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BUSINESS ENVIRONMENT IMPROVEMENT PROJECT

ANNUAL REPORT #3

OCTOBER 2008 – SEPTEMBER 2009



October 14, 2009

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**BUSINESS ENVIRONMENT IMPROVEMENT PROJECT
ANNUAL REPORT #3
OCTOBER 2008 – SEPTEMBER 2009**

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The Business Environment Improvement project (BEI) is pleased to submit its third annual report to USAID detailing progress and achievements for the period October 2008 - September 2009. The report is divided into two sections – the first section discussing highlights from the period and a summary of BEI performance versus targets across indicators included in the Performance Monitoring Plan (PMP) and the second section reporting on progress toward achieving specific work plan objectives and performance versus targets details.

PROJECT HIGHLIGHTS

During the past project year BEI strengthened host country cooperation and deepened World Bank Doing Business (WBDB)-related reforms. Significant successes were achieved as all three countries continued high-profile reforms of WBDB-measured processes. Governments greatly increased their direct cooperation with the World Bank and its new Doing Business Reform Team assisted by BEI. The Kyrgyz Republic (KR) 2009 reforms again earned the KR distinction among the top reformers worldwide. The Republic of Tajikistan (RT), through the BEI-supported “200 Days of Reform” effort, for the first time, also placed among the top-10 Doing Business reformers worldwide.

All three countries have adopted new or amended laws and regulations on both the national and local levels that represent steps forward and produce large financial savings for their business communities in areas outside of Doing Business measurement. Common themes of programs for licensing regulatory guillotines, radical new inspections regimes, and modernized risk-management systems have emerged and are continuing to evolve, and in particular between Kazakhstan and the KR. Events between Government and business leaders in the Republic of Tajikistan are particularly encouraging, though much work remains.

In World Bank Doing Business (WBDB) 2009, country rankings were recalculated based on the addition of two countries to the WBDB list and retroactive revisions for 2008 and previous years. Despite the revisions in data, for the individual indicators across Kazakhstan, the Kyrgyz Republic, and the Republic of Tajikistan the trend is very positive this year. This reflects very large improvements in those indicators BEI has focused on during the past three years.

PERFORMANCE VERSUS TARGETS SUMMARY

PROJECT RESULT #1: WORLD BANK DOING BUSINESS INDICATORS

Doing Business 2007, based on 2006 data, provides the baseline figures from which the project will achieve at least an aggregate 25% improvement over 4 years. In calculating the 25% average improvement, the underlying variables are equally weighted and calculations are based on DB 2007 versus DB 2011 (2010 data expected to be published in 2010).

As the World Bank retroactively revises historic data each year to reflect methodological changes and other factors, the updated historic figures are provided in the table below.

The table below compares published Doing Business 2010 Report indicators over time, tracking change versus baseline (revised WBDB 2010 Report data for 2006), and percent variance to date versus baseline. Positive percent variance represents an improvement in the specific indicator. In the case of Tajikistan’s “Protecting Investors” measurement, change against baseline increases from a value of zero (0), and a percentage increase is provided as an assigned 600% and 500% for indicator values of 6 and 5, respectively.

| Indicator | Kazakhstan | | | | Kyrgyz Republic | | | | Tajikistan | | | | Notes |
|------------------------------------------|------------|---------|-------|---------|-----------------|-------|-------|----------|------------|---------|---------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 2006 | 2008 | 2009 | Change | 2006 | 2008 | 2009 | Change | 2006 | 2008 | 2009 | Change | |
| PRI. DOING BUSINESS PROCESSES | | | | | | | | | | | | | |
| Starting a Business | | | | | | | | | | | | | |
| Procedures (Number) | 8 | 8 | 7 | 12.50% | 9 | 4 | 3 | 66.66% | 14 | 13 | 12 | 14.28% | For World Bank "Doing Business" Indicators, an average net improvement of 25% is targeted for the life of the project for at least 5 of 9 indicators per country addressed by BEI as reflected by activities in the annual work plan. BEI will track these data as reported by the World Bank annually, but not set forward-looking annual targets for individual processes. Final comparison data is expected to be published in fall 2010 in "Doing Business 2011". Baseline data are from the Doing Business 2007 report (2006 data), as revised in 2009, for World Bank Indicators, and 2005 for BEEPS. Highlighted 2009 indicator data represents areas of BEI's activity during Year 3 work; however change percentage is calculated over the life of the BEI project. |
| Time (days) | 21 | 21 | 20 | 4.76% | 21 | 15 | 11 | 47.61% | 67 | 49 | 25 | 62.68% | |
| Cost (% GNI) | 7 | 5.2 | 4.8 | 31.42% | 10.7 | 7.4 | 5.2 | 51.40% | 75.1 | 27.6 | 24.3 | 67.64% | |
| Min Capital (% GNI) | 23.1 | 15.9 | 13.4 | 41.99% | 0.5 | 0.4 | 0 | 100.00% | 378.6 | 216.8 | 9.9 | 97.38% | |
| Total Indicator Change (average %) | | | | 22.67% | | | | 66.42% | | | | 60.50% | |
| Dealing with Construction Permits | | | | | | | | | | | | | |
| Procedures (Number) | 38 | 38 | 37 | 2.63% | 22 | 13 | 12 | 45.45% | 33 | 33 | 32 | 3.03% | |
| Time (days) | 231 | 231 | 211 | 8.65% | 332 | 159 | 137 | 58.73% | 221 | 381 | 250 | -13.12% | |
| Cost (% GNI) | 2350.7 | 1,431.8 | 119.7 | 94.90% | 816.5 | 405.7 | 165.2 | 79.76% | 2425.2 | 1,420.7 | 1,022.9 | 57.82% | |
| Total Indicator Change (average %) | | | | 35.39% | | | | 61.31% | | | | 15.91% | |
| Employing Workers | | | | | | | | | | | | | |
| Difficulty of Hiring Index | 0 | 0 | 0 | 0.00% | 33 | 33 | 33 | 0.00% | 33 | 33 | 33 | 0.00% | |
| Rigidity of Hours Index | 40 | 20 | 20 | 50.00% | 40 | 20 | 20 | 50.00% | 80 | 73 | 73 | 8.75% | |
| Difficulty of Redundancy Index | 20 | 30 | 30 | -50.00% | 40 | 30 | 0 | 100.00% | 40 | 40 | 40 | 0.00% | |
| Rigidity of Employment Index | 20 | 17 | 17 | 15.00% | 38 | 28 | 18 | 52.63% | 51 | 49 | 49 | 3.92% | |
| Redundancy costs (weeks of salary) | 9 | 9 | 9 | 0.00% | 17 | 17 | 17 | 0.00% | 22 | 30 | 30 | -36.36% | |
| Total Indicator Change (average %) | | | | 3.00% | | | | 40.53% | | | | -4.74% | |
| Registering Property | | | | | | | | | | | | | |
| Procedures (Number) | 8 | 5 | 5 | 37.50% | 7 | 7 | 4 | 42.85% | 6 | 6 | 6 | 0.00% | |
| Time (days) | 52 | 40 | 40 | 23.08% | 8 | 8 | 5 | 37.50% | 37 | 37 | 37 | 0.00% | |
| Cost (% value) | 1.2 | 0.1 | 0.1 | 91.67% | 1.9 | 3.9 | 2.8 | -47.36% | 1.9 | 1.8 | 4.6 | -142.10% | |
| Total Indicator Change (average %) | | | | 50.75% | | | | 11.00% | | | | -47.37% | |
| Getting Credit | | | | | | | | | | | | | |
| Legal Rights Index | 5 | 5 | 5 | 0.00% | 7 | 7 | 10 | 42.85% | 3 | 3 | 3 | 0.00% | |
| Credit Information Index | 4 | 6 | 6 | 50.00% | 2 | 3 | 3 | 50.00% | 0 | 0 | 0 | 0.00% | |
| Public Registry Coverage (% adults) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | |
| Private Registry Coverage (% adults) | 5.5 | 25.6 | 29.5 | 436.36% | 0.4 | 3.7 | 5.9 | 1375.00% | 0 | 0 | 0 | 0.00% | |

| | | | | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------|------|------|--------|---------|------|------|---------|---------|------|------|---------|
| Total Indicator Change (average %) | 121.59% | | | | 366.96% | | | | 12.50% | | | |
| Protecting Investors | | | | | | | | | | | | |
| Disclosure Index | 7 | 7 | 7 | 0.00% | 8 | 8 | 8 | 0.00% | 0 | 4 | 6 | 600.00% |
| Director Liability Index | 1 | 1 | 1 | 0.00% | 1 | 7 | 7 | 600.00% | 0 | 1 | 5 | 500.00% |
| Shareholder Suits Index | 9 | 9 | 9 | 0.00% | 9 | 8 | 8 | -11.11% | 5 | 4 | 5 | 0.00% |
| Investor Protection Index | 5.7 | 5.7 | 5.7 | 0.00% | 6 | 7.7 | 7.7 | 28.33% | 1.7 | 3.3 | 5.3 | 211.76% |
| Total Indicator Change (average %) | 0.00% | | | | 159.86% | | | | 327.94% | | | |
| Paying Taxes | | | | | | | | | | | | |
| Payments (Number) | 9 | 9 | 9 | 0.00% | 75 | 75 | 75 | 0.00% | 54 | 54 | 54 | 0.00% |
| Time (Hours) | 271 | 271 | 271 | 0.00% | 202 | 202 | 202 | 0.00% | 224 | 224 | 224 | 0.00% |
| Total Tax Rate (% profit) | 44.4 | 41.7 | 35.9 | 19.14% | 67.2 | 61.4 | 59.4 | 11.60% | 82.1 | 85.5 | 85.9 | -4.62% |
| Total Indicator Change (average %) | 6.38% | | | | 3.87% | | | | -1.54% | | | |
| Enforcing Contracts | | | | | | | | | | | | |
| Procedures (Number) | 38 | 38 | 38 | 0.00% | 39 | 39 | 39 | 0.00% | 34 | 34 | 34 | 0.00% |
| Time (days) | 390 | 390 | 390 | 0.00% | 260 | 260 | 260 | 0.00% | 430 | 430 | 430 | 0.00% |
| Cost (% debt) | 22 | 22 | 22 | 0.00% | 29 | 29 | 29 | 0.00% | 25.5 | 25.5 | 25.5 | 0.00% |
| Total Indicator Change (average %) | 0.00% | | | | 0.00% | | | | 0.00% | | | |
| Closing a Business | | | | | | | | | | | | |
| Time (years) | 1.5 | 1.5 | 1.5 | 0.00% | 4 | 4 | 4 | 0.00% | 3 | 3 | 3 | 0.00% |
| Cost (% of estate) | 15 | 15 | 15 | 0.00% | 15 | 15 | 15 | 0.00% | 9 | 9 | 9 | 0.00% |
| Recovery Rate (cents on the dollar) | 39.3 | 40.6 | 40.6 | 3.30% | 14.7 | 14.2 | 14.2 | -3.40% | 23.6 | 25.4 | 25.4 | 7.63% |
| Total Indicator Change (average %) | 1.10% | | | | -1.33% | | | | 2.54% | | | |
| Inspections (BEEPS) | | | | | | | | | | | | |
| Inspections (Number) | 11.65 | NR | NR | NR | 13.93 | NR | NR | NR | 11.64 | NR | NR | NR |
| Time (hours) | 16.92 | NR | NR | NR | 58.47 | NR | NR | NR | 17.08 | NR | NR | NR |
| Bribes (% frequent) | 23 | NR | NR | NR | 52.8 | NR | NR | NR | 21.3 | NR | NR | NR |
| Total Change WBDB (average %) | 27.28% | | | | 86.83% | | | | 44.96% | | | |
| Note: PRI data is taken directly from the World Bank Doing Business reports. Baseline data is from the 2007 report (2006 data) as revised in 2009. | | | | | | | | | | | | |
| NR = Not Reported. According to the EBRD, data for 2007 has reportedly been collected, but has not yet been published. | | | | | | | | | | | | |

Incl. fire, SES, police, environment, tax, customs and labor inspections. No exact data were available for the number of labor inspections per year; data est. taken from 2005 BEEPS graphs.

PROJECT RESULT #2: ECONOMIC IMPACT

The impact of individual reforms is presented in detail in the PR2 table. Following are the summary results for the 2008 – 2009 contract year.

| Indicator | Kazakhstan | | | Kyrgyz Republic | | | Tajikistan | | |
|-----------------------------------------------------------------------------------------------------------|--------------|--------|--------------|-----------------|--------|-------------|---------------|--------|-------------|
| | 2008 | 2009 | | 2008 | 2009 | | 2008 | 2009 | |
| | Actual | Target | Actual | Actual | Target | Actual | Actual | Target | Actual |
| PR2. BUSINESS ENVIRONMENT IMPACT | | | | | | | | | |
| Business Environment annual impact (in \$mln). | 289.9 | n/a | n/a | 34.2 | n/a | n/a | 249.77 | n/a | n/a |
| Business environment total annual impact not attributable to national Doing Business reforms (in \$mln) * | - | 80 | 209.4 | - | 3.5 | 60.7 | - | 3.0 | 23.0 |
| A: Business environment national-level, non-Doing Business annual impact (in \$mln) | - | 48 | 76.1 | - | 2.6 | 59.6 | - | 2.7 | 22.1 |
| B: Business environment sub-national level, non-Doing Business annual impact (in \$mln) | - | 32 | 133.3 | - | 0.9 | 1.1 | - | 0.3 | 0.9 |

Note: BEI PR2 targets were sub-divided and specified to be reported as national not related to WBDB reforms and sub-national during the December 2008 PMP revision. 2008 impact includes WBDB-related reforms.

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

PR2 constraints reduced sooner than 6 months prior to September 2009 are validated preliminarily when possible

*Total of lines A and B, below

GEOGRAPHIC COVERAGE

Geographic coverage details are presented in Appendix I (below). Follow are the summary results for the 2008 – 2009 contract year.

| | Kazakhstan | | | Kyrgyz Republic | | | Tajikistan | | |
|-------------------------------------------------------------------------|------------|--------|-----------|-----------------|--------|-----------|------------|--------|-----------|
| | 2008 | 2009 | | 2008 | 2009 | | 2008 | 2009 | |
| | Actual | Target | Actual | Actual | Target | Actual | Actual | Target | Actual |
| Contribution to USAID CAR MEASURES: EXPANDED GEOGRAPHIC COVERAGE | | | | | | | | | |
| Number of municipalities receiving BEI assistance | 24 | 20 | 27 | 15 | 15 | 17 | 9 | 7 | 10 |

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

CONTEXT INDICATORS

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

| Context Indicator | Kazakhstan | | | | Kyrgyz Republic | | | | Tajikistan | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|-------------------|-------------------|-----------------|----------------|---------------|---------------|---------------|--------|---------------|---------------|
| | 2006 | 2007 | 2008 | 2009 | 2006 | 2007 | 2008 | 2009 | 2006 | 2007 | 2008 | 2009 |
| SME contribution to GDP* | 30.9% | NR | 30.9% | NR | 43.6% | 44.7% | 45.4% | 42.6% | 41.6% | 42.3% | 43.5% | 48.0% |
| Gross foreign direct investment (FDI) in sectors outside of extracting industries such as oil and gas, mining, metals, power generation (USD millions / % GDP*) | 4651.4 / 8.14% | 8107.6 / 10.01% | 12,927.2 / 12.45% | 13,609.6 / 10.18% | 185.9 / 7.56% | 280.5 / 10.41% | 382.2 / 10.2% | 858.7 / 18.1% | 104.4 / 5.00% | NR | 202.3 / 5.45% | 358.7 / 8.72% |
| World Bank's "Doing Business" Country Ranking* | 63** | 80*** | 64 | 63 | 90** | 99*** | 80 | 41 | 133** | 156*** | 164 | 152 |
| World Bank's Government Effectiveness indicator* | -0.57 | -0.52 | -0.58 | -0.47 | -0.87 | -0.77 | -0.75 | -0.70 | -1.07 | -1.02 | -0.97 | -0.88 |
| World Bank's Rule of Law indicator* | -0.80 | -0.91 | -0.83 | -0.78 | -1.08 | -1.23 | -1.19 | -1.26 | -0.98 | -1.06 | -1.13 | -1.12 |
| World Bank's Control of Corruption indicator* | -0.93 | -0.88 | -0.91 | -0.95 | -1.08 | -1.10 | -1.08 | -1.06 | -1.09 | -0.93 | -0.86 | -0.99 |
| World Bank's Regulatory Quality indicator* | -0.45 | -0.49 | -0.45 | -0.37 | -0.72 | -0.60 | -0.40 | -0.32 | -1.03 | -1.05 | -1.02 | -0.97 |

Notes: World Bank data (Doing Business and Governance Indicators) from 2006, 2007 and 2008, revised in 2009 reports.

* Year indicates publication date of data, data lags one year and previous year's data revised based on current official estimates. N/R = not reported.

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

*** As of 2008 DB rankings. After methodology changes in 2009, this ranking is no longer available for comparison purposes in current WB publications.

For World Bank's "Doing Business" Country Rankings, 1 is best and 183 is worst.

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

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

KAZAKHSTAN

GENERAL

BEI in Kazakhstan is co-financed jointly by the Government of Kazakhstan and USAID as part of the Program for Economic Development (PED)—part of the Houston Initiative agreement between the United States and the Republic of Kazakhstan. The Government of Kazakhstan continued joint work with the private sector and BEI project to simplify the business environment, creating in fall of 2008 an anti-recessionary (anti-crisis) council under the GoKZ to assist in stabilizing the economic situation and solving the business problems. The Government action plan developed during this joint assistance led to several improvements detailed in PR1, above, and laid the foundation for continued GoKZ-WB cooperation into 2010. Ongoing activities under the council include optimization of the inspection system based on improved risk-management principles, simplification of procedures for voluntary administrative liquidation of a business, and revision of the licensing and permitting system, with reductions in the number of types of permits and licenses based on the guillotine method.

TECHNICAL

In Kazakhstan, BEI had a successful year facilitating business environment improvement both directly and via partners. BEI's work with Government partners provided significant results this project year. The overall business environment impact (PR2) from BEI Year 3 is estimated at over \$209.4 million (see Business Environment Results Table), divided into \$133.3 million in sub-national impact and \$76.1 million national non-Doing Business impact. An additional \$113.2 million in estimated impact associated with WBDB-related reforms is presented for context purposes only.¹ This is believed to be a very conservative estimate, as several changes with anecdotally larger costs were assessed at lower levels or excluded from assessment due to lack of quality data.

Based on BEI's approved 2008-2009 work plan, of 193 items expecting completion during this project year, 86.53% (167) have been completed, and the remaining 26 items have been rescheduled to the following project year or discontinued to accommodate official government partner work schedules.

Doing Business Activity

Prolonged attention at the Prime Ministerial level in Kazakhstan and development of a Government action plan for WBDB-related reforms by respective ministries, led to the passage of several very promising laws, regulations, and orders affecting WBDB indicators. Unfortunately though Kazakhstan showed notable progress, in many cases the World Bank has delayed recognition of these reforms awaiting future respondent surveys. These changes are expected to significantly affect Kazakhstan's assessment next year, as the DB Reform Team increases their involvement in Kazakhstan's reforms.

During Project Year 3 BEI worked on the following Doing Business indicators in Kazakhstan, in conjunction with Government and private-sector partners: Starting a Business, Dealing with Construction Permits, Registering Property, Protecting Investors, Getting Credit, and Closing a Business. The BEI project participating in the working groups under authorized ministries, and the umbrella expert group under Orynbaev directing the overall WBDB-related reform effort, including by providing direct technical

¹ See Supplemental Project Result 1 (PR1) Economic Impact Table, below

assistance to the Ministry of Justice, Ministry of Industry and Trade (MIT), Construction Agency, Agency for Financial Control, and Ministry of Finance.

Following are short summaries of BEI-facilitated reforms in Kazakhstan during the 2008-2009 project year related to WBDB indicators. Due to the survey nature of the WBDB indicators, not all changes may be fully reflected in the Doing Business report even if they took place prior to the WB data-collection cut-off date of June 1. Though the WBDB records changes this year in multiple indicators, a portion of the relevant legal changes were enacted and implemented during the previous, 2007-2008 BEI project year, and are not reproduced here.

Dealing with Construction Permits 2008-2009

Law #116-IV of December 29, 2008, *On amendments and additions to some legal acts of RK on activity of independent branch regulators* and Law #188-IV of July 17, 2009, *On amendments and additions to some legal acts of the Republic of Kazakhstan on private enterprise issues* are designed to affect the measured “Dealing with Construction Permits” (DwCP) process in the following manner:

- 1) Reduce the cost for **DwCP step #28** from 9,520,000 KZT to 0 KZT (*Request electric power connection services*)
- 2) Reduce time required for **DwCP step #37** from 20 to 7 days (*Request and obtain Akimat approval*)

These changes eliminate 13 days, and 9,520,000 KZT (about \$63,467) from the permitting process based on World Bank evaluations, reducing time from 231 to 218 days, and cost from 10.54 million to 1.02 million KZT (about \$6,783). Change #2 occurred after the June 1, 2009, cut-off for consideration in the DB 2010 Report, and is expected to be considered for inclusion in the DB 2011 Report during next project year, along with other uncounted construction reforms from 2008.

Registering Property 2008-2009

Decree of the Minister of Justice #331 of December 3, 2008, *On amendments and additions to the Decree of the Minister of Justice of RK from March 28, 2008 #83 ‘On setting regulations for provision of public services’*, and Decree of the Minister of Justice #353 of December 30, 2008, *On amendments and additions to the Decree of the Minister of Justice of RK #83 from March 28, 2008 ‘On setting regulations for provision of public services’*, and Decree of the Minister of Justice #18 of February 20, 2009, *On amendments and additions to the Decree ‘On setting rules for provision of information from legal cadastre’* are designed to affect the measured “Registering Property” (RP) process in the following manner:

- 1) Reduce the time required for **RP step #1** from a minimum of 3 days to 1 day (*Obtain a non-encumbrance certificate*)
- 2) Reduce the time required for **RP step #5** from 17 to 10 days (*Registration of the title at the Registration Service Committee*)

These decrees reduce the time-frames for registration by the Registering Service Committee and provide for electronic issuance of the required information notes on real property status through Public Service Centers. The changes have not been reflected in the DB 2010 Report, and the WB cites further implementation as being needed for the reforms to register with survey respondents. Once implemented the improvements are expected to reduce time from 40 to 31 days.

Protecting Investors 2008-2009

Law #185-IV of July 11, 2009, *On Amendments and Additions to Some Legal Acts of the Republic of Kazakhstan Regarding Improvement of Kazakhstan Legislation on Payments and Remittances, Accounting Reports and Financial Statements for Financial Institutions and the National Bank*, was designed to affect the measured Doing Business “Protecting Investors” (PI) process in the following manner:

- 1) Increase the **PI rating: “Disclosures in published periodic filings”** from 0 to 2

The above law introduces amendments and additions for the Law “On Joint Stock Companies” concerning financial reporting for JSCs, requiring them to publish notes and disclosures in accordance with International Financial Reporting Standards (IFRS), including related-party transaction details. This change occurred after the June 1, 2009, cut-off for consideration in the DB 2010 Report, however the WB has confirmed that it will be considered for next year’s DB 2011 Report.

BEI and its regional partners assisted the MoJ to develop a draft law reducing notary requirements during registration of a business, time-frames for processing business registrations, and the minimum charter capital required when opening a business, and simplifying the process of opening a bank account. As of October 2009 the draft law is being reviewed by the Mazhilis Parliament, and when signed are expected to shorten the Starting a Business process by up to 5 days time and reduce the charter capital requirement by 90% (From 127,300 KZT to 12,730 KZT, or by about \$760 USD)

Based on BEI recommendations and in partnership with the Agency of Financial Surveillance, Agency on Financial Control, and the “First Credit Bureau” draft amendments to the Civil Code to improve the “Getting Credit” indicator were submitted to the Government. BEI’s recommended improvements include:

- to allow transfer of non-property pledge rights through combined company funds without requiring specific descriptions of the pledged property;
- provide for automatic extension of security interests for future products, procedures and replacements;
- allow a general description of the obligation; and,
- to clarify moratoriums for recovery against property applied to the mortgaging creditors and whether it is applied in case of liquidation and reorganization.

The recommendations are being considered by the Government and expected to be submitted to Parliament in early 2010.

BEI and the World Bank assisted the Agency for Financial Control expert group to develop additional recommendations to further improve the “Protecting Investors” indicator beyond those changes indicated under PRI, above. BEI recommendations are currently under consideration by the Government and are expected to be submitted to the Parliament in early 2010. They include introduction of the concept of fiduciary responsibility for JSC directors, reduction in the threshold for a “large” transaction from 25% to 10% of a company’s assets, further clarification of director’s responsibilities, and improved shareholder rights in court.

BEI and the expert group under the Ministry of Finance identified several calculation errors by the World Bank in the **Closing a Business** indicator for Kazakhstan, stemming from insufficient data. Together they submitted correcting notes with evidence and analysis that were accepted by the Doing Business team. In response the World Bank recalculated Kazakhstan’s Closing a Business ranking in the WBDB 2010 Report,

including previous years. The changes improved the rank from 100th (Doing Business 2009 Report) to 54th (Doing Business 2010 Report), due to increased accuracy in the reported process time from 3 years, 3 months, to the actual time of 1 year, 6 months.

Non-Doing Business Activity

BEI, in conjunction with the Ministry of Justice, the Ministry of Finance and business representatives, developed recommendations to **simplify the voluntary liquidation** procedure for business entities and individuals. Amendments #99-IV and #100-IV were introduced to the Tax Code on December 10, 2008. These amendments include:

- an amnesty for all businessmen who do not owe back-taxes and have been under liquidation proceedings for more than 5 years;
- publication on the website of the tax agency of info on liquidating business entities within three business days of application submission;
- establishment of deadlines for tax inspections of legal entities (180 days) and individual businessmen (60 days) undergoing voluntary liquidation; and,
- introduction of a simplified liquidation procedure for individual entrepreneurs, limited to a maximum of 150 days.

These improvements are expected to substantially simplify the process and free inactive entrepreneurs to legally re-engage in economic activity.

On July 17, 2009, the President signed the *Law On Making Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Private Entrepreneurship Issues*, **amending the inspections process** based on the concept developed in 2008 by MIT and BEI. These amendments affect 67 laws and 8 codes, and:

- provide a clear definition of an inspection (i.e. an investigation that can result in a fine);
- approve a uniform procedure for conducting all inspections, requiring all inspections and other forms of investigation be carried out according to a schedule developed using an approved risk management system;
- mandate that all investigations be registered at least 30 days in advance with the Committee on Legal Statistics of the General Prosecutor's Office (excepting criminal investigations, border-crossing customs inspections, traffic-safety control stops, inspections for personal weaponry control, and inspections related to anti-monopoly and finance legislation);
- include risk management principles for use with inspections;
- specifically prohibit inspections not provided for by the Law;
- expand the rights of businessmen to appeal a scheduled inspection, document the process or inspecting official by audio or video, and invite third parties as inspection observers; and,
- provide businessmen the right to deny inspections that violate the defined schedules.

The Government has set a deadline of January 2010 for completing the development of inspecting body risk management systems and schedules for a total of 40 inspecting bodies. BEI, in cooperation with the USAID RTLC and EREC Projects, is supporting implementation of the law by assisting the inspecting bodies to develop their required checklists and planning systems based on risk management principles, and a core concept for a risk management system developed with the MEBP. At the request of MIT, BEI retained

international expert Igor Gutan from Moldova as long-term technical support to assist inspections and licensing-related reforms, who was joined by short-term expert Khaled Masri in August 2009 to advise on technical aspects of the new risk management system. At the request of the Ministry of Economy and Budget Planning, which is spearheading GoKZ coordination of the reforms, BEI is providing methodological and training material support to all 40 inspectorates, and more focused technical advice to 17 bodies, with the RTLC and EREC projects dividing assistance among the remaining bodies. To date BEI, the Ministry of Health and Ministry of Agriculture have determined the frequency for certain types of sanitary and epidemiological, veterinary, plant quarantine and protection, seed production, grain and cotton market inspections.

With the support of BEI and participation of other USAID projects, the Government of Kazakhstan began **extensive licensing and permitting improvements**. These include:

- approval in Resolution #1100 of November 27, 2008, of a new Concept for Improvement of the Permission System, calling for reduced licensing and permitting requirements;
- development of a methodological guide on revising permission documents, for use by state bodies; and,
- a comprehensive review of the licensing and permitting system initiated by PM Order #47-p of March 30, 2009, which initiated an Expert Group review of all permitting documents to reduce the number by at least 50% using the guillotine methodology.

The Expert Group includes representatives from the GOK, BEI, the private sector, and expert advisors. Permitting documents for this process include licenses, permits, sub-licenses and other controlling documents issued by government bodies. The EG began on May 7 and by July 31 submitted its report to the Prime Minister recommending the elimination of 441 permitting documents out of the 751 reviewed (58.7%) from 22 government bodies. This report is currently being reconciled by the Government, and is expected to be finalized and signed by the Prime Minister in late 2009, after which the drafting process for implementing regulations will begin.

BEI assisted in development of amendments incorporating best international practice on regulatory impact analysis (RIA) for the Government, and as a result an amended Government Resolution #840 of August, 2003, *On Approval of Rules of Organization of Law Making Activities in Authorized Agencies of the Republic of Kazakhstan*, requires forecasting the financial and economic implications of adopting an act using. These amendments describe in detail for the first time the obligation of Government bodies responsible for developing draft laws to calculate costs and benefits based on the principle of RIA.

Sub-National Activity

During May and August 2009, the BEI Project signed additional work agreements with new partners in the cities of Aktau (the Independent Association of Entrepreneurs), Oral (The Center of Small Business), and Pavlodar (individual entrepreneur Zhanna Aleksandrova, consulting to the Enterprise Development Department of Pavlodar Oblast). These smaller subcontracts perform BEI activities in their cities and surrounding regions in close collaboration with the BEI country offices, and in conjunction with existing long-term subcontractors the Fund for Information Support for the Development of Society (FIPRO - Oskemen), Business Incubator SodBi (SODBI - Shymkent), and the Association for Protection of Entrepreneur's Rights in Astana (APERA - Astana). BEI's geographic coverage expanded to include 27 cities, towns, and districts, including the major cities of Almaty, Aktau, Astana, Karaganda, Kyzyl-orda, Oral, Oskemen, Pavlodar, Shymkent, and Taraz.

During the year BEI's partners contributed directly to local-level impact both areas related to the WBDB processes, and also in reducing administrative constraints identified as burdensome by their business community. Through these partnerships, BEI and partners were successful in reducing a total of 15 validated local constraints during the project year², and further encouraging and participating in engagements with government partners. Highlights include:

- reduced time and cost for construction permits in Oskemen save an estimated 3,200 entrepreneurs over \$680,000 per year;
- reduced cost for one-day trade coupons in Shymkent save an estimated 12,000 small businesses and individual entrepreneurs over \$4.6 million per year;
- streamlined land registration processes in Shymkent save an estimated 14,000 applicants over \$250,000 per year;
- streamlined processes for obtaining oil products storage licenses in Oskemen save an estimated 200 applicants \$500,000 per year;
- defeat of a punishing ploy to increase the local budget through an unneeded environmental emissions rate increase in Oskemen saved an estimated 4,000 SME businesses \$8 million and 12 large businesses \$100,000,000 per year;
- improved access to information reduced the time required for obtaining land plots in Shymkent, saving an estimated 11,000 applicants \$990,000 per year;
- streamlined acquisition of rights to land plots for business construction and the subsequent construction permits save an estimated 529 entrepreneurs in Oskemen over \$2.7 million per year;
- improved access to information on licensing and credits in Astana save an estimated 956 entrepreneurs over \$160,000 per year; and,
- reduced requirements for special water and sewerage system piping for businesses in Astana save an estimated 1,560 entrepreneurs over \$4.6 million per year.

UPCOMING EVENTS

Expert groups on implementation of improved risk management systems by state bodies regulating private entrepreneurship are scheduled for October 2009 in Astana.

A seminar on risk management systems is planned for the business community, in Almaty, on October 22, 2009.

A seminar for the Akimat of Almaty city and local associations on eliminated types of permitting documents is planned for October or November 2009, in Almaty.

A seminar for state bodies on eliminated permitting documents is planned for November 2009, in Shymkent.

A series of seminars on implementation of improved risk management systems by state bodies regulating private entrepreneurship is planned from November to December 2009, in Oskemen, Ridder, and Ziryansky.

² See Business Environment Impact Table (PR2), below

A press conference on expert council issues in South Kazakhstan Oblast is scheduled for December 2009, in Shymkent.

KYRGYZ REPUBLIC

GENERAL

During 2008 the President and Government of Kyrgyzstan, with BEI assistance, successfully completed the “100 Days of Reforms” campaign (now called “First Phase” reforms) between March 19 and June 2, 2008. Implementation of these changes and “Second Phase” reforms, focused on improving KR’s WBDB ranking to within the top-50 countries, continued in 2009 in time for the Doing Business 2010 report June 1, 2009, cut-off date, with continued close cooperation with the WB DB Reform Team and noted successes (see Doing Business Activity, below).

The President and Government continued to work closely with business associations and donors. In June, the President and 52 business associations participated in a “Forum on Establishment of the Effective Public Private Dialogue Mechanisms”, focused on strengthening partnership between government and business and reducing confrontation. As a result, the President established the new “National Council for Public-Private Cooperation” as a platform where government and business will communicate and collaborate. This increased dialog follows approval in May 2009 of the KR 2009-2011 Country Development Strategy, which instructs all state bodies to work closely with the private sector.

As a result of the successful cooperation and teamwork between government, donors, and the World Bank, Kyrgyzstan earned the 2nd place in the WBDB 2010 “top 10 reformers”— a “top reformer” for the second year running — and improved its overall Doing Business rank 39 places, moving up to 41st position from 80th.

TECHNICAL

In the Kyrgyz Republic, BEI had a second highly successful year facilitating business environment improvement both directly and via partners. BEI’s work with Second Phase WBDB reform efforts was bolstered by strong successes in other areas of focus, most notably in licensing reductions. Overall business environment impact from BEI Year 3 is estimated at over \$60.7 million (see Business Environment Results Table), divided into \$1.1 million in sub-national impact and \$59.6 million national non-Doing Business impact. An additional \$6.2 million in estimated impact associated with WBDB-related reforms is presented for context purposes only.³

Based on BEI’s approved 2008-2009 work plan, of 238 items expecting completion by this report-date, 75.63% (180) have been completed, and the remaining 58 items have been rescheduled to the following project year or discontinued to accommodate official government partner work schedules.

Significant successes in Year 1 include the reversal of a combined narrowing of business types permitted to use tax patents from 121 to 79, and a 700% increase in taxes on remaining tax patent users. Repealing these tax patent changes saved over 89,000 Kyrgyz small and micro-entrepreneurs almost \$53 million. Other changes include the approval of the elimination of the first five duplicative or unnecessary licenses through the guillotine process, totaling an estimated \$6.8 million for over 16,900 entrepreneurs.

³ See Supplemental Project Result 1 (PR1) Economic Impact Table, below

Doing Business Activity

During the contract year, BEI completed a second intensive period of reforms with the Government of KR, BEI, the WBDB team, and other public and donor participants. This “Second Phase” reform effort from December 5, 2008, to April 1, 2009, again fully engaged the public and focused attention on government officials charged from the Presidential level with making improvements happen, with the specific goal of bringing the Kyrgyz Republic to within the top-50 ranked countries by Doing Business. The close involvement of the WBDB team has ensured that results were measured in advance of the WBDB 2010 report, which shows considerable improvements in the areas of focus.

During Project Year 3 BEI worked on the following Doing Business indicators in the Kyrgyz Republic, in conjunction with Government and private-sector partners: Starting a Business, Dealing with Construction Permits, Employing Workers, Registering Property, Getting Credit, and Paying Taxes. The BEI Project participated in working groups and inter-agency commissions charged with the overall WBDB-related reform effort, including direct technical assistance to the Construction Consultative Council and Expert Group on Dealing with Construction Permits, Expert Group for Registering Property, Expert Group on Getting Credit, and President’s Working Commission on Tax Code Improvement. At the request of the GoKR, BEI participated in the working group under the Ministry of Labor and Social Development on Employing Workers, which drafted legislation eliminating requirements related to redundancy of workers and making work-hours more flexible. This activity was outside of the originally conceived BEI work plan, and provided as part of normal responsiveness to Government needs.

Following are short summaries of BEI-facilitated business environment changes in the Kyrgyz Republic during the 2008-2009 project year expected to produce improvements to the WBDB indicators. Due to the survey nature of the WBDB indicators, not all changes may be fully observed yet in implementation even if they took place prior to the WB data-collection cut-off date of June 1.

Starting a Business 2008-2009

The Law #105 *On Introduction of the Amendments and Additions to the Law of the Kyrgyz Republic ‘On business partnerships and companies’ and Civil Code of March 30, 2009*, and Law #57 *On state registration of legal entities, branches (representations) of February 20, 2009*, are designed to affect the measured Doing Business “Starting a Business” process in the following manner:

- 1) Reduce time required for **SaB step #2** from 10 to 3 days (*Register at the One stop shop Register with the Social Fund the State Tax and the National statistics*)
- 2) Eliminate **SaB step #3** (*Obtain permission to make company seal and make a seal*)
- 3) Eliminate **SaB step #4** (*Open bank account*)
- 4) Eliminate the charter capital requirement

These reforms no longer require company owners to open a bank account and deposit charter capital, nor to make a company seal. The WBDB 2010 report assesses these changes positively but not fully, improving KR’s indicators for the number of procedures is reduced from 4 to 3, time from 15 to 11 days, and cost from 7.4% to 5.2% (of GNIPC), plus the elimination of required charter capital. The WB has not yet recognized the elimination of SaB step #3, but in practice it is not required.

Dealing with Construction Permits 2008-2009

The Law On Amendments to the Law of the Kyrgyz Republic 'On urban architecture and architecture of the Kyrgyz Republic' #101 of March 30, 2009; Law On introductions of Amendments and Additions to the Code of the Kyrgyz Republic on Administrative Responsibility #117 of March 30, 2009; Law On introduction of Amendments and Additions to the Law of the Kyrgyz Republic 'On natural and permitted monopolies in the Kyrgyz Republic' #110 of March 30, 2009; and Resolutions of the Government of the Kyrgyz Republic On Approving the Rules for Technical Terms and Procedures for Connections to the Engineering Networks in the Kyrgyz Republic #100 of February 10, 2009; On introduction of Amendments and Additions to the Decree of the Government of the Kyrgyz Republic of May 30, 2008, #252 'On Approval of the Regulations on the Procedure for Issuance of Permits for the Design, Construction and other Real-estate Developments and Acceptance of the Completed Construction Sites (objects) in the Kyrgyz Republic' #121 of February 12, 2009; On Approving the Regulation on the Classifications of the Characteristics of Construction Sites (objects) and On the Order of State Architectural and Construction Oversight of the Construction Sites (objects), Renovation and Other Changes of Properties in the Kyrgyz Republic #95 of February 10, 2009; and On Amendments and Additions to the Decree of the Government of the Kyrgyz Republic dated April 3, 1997, #188 'On Approval of Provisions on the Procedure of State Qualification Certification of the Construction Industry' #75 of February 4, 2009, in conjunction with adoption of Bishkek City Parliament Resolution #48 of February 4, 2009, On the cancellation of the Bishkek City Parliament deputies resolution 'On Approval of the Rules of improvement in Bishkek' #194 of July 9, 2003 are designed to affect the measured Doing Business "Dealing with Construction Permits" (DwCP) process in the following manner:

- 1) Reduce the time required for **DwCP Step #1** from 30 to 28 days (*File application-intention and obtain City Planning Regulation of Architectural Planning Conditions (AII3) from the unit of State Department for Architecture and Construction Supervision*)
- 2) Eliminate **DwCP Step #2** (*Request and obtain technical conditions to connect to networks for telephone line*)
- 3) Reduce the time and cost required for **DwCP Step #4** from 60 to 56 days and 34,575 to 18,158 KGS (*Request and obtain approval and expertise of project documents*)
- 4) Eliminate **DwCP Step #5** (*Request and obtain Architectural Planning Conditions (AII3) from the local unit of State Department for Architecture and Construction Supervision*)
- 5) Eliminate the cost required for **DwCP Step #6**, reducing it from 680 KGS (*Request and obtain authorization to conduct earthwork in the road section*)
- 6) Eliminate the cost required for **DwCP Step #7**, reducing it from 1,462 KGS (*Request and obtain equipment operating authorization*)
- 7) Reduce the time required for **DwCP Step #13** from 20 to 7 days (*Request and obtain equipment operating permit*)

The above NLAs were introduced for implementation of the 1st stage construction reforms (from 2008), and to increase the responsibility of urban planning agencies, including engineering and technical services, in the issuance of construction permits. Other changes are directed toward improving procedures for supervision of construction sites, and developing private institutions for technical oversight and control functions. The WBDB 2010 report assesses these changes positively but not fully, improving KR's indicators for the number of procedures from 13 to 12, time required from 159 to 137 days, and cost from 405.7% to 165,2 % (of GNIPC).

Registering Property 2008-2009

The Law of the Kyrgyz Republic #99 of March 30, 2009, *On Introduction of Amendments and Additions to the Law of the Kyrgyz Republic 'On Property registration and transactions with it'* and the Law of the Kyrgyz Republic #104 of March 30, 2009, *On Amendments to the Civil Code of the Kyrgyz Republic*, are designed to affect the measured Doing Business "Registering Property" (RP) process in the following manner:

- 1) Eliminate **RP step #1** (*The seller obtains a Registration Certificate from the Gosregister (Land Registry)*)
- 2) Eliminate **RP step #2** (*The buyer applies for a new or renewed technical passport at the Gosregister*)
- 3) Eliminate **RP step #3** (*Field inspection of the property by Gosregister office*)
- 4) Eliminate **RP step #4** (*The seller receives the cadastral plan and technical passport of the property*)
- 5) Eliminate **RP step #5** (*A public notary notarizes the sale-purchase agreement*)

The WBDB 2010 report assesses these changes positively but not fully, improving KR's indicators for the number of procedures from 7 to 4, time from 8 to 5 days, and cost from 3.9% to 2.8% of property value. Additional impact is expected after assessment for the DB 2011 Report, and following further implementation work.

Employing Workers 2008-2009

Law #103 of March 30, 2009, *On Introduction of Additions and Changes to the Labor Code of the Kyrgyz Republic* is designed to affect the measured Doing Business "Employing Workers" (EW) process in the following manner:

- 1) Change the **EW question: "Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?"** to No
- 2) Change the **EW question: "Must the employer notify a third party before terminating one redundant worker?"** to No
- 3) Change the **EW question: "Must the employer notify a third party before terminating a group of 9 redundant workers?"** to No
- 4) Change the **EW question: "Is there a retraining or reassignment obligation before an employer can make a worker redundant?"** to No
- 5) Change the **EW question: "Are there priority rules applying to redundancies?"** to No

The WBDB 2010 report assesses these changes positively, improving KR's measurements for the Rigidity of Hours Index from 40 to 20 (lower rating is better), the Difficulty of Redundancy Index from 40 to 0, and the overall Rigidity of Employment Index from 38 to 18.

Getting Credit 2008-2009

Law #96 *On Introduction of Changes and Additions to the Civil Code of the Kyrgyz Republic* and Law #97 *On Introduction of Changes and Additions to the Law of the Kyrgyz Republic on Collaterals*, both of March 30, 2009, were designed to affect the measured Doing Business "Getting Credit" (GC) process in the following manner:

- 1) Change the **GC question: “Does the law allow businesses to grant a non-possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets?”** to Yes
- 2) Change the **GC question: “May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?”** to Yes
- 3) Change the **GC question: “Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties?”** to Yes

The WBDB 2010 report assesses these changes generally positively, decreasing KR’s indicator for the Depth of Credit Information Index from 5 to 3, but increasing the Strength of Legal Rights Index from 7 to 10. The reforms result in a net improvement in KR’s overall indicator ranking from 59th place to 15th place. Modifications to the KR Depth of Credit Information Index that worsen it from 5 to 3 were included erroneously by the WB, and BEI is in negotiations to correct the information on which those changes were based.

Paying Taxes 2008-2009

On October 17, 2008, the new Tax Code (#230) was adopted, effective January 1, 2009, and was designed to affect the measured Doing Business “Paying Taxes” (PT) process in the following manner:

- 1) Reduce **Payments (number per year)** from 75 to 44
- 2) Reduce **Time (hours per year)** from 202 to 194
- 3) Reduce **Total tax rate (% profit)** from 61.4% to 30%

Due to the lagging nature of the DB survey data for the Paying Taxes indicator, results from these changes are expected to appear in entrepreneurs’ responses for the Doing Business 2011 Report, in 2010. All figures are based on preliminary estimates of tax changes affecting the WBDB sample business case.

President Bakiev set an ambitious midterm objective for the KR to be placed among the top-50 countries on the Doing Business report. This directive formed the driver for Second Phase work, and the KR Government continued reform efforts on 8 out of 10 DB indicators: Starting a Business, Dealing with Construction Permits, Protecting Investors, Getting Credit, Paying Taxes, Employing Workers, Registering Property, and Trading Across Borders. BEI, in coordination with other USAID and donor projects, continued to assist the MEDT in maintaining the cross-cutting interagency working group for this initiative, and prepared the GoKR Resolution #676 of December 5, 2008, which detailed the action plan for 2008-2009 WBDB-related reform efforts. Based on this plan and with BEI assistance the working groups prepared a total of 12 laws on improving KR’s Doing Business indicators, which were signed in March, 2009.

BEI, in conjunction with the USAID/EREC Project, continued to support to Interagency Commission’s efforts to assess the new KR Tax Code of January 31, 2009. These efforts include an August 2009 survey of businesses on the new code, sales tax, and VAT provisions, and recommendations from Georgian STTA Aleksi Aleksishvili in July for reducing the number of payments, volume of reports, the overall tax burden, and implementation of risk-assessment mechanisms for tax inspections. These recommendations and survey results are under consideration by the President’s Investment Council, with action expected during the next quarter.

Non-Doing Business Activity

The President, based on BEI Project recommendations, signed Decrees # 435 *On Improving State Policy in Area of Business Regulation* and #460 *On High Priority Measures on Legalization of Capital and Property* in December 2008, focused on reducing by at least 30% the number of licenses, permits, and state controlling bodies, and approving high-priority measures for the legalization of capital and property, to reduce the shadow economy.

To implement Decree #460 BEI provided advisory and expert support to the GoKR and its working group in developing a concept and draft law based on existing KR capital amnesty practices and the experiences of other former USSR countries. On July 27, 2009, the President signed Law #254, *On Amnesty of the Undeclared Tax, Customs Liabilities and Property Legalization*. The Law focuses on legalization of property not registered or disposed of according to proper procedures prior to December 31, 2008, and as such is designed to protect the privacy of legalizing individuals, void their liability, and prevent punitive inspections. By providing property amnesty the Government hopes to reduce the size of the shadow economy and mobilize frozen capital for legal economic activity.

BEI also assisted in development of Presidential Decree #435, which stipulates reductions in the number of government controlling bodies, and the number of licenses and permit types by 30%. The Decree further required that all remaining license and permits be justified under a guillotine-based review process in order to remain in effect. To date the interagency working group assigned review of the licenses and permits has completed review of 280 of 364 documents (76.9%), with the remaining 84 documents to be reviewed during the final quarter of 2009. BEI presented its analysis of the 21 KR controlling bodies in September to the President's Investment Council, with recommendations for abolishing 9 bodies (42.8%), of which 7 should be eliminated and 2 merged with other agencies. The President is expected to act on these recommendations during the next quarter.

BEI assisted the Prosecutor's Office (PO) and MEDT to revise inspections procedures in accordance with Presidential Decree #237 of May 14, 2009, which requires that all business inspections by law enforcement, tax and other authorities be held only after registration of the inspection with both the General and subordinate public prosecutor's office. This follows a monitoring of the President's moratorium on inspections, which revealed that MEDT had no power to control inspections by the tax authorities. At the request of the General Prosecutor, BEI assisted PO and GTZ representatives to organize a trip to Kazakhstan from July 26 to 29, 2009, and to confer with experts in Astana and Almaty on their experiences in inspections registration. Rules similar to Kazakhstan's were incorporated into the new inspections procedure and an associated list of bodies eligible to conduct business inspections, which were approved by Government Resolutions #591 and #592 of September 18, 2009. BEI and the PO also developed draft amendments to the Law *On the Manner of Conducting Inspections of Businesses* required for the inspections registration with the PO, and that reduce the inspections duration from 30 days to 15 days for large and medium businesses, and 5 days for small businesses. These amendments completed reconciliation review with the ministries and were sent in September for approval by the Government.

With BEI assistance the Government completed development of the Law *On Normative Legal Acts*, which was signed by the President on July 20, 2009. The law sets out for the first time a clear legislative hierarchy, provides for the application of RIA and the guillotine principle of regulatory reduction, excludes agency-level norm-making, describes how to resolving conflicts between legal documents, and voids all remaining normative legal acts issued during the Soviet Union (as of December 31, 2009). The Government expects to complete preparation of implementation amendments to its appropriate regulations and those of Parliament, in December 2009, with RIA methodology finalization in February 2010. Adoption of a clear legal hierarchy concludes work inherited by BEI from USAID's predecessor TFI and LIME projects.

Sub-National Activity

During the year BEI's Osh office continued outreach and reform efforts alongside partners in the south of KR. These included a series of September 2009 workshops in Osh and Jalal-abad provinces with Governors and architects to facilitate reform implementation of construction permitting through one-stop-shops. Three business constraints totaling about \$441,000 in estimated annual impact were also reduced through the facilitation of the Osh office:

- Elimination of the Osh city mayor's alcohol trade-limiting commission, estimated to save over \$100,000 for 816 entrepreneurs per year;
- Elimination of the Osh city mayor's alcohol-inspections commission, estimated to save almost \$340,000 for 1,697 entrepreneurs per year; and,
- Cancellation of 27 tax fine resolutions violating inspections law, estimated to save \$999 for 27 entrepreneurs per year and encourage further enforcement of inspections limitations.

BEI continued to expand the reach of its partner work, expanding geographic coverage to 17 cities and municipal regions. Included are the major cities of Bishkek, Batken, Cholpon-Ata, Jalal-Abad, Osh, Karakol, Naryn, and Talas, plus minor cities in their regions.

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

UPCOMING EVENTS

During October, in Bishkek, BEI plans a series of round tables with Parliament to support review of the draft amendments to the Tax Code prepared by the Interagency Working Group.

From October-December 2009, in Bishkek, BEI will take part in development working groups meeting with the GoKR, private sector representatives, and World Bank to amend and finalize the RIA methodology called for by the Law on NLAs for use by public and private entities.

From October to December 2009 BEI plans with partners a series of focus groups and round-table on monitoring of 1st and 2nd stage KR Doing Business of reforms.

TAJIKISTAN

GENERAL

During the past project year the Government of RT shifted its attention to the promotion of economic and legal reforms for the improvement of the business and investment climate in RT. This shift was in response to appeals by the President in 2008 and 2009 to the Government and Parliament, and subsequent decisions by the President's Consultative Council on Improving the Investments Climate and resulting increased political will for Tajikistan to participate more sustainably in the world economy. External factors driving this shift include the worsening world economic situation, which has hurt RT severely due to reduced expatriate remittances, an income stream that made up a significant portion of the Tajikistan GDP.

TECHNICAL

BEI had a successful year in the Republic of Tajikistan facilitating business environment improvement both directly and via partners. The majority of BEI's economic impact for the project year comes from a series of tax reforms not related to the Doing Business process. Overall business environment impact from BEI Year 3 is estimated at over \$23 million (see Business Environment Results Table), with \$0.9 million in sub-national impact results and \$22.1 million in national non-Doing Business impact. An additional \$11.3 million in estimated impact associated with WBDB-related reforms is presented for context purposes only.⁴ This is believed to be a conservative estimate, as information restrictions continue to reduce available data for more complete estimations, particularly with regard to detailed taxpayer statistics. Based on BEI's approved 2008-2009 work plan, of 156 items expecting completion by this report-date, 80.13% (125) have been completed, and the remaining 31 items have been rescheduled to the following project year or discontinued to accommodate official government partner work schedules.

Tax legislation reform as part of the 200 Days campaign was highly productive and successful in reducing the burden on SMEs. BEI assisted in developing several amendments to the Tax Code, approved on May 19, 2009, as #525 "On Amendments to the Tax Code of RT", that increased the upper income limit for entrepreneurs wishing to use the simplified, lower tax system from 600,000 to 800,000 TJS; decreased the profit tax rate from 25% to 15% for all sectors (excepting transportation, communications services and banking); cancelled the 2% road tax for payers under the simplified tax system; and decreased the Value-Added Tax rate from 20% to 18%. Reductions in the profit tax rate are measured by the Paying Taxes indicator, and as such are not included in BEI's PR2 impact estimates for the year. Estimated impact for the remaining tax-related changes totals \$22 million annually for about 8,300 businesses. The Government working group created for the 200 Days campaign continues to work with BEI on additional tax legislation and simplification improvements intended for consideration by the World Bank during the next project year.

Doing Business Activity

Collaboration with the Government of Tajikistan on needed changes accelerated in fall of 2008 and was made official in July 2, 2009, when the President declared via Regulation #386 that there would be a "200 Days of Reform" campaign similar to the effort concluded in the Kyrgyz Republic, to last until the end of 2009. This effort brought the DB Reform Team into high-level contact with the Government of RT for the first, prolonged time and garnered substantial media and business community attention. Though the resulting assessment did not fully capture all reforms due to lagging implementation and survey responses, there were positive changes in 5 of the 10 WBDB indicators, which places RT among the top reformers for 2009.

During Project Year 3 BEI worked on the following Doing Business indicators in the Republic of Tajikistan, in conjunction with Government and private-sector partners: Starting a Business, Dealing with Construction Permits, Getting Credit, Protecting Investors, Paying Taxes, and Closing a Business. The BEI Project participated in working groups and inter-agency commissions charged with WBDB-related reform efforts, including direct technical assistance to the Investment Council under the President, Agency on Architecture and Construction, Working Group for the Law "On Credit Histories", Working Group on Protecting Investors, Expert Group on the Tax Code, and private-sector Trustees Association.

Following are short summaries of BEI-facilitated business environment changes in the Republic of Tajikistan during the 2008-2009 project year expected to produce improvements to the WBDB indicators. Due to

⁴ See Supplemental Project Result I (PR1) Economic Impact Table, below

the survey nature of the WBDB indicators, not all changes may be fully observed yet in implementation even if they took place prior to the WB data-collection cut-off date of June 1.

Starting a Business 2008-2009

Law #431 of October 6, 2008, *On amendments to the Law of RT 'On Limited Liability Companies'*, Amendment #496 of March 26, 2009, to the Tax Code, and Law #508 of May 19, 2009, *On State Registration of Legal Entities and Individual Entrepreneurs* were designed to affect the measured Doing Business "Starting a Business" (SaB) process in the following manner:

- 1) Eliminate **SaB step # 1** (*Notarize company statutes*)
- 2) Eliminate **SaB step # 2** (*Deposit the initial capital in a bank*)
- 3) Eliminate **SaB step # 3** (*Obtain confirmation letter (spravka) from the tax authority confirming the absence of debt for the premises*)
- 4) Eliminate **SaB step # 4** (*Obtain information letter (spravka) confirming the legal address and location from an authorized state organ ('khukumat')*)
- 5) Eliminate **SaB step # 6** (*Register with State Registry at the Ministry of Justice*)
- 6) Eliminate **SaB step # 7** (*Register company with the Tajik Enterprise Register*)
- 7) Eliminate **SaB step # 8** (*Register with Social Fund*)
- 8) Eliminate **SaB step # 9** (*Obtain permission to make a company seal*)
- 9) Reduce time required for **SaB step #11** from 6 days to 3 days (*Obtain taxpayer identification number (TIN)*)
- 10) Eliminate **SaB step #12** (*Unblock the authorized capital and open a bank account*)
- 11) Eliminate **SaB step #13** (*Obtain approval from the local Hukumat*)
- 12) Reduce the minimum charter capital requirement from 10,000 to 500 TJS

In summary these changes are intended to eliminate 10 procedures and 42 days, reducing steps from 13 to 3, time from 49 to 7 days, and the requirement for minimum charter capital from 216.8% to 9.9% of GNIPC (below the OECD average), based on the World Bank model. The WBDB 2010 report did not completely incorporate these changes yet, but did include the reduction in charter capital requirements as indicated, and elimination of one process. These reforms are expected to be further incorporated in the Doing Business 2011 report, following additional implementation work.

Dealing with Construction Permits 2008-2009

Presidential Decree #638 of March 18, 2009, *On Measures of Improving Administrative Procedures Dealing with Implementation of Constructing Activities in the Republic of Tajikistan*, Government Regulation #282 of May 6, 2009, *Rules of Administrative Procedures Related to Construction Activities in RT*, Regulation of the Government #531 of September 29, 2009, *On Approval of Rules for Engineering Network and Providing Public Services*, Decree of the Director of the Agency for Construction and Architecture (# is n/a) of March 17, 2009, *Tariffs of Works on Conducting State Expertise of Construction, Reconstruction and Expanding Objects Regardless of*

Source of Finance and Forms of Subordination, and Order of the Agency for Construction and Architecture #44f of June 9, 2009, On Approval of Common Samples for Administrative Procedures Related to Construction Activity in Tajikistan are designed to influence the Doing Business “Dealing with Construction Permits” (DwCP) process as follows:

- 1) Eliminate **DwCP step #2** (Request and obtain fire safety clearance from state anti-fire agency under Ministry of Domestic Affairs)
- 2) Eliminate **DwCP step #4** (Request and obtain Sanitary Hygienic Service approval from state Sanitary Hygienic Service under Ministry of Health)
- 3) Merge **DwCP step #5** (Request and obtain clearance from State Electric Agency (Barki Tojik) and **DwCP step #6** (Request and obtain project clearance from the Water and Sewage Agency of Dushanbe) using streamlined processes into a single request and receipt. Expected title of new step is “Request and obtain technical conditions and architectural and planning tasks”, and reduce time and cost required for new step from 20 to 15 days and from 2,270 to 500 TJS
- 4) Reduce time and cost required for **DwCP step #9** from 45 to 20 days and from 22,474 to 8,495 TJS (Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects)
- 5) Reduce time and cost required for **DwCP step #10** from 10 to 5 days and from 229 to 0 TJS (Request and obtain final project clearance from the Construction and Architecture Department)
- 6) Eliminate **DwCP step #13** (Request electricity connection)
- 7) Eliminate **DwCP step #14** (Receive electricity inspection)
- 8) Reduce time required for **DwCP step #15** from 13 to 10 days (connect to electricity)
- 9) Eliminate **DwCP step #16** (Request water services)
- 10) Eliminate **DwCP step #17** (Receive inspection from water services)
- 11) Reduce time required for **DwCP step #18** from 29 to 10 days (Connect to water)
- 12) Reduce time for **DwCP step #26** from 15 to 10 days (Request and receive a decision by Review Commission)
- 13) Eliminate **DwCP step #27** (Request State Acceptance Commission decision)
- 14) Reduce time required for **DwCP step #29** from 43 to 30 days (Obtain decision of the State Acceptance Commission/ final decision of the Mayor)

In summary these changes are intended to reduce the number of procedures from 32 to 24, time from 351 to 267 days, and cost from 23,140 to 16,794 TJS as measured by the World Bank in 2008. The WBDB 2010 report did not completely incorporate these changes yet, but did recognize significant reductions in time and cost required for the indicator. These reforms are expected to be further incorporated in the Doing Business 2011 report, following additional implementation work.

Getting Credit 2008-2009

Law #492 of March 25, 2009, On Credit Histories was designed to influence the Doing Business “Getting Credit” (GC) process as follows:

- 1) Change the **GC question: “Are data on both firms and individuals distributed?”** to Yes

- 2) Change the **GC question: “Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?”** to Yes
- 3) Change the **GC question: “Are more than 2 years of historical credit information distributed?”** to Yes
- 4) Change the **GC question: “Is data on all loans below 1% of income per capita distributed?”** to Yes
- 5) Change the **GC question: “Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?”** to Yes

The WBDB 2010 report did not assesses these changes yet, citing a need for the establishment of a functioning credit bureau as enabled by the Law. Once a credit information bureau is operational, these changes are expected to improve the Credit Information Index from 0 to 6.

Protecting Investors 2008-2009

The Law # 510 dated May 19, 2009, *On Amendments to the Law ‘On Joint Stock Companies’* is designed to influence the Doing Business “Protecting Investors” (PI) rank as follows:

- 1) Increase the **PI rating: “Disclosures by Mr. James to board of directors”** from 1 to 2
- 2) Increase the **PI rating: “Requirement that an external body review the transaction before it takes place”** from 0 to 1
- 3) Increase the **PI rating: “Shareholder plaintiff’s ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company”** from 0 to 2
- 4) Increase the **PI rating: “Whether a court can void the transaction upon a successful claim by a shareholder plaintiff”** from 0 to 2

The WBDB 2010 report assesses these changes positively, improving RT’s measurements the Extent of Disclosure Index from 4 to 5, and the Extent of Director Liability Index from 1 to 5.

Closing a Business 2008-2009

The Law # 509 dated May 19, 2009, *On Amendments to the Law “On Insolvency (Bankruptcy)”* is intended to influence the Doing Business “Closing a Business” indicator as follows:

- 1) Reduce time from 3 to 2 years
- 2) Reduce cost from 9% of the estate value to 2%
- 3) Increase recovery rate from 25.4 cents on the dollar to 35 cents on the dollar

Due to the lagging nature of the Doing Business survey, these changes are expected to be assessed for the Doing Business 2011 Report, next project year.

Paying Taxes 2008-2009

Law #525 adopted on May 19, 2009, “On Amendments to the Tax Code of RT”, effective the same day, and was designed to affect the measured Doing Business “Paying Taxes” (PT) process in the following manner:

- 1) Reduce **Profit tax rate (% profit)** from 17.7% to 15%

Due to the lagging nature of the DB survey data for the Paying Taxes indicator, results from these changes are expected to appear in entrepreneurs’ responses for the Doing Business 2011 Report, in 2010. All figures are based on preliminary estimates of tax changes affecting the WBDB sample business case; however the Tajikistan DB survey assesses the profit tax rate as lower in practice than the 25% rate called for by legislation.

As part of the new GoRT drive for business environment reform the BEI project, other USAID projects, donor organizations and private sector partners assisted the State Committee on Investments and State Property Management (SCIPSM) to coordinate a “200 Days of Reform” campaign patterned from the successful Kyrgyz program in 2008. The RT campaign was aimed at improving the business and investment climate, international rating of Tajikistan in the World Bank Doing Business global survey, and in focusing attention on macro-economic sustainability via monetary, credit, taxation, and budgetary policy reform, sectoral economic development (including of the SME sector), and improved conditions for foreign and domestic investment. The end goal for all reform efforts was to support the labor market and attract as many new jobs as possible to it.

To support the 200 Days campaign BEI and local partners intensively engaged the public and private sector to promote changes. All existing dialogue platforms of public and private sectors such as President’s Consultative Council and Regional Councils under local administrations were involved in reform processes focused around the WBDB indicators of Starting a Business, Protecting Investors, Dealing with Construction Permits, Paying Taxes, and Closing a Business. The mobilization of public-private forums for the campaign is the more significant engagement of its kind to date in RT, and given the results (see PRI, above), an excellent precedent and pattern for future reform work.

As a result of the 200 Days campaign, the World Bank Doing Business survey recognized Tajikistan as among the top-10 reformers for the first time, with improvements in 5 of the 10 areas measured by the survey—each of the indicators targeted by BEI as part of the reform campaign. Overall Tajikistan advanced from 164th to 152nd place among 183 countries surveyed worldwide. Not all Doing Business-related reforms were included in this year’s report, due to lagging implementation and survey responses, but the World Bank has indicated it is looking forward to considering them for next year’s Doing Business 2011 Report.

BEI supported reforms regarding construction and construction permitting process, and assisted extensively in developing associated legal and normative acts. In addition to changes passed as part of the 200 Days campaign (see PRI, above), the Government adopted Regulation #338 of June 11, 2009, *On measures on improving legislation in construction industry*, which calls for changes to the Law *On Ecological Expertise*, Land Code, and Administrative Code as part of the Government’s action plan for improving construction, and makes changes to the internal processes of the Agency for Construction and Architecture. BEI developed the required draft amendments to the Law *On Ecological Expertise* in April; however the late adoption of Regulation #338 delayed adoption of the amendments until the fall session of Parliament, in October 2009.

BEI also assisted the GoRT in developing several reforms to simplify and streamline business registration, including the new Law *On State Registration of Legal Entities and Individual Entrepreneurs* that significantly reduces the minimum capital requirements for starting a business and introduces streamlined business registration via the one-stop-shop principle. The one-stop-shop was not assessed by the Doing Business

2010 Report, but is anticipated to be reflected in next year's Doing Business 2011 rankings. BEI continues to assist the working group to amend 32 legal and normative acts, drafts for which were developed by BEI, to harmonize the regulatory base with the new registration law.

BEI and partner the Trustees Association developed amendments to the Law *On insolvency (bankruptcy)*, which include several streamlined processes that will significantly improve bankruptcy procedures in Tajikistan by shortening the time-period required from 3 years to at most 2 years, and decreasing the estimated cost from 9% to 2% of the value of the estate and increasing the recovery rate from 25.4 to 35 cents on the dollar. The Government expects improved bankruptcy procedures to enable entrepreneurs to orderly dispose of non-functional businesses and return assets to investors more quickly for future economic use. After further implementation this improvement will be reflected in RT's survey results for the Doing Business 2011 Report, next year.

The new Law *On Credit Histories* was signed by the President on 25 March, 2009. The development of this law was supported by the BEI and IFC projects in close collaboration with the SCISPM, Parliament and private sector partners. The law provides new risk management tools for lenders and credit users, and allows for the creation of private credit bureaus in Tajikistan for the first time in the country's history. This new law is expected to attract additional outside investors to the banking industry, decrease the cost of credit through improved creditor information, increase turnover for credit organizations and reduce their administrative expenses. This change will be reflected in the Doing Business survey following the creation of an active credit bureau as permitted by the law.

Non-Doing Business Activity

BEI successfully concluded, with the World Bank and State Committee on Investments and State Property Management of RT, a review of all relevant ministries legal and normative acts (by-laws), application forms, and licenses and permits by ministries and agencies for contradictions with the Law and Regulation "On Licensing of separate types of activities." All contradictions found in ministries NLAs were corrected or eliminated and all unregistered acts were registered in the Ministry of Justice. Every ministry and agency reviewed all of their normative acts and implemented each of BEI's recommendations with any necessary amendments to them. The completed review and corrections simplify the licensing process by eliminating illegal or unnecessary acts, and increase transparency by legally publishing controlling documents.

During the year, with BEI support the Ministry of Economic Development and Trade and the Sughd Oblast Administration performed a legal analysis on SEZ legislation in Tajikistan and technical-economic justification for the creation of SEZ "Sughd". BEI also assisted in developing TV and other media products to support the creation of SEZ in Tajikistan, and in drafting the Regulation on SEZ "Sughd", draft Administration Charter for SEZ "Sughd", and the revised Law "On Special Economic Zones".

Creation of SEZs in RT are designed to bring increased economic development to the territory of Sughd Oblast as well as the country as a whole, and solve several issues with tax and customs regimes, lowered administrative barriers to business within the SEZ, and reduced corruption. SEZs will provide special conditions for local business and foreign investments to stimulate industry, bring new technology to RT, create new local jobs and increase exports. New industry based in SEZs will also enhance development of related businesses and value-chains serving the SEZs, and make them foundations for industry and business growth while RT continues to reform its overall business environment.

Sub-National Activity

During the year BEI RT continued outreach and coordination efforts with local reform partners throughout the country. These included the bi-weekly meetings of the Consultative Council of Business Associations and Public Unions of Sogd Oblast with the Department on Investments and State Property Management of Sogd Oblast (DISPM), the monthly meetings of the 24 business associations that make up the Coordination Council of Business Associations and Public Unions of Tajikistan. Both Councils were engaged with BEI facilitation in the development of recommendations for “200 Days of Reform” campaign. BEI further supported the Consultative Council of Business Associations and Public Unions of Sughd Oblast and the DISPM by conducting seminars with the public in 6 regions of Sogd Oblast to explain the newly-adopted amendments to the processes of registration, tax, licensing, permitting and other significant legislative changes, to observe implementation of the moratorium on inspections, and to gather suggestions for the 200 Days campaign.

UPCOMING EVENTS

The Coordination Council of Business Associations of Sughd Oblast and the Department on Investment and State Property Management are scheduled to meet October 13 and 27, 2009, in Khujand.

Round table “Discussion of the draft Law on Special Economic Zones” is planned for October 2009, in Dushanbe.

A series of seminars titled “New system of the state registration of entrepreneurs” is planned throughout October 2009 in Dushanbe, Kulyab, Kurgant'yube, Tursunzade, Khorog, Khujand, and Istravshan.

BEI MEDIA ACTIVITY

BEI has worked extensively during Year 3 to provide the public, through website and partner distribution, with articles and materials to increase information use, raise awareness of business issues, and increase the profile of USAID and the BEI Project. Many information products have been developed as the direct result of changes and improvements, awareness of which must be promoted, while others have either informed or promoted changes in-progress at some level.

USAID’s special media monitoring in the Kyrgyz Republic shows that for the June 2008 to June 2009 period mention of BEI made up 14.5% of all 2,755 media hits, and 42.4% of Economic Growth-related media activity mentioning USAID.

During the year, the BEI Information Network increased to 1,429 intermediaries passing information to an estimated 31,000 end-users. BEI information intermediaries include government bodies, international organizations, public unions, consulting groups, associations, media, and individual entrepreneurs throughout the three BEI countries.

| | Kazakhstan | Kyrgyz Republic | Republic of Tajikistan | Total |
|----------------|------------|-----------------|------------------------|--------|
| Intermediaries | 155 | 1,000 | 274 | 1,429 |
| End-users | 10,000 | 7,000 | 14,000 | 31,000 |

Media Activity by Country

| | Media Activity 2006-2009 | | | Media Activity 2008-2009 | | |
|-----------------|--------------------------|---------|------------|--------------------------|---------|------------|
| | TV and Radio | Printed | Electronic | TV and Radio | Printed | Electronic |
| Kazakhstan | 33 | 127 | 118 | 16 | 67 | 52 |
| Kyrgyz Republic | 18 | 42 | 219 | 8 | 20 | 102 |
| Tajikistan | 25 | 57 | 24 | 10 | 25 | 11 |

| | Responsibility | Potential Resource Utilization | | | | | 2008 | | 2009 | | | | | Status | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|----|------|-------|------|-----|------|-----|-----|-----|-----|--------|-----|-----|-----|-----|-----|
| | | EB | OM | KS | STTA | Media | Oct | Nov | Dec | Jan | Feb | Mar | Apr | | May | Jun | Jul | Aug | Sep |
| | | | | | | | | | | | | | | | | | | | |
| KZ 04: Reduce the Time and Cost of Registration of Real Property | | | | | | | | | | | | | | | | | | | |
| 1 Analyze and introduce reforms to the new law "On registering rights for real estate and transactions" | | | | | | | | | | | | | | | | | | | |
| 1 | With PSP assistance obtain public feedback on the draft recommendations and analysis, via roundtables and focus groups, and revise based on feedback | BEI, PSP | X | | | | | | | | | | | | | | | | X |
| 2 | Organize an open seminar on the law "On Registering Rights", with participation of PSPs and state bodies, including presentation of final analysis | BEI, MoJ | | | X | | | | | | | | | | | | | | X |
| 3 | Submit draft analysis and recommendations to Government | BEI | | | | | | | | | | | | | | | | | X |
| 4 | Publish report and analysis and inform media and business associations | BEI | | | X | | | | | | | | | | | | | | X |
| 5 | Government accepts recommendations | MoJ | | | | | | | | | | | | | | | | | X |
| 6 | Jointly with partners, create an inter-branch WG with PSPs for legal and regulatory reforms in the procedure for registering real estate | BEI, MoJ | | | X | | | | | | | | | | | | | | X |
| 7 | WG develops draft amendments to the law and an associated draft regulation, based on analysis recommendations and input from PSPs and state bodies | BEI, MoJ | | | | | | | | | | | | | | | | | X |
| 8 | Based on PSP and state body feedback, revise and finalize draft proposals and amendments, and implementation plan, and submit to Government | BEI, MoJ | | | | | | | | | | | | | | | | | X |
| 9 | The Government adopts draft amendments and submits to Parliament, and accepts draft regulation | Gov | | | | | | | | | | | | | | | | | X |
| 2 Develop and implement a media advocacy campaign to support reforms | | | | | | | | | | | | | | | | | | | |
| 1 | Develop concept, plan, and budget for the informational campaign | BEI, PSP | X | | | | | | | | | | | | | | | | X |
| 2 | Conduct info-campaign on property registration and recommended improvements according to developed plan for print, radio, TV | BEI, MoJ | | | X | | | | | | | | | | | | | | X |
| 3 | Develop concept, plan, and budget for second informational campaign | | | | | | | | | | | | | | | | | | X |
| 4 | Conduct second info-campaign on property registration and recommended improvements according to developed plan for print, radio, TV | | | | | | | | | | | | | | | | | | X |
| 3 Monitor implementation of changes to the process of Registration of Real Property and implementation by PSCs of the Law on Registering Real Estate | | | | | | | | | | | | | | | | | | | |
| 1 | Select and properly prepare PSP monitoring team as needed with BIP methodology | BEI | X | | | | | | | | | | | | | | | | X |
| 2 | Monitor changes of Law on Registering Real Estate implementation in pilot research cities through visits, interviews | BEI | X | | | | | | | | | | | | | | | | X |
| 3 | Based on monitoring results, draft analysis on implementation of standards and introduction of regulations for providing services in PSC | BEI, MoJ | | | | | | | | | | | | | | | | | X |

| | Responsibility | Potential Resource Utilization | | | | | 2008 | | | | | | | | | | Status | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------|----|----|------|-------|------|-----|-----|-----|-----|------|-----|-----|-----|-----|--------|-----|-----|--|----|---|
| | | EB | OM | KS | STTA | Media | 2008 | | | | | 2009 | | | | | | | | | | |
| | | | | | | | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | | Aug | Sep | | | |
| 6 Government approves draft law, submits to Parliament | Gov | | | | | | | | | | | | | | | | | | | | X | |
| 7 Organize discussion of the new draft Law with business community, state supervisory bodies and related Parliament committees | BEI, Gov, PSP | | | | X | | | | | | | | | | | | | | | | | X |
| 8 Parliament approves draft law and sends to President for signing | Parl | | | | | | | | | | | | | | | | | | | | | O |
| 9 President signs new Law or amendments and changes to the legal acts relating to inspections | Pres | | | | | | | | | | | | | | | | | | | | 10 | O |
| 4 Monitor and facilitate implementation of the Law or amendments and changes to the legal acts relating to inspections | | | | | | | | | | | | | | | | | | | | | | |
| 1 With relevant state bodies, identify key 2-3 pilot agencies for review and amendment of internal implementing orders to harmonize with new Law or amendments and changes to the legal acts relating to inspections | Gov | | | | | | | | | | | | | | | | | | | | | D |
| 2 Working group reviews pilot agencies' orders for harmonization need and creates an implementation action plan for amending orders, and presents plan to Government | BEI | X | | | | | | | | | | | | | | | | | | | | D |
| 3 Government accepts WG implementation action plan | | | | | | | | | | | | | | | | | | | | | | D |
| 4 Educate participating PSPs as needed in BIP monitoring and survey methodology | BEI | X | | | X | | | | | | | | | | | | | | | | | X |
| 5 Conduct with PSPs an ongoing advocacy media campaign on inspections reform | | | | | | | | | | | | | | | | | | | | | | |
| 1 Conduct seminars, round tables and trainings on inspections reforms for participants of "Business and Inspections" advocacy movement in regions as new developments take place | BEI | X | | | X | | P | | | | | | | | | | | | | | 12 | O |
| 2 Assist PSPs to conduct 3 separate regional information campaigns with at least three oblast partners to create demand for reductions in administrative barriers relating to inspections | BEI | X | | | X | | P | | | | | | | | | | | | | | | X |
| 3 Educate participating PSPs as needed in BIP international methodology in legal advocacy | BEI | X | | | | | P | | | | | | | | | | | | | | | X |
| 4 Organize and hold seminar on "Inspections Reform and the Media" with PSPs and Government partners to highlight role and lessons learned from Kyrgyzstan and other reform experiences | BEI | X | | | X | | | | | | | | | | | | | | | | | X |
| 5 With PSPs and Government partners, plan Inspections Advocacy campaign to support media and public knowledge of work on a new version of the Law on Private Entrepreneurship | BEI, PSP, Gov | X | | | | | | | | | | | | | | | | | | | | X |
| 6 Implement Inspections Advocacy media campaign to focus knowledge on reforms and reform-champions in creation of new Law or amendments and changes to the legal acts relating to inspections | PSP, Gov | X | | | X | | | | | | | | | | | | | | | | | X |

| | Responsibility | Potential Resource Utilization | | | | | 2008 | | | | | | | | | | | | 2009 | | | | | | | | | | | | Status |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------|----|----|------|-------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------|
| | | EB | OM | KS | STTA | Media | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Develop and publish at least three analytical and informational materials in the media on the need for adopting the draft Law on "Licensing" or the draft Law "On Licenses and Permits" Implementation the newly adopted Law "On Licenses and Permits" or Law "On Licensing" | BEI, MEDT | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | X | |
| Prepare and distribute information for target groups on types of activities subject to licensing, the list of permitting documents, and procedures for issuance | BEI, MEDT | | | | X | | | | | | | | | | | | | | | | | | | | | | | | 12 | O | |
| KR 08: Implement New Procedures for Inspections of Businesses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Improve legislation regulating the procedure for conducting inspections | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Support the Commission charged with developing amendment mechanisms for implementation of the Inspections Law, submit amendments to Government | BEI, WG | | | | | | | P | | | | | | | | | | | | | | | | | | | | | | | X |
| 2 Government passes amendments to appropriate normative acts | Gov | | | | | | | P | | | | | | | | | | | | | | | | | | | | | | | X |
| 3 With PSP's inform the business community about results of the Commission's work | BEI | | | | | X | | P | | | | | | | | | | | | | | | | | | | | | | | X |
| 4 President signs the package of 14 normative acts | Pres | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 5 With PSP's inform media and the business community about the 15 laws signed by President May 2009 | BEI, PSP | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 6 Develop criteria with RIA for reducing the number of regulatory bodies and inspections and submit to the commission implementing the Law on Inspections | BEI, MEDT | | | X | | | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 7 Commission on the implementation of the Law on inspections approve the criteria | Gov | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 8 Develop a package of draft NLAs on the basis of criteria with elements of RIA analysis of NLAs and submit it to the Government | WG | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 9 Government approves draft NLA package | Gov | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 10 With PSP's inform media and the business community on the RIA analysis of inspections-related to normative legal acts performed | BEI, PSP | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 11 Develop amendments to legislative acts (pursuant to Country Development Strategy) in order to improve legislation regulating state control (oversight) and other forms of inspections | BEI | | | | | X | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 12 Finalize and submit to Government draft amendments in appropriate normative legal acts regarding state control | Gov | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 13 Government approves draft amendments regarding state control and passes to Parliament | Gov | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | X |
| 14 Parliament passes amendments in appropriate normative legal acts | Parl | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 10 | X |

BEI 2008 – 2009 WORK PLAN TABLE OF ABBREVIATIONS

Within the BEI Work Plan abbreviations are used extensively to identify actors within the listed activities. The “Resource” column identifies the initials of BEI’s long-term expert Regional Technical Advisors during the year: Ed Beaman (EB), Olga Moreva (OM), and Krassen Stanchev (KS). The “responsibility” column identifies the primary actors required to fulfill each activity (BEI, Government, specific ministry or agency, other counterpart, local consultant / expert / subcontractor, and etc.). The STTA column identifies use of international experts (short term).

Common abbreviations are:

X – Completed activity (Status)

O – Ongoing activity (Status)

AFC – Association of Financial Consultants (KZ)

AIC – Agency for Informatization and Connection (KZ)

AkA – Almaty akimat (KZ)

AoT – Association of Taxpayers (KZ)

BA – business associations

BIP - best international practice

C – contracted expert consultant (local or international, individual or company)

CDS – Country Development Strategy (KR)

DB - Doing Business

DSSEO – Department of State Sanitary and Epidemiological Oversight (KR)

FEK – Forum of Entrepreneurs of Kazakhstan

GoK – Government of Kazakhstan

Gov – Government (Office of the Government)

KR – Kyrgyz Republic

KZ – Kazakhstan

LGRP – USAID Local Governance Reform Project/Urban

LRP – USAID Land Reform Project

LK – Local Khukumat (RT)

MEBP – Ministry of Economy and Budget Planning

MEDT – Ministry of Economic Development and Trade (KR)

MIT – Ministry of Industry and Trade

MoJ – Ministry of Justice

N – Not-completed activity scheduled this period (Status)

D – Delayed activity in need of rescheduling (Status)

NASMB – National Association of Small and Medium Businesses (RT)

NLA – normative legal act

NSC – National Statistical Committee (KR)

Parl – Parliament

PCC – Presidents Consultative Council (RT)

PO – Prosecutor’s Office

PM – Prime Minister

Pres – President

PSA – public service announcement

PSC - public service center

PSP - private sector partner

RIA – Regulatory Impact Assessment

RT – Republic of Tajikistan

SACA – State Agency for Construction and Architecture (KR)

SCISPM – State Committee on Investment and State Property Management (RT)

SCTC – State Committee on Taxes and Charges (KR)

SEZ – Special Economic Zone (RT)

SOW – scope of work

TC – Tax Committee

TOT – training-of-trainers

WB - World Bank

WG – working group

SUPPLEMENTAL PROJECT RESULT I (PRI) ECONOMIC IMPACT TABLE

(Estimated economic impact for PRI results provided for illustrative purposes only and not included in PR2 totals.)

| REPUBLIC OF KAZAKHSTAN | | | | | | | | | | | | | | |
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| N o. | Initiative / City | Date Completed | Partner or Direct | Problem Details | Recommendations | Result | Impact Assumptions and Calculation | Reductions | | % GNIPC | Total Combined Impact (\$) | Monitoring Ratio | Attribution (VWB DBI) | National / Sub-national Change |
| | | | | | | | | Steps | Days | | | | | |
| 1 | Elimination of electrical connection fees for medium and large businesses / Astana, KZ | January, 2009 | Direct | During the process of obtaining permitting documents for construction one of the mandatory steps was participation in electrical sharing agreements to promote the development of the KZ electrical grid. This came as a charge assessed as an additional fee for connection to the electrical network. The fee was canceled in June, 2008, for small businesses, but remained a very large cost for medium and large businesses (about \$23,000 and \$91,000, respectively, for representative connection sizes). | BEI, in cooperation with Government partners from the Construction Committee of RK, recommended to Expert Group under the Ministry of Industry and Trade that payments based on the sharing agreement be cancelled for all business connections to the electricity network. | BEI's recommendation was approved by Vice Prime-Minister Orynbayev, added to the Law of RK "On amendments and additions to some legal acts of RK in the area of independent branch regulator's operations" and signed by the President on December 29, 2008. According to the law, the payment for electrical power connection was canceled for all businesses. | Based on Government data, during 2007 there were total fees provided for electrical hook-up of 8,278.74 million KZT, of which approximately 10% were derived from SMEs. However, between 2007 and 2009 the number of construction starts is estimated to have fallen to about 77% of their previous amount, or to an estimated 1,026 for medium and large buildings. Estimated economic impact for the eliminated electrical connection fees for medium and large buildings over 50kW is therefore (8,278.74 million X .77) / 150 (exchange rate KZT/USD = \$42,497,532. Estimated GNIPC is 674.6%. | 1 | 1 | 674.6% | \$42,497,532 | 100% | Dealing with Construction Permits | National |
| 2 | Streamlined process for registering property rights, Astana, KZ | May, 2009 | Direct | In order to register rights for property, businessmen needed to submit an information note on the availability of the real property. Obtaining the note took 3-5 working days and in some cases the procedure had to be repeated as the note was delivered later than its single day of validity. | BEI Project recommended the time required to obtain the note be reduced, and that the note be issued in electronic form. | According to Decree of the Minister of Justice of RK #18 from 20 February 20, 2009, the time for issuing the information note issue is reduced from a minimum of 3 days to 1 day, and an electronic form for the note was introduced in PSCs and is issued within 30 minutes. These changes were confirmed in the WBDB 2010 Report, in which the "Registering Property" procedure was reduced by 2 days (Step #1). | According to data from the Ministry of Justice during 2008 there were 1,659,669 property rights registrations in Kazakhstan, but in 2007 only approximately 700,000 registrations, each of which required this procedure, at an average entrepreneur's wage of \$30 per day. Annual future registrations are estimated at an average of 1,179,834, due to the depressed economic climate. Estimated total annual impact is therefore 2 x \$30 x 1,179,834 = \$70,790,040. GNIPC is 1%. | 0 | 2 | 0.90% | \$70,790,040 | 83% | Registering Property | National |
| 3 | Streamlined process for registering commercial property rights, Astana, KZ | May, 2009 | Direct | Registering rights for commercial real property took from 15 to 20 working days, but if an incomplete set of documents were accepted they would need to be resubmitted with an additional tax fee and the process took up to 50 days, postponing the start of the business. | BEI recommended that the time frame for processing property registrations for business be reduced, along with the notary cost for notarizing the submitted documents. | According to Decree of the Minister of Justice #331 of December 3, 2008, the processing time limit for property registrations was reduced from 15 to 10 days. According to the WBDB 2010 Report, the "Registering Property" procedure was reduced by 5 days (Step #5). | No statistics exist for the number of specifically commercial property registrations annually in Kazakhstan, so economic impact remains TO BE DETERMINED. | 0 | 5 | TBD | TBD | 83% | Registering Property | National |
| 4 | Improved investor protections, Astana, KZ | July, 2009 | Direct | Previously, joint stock companies (JSCs) were not required to publish their full, annual reports in publicly available mass media (in print or online form), and it was difficult for shareholders, investors and the public to obtain information on conflicts of interest and any | BEI recommended the transparency and attractiveness of KZ for foreign and domestic investment in Kazakhstan by increased by providing additional information to assess the risk of investments, and permit shareholders to take legal action against a company if a related-party transaction is possibly harmful | On July 14, 2009, the President signed the new Law "On Payments and Remittances, Accounting Reports and Financial Statements for Financial Institutions and the National Bank", developed with BEI assistance by the Agency for Financial Supervision, which amends the Law "On Joint Stock Companies" to improve investor protections through increased | The change in reporting requirements is expected to improve Kazakhstan's rating in the World Bank's Doing Business Survey "Protecting Investors" indicator, by improving the underlying "Disclosures in published periodic filings" measurement from its current rating of zero (0) to as high as two (2). This may improve the overall Disclosure Index from 7 to 9 and potentially | 0 | 0 | TBD | TBD | Pending | Protecting Investors | National |

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| | | | | transactions between the company and 3rd parties with whom directors or managers have a financial interest ("related-parties transactions"). | to the company's financial well-being. | disclosure requirements. According to the new Law, directors must disclose to the company and print in publicly available mass media their annual reports, including any related-parties transactions. | improve the overall Protecting Investors rank from 53 to 24. While the reforms happened after the June 1, 2009, cut-off for DB 2010 processing according to the World Bank, the Doing Business Team has confirmed that the improvements will be considered in Doing Business 2011. Economic impact for this change remains TO BE DETERMINED. | | | | | | | | |
| Monitoring validation for this change can only be performed in 2010 due to the end-of-year reporting schedule expected of companies and the late adoption date of the reform. As such, it will be validated during BEI Year 4. | | | | | | | | | | | | | | | |

KYRGYZ REPUBLIC

| N o. | Initiative / City | Date Completed | Partner or Direct | Problem Details | Recommendations | Result | Impact Assumptions and Calculation | Reductions | | % GNIPC | Total Combined Impact (\$) | Monitoring Ratio | Attribution (WB DBI) | National / Sub-national Change |
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| | | | | | | | | Steps | Days | | | | | |
| 1 | Elimination of additional business registration process with Tax and Social Fund authorities / Bishkek, KR | January, 2009 | Direct | During monitoring of the optimized company registration process frequent cases were reported in which an entrepreneur was required to repeatedly visit the tax authority and social fund. This violated streamlined processes principles and cost entrepreneurs an additional 2 days time and costs. | In BEI's monitoring results, it recommended the Government improve service quality in One-stop-shops, clearly post information about the registration process, cancel requirements by the Tax Authority and Social Fund for additional registration and issuance of permits. | The Government accepted BEI's recommendations and cancelled contact during registration between entrepreneur and the Tax Authority and Social Fund, saving 2 days time and the fee for processing tax registration forms. This step will now be handled through streamlined processes at the one-stop-shop registration point. | Every year approximately 3,100 companies register in KR. Under the old system they each incurred 60 KGS in direct filing costs for the required tax forms, and an average of 16 hours preparation and about 100 KGS/hour in filing time costs for a tax lawyer to prepare the forms. Total estimated economic impact for the cancellation of this process is therefore (16 X 100 KGS X 3,100) + (60 KGS X 3,100) = \$120,789 annually. Estimated GNIPC is 6.6%. | 1 | 2 | 6.60% | \$120,789 | 100% | Starting a Business | National |
| 2 | Streamlining of the Registering Property process via introduction of voluntary technical surveys of property being exchanged / Bishkek, KR | March, 2009 | Direct | Regulation of property certification is governed by Gosregistr in accordance with Article 25 of the Civil Code, which required Gosregistr staff survey real estate undergoing sale if it had not received a survey within the past 1 or 2 year, in order to identify any changes to the technical parameters of the real estate and collected associated fees. This survey took place even if the technical parameters did not change, and in practice all transactions resulted in surveys, costing entrepreneurs additional time. | BEI and the expert group on Registering Property recommended adoption of changes to shorten the property registration process by making inspection surveys mandatory only when changing the technical parameters of the property, or voluntarily initiated by the owner. This amendment would assign responsibility to the applicant for the authenticity of the information provided to Gosregistr. | The Government accepted the recommendations of BEI and the expert group, and the President signed them into law on March 31, 2009, as the Law on "Introduction of the Amendments and Additions to the Law of the Kyrgyz Republic on 'Property registration and transactions with it.'" According to the law, the process of registering property will be shortened by 6 days, as visits by Gosregistr specialists will not always be required and neither will technical passport paper-work. | According to data from Gosregistr there were 84,040 certification surveys during 2008, each of which cost an average of about 450 KGS in fees and a total of 6 days processing time, including survey, technical certification, and notary certification, at a cost to entrepreneurs of an average of 400 KGS per day. Under the new process, Gosregistr expects the number of surveys required to decrease by roughly 43,000 per year. Estimated annual impact is therefore (400 X 6 + 450 KGS) X 43,000 = 122,550,000 KGS, or about \$2,876,760 USD. Estimated GNIPC is 11.3%. | 1 | 6 | 11.30% | \$2,876,760 | 88% | Registering Property | National |
| 3 | Elimination of required notarization for property registration contracts / Bishkek, KR | March, 2009 | Direct | In accordance with Article 416 of the Kyrgyz Republic Civil Code, notary verification of real-estate sales contracts was mandatory except in special cases. For each contract a state notary fee was assessed based on the type and location of property and the nature of the parties involved. Notarization of contracts also required a certificate confirming ownership and--in practice--state registration fees were also | BEI and the expert group on Registering Property developed amendments to the Civil Code designed to eliminate mandatory notary verification of property sale contracts and registration with the Gosregistr. Sellers would also not be required to obtain a certificate of ownership from Gosregistr for the notary or pay the state duty for notarization. | The Government accepted the recommendations of BEI and the expert group, and on March 31, 2009, the President signed the Law "On Amendments to the Civil Code (article # 416)." Under the new Law the notarization step with its required certificate of ownership are eliminated, leaving only registration of sales contracts with Gosregistr. | According to Gosregistr data during 2008 there were 80,196 property sales in the Kyrgyz Republic and according to the Moj during 2008 notaries verified over 43,700 of these property contracts, at an average state fee for notarization of about 3,020 KGS. Each of these notarizations required an additional certificate of ownership from Gosregistr, costing 161 KGS for a non-expedited request. Under the new procedure sales contracts may be directly registered with Gosregistr, without need for notarization. Estimated annual economic impact is therefore (43,700 X (3,020+ 161)) | 2 | 1 | 12.70% | \$3,263,138 | 79.5% | Registering Property | National |

BUSINESS ENVIRONMENT IMPACT TABLE (PR2)

| REPUBLIC OF KAZAKHSTAN | | | | | | | | | | | | | | |
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| N o. | Initiative / City | Date Completed | Partner or Direct | Problem Details | Recommendations | Result | Impact Assumptions and Calculation | Reductions | | % GNIPC | Total Combined Impact (\$) | Monitoring Ratio | Attribution (WB DBI) | National / Sub-national Change |
| | | | | | | | | Steps | Days | | | | | |
| 1 | Reduced delays in registering a business / Oral, KZ | October, 2008 | Partner - Independent Association of Entrepreneurs of WKO | Within the WKO Public Service Center (PSC), when processing an application for registration of a business was suspended due to filing errors the applicant was notified only on their next visit to the Center, as scheduled, 10-15 working days after filing and an average of 7 working days after processing was suspended. During those 7 days the entrepreneur could have corrected and resubmitted his application, and was instead delayed in his economic activity to his cost. | BEI Partner--the Independent Association of Entrepreneurs of WKO developed a process-map for registering legal entities at the regional level to identify problems and to simplify the procedure. Among the recommendations resulting from this analysis was to improve notification of applicants during the process, using their provided contact details. This recommendation was submitted to the PSC of Oral City in letter #245 of June 6, 2008. | The PSC accepted BEI's recommendations and decided to inform applicants of application processing suspension on the same day when the order to suspend is received. The PSC appointed responsible staff specialists to inform applicants in a timely manner, as of letter from the PSC of Oral city #1-24 of June 18, 2008. This change will permit entrepreneurs to recapture their investment of time and economic activity when starting their business, by rectifying errors in their application on the same day of process stoppage. | According to the Justice Department of WKO, a minimum 850 applicants per year have a suspension in registration due to correctable errors. The period of time between issuance of the order suspending registration processing and date indicated for pickup on the applicant's receipt was an average of 7 working days delayed economic activity now reclaimed by this change. On average entrepreneurs in WKO earn approximately \$40 USD per day as income. Therefore the estimated economic in 850 x 7 days x \$40 = \$238,500. Estimated GNIPC is 5.5%. Due to the resignation of BEI's Oral partner, this PR2 entry has not been able to be validated, and will be re-assessed during Year 4. | 0 | 7 | 5.50% | \$238,500 | 100% | Local process reform outside "Starting a Business" assumptions as measured by WB | Sub-National |
| 2 | Increased information access on process of real-estate assessment while obtaining credit / Oskemen, KZ | October, 2008 | Partner - Fund for Informational Support of Society Development | Entrepreneurs in Ridder lacked a means for obtaining information on the process of assessing real-estate while obtaining credit. As the result, businesses spent extra time and money on unnecessary steps and the cost for obtaining credit increased. | BEI's partner recommended arranging a working group to develop a process map as a reference for the public. | BEI's recommendations were accepted by the Ridder akimat, and the resulting process map was added to the information stands in the state bodies of Ridder and local banks, and published in the local media. | According to local surveys at least 110 credits are issued every year for businesses in Ridder involving a real-estate assessment for collateral purposes. For each credit the time required for the business to obtain information on the process for real-estate assessment was on average 15 working days, costing about \$30 USD per day for one person. Based on the thorough distribution of the assessment process map and information, the time required to learn about it has been reduced to 1 day (with the visit to the bank), saving 14 days time. Estimated economic impact is therefore 110 X 14 X \$30 = \$46,200 annually. Estimated GNIPC is 8.3%. | 0 | 14 | 8.30% | \$46,200 | 100% | Local process reform outside "Getting Credit" assumptions as measured by WB | Sub-National |
| 3 | Increase of knowledge of the licensing procedure / Shymkent, KZ | October, 2008 | Partner - Business-Incubator Sodbi | Information on obtaining licenses provided by the Enterprise and Industry Department and State Architectural and Construction Control Department was scant, and what was available included highly technical legal language requiring the assistance of persons with specialized legal or economic training. Neither department offered consulting assistance, forcing entrepreneurs to turn to commercial services or expend personal time researching the processes--both at extra cost. | BEI partner SodBi recommended the procedures for licenses be analyzed to develop step-by-step maps, identify and eliminate contradictions between practice and legislation, prepare recommendations for licensing-bodies on streamlined processes, and ultimately for information to be posted on the website of the Enterprise and Industry Department and in booklets in information stands. | The state bodies accepted BEI's recommendations and published plain-language information material on obtaining licenses, including qualification requirements, terms, necessary documents according to legislation, and etc. | Based on data from SKO state bodies, this change will affect approximately 1,700 entrepreneurs seeking to obtain licenses from the two Departments, per year. Estimates for economic impact, however, remain TO BE DETERMINED. | 0 | 0 | n/a | TBD | 82% | none | Sub-National |

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| 4 | Reduced time and cost for construction permits / Oskemen, KZ | October, 2008 | Partner - Fund for Informational Support of Society Development | The required process during construction of obtaining state ecological expertise from the Natural Resources and Subsoil-use Regulation Department of East Kazakhstan Oblast (EKO) was expensive due to travel to the Department's single location and time-consuming for entrepreneurs. Application processing could take up to 3 months, and approximately one-third of applicants were required to repeat the procedure after initial refusals. | BEI's partner, the Fund for Informational Support of Society Development, recommended that the Department reduce the time and cost required for obtaining state ecological expertise by signing memorandums with appropriate organizations and enabling the opening of satellite document check-points throughout the region. | In response, on July 23, 2008, the Natural Resources and Subsoil-use Regulation Department signed a memorandum with the post office ("Kazpochta" JSC). Based on the agreement, entrepreneurs now have the ability to submit applications and documents to the Department via mail parcels for a small (about \$1.60) fee. Further document check-points were established in Semey and Oskemen cities, where consultants check submitted documents for completeness at the time of submission. | Based on oblast government data there are 3,200 applications for state ecological expertise per year. About 2,130 of these applications are from outside of the Oblast Center of Oskemen, and previously had to travel to the city twice to file and retrieve each application. The minimum time required for traveling, submitting, and retrieving an application was 6 working days. Under the new mailing system this time is reduced to less than 2 hours (25% of a working day), with a \$1.60 USD fee. The average cost of 1 working day to an EKO entrepreneur is estimated to be \$30 USD. Direct travel expenses from the region to Oskemen are, on average, \$150 total for the four trips associated with application and pickup. Therefore estimated annual impact for the change is $(2,130 \times 5.75 \text{ days} \times \$30) + (2,130 \times \$150) - (2,130 \times \$1.60 \text{ cost}) = \$683,517$. Estimated GNIPC is 6.3%. | 0 | 6 | 6.30% | \$683,517 | 100% | Local process reform outside "Dealing with Construction Permits" assumptions as measured by WB | Sub-national |
| 5 | Reduced cost for one-day trade coupons / Shymkent, KZ | November, 2008 | Partner - Business-Incubator "SodBi" | The price for a one-day trade coupon for operating city market boutiques in Shymkent was unreasonably high (1,600 KZT) when compared with the average income of one day's trade (1,625 KZT). Local entrepreneurs chose instead to register as individual entrepreneurs and incur the added expense in lost time, fees, accounting and inspections procedures, and legal obligations and risk. | BEI's partner in Shymkent, the Business Incubator "SodBi", recommended the city akimat reduce the cost of one-day trade coupons, arguing that doing so would decrease overall costs to entrepreneurs while raising directly contributions to the city budget. | The BEI partner's recommendations were adopted and introduced by the Decision of the Shymkent City Maslikhat #4/22-4c of October 22, 2008, "About cost of one-day trade coupons". Now the average cost for the coupon is set to 400 KZT. | According to official statistics from the Shymkent Enterprise Department 12,000 entrepreneurs work in city markets, running small boutique stores for which they may either pay for one-day trade coupons or register as individual entrepreneurs under yearly tax patents. Under the previous schedule, coupons would (for 2009) cost an entrepreneur 1,600 KZT X 150 working days on average, or 240,000 KZT per year. Registering as an individual entrepreneur costs about 345,683 KZT per year in direct fees, purchase of a cash register, taxes, and 28 working days at an average daily wage of 4,500 KZT. Under the new fee structure, one-day trade coupons cost an entrepreneur an average of 60,000 KZT per year. The estimated total impact for this change is therefore $(240,000 - 60,000 \text{ KZT}) \times 12,000 \text{ businesses} = 2,160,000 \text{ KZT}$, or about \$14,400,000 USD per year. Estimated GNIPC is 19.5%. | 4 | 26 | 19.5% | \$14,400,000 | 100% | none | Sub-national |
| 6 | Improved inspections terms when liquidating a business / Almaty, KZ | January, 2009 | Partner - Forum of Entrepreneurs of Kazakhstan (FEK), Independent Association of Entrepreneurs | According to Article 535 of the Tax Code, the duration of a tax inspection should not exceed 30 working days. If an inspection is deemed complex, this allotted term may be extended up to 80 days for legal entities with subdivisions. In practice, however, almost all liquidation tax inspections were suspended indefinitely by the tax body, preventing completion of the liquidation process for a period of between 2.5 to 5 years. | BEI with partners recommended that the tax code stipulate definite terms for tax inspections during voluntary liquidation of legal entities and individual entrepreneurs as businesses. These recommendations were submitted to the Commission for Development of the Draft Tax Code under the Ministry of Economy and Budget Planning, the Association of Taxpayers, and the President's Administration. | Based on BEI's recommendations Article 629, Point 6, of the Tax Code of December 10, 2008, was amended to stipulate that the duration of inspection, including any suspensions, shall not exceed 60 working days for legal entities without structural subdivision, individual entrepreneurs and non-residents operating through permanent institutions with not more than one location in RK, and not exceed 180 working days for legal entities with structural subdivision, non-residents operating through permanent institutions with more than one location in RK or large taxpayers subject to monitoring. | According to the new procedure, tax bodies may not legally delay the process of liquidation of a legal entity, and a business wishing to liquidate will know exactly how long to expect the process to take. This change will affect an estimated roughly one-third of registered businesses in Kazakhstan, who have been widely regarded as inactive--yet persistent legal liabilities for their owners, due to the onerous lengths of time required to complete liquidation. Economic impact for this change, however, lacks good data to estimate and is TO BE DETERMINED. | n/a | n/a | n/a | TBD | 100% | n/a | National |
| 7 | Improved notification and review processes during | January, 2009 | Partner - Forum of Entrepreneurs of Kazakhstan (FEK), | During the process of voluntary liquidation of a business public information on the liquidation taking place was available only in a "Legal Newspaper", and | BEI and partners submitted recommendations on voluntary liquidation of a business, proposing that the list of possible printed media be expanded, and that | In response, the Government amended Article 580 of the Tax Code dated December 10, 2008, to require that information about taxpayers in the process of business liquidation be posted on the | With this change creditors will have additional opportunities to be informed about the status of legal entities and to submit claims before the final approval of a business' liquidation balance. | n/a | n/a | n/a | TBD | 100% | n/a | National |

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| | liquidation of a business / Almaty, KZ | | Independent Association of Entrepreneurs , and Association of Entrepreneurs of Karaganda | entrepreneurs undergoing the process had no information about the status of their liquidation. Additionally, the tax inspectorate had no instruction on how quickly to execute an inspection for a body undergoing liquidation, and so often took up to a year to start a final inspection and permit liquidation to proceed. | information on the status and processing of liquidations be posted on the websites of relevant state bodies. These recommendations were submitted to the Commission on development of the draft Tax Code under the Ministry of Economy and Budget Planning of RK, the Association of Taxpayers, and to the President's Administration. | website of the authorized tax body during 3 working days from the date of submission of application with request to conduct document inspections in connection with liquidation. | Entrepreneurship will also be better informed as well on the process of their liquidation request, including acceptance and any delays in the associated tax inspection. Based on 2008 data from the Statistics Agency, this change will affect an estimated 283,744 enterprises and 738,272 individual entrepreneurs in Kazakhstan, however due to the nature of business closure and a lack of good data, the economic impact of this change is TO BE DETERMINED. | | | | | | | | |
| 8 | Amnesty for liquidated businesses enabling resumption of economic activity by former owners / Almaty, KZ | January, 2009 | Partner - Forum of Entrepreneurs of Kazakhstan (FEK), Independent Association of Entrepreneurs | According to the Article 535 of the Tax Code of RK, the tax inspection of legal and physical entities during the process of voluntary liquidation of a business should be completed within 5 years of filing, and are registered as in liquidation by the tax bodies. In practice, despite having no identified tax debts, businesses neither had their tax inspections completed nor were removed from the register after the period of 5 years elapsed, leaving their owners unable to start other businesses or engage in activity as legal entities until liquidation is completed. | BEI and partners proposed to amnesty enterprises that do not have any tax debts, but remained in the state data base as being liquidated for more than 5 years. These recommendations were submitted to the Commission on Development of the Draft Tax Code under the Ministry of Economy and Budget Planning, the Association of Taxpayers, and the President's Administration. | BEI's recommendations were accepted, and Article 45 of the Law of RK "On introduction of the Tax Code" of 10 December 2008 #100-IV provides amnesty for enterprises under liquidation for more than 5 years. They will be eliminated from the state data base and their cases will be closed. | Since 2003 2,671 legal entities and 94 individual entrepreneurs have been under liquidation proceedings for more than 5 years. After eliminating their cases from the state database, their owners will have the right to legally start new businesses--which they could not previously. Economic impact for this change is TO BE DETERMINED, as it cannot be estimated with any accuracy, as future behavior for the affected persons and their success as entrepreneurs cannot be known. | n/a | n/a | n/a | TBD | 100% | n/a | National | |
| 9 | Streamlining of voluntary liquidation process for individual entrepreneurs / Almaty, KZ | January, 2009 | Partner - Forum of Entrepreneurs of Kazakhstan (FEK), Independent Association of Entrepreneurs , Association of Entrepreneurs of Karaganda | Individual entrepreneurs seeking to liquidate are required to apply to the Tax Committee for a tax inspection and to the customs bodies for a certificate of absence of debt, which takes 1 month to issue. In practice each region had different procedures for applying and interacting with the customs bodies, and entrepreneurs were required to undergo submission requirements the same as larger business entities, costing the IE time and money. | BEI and partners proposed introduction of a simplified procedure for entrepreneurs, using the application required by the Tax Committee. This recommendation was submitted to the Commission on Development of the Draft Tax Code under the Ministry of Economy and Budget Planning, the Association of Taxpayers, and the President's Administration. | Based on BEI's recommendation, Article 43 of the Tax Code of December 10, 2008, was amended to require that based on the application of an entrepreneur to liquidate his business, within 3 working days the tax body must send requests to other state bodies and organizations--including customs bodies--to confirm absence of debt. | The number of individual entrepreneurs in Kazakhstan who choose to liquidate their business each year varies widely in historical data however this change is estimated to affect at least 16,600 entrepreneurs per year (2008 data). No data exists on their rate of re-registration under other businesses, so economic impact for this change must remain TO BE DETERMINED. | n/a | 30 | n/a | TBD | 100% | n/a | National | |
| 10 | Streamlined land registration process / Shymkent, KZ | January, 2009 | Partner - Business-Incubator Sodbi | According to procedure all documents for registering land acts were prepared in the Land Department in cooperation with other state bodies, but were then sent to the local Public Service Center for issuance to the involved parties. This final step increased the time required for registration. | BEI partner SodBi recommended the Land Department and Department of Justice of South Kazakhstan Oblast that the issuance of registered land acts be transferred from the PSC to the Land Department that had been previously handling the documents. | Both the Land Department and Department of Justice concurred with BEI's recommendations, and as of January 2009, land acts are to be issued by the Land Department, excluding the PSC from the final step. | Under the old procedure the final step of transferring documents from the Land Department to the PSC added an additional 2 days to the processing time of an estimated 14,000 land use acts issued per year. Of these, 30% (about 4,200) on average are issued to enterprises, with an average cost for an entrepreneur per day of \$30 USD. The estimated economic impact for this change is therefore 4,200 X 2 days X \$30 = \$252,000 USD. Estimated GNIPC is 1.2%. | 0 | 2 | 1.20% | \$252,000 | 100% | Local process reform outside "Registering Property" assumptions as measured by WB | Sub-National | |
| 11 | Streamlined process for obtaining oil products storage license / Oskemen, KZ | March, 2009 | Partner - the Fund for Informational Support of Society Development, East- | The procedure of obtaining a business license for oil product storage in East Kazakhstan Oblast was complex, requiring over 70 documents, and no information was available on the process or the required | BEI's partners recommended the EKO akimat develop a reformed process, and for this purpose a public-private working group was formed, with technical assistance from BEI. | With BEI's assistance the working group developed a new process for obtaining an oil storage license, which was approved on February 25, 2009. The new process reduces the number of steps by 8, number of documents required from 70 to 60, overall time required for processing an | Based on the EKO Department of the Agency for Natural Monopoly Regulation, there are 200 businesses (petrol stations, oil storages) subject to this license in East-Kazakhstan Oblast, and under the new licensing order all of them were required to re-license. The duration of the procedure | 8 | 50 | 49.40% | \$500,000 | 100% | n/a | Sub-National | |

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| | | | Kazakhstan Trade Union of Small and Medium Business Employees | documents. Major expenses in the process were related to the time and cost of trips by regional entrepreneurs to Oskemen for information, submitting and receiving documents, obtaining approvals, and etc. | | application by 50 days, and stipulates information on the process, governing laws, and required documents be posted to the website of the Akim of EKO and other relevant state bodies. | was reduced by 50 days. The average estimated cost of one working day for entrepreneurs in this type of business is \$50. Estimated annual impact is therefore 200 people X 50 days x \$50 = \$500,000. Estimated GNIPC is 49.4%. | | | | | | | | |
| 1 2 | Environment emissions rate increase / Oskemen, KZ | February, 2009 | Partner - the FIPRO, East-Kazakhstan Trade Union of Small and Medium Business Employees, EK Association of Professional Builders | During budget planning for 2009 the Akimat of EKO planned an increase of 1.5 times for environmental emission payment rates for large, medium, and small businesses in order to increase budget revenues. | BEI partners performed a regulatory impact analysis for the rate increase and based on the results recommended the Akim of EKO make no changes to the payment rates. | The Akim accepted BEI's recommendations and cancelled the planned rate increase. | The rate increase would have affected at least 4000 small and medium businesses in EKO who could least afford the cost, plus several large industrial companies. The estimated average payment increase per small and medium business was \$20,000. Total estimated annual impact for small and medium businesses is 4,000 X \$20,000 = \$8,000,000 USD per year. The EKO Oblast Ecology Department further estimates 12 large businesses in the region would incur an additional 15 billion KZT in fees, or about \$100 million USD. Total economic impact for this change is therefore \$108 million USD. Estimated GNIPC is 26,919.24%. | n/a | n/a | 26919.24% | \$108,000,000 | 100% | n/a | Sub-National | |
| 1 3 | Inspections, Almaty, KZ | March, 2009 | Partner - Service Center for Entrepreneurs "Secret + Service" | Inspections in Kazakhstan suffer from a variety of regulatory issues that adversely affect businesses. Though the President declared a moratorium in 2008 on inspections non-essential to public safety some inspections were performed in contradiction to that decree. In all cases, entrepreneurs widely lack knowledge of the documents, rules, responsibilities and rights they hold during an inspections event, leading to higher rates of unofficial payments and increased time consumed during inspections. | BEI and partner developed an "Inspection is at the door" brochure to enable entrepreneurs to respond to inspections. The brochure includes a list of necessary documents, requirements for entrepreneurs, and normative and legal acts regarding business inspections. | BEI distributed 5,000 copies of the "Inspection is at the door" brochure among entrepreneurs throughout Kazakhstan using the BEI partner's network. An electronic version is also posted on the websites of BEI its partners. | Based on the data received from the Forum of Entrepreneurs of Kazakhstan, during the 2008 moratorium 427 illegal inspections took place, consuming an estimated over \$550,000 USD in employee salaries alone in order to manage. The Government of KZ has continued the moratorium on inspections, however no good data exists to estimate the number of future illegal inspections avoided through increased entrepreneur information on inspections. Impact for this change remains TO BE DETERMINED. | n/a | n/a | n/a | TBD | 100% | n/a | National | |
| 1 4 | Payment for emission to the environment, Shymkent, KZ | March, 2009 | Partner - Business-Incubator "SodBi" | During the March 2009 meeting of the South Kazakhstan Oblast Expert Council, the Council planned to increase payments for environmental emissions by almost 30 million KZT from the business community. | Considering financial crisis consequences (decrease in production, risk of increase of unemployment), increase of payment rates for emission to the environment may cause rise of costs for products and services. Based on these facts, BEI partner opposed the change. | Members of the Expert Council supported BEI partner and the payment rate was not changed. | According to the Oblast Environmental Department proposal, the minimum economic benefit to the yearly budget would have been 29,474,437 KZT (about \$196,500 USD). Estimated annual economic impact in savings for SKO entrepreneurs is therefore \$196,500 USD. Estimated GNIPC is pending response from the Environment Department on further calculation details. | n/a | n/a | pending | \$196,500 | 100% | n/a | Sub-National | |
| 1 5 | Increase of payment rates for outdoor advertisement, Shymkent, KZ | March, 2009 | Partner - Business-Incubator Sodbi | During the March 2009 meeting of the SKO Expert Council, the Council planned an increase in fees for outdoor advertising. This was a proposal of SKO Architectural Department as one method to increase revenues for the local budget at the expense of local businesses, and advertising businesses in particular. | BEI partner SodBi recommended the Council cancel plans to increase advertising fees based on impact to advertising rates, advertisement company activities, and overall turnover in businesses. | During second review, the Expert Council supported BEI's recommendation and cancelled plans to increase advertising rates. | According to the proposal by the SKO Architectural Department, budget revenue would increase by an estimated 66,995,520 KZT (about \$446,637 USD) over the next year. Estimated annual impact in savings for SKO businesses is therefore \$446,637. Estimated GNIPC is pending response from the SKO Architectural Department on further calculation details. | n/a | n/a | pending | \$446,637 | 100% | n/a | Sub-National | |
| 1 | Improved access | January, | Partner - | During their analysis of the land | BEI partner SodBi recommended | The Akimat of Shymkent concurred, and | This change will affect the approximately | 0 | 3 | 1.80% | \$990,000 | 100% | n/a | Sub- | |

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| 6 | to information reduces time required for obtaining land plots / Shymkent, KZ | 2009 | Business-Incubator Sodbi | allotment procedure, BEI partner SodBi identified a range of informational barriers that considerably prolonged the complex process of obtaining land lots for commercial construction, wasting 3-4 days on average for entrepreneurs during direct consultation with the Land and Architecture Departments. | that complete information on the process and requirements be published at a minimum on the website of the Akimat of Shymkent. | opened a new section on its website called the "Land Department", which includes the process for land allotment, questions and answers, useful documents, service standards, and regulations. The new section was also publicized during the January 2009 annual report of the Akimat of Shymkent. | 11,000 businessmen who apply annually for land allotment for commercial construction, reducing the time required to obtain all needed information on the process to approximately 1 hour if they use--or are referred by Land Department staff to, the online service, and saving them each an average of 3 days search time. The estimated average income of a local entrepreneur is \$30 USD per day. Total estimated annual impact for this change is therefore 11,000 X 3 X \$30 = \$990,000 USD. Estimated GNIPC is 1.8%. | | | | | | | | National |
| 17 | Second moratorium on business inspections / Astana, KZ | February, 2009 | Partner - Forum of Entrepreneurs of Kazakhstan | According to the 2005 WB/EBRD BEEPS, businesses are inspected an average of 11.7 times/year, requiring over 16.3 working days per firm. Businesses report inspections are excessive and provide opportunities for corruption. The 2008 moratorium on inspections was declared to provide time to reform KZ inspections procedures--reforms that were not completed within the given year. | After the 1-year moratorium on inspections in early 2008 had mostly expired, the Government realized under prompting from BEI's partners they needed more time to accomplish the stated goal of enabling inspections reforms and revising of sections of the Law "On Private Entrepreneurship" that allow excessive discretion by inspectorates. | On February 17, 2009, the Government issued Decree #176 and provided a new moratorium for business inspections until July 1, 2009, in order to complete development of risk-management systems and new rules for inspections. The new moratorium otherwise retains all terms and conditions of the 2008 version, including permitting "certain categories of businesses, which influence the safety and health of citizens." | Based on estimates from the 2005 BEEPS, and excluding fire and sanitation inspections, each business is estimated to undergo 7.3 fewer inspections this year, saving 3.3 days time. With an estimated 250,000 businesses affected by the moratorium and staff expenses per business at an average of \$50 per working day for 2 persons, this moratorium--if it lasted for a full year--would save an estimated 815,000 working days, or \$81,500,000. Since the moratorium is set to expire on July 1, 2009, after 36.9% of a year has elapsed, estimated economic impact is 36.9% X \$81.5 million, or \$30,073,500. Estimated GNIPC is 2.4%. | 7 | 3.3 | 2.40% | \$30,073,500 | 100% | n/a | National | |
| 18 | Streamlined acquisition of rights to land plots for construction, Oskemen, KZ | April, 2009 | Partners - Fund for Informational Support of Society Development, EK Trade Union of Small and Medium Businesses, Association of Builders of East Kazakhstan | The process for registering rights to land plots for construction was unreasonably long, taking up to a year in some cases, due in part to unregulated time-frames for the steps. | BEI's partner in EKO, FIPRO, recommended the Akimat develop a new process map regulating and reducing the time frames for registering rights to land lots for construction purposes. | The Akimat agreed, and a new procedure map was developed and signed by Head of Land Department of EKO, Belizin I.V., and approved by Deputy Akim of EKO Shirshov A.I. (letter #03-11-2/294 of March 20, 2009). The process map was further posted at regional and city land departments and online. | The new, approved process reduces the time required from an average of 6 months to a total of 19 working days--a reduction of approximately 108 working days. According to the Land Department of Oskemen, during 2008 there were 529 applications for land rights for construction purposes. The average wage in the EKO construction industry for managers is \$30 per day. 529 x \$30 x 108 days = \$1,713,960 annually. Estimated GNIPC is 52.7%. | 0 | 108 | 52.70% | \$1,713,960 | 100% | Local process reform outside "Dealing with Construction Permits" assumptions as measured by WB | Sub-National | |
| 19 | Streamlined process for obtaining construction permits, Oskemen, KZ | May, 2009 | Partners - Fund for Informational Support of Society Development, EK Trade Union of Small and Medium Businesses, Association of Builders of East Kazakhstan | The endorsement process required for construction permits in EKO was supposedly free of charge, but took an average of 20 days in each of 8 state bodies. Furthermore, applicants normally paid state employees in order to ensure the stipulated processing time, incurring additional expense and facilitating corruption. | BEI's partner in EKO, FIPRO, recommended the number of state bodies involved in endorsement process be reduced. | On April 23, 2009, the Akim of Oskemen signed Decree #497, reducing the members of the land commission and the state bodies participating in the endorsement process for the land allotment procedure. The special commission for choosing land lots for construction was reduced from 8 to 5 state bodies. | According to 2008 data received from the Land Department of Oskemen, 529 land lots were provided that year for business construction. Based on surveys of EKO construction industry entrepreneurs involved in this process removing 3 endorsements from state bodies reduces the official time required by 60 days, at an average wage for managers is \$30 per day. In practice the endorsement process also required between 30,000 and 80,000 KZT in unofficial costs depending on the size of the plot to be registered, for an average of 55,000 KZT or 6,875 KZT per endorsement (about \$45.83 USD). Eliminating 3 endorsements saves about \$137.50 USD per construction. Estimated total annual impact is 529 x (\$137.50 + (\$30 x 60)) = \$1,024,937.50. GNIPC is 31.55%. | 3 | 60 | 31.55% | \$1,024,937.50 | 100% | Local process reform outside "Dealing with Construction Permits" assumptions as measured by WB | Sub-National | |
| 20 | Improved access to information | April, 2009 | Partner - Association | In 2009 the Government launched a program for | BEI's partner, the APERA, recommended several measures to | Based on these recommendations a list of required documents was developed with | Based on entrepreneur surveys, Astana businessmen spent on average 3 days | 0 | 2 | 1.10% | \$49,000 | 100% | n/a | Sub-National | |

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| | on getting credits, Astana, KZ | | for Protection of Entrepreneurs' Rights in Astana | refinancing loans, implemented by second-tier banks, but provided no information about the refinancing and required documentation. | increase access to knowledge of the credit-program's requirements for obtaining or refinancing entrepreneurs' loans. | the participating banks, posted online, advertised in the mass media, and distributed in leaflet form at participating banks. | gathering information on credit program requirements. About 700 entrepreneurs participated in the Program for Support and Development of SMEs in Astana during the past year since its inception. The improved information access enables their search process to complete in 1 day, costing them about \$35 in time per day. Estimated economic impact is therefore 2 x \$35 x 700 = \$49,000. Estimated GNIPC is 1.1%. | | | | | | | | |
| 21 | Improved access to information on licensing, Astana, KZ | April, 2009 | Partner - Association for Protection of Entrepreneurs' Rights in Astana | Restaurants in Astana found it difficult to find information on the licenses and requirements they are required to adhere to, including special requirements for alcohol trade, fire security and sanitary and epidemiological norms and regulations. Additionally, poor document receipt procedures frequently necessitated resubmittal at extra cost in time. | BEI's partner, APERA, recommended to develop a step-by-step guide to licensing procedures for restaurant and alcohol licensing, including fire security and sanitary and epidemiological normative and legal acts regulating licensing. They also recommended that the fencing scheme requirements be excluded from the licensing requirements, as the relevant information was accessible internally to the city government. They also recommended that templates be developed to list documents submitted by entrepreneurs during the licensing process, to avoid lost documents and resubmittal by entrepreneurs. | A step-by-step procedure scheme was developed by the BEI partner, posted online, and distributed in printed and leaflet form. The fencing scheme requirement was eliminated during document submittal. The Licensing Department of the Enterprise and Industry Department of Astana introduced templates for listing documents submitted while obtaining a license. The Emergency and the Sanitary and Epidemiological Control Departments of Astana developed guides containing information on fire security and sanitary and epidemiological issues, which were distributed to entrepreneurs, posted online, and in department offices. | According to the Enterprise and Industry Department of Astana, there are an average of 256 applicants per year. These applicants now may save \$3.33 in fees and 3 working days at a cost of \$35 per day when obtaining licensing information, a further 3 days saved by not compiling or submitting the fencing scheme and an average of 7 days each in resubmitting lost documents. Estimated total impact is (\$3.33 + (13 days x \$35/day)) x 256 = \$117,332.48. Estimated GNIPC is 7.5%. | 1 | 13 | 7.50% | \$117,332.48 | 100% | Local process reform outside "Dealing with Construction Permits" assumptions as measured by WB | Sub-National | |
| 22 | Improved registering rights for property / Astana, KZ | April, 2009 | Direct | According to the Law "On state registration of rights for real estate and transactions", a property buyer in Kazakhstan must register the property within 6 months of the transaction date. If he failed to register within that period he would be required to appear in court to pay administrative fines and request permission to register his property. In practice this process took 2-3 months of various court appearances, and resulted in the applicant paying legal fees of \$85 - \$170 for an individual or \$170 - \$255 for a legal entity. An additional state duty of 1% of the property value was also assessed against physical entities and 3% against legal entities. This procedure both contributed to official corruption and contradicted the Constitution of the Republic of Kazakhstan, which envisages security of ownership rights at all stages, including during change and termination, and applies to all procedures and decisions by state body officials. | Based on this disharmony between the law and Constitution, BEI recommended the Ministry of Justice remove the legal risk associated with Article 9 of the Law on State Registration. | On April 22, 2009, the President signed Law #151-IV 3 RK on amendments to the Law on Property Registration, which takes effect immediately. These amendments harmonize the law with the Constitution and make the procedure for property registration easier by cancelling court appearance requirements and state duties for cases of delayed property registration. | Kazakhstan lacks any statistics on the number of court appearances due to late registration of property, or of the amounts of fines assessed due to late registration of property. As such, the impact of this change must remain TO BE DETERMINED. | 1 | 60 | TBD | TBD | 83% | National process reform outside "Registering Property" assumptions as measured by the WB | National | |
| 23 | Reduced requirements for special water | June, 2009 | Partner - Association for Protection | According to the Construction Norms and Regulations, all built-in-house businesses in | BEI's partner, APERA, recommended the city Akimat review the regulation and amend it to limit the | The Astana Committee for Construction and Housing and Communal Services agreed with the recommendations and | According to Astana directory for 2008, 1,560 enterprises each year were required to go through the extra equipment installation | 1 | 0 | 48.60% | \$4,653,480 | 100% | Local process reform | Sub-National | |

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| | and sewerage system piping for businesses, Astana, KZ | | of Entrepreneurs' Rights in Astana | Astana were required to install internal water pipelines and sewerage systems. For enterprises such as travel agencies and notary offices that did not handle large volumes of water or sewage (beyond residential norms), this imposed very high additional expenses. | requirement to those businesses that can be expected to have some ecological impact. | amended point 8.1.2 of the Construction Norms and Regulations of RK4.01-41-2006 via Decree of the Committee #506 of November 17, 2008. The new regulation requires installation of water pipelines and sewerage systems only for specific types of businesses, such as gastronomy workshops, saunas and swimming pools. | procedure, but will now be excluded, at an average cost each of 447,447 KZT (about \$2,983). Estimated total impact for this change is $1,560 \times \$2,983 = \$4,653,480$. Estimated GNIPC is 48.6%. | | | | | | outside "Dealing with Construction Permits" assumptions as measured by WB | |
| 24 | Improved dealing with construction permits procedure, Almaty, KZ | July, 2009 | Direct | Most construction projects in Kazakhstan require more than 1 year to complete, however the State Architectural and Construction Control (GASK) required that all construction permits be renewed annually. This forced entrepreneurs to go through the permitting process multiple times before a building was completed. Failure to renew a permit would result in fines or risk demolition of the partially completed building, according to the Administrative Violations Code. The harsh penalties permitted corruption as officials were empowered to refuse applications for any reason or require additional documents not related to the renewal, and applicants could not risk non-renewal. | In February 2009 BEI prepared a Regulatory Impact Analysis (RIA) for elimination of the mandatory annual renewal of permits for building and construction works and submitted it to the Construction Committee under the Ministry of Industry and Trade of RK. Based on the results of this analysis, BEI recommended elimination of the annual renewal of permits for building and construction works. | BEI's recommendation was supported by Parliament and reflected in Law #180-IV signed on July 10, 2009. The new law eliminates annual renewal of permits for construction and requires regional building regulations be coordinated with an authorized body on architecture and construction issues. This second provision will aid in implementation by avoiding similar, unnecessary procedures at the local level and harmonize regulation with the Law. | Based on information from the Statistics Agency of the Republic of Kazakhstan, in 2008 6,799 construction projects were planned to require more than a year to complete. Of these, 90% (6,119) were renewed, and 10% (680) were fined 12,960 KZT (about \$86.40) each. Although the renewal process was nominally free of charge, it required 7 days and led to additional expenses to builders as construction was stopped during renewal processing. Daily rates for these entrepreneurs are estimated at \$50 per day, plus an additional \$75 total for support staff to submit the renewal. Builder expenses during work stoppage cannot be reliably estimated due to the nature of the construction industry in Kazakhstan. Estimated impact due to elimination of the renewal requirement is $(6,119 \times (\$75 + (\$50 \times 7))) + (680 \times \$86.40) = \$2,600,661.4$ annually. Estimated GNIPC is 6.22%. | 1 | 7 | 6.22% | \$2,600,661.40 | 100% | Process reform outside "Dealing with Construction Permits" assumptions as measured by WB | National |
| 25 | Streamlined procedures for obtaining construction permits, Astana, KZ | July, 2009 | Direct | Entrepreneurs complained that local executive bodies used legal loopholes to structure local regulations in rent-seeking ways, that technical supervision of construction was duplicative and expensive, the list of objects not subject to mandatory expertise was unclear, and some required special endorsement by the Architecture Department--which ruled arbitrarily on projects. Furthermore, time-frames for the work of the State Acceptance Commission were unspecified and therefore very long, and the Commission itself was required to unnecessarily review even simple buildings. All these things incurred additional costs in time and fees for entrepreneurs during construction. | BEI researched these issues and discovered that multiple problems in by-laws could be resolved only through changes to Law #242-II "On architectural, city planning and construction activity in RK." BEI worked with the Construction Committee and developed recommendations for an amended, improved Law. | All BEI proposals were approved by Parliament and signed on July 17, 2009 (Law of RK #188-IV). The new Law: <ul style="list-style-type: none"> • Eliminates technological supervision for construction as a type of activity • Extends the list of projects not subject to mandatory expertise • Reduces time-frames for approval by the State Acceptance Commission • Sets time-limits for the acceptance of an object into operation by the State Acceptance Commission to 7 working days or less • Shortens the list of objects subject to mandatory acceptance by the State Acceptance Commission | 1) The expanded list of projects not subject to mandatory expertise (by either government or private-company experts) will save 45 days time for qualifying entrepreneurs at an average cost for one working day of \$50, and the expertise payment of \$3,277 (according to the WBDB estimates). Estimated economic impact is $45 \times \$50 + \$3,277 = \$5,527$ for each construction project exempt from mandatory expertise. Based on data from "Government Expertise", there were 1,595 constructions fewer requiring government expertise during the July-September 2009 quarter following this change. Private expertise data is not available. Estimated yearly economic impact is $4 \times 1,595 \times \$5,527 = \$35,262,260$. 2) According to the Statistics Agency, in 2008 the number of constructions processed by the State Acceptance Commission was 5,997 living or civil objects plus 1,711 industrial objects. Under the new law the processing time is reduced by 15 days for living and civil objects, and 13 days for industrial objects. Estimated economic impact is $(\$50 \times 15 \times 5,997) + (\$50 \times 13 \times 1,711) = \$5,609,900$. 3) The time for final building acceptance by the State Acceptance Commission was reduced by 2 days for living and civil objects | 1 | 62 | 3,508.89% | \$43,429,510 | 100% | Process reform outside "Dealing with Construction Permits" assumptions as measured by WB | National |

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| | | | | | | | and by 23 days for industrial objects. Estimated economic impact is $(\$50 \times 2 \times 5,997) + (\$50 \times 23 \times 1,711) = \$2,567,350$. Total annual economic impact is estimated to be \$43,429,510. GNIPC is 3,508.89%. | | | | | | | | |
| 26 | Increased access to information on state standards, Astana, KZ | August, 2009 | Partner - Association for Protection of Entrepreneurs' Rights in Astana | Advertisement on vehicles is regulated by State Standard 31306-2005. Access to this state standard is limited, as it could only be purchased from the Committee for Technical Regulation, for about \$4. If entrepreneurs violate these rules for advertisements, they are fined by traffic police, and lack of knowledge is no excuse. | BEI's partner, APERA, recommended the state standard be made publicly available by distributing it among entrepreneurs and posting it to online sites. | APERA received permission to republish the standard free of charge among its members, and via the APERA website, email, or fax, on request, to all entrepreneurs. | One copy of the state standard cost approximately \$4 from the Committee for Technical Regulation, plus a small amount of time to visit their office and acquire the document. In the two months since the standard was posted online it was downloaded 230 times, for an estimated yearly downloads of 1,380. Total economic impact is estimated to be $1,380 \times \$4 = \$5,520$. GNIPC is .0065%. Due to the late timing and nature of this change, validation will only be possible as early as December. This PR2 result is not included in country totals and will be re-assessed during Year 4. | 0 | 0 | 0.0065% | \$5,520 | Pending | n/a | Sub-National | |
| 27 | Increased access to information during business registration, Astana, KZ | August, 2009 | Partner - Association for Protection of Entrepreneurs' Rights in Astana | Entrepreneurs in Astana had limited access to information on the different forms of enterprises and business registration procedures. During the registration process it took an average of 5 working days to obtain all needed information from state bodies, including forms of private enterprise, registration procedures, lists of necessary documents, registering bodies, fees, and types of tax and other financial accounts involved. | BEI's partner, APERA, recommended entrepreneurs be provided with a guide to the registration of the most-common types of enterprises. | APERA, with the Astana Justice Department, PSCs, tax and statistics bodies, developed a guide on registration of LLPs along with a comparative table on the different forms of enterprises: individual entrepreneur, limited liability partnership, and joint stock company. This information was posted online, and by using the comparative table a potential entrepreneur can choose the appropriate form of enterprise for himself. | Based on entrepreneur surveys each took on average 3 days to research the required information before starting their business, which is now reduced to 1 day's time, at an average daily rate of \$35 per day. According to the Statistics Department, during 2008 there were 2,465 business registrations in Astana. The total economic effect is $3 \text{ days} \times 2,465 \times \$35 = \$258,825$ per year. GNIPC is 1.7%. Due to the late timing and nature of this change, validation will only be possible as early as December. This PR2 result is not included in country totals and will be re-assessed during Year 4. | 0 | 2 | 1.70% | \$258,825 | Pending | n/a | Sub-National | |
| 28 | Comprehensive inspections reforms, Astana, KZ | July, 2009 | Direct, with Partner - Forum of Entrepreneurs of Kazakhstan | According to the 2005 WB/EBRD BEEPS, businesses are inspected an average of 11.7 times/year, requiring over 16.3 working days per firm. The GoKZ estimates that over 80% of inspections are never registered with the Legal Statistics Department under the General Prosecutor's Office, resulting in many illegal inspections. Businesses report inspections are excessive, time-consuming and provide opportunities for corruption. | BEI developed in 2008 a Concept for Inspections procedure and recommended changes to the Law on Private Entrepreneurship regulating inspection procedure in Kazakhstan. The recommendations encompassed registration of all inspections with the Legal Statistics Department under the General Prosecutor's Office, a shift from a fundamentally punitive regime to one of prevention, incorporation of modern risk-management principles in inspections, and many other amendments to improve the procedure. | On July 17, 2009, the President signed amendments to the Law "On Private Entrepreneurship" developed based on BEI's Concept for Inspections. The new Law envisages: streamlined inspection types, a fundamentally preventive regime, all inspections to be based on risk management assessments, registration of each inspection with the local Prosecutor's Office, time-limits for inspections of large businesses of 30 days, medium businesses of 20 days and small businesses of 10 days, and written notification of terms and purposes to entrepreneurs of planned inspections no later than 30 days prior to the inspection. | Based on the data received from the Statistics Agency, the Legal Statistics Department of the General Prosecutor's Office, and the Ministry of Finance, there were 258,168 registered inspections in 2007, each involving an average of two persons from the inspected enterprise, and with an average duration of 4 days, resulting in 7.48 billion KZT in fines. Full economic impact for this reform must remain TO BE DETERMINED until the GoKZ completes implementation of revised inspections scheduling processes based on modern risk-management principles, in 2010. As the changes to the law go into effect January 1, 2010, validation monitoring can only take place during Year 4. | 0 | 0 | TBD | TBD | Pending | n/a | National | |
| 29 | Increase in water payment rates defeated, Shymkent, KZ | August, 2009 | Partner - Business-Incubator Sodbi | The Natural Resources Department of SKO proposed to increase water rates for all enterprises, excluding agricultural, starting in 2010. This rate change meant increased costs for businesses. | BEI's partner, SodBI, argued to the Akimat that the proposed rate increase would negatively affect the business environment and impair development of local businesses. | The Oblast Expert Group (EG) listened to the objections from SodBI regarding the Natural Resources Department water rate increase, and supported retaining the existing rates. The rate increase was defeated. | According to the Natural Resource Department's estimated the proposed rate increase would tax an additional 10,992,441 KZT from 101,721 local businesses each year. At an exchange rate of 150 KZT per dollar, estimated economic impact for defeating this measure is \$73,282.94 annually. GNIPC is .01%. | 0 | 0 | 0.01% | \$73,282.94 | 100% | n/a | Sub-National | |

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| 30 | Improved information on and process for registering real property as objects for enterprise, Ziryansovsk, KZ | September, 2009 | Partner - Fund for Informational Support of Society Development | The process for registering real property as objects for enterprise in Ziryansovsk region was very long and complicated, with duplicative requirements and procedures, and it lacked accessible information for entrepreneurs. | BEI's partner, FIPRO, recommended publishing a process map for the procedure and reducing the time required for several processes. | Based on FIPRO's recommendations a special public-private working group (WVG) was created to reduce the complexity and time of the procedure. The WG developed a revised process map for registering real property as objects for enterprise, which was approved on September 15, 2009, and reduced the time required by 37 days. This process map was published in government bodies and online, reducing the time required to research the process by 5 days. | Based on data from the Enterprise Department of Ziryansovskiy region, the revised process will affect 55 registrations per year. The new, published procedure saves 37 days for the process and 5 days research time for entrepreneurs, at a cost per day of \$25 for Ziryansovsk entrepreneurs. Estimated economic impact is $42 \times 55 \times \$25 = \$57,750$. GNIPC is 17%. Due to the late timing and nature of this change, validation will only be possible as early as December. This PR2 result is not included in country totals and will be re-assessed during Year 4. | 0 | 42 | 17% | \$57,750 | Pending | Local process reform outside "Registering Property" assumptions as measured by WB | Sub-National |
| 31 | Increased information on important tax dates for entrepreneurs, Uralsk, KZ | August, 2009 | Partner - Association "Center for Small Business" | Most businesses in West-Kazakhstan Oblast keep tax account books themselves, but are not aware of the exact dates when reports, declarations and payments are due. Dates and requirements can be researched from the Tax Code (requiring approximately 2 working weeks) or through special seminars lasting 1 working day. Entrepreneurs who fail to research or prepare often violate the Tax Code and suffer administrative fines. | BEI's partner, the Center for Small Business, proposed to the Tax Committee of WKO to develop a special tax calendar with information on tax dates and requirements for filers under the simplified declaration system. | The Center and the Tax Services Quality Department of the Tax Committee of WKO developed and issued 500 calendars for small businesses, including: tax calendar for businesses using special tax treatment based on the simplified declaration system, a tax calendar for individual entrepreneurs using the general treatment system, and a tax calendar for legal entities using the general treatment system. | Entrepreneurs previously took a minimum of 1 working day to obtain the required information on tax accounts, at an estimated daily rate of \$20. With 500 calendars distributed, estimated economic impact is $\$20 \times 500 = \$10,000$. GNIPC is 0.32%. Due to the late timing and nature of this change, validation will only be possible as early as December. This PR2 result is not included in country totals and will be re-assessed during Year 4. | 0 | 1 | 0.32% | \$10,000 | Pending | Local process reform outside "Paying Taxes" assumptions as measured by WB | Sub-National |

KYRGYZ REPUBLIC

| No. | Initiative / City | Date Completed | Partner or Direct | Problem Details | Recommendations | Result | Impact Assumptions and Calculation | Reductions | | % GNIPC | Total Combined Impact (\$) | Monitoring Ratio | Attribution (WB DBI) | National / Sub-national Change |
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| 1 | Elimination of Osh city mayor's alcohol trade-limiting commission / Osh, KG | March, 2009 | Partner - Osh RIA working group | Osh Mayor's Decree #392-p of November 26, 2007, created a special commission to limit trade in alcohol under the Mayor's Department of Economic and Finance and the Department for Entrepreneurship Development and Customers' Rights Protection. Though the commission was empowered to establish zones excluding alcohol sales, in practice it duplicated inspections and licensing activities normally performed by the state KyrgyzAlco body, costing entrepreneurs' time and increasing costs. | The Osh RIA working group implementing Government Resolution #752 of December 31, 2008, and inspecting all NLA regulating business activities accepted by the Osh Mayor's Office and local city kenesh submitted Decree #392.p to the Inter-Institutional RIA Commission under MEDT for dismissal because the Mayor's decree was accepted in violation of Article 4 of the Law "On Entrepreneurs' Rights Protection" and Point 6 of the February 16, 2000, President's Decree "On measures on perfection of state regulation of legal persons and individual entrepreneurs", because it contradicted the Law on Inspection, and was not registered in the Osh Department of Justice. | The working group and Department of Entrepreneur Development under the Osh Mayor's Office prepared Resolution #752, of December 31, 2008, which eliminates several NLA. Based on the working group's recommendation the Osh Mayor adopted the resolution as Decree #465 of March 27, "On the improvement of the business activities", dismissing Decree #392-p "Creation of commission for establishing trade limitation of alcohol commodity" and eliminating the associated trade-limiting commission. | According to KyrgyzAlco records there are 816 entrepreneurs in Osh City engaged in alcohol trade. The commission demanded that all alcohol traders submit annually to a time-consuming expertise process lasting an average of 3 days prior to permitting KyrgyzAlco to issue a license. During the inspection and document-review process each business was required to close, losing an average of about 1,750 KGS per day in sales, or an average of $3 \times 1,750 = 5,250$ KGS per business, or about \$123 USD. Total estimated annual savings for the elimination of this commission is therefore $816 \times \$123 = \$100,368$. Estimated GNIPC is 20.8%. | 1 | 3 | 20.80% | \$100,368 | 100% | n/a | Sub-National |
| 2 | Elimination of Osh city mayor's alcohol-inspections commission / Osh, KG | March, 2009 | Osh RIA working group | Osh City Mayor's Decree #972 of June 12, 2007, created a public-private working commission under the Mayor of Osh city to spot-check businesses for illegal production, | The Osh RIA working group implementing Government Resolution #752 of December 31, 2008, and inspecting all NLA regulating business activities accepted by the Osh Mayor's Office | The working group and Department of Entrepreneur Development under the Osh Mayor's Office prepared Resolution #752, of December 31, 2008, which eliminates several NLA. Based on the working group's recommendation the Osh Mayor adopted | According to Osh Mayor's office data this commission could inspect 1,697 different traders in Osh City. Though the commission was established to spot-check, in practice inspections were performed regularly and during each inspection a business was | 1 | 1 | 33.90% | \$339,400 | 100% | n/a | Sub-National |

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| | | | | storage, and trade in alcohol and tobacco commodities and any attempts to conceal profits from taxation. The impromptu inspections generated by the commission cost entrepreneurs time and increased costs. | and local city kenesh submitted Decree #972 to the Inter-institutional RIA commission under MEDT for dismissal because the Mayor's decree was accepted in violation of Article 4 of the Law "On Entrepreneurs' Rights Protection" and Point 6 of the February 16, 2000, President's Decree "On measures on perfection of state regulation of legal persons and individual entrepreneurs", because it contradicted the Law on Inspection, and was not registered in the Osh Department of Justice. | the resolution as Decree #465 of March 27, "On the improvement of the business activities", dismissing Decree #972 of June 12, 2007. | required to close. According to traders surveyed in the Osh market, inspections took place at least twice per year with a cost in lost business activity and unofficial fees for these inspections was an average of \$100 per business per inspection. Total estimated annual economic impact is therefore 1,697 X \$100 X 2 = \$339,400. Estimated GNIPC is 33.9%. | | | | | | | | |
| 3 | Simplification of the application process for lease of city land for use by Light Construction Facilities / Bishkek, KR | February, 2009 | Direct | Entrepreneurs in Bishkek when applying for land leases for small kiosk shops (light construction facilities) incurred substantial financial and time investments (average 30 days) to obtain the required permits, due to ineffective cooperation between government agencies, non-transparent and biased regional authorizing commissions, unaccountable technical service bodies, and the large number of visits required to apply. | BEI prepared a new resolution for the Bishkek Mayor's Office "On the procedure and conditions for granting land lease rights to legal and natural persons from municipal property land in Bishkek as a matter of (temporary) use for Light Construction Facilities." This resolution greatly simplified the authorization process for leasing Light Construction Facilities and included all interactions in the function of the streamlined process "One-stop-Shop" registration points. | The Mayor's office and Bishkek City Parliament fully supported BEI's recommended draft and adopted it on February 4, 2009, via Bishkek City Parliament Regulation #36 "On the procedure and conditions for granting land lease rights to legal and natural persons from municipal property land in Bishkek as a matter of (temporary) use for Light Construction Facilities." | The new resolution reduces direct costs for obtaining lease rights for Light Construction Facilities by limiting the number of visits for approvals--reducing time and transport costs. A RIA performed by the working group of the Bishkek Mayor's Office indicates that the 1,070 entrepreneurs in the city working with Light Construction Facilities will save about 6,906 KGS each per 2-year licensing cycle. Estimated annual impact is therefore 1,070 X 6,906 / 2 = 3694710 KGS, or about \$86,730. Estimated GNIPC is 27.5%. | 1 | 1 | 27.50% | \$86,730 | 100% | n/a | Sub-National | |
| 4 | Reversal of increased costs for entrepreneurs operating under tax patents / Bishkek, KR | March, 2009 | Direct | Under the KR Tax Code there were 121 activity types that qualified for voluntary tax patents costing an average of 577 KGS per month. Following the adoption of the new Tax Code on December 30, 2008, the Government passed resolutions #733 and #735, removing 49 types of tax patents and increasing the rate for the remaining 72 types by over 700% on average. This change greatly increased the tax burden on SMEs that operated under tax patents. | In response to the adoption of resolutions #733 and 735, and following implementation monitoring of the Tax Code, BEI recommended that the Interagency Commission review the list of economic activities that are subject to voluntary patenting, revise their the rates, and decrease the cost to SMEs. | Based on BEI's recommendations, the Government in Resolution #145 of March 3, 2009, restored the previous activities permitted under tax patents, and amended both decrees to return to the previous tax patent rates. | According to GKNS, 89,417 entrepreneurs worked under voluntary tax patents during 2008, paying a monthly 577 KGS. Following the Government's decision implementing higher rates, 867 entrepreneurs negotiated tax contracts at an average rate of 60,000 KGS per year (a difference of 53,076 KGS), and the about 53,000 entrepreneurs who continued to operate under tax patents did so at a rate of 4,050 KGS per month (a difference of 3,473 KGS). An approximately 35,500 entrepreneurs either illegally ceased paying taxes or pursued an unknown resolution to the obligations. Estimated annual economic impact for reversing this change and permitting the entrepreneurs to return to the original tax patent rates is therefore (867 X 53,076 KGS) + (53,000 X 12 X 3,473) = 2,254,844,892 KGS, or about \$52,930,631 USD. Estimated GNIPC is 132.6%. | 0 | 0 | 132.60% | \$52,930,631 | 100% | n/a | National | |
| 5 | Elimination of licensing for "construction of hazardous industrial facilities", via the Law on Licensing / Bishkek, KR | September, 2009 | Direct | The Ministry of Emergency Situations issued a license for "construction of hazardous industrial facilities" that in practice could be broadly required for any industry-related facility (shops, roads, irrigation equipment, etc.). The license in practice was expensive, and served as an extra barrier to industry and infrastructure development in KR, as well as duplicating | As part of the Regulatory Impact Analysis review, in conjunction with the Ministry of Emergencies, of licensing structures in KR, BEI recommended elimination of the license for "construction of hazardous industrial facilities" as it duplicated licenses by other bodies. | Based on the RIA review, on September 10, 2009, amendments to Government resolution #260 of May 31, 2001, "On Licensing of certain types of entrepreneurship" were adopted. The regulation included amendments that eliminated the license for the construction of hazardous industrial facilities. | According to the Ministry of Emergency Situations there were an average of 41 such licenses awarded per year during 2007 - 2009. From surveys of licensees BEI found the cost in fees plus a facilitator (required in practice) for a license totaled between approximately \$5,000 and \$15,000 USD, with a minimum 30 days required to obtain the license (cost of time included with facilitator). Conservatively estimated annual impact is therefore 41 x \$5,000 = \$205,000. GNIPC is 674.77% | 1 | 30 | 674.77% | \$205,000 | 100% | n/a | National | |

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| | | | | control by other state bodies. | | | | | | | | | | | |
| 6 | Elimination of licensing for "pawnshop activities", via the Law on Licensing / Bishkek, KR | September , 2009 | Direct | The National Bank issued a license for "pawnshop activities" to a limited number of recipients, but in practice the license could be broadly defined as necessary for a wider range of companies. In practice the license was expensive and encouraged corruption by inspecting and regulating bodies. | As part of the Regulatory Impact Analysis review, in conjunction with the National Bank, of licensing structures in KR, BEI recommended elimination of licensing by the ministry for "pawnshop activities" as it was unnecessary. | Based on the RIA review the Government agreed and on September 10, 2009, amendments to Government resolution #260 of May 31, 2001, "On Licensing of certain types of entrepreneurship" were adopted. The regulation included amendments that eliminated the license for pawnshop activities. | During 2008 the National Bank issued a total of 34 new licenses for pawnshop activities, however local newspapers estimated that there were over 730 unlicensed entities engaged in similar activities that could be construed as falling under the license, and who were frequently hassled by authorities for unofficial payments based on absence of the document. Nominally the license cost 1,800 KRS (about \$42.25 USD) in fees and preparation costs, but in practice each business was required to hire a facilitator to complete the process, at an additional estimated average cost of \$300 USD per license and 30 days time (included in facilitator cost). Estimated annual economic impact is therefore $34 \times \$342.25 = \$11,636.50$. GNIPC is 46.18%. | 1 | 30 | 46.18% | \$11,636.50 | 100% | n/a | National | |
| 7 | Elimination of license for "retail alcohol trade", via the Law on Licensing / Bishkek, KR | September , 2009 | Direct | The State Alcohol Agency (KyrgyzAlco) issued a license for "retail alcohol trade" that effectively duplicated alcohol product controls already exercised over manufacture and wholesale trade. The license was an additional cost to retail sellers of over 50 square meters space, but many smaller outlets, which were not required to be licensed, still suffered from the extraction of unofficial payments by the authorities on the basis of their lack of license. | As part of the Regulatory Impact Analysis review, in conjunction with the State Alcho Agency, of licensing structures in KR, BEI recommended elimination of licensing by the ministry for "retail alcohol trade" as it duplicated licensing of other trade bodies and encouraged corruption. | Based on the RIA review the Government agreed and on September 10, 2009, amendments to Government resolution #260 of May 31, 2001, "On Licensing of certain types of entrepreneurship" were adopted. The regulation included amendments that eliminated the license for retail alcohol trade, affecting 5,643 licensees per year and indirectly an estimated further 10,000 small shops, restaurants, and kiosks. | Each year there were an estimated 5,643 new or renewed alcohol licenses issued by KyrgyzAlco for retail outlets larger than 50 square meters, costing 300 KGS (about \$7.04 USD) in official fees plus an additional approximately \$250 for a facilitator (required in practice) and a minimum of two days (included in cost of facilitator). Based on surveys of Bishkek city, an additional approximately 2000 medium retail outlets, 2000 restaurants, and 6000 kiosks provided retail alcohol sales, but are under the size requiring licensing. Regardless, these 10,000 outlets were subjected to extraction of unofficial payments by inspecting and regulating authorities averaging 600 KGS (about \$14.08 USD) per month on the basis of their unlicensed status. Estimated economic impact is $(5,643 \times (7.04 + 250)) + (10,000 \times 14.08 \times 12) = \$3,140,604.72$ annually. GNIPC is 27.09%. | 1 | 2 | 27.09% | \$3,140,604.72 | 100% | n/a | National | |
| 8 | Cancelled 27 tax fine resolutions violating inspections law / Osh, KR | July, 2009 | Partner - Public Expertise Council (PEC) of Osh City | Private entrepreneurs and small businesses in Osh received 27 fine resolutions from the Osh Tax Committee after a series of spot inspections conducted despite the May 14, 2009, decree of the President on inspections registrations. These resolutions demanded fine payments from entrepreneurs for various violations cited during the spot inspections. | Entrepreneurs complained to the PEC, which with BEI and in cooperation with the Osh Prosecutor's Office, reviewed these resolutions and found that this spot inspection was conducted in violation of Decree of President #237 of May 14, 2009, because the Tax Committee had failed to register its inspections with the local Prosecutor's Office. The Osh Prosecutor's Office working group presented 27 protests on June 26, 2009, to cancel these resolutions. | Based on the protests by the Prosecutor's Office working group, the Osh Tax Committee cancelled the resolutions in compliance with law, as notified in reply #03-15/716 of July 07, 2009. | The Tax Committee's resolutions ordered 27 enterprises to pay between \$25 and \$50 USD each (average \$37) for alleged violations discovered during the unregistered spot inspections. Additionally, based on 2009 activity the Tax Committee inspects an estimated 616 inspections per year extracting about \$41 in unofficial payments per inspection. Though the Tax Committee is assumed to continue (authorized) inspections, the Inspections Law provisions are assumed to shield entrepreneurs from unofficial payment demands. Reversing the resolutions saves an estimated $27 \times \$37 = \999 , plus reduced payments of $616 \times \$41 = \$25,256$, or total estimated impact of \$26,255. GNIPC is 5.75%. | 0 | 0 | 5.75% | \$26,255 | 86% | n/a | Sub-National | |
| 9 | Elimination of license for "prospecting, exploration, exploitation of mineral | September , 2009 | Direct | The State Agency of Geology and Mineral Resources issued licenses for operations related to "prospecting", "exploration", and "exploitation of mineral deposits" via a duplicative, non- | As part of the Regulatory Impact Analysis review, in conjunction with the State Agency of Geology and Mineral Resources, of licensing structures in KR, BEI recommended elimination of licensing by the | Based on the RIA review the Government agreed and on September 10, 2009, amendments to Government resolution #260 of May 31, 2001, "On Licensing of certain types of entrepreneurship" were adopted. The regulation included | During the period 2006-2008 the State Agency of Geology and Mineral Resources issued an average of 49 licenses per year for prospecting and exploration, and a further 69 licenses per year for exploitation of mineral resources. Each license cost a nominal fee of | 1 | 10 | 3974.12 % | \$3,373,844.96 | 83% | n/a | National | |

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| | deposits", via the Law on Licensing / Bishkek, KR | | | transparent, and functionally corrupt process. Though the licenses themselves cost relatively little, in practice companies were required to hire facilitators to ensure their applications would be processed and pay very large unofficial fees. | ministry for operations related to "prospecting", "exploration", and "exploitation of mineral deposits" as they duplicated other mineral-related control mechanisms and encouraged corruption. | amendments that eliminated the licenses for "prospecting", "exploration", and "exploitation of mineral deposits", affecting 118 licensees per year and clearing the way for more transparent and effective means of mining industry control. | 300 KGS (about \$7.04), but in practice required extensive unofficial payments through a facilitator, without which the application would be refused. Based on surveys of recipients, for prospecting and exploration unofficial fees were a minimum of \$500 USD per license. Fees for exploitation (usually of silver, gold, and platinum deposits) were much higher, ranging from \$50,000 to \$2 million USD. Estimated economic impact for eliminating these licenses is $(49 \times \$507.04) + (69 \times \$50,000) = \$3,373,844.96$ annually. GNIPC is 3,974.12%. | | | | | | | | |
| 10 | Cancelled 20 Social Fund fine resolutions violating inspections law / Osh, KR | September, 2009 | Partner - Prosecutor's Office Working Group, Prosecutor's Expert Council | During 2009 the Social Fund office in Osh conducted a series of business inspections in the city. Though these inspections were properly registered according to the Law on Inspections, the Fund issued 20 resolutions fining businesses for violations, without permitting those violations to be corrected first--a violation of the inspections law. | BEI's government partners in Osh, the Prosecutor's Office Working Group, in conjunction with the Expert Council, monitored the legal acts issued by the Social Fund and discovered that 20 resolutions on fines were made in violation of Article 11 of the Law on Inspections, which requires that after detecting violations by entrepreneurs' side, the inspecting body may only make a written warning and revisit to determine compliance and issue appropriate fines for unresolved issues in a later inspection. The Osh Prosecutor's Office presented 20 protests #s 11-7d-1039-09 to 11-7d-1073-09 dated Sept 28, 2009 to the Social Fund to cancel these 20 resolutions. | Based on the PO protests the Social Fund cancelled the violating resolutions to bring them into compliance with the Law. | Though the Social Fund was properly registering their inspections, they issued 20 resolutions fining local businesses between \$25 and \$50 USD (average about \$37.50), which are now cancelled. These resolutions were issued for inspections over the period January - September, 2009, representing 75% of the year's activity, for an estimated full year's fine resolutions of 27. Total estimated annual impact is therefore $27 \times \$37.5 = \$1,012.50$. GNIPC is 5.06%. | 0 | 0 | 5.06% | \$1,012.5 | 100% | n/a | Sub-National | |
| 11 | Reduced cost of internet connections via installation of an "Internet Exchange Point (IX) / Bishkek, KR | July, 2009 | Direct | Access to internet services connecting to main trunk communications lines was highly limited and monopolistically priced in Bishkek, resulting in higher fees to intermediate and end-user customers and lower internet service quality. | The Communications Operators Association (COA) approached the BEI grant program with a special request to fund purchase and installation of a small "internet exchange point"--an internet switching box that would enable the provision of main-trunk connection services at reduced cost to its members, consisting mostly of Bishkek communications companies serving the business community in the city. | After review of this grant proposal, BEI determined to fund the exchange point purchase, as the grant would have direct impact on the business environment and reduce the monopoly influence of large communications providers in the KR market. | In the months following introduction of the IX point BEI noted significant decreases in the fee structures of Kyrgyz telecommunications operators, however user data from these companies are not available to calculate that impact. For the 20 companies directly connected to the IX point, they use an estimated 55,000GB of internet bandwidth per month for their businesses, which under previous tariffs would cost on estimated about \$46,602 per month (at 97.58% KR local, and 2.42% international internet traffic), consisting of a monthly fee of \$430, plus 1,031GB of international bandwidth at \$36.86 per GB (or \$38,002.66 total). Total estimated annual impact for this change is therefore $(\$46,602 \times 12) = \$559,231.92$ annually. GNIPC is 3,773.54% | 0 | 0 | 3774.54% | \$559,231.92 | 100% | n/a | Sub-National | |

REPUBLIC OF TAJIKISTAN

| No. | Initiative / City | Date Completed | Partner or Direct | Problem Details | Recommendations | Result | Impact Assumptions and Calculation | Reductions | | % GNIPC | Total Combined Impact (\$) | Monitoring Ratio | Attribution (VWB DBI) | National / Sub-national Change |
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| 1 | Simplification of licensing procedures for pharmaceutical activity | January, 2009 | Direct | The Agency for Control and Regulation of Pharmaceutical and Medical Activities, under the Ministry of Health, required pharmaceutical companies and | The BEI project and World Bank, in accordance to their support for implementation of the Licensing Law and related regulations, identified the issuance of the "certificate of | Based on BEI and the WB's recommendations, the Government adopted amendment #445 of August 27, 2009, to the Regulation on Licensing of Separate Types of Activities that eliminates | According to data from the Union of Commercial Pharmaceutical Organizations and the Ministry of Health there are about 1,200 drug stores who were annually required to obtain the certificate of | 1 | 1 | 15% | \$110,400 | 100% | n/a | National |

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| | companies / Dushanbe, RT | | | drug stores to obtain from them every year a "certificate of accommodation conformity" based on the conclusions of state sanitary bodies. The procedure duplicated the work of the state sanitary bodies, contradicted RT licensing legislation, and increased costs to businesses via lost time and a direct, 300 TJS (\$79 USD) fee per annual certificate. | accommodation conformity" during a review of the Ministry of Health as an internal act contradicting legislation. Further surveys of entrepreneurs and feedback from the Union of Commercial Pharmaceutical Organizations highlighted the licensing procedure as unnecessary and BEI recommended the Government eliminate the certificate. | the requirement for obtaining a "certificate of accommodation conformity", and as of January 1, 2009, licensing bodies stopped requiring the certificate of accommodation conformity. | accommodation conformity, at a cost per certificate of 300 TJS, plus an estimated average of 50 TJS in overhead and travel expenses, for a total of about \$92 each. Total estimated savings for elimination of the certificate requirement is therefore 1,200 X 92 = \$110,400 USD annually. Estimated GNIPC is 15.4%. | | | | | | | | |
| 2 | Cancellation of road tax payments for businesses operating under the simplified tax regime / Dushanbe, RT | March, 2009 | Partner - National Association of Small and Medium Business (NASMB) | The Tax Code of RT was amended in March 2008 to impose a 2% road tax payment on entrepreneurs operating under the simplified tax regime (turnover under 600,000 TJS). This amendment imposed additional costs and payments on businesses. | NASMB and other BEI business association partners organized several round tables and collected recommendations for the SCISPM that the Government stop imposing additional taxes on the simplified regime, as they impact SMEs in particular and facilitate growth of the shadow economy. NASMB included recommendations and economic justifications into a Financial-Economic Analysis of the Tax Code prepared with support from BEI, and during the second half of 2008 NASMB worked closely several ministries, state agencies, and the Tax Committee to eliminate the tax. | In September 2008 the Tax Committee developed an additional amendment for the Tax Code, in which the NASMB's recommendations were included. This amendment was signed by the President on March 28, 2009, and according to the amendments all businesses operating under the simplified system will no longer pay the 2% road tax, but all income after the first 200,000 TJS will be taxed at 5% rather than the previous 4%. | According to data from the Tax Committee of RT the number of legal entities working under the simplified tax regime is around 8,300, with an average turnover for each business of about 419,100 TJS (\$110,000 USD). The cancellation of the road tax saves each business 2% of turnover, however all income over 200,000 TJS is taxed at an additional 1%. Estimated economic impact for the road tax removal is 419,100 X 8,300 X 0.02 = 69,570,600 TJS. However increased taxes reduce the impact: (419,100 - 200,000) X 8,300 X 0.01 = 18,185,300 TJS in increased taxes. Total estimated annual impact is therefore 69,570,600 - 18,185,300 = 51,385,300 TJS, or about \$13,486,955 USD. Estimated GNIPC is 272.6%. | 0 | 0 | 272.60% | \$13,486,955 | 100% | Process reform outside "Paying Taxes" assumptions as measured by WB | National | |
| 3 | Reduction of Value Added Tax from 20% to 18% / Dushanbe, RT | May, 2009 | Partner - National Association of Small and Medium Business | The Value Added Tax (VAT) rate in the Republic of Tajikistan was particularly high and compared unfavorably to more-dynamic economies in Central Asia (Kazakhstan, at 14% VAT). The high VAT rate increased the cost of producing or importing goods, and harmed consumers due to higher prices. | BEI and its partner, the NASMB, developed a Financial-Economic Analysis of the tax code that recommended decreasing the profit tax rate. This analysis and its recommendations were reviewed by the Tax Committee, Government, and Parliament, and favored by the President. | The Tax Committee developed new amendments to the Tax Code, which were adopted on May 19, 2009 in Law #525 "On Amendments to the Tax Code of RT." The amendments decrease the VAT rate from 20% to 18%. | Based on data from the Committee of Statistics, Tax Committee and National Bank, in 2008 there were 8,163 VAT payers who provided 339,871,714 TJS in revenue from the tax, or an average of 41,635.64 TJS each. However, 1,461 individual entrepreneurs are estimated to qualify for the revised ceiling of the simplified tax system, at 5%, instead of paying VAT. VAT for the remaining 6,702 payers was reduced 10% (2/20), resulting in a 4,163.56 TJS savings per payer, or an estimated annual impact of 27,904,179 TJS (about \$7,323,931.53 USD). GNIPC is 183.4%. | 0 | 0 | 183% | \$7,323,931.53 | 100% | Process reform outside "Paying Taxes" assumptions as measured by WB | National | |
| 4 | Increase of turnover range for taxpayers under the simplified taxation system / Dushanbe, RT | May, 2009 | Partner - National Association of Small and Medium Business (NASMB) | The simplified taxation system in RT provides many benefits for small entrepreneurs; however the range of accepted turnover (revenue) for qualifying under the system was too low (up to 600,000 TJS). Many companies and individual entrepreneurs quickly surpassed the range or due to exchange rate fluctuations were forced to use the ordinary, and onerous, system of taxation. | BEI and its partner, the NASMB, in its Financial-Economic Analysis recommended the Government increase the turnover range for those working under the simplified system of taxation from 600,000 TJS to 800,000 TJS. These recommendations were discussed by the Tax Committee, Government, Parliament, and by the President. | As a result the Tax Committee developed new amendments to the Tax Code, which were adopted on May 19, 2009, in Law #525 "On Amendments to the Tax Code of RT." The amendments increased the turnover range for those working under the simplified system of taxation from 600,000 TJS to 800,000 TJS per year. This increase in the turnover ceiling is expected to mostly benefit individual entrepreneurs who previously paid VAT, as the turnover for legal entity VAT-payers is estimated to be much higher than 800,000 TJS. | This change is estimated to benefit primarily the individual entrepreneur VAT payer, as legal entity VAT payers have much higher turnover. Based on data from the Committee of Statistics, Tax Committee and National Bank, in 2008 there were 1,461 individual entrepreneur VAT payers and a total of 27,152 individuals and legal entities operating under the simplified tax system, to which they paid a total of 21,103,343 TJS, or an average of 777.23 TJS each. As the new ceiling for the simplified system is 1.33 times the previous level, the individual entrepreneurs included are assumed to contribute proportionately more in tax (1.33 x 777.23 = 1,033.72 TJS). Saving for each entrepreneur due to the change from the 20% VAT regime to a 5% rate represents 25% of the previous tax. Estimated annual | 0 | 0 | 136.57% | \$1,189,184.98 | 100% | Process reform outside "Paying Taxes" assumptions as measured by WB | National | |

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|---|-----------------------------------------------------------|-----------|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------|-----------|------|-----|--------------|
| | | | | | | | impact is therefore $((1,461 \times 1,033.72) / .25) \times .75 = 4,530,794.76$ TJS, or about \$1,189,184.98 USD. GNIPC is 136.57%. | | | | | | | |
| 5 | Elimination of illegal inspections activity / Khujand, RT | May, 2009 | Partner - Association of Market Entrepreneurs "Panjshanbe" | In 2008 the RT President issued a decree and signed a subsequent law for a moratorium on inspections of small and medium businesses until July 29, 2010. But in spite of the Law and its requirements the Standardization and Certification Body in Khujand resumed business inspections of local markets illegally several months later | Local entrepreneurs immediately contacted BEI's partner, the Association of Market Entrepreneurs "Panjshanbe" and informed them of the illegal inspections activities. The association chairman meting with the Standardization Body and asked them to show the justification for their inspections, and failing any justification, that inspections cease or they would be stopped by the local Prosecutor's Office. | As a result of the association's immediate reaction the Standardization Body could not justify their inspections and agreed to cease until the July 29, 2010 expiration of the moratorium. | Within Khujand are about 33,000 private entrepreneurs normally inspected by the Standardization and Certification Body. Of these, approximately 70% are inspected each year, with an average number of inspections per business of 6 times, each lasting 1 working day. The daily wage in Khujand for private entrepreneurs is about \$6.89. As the Standardization Body had resumed their usual schedule the estimated impact for cessation of inspections is $(33,000 \times .70) \times 6 \times \$6.89 = \$954,954$. GNIPC is 6.93% | 6 | 6 | 6.93% | \$954,954 | 100% | n/a | Sub-National |

BEI CASE STUDIES (2008 – 2009)

Case Study Kazakhstan – Decrease in Costs for Micro and Small Entrepreneurs Using Trade Coupons (Shymkent) 2009

Background and Case History

The Republic of Kazakhstan provides for a special tax mechanism, according to the Tax Code, called the “one-day trade coupons” for micro- and small-businessmen, as an alternative to their registration as Individual Entrepreneurs (IE). The one-day trade coupon is restricted to individual persons engaged in activities of an episodic nature based on single transactions without the use of hired labor. Users of the coupons do not pay social taxes and are exempted from state registration as a private entrepreneur so long as their business activity does not exceed 180 days per year, and is done from leased locations in marketplaces and not from fixed premises (kiosks and isolated buildings).⁵

The one-day trade coupons therefore were designed primarily for entrepreneurs engaged in trade in local markets (bazaars), or the small boutique stores ubiquitous in the country, in order to ensure that their activities were legally tracked and taxed, and by doing so to reduce the size of the shadow economy and opportunities for official corruption.

The advantages of one-day trade coupon to entrepreneurs are the following:

- Entrepreneurs who trade seasonally in markets (most commonly, these are agricultural producers) were exempt from registration with the Tax Committee, saving the fee and several days time;
- Entrepreneurs using the coupons could do without an accountant to assist with mandatory tax accounting and reporting (including social taxes), and do not need to make use of a cash register machine;
- Entrepreneurs can receive coupons at their market workplace, distributed by the inspectors of the Governmental Administration of the "Center for Issuing One-day trade Coupons", which saves the entrepreneurs transportation and time costs.

The local Akimats are empowered to determine the specifics of the pricing and determining factors for one-day trade coupons used in their administrations. The Shymkent city Maslikhat (City Council) on October 22, 2007, set the cost for one-day trade coupon to 200 KZT per 2 square meters of boutique space.⁶ These costs, however, for the trade coupons were in fact quite burdensome for entrepreneurs: the average boutique store in a Shymkent market is 15 square meters, worked an average of 12.5 days per month (150 days per year), and would be charged 1,600 KZT for a one-day coupon, compared to an estimated 1,625 KZT per day in net profit by the entrepreneur on average daily turnover of about 40,000 KZT.⁷

The alternative for these traders was to register as an IE (costing 2,646 KZT and 3 days time), after which they would be expected to conform to all IE requirements, such as handling more complex tax accounting and reporting procedures, paying taxes of 2 or 3 percent of revenue, installing a cash machine, and in case they ceased business—engaging in a very time-consuming and expensive official liquidation procedures. All of these items make it costly and inconvenient for bazaar traders to register with the tax committee. Faced

⁵ Tax Code of the Republic of Kazakhstan, 2008

⁶ Decree #4/22-4s *On the Cost of One-day Trade Coupons*

⁷ Tax Committee of Shymkent, 2008

with this problem, the trade micro and small entrepreneurs were choosing between legality, reduced economic activity, or existence in the shadow economy with its inherent risks.

In response to this situation, during summer 2008, BEI, the Shymkent Tax Committee and Akimat “Center for Issuing One-day Trade Coupons” surveyed local businesses and prepared recommendations for optimizing the use of one-day trade coupons in the city. These proposals were put forward for Shymkent expert council discussions, and included a substantial reduction in the individual coupon price.

Reform Results

These recommendations were attractive to the Akimat, as increased coupon usage would bring more direct revenue to the city budget compared to IE taxes and registration fees, and the Shymkent administration was feeling the effects of reduced national funds due to the global economic slowdown and lowered oil prices. The Expert Council approved the recommendations and in November, 2008, the Maslikhat adopted a new decree lowering the cost of one-day trade coupons to 200 KZT for micro-boutiques up to 10 square meters, 400 KZT for boutiques up to 20 square meters, and 600 KZT for boutiques over 20 square meters.

By September 2009, months later, most city traders were using the reduced-price trade coupons, and the city income had not decreased despite a general lower level of economic activity compared to 2008.⁸

Estimated Impact

The approximately 12,000 micro- and small-business entrepreneurs in Shymkent were previously forced to choose between registration as individual entrepreneurs or use of unprofitable one-day trade coupons, at an estimated monthly cost of **(12.5 days x 1600 KZT/day) = 20,000 KZT**.

Registration as an IE cost 2,646 KZT, a total of 26 days time to complete (including 3 days official processing) at an indirect cost of an average Shymkent entrepreneur’s wage of 4,500 KZT/day, purchase of a cash register machine at about 37,000 KZT, and an estimated 15,000 KZT per month in fees and taxes (IE monthly fee, social fund taxes, and individual income tax). In practice many small business boutiques would not hire an accountant, but instead work with the Tax Commission for an average of an additional 2 days per year to complete any calculations.

Total cost for use of one-day trade coupons for one entrepreneur is therefore estimated at **12 months x 20,000 KZT/month = 240,000 KZT per year**.

Total cost for the same entrepreneur to register as an individual entrepreneur and operate for a year at the same rate (150 days) is estimated at **2,646 KZT + ((26 days + 2 days) x 4,500 KZT/day) + 37,000 KZT + (12 months x 15,000 KZT/month) = 345,683 KZT**.

For our estimated impact purposes, we will assume that the entrepreneurs factor in the cost of their time in terms of the additional hassle and increased legal risk of registration as IE, and choose to utilize the one-day trade coupons. If an entrepreneur did not discount their time, or wished to engage in trade for more than 180 days per year, registration as an IE would be the more profitable option.

Under the reduced cost for the one-day trade coupons, the average (15 square meter premises) market entrepreneur would pay an estimated **(12.5 days x 400 KZT/day) = 5,000 KZT per month, or (12 months x 5,000 KZT/month) = 60,000 KZT per year**.

⁸ Shymkent city Akimat, September 2009

For each Shymkent market trader, the difference between the coupon rates is therefore an estimated **240,000 KZT – 60,000 KZT = 180,000 KZT** per year.

For the estimated 12,000 market traders in the city, annual impact for this change is therefore **12,000 x 180,000 KZT/year = 2,160,000,000 KZT/year**.

At a 2009 average of 150 KZT/USD, this totals about **\$14,400,000 USD** in savings for 12,000 Shymkent micro and small businesses.

Net Present Value of Reforms

A forward-looking net-present value of reforms calculation becomes more challenging the more complex a system, the more absent data becomes, and the longer a projection is made. It is offered here to provide an additional perspective, as full data on costs for these reforms is not yet available, nor are more extensive survey data likely forthcoming. Calculation assumes purchases of one-day trade coupons grows at forecasted GDP growth rates⁹, and uses the 2009 inflation rate of 8% as a deflator.¹⁰

In 2009 the Government of Kazakhstan adopted a decision abolishing the one-day trade coupon effective January 1, 2011.¹¹ The net present value is accordingly calculated over a two-year period (2009 – 2010) reflecting the limitations of the impact for this change.

The net present value of the cost savings outlined above totals **\$38,566,143.86** for a two-year period (Exhibit I).

KZ Case Exhibit I - Decrease in Costs for Micro and Small Entrepreneurs Using Trade Coupons (Shymkent)

* Data from International Monetary Fund

| | 2009-2010 | 2010-2011 |
|--------------------------------------------|------------------------|------------------------|
| Net Present Value | \$38,566,143.86 | \$29,088,000.00 |
| Plus: \$14,400,000 times GDP growth | Base | \$14,688,000.00 |
| Real GDP Growth (est.) | Base | 2% |
| Inflation 2009 | 7.50% | |

⁹ International Monetary Fund, September 2009 data report

¹⁰ Ibid.

¹¹ Law On enactment of the Tax Code (2009)

Case Study Kyrgyz Republic – Decrease in Costs for Entrepreneurs Operating under Tax Patents 2009

Background and Case History

A tax patent in the Kyrgyz Republic is a document issued the tax services body that specifies a taxpayer's right to engage in certain types of activities while making a specific tax payment. The forms for the patent and the order of their issuance are established by the KR Tax Committee, and issued forms are retained for a period of time according to the Tax Code. The tax patent was established to be a simplified form for declaring individual income and payment of income taxes based on patent use for different types of activities established by the Government.¹² The patent system was enacted during a time when the Government sought to organize previously disorganized trade and entrepreneurship operating in the shadow economy, such as marketplaces and commercial kiosks. It was in order to extend registration, taxation and legality to all these traders, as a simplified form of taxation and tax filing.

On January 1, 2009, the new Tax Code of KR came into effect following intense efforts by USAID's EREC and BEI projects to revise the previous version to stimulate the economy. The new Code was to encourage business activity by decreasing taxes by 35% and significantly reducing the tax reporting burden on businesses. However, on December 30, 2008, in order to implement Decree of the Government #733 *On Establishing the Amount of Tax Based on the Voluntary Tax Patent on Types of Entrepreneurship Activity*, Parliament amended the Code to decrease the number of activities permitted under tax patents and to increase the tax rate for the remaining tax patents activity types. One and a half months later, it was clear there was a contradiction in practice between this amendment and the norms of the Tax Code itself. Practice showed that the GoKR adopted a number of erroneous decisions by improperly excluding various activities from the list, including light-industry sewing activities and a number of others making up a significant portion of the KR light industry sector, and by hurriedly adopting a revised minimum profit calculation for the patents without the required economic impact calculation (RIA). All these decisions were contrary to the norms of the Tax Code and the requirements of the KR Law *On the optimization of the normative-legal base of regulation of entrepreneurship activity*. There were three additional problems in the adoption of Decree #733 by the Government, it was:

- adopted without any discussion with business or expert communities,
- adopted without permitting any timely transition or adaptation time for businesses, and
- adopted without any preliminary warning or explanation of the changes.

The amended Tax Code according to this Decree #733 made the following changes:

- types of activities permitted to operate under tax patents were decreased from 121 to 71;
- the base tax rate for patent users increased up to 9 times for some activity types (work with or production of fur, leather or leather substitutes), and on average over 7 times for all types;
- the increased tax patent rate on sewing, knitwear, shoe and boot production, and the amount and terms of the patent validity were determined only by negotiation between the Government and the "Legprom" Association, which resulted in loss of trust by businesses in previous arrangements in

¹² Decree of the President of KR #MG-244 of July 30, 1996

2005 with the Government¹³ that gave tax benefits to sewing and knitwear producers for a period of 5 years.

These amendments to the Tax Code by the Government created panic among KR's small entrepreneurs, and they wrote a joint letters of complaint to the Jogork Kenesh (Parliament) and Ministry of Economic Development and Trade. In these letters:

- the Association of Markets, Trade, and Service Companies complained about the changes and suggested to retain 95 of the previous 121 types of patented activities, instead of the final 71;
- a group of teachers and tutors from Bishkek sent a similar letter addressing the same issues and requested that tax patents be returned for educational and teaching activities;
- the BEI project protested that changes to the list of voluntary patented activities required review with further analysis and any decreases should be done systematically, following preparation of accurate baseline statistics on patent issuance—which would require improvements in the administration of the patent system

In February 2009 the KR President met with the Government to discuss the situation with the new tax code, and as a result the Prime Minister ordered creation of an interdepartmental committee for monitoring and assessing the effectiveness of the new Tax Code of KR, under the oversight of the First Vice-Prime Minister. The PM also ordered that open discussions be conducted on suggestions and criticisms regarding optimization and improvements to the Tax Code and Decree #733 in particular.

Reform Results

Following these discussions between the Government and business community, on March 3, 2009, a new decree of the Government #145 was adopted *On Amendments and Additions to the Decree of the Government of KR #733 of December 30, 2008, 'On Establishing the Amount of Tax Based on the Voluntary Tax Patent on Types of Entrepreneurship Activity'* stipulating that:

- the amount entrepreneurship activity types based on voluntary tax patents was increased from 71 to 124, and
- tax patent rates for some types of entrepreneurship activity were restored to their previous levels, and in general were greatly reduced on average.

Estimated Impact

Under the new (unrevised) KR Tax Code there were 121 activity types that qualified for voluntary tax patents, costing an average of 577 KGS per month. Following the amendment of the Code to implement Decree #733, tax patent rates increased to an average of 4,050 KGS per month, and 49 types of tax patents were removed.

According to the Government of KR¹⁴, 89,417 micro-, small-, and medium-entrepreneurs worked under voluntary tax patents during 2008, paying 577 KGS per month each on average. Following the Government's decision implementing higher rates, 867 entrepreneurs negotiated tax contracts at an average rate of 60,000 KGS per year (a increase of 53,076 KGS per year), and about 53,000 entrepreneurs

¹³ Including Government Decree *On amendments to additions to the Government of KR Decree #378 of August 12, 1996, 'On profit declaration and Payment of Individual Income Taxes for Individual engaged in entrepreneurship Activities based on Tax Patents of KR' #615 of December 23, 2005*

¹⁴ State Committee on Tax Collections, March 2009

continued to operate under tax patents at a rate of 4,050 KGS per month (a increase of 3,473 KGS per month). Approximately 35,500 entrepreneurs either reentered the shadow economy by illegally ceasing to pay taxes or pursued an unknown resolution to their obligations.

Estimated annual economic impact for reversing this change and permitting the entrepreneurs to return to the original tax patent rates is therefore:

For return of entrepreneurs to patents from tax contracts **(867 payers X 53,076 KGS/payer) = 46,016,892 KGS.**

Plus for reduced tax patent rates for remaining patent-users **(53,000 payers X 12 months X 3,473 KGS/payer-month) = 2,208,828,000 KGS**

Total estimated impact is **46,016,892 + 2,208,828,000 = 2,254,844,892 KGS.**

Or, at an exchange rate of 42.6 KGS/USD, **about \$52,930,631 USD annually.**

Net Present Value of Reforms

A forward-looking net-present value of reforms calculation becomes more challenging the more complex a system, the more absent data becomes, and the longer a projection is made. It is offered here to provide an additional perspective, as data on costs for these reforms is not yet available, nor are more extensive survey data on the actions of the unknown 35,500 entrepreneurs likely forthcoming. Calculation assumes voluntary tax patent use would have grown at forecasted GDP growth¹⁵ following it's drop to 53,000 patentees, and uses the 2009 inflation rate of 8% as a deflator.¹⁶

The net present value of the cost savings outlined above totals **\$630,346,481.14** for a five-year period (Exhibit I).

KR Case Exhibit I - Decrease in Costs for Entrepreneurs Operating under Tax Patents

* Data from International Monetary Fund

| | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | |
|--------------------------------------------|-------------------------|-----------------|------------------|------------------|------------------|------------------|
| Net Present Value | \$630,346,481.14 | \$52,930,631.00 | \$107,449,180.93 | \$164,312,028.51 | \$223,563,115.68 | \$285,717,506.13 |
| Plus: \$52,930,631 times GDP growth | Base | \$54,518,549.93 | \$56,862,847.58 | \$59,251,087.18 | \$62,154,390.45 | |
| Real GDP Growth (est.) | Base | 3.0% | 4.3% | 4.2% | 4.9% | |
| Inflation 2009 | 8.00% | | | | | |

¹⁵ International Monetary Fund, September 2009 data report

¹⁶ Ibid.

Case Study Tajikistan—Reducing Minimum Capital Requirements 2009

Background and Case History

Registration of a business is the first step and process for entrepreneurs. Different countries take different approaches to the process for business registration, but many include a minimum capital requirement (MCR), or paid-in capital requirement, during registration. The Republic of Tajikistan (RT) was no exception in this regard. In Tajikistan the process for registration of legal entities was a time-consuming, expensive, and difficult process even in comparison with other CIS countries, and in the World Bank Doing Business survey for 2008 Tajikistan was ranked 168th out of 181 countries, with registration fees of 27.6% and a MCR of over 216% of the average national income per person (GNI PC).¹⁷

Minimum capital requirements are one of the most onerous barriers to business formation as they foster corruption and tie up limited capital required for operations. The uses of Minimum Capital Requirements for regular business registration (as opposed to bank, insurance company, or stock market registration) have historically had several different justifications of varying economic merit:

- 1) MCRs showed that entrepreneurs were serious, and by restricting access to new business entrants, only the most skilled or dedicated were encouraged to enter into business
- 2) MCRs gave protection to creditors.
- 3) MCRs discouraged the formation of shell companies and certain sorts of fraud.
- 4) MCRs limited the number of companies, making the business community easier to monitor and limit, either in power or by social group.

Of these arguments, point #1 has fallen out of favor as economists in the past decade have moved away from a “big-business” model of national economic drivers and realized the impact the small and medium enterprise sector has on employment and GDP growth. Point #2 is demonstratively suspect, as of economies measured by the Doing Business survey in 2007, those without MCRs had on average recovery rate during bankruptcy of 31%, compared with all economies with MCRs of 30%. Economies with higher MCRs performed worse as the MCRs increased.¹⁸ The arguments for points #3 and #4 reduce to questions of economic prosperity versus risk, and economic freedom versus authoritarianism.

The process for business registration in RT underwent various reforms during the past 15 years, and new legislation adopted in 2004 provided a significant step forward over the systems inherited from the Soviet Union in 1991, but still required simplification due to the time required and high cost incurred—mostly due to the MCR of approximately \$1000 USD.

When the USAID Business Environment Improvement Project began in RT one early priority was to identify barriers to business starts and champion their removal. Beginning in 2007, BEI project analyzed the business registration process and use of MCR in RT and brought the results to the public through focus groups and round tables arranged throughout the country. This analysis, and the results specifically of analyzing the impact of removing the MCR garnered significant positive support from the private sector for simplification of business registration. Recommendations for eliminating or reducing the MCR were submitted through BEI and its partners to the State Committee on Investments and State Property Management of RT and directly to the Executive Office of President of RT. BEI collaborated closely with

¹⁷ World Bank Doing Business 2009 Report – Republic of Tajikistan

¹⁸ Doing Business Blog, March 10, 2008, “What’s the Best Minimum?” <http://psdblog.worldbank.org/doingbusinessblog/2008/03/whats-the-best.html>

the private sector and media organizations to develop and publish articles describing the business registration recommendations from round tables and the opinions of experts.

Reform results

Based on BEI's recommendation and as a result of the increased public support for national reform of business registration issues, on October 6, 2008, the President of RT signed amendments to the laws "On Limited liability companies" and "On Joint Stock companies" reducing the charter capital required for registering limited liability companies (LLCs) and both open and closed joint-stock companies. The changes lowered the minimum charter capital requirement as estimated for the World Bank Doing Business survey model company from 216.8% to 9.9% of GNIPC for LLC registration.¹⁹ LLC requirements were lowered from about \$2,624 to about \$146 USD, open joint-stock company requirements are lowered from about \$6560 to \$1,300 USD, and closed joint-stock company requirements are lowered from about \$2,600 to \$260 USD.

The lowered WBDB figure from 216.8% GNI PC for (initial) MCR to approx 9.9% for LLCs makes the Republic of Tajikistan comparable to the OECD, Eastern Europe and Central Asian countries lower bound.

Estimated Impact

Based on data from the Ministry of Justice, during 2008 there were about 100 LLC registrations in RT, or about 8 per month. During the months of July to September 2009, alone, there were 635 LLC business registrations according to data from the Tax Department, or about 211 per month. This increase corresponds with other business registration changes enacted in May and June that significantly streamline the process by reducing time required to register by about half. No data is available on the numbers of open and closed joint-stock company registrations per year.

Assuming therefore that pent-up demand is responsible for much of the sharp increase in summer 2009 registration, average LLC registrations per year are estimated to be $12 * (8 + 211) / 2 = 1,314$ **LLC registrations.**

For each LLC registering per year, savings from reduced charter capital requirements will be about $\$2,624 - \$146 = \$2,478$.

Estimated economic impact in savings for LLC's is therefore $1,314 * \$2,478 = \$3,256,092$ **USD per year.**

Net Present Value of Reforms

A forward-looking net-present value of reforms calculation becomes more challenging the more complex a system, the more absent data becomes, and the longer a projection is made. It is offered here to provide an additional perspective on reform impact. Calculation assumes several things: that LLC business registration continues to grow at a rate equal to forecasted RT GDP growth, and that the current Tajik inflation rate of 8%²⁰ remains a fixed deflator over the time period.

¹⁹ World Bank Doing Business 2010 Report – Republic of Tajikistan

²⁰ International Monetary Fund, September 2009 data report

The estimated net present value of the cost savings outlined above totals **\$39,068,825.93** for a five-year period (Exhibit I).

RT Case Exhibit I – Reducing Minimum Capital Requirements Net Present Value

* Data from International Monetary Fund

| | | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 |
|--------------------------|-------------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| Net Present Value | \$39,068,825.93 | \$3,256,092.00 | \$6,609,866.76 | \$10,131,330.26 | \$13,864,081.57 | \$17,858,125.47 |
| | Plus: \$3,256,092 times GDP growth | Base | \$3,353,774.76 | \$3,521,463.50 | \$3,732,751.31 | \$3,994,043.90 |
| | Real GDP Growth (est.) | Base | 3% | 5% | 6% | 7% |
| | Inflation 2009 | 8.00% | | | | |

APPENDIX I: BEI MUNICIPALITY COVERAGE (2008 – 2009)

| No. | Kazakhstan Number of municipalities receiving BEI assistance either directly or through 3rd parties | Target 20 | Result 27 |
|-----|---------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| 1 | Astana, Akmolinskaya Oblast - Partnership with the Ministry of Economy and Budget Planning | | |
| 2 | Almaty, Almatinskaya Oblast - Partnership with Akimat of Almaty City | | |
| 3 | Kokchetav, Akmolinskaya Oblast - Partnership with Association of Entrepreneurs of Akmola Oblast | | |
| 4 | Karaganda, Karagandinskaya Oblast - Partnership with Association of Entrepreneurs of Karaganda Oblast | | |
| 5 | Shuchinsk, Akmolinskaya Oblast - Partnership with Enterprise Department of Shuchinskiy Region | | |
| 6 | Balkashino, Akmolinskaya Oblast - Partnership with Enterprise Department of Sandyktauskiy Region | | |
| 7 | Stepnyak, Akmolinskaya Oblast - Partnership with Enterprise Department of Enbekshilderskiy Region | | |
| 8 | Oral, West Kazakhstan Oblast - Partnership with Enterprise and Industry Department of West-Kazakhstan Oblast | | |
| 9 | Aktau, Mungistauskaya Oblast – Partnership with Enterprise and Industry Department of Mangistau Oblast | | |
| 10 | Pavlodar, Pavlodarskaya Oblast – Partnership with Enterprise and Industry Department of Pavlodarskaya Oblast | | |
| 11 | Oskemen, East Kazakhstan Oblast - Partnership with Akimat of East-Kazakhstan Oblast | | |
| 12 | Ridder, East Kazakhstan Oblast - Partnership with Akimat of the city of Ridder | | |
| 13 | Zyryanovsk, East Kazakhstan Oblast - Partnership with Akimat of the city of Zyryanovsk | | |
| 14 | Molodezhnoye, East Kazakhstan Oblast - Partnership with Akimat of Ulan Region | | |
| 15 | Bolshenarymskoye, East Kazakhstan Oblast – Partnership with Akimat of Katon-Karagayskiy Region | | |
| 16 | Ayagoz, East Kazakhstan Oblast – Partnership with Akimat of Ayagozskiy region | | |
| 17 | Shemonaikha, East Kazakhstan Oblast – Partnership with Akimat of Shemonaikhskiy Region | | |
| 18 | Borodulikha, East Kazakhstan Oblast - Partnership with Akimat of Borodulikhskiy Region | | |
| 19 | Glubokoye, East Kazakhstan Oblast - Partnership with Regional Justice Department | | |
| 20 | Georgievka, East Kazakhstan Oblast - Partnership with Akimat of Zharminskiy Region | | |
| 21 | Urdzhar, East Kazakhstan Oblast - Partnership with Akimat of Urdzharskiy Region | | |
| 22 | Kokpekty, East Kazakhstan Oblast - Partnership with Akimat of Kokpektinskiy Region | | |
| 23 | Shymkent, South Kazakhstan Oblast - Partnership with Akimat of South Kazakhstan Oblast | | |
| 24 | Kyzyl-Orda, Kyzylordinskaya Oblast - Partnership with Enterprise and Industry Department of Kyzylordinskaya Oblast | | |
| 25 | Taraz, Zhambyl Oblast - Partnership with Social and Business Corporation "Ontustyk" | | |
| 26 | Aksu, South Kazakhstan Oblast - Partnership with Akimat of Sayranskiy Region | | |
| 27 | Lenger, South Kazakhstan Oblast - Partnership with Akimat of Tolebiyskiy Region | | |

| Kyrgyz Republic | | Target | Result |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| No. | Number of municipalities receiving BEI assistance either directly or through 3rd parties | 15 | 17 |
| 1 | Bishkek city, Chui Oblast - partnership with Bishkek Mayor's Office | | |
| 2 | Osh city, Osh Oblast - partnership with Osh Mayor's Office | | |
| 3 | Osh Oblast - partnership with Governor's Office, southern office of MEDT | | |
| 4 | Karasu city, Osh Oblast - partnership with association "Ishker" | | |
| 5 | Alay district, Osh Oblast - partnership with association of entrepreneurs of Alay district | | |
| 6 | Talas city, Talas Oblast - trainings on reforms to the Tax Code | | |
| 7 | Nookat city, Osh Oblast - partnership with association "Zolotoy plod" | | |
| 8 | Jalalabat city, Jalalabat Oblast - partnership with association of entrepreneurs of Jalalabat oblast | | |
| 9 | Jalalabad Oblast - trainings on reforms to the Tax Code | | |
| 10 | Batken city, Batken Oblast - Committee for Investments and External ties of Batken oblast | | |
| 12 | Naryn Oblast - trainings on reforms to the Tax Code | | |
| 13 | Karabalta city, Chui Oblast - partnership with Union of Entrepreneurs of Kyrgyzstan | | |
| 14 | Tokmok city, Chui Oblast - partnership with Union of Entrepreneurs of Kyrgyzstan | | |
| 16 | Karakol city, Issyk Kul Oblast - trainings on the law "On a state registration of legal entities, branches and representative offices" | | |
| 17 | Cholpon-ata City, Issyk-Kul Oblast - trainings on reforms to the Tax Code | | |
| Republic of Tajikistan | | Target | Result |
| No. | Number of municipalities receiving BEI assistance either directly or through 3rd parties | 7 | 10 |
| 1 | Sogd Oblast - partnership with Public Expert Council on Economic Development under the Chairman of Sogd Oblast | | |
| 2 | Khujand City, Sogd Oblast - partnership with the Council of Business Associations and Department on Investment and State Property Management of Sogd Oblast | | |
| 3 | Khorog City, Gorno-Badakhshan Autonomous Oblast (GBAO) - partnership with the Custom Consultative Council of GBAO | | |
| 4 | Gorno-Badakhshan Autonomous Oblast (GBAO) - partnership with the Expert Council under the Chairman of GBAO | | |
| 5 | Kurgantube, Khatlon Oblast - partnership with the Custom Consultative Council of Khatlon Oblast | | |
| 6 | Dushanbe City, Khatlon Oblast - partnership with the Council of Business Associations and Public Unions of RT | | |
| 7 | Chkalovsk City, Sogd Oblast - Review of legislation updates and 200 days reform program support | | |
| 8 | Asht City, Sogd Oblast - Review of legislation updates and 200 days reform program support | | |
| 9 | J. Rasulov District, Sogd oblast - Review of legislation updates and 200 days reform program support | | |
| 10 | Spitamien District, Sogd oblast - Review of legislation updates and 200 days reform program support | | |

APPENDIX II: BEI PARTICIPANT TRAINING REPORT (2008 – 2009)

| Training Program Data | | | | | |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------|------------|------------------|
| Training Program Name: | Business Environment Improvement Project | | | | |
| USAID Managing Activity (Funding Contract): | 176-C-00-06-00007 | | | | |
| USAID Strategic Objective: | Strategic Objective 1.3, Improved Environment for the Growth of Small and Medium-sized Enterprises, and specifically Intermediate Result 1.3.3, Improved Implementation of Laws and Regulations | | | | |
| Field of Study: | Business Legal and Regulatory Simplification/Reform | | | | |
| Training Type: | Multiple | | | | |
| Training Location: | Multiple | | | | |
| Program Start Date: | 10/01/2006 | | | | |
| Program End Date: | 09/31/2010 | | | | |
| Program Status: | Ongoing | | | | |
| Training Provider (Name, City, State, & Country): | Multiple | | | | |
| Name of the Prime Contractor for the Activity. | Business Environment Improvement Project, implemented by the Pragma Corporation | | | | |
| Street Address and country of the contractor. | 17 Nauryzbai Batyr, Office 211, Almaty 050004, Kazakhstan | | | | |
| TRAINING COMPONENTS: If the Training Program has multiple events, Please list all components: | | | | | |
| Component Name | Training Type | Training Provider (Name, City, State, & Country) | Start Date | End Date | Full-Time Equiv. |
| Conference "Improvement of Kazakhstan's positions in the World Bank "Doing Business" rating" | Info/training seminar | E. Orynbayev, Astana, Kazakhstan | 12/10/2008 | 12/10/2008 | 3.3 hours |
| Round Table on voluntary liquidation issues | Info presentation | Paltasheva M., Astana, Kazakhstan | 11/11/2008 | 11/11/2008 | 3 hours |
| Seminar on tax accounts | Info/training seminar | N. Ospanov, Shymkent, Kazakhstan | 9/19/2008 | 9/19/2008 | 2 hours |
| Seminar on tax inspections | Info/training seminar | M. Mirzasatov, Shymkent, Kazakhstan | 11/10/2008 | 11/10/2008 | 2 hours |
| "Collaboration of executive power and business-community" forum | Info/training presentation | Arman Zhetpisbayev, Shymkent, Kazakhstan | 11/27/2008 | 11/27/2008 | 2.5 hours |
| Round Table on starting a business | Info presentation | Tatyana Shpuling, Shymkent, Kazakhstan | 12/12/2008 | 12/12/2008 | 2 hours |
| Presentation of Concept of inspection system | Info presentation | Tatyana Shpuling, Shymkent, Kazakhstan | 12/12/2008 | 12/12/2008 | 2.5 hours |
| Presentation of permitting system concept | Info presentation | Tatyana Shpuling, Shymkent, Kazakhstan | 12/24/2008 | 12/24/2008 | 1.5 hours |
| Round Table on transfer of licensing, accreditation and certification to competitive sphere | Info presentation | Tatyana Shpuling, Shymkent, Kazakhstan | 12/24/2008 | 12/24/2008 | 1.5 hours |
| Round Table on improvement of registering real property procedure | Info presentation | Zhumina A.T., Oral, Kazakhstan | 10/31/2008 | 10/31/2008 | 2 hours |

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| Round Table on discuss Concept of inspections | Info presentation | Zhumina A.T., Oral, Kazakhstan | 11/27/2008 | 11/27/2008 | 2 hours |
| Round Table on state regulation of enterprise | Info presentation | Paltasheva M., Astana, Kazakhstan | 12/11/2008 | 12/11/2008 | 3 hours |
| Round Table on voluntary liquidation of legal entities | Info presentation | Muhambetkaliyev N.M., Oral, Kazakhstan | 12/12/2008 | 12/12/2008 | 2.5 hours |
| Round Table on draft Concept of inspections | Info presentation | Samoylov A., Oskemen, Kazakhstan | 11/18/2008 | 11/18/2008 | 1.5 hours |
| Methodological seminar with undergraduates on RIA methodology | Training seminar | Samoylov A., Oskemen, Kazakhstan | 11/27/2008 | 11/27/2008 | 1 hour |
| Training on methodology for making administrative procedure schemes | Training seminar | Samoylov A., Oskemen, Kazakhstan | 11/26/2008 | 11/26/2008 | 1 hour |
| Training on methodology for making administrative procedure schemes | Training seminar | Samoylov A., Oskemen, Kazakhstan | 11/28/2008 | 11/28/2008 | 1 hour |
| Training on methodology for making administrative procedure schemes | Training seminar | Samoylov A., Oskemen, Kazakhstan | 12/01/2008 | 12/01/2008 | 1 hour |
| Round Table on the World Bank "Doing Business" issues | Info presentation | Y. Krupochkina, Astana, Kazakhstan | 11/14/2008 | 11/14/2008 | 3 hours |
| Presentation of methodology and goals of WB DB Registering Property and Starting a Business indicators in Almalinskiy region of Almaty city | Info presentation | Y. Krupochkina, Astana, Kazakhstan | 11/25/2008 | 11/25/2008 | 1 hour |
| Presentation of methodology and goals of WB DB Registering Property and Starting a Business indicators in Bostandykskiy region of Almaty city | Info presentation | Y. Krupochkina, Astana, Kazakhstan | 11/26/2008 | 11/26/2008 | 1 hour |
| Presentation of methodology and goals of WB DB Registering Property and Starting a Business indicators in Turksibskiy region of Almaty city | Info presentation | Y. Krupochkina, Astana, Kazakhstan | 11/27/2008 | 11/27/2008 | 1 hour |
| Round Table on WB DB "Closing a Business" indicator | Info presentation | Adilhanov M.B., Almaty, Kazakhstan | 12/19/2008 | 12/19/2008 | 2 hours |
| Round Table on Concept of permitting system improvement in 2009-2011 and inspections | Info presentation | Sapiev B.Sh, Almaty, Kazakhstan | 12/19/2008 | 12/19/2008 | 1.5 hours |
| Theory and practice on methodology of RIA analysis under the development of draft NLAs | Training seminar | BEI and MEDT, Bishkek, Kyrgyz Republic | 9/29/2008 | 10/7/2008 | 21 hours |
| Round table on the draft Law "On registration of legal entities, branches (representatives)" | Info presentation | BEI, Bishkek, Kyrgyz Republic | 10/27/2008 | 10/27/2008 | 4 hours |
| Round table for Parliament Committee discussion of the draft Law "On registration of legal entities, branches (representatives)" | Info presentation | Parliament Committee for Constitutional Legislation, Bishkek, Kyrgyz Republic | 11/4/2008 | 11/4/2008 | 4hours |
| Improvement of GoKR legislative planning and increase of effectiveness of inter-agency interaction within the process of development and reconciliation of the Draft NLAs | Training seminar | BEI and Office of the Government KR, Bishkek, Kyrgyz Republic | 11/20/2008 | 11/20/2008 | 3 hours |
| Round table on New Tax code | Info presentation | BEI and EREC and Tax office, Osh, Kyrgyz Republic | 12/15/2008 | 12/15/2008 | 6 hours |
| Seminar on New Tax code | Training seminar | BEI and EREC and Tax office, Osh, | 12/16/2008 | 12/16/2008 | 4 hours |

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| | | Kyrgyz Republic | | | |
| Round table on New Tax code | Info presentation | BEI and EREC and Tax office, Jalalabat, Kyrgyz Republic | 12/17/2008 | 12/17/2008 | 6 hours |
| Seminar on New Tax code | Training seminar | BEI and EREC and Tax office, Jalalabat, Kyrgyz Republic | 12/18/2008 | 12/18/2008 | 4 hours |
| Doing Business Advisory Workshop in Kyrgyz Republic | Training seminar | BEI and WB-IFC, Bishkek, Kyrgyz Republic | 10/6/2008 | 10/6/2008 | 6 hours |
| Round Table on New Tax Code KR | Info presentation | BEI and EREC and SCTC, Bishkek, Kyrgyz Republic | 12/10/2008 | 12/10/2008 | 7 hours |
| Seminar on New Tax Code KR | Training seminar | BEI and EREC and SCTC, Bishkek, Kyrgyz Republic | 12/11/2008 | 12/11/2008 | 3 hours |
| Round Table and Seminar on New Tax Code KR | Training seminar | BEI and EREC and SCTC, Tokmok, Kyrgyz Republic | 12/12/2008 | 12/12/2008 | 5 hours |
| Establishing effective cooperation between public and private sectors in entrepreneurship development | Training seminar | BEI, Varzob, Republic of Tajikistan | 10/10/2008 | 10/11/2008 | 16 hours |
| Round Table on New KR Tax Code | Info presentation | BEI and EREC and SCTC, Cholpon-Ata, Kyrgyz Republic | 12/23/2008 | 12/23/2008 | 7 hours |
| Seminar on New KR Tax Code KR | Training seminar | BEI and EREC and SCTC, Cholpon-Ata, Kyrgyz Republic | 12/24/2008 | 12/24/2008 | 4 hours |
| Round Table and Seminar on New KR Tax Code | Training seminar | BEI and EREC and SCTC, Talas, Kyrgyz Republic | 12/26/2008 | 12/26/2008 | 7 hours |
| Seminar on the World Bank "Doing Business" methodology | Training seminar | Yelizaveta Krupochkina BEI, Astana, Kazakhstan | 02/02/2009 | 02/02/2009 | 2 hours |
| Seminar on introduction of regulations for the "one-stop-shop" principle implementation in licensing | Training Seminar | Tatyana Shpuling BEI and Islam Abishev Deputy Akim SKO, Shymkent, Kazakhstan | 02/05/2009 | 02/05/2009 | 2.5 hours |
| Presentation of the BEI Project activity in the area of the World Bank "Doing Business" | Info presentation | Yelizaveta Krupochkina BEI, Shymkent, Kazakhstan | 02/05/2009 | 02/05/2009 | 1 hours |
| Training on inventory of legal acts in permitting system | Training seminar | Igor Gutan, Astana, Kazakhstan | 03/05/2009 | 03/05/2009 | 2 hours |
| Training on inventory of legal acts in permitting system | Training seminar | Igor Gutan, Astana, Kazakhstan | 03/13/2009 | 03/13/2009 | 3 hours |
| "Review of legislation updates and 200 days reform program support" | Training seminar | BEI, Chkalovsk, Republic of Tajikistan | 3/11/2009 | 3/11/2009 | 4 hours |
| "Review of legislation updates and 200 days reform program support" | Training seminar | BEI, Asht, Republic of Tajikistan | 3/12/2009 | 3/12/2009 | 4 hours |
| Presentation of SEZ in Tajikistan | Info presentation | BEI, Dushanbe, Republic of Tajikistan | 3/17/2009 | 3/17/2009 | 4 hours |
| "Review of legislation updates and 200 days reform program support" | Training seminar | BEI, Dushanbe, Republic of Tajikistan | 3/18/2009 | 3/18/2009 | 4 hours |
| Round Table on New KR Tax Code | Info presentation | BEI and EREC and SCTC, Naryn, Kyrgyz Republic | 2/3/2009 | 2/3/2009 | 6 hours |
| Round Table on New KR Tax Code | Info presentation | BEI and EREC and SCTC, Karakol, Kyrgyz Republic | 2/4/2009 | 2/4/2009 | 7 hours |
| Seminar on RIA | Training seminar | BEI, Bishkek, Kyrgyz Republic | 2/2/2009 | 2/2/2009 | 11 hours |
| Seminar for the experts of the Department of the State | Training seminar | BEI and Department of State Sanitary | 11/20/2008 | 11/20/2008 | 4 hours |

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| Sanitary and Epidemiological Oversight "On implementation of the KR Law on the Inspections Orders of the Entrepreneurship" | | and Epidemiological Oversight, Kadamjay, Kyrgyz Republic | | | |
| Seminar for the experts of the Department of the State Sanitary and Epidemiological Oversight "On implementation of the KR Law on the Inspections Orders of the Entrepreneurship" | Training seminar | BEI and Department of State Sanitary and Epidemiological Oversight, Osh, Kyrgyz Republic | 3/3/2009 | 3/3/2009 | 4 hours |
| Seminar for the experts of the Department of the State Sanitary and Epidemiological Oversight "On implementation of the KR Law on the Inspections Orders of the Entrepreneurship" | Training seminar | BEI and Department of State Sanitary and Epidemiological Oversight, Jalal-Abad, Kyrgyz Republic | 3/4/2009 | 3/4/2009 | 4 hours |
| Seminar for the experts of the Department of the State Sanitary and Epidemiological Oversight "On implementation of the KR Law on the Inspections Orders of the Entrepreneurship" | Training seminar | BEI and Department of State Sanitary and Epidemiological Oversight, Cholpon-Ata, Kyrgyz Republic | 12/17/2008 | 12/17/2008 | 4 hours |
| Seminar for the experts of the Department of the State Sanitary and Epidemiological Oversight "On implementation of the KR Law on the Inspections Orders of the Entrepreneurship" | Training seminar | BEI and Department of State Sanitary and Epidemiological Oversight, Bishkek, Kyrgyz Republic | 12/16/2008 | 12/16/2008 | 4 hours |
| Seminar for the experts of the Department of the State Sanitary and Epidemiological Oversight "On implementation of the KR Law on the Inspections Orders of the Entrepreneurship" | Training seminar | BEI and Department of State Sanitary and Epidemiological Oversight, Talas, Kyrgyz Republic | 12/19/2008 | 12/19/2008 | 4 hours |
| Seminar for the experts of the Department of the State Sanitary and Epidemiological Oversight "On implementation of the KR Law on the Inspections Orders of the Entrepreneurship" | Training seminar | BEI and Department of State Sanitary and Epidemiological Oversight, Bishkek, Kyrgyz Republic | 12/23/2008 | 12/23/2008 | 4 hours |
| "Construction activity in Tajikistan. Present and Future" | Training Seminar | BEI, Dushanbe, Republic of Tajikistan | 6/11/2009 | 6/11/2009 | 4 hours |
| Seminar on "Doing Business Reforms in Kazakhstan: Progress to Date and Planning Ahead" | Training seminar | BEI and WB/Andrea Dall'Olio, Almaty, Kazakhstan | 6/26/2009 | 6/26/2009 | 8 hours |
| Round table on "Problems in closing a business procedure" | Info presentation | BEI/Izteleuova Zhanat, Astana, Kazakhstan | 7/24/2009 | 7/24/2009 | 2 hours |
| Round Table on tax issues | Info presentation | BEI/Kalmenov Samat, Shymkent, Kazakhstan | 8/6/2009 | 8/6/2009 | 2 hours |
| Round Table "Web resources of state bodies from citizens' point of view" | Training seminar | BEI/Nattarova Y., Oskemen, Kazakhstan | 8/25/2009 | 8/25/2009 | 2 hours |
| Seminar "New rules for business inspections" | Training seminar | BEI/Kazantseva G.S., Oskemen, Kazakhstan | 9/9/2009 | 9/9/2009 | 1 hour |
| Round table on tax issues | Info presentation | BEI/Tokhtarkhanov E.K. and Kazantseva G.S. and Samoylov A.G., Oskemen, Kazakhstan | 9/9/2009 | 9/9/2009 | 2 hours |
| WB Doing Business Phase II | Training Seminar | MERT, Bishkek, Kyrgyz Republic | 5/19/2009 | 5/20/2009 | 2 hours |
| Prompt Legal Lobbying Service | Training presentation | MERT, Bishkek | 6/10/2009 | 6/10/2009 | 1 hour |
| Workshops on the new law "On a state registration | Training Seminar | BEI and MOJ of KR, Bishkek, Kyrgyz | 4/6/2009 | 4/6/2009 | 3 hours |

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| of legal entities, branches and representative offices" effective April 1, 2009 | | Republic | | | |
| Workshops on the new law "On a state registration of legal entities, branches and representative offices" effective April 1, 2009 | Training Seminar | BEI and MOJ of KR, Karakol, Kyrgyz Republic | 4/13/2009 | 4/13/2009 | 3 hours |
| "Construction activity in Tajikistan. Present and Future" | Training Seminar | BEI, Dushanbe, Republic of Tajikistan | 6/11/2009 | 6/11/2009 | 4 hours |
| Seminar on "Doing Business Reforms in Kazakhstan: Progress to Date and Planning Ahead" | Training seminar | BEI and WB/Andrea Dall'Olio, Almaty, Kazakhstan | 6/26/2009 | 6/26/2009 | 8 hours |
| Round table on "Problems in closing a business procedure" | Info presentation | BEI/Izteleuova Zhanat, Astana, Kazakhstan | 7/24/2009 | 7/24/2009 | 2 hours |
| Round Table on tax issues | Info presentation | BEI/Kalmenov Samat, Shymkent, Kazakhstan | 8/6/2009 | 8/6/2009 | 2 hours |
| Round Table "Web resources of state bodies from citizens' point of view" | Training seminar | BEI/Nattarova Y., Oskemen, Kazakhstan | 8/25/2009 | 8/25/2009 | 2 hours |
| Seminar "New rules for business inspections" | Training seminar | BEI/Kazantseva G.S., Oskemen, Kazakhstan | 9/9/2009 | 9/9/2009 | 1 hour |
| Round table on tax issues | Info presentation | BEI/Tokhtarkhanov E.K. and Kazantseva G.S. and Samoylov A.G., Oskemen, Kazakhstan | 9/9/2009 | 9/9/2009 | 2 hours |
| WB Doing Business Phase II | Training Seminar | MERT, Bishkek, Kyrgyz Republic | 5/19/2009 | 5/20/2009 | 2 hours |
| Prompt Legal Lobbying Service | Training presentation | MERT, Bishkek | 6/10/2009 | 6/10/2009 | 1 hour |
| Workshops on the new law "On a state registration of legal entities, branches and representative offices" effective April 1, 2009 | Training Seminar | BEI and MOJ of KR, Bishkek, Kyrgyz Republic | 06 April 2009 | 06 April 2009 | 3 hours |
| Workshops on the new law "On a state registration of legal entities, branches and representative offices" effective April 1, 2009 | Training Seminar | BEI and MOJ of KR, Karakol, Kyrgyz Republic | 13 April 2009 | 13 April 2009 | 3 hours |
| Workshops on the new law "On a state registration of legal entities, branches and representative offices" effective April 1, 2009 | Training Seminar | BEI and MOJ of KR, Naryn, Kyrgyz Republic | 14 April 2009 | 14 April 2009 | 3 hours |
| Workshops on the new law "On a state registration of legal entities, branches and representative offices" effective April 1, 2009 | Training Seminar | BEI and MOJ of KR, Talas, Kyrgyz Republic | 16 April 2009 | 16 April 2009 | 3 hours |
| Workshops on the new law "On a state registration of legal entities, branches and representative offices" effective April 1, 2009 | Training Seminar | BEI and MOJ of KR, Osh, Kyrgyz Republic | 08 April 2009 | 08 April 2009 | 3 hours |
| "Construction activity in Tajikistan. Present and Future" | Training Seminar | BEI, Dushanbe, Republic of Tajikistan | 6/11/2009 | 6/11/2009 | 4 hours |
| Seminar on "Doing Business Reforms in Kazakhstan: Progress to Date and Planning Ahead" | Training seminar | BEI and WB/Andrea Dall'Olio, Almaty, Kazakhstan | 6/26/2009 | 6/26/2009 | 8 hours |
| Round table on "Problems in closing a business procedure" | Info presentation | BEI/Izteleuova Zhanat, Astana, | 7/24/2009 | 7/24/2009 | 2 hours |

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| | | Kazakhstan | | | |
| Round Table on tax issues | Info presentation | BEI/Kalmenov Samat, Shymkent, Kazakhstan | 8/6/2009 | 8/6/2009 | 2 hours |
| Round Table "Web resources of state bodies from citizens' point of view" | Training seminar | BEI/Nattarova Y., Oskemen, Kazakhstan | 8/25/2009 | 8/25/2009 | 2 hours |

| FUNDING DATA: (Line-1: Amount Budgeted; Line-2: Amount Spent) | | | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|-------------------------|---------|--------|-------------|---------|--------|-------------|---------|--------|--|
| USAID | | | Host Country Government | | | Provider | | | Private | | | |
| Instruction | Trainee | Travel | Instruction | Trainee | Travel | Instruction | Trainee | Travel | Instruction | Trainee | Travel | |
| <i>(All trainings not listed below have no separate, budgeted cost elements, and were provided as part of other work.)</i> | | | | | | | | | | | | |
| \$0 | | | \$0 | | | \$0 | | | \$0 | | | |
| \$0 | | | \$0 | | | \$0 | | | \$0 | | | |
| Round Table on starting a business issues | | | | | | | | | | | | |
| \$125 | | | | | | | | | | | | |
| \$125 | | | | | | | | | | | | |
| Presentation of Concept of inspection system | | | | | | | | | | | | |
| \$125 | | | | | | | | | | | | |
| \$125 | | | | | | | | | | | | |
| Round Table on voluntary liquidation of legal entities | | | | | | | | | | | | |
| \$250 | | | | | | | | | | | | |
| \$250 | | | | | | | | | | | | |
| Theory and practice on methodology of RIA analysis under the development of draft NLAs | | | | | | | | | | | | |
| \$1392 | | | | | | | | | | | | |
| \$1392 | | | | | | | | | | | | |
| Round table on the draft Law "On registration of legal entities, branches (representatives)" | | | | | | | | | | | | |
| \$254 | | | | | | | | | | | | |
| \$254 | | | | | | | | | | | | |
| Improvement of GoKR legislative planning and increase of effectiveness of inter-agency interaction within the process of development and reconciliation of the Draft NLAs | | | | | | | | | | | | |
| \$3100 | | | | | | | | | | | | |
| \$3100 | | | | | | | | | | | | |
| Round table on New Tax code | | | | | | | | | | | | |
| \$673 | | | | | | | | | | | | |
| \$673 | | | | | | | | | | | | |
| Seminar on New Tax code | | | | | | | | | | | | |
| \$362 | | | | | | | | | | | | |
| \$362 | | | | | | | | | | | | |
| Round table on New Tax code | | | | | | | | | | | | |
| \$773 | | | | | | | | | | | | |
| \$773 | | | | | | | | | | | | |
| Seminar on New Tax code | | | | | | | | | | | | |

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| \$3613.15 | | | | | | | | | | | | |
| Regional workshops on the new law "On a state registration of legal entities, branches and representative offices" for Bishkek, Karakol, Naryn, Talas, Osh, Jalal-Abad | | | | | | | | | | | | |
| \$1000.00 | | | | | | | | | | | | |
| \$1000.00 | | | | | | | | | | | | |
| WB Doing Business Phase II | | | | | | | | | | | | |
| \$127.75 | | | | | | | | | | | | |
| \$127.75 | | | | | | | | | | | | |
| Promt Legal Lobbying Service | | | | | | | | | | | | |
| \$14.70 | | | | | | | | | | | | |
| \$14.70 | | | | | | | | | | | | |
| "Construction activity in Tajikistan. Present and Future" | | | | | | | | | | | | |
| \$597.40 | | | | | | | | | | | | |
| \$597.40 | | | | | | | | | | | | |

| For In-Country Programs Only | |
|-------------------------------------|-----------------------|
| # of Males Attended | # of Females Attended |
| 1727 | 1436 |

U.S. Agency for International Development

Central Asia Regional Mission

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