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KYRGYZ REPUBLIC

USAID Business Growth Initiative (BGI)

Year 2, Second Quarterly Report

First Quarter 2016

April 30, 2016

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1. Summary of Activities and Major Accomplishments during First Quarter of 2016

The following have been BGI's primary activities and major accomplishments in the first quarter of 2016:

Apparel Sales/Buying Missions to Russia, Europe and China

In February, the BGI apparel team conducted its first sales mission to attract major Russian retailers, which generated an immediate request for 75 price quotations for garments from Kyrgyz apparel firms. Of these, eight producers subsequently received 38 style requests, an impressive conversion rate of more than 50% and representing potential orders of more than US \$2 million. This is the first time that most Kyrgyz firms have been asked to prepare samples for potential orders in line with standard buying practices of global retailers. Mellon Fashion Group has already placed one order for women's dresses worth approximately \$30,000.

In March, the BGI team called on potential buyers in Europe to determine their requirements in production capacity, quality, pricing, delivery time, and ethical standards to capture a share of the European retail and online clothing market. In the United Kingdom, the team visited Primark, a mass-market clothing retailer, and in Italy United Colors of Benetton. They also met with Swedish brands, Nelly and Brothers. Brothers submitted nine style requests, which were distributed among four Kyrgyz firms, and its CEO intends to visit Kyrgyzstan in May. It is expected that Primark will also generate style requests in the near term. Overall, European retailers expressed interest in working with the Kyrgyz firms once suppliers prove their abilities to comply with EU standards. BGI has hired several consultants to implement changes.

To support the apparel sector's need for high-quality fabric, the BGI team undertook a sourcing mission to China also in March and met with 14 textile mills with positive results. Ultimately, BGI will help Kyrgyz firms combine fabric orders and consolidate shipments to obtain volume discounts and lower transport costs.

Karakol and Jyrgalan DMOs Grants Award Ceremonies

In March, BGI supported two events that reflected the project's intended grant awards to BGI DMOs in Karakol and Jyrgalan. On an official visit to Karakol, US Ambassador Shiela Gwaltney awarded a plaque commemorating the formal registration of the Karakol destination management organization (DMO), *Destination Karakol* at a ceremony that took place in the DMO's new office. BGI will award the DMO a grant to support a portion of first-year operating expenses, including office rent, furniture and equipment, and salary for the DMO's Executive Director. After the Ambassador visited the businesses of several other Karakol DMO members, she also handed over avalanche safety equipment valued at \$18,000 to the Jyrgalan DMO. The goal of the Jyrgalan DMO is to build a community-based tourism business based on its assets as an emerging backcountry ski destination in winter and a venue for hiking and trekking in summer. Karakol Mayor Ryskul Kalygulov was present at both DMO events.

Destination Karakol Community Presentation

Four weeks later, on March 31, Destination Karakol made its first presentation to the Karakol community by introducing its plans to develop and promote tourism products and services in the greater Karakol area. The DMO also urged the more than 60 participating entrepreneurs and tourism service providers to join the group and contribute toward raising Karakol's appeal as a year-round tourism destination. During the presentation, DMO founding members introduced the management structure of *Destination Karakol* and discussed plans to transform Karakol's river front into an inviting public space for recreation and relaxation for both tourists and the community. Experts from the USAID BGI project also presented plans for providing capacity development assistance to guest houses and museums and presented ideas for developing tourism in Karakol based on the success of the U.S. city, Estes Park, Colorado. After the presentation, Destination Karakol attracted 25 new members in addition to the six

core founders. Issyk-Kul Oblast Governor Askhat Akibaev made opening remarks at the presentation, in which he announced that he himself would become a member of the DMO.

Participation in Tourism International Exhibitions

The USAID BGI Project sponsored the participation of members of the Kyrgyz Association of Tour Operators (KATO) and the Association of Kyrgyz Resorts (AKK) in two leading travel exhibitions in Europe and Russia. In March, BGI promoted Kyrgyzstan's tourism offerings at two exhibitions – ITB Berlin and the Moscow International Travel & Tourism Exhibition (MITT). This was the first time that six members of the Kyrgyz Association of Tour Operators (KATO) promoted a shared Kyrgyzstan booth at ITB Berlin, although several other Kyrgyz tour operators participated independently or with regional partners. KATO's booth featured an authentic Kyrgyz yurt, in which tour operators negotiated partnerships for 2016 among colorful shrydaks and tush-kiyis. The yurt promoted authenticity that helped set Kyrgyzstan apart from the surrounding CIS exhibitors, participants said. Tour operators concluded a total of 15 new contracts in Berlin and confirmed continued partnership with 52 existing European clients. In Moscow, Azamat Zhamankulov, Deputy Minister of the Ministry of Culture, Information and Tourism, joined KATO and AKK in exhibiting with 11 tour operators and resort. Kyrgyz exhibitors conducted more than 900 meetings in Moscow, resulting in 51 new contracts with clients predominantly from Russia, Turkey and Kazakhstan.

Presentation of Strategy for Construction Materials Value Chain

On February 24, BGI introduced its strategy to strengthen the performance of the Kyrgyz construction materials sector at a round table in which partners, International Business Council (IBC) and the Association of Young Entrepreneurs (JIA), presented findings of a sector study sponsored by BGI. After IBC Executive Director Temirbek Azhykulov presented sector research, BGI set forth its initial vision for working with two sector sub-groups – decorative stone producers and JIA's construction committee comprised of more than 30 producers of basic building materials – bricks, cement and concrete. BGI will assist 12 producers of decorative stone to establish a business association and provide partial initial funding for its start-up and operating costs. The primary purpose of the association will be to identify new markets for Kyrgyz decorative stone and assist firms in accessing these markets through research, marketing and sales efforts. BGI is currently developing its strategy to provide assistance to producers of basic building materials, which will focus on introducing energy-efficient manufacturing processes to reduce production costs and product quality standards to improve building safety. A total of 55 sector stakeholders participated in the meeting.

Adoption of Amendments to Inspections Law

On April 15, President Atambaev signed amendments to the Law “On Procedures for Inspecting Business Entities,” which simplifies and clarifies procedures that are to be undertaken by regulators when conducting business inspections. The amendments, passed by the Jogorku Kenesh on March 3, reflect the results of a legal review and regulatory optimization program undertaken by the Ministry of Economy that began in 2014 and was supported by both the USAID REFORMA and BGI projects. These amendments address the duplications, gaps, and inconsistencies present in more than 100 normative legal acts (NLAs) that govern the authorities, functions, and conduct of ecological and technical safety inspections. The new legislation requires that inspectors utilize new checklists for conducting inspections covering environmental impact, land use, fire, labor safety and others that had been drafted by USAID to reflect only laws and regulations that are legally mandated for inspection. Overall, new legal provisions, adoption of revised checklists, and clear, documented rules for conducting inspections significantly improve inspections processes and reduce costs for both businesses and regulators.

2. Challenges and Risks to Project Implementation

As previously communicated, by far the largest challenge and risk that BGI faces right now relates to the future of USAID programming relative to the Government of the Kyrgyz Republic's unilateral termination of the 1993 bilateral agreement with the United States Government. As USAID is well aware, this places all future USAID programming at risk, including the delivery of the BGI Project. BGI

is awaiting USAID's resolution of this diplomatic issue. In the meantime, BGI has focused primarily on delivering assistance under our value chain development activities and has generally found ways to avoid payment of VAT in pursuing these activities.

3. Textile/Apparel Value Chain

BGI's Activities in Q1 2016

Development of Overall Market Entry Strategy for the Apparel Sector

BGI Second Year Work Plan, Apparel, Activity 1.1

During the first quarter, BGI finalized a long-term contract with Mike Mikkelsen to develop an overall market entry strategy for the Kyrgyz apparel sector to enter the European and Russian retail chain clothing markets. Under his direction, BGI identified that Kyrgyz market development strategies should focus on serving three parallel tracks, based on an assessment of the potential competitive advantages represented by Kyrgyz apparel makers:

1. **Retail Direct:** Offer open-to-buy, in-season services to address retailers' interests in responding to fashion and market trends as they develop. Kyrgyzstan can compete in this market in which low quantities, but fast turn-around, are key characteristics. Currently, European retailers utilize Turkish companies in this way, but Kyrgyzstan can offer lower prices while similar production and delivery times. Kyrgyz producers offer low-cost but skilled labor, relatively high and improving productivity, available capacity in sampling and production, 14 days transport to Europe, and easy access to low cost, good quality materials and trims from proximity to China;
2. **Brand Direct:** Offer low minimum-order quantities, also with fast turn-around. Emerging brands fit this niche, and Kyrgyzstan's competitive advantages are similar to those for retail direct;
3. **Blue Chip Retail Direct:** Work with 2-3 large retailers willing to work with BGI to assist Kyrgyz companies to build capacities to serve their needs and provide a commitment to "build it, and we will come."

Based on these three market entry approaches, Mike Mikkelsen and the BGI apparel team conducted sales missions to Russia and Europe during the first quarter and generated the results described below.

Marketing Initiatives with Russian Retailers

BGI Second Year Work Plan, Apparel, Activity 1.1

In the first quarter of 2016, BGI launched a new apparel marketing and sales approach that will focus on building a sustainable business by working with reputable retailers/brands in Russia and Europe. In February, BGI's team of international apparel experts completed a highly successful sales trip to Russia where they met with key buyers and decision makers at select retailers, such as Concept Club, Melon Fashion Group, INCITY, and Oodii.

The apparel team selected these retailers because of their market position and commitment to sustainable development and relationships with suppliers. For example, Concept Club, is a fashion retailer that operates 200 stores under three brands: *Concept Club*, *Acoola kids*, and *Infinity Lingerie*. Melon Fashion Group is another strong fashion retailer that owns and operates under three women's brands: *Love Republic*, *Befree*, and *Zarina*. *Love Republic* has 180 stores in five countries; *Befree* has 253 stores in four countries; and *Zarina* has 253 stores in Russia with one franchise in Kazakhstan. INCITY, which is owned and operated by the Russian fashion company *Fashion Continent* and *DESEO* has 450 stores in Russia that sell a wide range of women, men, and children's formal and casual attire. Finally, *Oodji* is a youth fashion chain that operates 280 stores in Russia and other CIS countries.

BGI's apparel team prepared for these meetings by working with a nucleus of 13 Kyrgyz front runner and leader apparel producers who were pre-selected by the team based on buyer requirements and factory capabilities. Under the close supervision of the apparel team, the Kyrgyz firms produced

samples and pricing information which the team presented to the buyers in Russia. The outcome was extremely positive as the Russian buyers provided 45 style requests which have a potential for orders exceeding 450,000 pieces, equivalent to about \$2.7 million in contracts. These style requests cover product categories such as women's and children clothing specifically coats, trousers, and suits. The style requests have been distributed among eight Kyrgyz companies, which have been asked to prepare quality samples, provide exact and competitive pricing, and demonstrate well-organized production systems. Style requests are converted to contracts if the Kyrgyz companies can demonstrate to the buyers that they can produce large quantities of quality product at a competitive price.

Marketing Initiatives with European Retailers

BGI Second Year Work Plan, Apparel, Activity 1.1

In March, BGI found that interest from Russia was rivaled by growing interest from UK and Swedish fashion retailers. The BGI apparel team completed preliminary sales visits to the UK and Sweden and were met with strong interest from buyers at Nelly, Brothers and Sisters, ASOS, and Primark. Nelly is a leading Swedish online fashion retailer selling apparel for women and men between the ages 18 to 35. Brothers and Sisters is a growing Swedish fashion retailer. ASOS is a UK-based online fashion and beauty store that targets mostly young adults, ASOS sells more than 850 brands and generated revenues of \$1.6 billion in 2015. Primark is an Irish-based, mass-market clothing retailer with almost 300 stores in Austria, Belgium, France, Germany, Ireland, Portugal, Spain, Netherlands, the UK, the US and, eventually, Italy. Annual sales in 2015 were almost \$10 billion.

Buyers from Brothers and Sisters submitted nine style requests for jackets, suits, and sweaters, which have been distributed among four Kyrgyz producers. Primark just recently also submitted 34 style requests for dresses, skirts, jackets, and sweaters, which BGI will apportion to the right producers.

As a result of these meetings, international buyers are beginning to see the benefits of working with Kyrgyz producers. Style requests are important barometers of success as these are actual leads or opportunities to provide samples and pricing as part of an offer to customers. Successful conversion of style requests to orders is a key measure of firm efficiency. As the immediate need is to satisfy the many style requests of potential buyers, there is a lack of ready access to the necessary fabrics and trims even to complete these style requests. BGI began to address this challenge by traveling to China and establishing direct access to sources of low cost inputs directly from factories.

Capacity Development to Meet Buyer Specifications

BGI Second Year Work Plan, Apparel, Activity 1.1

But European and Russian interest in Kyrgyz producers may prove to be fleeting because the Kyrgyz apparel industry does not understand buyer requirements nor how to deal with reputable Russian and European buyers that operate according to international practices. Kyrgyz companies are unable to create the right marketing/sales packages (accurate cost, samples, delivery terms, finance) and cannot gain access to the right decision makers within retail firms on their own. Kyrgyz firms also lack the ability to communicate effectively with buyers and understand their technical requirements. There are major limitations with Kyrgyz firms' ability to organize and manage the workflow from purchase order to delivery, including in-line quality assurance, knowledge of technical specifications, pattern making, graphic design, logistics, documentation, compliance (social, labor, environmental, health, safety), and financial terms/tools. This lack of experience extends to all aspect of business management.

BGI recognizes these constraints and proposes to build the capabilities of local producers by founding a new organization called the Kyrgyzstan Center for Textile and Apparel Research (KCTAR). KCTAR is envisioned to act as a single marketing, sales, and product development point of contact between international buyers and Kyrgyz apparel producers. Thanks to BGI's engagement of Mike Mikkelsen, BGI has recruited an experienced team of Russian-speaking, short-term advisors, including experts in sales/marketing (Yulia Ediger), pattern/marketing (Ekaterina Zibrova), merchandising (Anna Tarantova), and sourcing (Bermet Sygygalieva), who are filling vital roles. BGI envisions that these individuals will

train Kyrgyz counterparts in their areas of specialization and form part of a 12-person staff, eventually augmented by a graphic designer, quality assurance specialists, and a design and trend manager.

Since March, the BGI apparel team has been working with 16 Kyrgyz firms in order to help them become suppliers to those interested Russian and European retailers. The Kyrgyz firms produce women's dress pants, dresses, blouses, knitwear, blazers, coats, skirts children's dresses, and men's suits. Specifically, the sourcing, pattern and marking technician, and merchandising specialists are providing assistance to these firms to help them with system engineering activities for production of quality apparel products that will fully meet the specifications provided by the international retailers and brands.

Style Request Scorecard

	Company Name	Product Specialization	Number of Quoted Styles	Number of Live Style Requests Received	Quotation to Sampling Conversion %
1	Aktis	Womens Pants	4	2	50%
2	Ardamina	Sweaters	6	3	50%
3	CTB	Dresses, Blouses	0	0	0%
4	Credo	Dresses and Skirts	0	0	0%
5	Danil	Mens Tailoring	0	0	0%
6	Diva Style	Fancy Dress Costumes	0	0	0%
7	E-Line Moda	Womens Blazers and Coats	3	1	33%
8	Larisa Fashion	Blouses	2	1	50%
9	Lila Style	Girls Dresses	4	0	0%
10	Nazik	Dresses and Skirts	24	15	63%
11	Olga Classic	Outerwear	5	2	40%
12	Panin	Womens Tailoring	18	8	44%
13	R&I	Sweaters	0	0	0%
14	Tedis	Womens Coats, Dresses, Blouses	4	1	25%
15	Viva Tex	Sweaters	0	0	0%
16	Zorin	Mens Tailoring	5	5	100%
		TOTAL	75	38	51%

Most of BGI's work in the past month has been devoted to helping the firms prepare samples and price quotations. Table 1 is a style request scorecard that summarizes how the quotations and style requests have been managed with the firms. In total, Kyrgyz firms have provided 75 price quotations for producing specific garments to buyers, and, based on these quotations received 38 style requests (51%) which are direct requests from buyers to produce samples of styles that meet price targets set by the buyers. Companies such as Nazik and Panin provided, respectively, 24 and 18 quotations and received, respectively, 15 and eight style requests. Zorin provided five quotations and has a 100% rate of converting quotations into style requests. Generally, quotation to sampling rates are considered a barometers of a company's ability to provide accurate pricing quotations that meet the buyers' price ranges. Style or sample requests are necessary for securing orders, so by increasing conversion rates, the companies increase their odds of getting orders.

The team has met regularly with the companies and have identified issues with the quality of Kyrgyz production systems, which, on the whole, lack quality assurance and control at nearly all of the companies during all stages of production. The table below summarizes these findings as almost all of the companies, except for Zorin, Larisa Fashion, and Panin, do not have any type of quality management systems in place. The presence of these systems are critical for ensuring that a quality product is being shipped to customers.

Summary of Quality Assurance and Control

Company Name	Product Specialization	In-Line Control	FQC ¹	Measurement Control
Aktis	Womens Pants	No	No	No
Ardamina	Sweaters	No	Low	No
CTB	Dresses, Blouses	No	No	No
Credo	Dresses and Skirts	No	No	No
Danil	Mens Tailoring	TBA	TBA	TBA
Diva Style	Fancy Dress Costumes	No	No	No
E-Line Moda	Womens Blazers and Coats	No	Low	No
Larisa Fashion	Blouses	Medium	Medium	No
Lila Style	Girls Dresses	No	Low	No
Nazik	Dresses and Skirts	No	No	No
Olga Classic	Outerwear	No	Low	No
Panin	Womens Tailoring	No	Medium	No
R&I	Sweaters	NO	Low	No
Tedis	Womens Coats, Dresses, Blouses	No	No	No
Viva Tex	Sweaters	Low	Low	No
Zorin	Mens Tailoring	Medium	Medium	No

In addition, BGI will provide assistance to the Kyrgyz apparel firms, all of which face similar challenges, such as lack of human resource development, high staff turnover, limited factory footage for quality inspections and packing of products, lack of in-line quality assurance processes, no inspection of apparel sizing, and under-utilized equipment. Some of the companies are reorganizing their activities based on vital input from the apparel team, and these firms are in the best position to receive orders. Zorin has already received a trial order for 4,000 dresses from Melon Fashion Group.

Strategic Sourcing from Chinese Textile Mills

BGI Second Year Work Plan, Apparel, Activity 1.1

While Kyrgyz producers are competitive in labor costs compared to China, there is room to reduce costs through fabric supply directly from textile mills. Direct access to low cost and quality fabrics and trim from China is crucial the success of Kyrgyz apparel firms as they enter new markets. Kyrgyz producers rely heavily on Chinese fabrics, which are purchased in the Dordoi and Madina bazaar wholesale markets. These domestic sources of materials serve an apparel industry where the final consumers are bazaar wholesalers, primarily in Russia, and adequately address the production requirements of professional retailers in terms of quality, lead time, formalization, long-term inventory planning, and other critical elements. These supply sources are reliable only in case of emergency or to fulfill small-order, fast fashion. Even so, overall fabric quality is often lacking in fabrics available through these wholesale bazaars.

BGI's apparel team is taking a highly aggressive approach to the sourcing issue and is developing its own long-term relationships directly with reputable Chinese mills on behalf of BGI partners. BGI seeks

¹ First Quality Certification

to establish and promote a transparent fabric and trim input value chain system that can compete against the current shadow system of cheap raw material supply. Supply logistics supporting this factory-direct strategy is challenging due to the low-quantity orders from Kyrgyz apparel makers. For example, currently, inputs purchased from China are shipped by truck without supporting customs documentation and less than full container loads. This increases costs by 52% – 17% for trucks without documentation plus 35% for trucks less than fully loaded.

Input Transport Costs

Mode of Transport China-Kyrgyzstan	Extra Costs %
Truck without Documentation	17%
Truck LCL	35%
Train FLC	14%

In March, BGI’s apparel team conducted a sourcing trip to China in order to identify sources of supply for low-cost fabric, trim and accessories that would enable Kyrgyz companies to meet the cost expectations of reputable Russian and European brands and retailers. The apparel team had meetings with managers of 14 textile mills that have extensive experience of working with European and U.S. retailers.

Overall, the Chinese mills were pleased that Kyrgyzstan presents a new market for cooperation and are keen to establish long-term relationships with Kyrgyz producers. The team identified suitable textile mills in China that offer good prices and quality for tailoring, twill and viscose materials. The mills are prepared to sell the right types of fabric for the samples that are needed to fulfill the style requests for current buyers.

In the second quarter, BGI will seek to deepen these relationships in order to manage supply chain risks and ensure that Kyrgyz firms have access to low cost and quality inputs that meet buyer requirements. BGI intends to retain the services of a sourcing specialist to be based in China who will manage and develop sourcing relationships and provide training to Kyrgyz firms in dealing with input suppliers during quarterly trips. In addition, BGI intends to reduce the sector’s heavy reliance on China as a source for inputs by developing other suppliers of natural fabrics in Belarus and Tajikistan. This last activity will be supported by efforts that will be made during the group’s participation at the annual meeting of the Better Cotton Initiative in Hong Kong in June.

Innovation Club Meetings

BGI Second Year Work Plan, Apparel, Activity 1.2

BGI keeps Kyrgyz apparel makers informed about project results and future by conducting monthly Innovation Club meetings. The Innovation Club is designed to share experiences and promote implementation of best practices among Kyrgyz apparel front -runner and leader firms.

BGI conducted two Innovation Club meetings during the quarter on January 22 (#4) and February 25 (#5). In January, Mike Mikkelborg presented his vision of a development strategy for the sector and introduced the concept of KCTAR. In addition, Kevin Yates, an apparel expert who operates as an intermediary between large European retain buyers and supply factories in various countries of Asia presented his initial views on the outlook for the Kyrgyz apparel sector. Overall, participants were positive about the strategy presented.

In February BGI presented the positive results received from the sales/marketing trip to Russia and meetings with reputable Russian retailers such as Melon Fashion Group, Incity, Concept Club, and Takko.

Ms. Yulia Ediger, BGI's apparel sector sales and marketing specialist, shared with the audience the screening criteria used by Russian retailers when selecting new suppliers. She explained the importance of product quality, pricing and speed of production for retailers. Kyrgyz producers must offer modern and trendy styles with lower costs and better quality in order to build long-term relationships with these retailers. Ms. Ediger also highlighted that Kyrgyzstan can specialize in producing *fast-fashion* models for the Russian market, offering the latest styles from European fashion shows.

Ms. Ekaterina Zibrova, BGI's apparel sector technician and pattern and marker specialist, encouraged the firms to work together to develop the high level of technical requirements Russian and European brands and retailers demand. Ms. Zibrova will work closely with the apparel firms to help them meet the required quality standards, from fabric purchase to delivery of final goods. She concluded that Kyrgyz producers have all the resources to successfully work with leading retail companies.

Strengthening the Productivity and Quality of Sewing Operators

BGI Second Year Work Plan, Apparel, Activity 1.1

In the first quarter of 2016, the BGI Human Capital Development team launched a six-day training-of-trainer program for 14 trainers from nine apparel companies who will further train sewing operators from their own companies to improve their skills and increase production efficiency. The training also taught them how to select new candidates for sewing operations and train underperforming operators to perform required job duties. The training sought to address the high rate of attrition of sewing operators among apparel firms and to improve their performance, which is essential to achieve improvements in productivity that will strengthen their competitiveness in global markets.

The program included four days of theory and two days of practical training within the premises of the Zorin factory, which included new sewing foundation skills, methods for improving sewing movements to achieve greater speed and rhythm, better machine and fabric control while sewing, improving in work station layout, and cycle timing to reach greater efficiency and performance targets in pieces per day. Local trainers are expected to train minimum 50 trainees per year within their companies. The TOT program was designed and delivered by BGI apparel advisor Paul Collyer, who will also monitor the trainers' performance by observation visits throughout the year, as well as through the submission of training record sheets to track progress of the sewing operators.

Within two months of the training, several apparel firms organized a training for their staff and improved several production process improvements. Ms. Svetlana Yausheva, a ToT participant, delivered a follow-on training for 17 colleagues involved in production at Bosser Lux, an apparel maker of men's suits. In addition, Ms. Nataliya Zorina, an owner of men's suits producer experienced improvement in the recruitment process using a trainability assessment tool promoted by the training program, which resulted in hiring 9 employees. As a result of the changes Ms. Zorina introduced, sewing operators have significantly reduced cycle times (the time it takes to complete one sewing operation) from 1 minute to 30 seconds, a rate of production produced by Zorin's best operators. Ms. Zorina states that the firm has achieved 20% improvement in output per day based on recent changes implemented, including those based on attended the ToT. The company Aktis using the trainability test hired 2 new sewing operators and improved 2 operations (specific data provided in the table below).

Development of a Tax Strategy for Apparel Firms

Tax issues have become one of the main constraints that are negatively affecting the apparel sector's transition from "bazaar trade" to formal business with international. To assess the current tax regime and develop recommendations for Government adoption, BGI subcontracted a local tax/legal consultant to provide legal services. Currently, Kyrgyz apparel producers may operate under either general tax system or apply the simplified system of taxation through the patent regime. Due to enormous disproportion in tax burdens between these two regimes, nearly all apparel firms are registered as patent-payers. This constrains sector growth and prevents firms from claiming revenue of more than 8 million soms (roughly \$110,000) to avoid crossing the threshold at which they must register as VAT payers under the general tax regime.

The Consultant analyzed existing tax regimes and presented to BGI his conceptual recommendations that could enable apparel manufacturers to make a transition to the general tax regime as formal legal entities. Following the review of the recommendations and their finalization, BGI will present these recommendations either to the Government or to the Parliament for further promotion.

New BGI Initiatives Planned for Q2 2016

Official launch of KCTAR

BGI Second Year Work Plan, Apparel, Activity 1.1

Currently, Kyrgyz apparel firms have virtually no experience dealing with the requirements of reputable EU and Russian retailers/brands that operate according to international practices. This lack of experience extends to all operations required to serve the international apparel industry including: production, sourcing, marketing/sales, product development, human resources, compliance, and finance. Kyrgyz companies are unable to create the right marketing and sales packages (accurate cost calculations, samples, delivery terms, finance) nor gain access to the right decision makers. The Kyrgyz firms are also unable to communicate with buyers and understand their requirements. This gap extends also to include major limitations in organizing the entire product work flow, from purchase order to delivery, as Kyrgyz firms do not understand buyers' technical requirements. These limitations have become very clear as Kyrgyz firms have struggled to respond to the price quotations and style requests already generated by pilot selling missions to Russia and Europe. BGI has concluded that Kyrgyz firms are currently unable to meet this demand due to gaps in line-quality assurance, technical specifications, sourcing, pattern making, graphic design, logistics, documentation, compliance (social, labor, environmental, health, safety), and tools through which to provide standard industry financial terms to buyers.

Consequently, BGI seeks to create an institution to deliver sustainable development services that addresses these constraints and provides a consolidated approach to representing Kyrgyz firms to international markets and buyers. BGI proposes to call this institution the Kyrgyzstan Center for Textile and Apparel Research (KCTAR) and build its capabilities to serve as a single marketing, sales, and product development point of contact between buyers and Kyrgyz apparel producers. KCTAR's vision is to support the industry to be internationally competitive in apparel and textile production for professional brands and retailers around the world and, as a result, to create more jobs and increase salaries with the effect of greater economic growth and stability in Kyrgyzstan. This vision will be achieved in an ethical, sustainable and environmentally conscious manner that cultivates a skilled workforce who will enjoy a high quality of life and higher salaries. KCTAR's mission is to enable the industry to offer solutions to brands and retailers that add true value and enhance their clients' capabilities to offer great fashion products, the best price, and at the fastest possible time to market. The industry can deliver by learning and implementing needed enhancements that are necessary to attract orders and successfully deliver against exacting buyer requirements.

During the first quarter, BGI began exploring with USAID how to structure this entity to achieve the development goals represented by its investment in BGI activities while meeting the development needs of the Kyrgyz apparel sector. While BGI originally envisioned creating this entity to be funded by USAID grants from the beginning, upon further discussion BGI and USAID decided to register the organization as a legal entity but initially to support it operationally through ongoing BGI funding. The primary objectives of KCTAR will be to achieve the following:

1. Identify and attract new markets, brands and retailers;
2. Improve the competitive advantage of the Kyrgyz apparel and textile industry;
3. Ensure that full social, labor, environmental, health, and safety compliance and dialogue is practiced at all levels of the industry;
4. Build the image, position and brand of the Kyrgyzstan apparel industry; and
5. Inform and guide policy change which will improve the enabling environment for positive sustainable growth of the apparel industry

KCTAR will achieve these objectives by filling a major gap that exists between professional international brands and retailers and the current capabilities of the Kyrgyz apparel firms. KCTAR will provide centralized support functions to the members will enabling efficient trade with these customers. KCTAR will utilize internal resources and external consultants to support the following functions:

- Marketing and sales
- Customer request and order management Style to purchase order tracking
- Purchase order to delivery tracking
- Apparel construction and technical specifications
- Input sourcing
- CSR and EHS compliance
- Quality assurance
- Productivity
- Pre-shipment testing of products
- Human resource development

In the second quarter, BGI expects to finalize the corporate structure of KCTAR and register the required legal entities. The primary reason for creating a legal infrastructure for the entity is to enable KCTAR to sign contracts with interested buyers through which Kyrgyz apparel producers will deliver orders to primary retailers. In addition, BGI will identify those apparel firms willing to commit to participate in KCTAR's market and capacity development activities by collecting ongoing fees for providing services. BGI will also hire a short-term legal advisor to review the proposed contracts and provide guidance to KCTAR and Krygyz firms.

Social and Environmental Compliance

BGI Second Year Work Plan, Apparel, Activity 1.1

International retailers have become interested in sourcing their apparel from Kyrgyzstan, but reputable buyers have strict policies regarding social, labor, environmental, and safety codes of conduct that they demand from their suppliers. Suppliers must ensure the following:

1. Safe and healthy workplaces and guarantees of worker rights to a fair living wage;
2. Healthy ecosystems that provide people with natural resources, such as clean air and water, and prevent harm to the natural environment;
3. Animal welfare that acknowledges that animals are entitled to humane treatment and must be respected through the adoption of good animal husbandry and non-animal test methods.

BGI's apparel team is working with Consulting Service International (CSI), a well-known, Hong Kong-based consulting firm that specializes in providing actionable corporate social responsibility (CSR) approaches for apparel companies throughout the entire supply chain. In the second quarter, the CSI team will prepare baseline assessments and work with factories to develop corrective action plans for at least eight Kyrgyz apparel companies. These plans will satisfy the requirements of European buyers who seek this type of CSR compliance.

Quality Assurance/Control and Productivity Improvement Manual

BGI Second Year Work Plan, Apparel, Activity 1.1

To improve firms' abilities to pursue identified market entry strategies, consultant Paul will prepare a comprehensive factory operations manual and work with apparel firms to adapt the manual to specific company needs. In the manual, he will cover production flow layouts to maximize use of space, time and quality management, inline and post production quality assurance and quality control processes and systems, standard operating procedures (SOPs) for factory processes, standard minute value (SMV) formulas for calculating total production costs into price quotations, optimal processes for managing material intake, material storage, cutting, sewing, and finishing/packing. He will incorporate elements of a previously developed and supplied training manual for sewing operators and labor cost control systems. He will also develop and introduce factory quality management report templates, proposed factory organizational charts with identified roles and responsibilities, and factory daily score cards to assess company performance. He will present and explain the manual and templates to BGI

participating firms and train two quality assurance specialists, whom BGI intends to hire in the second quarter.

Launch of Innovation Centers in Bishkek and Osh

BGI Second Year Work Plan, Apparel, Activity 1.4

To help small firms continue to compete in traditional bazaar markets, BGI formed a strategy to provide collective assistance to these firms and found an efficient way to reach them – at their point of production within former Soviet factories housing multiple workshops. Following a request for applications for creating apparel *innovation centers* in these factories to supply outsourced services to small apparel workshops, BGI selected two companies – TeDIS, located in the *First of May* factor in Bishkek and Dastan Style LLC, in the centrally located *Dom Bita* in Osh – as recipients of assistance to establish innovation centers. BGI will provide seed capital to these firms through its newly launched grants program.

During the first quarter, BGI helped TeDIS and Dastan to finalize their grant applications. The grant application for TeDIS involves purchases of embroidery and small-scale cutting equipment, which will enable it to provide affordable and reliable cutting and embroidery services to at least 55 companies in the factory complex. The grant application for Dastan Style involves a purchase of pattern-making and CAD/CAM system that will improve design and, in turn, will lead to the production of higher quality products. BGI has now conducted all due diligence for the grant applications and obtained exact equipment specifications. BGI will submit the grant applications to USAID for approval in the second quarter, conduct procurement tenders and order and install the equipment. Likewise, the grant application by Zorin for large-scale cutting equipment was nearly completed in the first quarter and in the second quarter will be submitted to USAID for approval prior to equipment procurement.

4. Tourism Value Chain

BGI's Activities in Q4 2015

Destination Management Organization (DMO) Plans for the Four Selected Destinations

BGI Second Year Work Plan, Tourism, Activity 2.1

In the first quarter, BGI engaged Meg Small, a short-term international consultant, specifically to help the BGI tourism team to refine, consolidate and further prioritize activities for the DMOs. Priority activities will include but are not limited to seeking permits from the required authorities for signage and for repairs, renovations, and landscaping in private and public areas for all of the destinations. Following this, BGI will issue competitive tenders for local procurement of renovations and repairs. All destinations will receive capacity development in priority gap areas such as financial management and accounting, hotel management, museum management, and others. Other priority activities involve purchases of necessary safety equipment for winter tourism at Jyrgalan, transport equipment and supplies for Osh, supplies and equipment for events in Burana, and beginning landscaping and the beautification of public spaces in Karakol. BGI will also initiate promotional activities such as website development, social media marketing, and local community outreach for all destinations, and develop an action plan targeted to women and youth to strengthen their economic participation in tourism activities. DMO-specific activities have been prioritized and will get fully underway in the second quarter.

Launch of Destination Karakol

BGI Second Year Work Plan, Tourism, Activity 2.1

After some deliberation, founding members of the Karakol DMO decided it could accomplish its development goals more effectively if it registered the DMO as a public fund and establish a permanent executive body to oversee the implementation of development activities. In February, the DMO officially registered as *Destination Karakol* and applied to BGI for a grant to cover start-up and first year operating expenses. The Karakol office of the Association of Young Entrepreneurs, which recently established an office in Karakol, offered to sub-let space to the DMO and allow the DMO access to a conference room in its facility. The founding members of *Destination Karakol* are: Shaktybek

Imashov (*Hostel Nice*), Madina Balahisheva (*Madanur Hotel*), Andre Wolkorte (*Riverside Guesthouse*), Chingiz Maatkerimov (NGO *Ayil Kamy*) and Rakhat Dzhamalova, Executive Director of *Destination Karakol*.

On March 3, U.S. Ambassador Sheila Gwaltney and Karakol Mayor Ryskul Kalygulov dedicated the new office of *Destination Karakol* at an event in which the Ambassador presented DMO members with a commemorative plaque. Following this, the designated Executive Director of the DMO, Ms. Rakhat Dzhamalova presented the DMO's vision for development of Karakol as a year-round destination for both culture and adventure enthusiasts.

The new DMO office was one of four *Destination Karakol* member sites the Ambassador visited on her three-day official tour to Karakol. She visited the Tourist Information Center (TIC), a self-sustainable, one-stop-shop for tourists founded by Issyk-Kul University in 2003 whose student volunteers served a total of 1200 tourists in 2015, primarily from Europe. The TIC is a nominal member of the DMO that had been previously managed by Ms. Dzhamalova. The Ambassador also visited guest house *Jamilya* and subsequently lunched with DMO founders at the *Madanur Hotel*, both members of the DMO, where they discussed challenges they faced during the 2015/2016 winter season including low snowfall and economic troubles in traditional markets that kept visitors away.

Four weeks later, on March 31, *Destination Karakol* made its first presentation to the Karakol community by introducing its plans to develop and promote tourism products and services in the greater Karakol area. The DMO also urged the more than 60 participating entrepreneurs and tourism service providers to join the group and contribute toward raising Karakol's appeal as a year-round tourism destination. Issyk-Kul Oblast Governor Askhat Akibaev made opening remarks at the presentation, in which he announced that he, himself, would become a member of the DMO.

During the presentation, DMO President Shaktybek Imashov introduced the management structure of *Destination Karakol* and discussed plans to expand and improve Karakol's tourism offerings, including its initial project to develop and beautify property along the Karakol River in partnership with public authorities. With BGI support, the DMO wants to transform Karakol's river front into an inviting public space for recreation and relaxation for both tourists and the community.

Experts from the USAID BGI project also presented plans for providing guest house training to Karakol providers and a program to strengthen management of Kyrgyzstan's museums. BGI also presented ideas for developing tourism in Karakol based on the success of the U.S. city, Estes Park, Colorado, a town perched at the entrance to the U.S. Rocky Mountain National Park.

After the presentation, *Destination Karakol* attracted 25 new members in addition to the six core founders nearly half of which represented local guesthouses and hotels. *Destination Karakol* will continue its work in uniting tourism sector players and those citizens with a passion to create positive changes in the city.

Presentation of Equipment to Jyrgalan DMO *BGI Second Year Work Plan, Tourism, Activity 2.1*

Among US Ambassador Sheila Gwaltney's activities during her Karakol tour, she also bestowed avalanche safety and ski equipment to Jyrgalan village, another Issyk-Kul region DMO supported by BGI. The goal of the Jyrgalan DMO is to build a community-based tourism business based on its assets as an emerging backcountry ski destination in winter and a venue for hiking and trekking in summer.

At the Ala-Kol guest house, owned by DMO members Emil Ibakov and Gulmira Primova, Ambassador Gwaltney was greeted by traditional Kyrgyz musicians as she sampled local cuisine and watched a local folklore group perform a ceremony associated with Kyrgyz marriage rites. The Ambassador then formally presented equipment valued at \$18,000 that will enable more visitors to safely enjoy backcountry skiing in Jyrgalan. Accepting the equipment, Mr. Ibakov stressed that the DMO's goal is to

build a tourism business in which all inhabitants can provide goods and services supporting tourism growth. Head of the Jyrgalan aiyl okmatu, Talgat Mukalaev, was also present along with Karakol Mayor Ryskul Kalygulov and several members of the local community. The Jyrgalan community subsequently presented the Ambassador with a locally made gift and later enjoyed the opportunity to interact with the Ambassador.

Installation of Signage for Tourism Attractions

BGI Second Year Work Plan, Tourism, Activity 2.1

Lack of signage is a key constraint to basic infrastructure that was identified across all four destinations as important for tourism development. BGI has concluded that the installation of distance and directional signage is a vital cross-cutting activity that will build greater awareness of the tourist attractions at the destinations. During the first quarter, BGI conducted a competitive tender for manufacturing and installation of signage and selected Welcome to Kyrgyzstan as the subcontracting firm. BGI and a representative of Welcome to Kyrgyzstan then initiated two trips to seek the input of DMOs on the type and location of proposed signage. In the second quarter, BGI will conclude the contract with Welcome to Kyrgyzstan and finalize the signs that will be installed along routes to and within BGI DMOs. Since the US government is planning to support repairs of the Uzgen mausoleum under a separate project, BGI included signage for this tourist attraction in its overall plan. Permits for installation of this signage will be the responsibility of Welcome to Kyrgyzstan and will be initiated in the second quarter. Required permits includes approved letters of application submitted by the contractor to local authorities, local architectural offices, and the departments of traffic and environmental services. BGI anticipates that all proposed signage will be installed by the end of the third quarter of 2016.

Participation in International Tourism Fairs – ITB Berlin and Moscow International Travel and Tourism (MITT)

BGI Second Year Work Plan, Tourism, Activity 2.8

In March, USAID's Business Growth Initiative (BGI) promoted international recognition of Kyrgyzstan's tourism offerings at two leading exhibitions targeted to the tourism trade, ITB Berlin and the Moscow International Travel & Tourism Exhibition (MITT). Both exhibitions are among the leading travel fairs in the world generating thousands of business contacts and visitors for participating countries and firms.

This was the first time that six members of the Kyrgyz Association of Tour Operators (KATO) promoted a shared Kyrgyzstan booth at ITB Berlin, although several other Kyrgyz tour operators participated independently or with regional partners. At the event, which took place from March 9-13, tour operators concluded a total of 15 new contracts and confirmed continued partnership with 52 existing European clients. With USAID assistance, KATO's booth in Berlin featured an authentic Kyrgyz yurt, in which tour operators negotiated partnerships for 2016 among colorful shyrdaks and tush-kiyis. KATO participants believed that the yurt's authenticity helped set the Kyrgyzstan booth apart from surrounding CIS exhibitions. The Kyrgyzstan booth featured two kymuz players in traditional Kyrgyz costume, who also entertained participants at a separate presentation of Kyrgyzstan's tourism offerings for 35 clients and media representatives.

With 10,000 exhibitors and more than 120,000 visitors in the tourism trade, the show generates thousands of business contacts and visitors for participating countries and firms. In total, participants represented global annual tourism trade of US \$7 billion. Exhibiting in Berlin yielded KATO tour operators a total of 15 new contracts with European partners and confirmation of continued partnership with 52 existing clients. BGI will work with KATO members to determine how many visitors these contracts represent at the end of the 2016 summer season.

In Moscow, Although Kyrgyzstan's tourism sector regularly exhibits in Moscow, this year 11 tour operators and resort complexes pooled resources to obtain a sizable exhibit space and collectively presented their offerings under a harmonized Kyrgyzstan tourism brand.

Azamat Zhamankulov, Deputy Minister of the Ministry of Culture, Information and Tourism, joined KATO and the Association of Kyrgyz Resorts in exhibiting with 11 tour operators and resort complexes at a Kyrgyzstan booth also assisted by USAID. During the event from March 23-26, Kyrgyz exhibitors conducted more than 900 meetings, resulting in 51 new contracts with clients predominantly from Russia, Turkey and Kazakhstan.

World Nomad Games Promotion

BGI Second Year Work Plan, Tourism, Activity 2.5

In February, the Government of the Kyrgyz Republic announced its intention to hold a Second World Nomad Games event from September 3-8, 2016, to be implemented as a bi-annual event following the modest success of the first games conducted in September 2014. BGI immediately recognized the event as a timely opportunity to promote tourism to the Kyrgyz Republic, particularly focusing on the cultural tourism niche that BGI believes could be developed far more effectively than it has in the past. BGI believes that it also provides an opportunity to test hypotheses drawn from the study on the Turkish outbound tourism study presented on February 18, particularly its efforts to develop a comprehensive marketing and promotional plan for attracting a greater number of Turkish tourists. The World Nomad Games will build on BGI research that indicated interest by a substantial number of affluent Turkish tourists to explore their cultural, historic and religious links to Central Asia.

BGI conducted several meetings with the Secretariat of the World Nomad Games, whose presentation of its plans for promotion were somewhat vague and disorganized. In meetings with the Secretariat and the Department of Tourism, whose interest and role in the Games is more aligned with that of BGI to promote tourism, BGI agreed to investigate and propose assistance in those areas in which the project furthers its own tourism promotion goals. BGI will develop a plan for assistance to the Games in the second quarter. In the meantime, BGI promoted the World Nomad Games as part of its assistance to the Kyrgyz tourism sector in exhibiting at the ITB Berlin and the Moscow International Travel & Tourism fairs in March by printing handout flyers and exhibiting banners for the event. BGI also agreed to print flyers in English for Kyrgyz participation in a film producer's event in the United States and has been working with the Association of Kyrgyz Resorts (AKK) to develop a grant for assistance in promoting the World Nomad Games at its International Tourism Fair to be held for Russian and Kazakh tour operators on May 6-7 at the Rukh Ordo Center in Cholpon-Ata. In the second quarter, BGI will finalize its plans to provide promotion assistance to the Games and present its plan to USAID for approval.

Internet and Social Media Marketing Strategy for Tourism

BGI Second Year Work Plan, Tourism, Activity 2.6

One of BGI's work plan goals for FY2016 has been to develop an overall assistance strategy to improve the presence of Kyrgyzstan's tourism sector on the internet. BGI has decided to utilize the World Nomad Games as an opportunity to develop and launch this assistance strategy, first for promoting the event on the internet and through social media, then to develop a broader strategy for overall internet tourism promotion. In the first quarter, BGI developed a scope of work to hire an international internet marketing firm to develop a strategy to build internet audiences in the English-language media and hire a local marketing firm to work with the international company to refine and execute the strategy in the Russian- and Turkish-language media. Both firms will work with the World Nomad Games Secretariat and the Department of Tourism to offer strategic guidance and implementation of their own somewhat disjointed internet marketing activities. These activities will get underway in the second quarter.

Tourism Human Resources Panel Discussion

BGI Second Year Work Plan, Tourism, Activity 2.10

On February 5, BGI supported a human resources panel discussion to strengthen linkages between universities and private sector firms. The panel featured the HR managers of three hotels: Golden Tulip Bishkek; Hyatt Regency Bishkek and Mardan Palace Antalya, Turkey. The HR panel was conducted jointly with the Kyrgyz-Turkish Manas University's School of Tourism and Hospitality Industry and

gathered 41 HR Managers and owners of Bishkek hotels, tourism associations and vocational schools to discuss workforce challenges in the sector. The panelists shared innovative practices and strategies to address staff turnover and motivation and compensation challenges through short presentations, followed by an interactive question and answer session. The discussion concluded with a proposal from one of the participants to establish an informal Club of HR Managers in Tourism and continue having similar discussions and knowledge-sharing events through that platform.

Improving the Collection of Tourism Statistics

BGI Second Year Work Plan, Tourism, Activity 2.4

In April 2015, BGI mobilized international advisor, Vladimir Markhonko, to introduce and implement international/UNWTO best practices/recommendations for the collection and reporting of tourism statistics. Mr. Markhonko subsequently submitted a diagnostic of current practices and made recommendations to the National Statistics Committee (NSC) of the Kyrgyz Republic to improve the collection of tourism statistics. Over the coming year, BGI had planned to hire Mr. Markhonko to assist the NSC in implementing many of the study's priority recommendations to establish the foundation for improving the accuracy of collected data and strengthen communication among key agencies and their mechanisms for information exchange. The project intended to introduce internationally recommended standards for the collection and reporting of tourism statistics and help implement methodologies for gathering demand-side data to improve their use in business and strategic decision making.

Prior to launching the implementation phase of this project however, USAID requested that BGI suspend this activity following the cancellation of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20. It will resume when USAID lifts the suspension

New BGI Initiatives Planned for Q2 2016

Improve Service Delivery and Skills in Destinations

BGI Second Year Work Plan, Tourism, Activities 2.1 and 2.3

Based on the challenges identified at all guesthouse members of our destinations, BGI will launch a capacity building program available to Karakol's more than 50 guesthouses, which will improve their service delivery, marketing, financial systems, and housekeeping practices. As part of this program, BGI will expose Karakol guesthouses to leading guesthouses in other destinations, including but not limited to Bishkek and Chui oblasts, to facilitate experience exchange and generation of business ideas, which will be further implemented with BGI's support. Based on BGI's experiences in delivering the program in Karakol, BGI will roll it out to guesthouses in our Osh destination and, perhaps, in other venues in Kyrgyzstan.

Following the extensive review of the applications submitted, BGI selected a highly experienced practitioner in guesthouse management and marketing to design and deliver the program. The training program will be delivered by Yvonne Halling (<http://bedandbreakfastcoach.com>), a bed and breakfast coach and mentor, with a long track of consulting and working in the small hospitality industry worldwide. Yvonne has provided consulting and coaching to hospitality business owners in the UK, USA, France, Italy, Estonia, New Zealand, Canada, Australia and South Africa. She is a recipient of several hospitality awards and has authored several books. She has also developed an online training program and portal for the small hospitality industry.

The training program will be delivered in two phases and will focus on combining both theory and practice in guesthouse management and marketing. It will include the following themes: best practices in the hospitality industry; business processes in guesthouse management; day-to-day guesthouse operations; planning, accommodation and booking techniques; developing a service culture; customer satisfaction techniques; promotion and advertising techniques; using travel reviews effectively; managing guests' experiences and expectations; research analysis; best practices and tips on housekeeping, food and beverage service, and front office management.

Estimated dates of the training:

- April 25th -29th, 2016
- May 16th-May 23rd, 2016

The training will be delivered in April/May and June. In addition to the training, Yvonne will provide individual consultancy to the core founders of the DMO (Yamilya, Nice Hostel/Nice Hotel, Riverside and Madanur) and will explore the sustainability of BGI training efforts, assess the feasibility of establishing a *Training Hotel* on Madanur's premises and develop a plan for further action.

The training will target DMO members, i.e., owners and managers of guesthouses and small hotels who are open and committed to change, real entrepreneurs, with a proactive approach to improve their business and a vision to make the city of Karakol a better place for both its citizens and tourists.

Improve Skills of Museum Staff

BGI Second Year Work Plan, Tourism, Activity 2.1

Based on the challenges identified in the work of museums, BGI will implement a multiple-phase capacity building program for staff of leading museums in BGI destinations and Bishkek to complement other initiatives aimed at diversifying and enhancing the tourism experiences in the Kyrgyz Republic.

BGI conducted a tender among local organizations and selected the Center for Museum Initiatives (CMI), an organization with an extensive experience in museum and cultural heritage in Kyrgyzstan. The program for the museums was developed by CMI in close cooperation with BGI staff and consists of four modules over a period of six months on the following topics (dates are tentative):

- **Module 1:** May 23rd - 27th, Cholpon-Ata - Museums and Regional Tourism to be delivered by Russian experts;
- **Module 2:** June 20th - 25th - Osh, Museum Management, Museums Expositions to be delivered by Georgian experts;
- **Module 3:** September 19th -23rd, Bishkek- Fundraising in Museums and Marketing in Museums to be delivered by Russian experts;
- **Module 4:** October 17th -21st, Bishkek, Communication and Museums to be delivered by Russian experts.

At the end of the program in October, BGI will host a DemoDay in Bishkek to showcase the projects that participants have developed over the course of the program that will serve as a platform to seek philanthropic contributions from the private sector or other donors. The DemoDay will be promoted through AmCham, IBC, and other associations or organizations as a way to engage the private sector in improving museums and enrich tourists' experience in the country.

CMI is planning to target 25-30 participants from selected museums recruited through an open ad in the local newspapers. Some of the selection criteria include: statistics (number of visitors/tourists), importance to the BGI Destination Management Program, the potential attraction of the museum potential and its current role and contribution to tourism (infrastructure, current activities, popularity among tourists/ tours, etc.), total estimated budget from fundraising activities or sales, and proposed plans to transfer acquired knowledge to other museum staff upon completion of the training. Each museum participating in the program will prepare a brief profile prior to the training.

CMI will also invite a few participants from the Ministry of Culture, Information and Tourism and non-governmental organizations that are supporting initiatives in museums and cultural heritage to take an active part in the program.

5. Construction Materials Value Chain

BGI's Activities in Q1 2016

Presentation of Development Strategy for Construction Materials

BGI Second Year Work Plan, Construction Materials, Activity 3.1

On February 24th, BGI presented the results of the construction materials value chain study and unveiled the strategic vision for BGI's future work in the value chain to industry stakeholders. BGI determined that future work will focus on developing two sub-groups: (1) natural stone processors and miners of travertine and, perhaps, marble and granite, who are predominantly exporters; and (2) basic materials producers of bricks, concrete, cement, gypsum, limestone, and plaster who produce primarily for the domestic construction sector. BGI will improve the competitiveness of the industry by both creating and strengthening associations that represent the interests of these two groups.

After numerous discussions and meetings with stone producers in Bishkek and Jalalabad, a consensus has emerged to create an association of natural stone producers that will serve as a platform to increase the competitiveness of this sub-sector. BGI will help create and strengthen the capabilities of an Association of Stone Producers (AoS) which will be managed by an executive director and assistant director. BGI will provide partial start-up and operational funding as well as technical assistance to this team so that the association can offer effective business services to a core group of 15-20 fee-paying members, primarily producers and processors of travertine. The association will provide business services such as market research, marketing, branding, advocacy, and production efficiency. A group of founding members have already submitted all necessary legal documentation to the Ministry of Justice for the official registration of the association.

BGI will also provide assistance to producers of basic construction materials by working with the existing construction materials committee of the Association of Young Entrepreneurs (JIA), which is one of the most active and successful business associations in Kyrgyzstan. There is an existing nucleus of about 35 makers and sellers of basic construction materials that are JIA members, and these will be the initial beneficiaries of BGI's support to the construction materials sector. Priority activities will be pilot projects on energy-efficient management during production processes to decrease energy costs through the use of energy-efficiency audits and implementation of corrective action plans. The next priority activity is to introduce efficient management practices based on ISO principles.

Planned BGI Activities for Q2 2016

Launch the Association of Stone Producers (AoS)

BGI Second Year Work Plan, Construction Materials, Activity 3.3

The AoS was registered in the first quarter, and BGI will support the newly association with a grant that represents 70 percent of the start-up and operational costs during its first year. Once the AoS has identified its proposed executive director and assistant director, BGI will work with the executive team to create a plan of action that describes the scope, schedule, and budget for implementation of specific measures to promote Kyrgyz stone product and improve product quality.

The emphasis will be on helping the stone producers enter new markets such as the Persian Gulf countries, Russia and China. If the AoS's executive team is in place by late May, BGI will seek USAID's permission to support participation in the Middle East Stone Show, which will be held in Dubai from May 23-26. This event will gather not only global stone producers but also offer seminars with world-class stone experts on many aspects of the business, such as marketing, stone quality standards, consumer trends, and other important subjects. BGI anticipates that participation in this event will help the new team understand how to enter the Persian Gulf markets. Following this event, BGI will develop a strategy to assist members to enter new markets.

Improve the Capacities of Basic Materials Producers

BGI Second Year Work Plan, Construction Materials, Activity 3.2

BGI will continue its cooperation with JIA to develop a program for improving energy efficiency among its members that produce basic construction materials. BGI will introduce a program to conduct energy efficiency audits and pilot projects to improve energy efficient management for three producers. To achieve these goals, BGI will help JIA to employ an international consultant who possess necessary knowledge, skills and experience in consulting on energy efficiency. The findings and suggestions of this program will be presented to the all stakeholders for use as guidance in implementing energy efficient production practices.

6. Gender and Youth

BGI's Activities in Q1 2016

During the first quarter, BGI received 87 grant concept papers responding to the project's first Annual Program Statement (APS) quarterly review deadline, which was January 22. Approximately 20 percent of the applications were submitted either to foster women's and youth engagement in tourism development and handicrafts promotion or on youth entrepreneurship development. The applicants – representatives of non-government institutions and small and medium businesses – proposed to deliver gender and youth activities through a series of learning events, festivals and exhibitions, workshops and round-tables.

After the first round of evaluation by the BGI selection committee, 27 applications were considered for further development and submission of full applications, of which seven addressed economic participation and development for women and youth. The deadline for submission of full applications will be due April 11, but the following are synopses of those selected for full consideration.

*Please note that these applicants and their projects have **not yet** been selected to receive BGI grant. It is expected that the evaluation committee will select no more than three of these grant applications.*

Empowering Rural Women through Traditional Crafts: T.E.R.M.E. ART Kyrgyz Hand Weaving Venture, submitted by the Institute for Sustainable Development Strategy NGO (Bishkek – Issyk Kul and Chui Oblasts)

The project seeks to empower 100 rural women in four pilot villages (two in Issyk-kul and two in Chui oblasts) by promoting 'T.E.R.M.E. ART' Hand Weaving Venture. The activities build capacities of rural artisans, improve marketing communications and strengthen networking. It is anticipated that the project will assist in establishing a Hand Weaving Center, optimize weaving processes, and modernize the equipment. The applicant will launch 'T.E.R.M.E. ART' products and promote their recognition in Kyrgyzstan and globally through online and retail stores in Kyrgyzstan and in Kazakhstan and Russia.

Developing Youth Potential in Business, Institute for Youth Development NGO (Bishkek)

The project wants to improve the business capacities of youth aged 14-28 in Kyrgyzstan through development of the entrepreneurship activities, organization of educational-communication platforms and supporting youth business initiatives. The activities of the project will include conduct of a Youth Camp "Jash-Bulak" (young spring) in Kegety Gorge, Chui oblast, to equip youth with the knowledge and skills in business and entrepreneurship in the tourism sector obtain business experience through internships in businesses. Another goal of the project is conducting the annual 'Jashtar-Camp-2016' in two cities with national status (Bishkek and Osh) and in seven oblast centers and small towns (Naryn, Talas, Batken, Jalal-Abad, Uzgen, Karakol and Kara-Balta).

Supporting the Launch of an Online Platform for Handicrafts Sales, ArtAsian, LLC (Bishkek)

ArtAsian is one of the successful graduates of the BCCA (Business Clinic of Central Asia) business incubators supported by BGI in 2015. Under the mentorship of BCCA, ArtAsian established and

launched a start-up business to market local crafts via the web-site. ArtAsian entrepreneurs want to expand the start-up into solid and sustainable business by working with artisans in preparation for the World Nomad Games 2016, including development of a mobile application for online marketing. The project will contribute to develop ArtAsian to be a sufficient and competitive company with its own workshop studio, photo studio, showroom and well-equipped warehouse. ArtAsian will make sure quality control, marketing and promotion, delivery and logistics of the products.

Creating an Artisanal Production Center, Nakta LLC, (Biskek)

The goal of the proposed project is the creation of Nakta Lab, a production center that will allow the applicant to reach the quality goals and support the livelihood and creativity of Kyrgyzstan's talented artisans. Nakta Lab will be designed to improve production along the lines of P/I/C/S (Prepare/Improve/Cut/Support) in order to increase capacity and competitiveness. Nakta Lab will train and employ artisans around the country, and increase the international visibility of Kyrgyz handicrafts through the creation of consistent production standards.

Creating an Ethno-Village "Tash Tulga," Ai Tikek Handicrafts Cooperative (Naryn Oblast)

The project proposes to create an ethno-village named Tash Tulga, which will be a yurt tourist complex dedicated to providing guest services in national traditions, with elements of ethnographic and handicraft products including presenting national custom and traditions, preparing national cuisine, introducing the epic poem Manas, conducting classes in the manufacture of handicrafts, and demonstrating national games. This ethno-village will be combined with the preservation of ecological environment surrounding Lake Son-Kul. The project will support marketing and promoting the village to tourism companies, both Kyrgyz and regional, that focus on providing Silk Road tours. Local residents will be engaged in providing hospitality, catering services and crafts production. The project is submitted by the handicrafts cooperative in Naryn with the participation of a GIZ officer, who is engaged in the project as a volunteer business consultant.

Creating a Cultural and Ethnographic Center in the Village of Pristan-Przhevsk, Tolgonay ene-Boz Ui Ordo NGO (Issyk-Kul Oblast)

The project plans to expand the range of tourism products available for tourists in Karakol, as well as on the northern and southern shores of Lake Issyk-Kul. It seeks to create a year-round ethno-yurt town that demonstrates traditional ways of life, traditional cuisine, handicraft techniques in making musical instruments and machines, sale of handicrafts, demonstrations of ancient games and entertainment performances. It is expected that the project will create a comprehensive, integrated model for ethno-tourism. The applicant will work with local authorities to form the region's image as an attractive tourist destination, and jointly develop the Issyk-Kul region strategy for handicrafts promotion (during the World Nomad Games), which aligns with the Government's declaration that 2016 is the year of Kyrgyz national history and culture.

Establishing an Ethnographic Center "Taar," Venera Konokbaeva, Individual Entrepreneur, Osh

The project proposes to contribute to the revival and development of crafts in the production of boz ui (yurt) decorations using "taar" technology. Taar is a traditional way of wool processing for production of yurts. The applicant seeks to create a taar ethnographic center that will include a museum of yurt decorations fabricated by taar technology, and a production workshop and training center for transferring knowledge of this technology. Prior to the creation of the center, the applicant will conduct research of taar-making techniques and use of patterns and colors in making taar in Kyrgyzstan and the Gorno-Badakhshan autonomous region of Tajikistan.

7. Tax Policy and Administration

BGI's Activities in Q1 2016

Due to the termination of the bilateral agreement most of the BGI's activities on tax policy and administration remain suspended. The suspended activities include the Study of the Elasticity of Social Fund Contributions, Transfer of the Registration of Individual Entrepreneurs from the National Statistics Committee to the STS, and Implementing Electronic Signature Security for VAT Administration.

Participation in Fiscal Policy Working Groups

BGI Second Year Work Plan, Tax Administration, Activity 4.9

Despite the suspension of tax policy and administration activities, BGI's in-house tax expert, Diliara Ishalina, continued her work as a member of various tax commissions and working groups.

On November 19, 2015, an interdepartmental working group was created by the Order of the Minister of Economy to analyze existing tax exemptions and develop recommendations to the Government on their optimization. BGI's tax expert was invited to become a member of this working group. As part of her work, she developed a scope of work for providing a local tax consultant to the Ministry of Economy and the format of tables to collect necessary tax information from the Tax Service, Customs Service and National Statistics Committee to enable the working group to complete its task.

The BGI expert participated in a meeting of another tax working group created previously by the Prime Minister's Resolution Minister #363 as of August 3, 2015, to review Kyrgyz Republic tax legislation to ensure that it is competitive with Eurasian Economic Union member and to enable business growth and development. During the first quarter the working group reviewed the following critical tax policy and administration issues:

- **VAT on import and re-export of goods from third countries:** The Government drafted resolution to address the issue;
- **Possible regressive profit tax rates for large companies:** It was concluded that the proposed measure is not practical;
- **Possible regressive rates of social insurance contributions:** It was agreed that the decision would be made upon completion of the Study on Social Insurance Contribution Rates initiated by the Government and previously supported by USAID BGI (although since then undertaken by the National Institute for Strategic Studies);
- **Different taxation options for mining companies:** A decision was made to abolish the current tax on income of mining companies and replace this with a standard profit tax (as recommended in the Long- and Medium-Term Mining Strategy, supported by the USAID REFORMA Project);
- **Assessment of the impact to the State budget** due to tax amendments adopted early in the year concerning the cancellation of the sales tax for exported goods and non-cash transactions and to come into effect from July 1, along with the increase of the VAT registration threshold from 4 million KGS to 8 million KGS.

Simplified VAT Administration System

BGI Second Year Work Plan, Tax Administration, Activity 4.9

BGI Tax Program Manager Diliara Ishalina continued working with the Ministry of Economy and the Parliament to promote the VAT-related draft law previously supported by BGI and REFORMA. The Government was planning to combine the VAT draft law with other proposed tax amendments related to sales tax and the increase in the VAT registration threshold; however, later the Government chose to support the VAT amendments separately as they require amendments to laws other than tax legislation². The VAT draft law is undergoing Parliamentary discussions at the Committee level before its submission for the 2nd reading.

² On May 25, 2015, the Government approved the proposed VAT amendments and submitted the draft law to the Parliament. These amendments were approved in the first Parliamentary reading by the old Parliament and were included into the Parliamentary agenda for their second reading by the newly elected Parliament.

BGI's in-house expert will continue to provide support and consultation to the Government and the Parliament throughout the passage of the VAT draft law in the second and third readings. Once the Parliament passes VAT reform legislation, BGI will help the STS implement process changes that will significantly simplify VAT administration provided USAID approves delivery of this assistance.

Study of the Elasticity of Social Fund Contributions

BGI Second Year Work Plan, Tax Administration, Activity 4.2

The Study remains suspended at USAID's request following the termination of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20. Realizing the importance and the urgency of the study, the Government asked the Ministry of Economy and the Secretariat of the Business Development and Investment Council to find sponsors to complete the study, however, no donor organization was able to allocate funds to complete the study. Subsequently, the Government instructed the National Institute of Strategic Studies (NISS) to complete the research.

BGI had a meeting with the newly appointed NISS Director Azamat Dikambaev to brief him on the current status of the study and the milestones completed. The Secretariat and BGI handed over research materials collected and results of interviews with 1,200 taxpayers. The remaining activities include interpolating the data on the entire economy, building a macroeconomic model and simulating different scenarios of social contributions rates. The NISS Director agreed that the study was important to help the Government make the right decision on reducing social fund contributions and confirmed its intention to complete the work. At the same time, he emphasized that as a state-funded institution, the NISS faced a shortage of human and financial resources. Since then, the Institute has engaged an expert to work on the study. BGI's in-house expert will provide expert and consultative advice to the NISS staff during this work.

Implementing the Law to Simplify the Registration and Liquidation Procedures for Businesses

BGI Second Year Work Plan, Tax Administration, Activity 4.3

This activity remains suspended at USAID's request following the cancellation of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20.

The working group that the STS had set up, which was composed of representatives from the Chamber of Tax Consultants (CTC), the STS, the National Statistics Committee (NSC), and the Social Fund (SF), continued implementation of the transfer on its own. The group was established to draft necessary regulations and ensure a smooth transfer of registration processes for individual entrepreneurs and farm entities to the STS³.

During the first quarter, BGI met with the STS Deputy Chairman, Oktyabr Abdykaimov, at which he thanked USAID for past support in launching this activity and said that the Government, through Resolution № 12 of January 16, 2016, approved a new Regulation on Procedures of Taxpayers' Registration in the Kyrgyz Republic. The Deputy Chairman added that the STS would need assistance in conducting training and making necessary software modifications to incorporate the newly assigned function, as previously planned, and looked forward to resuming cooperation with BGI. He also added that the STS was counting on USAID support in implementing the electronic signature security system for VAT administration, which is another suspended activity. The STS is not able to implement this system on its own and will await its resumption in due course. BGI intends to continue these activities once the bilateral issue is resolved.

³ Since January 1, 2016, the state registration of individual entrepreneurs and farm entities was transferred from the NSC to the STS. In July, BGI subcontracted the Chamber of Tax Consultants (CTC) to assist the STS in creating the legal framework to transfer the state registration of individual entrepreneurs. The CTC submitted these processes to the STS. BGI intended to assist the STS in automating the registration process through the development of a separate software module for its tax management system. This activity remains suspended at USAID's request following the cancellation of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20.

8. Business Regulations – Licensing and Inspections

BGI's Activities in Q1 2016

Optimizing the Conduct of Environmental and Technical Safety Inspections

BGI Second Year Work Plan, Business Regulation, Activity 5.1

BGI's activities in business licensing and inspections remain suspended at USAID's request following the termination of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20.

During the first quarter, BGI's in-house lawyer Raisa Ermakova continued working with the Ministry of Economy and the Parliament in improving the legal framework for the conduct of environmental and technical safety inspections.

The Draft Law on Amendments and Additions to the Law on Procedures for Inspecting Businesses was reviewed and approved by the relevant Parliamentary committees and successfully passed in three readings by the Parliament on March 3⁴. The law was forwarded then to the President for signing and subsequently signed into law on April 15. BGI's lawyer had conducted a series of meetings with parliamentary deputies to explain the proposed amendments and provide supporting documentation including the table of matrixes, the justification letter and other materials.

The adopted amendments include the following provisions:

- Permits the cancelation of business inspections if the name of the person who has initiated an inspection is wrongfully indicated;
- Requires public disclosure of annual inspection plans and the results of inspections;
- Exempts new businesses from planned inspections for three years unless in response to consumer or employee complaints;
- Permits the Kyrgyz Government to exempt an entrepreneur from scheduled inspections provided there is “no risk of negative consequences from their business activities”;
- Requires that there be no more than two inspections per year of businesses representing high sanitary and epidemiological risks (previously, they were conducted whenever it was considered necessary);
- Invalidates the results of inspections that have been conducted with serious breaches of the law to protect businesses from unwarranted intrusion;
- Documents, streamlines and simplifies terms, conditions and procedures in one legal document.

These amendments set clear rules and requirements for the conduct of business inspections that will be accessible for both inspectors and businesses, thus improving the quality of inspections and easing their burden on business.

Additionally, Deputy Bekeshev initiated review of the proposed Laws on Radiological Safety and on Ecological Safety drafted with BGI support by sub-contractors, EcoPartner and Independent Ecological Expertise. These laws are necessary to close the legal gap caused by the revocation of all technical regulations following EAEU accession. On March 28, the draft law was posted to the Parliament's website for public discussion. BGI's lawyer helped to arrange all required processes for legal review by experts to attach to the draft laws, including those for legality, anti-corruption, ecological compliance, and protection of human and gender rights. She also worked with subcontractors to draft the regulatory impact assessment (RIA) and explanatory notes. The full package was discussed in detail and submitted to Deputy Bekeshev in Russian and Kyrgyz.

⁴ BGI through its subcontractor, EcoPartner, had drafted the original amendments and additions to the Law “On the procedures for conducting inspections of businesses” and submitted it to the MoE along with the full package of supporting documentation. The MoE then combined this proposed law with amendments proposed by the IFC. Following public discussion, the draft law was approved by line ministries and agencies and adopted by Government Resolution dated July 20, 2015. It was subsequently submitted to the Parliament for review and adoption.

Reforms in Business Licensing and Permitting

BGI Second Year Work Plan, Business Regulation, Activity 5.2

BGI's activities in licensing and permitting remain suspended at USAID's request following the termination of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20.

BGI lawyer Raisa Ermakova continued working with the Ministry of Economy and the Government to finalize amendments to the Law “On the Licensing and Permitting System” that were submitted to the Parliament in early January 2016⁵ and brings Government reform efforts in business licensing and permitting into its final phase. The submitted legal package includes amendments to the Law “On Electrical and Postal Communication,” approved by Kyrgyz Government Resolution #891 of December 29, 2015.

Ms. Ermakova prepared and delivered several presentations to the MoE and the Government to prepare staff for discussion of the draft law in Parliament. The proposed amendments were reviewed by parliamentary staff and approved by relevant departments for submission to the parliamentary committees for review. The draft law is included for consideration on the April agendas of the relevant committees. The draft law proposes amendments to 23 articles out of 33, covering the exclusion of 12 types of licensed activities from the Law and the introduction of six additional activities to be licensed, which will leave in existence a total of 92 business activities required to be licensed. This may change, however, after consideration of the draft law in committees and in the general assembly.

Following the adoption of the draft law, BGI Project will consider working with the Ministry of Economy and the business community on revising licensing regulations to reflect the Law.

9. Access to Finance

BGI's Activities in Q4 2015

Reintroduction of the Purchase Order Finance (POF) Product

BGI Second Year Work Plan, Business Regulation, Activity 6.1

During the first quarter, BGI finalized the POF implementation plans with its three partner banks: KICB, Demir Bank and Bai Tushum. The three banks reviewed draft POF credit policies and procedures. There was no need to make changes to Demir's POF policies and procedures because they had been reviewed and finalized in 2013 under the previous POF pilot program implemented by the USAID Local Development Program (LDP). BGI also reviewed the retail and SME lending policies and procedures of both Demir Bank and Bai Tushum and found that policies at both banks are sufficiently comprehensive to accommodate POF. KICB is in the final review process and will send to the BGI team the draft POF policy for review and comments. KICB intends to implement the POF policies as a separate and supplementary document to their existing policies and procedures.

On February 2, BGI conducted three workshops for 37 credit officers of these banks to stimulate use of the product for local businesses. The workshops provided a credit analysis framework supporting the product, and participants learned about the revised regulations of the National Bank of the Kyrgyz Republic (NBKR) enacted in 2015. The banks intend to evaluate the financing needs of their current borrowers interested in obtaining POF loans.

The BGI team also designed and delivered a POF loan tracker to help the banks record key loan data on all POF loans made during the life of the BGI project. So far, however, Bai Tushum is the only

⁵ On December 29, 2015, the Prime Minister signed the Government Resolution “On the Draft Law to Make Amendments to Certain Legislative Acts (Law on Licensing and Permitting System and Law on Electric and Postal Service) approving the proposed law and ordering that it be urgently submitted to the Parliament for consideration and passage. The Ministry of Economy, Ministry of Transport and Communication, and the Director of the Communications Agency were assigned to present and defend the draft law to Parliament.

bank issuing POF loans, and as of March 31, 2016, they have reported a total portfolio of 39 POF for working capital finance ranging from KGS 30,000 to 285,000. These loans, however, are supporting the agricultural sector.

The BGI team also drafted a credit demand survey for companies in the textile and apparel value chain and canvassed a total of 17 BGI program participants about their current and future short-term financing needs. The purpose of the survey was to match specific short-term financing needs with appropriate short-term loan products that could be offered by partner banks.

Nevertheless, although banks are interested in offering POF loans, they are reluctant to issue them without supporting real estate collateral, which according to current bank regulations, requires banks to hold higher reserve requirements. Consequently, the team also drafted a document designed to identify how to overcome obstacles to issuing POF loans, which highlights the challenges banks currently face: liquidity problems, NBKR reserve requirements, marketing POF as a new loan product to their clients and BGI's value chain companies. But given current turmoil in the Kyrgyz financial markets, BGI decided to deemphasize promoting this product in the short run to support value chain financing needs.

Study on the Leasing Environment in the Kyrgyz Republic *BGI Second Year Work Plan, Business Regulation, Activity 6.2*

On February 17, BGI, in collaboration with the Union of Kyrgyz Banks and ISR Consult, held a round table for 60 representatives of Kyrgyz financial institutions to discuss the results of the Kyrgyz leasing market study conducted during the last half of 2015. Leasing can be a powerful tool for businesses to acquire new technology and equipment, although it remains underdeveloped in the Kyrgyz Republic. The study consisted of several stages, involving the desk study, survey of active lessors, focus groups with lessors and lessees, mystery shopper and in-depth interviews with experts. The study was undertaken to better understand the reasons for its lack of market penetration, in which it was found that the lack of long-term funding sources for lessors, foreign currency risks, and inadequate implementation of tax, customs and other regulatory requirements have held back widespread development.

Currently, only four banks out of 24 commercial banks that operate in Kyrgyzstan are active in the leasing market; the sector of non-bank credit institutions is represented by BT Innovations, East Leasing, BPN Fund, Stroidormashservice-Leasing, Avtoleasing, IJARA Kyrgyzstan Leasing Company and others. Aiyl Bank underwrites most of the leasing transactions in the country, which has secured a subsidized line of credit from the government to finance agricultural equipment leases. Nevertheless, banks, leasing companies and other financial institutions have begun to pilot use of leasing as an alternative financing mechanism for creditworthy clients, and they support the recommendations proposed by the study to overcome obstacles.

Anvar Abdraev, President of the Union of Kyrgyz Banks, noted that the union will continue to implement development recommendations and asked interested business associations and international organizations for cooperation in these efforts.

10. Civil Aviation Safety

BGI's Activities in Q1 2016

BGI activities in civil aviation safety remain suspended following USAID's request following the termination of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20. The suspended activities include 1) Development and Adoption of ICAO Aviation Rules (BGI Second Year Work Plan, Civil Aviation, Activity 7.2); 2) Document Management System Software Development, Archive Digitization and Hardware Procurement (BGI Second Year Work Plan, Civil Aviation, Activity 7.4); 3) Draft Provision for the New Organizational Structure of the CAA (BGI Second Year Work Plan, Civil Aviation, Activity 7.3). Once suspension is lifted, BGI intends to launch all below-listed activities.

Following adoption of the new Air Code, BGI intended to provide support to the Civil Aviation Authorities (CAA) to help them be prepared for the rescheduled ICAO Audit in January 2016. These activities were never initiated, however, due to termination of the bilateral agreement. In the absence of USAID support, the CAA also had to mobilize its own scarce resources to prepare all necessary regulations to bring its legal framework in line with provisions of the new Air Code that came into force on February 6, six months after the Air Code was signed into Law by President Atambaev.

ICAO Audit

On January 25-February 5, 2016, ICAO performed a Universal Safety Oversight Audit of the Kyrgyz Republic and assessed the CAA's capacities against five of the eight critical safety elements. As a result of this audit, ICAO listed 128 recommendations and highlighted a number of areas in which the Kyrgyz regulatory framework for civil aviation did not comply with international standards for aviation safety. As a result, the CAA should propose a Corrective Action Plan (CAP) to address areas of non-compliance, which will be reviewed by ICAO and attached to its Final Audit Report. The audit resulted in 128 findings related to the five following elements:

No	Critical Element	Description	2009	2016	Difference
1	LEG	Primary Aviation Legislation	5	3	-2
2	ORG	Civil Aviation Organization	2	3	+1
3	PEL	Personnel Licensing	4	42	+38
4	OPS	Aircraft Operations	8	53	+35
5	AIR	Airworthiness Of Aircraft	14	27	+13
6	AIG	Aircraft Accident And Incident Investigation	8	N/A	
7	ANS	Air Navigation Services	17	N/A	
8	AGA	Aerodromes(AGA)	9	N/A	
		Total	67 Total 33 for the 5 CEs	128	+95

The ICAO audit conducted in 2009 revealed 67 findings covering all eight elements. The number of findings this year exceeds the last audit result by 95 findings. Moreover, the audit resulted in assigning to the Kyrgyz CAA a second Significant Safety Concern (SSC) (in addition to the first SSC given to the CAA based on results of an ICAO mission from February 8-13, 2015).

During the audit period, BGI, together with USAID, held an informal meeting with the ICAO audit team. The ICAO team leader praised the newly passed Air Code developed with the USAID support, saying that it is prepared in line with ICAO international standards. However, since the audit was conducted prior to enactment of the new Code on February 6, this audit had to review the old Air Code and make the relevant conclusions. One of the ICAO audit team's recommendations was to revise all aviation rules and bring them in line with the new Air Code and ICAO standards. BGI intends to resume its assistance to the Kyrgyz CAA in this, and other ways, once the bilateral issue is resolved.

According to the ICAO Guidance for Developing and Updating Corrective Action Plans, the CAA should fully address all findings, describe corrective actions in a detailed and clear manner, provide all necessary details on how to implement requirements and procedures, and address all items indicated in the findings, along with realistic implementation dates. The CAA should also provide regular reports to ICAO on its CAP implementation progress and enable ICAO to assess the next course of action. The CAA is expected to develop and submit the final version of the CAP (in English) within three months following the audit completion, May 5, 2016.

11. Mining Policy and Capacity Development

BGI's Activities in Q1 2016

BGI activities in Mining Policy and Capacity Development remain suspended following USAID's request following the termination of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20.

12. World Trade Organization (WTO) Commitments

Assistance with WTO Commitments

BGI Second Year Work Plan, Trade Policy, Activity 9.1

BGI's participation in this activity, however, was suspended following the cancellation of the bilateral Agreement by the Government of the Kyrgyz Republic, effective August 20. Once suspension is lifted, BGI will issue a subcontract the association and will launch the project.

13. BGI Presentation to Parliamentary Faction "Progress-Onuguu"

Following a request received from the Parliamentary faction Onuguu-Progress, on February 5, BGI made a presentation to members of this political party on the project's results for 2015 and activities planned for 2016. Onuguu Progress holds 13 out of 120 seats and is the fourth largest party represented in the current Parliament. The project team briefed members on key BGI initiatives, including development of four destinations for tourism, assistance to the Kyrgyz apparel sector to access European and Russian retail markets, activities to improve aviation safety that would help lift the flight ban to the European Union, reforms in tax administration and business regulations, and assistance in strengthening mining policy, among other activities.

Faction members were impressed with the broad range of activities supported by USAID and expressed willingness to closely cooperate with the BGI in supporting legislative reforms. Members of Parliament thanked the BGI staff for the presentation and emphasized that the presentation helped them to better understand USAID's activities in the Kyrgyz Republic and shape a positive attitude toward the benefits of international development projects. Faction Leader Bakyt Torobaev encouraged BGI to further promote Kyrgyzstan in foreign media and exhibitions and voiced support for apparel sector development. He also said he would work with the Ministry of Foreign Affairs to resolve the tax issues resulting from cancellation of the Kyrgyz government's bilateral agreement with the United States.

14. Grants Program Launch

BGI's Activities in Q4 2015

BGI Second Year Work Plan, Administrative, Activity 12.1

As of the end of BGI's first grant application submission period on January 22, the grants team collected 88 concept papers in response to the Annual Program Statement issued in November 2015. The team received 59 submitted concept papers from Bishkek. Other regions represented were: Osh (4), Naryn (2), Issyk-Kul (11), Chui (2), and Talas (1), Batken (5) and Jalal-Abad (4).

The grants team pre-screened these concept papers to ensure compliance with stated eligibility and completion requirements and forwarded the concept papers to the Evaluation Committee for reviewing and scoring in accordance with the BGI Grants manual. As a result of pre-screening, BGI found one concept paper ineligible and disqualified because the organization's activities were not eligible for BGI grant funding. Thus, BGI's Concept Evaluation Committee evaluated 87 concept papers provided for review. The Committee adhered to guidelines and processes agreed with USAID to avoid potential conflict of interest and lack of transparency and to support fair, objective, and consistent review of all concept papers.

Of these concept papers, 27 met BGI's minimum score of 70 and were invited to submit full grant applications. Applicants invited to submit full grant applications received response letters from BGI with valuable recommendations for further improving their grant concepts. All of them appreciated this detailed feedback and noted that such type of communication between BGI and potential grantees helped them to strengthen grant concept development capacity within their organizations.

In February, BGI signed its first grant agreement for US \$18,042 with the Jyrgalan DMO to support the acquisition of backcountry ski equipment and avalanche safety equipment. By the end of the first quarter, BGI was finalizing a grant agreement package with the public union, Destination Karakol, to support startup and initial operating expenses of the official DMO. Two more grant packages were also in their final stages for presenting to USAID to approval – Zorin and the TeDis Innovation Center – and both are expected to be awarded in the second quarter.

The 27 full grant applications will be due April 11 while the second deadline for concept paper submission will be due on April 22. BGI will award selected applicants from the group of 27 applications during the second quarter.

15. Subcontracts, Consultants and Grants Awards and History

The following is a list of subcontract, consultant and grant awards under the BGI Project.

BGI Local Subcontracting Awards and History – Q1 2016

	<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
1	Conducting Textile/Apparel Value Chain Study	Central Asia International Consulting (CAIC)	Dec 2014	4 months	\$61,096	Completed
2	Conducting Assessment of Demand and Supply of Skills in BGI Value Chains	M-Vector	Dec 2014	4 months	\$56,411	Completed
3	Promoting Passage of the New Air Code	Kalikova & Associates	Dec 2014	6 months	\$38,329	Completed
4	Implementing VAT Administrative Reform	MF Consulting	Dec 2014	6 months	\$72,460	Completed
5	Providing Services for Entering the Russian Apparel Market for Kyrgyz Apparel Producers	Fashion Consulting Group	Feb 2015	2 months	\$26,220	Completed
6	Promoting Tax Literacy to Prepare for the Introduction of Universal Tax Declaration	Chamber of Tax Consultants	Feb 2015	6 months	\$68,960	Completed
7	Conducting Construction Materials Value Chain Study	International Business Council	Feb 2015	4 months	\$56,436	Completed
8	Broadcasting Video and Audio Announcements on Universal Tax Declaration	Vzgrad.kg	Feb 2015	2 months	\$41,856	Completed
9	Providing Continued Capacity Developments for the State Geology Agency	Education and Career Foundation	Feb 2015	6 months	\$24,812	Completed
10	Legal Revision, Checklist Development and Training on New Inspections Methodologies	EcoPartner	Mar 2015	7 months	\$103,278	Suspended
11	Study of the Market for Leasing in the Kyrgyz Republic (1)	Union of Kyrgyz Banks	Jun 2015	4 months	\$21,307	Ongoing
12	Study of the Market for Leasing in the Kyrgyz Republic (2)	ISR Consult	Jun 2015	4 months	\$40,455	Ongoing
13	Study of the Elasticity of Social Fund Contributions (1)	Promotank Consulting	Jun 2015	5 months	\$40,406	Suspended
14	Study of the Elasticity of Social Fund Contributions (2)	Siar Research	Jun 2015	5 months	\$54,200	Suspended
15	Launching Public Education Campaign for Mining Strategy	Nedra Public Fund	Jun 2015	3 months	\$53,640	Suspended
16	Conducting Results Survey of the Tax Declaration Campaign	ISR Consult	Jun 2015	2 months	\$25,685	Completed
17	Conducting Baseline Survey of Destination Management Sites	Siar Research	Aug 2015	3 months	\$29,910	Completed
18	Transferring Registration of Individual Entrepreneurs to the STS	Chamber of Tax Consultants	Aug 2015	8 months	\$56,912	Suspended

BGI Local Subcontracting Awards and History – Q1 2016

	<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
19	Conducting Study of the Turkish Outbound Tourism Market	Egemenik	Sep 2015	3 months	\$11,400	Ongoing
20	Conducting Cell Phone Survey of the Turkish Outbound Tourism Market	Geocell (Mobile Accord)	Sep 2015	4 months	\$24,961	Ongoing
21	Organizing Grants Launch Events in Bishkek and Throughout Regions	Instream	Oct 2015	3 months	\$32,227	Ongoing
22	Apparel Consulting and Sales	Mike Mikkelborg	Mar 2016	6 months	\$130,000	Ongoing
TOTAL SUBCONTRACTS AWARDED					\$1,070,961	

BGI Independent Local Consultant Awards and History – Q1 2016

<i>Consulting Activity</i>	<i>Consultant</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Amending the Law on the Licensing System and Implementing Regulations	Nurgazy Zhokunov	Jan 2015	12 months	\$20,000	Suspended
Assessing the IT Capabilities of the Civil Aviation Agency	Bolot Orozmatov	Mar 2015	9 months	\$10,000	Completed
Improving the Collection and Reporting of Tourism Statistics	Nurjan Toktogulova	Apr 2015	6 months	\$3,000	Completed
Design and Delivery of Business Plan Training and Evaluation of Apparel Project Applicants	Erkin Dzhamanbaev	May 2015	3 months	\$9,720	Completed
Assistance in Developing International Agreements for Trade in Services	Muktar Jumiliev	May 2015	4 months	\$16,800	Suspended
Apparel Transactions and Tax Requirements and Make Recommendations for Bringing Apparel Firms into the Formal Business Sector	Maksim Smirnov	May 2015	4 months	\$12,720	Completed
Completion of Apparel Front-Runner Work Plans	Aleksei Lavrienko	Sep 2015	5 months	\$12,000	Completed
Construction Engineer (Burana, Osh)	Bektemir Dzheenbaev	Oct 2015	4 months	\$3,494	Completed
Environmental Assessment Specialist (Burana, Osh)	Ruslan Riabikin (Consult-KG Ltd.)	Oct 2015	4 months	\$3,333	Completed
Construction Engineer	Nurlan Orozbaev	Oct 2015	4 months	\$3,413	Completed
Environment Assessment Specialist (Karakol, Jyrgalan)	Ana Kirilenko (Biom Youth Ecological Movement)	Oct 2015	4 months	\$3,421	Completed
Organization of the Exhibition of Women Entrepreneurs at the Opening of new Chancery of the US Embassy	Gulmira Asanbaeva (Alliance of Trainers and Consultants)	Oct 2015	2 months	\$3,108	Completed

BGI Independent Local Consultant Awards and History – Q1 2016

<i>Consulting Activity</i>	<i>Consultant</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Handicrafts and Catering Training - Jyrgalan Fest	Damira Abdybekova	Oct 2015	2 months	\$3,190	Completed
Travel and Free-Ride Ski Blogger - Jyrgalan Fest	Svetlana Khlebnikova	Nov 2015	2 months	\$1,778	Completed
Organization of Innovation Club Meetings	Capacity Building Foundation	Nov 2015	6 month	\$3,280	Ongoing
Environment Assessment Specialist (Apparel Sector)	Ana Kirilenko (Biom Youth Ecological Movement)	Oct 2015	4 months	\$1,205	Completed
Apparel Marketing and Sales	Yulia Ediger	Feb 2015	2 months*	\$2,346	Ongoing
Apparel Technician	Ekaterina Zibrova	Feb 2015	2 months*	\$3,188	Ongoing
Apparel Input Sourcing	Bermet Sydugalieva	Mar 2015	4 months	\$3,452	
TOTAL CONSULTANT CONTRACTS AWARDED				\$119,448	

* Subsequently replaced with longer-term contracts issued from Washington

BGI Grant Awards and History – Q1 2016

<i>Subcontracting Activity</i>		<i>Grantee</i>	<i>Award Date</i>	<i>Grant Award</i>	<i>Grantee Portion</i>	<i>Percent</i>	<i>Total</i>
1	Purchase of Ski Safety Equipment	Alakol Guest House, Jyrgalan DMO	Feb 2016	\$18,042	\$3,961	18%	\$20,003
TOTAL GRANTS AWARDED							\$20,003

16. Anticipated Subcontracts, Consultants and Grants Awards in Q2 2016

The following is a list of subcontract, consultant and grant awards under the BGI Project.

Anticipated BGI Subcontracting Awards – Q2 2016

	<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>
1	Apparel Sector Social Responsibility Compliance	Nellye (CSI)	Apr 2016	2 months	\$10,000
2	Manufacture and Installation of Signage Supporting Tourism Destinations	Welcome.kg	Apr 2016	6 months	\$80,000
3	Guesthouse (B&B) Training	Yvonne Halling	Apr 2016	2 months	\$20,000
4	Museum Capacity Development	Center for Museum Initiatives	Apr 2016	12 months	\$80,000
5	International Internet Marketing Strategy Development and Implementation	TBD	May 2016	6 months	\$100,000
6	Internet Marketing Implementation (Russian and Turkish)	TBD	May 2016	6 months	\$50,000
7	Apparel Sector Trade Finance	Highland Capital	Jun 2016	4 months	\$35,000
TOTAL ANTICIPATED SUBCONTRACT VALUE FOR Q1 2016					\$375,000

<i>Consulting Activity</i>	<i>Consultant</i>	<i>Award Date</i>	<i>Period of Perform.</i>
Apparel Merchandising	Anna Tarantsova	Apr 2016	6 months
Apparel Input Sourcing (China)	TBD	May 2016	12 months
Apparel Production/Training	Paul Collyer	Ongoing	Ongoing
Tourism Marketing	Meg Small	May 2016	6 months
Tourism Destination Management	Kyle Gunther	May 2016	6 months
KCTAR Legal Registration	Maksim Smirnoff	May 2016	2 months

Anticipated BGI Grant Awards – Q2 2016

	<i>Subcontracting Activity</i>	<i>Grantee</i>	<i>Award Date</i>	<i>Grant Award</i>	<i>Grantee Portion</i>	<i>Percent</i>	<i>Total Value</i>
1	Destination Karakol Operating Costs	Destination Karakol	April 2016	\$21,300	\$6,000	18%	\$27,300
2	Support to the Issyk-Kul International Tourism Fair 2016	Association of Kyrgyz Resorts	April 2016	\$24,771	\$5,438	18%	\$30,209
3	Purchase of Apparel Cutting Equipment	Zorin	May 2016	\$133,000	\$133,000	50%	\$266,000
4	Purchase of Apparel Embroidery and Cutting Equipment	TeDIS	May 2016	\$28,880	\$7,220	20%	\$36,100

5	Purchase of Apparel Machinery	Dastan	Jun 2016	\$8,200	\$18,000	18%	\$10,000
6	Association of Stone Producers Operating Costs	Association of Stone Producers	May 2016	\$44,670	\$20,768	32%	\$65,438
TOTALS				\$260,821	\$190,426	43.7%	\$435,037

17. Financial Results

Budget Cost Elements	Budgeted Amount	Invocied Amount as of Mar 05, 2016	Accrual Amount as of Mar 31, 2016	Expended Amount	Remaining Budget to Complete
Labor	\$3,589,499.00	\$1,106,327.48	91,651.26	\$1,197,978.74	\$2,391,520.26
Total Other Direct Costs	\$5,652,519.00	\$2,118,542.65	\$284,374.53	\$2,402,917.18	\$3,249,601.82
PROJECT FUND					\$0.00
<i>Local Subcontractor</i>	\$3,397,795.00	\$859,753.21	\$3,866.67	\$863,619.88	\$2,534,175.12
<i>Grants</i>	\$1,225,490.00	\$0.00	\$0.00	\$0.00	\$1,225,490.00
Indirect cost	\$5,348,954.00	\$1,353,182.53	\$59,399.21	\$1,412,581.74	\$3,936,372.26
<i>Fixed Fee</i>	\$858,738.00	\$334,871.49	\$0.00	\$334,871.49	\$523,866.51
<i>Fixed fee on subs and grants</i>	\$98,039.00	\$0.00		\$0.00	\$98,039.00
Total	\$20,171,034.00	\$5,772,677.36	\$319,533.53	\$5,324,153.81	\$14,846,880.19

18. Report Annexes

Annex A: Primary Events, Training, and Focus Group/Research Conducted

Annex B: Table of Deliverables

Annex A: Primary Events, Training, and Focus Group/Research Conducted

Primary Events, Training and Focus Group/Research Conducted (E=event, T=training, F=focus group)

Component		BGI Event	Men	Women	Total
Apparel	E	January 22 – Innovation Club Meeting (#4)	20	35	52
	E	February 25 – Innovation Club Meeting (#5)	14	26	40
Tourism	E	February 18 – Research findings presentation: Turkish Outbound Tourism Study and Survey in four destinations of the KR and three places in the Issyk-Kul resort area	25	31	56
	E	March 3 – US Ambassador Dedication of the Karakol DMO's New Office	13	6	19
	E	March 3 – US Ambassador Presents Avalanche Safety Equipment to the Jyrgalan DMO	25	40	65
	E	March 31– Destination Karakol DMO official launch	38	32	70
Construction Materials	E	February 16 – Organizational Meeting with stone cutters companies	11	0	11
	E	February 24 - Round Table with CM stakeholders	38	17	55
Human Capital	T	February 3-9, 2016, ToT for Apparel Companies	1	13	14
	E	February 5, 2016, HR Panel for Hotel Industry in Kyrgyzstan	11	30	41
Tax Administration	E	January 12 - Presentation of the Draft Law on Making Amendments and Additions to certain legal acts of the Kyrgyz Republic (Licensing Law) to Deputy Minister of Economy D. Imanaliev	5	5	10
	E	Discussion and coordination of the Draft Law on Making Amendments and January 19 - Additions to Certain Legal Acts of the Kyrgyz Republic with the Deputy Minister of Transportation and State Communication Agency (Licensing Law)	6	8	14
	E	Meeting with Minister of Economy A. Kozhoshev on optimization of inspections and licensing	4	3	7
	E	March 10 - Participation in the work of MoE expert group on RIA	11	5	16
Licensing and Inspections	T	January 27 - Purchase Order Finance Workshop for Credit Officers at Partner Bank - Bai Tushum Bank	9	7	16
	T	January 27-28 - Purchase Order Finance Workshop for Credit Officers at Partner Bank – Kyrgyz Investment and Credit Bank	6	4	10
	T	February 2 - Purchase Order Finance Workshop for Credit Officers at Partner Bank – Demir Kyrgyz International Bank	8	3	11
	E	February 17 - Leasing Market Study Presentation	25	29	54
Access to Finance	T	January 27 - Purchase Order Finance Workshop for Credit Officers at Partner Bank - Bai Tushum Bank	9	7	16
	T	January 27-28 – Purchase Order Finance Workshop for Credit Officers at Partner Bank – Kyrgyz Investment and Credit Bank	6	4	10
	T	February 2 – Purchase Order Finance Workshop for Credit Officers at Partner Bank – Demir Kyrgyz International Bank – February 2, 2016	8	3	11
	E	February 17 – Leasing Market Study Presentation	25	29	54
Total			318	337	655

Annex B: Table of Deliverables

Component	Document	ENG	RUS	PUB?
Apparel	Innovation Club Presentation #4, List of Participants – January 22	X		
	Innovation Club Presentation #5, List of Participants – February 25	X		
	Apparel Trip Report – Russia	X		
	Apparel Trip Report – Europe	X		
	Apparel Trip Report – China	X		
Tourism	Survey in four destinations of the Kyrgyz republic and three places in the Issyk-Kul resort area, 20 January, 2016	X	X	Yes
	Outbound Turkish tourism market research: Opportunities for Kyrgyzstan, 10 February, 2016	X	X	Yes
Construction Materials	List of participants, Agenda, Press release (Round table with CM stakeholders February 24, 2016	X	X	
	Mass media digest (Round table with CM stakeholders February 24, 2016		X	
	Presentations for Round Table with CM stakeholders , February 24, 2016 (MS Power Point)	X	X	Yes
	BGI Work Plan (MS Excel table)	X		
	BGI CM strategy presentation (MS Power Point)	X		Yes
Human Capital	List of Participants for the ToT on Improving the Efficiency of Apparel Companies	X		
	List of Participants for HR Panel Discussion in Tourism Sector		X	
Tax Administration	Draft Resolution on VAT for import and re-export of goods from third countries		X	
	SoW for an independent expert for the Ministry of Economy		X	
	Presentation on taxation regime options for apparel sector		X	
Access to Finance	Purchase Order Finance Workshop Materials for Credit Officers at Partner Bank – Bai Tushum Bank on January 27, 2106	X	X	
	List of participants from Bai Tushum Bank on January 27, 2016	X		
	Purchase Order Finance Workshop Materials for Credit Officers at Partner Bank – Kyrgyz Investment and Credit Bank (KICB) – January 27-28, 2016	X	X	
	List of participants from KICB Bank on January 27-28, 2016	X		
	Purchase Order Finance Workshop Materials for Credit Officers at Partner Bank – Demir Kyrgyz International Bank – February 2, 2016	X	X	
	List of participants from Demir Bank on February 2, 2016	X		
	Agenda for BGI Leasing Market Study Presentation on February 17, 2016	X	X	
	List of Participants for BGI Leasing Market Study Presentation on February 17, 2016	X	X	
	Leasing Market Study Presentation on February 17, 2016	X	X	Yes
	Leasing Market Study Report	X	X	Yes
Business Regulations	Richard P. Currie Exit Report with Annexes A, B and C for February 2016	X		
	Draft Law on Ecological Safety in the Kyrgyz Republi with attachments: RIA, Explanatory Notes, Expert conclusions following the anti-corruption review, legal review, ecological review, gender review, and human rights protection assessment.	Kyrgyz	X	
	Draft Law on Radiological Safety in the Kyrgyz Republi with attachments: RIA, Explanatory Notes, Expert conclusions following the anti-corruption review, legal review, ecological review, gender review, and human rights protection assessment.	Kyrgyz	X	
	Updated Presentation to Minister of Economy Kozhoshev of the Draft Law on Licensing and proposed changes		X	
	Updated Presentation to a new Minister of Economy Kozhoshev of the Draft Law on Inspections and proposed changes		X	
Grants	Grant Agreement with Jyrgalan DMO	X	X	

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