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**TRADE FACILITATION AND INVESTMENT PROJECT
CONTRACT # 116-C-00-01-00015**

**FIFTEENTH QUARTERLY REPORT/
TFI ANNUAL REPORT FOR
CONTRACT YEAR 1 JUNE 2004 – 31 MAY 2005**

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TRADE FACILITATION AND INVESTMENT PROJECT

ПРОЕКТ ПО РАЗВИТИЮ ТОРГОВЛИ И ИНВЕСТИЦИЙ



**15th Quarterly Report
Completion of the 4th Project Year
June 1, 2004 through May 31, 2005**

INTRODUCTION

Despite significant political turmoil in the Kyrgyz Republic and Uzbekistan toward the end of the contract year, the USAID-funded Trade Facilitation and Investment Project made great strides toward creating a better environment for small and medium enterprises throughout the region during 2004 – 2005.

The March revolution in the Kyrgyz Republic, which toppled the Akaev government, significantly delayed national-level legislative initiatives as issues of security and transition took precedence in advance of the July 2005 Presidential elections. However, prior to the revolution, TFI successfully supported a number of reforms in trade administration, which are detailed in this report. At this point, TFI will continue to monitor the situation closely and provide technical assistance where possible.

At the same time, the Ferghana Valley was proving equally tumultuous in its politics. Vast changes took place in local governments starting in October 2004, in Uzbekistan, the Governor of Ferghana Oblast, supporting government leaders, and a number of leaders of local Chambers of Commerce were replaced. While TFI had to work to rebuild relationships with the new government officials, it also provided the opportunity to make cross-border trade and regulatory improvement an important issue on the new Governor's agenda.

The situation worsened with recent events involving public protests and the violent suppression of the protestors in Andijan, Uzbekistan. The events have made the Uzbek government even more reluctant to openly work with international organizations. While the government is taking actions that may appease Uzbek citizens, such as opening roads to facilitate transportation, it appears the role of government agencies is being increased, likely resulting in unjustified inspections by police, customs, and tax officials and creating further barriers to trade. As a result, the upcoming contract year will be filled with new challenges for TFI and its private sector counterparts.

Despite these challenges, TFI achieved 76% of its region-wide intermediate and overall objectives set out for this year.¹ The shortfall is due in large part to a lack of action on the part of governments in Central Asia to carry reforms through to completion. Many of these will continue with completion expected in the next Project year. The Project's greatest successes were in Constraint Reductions in both Kazakhstan and the Kyrgyz Republic, where 55 and 33 reductions, respectively, were achieved in a variety of sectors, resulting in millions of dollars of savings for SMEs. Constraint reductions, however, were less than expected in Tajikistan, as government counterparts in Dushanbe were slow to embrace reform efforts. All of these achievements are reported in greater detail in the attached Constraint Reduction Tables.

TFI also had a major impact in the WTO accession process in both Uzbekistan and Tajikistan over the past year. Preparations for Working Party Meetings for both countries took precedent as major revisions on Legislative Action Plans and required amendments were the focus of much of TFI's activities.

¹ 184 Intermediate Objectives – 119 Completed, 22 Partially Completed

In the coming contract year, TFI will continue to make strides in each of these areas as the Project enters its phase-out period. TFI will focus primarily on sustainability through the transfer of skills to local organizations, particularly techniques for effective constraint reduction and advocacy.

REGIONAL ACTIVITIES

TRADE FACILITATION & CUSTOMS

Customs Codes in Central Asia

The new Kyrgyz Customs Code came into effect on January 1, 2005. In addition to helping modernize the Code itself, TFI played a leading role in the development of the normative acts, which ensure WTO compliance, and to the degree possible, adherence to the Standards and Recommended Practices of the Revised Kyoto Convention (RKC). The Kyrgyz Code is now in fundamental compliance with WTO principles and agreements and is the best new Customs Code in the region.

The new Tajik Customs Code also came into effect on January 1, 2005. Throughout the year, TFI provided a significant amount of technical assistance on the development of the new code in Tajikistan. Unfortunately, despite TFI's efforts, the Tajik authorities decided that it was in their best interest to adopt the current Russian Code as the model for the new Tajik Code. This outcome, while disappointing, will not hinder TFI's commitment to work with the Tajik authorities to develop new normative acts required under the Code and to help bring officials together with business on roundtables and training on the new legal and regulatory framework.

In Kazakhstan, minor amendments were drafted to the Customs Code, some following recommendations proposed by TFI. Those amendments concern certification of goods imported to Kazakhstan and post-entry control by customs. At present, the amendments have passed the Senate and are before the President for signature. They are expected to be signed by July 2005.

Risk Management

In response to requests for technical assistance from the customs administrations in Kazakhstan and the Kyrgyz Republic, TFI also provided a Short Term Technical Advisor to the two customs administrations in September and October of 2004. TFI's international specialist spent four weeks each training officials in Bishkek and Astana in how to set up their national Risk Management Programs. As a result, Kazakhstan established a special Risk Management unit in its Customs Committee and low risk traders are beginning to receive simplified customs clearances. Senior customs officials in the Kyrgyz Republic also benefited greatly from this technical assistance, and results will surely be realized in the near future, once the political situation is more stable.

Customs Valuation

Apart from the lack of availability of trade information, traders contend that the main constraint to trade in Central Asia is the abusive and unpredictable methods used by customs administrations of determining the value of imported goods. In response to this, TFI provided another Short Term Technical Advisor to work with Kyrgyz and Kazakh Customs to explain customs' obligations in the correct administration of the Agreement on Customs Valuation (ACV), which lays out clear methods for determining customs value of imports, which is critically important since it is the value of imports on which import duties and taxes are calculated. The Advisor also trained customs valuation specialists on the methods of investigating and determining import values in compliance with the ACV. As a result, Kyrgyz Customs abolished its previous practice of determining value by setting *Control Level Prices* and current practices are now more business-friendly and compliant with the principles of the ACV.

Customs Consultative Councils

TFI Trade Facilitation Consultants continued to work this year with private sector parties in each country to energize the consultative process. Indeed, the experience gained by TFI in support for establishment of the

consultative processes in Kazakhstan has been put to good use in the Kyrgyz Republic and Tajikistan. Representatives from the business community now lead the National Consultative Council in Bishkek. The Consultative Council in Osh is working regularly, and the Councils in Dushanbe and Khujand are beginning to show signs of greater productivity in identifying and reducing trade constraints. TFI obtained agreement in May 2005 from the Tajikistan Customs Committee to establish a third Consultative Council in southern Tajikistan. And, finally, the Khokimiyat of Ferghana oblast in Uzbekistan agreed to establish a consultative council in March 2005 comprised of Customs, Tax and local business associations. Many of the constraint reductions contained in this report resulted from the consultative process and TFI expects even more in the coming year.

The International Trade Guide for Central Asia

A major step towards improving transparency and access to information was taken with the successful launch of the on-line International Trade Guide for Central Asia (ITG) in Kazakhstan and Kyrgyzstan. This was done without major cost to TFI as we successfully leveraged the financial support of the OSCE to develop the Guide itself and partnered with a private sector company, INCOM, to maintain the Guide and ensure its commercial viability. The Kazakh Guide is complete and fully operational. The Kyrgyz Guide is nearly complete and negotiations have begun with Tajik Customs to develop their Guide based on the new Tajik Customs Code. Since its launch early in the previous Project year the Kazakh ITG has enjoyed nearly 50,000 hits and positive feedback from traders in a variety of countries. Additional indicators are provided in an annex to this report. The ITG is available in Russian and English at: www.ca-trade.com

Transit Facilitation

TFI successfully expanded TIR Carnet use and availability in the Ferghana Valley. In Uzbekistan, TIR Carnet use was expanded in a TFI partnership with AIRCUZ, the Uzbek national issuing association, through a grant from the USAID EDP Grant Program. Through this grant, AIRCUZ expanded TIR carnet issuance to Tashkent oblast, Namangan and Khokand. They have since expanded to Chust, Termez and Andijan. As a result of this expansion, TIR carnet issuance was up 57% in 2004 and these new locations account for nearly 32% of all carnets issued in the first five months of 2005. Currently, charter documents are pending for registration for AIRCUZ expansion in Samarkand and Karakalpakstan. In contrast, in Kyrgyzstan, it was determined that the best means for businesses to use TIR Carnets would be via subcontracts. A local TIR holder, identified as a good candidate for subcontracting, was enlisted as an EDP client to assist the company in developing a subcontracting service. The TIR holder held two informational seminars in March 2005, which resulted in the signing of three subcontracting agreements. Both the company and TFI consider the program to have great potential for entrepreneurs involved in foreign trade in the Ferghana Valley.

Non-TIR Transit

TFI successfully lobbied for the inclusion of insurance as a risk tool in the new Customs Codes in Kazakhstan and the Kyrgyz Republic. The Kazakhstan Customs Committee has requested TFI to lead the development of the insurance guarantee. Much progress has been made in drafting the logistics for the transit insurance guarantee, and the World Bank has agreed to fund an insurance consultant to finalize the product, with the participation of the insurance sector in Kazakhstan, beginning in July 2005. Progress on development of the transit insurance facility has not been a rapid as originally planned. However, once the World Bank funding for the Transit Insurance Consultant is approved, the product will be finalized and ready for implementation within three months.

METROLOGY, ACCREDITATION, STANDARDIZATION – QUALITY (MAS-Q)

International activities

The International Laboratory Accreditation Cooperation (ILAC) granted special status to CAC-MAS-Q. As a result, the CAC-MAS-Q is now listed as an ILAC Regional Cooperation Body. It is the only regional organization within the CIS to be recognized by both the International Accreditation Forum (IAF) and ILAC.

Ongoing support to the CAC-MAS-Q will likely be scaled back pending the results of the Kyrgyz Presidential election in July 2005, which will likely result in new leadership at NISM and also a determination by USAID of available funding to support the central government of Uzbekistan.

Equipment Donation

Through TFI's efforts, the United States Navy and the Boeing Corporation donated \$302,000 worth of scientific instrumentation and electronic test equipment to the Committee on Technical Regulations and Metrology (Gosstandard) of the Republic of Kazakhstan. This was the third equipment handover to take place during the course of the Project. The MAS-Q team and instructors from the US Navy conducted a two week metrology training course for key technical specialist from the Gosstandards of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan in the use of the equipment being provided.

FERGHANA VALLEY ACTIVITY

Facilitation of Cross Border Trade and Collaboration

One of the most prevalent cross-border activities in the Ferghana Valley is beekeeping and honey production. Tight border controls and non-transparent procedures for beekeepers have increased costs for those involved and reduced cross-border activities. In response to these barriers, TFI initiated the creation of a working group to study the situation for beekeepers in the Osh oblast. The recommendations made by the working group resulted in a Resolution that stated necessary veterinarian certificates could be issued at the beekeeper's destination point instead of requiring all beekeepers to go to Osh to obtain a certificate. It also called for the creation of a unified plan for land use and fees and stated that beekeepers would no longer be subject to excessive stops and demands for payments.

Building on last year's success of having the Kyrgyz Ministry of Foreign Affairs in Osh agree to issue Kyrgyz visas to beekeepers from Uzbekistan, TFI has continued to focus efforts on removing constraints that hinder cross border trade in the Ferghana Valley. During a cross-border meeting organized within the framework of the Ferghana Honey Festival, the Kyrgyz government agreed to consider requests from other business groups for visas in Osh, instead of requiring them to go to Tashkent, thereby eliminating additional costs and time spent that could make cross border activities prohibitive.

TFI-EDP Collaboration for Export Promotion

Taking potential trade deals and turning them into actual cross border transactions can be very challenging for entrepreneurs located in the Ferghana Valley. This contract year, TFI assisted in the realization of two important trade deals. In October, TFI and EDP arranged and led negotiations that resulted in an agreement in which a Kyrgyz company will supply an Uzbek company with 4,000 tons of coal for \$42,500 USD. TFI and EDP also jointly assisted Kyrgyz entrepreneurs with the export of honey to the United States in furtherance of a long-term relationship with an American buyer.

REGIONAL ASSOCIATION DEVELOPMENT AND ADVOCACY

TFI has successfully supported the development and technical capacity of local organizations and institutions to initiate the RIC methodology throughout the duration of the project. In order to ensure that these organizations will have the technical and financial capabilities to continue to identify and reduce constraints after the conclusion of the TFI project and to train new organizations in the RIC methodology, TFI in conjunction with Counterpart & EDP, conducted a Central Asian Regional Conference for business associations on April 29th and 30th, 2005. More than 100 business association representatives from Tajikistan, Uzbekistan, Kyrgyzstan and Kazakhstan participated. Over the course of the conference, participants received information on financial sustainability, revenue generation methods, ethics, accounting and advocacy. In addition, TFI used the conference to launch an expanded partnership program in which existing TFI partners in Kazakhstan will train and mentor associations in other countries in the RIC methodology. TFI is already working with two of its existing partners to provide this training and expects to begin training to new business associations in Tajikistan, Kyrgyzstan and Kazakhstan during the coming

contract year. In addition, TFI established a website for partner program participants (www.ca-ric.com). That site contains an electronic library of laws, process maps and other materials essential to implement the RIC methodology. It also contains a bulletin board on which members can communicate, post questions and answers and share information on particular issues, links to government bodies in all four Central Asian states and contact information for all partner program participants. The website will serve as the basis of a sustainable network of business associations implementing the RIC methodology after the conclusion of the TFI project.

COUNTRY ACTIVITIES

KYRGYZ REPUBLIC

Despite the political turmoil which began in March 2005, TFI achieved significant successes in 2004-2005, with the reduction of 33 constraints through improved government transparency, elimination of regulations and process improvements. For many significant regulatory improvements it is impossible to assign a monetary value. For example, improvements in legal drafting procedures qualitatively improve the environment, but can not be quantified in simple terms. However, through other improvements, it is estimated that entrepreneurs either saved or were freed to earn over \$2,000,000 through TFI efforts. In the WTO area, TFI also facilitated 5 significant steps in post-WTO accession compliance. In addition, events hasten the Project's intensified focus on private sector support, skills transfer to private sector counterparts and encouragement of sustainability.

As a result of the revolution, there has been a call for Constitutional changes. To date, the working group recommendations have focused on political issues. However, in May, in response to a request from Speaker Tekebayev, TFI collaborated with ARD/Checchi to develop and submit recommended Constitutional changes that address economic and regulatory issues, strengthen property rights and facilitate the establishment of a hierarchy of laws for improved legal predictability. These recommendations are anticipated to be sent by USAID to Speaker Tekebayev in June.

Customs Code, Implementing Regulations and Support to the Ancillary Service Sector

Not only was the Customs Code itself reformed, but the ancillary service market was legalized and began to develop. In an area that was once monopolized, services ranging from Customs brokerages to duty-free shops were legalized and began operation. In addition, a number of brokers, with TFI assistance, have started a brokers' association to facilitate collective advocacy, promote industry development, and protect the interests of members. TFI supported, 3rd party training providers received recognition for test results based on trainings provided to future Customs clearance specialists.

Public-Private Forum Development

The Customs Consultative Council has proven to be a valuable mechanism for Customs brokers, investors, and individual traders. Many businesses are no longer afraid to raise issues and the Councils' success in providing public input, eliminating burdensome requirements, and gaining government approval for services has proven its value. Through the transfer of skills to TFI's private sector counterparts, it is expected the Councils will continue beyond the life of the project as a positive mechanism for dialogue and change.

Both regional and national Prosecutor's Working Groups have proven to be valuable partners for business in the elimination of illegal and burdensome regulations. With over 120 regulations eliminated, the working groups provide businesses an opportunity to raise problems, and provide as system of checks and balances on executive regulatory power. As with the Customs Consultative Council, TFI is in the process of transferring skills to private sector counterparts and replicating models from Osh and Bishkek across the country to provide all businesses with access to this mechanism for change.

Continued MAS-Q Implementation

With the May 2004 adoption of the Technical Regulation Law, the Kyrgyz Republic made a significant step forward and laid the foundation for a WTO compliant standards system. In the past year institutional

differences between competing government bodies and assigning necessary responsibilities was addressed. Draft regulations including a much shorter list of goods subject to mandatory conformity assessment, import procedures and accreditation rules, have been developed and adoption is anticipated in the early part of the next contract year.

Despite the progress made, delays in government decision making and territorial fights within the government delayed progress. Effective reform requires significant government will and the relinquishing of power over many goods and business activities. So far, the government will to take these steps has been questionable.

Osh and Southern Kyrgyzstan

In February, a new Governor was appointed in Osh, however his term was short-lived as he was replaced after the revolution took place in March. An Acting Governor was officially appointed in April, although it is possible that a new Governor may be appointed after the presidential elections in July. The current atmosphere amongst government officials in Southern Kyrgyzstan is one of unease as they perceive their posts to be at risk and fear being replaced at any time. The instability felt by department heads has impacted the confidence of their employees, thus affecting their job performance.

TFI is re-establishing relationships with the Governor's office, and other governmental offices that experienced significant staff changes, in an effort to ensure continued support for facilitating trade and removing constraints for entrepreneurs in southern Kyrgyzstan. TFI is also actively working with the Mayor's office in Osh through the framework of the Initiative Group, which was formed by entrepreneurs after the revolution to communicate concerns and requests of the local business community to the new government in Bishkek. Going forward, the Group decided to focus its efforts on reducing corruption and drafted an agreement to become the Anti Corruption Coalition. The draft agreement has been sent to the Mayor for his approval and support. The Coalition requested that the Mayor create a business council that will function as part of the mayor's office and act as the link between the business community and the Mayor, as is done in the Bishkek Mayor's office. With the formation of the Anti Corruption Coalition, TFI and local entrepreneurs have made the best of the challenging post-revolution business conditions and continue to strive for change that will positively impact the business community.

RIC Successes

Through TFI recommendations, the Osh governor signed a law to improve the local administrative procedures for legislation adoption, which became a model for other government bodies in the country, who were instructed to adopt similar procedures. The changes are more inclusive of entrepreneurs through the publication of draft regulations, a review and comment period for public input, and an adjustment period of 30 days before enacted regulations go into effect. Also in Osh, TFI saw business conditions improve through the removal of illegal checkpoints, the removal of unofficial civilian intermediaries from customs posts, and the reduction of unjustified inspections conducted to reach budgeted levels of tax and fine revenues.

In Uzgen, Kyrgyz Republic, TFI helped to remove constraints by repealing illegal or improper decrees thereby eliminating additional road checkpoints to supervise cross-border driving of cattle and the requirements for entrepreneurs to provide mandatory transport to military offices, to contribute to a local social facilities fund, and to pay one-day's total salary for all employees into a public fund.

Sustainability of RIC Methodology

Through TFI's RIC Methodology Training, a sustainable advocacy program is being established in Kyrgyzstan and the Ferghana Valley. The program was created to empower TFI's private sector counterparts to act as independent advocates for entrepreneurs and to ensure business constraints continue to be reduced after the TFI project ends. This program will be expanded in the coming year by bringing Kazakh partner associations to conduct trainings for select Kyrgyz associations and encourage greater regional cooperation between associations. This is a direct result of the regional association and advocacy conference held in April.

Challenges and Future Focus

During the Akaev regime, an “implementation gap” between broad reform plans and results felt by individual entrepreneurs was created that must be overcome. Going forward, TFI will continue to address this gap by focusing on issues of importance to business and involving businesses in the legislative and regulatory process. Expectations are that the new government will bring its own plans and projects, but extra care must be taken to avoid the mistakes of the past. Initiatives should be specific, goals clear, and accountability paramount for making real changes that will benefit entrepreneurs and contribute to economic growth. While the government has significant experience with the development of action plans and similar macro-level strategy documents, these often mask implementation deficiencies that prohibit tangible public results. Any new plans and programs should be viewed with skepticism unless accompanied by clear implementation provisions and evidence of success at the citizen level. The Kyrgyz citizens have seen that direct confrontation can produce change, and will be unlikely to wait patiently for another decade for significant operational changes and improvements in the citizen-government relationship.

KAZAKHSTAN

Reduction of Trade and Investment Constraints

TFI and its partner program participants successfully reduced 55 constraints in 12 cities over the course of the year, compared to a target of 50%. Expectations were exceeded primarily due to the successful transference of RIC methodologies to local institutions such as business associations, SME departments within local governments, and Customs Consultative Councils. Of the 55 reductions achieved, 49% of them were achieved by TFI trained institutions. This is up from last year, when only 16% of the 24 reductions were achieved by partner associations. These impacted the tourism industry, the pharmaceutical industry, food processing industry, service industry, land acquisition and construction projects, as well as government procurement of goods and services and licensing and will have a positive impact on thousands of SME's throughout Kazakhstan.

Highlights from the year include:

- Elimination of 178 licenses and sub-licenses for medical services and 112 licenses and sub-licenses for construction related activities, and licensing requirements for seven categories of business activities.
- Delegation, from the national government to oblast governments, of authority to issue licenses for more than 10 categories of licenses, thus relieving SMEs of the requirement to travel to Astana to apply for and receive operating licenses.
- Repeal of mandatory quality certifications for tourism services. These previously mandatory certifications applied to things such as tour itineraries, tour guides and even menus for package tours.
- Elimination of 16 steps from the process of land allocation for construction activities and the imposition of time limits that will reduce the length of the process from up to three years to no more than 80 days.
- A major restructuring of the system for government procurement of goods and services that lays the legislative groundwork for the introduction of an e-procurement system in Kazakhstan and lowers entry barriers for SMEs. The improvements will enable entrepreneurs and companies to engage in inherently more fair competition, make the process of government procurement more transparent and strengthen control over budget expenditures and actions of tender commissions.

Partnership Program

Through the Partnership Program in Kazakhstan, TFI has created a sustainable network of business associations that have both the financial and technical capacity to continue to improve the business environment for its members and the general SME community after the TFI Project ceases. In 2004 – 2005 TFI not only expanded the number of partner program participants but also implemented a training program that resulted in our partners reducing 27 constraints in 9 cities. During the previous contract year, TFI partners were responsible for 4 constraint reductions.

By the end of May 2005, TFI had recruited and trained 35 partners in 21 cities. Those partners included both business associations and governmental bodies. During the upcoming contract year, TFI will introduce association training to new partners that will ensure the continued recruitment and training of governmental and non-governmental entities to implement the RIC methodology and reduce constraints long after the conclusion of the TFI project.

All of these Constraint Reductions are detailed in the Constraint Reduction Table attached to this report.

E-Government

TFI was instrumental in many advances made in establishing an e-government system in Kazakhstan. TFI participated in the drafting of legislation that lays the legal foundation for establishing e-procurement, and assisted in developing the technical platform on which the system will be launched. TFI also assisted the oblast government in West Kazakhstan Oblast to launch its official website. Finally, TFI worked closely with Akimats in Pavlodar and Ust-Kamenogorsk to improve their websites and upload information on compliance with various government processes such as construction permitting or registering land.

WTO – Compliant law on Technical Regulations

The RK Law “On Technical Regulation” #603-11 was passed on November 9, 2004. TFI determined that the law was not fully in compliance with WTO requirements and began to lobby for amendments required to bring the law into compliance. Unfortunately, the Kazakh government was and continues to be reluctant to make changes to the law. EuropeAid (TACIS) is now implementing a program to assist with implementation of the law. During the contract year, TFI provided EuropeAid with its assessment of the law and both organizations continue to share information. EuropeAid has assumed the main donor role of supporting this activity and we expect that further improvements to the law will result.

Customs Consultative Councils

TFI consultants are members of the consultative councils in Ust-Kamenogorsk, Uralsk, Pavlodar and the national Council in Astana. There are currently 28 councils meeting regularly across the country and successfully eliminating constraints. Some of the highlights from this project year include:

- The consultative council in Uralsk successfully lobbied the Russian government to impose a 60% rate reduction on mandatory transit insurance required of all Kazakh drivers entering Russia.
- The consultative council in Ust-Kamenogorsk introduced online submission of customs declarations and acceptance of credit card payments for customs duties.

Collaboration with the Kazakh Government

TFI's expanded presence in Astana in 2004, as well as the government's growing awareness of our methodology and successes (President Nazarbayev specifically mentioned the success of a TFI partner association in reducing constraints in Karaganda in a speech he gave on February 2, 2005) have led to increased collaboration with the Kazakh Government on many fronts and at many levels. For example, the Ministry of Industry and Trade has issued a tender to finance RIC activities by private organizations in all Kazakh Oblasts and will fund RIC methodology training for the tender winners by TFI consultants; TFI is working with the research department of the Presidential Administration on developing a methodology for rating the regulatory environment of oblast and cities throughout Kazakhstan and they have requested that TFI partner associations implement the methodology and collaborate with the Presidential Administration to identify and reduce constraints in Oblast Centers; The Ministry of Economy and Budget Planning has requested that TFI assist them in identifying and eliminating redundant permitting requirements; TFI is currently consulting with the Office of the General Procuracy on establishing working groups that will identify and eliminate illegal normative acts at the oblast and city level; and the governmental Center for Marketing and Research (responsible for implementing Kazakhstan's Cluster Development Project) is establishing private/public coordination committees that are based on TFI's model for Customs Consultative Councils.

TAJKISTAN

While TFI made considerable progress in reducing constraints to trade and investment in Tajikistan in the 2004-2005 contract year, results were not as we had hoped. The national government was very slow to undertake the necessary legislative initiatives on investment, technical regulations and licensing causing this work to remain largely incomplete. Furthermore, despite the government's stated commitment to the consultative process, they have so far failed to adequately support the work of the consultative council in Dushanbe, which has yet to resolve any issues raised by the business community, despite the relative success of the council in Khujand.

In the RIC component of the Project, TFI had several major successes during the year, mainly in Khujond. These included:

- Introduction of a single, consolidated registration form for business registration, re-registration and registration of branch offices. This reduced the number of required documents and the number of mistakes made in the registration process. Additionally, the registration process was shortened by 2-4 days.
- Reduction of a retail turnover tax on pharmaceutical sales in Khujand from 3% to 1%, benefiting each of the 97 drug stores operating in Khujand.
- Elimination of illegal licensing requirements for certain transport vehicles in Sogd oblast.
- Elimination of a duplicate and illegal quality certificate for transport operators in Sogd oblast.

More detailed description of all constraint reductions is included in the attached tables.

Trade with Afghanistan

To help provide Afghan traders with crucial information on the border procedures with Tajikistan TFI developed and installed an informational board detailing the border crossing process and export-import procedures on the Tajik-Afghan border at Nizhniy Pyanj. The information is provided in both Russian and Dary languages. In the coming contract year, TFI plans to continue to address constraints related to trade with Afghanistan through the development of Consultative Councils in Khorog and Kurgan-tube near the Tajik-Afghan border, as new bridge links between the two countries are now under construction.

Customs Legislation

TFI spent a good part of the contract year advising the Tajik Government on their new Customs Code which was passed by the Parliament and came into force January 1, 2005. While the new Code provides several advantages including intellectual property rights (IPR) border measures and fees for customs clearance in compliance with the respective WTO agreements, there remain some deficiencies in the Code's compliance with the RKC. It is, however, in compliance with most of the WTO Agreements and will be submitted for review at the next WTO Working Party in the coming contract year. Also, TFI provided support in developing the draft regulations on Customs Valuation and IPR border measures which are key implementing regulations for the new Customs Code. TFI will continue to support these efforts in the coming contract year.

Steps Toward WTO Accession

The past year was a very productive one in Tajikistan's accession process to the WTO. With TFI's assistance, the Tajik WTO accession team prepared and submitted answers to US, EC and Australia questions; revised market access offers on services and on goods; revised the legislative action plan; and established the WTO Information Center, GATS, TBT and SPS Enquiry points. In addition, several pieces of WTO-compliant legislation were enacted, including Customs and Tax Codes and the Civil Code (part III).

Acceptance of Article VIII by the Tajik Government was a significant step, as it obligates Tajikistan to the IMF Agreement and led to the successful second round of WTO accession negotiations. The Second Working Party Meeting was held in Geneva in April 2005. TFI prepared the Tajik negotiating team for it by

consulting the members on the revised market access offers on goods and services. Also, throughout the year, TFI provided trainings on various WTO matters aimed at strengthening institutional capacities of Tajik officials, including supporting Tajik government officials' participation at the WTO annual Symposium held in Geneva.

The Working Party members noted the progress made by Tajikistan since the first WP Meeting was a significant step towards accession. As recognition of the progress made, the WTO Secretariat has issued an initial draft of the Factual Summary of Points Raised – an important document, which describes the Tajik accession negotiation process. This document will be the basis for the Draft Working Party report, which will describe terms and conditions of Tajikistan's membership to the WTO.

Challenges

Despite overall progress made in the accession process in some areas, progress is still not as fast as TFI had hoped. TFI supported the establishment of a technical regulation law working group as part of the reform efforts to develop a law compliant with the WTO Technical Barriers to Trade agreement. However, this reform requires significant commitment and political will from the Government. So far, despite the formal decision to go ahead with the reforms, Tajik standard has been reluctant to change. TFI has started to train members of the working group on TBT and SPS agreements and technical regulation reform, and prepared and submitted to the working group a first draft of the technical regulations law in March, which is still being reviewed.

Future focus

TFI will continue to support the Tajik WTO accession process by preparing various accession documentation and focusing on drafting and reviewing the Customs Code implementing regulations, IPR legislation and the technical regulation law. Reforms are also needed in the areas of: import restriction on alcohol and tobacco, mandatory sale requirements through Tajik Universal Exchange, establishment of non-discriminatory and cost-based fees for certification, trademark registration, issuance of certificates of origin, and customs clearance.

Greater detail is provided on these steps in both the work plan chart and the Tajikistan WTO Checklist.

UZBEKISTAN

As a result of TFI's assistance over the past year, significant steps were taken toward WTO accession in Uzbekistan. The speed of implementation accelerated when the GOU took TFI's advice on institutional capacity building, which included the establishment of the Small Council and several working groups on specific WTO related matters. It resulted in the Second Working Party Meeting in June 2004, where revised GOU replies to WTO questions were reviewed and the Legislative Action Plan was submitted to WTO for the first time. Major achievements toward WTO accession were made this year through a number of important legislative initiatives, the adoption of several WTO-required international conventions, such as Bern Convention and International Convention on Plants Protection, and the preparation of the new Customs Code and Technical Regulating Law. All of these steps were designed to bring the national legislation into conformity with WTO rules and principles. The GOU further demonstrated their commitment to WTO Accession by establishing a single TBT SPS Inquiry Point and an Uzbek Mission in WTO, in order to accelerate the process of accession following the Working Party Meeting.

It is important to note, that as a result of TFI's assistance, there is an increased level of awareness and understanding among different levels of GOU officials on the importance of WTO accession for Uzbekistan. For the first time in Uzbekistan, TFI held round-table discussions on the benefits and challenges of the WTO membership with industry representatives and private sector institutions. TFI supported the participation of GOU officials and academicians at the WTO annual Symposium in Geneva, which resulted in increased level of understanding on part of the participants on the current negotiations in WTO.

Political changes impact on WTO accession process

During the third quarter, the accession process slowed due to new government appointments. Vice Prime Minister Ganiev, Chairman of the Agency of Foreign Economic Relations (AFER), the government agency responsible for WTO accession coordination, was appointed as a new Minister of Foreign Affairs. Despite the reshuffle, WTO accession portfolio remained within Mr. Ganiev's domain. However, due to his new responsibilities as a Minister of MFA, TFI's access to him somewhat decreased. TFI continued regular contact with the members of the Small Council, key officials at the Cabinet of Ministers, Ministry of Finance, Ministry of Economy and other related GOU agencies.

The latest political events in Uzbekistan, specifically the events in Andijan in March 2005, have not directly affected the WTO accession process. The process of legislative drafting continues and the list of documents required for submission to WTO is being approved by GOU. It is extremely important that the GOU continues the WTO accession process by submitting the initial offers on goods and services and holding the next WP Meeting. A continued and steady WTO accession process will foster decisions on elimination of WTO non-compliant discriminatory trade rules, which inhibit Uzbekistan's economic development.

Challenges

TFI's main focus in the coming contract year will be to urge the GOU to submit its initial offers on goods and services to WTO as soon as possible. WTO members clearly indicated to the GOU during the last Working Party Meeting that without this submission, the next WP Meeting would not take place. The same message was communicated to the GOU officials in Geneva by the WTO Accession Division representatives and other WTO experts during TFI training on market offers for goods. Therefore, TFI has increased its assistance to GOU in preparation of services and goods offers by holding practical trainings on drafting both documents. The main concern over the goods offer is related to the GOU's discriminatory application of excise taxes to imported goods. According to WTO principles on national treatment, there should be no discriminatory taxation with regards to imports. Uzbekistan's discriminatory application of excise taxes to imported goods will have to be eliminated during the WTO accession process.

RIC-Ferghana

Significant improvements were made through the reduction of business registration process constraints. TFI developed and distributed a handbook for entrepreneurs in both Andizhan and Ferghana in an effort to better explain the business registration process. In addition, TFI assisted in the implementation of changes to the business registration fee structure, which resulted in a 40% reduction in fees for entrepreneurs. TFI also contributed to the creation of business registration software in Uzbekistan, which is already being used by four government departments for business registration and greatly reduces registration processing time.

4TH PROJECT YEAR PROGRESS TOWARDS THE PMP

The baseline figures are as of June 1, 2004 (for period 1 June 2001 through 31 May 2004). The Targets are specific to the contract year June 1, 2004 to May 31, 2005, and do not include the base year totals.

Country	Quantity			Steps toward WTO Accession/ Compliance		
	Base (Cum.)	Target	Actual 2004- 2005	Base (Cum.)	Target	Actual 2004- 2005
Kazakhstan	90	50	55	0	0	0
Kyrgyzstan	43	30	33	1	2	5
Tajikistan	3	20	14	30	17	16
Uzbekistan	2	3	3	20	20	14

5TH PROJECT YEAR BASELINES & TARGETS

The baseline figures are as of June 1, 2005 (for period 1 June 2001 through 31 May 2005). The Targets are specific to the contract year June 1, 2005 to May 31, 2006, and do not include the base year totals.

Country	Quantity		Perception Target (SMEs surveyed)	Steps toward WTO Accession/ Compliance	
	Base (Cum.)	Target 2005- 2006		Base (Cum.)	Target
Kazakhstan	145	40	75%	0	0
Kyrgyzstan	76	20	75%	6	3
Tajikistan	17	10	75%	46	18
Uzbekistan	5	3	75%	34	15

List of Attachments:

- 1) ITG Summary Report
- 2) Constraint Reduction Chart – Kyrgyz Republic
- 3) Constraint Reduction Chart – Kazakhstan
- 4) Constraint Reduction Chart – Tajikistan
- 5) WTO Accession Checklist – Tajikistan
- 6) Constraint Reduction Chart – Uzbekistan
- 7) WTO Accession Checklist – Uzbekistan

PART II: PROGRESS TOWARD WORK PLAN

Trade Facilitation and Investment Project Quarterly Report

June 1, 2004 – May 31, 2005

KAZAKHSTAN			
Reduction of Investment Constraints (RIC)			
No.	Objective	Start Date	End Date
KZ RIC 01	Reduce constraints related to overly broad discretion to levy fines on SMEs during the course of a business inspection	1 Jun 04	31 May 05
Description	<i>During the previous contract year, TFI successfully reduced constraints related to excessive inspections of SMEs by state agencies. Still, a constraint remains in that the discretionary levels for fines contained in the Kazakhstan Administrative Code that may be imposed during lawful inspections remain unjustifiably high. TFI will work with Almaty Association of Entrepreneurs, the Pharmaceutical Association and the office of the general prosecutor to reduce this constraint.</i>		
Intermediate Objectives	1. COMPLETED. - Recommendations on amendments to the administrative code to reduce and better define the level of fines drafted and submitted to the government. – 30 November 2004.		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	Recommendations to reduce discretionary fine levels were submitted to the GoK for review in September 2004. Consideration of the recommendations was tabled until the end of the summer 2005. TFI will continue to monitor progress towards adoption of our recommendations.		
No.	Objective	Start Date	End Date
KZ RIC 02	Reduce constraints related to licensing	1 Jun 04	31 May 05
Description	<i>Excessive and redundant licenses and sub-licenses create large barriers to SME development. Duplications are found in licensing, accreditation, and standardization. TFI will work with partner business associations and government agencies to identify, articulate and reduce these constraints.</i>		
Intermediate Objectives	1. COMPLETED. - Identify constraints created by redundant and unnecessary licensing requirements. – Ongoing 2. COMPLETED. - Recommendations on eliminating redundant or unnecessary licenses as well as reducing licensing fees are drafted and submitted to the government. – Ongoing 3. COMPLETED. - Once approved, implementation and impact of the new rules are monitored and analyzed. – Ongoing		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	TFI spent the contract year working with the Inter-Governmental Commission on Licensing and the Forum of Entrepreneurs to prepare and submit recommendations on licensing reform to the GoK. As a direct result of those recommendations, 178 licenses and sub-licenses for medical services and 112 licenses and sub-licenses for construction related activities have been eliminated; licensing requirements for seven categories of business activities have been eliminated; the requirement to submit environmental opinions for 15 types of licenses has been eliminated; and the authority to issue more than 10 categories of licenses has been delegated from the national government to oblast governments, thus relieving SMEs of the requirement to travel to Astana to apply for and receive operating licenses.		
No.	Objective	Start Date	End Date

KZ RIC 03	Implement electronic governance systems in Kazakhstan	1 Jun 04	31 May 05
Description	TFI successfully laid the foundation for E-governance during the previous contract year. Implementing regulations have been drafted and a physical infrastructure has been developed to allow for business to government and government to business interaction. TFI will now work with the GOK and private sector counterparts to implement actual systems of e-governance, including online business registration, online submission of bids for government procurements and online statistics reports. TFI will also work with local governments to establish government websites in Kazakh Oblasts and to develop a national web portal.		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Draft legislation allowing for electronic procurement completed and presented to Government for approval. - 28 Feb 2005 2. PARTIALLY COMPLETE. - Pilot e-procurement system launched. – 31 May 2005 3. COMPLETED. - Provide commentary to GoK on draft e-commerce (and e-government) implementing regulations. – 31 May 2005 4. INCOMPLETE - Support the creation of the National Government Web-Portal to become a one-stop-shop for all business and citizen interaction with the Government. – 31 May 2005 5. PARTIALLY COMPLETE. - Local government websites online in at least four Oblasts. – 31 May 2005 6. INCOMPLETE - Government staff and businesses trained on the use of the e-procurement system. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	TFI was instrumental in many advances made towards establishment of an e-government system in Kazakhstan. TFI participated in the drafting of legislation that lays the legal foundation for establishing e-procurement, as well as helped develop the technical platform on which the system will be launched. Due to changes in the leadership of the Agency on Informatization and Communication, the system was not launched as planned. TFI believes the launch will occur in the next contract year. Also due to changes in the leadership of the Agency on Informatization and Communication, the creation of the National Government Web-Portal has been officially postponed until 2006. TFI also assisted the oblast government in West Kazakhstan Oblast to launch its official website (www.nit.kz/zko). In addition, TFI worked closely with Akimats in Pavlodar and Ust-Kamenogorsk to improve their websites and upload information on compliance with various government processes such as construction permitting or registering land (see for example http://oskemen.kz/uk4_2_4b.htm).		
No.	Objective	Start Date	End Date
KZ RIC 04	Reduce investment constraints through the utilization of the TFI Partnership Program	1 Jun 04	31 May 05
Description	Since TFI has limited human and financial resources, and since the Project is of limited duration, sustainable methods are needed for reducing investment constraints in Kazakhstan and to facilitate the reduction of those constraints in regions where TFI does not have human resources. A cost-effective way to develop sustainable capacity is to partner with business associations and train them on the technical methodologies of identifying and reducing investment constraints. During the previous contract year, TFI successfully signed on 8 partner associations. Many of those associations have already successfully reduced investment constraints in their cities or Oblasts. TFI will build on this success by expanding the reach and impact of our Partner Program.		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - MOU's signed with 8 partner business associations in 8 cities without TFI office representation. – 28 Feb 2005 2. COMPLETED. - Partner business associations complete training on RIC methodologies that will allow them to begin RIC activities. - 28 Feb 2005 3. COMPLETED. - Partner business associations reduce at least one constraint in at least six partner cities. - 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	TFI had set goals of signing eight new partners during the contract year and enabling them to reduce six constraints. By the end of the contract year, TFI had signed on a total of 35 partners in 21 cities, who were responsible for reducing 27 constraints in 9 cities. During the		

	upcoming contract year, TFI will introduce association training of new partners that will ensure the continued recruitment and training of governmental and non-governmental entities to implement the RIC methodology and reduce constraints long after the conclusion of the TFI project.		
No.	Objective	Start Date	End Date
KZ RIC 05	Reduce constraints associated with Tourism Related Services	1 Jun 04	31 May 05
Description	<i>Mandatory quality certifications for tourist services, tour routes, tour itineraries and tour facilities such as restaurants and hotels, as well as redundant licensing requirements create unnecessary cost and time constraints for tour operators and associated businesses.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Recommendations to simplify the process of registering foreign tourists submitted to the Government for approval. – 31 May 2005 2. COMPLETED. - New regulations regarding voluntary certification of tourism services drafted and submitted to the Government for approval. – 31 May 05 3. COMPLETED. - Once approved, implementation and impact of the new rules are monitored and analyzed. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	Based in recommendations developed by TFI, the Government of Kazakhstan, on April 20, 2005, issued Regulation No. 367 which repeals mandatory quality certification for tourism services and facilities in Kazakhstan. TFI has been working with the Kazakhstan Tourism Association for more than one year to lobby for this change. It will positively impact hundreds of tour operators and service providers throughout Kazakhstan. In addition, TFI submitted recommendations for repealing mandatory OVIR registration for the citizens of 27 countries that do not require letters of invitation to receive Kazakh visas. TFI will lobby for the adoption of those recommendations during the upcoming contract year.		
No.	Objective	Start Date	End Date
KZ RIC 06	Fewer Entry Barriers and Increased SME participation in the Government Procurement of Goods and Services	1 Jun 04	31 May 05
Description	<i>Current legislation regarding government tenders and procurement is non-transparent, unfair and confusing. The result is a time consuming and unnecessarily expensive procurement process. The current system also creates barriers to entry for SMEs that wish to compete in this lucrative market. TFI has already identified and reduced constraints to this process but further improvements are possible especially through the adoption of an e-procurement system.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Recommendations to reduce identified constraints related to government procurement submitted to the Government for approval. – 31 Aug 2004 2. COMPLETED. - Recommendation approved and adopted by GoK. – 30 Nov 2004 3. COMPLETED. -Draft legislation allowing for electronic procurement completed and presented to Government for approval. -28 Feb 2005 4. INCOMPLETE - Pilot e-procurement system launched. – 31 May 2005 5. INCOMPLETE - Once approved, implementation and impact of the new rules are monitored and analyzed. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	TFI recommendations led to a major restructuring of the system for government procurement of goods and services that lays the legislative groundwork for the introduction of an e-procurement system in Kazakhstan and lowers entry barriers for SMEs and increases transparency		

in the process. TFI's recommendations introduce the following improvements to the system of government procurement:

1. The State Procurement Agency will have complete oversight over the conduct and procedure of government tenders and the decisions of tender commissions;
2. A mechanism for appealing against the decisions of tender commissions;
3. The creation of a state register of entities that may carry out government procurement;
4. The establishment of a methodology for determining a "dumping price" for goods and rejecting bids based on these below market value prices;
5. Newly established firms with no experience or public reputation will not be permitted to bid on tenders in order to reduce sham tenders from straw companies;
6. The creation of a standard contract that provides for equitable divisions of conditions and responsibilities;
7. Private sector experts will be permitted to sit on tender commissions;
8. The reduction of the security for tender applications to between 1-3%;
9. The introduction of a requirement that the tender commission publish tender announcement on the web-site of the State Procurement Agency;
10. The introduction of a requirement that tender commissions publish tender results in mass media and provide detailed explanations for rejections of tender applications on request;
11. The introduction of a requirement to publish all tenders in one national newspaper and online; and
12. The introduction of information systems in government procurement in order to receive required reports, information and materials electronically and otherwise supervise the terms and delivery of the tender.

The improvements will enable entrepreneurs and companies to engage in inherently more fair competition, make the process of government procurement more transparent and strengthen control over budget expenditures and actions of tender commissions. Monitoring was completed in February 2005. Interview respondents felt that the law was being implemented and was an improvement over the previous version. They still believed that that the process needed to become more transparent. The economic impact cannot yet be calculated as not enough official data exists.

As previously mentioned in RIC 03, due to changes in the leadership of the Agency on Informatization and Communication, the creation of the National Government Web-Portal has been officially postponed until 2006. Therefore, the pilot e-procurement system was never launched and the implementation and impact of the new rules could neither be monitored nor analyzed.

No.	Objective	Start Date	End Date
KZ RIC 07	Reduce Locally Imposed Constraints in Selected Oblasts	1 Jun 04	31 May 05
Description	<i>Locally created rules, processes or procedures create constraints for SMEs in Kazakhstan's oblasts. Partner Associations to which TFI has transferred its methodology will work with local governmental counterparts to identify those constraints and then form working alliances with both private and public sector counterparts to reduce the constraints identified.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Locally created constraints identified by TFI Partner Associations - Ongoing 2. COMPLETED. - Working groups comprised of public and private sector counterparts formed. – Ongoing 3. COMPLETED. - Recommendations for reducing identified constraints developed and presented to local governments. – Ongoing 		

Quarter	Status & Comments		
1 June 2004 – 31 May 2005	Of the 55 constraints reduced by the TFI project this project year, 44 of them were at oblast or city level. In all of those cases, TFI or its partner associations identified the constraints and formed working groups with government participation.		
World Trade Organization (WTO)			
No.	Objective	Start Date	End Date
KZ WTO 01	Increase IPR enforcement in Kazakhstan	1 Jun 04	31 May 05
Description	<i>In order to accede to the WTO, Kazakhstan must take steps to protect Intellectual Property Rights in Kazakhstan and meet the standards set by the TRIPS Agreement. To enhance business development opportunities for SMEs that deal with copyright-protected works and patented products, Kazakhstan must also achieve removal from the USTR's Special 301 Watch List. Increased enforcement, interdiction and prosecution of pirated goods and counterfeiters are needed.</i>		
Intermediate Objectives	1. COMPLETED. - Agreement reached with IPR Committee to conduct trainings. – 31 Aug 2004 2. COMPLETED. - Site selections for trainings concluded. – 30 Nov 2004		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	The customs training is being jointly organized and financed by the World Customs Organization, World Intellectual Property Organization, United nations, US Patent and Trademark Office and TFI. The main training will occur in July 2005 and the four follow-on trainings will be conducted by TFI and Kazakhstan Customs this fall in Uralsk, Ust-Kamenogorsk, Pavlodar and Shymkent.		
Trade Facilitation (TF)			
No.	Objective	Start Date	End Date
KZ TF 01	Improved access to the TIR System for transporters, and increased utilization of the TIR System in Kazakhstan	1 Jun 04	31 Dec 04
Description	<i>The TIR is an international convention with established rules and procedures for providing guarantees for transit shipments. The convention is the most widely used and recognized transit guarantee mechanism in Europe, the Middle East and Africa and has already been established in Central Asia with the assistance of the EU's TRASECA program. Additionally, each country in Central Asia has already acceded to the convention and the system is well established for larger transporters. Therefore, expanding its use and availability among small and medium transporters is, in TFI's opinion, the best option for the facilitation of transit trade in Central Asia.</i>		
Intermediate Objectives	1. COMPLETED. - Completion of Study and Kazakh-specific activities identified to increase use and availability of TIR. – 30 Sep 2004 2. COMPLETED. - Based on the TIR study, an action plan will be developed and implemented to increase TIR usage in Kazakhstan. – 31 Dec 2004		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	TFI successfully completed a study of TIR implementation in Kazakhstan and developed specific recommendations for the government meant to increase TIR usage. TFI also worked closely with the Association of Transporters' of Kazakhstan (KazATO), which is responsible for issuing TIR Carnets for all of Kazakhstan from their office in Almaty, to assess the current status of TI usage in Kazakhstan and advocate TFI recommendations to increase TIR usage in the country. TFI's main recommendation is that KazATO should open additional offices in Kazakh cities from which TIR Carnets could be issued. TFI is now working closely with transport companies in Uralsk to lobby for the opening of a KazATO office there. TFI also received confirmation from Kazakh Customs that they continue to support the opening of		

	additional KazATO offices in the country and want TFI to continue working in that direction. TFI will continue its lobbying efforts in the coming contract year.		
No.	Objective	Start Date	End Date
KZ TF 02	Adoption by Customs Control Agency of a mechanism for transit (insurance) guarantee mechanism	1 Jun 04	31 May 05
Description	<i>Regardless of the improvements made in access to the TIR System, many small agricultural producers and manufacturers, and SME traders and transporters will not be able to afford to use the TIR System because of the high cost of a vehicle that meets TIR specifications and the costs associated with membership in transporter associations. Consequently, it is critical to develop and introduce a transit facilitation mechanism that serves the interests of SMEs. TFI will serve as the coordinator and catalyst in working with the Customs Control Agency and with private sector stakeholders on development of a transit insurance guarantee mechanism, along with the detailed procedural logistics required for the system to be implemented and operate successfully.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Draft Transit Guarantee Mechanism is developed with the participation of all relevant stakeholders. – 30 Nov 2004 2. COMPLETED. - Transit Guarantee Mechanism is presented to Customs. – 30 Nov 2004 3. INCOMPLETE. - If mechanism adopted by Customs, assist in the development of a procedure to monitor the use of the mechanism. – 31 May 2005 		
Quarter	Status & Comments		
1 Mar 2004 – 31 May 2005	With TFI assistance, Kazakh customs and 3 local Insurance companies (Komesk-Omir, Kazcommertsbank, and KazakhInstrakh) have reached an agreement on the mechanism for insurance guarantees. Kazakh customs will begin implementation once the insurance sector has drafted its implementation logistics such as where vouchers will be sold, by whom and at what cost. During the coming contract year, TFI will continue to work with both parties to ensure that the implementation logistics are feasible and are implemented. In addition, TFI has secured World Bank funding for an insurance consultant to implement and develop a monitoring mechanism. That work will begin in late summer 2005.		
No.	Objective	Start Date	End Date
KZ TF 03	Customs valuation of imported goods conducted in accordance with the principles of the WTO Agreement on Customs Valuation	1 Jun 04	31 May 05
Description	<i>The customs valuation of imported goods continues to be one of the main constraints to trade and a major irritant to traders. TFI will provide a short-term specialist to help the Customs Control Agency to develop valuation techniques that comply with WTO principles regarding the valuation of imported goods. Representatives (ideally, technical trainers) will be invited from the Tajik or Uzbek Customs administrations to participate in these sessions.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Develop a WTO-compliant draft customs valuation program. – 28 Feb 2005 2. COMPLETED. - Submit program to Customs for acceptance and approval. – 31 May 2005 3. INCOMPLETE. - If approved, develop a Training Program for Customs officials on new valuation program. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	A WTO compliant customs valuation program was developed and submitted to the Kazakh Customs Control Agency. That plan has not been adopted. TFI does not anticipate the valuation program moving forward due to the contractual relationship between the Kazakh government and ICS. Still, TFI will continue its lobbying efforts in the coming contract year.		
No.	Objective	Start Date	End Date

KZ TF 04	National Risk Management Program adopted and implemented by Customs Control Agency	1 Jun 04	31 May 05
Description	A key element to modern trade administration is the adoption of risk assessment criteria and selectivity in customs compliance verification procedures. TFI will provide a short-term specialist to help the Customs Control Agency to develop national risk management programs for the facilitation of trade and improvement of fiscal administration. Representatives will also be invited to participate from the Tajik and/or Uzbek Customs administrations. The objective is to use established risk assessment criteria to identify low-risk traders in order to provide better service and faster clearance times to such traders.		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Risk criteria established and low-risk traders identified. – 30 Nov 2004 COMPLETED. -Procedures developed, training delivered. – 28 Feb 2005 COMPLETED. - If Customs adopts this program, clearance times for low-risk traders will be significantly reduced – 31 May 2005 COMPLETED. - National Risk Management Program established by Customs Control Agency. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	TFI placed a short-term consultant on Risk Management in Astana working with the Customs Working Group on Risk Management. Together they worked to identify risk criteria and better understand the concept of risk scoring and computerized Risk Management systems. TFI then presented Kazakh Customs with recommendations for the implementation of an effective Risk Management program. Based on those recommendations the Customs Control Committee established a separate Unit for Risk Analysis and a Department for Post-Entry Control. The establishment of these entities is an important step towards effective risk management. Furthermore, TFI has been asked to work directly with the risk management unit to implement TFI's other risk management recommendations. This work will continue in the coming contract year.		
Metrology, Accreditation, Standardization & Quality (MAS-Q)			
No.	Objective	Start Date	End Date
KZ MASQ 01	WTO-compliant law on "Technical Regulations in the Republic of Kazakhstan" adopted	1 Jun 04	30 Nov 04
Description	The establishment of an internationally recognized MAS-Q infrastructure requires a technical and legislative base that complies with the requirements of the WTO's Agreements on Technical Barriers to Trade (TBT) and Sanitary and Phyto-sanitary (SPS) Measures and international norms. The fundamental piece of legislation required will establish the legal requirements for products that are subject to mandatory certification and will create a legal distinction between voluntary quality standards and mandatory regulations related to health, safety, the environment and national security. TFI was instrumental in the completion of a WTO-compliant draft law, but that draft was subsequently reworked and no longer complied with WTO requirements. This reworked draft was submitted to the lower house of Parliament and approved with some changes. TFI has since provided commentary and specific amendments to the law now pending in the upper house of Parliament (Senate). Senate passage of a WTO-compliant law is essential for MAS-Q reform as well as WTO accession.		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Continue to advocate for adoption of amendments to the law in the Senate to ensure WTO compliance. – 30 Nov 2004 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	The RK Law "On Technical Regulation" #603-11 was passed on November 9, 2004. TFI determined that the law was not in compliance with WTO requirements and began to lobby for amendments required to bring the law into compliance. Unfortunately, the Kazakh government was and continues to be reluctant to make changes to the law. EuropeAid is now implementing a program to assist with implementation of		

the law. During the contract year, TFI provided EuropeAid with its assessment of the law and both organizations continue to share information. EuropeAid has assumed the main donor role of supporting this activity.

KYRGYZ REPUBLIC (KG)

Reduction of Investment Constraints (RIC)

No.	Objective	Start Date	End Date
KG RIC 01	Amendments to the law On Normative Legal Acts implemented	1 Jun 04	31 May 05
Description	<i>The absence of administrative and law drafting procedures that require justification, impact analysis, review and comment by non-governmental parties for certain regulatory acts is the cause of many investment constraints and the excessive level of government regulation of business activities. The work will initially address acts originating in the Government (Cabinet) and will later shift to implementing improved procedures for Parliamentary and Presidential acts.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> INCOMPLETE. - Present to the Government for consideration draft regulations and recommended mechanisms to implement the amendments adopted in August 2003. – 31 Dec 2004 INCOMPLETE. - If approved, assist the Government and private sector partners implement the new procedures. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>The Law on Normative Legal Acts was amended on July 17, 2004 and came into force on August 6, 2004. A 60 – 90 day period for review and comment of draft regulations was included in the recommended amendment, but was eliminated from the final enacted version. While publication is required, regulations can legally be adopted without a notice and comment period.</p> <p>As a result of combined pressure and recommendations from TFI and other donors and implementing partners, including the World Bank and ARD/Checchi, the Kyrgyz Government issued a resolution in November 2004 calling for the insertion of the previously omitted 60 provisions for notice and comment following publication. The Resolution was sent to the Parliament of the Kyrgyz Republic for consideration but has yet not been passed.</p> <p>With the adoption of the 5th investment matrix in October 2004 two working groups were created to address and implement the law on normative legal acts. TFI experts are members of both working groups. The first group is preparing changes to the Law “On Normative Legal Acts”, enhancing legal predictability and stability by establishing a hierarchy of laws. The second group is developing the pilot project to introduce regulatory impact analysis into the legal drafting process. Based on the pilot, implementing regulations will be developed to establish uniform regulatory impact analysis (RIA) methodology and procedures.</p> <p>The draft decree addressing implementation of RIA procedures has been developed, but will be discussed further with the new government following elections in July. Also, the government continues to express interest in changing the publication and comment procedures of the government and it is expected draft changes will be presented to the government in the near future. However, the work is proceeding carefully as the transitional government’s priorities are being developed. In the next year, the project will also work with local and regional government to work on implementation issues to devise workable solutions given existing resources.</p>		

	<p>Also, a new draft law on normative and legal acts is being finalized. Some issues are best addressed through constitutional change, and those issues are being provided to the group considering constitutional changes following the March revolution and in anticipation of July Presidential elections and possible parliamentary elections thereafter.</p> <p>Note: With the adoption of the 5th Investment Matrix in October 2004, two working groups were created to perform work in this area – on changes to the Law “On Normative Legal Acts” and on developing an RIA strategy. TFI strongly encouraged increased focus both during development of the Matrix and through these working groups on immediate changes to the reglament of the government requiring publication and opportunities for comment, even while more detailed RIA strategy were being developed. However, due to expectations of a new LNLA, different focus of the working groups, and lack of government will, the government was not prepared to move forward aggressively. When it became clear the working groups would not move forward quickly, the government was approached directly in the 3rd quarter to being independent work on implementing the publication and comment procedures. This work is expected to continue, pending decisions following elections. Given the governments’ lack of strong commitment in this area, and confounding information from the Matrix groups, TFI did everything possible to move forward on these objectives.</p>		
No.	Objective	Start Date	End Date
KG RIC 02	Improved legal drafting (rule-making) procedures implemented in Osh oblast	1 Jun 04	31 May 05
Description	<p>Often, changes in national legislation are not fully implemented at the local level and, with the support of the Osh oblast Governor, TFI believes that important national-level changes in legal drafting procedures can be implemented in Osh and even serve as a model for other local administrations. Once implemented, these will reduce the number and improve the quality of locally-promulgated regulations. The working group has developed and submitted recommended amendments to oblast administrative procedures which are currently awaiting approval by the Governor.</p>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Amendments to the Reglament of the oblast signed by the Osh Governor. – 30 Sep 2004 COMPLETED. - Instructional roundtables held on the new procedures. – 31 Dec 2005 INCOMPLETE. - At least one regulatory act either drafted or reviewed in accordance with the new procedures. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>With TFI’s assistance, the working group developed the revised legal drafting procedures for the Osh Oblast state administration. The Osh Governor adopted the recommendations and signed the new procedures in October 2004. The development of the new Regulations was included in the 5th Investment Matrix approved by the President of the Kyrgyz Republic, and has been referenced by the President as the model for other government bodies in the country. Following adoption, instructional roundtables were held for over 170 participants in the Southern Kyrgyz Republic on the new procedures.</p> <p>Since the adoption of improved drafting procedures in Osh Oblast in October 2004, 158 decrees were adopted by the oblast government. However, all but 1 decree dealt with granting funds, government structure, or appointments to government positions and therefore were not regulations directly impacting business subject to the new procedures. One decree was to directly implement a national law and therefore not developed according to the procedures. Due to the appointment of a new governor in December and the revolution in March, appointments of new staff, and the transitional nature of the government, regulations impacting business were not adopted. TFI is working with the new government and looks forward to working with the new government following elections in July to ensure proper execution of the procedures.</p>		
No.	Objective	Start Date	End Date
KG RIC 03	Introduction of improved rule-making procedures in Bishkek City and Jayil Rayon,	1 Jun 04	28 Feb 05

Chui oblast and Jalal-Abad oblast			
Description	<i>Based on the activity on adoption and implementation of amendments to the Law “On Normative and Legal Acts” in Osh and at the national level, TFI will take actions to improve the rule-making procedures at other local administrations (rayon, city, and oblast). TFI believes that support for these reforms exists in select areas of the Chui oblast and in the south of Kyrgyzstan. The activity will help reduce the number of improper normative and legal provisions adopted at the local level.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Approval for developing changes to rule-making procedures is received in Bishkek, Jayil and Jalal-Abad. – 30 Nov 2004 COMPLETED. - Working groups consisting of the relevant stakeholders are formed to review and draft regulations. – 30 Nov 2004 COMPLETED. - Amendments to rayon, city, oblast Regulations, as appropriate, are drafted and presented for approval. – 28 Feb 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>The reglament of the Mayor’s Office was approved in December by Resolution #1384 in December 2004.</p> <p>With TFI’s assistance, the legal drafting procedures for Jalal-Abad Oblast were signed by the Jalal-Abad Governor on January 29, 2005. Following adoption, TFI conducted a seminar to ensure proper implementation and execution of the new procedures.</p> <p>The reglament of Jayil Rayon State Administration was adopted by the Resolution of the Akim # 99P in February 24, 2005.</p> <p>TFI continues to work with these administrations to ensure effective implementation of the changes and will continue to do so in the coming year.</p>		
No.	Objective	Start Date	End Date
KG RIC 04	National legislation amended to institute a unified policy on licensing and permitting of business activities	1 Jun 04	31 May 05
Description	<i>Professional licenses and their authorities are granted through a variety of legal acts that violate the Constitution of the KR and the stated policies of the President. Contradictions in national legislation need to be removed and a unified policy established on licensing business activities, thereby creating greater transparency in the process. Once fully implemented, these reforms will result in fewer regulations on professional business activities and greater transparency in their issuance.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Amendments to the Unified List of Permits are presented that ensure only permits stipulated for by law are included. - 31 Mar 2005 COMPLETED. - Amendments to the Law “On Licensing” providing greater clarity and distinguishing between other forms of permissions are presented to and approved by Parliament. – 31 May 2005 INCOMPLETE. - Conflicting local regulations and procedures are identified in Osh Oblast, and recommendations made to bring all processes into compliance with new national legislation on licensing and permitting of business activities. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>Following the inclusion of comments, the draft Unified List of Permits has been presented to the Government and is pending approval. The draft law on licensing has been presented to Parliament, but due to elections, the revolution and a focus on political issues, Parliament has not moved the law forward. Adoption and implementation of this law remains a priority and will be a focus of activities in the next year.</p> <p>Note: Review of conflicting local regulations did not occur because the law is still pending in Parliament.</p>		

No.	Objective	Start Date	End Date
KG RIC 05	Law On Protection of the Rights of Businesses During Government Inspections drafted and adopted	1 Jun 04	31 May 05
Description	<i>At present, there exist no criteria or rules governing the conduct of inspections by government bodies. Therefore, it is difficult to determine what constitutes a lawful or unlawful inspection. Furthermore, inspecting bodies generally do not have rules and procedures governing their inspections. The law should better define inspections, the rights of parties and the general procedures applying to all inspecting bodies. TFI expects this to eventually result in a drop in the level of government interference in the activities of businesses.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> PARTIALLY COMPLETE. - Law drafted and presented to Parliament for approval. - 31 May 2005 INCOMPLETE. - In Osh oblast, old practices and procedures are reviewed and recommendations made to bring procedures into compliance with the new law's provisions. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>The draft law on inspections has been presented to Parliament, but due to elections, the revolution and a focus on political issues, Parliament has not moved the law forward. Adoption and implementation of this law remains a priority and will be a focus of activities in the next year.</p> <p>Note: Review of local procedures did not occur because the law is still pending in Parliament.</p>		
No.	Objective	Start Date	End Date
KG RIC 06	New procedures for acquiring site development and construction permits are implemented	1 Jun 04	31 Dec 04
Description	<i>The process of acquiring permission to engage in construction or even repair of a building is lengthy, expensive and non-transparent and involves multiple government agencies. New procedures reducing the number of permits required and introducing a more transparent and easier to navigate process benefiting SMEs were approved by the Government in April 2004. TFI will work in select areas to facilitate implementation of the new procedures.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - New procedures are introduced through presentations and trainings in select areas of Chui oblast and in Osh oblast. – 30 Nov 2004 INCOMPLETE. - A representative sample of businesses confirms the new procedures are practiced and represent an improvement. - 31 Dec 2004 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>A review of the existing procedures in Bishkek and Osh for land site acquisition, development and construction was conducted. It was determined that national reforms developed by Chemonics were not being properly implemented at the local level. As a result, working groups were created to analyze existing procedures and introduce changes to bring the local procedures into compliance.</p> <p>During the year, presentations and trainings to familiarize businesses with the new procedures for acquiring site development and construction permits were conducted in Chui and Osh Oblasts for entrepreneurs and government representatives using process maps and documents prepared by the Chemonics Land Reform Project.</p> <p>Following the revolution, TFI and Chemonics held additional training seminars to explain the updated procedures to entrepreneurs, newly elected city deputies, and representatives from the Mayor's office and the architecture department. It is expected that the newly elected Deputy Council and the new Mayor's office representatives will approve the Resolution following national elections. Once the resolution is approved, TFI will be able to work with entrepreneurs to confirm that the new procedures have been properly implemented.</p>		

	Note: A sample measuring the new procedures was not collected, because despite presentations and promotion of the procedures, they have not yet been fully implemented. Work in this area in support of Chemonics will continue in the next year.		
No.	Objective	Start Date	End Date
KG RIC 07	Procedures for state registration, re-registration, and liquidation of business entities are simplified	1 Jun 04	31 May 05
Description	<i>The process of registration of a new enterprise is often lengthy, costly and non-transparent. This is especially true for the liquidation or de-registration of businesses. There is also a lack of coordination between government bodies involved in the registration process, and the fact that they are located in different places. This creates barriers to market entry and exit, reduces investments and the tax base, distorts official statistics and further encourages informal business. A working group has been formed with the participation of TFI, the IRT, business associations and all agencies involved in the registration process to prepare the necessary amendments.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Working group agrees to streamlined processes for registration, re-registration and de-registration. – 31 Oct 2004 - PARTIALLY COMPLETE. - Amendments to the Law on Registration of Legal Entities are drafted and presented to Parliament for approval. – 31 Mar 2005 INCOMPLETE. - If adopted, assist in the implementation of the new procedures. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>With TFI support, a working group developed the draft regulation on the procedure for interaction of authorized government bodies in the state registration system under one-stop principle and the draft law “On State Registration of Legal Entities, Branches, and Representative Offices of Legal Entities and Private Entrepreneurs” that abolishes mandatory legal review during registration and allows for assignment of identification codes by the registering body. It also reduces procedures for registration and issuance of certificate of registration by an applicant to 3 days.</p> <p>The draft acts have been circulated for comment and approval by government bodies. Due to elections, revolution and the political focus of the government, work was slowed. To date, 7 of the 9 necessary approvals have been gathered and the final necessary approvals are expected in the near future. Once approvals are gathered, the drafts will be submitted to Parliament. Adoption and implementation of these procedures remains and priority and work in this area will continue in the next year.</p>		
Trade Facilitation – KG			
No.	Objective	Start Date	End Date
KG TF 01	Customs Brokers and other ancillary trade services are legalized and Customs begins issuing licenses	1 Jun 04	31 May 05
Description	<i>The need for customs brokers has increased in the last 20 years because of developments in international trade. SMEs are typically too busy to spend their time learning about the complexities of Customs legislation and international trade rules. Customs brokers perform this function, saving SMEs and the Customs service time and money, improving the quality of declarations, and reducing the level of corruption.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Amendments to the law On Licensing that legalize ancillary trade services are presented to and approved by Parliament. – 31 Aug 2004 COMPLETED. - Licensing system is in place and first license is issued. – 31 May 2005 		

Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>The Law on Supplements to the Law on Licensing was passed by Parliament and signed by the President in August 2004 and will become effective on January 1, 2005. According to the law, trade ancillary services (customs brokers, freight forwarders, etc) may now legally operate. The creation of a true private market for the ancillary services will allow development of the trade and transport infrastructures, which will eventually be reflected in the development of international trade.</p> <p>On December 28, 2004, the Regulation “On Customs Brokers” was adopted by the Government setting out the rights and obligations of brokers.</p> <p>The first broker’s license was issued on March 31, 2005. To date, 18 brokerage companies have been officially licensed as well as 1 company licensed to operate as a duty-free shop. TFI also provided support to a number of brokerage companies interested in forming an association to advocate and protect their interests. With the support of TFI, the Association of Customs Brokers was officially established in May.</p>		
No.	Objective	Start Date	End Date
KG TF 02	<i>International Trade Guide (ITG) of the Kyrgyz Republic is developed and launched</i>	1 Jun 04	31 Mar 05
Description	<p><i>One of the main constraints to trade in Central Asia is the dearth of accurate information on the obligations and rights that traders have in relation to import, export, transit and other processes. The development of an International Trade Guide (ITG) and the integrated on-line tariff for each country is intended to eliminate this constraint.</i></p> <p><i>TFI’s strategy is to use the services of a private sector partner to produce on-line versions of the ITGs and integrated tariffs. The private sector partner establishes an arrangement with each customs administration to receive regular updates to trade policies and procedures free of charge and, in turn, provides the electronic version of the updated ITG to each customs administration free of charge.</i></p> <p><i>The production of ITGs will serve to reduce or eliminate a primary constraint to trade and will also help each customs administration to provide more uniform (equal treatment of competing traders), consistent (over time, and from office to office) and equitable (fair application and enforcement of level playing field) administration of trade legislation.</i></p>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Test version of the ITG completed. - 31 Dec 2004 2. COMPLETED. - Final version approved and launched. – 28 Feb 2005 3. COMPLETED. - Public Information Sessions on the ITG held. – 31 Mar 2005 		
Quarter	Status & Comments		
1 Mar 2004 – 31 May 2005	<p>With the financial assistance of the OSCE, and the conclusion of an agreement between Customs and INCOM, the Kyrgyz Republic ITG was developed, approved, and launched. Public information sessions on the ITG were held through the Consultative Council, as well as through meetings and discussions with businesses, and additional information sessions are planned in the future. As normative acts change, and the list of goods subject to mandatory conformity assessment are completed, that information is expected to be updated in the ITG along with future routine updates.</p>		
No.	Objective	Start Date	End Date
KG TF 03	<i>Consultative (Customs) Councils are established and functioning in Kyrgyzstan and successfully reducing barriers to trade</i>	1 Jun 04	31 May 05
Description	<p><i>A critical factor in modern trade administration is the inclusion of all stakeholders. Private sector interests need to be included in the</i></p>		

	<p>development of trade policy and administrative procedures. Requiring customs administrators to consult with their “clientele” is a principle of the revised Kyoto Convention and has also been added, through TFI efforts, to the new Customs Codes in the region.</p> <p>Consultative processes are something new in the cultural environment of the former Soviet Union, and particularly in Central Asia. Indeed, earlier there was (and in many places there continues to be) a widespread reluctance on the part of administrative officials to provide even basic information to businesses.</p> <p>National trade administration officials and traders need to collaborate to establish a forum in which traders can raise issues, administrators can receive suggestions, and solutions can be jointly developed. The objective of the Councils is to build a sustainable capacity in the private sector to contribute to trade policy review and development and identify and reduce trade constraints.</p>
<p>Intermediate Objectives</p>	<ol style="list-style-type: none"> 1. COMPLETED. - Consultative Councils (CC) established in Kyrgyzstan at the national level and in Osh oblast supporting traders in the Ferghana Valley regions (Osh, Batken, Jalal-Abad Oblasts). – 31 AUG 2004 2. COMPLETED. - Meetings of the Councils are held on a regular (at least quarterly) basis with the agendas set jointly by the private sector and government officials. -31 MAY 2005 3. COMPLETED. - At least three trade constraints are reduced through the efforts of Consultative Councils. – 31 MAY 2005
<p>Quarter</p>	<p><i>Status & Comments</i></p>
<p>1 June 2004 – 31 May 2005</p>	<p>Through the Customs Consultative Councils, businesses and Customs identified and addressed a number of barriers to trade, including control level pricing, which was used to determine the valuation of imports for duty assessment in violation of WTO principles. This requirement was eliminated by Customs in June 2004.</p> <p>Businesses were required to get an approval from the Head of the Customs House prior to initiating the clearance procedure, requiring a wait of between 1 and 5 hours per clearance. Customs agreed to eliminate the requirement and issued a formal order on November 25, 2004.</p> <p>Businesses reported that fees for Kazakh carriers were being assessed according to an old fee schedule. In February 2004, the fees had been lowered from \$1000 to \$250, but Customs had not adequately notified their staff or the full business community. As a result of the Council meeting, Customs agreed to issue a formal directive to its staff regarding proper assessments and further notified the business community through the Council.</p> <p>It was suggested by businesses that the <i>List of Goods Temporarily Imported (Exported) while Fully Exempted from Customs Duties and Taxes</i> should be developed. This List was developed and approved by the Resolution of the Government.</p> <p>In Osh, In accordance with recommendations from the Council, the Osh Customs Office instructed the customs officers that no visa from the head of a customs office is required at the first stage of customs clearance and civilians are prohibited from acting on behalf of the government as “facilitators” at customs posts.</p> <p>The transition to private sector ownership and sustainability of the Council in Bishkek and Osh began through the elections of dedicated private-sector representatives who began partnership with Customs and who will lead the work of the Consultative Council meetings in the future.</p>

	<p>Following the revolution, the Council was and important mechanism for Customs to reach out to the business community and make statement against corruption, for improved administration, and express its commitment to trade in light of uncertainty surrounding events.</p> <p>During the quarter, 3rd party training providers petitioned Customs through the Council to reverse their previous decision and recognize training results from private trainers certifying customs clearance specialists. As a result, Customs agreed to recognize the results, thereby clearing the way for both specialists to provide services and for 3rd party trainers to support the industry.</p>		
No.	Objective	Start Date	End Date
KG TF 04	Transit Facilitation - Extension of the TIR System in the Kyrgyz Republic	1 Jun 04	31 May 05
Description	<p><i>The TIR is an international convention with established rules and procedures for providing guarantees for transit shipments. The convention is the most widely used and recognized transit guarantee mechanism in Europe, the Middle East and Africa and has already been established in Central Asia with the assistance of the EU's TRASECA program. Additionally, each country in Central Asia has already acceded to the convention and the system is well established for larger transporters. Therefore, expanding its use and availability among small and medium transporters is, in TFI's opinion, the best option for the facilitation of transit trade in Central Asia.</i></p>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Identify potential subcontracting TIR holders in Southern Kyrgyz Republic. – 31 Aug 2004 2. COMPLETED. - Reach agreement with company to support subcontracting through seminars and consultations. – 31 May 2004 3. COMPLETED. - Conduct seminars in Southern Kyrgyz Republic to market and facilitate subcontracting of TIR Carnet.- 31 Mar 2005 4. COMPLETED. - At least 3 subcontracted Carnets are issued to companies in Southern Kyrgyz Republic by the partner. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>Due to lack of sufficient knowledge of the TIR system among Customs officers that ultimately adversely affects transporters; the Customs with TFI's assistance organized the National TIR Seminar held in the city of Bishkek on March 23-24. Among about 40 participants of the seminar there were Customs officers from all over the regions, as well as interested transporters. A UNECE representative told the participants about 5 fundamental principles and advantages of the TIR system, proper use of TIR carnet, actions by Customs officers when controlling transportations with use of TIR carnets, criteria for use of the TIR system, and etc.</p> <p>Based on discussions with interested parties, it was decided that the best solution for businesses may be the expansion of carnet subcontracting instead of direct access. TFI identified a local TIR holder as a good candidate for expanded subcontracting of Carnets to other businesses. TFI and EDP agreed to work together to consult to the company to expand local subcontracting as a service.</p> <p>Through the combined support of TFI and EDP, subcontracting seminars were held by an EDP client to promote the use of TIR Carnet subcontracting. As a direct result, the EDP client entered into 3 subcontracting agreements and future subcontracting agreements are expected. On the basis of the first seminars, the company will continue to hold informational seminars about TIR Carnet and considers the program to have great potential amongst entrepreneurs involved in foreign trade. In addition, TFI has suggested that the company work with the Osh Committee for External Economical Ties regarding import and export trade with China. TFI will continue to inform other transport companies in Southern Kyrgyzstan of the benefits of TIR Carnet in an attempt to expand the number of TIR Carnet holders, as well as the number of subcontractors.</p>		
No.	Objective	Start Date	End Date
KG TF 05	Customs valuation of imported goods conducted in accordance with the principles of	30 Sep 04	31 May 05

	the WTO Agreement on Customs Valuation		
Description	<i>The customs valuation of imported goods continues to be one of the main constraints to trade, and a major irritant for traders. TFI will provide a short-term specialist to help the Customs Committee to develop valuation techniques that comply with WTO principles regarding the valuation of imported goods. Representatives (ideally, technical trainers) will be invited from the Tajik or Uzbek Customs administrations to participate in these sessions.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Propose a customs valuation program for Kyrgyz Customs that is WTO-compliant. – 31 Dec 2004 2. COMPLETED. - Customs valuation program presented for approval by Kyrgyz Customs Committee. – 28 Feb 2005 3. COMPLETED. - If program adopted, conduct training for Customs officers in the application of the customs valuation program. – 31 May 05 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>Supported by TFI, a short-term expert on Customs valuation conducted a 4-week training session with Customs from November - December, 2004 on WTO-compliant valuation practices. Taking into account her recommendations, an instruction on valuation methodology was developed and adopted by Resolution of the Government on December 27, 2004. Monitoring of valuation practices is on-going to ensure proper compliance through the Customs Consultative Council.</p> <p>According to reports from businesses and Customs, the valuation techniques are being properly implemented. Customs reports that the first method (declared value) is being used in 95% of all import transactions.</p>		
No.	Objective	Start Date	End Date
KG TF 06	National Risk Management Program adopted and implemented by Customs officials in the Kyrgyz Republic	30 Sep 04	31 May 05
Description	<i>A key element of modern trade administration is the adoption of risk assessment criteria and selectivity in customs compliance verification activities. TFI will provide a short-term specialist to help the Customs Control Agency to develop national risk management programs for the facilitation of trade and improvement of fiscal administration. Representatives will also be invited to participate from the Tajik and/or Uzbek Customs administrations. The objective is to use established risk assessment criteria to identify low-risk traders in order to provide better service and faster clearance times to such traders.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Detailed procedures developed. – 30 Nov 2004 2. PARTIALLY COMPLETE. - Risk criteria established and low-risk traders identified. – 28 Feb 2005 3. COMPLETED. - Training delivered. – 31 May 2005 4. COMPLETED. - National Risk Management Program established by the Customs Committee in the Kyrgyz Republic. - 31 May 2005 5. INCOMPLETE. - Improved service times, including pre-arrival clearances, are offered to low-risk traders at Manas Airport. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>With the support of TFI, a short-term risk management specialist conducted a 4-week training course for the Customs Department developing and presenting proper risk management techniques to improve clearance procedures and regulatory practices. Expert recommendations on simplification of customs procedures were drafted and given to the Kyrgyz Customs. To implement the procedures, the Instruction "On Post Entry Control" adopting the risk management program was adopted by Resolution of the Government on December 28, 2004. The regulation restricts inspections to only those businesses which have benefited from simplified procedures during clearance and preferences and sets out the requirements for low-risk trader identification.</p>		

	Based on reports to date, businesses have not opted for simplified procedures so low-risk traders have yet to be identified and process improvements cannot be measured from business experience. According to businesses, the hesitancy to utilize simplified procedures is the result of a combination of recent government instability, the hesitancy to provide government additional information, concerns about after-the-fact audits, and because corruption practices are known and for many businesses easier to use than even simplified procedures. It is expected that if government addresses corruption, simplified procedures will be used.		
World Trade Organization (WTO) – KG			
No.	Objective	Start Date	End Date
KG WTO 01	<i>The Inter-Ministerial Commission (IMC) on Coordination of WTO Issues identifies and reduces constraints to trade and eliminates areas of non-compliance with WTO requirements</i>	1 Jun 04	31 May 05
Description	<i>For Kyrgyzstan to take full advantage of its WTO membership and comply with its requirements, coordination is needed among all ministries, state committees and administrative bodies responsible for implementing WTO agreements. Such coordination will also ensure greater consistency in the application of trade policies and facilitates the identification and reduction of trade and investment constraints. The IMC has now operated for one year and has been successful in reducing constraints to trade, ensuring compliance with WTO requirements and providing a forum for the trade community to participate directly in the development of trade policy and discussion of trade-related issues. The IMC and the WTO department of the Ministry of Economic Development, Industry and Trade (MEDIT), still require considerable technical assistance from TFI to ensure their viability.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - The Charter of the IMC is amended to include private sector observers as permanent members. – 31 Aug 2004 2. COMPLETED. - TFI together with IMC members develop and present to the Government recommendations to solve non-compliance issues identified in the January 2004 IMC Action Plan. – 30 Nov 2004 3. COMPLETED. - Analytical Note prepared on fulfilling Kyrgyzstan's WTO commitments to assist those preparing the Memorandum for the Trade Policy Review Mechanism (required 6 years after accession). - 31 May 2005 4. COMPLETED. - At least two constraints resolved or non-compliance issues addressed as a result of IMC intervention. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>Based on recommendations from TFI, the Charter of the Inter-Ministerial Commission (IMC), which addresses constraints to trade and WTO-compliance, was amended to include private sector representatives as permanent members, allowing the private sector to be actively and consistently represented on the IMC (Government Resolution #677 of September 11, 2004)</p> <p>In support of WTO compliance commitments, TFI assisted MEDIT with the draft Agreement on Unified Measures of Non-Tariff Regulations in the process of formation of the Customs Union (within the framework of the Eurasian Economic Community) and the draft Agreement of Eurasian Economic Community on trade in services with accordance of WTO provisions.</p> <p>MEDIT approved and forwarded to the Government the recommendations developed by the IMC with TFI support with respect to WTO non-compliant normative legal acts. In February, the Government of the Kyrgyz Republic instructed the relevant ministries and agencies, consistent with the January 2004 IMC Action Plan, to draft regulatory changes to bring the legal acts indicated by the IMC into compliance with WTO provisions.</p> <p>On the basis of the IMC Action Plan, the Government drafted changes to Government Resolution № 203, of March 10, 2003, which</p>		

	<p>provided for the differentiated amount of payment for registration of medicines according to country of origin, leading to discrimination between goods and firms of different countries, and by doing so, violating fundamental WTO principles: MFN and the national treatment (Articles I и III, GATT 1994). The draft amendments are pending signature by the Acting Prime-Minister.</p> <p>Based on recommendations of the WTO Department with the assistance of TFI, the President rejected the Laws “On Flour Enriching at Bakeries” and “On Preventive Measures with regard to Iodine Deficit Diseases” and returned them to Parliament. The laws prohibited importation of non-enriched flour and non-iodized salt, violating WTO rules and procedures.</p> <p>In May, the analytical note on fulfilling Kyrgyzstan’s WTO commitments was prepared and sent to the WTO Department.</p>		
No.	Objective	Start Date	End Date
KG WTO 02	Legislation necessary to implement the Customs Code and ensure its compliance with WTO and Revised Kyoto Convention principles is prepared, adopted and implemented	1 Jun 04	31 May 05
Description	<p><i>A Customs Code sets out the legal and regulatory framework for trade administration in each country. Import, export and transit procedures depend directly on the legal provisions in the Customs Code as the basis for each procedure. Other customs procedures; such as temporary admission, transshipment, warehousing, duty drawbacks, processing in bond, bonded carriers, free zones, duty free shops, and so on, also depend directly on the Customs Code for operational effectiveness and efficiency.</i></p> <p><i>Therefore, it is critical for trade facilitation that a Customs Code establish a framework that is in compliance with the principles and agreements of the World Trade Organization, the standards and recommended practices of the Revised Kyoto Convention for the Simplification and Harmonization of Customs Procedures, and in accordance with international best practices for transparency and integrity in trade administration.</i></p> <p><i>Enforcement of provisions in the Customs Code must be supported by clear subordinate legislation. It is very important to ensure the subordinate legislation is business-friendly and does not introduce more constraints. Customs and businesses need to be made aware of all the new concepts and procedures under the Customs Code, as well as subordinate legislation that allow the Code to work.</i></p>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Prepare revisions to subordinate legislation (regulations, instructions and other) with a view to ensuring compliance with the Customs Code, WTO requirements and Revised Kyoto Convention. - 31 May 2005 COMPLETED. - Identify regulations, instructions and other normative legal acts impeding businesses’ ability to carry out foreign trade activities and prepare amendments to bring those acts into compliance with the new Customs Code. – 31 May 2005 COMPLETED. - When new regulations are adopted, conduct a formal presentation and training on the Customs Code and its regulations, instructions and new procedures to Customs representatives and businesses all over the country. – 31 May 2005 COMPLETED. - Conduct informal survey and make on-site visits to ensure that improvements in the Code are implemented by the Customs Committee. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>The new Customs Code was signed by the President in July 2004 (No. 88) and took effect on January 1, 2005.</p> <p>The formal presentation on the new Customs Code was held in September. Following the presentation of the Code in November, a series of trainings were conducted around the Kyrgyz Republic with the support of AED. In Bishkek, Balykchy and Osh, over 200 participants received presentations and engaged in discussion on the specific provisions of the new Code and draft regulations. Follow up is planned</p>		

	<p>with participants and others to verify the provisions of the Code are being properly implemented.</p> <p>With the consultative assistance of TFI, Customs Code implementing regulations were adopted by the Government on December 28, 2004. Comments and recommendations given by businesses with TFI's assistance on a number of draft implementing regulations, accepted by Customs, were ultimately approved by the Government and posted on the Customs website.</p> <p>To follow-up on training, a work shop was held in Bishkek, with the support of AED, with previous participants representing Chui, Talas, Osh, Jalal-Abad, and Issyk-Kul regions. The participants reported on the success of the training as well as implementation of the Code and regulations by Customs. Additional seminars are planned to further monitor implementation of the Code and regulations.</p> <p>Based on reviews of actions at posts, feedback from businesses and the discussions within the Customs Council, the new Customs Code is largely being implemented effectively. Where implementation lags exist, TFI is working with the business community and Customs to address the issue. For example, mechanisms to provide current information to posts are being discussed with Customs.</p>		
Metrology, Accreditation, Standardization & Quality (MAS-Q) - KG			
No.	Objective	Start Date	End Date
KG MAS-Q 01	Regulations required to carry out the provisions of the law On the Fundamentals of Technical Regulations adopted and implemented	1 Jun 04	31 May 05
Description	<i>The Technical Regulations law will come into force on December 6, 2004. Before then it will be necessary to develop draft regulations to implement the new law. Properly drafted and implemented regulations will reduce costs to businesses and simplify customs clearance of goods by reducing the number of regulated products and the number of agencies assessing product compliance. They will also allow for more flexibility in complying with mandatory requirements by offering conformity assessment choices.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> PARTIALLY COMPLETE. - Complete list of products subject to mandatory assessment of conformity prepared and presented to the Government. – 31 Mar 2005 PARTIALLY COMPLETE. - Procedures for the recognition of conformity assessment documents received from other countries prepared and presented to the Government. – INCOMPLETE. - Program for the development and adoption of technical regulations prepared and presented to the Government. – 31 May 2005 INCOMPLETE. - Procedures for issuing and accepting supplier's (manufacturer's) declaration of conformity developed and adopted. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>In August, the Commission on Technical Regulation created a working group tasked with developing regulations to implement the Law "On the Fundamentals of Technical Regulation". The group will include representatives from MEDIT, NISM, the private sector, TACIS, and USAID. The first task of the group was to draft Decree for the President of KR "On Institutional and Structural Changes in the area of Technical Regulation" to define the role of MEDIT as the Authorized Body for Technical Regulating and NISM as the National Body on standards and metrology.</p> <p>However, the Law required a large number of regulations to be drafted and adopted before it came into effect. Due to delays on the part of the government and political disputes between key counterparts, development of necessary regulations was slowed.</p>		

Due to political problems regarding infrastructure issues, and based on the vigorous recommendations of USAID TFI, in November, the Commission on Technical Regulation Reform formed a second working group to address issues of legal implementation of provisions of the Law on the Fundamentals of Technical Regulation. The second Working Group includes the representatives from the Ministry of Economic Development and Trade (MEDIT), National Institute for Standards and Metrology (NISM), Ministry of Justice, International Business Council, National Association of Commodity Producers, the Secretariat and TFI.

In November, at the request of the Vice Prime Minister Otorbaev, TFI provided detailed recommendations in an opinion letter concerning the infrastructure conflict between MEDIT and NISM. The recommendations were accepted by the Vice Prime Minister and a series of meetings were held at the request of the Vice Prime Minister with head of NISM, Minister of MEDIT and TFI to discuss the recommendations. While all parties agreed during the meetings, it was not until April, after the revolution, that the government adopted a Decree resolving the issue.

Developed with the support of TFI, the Law “On The Fundamentals of Technical Regulation” went into effect on December 1, 2004, repealing a number of regulations impacting business, including:

- The Law on Certification of Products and Services, # 6 of April 2, 1996;
- The Law on Standardization, # 8 of April 2, 1996;
- The Law on Amendments to Some Legislative Acts (The Law on Certification of Products and Services; The Law on Standardization), #76 of June 1998;
- The Law on Amendments to the Law on Certification of Products and Services, # 225 of November 18, 2003.

Following extensive lobbying and the revolution, the Decree “Institutional and Structural Changes in Technical Regulation Area” was signed by the Acting President. The Decree resolves long-standing political and infrastructure issues between key parties in the area of technical regulation reform. The Ministry of the Economic Development, Industry and Trade was appointed as the authorized body for technical regulation, government supervision functions were eliminated, and the National Institute for Standards and Metrology of the Kyrgyz Republic was ordered moved under the Government.

Both political difference between the parties and the revolution stalled reforms in this area during the last year. However, the list of goods subject to mandatory conformity assessment, import procedures of those goods, regulation on accreditation, and rules for recognition of foreign conformity assessment results are being finalized and are expected to move forward in the next quarter.

TFI will continue to provide support in this area, and once the regulations are adopted with focus on ensuring proper implementation so businesses receive the benefits of the changes. Alliances with private sector advocates and other donor organizations are expected to be particularly important in influencing the reforms, and discussions are underway with the World Bank to ensure our efforts coincide with future support the Bank is planning to provide.

Note: According the Law “On the Fundamentals of Technical Regulation” the government was directed to create and adopt the indicated legal documents by December 2004. Despite the best efforts of TFI and other organizations including local business associations and the World Bank, the government delayed the work due to internal political disputes and lack of immediate decision making on threshold infrastructure issues which were the focus of government counterparts.

No.	Objective	Start Date	End Date
KG MAS-Q 02	The National Institute for Standards and Metrology (NISM) restructured and its functions re-aligned to change from a regulatory and enforcement-type organization (Kyrgyzstandard) into a non-regulatory, non-enforcement and conformity assessment services provider (NISM)	1 Jun 04	31 May 05
Description	<p>NISM jointly with the TFI MAS-Q team has prepared a Work Plan, which contains all the steps necessary to carry out this objective. The plan has been officially adopted by NISM as their strategic Work Plan for 2004-2005. The Work Plan was created based on the assessment and evaluation of actions carried out during the implementation phase of the Transition Plan. The Work Plan was also developed to align the new organization with the requirements of the recently approved Law On the Fundamentals of Technical Regulation which promotes the voluntary nature of standards, metrology and accreditation. Work is anticipated in the three main areas listed below:</p> <ol style="list-style-type: none"> 1) In the area of Standardization, implement the plan to enhance the global competitiveness of producers of products and providers of services within the Kyrgyz Republic through voluntary application of standards. 2) In the area of Metrology, implement a national metrology system to ensure uniformity of measurements within the Kyrgyz Republic and traceability of measurements to the International System of Units (SI), to improve quality of products and services and to support international trade. 3) In the area of Accreditation, implement system to achieve mutual recognition according to the principles of the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation (ILAC). 		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - NISM discontinues current national accreditation system and implements ISO/IEC standard 17025. – 31 Jan 2005 2. COMPLETED. - NISM establishes procedures for preparation, adoption and application of standards in accordance with the WTO, Technical Barriers to Trade Agreement (Annex 3, Code of Good Practice). – 31 Mar 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>As a direct result of TFI intervention, NISM became the successor to the previous Kyrgyzstandard and was reorganized as a non-regulatory standards and metrology institute in May 2004. As an institute, NISM no longer a body of executive power (as Kyrgyzstandard was) and its decisions are not binding or mandatory.</p> <p>TFI worked directly with NISM management to create its implementing regulation (polozheniye) and draft a Strategic Action Plan to transition to an internationally-compliant standards and metrology body providing services to government and industry. The Strategic Plan was approved by NISM management in April 2004. Since that time NISM has continued to make measurable progress in completing the tasks identified in the Strategic Work Plan in the areas of Standardization, Metrology and Accreditation.</p> <p>NISM has accepted the Code of Good Practice and has begun harmonizing its standards with international standards and a number of outdated and obsolete standards have been officially eliminated. A quality manual for the preparation of standards has been completed and is being reviewed by all departments within NISM. Rules on establishing Technical committees have been prepared in accordance with the Code of Good Practice (Annex 3 of the TBT).</p> <p>NISM has adopted ISO/IEC 17025 as the National Accreditation standard. It has begun preliminary accreditation preparation for three (of a possible 16) laboratories with the assistance of ITC using the new standard. NISM has also begun preliminary implementation of ISO standards 65 and 62 on certification bodies and is studying the potential impact of the new ISO/IEC 17011 standard on uniform rules for</p>		

accreditation bodies. To date, NISM has submitted an application to IAF, a draft Quality Manual and 12 procedures of the accreditation body to comply with this standard. Other procedures and documents are being prepared. These must be met in full in order to achieve international recognition of conformity assessment results.

A new concept on Legal Metrology has been elaborated by NISM and is available for discussion among interested parties and, according to NISM, will be approved in mid-2005. A list of calibration and measurement services has been developed. In December 2004 NISM also drafted a standard for "type approval" as a means of measurement.

Selected tasks and completion dates have naturally shifted throughout the Project year to reflect certain realities, such as NISM's own priorities, the continued stalemate over infrastructure issues and WTO Enquiry Point functions within the government, the delayed implementation of key elements of the law On Technical Regulations and, finally, internal budget and resource allocation issues unique to NISM. As these issues are dealt with, TFI will continue to provide assistance to NISM on as needed basis and within the scope of the Project. Much of this will depend on the Government's decision of where to place the national accreditation body, which, as of the date of this report, is still unclear.

TAJIKISTAN (TJ)

Reduction of Investment Constraints (RIC)

No.	Objective	Start Date	End Date
TJ RIC 01	<i>Efficient and transparent business registration system established</i>	1 Jun 04	31 May 05
Description	<i>A new business registration law was enacted in Tajikistan but implementing regulations and reformed procedures are still required in order to create an efficient, simplified and transparent business registration process. A working group was established for development of implementing regulations.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Review local registration procedures in Soghd oblast and provide recommendations to implementing regulations. – 31 Aug 2004 INCOMPLETE. - Implementing regulations that reduce the number of government agencies visited by applicants, the cost and time to register and the number of documents required prepared and submitted to the Government for review and approval. – 31 Mar 2005 INCOMPLETE. - If approved, monitor implementation to ensure new rules are practiced. - 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	The Ministry of Justice finalized their 2005 work plan in February, establishing target dates for completion of this work beyond the 31 May 2005 contract completion date. Therefore the work will be carried over into the new work plan. In the past quarter, strategy sessions with the working group tasked with completing the Ministry's work plan were held to determine actions to be taken including the development of a draft Presidential Decree on simplification of business registration. A round table was conducted in May with business associations, donor organizations and governmental agencies involved in the registration process in attendance. The purpose of the round table was to receive participate feed back and ideas and to gauge donor support for the completion of the work plan.		
No.	Objective	Start Date	End Date
TJ RIC 02	<i>New Law On Licensing of Certain Types of Activities implemented and other laws</i>	1 Jun 04	28 Feb 05

	brought into compliance with it		
Description	<i>Business licensing is currently regulated by individual ministries and agencies at their own discretion and is extremely burdensome for businesses. The Law On Licensing of Certain Types of Activities drafted with support from TFI was enacted on May 17, 2004 but implementing regulations as well as amendments to a number of existing laws and regulations are still required to effectively reduce this constraint.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Local licensing procedures in Soghd oblast reviewed, mapped and comments/recommendations to the drafts regulations on national implementation developed. – 28 Feb 2005 2. PARTIALLY COMPLETE. - Amendments to certain laws to bring them into compliance with the newly adopted Law On Licensing drafted, submitted to Parliament and approved. – 31 May 2005 3. PARTIALLY COMPLETE. - Implementing regulations drafted, submitted to the Government for approval and approved. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	The amendments to certain laws bringing them into compliance with the licensing law were drafted and submitted to the Government, but have not yet been submitted to the Parliament which comes after approval of the Government. The amendments are currently being reviewed by the appropriate agencies however their review is not expected to be completed until September 2005. Therefore this objective will be continued in next year's work plan. The implementing regulation regarding licensing of certain types of activity, the most important of the implementing regulations, was drafted and submitted to the Government. It is expected to be approved in June 2005.		
No.	Objective	Start Date	End Date
TJ RIC 03	New Investment Law drafted and adopted	1 Jun 04	28 Feb 05
Description	<i>The current legal base for foreign investment is inadequate to attract foreign investment. Reforms need to occur in order to improve the legal and regulatory framework to support expanded trade and investment. The Ministry of Economy and Trade established a working group in which a TFI representative is included as a member.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - New Law On Investments allowing for equal treatment of foreign and domestic investments is drafted and submitted to the Government for approval. – 28 Feb 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	The new law was drafted and submitted to the Government for approval in February. The Government is still reviewing the draft law but it is expected to approve it in August 2005.		
Reduction of Investment Constraints in the Ferghana Valley (FV)			
No.	Objective	Start Date	End Date
TJ FV 01	Trade and investment constraints at the Soghd oblast and Khujand city level are identified, mapped, and reduced	1 Jun 04	31 May 05
Description	<i>Locally created rules, processes or procedures create constraints for SMEs in Tajikistan's oblasts. TFI will work with local governmental counterparts to identify those constraints and then form working alliances with both private and public sector counterparts to reduce the constraints identified.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Focus groups formed and interviews with local government representatives and business leaders conducted to identify trade and investment constraints in order to reduce legislative and procedural burdens. – 30 Nov 2004 2. COMPLETED. - National legislation and local procedures pertaining to permitting, inspections and land site acquisitions are reviewed 		

	and mapped. – 30 Nov 2004		
	3. COMPLETED. - Specific constraints identified in the given areas and work plans for their reduction developed. – 30 Nov 2004		
	4. COMPLETED. - At least three constraints reduced as a result of TFI's intervention. – 31 May 2005		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	Cumulatively 5 constraints have been reduced as a result of TFI's intervention. These were in the areas of business registration, licensing, and taxation. For more details on these constraints reductions please see the Tajikistan Constraint Reduction Chart attached.		
No.	Objective	Start Date	End Date
TJ FV 02	Cross-border trade zones established and functioning in Soghd oblast	1 Jun 04	28 Feb 05
Description	<i>On September 29, 2003 the Government of Tajikistan adopted Resolution #429 On Establishing Near-Border Trade Zones with Uzbekistan and Kyrgyzstan. The objective of the Near-Border Market initiative in Tajikistan is to facilitate trade through a simplified regulatory regime in designated areas, under which traders use simplified customs procedures including streamlined declaration requirements and a reduction or elimination of customs duties and value added tax for imports. These Zones are mainly located in Soghd oblast. Proper implementation of the Resolution is necessary to ensure that it helps to facilitate cross-border trade. Detailed recommendations and draft implementation language have been generated and work is underway with government officials to effectively implement cross-border procedures.</i>		
Intermediate Objectives	1. INCOMPLETE. - Regulation enacted. - 28 Feb 2005		
	2. COMPLETED. - Near-border markets operating on at least a bi-weekly basis. – 28 Feb 2005		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	The regulation was erroneously reported as enacted last quarter in fact it has not been enacted. While the original Resolution #429 has been enacted, the draft implementation regulation, which was prepared by TFI regarding cross-border procedures and privileges for traders was submitted to the Government but not adopted. The Government was waiting for the new Customs Code to be adopted which it was in December 2004. In February, Customs decided that they did not want adopt the draft regulation as they felt it was contradictory to the new Customs law. The near-border markets however are operating on a weekly basis, but they are not very popular due to their inconvenient locations.		
TRADE FACILITATION (TF)			
No.	Objective	Start Date	End Date
TJ TF 01	Identify and reduce at least two constraints related to trade with Afghanistan	1 Jun 04	31 May 05
Description	<i>Changes in conditions in Afghanistan provide new opportunities for trade and economic cooperation between Tajikistan and Afghanistan. It is necessary to foster a dialogue between businesses and governments of both countries and identify and reduce barriers in order to increase trade. Under new country management, TFI will assemble a team to identify, analyze, and reduce constraints related to trade between Tajikistan and Afghanistan.</i>		
Intermediate Objectives	1. COMPLETED. - Identify and analyze constraints related to trade between Tajikistan and Afghanistan. – 30 Nov 2004		
	2. COMPLETED. - Develop an action plan to reduce constraints identified. – 30 Nov 2004		
	3. PARTIALLY COMPLETE. - Action Plan implemented and at least two constraints reduced. – 31 May 2005		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	While the constraints were identified and the action plan prepared, only one constraint has been addressed at this time. The development and installation of an informational border stand which details the border crossing process and export-import procedures has been		

completed. Information is provided in both Russian and Dary languages and is located on the Tajik-Afghan border at Nizhniy Pyanj.

World Trade Organization (WTO)

No.	Objective	Start Date	End Date
TJ WTO 01	Progress toward WTO accession achieved through technical support and training	1 Jun 04	31 May 05
Description	<i>In order to have successful bilateral negotiations with WTO members and substantive results from Working Party meetings, it's essential to be well prepared. This includes informal preparatory contacts with WTO members and the proper preparation and submission of required documentation (ACC forms and questionnaires) and answers to WTO member countries' questions. Technical assistance to the government of Tajikistan is essential to ensure that the required documentation is properly submitted. TFI anticipates the next Working Party meeting will be within this contract year.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Replies to questions from WTO Working Party members are prepared and submitted. – 30 Nov 2004 COMPLETED. - Responses to WTO Working Party Members' questions on market access to goods reviewed and suggested answers provided. - 28 Feb 2005 COMPLETED. - Technical support and advice provided in preparation for the Second Working Party meeting and bilateral negotiations. – 31 May 2005 COMPLETED. - WTO Legislative Action Plan updated and submitted to the WTO Secretariat prior to the Second Working Party meeting. - 31 May 2005 INCOMPLETE. - State Trading Questionnaires for all state trading enterprises completed and submitted to the WTO. – 31 May 2005 INCOMPLETE. - Replies to WT/ACC4 follow-up questions/requests completed and submitted to the WTO Secretariat. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	The Second Working Party Meeting was held in Geneva in April. TFI assisted members of Tajik WTO accession negotiating team in preparing for the meeting, which included reviewing and revising the draft Factual Summary of Points Raised, consulting the members on the revised market access offers on goods and services and preparation of the revised legislative action plan. The Working Party members noted the progress made by Tajikistan since the first WP Meeting was a significant step towards accession. Also the updated WTO Legislative Action Pan was submitted to the WTO Secretariat during the Second Working Party Meeting. The State Trading Questionnaires objective was not applicable as the WTO never requested the questionnaires. The follow-up questions on the WT/ACC4 were only received in April at the last Working Party Meeting, and therefore will be included in TFI's work plan for the coming year.		
No.	Objective	Start Date	End Date
TJ WTO 02	WTO-compliant customs legislation drafted and adopted	1 Jun 04	31 May 05
Description	<i>Tajikistan's Customs legislation does not satisfy the requirements of the Revised Kyoto Convention and WTO Agreements. The adoption of the Customs Code and other customs legislation that is compliant with WTO requirements and Revised Kyoto Convention principles will be a foundation for implementation of internationally accepted customs practices and is essential for Tajikistan's WTO accession.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Regulations on IPR border measures drafted and submitted to the Government for approval. - 28 Feb 2005 COMPLETED. - WTO compliant-Customs Code drafted and submitted to the Government for approval. – 28 Feb 2005 COMPLETED. - WTO Customs Valuation Interpretative Notes prepared and submitted to the Government for approval. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 –	Tajikistan's new Customs Code was adopted into law on 1 January 2005. TFI reviewed the new Code and discovered that there were		

31 May 2005	deficiencies in the Code's compliance with the Revised Kyoto Convention, but it was in compliance with most of the WTO Agreements. The Code will be submitted for review to the WTO Working Party in the coming contract year. TFI provided support in developing the draft regulations on Customs Valuation and IPR border measures which are key implementing regulations for the new Customs Code. TFI will continue to provide support review and comment process of these regulations in its new work plan.		
No.	Objective	Start Date	End Date
TJ WTO 03	Complete steps required for TRIPS implementation	1 Jun 04	31 May 05
Description	<i>Compliance with the requirements of the WTO Agreement on Trade Related Intellectual Property Rights (TRIPS) is one of the key conditions for acceding countries. Tajikistan's IPR laws and mechanisms do not meet minimal standards set by the WTO TRIPS Agreement. Therefore, Tajikistan must bring its IPR legislation into conformity with the TRIPS Agreement, which includes revision of existing laws and joining international conventions on IPR. The current status of Tajikistan's IPR legislation and practices is reported to the WTO in WT/ACC/9 – Information on implementation of TRIPS agreement.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. PARTIALLY COMPLETE. - The Law on Trademarks and Service Marks drafted and adopted. – 31 May 2005 2. PARTIALLY COMPLETE. - The Law On Geographical Indication drafted and adopted. – 31 May 2005 3. PARTIALLY COMPLETE. - Accession to Rome Convention completed. – 31 May 2005 4. INCOMPLETE. - Amendments to the Law for Copyright and Related Rights drafted and adopted. – 31 May 2005 5. INCOMPLETE. - ACC/9 checklist updated and submitted to WTO Secretariat as necessary. – 31 May 2005 6. INCOMPLETE. - ACC/9 follow-up questions replied to if necessary. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	TFI has provided comments to the draft law on Trademarks and Service Marks and proposed to merge this law with the draft law on Geographical Indications. Officials at Tajik Patent Office agreed with the substantive comments made on the draft Trademark law but no action has been taken to merge the two laws, it is still being considered. TFI will continue to work on gaining approval of these recommendations. The draft regulation on joining the Rome Convention is going through the approval process within the Tajik Government. Generally, TFI feels that the regulation will be adopted in the next contract year. With regard to the Copyright law, TFI was not involved in the development of the current draft amendments nor were we provided with a copy of the amendments. However, informal comments we received on the amendments from WIPO indicate that the draft amendments need to be significantly reworked. TFI will continue to try to persuade the Tajik Copyright Agency to reconsider their draft and rewrite the amendments. The Tajik Government never received a request from the WTO for ACC/9 revision. Should the request come in the next contract year, TFI will provide the necessary support to update it.		
No.	Objective	Start Date	End Date
TJ WTO 04	Complete TBT and SPS implementation steps required for WTO accession	1 Jun 04	31 May 05
Description	<i>Tajikistan's legislation and practices in the areas of standardization and sanitary and phytosanitary measures do not meet requirements set by the WTO's TBT and SPS Agreements, implementation of which is one of the key conditions for acceding countries. Achieving compliance with the TBT and SPS Agreements requires fundamental transition of Tajikistan's standardization system from mandatory standards to voluntary. The implementation of the latter will require the adoption of a WTO-compliant Law on Technical Regulations and establishment of the Information Inquiry Points required by the TBT and SPS Agreements. The current status of Tajikistan's legislation and practices in the area of standards and sanitary and phytosanitary measures is reported to the WTO in WT/ACC/8a and ACC/8b – information on TBT and SPS implementation.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Working group on the Law on Technical Regulations established - 30 Nov 2004 2. COMPLETED. - TBT Inquiry Point established and WTO Working Party notified. -30 Nov 2004 		

	<p>3. COMPLETED. - SPS Inquiry Point established and WTO Working Party notified. – 31 May 2005</p> <p>4. PARTIALLY COMPLETE. - Law on Technical Regulations drafted and submitted to Parliament for approval. - 31 May 2005</p> <p>5. INCOMPLETE. - Code of Good Practice submitted to the Government for approval. – 31 May 2005</p> <p>6. INCOMPLETE. - ACC/8 checklist updated and submitted to WTO Secretariat as necessary. – 31 May 2005</p> <p>7. INCOMPLETE. - Membership in <i>Codex Alimentarius</i> completed. – 31 May 2005</p>		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>The TBT and SPS Inquiry Points have been established within the WTO Information Center. Tajikstandart does not have an English speaking person to field inquiries at this time and therefore the WTO Information Center has been serving as the TBT and SPS inquiry points as well. However, this location maybe temporary as the Government is still considering whether or not to establish these inquiry points at a separate location outside MET.</p> <p>A first draft of the law on technical regulations was prepared by TFI and submitted to the members of the working group for review. While the first draft was prepared and submitted in March the review process took longer then expected and should be completed in the next contract year. This delay also affected Tajikstandart's acceptance of the Code of Good Practice. Adoption of the law on technical regulations is a more logical sequence to the acceptance of the Code of Good Practices as it creates conditions that would allow Tajikstandart to accept and comply with the Code. TFI will continue to work toward achieving both of these goals in the next work plan.</p> <p>Membership in <i>Codex Alimentarius</i> was determined to be an optional membership and not an obligatory one for countries wishing to join the WTO. While TFI provided information on the <i>Codex Alimentarius</i>, the Tajik Government considered it a low priority and focused on other achievable objectives.</p>		
No.	Objective	Start Date	End Date
TJ WTO 05	Establish a WTO Information Center	1 Jun 04	31 May 05
Description	<p><i>A WTO Information Center will be an important tool for providing information from WTO to interested parties in governmental and non-governmental institutions. The Ministry of Economy and Trade of Tajikistan has established a WTO Unit with a full-time staff but must also set up a WTO Information Center for collecting, processing and disseminating relevant information to interested parties. The Information Center will also serve as the Government's Inquiry Point on GATS (General Agreement of Trade in Services).</i></p>		
Intermediate Objectives	<p>1. COMPLETED. - WTO Information Center established and accessible to government officials from the other ministries and agencies as well as to non-governmental institutions, business community representatives and interested persons. – 30 Nov 2004</p> <p>2. COMPLETED. - Conduct round table discussion with Government officials to explain the roles and functions of the WTO Information Center. – 30 Nov 2004</p> <p>3. COMPLETED. - Equipment necessary to operate the WTO Information Center provided. – 30 Nov 2004</p> <p>4. COMPLETED. - Website for the Ministry of Economy and Trade created. – 30 Nov 2004</p> <p>5. COMPLETED. - Information Center personnel trained on on-line access to WTO and CD ROM Information resources. – 31 May 2005</p> <p>6. COMPLETED. - Information Center accepted as an official WTO/GATS Inquiry Point for Tajikistan and WTO Working Party notified. - 31 May 2005</p>		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>In April, at the Second Working Party Meeting WTO member countries were officially notified of the WTO Information Center in Tajikistan.</p>		

Metrology, Accreditation, Standardization & Quality (MAS-Q)			
No.	Objective	Start Date	End Date
TJ MAS-Q 01	Steps taken by Tajikstandard to bring their MAS-Q infrastructure and practices into compliance with international norms	1 Jun 04	31 May 05
Description	<i>In addition to legislative changes, the transition to an internationally-recognized MAS-Q system will require certain institutional reforms.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> INCOMPLETE. - Action plan and a time-table developed and agreed upon by Tajikstandart for specific Tajikstandart activities to be brought into conformity with international norms. – 31 May 2005 COMPLETED. - International third-party accreditation and certification bodies recognized and accepted by Tajikstandart, including the ILAC and IAF. – 31 May 2005 INCOMPLETE. - ILAC and IAF requirements for accreditation of laboratories and certification bodies accepted by Tajikstandart. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	While TFI worked throughout the contract year, reviewing Tajikstandart documents and the practical implementation of standardization, certification, and accreditation TFI received very little cooperation from Tajikstandart officials. Though they agreed to a few meetings, they were not interested in implementing any of TFI's recommendations. ILAC and IAF conditional memberships were achieved through Tajikstandart's involvement in the regional MAS-Q CAC, and they did assist in the translation of documents of laboratory certification they have not yet accepted them officially but it is expected that they will by the end of 2005.		
UZBEKISTAN (UZ)			
Reduction of Investment Constraints in Ferghana Valley (RIC FV)			
No.	Objective	Start Date	End Date
UZ RIC FV 01	Regulations and procedures governing land site acquisition and construction activities improved	1 Jun 04	31 May 05
Description	<i>The process of acquiring permission to engage in construction or even repair of a building is lengthy, expensive, non-transparent and involves multiple government agencies. Initial review of procedures for land site acquisition and construction shows the processes are overly burdensome, require excessive time and money to complete and are not transparent. Also, new regulations are under consideration in Tashkent.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Data gathered at the local and national level and opportunities to streamline the existing process identified. - 31 Mar 2005 COMPLETED. - Recommendations forwarded to the TFI group in Tashkent considering improved mechanisms for national framework as needed. - 30 Apr 2005 INCOMPLETE. - Amendments compliant with national laws prepared and presented for adoption to the local Government.- 30 Apr 2005 INCOMPLETE. - If adopted, assist in the implementation and monitoring of the new amendments. - 31 May 2006 		
Quarter	Status & Comments		

1 June 2004 – 31 May 2005	<p>In the last contract year, TFI analyzed land acquisition procedures in Ferghana and Andijan in collaboration with businesses and relevant government agencies. As a result, TFI identified the following constraints related to this process: 1) lack of regulatory framework in the regions, 2) lack of transparency in existing procedures, and 3) absence of clear criteria for granting/ revoking/ suspending land rights.</p> <p>TFI is in the process of drafting regulations for Ferghana and Andijan that will address the constraints identified. This is unfortunately a very sensitive political issue on the local level as it is in the best interest of the local government officials to maintain the status quo by controlling the process. There is no clear political will to collaborate on this issue. The recent political events in May 2005, strained the working relationship between TFI and the local government even further. However TFI plans to continue to work on this issue through collaboration with progressive lawyers in the Ministry of Justice and the Tashkent Khokimiyat to complete the draft regulation, and present it and having it approved on the local level. This work will continue in the coming contract year.</p>		
No.	Objective	Start Date	End Date
UZ RIC FV 02	<i>Collaboration with local partners to identify and reduce barriers to business operation continued</i>	1 Jun 04	31 May 05
Description	<p><i>In Uzbekistan, in order to effectively advocate for business interests of their members, local associations and Chambers of Commerce often require technical and methodological assistance. Through the continuing cooperation of TFI, the activities of these partners will be enhanced in order to identify existing constraints, develop recommendations and implement solutions.</i></p>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - National legislation and local procedures reviewed and mapped. 2. COMPLETED. - Through collaboration with TFI, local partners identify barriers to business activity in the cities of Ferghana and Andizhan. 3. PARTIALLY COMPELTE. - Work plans developed for reduction of specific constraints identified and at least one constraint in each city reduced. – 30 Nov 2004 4. PARTIALLY COMPLETE. (FERGHANA). - In collaboration with new Chamber of Commerce leadership, business-government councils established and regularly operating in Ferghana and Andizhan to promote pubic-private dialogue, and continually working to identify barriers to business operation and remove constraints. – 31 May 2005 		
Quarter	Status & Comments		
1 Jun 2004- 31 May 2005	<p>In collaboration with the district Khokimiyat of Andijan Region and Coordination Council of Andijan Khokimiyat, TFI assisted in introduction of a more advanced software program in the process of business registration. As a result of setting up new software, less time is spent for applicants when registering with the district inspection.</p> <p>In collaboration with Osh (KG) and Andijan (UZ) branches of Kyrgyz Chamber of Commerce and Uzbekistan Chamber of Trade and Industry, Swiss government funded project “Goodwill Ambassadors” TFI assisted in setting up an Interagency Public Consultative Council aimed at promoting trade between Andijan and Osh regions of KG and UZ. First meeting was held on February 19, 2005, during which three main areas of work, such as: development of tourism (tourism for kids from KG to UZ), development of trading houses between two regions, processing of agricultural products from Osh in factories in Andijan. Preliminary period of the Council’s term is five months. In the event of successful outcome of the first five months work of the Council (i.e. concrete achievement of trade deals, etc.) it will be considered for further prolongation of its term. Due to recent political events, it remains to be seen whether or not the Goodwill Ambassadors will continue their efforts in Andijan.</p> <p>In collaboration with Ferghana region Khokimiyat, TFI assisted in having the state fee for business registration (five minimal wages)</p>		

	<p>reduced by three minimal wages. Resolution of the Ferghana region on the fee reduction was issued on January 18.</p> <p>In collaboration with Ferghana region Khokimiyat, TFI assisted in setting up a Consultative Council, representative of members of the Regional Khokimiyat, Customs, Tax Committee, other relevant state agencies, Commerce of Trade and Industry and businesses. Resolution of the Regional Khokim on setting up a Council was issued in February 23.</p> <p>In collaboration with the Coordination Council of Andijan Khokimiyat, TFI assisted in identifying barriers in the process of obtaining two kinds of licenses, such as trading in pharmaceuticals and transportation services. Coordination Council worked out recommendations on removing the barriers by proposing the following: 1) setting up a representative office of the Ministry of Health in Andijan region in order to businesses in Andijan to avoid extra trips to Tashkent; reducing the fee for transportation services license in Andijan region.</p> <p>In the coming contract year, TFI plans to continue its Consultative Council work in Ferghana, and closely monitor the situation in Andijan to determine when and how we can collaborate once again in Andijan.</p>
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TRADE FACILITATION (TF)

No.	Objective	Start Date	End Date
UZ TF 01	Expand TIR carnet availability to at least 1 city in the Uzbek portion of the Ferghana Valley	1 Jun 04	31 Jan 05
Description	<i>The TIR Convention introduces an internationally accepted guarantee mechanism for transit facilitation. Customs is protected against diverted goods while transporters are relieved of other means of control, such as cash deposits and customs escorts. In Uzbekistan, the TIR system has been established. The International Freight Forwarders Association of Uzbekistan is authorized to implement TIR in Tashkent. Currently, Carnets are only issued in Tashkent, requiring businesses based in the Ferghana Valley to incur significant costs and invest time to travel to Tashkent to get the Carnets. TFI will work with the Association to expand the availability of TIR Carnets to the Ferghana Valley. TFI will facilitate the expansion process by providing technical assistance, and educating transport companies, customs authorities, businesses and government on TIR operations.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - The International Freight Forwarders Association agrees to issue TIR Carnets in a city in the Uzbek portion of Ferghana Valley. – 30 Nov 2004 2. COMPLETED. - TIR Carnets issued in at least 1 city in the Uzbek portion of the Ferghana Valley.- 30 Nov 2004 3. COMPLETED. - Seminars held to encourage usage and inform the public about the benefits of TIR Carnets. - 31 Jan 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	Through a TFI/EDP grant, the Association of Freight Forwarders held a seminar for 25 participants to encourage TIR use. TIR carnets are currently being issued in the Tashkent City and Oblast and in the following towns in the Ferghana Valley: Ferghana; Kokand; Chust; Termez; Namangan; and Andizian. In all there have been over 440 carnets issues. In 2004 the National Office in Tashkent issued 2000 TIR Carnets, before any of the Ferghana Valley offices had opened. TFI considers this objective completed and from now on, the Association of Freight Forwarders intends to continue to implement and sustain the objective.		

World Trade Organization (WTO)

No.	Objective	Start Date	End Date
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UZ WTO 01	Progress toward WTO accession achieved through technical support and training provided	1 Jun 04	31 May 05
Description	<i>In order to have successful bilateral negotiations with WTO members and substantive results from Working Party meetings, it's essential to be well prepared. This includes informal preparatory contacts with WTO members and the proper preparation and submission of required documentation (ACC forms and questionnaires) and answers to WTO member countries' questions. If the content of the documents and answers are satisfactory to the WTO member countries, then the next Working Party Meeting can be scheduled.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> 1. COMPLETED. - Review of enterprises conducted to identify state trading monopolies among them.- 31 Aug 2004 2. PARTIALLY COMPLETE. - State Trading Questionnaires for selected enterprises drafted and submitted to WTO Secretariat. - 31Dec 2005 3. COMPLETED. - Trainings to government officials provided as necessary. - 31 May 2004 4. COMPLETED. - Replies to WTO member countries' questions drafted and submitted to WTO Secretariat. – 31 Mar 2005 5. INCOMPLETE. - Initial offers on market access for goods submitted to WTO Secretariat. - 30 Sep 2005 6. INCOMPLETE. - Initial offers on market access for services submitted to WTO Secretariat. - 30 Sep 2005 7. COMPLETED. - English language courses continued for Uzstandard and Small Council members. - 28 Feb 2005 8. INCOMPLETE. - Bilateral market access negotiations on goods and services held. - 31 May 2006 9. COMPLETED. - Training provided to business associations, journalists, and academicians to create public support for WTO accession.- 31 May 2005 		
Quarter	Status & Comments		
1 June 2005-31 May 2006	<p>TFI provided trainings to GOU on Antidumping – Countervailing Duties (AD-CVD), Copyright, Customs, replies to WTO questions, market offers for goods and services. TFI provided round tables to business associations on WTO accession matters in Tashkent, Bukhara and Urgench. TFI organized participation of GOU officials as well as academicians at the WTO Public Symposium.</p> <p>While great strides toward Uzbekistan's WTO Accession were made over the last contract year, there still remain items that the Government needs to address before the next working party meeting. For instance, despite TFI's urgings and assistance the GOU still has not submitted to the WTO Secretariat initial offers on goods and services. There are vested interest among the various senior level officials in the Government with regards to the necessity to formulate a trade regime in compliance with WTO principles which have significantly slowed the legislative changes necessary to prepare and submit the initial offers on goods and services. Unfortunately, due to the recent political unrest, the Vice-Prime Minister/ Minister of Foreign Affairs Elyor Ganiev who TFI was working with closely on these matters, has had to shift his attention to other matters as have many other high Government officials. Bilateral market access negotiations on goods and services held until the initial offers of goods and services are submitted.</p> <p>TFI will continue to work on Uzbekistan's WTO Accession efforts in the coming contract year.</p>		
No.	Objective	Start Date	End Date
UZ WTO 02	Legislative Action Plan drafted, submitted and updated	1 Jun 04	31 May 05

Description	<i>In order to accede to the WTO, a country's legislation must be WTO-compliant. The Legislative Action Plan is a document that can be used as a framework for legislative reform. It includes the laws and regulations that must be brought into compliance with WTO Agreements and indicates the schedule for review and revision of the listed legislation. The Legislative Action Plan must be submitted to WTO and regularly updated as necessary.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Legislative action plan drafted and submitted to WTO Secretariat. - 31 Aug 2004 COMPLETED. - Dates for adoption of certain legislative acts indicated in the Legislative Action Plan shortened. – 31 Mar 2004 PARTIALLY COMPLETE. - Updates to legislative Action Plan prepared if necessary and submitted to WTO Secretariat.- 31 May 2006 		
Quarter	Status & Comments		
1 June 2004-31 May 2005	TFI has provided continued assistance to the GOU on updating their legislative action plan in preparation of the next working party meeting throughout the contract year. Recommendations on updating the Legislative Action Plan with regard to TBT and SPS laws were submitted to the Cabinet of Ministers. However, they are still being reviewed by the Cabinet of Ministers and cannot be submitted to the WTO Secretariat until approved by the Cabinet. They are expected to be approved in first quarter of the next contract year, and previous to the next Working Party which is anticipated in no sooner than October 2005.		
No.	Objective	Start Date	End Date
UZ WTO 03	WTO-compliant Customs legislation drafted and adopted	1 Jun 04	31 May 2005
Description	<i>Uzbekistan's Customs legislation does not satisfy the requirements of the Revised Kyoto Convention and WTO Agreements. The adoption of the Customs Code and other customs legislation that is compliant with WTO requirements and Revised Kyoto Convention principles will be a foundation for implementation of internationally accepted customs practices and essential for Uzbekistan's WTO accession.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> PARTIALLY COMPLETE. - Customs Code drafted and presented to Government for review. - 31 May 2005 INCOMPLETE. - WTO Customs Valuation Interpretative Notes drafted, presented to the Government for approval. – 31 May 2006 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2005	<p>TFI has been providing assistance in drafting the new Customs Code to the GOU, which will include the provisions on Customs Valuation. Following the expected submission of the completed draft Customs Code to the Cabinet of Ministers in July 2005, TFI's further assistance is needed in providing presentations on the new Customs Code in the Parliament, among various GOU ministries and agencies and business community.</p> <p>The WTO Customs Valuation Interpretative Notes cannot be drafted or presented to the Government for approval until the Customs Code is completed and approved. Therefore TFI plans to continue its efforts to finalize the Custom Code in the coming contract year.</p>		
No.	Objective	Start Date	End Date
UZ WTO 04	TRIPS Implementation steps taken	1 Jun 04	31 May 05
Description	<i>Compliance with the requirements of the WTO Agreement on Trade Related Intellectual Property Rights (TRIPS) is one of the key conditions for acceding countries. Uzbekistan's IPR laws and mechanisms do not meet minimal standards set by the WTO TRIPS Agreement. Therefore, Uzbekistan must bring its IPR legislation into conformity with the TRIPS Agreement, which includes revision of</i>		

	<i>existing laws and joining international conventions on IPR. The current status of Uzbekistan's IPR legislation and practices is reported to the WTO in WT/ACC/9 - Information on implementation of TRIPS Agreement.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - The Bern Convention on Protection of Literary and Artistic works adopted. – 31 Jan 2005 PARTIALLY COMPLETE. - ACC/9 checklist updated and submitted to WTO Secretariat as necessary – 31 Mar 2005 INCOMPLETE. - The Law on IPR changes drafted and adopted. – 31 May 2006 INCOMPLETE. - ACC/9 follow-up questions replied to if necessary. – 31 May 2006 PARTIALLY COMPLETE. - The Law for Copyright and Related Rights drafted, submitted to the Parliament and adopted. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 - 31 May 2005	<p>Thanks to TFI's assistance, the GOU joined the Bern Convention on protection of artistic and literary works in January 2005. TFI has been providing assistance to the Uzbekistan Copyright Agency on drafting the new edition of the Law on Copyright and Related Rights. As a result, the draft Law was submitted to the Parliament. Once approved by the Parliament it will officially be adopted.</p> <p>Currently the updated ACC/9 checklist is being reviewed by the Cabinet of Ministers. It is expected to be submitted to the WTO Secretariat in the first quarter of the next contract year. Once that is submitted, and if follow up questions are asked, TFI will continue to assist in the preparation of those answers.</p> <p>TFI held a workshop on Copyright laws with the participation of WIPO experts on the revision of the draft Copyright Law and made specific recommendations to the GOU on bringing the law into conformity with the WTO requirements including the implementation of Article 18 of Bern Convention, to which the GOU had reservations concern retroactive protection of pre-existing works. On May 19th, there was the first reading of the draft Law in the Parliament. It's expected that TFI's recommendations will be adopted. TFI will continue to assistance in drafting provisions for IPR related legislation on IPR enforcement mechanisms. The draft law is expected to be adopted by September 2005.</p>		
No.	Objective	Start Date	End Date
UZ WTO 05	TBT and SPS implementation steps taken	1 Jun 04	31 May 05
Description	<i>Uzbekistan's legislation and practices in the areas of standardization and sanitary and phytosanitary measures do not meet requirements set by the WTO's TBT and SPS Agreements, implementation of which is one of the key conditions for acceding countries. Achieving compliance with the TBT and SPS Agreements requires fundamental transition of Uzbekistan's standardization system from mandatory standards to voluntary. The implementation of the latter will require the adoption of a WTO-compliant Law on Technical Regulations and establishment of the Information Inquiry Points required by the TBT and SPS Agreements. The current status of Uzbekistan's legislation and practices in the area of standards and sanitary and phyto-sanitary measures is reported to the WTO in WT/ACC/8a and ACC/8b – information on TBT and SPS implementation.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> COMPLETED. - Working group on the Law on Technical Regulating established with TFI participation. - 31 Aug 2004 COMPLETED. - Explanatory Memorandum with recommendations provided to the GOU on the necessity to reduce the list of products subject to mandatory certification. - 31 Aug 2004 COMPLETED. - Accession to International Plant Protection Convention completed. – 30 Nov 2004 COMPLETED. - ACC/8 checklist updated and submitted to the WTO Secretariat as necessary. – 31 Mar 2005 PARTIALLY COMPLETE. - Membership in Codex Alimentarius achieved. - 30 Sep 2005 		

	6. INCOMPLETE. - Code of Good Practice adopted. 31 May 2006		
Quarter	Status & Comments		
1 June 2004 – 31 May 2004	<p>Thanks to TFI's assistance, the GOU decided to establish a single TBT/SPS Inquiry Point. It's expected that the GOU resolution will be issued during summer 2005. TFI has been providing assistance in drafting the Law on Technical Regulating that would include the provisions on Conformity Assessment. Currently, the GOU assigned AFER to draft the Law on Conformity Assessment. Following TFI recommendations, AFER will prepare the new draft as a unified version of the Law on Technical Regulating including the provisions on Conformity Assessment. Further TFI's assistance is needed in completing the preparation of the draft law.</p> <p>Membership in Codex Alimentarius is one of the prerequisites of the SPS Agreements. The necessary documentation for Membership was prepared and is currently being reviewed by the Ministry of Foreign Affairs. It is expected to be approved by the second quarter of the coming contract year. The Code of Good Practice can only be adopted once the Law on Technical Regulating is adopted. Therefore, TFI will continue its efforts in the coming year to get the Law and the Code adopted.</p>		

Metrology, Accreditation, Standardization & Quality (MAS-Q)

No.	Objective	Start Date	End Date
UZ MASQ 01	Steps taken by Uzstandard to bring MAS-Q infrastructure into compliance with international norms	1 Jun 04	31 May 05
Description	<i>In addition to legislative changes, the transition to an internationally-recognized MAS-Q system will require certain institutional reforms. Namely, needed reforms include the creation of an internationally-recognized national accreditation program for laboratories, certification authorities and quality management systems and the adoption and application of international standards for certification.</i>		
Intermediate Objectives	<ol style="list-style-type: none"> INCOMPLETE. - Develop jointly with Uzstandard an accreditation program that is internationally compliant. – 31 May 2005 INCOMPLETE. -Develop jointly with Uzstandard a certification program that is internationally compliant. – 31 May 2005 		
Quarter	Status & Comments		
1 June 2004 – 31 May 2004	Accreditation and certification systems can only be reformed according to international standards once a WTO-compliant Law on Technical Regulating is adopted. Since this has not yet occurred in Uzbekistan, TFI's assistance has been limited to informing the Cabinet of Ministers of the importance of including international principles in reforming their systems and the equal importance and dependence on a the Law on Technical Regulating.		

REGIONAL

Metrology, Accreditation, Standardization & Quality (MAS-Q)

No.	Objective	Start Date	End Date
R MAS-Q 01	Achieve regional and international mutual recognition of defined MAS-Q activities of the Gosstandards of Central Asia	1 Jun 04	31 May 05
Description	<i>The MAS-Q program is focused on improving trade facilitation and market access by elevating present Central Asian MAS-Q governmental infrastructures and legislation to a level that is consistent with international norms and compliant with the World Trade</i>		

	<p><i>Organization's TBT and SPS Agreements. Mutual recognition of accreditation and certification schemes facilitates access to international markets and provides technical underpinning to international trade by promoting cross-border stakeholder confidence and acceptance of accredited test data and certified results. This is made possible through a network of mutual recognition arrangements among international accreditation bodies. Global mutual recognition offers the most efficient way to permit test data and certification results produced in any country to be accepted in other countries without duplication of testing or certification, thus reducing cost and eliminating non-tariff barriers to trade and market access delays.</i></p>
<p>Intermediate Objectives</p>	<ol style="list-style-type: none"> 1. Adopt and implement a voluntary system of standardization and conformity assessment activities, including the following: <ul style="list-style-type: none"> ○ PARTIALLY COMPLETE. - National Standards agencies in Central Asia officially notify ISO of their acceptance of the WTO/TBT "Code of Good Practice" for the preparation, adoption and application of standards. – 28 Feb 2005 – ○ PARTIALLY COMPLETE. - National Standards agencies in Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan implement programs that are compliant with the "Code", this includes bringing into line legislation on standardization to insure international compliance. – 28 Feb 2005 ○ PARTIALLY COMPLETE. - Through the CAC-MAS-Q, each of the Gosstandards agrees to recognize third-party voluntary Quality Management System certification. – 28 Feb 2005 ○ PARTIALLY COMPLETE. - Through the CAC-MAS-Q, each of the Gosstandards agrees to recognize third-party voluntary accreditation schemes. – 28 Feb 2005 2. Improve the technical competence and capabilities of the Gosstandards in the region to a level that is consistent with the minimum requirements of international norms. <ul style="list-style-type: none"> ○ INCOMPLETE. - Inter-laboratory comparisons of measurement standards implemented. - 31 May 2005 ○ INCOMPLETE. - Gosstandards in the region through the CAC –MAS-Q achieve international traceability of measurement. – 31 May 2005 ○ INCOMPLETE. - Accreditation bodies in the region through the CAC –MAS-Q implement accreditation procedures in accordance with the new standard, ISO/IEC 17011. – 31 May 2005 ○ INCOMPLETE. - CAC-MAS-Q establishes MOU with US National Institute of Standards and Technology in the area of metrology. – 31 May 2005 ○ INCOMPLETE. - CAC-MAS-Q achieves recognition status from the Inter-American Metrology system (SIM). – 31 May 2005 ○ INCOMPLETE. - CAC-MAS-Q achieves recognition status form the European Metrology Organization (EUROMET). – 31 May 2005 3. Mutual recognition established for accreditation activities on a regional basis. <ul style="list-style-type: none"> ○ COMPLETED. - CAC-MAS-Q achieves special recognition membership in ILAC. – 28 Feb 2005 ○ INCOMPLETE. - Formal MRA established between Central Asian Gosstandards to accept accreditation and certification results for products manufactured or produced in Central Asia. – 31 May 2005 ○ INCOMPLETE. - CAC–MAS-Q completes new roadmap plan for achieving recognition of accreditation activities on a regional basis. – 31 May 2005 ○ INCOMPLETE. - CAC–MAS-Q develops and adopts a quality manual and necessary documentation to meet requirements for full IAF Membership. -31 May 2005 ○ INCOMPLETE. - CAC–MAS-Q accredits local certification bodies in accordance with IAF requirements.- 31 May 2005
<p>Quarter</p>	<p>Status & Comments</p>

**1 June 2004 –
31 May 2005**

Activities under the first set of intermediate objectives depend largely on the pace of the legislative and institutional reforms in each country. In the Kyrgyz Republic and Kazakhstan, where new laws On Technical Regulations came into effect, the foundation has been laid for the development of a voluntary system of standardization and conformity assessment activities. In Uzbekistan and Tajikistan these reforms progressed but rather slowly, even though these initiatives are requirements for WTO accession.

The second and third sets of intermediate objectives were to be undertaken through the regional cooperation body - CAC-MAS-Q. Unfortunately, several events undermined TFI's ongoing support of this organization. First, TFI found it difficult to gather the heads of Gosstandards for a regional meeting. Without the participation of decision makers, little progress can be achieved. Second, events in Kyrgyzstan and later Uzbekistan in early 2005 limited TFI's ability to provide any support to the CAC-MAS-Q members from these countries. In the case of Kyrgyzstan, the director of NISM, and the champion of the CAC-MAS-Q, was no longer in a position of authority and was later removed, while in the case of Uzbekistan, TFI was restricted from providing direct financial support to the Uzbek central government. Third, in early 2005, new rules and procedures for regional accreditation bodies were introduced jointly by ILAC and IAF that will require the CAC-MAS-Q to undertake new and more demanding steps to achieve mutual recognition. As TFI has not had an opportunity to bring the parties together to explain these new requirements and provide assistance in developing and agreeing to a new Road Map, this has severely limited our ability to push forward the development of the CAC-MAS-Q.

As the political uncertainty continues in both Kyrgyzstan and Uzbekistan into the next project year, TFI will limit its support to the CAC-MAS-Q to informal information sharing, translation and adoption of international practices and maintaining contact with international organizations.

ATTACHMENT 1: ITG SUMMARY REPORT

The International Trade Guide website (www.ca-trade.com) first appeared on the Internet in June 2004. Since then the number of visitors and number of hits (visits to the website) have grown steadily. This can be illustrated by the following snapshot of visitors and hits for the last quarter:

Number of visitors and hits:
(March – May 2005)

Month	Unique visitors	Total hits
March	659	5391
April	895	5609
May	626	6460
Total for the quarter	2180	17460

Overall, since its launch the ITG website has been visited over **47,000** times. Although most of the visitors to the website come from Kazakhstan, the website enjoyed visits from various countries. The number of visitors distributed by country can be seen in the following table:

Number of visitors distributed by country:
(average number per day for the period of 29 days in May 2005)

Country	Daily number of hits	%	
Kazakhstan	14	48.5	
Russia	6	22.2	
Kyrgyzstan	2	6.4	
USA	1	3.2	
Uzbekistan	1	2.9	
Cyprus	1	1.8	
Ukraine	1	1.8	
Tajikistan	0	1.7	
Germany	0	1.5	
Lithuania	0	1.1	
Belarus	0	1.0	

Additionally, people from the following countries also visited the website, but the average number of visits per day is less than one: Latvia, Bulgaria, UAE, Norway, UK, Georgia, Israel, Lebanon, Azerbaijan, Czech Republic, Estonia, Spain, Hong Kong and Moldova.

**ATTACHMENT 2: KYRGYZ REPUBLIC CONSTRAINT
REDUCTION CHART
1 JUNE 2004 – 31 MAY 2005**

Kyrgyz Republic Constraint Reductions

1 June 2004 – 31 May 2005

Constraint Reductions

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
1.	<p>Bishkek</p> <p>Amendments to the Law on Licensing for Customs Related Services</p> <p>Date: Aug 2004</p>	<p>The absence of ancillary services in the list of activities subject to licensing under the Law “On Licensing” impedes the development of the ancillary services market. Although the new Customs Code anticipates the existence of ancillary services (e.g., services by customs brokers, customs carriers, bonded warehouses, temporary storage warehouses and duty free shops) a necessary complementary law was previously rejected by Parliament during discussion of the Code.</p> <p>(Improved transparency, reduced cost / corruption – 2)</p>	<p>TFI drafted and recommended adoption of the Law on Supplements to the Law on Licensing legalizing the support services.</p>	<p>With TFI assistance, the Law on Supplements to the Law on Licensing was adopted by Parliament on June 24 and signed by the President on August 13, 2004 (No. 129).</p>	<p>Entrepreneurs will now legally be able to engage in industries supporting trade activities. According to entrepreneurs, an average brokerage earns approximately 50,000 soms per month. With 18 licensed brokers to date, it is estimated that 10,800,000 soms (\$270,000) is now earned legally.</p>
2.	<p>Bishkek</p> <p>Control Level Pricing for Customs Duties</p> <p>Date: Jun 2004</p>	<p>The KR Customs Service has used a customs valuation methodology called “Control Level of Prices” (CLP) to determine duty assessments rather than using declared valuation as the primary source. Use of this methodology violates KR commitments made under the GATT.</p> <p>(Reduced cost, reduced time – 2)</p>	<p>TFI recommended the elimination of Control Level Pricing and the use of the internationally accepted valuation techniques provided in the new Customs Code.</p>	<p>After consultation among affected parties discussion among all parties, and analytical work by TFI experts on June 3 use of the CLP was terminated by order of the Director of Kyrgyz Customs. The valuation procedures in the new Customs Code comply with WTO provisions and use declared values as the primary source for calculations.</p>	<p>Customs clearance should be expedited through reduced need to consult outside sources for valuation information and increased reference to declaration value. Also, according to information from the Customs Department, collections have decreased 20% from 2003 as a result of the elimination of control level pricing. Therefore, businesses are saving:</p>

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
					4,938,340 (2003) x .2 = 987,668 987,668 / 42 = \$23,516
3.	Bishkek Resolution on Introduction of 6 (six) New Licensed Activities Date: Sep 2004	Resolution # 197 dated April 08, 2004 recommended introduction of 6 new types of licensed activities: - production and realization of chemical means; - building, repair and reconstruction of roads and road structures; - production, repair, sale, leasing of measuring devices; - geophysical, hydrogeological, mining, and drilling works, designing of mining facilities; - tobacco processing; - activity of independent appraisers. (Reduced cost, reduced time – 2)	TFI recommended the Kyrgyz Government eliminate the Resolution as it was approved by the Government without justification notes, economic analysis, other procedures stipulated by the Law “On Legal Normative Acts”. After consultation among affected parties, lawyers, TFI experts the Government took decision on drafting new Resolution to repeal Resolution # 197.	Based on recommendations provided by TFI, the Government of KR adopted Resolution # 719 dated September 27, 2004 which repealed Resolution # 197.	As the resolution prevented the imposition of new licenses, businesses will save the costs, time and interference associated with the new regulations.
4.	Bishkek Improved Implementation of Border Fees Date: Aug 2004	According to Resolution # 100 of February 25, 2004, the fees for Kazakh carriers during importation to the Kyrgyz Republic were lowered from \$1000 to \$250. However, businesses reported the \$1000 fee was still being charged due to a lack of dissemination of the new fee schedule. The issue was raised at the Customs Consultative Council by local businesses. (Reduced cost – 1)	USAID TFI recommended Customs issue a clarification to Customs offices of the change in fees to notify Customs authorities and businesses of the change.	As a result of the publication, proper fees are now being charged. Between 10 and 20 shipments monthly are brought into the area by Kazakh carriers.	The impact of the publication and adherence to the rules is estimated to be a cost savings of between \$7,500 and \$15,000 monthly (\$90,000 - \$180,000 annually).

Kyrgyz Republic

Constraint Reductions

#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
5.	<p>Bishkek</p> <p>Elimination of Customs Clearance Pre-Approval Visa</p> <p>Date: Nov 2004</p>	<p>According to Customs regulations, all traders were required to get a pre-approval from the head of the Customs House before the clearance procedures begin. A stamp on the documents indicating "Customs clearance is permitted in accordance with customs legislation" with his signature was required.</p> <p>(Reduced cost / corruption – reduced time – 2)</p>	<p>The issue was raised through the Customs Consultative Council and recommendations were made to eliminate this requirement.</p>	<p>Customs agreed to eliminate the pre-approval requirement.</p>	<p>The elimination of a discretionary step in the process eliminates an opportunity for corruption. Also, according to businesses, the wait time varied from 1 – 5 hours, with a 2 hour average. According to the Statistics Department, 87,299 declarations were processed in 2003.</p> <p>Total time savings is expected to be at least 174,598 hours (2 x 87299) or 21,825 work days. Assuming a daily rate of \$20, this is a cost savings recovered from time lost of \$436,500 annually.</p>
6.	<p>Bishkek</p> <p>Special Means</p> <p>Date: Oct 2004</p>	<p>Government bodies have been able to retain revenue gained from issuing permits, certificates and other documents rather than transferring the funds to the National Budget. This system was not transparent, allowed for revenue generation outside the supervision of other bodies and created incentives to impose financial requirements on businesses.</p> <p>(Increased transparency – 1)</p>	<p>Working with a number of partners and counterparts, TFI recommended that ministries, state committees, administrative institutions, state commissions and other executive power bodies transfer to the national budget revenues collected from issuance of various state permits, certificates, etc, as well as revenues collected due to inspections, fines and other administration sanctions. The collective recommendations were fully supported by the</p>	<p>The Resolution "On Stage-by-stage Transition of Budget Institutions and Organizations to the Full Budget Financing" was adopted by the Government of Kyrgyz Republic on October 30, 2004, # 798. As a result, state bodies must bring their procedures and rules into line with this Resolution and transfer revenues collected to the national budget.</p>	<p>The Resolution increases the transparency of government, by increasing the involvement of external bodies in financial oversight of activities. While it may not have an immediate impact on sanctions and fees, it removes the self-funding incentive.</p>

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
			working group and incorporated into the final version of the resolution.		
7.	Bishkek Amendments to the Government Rules of Selling of Precious Metals and Stones Date: Dec 2004	The Kyrgyz Government adopted “Rules of Selling of Precious Metals and Stones” # 26 on January 24, 1997 containing several provisions which regulated the procedures of issuing licenses for buying precious metals, stones and related material. However, the Law “On Licensing” requires licenses must be articulated in law, not by regulations adopted by the Government. (Reduced cost, reduced time – 2)	USAID TFI recommended the Kyrgyz Government eliminate any licensing requirements related to buying precious metals, stones and related articles due to conflicts with the Law “On Licensing”.	Based on recommendations provided by TFI, the Government of KR adopted Resolution # 929 dated December 15, 2004 which amended the Rules eliminating any licensing requirements.	As the resolution cancelled the license, businesses will save the cost, time and interference associated with getting a license in this area.
8.	Bishkek Customs Order on Collecting Debts Date: Jan 2005	The Customs Services adopted the Order #15-11/375 “On Enforcement of Instruction to Apply Measures Aimed at Ensuring Timely Collection of Customs Payments and Taxes and Paying Off Debts of External Economic Activity Entities” on June 7, 2002. The Order prohibited entities determined to have tax or duty debts from engaging in export or import transactions. However, according to businesses, the Order was arbitrarily imposed and was adopted contrary to drafting procedures as it had not been circulated within the Government. (Reduced cost, increased transparency – 2)	On the basis of a request from the private sector, the Working Group of the General Prosecutor’s Office identified that the given Order and Instruction were adopted contrary to the Law “On Normative and Legal Acts”, as the Order has not been properly circulated within the government nor registered.	On December 30, 2004 the General Prosecutor’s Office submitted a protest indicating the illegality of the Order. On January 19, 2005 the Revenue Commitment sustained the protest and canceled the Order.	As the order prevented trade transactions for any entity or individually determined to have a duty or tax debt, the prohibition on activity has been lifted. Also, transparency is increased as a regulation adopted without following proper procedure has been eliminated and it is expected that any future drafts will be circulated for comment.

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9.	<p>Bishkek</p> <p>Simplification of Procedures for Obtaining License for Beverage Production and Sale</p> <p>Date: Jan 2005</p>	<p>An Order of the State Inspectorate on control over production, storage and sale of certain beverage products adopted on April 9, 2003, # 44 created 3 commissions to oversee permits for beverage production. One commission conducted taste testing, one tested equipment and the third issued licenses. The process is contrary to the Law “On Licensing” and it’s implementing regulations, cost businesses unnecessary fees and excessive delays in the production.</p> <p>(Reduced cost, reduced time – 2)</p>	<p>Based on private sector complaints, the Working Group of the General Prosecutor’s Office recommended that the Order be eliminated as it contradicted the Law “On Licensing” and Chapter 28 of the Regulation “On Licensing of Particular Entrepreneurial Activities” #260 approved by the Government on May 31, 2001.</p>	<p>On January 28, 2005 the General Prosecutor’s Office submitted a protest indicating the illegality of the Order. On January 28, 2005 the State Inspectorate sustained the protest and canceled the Order. The Ministry of Justice registered changes made by the Order #40 on February 22, 2005. Taste testing has been eliminated and inspections of equipment have been combined with license review under a single body.</p>	<p>In 2004, the 67 licensed entities produced 1,340 varieties of goods requiring secondary testing at a cost of 200 soms each. The total annual savings is estimated at 268,000 soms (\$6,700).</p> <p>Additionally, the eliminated testing required two days to complete for each test conducted which delayed getting products to market and reduced business revenue.</p>
10.	<p>Bishkek</p> <p>Improvements to City Legal Drafting Procedures</p> <p>Date: Oct 2004</p>	<p>The procedures for development of normative acts at the local level are not transparent and changes in national legislation are implemented incompletely, which considerably influences business activities. Drafts are not published and public comments are usually not considered during the drafting phase resulting in burdensome, contradictory, illegal or poorly developed regulations.</p> <p>(Improved transparency – 1)</p>	<p>Based on the Decree of the President of the Kyrgyz Republic “About the Concept of Deregulation” and changes in the Law on Normative Legal Acts, TFI offered a new edition of the procedures for creation of normative acts in Bishkek City, which requires adherence to the legal drafting procedures, publication and obligatory public discussion prior to adoption.</p>	<p>On December 31, 2004, the Mayor of Bishkek City approved the new procedures. Implementation of the changes will reduce the number and will increase the quality of normative acts adopted at the local level. This also will enable making qualitative decisions taking into account opinions of the business community, which as a whole will positively affect realization of a normative act.</p>	<p>Legal drafting procedures touch on interests of the whole society, including the business community. While the precise impact is difficult to measure, the improved procedures will allow for greater public participation and transparency and should reduce burdensome, illegal, contradictory and irrational regulations.</p>
11.	<p>Bishkek</p> <p>Adoption of</p>	<p>The new Customs Code required the subsequent adoption of specific regulations to implement a number of provisions. Existing regulations were</p>	<p>USAID TFI recommended to reduce the number of implementing regulations by combining them, where</p>	<p>Compliant implementing regulations were significantly reduced and were approved by Government Resolutions</p>	<p>The adoption of the regulations will facilitate proper implementation of the Customs Code and provide greater</p>

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	Customs Code Implementing Regulations Date: Dec 2005	non-compliant with the new Customs Code, overly broad, redundant and burdensome. (Reduced cost, reduced time, improved transparency – 3)	needed and possible, and repealing unnecessary ones, as well as to bring the implementing regulations in-line with the new Customs Code, WTO and revised Kyoto Convention requirements and provisions.	No 963 in December 2004.	transparency and consistency with international norms.
12.	Bishkek Adoption of Improved Post-Entry Control Procedures Date: Dec 2005	According to the previous Customs legislation the Post Entry Control Department was able to inspect all companies in the country which have already passed customs clearance at the border. The businesses were not aware of their rights and obligations, as well as which kind of documents were required. (Reduced cost, reduced time – 2)	TFI recommended to adopt post entry control procedures in accordance with international best practice limiting inspections to only those companies which benefit from simplified procedures at clearance and to provide clear criteria for simplified procedures and inspections.	The Government adopted improved post entry control procedures by Resolution # 691 on December 28, 2004. Post entry inspections are limited to those businesses which received simplified procedures or import preferences.	In 2004, according to Customs approximately \$1,220,000 was assessed against businesses through post entry inspections. As the new procedures limit the number of businesses subject to inspections, significant savings should result and post entry interference will be reduced. Additionally, transparency is enhanced through clear articulation of requirements and rights in the new instruction. As of May 2005, inspections have been significantly reduced and limited to those getting import preferences. To date, according to Customs, approximately only 5,000,000 soms (\$120,000) have been collected. This is an annual collection rate of \$300,000 or a \$920,000 savings for entrepreneurs.
13.	Bishkek Development of	While temporary importation of some goods with an exemption for Customs duties and taxes was anticipated, the Government had not	On the basis of facts raised by the private sector, TIF recommended the Government develop such a	The Government accepted the recommendations and adopted the Resolution “On Approving the List of Goods	The new regulation improves transparency and certainty for businesses as it clearly indicates which goods are subject to the

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	the List of Goods Eligible for Duty Exemption Date: Dec 2005	generated a specific list. As a result, businesses were unaware of which goods qualified and were subjected to arbitrary decision making by Customs. (Increased transparency, reduced cost, reduced time – 3)	list on the basis of standards and recommended practices of the revised Kyoto Convention.	Temporarily Imported (Exported) With Full Conditional Exemption from Customs Duties and Taxes”.	exemption. Due to a reduction in the opportunity for arbitrary decision making by the government, opportunities for unofficial payments are also reduced and with clearly defined rules, interaction with Customs should be expedited.
14.	Bishkek Illegal Standard from the Ministry of Health Mandating Adoption of Quality Management System Date: Apr 2005	On February 9, 2005, the Ministry of Health of the Kyrgyz Republic adopted “On Approval of Standard CTO 85 -07. 0009:2005”. The regulation imposed a mandatory quality management system, including training, storage, equipment usage and record-keeping requirements for 700 private facilities. The mandatory standard was overly broad and intrusive and was adopted in contradiction of the Law “On the Fundamentals of Technical Regulation” and the Law “On Normative Legal Acts”. (Reduced time, reduced cost – 2)	It was recommended that the mandatory standard be eliminated and the necessary provisions be adopted as regulations following proper notice and comment procedures, allowing participation of the private sector to develop the least intrusive regulations possible given legitimate public interests.	In April 2005, the General Prosecutor’s Office submitted a protest with the recommendation. The Order of the Ministry of Health of April 18, 2005, # 148 canceled the mandatory nature of the standard.	Through the process the Ministry of Health increased knowledge of changes in the area of standards and the difference between standards and other forms of permissible regulations. It is expected that the Ministry will review the provisions and move forward following proper legal drafting provisions in consultation with the private sector. According to private operators, it is conservatively estimated that it would be necessary to hire additional specialists at an estimated cost of between \$100 and \$200 per month per office. Total savings is estimated at \$840,000.
15.	Bishkek Elimination of Branch Office Requirement for Customs Brokers	For the issuance of a license for brokerage services, Customs initially required applicants to open physical offices in each oblast in which it intended to offer services. This requirement violated both the Customs Code and the Law “On	Through the Customs Consultative Council mechanism, TFI supported entrepreneurs’ recommendations that the requirement be eliminated.	Customs agreed with businesses to eliminate the requirement and have been issuing licenses since March 2005.	As a result of the elimination of the requirement, businesses can receive a brokerage license and service clients around the country without opening remote offices. To serve the entire country, businesses would have

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	Date: Apr 2005	<p>Licensing” which prohibits regional licenses.</p> <p>In that anticipated costs exceed approximate revenues under the requirement, it is likely that either brokerages would not have opened entirely, or would have limited operations to only certain areas of the country, thereby denying many businesses access to beneficial services.</p> <p>(Reduced time, reduced cost – 2)</p>			<p>been required to complete lengthy administrative processes to acquire facilities, register offices, hire staff and being remote operations in up to 8 additional locations before being issued a license. The start-up time savings and money savings per broker per location is estimated at 4-5 months and approximately 4,000 soms. Additionally, businesses would encounter recurring operating expenses at the additional facilities of approximately 11,500 soms per month per location. With 18 brokerage licenses issued to date, assuming proper full-country coverage, total start-up savings is estimated at $18 \times 8 \times 4000 = 576,000$ soms (\$14,400) and annual operational savings is estimated at $18 \times 8 \times 11500 \times 12 = 19,872,000$ (\$496,800).</p>
16.	<p>Bishkek</p> <p>Elimination of Duplicate Oversight and Inspection Body</p>	<p>Under the order of the Head of Rayon State Administration of Pervomayskiy rayon, Bishkek City #135-p of October 20, 2004 a commission was formed to inspect and regulate activities of photographers / entrepreneurs at “Ala-Too” square. However, the procedures for inspecting business entities, as well as the list of</p>	<p>On the basis of complaints from entrepreneurs about redundant inspections of photographers by the Department for Entrepreneurship Support of the Bishkek Mayor’s Office, on December 25, 2004 a protest was filed with the Head of Rayon</p>	<p>On January 5, 2005 the illegal order was canceled and the redundant inspections eliminated.</p>	<p>Approximately 100 entrepreneurs work as photographers at “Ala-Too” Square. Each entrepreneur was subjected to inspections at least monthly requiring approximately 2 hours each event resulting in lost revenue of 100 soms. By eliminating the inspecting body interference in business</p>

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	Date: Jan 2005	government controlling bodies are regulated by the Regulation “On Procedures to Conduct Inspections of Business Entities by Government Controlling Bodies”. (Reduced time, reduced cost – 2)	State Administration to eliminate the contradictory order.		activities and redundant government oversight is eliminated, opportunities for unofficial payments are removed, and entrepreneurs recoup approximately 120,000 soms (\$3,000) annually.
17.	Bishkek Elimination of Illegal Licensing Requirements Date: May 2005	On January 12, 2004, through Prekaz #11, the Ministry of Health adopted additional requirements for licensing of medical practices in violation of legal drafting procedures, the Law “On Licensing”, and Resolution #260 from May 31, 2001, which prohibits the adopting of licensing requirements by individual ministry action. The additional requirements were adopted without required notice and including provisions related to “convenient premises”, client registers, and other training and supply demands. (Reduced time, reduced cost – 2)	On the basis of conflicts with the indicated laws, it was recommended that a protest be filed recommending the elimination of the regulation.	Based on the protest, the Ministry of Health eliminated the additional licensing requirements.	Approximately 700 private clinics are licensed in the Kyrgyz Republic, with up to 250 licensed annually. According to entrepreneurs, the additional licensing requirements, including those requiring facility renovations, would cost an average of \$1000 per office. If appropriate, following review, the Ministry may introduce some regulations, but in a manner in the future consistent with drafting requirements and through the government. Additionally, business operations will no be delayed pending compliance with unnecessary requirements.
18.	Bishkek Elimination of Deposit Requirement for Providers of Ancillary Services Date: Apr 2005	To obtain a license to work in the area of ancillary services Customs required a security deposit in the amount of at least 10 thousand minimum salaries (about \$25 000). As this amount would place a significant burden on companies, it would prevent many potential service providers from entering the industry.	TFI recommended that Customs should accept proof of professional insurance rather than cash deposits to allow businesses to be licensed without excessive binding on capital.	An agreement was reached between Customs and the Ministry of Finance whereas proof of insurance satisfies licensing requirements.	The total savings to entrepreneurs will be a factor of the number of eventually licensed ancillary service providers. However, to date, 13 licenses have been issued (12 brokers, 1 duty-free shop), resulting in a combined savings of \$325,000.

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		(Reduced cost – 1)			
19.	Bishkek Approval of 3 rd Party Testing for Certification of Customs Clearance Specialists Date: May 2005	Customs clearance specialists provide essential services to traders in facilitating trade and assisting in the clearance process. Under the Customs Code, these specialists must be certificated. Private-sector training providers had conducted training and testing of over 100 specialists, but Customs refused to recognize the tests as valid, thereby preventing them from serving the sector. (Increased business support / reduced barriers to entry – 1)	The issue was raised in the Customs Consultative Council and Customs initially refused to recognize the qualification. With the support of TFI, private-sector representatives of the training companies petitioned Customs to reverse their position.	As a result of the advocacy effort by the providers, Customs agreed to recognize the training and the test results, thereby allowing the specialists to be certified and begin providing services.	The impact to the 100 specialists is immediate in that they will be to practice their trade. For the trading and trading community the impact is greater because the specialists provide an essential support service and the recognition of 3 rd party results will empower the private-sector to provide similar services in the future. However, the exact monetary impact cannot be calculated.
20.	Jayil Improvements to Rayon Legal Drafting Procedures Date: Feb 2005	The procedures for development of normative acts at the local level are not transparent and changes in national legislation are implemented incompletely, which considerably influences business activities. Drafts are not published and public comments usually not considered during the drafting phase, thus resulting in burdensome, contradictory, illegal or poorly developed regulations. (Improved transparency – 1)	In October 2004 recommendations for amending Reglament of Jayil State Rayon Administration were submitted to the Akim of Jayil Rayon with USAID TFI assistance.	On February 24, 2005, the Akim of Jayil rayon approved the new procedures by Resolution of Akim # 99P. Implementation of the changes will reduce the number and increase the quality of normative acts adopted at the local level. This also will enable making qualitative decisions taking into account opinions of the business community, which as a whole will positively affect realization of a normative act.	Legal drafting procedures touch on interests of the whole society, including the business community. While the precise impact is difficult to measure, the improved procedures will allow for greater public participation and transparency and should reduce burdensome, illegal, contradictory and irrational regulations
21.	Uzgen Transport Conscription	Decree #100, dated May 20, 2004, issued by the Head of Uzgen State Administration obligated local entrepreneurs to provide transport to the local military registration and	On the basis of the working group recommendation the Prosecutor submitted a protest to eliminate decree # 100 due to its violation of	The Deputy Head of Uzgen State Administration signed repeal #203 dated September 29, 2004 thereby eliminating the regulation.	It is estimated that each conscription would cost approximately \$100 and would directly interfere with its ability

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	Decree Date: Oct 2004	enlistment offices. (Reduced cost – 1)	Article 4 of the Law “On Entrepreneurs Rights Protection” and Point 6 Of the President Decree dated February 16, 2000, “On measures on perfection of state regulation of legal persons and individual entrepreneurs.		to operation through the requisition of necessary equipment.
22.	Uzgen Decree on Mandatory Contribution to Recreation Date: Oct 2004	Decree # 146 dated July 17, 2004 issued by the Head of Uzgen State Administration obligated the heads of the rural municipalities and entrepreneurs to pay into a fund to cover the operation expenses of local social facilities. (Reduced cost – 1)	On the basis of the working group recommendation, the Prosecutor submitted protest #10-16Д-797-04 dated September 22, 2004, as it was in violation of Article 4 of the Law “On Entrepreneurs Rights Protection” and Point 6 Of the President Decree dated February 16, 2000, “On measures on perfection of state regulation of legal persons and individual entrepreneurs.	The Deputy Head of Uzgen state Administration signed the repeal #716 dated October 4, 2004 thereby eliminating the requirement.	Seven local private companies were impacted the range of contribution from \$20 to \$140.
23.	Uzgen Kyrgyz Republic / Uzbekistan Border Livestock Checkpoint Date: Oct 2004	Decree # 160 dated July 29, 2004, established special road checkpoints to supervise cross-border driving of cattle by farmers from Uzbekistan. Though Uzbek farmers already pass through the militia posts while crossing the Kyrgyz border, the decree established additional checkpoints, which created additional barriers for development of trade-economic relations between the two countries. These checkpoints are not	After studying this Decree, the working group recommended it be eliminated as it was established in violation of national legislation, which sets out the list of allowed checkpoints. A protest was filed on September 22, 2004 # 10-16Д-796-04 indicating that the Decree violated Government Resolution	As a result, the head of Uzgen State Administration signed the repeal #716 dated October 04, 2004, eliminating the checkpoint.	According to businesses and the government, approximately 56,000 animals cross the border annually with average crossings of 1,000 animals each. According to farmers, for each crossing border agents typically seize 2 sheep (each trip, 4 total) with a value of 2,000 soms each. Based on an estimated 56 2-way border crossings during the grazing season and estimated

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		included in the list of the approved government mobile posts. The establishment of mobile posts is the prerogative of the Government of the Kyrgyz Republic. (Reduced cost, reduced time – 2)	#609 dated September 15, 1998.		payments of 8000 soms each, cattle drivers will save approximately 448,000 soms (\$11,200) annually as a result of the removal of the checkpoints.
24.	Uzgen Mandatory Contributions to Public Fund Date: Oct 2004	Decree #45 dated March 2, 2004, issued by the Head of Uzgen State Administration obliged all private and commercial enterprises to transfer one-day's total salary for all employees to the BMDSK Public Fund. (Reduced cost – 1)	The working group declared that this Decree was not issued in compliance with national legislation and an official protest, dated September 22, 2004 # 10-16Д-799-04, was filed. This Decree violated the Article 4 of the Law "On Entrepreneurs Rights Protection" and Point 6 Of the President Decree dated February 16, 2000, "On measures on perfection of state regulation of legal persons and individual entrepreneurs.	The head of Uzgen State Administration signed the repeal #753 dated October 15, 2004, eliminating the requirement.	In the area there are 561 registered businesses with an estimated 2,742 employees. The average daily salary is 50 soms. Estimated payments requested totaled 137,000 soms. Although some monies were collected before the repeal, based on discussions with entrepreneurs, it is estimated that 50% of collections or 68,500 soms were avoided.
25.	Jalal-Abad Improvements to Oblast Legal Drafting Procedures Date: Jan 2005	The procedures for development of normative acts at the local level are not transparent and changes in national legislation are implemented incompletely, which considerably influences business activities. Drafts are not published and public comments usually not considered during the drafting phase, thus resulting in burdensome, contradictory, illegal or poorly developed regulations.	Following the adoption of changes to the Oblast reglament in Osh in October, the Governor of Jalal-Abad Oblast agreed to implement similar changes in drafting procedures in Jalal-Abad Oblast with the assistance of USAID TFI.	On January 29, 2005, the Governor of Jalal-Abad Oblast approved the new procedures. Implementation of the changes will reduce the number and increase the quality of normative acts adopted at the local level. This also will enable making qualitative decisions taking into account opinions of the business community, which as	Legal drafting procedures touch on interests of the whole society, including the business community. While the precise impact is difficult to measure, the improved procedures will allow for greater public participation and transparency and should reduce burdensome, illegal, contradictory and irrational regulations

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		(Improved transparency – 1)		a whole will positively affect realization of a normative act.	
26.	Jalal-Abad Elimination of Sales Requirements for Harvested Goods Date: Dec 2004	In 2004, the head of a village council in Jalal-Abad oblast issued a number of decrees requiring local growers to sell their product to the Jalal-Abad processing plant and to contribute an undefined percentage of their revenue from the sale to the village council fund. To date, 17 growers have been impacted by the decrees. (Increased revenue / reduced cost – 1)	Per TFI's recommendation, the Prosecutor's Working Group of Jalal-Abad Oblast reviewed the decrees and determined that they were illegal. Several appeals were filed to eliminate the illegal decrees.	All of the illegal decrees involving the sale were eliminated and the growers are now able to sell to the buyer of their choice.	According to government figures, sales revenues are estimated at \$400 per grower, but are expected to increase this year due to both market forces and increased sales options. The required payments to the Council varied from grower to grower, but are estimated to average 4% of revenue.
27.	Osh Regulation of Beekeeping Activities Date: Jul 2004	During the process of exploring the situation in the beekeeping sector in Osh oblast the following problems have been identified: 1) Illegal and unreasonable fees for placement of beehives. Each village council charges different fees for land usage – the amounts range from 20 to 2,000 soms depending on the number of beehives 2) Veterinarian certificates were only available in Osh city requiring beekeepers to travel to Osh to get documents. 3) Illegal stops at the check-points by the road police & ecological agencies. Frequent stops and harassment of beekeepers at the unauthorized checkpoints established illegally by the local councils and	Through a working group supported by USAID TFI recommendations were developed and submitted to the Department of Ag Development of Osh Oblast Administration. It was recommended to develop a plan for regulating placement of beehives and to develop a stable fees for land usage by beekeepers, that local veterinarians be empowered to issue required certificates, and that mobile posts not mentioned in the Government Decree # 609 dated September 15, 1998 "On stationary check-	Osh Oblast adopted the recommendation in Resolution #54 of July 16, 2004, "On Beekeeping", calling for a working group to develop a unified plan for land use and fees by beekeepers, and allowing the certification of local veterinarians in the oblast to issue the required documents, negating the requirement of traveling to Osh city. The Decree will allow both Osh oblast beekeepers and Uzbek beekeepers to get a veterinary certificate from a veterinary department or from an authorized specialist located at the destination point while	1000 entrepreneurs engaged in beekeeping in Osh Oblast or travel to the area to conduct business. Beekeepers will save and average of 100 soms and one day travel time by getting certificates locally. The estimated annual savings for beekeepers is projected to be 1000 beekeepers x 100 soms = 100,000 soms (\$2,500) The savings to entrepreneurs from avoidance of road payments is projected at up to 1000 x 6 x 50 = 300,000 soms

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		state administrations. Beekeepers are stopped an average of 6 – 9 times during transit and spend 20 to 30 minutes and pay 20 to 50 soms. (Reduced cost, reduced time – 2)	points” be eliminated.	relocating their beehives. Beekeepers will no longer be subject to excessive stops and demands for payments.	(\$7,500).
28.	Osh Mayor’s Decree on Inspections Date: Jul 2004	The Osh Mayor's Office issued a Decree # 97 dated February 05, 2004, on Inspections aimed at collection of forecasted volumes of fines in the Osh city. For 2004 the forecasted volume of fines was estimated to more than 6,000,000 soms. The basis for issuing this Decree was the following procedure: 1) The Ministry of Finance provides a forecast for the annual budget; 2) Based on this budget the Osh Mayor's Office develops a forecast of the local budget for the Osh City; 3) Then this forecast of the Osh City Mayor's Office is sent for the approval by the Osh City Deputy Council; 4) This forecast includes volume of taxes and fines to be collected in the upcoming fiscal year; 5) After the approval of this budget for each year the Osh City Mayor's Office issues a separate Decree that would ensure collection of forecasted volumes of fines in the city. This Decree led to increased number of inspections conducted by the city departments to meet the targets. Also, the Consumers’ Rights	After the studying this Decree the Working Group has declared that this Decree was not issued in compliance with the National legislation. The Decree was conveyed to the Osh City Prosecutor who then wrote the official Protest for Repeal of this Decree – the date of the Protest is May 24, 2004. This Decree violated the Article 614 of the Code of Administrative Responsibility “the fines imposed by the state bodies are transferred to the national budget”. Also, it was recommended that the inspection powers of the Consumer Rights Protection body be eliminated.	As a result the Mayor of Osh signed the repeal #744 dated July 15, 2004 of the Decree on Inspections. The Osh City Prosecutor’s Office has issued a Prescription to the Consumers’ Rights Protection Body to eliminate the violations of the President’s Decree on “Additional measures to protect entrepreneurs and regulating the work of controlling bodies” – the date and number of the Prescription #11-7a-461-09 is May 24, 2004. On July 13, 2004, based on this Prescription the first vice-mayor of Osh met with the Head of the Consumers’ Rights Protection Body and ordered to stop conducting any inspections without their prior strong justification or complaints from consumers.	The repeal of this Decree on Inspections will reduce the number of unjustified inspections conducted by the city departments. Further monitoring will be required to determine the impact of the repeal as inspections will still continue and it is likely unofficial targets will still be given. As a result of the elimination of inspections by the Consumers’ Rights Protection Body, businesses will save the 164,500 soms (\$4,000) slated for collection by the body and not be subject to interference from this organization.

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		<p>Protection Body was conducting duplicative inspections to reach a target of 164,500 soms annually. Although according to the law the Consumers' Rights Protection Body is not authorized to conduct any inspections.</p> <p>(Reduced cost, reduced time, improved transparency – 3)</p>			
29.	<p>Osh</p> <p>Customs Consultative Council Established</p> <p>Date: Jun 2004</p>	<p>Trade and cross-border business activity is very important to business development in the Ferghana Valley. Lack of knowledge regarding trade and transit regulations often results in decreased trade, increased costs, corruption and diminished business opportunities. Historically, businesses did not have access to Customs officials to raise issues impacting their businesses or gain increased understanding of trade and transit regulations directly from the regulators.</p> <p>(Improved transparency – 1)</p>	<p>Based on the success of similar bodies in Kazakhstan and Bishkek, USAID TFI recommended the Customs Department establish a Consultative Council in Osh, under the management of local Customs officials to increase business participation in the regulatory process, increase transparency and increase responsiveness of government business concerns.</p>	<p>On June 28, 2004 the first Customs Consultative Council in the Ferghana Valley was established in Osh, Kyrgyz Republic.</p>	<p>The precise impact of the council will be driven by the issues raised and addressed through the forum. However, the creation of the council is a large step forward in increasing transparency and accountability of government and increased citizen participation in government activities.</p>
30.	<p>Osh</p> <p>Improvements to Oblast Legal Drafting Procedures</p> <p>Date: Oct 2004</p>	<p>The procedures for development of normative acts at the local level are not transparent and changes in national legislation are implemented incompletely, which considerably influences business activities. Drafts are not published and public comments are usually not considered during the drafting phase resulting in burdensome, contradictory, illegal or</p>	<p>Based on the Decree of the President of the Kyrgyz Republic "About the Concept of Deregulation" and changes in the Law on Normative Legal Acts, TFI offered a new edition of the procedures for creation of normative acts in Osh Oblast, which requires</p>	<p>On October 5, 2004, the Governor of Osh province approved the new procedures. Implementation of the changes will reduce the number and will increase the quality of normative acts adopted at the local level. This also will enable making qualitative decisions taking</p>	<p>Legal drafting procedures touch on interests of the whole society, including the business community. While the precise impact is difficult to measure, the improved procedures will allow for greater public participation and transparency and should reduce burdensome, illegal, contradictory and</p>

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		poorly developed regulations. (Improved transparency – 1)	adherence to the legal drafting procedures, publication and obligatory public discussion prior to adoption.	into account opinions of the business community, which as a whole will positively affect realization of a normative act. According to the 5 th Investment Matrix, the procedures adopted by the Osh state administration will serve as model for other state administrations in the country.	irrational regulations.
31.	Osh, KG / Andijan, UZ Cross Border Customs Clinics Date: Sep 2004	Since June 2002, law clinics operated by the Association of Young Lawyers of the South have been funded by grants from the Eurasia Foundation. According to the clinic staff, many people encounter problems involving excess duties being charged, and opportunities to take advantage of favorable customs codes are limited due to a lack of understanding of customs regulations. (Reduced cost, reduced time – 2)	TFI provided materials and consultation to consultants working directly with clients regarding customs clearance procedures, permit requirements, custom agreements between KG and UZ, and changes in customs codes to ensure people crossing the border are properly informed and proper procedures are followed.	The legal clinics provide TFI-supplied customs information to their clients, which allows them to better take advantage of beneficial customs codes and arms them with information to contest requests for excess duties and unofficial payments. Based on the success of the existing legal clinics and encouragement from the Customs Council and TFI, an additional clinic was opened in the Batken Oblast in August.	On average, 600 people per month are assisted by the legal clinics on both sides of the border. The assistance provided prevents the payment of excess duties and reduces travel delays, and bribes resulting from people being uninformed. Also, the implementation of favorable regulations is improved thereby reducing unnecessary duties and encouraging cross border trade.
32.	Osh Elimination of Civilians Mediators at Customs Posts Date: Jan 2005	Customs previously utilized private citizens as “facilitators” at check points to extract unofficial payments and facilitate the informal movement of goods. At “Dostuk” Customs Post the civilians performed cargo examinations of goods being transported and promised intermediary services for preferential treatment.	The Customs Code prohibits the presence of civilians and other persons in the customs control area. TFI recommended the practice be eliminated.	After being raised at the Customs Consultative Council in Osh the Osh Customs Office instructed officers on January 4, 2005, to prohibit the presence of civilians as facilitators in Customs Control Zones and at Customs Posts.	Daily, approximately 100 shuttle traders move through the Customs Post between Uzbekistan and the Kyrgyz Republic. On average, 20 soms from collected from each shuttle trader. The total annual savings from the eliminated interference and unofficial payment solicitation is estimated to be

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
		(Reduced cost, improved transparency – 2)			730,000 soms (\$18,250). Additionally, government accountability is increased.
33.	Osh Elimination of Illegal Checkpoint near UZ border Date: Jan 2005	In May 2004, by the local Village council established a new permanent traffic checkpoint near the border with Uzbekistan. This checkpoint is not included in the list of approved government mobile posts. The post was delaying traffic as well as extracting fees during stops. (Reduced time, reduced cost – 2)	The working group recommended the post be eliminated as it violated national legislation setting out the list of allowed posts.	A protest was filed on January 22, 2005, # 11-9P-23-05 indicating that the Decree violated Resolution #609 from September 15, 1998. As a result of the protest, the post was removed.	Approximately 100-120 motor and animal-drawn vehicles traveled through this checkpoint daily. According to citizens, all vehicles were stopped and required to pay 10-20 soms. Total savings is estimated at 365,000 soms (\$9,125).

WTO Post-Accession Compliance Activities

June 2004 - May 2005

Kyrgyz Republic				
WTO Post-Accession Compliance Activities				
#	CITY / PROJECT	Details	Recommendations	Result
1.	Bishkek Amendments to the Government Regulation on IMC under the Government of the KR on WTO issues Date: Aug 2004	The business community was only allowed to participate in the Inter-Ministerial Commission as observers without the ability to vote in decision-making process. As a result the Government gave little weight to recommendations and opinions of the private sector on trade policy matters discussed.	TFI drafted and recommended to adopt amendments to the Government Regulation on IMC under the Government of the KR on WTO issues providing private sector representatives with full member status. The direct involvement of the business community will further enhance the coordination work of the IMC as it strives to effectively form	With TFI assistance, the Government of the KR on September 11, 2004 (No. 677) adopted amendments to the Government Regulation on Inter-Ministerial Commission under the Government of the KR providing for full private-sector membership.

Kyrgyz Republic				
WTO Post-Accession Compliance Activities				
#	CITY / PROJECT	Details	Recommendations	Result
			commercial policy, reduce barriers to trade, enhance WTO compliance and take full advantage of WTO membership.	
2.	Bishkek Amendments to the Law “On Preventive Measures with Regard to Iodine Deficit Diseases” Date: Oct 2004	The Parliament passed and sent to the President amendments to the Law “On Preventive Measures with regard to Iodine Deficit Diseases” which attempted to introduce non-compliance quantitative trade restrictions on the importation of non-iodinated salt in violation of WTO rules and procedures.	At the request of the President through the WTO Department, TFI prepared comments to this law indicating it violated WTO procedures and should not be adopted.	On the basis of the recommendations from the WTO Department, the President did not sign the law, but returned it to Parliament for further consideration in compliance with WTO. Parliamentarian excluded the provisions that established import quotas on technical salt. The Government’s Resolution of October 30, 2004 approved the draft law that excluded introduction of measures restricting importation of non-iodinated salt to Kyrgyzstan.
3.	Bishkek Law on Enriched Flour Date: Jan 2005	The Parliament passed and sent to the President the Law “On Enriched Flour”, which attempted to introduce non-compliance quantitative trade restrictions on the importation of non-enriched flour in violation of WTO rules and procedures.	By request of the President the IRT and the Information and Analytical Group under the KR President’s Advisor for Trade and Economic Issues with TFI assistance prepared comments to this Law indicating that it violates WTO procedures and national treatment principle and should not be signed.	On the basis of the comments, the President did not sign the law, returned it to Parliament for further consideration in compliance with WTO. The President in objection suggested to the Parliament to exclude the article which bans import of non-enriched flour to Kyrgyzstan. The Law is pending approval by the Parliament.
4.	Bishkek Inter-Ministerial Committee Action Plan Adopted Date: Feb 2005	Although the Kyrgyz Republic is a member of the WTO, a number of regulations are not in compliance with WTO provisions.	The Inter-Ministerial Commission, with the support of TFI, prepared an action plan identifying 6 normative legal acts with are remain inconsistent with WTO provisions, with specific recommendations to cancel the offending regulations, and submitted the action plan to the Government for approval.	In February, based on the recommendations of the IMC, the Government adopted the action plan presented and ordered indicated ministries and agencies to bring their regulations into compliance with the action plan within 1 month. The Government and USAID TFI will monitor compliance with the order.

Kyrgyz Republic**WTO Post-Accession Compliance Activities**

#	CITY / PROJECT	Details	Recommendations	Result
5.	Bishkek Infrastructure for Implementation of the Law “On the Fundamentals of Technical Regulation” Date: Apr 2005	To implement the Law “On the Fundamentals of Technical Regulation” and address technical barriers to trade required under WTO provisions, it is necessary to clearly define government bodies responsible in specific areas, eliminate state supervision from the duties of the authorized body, and resolve political disputes between competing government organizations.	Through the working group and the Commission on Technical Regulation, TFI assisted in the development of a Presidential Ukaz which resolved infrastructure issues, named MEDIT as the authorized body on technical regulations, eliminated state supervision provisions, and moved NISM under the government.	On April 30, 2005, President Bakiev signed the Ukaz, resolving infrastructure issues and allowing the working group to proceed with substantive issues regarding implementation of the law.

**ATTACHMENT 3: KAZAKHSTAN CONSTRAINT REDUCTION
CHART
1 JUNE 2004 – 31 MAY 2005**

Kazakhstan Constraint Reductions

1 June 2004 – 31 May 2005

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
1	<p>Astana (PP) – Obtaining certificate on tax indebtedness</p> <p>Date: June 2004</p> <p>Zhanna A</p>	<p>The process for obtaining a certificate on tax indebtedness is too long (5 days).</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>Reduce processing time from five to two days.</p>	<p>The Astana Tax Committee issued its internal order (# 22-p) on May 4, 2004. That order sets strict limits on processing times and has reduced the process from 5 to 2 days.</p>	<p>Government statistics show that 25892 certificates were issued in 2004.</p> <p>The average daily profit for each entrepreneur involved in the process is \$30 (based on a survey of affected entrepreneurs).</p> <p>The changes will reduce the process by 3 working days.</p> <p>25892 * 3 * 30 = \$2,330,280</p>
2	<p>Astana (PP) – Approval to utilize Residential Premises for Commercial purposes.</p> <p>Date: June 2004</p> <p>Zhanna A</p>	<p>The unnecessary inclusion of the Department of State Sanitary and Epidemiological Control in the application process for non-hazardous businesses adds additional time and costs to the process.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>Eliminate the Department of State Sanitary and Epidemiological Control from the process when the commercial purpose of the property will not involve hazardous activities.</p>	<p>Decree #42/1 of June 1, 2004 “On Limitation of Agreement Application of Establishments Situated on the First Floor of Residential and Administrative Buildings” eliminated SES from the process when permits are for kiosks and newspaper shops, legal consultation offices, notaries, libraries, exhibition halls, cloths, shoes and toys stores, book stores, domestic equipment stores, automobile spare parts selling stores and shows.</p>	<p>About 210 entrepreneurs will be affected annually.</p> <p>The average daily profit for each entrepreneur involved in the process is \$30 (based on a survey of affected entrepreneurs).</p> <p>The changes will reduce the process by 1 working day.</p> <p>\$30 * 210 = \$6 300.</p>
3	<p>Ust-Kamenogorsk – Registration of Sanitary Passports</p>	<p>Requirement to submit redundant information (previously submitted during process of business registration) in order to receive passport costs entrepreneurs up to 7 lost work days and direct costs of up to</p>	<p>Eliminate this requirement and require the health service to gather necessary information from existing public records.</p>	<p>Recommendations adopted by Internal Order of the Sanitary Epidemiological Station (SES) of the East Kazakhstan Oblast</p>	<p>1688 entrepreneurs annually register their sanitary passports.</p> <p>The average daily profit for each entrepreneur involved in the process is \$20 (based on a survey</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
	Date: June 2004 Alexander Yepishkin	20 dollars. (Reduced Costs, Reduced Time – 2)			of affected entrepreneurs). [(7 * 20)+20] * 1688 = \$270 080
4	Ridder (PP) – Construction Permits Date: June 2004 Alexander Samoilov	A general lack of information about the process. Redundant application reviews by committees within the Akimat and the Ridder Department of Architecture. The legal status of the final approval document required too many reviews and signatures resulting in delayed construction starts. (Reduced Costs, Reduced Time, Increased Transparency – 3)	Create information stand. Abolish one of two committees on obtaining land as a duplicating body Change the status of final approval document to lower processing time.	Information stands erected at Ridder Department of Architecture and Housing Services and at the Ridder Department of Land Resources. Akimat Committee no longer involved in approval process. The final approval document's legal status was changed from "Akim's Decree" to "Akim's Decision" which resulted in the number of required signatures being reduced.	The process time was reduced by three days. 50 entrepreneurs annually apply for construction permits. The average daily profit for each entrepreneur involved in the process is \$20 (based on a survey of affected entrepreneurs). (3 * 50 * 20) = \$ 3 000
5	Astana (PP) – Land Registration Date: June 2004 Zhanna A	Previously applications were reviewed on an ad hoc basis and required separate Akim decisions in order to be accepted, resulting in consideration times of up to six months. The new system ensures that all applications will be considered and decided within three months of submission. (Reduced Costs, Reduced Time – 2)	Have the Astana Land Resources Commission consider all land registration applications collectively during regularly scheduled meetings as opposed to individually when received.	The Astana Land Resources Commission has agreed to consider all land registration applications received during regularly scheduled meetings.	Approximately 920 entrepreneurs go through the process of land allocation. The processing time was reduced by 60 days. The average daily profit for each entrepreneur involved in the process is \$30 (based on a survey of affected entrepreneurs). Total amount saved: 920 * (60 * 30) = \$1 656 000
6	Pavlodar – Import and	Duplicative document checks and import/export processes by both	Allow for joint border controls to reduce	On June 4, 2004 an Agreement was signed in Pavlodar between	Interviews with affected entrepreneurs showed that the

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
7	Pavlodar – Import and Export of Commercial Goods Date: June 2004 Sergey Pyzhenko	SME's cannot import goods into Kazakhstan until they have received import certificates from Customs. The Certification procedure is not carried out at actual customs posts, but rather at the Customs Control Department. As a result this process can take up to three days leading to significant financial losses for cross- border traders. (Reduced Costs, Reduced Time – 2)	Create departments at Pavlodar customs posts that can issue certificates onsite.	In May 2004 Pavlodar customs initiated TFI's recommendations on a trial basis.	Interviews with affected entrepreneurs showed that the system of offsite permit issuance added additional costs of \$150 for each border crossing. An average of 27 certificates are issued monthly. 27 * 150 * 12 = \$48,600
8	Karaganda (PP) – Pharmaceutical Licensing Date: June 2004 Tatiana Bakiyeva	Duplicative SES approvals required at both the Rayon and Oblast level and unnecessary documentary requirements create business start-up delays and cost increases. (Reduced Costs, Reduced Time – 2)	To eliminate the requirement that entrepreneurs receive a conclusion from Oblast SES. To reduce the overall list of documents that must be submitted during the licensing process. To impose time limits on agencies issuing permissive or supporting documents.	The Oblast SES issued internal order No. 80 (June 21, 2004) to recognize the validity of conclusions made by their counterpart offices at the rayon level, thus eliminating the need for applicants to submit the same documents twice and receive the same permissions twice. In addition, the following time limits were imposed on agencies involved in the process: 1. State Sanitary Epidemiological Inspection from 15 to 8 days; 2. Medicine Expertise Center from 14 to 8 days; 3. Oblast Pharmacy Control from 15 to 6 days.	1,000 licenses are issued annually Processing time has been reduced by 25 days. The average daily profit for each entrepreneur involved in the process is \$10 (based on a survey of affected entrepreneurs). 1000*\$10*25=\$250 000
9	Ust Kamenogorsk – Registration of	The Ust Kamenogorsk government had required that new real estate certificates be completed whenever	Amend existing certificates with the name of new property owner.	Based on TFI's recommendations, the Ust- Kamenogorsk real estate	Based on official government price lists, this change will save applicants \$15 per transaction.

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
	Property Rights Date: June 2004 Alexander Yepishkin	property changed ownership. This requirement to undergo a new certification process was unnecessarily expensive and time consuming. (Reduced Costs, Reduced Time – 2)		registration center has agreed to rescind an internal order that had required the preparation of new real estate certificates every time a property changed hands. Now the pre-existing certificate will simply be transferred to the new owner.	Based on statistics from the Oblast Economy Department 500 apartments are re-equipped into business objects. 15 * 500 = 7,500
10	Atyrau (PP) – Fire Inspections Date: July 2004 Anar S.	Barrier 1. Lack of information Entrepreneurs often lack information on fire safety compliance norms, standards and preventative measures, which then result in a violation of fire safety codes. Meanwhile, the majority of the entrepreneurs violate one and the same basic fire codes. Lack of knowledge results in rent seeking. There are no clear-cut and known guidelines on appealing the results of the inspection to a higher agency. Barrier 2. Misuse of the fining system The inspectors have a choice of issuing a warning (with measures that have to be taken to remedy a violation) or a fine, and in 83-90% of the cases the fine is issued. According to data from the Atyrau Fire department in 2001 there were 117 fines and 24 warnings, and in 2002 there were 70 inspections and 7 warnings issued to the small businesses.	The constraints were addressed by 11 recommendations, 9 of which were accepted by the State Commission on Support of Small Business on April 2, 2004. Next, the commission issued the recommendations to the Atyrau Fire Department. Additionally, recommendations were sent to the Republican Fire Department, and were added to the suggestions to the Administrative Code issued by the Forum of Entrepreneurs and Almaty Association of Entrepreneurs.	(1) The Atyrau State Fire Department analyzed the most common violations of the Fire Code by businesses, presented information on fire hazard level of the businesses, and participated in preparation of the brochure for the entrepreneurs. The brochure includes information on the process and rules for conducting a fire inspection, appeal process, and accepted changes in the inspection process. The brochure will be printed in July and issued to the businesses during inspection, at our partner Union office, and Department on Support of Small Businesses. (2) The Head of the Department of the State Fire Department of the Agency on Emergency Situations agreed in his letter that the inspectors should no longer fine businesses for the first-time offense and issue warnings with a date for correction of violation.	As a result of providing information to the entrepreneurs, we expect a decrease in the number of violations of fire safety codes by the businesses, and subsequently, a reduction in fines paid. Fines are issued in 83-90% of the cases, including the first time offenses. This practice is no longer valid for Atyrau, based on the letter of the Head Fire State Department. Pragma and our partner association and Almaty Association are working with State Fire Agency on extending this policy nationwide. According to the Law of Kazakhstan on Support of Small Business #131-1 from June 19 th , 1997, small businesses employing less than 10 people could be inspected once in three years, annually, the number of small businesses increases in Atyrau by 500, while the official number of inspections is about 300 per year. With this in mind, we could

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time, Increased Transparency – 3)			assume that first time inspections compose, at the lowest, 50-60 percent of total annual inspections. Therefore, in 50-60% of inspections (150 cases) there will be no fines issued, or that is $150 * 5 \text{MEI} = 150 * 980 * 5 = 735000$ or \$5326. The average fine is equal to 5 MEI (yet it should be noted that the fines could be issued as much as 50 MEI or \$360 and could be levied to the business entity and the management (director)). We are not going to consider unofficial payments to the inspectors, which is on average \$50. So, the minimum savings from reducing the barriers for 300 businesses that are annually subject to fire inspections is equal to \$5326.
11	Astana – Licensing Date: July 2004 Zaure A.	All licenses for the collection, storing, processing and selling of scrap and waste of ferrous and non-ferrous metals used to be issued by the Ministry of Industry and Trade, located in Astana. This practice required license applicants from all over Kazakhstan to make up to two trips to Astana and the process took up to two months.	Delegate authority to issue the licenses to Akimats or relevant divisions in oblasts.	Pursuant to decree of the Government of RK No 691 dated June 23, 2004, authority to issue licenses for the collection, storing, processing and selling of scrap and waste of ferrous and non-ferrous metals by legal entities was handed over from the jurisdiction of the Ministry of Industry and Trade to the jurisdiction of Akimats of oblasts, and Astana and Almaty cities. Oblast Akims were assigned to develop and approve the order of interacting with	According to official statistics an average of 330 entrepreneurs apply for secondary metallurgy licenses each year. Based on interviews with affected entrepreneurs the actual costs related to traveling twice to Astana in order to complete the licensing process equals 1,185 dollars. This reduction will save each affected entrepreneur that amount plus the cost recovery for

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time – 2)		other government bodies by August 15, 2004.	<p>reducing the average processing time by 14 days.</p> <p>The average daily profit for each entrepreneur involved in the process is \$120 (Based on statistics from the Association of Secondary Metallurgy Enterprises).</p> <p>((14 * 120) + 1,185) * 330 = \$945,450</p>
12	<p>Almaty – Procurement</p> <p>End date: July 2004</p> <p>ZA</p>	<p>Lack of transparency in the implementation of government procurement procedure with respect to consideration of applications, appraisal of potential suppliers' qualification and criteria for making final decision on selection of the winner;</p> <p>Constant violations of conditions of goods and services procurement;</p> <p>Collusions between customers and certain suppliers and impossibility to prove such collusion due to shortcomings of legislative basis of government procurement (corruption is 10 to 20% of the tender amount);</p> <p>Lack of clear mechanism for contesting results of government procurement tender.</p> <p>Lack of clear (transparent) mechanism for bringing to account those persons who violate government procurement legislation.</p> <p>Lack of legally supported mechanism for control of execution of contract obligations during government</p>	<p>TFI was a member of a working group that conducted two round tables and carefully studied the current procurement system. Based on that work, the working group submitted 39 proposals to the RK. Those proposals addressed issues related to tender documentation and qualification requirements (experience, business specialization), implementation and reporting procedures, oversight of the work of tender commission, ensuring transparency of government procurement, reduction of security amount for tender application, and appeal procedures against the actions of tender commission.</p>	<p>Law was adopted to introduce changes and amendments to the Law of RK "On Government Procurement", comprising proposals of the associations and TFI Project. 13 of our recommendations were accepted. The recommendations providing for the following:</p> <p>The State Procurement Agency will have complete oversight over the conduct and procedure of government tenders and the decisions of tender commissions;</p> <p>A mechanism for appealing against the decisions of tender commissions;</p> <p>The creation of a state register of entities that may carry out government procurement;</p> <p>The establishment of a methodology for determining a "dumping price" for goods and</p>	<p>Monitoring was completed in February 2005. Interview respondents felt that the law was being implemented and was an improvement over the previous version. They still believed that that the process needed to become more transparent. The economic impact cannot yet be calculated as not enough official data exists.</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		<p>procurement, which causes budget over-expenditures, and misappropriation of these funds by individual officials.</p> <p>Lack of antimonopoly regulation of government procurement.</p> <p>Legislative constraints lead to money and time losses of entrepreneurs:</p> <p>Withdrawal of entrepreneurs' funds from circulation and their freezing at customer's accounts for the period of 45 to 90 days (3% of total amount of tender + bank loan for the term of funds borrowing + costs of preparation of tender documentation, specifications, certificates, and notarized documents)</p>		<p>rejecting bids based on these below market value prices;</p> <p>Newly established firms with no experience or public reputation will not be permitted to bid on tenders in order to reduce sham tenders from straw companies;</p> <p>The creation of a standard contract that provides for equitable divisions of conditions and responsibilities;</p> <p>Private sector experts will be permitted to sit on tender commissions;</p> <p>The reduction of the security for tender applications to between 1-3%;</p> <p>The introduction of a requirement that the tender commission publish tender announcement on the web-site of the State Procurement Agency;</p> <p>The introduction of a requirement that tender commissions publish tender results in mass media and provide detailed explanations for rejections of tender applications on request;</p> <p>The introduction of information systems, in government procurement in order to receive required reports, information and materials electronically and otherwise supervise the terms and delivery of the tender; and</p>	

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time, Increased Transparency – 3)		The introduction of the legislative base upon which to draft detailed rules and procedures for the introduction of an e-procurement system in Kazakhstan.	
13	Karaganda (PP) – Pharmaceutical Licensing Date: July 2004 Bakiyeva T.	Lack of information regarding the licensing process for pharmacies in Karaganda leads to unnecessary delays and costs when obtaining the license. (Reduced Costs, Reduced Time, Increased Transparency – 3)	Install information boards on the premises of state agencies involved in the licensing process. Produce a brochure detailing the step by step process of obtaining a license.	Information boards were installed at the Oblast Department of State Sanitary and Epidemiological Inspection; the State Fire Service; the Oblast Administration for Pharmaceutical Control; and the National Center for Examination of Drugs, Medical Products and Medical Equipment. 550 copies of the brochure “Licensing of Pharmaceutical Activities: Step by Step” were published and distributed to all government bodies involved in the licensing process.	Based on government statistics, the number of entrepreneurs engaged in the pharmaceutical sector in Karaganda has grown by 2.1%. For total economic effect see above # 8.
14	Pavlodar – Commissioning of a construction project. Date: July 2004 Zhanna Alexandrova	Two week time period to wait for signed acceptance for project commissioning is unnecessarily long and results in losses for entrepreneurs. (Reduced Costs, Reduced Time – 2)	Reduce the consideration period for project commissioning from two week to no more than one.	The recommendations were accepted by the Deputy Akim of Pavlodar. The Pavlodar Architecture and Urban Development Department is now under mandate to complete the project commissioning process in no more than one week.	450 entrepreneurs annually complete this process. The average daily profit for each entrepreneur involved in the process is \$10 (based on a survey of affected entrepreneurs). TFI’s recommendations will reduce the processing time by 7 days. (7 * 10 * 450) = \$31 500.

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
15	<p>Aktobe (PP) – Land Allocation and Registration of Land Rights Certificate</p> <p>Date: July 2004 Yepishkin</p>	<p>Constraint 1</p> <p>This procedure is the opening stage of any construction project and requires undergoing licensing procedures from many agencies. The indefinite duration of this process forecloses advance planning for construction starts. Furthermore, the illogical chronology of the process creates unnecessary delays of more than 6 months. Among the list of required documents is the Tax Debt Certificate, which does not reflect the financial state of an organization.</p>	<ol style="list-style-type: none"> 1. Eliminate unnecessary or redundant approvals. 2. Extend consultation hours at the Architecture Administration. 	<p>The number of officials who are required to personally approve the land allocation was reduced from 12 to 8 (i.e. 4 signatures) and, as a result, the final approval process was shortened by ten days.</p> <p>The office hours for consultations on the process by the Architecture Administration were increased from 8 hours weekly to 20 hours weekly.</p>	<p>Constraint 1:</p> <p>Based on government statistics an average of 1,400 entrepreneurs complete this process annually.</p> <p>A focus group with affected individuals determined that their cost savings was \$45 per transaction.</p> <p>The processing time was reduced by an average of ten days.</p> <p>1,400 * 45 * 10 = \$630,000 per year.</p>
	<p>Aktobe (PP) – Land Allocation and Registration of Land Rights Certificate</p> <p>Date: July 2004</p> <p>A. Yepishkin</p>	<p>Constraint 2</p> <p>Unnecessary and excessive number of government agencies involved in the review process leads to needless delays.</p>	<p>Eliminate certain agencies that are not required to review or make decisions on the final application.</p>	<p>Pursuant to an order by the Deputy Akim, four agencies were removed from the process: The Design Institute “AktobeGrazhdanProject”, the Oblast Architecture Department, the Forestry and Hunting Administration, and the Cooperative of Apartment Owners.</p>	<p>Constraint 2:</p> <p>1,500 entrepreneurs annually complete this process.</p> <p>The average daily profit for each entrepreneur involved in the process is \$40 (based on a survey of affected entrepreneurs).</p> <p>TFI’s recommendations will reduce the processing time by 5</p>
		(Reduced Costs, Reduced Time,			

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		Increased Transparency – 3)			days. (1500* 40 * 5) = \$300 000. Total economic effect of reduced constraints: \$930,000
16	Pavlodar – Registration of Real Property Rights. Date: July 2004 Zhanna Alexandrova	In Pavlodar, the state registration of rights for reconstructed facilities is a multistage and time-consuming process. The constraints for business created by this process are compounded by the fact that no information is readily available to entrepreneurs that would help them navigate the process in an efficient and timely manner. (Reduced Costs, Reduced Time, Increased Transparency – 3)	Allow for simultaneous processing of documents. Amend the list of required documents to come into compliance with applicable legislation. Provide detailed process information to applicants.	Based on TFI recommendations, the head of the Pavlodar Oblast Real Estate Center signed a protocol agreement that will bring the list of required documents into compliance with national legislation; make the updated list of documents available to all registrants at the Real Estate Center’s inquiry window; reduce processing time by accepting, registering and issuing technical and legal documents simultaneously; and prepare an informational brochure for applicants.	300 entrepreneurs annually register their real property. The average daily profit for each entrepreneur involved in the process is \$10 (based on a survey of affected entrepreneurs). TFI’s recommendations will reduce the processing time by six days. (6 * 10 * 300) = \$18 000
17	Astana – Licensing Date: August 2004 Zaure A.	Licenses for the wholesaling and storage of alcohol products only issued in Astana by the Tax Committee of the Ministry of Finance adding unnecessary expenses and delays to the process.	A TFI sponsored working group recommended delegating the authority to issue such licenses to appropriate local government agencies.	The Decree of the Republic of Kazakhstan #869 (13 AUG 2004) transferred authority to issue the licenses from the Ministry of Finance Tax Committee to Oblast Akimats and the Akimats of Astana and Almaty cities.	Interviews with affected entrepreneurs indicate that the average license applicant saves \$1,000 dollars in actual costs plus 20 days. The average daily profit for each entrepreneur involved in the process is \$10. Annually about 240 entrepreneurs obtain licenses. [(20*50)+ \$1000]*240= \$

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#	City / Project	Constraint Details	Recommendations	Result	Impact
	Date: August 2004 Alexander Samoilov	<p>permit applications.</p> <p>Unnecessary approvals required by Sanitary and Epidemiological Inspection (SES) and Fire Service added time and cost the permitting process.</p> <p>Unnecessary requirement by city Gas utility to cap gas lines adds unnecessary costs to the process.</p> <p>Unnecessary documentary requirement by the city water utility adds unnecessary costs to the process.</p> <p>The time period in which the City Architecture Department prepares the site diagram unnecessarily long.</p> <p>The time period for preparing the Akim's Decision (legal mechanism that grant's the permit) is too long.</p>	<p>Eliminate this requirement.</p> <p>Eliminate this requirement.</p> <p>Eliminate this requirement.</p> <p>Set time limit for producing the site diagram at 5 days (was 10).</p> <p>Set the time limit for preparing the Akim's decision at 15 days (was 30).</p>	<p>The City Architecture Department now accepts applications five days per week. Previously it had only accepted applications two days per week.</p> <p>SES and the Fire service were excluded from the process.</p> <p>The gas cap requirement was eliminated.</p> <p>The provision of documents to the water utility was eliminated.</p> <p>The time limit for producing the site diagram was capped at five days.</p> <p>The time limit for preparing the Akim's Decision was capped at 15 days.</p>	<p>realized as a result of the changes:</p> <p>The elimination of SES and the fire service reduced the process time by 20 days (ten days for each agency to review the application).</p> <p>Elimination of the gas cap requirement saves each applicant a mandatory fee of \$22.</p> <p>Elimination of the water utility's document requirement saves each applicant \$11.</p> <p>Time period for receiving draft blueprints from the Architectural Department reduced by 5 days.</p> <p>The time period for preparing the Akim's Decision reduced by 15 days.</p> <p>Total process time reduction = 40 days.</p> <p>70 entrepreneurs complete this process annually.</p> <p>The average daily profit for each entrepreneur involved in the process is \$20.</p> <p>Actual cost savings per applicant = \$33.</p> <p>70 * (40 * 20 + 33) = \$58,310</p>
		(Reduced Costs, Reduced Time – 2)			

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21	<p>Astana – Tourism Certifications</p> <p>Date: September 2004</p> <p>Zaure A.</p>	<p>Standards that had been imposed on tour companies by the Committee of Standardization, Metrology and Certification (The Committee) related to quality of service and had nothing to do with the health or safety of their customers. As such the standards were unnecessary and unnecessarily cost tour operators time and money while they went through the required annual certification process.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>TFI recommended to the Committee that standards not related to the health and safety of tourists be excluded from mandatory certification requirements and to harmonize its mandatory health and safety standards with the norms set out in the “Protection and Safety of Tourists” published by the World Tourist Organization.</p>	<p>In total, TFI submitted 40 proposals to the Committee, of which 30 were adopted in new standards approved the Committee’s Decree No.184.</p>	<p>Based on these changes, each of the 713 tour operators that had been subject to the former standards can expect to save four business days and up to 370 dollars annually.</p> <p>Total savings = 4 days + travel expenses</p> <p>Or, $[(4*\\$4)+\\$370]*713=\\$ 275 218$</p>
22	<p>Ust-Kamenogorsk – Property Registration</p> <p>Date: September 2004</p> <p>Alexander Yepishkin</p>	<p>In Ust Kamenogorsk, entrepreneurs must utilize certain paid services provided by the city Land Planning Agency when registering real property. Those services include document reviews, preparation of registration documents, land surveys and assignation of registration numbers. Unfortunately, no set prices or pricing formula was in place for these services, leaving entrepreneurs open to the whims of individual government agents who used several different pricing formulas to set the prices for these services on an ad hoc basis. Obviously, this system created confusion for entrepreneurs who were unable to predict in advance the cost of registering property and also created “rent-seeking” opportunities for government officials.</p> <p>(Reduced Costs, Increased Transparency – 2)</p>	<p>TFI recommended prices be set for specific services and the price list made public.</p>	<p>Based on the recommendations of TFI and the East Kazakhstan Trade Union of Small and Medium Business, the East Kazakhstan Oblast Department of the Agency on Regulation of Natural Monopolies and Protection of Competition developed and approved new set price formulas for specific land registration processes.</p>	<p>Interviews with affected entrepreneurs show an average cost reduction of \$20.</p> <p>Oblast Economy Department statistics show that 500 applicants go through this process annually.</p> <p>20 * 500 = \$10,000</p>

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23	<p>Astana – Environmental Opinion for the Licensing of Certain Activities</p> <p>Date: October 2004</p> <p>Zaure A.</p>	<p>A prerequisite for obtaining licenses for many types of activities is to receive a favorable opinion from the Ministry of Environmental protection that the activity would not violate environmental laws and regulations.</p> <p>Legislation had required license applicants to apply for a review and opinion from their local office of the Ministry of Environmental Protection and then use those findings to apply for redundant opinion from the Ministry in Astana. This redundancy created unnecessary costs and lost time for entrepreneurs.</p>	<p>Eliminate the requirement for two Environmental opinions as a licensing prerequisite.</p>	<p>By the Order #192-п of Minister of Environmental Protection of RK “On Issuance of Environmental Authority Opinion for particular types of licensed activities and services” dated July 1, 2004, the right to issue the Environmental Authority Opinion for obtaining certain licenses has been delegated to <u>Oblast Municipal Territorial Environmental Protection Administrations</u>. The requirement to obtain a redundant opinion in Astana has been eliminated. The Order was registered and made effective with the Ministry of Justice in October 2004.</p>	<p>The Order applies to 15 types of licenses. Results of the monitoring show that the average applicant will save 20 days and up to 1000 dollars as a result of the constraint reduction (The total savings for all entrepreneurs cannot be presented in this report due to the unavailability of data in Ministries on the number of enterprises involved in the process). The Order applies to the following categories of licenses:</p> <ol style="list-style-type: none"> 1. Engineering, production and disposal of explosives and pyrotechnic substances and products they used in. 2. Production, transportation, processing and disposal of uranium and other fissile materials as well as products made of them. 3. Manufacturing and disposal of products containing active materials in quantities exceeding a norm allowable for their utilization requiring no special safety facilities. 4. Manufacturing and disposal of chemical agents and safety facilities against them. 5. Liquidation (destruction, recycling and burial) and conversion of disengaged military facilities. 6. Maintenance, repair and operation of airdrome, airport and

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					<p>aeronavigation facilities.</p> <p>7. Manufacturing of building materials, products and structures.</p> <p>8. Designing, construction and operation of explosive and fire risk and mining productions, power stations, electric mains and substations, hydraulic structures of gas-petroleum mains as well as pressure boilers, vessels and pipelines..</p> <p>9. Designing, manufacturing, repair and disposal of weapons and ammos, cryptographic information protection facilities, special technologies for criminal investigations, military technologies, spare parts, accessories and equipment thereof, if they are not used in other branches, as well as special materials and equipment for their manufacturing.</p> <p>10. Designing, installation, engineering setup and maintenance of fire prevention alarm and fire safety automatic.</p> <p>11. Alcoholic production.</p> <p>12. Scrap and ferrous and non-ferrous metal rejects collection (procurement), storage and processing.</p> <p>13. Grain storage.</p> <p>14. Special water consumption, including: Water intake and consumption in the volume over fifty cubic meters</p>

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		(Reduced Costs, Reduced Time – 2)			per day from surface water bodies for agricultural, industrial, power engineering, fish-breeding and transportation needs; Water intake and delivery from surface water bodies to a secondary water user. 15. Designing, manufacturing, disposal, exhibiting of civil pyrotechnic substances and products
24	Pavlodar – Construction Projects Date: October 2004 Zhanna Alexandrova	A prerequisite for obtaining a construction permit is to have supporting documents audited for compliance with applicable regulations. Information regarding this process and entities approved to carry out the audits was never made public or available to entrepreneurs. As a result of this lack of information, the document preparation period was unduly confusing and time consuming for applicants. (Reduced Costs, Reduced Time, Increased Transparency – 3)	Working with the Forum of Entrepreneurs of Pavlodar and the Pavlodar Department of Architecture and Construction, TFI recommended that an informational brochure describing the process and listing accredited audit agencies be drafted and distributed to the business community in Pavlodar.	A working group comprised of TFI and its counterparts produced an informational brochure that provided detailed instructions for navigating the process of obtaining a construction permit and listed accredited agencies that could inspect and approve supporting documents required during the permitting process.	The pamphlet was distributed to the members of the Forum of Entrepreneurs of Pavlodar and made available to license applicants at the Pavlodar Department of Architecture and Constructions and the Economic and SME Support Department. 200 entrepreneurs apply for construction permits annually. TFI estimates that the brochures will reduce the application period by up to three days with a potential cumulative annual savings of 12 000 US dollars.
25	Ust-Kamenogorsk – Approval to utilize Residential Premises for Commercial purposes. Date: October	The illegal and unjustified inclusion of the Fire Prevention Service in the inspection and review process created undue cost and time constraints for entrepreneurs.	A working group led by TFI and comprised of the Deputy Akim, the Ust Trade Union of SME Employees and the Ust Architecture Department reviewed the process and identified the fact that there was no legal basis or justification for entrepreneurs to submit their renovation	The working group met with the head of the Ust Fire Prevention Service and presented their findings and recommendations. Based on that meeting the Fire Prevention Service issued an internal order excluding itself from the process.	Monitoring of this reduction has shown a ten-day reduction in the process time. 500 entrepreneurs go through this process annually. Based on tax committee

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	2004 A. Yepishkin	(Reduced Costs, Reduced Time – 2)	plans to the Fire Prevention Service for approval. The working group recommended eliminating the Fire Prevention Service from the process.		<p>statistics, the average daily gross receipts for businesses applying for this approval is \$770.</p> <p>Allowing businesses to begin operations tend days sooner results in additional gross receipts of up to 3.85 million dollars annually.</p> <p>500 * 10 * 770 = \$3,850,000</p> <p>In addition, the Ust-Kamenogorsk Akimat has determined that the changes save it two manpower days per application. Each manpower day costs the government \$27. The resulting government savings is 500 * 2 * 27 = \$27,000.</p>
26	Aktobe (PP) – Land site acquisition Date: November 2004 A. Yepishkin	Aktobe authorities had required a certificate of tax debt/indebtedness as a part of its land site acquisition procedure. Not only was this requirement unjustified, but it was not an accurate reflection of the financial standing of an applicant since the certificate is only good for 7 days but the land site acquisition process could take four months.	Eliminate the requirement to submit the tax certificate.	By order of the Aktobe City Architecture Administration, the requirement has been eliminated.	<p>Interviews with affected entrepreneurs indicate that elimination of the requirement saves each an average of \$17.50 (travel expenses and professional accounting services).</p> <p>Based on government statistics an average of 1700 entrepreneurs go through this process annually.</p>

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		(Reduced Costs, Reduced Time – 2)			17.5 * 1400 = \$24,500
27	<p>Atyrau (PP) – Certificate of Compliance</p> <p>Date: November 2004</p> <p>Zhumina A.</p>	<p>The Kazakh government's requirement to validate foreign Certificates of Compliance is a complicated, time consuming and costly process. The process requires a validation of the authenticity of the products, terms of storage and labeling. In reality, however, the National Certification Center, which carries out the validation process, simply copies the details of the original certificate onto a Kazakh form. In total it takes 2-10 days to complete the validation.</p> <p>Detailed procedural information for obtaining the certificates does not exist and entrepreneurs make many mistakes in navigating the process and adding delays and additional costs in obtaining the certificates.</p> <p>Also, the National Certification Center does not publish schedules for their services which create opportunities for rent seeking and lack of predictability as to the cost of the process.</p> <p>(Reduced Costs, Reduced Time, Increased Transparency – 3)</p>	<p>The TFI partner in Atyrau (Atyrau Union of Entrepreneurs) recommended that the Atyrau department of the National Certification center set fee schedules and publish those fees along with details procedural information in a free brochure.</p>	<p>The Atyrau Union of Entrepreneurs together with the Atyrau department of the National Center of Certification published a brochure for the entrepreneurs. The brochure includes information on the process, legal documentation and fee schedules.</p> <p>In addition, a detailed information board was installed at the Center.</p> <p>The brochure was distributed by the association to members and non-members alike.</p>	<p>A survey of affected entrepreneurs showed that the processing time for receiving certificates of compliance had been reduced by 3 days since introduction of the information boards and brochures.</p> <p>The same surveys showed that the average daily profit of those entrepreneurs was \$50.</p> <p>2,457 certificates were issued last year.</p> <p>3 * 50 * 2457 = \$368,550</p> <p>In addition it should be noted that during monitoring, the brochures were observed being distributed at offices of the Atyrau Union of Entrepreneurs as well as the Atyrau Branch Open Joint Stock Company (OJSC) "NACEKS". The information on the process was also placed on the information board of the (OJSC) "NACEKS", which had also agreed to provide quarterly information seminars for entrepreneurs subject to the certification requirements.</p>
28	<p>Atyrau (PP) – Property Registration</p>	<p>The price list for evaluation and surveying services provided by the Center of Immovable Property</p>	<p>The Atyrau Union of Entrepreneurs urged the head of the Center of Immovable</p>	<p>The price list for evaluation and surveying services is now published on an information</p>	<p>Surveys of affected entrepreneurs indicate that the Center of Immovable Property is in</p>

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	<p>Date: November 2004</p> <p>Zhumina A.</p>	<p>Entrepreneurs is not published or otherwise made available to applicants creating opportunities for rent seeking by Center employees.</p> <p>1. Detailed information about the registration process does not exist and entrepreneurs make many mistakes in navigating the process and adding delays and additional costs.</p> <p>2. The registration process often takes longer than the 5-day registration term mandated by the Law on Registration of Property.</p> <p>(Reduced Costs, Reduced Time, Increased Transparency – 3)</p>	<p>Property to abide by time limitations placed on the registration process, to publish its fee schedule and to make process information available to applicants.</p>	<p>board installed at the Center on Immovable Property informational board.</p> <p>The Center of Immovable Property agreed to make its specialists from the surveying and evaluation departments available for consultations at the Center and at the Atyrau Union of Employers and Entrepreneurs. A staff attorney from the union is also present to ensure that the information presented is accurate.</p> <p>The head of the Center verbally agreed to ensure that all registrations are completed within the five day time limit.</p>	<p>compliance with the five day time limit.</p> <p>The information board is in place at the center and the Atyrau Union of Entrepreneurs has published two informational brochures.</p> <p>The annual average number of entrepreneurs registering property is 195.</p> <p>The average daily profit for these entrepreneurs is \$50.</p> <p>5 * 50 * 295 = \$48,750</p>
29	<p>Astana – Medical Licensing</p> <p>Date: November 2004</p> <p>Zaure A.</p>	<p>Redundant or unnecessary license and sub-licenses for health care practice created undue cost constraints for health care professionals.</p>	<p>In May 2004, TFI, in conjunction with the Forum of Kazakhstan Entrepreneurs, presented the Interdepartmental Commission under the RK Government with specific recommendations on reduction of licenses and sub-licenses for medical activity. In July 2004, at the joint meeting of the Vice-minister of RK Public Health and Forum of Kazakhstan Entrepreneurs, an agreement was reached to eliminate certain licenses. The</p>	<p>Pursuant to the RK Government Decree №1224 dated November 23, 2004, amendments have been introduced on reduction types of sub-types of medical activities. 221 types of medical activities subject to licenses have been reduced to 58, and 55 sub-types of medical activity to 40. In total, 163 licenses and 15 sub-licenses have been eliminated.</p>	<p>Based on surveys of affected entrepreneurs the average cost to obtain a medical license or sub-license was \$600.</p> <p>In addition, applicants lost up to 45 working days during the application period.</p> <p>The average daily profit for applicants is \$15.</p> <p>TFI does not have accurate statistics as to the total number of applicants affected by elimination of the 178 licenses and sub-licenses.</p>

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		(Reduced Costs, Reduced Time – 2)	recommendations were then forwarded to the RK government.		<p>Still each applicant will now realize savings of \$1,275 for each eliminated license and sub-license.</p> <p>600 + (45 * 15) = 1,275</p> <p>Based on these numbers TFI can currently estimate total cost savings in the millions of dollars annually.</p>
30	<p>Astana – Construction Licensing</p> <p>Date: December 2004</p> <p>Zaure A.</p>	Redundant or unnecessary license and sub-licenses for construction related activities created undue cost constraints for entrepreneurs.	TFI, in conjunction with the Forum of Kazakhstan Entrepreneurs, presented the Interdepartmental Commission under the RK Government with specific recommendations on reduction of licenses and sub-licenses for construction related activities. Subsequently, the recommendations were presented to the Deputy Chairman of Construction Affairs Committee of Ministry of Industry and Trade. He accepted and agreed with the recommendations.	Pursuant to RK Government Decree #1270, dated December 4, 2004, TFI recommendations were implemented resulting in amendments impacting licenses and sub-licenses for architecture, city planning and construction activity. In total 12 licenses were eliminated (from 30 to 18) and 100 sub-licenses were eliminated (from 261 to 161).	<p>Based on calculations concluded in monitoring the impact of medical license eliminations, TFI has also determined that the average cost to obtain a construction license or sub-license was \$600.</p> <p>In addition, applicants lost up to 45 working days during the application period.</p> <p>The average daily profit for applicants is \$15.</p> <p>TFI does not have accurate statistics as to the total number of applicants affected by elimination of the 112 licenses and sub-licenses.</p> <p>Still each applicant will now realize savings of \$1,275 for each eliminated license and sub-license.</p>

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		(Reduced Costs, Reduced Time – 2)			<p>600 + (45 * 15) = 1,275</p> <p>Based on these numbers TFI can currently estimate total cost savings in the millions of dollars annually.</p>
31	<p>Pavlodar & Astana (PP) – Approval to utilize Residential Premises for Commercial Purposes.</p> <p>Date: December 2004</p> <p>Zhanna A.</p>	<p>Lack of information and transparency in the process of converting residential premises into a business premise leads to unnecessary costs and time delays.</p> <p>(Reduced Costs, Reduced Time, Increased Transparency – 3)</p>	Provide detailed information on the process to entrepreneurs.	<p>TFI and its partner business association, the Astana Association for the Protection of the Rights of Entrepreneurs developed an informational brochure that details the step-by-step process for obtaining the permit. The brochure is now being widely distributed in Astana. A similar brochure for Pavlodar entrepreneurs is available in electronic form at www.economika-pavl.kz/?p=list_2</p>	<p>Over 1000 entrepreneurs annually apply for this approval in Astana and Pavlodar.</p> <p>Initial interviews with affected entrepreneurs indicate a reduction of 3-5 days in the processing time due to increased awareness.</p> <p>In Astana: (5 reduced work days * \$30 average daily profit of one businessman + \$30 transportation costs) * 600 affected entrepreneurs = \$108000.</p> <p>In Pavlodar: (3 reduced work days * \$10 average daily profit of one businessman) * 450 affected entrepreneurs = \$13500.</p> <p>Total saving for both cities is \$121,500.</p>
32	<p>Pavlodar – Certificates of Conformity for Processed Foods</p> <p>Date: December 2004</p>	Lack of information and transparency in the process of obtaining certificates of conformity for processed foods leads to unnecessary costs and time delays.	Provide detailed information on the process to entrepreneurs.	In Pavlodar, TFI consultants, working with the Pavlodar City Akimat, produced informational brochures on the processes for obtaining SES Opinions and Conformity certificates for Food Product Manufacturing. Both brochures detail the processes in	Follow-up monitoring and interviews with government officials indicate that the process time for issuing the subject certificates has been reduced by 3 days since introduction of the information brochures.

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	Tatiana Bakiyeva	(Reduced Costs, Reduced Time, Increased Transparency – 3)		easy to understand language. The brochures are being distributed by TFI partner business associations and are also available at the Pavlodar Akimat and will be placed online at www.economika-pavl.kz .	In addition, statistics show that applications for the certificates have increased 23 times since introduction of the brochures and online information.
33	Pavlodar – SES opinions for food processing activities Date: December 2004 Tatiana Bakiyeva	Lack of information and transparency in the process of getting a positive opinion of SES, which is a necessary prerequisite to initiate food processing activities, leads to unnecessary costs and time delays. (Reduced Costs, Reduced Time, Increased Transparency – 3)	Provide detailed information on the process to entrepreneurs.	See above #32.	Interviews with affected entrepreneurs and SES officials indicate the average processing time has decreased by four days since the brochures were introduced.
34	Astana – State Procurement Date: January 2005 Zaure A.	Procurement rules permitting publication of tenders and awards in various newspapers at varying times creating missed opportunities for entrepreneurs unable to comprehensively monitor upcoming tenders and appeal tender awards within the prescribed timeframes.	Following a TFI roundtable held in Almaty on November 19, 2004m companies and associations met with Deputy Chairman of Financial Control and State Procurement Committee on tender issues and recommended that the Committee publish all tender announcements and results in one printed edition of a national newspaper.	On December 31, 2004 government decree #1158 was and came into force on January 1st, 2005. That decree mandates that the organizers of government procurement tenders in Kazakhstan must publish all of their tender notifications in one printed medium, to be selected by the Agency on State Procurement. Furthermore, the decree requires that the selected print media outlet must submit all published tender notifications to the Center for Electronic Commerce in electronic form. The Center for Electronic Commerce will subsequently publish them on	Monitoring has shown that the changes have been implemented. Positive responses of associations are placed on the web site of the State procurement Committee http://www.goszakup.kz/ . On the web site one can also find a daily bulletin of tenders and results of competition results.

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		(Increased Transparency – 1)		their website. Entrepreneurs will then have a possibility to search through the upcoming tender database, making it even easier for them to find desired tender notifications.	
35	<p>Astana – Licensing</p> <p>Date: January 2005</p> <p>Zaure A./Gulfiya L.</p>	<p>Entrepreneurs who required certain licenses¹ were required to travel to Astana to receive their required licenses and environmental assessments. In practice this process often required two trips to Astana and up to two months to complete.</p> <p>¹Tourism; nursing and medical activities; pharmaceutical activities; physical training and sporting activities; education services; and architecture, city planning & construction related activities, as well as the environmental assessments required for some of these licenses.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>Delegate authority to issue the licenses to Akimats or relevant divisions in oblasts.</p>	<p>Based on recommendations made by TFI and the Forum of Entrepreneurs of Kazakhstan, the Kazakh government adopted Law #13-111 “On Making Amendments And Additions To Some Legislative Acts Of The Republic Of Kazakhstan On Issues Of Delineation Of Authorities Between State Administration And Budget Relations Levels”, which came into force on January 1, 2005.</p> <p>The law transfers jurisdiction for issuing these licenses to Oblast Akimats as well as Astana and Almaty cities.</p>	<p>TBD after implementation and monitoring in September 2005.</p>
36	<p>Uralsk – Transit Insurance into Russia</p> <p>Date: January 2005</p> <p>Askar M.</p>	<p>The Russian government’s decision, in January 2004, to impose mandatory transit insurance on Kazakh cars and trucks created almost immediate problems for Kazakh traders. The mandatory insurance rates of between \$90 and \$340 US dollars were prohibitively high for many traders and they were unable to conclude deals or get their goods to foreign markets.</p>	<p>TFI, working collaboratively with the Customs Consultative Council of West Kazakhstan Oblast and the Customs Control Department of Western Kazakhstan Oblast, successfully lobbied the Russian Federation to lower the rates on compulsory auto insurance imposed on Kazakh cars and trucks entering the Russian Federation.</p>	<p>Based on recommendations and impact analyses developed by TFI and the West Kazakhstan Oblast Consultative Council, the representatives of Russian Customs in Kazakhstan raised the issue within the Russian Duma, which subsequently issued decree No 823 “On Making Changes to the Resolution of the Government of the Russian Federation as of May 7, 2003 No 264”. That</p>	<p>Monitoring of this constraint reduction will be carried out from June - December 2005.</p>

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		(Reduced Costs – 1)		decree, signed by Russian Prime Minister, Michael Fradkov, reduces insurance rates for Kazakh drivers from between \$90-\$340 to between \$35-\$130; a rate reduction of almost 60%.	
37	<p>Uralsk – Radio Frequency Permit</p> <p>Date: February 2005</p> <p>Assiya Z.</p>	<p>Most taxi cab dispatch services in Uralsk use radio equipment that transmits at 27 MHz. The West Kazakhstan Oblast Directorate of Informatization and Communication issued an internal decree that would have required all cab services to transmit on frequencies of 33-58 MHz, 150-174 MHz or 390-470 MHz. Meeting this requirement would have forced cab companies to purchase expensive new equipment for both dispatchers and cabs.</p> <p>(Reduced Costs – 1)</p>	<p>A working group comprising TFI and the Independent Association of Entrepreneurs of West Kazakhstan Oblast conducted a legal analysis of the decree and determined that it was issued without proper legal basis or authority. The working group recommended that the decree be repealed.</p>	<p>Based on the recommendation of working group, the WKO Directorate on Informatization and Communication repealed its decree and publicly stated that dispatchers could continue to use their existing 27MHz equipment.</p>	<p>As a direct result of TFI's actions, each affected entrepreneur will save \$500 that would have been the cost of purchasing new base radios plus an additional \$100 per cab for in-cab radios. Based on the number of dispatch services and cabs working in Uralsk, the overall savings is \$46,900 per year.</p>
38	<p>Shymkent (PP) – Certificates of Compliance for Imported Pharmaceutical Products</p> <p>Date: March 2005</p> <p>Ostrovenko I.</p>	<p>(1) Kazakh authorities would recognize certificates of compliance for pharmaceuticals imported from CIS countries for only one year, even though the self life of these drugs could be up to seven years. Accordingly, pharmacies were required to renew their certifications least annually and often bi-annually. Additionally, Kazakh authorities would only renew these certifications twice. In addition, the process itself was very time consuming and expensive. As a result, pharmacies would only import drugs in small</p>	<p>TFI's partner in Shymkent, the Association on Support of Pharmaceutical Activity, formed a working group that ultimately submitted 15 recommendations to reform the certification process. Those recommendations were submitted to the National Certification and Standardization Center in Shymkent and the territorial branch of the "National Centre Of Expertise Of Medical Drugs And</p>	<p>Based on the working groups recommendations, the National Certification and Standardization Center in Shymkent and the territorial branch of the "National Centre Of Expertise Of Medical Drugs And Equipment" issued internal orders that reduce the cost of the mutual recognition procedure from 3500 to 1400 Tenge;</p> <p>reduce the time frame for recognizing CIS certificates of compliance up to 4 days to 1</p>	<p>TFI monitored implementation of these reforms in May 2005.</p> <p>Based on the information collected from the Shymkent Association on Support of Pharmaceutical Activity, an average of 360 mutual recognition compliance certificates are issued annually.</p> <p>Total cost savings is \$16 per certificate.</p> <p>The processing time has been</p>

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		<p>batches and lose the price advantage of bulk purchases.</p> <p>(2) For imported drugs from countries that do not have a bi-lateral agreement with Kazakhstan, local certification boards would only issue certificates of compliance with one year validity even though Kazakh law mandated three year terms of validity.</p> <p>(3) For imported drugs that did not require certification, Kazakh customs required a letter from the Certification bodies stating so. The certification bodies would only issue letters with one month validity at a cost of 2400 Tenge.</p> <p>(4) A lack of information on certification procedures increased time frames and costs for applicants.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>Equipment” on March 10th, 2005.</p>	<p>working day;</p> <p>increase the validity of certificates of compliance for drugs from countries that do not have a bi-lateral agreement with Kazakhstan from one to three years</p> <p>eliminate the fee and one month term for the customs clearance letter; and</p> <p>mandate the installation of detailed information boards containing data on the fees associated with certification services, required documents and terms of review.</p>	<p>reduced by 2 days.</p> <p>The average daily profit for pharmacies in Shymkent is \$50.</p> <p>((2 * 50) + 16) * 360 = \$41,760</p>
39	<p>Shymkent (PP) – Certificates of Compliance for Domestically produced Medicinal Herbs and Teas</p> <p>Date: March</p>	<p>Certification bodies in Shymkent had been issuing Certificates of Compliance for domestically produced medicinal herbs and teas for one year even though Kazakh legislation permits three year certificates. The time and costs associated with annual testing, sampling and certification were substantial.</p>	<p>TFI’s partner in Shymkent, the Association on Support of Pharmaceutical Activity, formed a working group that recommended increasing the validity of the certificates to three years. That recommendation was submitted to the National</p>	<p>Based on the working group’s recommendations, the National Certification and Standardization Center in Shymkent and the territorial branch of the “National Centre Of Expertise Of Medical Drugs And Equipment” issued internal orders that increased the validity</p>	<p>TFI monitored implementation of these reforms in May 2005.</p> <p>7 manufacturers of medicinal herbs and teas in Shymkent are affected by this change.</p> <p>On average they had to acquire 15 compliance certificates annually.</p>

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#	City / Project	Constraint Details	Recommendations	Result	Impact
	2005 Ostrovenko I.		Certification and Standardization Center in Shymkent and the territorial branch of the “National Centre Of Expertise Of Medical Drugs And Equipment” on 10/3/05.	of certificates of compliance for the domestic production of medicinal herbs and teas from one year to three years.	The extension period is two years. Each certificate costs \$20. 7 * 15 * 20 * 2 years = \$4,200
		(Reduced Costs, Reduced Time – 2)			
40	Shymkent (PP) – Licensing and Taxation of Herbal Elixirs Date: March 2005 Ostrovenko I.	Kazakh legislation has classified certain herbal elixirs as drugs and/or alcoholic products resulting in redundant and unnecessary licensing requirements to sell these products (one for retail sales of alcoholic beverages and one for pharmaceutical activity) and excessive excise taxes applied to these products. As a result many pharmacies had been fined for selling these products without proper licenses (i.e. alcohol sales license) In addition, at least one major domestic manufacturer of these elixirs suspended production of 2 affected products for one year in order to avoid paying the unjustified excise tax as well as the increased cost to production and sales.	TFI’s partner, the South Kazakhstan Oblast branch of the Association on Support of Pharmaceutical Activity initiated a number of actions on behalf of its members in response to this constraint: (1) It appealed to the Shymkent Prosecutor’s office on behalf of its members who had been fined or were undergoing inspections. (2) In conjunction with TFI, the Association submitted detailed recommendations to the Ministry of Finance, Ministry of Justice, and Ministry of Health that contained draft amendments to applicable legislation in order to eliminate the dual classification of medicinal elixirs.	(1) The oblast prosecutor’s office terminated the ongoing inspections of association members and 12 administrative cases brought against other members were decided in favor of the pharmacies. (2) Based on those recommendations amendments were made to as follows: The Kazakh Tax Code – Article 259, paragraph 2, subparagraph 3) was amended to exempt medicinal elixirs from excise tax. The Kazakh Law on Government Regulation of Ethyl Alcohol Production and Turnover № 429-1 dated 16.07 1999, Article 1, subparagraph 1) was amended to exclude medicinal elixirs from its licensing requirements.	TFI monitored implementation of these reforms in May 2005. As a result of the reclassification of these products domestic producers of herbal elixirs are exempted from paying excise tax and pharmacies do not need to obtain licenses for alcohol products sales. An alcohol license costs \$75 per year. There are 600 pharmacies operating in Shymkent. Cumulative savings on alcohol license alone is \$45,000 annually.

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time – 2)			
41	<p>Uralsk – Certification of Food Products</p> <p>Date: March 2005</p> <p>Zhumina A.</p>	<p>The process of obtaining results of microbiological testing for foodstuff contains unnecessary steps and is overly time consuming.</p>	<p>Impose a time limit of 4 – 7 days for microbiological testing.</p> <p>Eliminate unnecessary steps in the process to lower time frames.</p>	<p>Pursuant to City Akimat protocol 06-36/6 the time period for preparing the test report was shortened from 9-13 days to 4 to 7 days for 70 % of the covered tests.</p> <p>The three step process was reduced to one step.</p> <p>Detailed process information is now available on the web site of the Department of Enterprise and Industry (www.nit.kz/zko)</p>	<p>The total time savings for each applicant is up to ten days.</p> <p>The average daily profit for affected entrepreneurs is \$50.</p> <p>The actual cost savings as a result of a simplified process is \$3.</p> <p>Annually 8,245 entrepreneurs submit to microbiological testing (of which up to 70% are affected by these changes).</p> <p>70% of 8,245 = 5,771</p> <p>$((50 * 10) + 3) * 5,771 = \\$2,902,813$</p>
		(Reduced Costs, Reduced Time – 2)			
42	<p>Atyrau (PP) – Utility Payments</p> <p>Date: March 2005</p> <p>Anar S.</p>	<p>(1) The local electric utility in Atyrau, JSC “AtyrauZharyk”, required local businesses to estimate their monthly electricity usage and prepay that amount. In addition, the utility would fine those businesses based on over or under consumption of their estimated usage.</p>	<p>TFI’s partner association Atyrau, the Union of Entrepreneurs and Employers of Atyrau Oblast, analyzed the tariff system imposed on businesses by the utility and determined that the practice of fining for over and under consumption was illegal</p>	<p>Based on the advocacy of TFI’s partner association, the Akim of the Atyrau Oblast Aslan Musin and Mr. Rivner Davletbayev, the deputy chairman of the Board of Directors of JSC “AtyrauZharyk” signed a memorandum in which a moratorium on the price increase</p>	<p>TFI’s preliminary and conservative estimate (based on telephone surveys) is that each of the 17,500 businesses in Atyrau oblast paid an average of 40 US dollars in over and under consumption fines each month.</p> <p>$17500 * 40 * 12 = \\$8,400,000$</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		<p>(2) Starting from January 1, 2005, the utility announced a price increase from 5.35 Tenge Kw/h to 6.25 Tenge Kw/h in violation of the regulations set forth by the local regulatory agency.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>under Kazakh law. It also discovered that the price increase had been imposed in violation of applicable regulations. The association presented its findings to the Oblast Akimat and initiated an aggressive media campaign in local mass media outlets.</p>	<p>was imposed until the end of the current year and all fines for over or under consumption of electricity were abolished starting April 1, 2005.</p>	<p>The impact of the price increase moratorium will be determined at the end of 2005.</p>
43	<p>Astana – Tourism Certifications</p> <p>Date: April 2005</p> <p>Zaure A.</p>	<p>The government of Kazakhstan required tour operators and agencies to undergo multiple certification processes annually. Required certifications for things such as tour guides, tour company staff, tour itineraries and accommodations (hotels, camp sites, etc...) and the environmental impact of tours had nothing to do with the health and safety of the general public and many were simply redundant permitting requirements already covered by the tour operator's licenses. The certification procedures was time consuming and expensive and stymied the growth of the tour industry in Kazakhstan.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>TFI has been working for most of the last year with the Kazakhstan Tourism Association to convince the Kazakh government that the required certifications were unnecessary and had a negative impact on the tourism industry. TFI specifically recommended that no mandatory standards or certifications be imposed on the tour industry and that it should be self-regulated in line with the voluntary quality standards set forth by the World Tourism Association.</p>	<p>On April 20, 2005 the Government of Kazakhstan issued Regulation No. 367 which repeals all mandatory quality certifications for tourism services and facilities in Kazakhstan.</p>	<p>TBD after implementation and monitoring but the change will positively impact hundreds of tour operators and service providers throughout Kazakhstan.</p>
44	<p>Astana – Licensing</p> <p>Date: April 2005</p> <p>Zaure A./Gulfiya L.</p>	<p>Redundant or unnecessary license and sub-licenses for certain entrepreneurial activities created undue cost constraints for entrepreneurs.</p>	<p>TFI, in conjunction with the Forum of Kazakhstan Entrepreneurs, presented the Interdepartmental Commission under the RK Government with specific recommendations on</p>	<p>TFI's recommendations led to the April 15, 2005 adoption of the law "On Introduction of Changes and Amendments to Certain Legislative Acts of the Republic of Kazakhstan on Licensing Issues." That law</p>	<p>TBD after implementation and monitoring in September 2005.</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time – 2)	reduction of licenses and sub-licenses for certain entrepreneurial activities.	<p>repeals licensing requirements for 7 entrepreneurial activities. They are:</p> <ol style="list-style-type: none"> 1) Manufacturing, production, processing and wholesale sale of certain chemical cleaning agents; 2) Sales of fire fighting equipment and facilities; 3) Sales of topographic and geodesic, and cartographical products; 4) Rendering paid legal services; 5) Sightseeing activity; 6) Metrology Equipment Inspection; and 7) Publication of textbooks, guidance manuals, and supplementary training literature for education institutions. 	

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#	City / Project	Constraint Details	Recommendations	Result	Impact
45	<p>Almaty – Land Allocation for Construction Activities</p> <p>Date: April 2005</p> <p>Gulfiya L.</p>	<p>The land allocation process in Almaty could take 2-3 years and consisted of 27 stages.</p> <p>There was no standard legislative act that would regulate the process of land site allocation.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>In February 2005 a working group consisting of the representatives of the Forum of Entrepreneurs of Kazakhstan, associations and TFI consultants drafted detailed recommendations for optimizing the process, eliminating unnecessary steps, and setting strict time limits and setting all the process requirements within one legislative act.</p> <p>Those recommendations were submitted to the Almaty Akim in February.</p>	<p>Pursuant to Akim’s resolution No. 2/208 from April 12, 2005, the land allocation process has been reduced from 27 separate steps to 11 and the process duration has been limited to 80 days. Previously, entrepreneurs spent up to three years completing this process.</p>	<p>It is too soon to concretely measure the economic benefit of these changes.</p> <p>But of the 4894 companies that navigate this process annually, all will benefit from a simpler process, shorter time frames and increased transparency.</p>
46	<p>Ust-Kamenogorsk – Intellectual Property Rights</p> <p>Date: April 2005</p> <p>Alexander Samoilov</p>	<p>Lack of information about and knowledge of how to protect Intellectual Property Rights created constraints for SME development in Ust-Kamenogorsk.</p> <p>(Increased Transparency, Reduced Time – 2)</p>	<p>Inform entrepreneurs about their right to register and protect their intellectual property under Kazakh and international law.</p>	<p>In collaboration with its partner association, the East Kazakhstan Trade Union of SME Workers, TFI has created detailed information packages for entrepreneurs registering and protecting their intellectual property rights in Ust-Kamenogorsk. TFI created an intellectual property glossary, process maps, step by step instructions and legal overviews related to the processes of obtaining patent rights, registering trademarks, and asserting intellectual property rights in court. The information is now available on the official website of the Ust-Kamenogorsk Akimat (www.oskemen.kz).</p>	<p>Interviews with recent applicants for intellectual property rights protections show that their process time has been reduced from 5 days to less than one due to their knowledge of the process and availability of the step by step instructions.</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
47	<p>Balhash (PP) – Certificate of Conformity for Catering Services</p> <p>Date: May 2005</p> <p>T. Bakieva</p>	<p>As a part of the application process for a Certificate of Conformity, the Balhash branch of the National Center of Expertise and Certification required the submission of a detailed questionnaire that contained 41 questions, each with sub-questions. The average applicant would spend up to two days completing the questionnaire, most of which was unnecessary to the issuance of the Conformity Certificate.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>The TFI partner association in Balhash, the Balhash Association of Entrepreneurs, studied the legality of the requirement and determined that it was in violation of Kazakh law, specifically Standard ST RoK 3.6-96 “Certification of Public Catering Services”.</p> <p>That standard mandated the content of the subject questionnaire and limited it to 11 questions related directly to the issuance of the certificate.</p> <p>The Balhash association brought this discrepancy to the attention of the director of the Balhash branch of the National Center of Expertise and Certification and requested that the questionnaire be edited to come into compliance with the RoK Standard.</p>	<p>At a public meeting held on May 19, 2005, the head of the Balhash branch of the National Center of Expertise and Certification, announced that a new questionnaire would be issued in conformity with the RoK Standard.</p>	<p>TBD after implementation and monitoring, but the simpler form will save each applicant at least one business day.</p>
48	<p>Pavlodar – Document Registration for Construction Project Permit</p> <p>Date: May 2005</p> <p>Zhanna A.</p>	<p>A lack of information on how to complete document registration and a lack of human resources at the Pavlodar Department of Architecture and Construction Control led to long delays in the permitting process or the initiation of projects without proper approval.</p>	<p>Create a detailed information source for applicants to increase compliance and lower processing times.</p>	<p>TFI consultants, working with the Pavlodar Department of Architecture and Construction Control, produced informational brochures on the process for document registration. The brochure details the process in easy to understand language. The brochures are available at</p>	<p>TBD after implementation and monitoring.</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time, Increased Transparency – 3)		the Pavlodar Department of Architecture and Construction Control.	
49	<p>Uralsk (PP) – Construction Permits</p> <p>Date: May 2005</p> <p>Assiya Z.</p>	<p>A general lack of information regarding how to receive a construction permit (required for new buildings as well as expanding existing business premises), as well as a complex process that has many undefined steps, redundant reviews and contradictory requirements, leads to unnecessary time and money constraints for entrepreneurs who wish to expand the existing enterprises. For instance, to acquire a construction permit, an applicant would have to have all application documents reviewed for completeness by both the Department of City Planning and the City Clerk. This review required no special expertise and was identical in both departments. Further, no time limits were imposed on each stage of the application review process. Finally, there was no official list of documents required for receipt of a construction permit. This led to non-uniformity in documentary requirements, confusion among applicants and increased opportunity for government “rent-seeking”.</p>	<p>TFI’s partner association in Uralsk, the Independent Association of WKO Entrepreneurs, organized a working group with the participation of the City Akimat Department of Small Business Support, Department of City Planning and Construction and others. Together they studied the process, identified constraints and drafted a full set of recommendations that were submitted to the City Akim for his review. Those recommendations included:</p> <p>Establishing a step-by-step process map with time limits imposed at each stage.</p> <p>Establishing an official list of required documents.</p> <p>Have applications reviewed and approved or denied by one commission comprised of representatives of all city departments involved in the process as opposed to individual reviews by each department.</p>	<p>At a meeting with the City Akim on May 26, 2005 all of the recommendations put forward by the working group were approved by an official “Akim’s Decision” (#03-13/850). Additionally, the working group agreed to produce and distribute informational brochures on the new process.</p>	<p>TBD after implementation and monitoring.</p> <p>But the new process if fully implemented will reduce the application period by 28 days and eliminate \$7 in official costs and most unofficial costs that had come from government “rent seeking”.</p>

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#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time, Increased Transparency – 3)	Issue the required city topographical map for free. Allow only the City Clerk to review application documents for completeness.		
50	Uralsk (PP) – Permit to Establish a Manufacturing Enterprise Date: May 2005 Assiya Z.	The manufacturing industry is one of the fastest growing industries in West Kazakhstan Oblast. As a result many new entrepreneurs are applying for permits to engage in this activity without any knowledge as to the process. In addition, the process itself is unduly complex and time consuming, leading to unnecessary costs and lost time for applicants.	TFI's partner association in Uralsk, the Independent Association of WKO Entrepreneurs was included in a working group organized by the City Akim to study this problem and create recommendations. Those recommendations included: Establishing a step-by-step process map with time limits imposed at each stage. Creation of a table to be made available to applicants that contains all government departments involved in the process, the document requirements of each, approval procedures, review time limits, working hours and contact information. Providing to each applicant detailed information on acquiring a construction permit is applicable. For construction projects allow interim work on	At the same meeting with the City Akim on May 26, 2005 where recommendations on construction permits were approved, the Akim approved all of the recommendations related put forward by the working group. These changes were contained in the same official "Akim's Decision" (#03-13/850). The working group is now assembling the information boards.	TBD after implementation and monitoring. But the new process if fully implemented will reduce the application period by 12 days and official costs by \$15.

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		(Reduced Costs, Reduced Time, Increased Transparency – 3)	building foundations, while full project review is underway.		
51	<p>Astana (PP) – Approval to utilize Residential Premises for Commercial purposes.</p> <p>Date: May 2005</p> <p>Zhanna A.</p>	<p>TFI’s partner in Astana, The Astana Association on Protection of Entrepreneurs’ Rights, had previously reduced constraints related to this process but determined that the general public was still unaware of the changes and lacked information on how to apply for this approval. This lack of information led to unnecessary costs and time delays.</p> <p>(Reduced Costs, Reduced Time, Increased Transparency – 3)</p>	Provide detailed information on the process to entrepreneurs.	<p>The Association on Protection of Astana Entrepreneur’s Rights and TFI developed a booklet which includes detailed information on:</p> <ol style="list-style-type: none"> 1. All stages and steps of the process; 2. All necessary documentary requirements; 3. All state fees and fines; and 4. Addresses and working hours of all government bodies involved in the process. 	<p>TBD after implementation and monitoring.</p> <p>Free copies of the booklet are now available at the:</p> <ol style="list-style-type: none"> 1. Astana Akimat; 2. Department of City Architecture; 3. Akimats of Almaty and Sary-Arka districts; 4. Chief architects of Almaty and Sary-Arka districts; 5. Astana Committee on Land Resources Management; 6. Astana Department of State Sanitary and Epidemiological Supervision; 7. Fire Service; 8. Department of Public Utilities; 9. Astana Department of Housing; 10. Cooperative of Apartments’ owners; 11. “Astana Su Arnasy” State Enterprise; 12. “AstanaEnergService” OJSC; 13. “Teplotransit”; 14. “AstanaGenPlan” State Enterprise; and 15. Astana Association on Protection of Entrepreneurs’ Rights.
52	Astana (PP) –	Lack of information and transparency	Provide detailed information	The Association on Protection of	TBD after implementation and

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
	Registration of Real Property. Date: May 2005 Zhanna A.	in the process of registering real property leads to unnecessary costs and time delays. (Reduced Costs, Reduced Time, Increased Transparency – 3)	on the process to entrepreneurs.	Astana Entrepreneur's Rights and TFI developed a booklet which includes detailed information on: 1. All stages and steps of the process; 2. All necessary documentary requirements; 3. All state fees and fines; and 4. Addresses and working hours of all government bodies involved in the process.	monitoring. Free copies of the booklet are now available at the: 1. Astana Akimat; 2. Astana Committee on Land Resources Management; and 3. Astana Association on Protection of Entrepreneurs' Rights.
53	Astana (PP) – Import of Commercial Goods Date: May 2005 Zhanna A.	Lack of information and transparency in the process of importing commercial goods leads to unnecessary costs and time delays. (Reduced Costs, Reduced Time, Increased Transparency – 3)	Provide detailed information on the process to entrepreneurs.	The Association on Protection of Astana Entrepreneur's Rights and TFI developed a booklet which includes detailed information on: 1. All stages and steps of the process; 2. All necessary documentary requirements; 3. All state fees and fines; and 4. Addresses and working hours of all government bodies involved in the process.	TBD after implementation and monitoring. Free copies of the booklet are now available at the: 1. Astana Department of Customs Control; and 2. Astana Association on Protection of Entrepreneurs' Rights.
54	Ust-Kamenogorsk – Bar Code Registration Date: May 2005 Alexander Y.	Tracking sales and inventory through use of EAN (European Article Numbering) bar codes is an essential management and development tool for SMEs. In addition, use of EAN bar codes will allow Kazakh products to be more easily distributed within the European Union, thus increasing export potential for Kazakh businesses. Unfortunately, in Ust-	TFI consultants, recognizing this problem, lobbied the Ust-Kamenogorsk government to allow them to develop detailed information on the EAN bar code system and place on the Ust-Kamenogorsk government website.	Based on TFI's proposal, the Ust-Kamenogorsk government website now contains detailed information on the EAN system. That information includes: 1. An application for joining the Kazakhstan EAN Association; 2. A complete list of products subject to bar coding; 3. EAN identification of goods	TBD after implementation and monitoring.

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
		<p>Kamenogorsk, many entrepreneurs had no source of information on how they could utilize this valuable tool. As a result, SMEs are not able to effectively manage inventories and sales.</p> <p>(Reduced Costs, Reduced Time – 2)</p>		<p>for retail sale and trade; 4. Types of EAN code symbols; 5. Rules for symbol application on goods; 6. EAN rules for books and magazines; 7. A list of EAN prefixes for numeration of goods from different countries.</p> <p>The address is: http://oskemen.kz/uk4_2_4b.htm</p>	
55	<p>Ust-Kamenogorsk – Quarantine of Imported Goods</p> <p>Date: May 2005</p> <p>Alexander Y.</p>	<p>Agricultural goods imported into Ust-Kamenogorsk by train must be quarantined until those goods are inspected by the Department of Agriculture and the Phyto-Sanitary Control. In Ust-Kamenogorsk, the quarantine warehouse did not operate on weekends, thus causing entry delays of up to 2 days for perishable goods. The resulting spoilage led top financial losses for importers.</p> <p>(Reduced Costs, Reduced Time – 2)</p>	<p>TFI consultants identified this problem through interviews with local importers and convened a meeting with the heads of the local department of Agriculture and Phyto-Sanitary Control to explain the problems caused by the delays. TFI recommended extending the hours of the quarantine warehouse and conducting inspections as goods enter the country.</p>	<p>As a result, the heads of the inspection bodies agreed to:</p> <ol style="list-style-type: none"> 1. Operate the warehouse on weekends and holidays until 14:00 and to extend weekday working hours until 18:30; 2. To staff the warehouse during working hours with inspectors from Phyto-Sanitary Control and the Department of Agriculture; and 3. To increase the number of inspectors on duty. 	<p>Financial gains from non-spoilage will be determined after implementation and monitoring.</p> <p>Importers will realize immediate benefits from no longer having to pay the \$15 daily storage fee.</p>

**ATTACHMENT 4: TAJIKISTAN CONSTRAINT REDUCTION
CHART
1 JUNE 2004 – 31 MAY 2005**

Tajikistan Constraint Reductions

1 June 2004 – 31 May 2005

TAJIKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
1	<p>Khujand</p> <p>Customs Consultative Council Established in Khujand</p> <p>Date: August 2004</p> <p>Bahtior Turaev</p>	<p>Due to a lack of transparency, lack of information on the customs regulations, and lack of communication between customs and businesses, traders were having difficulty complying with customs rules and were subject to a great deal of corruption in the form of unofficial payments.</p> <p>(Increased transparency – 1)</p>	<p>Although the decision to establish the CC was made in 2001, it was never implemented. TFI worked with the Customs Officials and traders in Khujand to gain support for establishing business-customs consultative councils.</p>	<p>The first consultative council was established in Khujand and had the first meeting on August 19, 2004.</p>	<p>For the first time, open dialogue was held between Customs Officials and those most affected by their policies – traders. CCCs improve transparency through private sector participation in development of the customs policy.</p> <p>Councils will identify trade constraints and work cooperatively towards reducing or eliminating those constraints.</p> <p>The Secretariat of the Khujand Council was established and will now meet on a quarterly basis.</p>
2	<p>Soghd</p> <p>Removing an administrative barrier in the Soghd oblast Registration process.</p> <p>Date: September 2004</p> <p>Nigina Salibaeva Sergey Panyutin</p>	<p>The Department of Internal Affairs required entrepreneurs to present certificates from Hukumat before issuing permission to make seals and /or stamps. Businesses spent 2 - 7 days acquiring this certification.</p>	<p>TFI and representatives of the Soghd Department of Internal Affairs convinced the Head of the Department to remove barrier and instructed all territorial agencies of the Department of Internal Affairs of Sogd oblast to do the same.</p>	<p>Starting in September territorial agencies of Internal Affairs removed the Hukumat certification requirement from the process.</p>	<p>Elimination of administrative barrier for entrepreneurs will discourage corruption in the registration process, and decrease unnecessary time costs related to the extra process step.</p> <p>Entrepreneur will save 2 -7 days in opportunity costs, 7 USD each for documentation copies, and 5 USD each in informal payments to speed up the process. Annually round 500 enterprises are registered and</p>

TAJKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
		(Increased transparency, reduced cost, reduced time – 3)			580-600 enterprises are reregistered in Soghd Oblast 1000 * \$12 = \$12,000 USD
3	<p>Dushanbe</p> <p>Business Registration Application Redesigned</p> <p>Date: October 2004</p> <p>Nigina Salibaeva</p>	<p>Entrepreneurs had to fill out several forms at the MoJ's department of legal entities registration for registration, re-registration and registration of branch offices and representatives of the legal entity making the process time consuming and complicated.</p> <p>(Increased transparency, reduced cost, reduced time – 3)</p>	<p>TFI introduced a single – page application form for each function.</p>	<p>The new forms were introduced in April 2004. The less complicated and cumbersome forms make it much easier for applicants to submit the forms and for department employees to process applications. The new forms promote clarity and consistency in the application process and reduce the opportunity for solicitation of unofficial payments. Also it eradicates delays related to mistakes made by applicants in filling out the forms</p>	<p>Daily applications increased from 4.3 to 5.8</p> <p>Daily issuance of certificates increased from 3.3 to 4.95 The period of legal examination decreased from 10 days to 3 days.</p> <p>Less time is spent by employees checking for document inconsistencies or applicant errors and has reduced the process time to between 2 to 4 days.</p>
3	<p>Sogd</p> <p>Simplification of Soghd Statistics Department's registration process</p> <p>Date: October 2004</p> <p>Nigina Salibaeva Sergey Panyutin</p>	<p>The Soghd Statistics Department issued informational cards but not registration cards to individual entrepreneurs. Entrepreneurs had to apply to Rayon and town Statistics Departments to obtain registration cards which took a lot of time and opportunity costs for entrepreneurs.</p>	<p>TFI recommended that the Central Statistics Agency coordinate with the Soghd Statistics Department to remove the practice.</p>	<p>The Statistics Department of Sogd Oblast started to issue informational cards and registration card simultaneously.</p>	<p>Entrepreneurs have shortened the time spent on obtaining registration cards increasing their opportunity to conduct business.</p> <p>Entrepreneur's traveling from Isfara to Khujand spent 40 USD for the journey, or 35 USD to get from Istaravshan to Khujand register with Oblast's Department of Statistics.</p> <p>Last year, approximately 500 entrepreneurs registered and</p>

TAJKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
		(Increased transparency, reduced cost, reduced time – 3)			580-600 enterprises are currently reregistered in Soghd Oblast 1000 * 35 = 35,500 USD in travel costs saved
4	Khujand Registration of the Union of pharmaceutical commercial organizations Date: October 2004 Sergey Panyutin	The Union of Commercial Pharmaceutical Organizations, experienced problems while trying to register their association due to the lack of information about the process, which resulted in the loss of time and money. Governmental officials delayed the review of applications and documents, in order to solicit unofficial payments for faster processing. Consequently, entrepreneurs had to go through one step in the process several times and the preparation of necessary registration documents took 4 and a half months. (Increased transparency, reduced cost, reduced time – 3)	TFI provided a legal analysis of the Union (Association) registration procedure and informed the Union of the necessary registration procedures. TFI recommended that the Department of Justice of SO update the information board to include a list of materials necessary for registration, a detailed map of the registration process of Unions (Associations), and a description of the registration procedure in layman's terms.	Implementing TFI recommendations, the Union of pharmaceutical commercial organizations was registered October 1, 2004 and received a Certificate of state registration.	TFI's assistance resulted in the avoidance of further delays and bribes to expedite the process. Also, information regarding registration procedures will be readily available for other Associations registering in the future, which will reduce delays and the requests for bribes.
6	Sogd Reduction of administrative barrier for pharmaceutical licensing in Sogd oblast. Date: October 2004.	While monitoring the May 2004 law on licensing, TFI discovered the branch office of State scientific center of medicine expertise (SSCME) of Sogd oblast was not in compliance with the new law on issuing licenses for pharmaceutical activity. Therefore the entrepreneurs of Sogd oblast could not get licenses to continue their activity.	TFI made recommendations to the antimonopoly agency for SSCME compliance with the new law.	TFI's recommendations were accepted and the Sogd Oblast SSCME resumed issuing licensing activity in compliance with the new law in October 2004.	Pharmaceutical entrepreneurs were able to obtain licenses and resume their business activities. 128 pharmaceutical organizations that have in total 258 trading points could be fined of 15-17 USD for not having Licenses 128*16=2,048 USD Travel costs for individual entrepreneurs to SCDE are

TAJKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
	<i>Sergey Panyutin</i> Nigina Salibaeva	(Increased transparency, reduced cost, reduced time – 3)			saved at a 97*\$30= \$2,910
7.	Dushanbe Creation of Customs Consultative Council Date: November 2004 Bakhtiyor Turaev	Modern economic development and increased foreign economic investments require private-sector participation in the development of trade policy, open and constructive cooperation the Government and private business to improve and simplify customs administration. Providing consultations to business representatives with regard to customs issues is one of the principles of Revised Kyoto Convention and is stipulated by the Customs Code. (Increased transparency - 1)	TFI recommended establishing a Customs Consultative Council to the Dushanbe Customs Administration to address foreign economic activity issues.	The Council was created and the first meeting took place in November 2004. During the first Council comprised of 16 business representatives and 9 customs officials. A schedule of meetings was developed in which Councils are held once per quarter and alternately organized and facilitated by business representatives and Customs.	Creation of CC will facilitate constructive dialog between the customs body and business and will lead to joint problem solving with regard to customs administration of foreign economic activity
8	Sogd Removal of illegal licensing barrier for cars Date: Jan 2005 Iskandar Shomurodov	When the licensing law was implemented in May 2004, it canceled licensing requirements for vehicles with a 1.5 ton carrying capacity. However, TFI discovered that licenses were in fact still being issued for these vehicles after the law came into effect. (Reduced cost, reduced time – 2)	TFI Khujand sent recommendations to the Anti-monopoly Agency on December 12, 2004 in order to eliminate the illegal licenses.	All subdivisions of the Transport Inspection Office of Sogd oblast stopped practice of illegal licensing.	Data is still being collected, however, 1,084 car owners registered their vehicles since January 2005 x the cost of the license 16 USD = Savings of 17,344 USD.
9	Khujand Reduction of retail turnover tax on pharmaceuticals and medicines	The retail turnover tax, according to the tax code, and established by the Local Hukumat with approval of People's Deputies of Khujand city was set at 3% per transaction. This maximum rate was burdensome to entrepreneurs in the medical	TFI and the Association of Commercial Pharmaceutical Organizations recommended to the People's Deputies of Khujand City to decrease	The People's Deputies of Khujand accepted the recommendations and issued convocation #182 on December 23, 2004 entitled "About establishment of local taxes in Khujand and approval of	Approximately each of the 97 drug store operating in the Khujand city can save 100 somoni monthly on average, making the potential savings 9,700 somoni (3,190 USD) a month or 116,400 somoni

TAJIKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
	Date: Jan 2005 Sergey Panyutin	pharmaceutical sector, as sales in this area are comparatively expensive and a carry a low profit margin. (Reduced cost – 1)	the retail turnover tax from 3% to 1% for entrepreneurs engaged in the trade of medicines and operation of drug stores.	instruction about local taxes” implementing a fixed retail turnover tax rate of 1%.	(38,289 USD) per year.
10	Sogd Removal of illegal Certification of vehicles by Soghd Oblast Transport Inspection Date: February 2005 Iskandar Shomurodov	JS “Sorbon” a transportation company was issuing Vehicle Quality Certificates jointly with a representative of Transport Inspection of city and rayon representative departments of Transport Inspection. The Transport Inspection Agency was charging 2-3 dollars per entrepreneur for the certificate. The Certificate took and 1-2 days to issue. In case of Negative decision and not getting the Certificate an entrepreneur cannot get the license for transportation activity. (Increased transparency, reduced cost - 2)	TFI addressed the illegal inspections and certificates to the Soghd Oblast Department of Transport Inspection. The Inspection Department organized a general meeting of its representatives from all sub-departments in Soghd Oblast and ordered them to stop issuing Certificates. After this official action, TFI met with the Director of JS Sorbon and provided him with the Transport Inspection Department’s letter.	Soghd Oblast Transport Inspection responded by officially canceling the practice of joint issuing of the Vehicle Quality Certificate.	There are 15,000 vehicles that were Certified in Soghd Oblast in 5 months, from September 2004 to January 2005. As a result of the removal of this Certificate, vehicle owners save 2-3 USD per quarter and 1-2 days. On average, each entrepreneur earns 10 USD per day. Therefore the approximate savings through the removal of this constraint 2.5 USD x 15,000 vehicle owners =37,500 USD in unofficial payments per quarter. 10 USD per day of opportunity costs x 15,000=15,0000 USD 15, 0000+ 37,500=187,500 USD saved for entrepreneurs.

TAJIKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
11.	<p>Soghd</p> <p>Development of landsite acquisition and building process maps and drafting Land Right Certificate</p> <p>Date: March 2005</p> <p>Iskandar Shomurodov</p>	<p>Procedures for obtaining Land Use Certificates for building farms is complicated and a large number of legal and normative acts regulate this activity.</p> <p>The reorganization of collective farms (kolkhoz) into dekhkan farms has been extremely slow and lack of information or in some cases misinformation on the Land Certification steps makes the process long and burdensome for businesses and farmers. There are cases in which obtain Land Certificates took up to 3 years and cost several thousand dollars.</p> <p>(Increased transparency, reduced cost, reduced time – 3)</p>	<p>TFI consultants in Soghd Oblast analyzed the land legislation and held focus groups in order to draw up DE FACTO procedures for getting the Certificate. TFI developed “AS IS” and “LEGAL” process maps which demonstrate the steps in the Certification process and analyzed the final version of the legislation and made recommendations to improve land regulatory system.</p>	<p>1. Process maps (legal and as is) were presented to ACTED and MEDA – organizations working in Soghd Oblast on agri-sector development by assisting framers in acquiring land and creating private farms.</p> <p>2. In cooperation with another USAID-funded project implemented by ARD, TFI provided its analysis and process maps as well as recommendations in improvement of the land legislation of RT to the project.</p>	<p>Presently to get the Conclusion of the Commission each entrepreneur-applicant should spend about 50 USD informally, as he visits each member of the Commission from different permitting bodies separately and gets their permit and signature in the “roller” given from Hukumat.</p>
12.	<p>Soghd</p> <p>Creation of Tax Consultative Council in Khujand.</p> <p>Date: May 2005</p> <p>Iskandar Shomurodov</p>	<p>On January 1, 2005 the new Tax Code was implanted in Tajikistan. However, application of Code’s regulations and requirements remained a mystery to entrepreneurs unfamiliar with the new Code. Assistance was needed in helping them to understand the new rules and requirements and to provide them with an opportunity to provide comments on Tax Code.</p> <p>Limited knowledge of the new law and its requirements were hindering entrepreneurs’ ability to comply with it and putting them at greater risk for corruption by officials.</p>	<p>TFI and the Soghd Association of Entrepreneurs recommended the establishment of a Tax Consultative Council to the Tax Department of Soghd Oblast.</p>	<p>On May 10, 2005 official approval from the Tax Department Chairman was given to create Tax Consultative Council.</p> <p>The first meeting of the Working group of the Tax Consultative Council was organized, with participation of Tax Department representatives, business associations and local Hukumats and held on May 20, 2005.</p> <p>The Council decided to invite Mass Media to sessions to fully and objectively publicize its</p>	<p>Entrepreneurs were averaging \$20 per month in unofficial payments (or \$240 per year).</p> <p>While no data has yet been gathered as to the benefit of this Council to entrepreneurs, it is quite possible to reduce official expenses related to Tax Code compliance by 50% and eliminate unofficial payments.</p>

**ATTACHMENT 5: WTO ACCESSION CHECKLIST –
TAJIKISTAN**

WTO ACCESSION CHEKLIST – TAJIKISTAN

	Steps	Status
Application		
1.	Submission of application for membership in the WTO	Application submitted in May 2001
2.	WTO General Counsel meeting: Review of the application for membership – setting up the Working Party on accession.	WTO General Council met in July 2001 and established a WP on accession of Tajikistan
3.	Appointment of Chairman of the WTO Working Party on accession.	Mr. Klyde Kull, Ambassador of Estonia to the WTO, was appointed as a Chairman of the WP on accession of Tajikistan
Accession documentation		
4.	Preparation and submission of the memorandum on foreign trade regime (FTM).	Foreign Trade Memorandum was submitted to the WTO Secretariat in February 2003
5.	Preparation of answers to FTM follow-up questions posed by WTO Working Party members.	<p>Answers to Questions posed by EU and Australia were submitted to the WTO Secretariat in September 2003</p> <p>Answers to Questions posed by US were submitted to the WTO Secretariat in January 2004</p> <p>Replies to additional questions from US were submitted on February 20, 2005</p> <p>Replies to additional questions from EC were submitted on February 20, 2005</p> <p>Replies to additional questions from Australia were submitted in March 2005</p>
6.	Information on Domestic Support and Export Subsidies in Agriculture is prepared and submitted to the WTO WP.	Document in WT/ACC/4 format was submitted in February 2004
7.	Prepare answers to ACC/4 follow-up questions	
8.	Submit updated ACC/4 document as necessary	
9.	Plurilateral Working Party meetings review the data in the ACC/4 tabulations.	
10.	Information on Policy Measures Affecting Trade in Services is prepared and submitted to the WTO WP	Submitted as part of the FTM
11.	Prepare answers to ACC/5 follow-up questions	

12.	Submit updated the ACC/5 document as necessary	
13.	Checklist of Illustrative SPS Issues for Consideration in Accessions is prepared and submitted to the WTO WP	Document in WT/ACC/8a format was submitted in February 2004
14.	Prepare answers to ACC/8a follow-up questions	
15.	Submit updated the ACC/8a document as necessary	
16.	Checklist of Illustrative TBT Issues for Consideration in Accessions is prepared and submitted to the WTO WP	Document in WT/ACC/8b format was submitted in February 2004
17.	Prepare answers to ACC/8b follow-up questions	
18.	Submit updated the ACC/8b document as necessary	
19.	Implementation of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)	Document in WT/ACC/9 format was submitted in February 2004
20.	Prepare answers to ACC/9 follow-up questions	
21.	Submit updated the ACC/9 document as necessary	
WTO Legislative Compliance		
22.	Review of the foreign trade and investment legislation for compliance with requirements of the WTO Agreements	Initial review conducted and a memo provided to the MET in March 2003.
23.	Translate and submit existing and draft legislation to the WTO WP.	Ongoing.
24.	Prepare WTO Legislative Action Plan and submit to the WTO WP.	General legislative action plan was submitted in February 2004.
25.	Prepare Legislative Action Plans for implementation of specific WTO agreements and submit them to the WTO WP	
26.	Draft and enact necessary laws and regulations necessary for WTO compliance	Excise tax rates are brought into compliance with the WTO National treatment principle by the Resolution No. 153, "On Setting up excise tax rates on selected goods originated in the RT and imported into the territory of RT" adopted in April 2003. The Law On Normative-Legal Acts #54 adopted in December 8, 2003. The Law On Inventions was adopted in February 2004. The Law On Industrial Designs was

		<p>adopted in February 2004.</p> <p>The Law On Amendments to the Law on Foreign Economic Activity of December 27, 1993 was adopted in February 2004.</p> <p>The Law On Amendments to the Criminal Code (TRIPs compliance) was enacted on May 17, 2004.</p> <p>The Law On Licensing of Certain Types of Activities was enacted on May 17, 2004.</p> <p>Amendments to the Law “On copyright and neighboring rights” enacted on August 7, 2003</p> <p>Customs Code adopted by Parliament in November 2004 and entered into force on January 1, 2005.</p> <p>New Tax Code enacted and entered into force on January 1, 2005.</p> <p>Tajikistan has officially accepted the obligations of Article VIII of the IMF Agreement on 9 December 2004.</p> <p>Civil Code (Part III) enacted and entered into force on March 15, 2005.</p>
27.	Regularly update the Legislative Action Plan and other specific action plans to show the progress in enacting necessary legislation and submit to the WTO WP	A revised WTO Legislative Action Plan was submitted to the WTO WP in April 2005.
Multilateral and bilateral negotiations		
28.	Conduct WTO Working Party meeting (multilateral) on accession	<p>1st Meeting of the WP was conducted on March 18, 2004.</p> <p>2nd Meeting of the WP was conducted on April 26, 2005.</p>
29.	Participation in preparation of the Report of the Working Party on accession which contains description of commitments taken by the acceding country	The initial draft of the Factual Summary of Points Raised is issued in April 2005.
30.	Initial offer on market access on goods is prepared and submitted to the WTO WP;	Initial offer on market access on goods was submitted to the WTO in February 2004.

		Revised offer on market access on goods was submitted to the WTO in April 2004.
31.	Conduct bilateral market access negotiations on goods	<p>First round of bilateral negotiations with US, EU, Switzerland; Turkey, Canada, and Australia were conducted in March 2004.</p> <p>Second round of bilateral negotiations with US, EU, Australia and Japan were conducted in April 2005.</p>
32.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
33.	Initial offer on market access on services is prepared and submitted to the WTO WP;	<p>Initial offer on market access on services was submitted to the WTO in February 2004.</p> <p>Revised offer on market access on services was submitted to the WTO in April 2004.</p>
34.	Conduct bilateral market access negotiations on services	<p>First round of bilateral negotiations with US, EU, Switzerland; Turkey, Canada, and Australia were conducted in March 2004.</p> <p>Second round of bilateral negotiations with US, EU, Australia and Japan were conducted in April 2005.</p>
35.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
36.	Preparation of the Consolidated Schedule of Specific Commitments on Goods and Services.	
37.	Approval and submission of the Working Party Report and draft Protocol of accession to the WTO General Counsel	
Institutional		
38.	Inquiry point on TBT is established	
39.	Inquiry point on SPS is established	
40.	Inquiry point on services is established	<p>The WTO Information/Reference Center, which was launched on December 29, 2004, will serve as a GATS Enquiry point.</p> <p>The WTO Information/Reference Center,</p>

		was officially notified to the WTO WP as Tajikistan's Enquiry Point on services.
41.	WTO Library/Information center established	The WTO Information/Reference Center was launched on December 29, 2004.
Accession to Plurilateral Agreements		
42.	Agreement on Government Procurement	Not obligatory unless acceding country agrees to accede.
43.	Agreement on Trade in Civil Aircraft	Not obligatory unless acceding country agrees to accede.
Doha Development Agenda Negotiations		
44.	Participation in the Negotiating Groups established under the Doha Development Agenda negotiations. Acceding country may be requested to join and implement new agreements and provisions to be developed as a result of Doha Round multilateral negotiations.	
Final accession procedures		
45.	Approval by the General Council of the Working Party Report and the Protocol of Accession	
46.	The WTO Director General issues certified copies of the Protocol of Accession to WTO Members. The Protocol of Accession is registered with the United Nations.	
47.	Internal ratification procedures by the acceding country	
48.	Submission of the ratification instrument to the WTO Secretariat.	
49.	Thirty days after the submission of ratification instrument acceding country becomes a member.	
Public information and consultation		
50.	Throughout the accession process - regular meetings and round-table discussions on benefits and challenges of the WTO membership with industry representatives and private sector institutions.	Trade Consultative Council meeting was conducted with participation of MET representative in January 2004.
51.	Public information campaign upon accession	Interviews, articles and etc.
Post – WTO accession implementation issues		
52.	Institutional structures for post WTO accession implementation are established.	
53.	Notifications required under various WTO agreements are submitted on a timely basis	
54.	Implementation of various commitments reflected in the	

	protocol accession of a particular member.	
55.	Review of various legislation of a member by relevant WTO committees.	
56.	Constant monitoring of legislative compliance – all trade related draft laws and regulations are reviewed for WTO compliance	
57.	Regional trade agreements – review by the WTO Committee on Regional Trade Agreements of a member's compliance with the WTO requirements	
58.	Participation in the new Doha round of multilateral negotiations	
59.	Implementation of results of the Doha Round of WTO negotiations by making necessary domestic policy changes	
60.	Accession to the plurilateral agreements if committed in the protocol of accession	
61.	WTO review of a member's trade policy.	

**ATTACHMENT 6: UZBEKISTAN CONSTRAINT REDUCTION
CHART
1 JUNE 2004 – 31 MAY 2005**

Uzbekistan Constraint Reductions

1 June 2004 – 31 May 2005

UZBEKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
1	<p>Ferghana/Andijan</p> <p>Business Registration Procedures Clarified and Published</p> <p>Date: Aug 2004</p> <p>Davron</p>	<p>The business registration process lacks transparency as the process is not clearly articulated by the government. Businesses often pay bribes for information and expedience, make repeated trips to government bodies, and are charged fees in excess of those required by regulations.</p> <p>(Reduced cost, reduced time, increased transparency – 3)</p>	<p>TFI reviewed existing procedures for compliance with national legislation and developed “plain language” process instructions for entrepreneurs. It was recommended that the government adopt the instruction and disseminate the information through government offices and the media.</p>	<p>In July 2004 the Ferghana oblast government adopted TFI’s recommendations and agreed to publish the process instructions and distribute them via local institutions in each city and rayon.</p> <p>So far, entrepreneurs using the instruction stated that transparency of the process is improved, unofficial payments are expected to be reduced and official payments are expected to be brought into line with regulatory requirements.</p>	<p>Based on statistics from the government, 4000 businesses and 7000 individual entrepreneurs are registered each year.</p> <p>Based on sampling, it is expected that the instruction will reduce registration time from 11 days to 10 days, a savings of 1 day. Taking into account, that total daily income for businesses is \$12 and for individuals is \$5, operating 1 day earlier results in average increased revenue of \$83,000.</p> <p>Additionally, businesses will save an average of \$3 for businesses and \$1.5 for individuals, the total of \$22,500 to the notary offices due to overpayments due to confusion about regulatory fees.</p> <p>Therefore the total cost savings and increased revenue will be: \$105,500</p>
2	<p>Ferghana</p> <p>Issuance of Kyrgyz Visas in Osh</p> <p>Date: Nov 2004</p> <p>Sabyr</p>	<p>With the exception of beekeepers, Uzbek entrepreneurs are required to obtain visas at the Kyrgyz embassy in Tashkent. This requirement generates additional travel costs for businesses in the Ferghana Valley. The embassy in Tashkent requires individual letters of invitations from each visa applicant. The Kyrgyz sponsor must register the</p>	<p>Due to the successful implementation of the agreement to issue visas to Uzbek beekeepers in Osh, other business representatives expressed interest in getting similar treatment.</p>	<p>The recommendation to expand the Ferghana visa pilot project was accepted. The Kyrgyz government is now willing to consider requests from non-beekeeping groups to have Kyrgyz visas issued in Osh.</p>	<p>TFI will continue to evaluate the impact.</p> <p>It is estimated that 1,000 people requiring visas, including entrepreneurs, cross the border monthly.</p> <p>Each person who takes advantage</p>

UZBEKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
		<p>invitation with the Representative of the Ministry of Foreign Affairs located in Osh. The letter is then sent to the Uzbek applicant who must take the letter to the Kyrgyz Embassy in Tashkent. The process of preparing, registering and sending the letter to the Uzbek applicant takes on average 10 days. The Kyrgyz Embassy takes approximately 3 days to process a visa.</p> <p>(Increased transparency, reduced cost, reduced time – 3)</p>	<p>TFI recommended to the Representative of the Ministry of Foreign Affairs in southern Kyrgyzstan that the visa agreement be extended to other businesses for consideration.</p>		<p>of this change will save an average of 12 days and 26,000 sum per visa application.</p>
3	<p>Fergana/Andijan</p> <p>Reduction of state fee for business registration of legal entities</p>	<p>Business registration fees for legal entities cost about USD 39.18 or the equivalent of six months wages in Fergana.</p> <p>(Increased transparency, reduced cost, reduced time – 3)</p>	<p>TFI recommended reducing the state fee for registration of legal entities.</p>	<p>The Fergana Khokim agreed to reduce the state fee for legal entities in urban areas to 32.65 (the equivalent of 5 months wages) and in regional districts (suburban and country sides) to 26.12 USD (the equivalent of 4 months wages).</p> <p>The Andijan Khokim reduced the state fee for legal entities in rural areas to 19.59 USD (the equivalent of three months wages).</p>	<p>Exact numbers will be available in January 2006 when the information on the number of registered businesses in 2005 will become available.</p> <p>However in 2004, there were 3980 legal entities registered. If the same number of businesses register this year, the minimum amount saved could potentially be \$26,000 USD.</p>

**ATTACHMENT 7: WTO ACCESSION CHECKLIST –
UZBEKISTAN**

Performance Monitoring Plan for Uzbekistan

Period of December 1994 – May 2005

Checklist of WTO accession procedures

	Steps	Status
Application		
1.	Submission of application for membership in the WTO	Application submitted in December 8, 1994
2.	WTO General Council meeting: Review of the application for membership – setting up the Working Party on accession.	WTO General Council met in December 21, 1994 and established a WP on accession of Uzbekistan
3.	Appointment of Chairman of the WTO Working Party on accession.	Mr. Supermanian, Ambassador of Malaysia to the WTO, was appointed as a Chairman of the WP on accession of Uzbekistan H.E. Mr. Hyuck Choi, Ambassador of the Republic of Korea appointed as a Chairman of the WP in 2004 May.
Accession documentation		
4.	Preparation and submission of the memorandum on foreign trade regime (FTM).	Foreign Trade Memorandum was submitted to the WTO Secretariat in 1998
5.	Preparation of answers to FTM follow-up questions posed by WTO Working Party members.	In document WT/ACC/UZB/3, dated of October 12, 1999, Uzbekistan submitted Replies to Questions posed by USA and EU. In document WT/ACC/UZB/4, dated of April 20, 2001, Uzbekistan submitted additional Answers to Questions posed as a follow up by WTO Working Party members on Foreign Trade Regime (FTM) document. In document WT/ACC/UZB/8, dated of September 16, 2003, Uzbekistan submitted additional Replies to Questions raised by EU and South Korea. In document WT/ACC/UZB/9, dated of

		<p>November 26, 2003, Uzbekistan submitted additional Replies to Questions raised by USA</p> <p>In document WT/ACC/UZB/8/Add., Uzbekistan submitted revised Replies to Questions raised by EU</p> <p>In document WT/ACC/UZB/9/Add., Uzbekistan submitted revised Replies to Questions raised by USA</p> <p>In document WT/ACC/UZB/13, Uzbekistan submitted replies to questions raised by USA, EU, Australia, Kyrgyzstan.</p>
6.	Information on Domestic Support and Export Subsidies in Agriculture is prepared and submitted to the WTO WP.	ACC-4 Checklist on domestic support and export subsidies in Agriculture submitted to the WTO WP in May.
7.	Prepare answers to ACC/4 follow-up questions	
8.	Submit updated the ACC/4 document as necessary	
9.	Plurilateral Working Party meetings review the data in the ACC/4 tabulations.	
10.	Information on Policy Measures Affecting Trade in Services is prepared and submitted to the WTO WP	Submitted as part of the FTM
11.	Prepare answers to ACC/5 follow-up questions	
12.	Submit updated the ACC/5 document as necessary	
13.	Checklist of Illustrative SPS Issues for Consideration in Accessions is prepared and submitted to the WTO WP	Document in WT/ACC/8a format was submitted in September 16, 2003 Updated ACC/8a checklist in document WT/ACC/5/Rev.1 was submitted to WTO.
14.	Prepare answers to ACC/8a follow-up questions	
15.	Submit updated the ACC/8a document as necessary	
16.	Checklist of Illustrative TBT Issues for Consideration in Accessions is prepared and submitted to the WTO WP	Document in WT/ACC/8b format was submitted in September 16, 2003 Updated ACC/8b checklist in document WT/ACC/6/Rev/1 was submitted to WTO.
17.	Prepare answers to ACC/8b follow-up questions	
18.	Submit updated the ACC/8b document as necessary	
19.	Implementation of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)	Document in WT/ACC/9 format was submitted in September 16, 2003
20.	Prepare answers to ACC/9 follow-up questions	

21.	Submit updated the ACC/9 document as necessary	
WTO Legislative Compliance		
22.	Review of the foreign trade and investment legislation for compliance with requirements of the WTO Agreements	Initial review conducted and a memo provided to the MET in 1998.
23.	Translate and submit existing and draft legislation to the WTO WP.	Document WT/ACC/UZB13/Add.1 with the list and translation of existing and draft legislation submitted to WTO.
24.	Prepare WTO Legislative Action Plan and submit to the WTO WP.	The WTO Legislative Action Plan prepared and submitted to the WTO WP in June, 2004.
25.	Prepare Legislative Action Plans for implementation of specific WTO agreements and submit them to the WTO WP	
26.	Draft and enact necessary laws and regulations necessary for WTO compliance	<p>The Law On Inventions and Industrial Designs was adopted in 1994.</p> <p>The Law on Copyright and Neighboring Rights adopted in August 30, 1996, with amendments made in 2000.</p> <p>The Law on Breeding Achievements adopted in August 1996, with amendments of April 25, 1997.</p> <p>The Law on Protection of Computer Programs and Electronic Databases was adopted in May 6, 1994.</p> <p>The Law on Integrated Circuits was adopted in 2001.</p> <p>The Law On Antidumping and Countervailing Duties adopted in December 2003.</p> <p>The Draft Law on Technical Regulations</p> <p>The Draft Law on Conformity Assessment</p> <p>The Draft Law on IPR legislative changes</p> <p>The Draft Law on Copyright and Related Rights</p>

		<p>The Draft Resolution on TBT/SPS Inquiry Point</p> <p>The Decision on joining the Bern Convention taken by the Parliament on August 27, 2004.</p> <p>The Decision on joining the International Plant Varieties Protection taken by the Parliament on August 27, 2004</p> <p>WIPO accepted Uzbekistan's decision to join Bern Convention on January 18, 2005</p> <p>GOU resolution on authorization of the Agency of Foreign Economic Relations as an authorized government body to conduct antidumping investigations.</p> <p>The Draft Customs Code</p>
27.	Regularly update the Legislative Action Plan and other specific action plans to show the progress in enacting necessary legislation and submit to the WTO WP	
Multilateral and bilateral negotiations		
28.	Conduct WTO Working Party meeting (multilateral) on accession	<p>1st Meeting of the WP was conducted on July 19, 2002.</p> <p>2nd Meeting of the WP was conducted on June 29-30, 2004.</p>
29.	Participation in preparation of the Report of the Working Party on accession which contains description of commitments taken by the acceding country	
30.	Initial offer on market access on goods is prepared and submitted to the WTO WP;	
31.	Conduct bilateral market access negotiations on goods	
32.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
33.	Initial offer on market access on services is prepared and submitted to the WTO WP;	
34.	Conduct bilateral market access negotiations on services	

35.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
36	Preparation of the Consolidated Schedule of Specific Commitments on Goods and Services.	
37.	Approval and submission of the Working Party Report and draft Protocol of accession to the WTO General Counsel	
Institutional		
38.	Inquiry point on TBT is established	Decision taken by the GOU to establish TBT/SPS Inquiry Point
39.	Inquiry point on SPS is established	Decision taken by the GOU to establish TBT/SPS Inquiry Point
40.	Inquiry point on services in established	
41.	WTO Library/Information center established	
Accession to Plurilateral Agreements		
42.	Agreement on Government Procurement	Not obligatory unless acceding country agrees to accede.
43.	Agreement on Trade in Civil Aircraft	Not obligatory unless acceding country agrees to accede.
Doha Development Agenda Negotiations		
44.	Participation in the Negotiating Groups established under the Doha Development Agenda negotiations. Acceding country may be requested to join and implement new agreements and provisions to be developed as a result of Doha Round multilateral negotiations.	
Final accession procedures		
45.	Approval by the General Council of the Working Party Report and the Protocol of Accession	
46.	The WTO Director General issues certified copies of the Protocol of Accession to WTO Members. The Protocol of Accession is registered with the United Nations.	
47.	Internal ratification procedures by the acceding country	
48.	Submission of the ratification instrument to the WTO Secretariat.	
49.	Thirty days after the submission of ratification	

	instrument acceding country becomes a member.	
Public information and consultation		
50.	Throughout the accession process - regular meetings and round-table discussions on benefits and challenges of the WTO membership with industry representatives and private sector institutions.	<p>Two -week seminar on WTO Agreements and Accession process held in March 2004. Negotiation Team was established by the GOU in December 2003.</p> <p>One-week Trade Remedies and State Trading Enterprises Seminar held in July 2004.</p> <p>One day round table held on the Draft Copyright Law and Bern Convention requirements in June, 2004</p> <p>One day round table held on the Certification Resolution in August, 2004.</p> <p>One day seminar on author's rights held in October 2004.</p> <p>One week training on drafting the initial market offers for services held in November 2004.</p> <p>Round tables for businesses on WTO held in Tashkent, Urgench and Bukhara.</p> <p>5 GOU officials and 1 academician participated at WTO annual Symposium in April in Geneva WTO headquarters.</p> <p>3 GOU officials took training on market offers for goods in Geneva.</p> <p>International conference on Bern Convention held in May 2005.</p>
51.	Public information campaign upon accession	Ongoing
Post – WTO accession implementation issues		
52.	Institutional structures for post WTO accession implementation are established.	
53.	Notifications required under various WTO agreements are submitted on a timely basis	
54.	Implementation of various commitments reflected in the protocol accession of a particular member.	
55.	Review of various legislation of a member by relevant	

	WTO committees.	
56.	Constant monitoring of legislative compliance – all trade related draft laws and regulations are reviewed for WTO compliance	
57.	Regional trade agreements – review by the WTO Committee on Regional Trade Agreements of a member’s compliance with the WTO requirements	
58.	Participation in the new Doha round of multilateral negotiations	
59.	Implementation of results of the Doha Round of WTO negotiations by making necessary domestic policy changes	
60.	Accession to the plurilateral agreements if committed in the protocol of accession	
61.	WTO review of a member’s trade policy.	