Presentation – SWOT Analysis		X	
Mining Strategy Round Table – Taxation January 29, 2013	Agenda for Round Table	X	X
	Press Release for Round Table		X
	Invitation for Round Table	X	X
	Participant List for Round Table	X	X
	Participants - Actual for Round Table		X
	Article on Round Table		X
	Transcript of Round Table	X	X
	Presentation – Distribution of Benefits		
	Presentation -- EITI		
	Presentation – Experience of Kyrgyzaltyn		
	Presentation – New Tax Implications		
Analytical Slide – New Tax Implications			
Mining Strategy Round Table – Developing Human Capacity February 12, 2013	Agenda for Round Table	X	X
	Press Release for Round Table		X
	Invitation for Round Table	X	X
	Participant List for Round Table		X
	Participants - Actual for Round Table		X
	Transcript of Round Table		X
	Presentation – Design of a System of Education and Human Potential		X
Presentation – Mining Institute		X	
Mining Round Table – Social and Environmental Issues March 14, 2013	Agenda for Round Table	X	X
	Press Release for Round Table	X	X
	Invitation for Round Table	X	X
	Participant List for Round Table		X
	Participants - Actual for Round Table		X
	Transcript for Round Table		X
	Website Coverage for Round Table		X
	Presentation – ECFA/Oxus Local Community Survey		X
	Presentation – Ecology and Monitoring		X
	Presentation – Legal Issues in Protecting the Environment		X
	Presentation – Mutual Relations between Communities and Companies		X
	Presentation – Social Conflict and the Mining Sector		X
Presentation – Tree of Life		X	
Mining Round Table – Legal and Regulatory Environment March , 2013	Agenda for Round Table	X	X
	Press Release for Round Table	X	X
	Invitation for Round Table		X
	Participant List for Round Table	X	X
	Participants - Actual for Round Table		X
	Website Coverage for Round Table		X
	Presentation – Legal and Regulatory History		X
	Presentation – License Litigation		X
Presentation – Licensing Procedures – Subsoil, Land, Inspections		X	

Reform Activity	Name of Annex	English	Russian
	Presentation – Licensing Procedures – New Laws and Policy		X
HICD for the State Geology Agency	CAIC – First Presentation on Findings		X
	CAIC – Financial and Economic Analysis		X
	CAIC – Financial and Economic Analysis Annex		X
	CAIC – Human Resource Analysis	X	X
	CAIC – IT Infrastructure Analysis	X	
	CAIC – Legal Analysis		X
	CAIC – Public Communication Analysis		X
	Target Audience Survey Report	X	X
	Current Licensing Procedures – Subsoil, Land, and Inspections Phases		X
	Current Licensing Procedures – Construction Phase		X
	Recommendation Licensing Procedures		X
Ministry of Economy HICD – Strategic Planning and Communications Strategy	Strategic Plan (PDC)	X	X
	Strategic Plan Regulation (PDC)		X
	Guide on Organizational Structure (Door Media)		X
	Communications Strategy Presentation (Door Media)		X
	Communications Strategy (Door Media)		X
Indirect Tax Policy and Administration Analysis	Presentation of Findings and Preliminary Recommendations	X	
	Presentation to First Vice Prime Minister Otorbaev	X	
	Minutes of Presentation to Deputy Ministers March 20, 2013	X	X
	Minutes of Presentation to Business Associations March 22, 2013	X	X
Tax Declaration Public Education Campaign	Justification to Annual Work Plan	X	X
	General Calendar Plan	X	X
	Circulation and Media Coverage Information	X	X
	Justification to Annual Work Plan	X	X
	Ad in SuperInfo – March 29		X
	Ad in Vechirniy Bishkek – March 22		X
	Ad in Vechirniy Bishkek – March 29		X
	Ad in Vechirniy Osh – March 29		X
	Article in Kyrgyz – SuperInfo – March 22		X
	Article in Kyrgyz – Vechirniy Osh– March 22		X
	Screenshot on Ministry of Economy Website		X
	Screenshot on State Tax Service Website		X
Facebook Screen Shot	X	X	

Project Quarter 3 – April – June 2013

Reform Activity	Name of Annex	English	Russian
REFORMA Newsletter	USAID REFORMA Newsletter – Issue 2 – June 2013	X	X
Mining	Report on Mining Central Asia – Chunuev	X	
	Report on Mining Central Asia – Gainanov	X	
Inspections Legal Review and Survey	Inspections Work Plan (EcoPartner)	X	X
	Inspections Research Methodology	X	X
	Inspections Interviewer's Guide	X	X
	Inspections In-Depth Interview Survey	X	X
	Inspections Survey Questionnaire	X	X
Self-Regulatory Organizations Research	SRO Project Work Plan	X	X
	List of Countries with NLAs for SROs		X
	Analysis of NLAs of Baltic Countries for SROs		X
	SRO Preliminary Mid-Term Report		X

Reform Activity	Name of Annex	English	Russian
HICD for the State Geology Agency	HICD Assessment Report of the State Geology Agency (CAI Consulting)	X	X
	Performance Assessment Results Presentation to Stakeholder Group Meeting (CAI Consulting)	X	X
	Performance Assessment Presentation Handouts to Geology Agency		X
	HICD Report Stakeholder Distribution List	X	
	Phase II Work Plan for Website Development (Yaros)	X	X
HICD for the Ministry of Economy	MoE Communications Strategy Final Report (Door Media)	X	
	MoE Communications Strategy (Door Media)	X	X
	MoE Communications Action Plan (Door Media)	X	X
	MoE Communications Assessment Final (Door Media)	X	X
	Door Media Testimonial Letter to REFORMA		X
HICD for the Department of Tourism	HICD Kick-Off Meeting Presentation to the Tourism Department		X
	Work Plan for the HICD Assessment at the Tourism Department (CAI Consulting)	X	X
Tax Policy and Administration	REFORMA Indirect Tax Policy and Administration, Assessment and Recommendations	X	X
	Collection of Works from the Fifth Scientific-Practical Conference on 'Issues in Using the Tax Code of the Kyrgyz Republic,' the Kyrgyz-Russian Slavic University, Finance and Credit Department		X
Tax Declaration Public Education Campaign	Tax Declaration Campaign – First Quarterly Report (Chamber of Tax Consultants)		
	Tax Amnesty Communication Message (also in Kyrgyz)	X	X
	Press Club Tax Amnesty Presentation (also in Kyrgyz)	X	X
	Press Club Invitation		X
	Press Club Agenda	X	X
	Press Club Banner (also in Kyrgyz)		X
	List of Press Club Participants	X	X
	Press Club and Tax Amnesty Information (also in Kyrgyz)		X
	Published Tax Amnesty Communication Message (also in Kyrgyz)		X
	Published Tax Amnesty Communication Message (also in Kyrgyz)		X
	Newspaper Column, 'Useful Information to Assist Taxpayers' (also in Kyrgyz)		X
	Terms of Reference for Video and Audio Production Tender		X
	Audio (2) and Video (4) Scripts on Universal Declaration		X
Audio (5) and Video (5) Scripts on Universal Declaration		X	
Academic Studies in Tax Policy	Collection of Works from the Fifth Scientific-Practical Conference on 'Issues in Using the Tax Code of the Kyrgyz Republic,' the Kyrgyz-Russian Slavic University, Finance and Credit Department.		X

Project Quarter 4 – July – September 2013

Reform Activity	Name of Annex	English	Russian
HICD for the State Geology Agency	Phase II Work Plan for Database Development (Timelysoft)	X	X
	SAGMR Testimonial Letter to REFORMA	X	
HICD at the Ministry of	MoE Strategic Passport approved by the MoE Order No. 45, March 04, 2013	X	X

Reform Activity	Name of Annex	English	Russian
Economy	MoE Order No. 45, March 04, 2013 introducing a new planning and budgeting regulation process, new rules for the formulation of goals, description of functions and preparation of the annual action plan at the Ministry of Economy		X
	MoE Order No. 164 dated Aug 13, 2013 on a new structure of the Ministry of Economy		X
	MoE Order No. 179, Aug 28, 2013 approving revised 16 Regulations for the MoE Departments following restructuring of the functions and a new MoE structure		X
	MoE Order No. 205, Sept. 24, 2013 approving the Communication Strategy and the PR Action Plan of MoE for 2013 – 2015		X
	Communication Strategy Presentation to the MoE leadership and staff	X	X
	Communication Tools Handbook for the MoE PR Staff		X
Inspections Reform	Surveys and guides for Research and Assessment of the State Ecological and Technical Inspectorate	X	X
	5 presentations for Round Table discussion on findings from the Research and Assessment of the State Ecological and Technical Inspectorate		X
Self-Regulation	Presentation on SRO findings (draft)		X
Tax Policy	Models of mining taxation in Kyrgyz Republic based on gold deposit “Jerui” and “Kumtor”		X
	Summery review of the Report of GMP of 12 July 2013 on Trends in Mining Taxation		X
	Production Sharing Contract summery review prepared based on the Report of LLP “GMP Securities” of 12 July 2013 on Trends in Mining Taxation		X
	Draft of Production Sharing Contract		X
	Presentation “Mining Taxation Diagrams”		X
	Comparative analysis on 3 options of Corporate income Tax advance payment computation		X
	Draft of the Law of KR “On amendments to Tax Cody of KR” regarding computation of VAT on medicines		X
	Rational to Prime Minister of the KR on formation of Fiscal Methodological Committee under the Government of the KR		X
	Reforming of VAT/Sales Tax mechanisms based on Resolution of Government of KR #185-r as of 17 May 2013 allowing to eliminate Sales Tax		X
	The Concept for “Improvement of tax administration in the Kyrgyz Republic”	X	X
	Presentation of The Concept for “Improvement of tax administration in the Kyrgyz Republic		X
	Draft Law On amendments to Tax Code of the KR regarding excise tax on tobacco products		X
	Regulatory Impact Analysis of the Draft Law On amendments to Tax Code of the KR regarding excise tax on tobacco products		X
Model of computation of excise tax on tobacco products		X	
VAT Administration	VAT Administration Study – Work Plan	X	X
	VAT Administration Study – Methods of sampling for conducting focus groups	X	X
Tax Declaration Public Education Campaign	Tax Declaration Campaign – Second Quarterly Report (Chamber of Tax Consultants)	X	X
	Agenda of the seminar for Government Agency Representatives on provisions of Tax Amnesty Law		X
	List of participants of the seminar for Government Agency Representatives on provisions of Tax Amnesty Law.		X
	Terms of Reference for taxpayer awareness survey tender	X	X
	Agenda for the Monitoring and Evaluation Training for implementing partners (Chamber of Tax Consultants, TATConsulting, Promotank and Animation Studio "5Palcev")		X

Reform Activity	Name of Annex	English	Russian
	List of participants of the Monitoring and Evaluation Training for implementing partners		X
	Agenda of the training on Uniform Tax Declaration Requirements and new Law on Tax Amnesty for Research Company Key Staff (TATConsulting and Promotank)		X
	List of participants of the training on Uniform Tax Declaration Requirements and new Law on Tax Amnesty for Research Company Key Staff		X
	Tax Awareness Survey questionnaire	X	X
	Tax Awareness Survey methodology		X
	Tax Awareness Focus Group methodology	X	X
	Pre-testing of personages, voices and music for animated videos		X
	Poster on Tax Amnesty procedures (A2, A3, A4 size) (also in Kyrgyz)		X
	Car bumper sticker on tax amnesty procedures (also in Kyrgyz)		X
	Internet banner on Vecherniy Bishkek web-site on tax amnesty campaign		X
	Special edition of Salyk Info newspaper devoted to the universal declaring and tax amnesty (also in Kyrgyz)		X
	Terms of Reference for developing a web-page on universal declaring on the STS web-site.		
	3 Video commercials on tax amnesty (also in Kyrgyz)		X
	Technical report on focus group discussions	X	X
	Technical report on field survey	X	X
	Training guide for survey interviewers		X

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