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# BUSINESS ENVIRONMENT IMPROVEMENT PROJECT

## ANNUAL REPORT #2

### OCTOBER 2007 – SEPTEMBER 2008



**September 30, 2008**

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**BUSINESS ENVIRONMENT IMPROVEMENT PROJECT  
ANNUAL REPORT #2  
OCTOBER 2007 – SEPTEMBER 2008**

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The Business Environment Improvement project (BEI) is pleased to submit its second annual report to USAID detailing progress and achievements for the period October 2007 - September 2008. The report is divided into two sections – the first section discussing highlights from the period and a summary of BEI performance versus targets across indicators included in the Performance Monitoring Plan (PMP) and the second reporting on progress toward achieving specific work plan objectives and performance versus targets details.

## **PROJECT HIGHLIGHTS**

During the first half of this project year BEI focused on achieving more-focused reform in World Bank Doing Business (WBDB) areas, and in achieving sufficient buy-in from host country governments to ensure success via detailed presentation of WBDB-related reform possibilities. This strategy has been very successful, and during the second half of the project year activities have focused on development of changes in close cooperation with country governments at a very high level. This cooperation has extended to the World Bank team as well, which has proved essential in pursuing rapid assessment of reforms, and particularly in the Kyrgyz Republic. All three countries have adopted new or amended laws, or packages of laws, which represent steps forward and produce large financial savings for their business communities. Events between Government and business leaders in Kazakhstan and the Republic of Tajikistan are particularly encouraging, though much work remains in all three countries.

The recently released World Bank Doing Business (WBDB) data for their 2008 report is again not overall comparable to 2006 data, due to methodology changes again this year. Data for 2007 and 2006 has been revised. Country rankings were recalculated based on the addition of three countries to the WBDB list and the revised data for 2007, but not yet for 2006 rankings. Despite the revisions in data, for the individual indicators across Kazakhstan, the Kyrgyz Republic, and the Republic of Tajikistan the trend is positive this year. This reflects, in part, very large improvements in those indicators BEI has focused on during the past two years.

## **PERFORMANCE VERSUS TARGETS SUMMARY**

### **PROJECT RESULT #1: WORLD BANK DOING BUSINESS INDICATORS**

As indicated in the May 2008 revised BEI Performance Monitoring Plan, BEI uses underlying indicators (number of days, cost, etc.) as the most-reliable measure for evaluating country-specific improvement across not less than five (5) of nine (9) processes tracked by the World Bank Doing Business team (starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, enforcing contracts, and closing a business).

On the assumption that baseline data once established would remain constant, indicators published in 2007, based on 2006 data, were suggested as baseline figures from which the project would achieve at least an aggregate 25% improvement over 4 years. In calculating the 25% average improvement, the underlying variables are equally weighted and calculations are based on DB 2007 (revised 2006 data published in 2006 and retroactively revised in 2007) versus DB 2011 (2010 data expected to be published in 2010). “Trading Across Borders” is excluded from the list due to a focused USAID trade project in the region.

However, during 2008 the 2006 data baseline figures and 2007 published figures were again revised as published by the World Bank to reflect methodological changes and other modifications. The updated historical figures are provided in the tracking table below.

During the contract year, BEI completed an intensive period of reform development between the Government of KR, BEI, the WBDB team, and other public and donor participants. This “100 Days of Reform” campaign fully engaged the public and focused attention on government officials charged from the Presidential level with making reforms happen. The close involvement of the WBDB team has ensured that results were measured in advance of the WBDB 2009 report, which shows considerable improvements in the areas of focus.

Similar increased attention at the Prime Ministerial level in Kazakhstan, and formation of a PM’s Commission on reforms, led to the passage of several very promising laws, regulations, and orders affecting three WBDB indicators: Starting a Business, Dealing with Construction Permits<sup>1</sup>, and Registering Property. Unfortunately only the changes to registration of property processes took place early enough to be included in the 2009 report. Other changes are expected to significantly affect Kazakhstan’s assessment for next year.

Collaboration with the Government of Tajikistan on needed changes continues at a slower pace than in the other two countries, but shows increased appreciation for reforms in the areas of WBDB focus and the requirement for high-level cooperation in achieving those reforms. Time lag from March, 2007, reform of the law “On Stock Companies” and the related civic and economic procedure codes has caught up with the WBDB measurement and changes to the Protecting Investors indicator have now been recorded for the Republic of Tajikistan.

For the third project year work plan, close communication with the World Bank team is planned based on the model of the recent Kyrgyz reform work. BEI will continue to track the Doing Business Indicators, collaborate with the World Bank to improve the accuracy of its data, and use the indicators to increase demand for reform, but the results reported in PR2 are a more direct and detailed measure of BEI’s impact on the lives of entrepreneurs.

## **BEI 2007-2008 WBDB PROCESS IMPROVEMENTS**

Following are short summaries of BEI-facilitated business environment changes during the 2007-2008 project year expected to produce improvements to the WBDB indicators. Though the WBDB records changes this year for the Tajik “Protecting Investors” indicator, the relevant legal changes were enacted and implemented during the previous, 2006-2007 BEI project year, and are not reproduced here.

### **Modifications influencing Kazakhstan’s “Starting a Business” process, 2007-2008**

The Law “*On introducing amendments and additions to some legislative acts of the Republic of Kazakhstan on the issues of state registration of legal entities and record registration of branches and representative offices*” enacted on July 4, 2008 is designed to affect the measured Doing Business “Starting Business” (SB) process in the following manner:

- 1) Eliminate **SB step #1** (*Notarize the company deed*), if activities of a legal entity are based on a Template Charter, then there is no need to submit the Charter (and its copies) during registration
- 2) Reduce time required for **SB step #3** (*State registration of legal entity, statistical and tax registration with the local department of Ministry of Justice*) from 14 days to 3 days
- 3) Eliminate **SB step #8** (*Register for the obligatory insurance of life and health for employees*) - this step has been combined with SB #4, and is done at the registration of an enterprise in a tax body.

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<sup>1</sup> Renamed in the 2009 report, consistent with BEI recommendations, to improve clarity of the indicator title.

In summary these changes are intended to eliminate 2 procedures, 13 days time, and approximately 6% of GNIPC in costs from the permitting process based on World Bank 2008 report evaluations, reducing steps from 8 to 6, time from 21 to 8 days, and cost from 7.63% of GNIPC to about 1.63% of GNIPC. This change is expected to be assessed for the WBDB 2010 report, during next project year.

### **Modifications influencing Kazakhstan’s “Dealing with Construction Permits” process, 2007-2008**

Government Decree #425, and Decree #422 of May 6, and Government Decree #569 of June 11, 2008, are designed to affect the measured Doing Business “Dealing with Construction Permits” (DwCP) process in the following manner:

- 1) Reduce time required for **DwCP step #1** from 10 days to 5 days (*Request and obtain technical conditions from the water and sewage authority*)
- 2) Reduce time required for **DwCP step #2** from 10 days to 5 days (*Request and obtain technical conditions from the telephone authority*)
- 3) Eliminate **DwCP step #10** (*Request and obtain approval from the local fire department*)
- 4) Eliminate **DwCP step #12** (*Request and obtain approval from Sanitary and Epidemiology Service*)
- 5) Eliminate **DwCP step #13** (*Request and obtain the opinion of the seismological agency on the project*)
- 6) Eliminate **DwCP step #15** (*Request and obtain rendering building and assembly jobs permit from the State Architectural Supervision Authority*)
- 7) Reduce time required for **DwCP step #16** from 30 days to 13 days (*Request and obtain rendering building and assembly jobs permit from the State Architectural Supervision Authorities*)
- 8) Eliminate **DwCP step #24** (*Hire a construction engineering supervision company*)
- 9) Reduced cost required for **DwCP step #28** from 9520000 tenge (about \$75,500 USD at 2007 rates) to zero tenge for small businesses and medium businesses under 50Kwh (*Request electric power connection services*)
- 10) Reduce time required for **DwCP step #34** from 29 days to 15 days (*Obtain Approval Act from Working Commission*)
- 11) Eliminate **DwCP step #37** (*Request and obtain Akimat approval*)

In summary these changes are intended to eliminate 6 procedures, 81 days time, and over 9,854,000 KZT (about \$82,116.66) in costs from the permitting process based on World Bank evaluations, reducing steps from 38 to 32, time from 231 to 150 days, and cost from 10.17 million to 316 thousand KZT (about \$2,633.33). This change is expected to be assessed for the WBDB 2010 report, during next project year.

### **Modifications influencing Kazakhstan’s “Registering Property” process, 2007-2008**

The Law “On state registration of rights to immovable property and transactions with it” #310-III enacted on July 26, 2007, and several implementing regulations from the Ministry of Justice, #235, #236, and #239 of August 24, 2007, and Decree of the Government of KZ #799 and #798 of 12 September, are designed to affect the measured Doing Business “Registering Property” (RP) process in the following manner:

- 1) Eliminate **RP step # 1** (*Obtain the extract to the building from the Registration Sheet of the Legal Cadastre and ask the Registration Service Committee to provide the seller with the technical passport of the building*)
- 2) Eliminate **RP step # 2** (*Field inspection of the property*)

- 3) Eliminate **RP step # 3** (*The seller obtains the technical passport of the property*)
- 4) Eliminate **RP step # 4** (*Obtain cadastral plans for the land plot from the local body of the Land Resource Management Committee*)
- 5) Eliminate **RP step # 7** (*Registration of land ownership title at the Land Resource Management Committee*)

In summary these changes are intended to reduce procedures from 8 to 3, time from 52 to 18 days, and cost from .87% of property value to .40% of property value (based on World Bank 2008 report). This change took place too late to be fully included in the WBDB 2008 report, but the WBDB 2009 report evaluates these changes as having eliminated 3 steps, 12 days, and .8% of the value of the property being registered, as cost.

### **Modifications influencing the Kyrgyz Republic's "Starting a Business" process, 2007-2008**

The law #109 "On Amendments to the Law of KR on State Registration of Legal Entities" of June 2, 2008, and the associated Resolution #182 of April 23, 2008, are designed to affect the measured Doing Business "Registering Property" process in the following manner:

- 1) Eliminate **RP step #1** (*Deposit not less than 50% of the charter capital in a bank and get a proof thereof*), though charter capital proof is required after 1 year operation
- 2) Eliminate **RP step #3** (*Obtain proof of company location*)
- 3) Combine **RP steps #4, 5, and 7** via the streamlined processes principle (*Register at the appropriate body of the Ministry of Justice, state registration; Register with the State Tax Inspectorate and obtain a confirmation for making a company seal; Register with the Social Fund*)

The requirement for start-up businesses to obtain a permit for and make their company stamps is eliminated as well, but in practice is still being followed by entrepreneurs, even though optional. Therefore the WBDB 2009 report evaluates these changes as having eliminated 4 steps, 6 days, and 1.41% of GNIPC to start a business. BEI, however, has identified that the WBDB has erroneously included the previous year's full costs for what were RP steps #4, 5, and 7 (a total of 264 soms, or about \$7.50), while according to law the new RP step #2 costs 10 soms (\$0.28).

### **Modifications influencing the Kyrgyz Republic's "Dealing with Construction Permits" process, 2007-2008**

On June 2, 2008 the President signed Law #108 "On Amendments to the Law KR on Urban Planning and Architecture in the Kyrgyz Republic." This law, plus the accompanying Presidential Decree #164 of May 14, and Resolution of Government #252 of May 30, 2008, are designed to affect the measured Doing Business "Dealing with Construction Permits" (DwCP) process in the following manner:

- 1) Combines **DwCP steps #1, 2, 3, 4, and 12** via the streamlined processes principle (*File application-intention and obtain City Planning Regulation of Architectural Planning Conditions from the unit of State Department for Architecture and Construction Supervision; Request and obtain technical conditions to connect to networks for electricity supply; Request and obtain technical conditions to connect to networks for water supply; Request and obtain technical conditions to connect to networks for sewage system; Register documents with the State Department for Architecture and Construction Supervision*)
- 2) Combines **DwCP steps #8, 9, and 13** via the streamlined processes principle (*Request and obtain approval of project documentation from local unit of State Department for Architecture and Construction Supervision; Enter into an agreement with the Department on State Architectural and Construction Supervision with regard to supervision and control of construction; Obtain building permit from State Department for Architecture and Construction Supervision*)

- 3) Combines **DwCP steps #19 and 20** via the streamlined processes principle (*Obtain Occupancy Permit; Register the building with the real estate registry*)

As part of these reforms, systematic changes to the philosophy of the process are made, including introducing the concept of “silence means consent”, and imposing clear-cut deadlines for approval by agencies and utilities. Changes to the DwCP evaluation methodology briefly lowered KR’s rank in this measurement prior to the 2009 report, to 170<sup>th</sup> place with 22 steps, 332 days, and 759.1% of GNIPC. Therefore for the WBDB 2009 report these changes are evaluated as having eliminated 9 steps, 173 days, and 353.4% of GNIPC in costs (about \$2085) for the construction permitting process.

### **Modifications influencing the Kyrgyz Republic’s “Getting Credit” process, 2007-2008**

The President also signed Law #107 “On Amendments to the Civil Code of the Kyrgyz Republic” on June 1, 2008, providing additional measures to obtain and disseminate credit information about borrowers from various vendors. This law is designed to affect the measured Doing Business “Getting Credit” (GC) process in the following manner:

- 1) Change the **GC question: “Are both positive and negative data distributed?”** to Yes
- 2) Change the **GC question: “Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?”** to Yes

This law significantly expands the circle of entities that offer credit information, providing access to records from retailers, trade creditors, utility providers, and financial institutions, and reduces the risks associated with the loaning process. The WBDB 2009 report assesses these changes positively, as well as re-assessing previous years’ data, improving KR’s indicators to a Legal Rights Index of 7, Credit Information Index of 5, and a 3.7% credit bureau coverage rating.

### **Modifications influencing the Kyrgyz Republic’s “Protecting Investors” process, 2007-2008**

On June 2, 2008 the President signed Law #110 “On Amendments to the Law of KR on Joint-Stock Companies,” and is designed to affect the measured Doing Business “Protecting Investors” (PI) process in the following manner:

- 1) Change the **PI question: “Requirement that an external body review the transaction before it takes place?”** (yes is positive) to Yes
- 2) Change the **PI rating: “Shareholder plaintiff’s ability to hold the approving body (the CEO or board of directors) liable for damage to the company”** (0-2 scale) to “1”
- 3) Change the **PI question: “Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?”** (yes is positive) to Yes
- 4) Change the **PI question: “Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?”** (yes is positive) to Yes
- 5) Change the **PI rating: “Shareholder plaintiff’s ability to sue directly or derivatively for damage the transaction causes to the company”** (0-1 scale) to “1”

This law provides for strengthened and enhanced minority shareholder rights and restricts and discourages related-party transactions. The WBDB 2009 report assesses these changes positively, improving KR’s indicators to a Disclosure Index of 9, Director Liability Index of 5, Shareholder Suits Index of 9, and a combined 7.7 Investor Protection Index.

## DOING BUSINESS PROCESSES SUMMARY

The table below compares published Doing Business 2009 indicators over time, tracking total percent change versus baseline (revised WBDB 2009 Report data for 2006), and percent variance to date versus baseline. Positive percent variance represents an improvement in the specific indicator. In the case of Tajikistan's "Protecting Investors" measurement, change against baseline increases from a value of zero (0), and a percentage increase is provided as an assigned 400% and 100% for indicator values of 4 and 1, respectively.

In Kazakhstan, BEI has achieved an average percent increase of 50.75% across the three sub-indicators for Registering Property (Procedures, Time, and Cost), with improvements in all three sub-indicators, and economic impact results pending an in-depth evaluation. For the Getting Credit indicator, BEI has achieved an average percent increase of 103.86% across four sub-indicators (Legal Rights Index, Credit Information Index, Public Registry Coverage, and Private Registry Coverage), with dramatic improvements to the Legal Rights Index and Private Registry Coverage sub-indicators. Due to the nature of the Getting Credit indicator, an economic impact calculation is not possible with any accuracy.

In the Kyrgyz Republic, BEI has achieved an average percent increase of 30.76% across the four sub-indicators for Starting a Business (Procedures, Time, Cost, and Minimum Capital), with improvements in all four sub-indicators, resulting in an estimated annual impact of over \$657,000. For the Dealing with Construction Permits indicator, BEI has achieved an average percent increase of 48.26% across the three sub-indicators (Procedures, Time, and Cost), with improvements in all three sub-indicators, resulting in an estimated annual impact of over \$15.1 million. For the Getting Credit indicator, BEI has achieved an average percent increase of 212.5% across four sub-indicators (Legal Rights Index, Credit Information Index, Public Registry Coverage, and Private Registry Coverage), with improvement to the Credit Information Index and dramatic improvement to the Private Registry Coverage. Due to the nature of the Getting Credit indicator, an economic impact calculation is not possible with any accuracy. For the Protecting Investors indicator, BEI has achieved an average percent increase of 110.2% across the four sub-indicators (Disclosure Index, Director Liability Index, Shareholder Suits Index, and Investor Protection Index), with improvements in all four and dramatic improvement in the Director Liability Index. Due to the nature of the Getting Credit indicator, an economic impact calculation is not possible with any accuracy.

In the Republic of Tajikistan, BEI has achieved an average percent increase of 148.53% across the four sub-indicators for the Protecting Investors indicator (Disclosure Index, Director Liability Index, Shareholder Suits Index, and Investor Protection Index), with improvements from a rating of zero in both the Disclosure and Director Liability indexes. Due to the nature of the Getting Credit indicator, an economic impact calculation is not possible with any accuracy.

Indicator	Kazakhstan				Kyrgyz Republic				Tajikistan				Notes
	2006	2007	2008	Change (%)	2006	2007	2008	Change (%)	2006	2007	2008	Change (%)	
<b>PR1. DOING BUSINESS PROCESSES SUMMARY</b>													
<b>Starting a Business</b>													
Procedures (Number)	8	8	8	0.00%	8	8	4	50.00%	14	13	13	7.14%	For World Bank Doing Business Indicators, an overall average net improvement of 25% is targeted for the life of the project. As indicated in the PMP, BEI will track these data as reported by the World Bank annually, but not set forward-looking yearly targets for individual processes. Baseline data are from the Doing Business 2007 report (2006 data) for World Bank Indicators and 2005 for BEEPS.
Time (days)	21	21	21	0.00%	21	21	15	28.57%	67	49	49	26.87%	
Cost (% GNI)	7	7.6	5.2	25.71%	9.8	8.8	7.4	24.49%	75.1	39.6	27.6	63.25%	
Min Capital (% GNI)	23.1	22.9	15.9	31.17%	0.5	0.5	0.4	20.00%	378.6	311	216.8	42.74%	
<b>Dealing with Construction Permits</b>													
Procedures (Number)	38	38	38	0.00%	22	22	13	40.91%	32	32	32	0.00%	
Time (days)	231	231	231	0.00%	332	332	159	52.11%	191	191	351	-83.77%	
Cost (% GNI)	2350.7	2,197.80	1,431.80	39.09%	840.8	759.1	405.7	51.75%	2425.2	1,991.90	1,420.70	41.42%	
<b>Employing Workers</b>													
Difficulty of Hiring Index	0	0	0	0.00%	33	33	33	0.00%	33	33	33	0.00%	
Rigidity of Hours Index	40	40	40	0.00%	40	40	40	0.00%	80	80	80	0.00%	
Difficulty of Firing Index	20	20	30	-50.00%	40	40	40	0.00%	40	40	40	0.00%	
Rigidity of Employment Index	20	20	23	-15.00%	38	38	38	0.00%	51	51	51	0.00%	
Firing costs (weeks of salary)	9	9	9	0.00%	17	17	17	0.00%	22	22	22	0.00%	
<b>Registering Property</b>													
Procedures (Number)	8	8	5	37.50%	7	7	7	0.00%	6	6	6	0.00%	
Time (days)	52	52	40	23.08%	8	8	8	0.00%	37	37	37	0.00%	
Cost (% value)	1.2	0.9	0.1	91.67%	1.9	4.6	3.9	-105.26%	1.9	1.9	1.8	5.26%	
<b>Getting Credit</b>													
Legal Rights Index	5	5	5	0.00%	7	7	7	0.00%	2	2	2	0.00%	
Credit Information Index	4	4	6	50.00%	4	4	5	25.00%	0	0	0	0.00%	
Public Registry Coverage (% adults)	0	0	0	0.00%	0	0	0	0.00%	0	0	0	0.00%	
Private Registry Coverage (% adults)	5.5	13.7	25.6	365.45%	0.4	1.6	3.7	825.00%	0	0	0	0.00%	
<b>Protecting Investors</b>													
Disclosure Index	7	7	7	0.00%	8	8	9	12.50%	0	0	4	400.00%	
Director Liability Index	1	1	1	0.00%	1	1	5	400.00%	0	0	1	100.00%	
Shareholder Suits Index	9	9	9	0.00%	9	9	9	0.00%	5	5	5	0.00%	
Investor Protection Index	5.7	5.7	5.7	0.00%	6	6	7.7	28.33%	1.7	1.7	3.3	94.12%	
<b>Paying Taxes</b>													
Payments (Number)	9	9	9	0.00%	75	75	75	0.00%	54	54	54	0.00%	
Time (Hours)	271	271	271	0.00%	202	202	202	0.00%	224	224	224	0.00%	
Total Tax Rate (% profit)	39.5	36.7	36.4	7.85%	67.2	61.4	61.4	8.63%	82.1	82.2	85.5	-4.14%	

### Enforcing Contracts

Procedures (Number)	38	38	38	0.00%	39	39	39	0.00%	34	34	34	0.00%
Time (days)	230	230	230	0.00%	177	177	177	0.00%	295	295	295	0.00%
Cost (% debt)	22	22	22	0.00%	29	29	29	0.00%	20.5	20.5	20.5	0.00%

### Closing a Business

Time (years)	3.3	3.3	3.3	0.00%	4	4	4	0.00%	3	3	3	0.00%
Cost (% of estate)	18	18	18	0.00%	15	15	15	0.00%	9	9	9	0.00%
Recovery Rate (cents on the dollar)	23.6	23.4	25.3	7.20%	14.7	15.6	14.2	-3.40%	23.6	23.6	25.4	7.63%
Total Change (average %)				19.18%				45.58%				21.89%

Note: PRI data is taken directly from the World Bank Doing Business reports and the Doing Business web site. Baseline and 2007 data are updated to reflect DB 2009 retroactive revisions to previously published data.

NR = Not Reported.

## PROJECT RESULT #2: ECONOMIC IMPACT

The impact of individual reforms is presented in detail in the PR2 table. Following are the summary results for the 2007 – 2008 contract year.

Indicator	Kazakhstan			Kyrgyz Republic			Tajikistan		
	2007	2008		2007	2008		2007	2008	
	Actual	Target	Actual	Actual	Target	Actual	Actual	Target	Actual
<b>PR2. BUSINESS ENVIRONMENT IMPACT</b>									
Business Environment annual impact (in \$mln).	<b>131.67</b>	110	<b>289.9</b>	<b>9.65</b>	2.5	<b>34.2</b>	<b>4.78</b>	3.0	<b>249.77</b>

PR2 impact estimates are calculated anew each year, rather than cumulatively.

## GEOGRAPHIC COVERAGE

Geographic coverage details are presented in Appendix I (below). Follow are the summary results for the 2007 – 2008 contract year.

	Kazakhstan			Kyrgyz Republic			Tajikistan		
	2007	2008		2007	2008		2007	2008	
	Actual	Target	Actual	Actual	Target	Actual	Actual	Target	Actual
<b>Contribution to USAID CAR MEASURES: EXPANDED GEOGRAPHIC COVERAGE</b>									
Number of municipalities receiving BEI assistance	<b>14</b>	20	<b>24</b>	<b>13</b>	13	<b>15</b>	<b>5</b>	5	<b>9</b>

Yearly targets for BEI geographic coverage are developed between project and USAID on an annual basis, and are not specified in the PMP.

## CONTEXT INDICATORS

In accordance with the PMP, the following data is reported to provide additional information regarding the business environment.

Context Indicator	Kazakhstan			Kyrgyz Republic			Tajikistan		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
SME contribution to GDP*	30.9%	NR	NR	43.6%	44.7%	45.4%	41.6%	42.3%	43.5%
Gross foreign direct investment (FDI) in sectors outside of extracting industries such as oil and gas, mining, metals, power generation (USD millions / % GDP*)	4702.5 / 8.23%	8218.7 / 10.64%	12805.6 / 12.33%	185.9 / 7.56%	280.5 / 10.41%	382.2 / 10.9%	104.4 / 4.52%	NR	360.6 / 9.71%
World Bank's "Doing Business" Country Ranking*	63**	80	70	90**	99	68	133**	156	159
World Bank's Government Effectiveness indicator*	-0.57	-0.52	-0.58	-0.87	-0.77	-0.75	-1.07	-1.02	-0.97
World Bank's Rule of Law indicator*	-0.80	-0.91	-0.83	-1.08	-1.23	-1.19	-0.98	-1.06	-1.13
World Bank's Control of Corruption indicator*	-0.93	-0.88	-0.91	-1.08	-1.10	-1.08	-1.09	-0.93	-0.86
World Bank's Regulatory Quality indicator*	-0.45	-0.49	-0.45	-0.72	-0.60	-0.40	-1.03	-1.05	-1.02

Notes: World Bank data (Doing Business and Governance Indicators) from 2006 and 2007 revised in 2008 reports.

\* Year indicates publication date of data, data lags one year. NR = not reported.

\*\* As of 2007 DB rankings. After methodology changes in 2008, this ranking is no longer available for comparison purposes.

For World Bank's "Doing Business" Country Rankings, 1 is best and 181 is worst.

For World Bank's indicators, 2 is best and -2 is worst.

Data for SME contribution to GDP and FDI in non-extractive industries are taken from national statistics sources: the Ministry of Industry and Trade of Kazakhstan, National Bank of Kazakhstan, Kyrgyz National Statistical Committee, State Statistics Committee of Tajikistan, and State Committee for Investments and State Property Management of the Republic of Tajikistan. Kazakhstan has not published data on the percent of SME contribution to GDP since 2006.

# KAZAKHSTAN

## GENERAL

BEI in Kazakhstan is co-financed jointly by the Government of Kazakhstan and USAID as part of the Program for Economic Development (PED)—part of the Houston Initiative agreement between the United States and the Republic of Kazakhstan. Based on BEI's February tender results, new contracts with subcontractors were signed on April 1, for a period of two years each. Subcontractors are: the Independent Entrepreneurs Association in WKO (Oral), Fund for Information Support for the Development of Society (Oskemen), Business Incubator SODBI (Shymkent), and the Association for Protection of Entrepreneur's Rights in Astana (Astana). These subcontractors will perform BEI activities in their cities and surrounding regions in close collaboration with the BEI country offices.

Starting December 2007, the Government of Kazakhstan began working jointly with the private sector and BEI project to simplify doing business in the country, based on the priorities of the World Bank measurements. Prime Minister Masimov, in March 2008, created the Commission on Removal of Administrative Barriers and Small and Medium Business Environment Improvement, with Sergey Pizikov, BEI Country Director, participating. Mr. Pizikov was also appointed, in September 2008, out-of-staff advisor to the Prime Minister regarding the World Bank Doing Business. These developments underscore the increasing seriousness with which the Government of Kazakhstan in general, and the Prime Minister in particular, are approaching business environment reform.

## TECHNICAL

In Kazakhstan, BEI had a successful year facilitating business environment improvement both directly and via partners. BEI's work with Government partners provided much more significant results this project year. The overall business environment impact from BEI Year 2 is estimated at over \$289.97 million (see Business Environment Results Table). This is believed to be a very conservative estimate, as several changes with anecdotally larger costs were assessed at lower levels due to questions of data quality. These economic impact results provide for an estimated return on USAID's investment of 132.1 times project expenses during the year. Based on BEI's approved 2007-2008 work plan, of 79 items expecting completion during this project year, 78.48% (62) have been completed, and the remaining 17 items have been rescheduled to the following project year to accommodate official government partner work schedules.

Significant successes in Year 2 include the adoption of three reforms by PM Masimov on the construction permitting process (Government Decree #425, and Decree #422 of May 6, and Government Decree #569 of June 11, 2008), which are estimated to save at least \$137 million in construction permitting costs and fees. These reforms came too late to be included in the WBDB 2009 Report, but will be assessed for the WBDB 2010, next year. BEI continues construction-related work with the Government to develop amendments to the Law "On architecture, town planning and construction" and the Government Decree "On Measures to Remove Administrative Barriers for Enterprise Development in the Area of Architecture, Town Planning and Construction," both of which are anticipated to further simplify the construction permitting process.

A second significant success is the adoption in February of a 1-year Presidential moratorium on inspections (excepting public safety inspections: fire and health), which is very conservatively estimated to save over \$81 million, based on the most-recent 2005 BEEPS survey data. Validation and additional GoK estimates of

effectiveness are currently ongoing as of this report, and an updated BEEPS is expected by the end of 2008. The purpose of this moratorium was to provide relief for the business community while the Government developed reformed inspections procedures. This activity has been supported by the “Business and Inspections” media and advocacy campaign through BEI partners, which has generated considerable public attention to the issue. At the request of MIT, BEI recruited international expert Igor Gutan from Moldova to develop a new “Concept for Business Regulation in the Area of Inspections,” which was presented to the Government in September.

Mr. Gutan and his work have been very well received by the GoK and ministries, and he has interested the Government in further reform via the Regulatory Guillotine Method successfully employed in Moldova, and with RTA Krassen Stanchev, in Regulatory Impact Analysis (RIA). In coordination with other reform areas and as part of a practical curriculum, participants from \Ministries, oblast state bodies and the private sector in Astana, Almaty, Shymkent, Oskemen developed two draft RIA, on the cancellation of mandatory assessment of movable property as collateral (in cooperation with KazKommertsBank), and on the construction permitting changes. These conclusions have been made available to all interested bodies as examples. As a result of this work PM Masimov has ordered MIT to investigate steps needed to apply the “Guillotine” method and RIA to Kazakhstan’s legislative base.

BEI, in cooperation with partners, presented to the Ministry of Economy and Budget Planning (MEBP) monitoring results for the implementation of the Law “On Licensing”, with recommendations to improve permitting systems. MEBP and BEI are developing draft regulations and guidelines for cooperation between state bodies during issuance of a license, which are expected to be approved by MEBP in fall 2008. At MEBP’s request, BEI has also provided support for their work in developing a totally new “Concept for Improvement of KZ Permitting System”, through international expert Galrand Boyette and Igor Gutan. This draft Concept is being revised by MEBP as of this report, and is expected to be approved by the Government, in October.

Through BEI’s work with the PM’s Commission, the Government has passed, worked on, or is considering action on BEI proposals or recommendations to simplify and optimize business activities involving:

- Moratorium on inspections
- Reduction in the number of procedures and simplification of the construction permitting system, and qualification requirements to obtain a license for construction design and survey works
- Simplification of process of registering a legal entity
- Improvement of tax administration
- Development of a new concept to reform the permitting system, including licensing, accreditation, obligatory certification, attestation, and inspections, with obligatory regulatory impact assessment (RIA) of normative and legal acts
- Reduction in the number of and types of activity subject to licensing, and simplification of the rules for licensing
- Use of best international practice from leading countries in permitting procedures and legislative base reform using RIA and the “Guillotine” method

BEI continued to expand the reach of its partner work, by adding an additional subcontractor in Astana, and expanding geographic coverage to 24 cities and towns, and their surrounding regions. Included are the major cities of Almaty, Aktau, Aktobe, Astana, Karaganda, Kostanay, Kyzylorda, Oral, Oskemen, Pavlodar, Shymkent, and Taraz.

As detailed in the training report, work plan report, and PR2 table, BEI provides partners with training on legal reform methodologies as well as direct consultation and collaboration to achieve immediate individual successes and provide the capacity for continued independent work by partners after the conclusion of the project.

Through these partnerships, BEI and partners were successful in reducing a total of 21 constraints (PR2) during the year, and further encouraging and participating in engagements with government partners.

BEI has worked extensively during Year 2 to provide the public, through website and partner distribution, with articles and materials to increase information use, raise awareness of business issues, and increase the profile of USAID and the BEI Project. Many information products have been developed as the direct result of changes and improvements, awareness of which must be promoted, while others have either informed or promoted changes in-progress at some level.

## **UPCOMING EVENTS**

On October 8, 2008, the World Bank will meet with PM Masimov, GoK officials, and BEI in Astana on future cooperation for Doing Business reform work, presentation of the GoK action plan, and to lay coordination foundations for 2008-2009.

BEI is coordinating with the Ministry of Information and Culture to develop a wide-ranging media campaign to highlight the indicators and reforms, and a series of events are expected during the first 180 days of Project Year 3 in conjunction with this and intensive WBDB-related efforts.

International expert Mr. Igor Gutan will provide several training sessions to the Moj on the application of the Guillotine based on Moldovan experiences, during October.

## **KYRGYZ REPUBLIC**

### **GENERAL**

Over the past year the government in the Kyrgyz Republic changed 3 times, but BEI has been successful in maintaining and strengthening relationships with all ministers, the Prime Ministers and the Office of Government. The Government assumed responsibility for spearheading WBDB-related reform work, including coordination with the WBDB team. For the 3<sup>rd</sup> meeting of the Investment Council, BEI seized the opportunity presented by the visit by WBDB Director Simeon Djankov, and in coordination with his team, provided targeted presentations for the rapid development and implementation of DB process reforms via an aggressive spring-summer reform agenda by the KR Government—the “100 Days of Reform.” This campaign received the full support of the President and PM, and was concluded 30 days early on June 2<sup>nd</sup>, 2008, with the signing of the four laws making changes to the selected processes. In his speech at Investment Council in September 26, 2008, the PM underlined the role of BEI project and business associations in implementing the tasks assigned to the Government for improving KR’s position in the WBDB 2009 Report.

As a result of the successful cooperation and teamwork between government, donors, and the World Bank, Kyrgyzstan was awarded the 3<sup>rd</sup> place within the WBDB 2009 Report’s “top 10 reformers chart,” and improved its overall Doing Business rank 31 places, moving up to 68<sup>th</sup> position from 99<sup>th</sup>.

## TECHNICAL

In the Kyrgyz Republic BEI had a successful year facilitating business environment improvement both directly and via partners. BEI's work with the 100-Days Campaign provided the majority of results this year, though many of them are difficult to economically assess. Overall business environment impact from BEI Year 2 is estimated at over \$34.2 million (see Business Environment Results Table). This is believed to be a very conservative estimate, as most of the legal and regulatory changes, particularly those relating to the Getting Credit and Protecting Investors WBDB indicators, are difficult to accurately assess economic impacts for, and other reduced constraints are subject to limitations on information access. The economic impact results provide for an estimated return on USAID's investment of over 22.1 times project expenses during the year. Based on BEI's approved 2007-2008 work plan, of 60 items expecting completion by this report-date, 70% (42) have been completed, and the remaining 18 items have been rescheduled to the following project year to accommodate official government partner work schedules.

Significant successes in Year 1 include the adoption of new streamlined processes for construction permitting, which are expected to save annually over \$15.1 million, and the veto, due to BEI and partner protests and advocacy, of a set of new licensing costs for gold, silver, and non-ferrous metal mining that were in violation of the law "On Licensing" and would have cost the gold mining industry alone over \$18.1 million in new fees.

Other significant business environment improvements associated with the 100-Days of Reform campaign include implementation of streamlined processes registration for starting a business, improved provisions for credit rating information, and significant improvements to a director's liability to shareholders.

BEI's assistance in drafting a new structure for the Government Office, including the work of international expert Christian Fillipov, has resulted in a new structure approved by the PM and President's Administration. Implementation of the new structure began in August 2008, and BEI is expecting to continue facilitation of this reform during the next project year. As part of this reform effort, per BEI's recommendation, the GoKR has restarted the Coordination Council for Macroeconomic and Investment Policy, which will serve in part as a coordination body with donor organizations.

Based on recommendations of BEI experts, in order to effectively resolve the problem of growth in prices for bread, stabilize the good market and ensure food security of the nation, the Food Security Council of the Kyrgyz Republic was created and all recommendations provided by BEI experts are reflected in the Government regulation #415 "Government Regulation on Stabilization Steps of the Macroeconomic Situation and Preservation of the Economic Growth" of July 31, 2008.

During the year BEI assisted the working commission on the Tax Code to finalize a new version, which was approved by the Government and revised after its first Parliamentary reading on June 6, 2008. This draft Tax Code was created to comply with the principles in the law on inspections, and introduces the risk-assessment concept to tax control, eliminates arbitrary inspections by tax bodies, and eliminates double punishment of taxpayers for minor tax offenses. There remain provisions in the Tax Code that violate some clauses of the inspections law, including for "raid tax control", the ability for tax-collection bodies to retain a portion of collected revenue, and the in-ability for individuals to directly sue the Tax Service. These issues will be addressed during Parliamentary hearings in October, 2008.

BEI arranged a study tour to Georgia over June 16 – June 21, 2008, to study Georgian experiences in reforming the areas of construction permitting and oversight, licensing systems, business registration, and tax administration, to facilitate continued reforms in these areas. Participants included representatives from the Administration of President and Office of Government, State Agency for Architecture and Construction, Ministry of Economic Development and Trade, Ministry of Justice, and Kyrgyz business associations, plus selected Government representatives from Kazakhstan and the Republic of Tajikistan. Participants prepared two letters for the President and PM of KR on Georgian reforms, and BEI organized a

live TV program with the Deputy Head of the Economic and Social Politics Department of the President's Administration, President of the Chamber of Tax Consultants, and BEI experts to share the experience with the public.

BEI continued to expand the reach of its partner work, expanding geographic coverage to 15 cities and municipal regions. Included are the major cities of Bishkek, Batken, Cholpon-Ata, Jalalabat, Osh, and Talas, plus minor cities in their regions.

As detailed in the training report, work plan report, and PR2 table, BEI provides partners with training on legal reform methodologies as well as direct consultation and collaboration to achieve immediate individual successes and provide the capacity for continued independent work by partners after the conclusion of the project.

BEI also worked extensively during Year 2 to provide the public, through website and partner distribution, with articles and materials to increase information use, raise awareness of business issues, and increase the profile of USAID and the BEI Project. During the year the BEI Information Pipeline network in the Kyrgyz Republic was increased to 82 intermediaries, including many through the Economic Press Club formed in spring 2008.

## **UPCOMING EVENTS**

On October 6, 2008, a workshop and official presentation on the WBDB 2009 results is scheduled by the World Bank for the Government of KR and donors. The workshop includes discussion on second-stage WBDB reforms for the country. Mr. Simeon Djankov is expected to attend.

Parliamentary hearings on the draft Tax Code are scheduled for October 26, 2008, to resolve outstanding questions of the Code's conformity with provisions of the Law on Inspections, and provide final passage for the Code.

The next meeting of the Investment Council under the President of the Kyrgyz Republic is planned for late October or early November, 2008.

BEI plans a poll of new business and forum on "Opening Business and Further Ways of Development" with the public and state bodies, in November, 2008.

## **TAJIKISTAN**

### **GENERAL**

During the past year the President and Government of Tajikistan increased their attention toward problems in private sector development, and during his December 25, 2007, meeting with entrepreneurs the President demonstrated increased openness to issues of illegal inspections, licensing, simplification of business registration, trade constraints, and etc. The most significant result of this meeting was the July 25, 2008, Decree of President of RT # 463 "On Moratorium to All Types of Inspections of Small and Medium Enterprises for 2 Years," however other results have sprung from the meeting as well.

BEI and other donors were pleased by the President's Decree # 356 of December 19, 2007, which created a Consultative Council on Improving the Investment Climate under the President. BEI jointly with the Secretary of the Council developed all needed materials and arranged the first meeting of the council, held on July 31, 2008, with USAID as a representative from donor organizations.

On April 25, 2008, during the President's annual "Address to the Parliament of Tajikistan" he enumerated several changes and developmental directions that will impact the business environment in Tajikistan. One of the reforms announced by President was the establishment of streamlined processes for registration under the Tax Committee and its regional offices. As result, a Government regulation was adopted and a working group on the creation of "one-stop-shop" registration in Tajikistan began.

## **TECHNICAL HIGHLIGHTS**

BEI also had a successful year in the Republic of Tajikistan facilitating business environment improvement both directly and via partners. The majority of BEI's economic impact for the project year comes from the President's moratorium on business inspections, though other reduced constraints provide additional significant savings. Overall business environment impact from BEI Year 2 is estimated at over \$249.7 million (see Business Environment Results Table). This is believed to be a conservative estimate, as information restrictions continue to reduce available data for more complete estimations. These economic impact results provide for an estimated return on USAID's investment of over 264.5 times project expenses during the year. Based on BEI's approved 2007-2008 work plan, of 59 items expecting completion by this report-date, 89.83% (53) have been completed, and the remaining 6 items have been rescheduled to the following project year to accommodate official government partner work schedules.

This inspections moratorium was an idea raised during the December meeting by BEI and association partners also several times, and also with Government partners, as a means of alleviating a considerable burden on SMEs during further review of the inspections regime in RT. BEI and several association partners are conducting an informational campaign through TV and newspaper to inform entrepreneurs about the moratorium and the role of entrepreneurs during the moratorium, which will be to justify the decree—and its trust—through continued compliance with the law. The economic impact of \$228,749,081 for the change is calculated based on the IFC's research into the impact of inspections in RT, and as such the impact is very large due to the intrusive effect inspections play in the lives of entrepreneurs.

Another significant constraint reduction also came from the December meeting with the President, and represents the normalization of operations at the Kulma border crossing with China, the increased trade and reduced costs that follow. Economic impact for this constraint is estimated to be \$17,688,600 per year.

For the first Presidential Consultative Council session of July 31, 2008, BEI incorporated the issue of improving Tajikistan's rating in the World Bank Doing Business indicators. As result, the President ordered to State Committee on Investments and State Property Management (SCISPM) to develop an action plan for improving rating of RT's indicators. For this, the Government selected the following indicators: Starting a Business, Protecting Investors, Dealing with Construction Permits, and Closing a Business. BEI collaborated closely with the SCISPM in developing this action plan, which will be distributed among ministries and adopted in fall 2008. This action plan is expected to greatly facilitate BEI's work with the Government of RT on WBDB-related issues.

In collaboration with other donors, BEI developed a draft law "On State Registration of Legal Entities and Individual Entrepreneurs," which has been presented to the Government and would, after adoption, significantly improve business registration process in Tajikistan. Though the WBDB indicator "Paying Taxes" was not included in the Government action plan, the President has also announced that tax rates in Tajikistan will be reviewed, and BEI and partner the National Association of Small and Medium Business hope their Financial-Economic Analysis of Tax Code will assist to Government in making positive decisions.

Parliament adopted Law #349 "On Amendments to the Law on Licensing of Separate Types of Activities" on January 5, 2008, which significantly improved licensing for transportation sectors. BEI supported the draft Law via extensive public-private dialog on licensing, leading to the adoption of BEI's recommendations,

including the removal of additional licensing requirements for construction vehicles. BEI continues to closely collaborate on licensing reform with the World Bank, whose experts recently completed an operational review of pharmaceutical and construction sector licensing activities. BEI expects to harmonize its own analysis with the WB findings, once they are made available.

During the course of the year BEI increased information dissemination network subscribers 25% compared with 2006-2007, to over 170 subscribers, passing business environment information to over 9000 end users.

As detailed in the training report, work plan report, and PR2 table, BEI provides partners with training on legal reform methodologies as well as direct consultation and collaboration to achieve immediate individual success and provide the capacity for continued independent work by partners after the conclusion of the project.

## **UPCOMING EVENTS**

The next sessions of Coordination Council of Business Associations of Sogd Oblast and the Department on Investment and State Property Management of Sogd Oblast are scheduled for October 7 and 21, November 4 and 18, and December 2 and 16, 2008.

Training for business associations on “Establishing Effective Cooperation of between Public and Private Sectors in Entrepreneurship Development” is planned for October 9-10, 2008.

The next session of the Public Expert Council on Economic Development under the Chairman of Sogd Oblast is scheduled for October 11, 2008.

The next meeting of the Consultative Council on Improving the Investment Climate under the President is planned for November, 2008.

## WORK PLAN PROGRESS REPORT

KAZAKHSTAN (KZ)			
No.	Objective	Start Date	End Date
KZ 01	Improve Operations of Public Service Centers (PSCs)	1 Oct 2007	30 Sep 2008
<b>Justification</b>	<p>The Government of Kazakhstan established 31 Public Service Centers to provide citizens with a single point of contact to complete a number of processes that are the subject of regulation, including: registration, re-registration and de-registration of businesses; registration of real property; and, the registration of security interests. However, PSCs, while welcomed by entrepreneurs, do not effectively operate and have not delivered the anticipated savings for entrepreneurs. During the 1<sup>st</sup> project year, with the support of the Ministry of Justice, BEI conducted a pilot survey and analysis of the operations of 6 PSCs across the country. The results of the analysis are expected in October and BEI will work with the Ministry of Justice to address barriers to realization of the benefits of PSCs in advance of the roll-out of additional 151 offices anticipated by the Government.</p>		
<b>Forecast Result</b>	<p>Based on BEI recommendations following completion of the assessment, the Government will introduce improvements to the operations of PSCs. Assuming full Government implementation, at least 50% of surveyed end-users report a favorable opinion of PSC operations. PMP: PR2, IR2</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• BEI analysis of PSC operations is completed and submitted to the Ministry of Justice. – <b>October 2007 – COMPLETED</b></li> <li>• Based on the analysis, BEI identifies opportunities for the government to implement e-government solutions to remove barriers and provides recommendations to the World Bank e-Gov support team and to other donors and projects working on e-Gov promotion to facilitate collaboration between BEI and other supporters of e-government implementation. – <b>November 2007 – COMPLETED</b></li> <li>• Based on recommendations submitted, the Ministry of Justice agrees to take reform measures. – <b>January 2008 – COMPLETED</b></li> <li>• Through continued consultation and support, BEI facilitates the implementation of reforms. – <b>August 2008 – COMPLETED</b></li> <li>• Surveys of end-users of the PSCs indicated that the implemented recommendations have resulted in improvements in operations. – <b>September 2008 – COMPLETED</b></li> <li>• With private sector partners and the Ministry of Justice, develop and implement a media campaign to promote knowledge of improvements in PSCs operations. – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>BEI and the MoJ have completed the study of PSC employee training needs and analysis of the feasibility of using electronic training methods. BEI is now assisting the ministry to create a system for staff e-training, which will cover all PSCs. This system is expected to be launched at the end of 2008. Specifically, BEI is assisting the ministry to create a Scope of Work for the e-training program, to be used to recruit a qualified implementing contractor.</p> <p>BEI has also prepared a SOW and selected an appropriate expert to perform an implementation analysis of the Law “On State Registration on Legal Entity, Registration and Re-registration for Subsidiaries and Representative Offices.” This expert will perform his work during the following project year, and with representative from state bodies develop recommended procedures in accordance with the law.</p>		
No.	Objective	Start Date	End Date
KZ 02	Support Implementation of the 2007 Law “On Licensing”	1 Oct 2007	30 Sep 2008

<b>Justification</b>	In 2007, with BEI-supported changes, the Government of Kazakhstan adopted the Law “On Licensing” that went into effect on August 1, 2007. Based on the Law, licensing bodies are responsible for getting all necessary approvals from other government bodies required for issuance of licenses within their jurisdiction. Licenses for individual entrepreneurs are required to be issued within 10 days of application and for legal entities within 30 days. While sub-normative acts have been developed and adopted, licensing bodies are uncertain how to manage information flow to get necessary approvals within the required timeframe for issuance of licenses. With the Forum of Entrepreneurs of Kazakhstan (FEK), BEI will target three licensing bodies for evaluation and process improvement to ensure compliance with targeted license issuance times.
<b>Forecast Result</b>	With effective Government implementation, as a result of BEI support, a survey of applicants after improvements will indicate at least 60% of application decisions are issued within the required 10 or 30 day period. PMP: PR2, IR2
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Select three licensing bodies for evaluation and operational reform (1 in Almaty, 1 in Astana, 1 in another regional location). – <b>November 2007 – COMPLETED</b></li> <li>• Get commitment from the licensing bodies to collaborate with BEI in the evaluation and reform. – <b>December 2007 – COMPLETED</b></li> <li>• With FEK, conduct a survey at the point of service to determine current response times for applications at the licensing bodies. – <b>January 2008 – COMPLETED</b></li> <li>• Complete a basic operational assessment of the licensing process at the point of service and the interactions between the licensing body and secondary government bodies. – <b>February 2008 – COMPLETED</b></li> <li>• Present recommendations to the licensing body and secondary government agencies to promote processing time compliance and other operational improvements. – <b>March 2008 – May 2008 – COMPLETED</b></li> <li>• As necessary, facilitate implementation through on-going consultation to the government bodies. – <b>May 2008 – August 2008 – COMPLETED</b></li> <li>• Conduct a survey of applicants at the point of service to determine post-reform compliance with processing time targets. – <b>July 2008 – September 2008 – COMPLETED</b></li> <li>• Conduct at least 5 seminars with other government licensing bodies on the reform process and the results and lessons learned from the evaluation and reform of the three pilot licensing bodies. – <b>September 2008 – NOT COMPLETED</b></li> <li>• With FEK, conduct an information campaign for relevant state bodies, business associations, and end-users to increase knowledge of results of the reform results to date and opportunities for future improvement. – <b>September 2008 – COMPLETED</b></li> </ul>
<b>Status and Comments</b>	<p>By the request of MEBP, BEI Project is assisting in the development of an improved Kazakhstan licensing and permitting system. The first step, a “Concept on Licensing” draft developed by international expert Garland Boyette was presented in September for review by MIT and MEBP, along with recommendations for further changes to the current law “On Licensing”, to the MoJ. MIT has requested further assistance in October to finalize additional changes to the concept, to be delivered by international expert Igor Gutan, already present in Kazakhstan to assist in inspections-related reforms, and his extension SOW has been approved.</p> <p>During September BEI and partners completed its survey at the point of service, on post-reform compliance with processing time targets. Results from this survey have been analyzed and sent to the MEBP, and incorporated into a draft Reglament to revise standards for all state bodies on issuance of licenses, which has been submitted and is currently under review by the Government, pending approval in October.</p> <p>BEI completed 3 seminars with Government licensing bodies during the project year, and planned a further 3. Further seminars, however,</p>

	were delayed at the request of the Government, to incorporate results from the survey on One-stop Shops, which was completed in September.		
No.	Objective	Start Date	End Date
KZ 03	<b>Build Demand to Streamline and Improve Construction Permitting and Oversight Processes</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	According to the annual World Bank Doing Business report, Kazakhstan's "Dealing with Licenses" (construction permitting) rank is 119 (32 procedures, 248 days, \$1025.50 cost, 35% of per capita GNI). During the 1 <sup>st</sup> contract year, BEI completed a validation of the processes as well as a preliminary secondary review. The process is cumbersome, time-consuming and entrepreneurs report frequent corruption. Moreover, since the process is administered locally regional variations exist. Through the use of intensive information dissemination and targeted international expertise, BEI will build demand for fundamental change in the area of construction regulation to get government buy-in at both the national and local levels to address the process.		
<b>Forecast Result</b>	Given the complexity and technical nature of the processes, BEI does not expect significant reforms during the contract year. However, short-term results are expected to include correction of at least 2 areas of non-compliance with existing requirements. The primary forecast result is to build government and private sector demand for effective reform in subsequent contract years as evidenced by the prioritization of the issue by the government and creation of a cross-cutting group to reform the processes. PMP: PR1, PR2, IR1, IR2		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Through short-term international experts, complete an analysis of the construction processes. – <b>January 2008 – COMPLETED</b></li> <li>• Present preliminary findings to government and private sector counterparts and conduct a seminar on the findings to build knowledge of process and best practices, and encourage demand for change. – <b>February 2008 – COMPLETED</b></li> <li>• For barriers that are contrary to existing law, present issues to the Prosecutor for protest. – <b>March 2008 – May 2008 – COMPLETED</b></li> <li>• With private sector partners, develop a media campaign to promote knowledge of and demand for reforms in the processes. – <b>May 2008 – COMPLETED</b></li> <li>• With key private sector counterparts, encourage the development of a cross-ministerial group to address legal and regulatory reforms necessary to improve the processes. – <b>September 2008 – COMPLETED</b></li> <li>• With the agreement of government counterparts, establish a discussion forum on an existing web site of the Ministry of Industry and Trade, other relevant state body, or external web site that government experts will use to respond to questions and issues raised by users from the private sector. – <b>September 2008 – NOT COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>BEI Project presented to commission on elimination of administrative barriers the results of analysis and recommendations on reduction of number of procedures and construction permitting system simplification, lightening of qualification requirements on getting license for planning and surveying works on construction, exemption of small business entities from payment for connecting to power utilities. Based on results of that work Governmental Decrees from May 6 2008 # 422 and # 425, and in June #569, were signed. They eliminate 6 procedures and reduce time or cost for a further 7, resulting in estimated savings of 137 days time and about \$12,500 USD in costs from the permitting process. Small and medium businesses will further save an estimated \$5.8 million in electrical hookup fees. All of these changes are expected to significantly affect measurements of the World Bank Doing Business evaluations during their 2008-2009 period.</p> <p>Next steps including developing draft amendments changing the law regulating the construction processes, with an associated review and</p>		

	<p>approval process by private and Government partners. BEI's reform partners within the Prime Minister's Office remain committed to further WBDB-based reform, including in construction, and the PM has directed the Ministry of Information and Culture to develop a wide-ranging media campaign to highlight the indicators and reforms. BEI plans to work closely with MIC on this as well, as an expansion of the media campaign conducted earlier in the year. Launch for this media campaign is expected in Fall 2008.</p> <p>BEI has been unable to induce sufficient interest in the MIT in hosting a forum for dialog with the private sector on construction issues. Issues cited include technical difficulties with the MIT website, which is currently failing its mandate under Kazakh law to post legal material, as well. BEI's work-around for this issue is to post construction-related material on its own, public web site, and use its own forum for exchanges.</p>		
No.	Objective	Start Date	End Date
KZ 04	Support Elimination of Illegal Inspections	1 Oct 2007	30 Sep 2008
Justification	<p>According to the World Bank BEEPs survey, on average, a business in Kazakhstan is inspected 11.65 times per year, requiring 16.92 hours, and 23% of respondent indicate bribes are frequent. Currently, Section 19 of the Law "On Private Entrepreneurship" requires registration of inspections by inspecting bodies with the Prosecutor's Office for most inspections. However, anecdotal evidence and reports from the Prosecutor's Office indicate that many inspections are not registered, exceptions to the law allow for unregistered inspections, eliminating the disincentive to frequently inspect that prosecutor oversight is expected to address, and inspections continue to burden entrepreneurs. The General Prosecutor has agreed to work with the BEI Project to complete an analysis of inspection issues, develop amendments to the Law and appropriate sub-normative acts, and work proactively to reduce the burden of inspections on entrepreneurs. BEI will also utilize significant positive provisions from the Kyrgyz inspections law to promote substantial change in the inspection regime.</p>		
Forecast Result	<p>With full Government implementation, BEI expects future BEEPs inspections results to reflect a reduction in inspections to 8 times per year requiring less than 12 hours. PMP: PR1, PR2, IR1, IR2</p>		
Intermediate Tasks	<ul style="list-style-type: none"> <li>• Amendments to the Law "On Private Entrepreneurship" are completed and presented to the Government. – <b>December 2007 – COMPLETED</b></li> <li>• With FEK and the Prosecutor's Office complete analysis of existing data on illegal inspections. – <b>January 2008 – COMPLETED</b></li> <li>• Develop and present recommendations regarding appropriate amendments to sub-normative acts. – <b>February 2008 – COMPLETED</b></li> <li>• With FEK, conduct a media and advocacy campaign promoting on the results of research and recommendations to GoK. – <b>March 2008 – COMPLETED</b></li> <li>• If approved by the Government, amendments submitted to Parliament. – <b>June 2008 – August 2008 – NOT COMPLETED (December 2008)</b></li> <li>• BEI conducts a review of sub-normative acts requiring modification based on amendments. – <b>July 2008 – September 2008 – NOT COMPLETED (February 2009)</b></li> <li>• Adoption expected by Parliament. – <b>July 2008 – September 2008 – NOT COMPLETED (March 2009)</b></li> <li>• Relevant sub-normative acts adopted by inspectorates. – <b>September 2008 – NOT COMPLETED (April 2009)</b></li> <li>• Once the law is adopted, monitor the results of implementation of the changes. – <b>September 2008 – NOT COMPLETED (September 2009)</b></li> </ul>		

<b>Status and Comments</b>	At the request of MIT BEI hired international expert Igor Gutan to develop a new concept for state regulation and administration of inspections, while BEI and private sector partners prepared additional recommendations on changes to the current law “On Private Entrepreneurship” regarding inspections. During a preliminary August round table with PM Masimov the Government requested all recommendations be completed in September, to provide time for resolving differences between participants regarding specific points in the law. Per request, the recommendations and new concept were presented to MIT and PM’s Commission on Administrative Barriers, however based on the process of adoption of status laws the amendments can be passing to Parliament only after approval by the Government, which is a process expected now to take until December 2008. This delay modifies related follow-on activities.		
<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>KZ 05</b>	<b>Reduce the Time and Cost of Paying Taxes and Tax Administrative Procedures</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	According to the 2007 World Bank Doing Business report, in Kazakhstan, entrepreneurs are required to make 34 tax payments annually, requiring 156 hours and consuming 45% of profit. When compared against 175 countries, Kazakhstan ranks number 66. To address tax issues, in the first year of the project, BEI supported a survey of businesses on various areas of the system of tax administration with the Association of Taxpayers with the support of the Tax Committee under the Ministry of Finance. The results of the survey are still being analyzed but, preliminarily, indicate major administrative barriers in tax reporting, including electronic filing, and other tax administration activities undertaken by businesses. BEI will work with the counterparts to finalize analysis of the survey, identify areas to target for reform, and promote reforms in the tax system to reduce the burden for individual entrepreneurs and companies.		
<b>Forecast Result</b>	The survey will provide a baseline for future evaluation of the tax environment. Also, the survey results and subsequent recommendations will be used by the Association of Taxpayers, the Tax Committee and the Ministry of Finance to develop changes in the tax code and tax administration necessary to eliminate barriers identified by BEI and counterparts. PMP: PR1, PR2, IR1, IR2, IR3		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Collaborate with the Tax Committee and Association of Taxpayers to develop amendments to the Tax Code, and internal operations of the Tax Committee to reform tax administration. – <b>November 2007 – COMPLETED</b></li> <li>• If necessary, BEI will provide short-term technical assistance to the working group to develop appropriate legal amendments. - <b>November 2007 – COMPLETED</b></li> <li>• Draft amendments are submitted to the Government for review and agreement. – <b>November 2007 – COMPLETED</b></li> <li>• Conduct media campaign on recommended changes. – <b>December 2007 – September 2008 – COMPLETED</b></li> <li>• If approved, the Government submits legislative changes to Parliament. – <b>December 2007 – September 2008 – COMPLETED</b></li> <li>• Changes to the Tax Code become effective. - <b>January 2008 – NOT COMPLETED (January 2009)</b></li> <li>• Lobby for effective implementation of changes. – <b>February 2008 – NOT COMPLETED (February 2009)</b></li> <li>• With the support of the Association of Taxpayers, complete spot monitoring of tax administration reforms to ensure changes are implemented. – <b>March 2008 – NOT COMPLETED (March 2009)</b></li> <li>• Support 2008 survey to evaluate environment. – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	BEI with Taxpayers Association and Bearing Point presented to the Tax Committee recommendations on optimization the system for cameral control and tax administration, including the introduction of improved risk management systems. Based on these recommendations the Government developed amendments to Tax Code, which are now being reviewed and discussed by Parliament, prior to adoption. BEI has approved and issued a grant to the Taxpayers Association for the second annual tax environment survey for improving tax administration		

	services and optimization of tax forms.		
No.	Objective	Start Date	End Date
<b>KZ 06</b>	<b>Reduce the Time and Cost of Registration of Real Property</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	According to the annual World Bank Doing Business report, Kazakhstan's "Registering Property" rank is 76 (8 procedures, 52 days, 1.8% cost of property). The new Law "On State Registration on Title to Real Property and Transactions with it" came into effect on August 9 <sup>th</sup> , 2007. The Law stipulates mandatory registration of citizens' title to real property through Public Service Centers and local departments of the Ministry of Justice. According to government counterparts and entrepreneurs, there are expected difficulties with implementation of operational improvements necessary under the law. To address these concerns, together with the Associations of Entrepreneurs, BEI will evaluate the new Law on Real Property and work with counterparts to promote changes in the real property registration process.		
<b>Forecast Result</b>	With full Government implementation, BEI anticipates the number of procedures will be reduced to 5 and the process will require less than 30 days and .5% of the property value to complete. PMP: PR1, PR2, IR1, IR2		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Through short-term experts, complete an analysis of the new Law "On State Registration on Title to Real Property and Transactions". – <b>December 2007 – COMPLETED</b></li> <li>• Complete a review of PSC implementation of the Law and identify opportunities for improvement. – <b>February 2008 – COMPLETED</b></li> <li>• With FEK and partners in the regions present preliminary findings to government and private sector counterparts. – <b>March 2008 – COMPLETED</b></li> <li>• For barriers that are contrary to existing law, present issues to the Prosecutor for protest. – <b>April 2008 – COMPLETED</b></li> <li>• With the experts, conduct a public seminar with private sector and government participation based on their review and findings. – <b>May 2008 – September 2008 – COMPLETED</b></li> <li>• With FEK, develop a media campaign to promote knowledge of and demand for reforms in the processes. – <b>July 2008 – September 2008 – COMPLETED</b></li> <li>• With key private sector counterparts, encourage the development of a cross-ministerial group to address legal and regulatory reforms necessary to improve the processes. – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>During the period BEI analyzed implementation of the law "On Registration of Immovable Property Rights and Transactions with Them," which was passed in July, 2007. Based on monitoring and focus-group results BEI is preparing a report with further recommendations on reducing the time and costs for property registration. These include the creation of a common interdepartmental database, where the architecture, land resources, and appropriate other, concerned state bodies could quickly file and retrieve information for property registration. This report was presented to the Ministry of Justice and partners in September 2008.</p> <p>During September the Government established a permanent working group under the MoJ, with private-sector and BEI participation, on issues of legal and regulatory reform for the process of registering property.</p>		
No.	Objective	Start Date	End Date
<b>KZ 07</b>	<b>Reduce the Cost and Time Required for Voluntary Administrative Liquidation of Legal Entities</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>

<b>Justification</b>	The World Bank Indicator “Closing a Business” focuses on bankruptcy procedures. During the 1 <sup>st</sup> year, with local experts, BEI conducted an analysis of bankruptcy procedures. Based on the research, BEI developed and submitted 25 recommendations to amend the Law “On Bankruptcy” to government and private sector counterparts. While BEI will continue to promote those recommendations, in addition to improvements required in the area of bankruptcy, voluntary administrative liquidation of legal entities remains a significant problem for entrepreneurs resulting in an estimated 35% (or 58,000 SMEs) of registered LLPs in Kazakhstan being currently inactive and requiring removal from the registry of operating entities. It currently takes up to 1 year to close a business and entrepreneurs report the process is costly and time-consuming. Failure to maintain clean company registries creates statistical errors that lead to poor governmental planning, and maintaining company existence exposes owners to the legal hazards of company ownership beyond a voluntary time period.
<b>Forecast Result</b>	With full Government implementation, it is anticipated that the time required to close a non-bankrupt inactive business will be reduced to 4 months and the cost significantly reduced. PMP: PR2, IR1, IR2
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• With FEK and the Department of Small Business within MIT, BEI completes a diagnostic analysis of the process of voluntary closure and develops process maps and draft analysis. – <b>November 2007 – COMPLETED</b></li> <li>• Validate the process maps and initial findings with focus groups as well as through private sector interviews and round tables. – <b>December 2007 – COMPLETED</b></li> <li>• Develop and present recommendations to the Department of Small Business regarding amendments to appropriate normative and sub-normative acts. – <b>January 2008 – COMPLETED</b></li> <li>• With FEK, conduct a media and advocacy campaign promoting on the results of research and recommendations to the government. – <b>March 2008 – June 2008 – COMPLETED</b></li> <li>• Amendments to a number of Laws, including Law “On Private Entrepreneurship”, Tax Code, Civil Code, Law “On Limited Liability Partnerships” and others identified, are completed and presented to the Government. – <b>May 2008 – July 2008 – NOT COMPLETED (October 2008)</b></li> <li>• If approved by the Government, amendments submitted to Parliament. – <b>June 2008 – August 2008 – NOT COMPLETED (February 2009)</b></li> <li>• BEI conducts a review of sub-normative acts requiring further modification based on amendments. – <b>July 2008 – September 2008 – NOT COMPLETED (March 2009)</b></li> <li>• Adoption expected by Parliament. – <b>July 2008 – November 2008 – NOT COMPLETED (May 2009)</b></li> <li>• Relevant sub-normative acts adopted by relevant ministries. – <b>September 2008 – NOT COMPLETED (July 2009)</b></li> <li>• Once adopted monitor the results of implementation of the changes. – <b>September 2008 – NOT COMPLETED (September 2009)</b></li> </ul>
<b>Status and Comments</b>	<p>Changes and amendments to the Law “On Bankruptcy”, including some BEI recommendations, were adopted in July.</p> <p>BEI’s recommendations on procedure simplification were submitted to the MoJ, Tax Committee, and the Ministry of Internal Affairs in August. Primary recommendations include reduction in numbers of procedures and costs of services, exempting small businesses from audit inspection, reducing of terms for tax inspections during liquidation of legal entities, and eliminating tax inspections of individual entrepreneurs who work under tax patents.</p> <p>Despite submitting recommendations to the Government, the Tax Committee requested further review be postponed until after the September release of the WBDB 2009 report, in order to permit analysis of indicator on Closing a Business, and to understand better the WBDB methodology in this area. Based on the results of the WBDB 2009 report, the Tax Committee has requested updates to BEI’s</p>

	recommendations prior to presenting them to the Government for further review. This is expected to delay the process of adoption, and the work plan has been updated to reflect some activities scheduled during the following project year.		
No.	Objective	Start Date	End Date
KZ 08	<b>Strengthen the Partnership Network and Public-Private Dialogue in Kazakhstan, including in Almaty and Astana</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	BEI has expanded the scope and impact of its reform activities by supporting the development and technical capacity of local organizations and institutions as well as public/private partnerships. BEI will continue to equip counterparts with the tools to analyze the business environment and the means to promote and monitor reforms. The BEI partnership network currently includes 3 subcontracted partners and 30 partners supported by subcontractors. BEI will strengthen the partnership network through increased membership, including in both Almaty and Astana as well as through increased media usage and information dissemination.		
<b>Forecast Result</b>	Through the partnership program and public-private dialogue, at least 20 reforms are achieved at the local level, including at least one in both Almaty and Astana. PMP: PR2, IR2, IR3		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Evaluate the effectiveness of existing subcontractors through analysis of results achieved to date and performance of associations receiving training and consultation from them. – <b>November 2007 – COMPLETED</b></li> <li>• Based on the results of the evaluation, provide additional training, implement appropriate information mechanisms, and/or modify subcontract agreements and work plans as necessary to optimize operations and maximize results. – <b>December 2007 – COMPLETED</b></li> <li>• Beginning in December, BEI, through a series of round tables, will evaluate the interest and viability of regional collaboration, organization development, and a clinical style association management program to enhance skills necessary to start, manage and grow associations. – <b>September 2008 – COMPLETED</b></li> <li>• Provide trainings for business associations on business association development, media usage, information dissemination, communications, and advocacy. - <b>September 2008 – COMPLETED</b></li> <li>• With BEI support, partners continue collaboration activities with local governments to improve business processes. – <b>September 2008 – COMPLETED</b></li> <li>• At least 3 separate media campaigns with 3 major oblast counterparts are conducted by partners to build demand to address an identified local barrier to business activity and/or to publicize a reform success to inform businesses and empower them to hold the government accountable for continued proper execution of reformed laws, regulations or operations. – <b>September 2008 – COMPLETED</b></li> <li>• At least 20 reform results are achieved including at least 1 result achieved through partners in Almaty and Astana. – <b>September – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	During the year BEI partners: the Foundation for Informational Support of Society Development (Oskemen), Independent Association of Entrepreneurs of West Kazakhstan Oblast (Oral), Astana Association for Protecting the Rights of Entrepreneurs (Astana), Business Incubator "Sodbi" (Shymkent), have reduced 21 constraints at the local level, including 3 constraints in Almaty and 2 constraint in Astana. During the period partners participated extensively in media promotion and distribution regarding BEI activities.		
No.	Objective	Start Date	End Date

KZ 09	Increase the Effectiveness of World Bank Doing Business Indicators as a Driver and Benchmarking Tool of National Legal and Regulatory Reform	1 Oct 2007	30 Sep 2008
<b>Justification</b>	<p>The annual World Bank Doing Business indicators and country rankings are increasingly used by countries to evaluate comparative environmental conditions for business activity and to identify areas for reform. The Government of Kazakhstan has identified its ranking as a driver of change and expressed interest in improvement. BEI views the indicators as a tool for reform. Compared to Global Competitiveness Indicators, which the GoK also plans to improve, annual Doing Business Indicators, designed to allow for cross-country comparison, do not measure perceptions or outline needed reforms. As in the first year, in the second year BEI will utilize the Indicators to encourage reform, but go deeper in analytical and reform activities to address the specific country framework and reforms. The Department on Development of Entrepreneurship in the Ministry of Industry and Trade has established a general working group to work with identified processes. To be successful, the working group needs higher standing and the involvement of experts from targeted ministries and agencies specifically relevant to the processes identified for reform. With BEI's expert knowledge of the World Bank indicator development and ranking criteria, BEI will build understanding of the system and encourage deeper analysis and the development of an effective steering/working group system to drive fundamental reforms in the country. Although BEI is not directed involved in the Global Entrepreneurship Monitoring (GEM) activities supported by KSBD, BEI will take GEM results into account in its work.</p>		
<b>Forecast Result</b>	<p>Improved scores in the World Bank Indicators targeted by the Government for reform driven by deeper analysis than currently conducted and through general support to the completion of work plan tasks detailed below. PMP: PRI, PR2, IRI, IR2, IR3</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• With FEK, complete collection of sub-national data in 3 cities and submit to the World Bank. – <b>October 2007 – COMPLETED</b></li> <li>• After formation of the new Government, present BEI recommendations for the development of an effective steering / working group structure and operational system. – <b>November 2007 – COMPLETED</b></li> <li>• Secure the agreement of the Department on Development of Entrepreneurship to create an effective steering committee that will select processes for reform and then oversee the activities of working groups composed of representatives from relevant ministries and agencies. – <b>November 2007 – COMPLETED</b></li> <li>• Provide necessary support to the World Bank, in collaboration with FEK, to conduct a presentation of the regional sub-national survey results. – <b>December 2007 – COMPLETED</b></li> <li>• Assist the Department with the development of any normative acts required to create and operate the steering / working groups. – <b>December 2007 – COMPLETED</b></li> <li>• With the Department, encourage selection of relevant processes for consideration. – <b>January 2008 – COMPLETED</b></li> <li>• Draft BEI-recommended best practice models for each process considering best in class examples and realistic ability to reform to present to the Department and working group to focus discussions on goals and encourage productive feedback from participants. – <b>February 2008 – COMPLETED</b></li> <li>• Provide briefings to group members regarding the World Bank process, methodology, BEI models, and international best practices to encourage detailed consideration and reform of selected processes rather than reliance on solicited recommendations from ministries and agencies. – <b>March 2008 – COMPLETED</b></li> <li>• Identify opportunities to provide technical assistance to the working groups. – <b>April 2008 – COMPLETED</b></li> <li>• With the Department, publicize group activities through the BEI information network and supplemental media activities – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and</b>	<p>BEI and Kazakhstan Government continue working closely on doing business simplification. Seven committee sessions under the jurisdiction</p>		

<b>Comments</b>	<p>of PM Masimov were held between March to October 2008, in which specific recommendations from the BEI Project and business community partners were reviewed. As a result of the committee's work, Prime Minister Masimov signed a number of decrees on business environment improvement, which though too late to include in the WBDB 2009 report, are expected to improve Kazakhstan's rank in the following year.</p> <p>During August, PM Masimov sent a letter to the VP of the World Bank Robert Zoellick expressing a desire for closer cooperation on Doing Business-related reforms in Kazakhstan. This letter is expected to lead to further meetings between the PM's Office and officials of the World Bank, during October. Despite the inability of the WB to incorporate Kazakhstan's May-July reforms into this year's report, the PM and his staff have expressed commitment to further DB-related reform work, and pleasure with those improvements reflected in the 2009 report. The PM has directed MEBP to develop an action plan for the next year for reforms by the beginning of October, and BEI is assisting this process to ensure harmonization between BEI and GoK plans. Also, the Ministry of Information and Culture has been directed to develop a wide-ranging media campaign to highlight the indicators and reforms, and BEI plans to work closely with them in this area as well.</p>		
<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>KZ 10</b>	<b>Increase Private Sector Participation in the Legal and Regulatory Drafting Processes</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	<p>Both the Law "On Normative and Legal Acts" and the Law "On Private Entrepreneurship" allow for public notice and comment on draft laws and regulations as well as the completion of basic impact analysis. However, full and effective participation and compliance rarely occurs. Particularly, the Law "On Private Entrepreneurship", while allowing for expert council comment on drafts, limits council membership to private sector participants that are formally accredited for this purpose by the government. Also, additional support to the private sector is necessary to empower effective advocacy through the use of basic analysis and quantified assessment of the impact of drafts.</p>		
<b>Forecast Result</b>	<p>At least 10 counterparts are trained on the effective use of impact assessment methodology in advocacy. With BEI support, at least 4 draft normative acts are reviewed by private sector partners and impact assessments completed, with the results provided to the government and distributed through the BEI information network. Amendments to the Law "On Private Entrepreneurship" are presented to the government to eliminate the accreditation requirement for participation in expert councils.</p> <p>PMP: PR2, IR1, IR2, IR3</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Amendments to the Law "On Private Entrepreneurship" are completed and presented to the Government. – <b>November 2007 – COMPLETED</b></li> <li>• BEI finalizes training materials for governmental agencies on effective use of impact assessment. – <b>November 2007 – COMPLETED</b></li> <li>• BEI finalizes training materials for private sector counterparts on effective use of impact assessment. – <b>December 2007 – COMPLETED</b></li> <li>• Direct consultation is provided to association partners by BEI to develop solutions to specific practical issues and based on the materials collected workshops are conducted and a media information campaign on impact assessment completed for counterparts. – <b>January 2008 – COMPLETED</b></li> <li>• Using materials developed by BEI in other countries, information gained from trainings in Kazakhstan, and materials developed by other USAID projects, a guide to lobbying and advocacy in Kazakhstan is completed and published for private sector counterparts and incorporated in future trainings. – <b>July 2008 – COMPLETED</b></li> <li>• At least 4 draft normative acts are reviewed and analyzed using basic impact assessment and the recommendations submitted to the government and distributed through the BEI information network with changes to drafts as a result of the recommendations monitored. – <b>September 2008 – NOT COMPLETED (October 2008)</b></li> </ul>		

<b>Status and Comments</b>	<p>BEI has completed development of the guide to RIA methodology state bodies and business associations, and distributed to private sector counterparts, with incorporation in trainings and round tables for business and state representatives in Almaty, Astana, Oskemen, and Shymkent. In collaboration with partners, BEI developed draft case-studies on RIA optimization of the construction process and cancellation of obligatory movables assessment, with further plans for studies on inspections and licensing. Plans for these two studies during this project year were delayed, as Government requested further studies be postponed until development of a Governmental action plan on WBDB indicator reform is completed, in October.</p> <p>BEI and expert Igor Gutan has presented the RIA and Regulatory Guillotine methodologies to the Prime Minister, during September. PM Masimov, in response, has directed the MoJ to learn more about the Guillotine and RIA, and the MoJ has requested from BEI recommendations on in which cases the Guillotine can be applied. Igor Gutan will provide training to the MoJ on the application of the Guillotine in Moldova, during October.</p>
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## KYRGYZ REPUBLIC (KR)

No.	Objective	Start Date	End Date
KR 01	<b>Facilitate Implementation of the Law “On Procedures for Conducting Inspections of Businesses” in the Government and Targeted Inspectorates</b>	1 Oct 2007	30 Sep 2008
<b>Justification</b>	According to the EBRD-World Bank BEEPS survey, on average, a business in the Kyrgyz Republic is inspected 13.93 times per year, requiring 58.47 hours per year, and 52.8% of respondent indicate bribes are frequent. USAID, through the LIME, TFI and BEI Projects, supported development and promotion of the groundbreaking Law “On Procedures for Conducting Inspections of Businesses” that included provisions requiring 10 day advanced notice before inspections, limiting initial inspections to identification of violations and requiring follow-up limited compliance checks before sanctions can be imposed, and other provisions strengthening the rights of businesses and refocusing inspections on encouraging compliance rather than on violation and penalties. The Government of the Kyrgyz Republic has established an Expert Group under the leadership of the Prime Minister and specifically included the BEI Project in the group to support effective implementation.		
<b>Forecast Result</b>	Through effective implementation of the Law, future BEEPS results are expected to indicate that the inspection burden is reduced by at least 75% with businesses reporting 4 inspections per year, requiring no more than 14 hours annually, and less than 14% of respondents reporting bribes are frequent. PMP: PR1, PR2, IR2		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• With the Prime Minister’s Office and private sector partners, the 2 inspectorates that conduct the most inspections of businesses are identified and selected for operational analysis and reform support. - <b>October 2007 – COMPLETED</b></li> <li>• Agreements are reached with the Government and the pilot inspectorates regarding the timing and scope of the analysis. - <b>November 2007 – COMPLETED</b></li> <li>• Sub-normative acts of the pilot inspectorates and tax administration-related provisions of the Tax Code are reviewed and recommendations are submitted to the Prime Minister and the inspectorates to promote compliance with the Law. - <b>January 2008 – COMPLETED</b></li> <li>• In coordination with other donors and projects, and with the collaboration of local partners and STTA, a risk assessment methodology to facilitate effective implementation of the Inspections Law in the area of tax inspections is completed. – <b>March 2008 – May 2008 – COMPLETED</b></li> <li>• Through expert involvement, the structure and operational activities of the pilot inspectorates are reviewed and an action plan to</li> </ul>		

	<p>reform is developed and presented. – <b>June 2008 – August 2008 – COMPLETED</b></p> <ul style="list-style-type: none"> <li>• As necessary, BEI provides on-going consultation to the pilot inspectorates and private sector partners to support implementation of the operational reforms. - <b>September 2008 – NOT COMPLETED</b></li> <li>• BEI conducts a monitoring review of the operations of the pilot inspectorates in at least six of their regional offices and surveys inspected businesses to evaluate compliance with the Law. - <b>September 2008 – NOT COMPLETED</b></li> <li>• During the contract year, seminars are conducted in at least 3 regions with private sector and government representatives on provisions of the new Law and the status of targeted reforms with the selected inspectorates. - <b>September 2008 – COMPLETED</b></li> <li>• During the contract year, at least 6 different media products related to provisions of the new Law and on-going implementation activities are developed and disseminated via TV, radio, and/or newspapers. This campaign will be reinforced by the activities outlined in KR11. - <b>September 2008 – COMPLETED</b></li> <li>• Based on on-going implementation activities, the BEI-supported brochure “What an Entrepreneurs Needs to Know about Inspections” is disseminated through the BEI Information Network and promoted through a media campaign with private sector partners. - <b>December 2007 – COMPLETED</b></li> </ul>		
<p><b>Status and Comments</b></p> <p><b>October 2007-September 2008</b></p>	<p>BEI completed analysis of the legislative frameworks and operations of the State Committee for Taxes and Collections and the Department for Sanitary and Epidemiology Oversight under Ministry Healthcare (DSEO) as pilot inspection bodies for rules and regulation reform. Resulting recommendations on improved structure and operations were submitted to both pilots, and a draft Agency Regulation “On Inspections” prepared by BEI and the DSEO is currently being reviewed by the Ministry of Healthcare, for approval in October. As a result, BEI’s work plan item to support implementation of these reforms and a follow-on survey on compliance with the Law on Inspections is delayed until next project year.</p> <p>The draft Tax Code is currently in its second reading in Parliament, and BEI now anticipates that Parliament will approve the Code, including BEI’s recommendations to eliminate contradictions, during October 2008.</p> <p>Fourteen draft laws developed for the purpose of implementing the Law of KR “On Inspections” by the Office of Government were submitted to the Administration of President for review to identify whether they are consistent with current policies. BEI expects that after the review, the Office of Government will forward the laws to Parliament for consideration and approval.</p> <p>The Administration of Bishkek and BEI conducted 2 round tables in the city, and the Bishkek Business Club jointly with MEDT seven more round tables in the country for about 400 total representatives of private sector and government controlling bodies, to explain provisions of the Law on Inspections and the new procedures for conducting inspections. BEI held similar seminars in Osh, Cholpon Ata, and Bishkek cities, for representatives from the public, and the Investment Council, Administration of President, and Academy of Management under President of KR. A survey among participants on compliance of inspecting bodies with the law is being analyzed for the development of further implementation recommendations during October.</p>		
<p><b>No.</b></p>	<p><b>Objective</b></p>	<p><b>Start Date</b></p>	<p><b>End Date</b></p>
<p><b>KR 02</b></p>	<p><b>Improve State Regulation of Licenses and Permits of Entrepreneurial Activity</b></p>	<p><b>1 Oct 2007</b></p>	<p><b>30 Sep 2008</b></p>
<p><b>Justification</b></p>	<p>In 2004, the USAID-supported draft Law “On Licensing” was submitted to Parliament for consideration. The Law, if adopted and properly implemented, would radically change inefficient practices of state licensing, limit governmental discretion to create new licenses, extend the validity of licenses, and institute judicial protections for license holders by allowing revocation only through court order. Since 2004, USAID Projects have lobbied the Government and Parliament to support adoption of the Law. Based on information from the Government, in the</p>		

	<p>1<sup>st</sup> contract year, through a BEI tender, a private sector analysis of the existing licensing regime was completed and provided to the Government. Currently, excessive and overlapping requirements between licensing and standardization continue to create barriers for SMEs. The Unified List of Permits continues to be an effective instrument to both limit and list the number of activities subject to permitting requirements. The Decree of the President “On Certain Measures to Streamline Permits and the Regulatory System in the Kyrgyz Republic” provides the basis for the expectation of results in the areas of both licensing and permitting through work by BEI with the Prime Minister’s Office, President’s Administration, the Ministry of Economic Development and Trade, and the Investment Council under the President’s Administration. This Decree also directs the Government to develop and adopt a new law that will establish the criteria for the introduction of permits and for the review of the entire licensing and permitted system to eliminate and consolidate licenses and permits.</p>
<b>Forecast Result</b>	<p>Adoption of the new Law “On Optimization of Legislation of Entrepreneurship Activity” that will, in turn, facilitate the adoption of the Law “On Licensing”, reduction in activities subject to licensing and permitting through revision of the Unified List of Permits, and legal harmonization in at least 3 areas. PMP: PR2, IR1, IR2</p>
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Based on BEI’s findings in the review of the licensing and permits system and using the criteria set out in the draft Optimization Law, recommendations are developed to improve the draft Licensing Law. - <b>December 2007 – COMPLETED</b></li> <li>• Using the criteria outlined in the Optimization Law, support the Inter-Agency Commission to complete a review of permits to identify and eliminate unnecessary, illegal or duplicative permits. – <b>March 2008 – NOT COMPLETED (May 2009)</b></li> <li>• The revised Unified List of Permits is adopted by the Government. – <b>April 2008 – June 2009 – NOT COMPLETED (September 2009)</b></li> <li>• Through information intermediaries and the media, the list of activities for which permits are required and related information is disseminated to the public. – <b>May 2008 – July 2009 – NOT COMPLETED (October 2009)</b></li> <li>• Together with its private sector partners, BEI promotes adoption of the draft Licensing Law in the Parliament. – <b>May 2008 – NOT COMPLETED (July 2009)</b></li> <li>• At least 3 analytical articles are published highlighting the benefits of the Law. – <b>July 2008 – NOT COMPLETED (September 2009)</b></li> <li>• Sub-normative acts creating or requiring permits not articulated in legislation and not included in the Unified List are identified and submitted to the Prosecutor General’s Office and private sector partners for them to be recognized as illegal and subsequently repealed. – <b>August 2008 – NOT COMPLETED (2009)</b></li> <li>• The Government eliminates non-complaint sub-normative acts and unnecessary permit-related requirements. – <b>September 2008 – NOT COMPLETED (2009)</b></li> <li>• Using a survey developed by BEI and its private sector partners, compliance with the Unified List and legal consistency in at least 3 areas subject to permitting is evaluated in at least four cities and the analyses presented to the Prime Minister and used to guide future BEI actions. – <b>September 2008 – NOT COMPLETED (2009)</b></li> </ul>
<b>Status and Comments</b>  <b>October 2007-September 2008</b>	<p>On May 5, 2008, President Bakiev signed Law #55 “On Optimization of Legislation of Entrepreneurship Activity.” This law describes the main principles, stages, and timeframes for the review by RIA and the guillotine principle of normative legal acts regulating business activity. Subsequently the Government approved, on June 13, Resolution #281-R “On Inter-Agency Commission on Regulatory Reform”, after which the 1st Phase of review of regulatory normative legal acts may begin. Law #55 establishes timeframes for a three-phased, nine-month review-process for the entire list of permits. The Inter-Agency Commission will review permits directly during the 2nd phase, now scheduled to take place from November, 2008, through January, 2009, and adopt the Unified List of Permits resulting from their work, tentatively expected only in September 2009. This greatly delays planned activities to support the Inter-Agency Commission in this area and the planned</p>

	<p>work has been incorporated into next year's project activities, accordingly.</p> <p>The Government of KR approved the action plan for review of NLAs, via resolution #509 of September 11, 2008. Per BEI's recommendation, the process of streamlining normative legal acts will begin with revisions to licenses and permits issued by the State Architecture and Construction Agency (Gosarchstroj) and the Ministry of Healthcare and Administration of Bishkek. These revisions will take place during the pilot stage (first 95 days once the resolution becomes effective), and the second stage will begin in December 2008.</p> <p>The draft Law on "Permits and Licenses" will be further modified and introduced for Government review after revision of all licenses and permits as called for by the Law of KR "On Streamlining of Normative Legal Framework that Regulates Business Operations".</p>		
No.	Objective	Start Date	End Date
KR 03	<b>Build Demand to Streamline and Improve Construction Permitting and Land Acquisition Processes</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	<p>According to the annual World Bank Doing Business report, the Kyrgyz Republic's "Dealing with Licenses" (construction permitting) rank is 143 out of 175 countries (20 procedures, 218 days, 510.4% of per capita GNI). During the 1<sup>st</sup> contract year, BEI completed a validation of the process that revealed it was complex, corruption is frequent and the process wasn't known by many government actors and private sector counterparts. Through the use of intensive information dissemination and targeted international expertise, BEI will build demand for fundamental change in the areas of land acquisition to get government buy-in at both the national and local levels to address the process. The Prime Minister's Office and private sector counterparts, including the Association of Construction Companies, have agreed to work with BEI to reform the legal framework governing the construction process as well as subsequent implementation activities. Given the technical nature of construction activity and related laws/regulations, short-term expert assistance is anticipated. To overcome resistance from existing government agencies involved in the process, including the State Architecture and Construction Agency, a robust demand and knowledge building campaign is anticipated.</p>		
<b>Forecast Result</b>	<p>During the contract year, it is anticipated that efforts will lead to more focused demand for reform in the sector. Through short-term expertise assistance, a detailed roadmap for full reform will be developed. At least 2 immediate action results will be achieved through initial activities, but it is expected that complete reengineering of the process will extend into the next year. By the end of the project, it is expected that the reformed process will at least achieve the OECD average (14 procedures, 149.5 days, and a cost of 72% of income per capita).</p> <p>PMP: PR1, PR2, IR1, IR2</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• BEI, in collaboration with the Association of Construction Companies, presents the findings of the analytical report regarding the process for permitting construction, reconstruction and renovation to the Investment Council under the President. - <b>November 2007 – COMPLETED</b></li> <li>• Pursuant to the Decree of the President "On Certain Measures to Streamline Permits and the Regulatory System in the Kyrgyz Republic", Decision of the Investment Council, and as a member of the Inter-Agency Commission, BEI will complete an expanded process analysis building on the findings of the Association and the targeted World Bank Doing Business analysis. - <b>December 2007 – COMPLETED</b></li> <li>• Based on existing analysis, hard-copy and electronic copies of a plain-language brochure detailing the existing process is developed and disseminated to the private sector and government counterparts and through the BEI information network. (KR-11). - <b>January 2008</b></li> </ul>		

	<p><b>- COMPLETED</b></p> <ul style="list-style-type: none"> <li>• With the assistance of a short-term international expert, a comparative analysis of the existing process versus current best practice will be developed, including best practice examples and a long-term roadmap for reform, and presented to both the Investment Council under the President and the High Economic Council under the Government. – <b>February 2008 – COMPLETED</b></li> <li>• Based on the long-term roadmap, at least 4 media products, including at least 2 informational and analytical articles, will be developed and disseminated to increase knowledge of recommendations, best practices, and to build demand for reform. - <b>September 2008 – COMPLETED</b></li> <li>• At least 4 regional seminars will be conducted to present the analysis and recommendations to private sector partners and local government officials. - <b>September 2008 – COMPLETED</b></li> <li>• Agreement will be reached with key government counterparts, based on the long-term roadmap, on the detail and timing of future actions to reengineer the construction process. - <b>September 2008 – COMPLETED</b></li> </ul>		
<p><b>Status and Comments</b> <b>October 2007-September 2008</b></p>	<p>Recommendations and material from BEI’s international experts were used in the development of Law #108 “On Amendments to the Law KR on Urban Planning and Architecture in the Kyrgyz Republic” of June 2, 2008, and accompanying Resolution #252 of May 30, the “Regulation on Procedures for Issuance of Permits to Design and Construct”, and Decree of President #164 of May 14, 2008, “On Measures to Optimize the Permitting System”, with regard to the creation of the Construction Consultative Council. The Construction Consultative Council is expected to hold its first meeting in late July or early August.</p> <p>BEI, with support the construction reform activities, conducted an extensive information campaign, including media articles and briefings, a public service announcement, handbook on new procedures for construction permits and the “One-stop Shop”, and training seminars on construction reforms (Bishkek and Osh), plus informational seminars with the Investment Council, Administration of the President, and Academy of Management on all Governmental reforms (Osh, Cholpon Ata, and Bishkek).</p> <p>BEI, with the MEDT and SACA, jointly developed a draft resolution for conducting 2 stages of reforms, providing for further action by Government in reforming the permits system in construction area. This draft resolution is being reviewed by ministries and agencies and is expected to be approved in October.</p>		
<p><b>No.</b></p>	<p><b>Objective</b></p>	<p><b>Start Date</b></p>	<p><b>End Date</b></p>
<p><b>KR 04</b></p>	<p><b>Build Demand for Streamlining the Processes of Business Registration, Re-registration and De-registration</b></p>	<p><b>1 Oct 2007</b></p>	<p><b>30 Sep 2008</b></p>
<p><b>Justification</b></p>	<p>According to the 2007 World Bank Doing Business report, in the Kyrgyz Republic, Starting a Business requires 21 days and completion of 8 procedures. Initial charter capital equal to .5% of per capita Gross National Income is also required, although approximately 80 countries included in the Doing Business report require no charter capital. The Kyrgyz Republic ranks 16<sup>th</sup> (out of 28) in the difficulty of Starting a Business in comparison to other countries in Europe and Central Asia, and 41<sup>st</sup> of 175 countries when compared to the entire field. BEI validation of the process indicated that Starting a Business, is much more difficult in reality due to a lack of knowledge of the existing process, arbitrary decision making, lack of coordination among state agencies, and long approval times beyond what the law anticipates. For a number of years, donors have provided consultative support and other assistance to encourage the adoption of a streamlined registration process. The draft Law “On Registration of Legal Entities” remains under consideration in Government pending financing from the World Bank or other donors. If the Law is adopted, BEI will support implementation, but the following tasks assume the Law as currently drafted is not adopted. BEI will work with media, government, and the private sector to build demand for re-engineering of the processes independent of donor financing.</p>		

<b>Forecast Result</b>	<p>With full implementation of a streamlined process, it is expected that start-up procedures can be reduced to 3 procedures and require only 3 days to complete. However, government commitment to completely reform registration is uncertain at the present time. Therefore, the expected result during the contract year is to build demand for change resulting in the creation of an inter-ministerial working group to address registration reform.</p> <p>PMP: PR1, PR2, IR1, IR2</p>
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Through the Inter-Agency Working Group, with the Ministry of Justice, complete and submit to the Prime Minister a review of the current processes of registration, re-registration and deregistration of businesses taking into account current best practice and existing draft proposals to streamline the processes. - <b>November 2007 – COMPLETED</b></li> <li>• Any necessary changes developed by the working group with the assistance of international focused expertise to improve the draft Law “On Registration of Legal Entities” based on the findings of the study and the improved system of information exchange and will send it to the Government for review and approval. - <b>December 2007 – COMPLETED</b></li> <li>• If approved by the Government, the draft Law is sent to the Parliament for review and adoption. - <b>January 2008 – COMPLETED</b></li> <li>• With private sector partners, BEI commissions and publishes articles on best practice examples and streamlining the registration processes in the Kyrgyz Republic that can be completed without additional government expenditures and solutions to identified problems that can be implemented without donor financing. - <b>January 2008 – COMPLETED</b></li> <li>• With the working group, government and private sector partners, BEI conducts presentations and roundtables with key government bodies involved in the registration processes to promote acceptance and implementation. - <b>January 2008 – COMPLETED</b></li> <li>• Presentations are conducted in at least 3 regions of the country to promote the donor-free reform initiative. - <b>April 2008 – COMPLETED</b></li> <li>• If adopted, support the Bishkek City Department of Justice to develop a pilot project one-stop shop in Bishkek. - <b>September 2008 – COMPLETED</b></li> <li>• If adopted, BEI, with international focused expertise, facilitates implementation through support in the development of necessary sub-normative acts and operational changes within government. - <b>September 2008 – NOT COMPLETED</b></li> <li>• Throughout the contract year, media products are developed to highlight best practices in other countries, call attention to problems with the existing system, and promote effective reform. - <b>September 2008 – COMPLETED</b></li> </ul>
<b>Status and Comments October 2007- September 2008</b>	<p>President Bakiev on June 2, 2008, signed Law #109 “On Amendments to the Law of KR on State Registration of Legal Entities.” This law, as well as the associated Resolution #182 of April 23, 2008, provides significant improvements in the process for registering a business, including: requires implementation of streamlined processes registration for legal entities across KR, repeals the charter-capital requirement for businesses, eliminates the mechanism requiring confirmation of legal address, and removes the requirement for start-up businesses to make and obtain a permit for their company stamps. The implementing law # 109 "On Amendments to the Law on State Registration of Legal Entities" is currently being reviewed by Government, and is expected to be passed for adoption by Parliament in January 2009. BEI’s anticipated role in facilitating implementation of this law through support of necessary sub-normative acts is delayed until the law is adopted.</p> <p>Starting May 1, 2008 justice bodies across the country adopted the new procedures for registration the streamlined processes registration principle. BEI has facilitated implementation by conducting an information campaign in the media, with articles, press-conferences and two regional seminars on the new registration procedures for staff of the Ministry of Justice and Justice Administrations of northern regions in Bishkek city, and southern regions in Osh city. An August, 2008, round table with representative of government bodies involved in registration of businesses identified implementation problems with the new rules and recommendations to eliminate those problems. All recommendations were submitted to Ministry of Justice.</p>

	At the request of the Ministry of Justice, BEI is lending assistance to the ongoing process of further streamlining registration procedures, via a new draft Law “On State Registration of Legal Entities.” This law is expected to change fundamentally the permitting nature of registration and introduce the principle of “notification, not application,” which will permit founders’ agreements to forgo review, reduce registration time to three days, and bring greater clarity in liquidation (de-registration) procedures for businesses, among other changes.		
No.	Objective	Start Date	End Date
<b>KR 05</b>	<b>Improve Clarity and Certainty in the Legal Regime Through Adoption of a Hierarchy of Laws</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	Currently, the legal framework in the Kyrgyz Republic lacks a basic statement regarding the hierarchy of laws, including which legal acts are superior and which are subordinate. Legal acts adopted later in time prevail without regard to status, but laws and regulations are most often adopted not as a package and thus many of the earlier adopted laws and regulations are never being brought into compliance with the new ones. As a result, for citizens to know and assert their rights, they must have perfect knowledge of the legal framework. The lack of a clear hierarchy results in confusion amongst citizens, is a disincentive to entrepreneurs and foreign investors, and leads to a lack of confidence in the rule of law and abuse by government officials. Through the LIME, TFI, and BEI Projects, USAID has supported efforts to improve the Law “On Normative Legal Acts” to establish a clear hierarchy. With the President’s Administration, Department of Entrepreneurship Development of the Ministry of Economic Development and Trade, the Ministry of Justice, and other private sector partners, BEI will continue to promote appropriate amendments to the Law and subsequent implementation through appropriate sub-normative acts.		
<b>Forecast Result</b>	It is expected that amendments to the Law “On Normative Legal Acts” and necessary sub-normative acts will be adopted, providing increased clarity and certainty in the legal system. PMP: PR2, IR1, IR2		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Amendments to the Law “On Normative Legal Acts” are presented to the Government for approval. – <b>November 2007 – May 2008 – COMPLETED</b></li> <li>• Together with local experts, BEI evaluates the effectiveness of sample laws or regulations passed without an accompanying package of documents and the findings are submitted to the Government and Parliament in collaboration with USAID Kyrgyzstan Parliamentary Strengthening Project implemented by MSI for further discussion. – <b>January 2008 – May 2008 – COMPLETED</b></li> <li>• If Parliament adopts the amendments and the President signs the Law, BEI, with government and private sector partners draft necessary sub-normative acts, including the internal operating regulations (reglements) of the Government and Parliament and submit for approval. – <b>March 2008 – NOT COMPLETED (2009)</b></li> <li>• BEI conducts a review of the national Government and at least 2 sub-national government bodies to evaluate compliance with provisions of the new Law. – <b>July 2008 – NOT COMPLETED (2009)</b></li> <li>• An information and training campaign is conducted for legal professionals to build knowledge of the changes and the impact on the legal system. – <b>September 2008 – NOT COMPLETED (2009)</b></li> <li>• Based on findings of the analyses, BEI presents recommendations to the bodies and facilitates any necessary operational or information management improvement for effective implementation. – <b>September 2008 – NOT COMPLETED (2009)</b></li> </ul>		
<b>Status and Comments</b>	Government Resolution #142-p of April 16, 2008, created an inter-agency working group charged with developing suggestions to improve the Law “On Normative Legal Acts of the Kyrgyz Republic.” This working group consists of representatives from the President’s Administration, Office of Government, Parliament, Prosecutor General’s Office, Ministry of Justice, Ministry of Finance, Ombudsman, and		

<p><b>October 2007-September 2008</b></p>	<p>judges. Unfortunately the Government has explicitly excluded the private sector and international organizations from participation on this “internal” group. BEI will, however, work indirectly through its contacts in participating ministries to ensure that legal hierarchy is reflected and solidified in the Law on NLAs, and that good legal drafting procedure will be incorporated in the reglaments of Government and Parliament.</p> <p>The working group developed in August a new draft law “On Normative Legal Acts of the Kyrgyz Republic”, focused on establishing of clear hierarchy of normative legal acts and determining stages for rule-making activity inclusive of RIA and private sector involvement in the process of discussing the drafts of normative legal acts. This draft law incorporates multiple recommendations from BEI, includes the package principle, which BEI recommended to the Government when it submitted the results of an efficiency assessment conducted by BEI on model laws and regulations adopted without accompanying package of documents. A version of the draft law has been placed on the KR Government website for public discussion purposes. BEI disseminated the text of this draft law among business community, and continues working on increasing the status of this law to “Constitutional” or “Code on Rulemaking”. The draft law will be submitted in October for Government approval and further introduction to KR Parliament. The work plan has currently been updated to reflect the future completion date of the Law, tentatively expected in Spring-Summer 2009.</p> <p>BEI provided an assessment of the effectiveness of sample laws and regulations enacted without an accompanying package of documents. The results and findings of the research were presented to Government on June 4, 2008, and a similar presentation for Parliament is planned for October 2008.</p>		
No.	Objective	Start Date	End Date
KR 06	<b>Increase Private Sector Participation in the Legal and Regulatory Drafting Processes and Improve Implementation of Drafting Procedures</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	<p>The Law “On Normative Legal Acts” not only sets out the basic principles of the legal framework, but it also articulates the requirements of the legal and regulatory drafting process. The previous TFI Project was successful in promoting requirements in the Law that draft normative acts be published for comment and these requirements were included in the TFI-supported operating regulation (reglament) of the Government. However, many drafts continue to be unpublished, basic analysis is not conducted and citizens do not fully avail themselves of the opportunities to comment on drafts. During the 1<sup>st</sup> contract year, BEI supported the development of model commentaries to draft laws by private sector partners. With government and private sector partners, BEI will utilize existing models and provisions in the Law and regulation of the Government to increase private sector input into the process through facilitation of increased private sector comment and strengthening of private sector comments through the use of basic quantification and impact assessment tools.</p>		
<b>Forecast Result</b>	<p>With BEI support, private sector counterparts will provide comments, including basic assessment of impact, to at least 6 draft laws or regulations. PMP: PR2, IR2, IR3</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Model private sector-developed draft commentaries are distributed to private sector partners and Government and Parliament with basic information regarding the effective use of legal and economic impact assessment. – <b>October 2007 – COMPLETED</b></li> <li>• Roundtables, with local experts, are held in at least 4 regions of the country for private sector partners to present the models and the assessment methodology. – <b>December 2007 – COMPLETED</b></li> <li>• With private sector partners, using the activities outlined in KR-II and employing at least 2 different media products using TV and radio, and at least 2 print articles, are created to promote the use of basic economic impact assessment to empower advocacy. –</li> </ul>		

	<p><b>February 2008 – COMPLETED</b></p> <ul style="list-style-type: none"> <li>• At least 6 existing or draft normative acts are circulated to private sector partners and targeted partners are selected to receive BEI consultation to develop commentary including impact assessment. – <b>September 2008 – NOT COMPLETED</b></li> <li>• Model commentaries developed during the contract year are circulated to all partners through the BEI Information Network. – <b>September 2008 – COMPLETED</b></li> <li>• BEI monitoring completed regarding changes introduced in drafts as a result of detailed commentary. – <b>September 2008 – NOT COMPLETED</b></li> </ul>		
<p><b>Status and Comments</b></p> <p><b>October 2007-September 2008</b></p>	<p>The Union of Entrepreneurs of Kyrgyzstan and International Business council prepared comments and economic and legal analysis of the impact of the law “On Personalized Accounting for Individuals” and the law “On Latent Stamps.” The comments were disseminated among BEI partners, and due to the estimates the business community succeeded in defeating adoption of the regulation on use of excise labels that would have implementing the law “On Latent Stamps.” Further RIA of normative legal acts was planned for licensing and permits system NLAs under the Inter-Agency Commission on Regulatory Reform, however this activity and subsequent monitoring of implementation has been delayed until the first stage of NLA reforms are complete, in December 2008.</p> <p>KR Government by Resolution #603 as of December 20, 2007 approved the RIA Methodology developed by BEI, the Ministry for Economic Development and Trade, and Investment Council to be used for analyzing business-focused legislative acts. The Government Office began in July a reorganization of its structure and plans to create corresponding departments for RIA within the Government Office and Ministry for Economic Development and Trade, by the end of 2008.</p> <p>To explain the principle of the RIA Methodology BEI and the MEDT held six seminars for officers of Administration of President, Office of Government, civil secretaries and deputy ministers of Ministry for Economic Development and Trade, Ministry of Justice, and Ministry of Finance and mid-level officials of ministries and agencies. In addition, BEI held a regional seminar on RIA in Osh for businesses and local self-governance bodies, and conducted a seminar on RIA for faculty of the Academy of Management under the President, to facilitate future RIA courses. Further training on the use of RIA and its methodology in practice were also provided at the request of the Prime Minister’s Office to the KR secretaries of state ministries and departments, and Office of Government officials.</p> <p>BEI developed a methodological manual on RIA as a base for informing business and state bodies about RIA. Two-hundred copies of this manual have been disseminated among the state and private sector, with articles on the RIA methodology derived from this manual published by online news agencies, on BEI website, and in the Vecherniy Bishkek daily newspaper.</p>		
<p><b>No.</b></p>	<p><b>Objective</b></p>	<p><b>Start Date</b></p>	<p><b>End Date</b></p>
<p><b>KR 07</b></p>	<p><b>Streamline Contract Enforcement Procedures and Increase Use of Alternative Dispute Resolution</b></p>	<p><b>1 Oct 2007</b></p>	<p><b>30 Sep 2008</b></p>
<p><b>Justification</b></p>	<p>Formal dispute resolution through the existing judicial system in the Kyrgyz Republic is time consuming and costly. Many entrepreneurs lack the resources to hire appropriate legal representation and many disputes are reportedly not solved on the merits. Contracts are a tool for parties to both allocate risk and avoid uncertainty. However, many contracts are poorly developed and improperly used by parties leading to contract breach and the necessity of seeking formal relief in the judicial system. Under the previous LIME Project and during the first year of the BEI Project, USAID provided support to the International Court of Arbitration to promote the use of arbitration as an alternative to judicial resolution of disputes. BEI will continue to support the ICA and provide appropriate consultative assistance. At the same time, BEI will encourage the use of additional mechanisms for dispute resolution and promote improved contracting practices to increase compliance</p>		

	<p>and decrease costs associated with poor agreement formation.</p> <p>Activities under this objective are coordinated with USAID/Kyrgyzstan Country Office and, if necessary, modified when the MCC Threshold Program is started.</p>
<b>Forecast Result</b>	<p>BEI will support partners serving at least 2 industries to pilot improved contract development practices and negotiation and mediation services resulting in at least 2 resolved pilot disputes during the year. With grant and consultative support from BEI, the ICA will resolve at least 12 cases through arbitration and will achieve a revenue/expense ratio of at least .39.</p> <p>PMP: IR4</p>
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• A seminar is conducted for private sector partners (inc. business associations, law firms, media, and other service providers) on alternative dispute resolution mechanisms (negotiation, arbitration and mediation) and opportunities as well as on 3<sup>rd</sup> party contract development services. – <b>December 2007 – COMPLETED</b></li> <li>• Through the seminar and follow-on consultation, at least 2 selected private sector partners chosen from seminar attendees are identified to pilot negotiation and mediation service development. – <b>January 2008 – COMPLETED</b></li> <li>• With regional or international experts, trainings and direct consultation are provided to partners above to build the capacity to provide ADR services. – <b>March 2008 – COMPLETED</b></li> <li>• BEI supports the dissemination of summaries of court decisions prepared by the project partners among the private sector regarding the enforcement and interpretation of Commercial Law norms pertaining to such important issues as tax relations, land issues, etc., to help businesses develop better contracts and increase their understanding of court practices in resolving economic disputes based on the content of the summaries. – <b>March 2008 – COMPLETED</b></li> <li>• With partners, both targeted advertising and a broader information dissemination campaign, including through radio, television and the BEI Information Network, is conducted to promote various mechanisms of ADR. – <b>June 2008 – July 2008 – COMPLETED</b></li> <li>• Throughout the contract year, quarterly reviews are conducted of the ICA to determine compliance with grant provisions and identify areas of additional consultative support to support increased financial sustainability and demand for arbitration services. – <b>September 2008 – COMPLETED</b></li> </ul>
<b>Status and Comments</b>  <b>October 2007-September 2008</b>	<p>In May the Central Asian Legal Library prepared the fifth review of court judicial opinions on economic cases and land issues for the year 2007. The review was entered into the Judicial Opinions Database, published in the <i>Normative Acts of the Kyrgyz Republic</i> magazine, on BEI's website, disseminated among businesses associations, and published on the CALL's website and partner websites. BEI is currently conducting a survey and questionnaire on CALL website and database usage rates, prior to submitting a contract renewal request for CALL during project year 3.</p> <p>During the period of its grant, the ICA optimized its performance, based on all BEI recommendations. Its Supervisory Board regulation and bylaws were amended, including rotation norms for Supervisory Board members and to increase the amount of arbitration fees by 15%. The ICA composition changed, excluding the Chamber of Commerce and Industry and two individuals. The list of arbitrators was expanded by adding seven new international arbitrators. The ICA reduced staff, defined job roles for preparing and disseminating information materials on arbitration, and met extensively with commercial banks, entrepreneurs and lawyers to promote its services. As a result, for its August 2008 final grant report, showing that during the past project year it accepted 20 claims and heard 21 cases, with 5 cases still in progress. Based on its activity, ICA and BEI are confident that the Court's performance evidences transition to an expansion and development stage for the organization. ICA will continue operating without USAID and BEI financial support, but both have agreed to continue their cooperation, in case of future ADR promotion opportunities focused around BEI's work plan objectives.</p>

No.	Objective	Start Date	End Date
<b>KR 08</b>	<b>Develop Information Dissemination Network and Increase Private Sector Capacity to Utilize Information and Media to Protect Individual Rights and Build Demand for Reform</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	<p>Accurate and timely information is necessary for entrepreneurs to individually protect their rights and to build demand for reform. BEI will develop a robust information network and build the capacity of information intermediaries to provide necessary information and reinforce their role and value to entrepreneurs. By enlisting business associations, academic organizations, law firms, business consulting companies, legal clinics, business support centers, and other organizations as well as interested media (including electronic, printed, TV and radio) that work with or service entrepreneurs, BEI will leverage existing relationships to develop a value information system. Across many activities, legal information, guides, manuals, analysis, and other products will be developed and supplied to intermediaries. By providing information and materials to intermediaries and training them on dissemination practices, BEI will supply the products that the intermediaries will use to service their clients, members and constituents. The usage and value of anticipated information products will be tracked at the end-user level to evaluate both the strength of the network and the activities of the intermediaries. While BEI may from time to time develop information materials in hard copy, the strength of the network relies on the dissemination of materials in electronic form that can then be distributed by intermediaries in perpetuity and regularly updated, eliminated barriers to access to information and staleness issues created when only limited-run hard copy materials are used. Also, this strategy will allow for unlimited geographic reach, and no-cost expansion.</p>		
<b>Forecast Result</b>	<p>BEI developed information products are successfully disseminated by information network partners and media campaigns anticipated in other work plan items are received by over 75% of at least 1000 respondents in the validation activity. PMP: IR1, IR2, IR3</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• BEI will develop its information strategy to be passed to USAID. – <b>October 2007 – COMPLETED</b></li> <li>• A roundtable of local media organizations is conducted to present the BEI information strategy for Kyrgyzstan, seek their input, and enlist their support as partners in the dissemination of information through newspapers, television, radio, and electronic mechanisms. – <b>October 2007 – COMPLETED</b></li> <li>• At least 30 information intermediaries (media, including major electronic media outlets, associations, law firms, legal clinics, business support organizations, etc) join the BEI Information Network in the Kyrgyz Republic. – <b>December 2007 – COMPLETED</b></li> <li>• Training is conducted for information intermediaries on effective constituent communications, media relations, and various opportunities to utilize BEI-provided information and materials to build the strength and value of their organizations. – <b>January 2008 – COMPLETED</b></li> <li>• As indicated in other work plan items, BEI developed or supported information and materials are disseminated to network members. – <b>September 2008 – COMPLETED</b></li> <li>• At least 80 information intermediates join the BEI Information Network. – <b>September 2008 – COMPLETED</b></li> <li>• A survey of over 1000 end users indicate that at least 75% receive information provided by BEI to information intermediaries. – <b>September 2008 – NOT COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>The BEI developed and approved information strategy presented to local media formed a mechanism for disseminating information via the BEI Information Pipeline covering more than 82 business associations and media outlets. The Information Pipeline disseminates press releases, article and media products developed by BEI and its partners.</p> <p><b>October 2007-September</b> BEI is currently completing its survey of end-users regarding recipient rates via information intermediaries. Results from this survey are expected to be finalized only during October, and assist in direction of future media distribution.</p>		

<b>2008</b>	On April 11, 2008 BEI, the 24.kg Information Agency, and the BBC held a press conference for journalists from leading newspapers, TV, and radio companies announcing the foundation, goals and objectives of the Economic Press-Club, this included the start of trainings for information intermediaries and the forthcoming national competition for journalists on topic “Mass Media about the KR Economy”. The Economic Press Club now consists of a wide range of trusted economic journalists. Training sessions have been provided for them on various topics to raise their knowledge on economic issues and make them familiar with business experts and state body specialists. The Club is an open ground for developing economic journalism and mutual communication between business, government and population via mass media. BEI expects that it will contribute to raising the effectiveness of feedback provided by the public on business environment issues and legal and regulatory reforms, and increase the number of publications on economic issues in the KR press.
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**TAJIKISTAN (TJ)**

No.	Objective	Start Date	End Date
TJ 01	<b>Improve the Legal Framework and Implementation of Laws and Regulations Governing Activities of Foreign Investors</b>	1 Oct 2007	30 Sep 2008

**Justification** During the 2006-2007 contract year, BEI promoted adoption of a new Law “On Investments” developed with the support of USAID under the previous TFI Project. The law included a number of positive changes in the legal framework for foreign businesses including the elimination of a local staff requirement and a discriminatory charter capital requirement. However, many laws and regulations continue to contain discriminatory provisions that impair private foreign investment in Tajikistan. According to the 2007 World Bank Doing Business report, Tajikistan ranks 133<sup>rd</sup> out of 175 countries when considering the total difficulty of doing business. On key processes for foreign investors, the rankings are abysmal: 172/175 for Protecting Investors; 163/175 for Trading Across Borders. BEI will work closely with the new RTLC Project on any identified issues that involve trade and WTO accession. Together with the State Committee on Investment and State Property Management and private sector partners, BEI will complete a review of the legal framework and regulations and identify important areas for harmonization and improvement to eliminate disincentives to foreign investment.

**Forecast Result** It is expected that at least 3 reportable PR2 results will be achieved directly through this objective. It is anticipated that many more disincentives will be identified and issue promotion through private sector partners and the media will be used to bring attention to structural and deeply-rooted problems that require more intensive solutions.

- Intermediate Tasks**
- Upon the initiation of the American Chamber of Commerce in Tajikistan and other private sector partners, BEI will support the establishment of a focus group on foreign investment. – **November 2007 – COMPLETED**
  - Notice is published in print media and electronic notice of the creation of the group is disseminated to the private sector. – **December 2007 – COMPLETED**
  - Through the investors group, relevant laws and regulations will be reviewed to identify key disincentives to foreign investment. – **January 2008. – COMPLETED**
  - BEI will support public meetings and an information dissemination campaign led by private sector partners to present preliminary findings to membership, government partners, and the broader business community for comment. – **March 2008 – COMPLETED**
  - With BEI support, legal amendments are developed and any necessary strategies to address non-legal barriers (such as abuse of discretion problems that disproportionately impact foreign investors) are developed. – **May 2008 – August 2008 COMPLETED**

	<ul style="list-style-type: none"> <li>The investors group presents the recommendations and reforms to the State Committee on Investment and State Property Management and any other appropriate government bodies. – <b>June 2008 – August 2008 – COMPLETED</b></li> <li>BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – <b>September 2008 – COMPLETED</b></li> <li>In support of the improvements, through the investors’ group, support a media campaign including radio and television products to address any issues correctable through increased information dissemination, to promote protection of rights, and to encourage adoption of the recommendations. – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>The earlier, established working group on investments decided to work within the frame of Consultative Council on Improving Investment Climate under the President of RT. This has required BEI to also change its strategy and plans on this direction. BEI is now working closely with the Secretary of the Council and assist the Council in its own review of relevant laws and regulations to identify key disincentives to foreign investment, and will introduce material from previous reviews as feasible. The Analysis on Investment Climate with all necessary legal amendments was submitted to the State Investment Committee, Consultative Council on Improving Investment Climate under the President of RT, and to the Government during August 2008. This analysis was also disseminated during the first session of the Consultative Council on Improving Investment Climate.</p> <p>BEI Grant program has approved a grant application to develop an investment promotion website for Tajikistan.</p>		
<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ 02</b>	<b>Build Demand to Streamline and Improve Construction Permitting and Oversight Processes</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	<p>According to the annual World Bank Doing Business report, Tajikistan’s “Dealing with Licenses” (construction permitting) rank is 85 (18 procedures, 187 days, and 154.7% of per capita GNI). During the 1<sup>st</sup> contract year, BEI completed a validation of the processes that revealed it was much more expensive and difficult than the World Bank analysis indicates. The process wasn’t known by many government and private sector counterparts and bribery is reportedly frequent. Moreover, since the process is administered locally regional variations exist. Through the use of intensive information dissemination and targeted international expertise, in collaboration with key private sector partners, BEI will build demand for fundamental change to get government buy-in at both the national and local levels to address the processes.</p>		
<b>Forecast Result</b>	<p>Effective reform of this complex process is expected to take more than 1 year to complete. But, BEI, in collaboration with private sector partners, expects to build public demand for future reform during the year and eliminate at least 3 areas of non-compliance with the existing law and regulations.</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>Creation of working group including representatives from construction companies, associations and secondary organizations. – <b>November 2007 – COMPLETED</b></li> <li>With a short-term international expert, analysis completed regarding licensing, certification and accreditation regime for businesses and experts in the construction process including a detailed assessment of all government bodies, laws, regulations, steps within procedures, international best practice and a roadmap for reform with specific recommendations. – <b>March 2008 – COMPLETED</b></li> <li>Initial analysis presented to working group for discussion. – <b>April 2008 – July 2008 – COMPLETED</b></li> </ul>		

	<ul style="list-style-type: none"> <li>• Present analysis, international best practice, and recommendations to the Government. – <b>May 2008 – July 2008 – COMPLETED</b></li> <li>• Present analysis, international best practice, and recommendations through a media campaign to increase demand for specific changes. – <b>July 2008 – COMPLETED</b></li> <li>• Address identified issues that can be eliminated immediately without legal changes. – <b>August 2008 – NOT COMPLETED</b></li> <li>• BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – <b>September 2008 – COMPLETED</b></li> <li>• Conduct regional seminars with counterparts in at least 3 regions of the country to present the analysis, best practice and recommendations. – <b>September 2008 – NOT COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>During September, 2008, BEI presented to public and private partners the completed legal analysis on the construction industry, with international best practice recommendations on improving construction permitting. Subsequent discussion between BEI and private sector partners resulted in agreement for work toward changes in existing legislation and practices, accompanied by a wide public-awareness campaign that BEI has already initiated, to support future reforms. BEI has contracted for development of a broadcast TV program to describe the permitting, licensing, and tendering processes for construction. This media campaign launched through broadcast TV, in July 2008. Both the addressing of issues capable of being resolved without legal changes, and the planned regional seminars have been postponed by the delayed presentation of the construction analysis, and are now planned to take place during the next project year, incorporating all recommendations and updates from successful reform activities in KR and KZ.</p>		
<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ 03</b>	<b>Reduce the Tax Burden for Entrepreneurs Through Support to the National Association of Small and Medium Enterprises to Promote National Reform</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	<p>According to the 2007 World Bank Doing Business report, in Tajikistan, entrepreneurs are required to make 55 tax payments annually, requiring 224 hours and consuming 87% of profit. When compared against 175 countries, Tajikistan ranks 154. However, BEI's validation of the process indicates that the actual rate is at least 92% of profit, based on the assumption that locally imposed revenue taxes are actually passed through to customers, although in most cases they are not charged in addition to marked prices. With unofficial collection targets for inspectors encouraging excessive and abusive inspections, the tax regime, in reality, is worse than the ranking indicates. Not only are administrative costs onerous and compliance difficult, but the confiscatory rate is a large disincentive to business activity and an overall incentive to shadow operation and corruption. A new tax code was adopted in 2004, with 4 amendments from 2005 to 2007. Currently, the National Association of Small and Medium Enterprises is engaged with government leaders on the issue of tax policy and administration. Through collaboration with the Fiscal Reform Project (BearingPoint) and the State Committee for Investments and State Property Management, with grant funding to the NASME, and expert input from the Chamber of Tax Consultants of Kyrgyzstan, BEI will support efforts to bring rational reform to the system.</p>		
<b>Forecast Result</b>	<p>Given deeply entrenched interests and the complexity of the issue, it is unlikely that significant reform will occur in the year. However, at least 6 media products will be developed and disseminated during the year on tax issues that identify and promote best practice reforms and provide a foundation for work in the following years.</p>		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• The National Association of Small and Medium Enterprises submit a grant application for expert support. – <b>November 2007 – COMPLETED</b></li> </ul>		

	<ul style="list-style-type: none"> <li>• An expert group on tax issues is formed by the NASME. – <b>December 2007 – COMPLETED</b></li> <li>• The expert group, with BEI assistance, identifies 6 potential tax topics for future expert commentary to be published in local newspapers. – <b>December 2007 – COMPLETED</b></li> <li>• With BEI, the Fiscal Reform Project, and Chamber of Tax Consultants assistance, the expert group conducts a legal and economic review of the tax code and develops recommendations for improvement. – <b>February 2008 – COMPLETED</b></li> <li>• The preliminary recommendations are presented to the public, private sector partners, and the State Committee for feedback. – <b>March 2008 – COMPLETED</b></li> <li>• Based on feedback and discussions, necessary legal acts and final recommendations are drafted. – <b>July 2008 – COMPLETED</b></li> <li>• BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – <b>September 2008 – COMPLETED</b></li> <li>• Developed materials are presented to the Government for consideration. – <b>August 2008 – COMPLETED</b></li> <li>• With BEI support, and the participation of the National Association of Small and Medium Enterprises, a series of media products are developed and disseminated to explain and promote the recommended changes. – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>The NASMB is finalized its financial-economic analysis of the Tax Code using the results of their round-tables in the regions of Tajikistan and feedback from private and public sectors participants and last adopted amendments into the Tax Code by the Government. Their evaluation of the recent Tax Code amendments indicates that they significantly worsened the Paying Taxes situation in RT. NASMB negotiations with Tax Committee came to agreement on several critical points reflected in analysis: inclusion of a regressive scale for calculating social and profit taxes, and regarding tax administration inspections and collections activities. The final Tax Code analysis was submitted to the State Committee on Investments and State Property Management in September 2008, and is currently under review. After final acceptance by the Government, a set of draft amendments to the Tax Code reflecting the analysis' suggestions will be provided for consideration as well.</p>		
<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ 04</b>	<b>Reduce Cost and Time Required to Register a Business</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	<p>According to the 2007 World Bank Doing Business report, in Tajikistan, Starting a Business requires 67 days and completion of 14 procedures. Initial charter capital equal to 379% of per capita Gross National Income is also required, although approximately 80 countries included in the Doing Business report require no charter capital. Tajikistan ranks 28<sup>th</sup> (last) in the difficulty of Starting a Business in comparison to other countries in Europe and Central Asia, and 166<sup>th</sup> of 175 countries when compared to the entire field. BEI validation of the process indicated that Starting a Business, by law, is less difficult than reported in the Doing Business analysis, but significant problems exist. Lack of knowledge of the existing process was also revealed by BEI to be a significant problem facing both government regulators and private sector applicants. During the 2006-2007 contract year, BEI completed a Guide to Starting a Business in Tajikistan that was endorsed by the State Committee on Investment and State Property Management and approved by the Ministry of Justice. The Guide was distributed electronically via the BEI web site and via CD-ROM to state agencies with the support of the State Committee. The next step in the reform of the registration process requires changing the legal framework for registration to eliminate opportunities for abuse of discretion by government actors involved in the process and reduce costs. Working with government and private sector partners, BEI will promote specific reforms in the registration process that can be addressed immediately to provide relief to potential entrepreneurs, including elimination of the charter capital requirement and the post-registration notarization requirement. BEI will also collaborate with</p>		

	the World Bank and other donors to develop and promote more complete reform in the registration process to address and eliminate deeply-rooted sources of problems for entrepreneurs.		
<b>Forecast Result</b>	BEI expects the initial minimum charter capital requirement will be eliminated or reduced at least 50%. The number of steps required for Starting a Business (as measured by the World Bank) will be reduced to at most 10 procedures and require no more than 40 days to complete. Additionally, BEI will build demand for more robust evaluation and reform of the process through focus on Doing Business reform leaders and best performers. PMP: PRI, PR2, IRI, IR2		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• Through lobbying by BEI and private sector counterparts, business registration is identified as a key process for reform by the State Committee on Investment and State Property Management. – <b>December 2007 – COMPLETED</b></li> <li>• With the involvement of a short-term expert complete an analysis on the initial capital requirements for businesses, including purpose and value, in comparison to other CAR countries and best practice. – <b>January 2008 – COMPLETED</b></li> <li>• Working with private sector partners, develop and submit to the State Committee a plan of reform to eliminate legal inconsistencies and contradictions in the existing legal framework, elimination or reduction of the initial charter capital requirement and elimination of post-registration notary requirements. – <b>January 2008 – COMPLETED</b></li> <li>• BEI through private sector counterparts publishes media materials on current best practices in registration to build demand for immediate changes and long-term reform of the process. – <b>March 2008 – COMPLETED</b></li> <li>• Seminars are held in at least 3 regions on registration, including the presentation of best practice examples, to build demand for improvement. – <b>March 2008 – COMPLETED</b></li> <li>• The reform and implementation strategy, with necessary legal materials, is finalized and submitted to the State Committee. – <b>June 2008 – COMPLETED</b></li> <li>• Legal amendments are submitted to the Government for consideration and approval. – <b>August – COMPLETED</b></li> <li>• If approved, legal amendments are submitted to Parliament by the Government. – <b>September 2008 – NOT COMPLETED</b></li> <li>• BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – <b>September 2008 – COMPLETED</b></li> <li>• Through media partners, the BEI-supported demand building and information campaign is conducted. – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	BEI has submitted all analysis to the SCISPM and the inter-ministerial working group on streamlined business registration. Due to the Government's direction toward streamlined process business registration, including de-registration and re-registration, BEI is promoting implementation of an entirely new registration, de-registration, and liquidation system. In accordance with the analysis and in cooperation with the WB Institute and DFID, BEI developed a new draft law "On State Registration of Legal Entities and Individual Entrepreneurs" and submitted it to the WG for consideration. The WG has forwarded the draft law to all ministries and agencies through the President's Office in September, with review expected by Parliament in November and adoption during December.		
<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ 05</b>	<b>Improve Clarity and Streamline Procedures for Re-registering or Closing a Business</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	In Tajikistan, the laws and regulations governing the process to re-register and to voluntarily close a business and remove it from the roster of operating companies are confusing, contradictory and incomplete. As a result, entrepreneurs experience arbitrary decision making by government regulators and are unable to identify or protect their rights leading to processes that are often more difficult, costly, and time-		

	consuming than start-up registration. BEI will work with the State Committee on Investment and State Property Management and the private sector to encourage government focus on the problem and to develop necessary legal materials, supported by a robust information effort to promote government compliance with laws and regulations and increase the power of the private sector to protect their rights.		
<b>Forecast Result</b>	Through surveying of government and private sector representatives, 70% of government respondents involved in these processes and 70% of private sector respondents who completed the re-registration or de-registration processes will report they are aware of the actual procedures and 50% of both groups will report compliance or near compliance.		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>• BEI, with private sector counterparts, completes a legal and process analysis of the procedure for voluntary de-registration and re-registration. – <b>November 2007 – COMPLETED</b></li> <li>• Based on the analysis, a plain-language guide to de-registration and re-registration are developed with the endorsement of the State Committee and published to private sector and government counterparts. – <b>March 2008 – May 2008 – NOT COMPLETED</b></li> <li>• With private sector counterparts and the State Committee, reform recommendations are developed, including solutions that can be implemented immediately and a strategy to address long-term solutions. – <b>April 2008 – COMPLETED</b></li> <li>• With private sector counterparts and the State Committee, a series of seminars in at least 3 areas of the country are conducted to present examples of best practice, discuss barriers in the existing legal regime, and to promote long-term reform. – <b>June 2008 – COMPLETED</b></li> <li>• Any necessary legal acts are developed to harmonize the existing legal regime and to introduce identified reforms. – <b>July 2008 – COMPLETED</b></li> <li>• BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – <b>September 2008 – COMPLETED</b></li> <li>• Legal acts are presented via State Committee to the Government for approval. – <b>September 2008 – COMPLETED</b></li> <li>• With private sector counterparts and the State Committee, media products are developed and disseminated to call attention to positive reforms developed and promote adoption and implementation. – <b>September 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	<p>Due to changes expected in legislation for the process of registration, including re-registration and de-registration, associated with the introduction of the streamlined processes, BEI will develop the plain language guides on de-registration and re-registration in 2009, in accordance with the new streamlined process procedures, which are planned to be introduced starting January 2009. The work plan has been modified accordingly.</p> <p>BEI, in cooperation with the WB Institute and DFID, developed a new draft law “On State Registration of Legal Entities and Individual Entrepreneurs” that includes simplifications for re-registration and de-registration processes. This draft law was submitted for working group consideration and was passed to all ministries and agencies through the President’s Office, in September.</p>		
<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>TJ 06</b>	<b>Support Implementation of the Licensing Law and Regulations</b>	<b>1 Oct 2007</b>	<b>30 Sep 2008</b>
<b>Justification</b>	The World Bank Doing Business analysis “Dealing with Licenses” addresses only the time and costs required for completing a uniform construction project. In Tajikistan, USAID, through both the TFI and BEI Projects has been supporting reform in the licensing regime for many years. During the 2006-2007 contract year, BEI developed and supported a package of 32 legal amendments required to harmonize		

	<p>the legal regime with changes to the licensing law in 2006. In addition, BEI developed an amendment to the licensing law itself that eliminated the 5 year limitation on licenses as well as developed a regulation of the government to implement the licensing law that eliminated many unnecessary license transactions and provided other benefits for entrepreneurs. However, focused support to implementation is required to facilitate compliance with other provisions of the law, including that licenses be issued within 30 days of application submission. Currently, entrepreneurs report that government bodies often take longer than 30 days to approve applications, even up to 1 year in some cases. Building on the previous working relationship with the World Bank, BEI expects to assist future World Bank support to the State Committee on Investment and State Property Management by providing consultative support to efforts to review the operations of targeted licensing bodies and the facilitation of operation and legal improvements to promote legal compliance and improved service. Tasks in this area assume a high and level of Government commitment and openness to be secured through the World Bank.</p>
<p><b>Forecast Result</b></p>	<p>With Government commitment through the State Committee and World Bank support to the issue, it is expected that, after analysis and implementation, a review of licensing applications at targeted licensing bodies will indicate at least 50% compliance with the 30 day application consideration requirement.</p>
<p><b>Intermediate Tasks</b></p>	<ul style="list-style-type: none"> <li>• Provide consultative support to the World Bank to develop its plan of support to the State Committee related to licensing reform. – <b>November 2007 – COMPLETED</b></li> <li>• Based on input from private sector partnership and discussion with the World Bank identify at least 2 types of licenses for analysis and process reform. – <b>December 2007 – COMPLETED</b></li> <li>• Assuming the Government agrees to an operational review with BEI and the World Bank, develop the review plan with government counterparts. – <b>January 2008 – COMPLETED</b></li> <li>• Complete a baseline review of document requirements as well as time and financial costs for licensing issuance for selected licenses. – <b>February 2008 – COMPLETED</b></li> <li>• With private sector and expert support, review the legal framework and implementing orders and instructions at the ministry/agency level to identify any legal acts requiring elimination or amendment and submit to the licensing bodies and the State Committee. – <b>March 2008 – COMPLETED</b></li> <li>• With the support of the State Committee, and involvement of the World Bank consultant, complete a basic operational and functional review of the licensing bodies previously identified. – <b>May 2008 – August 2008 – NOT COMPLETED</b></li> <li>• Present operational review findings to the licensing bodies and the State Committee with recommendations. – <b>July 2008 – August 2008 – NOT COMPLETED</b></li> <li>• Conduct a media campaign with the State Committee to inform the public of the analysis and results as well as to create demand for implementation of legal and operational improvements. – <b>July 2008 – August 2008 – COMPLETED</b></li> <li>• Promote and monitor adoption of reforms. – <b>September 2008 – COMPLETED</b></li> <li>• BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – <b>September 2008 – COMPLETED</b></li> <li>• If targeted reforms are successful, identify opportunities to replicate reforms across other licensing bodies. – <b>September 2008 – NOT COMPLETED</b></li> </ul>
<p><b>Status and Comments</b></p>	<p>With consultation from BEI, WB experts are developing an operational review of pharmaceutical and construction sector licensing activities including document requirements and the legal framework. BEI is currently still considering construction licensing cases, because the construction licensing body did not provide information on time. Due in part to this, the World Bank consultant conducting this</p>

	review has not yet completed the assignment, which is now expected to finish in October, 2008, and will be submitted for BEI review and action at that time. Not completed objectives have been shifted into the next 2008-2009 project year.		
No.	Objective	Start Date	End Date
TJ 07	<b>Analyze and Improve Current Government Proposals Regarding Special Economic Zones</b>	I Oct 2007	30 Sep 2008
<b>Justification</b>	In Tajikistan, as in other areas of Central Asia, Special Economic Zones are frequently considered as options for sub-national economic growth, especially by oblast and cities leaders who are pressured to developed economic plans by central governments pursuing historic models of central planning as the key to private sector economic growth. Especially given the centralized nature of economic policy and the national coverage of existing laws and regulations governing most areas of economic activity, it is uncertain what real opportunities exist to carve-out special geographic niches for favorable discriminatory treatment. Also, considering the cost associated with implementing different regulatory systems, weak controls over corruption and arbitrary decision making and geographic impediments to economic activity, it is uncertain how effective Special Economic Zones can be as a facilitator of economic growth. In Sogd Oblast, a geographically distinct area of Tajikistan located in the Ferghana Valley, Special Economic Zones are being considered and prioritized by the regional administration. BEI will work with the local administration and private sector partners, with the input of international experts, to fully evaluate the potential impact of a SEZ and whether it is a feasible solution for regional development in this area of Tajikistan.		
<b>Forecast Result</b>	The result will depend on the analysis. If expert analysis indicates that the SEZ model is inappropriate for Sogd, or Tajikistan in general, the forecast result would be the successful rejection of the SEZ concept and a refocusing of government attention on other barriers to development. If the analysis reveals the model has potential, the expected result would be effective implementation of the concept.		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"> <li>Analytical group developed with representatives from Sogd Oblast, the private sector, and BEI to consider the issues of a Special Economic Zone in Sogd Oblast. – <b>January 2008 – COMPLETED</b></li> <li>Based on the initial analysis, through the expertise of an international short-term consultant, an analysis is completed comparing factors in Sogd to those factors that are generally present in successful SEZs and suitability to Tajikistan. – <b>April 2008 – COMPLETED</b></li> <li>The consultant’s preliminary findings are presented to the regional and national government through direct presentation and subsequently by BEI. – <b>May 2008 – COMPLETED</b></li> <li>Analysis and recommendations are disseminated by the information network and via the media. – <b>June 2008 – COMPLETED</b></li> <li>If BEI and the expert view the solution positively, an implementation plan is developed for further action. – <b>June 2008 – COMPLETED</b></li> <li>If BEI and the expert view the solution negatively, all attempts will be made to focus the local government on more promising solutions. – <b>June 2008 – COMPLETED</b></li> </ul>		
<b>Status and Comments</b>	BEI completed all planned activities to assist the Government and Administration of Sogd oblast in creation of SEZ during this year. In close collaboration with the inter-ministerial and regional working groups headed by the Ministry of Economic Development and Trade, BEI developed all necessary fundamental documents for the creation of SEZ “Sugd”, in August the Government adopted a regulation creating another SEZ “Panji Poyon” and sent it for Parliament review along with the “Sugd” regulation. Next steps after the adoption of the regulations will be the development of a charter for SEZ “Sugd”, for which BEI plans to contract with a local expert in its creation, and will monitor developments for appropriate future support activities.		

**REGIONAL (RE)**

<b>No.</b>	<b>Objective</b>	<b>Start Date</b>	<b>End Date</b>
<b>RE 01</b>	<b>Monitoring and Evaluation (Year 2)</b>	<b>1 Oct 2008</b>	<b>30 Nov 2008</b>
<b>Justification</b>	To ensure effective project implementation, issue prioritization, and data quality, periodic monitoring and evaluation is anticipated in the Performance Monitoring Plan. With short-term assistance provided by its subcontractor, The Mitchell Group, BEI will review project activities, results achieved to date, issue prioritization, data quality, and information systems utilized through the first 12 months of project activities.		
<b>Forecast Result</b>	Assessment of project activities and validation of project data.		
<b>Intermediate Tasks</b>	<ul style="list-style-type: none"><li>• With short-term expertise provided by The Mitchell Group, project activities, results, and systems are evaluated in each country and an assessment report submitted to BEI. - <b>November 2007 – COMPLETED</b></li></ul>		
<b>Status and Comments</b>	The evaluation was completed and recommendations provided by The Mitchell Group were incorporated into proposed PMP changes, including the conducting of impact case studies, which were submitted for USAID consideration in April 2008 and accepted in May 2008.		

## BUSINESS ENVIRONMENT IMPACT TABLE (PR2)

KAZAKHSTAN													
No.	Initiative / City	Date Completed	Partner or Direct	Problem Details	Recommendations	Result	Impact Assumptions and Calculation	Reductions		% GNIPC	Total Impact (\$)	Monitoring Ratio	Attribution (WB DBI)
								Steps	Days				
1	Optimization of PSC operations / Oral, KZ	February, 2008	Partner - Independent Association of Entrepreneurs of WKO	Problems PSC users identified with the Oral center included a lack of knowledgeable service agents, resulting in long lines at consultants to ask for directions, and the cost and lack of receipts for copying services. Without receipts companies were forced to advance funds to staff as salary, rather than recording them as expenses, resulting in an additional tax of 30% on copying.	BEI and IAEWKO recommended several fixes: installation of a PSC helpdesk with staff on-site and telephone support, issuing of official receipts by the copying service, and a reduction in copying rates.	Oral PSC has installed a new information window as a customer helpdesk, with two outside lines for support to entrepreneurs. Cash registers were installed for use by the copying service to provide receipts, and the proposed reduction in copying rates remains under consideration.	PSC administration estimates 310,000 entrepreneurs use the center per year, 50% (155,000) employ the in-house copying service, for an average of 4 copies per person, each costing \$.17. Estimated economic impact in saved payroll taxes is therefore: $155,000 \times 4 \times \$.17 = \$105,400 \times 30\% = \$31,620$ annually. Estimated GNIPC is then .004%. The impact of reduced wait times is being analyzed.	0	0	0.004%	\$31,620	100%	Starting a Business, Registering Property
2	Improved land registration procedures / Oral, KZ	January, 2008	Partner - Independent Association of Entrepreneurs of WKO	Registration of documents in the Oral Land Department was regularly delayed, and often document packages required repeated submissions because instructions were improper or incomplete, and no schedule for document review times was established by law or regulation.	BEI, IAEWKO, and the Oral Akimat agreed to develop a formal mechanism for allocating land, to improve instructions, and to establish processing time limits.	On January 11, 2008, the Land Registration Working Group presented new procedures for land allocation and a brochure on registration procedures and timelines. The procedures were adopted by the Akimat and published in brochures and on the Akimat's Small Enterprise Department website.	The Oral Land Department Office processes an estimated 16,000 applications per year, 20% (3,200) for land registration, at an average of 20 weeks processing time, requiring from entrepreneurs 1.25 working days per week per application, or 25 working days total. New procedures require completion of the process within 14 weeks, saving an average of 7.5 working days per application. At an estimated \$40/day average salary for staff working with the Land Registration Office, estimated total impact is $3,200 \times 7.5 \times \$40 = \$960,000$ annually. Estimated GNIPC is 5.9%.	0	7.5	5.9%	\$960,000	100%	Registering Property
3	Moratorium on business inspections / Astana, KZ	February, 2008	Partner - Forum of Entrepreneurs of Kazakhstan	According to the 2005 WB/EBRD BEEPS, businesses are inspected an average of 11.7 times/year, requiring over 16.3 working days per firm. Businesses report inspections are excessive and provide opportunities for	BEI and the Forum of Entrepreneurs of Kazakhstan recommended a halt or reduction in inspections, and revision of sections of the Law "On Private Entrepreneurship"	On February 21, 2008, the President ordered a moratorium on all business inspections until December 31, except "certain categories of businesses, which	Based on estimates from the 2005 BEEPS, and excluding fire and sanitation inspections, each business is estimated to undergo 7.3 fewer inspections this year, saving 3.3 days time. With an estimated 250,000 businesses affected by the moratorium, and staff expenses per business at an average of \$50 per working day	7	3.3	6.5%	\$81,500,000	Pending (confirmed by state surveys and media)	

				corruption.	, that allow excessive discretion by inspectorates.	influence the safety and health of citizens."	for 2 persons, this moratorium will save an estimated 815,000 working days, or \$81,500,000. Estimated GNIPC is 6.5%.  Validation and additional GoK estimates of effectiveness are currently ongoing.							
4	Improved business registration procedures / Zelyonovskiy region, KZ	October, 2007	Partner - Independent Association of Entrepreneurs of WKO	The Akimat in Zelyonovskiy region had not adopted clear implementing procedures for business registration resulting in confusion and excessive delays in the registration process.	BEI, IAEWKO and the Akimat agreed to develop formal registration procedures and publish information for government staff and businesses.	The Akimat, with the Justice Department, developed and adopted formal procedures for registration, including clear articulation of steps, expected processing times, and required documents.	According to estimates from the local Enterprise Department, entrepreneurs in the region spent on average 3 working days researching the requirements for registering their business. The publishing of a formal process reduces research time to a negligible amount for the 400 applicants per year in the region. One day's salary for employees engaged in this process is estimated at \$30 for the region. Total economic impact is then 400 * 3 * \$30 = \$36,000. GNIPC is estimated at 1.8%.	0	3	1.8%	\$36,000	100%	Starting a Business	
5	Clarification and publication of construction requirements and process information / Oskemen, KZ	March, 2008	Partner – Foundation for Informational Support of Society Development (FIPRO), Association of Professional Builders	In East Kazakhstan Oblast the construction laws, regulations, process, and required documents were unpublished, unclear, and required excessive research time for entrepreneurs, construction companies, and even government agents. Lack of clarity in this process led to delays in construction, confusion among participants, and increasing costs.	BEI, FIPRO, and the Association of Professional Builders recommended clarification and publication of construction requirements in EKO.	With the support of the Oskemen Government and the Department of Architecture and Construction, the process and requirements were defined and published (including on the Government web site) in a consolidated guide with all NLAs, process maps, and documents.	Accurate assessment of impact for this information access will require monitoring and surveys of all three constituent groups, during validation. Impact is To Be Determined.			TBD	TBD	100%	Dealing with Construction Permits	
6	Reduced wait times and improved operations in PSCs / Oskemen, KZ	February, 2008	Partner - FIPRO	Entrepreneurs using PSCs spent excessive time getting information about legal requirements for immovable property registration, re-registration of businesses, and land registration, because the procedures were unclear and information was available only from one desk inside one	BEI and FIPRO recommended that detailed information on the processes be transferred to the E-Akimat site to increase access and provide clear and consistent information about the processes.	The PSC director and Akimat agreed to the plan, and FIPRO developed a special web site for the PSC, showing all information on processes. This site is linked to all Oskemen E-Akimat physical access points, providing access through 20	Based on data from the Oskemen PSC, 1900 entrepreneurs each month used the services of the one info desk to inquire about these three procedures. Each inquiry took an average of 1 hour to complete, consisting mostly of wait-times due to the desk's heavy use. Pending validation, wait-times are expected to be eliminated, as most entrepreneurs will access the	0	0	0.06%	\$71,136	100%	Starting a Business, Registering Property	

				PSC. Entrepreneurs were required to individually write answers as the PSCs did not provide basic pre-prepared information.		public terminals (in addition to open web access). The availability of these services is widely advertised on a monthly basis in local newspapers and television, to increase knowledge and use.	information online, or suffer minimal waits due to reduced crowding. An entrepreneur's average salary in Oskemen is estimated to be \$25/day or \$3.12/hour. Total estimated annual impact is then 22,800 x \$3.12 = \$71,136. GNIPC is an estimated .06%.							
7	Provision of alternative submission means for electronic tax keys / Oral, KZ	March, 2008	Partner - Independent Association of Entrepreneurs of WKO	Kazakhstan electronic tax filing requires the registration of tax documents via special software and the writing of a final file called an "electronic key". This key was accepted by the Tax Committee of WKO only via 3.5" "floppy" disk. However, the poor quality of disks (80% of the time) and software (20% of the time) result in errors when writing the key, requiring a repeat of the 7-day process of document registration, and the additional costs for materials and preparation services.	BEI, IAEWKO, and Tax Committee of WKO in letter #124,084 of February 2, 2008, recommended that the Ministry of Finance and Center for Software Support accept electronic tax keys submitted via alternative mediums, other than floppy disks.	In March, in a letter from the Ministry of Finance Support Department, MinFin accepted the recommendation, indicated that floppy disks were the best medium per the 2002 law; however alternative mediums would be accepted.	Focus groups indicate 100% of the time writing the key requires repeated attempts, with an estimated average of 2.2 tries per success. Based on Tax Committee data, 31,704 entrepreneurs are affected by this problem, however some will choose to continue using 3.5" disks, discounting those affected by this change by 50%, to 15,852 entrepreneurs. Each attempt to submit an electronic key costs an average of 375 KZT (\$3.13) for the disk, agreement, and application forms. Each attempt also costs 7 working days for accountants to create and register the documents, at an average salary of \$30/day. 20% of failures will be unaffected by this change, as they stem from software errors. Total estimated impact for this change is $(15,852 \times 2.2 \times \$3.13) \times .8 = \$87,324$ plus $(15,852 \times 2.2 \times 7 \times \$30) \times .8 = \$5,858,899$ , or \$5,946,223 annually. Estimated GNIPC is 7.3%.	0	15.4	7.30%	\$5,858,899	100%	Paying Taxes	
8	Reduction in time required for processing of state registration of individual entrepreneurs / Shymkent, KZ	March, 2008	Partner - Business Incubator "Sodbi"	Due to obsolete computer equipment and inadequate staffing, the registration procedure for an individual entrepreneur's IE patent with the tax committee of Shymkent took up to 10 days-- 9 days longer than demanded by legislation-- costing entrepreneurs extra time.	BEI partner, SODBI Business Incubator, recommended that the work-schedule of the acceptance window be revised, and for the task of registering IE patents be passed to the tax inspectors, who were already	The Shymkent Tax Committee Administration agreed with SodBI's recommendations, and passed patent issuance and registration to tax inspectors. This effectively combined two functions into a "one-window" service, and reduces document	The IE certificate (2 days) and patents registration (10 days) periods are combined into one step, now requiring 3 days to complete and saving 9 days time. During 2007 there were 6009 IE certificates issued, however during 2008 the number of certificates has decreased 42%, and a total of about 3,485 are estimated. The average cost of individual entrepreneur's working day is estimated to be \$30. Total annual impact is estimated to be $3,485 \times \$30 \times 9$	1	9	5.30%	\$940,950	80%	Starting a Business	

					issuing required IE certificates.	duplication during the IE registration process.	= \$940,950. GNIPC is then 5.3%.							
9	Elimination of residence paper requirement for issuance of alcoholic beverage sales license / Shymkent, KZ	August, 2008	Partner - Business Incubator "Sodbi"	During the process of issuing licenses for sale of alcoholic beverages, the Department of Entrepreneurship and Industry of SKO demanded individual entrepreneurs provide an official paper on their place of residence to ensure a contact address. Official residence documents, however, in practice do not represent actual contact information, are not associated with the person's entrepreneurial activity, and are illegal to require for licenses.	BEI partner SODBI Business Incubator recommended to the DEI of SKO to exclude the official residence paper requirement for individual entrepreneurs, as the requirement is illegal to require residence documentation for obtaining alcohol licenses, in accordance with paragraph 5 entry 3 of RK Law "On State Regulation for Production and Turn-over of Ethyl Alcohol and Alcoholic Beverages."	The administration of the Department of Entrepreneurship and Industry concurred with SODBI's request, and eliminated the requirement in accordance with Government Decree # 731 from August 23, 2007. The administration also posted information about the list of required documents for obtaining a license for turn-over and storage of alcohol beverages to the Department's website and in the department's building.	During the 4th quarter of 2007 there were 1445 applications for alcohol licenses in South Kazakhstan Oblast, though that number is inflated by Decree #731 of August, 2007, which required re-licensing. The expected annual number of license applications is about 1000, each of which required one day and 109 tenge (about \$0.91) for issuance of the residence paper. The average cost of individual entrepreneur's working day in SKO is estimated to be \$30. Total annual estimated economic impact is $\$30.91 \times 1000 = \$30,910$ , or 0.6% of GNIPC.	1	1	0.6%	\$30,910	100%		
10	Reducing in time and steps required for acquisition of land for commercial construction / Shymkent, KZ	April, 2008	Partner - Business Incubator "Sodbi"	The process of land acquisition for commercial purposes is multi-staged and takes over a year. Despite acceptance by the Akimat Land Commission, an application would be often refused by the Department of State Architecture and Construction Control (DSACC), requiring it to be re-submitted with new documents (at great cost) and repeating the year-long process.	BEI partner SODBI Business Incubator recommended increasing the efficiency of the commercial land acquisition procedure by introducing representatives from the DSACC to membership in the Akimat Land Commission, to reduce disagreements in decisions between the two groups.	The Akimat of SKO agreed, and ordered representatives from the DSACC to sit on the Land Commission when reviewing applications for land acquisition for commercial purposes, enabling any issues to be raised at an earlier stage.	Integrating DSACC representatives into the Land Commission effectively eliminates the risk of later refusal, which would require another year and resubmittal and re-registering of documents costing between (250,000 and 1.5 million tenge), or an average of about \$7,291. Despite the long time incurred by a refusal, most of the time is consumed by DSACC itself, and does not lay a burden on the applying entrepreneur that can be calculated. During 2007 the Land Commission passed 1224 approved applications on to the DSACC, of which 30% were then refused (367). Estimated annual economic impact is therefore $367 \times \$7,291 = \$2,675,797$ , or a GNIPC of 144.1%.	1	365	144.10%	\$2,675,797	80%	Dealing with Construction Permits	
11	Simplification of secondary	June, 2008	Partner - Association of	Government Decree # 80 from January 31,	BEI and the Association of	In response, the Government issued	The increase in minimum assets required for a secondary	0	0	18.1%	\$27,450,000	100%		

	metallurgy licensing procedure / Almaty, KZ		Secondary Metallurgy Enterprises	2008, introduced multiple negative regulations for the secondary metallurgy industry (scrapmetal processing). Most significant was an increase in licensing requirements that dramatically raised minimum assets for over 85% of industry companies, forcing them to either acquire (borrow) the funds or exit the industry.	Secondary Metallurgy Enterprises presented recommendations to the Government Licensing Simplification Commission relieve burdensome elements of Decree #80, including elimination of minimum assets increase.	Decree #426 of May 6, 2008 "On Changes and Additions to the Government Decree as of January 31, 2008 #80." Among the changes, the increase in minimum assets was removed.	metallurgy license was from 60,000 MCI to 80,000 MCI (1 MCI = 1098 tenge, or \$9.15). According to data from the Association, of the 350 firms in the industry, about 300 operate with under 80,000 MCI worth of assets, and would have been required to increase their assets in some way, or lose their license to operate. Estimated average assets required for each of the 300 companies is 10,000 MCI, or \$91,500. One year's estimated impact is then 300 x \$91,500 = \$27,450,000. GNIPC is therefore 18.1%.							
12	Optimization and improvement of construction permitting and control procedures / Almaty, KZ	May, 2008	Partner - Astana Association for Protecting the Rights of Entrepreneurs	The process for obtaining construction permitting documents was long, complex, and expensive, with duplicated steps at different stages and no time limits set or official list of requirements for issuing document, leading to considerable confusing and wasted time and money during the construction process.	As part of work with the PM Commission on Administrative Barriers and the Construction Working Group, BEI recommended to eliminate duplicate steps and documents, and developed recommendations for registering rules and permitting procedures	PM Masimov made construction reform one of his priorities, and approved BEI's recommendations in Government Decree #425 of May 06, and Decree #422 of May 06, 2008. The decrees simplify the construction permitting process by eliminating steps and reducing costs and times, and set new qualifications for survey and design review experts.	These reforms greatly streamline the construction process, by eliminating or modifying 12 steps, saving an estimated 137 days time and \$12,500 per construction start. During the first six months of 2008 the Statistics Agency reports there were 3971 starts in Kazakhstan, for an estimated 7942 total for the year. The daily salary for a construction project manager is estimated at \$30. Total annual impact from fees saved is 7942 x \$12,500 = \$99,275,000. Manager salary saved due to the shortened construction process is estimated to be 137 x 7942 x \$30 = \$32,641,620. Total annual impact is estimated then at 131,916,620, or a GNIPC of 328.2%.	7	137	328.2%	\$131,916,620	100%	Dealing with Construction Permits	
13	Reduced time and errors in registering rights to land use / Shymkent, KZ	July, 2008	Partner - Business Incubator "Sodbi"	The process of obtaining and registering property and land-use rights was complex, and lacked any standards to guide applicants. Many applicants failed to provide all needed information in their applications and were refused, requiring re-submittal of documents and additional wait-time.	BEI partner "Sodbi" recommended development of an application form that includes town zoning and details of required documents to be forwarded to the Akimat, in order to speed the procedure.	The Shymkent City Akimat approved and adopted application forms proposed by SodBI, with pilot application forms and directions for documents.	The Shymkent Land Commission receives approximately 12,000 applications for land-use per year, and previously rejected 30% of them due to incomplete information, requiring applicants to return and resubmit new documents. Under the new form this cause is minimized, saving applicants an estimated \$30 in average daily salary spent re-filing. Total annual impact is estimated to be 3600 applicants x 1 day x \$30 = \$108,000.	0	1	0.60%	\$108,000	87%	Registering Property	

							GNIPC is estimated to be 0.6%.								
14	Improved time efficiency for preparation of the Act on Private Property Ownership/Use of Land document step / Shymkent, KZ	July, 2008	Partner - Business Incubator "Sodbi"	The preparation of the "Act on Private Ownership of Property/Use of Land" required the signed approval of all 13 members of the Akimat, before the State Commission could issue it to an applicant. As a result this step took between 2 and 6 weeks for final approval, during which time the applicant himself was expected to hunt down each Akimat member and secure their signature for approval.	BEI partner SodBI recommended that the current procedure be reduced in time and complexity, including reducing the number of signatures (and thus, timing) required for each application.	The Symkent Akimat reviewed BEI recommendations and adopted Decree #286 "On staff of Akimat in Shymkent" that reduces the number of members of the Akimat to 7.	The Land Department of Shymkent city prepares 50 Decrees on land allotment each month, reducing the number of signatures required decreased the average time needed for approval from 20 working days to 7 days. Entrepreneurs are still expected to secure the approval signatures themselves, at an cost in their own time of the \$30 average salary in SKO. Therefore, estimated annual impact for this change is 13 days x \$30/day x 50 = \$19,500. GNIPC is estimated to be 7.7%.	0	13	7.7%	\$19,500	100%	Registering Property		
15	Elimination of additional tourism licenses / Almaty, KZ	July-09	Partner - Kazakhstan Tourism Association (KTA)	The Ministry of Tourism and Sport developed a law "On Changes and Additions to Legal Acts Pertaining to Tourism Activity" and introduced it to Parliament without discussing it with public organizations as is required by the Law of RK "On Private Entrepreneurship". This new law envisaged introduction of two new licenses for the categories of international and domestic tourism companies--creating extra expenses for tourist agencies and more critically, preventing their operation for a full month during the busy July-August season.	BEI and the KTA drew up reasoning for preventing introduction of additional licensing for tourism, and conducted a joint press-conference on the new draft law prior to submitting recommendations to the Senate.	As a result, KTA was included into the working group finalizing the law, and based on their input the measures adding additional licensed activities within tourism was not included in the final version of the adopted law #59-IV "On changes and additions to legal acts in the sphere of tourism activity" of July 5, 2008.	Preventing the implementation of additional required licenses for tourism activity eliminated two trips by company representatives to Astana for application and retrieval, plus a 30-day period of inactivity while waiting for the license. There are 955 registered tourism companies in Kazakhstan, and 888 outside of Astana City. New licenses would require on average for each company 2 trips of 40,000 tenge (about \$333.33) each in travel (24,000 tenge) and lodging+meals (16,000 tenge). Total estimated annual impact from the travel expense is therefore 2 x \$333.33 x 888 = \$591,994. Each travel company would also be required to cease operation while acquiring their license, during July--the busiest season of the year. According to the State Statistics Agency, in 2007 total receipts from ticket vouchers and services by tourism companies were about \$227.3 million, with an estimated 81% of tourism business being done in the second half of the year. Avoiding the 30-day stop is estimated to have saved an additional \$30.7 million in lost	2	30	647.20%	\$31,276,875	100%			

							business, or \$31,276,875 in total. GNIPC is 647.2%.								
16	Elimination of electrical utility hook-up charges during construction for SMEs / Astana, KZ	June, 2008	Partner - Astana Association for Protecting the Rights of Entrepreneurs	One of the stages in obtaining permitting documents for construction in some areas of Kazakhstan is a mandatory sharing agreement designed to promote the development of the electrical network. The cost of the sharing agreement is based on the magnitude of the connection, and for small construction objects can exceed all other construction costs combined, raising a significant barrier to entrepreneurs.	As part of its cooperation with the working group on construction and the PM's Commission on Administrative Barriers, BEI recommended cancellation for SMEs of payment for electrical connection based on the Sharing Agreement.	PM Massimov signed Government Decree #569 of June 11, 2008, waiving payment for electrical utility connections for small businesses and medium business connecting under 50KWh.	According to the Antimonopoly Agency of Kazakhstan, during 2007 electrical utility companies implementing the sharing agreement method received 8,278.74 million tenge in electrical hookup fees, of which they estimate 10% (827,874,000 tenge) comes from small and medium enterprises affected by the Government decree. According to the State Statistics Agency, during 2007 there were 9,300 construction starts in Kazakhstan, but based on the first six months of 2008, there will be only an estimated 7,942 during 2008, or 85.4% of 2007. Based on this data the estimated annual impact for this change is $827,874,000 \times 0.854 = 707,004,396$ tenge, or \$5,891,703. Estimated GNIPC is 14.7% of GNIPC.	0	0	14.7%	\$5,891,703	100%			Dealing with Construction Permits
17	Elimination of duplicate documentation requirement for issuance of alcohol product turn-over licenses / Shymkent, KZ	June, 2008	Partner - Business Incubator "Sodbi"	The Enterprise and Industry Department of SKO required an official decision document from the metrological control to obtain a license for wholesale and retail sale and storage of alcohol products. The metrological decision duplicated other requirements, and was an unreasonable and additional administrative barriers for entrepreneurs.	BEI partner SodBI recommended elimination of the requirement for a decision from the Department of Technical Regulation and Metrology Committee of SKO to avoid duplication in documentation.	The Administration of the Enterprise and Industry Department agreed to eliminate the metrological decision from required documents.	During the licensing process the acquisition of a metrological decision normally took 15 days and required 30 pages of documentation costing 5 tenge each to prepare (\$1.25 in total). The average daily wage of an entrepreneur in SKO is \$30, however during the license processing period the entrepreneur is not permitted to operate. During 2007 the number of licenses issued was abnormally high due to the recent adoption of Decree #731; however the Akimat expects to issue approximately 1000 licenses during 2008. Total annual impact for this change is estimated to be $1000 \times (15 \text{ days} \times \$30/\text{day}) + \$1.25 \times 1000 = \$451,250$ . GNIPC is 8.9%.	1	15	8.9%	\$451,250	100%			
18	Elimination of extra-legal "sole founder" document requirement in registering a	August, 2008	Partner – Independent Association of Entrepreneurs of WKO	During the submission of documents for registering a legal entity established by one person, the Public Service Center (PSC) of	The Association of Entrepreneurs of WKO recommended that this extra-legal requirement	The Justice Department of WKO confirmed in written form (letter #3-8448 of July 8, 2008) that	Based on data from the Justice Department of WKO, there were 370 applicants for sole-founder business registration in the first six months of 2008, with an estimated 740 for the	1	3	2.90%	\$111,000	100%			Starting a Business

	business / Oral, KZ			Oral required a resolution document from the sole founder, in spite of the fact that such a document is not stipulated in the law and not a published requirement.	be eliminated for sole proprietorships.	according to the list of documents to be submitted for registering a legal entity, a resolution from the sole founder is not required, and the PSC of Oral confirmed on August 2, 2008 that they have ceased the requirement.	year. Each applicant spends 3 working days to prepare a resolution of sole founder, gather and register documents, and visit the PSC for the second time. The average income of an entrepreneur in WKO is estimated by the IAE WKO to be \$50/day. Total annual impact for this change is $740 \times 3 \times \$50 = \$111,000$ . GNIPC is 2.9%.							
19	Implementation of notification feature reduces time in registering a business procedure/ Oral, KZ	July, 2008	Partner – Independent Association of Entrepreneurs of WKO	During the process of registering a business, often an entrepreneur would make a mistake in documentation for the Statistics Agency that would result in incomplete data being registered for tax identification purposes, and requiring correction and re-submittal of documents by the entrepreneur after registration. Due to a lack of contact info in registration forms sent from the Justice Department, the Statistics Department could not engage in corrective contact with the entrepreneur, who would only be made aware of a problem upon pickup of registration.	BEI's partner recommended that the Public Service Centers require contact information from applicants when they submit documents for registration or re-registration of a legal entity, and that this contact information be included on forms passed between departments.	In response, the PSC Administration decided to require contact information from applicants when they submit documents for registration or re-registration of a legal entity. This contact information, including telephone contact number, will be indicated in notifications sent between authorized bodies (letter from PSC in Oral #1-24 as of June 18, and letter from the Justice Department in WKO #3-8448 of July 08, 2008). This contact information is to be used by Statistics Department specialists to correct by phone any missing data.	The number of applicants for registration of a business during the first half-year of 2008 was 1058, according to the Justice Department of WKO, with an estimated 2,116 for the year. On average according to the Statistics Department, 70% (1481) of applications require correction. An entrepreneur would spend 6 days on average to make the necessary changes: apply for a change in the type of activity, inform all sections of the Statistics Department, make changes to the statistics card, and inform the tax inspector. By enabling telephone contact, the Statistics Department is now able to confirm all data in 1 day, saving 5 days time for entrepreneurs. The average daily wage of an entrepreneur in WKO is estimated to be \$50. Total estimated annual impact is therefore $5 \text{ days} \times \$50/\text{day} \times 1,481 = \$370,250$ . GNIPC is estimated to be 4.9%.	0	5	4.90%	\$370,250	100%	Starting a Business	
20	Improved registering a business procedure / Oral, KZ	July, 2008	Partner – Independent Association of Entrepreneurs of WKO	During the process of registering a business, If an application is refused for any reason, PSC waited to notify the applicant until he visited the PSC to pick up his registration. Afterwards he could re-file his application and wait	BEI's partner, the Independent Association of Entrepreneurs of WKO, recommended that the PSC inform entrepreneurs the same day their	In response the PSC Administration in Oral decided (letter from PCS # 1-24 as of 18.06.2008) to inform applicants about refusal on the day of getting such an order from	Number of applicants who were refused during the first half of 2008 is 415, or 830 estimated for the full year. The average difference between day of refusal order and when the applicant visited and was notified was 7 working days, and under the new system only 1 day is required. The average wage for	0	6	5.90%	\$249,000	100%	Starting a Business	

				again to see if it was refused, wasting considerable time and personal cost.	application is refused, using contact info included with their application.	the Justice Department, using contacts indicated in the receipt.	entrepreneurs in WKO is estimated to be \$50. Total annual estimated economic impact is then $830 \times 6 \times \$50 = \$249,000$ . GNIPC is 5.9%.								
21	Improved property registration procedure / Astana, KZ	July, 2008	Direct	The process of registering property in Kazakhstan was both long and expensive, with costly and time-consuming evaluations and inspections required by law. Parts of the fees were assessed against the value of the property, resulting in very high charges.	BEI recommended to the Ministry of Justice a series of changes, including removal of cadastral plan requirements, mandatory inspection and evaluation steps, and a complete review of the fees structure to reduce costs.	As a result of BEI's recommendations, the MoJ included them in the Law ""On state registration of rights to immovable property and transactions with it" #310-III enacted on July 26, 2007, and the five following implementation orders enacted over subsequent months. This law simplifies the registration process, creating a unified registry for all land and buildings and incorporating PSCs.	Changes included in Law #310-III greatly simplified the property registration process, eliminating several steps and reducing costs. Though data on the number of registered properties is available, economic impact estimates for this constraint require further in-depth analysis of MoJ records, and are currently To Be Determined.  Due to the lateness of the implementation of this change in fall 2007, it is assessed here, during the 2007-2008 project year.	3	12	TBD	TBD	Pending	Registering Property		
22	Reduced time for construction permitting via increased access to information / Oskemen, KZ	September, 2008	Partner – Foundation for Informational Support of Society Development (FIPRO), Association of Professional Builders of East Kazakhstan	Entrepreneurs building in East Kazakhstan lacked any source of information on construction permitting requirements and inspection controls at different stages of the construction process. As a result, they expended considerable time researching all requirements.	BEI's partners recommended that the Akimat post for entrepreneurs comprehensive information detailing state procedures in the area of architectural and construction work, to reduce information search times.	The Akimat agreed with BEI's recommendations and information on state procedures in the area of architectural and construction work was posted on the website of Akim of EKO, and publicized throughout the region.	Based on data from the EKO Architectural and Construction Control Department, there were 122 new companies who received licenses for work in construction in EKO during 2007. According to the Association of Professional Builders, each company had to spend an average of 6 days to research all needed information on the construction and inspection control process, and this time is now reduced to 1 day through website contact, with each day costing an estimated \$30 in salary for the researcher. Total estimated annual impact is then $\$30/\text{day} \times 122 \times 5 \text{ days} = \$ 18,300$ . GNIPC is then 2.9%.	0	5	2.90%	\$18,300	100%	Dealing with Construction Permits		

## KYRGYZ REPUBLIC

No.	Initiative / City	Date Completed	Partner or Direct	Problem Details	Recommendations	Result	Impact Assumptions and Calculation	Reductions		% GNIPC	Total Combined Impact (\$)	Monitoring Ratio	Attribution (WB DBI)
								Steps	Days				

1	Elimination of redundant inspecting body / Osh, KR	December, 2007	Partner – Southern Regional Union of Appraisers, Public Union “Young Lawyers of the South”	Decree No.274-p dated September 11, 2007, issued by the Vice Mayor of Osh City, empowered a commission within the Economic and Finance Department and Department for Entrepreneurship Development and Customers’ Rights Protection under the Osh Mayor’s Office to inspect alcohol wholesalers and retailers for the appropriate permits to sell alcohol commodities. This commission duplicated the inspecting functions of KyrgyzAlco, increasing burdens on local businesses and opportunities for corruption.	BEI’s partner, with the Osh Prosecutor’s Working Group, protested this decree, as it was in violation of Article 4 of the Law “On Protection of Entrepreneurs’ Rights” and Point 6 of the President’s Decree dated February 16, 2000, “On Measures to Improve State Regulation of Legal Entities and Individual Entrepreneurs”.	The Prosecutor submitted protest No.11-7d-1028-07 of November 11, 2007, resulting in the repeal of this decree and an elimination of the duplicate inspection powers.	According to statistical data from KyrgyzAlco and estimates from BEI partners, this decree impacted 816 wholesale and retail traders, requiring an average of 1 day time each in inspections, during which their business would be closed, losing an average of \$80 in business and incurring salary expenses of an average of \$40 for affected staff. The impact from the added opportunity for corruption cannot be easily estimated. Total estimated annual impact is therefore $816 * \$120 = \$97,920$ , or an estimated 24.5% of GNIPC (\$490).	1	1	24.50%	\$97,920.00	100%	
2	Adoption of procedures for conducting impact analysis (RIA) / Bishkek, KR	December, 2007	Direct	Drafters of normative legal acts do not complete cost-benefit analyses. As a result, it is estimated that Parliament rejects up to 1/3 of all drafts submitted and the Government revokes many of its own NLAs when unforeseen implementation problems arise due to a lack of proper analysis of costs and benefits prior to adoption.	To effectively analyze the impact of draft normative legal acts, BEI recommended, to the Investment Council under the President of the Kyrgyz Republic, the adoption of RIA to improve the quality and reduce implementation barriers.	The Government accepted BEI’s recommendations and issued Resolution № 603 on December 20, 2007, requiring impact assessment for draft normative legal acts.	The economic impact of this decision will be experienced through improved language and quality of NLAs, and as such this constraint does not have a separate estimated PR2 impact.	n/a	n/a	n/a	n/a	100%	
3	Elimination of illegal inspection of retail outlets in Bishkek / Bishkek, KR	March, 2008	Partner - Union of Entrepreneurs of Kyrgyzstan	Bishkek City Mayor’s Resolution #1-pk dated January 18, 2008, instructed the heads of municipal districts to inspect small retail outlets for compliance with construction norms, permits, and tax patents. This Resolution was in violation of Article 63 of the Law “On Local Self-Governance” and Article 12 of the Law “On Procedures for Conducting Inspections of	BEI’s partner, via their inspections protest hotline, funded by a BEI grant, learned of the illegal inspections, and protested the inspection activities of the Bishkek Mayor’s Office directly with the Prosecutor General, requesting the	The Prosecutor General’s Office concluded the Mayor’s action violated the Law “On Local Self-Governance” and “On Procedures for Conducting Inspections of Businesses”. In an official protest on March 18, 2008, the Prosecutor General instructed the Bishkek Mayor’s	According to data from the Bishkek Mayor Office’s Department for Support of Entrepreneurship, this Resolution impacted 4,000 small retail outlets, requiring an average of 1 hour each for inspections, with an average of 4 inspections per year. During each inspection, business would be closed, losing an average of \$14 in business and incurring staff salary expenses of \$.70. Total estimated impact is therefore $4000 * 4 * \$14.70 = \$235,200$ . GNIPC is then 9.9%.	4	0.5	9.9%	\$235,000	100%	

				Businesses", which forbid local municipal and state administrations from being members of inspecting commissions or possessing inspecting powers. Resolution #1-pk greatly increased regulatory burdens on small retail businesses (kiosks and pavilions) and created additional opportunities for corruption.	Resolution be repealed and the inspections eliminated.	Office to immediately eliminate the Resolution and to consider reprimanding the municipal district heads for authorizing, and participating in, illegal inspections.								
4	Simplification of occupation permit issuance process / Bishkek, KR	June, 2008	Direct	KR law required a procedure for issuance of occupancy permits by state commissions created for each construction object, which in practice created significant difficulties since the issuance process consisted of several time-consuming stages, required large numbers of participants, required approval from local governance bodies, and placed no limitations on time to come to a decision.	As part of the "100 Days of Reform" campaign BEI recommended through the working group on construction that the complex multi-tier system of issuance of occupancy permits be abolished, and in particular the procedure of state commission creation and involvement of local governance bodies. Suggestions included the issuance of the occupancy permit by the same body (State Architecture and Construction Oversight) that originally issued the construction permit.	On June 2, 2008, the President signed Law #108 "On Amendments to the Law of KR "On Urban Planning and Architecture in the Kyrgyz Republic", which implements BEI's recommendations for a simplified procedure for occupancy permits and places a silence-is-consent upper-limit to the length of time the process can take.	The upper limit to time for this process is now 10 days, a reduction in average time spent by businesses of at least 39 days per construction (from WBDB 2008). The average daily salary for managers in the construction industry is estimated at \$21.23, and each construction project will save approximately 39 x \$21.23 = \$827.97. During the first six months of 2008, 456 occupancy permits were issued in KR, each under the old process would cost an average fee of \$36.97, which is also eliminated. Estimated total occupancy permits for the twelve months July 2008 to June 2009 is 1,723, based on data from the KR State Architecture and Construction Oversight. Total saving for businesses as a result of these legislative changes is estimated to be 1,723 x (\$827.97 + \$36.97) = \$1,490,291.62. GNIPC is therefore estimated to be 146.6%.	0	39	146.6%	\$1,490,292	100%	Dealing with Construction Permits	
5	Optimization of the construction permitting system / Bishkek, KR	May, 2008	Direct	The KR construction permitting process was extremely time-consuming and complex, with non-transparent procedures and lengthy timeframes burdening business, resulting in excessive costs in time and fees.	As part of the "100 Days of Reform" campaign, BEI's recommendations included introduction of streamlined processes for issuance of	On May 14, 2008, the President signed Decree #164 "On Measures to Optimize Permitting Procedures in Designing and Constructing in the Kyrgyz Republic"	The new resolutions introduce streamlined processes for construction permitting, eliminating 7 steps and greatly reducing cost and time for the process. Based on data from the KR State Architecture and Construction Oversight showing average growth of 49.5% per six months, during the July 2008 -	7	134	517%	\$13,624,078	100%	Dealing with Construction Permits	

					construction permits, providing a single point-of-contact, the establishment of clear deadlines for approvals, and the elimination of unnecessary steps with opportunities for corruption.	that introduced streamlined processes for designing and construction permitting, and provided further reforms to reduce time and costs in design and construction, as backed up by subsequent resolution #252 dated May 30.	June 2009 period there are expected to be 4466 construction starts, totaling 713,723 m2 of residential housing. The cost for state expertise and inspections has been reduced a total of about \$1.11 per square meter, and the cost for each construction permit itself has been eliminated, saving \$28.41. Each start is expected save 134 days time, at an average construction manager's salary saving of \$21.23/day. Total impact is therefore (4466 starts x 134 days x \$21.23) + (4466 x \$28.41) + (713,723 m2 x \$1.11/m2) = \$13,624,077.71. GNIPC is estimated to be 517%.							
6	Adoption of the Guillotine Methodology to eliminate unnecessary NLAs and licenses / Bishkek, KR	April, 2008	Direct	Legislation provided for impact assessment procedures during the process of enacting new regulation of entrepreneurial activities. However, these provisions still did not affect existing normative legal acts regulating businesses, which remained on record. As a result, the number of licenses and other regulatory acts remained high and burdensome for businesses.	BEI's recommendations for the law "On Optimization of Legislative Framework for Regulation of Entrepreneurial Activities" suggested implementing the Regulatory Guillotine review of NLAs in stages and timeframes, resulting in automatic repeal of all NLAs not adequately substantiated within the proper timeframe.	The implementation of the Law, initiated by Government approval of the action plan for review of NLAs, via resolution #509 of September 11, 2008, will permit decision makers to review and eliminate unsubstantiated regulatory acts and reduce the number of licenses and permits imposed on the business environment.	Due to the nature of this change, full economic impact remains To Be Determined.  The implementation by this Law of rapid deregulation reform will provide a substantial decrease in the regulatory compliance burden on businesses, decrease the number of economically unsound regulatory acts, reduce fees, and increase clarity in business legislation. Approximately 500,000 permits are issued annually in KR, and this total is expected to decrease, but economic impact can only to be estimated after implementation of this review is completed in 2009.	0	0	TBD	TBD	Pending		
7	Repeal of Bishkek city lottery regulation #125, with extra-legal tax on businesses / Bishkek, KR	August, 2008	Partner - International Business Council and Union of Entrepreneurs of Kyrgyz Republic	The Bishkek city mayor introduced the "Lucky Lottery" to the city on June 1, 2008, with a regulation requiring businesses to distribute the scratch-off tickets based on the quantity of all purchased goods or services. Also, for all tickets providing winnings of up to 1000 som (about \$28), the issuing business	BEI partners IBC and Union of Entrepreneurs raised a protest to this lottery scheme during the May 2008 Prosecutor's Consultative. The Prosecutor's office warned the Mayor about the extra-legal scheme for	The Bishkek Prosecutor's Office issued direction #11p-08 on August 10, and the Mayor's office suspended the "Lucky Lottery" the same day.	According to Mayor's office the introduction of this "Lucky Lottery" should have helped, via a complex and opaque method, to reveal businesses that falsified their tax documents, and thereby enable greater contributions to the city budget. For this purpose, 54 million lottery pieces were ordered for eventual distribution. With the Mayor's office unwilling to release data on the total volume	0	0	TBD	TBD	100%		

				was required to pay the holder immediately from cash on-hand, resulting in an additional, illegal tax on businesses.	implementing the lottery, specifically the unfair, obligatory payment of winnings by private business.		of smaller, more frequent payouts expected to come from the pockets of business, the impact for this change is To Be Determined.								
8	Implementation of "streamlined processes" (One-Stop Shop) during registration of a legal entity / Bishkek, KR	June, 2008	Partner - MOJ, National Statistics Committee, Social Fund, State Committee on Taxes and Charges	Registration of legal entities (businesses) in KR was previous very complicated, requiring multiple trips to various offices, 21 to 25 days, and over \$170 USD. All procedures and costs were uncertain because of undefined deadlines, unpublished official fees, and unofficial fees enabled by the lack of clarity, resulting in costly disincentives for entrepreneurship.	As part of the "100 Days of Reform" campaign BEI provided an analysis of the registration process and recommended centralization of the procedures under one body with electronic records, and elimination of several burdensome process steps.	As a result the Government adopted on April 23 a resolution implementing the "One Stop Shop" streamlined processes for registration of legal entities. This was followed on June 2, 2008, by the law "On Alteration and Amendments to a KR Law on 'State Registration of Legal Persons'". Combined, these implement electronic document registration, a single point-of-contact for entrepreneurs (the Justice Department), and new, streamlined procedures for registration that eliminate old steps, per BEI's recommendations.	Implementation of the streamlined processes significantly reduces the steps, time, and cost of business registration. The state statistics department estimates 5,500 new businesses were registered in 2007. The resolution and law reduces the time required from 21 to 13 days (8 days saved) and alters the following costs for each registration: streamlined process reduces fees from 264 som to 10 som (\$7.21 saved), requirement eliminated for proof of location document (\$5.56 saved), and bank deposit requirement eliminated (\$2.78 saved). Total saved per registration is then \$15.55 and 44,000 days. Average daily salary for entrepreneurs is estimated at \$13. Total estimated savings is (5,500 x \$15.55) + (44,000 x \$13) = \$657,525. Therefore estimated GNIPC is 20.2%.	4	8	20.2%	\$657,525	75%	Starting a Business		
9	Veto of law on "Introduction of amendments to KR Law additions on Licensing" governing natural resource exploitation licensing / Bishkek, KR	July, 2008	Direct	The law amendments demanded additional annual payments for natural resource exploitation licenses for gold (40 ratings), silver (20 ratings), and nonferrous metals (10 ratings) per hectare of exploited land. This approach violates the law "On Licensing" and law "On Land Interior", plus Tax Code revisions in-progress and international norms for	BEI drew up a negative evaluation on the law based on its conflicts with article #4 of the law "On Licensing", article #11 of the law "On Land Interior", and article #310 of the new Tax code (as adopted in the first reading), and submitted the	The MEDT and KR Government accepted BEI's analysis and fully supported the negative evaluation. As a result, the President vetoed the adopted law on July 24, 2008.	The veto of this law avoided considerable additional expenses on mining companies. Each rating is currently indexed to 100 som. According to KR licensing statistics there are 16,000 hectares under license for gold exploitation in about 15 major deposits (silver and non-ferrous metals data is not available). Savings from gold mining totals 16,000 licensed hectares x (40 x 100 som), or 64,000,000 som (\$18,181,181 at 35.2 som/USD) annually in extra charges. GNIPC is	0	0	20544.4 %	\$18,181,181	100%			

				land-use licensing.	analysis to the MEDT as protest.		estimated to be 20,544.4%.							
10	Amendments to the law "On Joint-Stock Companies" to strengthen investor protections / Bishkek, KR	June, 2008	Partner - MEDT, KR Banks Union, IBC, Union of Entrepreneurs of KR, Kyrgyz Stock Exchange and others	Legislation did not require joint stock companies to seek preliminary audit conclusions during the acquisition of board of director's approval for transactions. The law also did not provide for information transparency on transactions for any government bodies, shareholders, or for financial reports. Shareholders lacked the right to sue directors for compensation in the event of improper transactions.	As part of the "100 Days of Reform" campaign BEI recommended several amendments to the law to improve transparency, improve the rights of small shareholders, increase the liability of directors and company officers, and improve oversight by boards of directors.	The draft law #110 "On Additions to the Amendments of KR law on Joint – Stock Companies" was adopted on June 2 as part of the campaign, and increases public responsibility by company officials regarding company deals, greatly increases deal transparency, provides shareholders with the right to sue in the event of abuse by company authorities, and otherwise increases investor protections.	Due to the nature of this change, full economic impact remains To Be Determined.  Implementation of "Additions to the Amendments of the KR Law on Joint – Stock Companies" is expected to decrease abuses by company officials, increase transparency of deals and company financial reports, and increase protection for investors and shareholders regardless of quantity of shares held. All these changes will improve the attractiveness of investment into KR, and reduce incidents of questionable transaction behavior by company officials.	0	0	TBD	TBD	100%	Protecting Investors	
11	Amendments to the law "On Additions to the Civil Code of KR" to increase access to credit information / Bishkek, KR	June, 2008	Partner - MEDT, KR Banks Union, IBC, Union of Entrepreneurs of KR, Kyrgyz State National Bank, and others	Legislation governing credit information did not provide for credit files from retail traders, trade creditors, financial institutes, or providers of public services, resulting in increased risks for lenders in the business environment, and negative impact to the World Bank Doing Business measurements for "Getting Credit".	As part of the "100 Days of Reform" campaign, BEI recommended amendments to the Civil Code to allow creditors to provide information to third parties in case of delay of payment, except in specific cases prohibited by the law and Order of Provision of Limited-access Data.	The draft law on "Additions to the Civil Code of KR" was adopted on Jun 2 as part of the campaign, allowing the distribution and receipt of credit files from retail traders, trade creditors, and providers of public services.	Due to the nature of this change, full economic impact remains To Be Determined.  However, In a future an increased number of credit information providers is expected to significantly decrease risks in credit issuance, enabling lower interest rates for borrowers.  Impact to WBDB indicator is discussed elsewhere.	0	0	TBD	TBD	100%	Getting Credit	

## TAJIKISTAN

No.	Initiative / City	Date Completed	Partner or Direct	Problem Details	Recommendations	Result	Impact Assumptions and Calculation	Reductions		% GNIPC	Total Combined Impact (\$)	Monitoring Ratio	Attribution (WB DBI)
								Steps	Days				
1	Elimination of double licensing for gasoline and gas sellers / Dushanbe, RT	October, 2007	Partner - Dushanbe Centre for Support and Development	According to the Law "On Licensing of Different Types of Activities" gasoline sellers (including stations) were	BEI, the Dushanbe Centre for Support and Development of Entrepreneurship,	Although these recommendations and amendments were adopted in May, 2007, only in	The official cost of obtaining a license from the State Technic Inspection was 280 somoni, and it took approximately 5 working-days to gather all	1	5	19.1%	\$68,941	100%	

			of Entrepreneurship	required to obtain redundant licenses - one from the Ministry of Energy and another from the State Technical Inspection.	and the World Bank submitted recommendations to the Government to eliminate this duplicate license. Recommendations were included in the BEI-developed package of 34 NLAs to harmonize laws with the 2006 Licensing Law.	October 2007 was this practice formally eliminated.	required documentation, at an estimated cost of \$6.89/day in time spent. According to statistics data from the Ministry of Economic Development and Trade, there are 783 gas and gasoline sellers in the Republic of Tajikistan. As this extra license was required after each annual State Technic inspection, eliminating the license will save entrepreneurs $280 \times 783 = 219,240$ somoni, plus $783 \times \$6.89$ , or in total about \$68,941 USD at an exchange rate of 3.45 somani/dollar. GNIPC % impact is therefore 19.1%.								
2	Elimination and refund of illegal tax assessments / Dushanbe, TJ	January, 2008	Partner-National Association of Small and Medium Business (NASMB)	The Tax Committee issued orders #2/1282 of June 29, 2007, and #2/1680 of August 8, 2007, establishing new terms for calculating retail sales tax. The orders defined the subjects of the retail sales tax as all sales of products, whether retail or wholesale, to individuals or to businesses. This new tax definition contradicted existing national legislation and the orders also demanded retroactive taxes based on the new definition.	BEI and NASMB recommended the Tax Committee cancel the orders. After failing to receive a response, NASMB appealed to the Economic Court of Dushanbe to decide the issue.	On December 10, 2007, the Economic Court decided in favor of NASMB and cancelled the illegal orders of the Tax Committee. The Committee chose not to appeal and as of January 10, 2008, the orders were rescinded. According to the court's judgment, all illegally collected taxes must be returned.	During the period the illegal tax was in effect 5 members of NASMB each overpaid an average of 120,000 TJS, which must be returned. Direct economic impact is estimated to be $5 \times 120,000 = 600,000$ TJS (about \$173,913). Estimated GNIPC % impact is therefore 7561.4%. Broader economic impact is expected as NASMB educates other counterparts on the decision and protective mechanisms.	0	0	7561.4%	\$173,913	100%	Paying Taxes		
3	Establishment of representation of Ministry of Foreign Affairs in Khorog / Khorog, RT	February, 2008	Partner-Association "Milal-Inter"	GBAO is the geographically remote south-eastern corner of Tajikistan, in which entrepreneurs do much trade with China and as intermediaries between China and Afghanistan. To pass into China or Afghanistan they require exit visas from the Ministry of Foreign Affairs, located in Dushanbe. Ground and air links between GBAO and Dushanbe are poor and impose high travel costs on entrepreneurs.	With BEI support, Milal-Inter presented the issue to the CCC of GBAO, and directly to the local government, suggesting that exit visas be issued in Khorog. The Chairman of GBAO requested the President approve issuing visas and BEI supported raising the issue during the meeting with	In response to recommendations, the President ordered the Ministry of Foreign Affairs to begin issuing exit visas through their office in Khorog.	According to surveys performed by the "Milal-Inter" association, an estimated 500 GBAO entrepreneurs require exit visas per year. Each visa cost them 600 somani (about \$174) in lodging and transportation to Dushanbe, and required 2 days travel in total. The wage of an entrepreneur is estimated by official RT as an average of about 24 somani, or roughly \$6.89/day. Estimated annual impact of this change is $(500 \times 2 \times \$6.89) + (500 \times \$174) = \$93,860$ , or 40.8% of GNIPC. Due to delays in implementing	1	2	40.8%	\$93,860	Pending			

					the President on December 25, 2008		this change, BEI now regards it as incomplete, and is not including its amount in the 2008 total.							
4	Expansion of cross-border trade with China / Khorog, RT	April, 2008	Partner-Association "Milal-inter"	Tajikistan's only land connection to China is via the Kulma pass, which officially began operation in 2005-2006, but due to Government decisions and weather, the post only operated for four months each year, and was frequently closed. Due to the irregular operation of the post, entrepreneurs incurred long wait times at the border and concurrent high shipping fees in transiting goods from China, and the overall volume of trade was greatly reduced.	With BEI support, Milal-Inter recommended expanding operations of the crossing to the CCC in GBAO, which recommended the Chairman resolve the issue. The GBAO Chairman brought the matter directly to the attention of the President and BEI supported raising the issue during the December 25, 2007 meeting between the President and entrepreneurs.	In January 2008, the Government ordered that the Kulma post be maintained in operating condition 210 days a year, from May until November. BEI will collaborate with Milal-Inter and RTLC to promote effective implementation.	According to the State Statistics Agency and Customs Department of GBAO, the estimated volume of trade is expected to triple from \$2,364,300 to \$7,092,900 USD per year, or a difference of \$4,728,600. The number of trucks transiting the post is expected to similarly triple from an average of about 720 a year to 2,160 per year.  Due to a decrease of at least 14 days wait-time at the post, transportation fees are estimated to decrease from an average of \$8000 per truck to \$2,000. The total savings in transportation fees are estimated to be \$12,960,000 annually. Combined estimated impact is \$17,688,600. Estimated GNIPC is 1780.3%.	0	14	1780.3%	\$17,688,600	100%		
5	Elimination of annual re-registration with the Tax Inspectorate / Khujand, TJ  <i>(originally reported in 2006-2007 but not included in totals – included now due to updated validation and confirmed impact)</i>	February, 2008	Partner - Association of Entrepreneurs of Sogd Oblast, Association of Market Entrepreneurs "Panjshanbe", and Agrobusiness Association of Tajikistan	The Tax Inspectorate required entrepreneurs in Tajikistan operating under licenses to undergo a process of de-registration and re-registration annually.	The Association of Entrepreneurs of Sogd oblast, Association of Entrepreneurs of Panjshanbe Market, and Agrobusiness Association of Tajikistan, with assistance from the BEI Project, recommended elimination of this procedure in a letter No.34, dated February 19, 2007, to the Tax Department of Sogd Oblast. This problem was first raised unsuccessfully by the USAID TFI Project in 2004-2006.	The Tax Department of Sogd Oblast indicated in a reply letter of April 5, 2007, No.300-3/6-278, that starting from February 2007 this procedure is eliminated nationally, and associations facing this problem are requested to inform the Tax Department.  During initial validation 30% of respondents indicate the tax inspectorate continued to levy additional payments during inspections so the impact was not included in	During the annual process of reregistration each individual entrepreneur was charged significant sums. For passing through the process entrepreneurs incurred a state fee of 20 somoni for a new certificate, 5 somoni for photos, and 1 somoni in transport costs. The process took 5 days, during which the entrepreneur could not operate. The State Statistics agency estimates the average daily income of an entrepreneur as 24 somoni, implying lost revenue of 120 somoni during the process. Each entrepreneur was also required to provide an (also illegal) advance tax payment of 345 somoni, foregoing use of those funds for the year (at current interest rates of 18%, a loss of about 62 somoni between present and year-end value). In total the estimated cost to each entrepreneur during re-	1	5	13.9%	\$2,733,713	100%		

						<p>2006-2007 totals.</p> <p>Validation this period indicates the reform has been effectively implemented and the impact has been updated accordingly.</p>	<p>registration was <math>20+5+1+120+62 = 208</math> somani per year.</p> <p>According to state statistics, in Tajikistan in 2007 operated 42,814 individual entrepreneurs under certifications. Total savings for these entrepreneurs are therefore estimated to be <math>42,814 \times 208 = 8,905,312</math> somoni or about \$2,581,250</p> <p>According to statistics from ministries a minimum of 526 entrepreneurs were also required to changed thier licenses due to receiving a new registration. Each new license incurred 30 working days delayed operation (720 somani) and 280 somani in fees, or an additional <math>526 \times 1000 = 526,000</math>, or about \$152,463. Total impact is estimated at \$2,733,713, or GNIPC of approximately 13.9%.</p>						
6	Constraint eliminated on export of canned products / Dushanbe, RT	July, 2008	Partner - Association "Golden Valley"	The process of exporting canned products in RT was a complicated procedure requiring an official "conclusion" document from the the State Universal Goods and Commodities Exchange for each shipment, costing additional time and money for official and travel expenses to Dushanbe for each export shipment.	During 2007, with the support of BEI, the "Golden Valley" association and the Union of Business Associations of Sogd Oblast began an analysis of the canned-product export situation and lobbied the Government, Parliament, and the Customs Consultative Council of Sogd to eliminate the "conclusion" document requirement from the Tajik State Universal Goods and Commodities Exchange. The CCC of Sogd oblast and Custom Department both	As a result, on March 5, 2008, Resolution of Government #126 "On Agency for State Procurement of Goods, Works, Services and Arrangement of Operations of Exchanges" was adopted, including its paragraph 7, which canceled the requirement for a conclusion statement. Starting in July 2008 the practice was stopped by the Customs Service.	<p>According to official statistics data exported canned products in 2007 were 210 shipments totaling \$23,864,355 in value, from 42 different manufacturers averaging 5 shipments/year. For each shipment, the manufacturer was required to travel to Dushanbe and solicit a conclusion document, paying a fee equal to 0.65% of the value of the shipment. For the 32 northern manufacturers, the document acquisition and travel process cost 4 days and \$465 in direct costs, or <math>160 \times \\$465 = \\$74,400</math>. For the 10 southern manufacturers, the process cost 4 days and \$425 in direct costs, or <math>50 \times \\$425 = \\$21,250</math>. For managers in this industry performing this process the average daily wage is estimated at \$13.60, so the savings from time are <math>\\$13.60 \times 4 \times 5 \times 42 = \\$11,424</math>. Document preparation costs for each application were \$0.80, or \$168 total. The cost in</p>	1	4	1357.9%	\$262,360	100%	

					sent official letters to the Customs Service of RT, supporting Golden Valley's request.		fees for conclusion documents, by value, was \$155,118. Total estimated impact is therefore \$262,360 annually, or 1357.9% of GNIPC.							
7	Moratorium on all types of inspections for SMEs / Dushanbe, RT	August, 2008	Partner - various business associations	In IFC's report "Business Environment in Tajikistan As Seen by Small and Medium Enterprises, 2006" 96% of the respondents examined by the IFC confirmed that in 2005 they were illegally inspected by state bodies regulating business. On average entrepreneurs suffered 13 inspections per year, including illegal inspections, incurring time and financial costs.	On December 25, 2008, the President of Tajikistan met with over 1300 entrepreneurs, and noted that from over 4500 suggestions received from the business sector over 600 of them were regarding illegal inspections. Business association leaders at this meeting also called for inspections policy to be changed due to the high inspections burden. The Umbrella Group of donor organizations later pointed the Chairman of SCISPM and Director of Strategies Research under the President toward the examples of Kazakhstan and Kyrgyzstan, which decreed moratoriums on inspections in order to provide time for reform implementation.	On July 2008 the President took into account the multiple appeals from the business community and in his annual speech to Parliament declared a two-year moratorium on all types of inspections for small and medium entrepreneurship, and signed an official decree effective August 1, 2008.	In addition to providing time for further reforms, the Presidential moratorium on inspections will provide significant annual savings to SMEs, in time and direct costs (official and unofficial charges). According to the RT Statistics Department as of 2008 were 8,839 registered legal entities (managers of whom make about \$18.87/day), approximately 92,864 individual entrepreneurs operating under patent or certificate (who make about \$6.89/day), and 35,000 dekhkan farms (managers of whom make about \$2.36/day). Based on the IFC survey on average 96% of businesses were inspected 13 times per year, with various lengths for inspections by type of enterprise (legal entities 20 days, individual entrepreneurs 6, dekhkan farms 3). Average direct expenses for one inspection cost legal entities \$328 USD, individual entrepreneurs \$78, and dekhkan farmers \$22. Total cost for all three populations by estimated rate of inspections is \$136,140,376. Assuming each inspection only affects the manager each day, the total value of the 10,466,527 days time saved is \$92,608,706. Total estimated annual impact is therefore \$228,749,081, or 363.9% of GNIPC.	13	76.6	363.9%	\$228,749,081	100%		

## BEI CASE STUDIES (2007 – 2008)

### Case Study Kazakhstan - Construction Reform 2008

#### Background and Case History

Construction process reform in Kazakhstan is a subject area that was not addressed prior to the start of the BEI project. Assessments by the World Bank Doing Business team in their *Dealing with Licenses*<sup>2</sup> measurement indicated in 2006 that the requirements to build the sample small warehouse took 38 steps, 231 days, and cost 2,278.1% of GNI Per Capita. The Doing Business 2008 report for the year 2007 showed only a slight reduction in GNI Per Capita, to 2,129.9% (or roughly \$80,700), with other measurements unchanged, resulting in a worldwide rank of 173 (out of 178 assessed countries).

During the 2006-2007 period BEI worked to familiarize Government of Kazakhstan and private-sector representatives with the Doing Business analysis, to draw attention to the issues in the construction process illustrated by the *Dealing with Licenses* results. BEI and the State Architectural and Town Planning Department (DGASK) also researched and compiled a more detailed map of the construction permitting process in Kazakhstan, enabling a base for GoK communication and development of specific recommendations. This base map revealed differences between the Doing Business process, and the process in actual practice in Kazakhstan. In some cases the Doing Business map counted steps not followed in actual practice, while missing others that were required. In total, though the number of steps was lower in the GoK/BEI map, the costs and time requirements were higher. This served as an excellent tool to gain attention within the Kazakh Government, for future action.

During early 2008 BEI brought in international experts Sherry Khan and Tato Urjumelashvili to provide expert advice on Kazakh construction procedures and consult with DGASK and the Architecture and Town Planning Department (DA&G). The resulting *Strategy for Streamlining Construction Permitting in Kazakhstan* identified specific barriers within the construction process that could be eliminated—and how, based on other reform experiences.

During April, 2008, BEI presented all information on construction-related barriers to the recently formed Prime Minister's Commission on the Elimination of Administrative Barriers, which was working on WBDB-related reforms. This presentation of barriers was followed by development of a justification for reform researched with private-sector partners possessing detailed knowledge of construction issues, and delivered to PM Masimov and the Committee. The PM forwarded this justification to MIT for further detailed analysis, which resulted in direct work with the MIT's Construction Committee to identify initial, specific recommendations and create amended regulations for construction permitting and registering procedures.

During the third session of the PM's Commission, on May 6, 2008, PM Masimov signed Government Decree #422 and #425, and Decree #569 of June 11, 2008, all of which included BEI recommendations streamlining the construction process. Combined, the three decrees are designed to significantly modify construction regulation (see Exhibit 1).

#### Reform Results

As a result of the changes introduced by PM Masimov, and based on the complete process as researched by the GoK, BEI, and the World Bank, 137 days of wait-time were eliminated from the process and \$91,333 in costs for the Doing Business sample company.<sup>3</sup>

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<sup>2</sup> Renamed *Dealing with Construction Permits* in Doing Business 2009 report. This case will use the older title when referring to report data from earlier years.

<sup>3</sup> At 2008 exchange rate of 120 tenge per US dollar.

Days-time eliminated is determined from the changes made in the permitting process, by either the elimination of steps and their estimated required time, or reduction in their required time by placement of a defined upper limit on the length of the process. In the case of two eliminated steps (#7 and #9, below), neither step was represented on the WBDB process, though both were required in practice and added a total of 14 additional days to time required for construction permitting. In the cases of Dealing with Licenses steps #15 and #37 (also both eliminated), World Bank estimates were found to be much higher than in practice, and this case uses the smaller numbers agreed with the GoK, subtracting a total of 45 days. An additional major deviation from the WBDB process list was the discovery that costs for architectural expertise, or “Hire a construction engineering supervision company,” were in practice much higher than estimated by the World Bank, costing an estimated \$12,500 per construction start. This required step was also eliminated by the reforms.

Costs for the most-significant portion of the WBDB process revolve around the electrical hookup fees charged by the utility company of Almaty (the World Bank’s target city for survey purposes), which total over \$79,000 for a 140KWh hookup as in the model WB company. These fees were eliminated for all small businesses, and all medium businesses connecting under 50KWh. Though the World Bank does not specify the yearly financial turnover of their sample Doing Business company, all other factors point to it as a small business under Kazakh law.

### **Estimated Impact**

Despite being permitted by Kazakh law, not all power companies in Kazakhstan charge an electrical hookup fee, and those that do charge widely variable rates—highest in the cities of Almaty and Atyrau, and lowest in Akmola Region (Astana). Due to the smaller KWh hookups required by most small businesses affected by this change, the overall annual affect of the elimination charges is estimated to be 10% (about \$6.7 million from 2007 data) of the total hookup fees collected by all power companies in Kazakhstan.<sup>4</sup>

Data on construction starts in 2007 and 2008 (Exhibit 2) show that, possibly due to the ongoing financial tightening in the country, construction has slowed to an estimated total of 7942 construction starts for 2008, the assumed value for 1 year’s impact for these reforms, or an approximately 14.6% decline in construction activity.

This value is used as a deflator to arrive at an estimated annual electrical hookup fee saving of:  
**\$5,891,555.**

The average wage for a construction manager in Kazakhstan is about \$30/day<sup>5</sup>. Construction workers however are often transitory in nature and are often suspended during delays without pay, so are excluded from calculations of salary saved. Total non-electrical fees saved per start are \$12,500/start. Total estimated impact from fees is therefore: **(7942 starts x \$12,500 fees saved/start) = \$99,275,000.**

And total estimated impact from salary saved is: **(7942 starts x 137 days saved/start x \$30/day) = \$32,641,620.**

Total estimated annual saving from these reforms is then: **\$137,808,175.**

### **Net Present Value of Reforms**

A forward-looking net-present value of reforms calculation becomes more challenging the more complex a system, the more absent data becomes, and the longer a projection is made. It is offered here to provide an additional perspective. Calculation assumes several things: that construction activity grows at a rate

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<sup>4</sup> Kazakhstan State Anti-monopoly Agency, 2008

<sup>5</sup> BEI subcontractors, partners estimate

equal to forecasted GDP growth, and that the current Kyrgyz financial and energy troubles continue to sap the economy with 2008's inflation rate of 17.146%.<sup>6</sup>

The net present value of the cost savings outlined above totals **\$498,329,583.67** for a five-year period (Exhibit 3).

### KZ Case - Exhibit I: Table of Construction Reform Results

#	Change to Process Step:	Reduction in	
		Time (days)	Cost (USD)†
1	Request and obtain technical conditions from the water and sewage authority (DwL step #1)	5	-
2	Request and obtain technical conditions from the telephone authority (DwL step #2)	5	-
3	Request and obtain technical conditions from the electrical authority (not present in WBDB list)	5	-
4	Request and obtain approval from the local fire department (step eliminated, DwL step #10)	30	-
5	Request and obtain approval from Sanitary and Epidemiology Service (step eliminated, DwL step #12)	31	-
6	Request and obtain rendering building and assembly jobs permit from the State Architectural Supervision Authority (step eliminated, DwL step #15)	10*	-
7	Request for approval for and receipt of fence placement and wheel washing permit order (step eliminated, not present in WBDB list)	7	-
8	Request and obtain rendering building and assembly jobs permit from the State Architectural Supervision Authorities (DwL step #16)	17	-
9	Request for approval and receipt of earth-working permit order (step eliminated, not present in WBDB list)	7	-
10	Hire a construction engineering supervision company (step eliminated, DwL step #24)	1	\$12,500**
11	Request electric power connection services (DwL step #28, cost reduction for small businesses and medium businesses under 50KWh)	-	\$79,333
12	Obtain Approval Act from Working Commission (DwL step #34)	14	-
13	Request and obtain Akimat approval (step eliminated, DwL step #37)	5***	-
<b>Totals per construction process</b>		<b>137 days</b>	<b>\$91,833</b>

† Exchange rate of 120 KZT/USD

\* WBDB estimates of 30 days for this step are higher than BEI/GoK estimates

\*\* WBDB estimates of \$4,097 for this step are lower than BEI/GoK estimates

\*\*\* WBDB estimates of 30 days for this step are higher than BEI/GoK estimates

<sup>6</sup> International Monetary Fund, September 2008 data report

## KZ Case Exhibit 2 - Construction Starts in Kazakhstan and Impact

\* Data from Kazakhstan State Statistics Agency and Akimat of East-Kazakhstan Oblast

Kazakhstan Region	2007 Yearly Total Construction Starts	1st Half 2008 Starts	2008 Estimated Construction Starts
Akmola	549	337	674
Aktobe	166	98	196
Almaty	802	377	754
Atyrau	1301	575	1150
East-Kazakhstan	505	131	262
Jambul	759	311	622
West-Kazakhstan	920	378	756
Karaganda	952	366	732
Kostanai	432	238	476
Kizlorda	292	151	302
Mangistau	118	70	140
Pavlodar	252	145	290
North-Kazakhstan	268	110	220
South-Kazakhstan	1062	362	724
City of Astana	495	152	304
City of Almaty	427	170	340
<b>Totals</b>	<b>9300</b>	<b>3971</b>	<b>7942</b>

Data and Calculations			
Discount rate for starts, 2007 to 2008		85.4%	
Non-electrical process fees reduced per start	\$	12,500	<b>Estimated totals in: Dollars</b>
Electrical fees total, discounted:	\$	5,891,555	Electrical hookup fee savings \$ 5,891,555
Time saved per start (Days)		137	Process fee savings \$ 99,275,000
Daily salary for project manager (est.)	\$	30	Time saved as salary \$ 32,641,620
Exchange rate (tenge/USD)		120	<b>Total Impact: \$ 137,808,175</b>

## KZ Case Exhibit 3 - Construction Reform Net Present Value

\* Data from International Monetary Fund

Net Present Value	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>\$498,329,583.67</b>	\$137,808,175.00	\$147,454,747.25	\$158,661,308.04	\$171,036,890.07	\$184,719,841.27
<b>Construction Growth at GDP rate</b>	Base	7.0%	7.6%	7.8%	8.0%
<b>Inflation 2008</b>	17.15%				

## Case Study Kyrgyz Republic - Construction Reform 2008

### Background and Case History

The issue of construction reforms in the Kyrgyz Republic (KR) was first raised by USAID during their Trade Facilitation and Investment (TFI) project, during 2006 as part of its Business Associations Partnership. The goal was to make the state procedures associated with construction cheaper and easier for business and government. TFI's successor project, the Business Environment Improvement (BEI) Project, resumed work on construction reform in fall 2006, with a focus specifically on the construction permitting process as identified by the World Bank Doing Business survey. This survey had already identified the construction process in KR as a burdensome issue for business, as the World Bank estimated it took 22 steps and over 330 days from start to finish.

BEI first researched the issue further in conjunction with subcontractors the *Union of Construction Companies of the Kyrgyz Republic* and *Union of Entrepreneurs of Kyrgyzstan*, with a focus on Bishkek as the most-developed city in the country, and published in September, 2007, the Analytical Report on Licensing and Permitting System in Construction Field.

Meanwhile, BEI strengthened ties with the Government of KR, assisting with the creation of a Country Development Strategy 2007-2010 that included reform of key areas identified by BEI in the construction process, and was approved by the KR Government in May, 2007. This Country Development Strategy, and the September analytical report, laid the foundation by January 2008 to raise the question of reform in the construction sector to the level of the President's Investment Council. During February and March 2008 BEI brought in international experts Sherry Khan and Tato Urjumelashvili to provide expert advice on Kyrgyz construction procedures and develop an action plan for reforming them.

By April, President Bakiev and the Government were ready to take aggressive reform steps in construction, and approved the area as a set of priority tasks within the context of a highly publicized cooperation with the World Bank, USAID, and other donors called the "100 Days of Reform." On April 4 the KR Government passed Resolution #126 "On Primary Measures Aimed at Improving Indicators of International Rankings of the Kyrgyz Republic." This resolution provided for working groups and other activities to improve the nation's WB Doing Business rankings, and specifically the indicator of "Dealing with Licenses."<sup>7</sup> The resolution created an Inter-Agency Working Commission responsible for improving the construction permitting indicator and related legislation analysis and drafting, consisting of representatives from relevant ministries and agencies, the business community, international organizations, outside experts, and BEI. Planned activities for the commission included implementation work through the end of fall 2008.

Even though the official deadline for the 100-Days Campaign reforms to be implemented was set as July 1 during the initial negotiations with the WBDB Team, thanks to the organization and hands-on coordination of the reform efforts, as well as a high degree of cooperation and political will demonstrated by the Government the President was able to sign Law #108 "On Amendments to the Law KR on Urban Planning and Architecture in the Kyrgyz Republic" by June 2, 2008, beating the official deadline by 30 days and creating an opportunity to have the changes reflected as early as in the World Bank Doing Business 2009 report. Implementation of Law #108 is accomplished by the accompanying Presidential Decree #164 of May 14, and Resolution of Government #252 of May 30, 2008.

### Reform Results

Kyrgyz Republic Law #108 "On Amendments to the Law KR on Urban Planning and Architecture in the Kyrgyz Republic," with Presidential Decree #164 of May 14, Resolution of Government #252 of May 30, 2008, and Order of the State Construction and Architecture Agency #75 of June 10, 2008,

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<sup>7</sup> Renamed Dealing with Construction Permits in Doing Business 2009 report

- provides for the establishment of a policy of reduction of construction-related administrative barriers;
- creates a Construction Consultative Council, with state and local government and the private sector;
- provides a simplified, 10-day procedure for issuing occupancy permits after completing construction;
- introduces the streamlined processes principle for the issuing of construction permits;
- reduces the cost of the state expert examination by 32%, and of state inspection by 38% (Exhibit 1);
- Eliminates initial construction permit and acceptance (conclusion) fees;
- introduces the principle of “silence means consent”;
- establishes clear-cut deadlines to decrease the duration of the construction permitting process; and,
- Provides a unified application form for construction permits and permitting documents.

These reforms are directed toward the WBDB Dealing with Construction Permits indicator, and have, with the Doing Business 2009 report, dramatically improved the Kyrgyz Republic’s ranking in that measurement— from 170<sup>th</sup> place to 58<sup>th</sup>. The number of steps is reduced from 20 to 13 with potential further reductions after full implementation of streamlined processes, saving 173 working days (down to 159) and over 353.3% of Gross National Income Per Capita.<sup>8</sup>

Under the streamlined process, a construction application, if approved by the territorial architecture and construction body, is submitted for further approval to the sanitary and epidemiology body, fire authority, and environmental authority. After that the application is forwarded to utilities companies by the main coordinating agency, the State Construction Department, for obtaining technical terms to install such utility systems as power supply, water supply, sewage system, heating and gas supply without further participation by the applicant. The State Construction Department has 20 working days within which it must obtain approvals, internally from all utilities, and other relevant authorities. Resolution # 252 gives all utility providers 10 working days to approve the technical conditions. These features of the new process greatly speed and simplify permitting for a new construction.

## Estimated Impact

The World Bank Doing Business methodology, however, measures the construction permitting process against a specific sample construction. Estimating the financial and time savings for builders in the Kyrgyz Republic requires more.

Trends indicate that construction activity in KR was already rising before these reforms, and from investment during the 1<sup>st</sup> half of 2008 was over 220% (\$32,193,641 USD<sup>9</sup>) of the same period 2007.<sup>10</sup> During 2007 there were 1365 total construction permits issued (construction starts), and the first six months of 2008 nearly matched that figure already (1197).<sup>11</sup> Construction starts grew at an average rate per six-month period of 49.5% between January 2007 and June 2008, though construction conclusions remained smaller, at approximately 85% of starts recorded the previous year (Exhibit 2). Expected continued strong construction activity over the next year, spurred in part by these reforms, anticipates an estimated 4466 construction starts for the first year post-reform, with 1724 construction conclusions for the same period. Each construction start will save a total of 134 days processing time, and each conclusion includes an occupancy permit application period that has been reduced by a further 39 days (total 173 days

<sup>8</sup> Doing Business 2009 Report, World Bank website, September 2008

<sup>9</sup> At 35.2 Kyrgyz Soms/US Dollar, standard exchange rate used in this case

<sup>10</sup> National Statistics Committee, September 2008

<sup>11</sup> KR State Architecture and Construction Oversight, September 2008

saved). Square meterage of residential housing, however, grew at only 13.4% during 2007-2008, and is projected to remain at its much slower rate for the next year as well.

Total impact is divided into savings from cost of start, savings from reduced time, savings from cost of expertise and inspection of residential housing, and savings from cost of conclusion. A construction manager's average salary is estimated to be approximately \$21.23 per day.<sup>12</sup> Construction workers in KR are often transitory in nature and are suspended during delays without pay, so are excluded from calculations of salary saved.

Estimated economic savings from construction starts is therefore: **(4466 starts x 134 working days saved) x \$21.23/working day = \$12,704,966.12 saved.**

Plus: **4466 sites x \$28.41 permit saving = \$126,879.06 + \$12,704,966.12 = \$12,831,845.18.**

Total savings for each construction conclusion is: **(1723 conclusions x \$36.93 conclusion fee) + (1723 conclusions x 39 working days saved x \$21.23/working day) = \$1,490,291.62.**

Total savings from reduced residential expertise and inspection fees are: **713,723 m<sup>2</sup> x (\$.417 expertise + \$.694 inspection) = \$792,946.25.**

Total annual savings from date of reform: **\$15,115,083.05.**

### Net Present Value of Reforms

A forward-looking net-present value of reforms calculation becomes more challenging the more complex a system, the more absent data becomes, and the longer a projection is made. It is offered here to provide an additional perspective, as data on costs for implementing these reforms is not yet available. Calculation assumes several things: that construction activity grows at a more-secure rate of twice forecasted GDP growth, and that the current Kyrgyz financial and energy troubles continue to sap the economy with 2008's inflation rate of 18.789%.<sup>13</sup>

The net present value of the cost savings outlined above totals **\$56,780,181.56** for a five-year period (Exhibit 3).

### KR Case Exhibit I - Construction Reform Costs and Savings

\* Data from KR State Architecture and Construction Oversight (GASN)

	Before reforms	After reforms	Savings
Permit for construction (start)	\$28.41	Free of charge	28.41 / start
State Expertise – residential (GASN)	\$1.307 / m <sup>2</sup>	\$0.889 / m <sup>2</sup>	\$0.418 / m <sup>2</sup>
State Inspection – residential (GASN)	\$1.84 / m <sup>2</sup>	\$1.146 / m <sup>2</sup>	\$0.694 / m <sup>2</sup>
Formal acceptance of construction (conclusion)	\$36.93 average	Free of charge	36.93 / conclusion

<sup>12</sup> Union of Construction Companies of the Kyrgyz Republic, September 2008

<sup>13</sup> International Monetary Fund, September 2008 data report

## KR Case Exhibit 2 - Construction Starts and Conclusions in Kyrgyz Republic

\* Data from KR State Architecture and Construction Oversight (GASN)

	Estimated data							
	1st Half 2007	2nd half 2007	2007 Totals	1st half 2008	2nd half 2008	2008 Totals	1st half 2009	Totals 1 year post-reform
<b>New construction permits (starts)</b>	536	829	1365	1197	1790	2987	2676	4466
<b>Construction sites put into operation (conclusions)</b>	545	578	1123	456	705	1161	1018	1724
<b>Square meters put into commission (m2)</b>	59,069	562,402	621,471	66,980	637,768	704,748	75,955	713,723
<b>Increase in starts from previous period (%)</b>	N/R	54.66%	N/R	44.39%	49.53%	218.82%	49.53%	N/A
<b>Year on year increase in m2 commissioned (%)</b>	13.4%							
<b>Construction conclusions 1 year later (%)</b>	85%							

## KR Case Exhibit 3 - Construction Reform Net Present Value

\* Data from the International Monetary Fund

<b>Net Present Value</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>
<b>\$56,780,181.56</b>	\$15,115,083.05	\$17,080,043.85	\$19,129,649.11	\$21,233,910.51	\$23,357,301.56
<b>Construction Growth at 2 x GDP rate</b>	Base	13.00%	12%	11.00%	10%
<b>Inflation 2008</b>	18.79%				

# Case Study Tajikistan - Kulma Border Post Operation Reform 2008

## Background and Case History

Trade development and world economic integration issues are very real in the Republic of Tajikistan (RT), which has made strides toward establishing trade-economic relations with both neighboring and distant countries. The Government of RT has made efforts to increase transport exchange with the People's Republic of China, strengthen diplomatic and trade links, and in general to revive its traditional markets and the greater Silk Way, which in medieval times connected Western and Eastern countries across Tajik territory. To facilitate this, in May 2004 the Government opened the Kulma border crossing post, located in a 4,363 meter-high pass in the Gorno Badakhshan Autonomous Oblast (GBAO) and on a 700km road between Khorog in RT and Kashgar in China.

The new—and only—border post with China was an immediate success: trade volume with China went from zero in 2002 to \$1 million in 2005, \$4.2 million in 2006, and \$2.3 million in 2007, passing 12,500 people and 56,300 tons of cargo.<sup>14</sup> The boom in trade belies the fact that the road is little more than a dirt track in places, and so high that travelers risk getting altitude sickness. Vehicles also suffer frequent problems because engines do not run well on rarefied air, and as trucks usually travel in convoy, if one breaks down the entire column grinds to a halt. The most significant cause for the reduced trade in 2007, however, was that though post control Karasu in Kulma pass was opened in accordance with intergovernmental agreement between Tajikistan and Public Republic of China (PRC) and scheduled to operate from May to November each year, in practice the border closed and opened at irregular intervals and operated for only half the days each month from May to October.

The irregular operation of the border crossing often delayed transiting goods up to 15 days, and entrepreneurs risked much higher expenses if they were unfortunate enough to be trapped on the wrong side of the border. As a result of the delays, prices for transport truck rental in Kashgar, where the majority of the trade volume is loaded for the trip into Tajikistan, increased significantly as well.

The issue of the Kulma pass and post control operations was raised by GBAO entrepreneurs, and in particular by BEI's partner, the Association *Milal-Inter*, with the regional oblast administration. For entrepreneurs the transport corridor became important not only for trade, but also for supporting services. *Milal-Inter* continued to work with the USAID-organized Custom Consultative Council of GBAO and working group under the Chairman of GBAO to provide justification and various solutions to the situation, and in March and August of 2006, and March 2008 the association raised the issue in sessions of the Council and working group. These recommendations were supported by the Council and submitted to the regional administration of GBAO and the Government of Tajikistan, which resulted in some considering of the matter during meetings between the President of RT and Chairman of PRC.

With *Milal-Inter's* lead, the topic of Kulma's operation schedule became a popular issue to raise during the various business councils, exhibitions, and meetings between Chinese and Tajik entrepreneurs. During December 2007, the BEI and Association *Milal-Inter* and other partners assisted in organizing a set of official round-tables with the President of RT, covering various issues from entrepreneurs, and again raised the issue of full operations of Post Control Karasu in Kulma pass.

## Reform Results

As a result of this meeting the President ordered appropriate ministries to collaborate with the Chinese Government and solve the matter, noting as he did so that Tajikistan is interested in the full operation of Kulma post.

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<sup>14</sup> RT State Statistics Agency, 2008

In April, 2008, the regional administration of GBAO received a letter from the Ministry of Foreign Affairs of Tajikistan stating that the often-raised issue of the Karasu-Kulma control post has been positively solved. According to the ministry letter the post will operate fully and continuously for 210 days a year during the originally agreed period of May to November.

Full operation of Karasu-Kulma post is expected to provide entrepreneurs of GBAO with the ability to conduct trade without unscheduled delays, resulting in an anticipated tripling of trade volume between the Republic of Tajikistan and the PRC.<sup>15</sup> The regularity of operations will have further positive secondary affects on the service economy in the region as well.

## Estimated Impact

According to the State Statistics Agency and Customs Department of GBAO, the estimated volume of trade is expected to triple from \$2,364,300 to \$7,092,900 USD per year, or a difference of \$4,728,600. The number of trucks transiting the post is expected to similarly triple from an average of about 720 a year to 2,160 per year.<sup>16</sup>

According to surveys among entrepreneurs and state statistics data, the cost of truck rental for traffic from Kashgar (China) to Khorog (Tajikistan) increased 400% due to the border post delays, from about \$2,000 per 30-ton truck (driver included) to \$8,000 per 30-ton truck. As a result of the regular operation, the price is expected to decrease to about its previous level, saving \$6,000 per truck.<sup>17</sup>

Total estimated annual impact for full Kulma post operation is therefore: **\$4,728,600 + (2,160 trucks x \$6,000/truck) = \$17,688,600.**

Though economic impact estimates are always subject to their own assumptions, BEI acknowledges particular difficulty in estimating full economic impact from trade activities in this case, as there are multiple factors for which exist no good estimates, or for which data is regarded as secret by the Tajik Government. Among these are: increased Customs Department budget costs for full post operation, increased road maintenance costs, increase secondary services market benefits, reduced wait-times by entrepreneurs (salary saved), and increased transit trade to Afghanistan.

That these costs are real may be illustrated by the consideration currently being given Kulma and other border posts further construction in association with a loan from the Asian Development Bank, with a construction assessment to be completed by December 2008.<sup>18</sup>

## Net Present Value of Reforms

A forward-looking net-present value of reforms calculation becomes more challenging the more complex a system, the more absent data becomes, and the longer a projection is made. It is offered here to provide an additional perspective. Calculation assumes several things: that border post trade activity continues to grow at a rate of about the four-year \$3.6 million per year average (plus 1096 trucks/year) for its existence, and that the current Tajik financial and energy troubles continue to sap the economy with 2008's inflation rate of 18.483%.<sup>19</sup>

The net present value of the cost savings outlined above totals **\$107,123,468.18** for a five-year period (Exhibit I).

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<sup>15</sup> GBAO Customs Department, spring 2008

<sup>16</sup> Ibid.

<sup>17</sup> Association Milal-Inter, 2008

<sup>18</sup> Asian Development Bank, Loan No. 2114(SF)-TAJ: Regional Customs Modernization and Infrastructure Development Project

<sup>19</sup> International Monetary Fund, September 2008 data report

**RT Case Exhibit I - Kulma Border Post Reform Net Present Value**

\* Data from International Monetary Fund

<b>Net Present Value</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>
<b>\$107,123,468.18</b>	\$17,688,600.00	\$27,864,600.00	\$38,040,600.00	\$48,216,600.00	\$58,392,600.00
<b>Plus: \$3,600,000 trade, 1096 trucks at \$6,000/truck</b>	Base	\$10,176,000.00	\$10,176,000.00	\$10,176,000.00	\$10,176,000.00
<b>Inflation 2008</b>	18.48%				

## Appendix I: BEI Geographic Coverage (2007-2008)

No.	Kazakhstan	Target	Result
	<b>Number of municipalities receiving BEI assistance either directly or through 3rd parties</b>	<b>20</b>	<b>24</b>
1	<b>Ust-Kamenogorsk, East Kazakhstan Oblast</b> - Partnership with Social Development Information Support Fund		
2	<b>Shymkent, South Kazakhstan Oblast</b> - Partnership with Business-Incubator "SodBi"		
3	<b>Uralsk, West Kazakhstan Oblast</b> - Partnership with Independent Association of Entrepreneurs of West-Kazakhstan Region (IAE WKR)		
4	<b>Astana, Akmolinskaya Oblast</b> - Partnership with the PM's Commission on Administrative Barrier Reduction		
5	<b>Almaty, Almatinskaya Oblast</b> - Partnership with Akimat of Almaty City		
6	<b>Ridder, East Kazakhstan Oblast</b> - Partnership with Akimat of the city of Ridder		
7	<b>Zyryanovsk, East Kazakhstan Oblast</b> - Partnership with the Akimat of the city of Zyryanovsk		
8	<b>Semipalatinsk, East Kazakhstan Oblast</b> - Partnership with Social Enterprise "Adilet"		
9	<b>Molodezhnoye village, East Kazakhstan Oblast</b> - Partnership with Akimat of Ulan Rayon		
10	<b>Atyrau, Atyrauskaya Oblast</b> - Partnership with Alliance of Entrepreneurs and Employers of Atyrau Region		
11	<b>Peremetnoe Village, West Kazakhstan Oblast</b> - Partnership with State department "Department of Entrepreneurship of Zelenovskiy Rayon, WKO"		
12	<b>Kokchetav, Akmolinskaya Oblast</b> - Partnership with Akmola Association of Entrepreneurs		
13	<b>Kostanay, Kastanayskaya Oblast</b> - Partnership with Public Fund "Business and Development"		
14	<b>Karaganda, Karagandinskaya Oblast</b> - Partnership with Karaganda Association of Entrepreneurs		
15	<b>Kyzyl-Orda, Kyzylordinskaya Oblast</b> - Partnership with Kyzyl-Orda Branch of Small Entrepreneurship Development Fund		
16	<b>Taraz, Zhambyl Oblast</b> - Partnership with Zhambyl Branch of Small Entrepreneurship Development Fund		
17	<b>Pavlodar, Pavlodarskaya Oblast</b> – Economy and Budget Planning Department of Pavlodarskaya Oblast		
18	<b>Aktobe, Aktyubinskaya Oblast</b> - Economy and Budget Planning Department of Aktyubinskaya Oblast		
19	<b>Aktau, Mungistauskaya Oblast</b> – trainings for Enterprise Department of Aktau City		
20	<b>Kurchum village, East Kazakhstan Oblast</b> – trainings for Akimat of Kurchumskiy region		
21	<b>Bolshenarymskoye village, East Kazakhstan Oblast</b> – trainings for Akimat of Bolshenarymskiy region		
22	<b>Ayagoz, EKO</b> – trainings for Akimat of Ayagozskiy region		
23	<b>Shemonoikha, East Kazakhstan Oblast</b> – trainings for Akimat of Shemonoikhskiy region		
24	<b>Borodulikha, East Kazakhstan Oblast</b> - trainings for Akimat of Borodulikhskiy region		
No.	Kyrgyz Republic	Target	Result
	<b>Number of municipalities receiving BEI assistance either directly or through 3rd parties</b>	<b>13</b>	<b>15</b>
1	<b>Bishkek city, Chui Oblast</b> - partnership with Bishkek Mayor's Office		
2	<b>Osh city, Osh Oblast</b> - partnership with Osh Mayor's Office		
3	<b>Osh Oblast</b> - partnership with Governor's Office, southern office of MEDT		
4	<b>Karasu city, Osh Oblast</b> - partnership with association "Ishker"		
5	<b>Alay district, Osh Oblast</b> - partnership with association of entrepreneurs of Alay district		
6	<b>Talas city, Talas Oblast</b> - trainings on reforms of construction permitting system and further implementation		

- 7 **Nookat city, Osh Oblast** - partnership with association "Zolotoy plod"
- 8 **Jalalabat city, Jalalabat Oblast** - partnership with association of entrepreneurs of Jalalabat oblast
- 9 **Jalalabad Oblast** - trainings on reforms of construction permitting system and further implementation
- 10 **Batken city, Batken Oblast** - Committee for Investments and External ties of Batken oblast
- 11 **Batken Oblast** - trainings on reforms of construction permitting system and further implementation
- 12 **Naryn Oblast** - trainings on reforms of construction permitting system and further implementation
- 13 **Karabalta city, Chui Oblast** - partnership with Union of Entrepreneurs of Kyrgyzstan
- 14 **Tokmok city, Chui Oblast** - partnership with Union of Entrepreneurs of Kyrgyzstan
- 15 **Cholpon-ata City, Issyk-Kul Oblast** - training on Kyrgyz reforms

No.	Tajikistan	Target	Result
	<b>Number of municipalities receiving BEI assistance either directly or through 3rd parties</b>	<b>5</b>	<b>9</b>
1	<b>Sogd Oblast</b> - partnership with Public Expert Council on Economic Development under the Chairman of Sogd Oblast		
2	<b>Khujand City, Sogd Oblast</b> - partnership with the Council of Business Associations and Department on Investment and State Property Management of Sogd Oblast		
3	<b>Khorog City, Gorno-Badakhshan Autonomous Oblast (GBAO)</b> - partnership with the Custom Consultative Council of GBAO		
4	<b>Gorno-Badakhshan Autonomous Oblast (GBAO)</b> - partnership with the Expert Council under the Chairman of GBAO		
5	<b>Kurgantube, Khatlon Oblast</b> - partnership with the Custom Consultative Council of Khatlon Oblast		
6	<b>Dushanbe City, Kulyabskaya Oblast</b> - partnership with the Council of Business Associations and Public Unions of RT		
7	<b>Gafurov City, Sogd Oblast</b> - review of registration and licensing legislation, administrative barriers		
8	<b>Isfara City, Sogd Oblast</b> - review of registration and licensing legislation, administrative barriers		
9	<b>Kanibadam city, Sogd Oblast</b> - review of registration and licensing legislation, administrative barriers		

## APPENDIX II: BEI PARTICIPANT TRAINING REPORT (2007 – 2008)

Training Program Data					
Training Program Name:	Business Environment Improvement Project				
USAID Managing Activity (Funding Contract):	176-C-00-06-00007				
USAID Strategic Objective:	Strategic Objective 1.3, Improved Environment for the Growth of Small and Medium-sized Enterprises, and specifically Intermediate Result 1.3.3, Improved Implementation of Laws and Regulations				
Field of Study:	Business Legal and Regulatory Simplification/Reform				
Training Type:	Multiple				
Training Location:	Multiple				
Program Start Date:	10/01/2006				
Program End Date:	09/31/2010				
Program Status:	Ongoing				
Training Provider (Name, City, State, & Country):	Multiple				
Name of the Prime Contractor for the Activity.	Business Environment Improvement Project, implemented by the Pragma Corporation				
Street Address and country of the contractor.	17 Nauryzbai Batyr, Office 211, Almaty 050004, Kazakhstan				
TRAINING COMPONENTS: If the Training Program has multiple events, Please list all components:					
Component Name	Training Type	Training Provider (Name, City, State, & Country)	Start Date	End Date	Full-Time Equiv.
Training on association development	Training Seminar	Kshyshtov Margol, Almaty, Kazakhstan	11/5/2007	11/5/2007	2.5 hours
Enterprise in Kazakhstan – a new start	Info Conference	BEI, Almaty, Kazakhstan	11/29/2007	11/29/2007	9 hours
Second Kazakhstani Tax Forum	Info Conference	BEI, Almaty, Kazakhstan	12/3/2007	12/3/2007	9 hours
Kazakhstan WB DB subnational results	Info Presentation	Umar Shavurov and Zaure Abdiraman, Almaty, Kazakhstan	1/10/2008	1/10/2008	2 hours
Kazakhstan WB DB subnational results	Info Presentation	Umar Shavurov and Anar Shaikenova, Astana, Kazakhstan	1/8/2008	1/8/2008	1 hour
Kazakhstan WB DB subnational results for Architecture and City Planning Department of Astana for City	Info Presentation	Umar Shavurov and Anar Shaikenova, Astana, Kazakhstan	1/8/2008	1/8/2008	1 hour
Kazakhstan WB DB subnational results for Ministry of Industry and Trade	Info Presentation	Umar Shavurov and Anar Shaikenova, Astana, Kazakhstan	1/8/2008	1/8/2008	1 hour
Kazakhstan WB DB subnational results for Akimat of	Info Presentation	Umar Shavurov and Anar Shaikenova,	1/8/2008	1/8/2008	1 hour

Oskemen City		Astana, Kazakhstan			
Kazakhstan WB DB subnational results for Customs Control Department of Oskemen City	Info Presentation	Umar Shavurov, Oskemen, Kazakhstan	1/11/2008	1/11/2008	1 hour
Presentation of condominium formation methodology, Zyryanovsk	Info Presentation	Samoylov A., Zyryanovsk, Kazakhstan	1/25/2008	1/25/2008	1 hour
Presentation of the results on simplification of registering documents in the case of building reconstruction or registering land in Uralsk	Info Presentation	Akashayeva A., Uralsk, Kazakhstan	1/11/2008	1/11/2008	2 hours
Seminar "Trade Mark Registration Procedure"	Info Conference	Kabisheva K., Uralsk, Kazakhstan	1/23/2008	1/23/2008	3 hours
Seminar "Trade Mark Registration Procedure"	Info Conference	Kabisheva K., Atyrau, Kazakhstan	1/18/2008	1/18/2008	2 hours
Presentation of the results of WB Doing Business sub-national Survey to Aktobe City Akimat	Info Presentation	Vsevolod Paevskiy, Aktobe, Kazakhstan	1/8/2008	1/8/2008	3 hours
Presentation "Problems of voluntary liquidation of legal entities"	Information Presentation	Paltasheva Munavara, Almaty, Kazakhstan	10 June 2008	10 June 2008	2 hours
Workshop "Inspections impact on growth of business in state and ways of their optimization"	Training Workshop	Shkolnik V. S., Astana, Kazakhstan	14 April 2008	14 April 2008	4 hours
Information presentation on "Questions of legislature improvement in licensing"	Information Presentation	Kusainov M. A., Astana, Kazakhstan	6/6/2008	6/6/2008	3 hours
Presentation of schematic map on voluntary liquidation procedure	Information Presentation	Taipov Dzhasur, Almaty, Kazakhstan	5/12/2008	5/12/2008	2 hours
Presentation of BEI Project in Enterprise Department of Aktau city	Information Presentation	Nurlan Mukhambetkaliyev, Aktau, Kazakhstan	5/29/2008	5/29/2008	1.5 hours
Results of administrative barriers research in Zhambyl Oblast	Info Presentation	"SodBi" Business Incubator, Shymkent, Kazakhstan	10/4/2007	10/4/2007	2 hours
BEI Project in Kazakhstan	Info Presentation	"SodBi" Business Incubator, Shymkent, Kazakhstan	10/4/2007	10/4/2007	1 hour
Public Opinion Poll Results (Tax Authority Activity)	Info Presentation	BEI, Almaty, Kazakhstan	10/24/2007	10/24/2007	2.5 hours
Presentation of recommendations and proposals on constrains reduction to Uralsk PSC management	Info Presentation	Zhumina A., Uralsk, Kazakhstan	11/26/2007	11/26/2007	2 hours
Presentation of the brochure on legal entity registration	Info Presentation	Muldashev M., Uralsk, Kazakhstan	11/28/2007	11/28/2007	3 hours
RIA Application Practice for Government Official	Training Seminar	BEI, Bishkek, Kyrgyzstan	10/3/2007	10/4/2007	16 hours
RIA Application Practice for Parliament Deputies	Training Seminar	BEI and MSI, Bishkek, Kyrgyzstan	10/5/2007	10/5/2007	8 hours
Informational Training on Inspections Law for State Employees	Info Presentation	BEI, Bishkek, Kyrgyzstan	01/23/2008	01/24/2008	8 hours
How to Build Effective Work of Committees	Training Seminar	BEI and AmCham, Bishkek, Kyrgyzstan	12/24/2007	12/24/2007	3 hours
Regulatory Impact Analysis	Seminar	BEI, Osh, Kyrgyzstan	1/18/2008	1/18/2008	6 hours
Mediation Development for Disputes Settlement in Business Environment of Kyrgyzstan	Round Table	BEI, Bishkek, Kyrgyzstan	1/23/2008	1/23/2008	4 hours
Discussion of Draft Law on Subsoil	Info Presentation	BEI and IBC, Bishkek, Kyrgyzstan	1/28/2008	1/28/2008	2 hours
Organization of Exhibition and Fairs	Training	BEI and AAK, Osh, Kyrgyzstan	3/1/2008	3/1/2008	3.5 hours
Business Planning, Marketing & Non-Dues Revenue	Training Seminar	BEI and AmCham, Bishkek, Kyrgyzstan	3/5/2008	3/5/2008	2 hours
Improving Capacity of Ministries and Agencies in	Info Presentation	BEI, Bishkek, Kyrgyzstan	3/12/2008	3/12/2008	4 hours

Interacting with the Parliament					
Round Table on Patent Based Taxation	Info Presentation	BEI and EUK , Bishkek, Kyrgyzstan	3/18/2008	3/18/2008	2 hours
Regulatory Impact Analysis of Normative and Legal Acts	Info Presentation	BEI, Bishkek, Kyrgyzstan	3/22/2008	3/22/2008	8 hours
RIA Application Practice by the Government Apparatus of the KR.	Info Presentation	BEI, Bishkek, Kyrgyzstan	4/7/2008	4/11/2008	20 hours
“New mission of Mass Media in economic development of the country. Tomorrow's triumph of economical journalists.”	training seminar	BEI, Bishkek, Kyrgyzstan	4/18/2008	4/18/2008	3 hours
Business association, as an information source and tool to impact in Kyrgyzstan and world, Advertising and PR methods in western world (For Economic Press Club)	training seminar	BEI and BBC, Bishkek, Kyrgyzstan	4/18/2008	4/18/2008	3 hours
RIA Application Practice by Ministries and Agencies (For Economic Press Club)	Info Presentation	BEI, Bishkek, Kyrgyzstan	4/21/2008	4/28/2008	20 hours
One Stop Shop Running, Functions of State Bodies Involved in the Process of the State Registration of Legal Entity (For Economic Press Club)	Info Presentation	BEI, Bishkek, Kyrgyzstan	4/21/2008	4/21/2008	6 hours
10 components of "Doing Business", KR's ranking in the world (For Economic Press Club)	training seminar	BEI, Bishkek, Kyrgyzstan	4/25/2008	4/25/2008	3 hours
Registration "One Stop Shop"	Seminar	BEI and Ministry of Justice, Osh, Kyrgyzstan	4/30/2008	4/30/2008	3 hours
Presentation on Doing Business WB Program	Info Presentation	BEI and IBC, Bishkek, Kyrgyzstan	5/16/2008	5/16/2008	2.5 hours
Financial Market: How to Take Measures on Alerts (For Economic Press Club)	training seminar	BEI and BBC, Bishkek, Kyrgyzstan	5/16/2008	5/16/2008	3 hours
External migration, unemployment, antinomies and future of the labor market	training seminar	BEI and BBC, Bishkek, Kyrgyzstan	5/23/2008	5/23/2008	3 hours
Regulatory Impact Analysis of Normative and Legal Acts	Info Presentation	BEI, Bishkek, Kyrgyzstan	5/28/2008	5/28/2008	4 hours
External activities and sustainability of economy, trade and cash balance. Problems at customs. (For Economic Press Club)	training seminar	BEI and BBC, Bishkek, Kyrgyzstan	5/30/2008	5/30/2008	3 hours
Improving Efficiency of Interactions Among State Bodies	Info Presentation	BEI, Bishkek, Kyrgyzstan	6/4/2008	6/4/2008	6 hours
Results of 100 days of business reforms	training seminar	BEI and BBC, Bishkek, Kyrgyzstan	6/6/2008	6/6/2008	3 hours
Industrial analysis: figures, problems, players and market shares. Is food security achievable? (For Economic Press Club)	training seminar	BEI and BBC, Bishkek, Kyrgyzstan	6/13/2008	6/13/2008	3 hours
Tourism: panacea or diagnosis? (For Economic Press Club)	training seminar	BEI and BBC, Bishkek, Kyrgyzstan	6/20/2008	6/20/2008	3 hours
Tax Code Draft Review	Info Presentation	BEI, Bishkek, Kyrgyzstan	6/24/2008	6/24/2008	3 hours
Mediation as Alternative Method of Business Disputes Settlement	Training Seminar	BEI, Bishkek, Kyrgyzstan	6/30/2008	7/4/2008	20 hours
“Association Growth”	Seminar	Ed Beaman, Dushanbe, Tajikistan	10/11/2007	10/12/2007	16 hours

Construction Activity	Seminar	Natalya Asurbekova, Dushanbe, Tajikistan	11/15/2007	11/15/2007	4 hours
Review of Registration Legislation	Seminar	Gulshan Asurbekova, Khorog, Tajikistan	11/18/2007	11/18/2007	4 hours
Review of Registration Legislation	Seminar	Nurali Shukurov, Khujand, Tajikistan	11/20/2007	11/20/2007	4 hours
“Working with Media and Effective Communications”	Seminar	BEI, Khujand, Tajikistan	11/22/2007	11/23/2007	16 hours
“Working with Media and Effective Communications”	Seminar	BEI, Dushanbe, Tajikistan	11/29/2007	11/30/2007	16 hours
Review of Registration and Licensing Legislation	Training Workshop	Manuchehr Rakhmonov, Kanibadam, Tajikistan	12/7/2007	12/7/2007	4 hours
Review of Registration and Licensing Legislation	Training Workshop	Manuchehr Rakhmonov, Matcha region, Tajikistan	12/7/2007	12/7/2007	4 hours
Review of Registration and Licensing Legislation	Training Workshop	Manuchehr Rakhmonov, D.Rasylov region, Tajikistan	12/11/2007	12/11/2007	4 hours
Review of Registration and Licensing Legislation	Training Workshop	Manuchehr Rakhmonov, B.Gafurov region, Tajikistan	12/12/2007	12/12/2007	4 hours
Review of Registration and Licensing Legislation	Training Workshop	Manuchehr Rakhmonov, Isfara, Tajikistan	12/12/2007	12/12/2007	4 hours
Review of Registration and Licensing Legislation	Training Workshop	Manuchehr Rakhmonov, Spitamen region, Tajikistan	12/13/2007	12/13/2007	4 hours
Review of Registration Legislation	Seminar	Gulshan Asurbekova, Dushanbe, Tajikistan	12/14/2007	12/14/2007	4 hours
Review of Registration Legislation	Seminar	Gulshan Asurbekova, Kurgan-Tyube, Tajikistan	12/28/2007	12/28/2007	4 hours
Review of re-registration and de-registration Legislation	Seminar	Gulshan Asurbekova, Khorog, Tajikistan	2/13/2008	2/13/2008	4 hours
Review of re-registration and de-registration Legislation	Seminar	Gulshan Asurbekova, Khujand, Tajikistan	2/21/2008	2/21/2008	4 hours
Review of re-registration and de-registration Legislation	Seminar	Gulshan Asurbekova, Dushanbe, Tajikistan	3/28/2008	3/28/2008	4 hours
Review of re-registration and de-registration Legislation	Seminar	Gulshan Asurbekova, Kurgantube, Tajikistan	4/4/2008	4/4/2008	4 hours
Introduction to RIA	Seminar	Sergey Panyutin, Dushanbe, Tajikistan	6/18/2008	6/18/2008	5 hours
Introduction to RIA	Seminar	Sergey Panyutin, Khujand, Tajikistan	6/20/2008	6/20/2008	5 hours
Georgian Experience in WB Doing Business Reform	Study Tour	BEI, Tblisi, Georgia	6/16/2008	6/21/2008	48 hours
Seminar on licensing	Seminar	Paltasheva Munavara, Almaty, Kazakhstan	7/24/2008	7/24/2008	8 hours
Training on forming strong associations based on American experience	Training	Ed Beaman, Almaty, Kazakhstan	7/22/2008	7/22/2008	2 hours
Seminar on RIA	Training seminar	Krassen Stanchev, Astana, Kazakhstan	7/31/2008	7/31/2008	3 hours
Seminar on RIA	Training seminar	Krassen Stanchev, Astana, Kazakhstan	8/06/2008	8/06/2008	3 hours
Presentation of recommendations on the Tax Code concept to oblast Tax Committee, Ridder	Info presentation	Samoylov A., Ridder, Kazakhstan	8/15/2008	8/15/2008	1 hour

Presentation of recommendations on the Tax Code concept to oblast Tax Committee, Ziryanyovsk	Info presentation	Samoylov A., Ziryanyovsk, Kazakhstan	8/22/2008	8/22/2008	1 hour
Presentation of recommendations on the Tax Code concept to oblast Tax Committee, Molodezhnoe	Info presentation	Samoylov A., Molodezhnoe, Kazakhstan	8/29/2008	8/29/2008	1.5 hours
Round Table on e-learning for PSC staff	Training workshop	Krupochkina Y., Astana, Kazakhstan	8/19/2008	8/19/2008	3.5 hours
Seminar on RIA	Training seminar	Krassen Stanchev, Astana, Kazakhstan	9/08/2008	9/08/2008	2 hours
Presentation "Reforming state control system" at International Conference "Limitation of Free Entrepreneurship in Kazakhstan: Ways of Overcoming"	Info presentation	Igor Gutan, Almaty, Kazakhstan	9/17/2008	9/17/2008	3.5 hours
Presentation of RIA methodology	Info presentation	V. Prodedovich, Almaty, Kazakhstan	8/14/2008	8/14/2008	2 hours
Presentation of BEI Grant Program	Info presentation	Zhaisheyeva E., Almaty, Kazakhstan	8/22/2008	8/22/2008	4 hours
Focus group on analysis results and suggestions for improving tax legislation	Training workshop	Zhumina A., Uralsk, Kazakhstan	7/10/2008	7/10/2008	1.5 hours
Round Table on changes to the Law "On licensing", presentation of the proposed procedure (Almaty Akimat experience)	Training workshop	Zhumina A., Uralsk, Kazakhstan	8/28/2008	8/28/2008	2 hours
Theory and practice of implementation methods and analysis of regulatory impact within the development of NLA's.	Intensive Training	BEI, Bishkek, Kyrgyz Republic	7/17/2008	7/18/2008	40 hours
Reforms of permitting system within construction and further implementation	Training seminar	BEI and Gosstroy KR, Osh, Kyrgyz Republic	7/18/2008	7/18/2008	3 hours
Regulatory Impact Analysis	Training Seminar	BEI, Bishkek, Kyrgyz Republic	7/24/2008	7/25/2008	17 hours
Reforms of permitting system within construction and further implementation	Training seminar	BEI, Bishkek, Kyrgyz Republic	7/29/2008	7/29/2008	3 hours
Mediation as a method of alternative adjustment of disputes	Training	BEI Project, Bishkek, Kyrgyz Republic	7/31/2008	7/31/2009	4 hours
Effectiveness and problems of "one stop shop" business registration procedure	Training workshop	BEI, Osh, Kyrgyz Republic	7/31/2008	7/31/2008	5 hours
"Reforms on Improvement of Business and Investment Environment in KR"	Training seminar	BEI, Osh, Kyrgyz Republic	9/8/2008	9/8/2008	6 hours
Round table on realization of President's "Moratorium on inspections", and decreased number of inspections of entrepreneurs, implemented by other controlling bodies	Training workshop	BEI, Bishkek, Kyrgyz Republic	7/31/2008	7/31/2008	14 hours
"Reforms on Improvement of Business and Investment Environment in KR"	Training seminar	BEI, Cholpon-Ata, Kyrgyz Republic	9/10/2008	9/10/2008	6 hours
"Reforms on Improvement of Business and Investment Environment in KR"	Training seminar	BEI, Bishkek, Kyrgyz Republic	9/12/2008	9/12/2008	6 hours
Presentation of BEI grant program	Info presentation	BEI, Osh, Kyrgyz Republic	9/19/2008	9/19/2008	3 hours

**FUNDING DATA: (Line-1: Amount Budgeted; Line-2: Amount Spent)**

USAID			Host Country Government			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
<i>(All trainings not listed below have no separate, budgeted cost elements, and were provided as part of other work.)</i>											
\$0			\$0			\$0			\$0		
\$0			\$0			\$0			\$0		
Results of administrative barriers research in Zhambyl Oblast on the basis of focus-group interview of entrepreneurs and civil servants											
\$238.27											
\$238.27											
"BEI Project in Kazakhstan"											
\$119.13											
\$119.13											
Public Opinion Poll Results (Tax Authority Activity)											
\$1,550.58											
\$1,550.58											
Presentation of recommendations and proposals on constrains reduction to Uralsk PSC management											
\$331.67											
\$331.67											
Presentation of the brochure on legal entity registration											
\$829.18											
\$829.18											
Presentation of the results on simplification of registering documents in the case of building reconstruction or registering land in Uralsk											
\$207.29											
\$207.29											
Seminar "Trade Mark, Registration Procedure"											
\$497.51											
\$497.51											

Seminar "Trade Mark, Registration Procedure" in Atyrau												
\$497.51												
\$497.51												
Presentation of BEI Project in Enterprise Department of Aktau city												
\$124.37												
\$124.37												
Discussion of Draft Law on Subsoil												
\$320.00												
\$320.00												
Round Table on Patent Based Taxation												
\$250.00												
\$250.00												
Presentation on WB Doing Business Program												
\$887.75												
\$887.75												
Review of Registration Legislation												
\$200.00												
\$200.00												
Georgian Experience in WB Doing Business Reform												
\$1,700.00	\$31,558.54	\$30,040.85										
\$1,700.00	\$31,558.54	\$30,040.85										
Presentation of recommendations on the Tax Code concept to oblast Tax Committee, Ridder												
\$500												
\$500												
Presentation of recommendations on the Tax Code concept to oblast Tax Committee, Ziryanovsk												
\$500												
\$500												

Presentation of recommendations on the Tax Code concept to oblast Tax Committee , Molodezhnoe											
\$500											
\$500											
Focus group on analysis results and suggestions for improving tax legislation											
\$125											
\$125											
Round Table on changes to the Law "On licensing", presentation of the proposed procedure (Almaty Akimat experience)											
\$209											
\$209											
Reforms of permitting system within construction and further implementation (Osh)											
\$ 1953.73											
\$ 1953.73											
Reforms of permitting system within construction and further implementation (Bishkek)											
\$ 1482											
\$ 1482											

<b>For In-Country Programs Only</b>	
# of Males Attended	# of Females Attended
2,042	1,316

**Trainee (Participant) Data**  
**For U.S. and Third Country Trainings Only**

First Name	Last Name	Organization	Title	City, Country of Residence	Gender M/F	Date of Birth (MM/DD/YY)	Trainee Status	Return Status	Return to Work Date
Bakhtijor	Sultanov	State Tax Committee of the Republic of Tajikistan	Deputy Chairman	Dushanbe, Tajikistan	M	October 14, 1957	Complete	Returned	June 21, 2008
Isrofil	Nosirov	President office of the Republic of Tajikistan	Head of Construction Department	Dushanbe, Tajikistan	M	September 5, 1955	Complete	Returned	June 21, 2008
Matluba	Uljabaeva	Association of Small and Medium Business of the Republic of Tajikistan	Chairman	Dushanbe, Tajikistan	F	August 2, 1954	Complete	Returned	June 23, 2008
Rakhmonali	Amirov	State Committee of Investment and Management of State Property of the Republic of Tajikistan	Deputy Chairman	Dushanbe, Tajikistan	M	October 1, 1954	Complete	Returned	June 23, 2008
Baktybek	Ashirov	Department of Economic and Social Policy of Administration of President of the Kyrgyz Republic	Deputy Department Head	Bishkek, Kyrgyzstan	M	October 31, 1965	Complete	Returned	June 23, 2008
Sultanbek	Usenov	Department of Economic and Social Policy of Administration of President of the Kyrgyz Republic	Expert	Bishkek, Kyrgyzstan	M	June 17, 1959	Complete	Returned	June 23, 2008
Nurlan	Dusumbaev	Department of Economy, Trade, Tourism and Enterprise of Office of Government of the Kyrgyz Republic	Deputy Head	Bishkek, Kyrgyzstan	M	May 3, 1976	Complete	Returned	June 23, 2008
Bekbolot	Bekiev	Ministry of Justice of the Kyrgyz Republic	Deputy Minister	Bishkek, Kyrgyzstan	M	March 12, 1970	Complete	Returned	June 23, 2008
Aidar	Mokenov	Ministry of Economic	Deputy Minister	Bishkek,	M	April 29, 1963	Complete	Returned	June 23,

		Development and Trade		Kyrgyzstan					2008
Emilbek	Abdykadyrov	State Agency for Architecture and Construction under Government of the Kyrgyz Republic	Deputy Director	Bishkek, Kyrgyzstan	M	June 2, 1958	Complete	Returned	June 23, 2008
Aziz	Surakmatov	Bishkek City Division of the Department of State Architecture and Construction Supervision of the State Agency for Architecture and Construction	Head	Bishkek, Kyrgyzstan	M	November 22, 1971	Complete	Returned	June 23, 2008
Oktyabr	Abdykaimov	Department for Control of Large Taxpayers of the State Taxes and Charges Committee of the Kyrgyz Republic	Head	Bishkek, Kyrgyzstan	M	November 7, 1971	Complete	Returned	June 23, 2008
Bakyt	Torobaev	Parliament of the Kyrgyz Republic	Member of Parliamentary Finance and Budget Committee	Bishkek, Kyrgyzstan	M	April 5, 1973	Complete	Returned	June 23, 2008
Zina	Asankojoeva	Department of Finance and Credit Policy of the Office of Government of the Kyrgyz Republic	Head	Bishkek, Kyrgyzstan	F	October 4, 1962	Complete	Returned	June 23, 2008
Tatyana	Kim	Chamber of Tax Consultants of the Kyrgyz Republic, business association	Chairman of the Board	Bishkek, Kyrgyzstan	F	March 25, 1952	Complete	Returned	June 23, 2008
Andrey	Dogadin	Union of Entrepreneurs of Kyrgyzstan Public Union, business association	Deputy Executive Director	Bishkek, Kyrgyzstan	M	December 15, 1968	Complete	Returned	June 23, 2008
Sergey	Slepchenko	International Institute for Strategic Studies under President of	Head	Bishkek, Kyrgyzstan	M	December 2, 1956	Complete	Returned	June 23, 2008

		the Kyrgyz Republic							
Raushan	Perdebayeva	Department of Economic policy and Regulations of Ministry of Economy and Budget Planning of RK	Head	Astana, Kazakhstan	F	January 5, 1953	Complete	Returned	June 23, 2008

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