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CENTRAL ASIAN REPUBLICS

BUSINESS ENVIRONMENT IMPROVEMENT PROJECT

QUARTERLY REPORT
APRIL – JUNE 2008

July 1, 2008

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TABLE OF CONTENTS

KAZAKHSTAN.....	1
GENERAL.....	1
TECHNICAL.....	1
UPCOMING EVENTS	6
KYRGYZ REPUBLIC	6
GENERAL.....	6
TECHNICAL.....	7
UPCOMING EVENTS	14
TAJIKISTAN.....	14
GENERAL.....	14
TECHNICAL.....	15
UPCOMING EVENTS	19
WORK PLAN REPORTS	20
KAZAKHSTAN (KZ).....	20
KYRGYZ REPUBLIC (KR).....	30
TAJIKISTAN (TJ).....	40
REGIONAL (RE).....	48

The Business Environment Improvement Project (BEI) is pleased to submit its quarterly report to USAID detailing progress and achievements for the period April – June 2008.

KAZAKHSTAN

GENERAL

BEI Kazakhstan is pleased to announce considerable success during the April-June reporting period on direct improvements to World Bank Doing Business indicator-linked reforms. This includes decrees signed by Prime Minister Masimov that hold the potential to improve Kazakhstan's Dealing with Licenses rank from 173 to 87. With further efforts planned by the GoK and BEI to clarify the Dealing with Licenses process with the World Bank, Kazakhstan's rank may rise further, to 43.

BEI private-sector partners, including direct subcontractors, have also been very active, and have facilitated reforms estimated to total over \$6.9 million in estimated annual economic impact and cost-savings. Economic impact for recent construction-related reforms is pending full calculation. Based on BEI's approved 2007-2008 work plan, of 53 items expecting completion by this report-date, 79.2% (42) have been completed, and the remaining 11 items have been rescheduled to accommodate official government partner work schedules.

TECHNICAL

- Based on BEI's February tender results, new contracts with subcontractors were signed on April 1, for a period of two years each. Subcontractors are: the Independent Entrepreneurs Association in WKO (Uralsk), Fund for the Information Support for the Development of Society (Ust - Kamenogorsk), Business Incubator SODBI (Shymkent), and the Association for Protection of Entrepreneur's Rights in Astana.
- BEI presented to the MoJ on May 22 its monitoring results for recommendation implementation for PSCs, regarding the public service quality in 6 cities of Kazakhstan. Monitoring shows that many BEI recommendations have been accepted and implemented by the PSCs. For example: standards for service provision have been developed, call centers organized, and separate windows for streamlining processes to service entrepreneurs and SMEs were adopted. – **KZ 01**
- The Government of Kazakhstan continues to pursue doing business-related simplifications via the Committee on Elimination of Administrative Barriers, created by decree of Prime Minister Masimov. The BEI Project is a direct member of this committee, and has presented specific recommendations and suggestions on entrepreneurship procedures simplification for committee review. These recommendations include the following to date:
 - Reduction in numbers of procedures and simplification of the system for obtaining construction permits, reduced qualification requirements for obtaining a license for planning and surveying activities;
 - Simplification of legal entity and SME registration procedures;
 - Simplification of licensing regulations for companies engaged in the collection and conversion of iron and non-ferrous metals

- Development of a new concept for Kazakhstan’s permitting system, including licensing, accreditation, mandatory certification, attestation, and inspections, with associated analysis of in-process and adopted regulatory acts;
- Reduction of numbers of types of activities subject to licensing;
- Simplification of the voluntary liquidation procedure for legal entities and individual entrepreneurs;
- Elimination of duplicate permitting requirements; and,
- Use of international best-practice experience regarding permitting procedure reforms and review of legislation using Regulatory Impact Analysis and the regulatory “guillotine.”

During the committee’s four sessions to date, a number of these recommendations have been accepted and signed, and are discussed under their specific work plan sections. – **KZ 02, KZ 03, KZ 04, KZ 06, KZ 07, KZ 09**

- BEI with partners, the Forum of Entrepreneurs of Kazakhstan, Independent Association of Entrepreneurs, and the Association for Protection of Entrepreneur’s Rights in Astana, on June 6 presented implementation monitoring results for the law “On Licensing” and recommendations for improving the permitting system to the Ministry of Economy and Budget Planning and other guest ministries, such as to reduce the number of types and subtypes of licensing activity, to cancel notary requirements, and to develop unified requirement and procedures for all regions on rendering state services. As a result, the MEBP has requested BEI assist in developing an improved concept for its permitting system. For this, international expert Garland Boyette was invited to assist, and he will work in Kazakhstan from June 8 to September 1, 2008, in close partnership with MEBP, MIT, and the interdepartmental working group on optimization of permitting systems. At the request of MEBP, BEI will also assist in conducting a seminar in Almaty in the mid-July for all Kazakhstani licensing agencies on organization of the streamlined concept, based on the Almaty Akimat’s example. – **KZ 02**
- Based on recommendations from BEI and the Business Association of Secondary Metallurgy regarding licensing for the collection and recycling of iron and non-ferrous metals, the Government issued Decree #426 on May 6, 2008, changing issuing terms from 5-year, volume-dependent licenses to general, volume-independent licenses. Recommendations accepted for this decree also defeat a planned increase in the on-hand assets qualification requirement for the license by 33%, preventing this increase is expected to save an estimated 300 SME secondary metallurgy enterprises an average total of \$5.5 million USD per year, which the businesses would otherwise be forced to acquire simply to qualify for operation. – **KZ 02**
- During May BEI subcontractor Business Incubator SODBI facilitated the formation of a commission on identification and reduction of administrative barriers under the Akim of Shymkent. Based on recommendations from SODBI, this commission has taken a series of steps to improve the business environment in South Kazakhstan Oblast, including:
 - Elimination of requirement to provide official document on place of resident to Department of Entrepreneurship of South Kazakhstan Oblast when obtaining licenses for individual entrepreneur’s sale of alcohol. Estimated economic impact of \$30,900 USD per year.
 - Simplification land acquisition process for commercial purposes via reform of Land Commission, by Decree of Akim. Entrepreneurs are estimated to save between 2 weeks and 2 months when working with Land Commission. Full economic impact to be determined.

- Cancellation of an illegal requirement for Department of Technical Regulation metrological documents during licensing of alcohol sellers. Estimated economic impact of over \$451,200 per year for SKO entrepreneurs.
- Reduction in time required for patent registration with Shymkent tax bodies and issuance of individual entrepreneur certificate from 12 days (both steps) to 3 days. Estimated economic impact of \$940,000 USD per year for Shymkent entrepreneurs.

The Commission is considering further reforms on procedures for voluntary liquidation of businesses, business and property registration, improvement of Shymkent PSCs, tax administration, construction permitting, acquisition of land, licensing issues, inspections, and other permitting procedures. The activities of BEI and this Commission, and their results, have been broadly highlighted on local television and press. – **KZ 02, 03, 04, 05, 08**

- PM Masimov signed Governmental Decrees #422 and #425 on May 6, 2008, and #569 on June 11 2008. These Decrees are based on BEI recommendations to the Commission on Elimination of Administrative Barriers on simplification of the construction permitting system, including the elimination or reduction in time of several steps, reduction of qualification requirements for surveyor licenses, and exemptions for small businesses from electrical utility connection costs. The decrees eliminate 6 procedures, 81 days time, and over 10 million KZT (about \$83,000 USD) in costs from the permitting process as measured by the 2007 World Bank evaluations, reducing steps from 38 to 32, time from 231 to 150 days, and cost from 10.7 million to 310,000 KZT. These changes hold the potential to alter Kazakhstan's Dealing with Licenses rank to 87 (from 173) and overall Doing Business rank to 56 (from 71). BEI is continuing to work with the Commission on further reforms for the construction permitting process, expected during July and August. – **KZ 03**
- According to *Kazakhstan Today*, inspections of SMEs dropped 68% in April 2008 compared with April 2007. According to Assistant to the General Public Prosecutor of Kazakhstan Logan Merkel, "from March 2008 to March 2007, the number of inspections decreased by 43%, and from April 2007 to April 2008, by 68%. The moratorium on inspections of small and medium-sized businesses has produced results." Mr. Merkel noted that most of the remaining audits (87%) were by sanitary and fire services, and he recognized that "presently, there is no uniform state inspections standard. All organizations carry out inspections at their own discretion." PM Masimov has ordered MIT to develop state inspections standards for SMEs by September 2008 so that, "beginning next year when the moratorium ends, inspections are carried out according to the standard". BEI is closely involved in this initiative of MIT and the Prime Minister, and these statistics support previous economic impact estimates for the moratorium. – **KZ 04**
- As the result of a recent inspections advocacy campaign joint round-table with the Ministry of Industry and Trade, MIT requested that the BEI Project and FEK develop a new concept for state regulation and administration--including inspections. This concept is planned to be presented to MIT on August 20, and BEI is currently developing the scope of work for this task, which is expected to draw heavily on inspections reform experiences from Kyrgyzstan and the expert advice of RTA Olga Moreva and STTA Garland Boyette. – **KZ 04, 08, 10**
- The tax coordination group and Tax Committee of the Ministry of Finance decided to conduct the next tax survey as a qualitatively new design. This survey is to cover the improvement of the tax administration in terms of tax body services and optimization of forms. The Kazakhstan Taxpayers Association has submitted a grant application to carry out this survey, and it is currently under consideration by the KZ GMT. – **KZ 05**

- During the period BEI completed analysis of the implementation of the law “On Registration of Immovable Property Rights and Transactions with Them.” BEI is currently developing a report with private-sector input for the MoJ and partners based on this monitoring, with recommendations on reducing of time and costs of property registration. One such recommendation will be the creation of a common interdepartmental database, in which state bodies on architecture, land resources, and other appropriate state bodies could fill information and perform searches, which would greatly reduce costs in property registration. This final report will be presented at the beginning of July. – **KZ 06**
- Changes and amendments to the law “On Bankruptcy”, including BEI recommendations, have passed their second hearing in the Senate and the Law is expected to be signed during July. BEI is currently finalizing an expert report on the procedure of voluntary liquidation of legal entities, which, based on state and private-sector input, includes recommendations on legislation and procedure simplification. These include reducing number of procedures and costs of services, exempting small business from audit inspections, reducing of terms for tax inspections during liquidation, and elimination of tax inspections for individual entrepreneurs who work under patents. The final report with recommendations will be presented to the PM’s Commission, in August. – **KZ 07, 08**
- BEI continues to work closely with the GoK on Doing Business simplification and to liaison with the World Bank on recent reforms enacted by the PM, especially in the construction permitting sphere. The PM’s Committee plans further work on other WB DB areas, and additional construction reforms. To assist in this, BEI has organized in June a regional study tour to Georgia to investigate their experience with WBDB-related reforms, and for representatives from the Ministry of Economy and Budget Planning of Kazakhstan, specifically construction permitting (Dealing with Licenses) reforms. BEI expects to receive feedback from participants on lessons learned, during August. – **KZ 09**
- BEI RTA Olga Moreva presented “International experience on permitting procedures,” regarding usage of RIA and regulatory guillotine methodologies, for ministerial round tables on inspections and licensing in April and June. As a result, PM Masimov, MIT, and MEBP have expressed interest in learning these methods and practicing them in Kazakhstan, and have requested a detailed presentation of the regulatory guillotine methodology for the Commission on Administrative Barriers. This presentation is planned jointly by Country Director Sergey Pizikov and RTA Krassen Stanchev, on July 26. – **KZ 10**
- BEI and the Forum of Entrepreneurs of Kazakhstan have a joint agreement with the Protection of Competition Agency to conduct trainings on RIA for their employees, in August. BEI and the FEK are presently finalizing which areas of the Agency will receive and use RIA training. – **KZ 10**
- BEI and its partners in Kazakhstan appeared in, produced and/or redistributed several information products during the period, including:
 - Untitled TV news update, via *TV Kalken*, *VKTV Kazakhstan*, and *TV 31 Channel* on April 2-3, 2008, on business inspections (BEI and business community advocacy campaign).
 - Spot on analytical TV program *Domu strategiasy* (Kazakh language), via *TV Kalken* on April 5, 2008, on business inspections (BEI and business community advocacy campaign).
 - Spot on analytical program *Rezonans*, via *TV 31 Channel* on April 5, 2008, on business inspections (BEI and business community advocacy campaign).
 - Article on inspections, via *Kapital KZ* on April 14, 2008, as part of BEI and business community advocacy campaign.

- Article on land permitting procedures, via *Business and Education* magazine issue #5(53) in April.
- Article *BEI news: state registration of legal entities*, via *Business and Education* magazine issue #6(54) in April.
- Article *Barriers for business* interview with Sergey Pizikov, via *Business Woman* April issue.
- Article *Arbitration tribunal*, via *National Business* in April issue, on law review.
- Article on business inspections, via *Independent Newspaper* in April, as part of BEI and business community advocacy campaign.
- Article *Joint actions of USAID and Commission on administrative barriers elimination*, via *Kazakh juridical web-site* (www.zakon.kz) on May 6, 2008.
- Article *New tax reporting forms*, via *Business and Education* magazine # 8(56) on May 7, 2008.
- Article *Registration of property rights*, via *Business and Education* magazine # 8(56) on May 7, 2008.
- Article *Business environment improvement in the region*, via *South Kazakhstan newspaper* #7 on May 13, 2008, on the work of the Commission on Administrative Barriers Reduction with the support of the Akimat and USAID.
- Article *Honest game rules*, via *Express-K newspaper* #89(16475) on May 17, 2008.
- Article *Running without barriers*, via *Expert Kazakhstan newspaper* # 21(169) on May 26, 2008.
- Article *Improvement of construction process*, via *South Kazakhstan newspaper* on May 27, 2008, on a joint press-conference between USAID, SodBI, and Atameken in Shymkent.
- Article *Joint actions of BEI, Akimat of South Kazakhstan, oblast department of economic chamber "Atameken" on measures against admin barriers*, via *Kazakh juridical web-site* (www.zakon.kz) on May 28, 2008.
- Article *Joint actions of BEI, Akimat of South Kazakhstan, oblast department of economic chamber "Atameken" on measures against admin barriers*, via *Shymkent City Akimat site* (<http://www.shymkent.gov.kz/news>) on May 30, 2008.
- Article *Real assistance*, via *Panorama of Shymkent newspaper* on May 30, 2008, on the creation of a commission on admin barriers elimination with USAID BEI support.
- Article *Overcoming the administrative barriers*, via *Panorama of Shymkent newspaper* on May 30, 2008, on the activities of USAID/BEI and SodBi.
- Article on business inspections, via *Independent Newspaper* in May, as part of BEI and business community advocacy campaign.
- TV PSA program on business inspections, via *KTK Television Channel* on June 2-7, 2008, airing 15 times and reaching an estimated 84% of the population of Kazakhstan.
- TV program *It is time to get up!*, via *TV Otyrar* on June 9, 2008, on business projects in South Kazakhstan Oblast.
- Article *Expert opinion: Can we trust the Real Estate Fund?*, via *Zhas Kazakh newspaper* on June 13, 2008, by Terence Slywka, BEI COP.
- Article *Let us construct!*, via *Panorama of Shymkent newspaper* on June 13, 2008, on seminar on permitting documents for construction hosted by BEI and SodBi.

- TV program *It is time to get up!*, via *TV Otryrar* on June 16, 2008. Interview with BEI sub-contractor SodBi on land issues and simplification of land allotment procedures.
- TV program *Round table with sharp corners*, via *TV Otryrar* on June 17 and 28 and July 1, 2008, hosting BEI, Akimat of South Kazakhstan, prosecutor office, financial police, and Forum of Entrepreneurs on business inspections to raise public interest in issues.
- Article *Study tour to Tbilisi*, via *Kapital KZ* newspaper on June 19, 2008.
- TV program *Legal Self-defense*, via *TV Otryrar* on June 26 and 28, 2008, for public awareness of legal procedures.

UPCOMING EVENTS

- On August 20, 2008, BEI plans to present the new concept for inspections to the MIT, in Astana.
- On August 29, 2008, BEI plans to present the new concept for permitting, including licensing, to the MEBP, in Astana.
- On July 26, the 2008, BEI Country Director Sergey Pizikov and RTA Krassen Stanchev will present the guillotine methodology for the Prime Minister's Commission on Administrative Barriers, in Astana.
- BEI will conduct a seminar in Almaty, tentatively scheduled for July 10-15, for Kazakhstani licensing agencies on organization of the process streamlining concept, based on the example of the Almaty Akimat.

KYRGYZ REPUBLIC

GENERAL

During the June 20, 2008, meeting of the Investment Council, President Bakiev reiterated the executive branch's support for the 100-Days Campaign reforms and its continued support for systematic reform efforts. He and singled-out the effectiveness of the Government's collaboration with donors during the campaign, saying, "finally the Government found a partner that can help it meet the deadlines." As USAID has been the primary partner for this reform effort, BEI accepts this as a public vote of confidence from its government counterparts and an opportunity to aggressively pursue needed reform recommendations during implementation and on other areas of project focus.

During the reporting period BEI closely engaged the Kyrgyz Republic Government to support their "100 Days of Reform" campaign, aimed at achieving major reforms to impact the country's World Bank Doing Business ranking during the next assessment period. Specifically, the Government committed to improve 5 of 10 WBDB indicators over a 100-days period, and to further pursue systemic and long-term sustainable reforms in the areas of 10 DB indicators.

President Bakiev signed on June 2, 2008, the four laws covering the areas of BEI's 100-days focus, and amended legislation to improve the nation's ranking. These four laws alone (discussed in detail below) hold the potential to improve the Kyrgyz Republic's overall rank from 94 to 35, assuming no other changes in country rankings or other KR legislative reforms. BEI is still in the process of assessing the economic impact of these reforms. Based on BEI's approved 2007-2008 work plan, of 36 items

expecting completion by this report-date, 77.7% (28) have been completed, and the remaining 8 items have been rescheduled to accommodate official government partner work schedules. One additional work plan item has been completed ahead of schedule.

Even though the official deadline for the 100-Days Campaign reforms to be implemented was set at July 1 during the initial negotiations with the WBDB Team, USAID BEI can proudly report that thanks to the proper organization and highly hands-on coordination of the reform efforts on its, as well as a high degree of cooperation demonstrated by, and political will secured from, the Government of the Kyrgyz Republic, this joint team was able to achieve the deliverables expected by June 2, 2008, beating the official deadline by 30 days and creating an opportunity to have the changes reflected as early as in the WBDB 2009 country report.

During an April 23 extended meeting of the Investment Council, President Bakiev announced to entrepreneurs his Decree establishing a moratorium on tax inspections and a reduction by 70% of all other inspections until the end of the current calendar year. In his speech the President linked the moratorium announcement with conditions for businesses to respond by increasing tax contributions to the Government budget by 30%. Due to the lateness of this action and its nature, BEI is certain that there is no direct link between 2007 advocacy efforts by itself and partners for such a moratorium, and this Decree. Because to the timing of this decree BEI is very cautious regarding it and suspects it may have long-term negative consequences for inspections law implementation.

TECHNICAL

- On June 2, 2008 the President signed Law #110 “On Amendments to the Law of KR on Joint-Stock Companies.” This law provides for strengthened and enhanced minority shareholder rights and restricts and discourages related-party transactions. These changes are expected to affect WBDB Protecting Investors indicator by improving the WB Disclosure Index from 8 to 9, and Director’s Liability Index from 1 to 10, and hold the potential to improve the Kyrgyz Republic’s rank in this measurement from 33 to 3.
- The President also signed Law #107 “On Amendments to the Civil Code of the Kyrgyz Republic” on June 1, 2008, providing additional measures to obtain and disseminate credit information about borrowers from various vendors. This law significantly expands the circle of entities that offer credit information, providing access to records from retailers, trade creditors, utility providers, and financial institutions, and reduces the risks associated with the loaning process, affecting the WBDB Getting Credit indicator and holding the potential to improve the Kyrgyz Republic’s ranking in this measurement from 68 to 28.
- As part of the 100 Days of Reforms Program, the KR Government passed Resolution #126 of April 4, 2008, “On Primary Measures Aimed at Improving Indicators of International Rankings of the Kyrgyz Republic.” This resolution provided for working groups and other activities to improve the nation’s WB Doing Business rankings, and specifically per the indicators of “Starting a Business,” “Dealing with Licenses” (construction), “Paying Taxes,” and “Protecting Investors.” Working groups created by this resolution include separate Inter-Agency Working Commissions responsible for each specific indicator and related legislation analysis and drafting, consisting of representatives from relevant ministries and agencies, the business community, international organizations, outside experts, and BEI. BEI will continue working with these commissions at least through the end of fall 2008, as they shift focus to the implementation stage of legislative reforms conducted as part of 100 Days Campaign. – **KR 01, KR 02, KR 03, KR 04**

- To facilitate continuing reform efforts, BEI arranged a study tour to Georgia over June 16 – June 21 for representatives of the Administration of President and Office of Government, State Agency for Architecture and Construction, Ministry of Economic Development and Trade, Ministry of Justice, and Kyrgyz business associations to study Georgian experiences in reforming the areas of construction permitting and oversight, licensing systems, business registration, and tax administration. Participants are expected to provide feedback on the study tour and their findings, in July. – **KR 01, KR 02, KR 03, KR 04**
- On April 1, the Ministry of Economic Development and Trade launched the *Kolokol* program, with BEI assistance. This program is aimed at preventing, and responding to, illegal inspections by the state inspectorates. Along with this launch a public service announcement was aired, promoting public conscience and initiative and urging businesses to contact authorities if they are aware of illegal inspections. Monitoring of this pilot initiative has revealed: 10 complaints from businesses were received and officially registered, resulting in one criminal case opened, with two inspectorate officers relieved from their duties. The program is planned to continue indefinitely as part of Government inspections reform monitoring and anti-corruption efforts. – **KR 01**
- BEI has retained two experts for review of the legislative frameworks for both pilot inspectorates. Due to the complexity and volume of the sub-normative acts in the Department of State Sanitary and Epidemiological Oversight, completion of this inspectorate's review is now expected in July 2008. Similarly, difficulty in acquiring an appropriate expert for review of the State Committee on Taxes and Charges is expected to delay review completion until August, 2008. The work plan has been updated accordingly. – **KR 01**
- During June the Government approved and submitted to Parliament a new version of the KR Tax Code. This version, developed by BEI and the Chamber of Tax Consultants and submitted through the President's Working Commission on Tax Code Improvement, reflects many BEI recommendations to bring the administrative Tax Code into compliance with the Law on Inspections and eliminate internal contradictions. Parliament has approved the draft TC in the first hearing on June 20, 2008, and is expected to pass it in September 2008. – **KR 01**
- BEI also supported review of the new Tax Code via a June 24 round table on the draft, attended by over 120 Parliamentarians and representatives from the business community. This round table was hosted by the Parliament's Committee for Finance and Budget and resulted in a compilation of the business community's suggestions, which was filed with the Committee. – **KR 01**.
- On May 5, 2008, President Bakiev signed Law #55 "On Optimization of Legislation of Entrepreneurship Activity." This law describes the main principles, stages, and timeframes for the review by RIA and the guillotine principle of normative legal acts regulating business activity. Subsequently the Government approved, on June 13, Resolution #281-R "On Inter-Agency Commission on Regulatory Reform", after which in July the 1st Phase of review of regulatory normative legal acts will begin. Law #55 establishes timeframes for a three-phased, nine-month review-process for the entire list of permits. The Inter-Agency Commission will review permits directly during the 2nd phase, tentatively scheduled to take place from November, 2008, through January, 2009, and adopt the Unified List of Permits resulting from their work, only in May 2009. *This greatly delays planned activities to support the Inter-Agency Commission in this area and the work plan has been updated accordingly.* – **KR 02**
- The Ministry of Economic Development and Trade and BEI have completed a draft of the Law of the Kyrgyz Republic "On Licenses and Permits" and created the list of normative legal acts subject to review. This draft Law may be submitted to Government after the review of all permits and licenses called for by the Optimization Law is completed, in May 2009. – **KR 02**

- The Bishkek Mayor’s Office via Resolution #303p of June 5, 2008, created a working group to inventory normative legal acts regulating entrepreneurial activities in Bishkek and to prepare justifications for them. This working group is chaired by the vice-Mayor and includes the private sector and BEI to render consultative assistance in the implementation of the Law “On Optimization of Legislation of Entrepreneurship Activity” and in the application of RIA during the NLA review. – **KR 02**
- On April 29, 2008, the Government adopted Resolution #176-p to implement Minutes #1 of the January 25, 2008, meeting of the Investment Council under President of the Kyrgyz Republic. This resolution created a single-task Inter-Agency Working Commission, with BEI inclusion, to develop a Plan of Activities for reforms developing the construction industry as overseen by the Ministry for Economic Development and Trade. This Commission has concluded its work and submitted the Plan of Activities to the Government in June for review. –**KR 03**
- On June 2, 2008 the President signed Law #108 “On Amendments to the Law KR on Urban Planning and Architecture in the Kyrgyz Republic.” This law, plus the accompanying Presidential Decree #164 of May 14, and Resolution of Government #252 of May 30, 2008,
 - provides for the establishment of a policy of reduction of construction-related administrative barriers;
 - creates a Construction Consultative Council, with state and local government and the private sector;
 - provides a simplified, 10-day procedure for issuing occupancy permits after completing construction;
 - introduces the streamlined processes principle for the issuing of construction permits;
 - reduces the cost of the state expert examination by 44% (repealing the unfair old fee of .3% of the cost of construction).
 - introduces the principle of “silence means consent”; and,
 - establishes clear-cut deadlines to decrease the duration of the construction permitting process.

These reforms are directed toward the WBDB Dealing with Licenses indicator, and hold the potential to improve the Kyrgyz Republic’s ranking in that measurement from 152 to 40. The number of steps is reduced from 20 to 9 with implementation of streamlined processes, saving 154 days (down to 137) and over \$681 per construction application. This is estimated to save over \$217,000 in direct process fees, and over 49,000 working days time per year for the annual 320 construction projects started in the KR (full economic impact estimate pending). – **KR 03**

- During the reporting period, BEI rendered assistance to the State Agency for Architecture and Construction in the development of a unified application form for construction permits and permitting documents. This form was approved by Order of the State Construction and Architecture Agency #75 as of June 10, 2008, and will be implementation as part of process streamlining. – **KR 03**
- President Bakiev on June 2, 2008, signed Law #109 “On Amendments to the Law of KR on State Registration of Legal Entities.” This law, as well as the associated Resolution #182 of April 23, 2008, provides significant improvements in the process for registering a business, including:
 - the procedure for implementing the one-stop shop principle;

- repeal of the charter-capital requirement for businesses;
- elimination of the mechanism requiring confirmation of legal address;
- and removal of the requirement for start-up businesses to make and obtain a permit for their company stamps.

These reforms are directed at the WBDB Starting a Business measurement, and hold the potential to improve the Kyrgyz Republic's ranking in that measurement from 49 to 9. They eliminate 5 steps, including the Tax and Social Fund registrations, and 11 days time. Initial estimated impact is of over \$876,000 for KR's 5500 annual business registrations. – **KR 04**

- Government Resolution #142-p of April 16, 2008, created an inter-agency working group charged with developing suggestions to improve the Law “On Normative Legal Acts of the Kyrgyz Republic.” This working group consists of representatives from the President’s Administration, Office of Government, Parliament, Prosecutor General’s Office, Ministry of Justice, Ministry of Finance, Ombudsman, and judges. Unfortunately the Government has explicitly excluded the private sector and international organizations from participation on this “internal” group. BEI will, however, work indirectly through its contacts in participating ministries to ensure that legal hierarchy is reflected and solidified in the Law on NLAs, and that good legal drafting procedure will be incorporated in the reglaments of Government and Parliament. The Working Group will begin discussing internally the first version of the draft Law in mid July. These first discussions will demonstrate the degree to which BEI will be involved in work on the new Law, and work plan items will be updated as needed at that time. The work plan has currently been updated to reflect the expected completion date of the Law, in May 2009. – **KR 05**
- During April, 2008, BEI organized partners to combine media efforts into a coordinated informational campaign on the 100 Days of Reform Government effort. For this campaign to improve awareness and shape a positive public opinion, BEI developed a media plan through which the public and private sectors cooperated in the dissemination of information about the Government’s economic reform programs. During the three reporting months, BEI published 64 different media products—mostly concerning the 100 Days Campaign, and the media kept the Government’s activities under constant coverage in articles, TV shows, radio interviews, and other news items. – **KR 08**
- On April 11, 2008, the 24.kg News Agency, *Bishkek Business Club*, and BEI held a joint press conference for KR journalists announcing the newly created Economic Press Club, its trainings on economics, access to macroeconomic experts, and the upcoming National Forum for journalists dedicated to the topic of “Media on the Kyrgyz Economy.” The creation of the Press Club encourages the process of information sharing among business, state, and public via the media, and the formation of a pool of economic journalists friendly to the business community. This effort has already resulted in better feedback and professional coverage of economic and business news by the Kyrgyz media, as it has added over 20 new information intermediaries to BEI’s Information Pipeline. – **KR 08**
- BEI and its partners in the Kyrgyz Republic appeared in, produced and/or contributed directly to 64 different informational and media products during the period, distributed to over 70 information intermediaries.
 - *Article The Government-approved action plan on improving indicators in international rating of KR under the World Bank’s “Doing business” program, via Made.in.kg news service on April 10, 2008.*

- Article *The Government stated indicators, based on which Kyrgyzstan will be appraised in the WB's "Doing Business" program*, via Aki Press information agency on April 10, 2008.
- *Kyrgyzstan launches press club for economic reporters*, via 24.kg internet news agency on April 11, 2008, on the new Economic Press Club.
- *Economic Press Club for journalists is founded in Kyrgyzstan*, via For.kg internet news service on April 11, 2008, on the new Economic Press Club.
- *The economic club is opened in Bishkek*, via Made.in.kg news service on April 11, 2008, on the new Economic Press Club.
- *Economic Press Club for journalists is founded in Kyrgyzstan*, via Aki Press information agency on April 11, 2008, on the new Economic Press Club.
- *News block on opening of EPC in Bishkek on TV*, via NTS channel on April 11, 2008, on the new Economic Press Club.
- *New dimension of economic journalism*, via BEI website on April 11, 2008, on the new Economic Press Club.
- Article *From May 1, 2008, the "One stop shop" business registration system will be implemented in Kyrgyzstan*, via 24.kg internet news agency on April 14, 2008.
- Article *Kyrgyzstan is aiming to be in top ten countries in the "Doing business" rating*, via 24.kg internet news agency on April 14, 2008.
- Article *I. Chudinov: We are challenged to enter the top ten of countries with the most favorable business climate*, via Aki Press information agency on April 14, 2008.
- Article *Doing Business: "Everything for rating, everything for the victory"*, via Vecherni Bishkek newspaper on April 16, 2008.
- *Fifth dimension of business and press*, via Slovo Kyrgyzstana newspaper (e-version) on April 16, 2008, on the new Economic Press Club.
- News block on "Ala Too" information program, via the National Teleradio Company (NTRC) on April 21, 2008, on Doing Business reforms.
- Article *Give us time... 100 days to breakthrough*, via Vecherni Bishkek newspaper on April 22, 2008.
- Article *100 days of business reform: first results of the Government's work on improving business environment*, via BEI website on April 24, 2008.
- Article *Now, it will be easier to open a business in Kyrgyzstan, taking 10 days instead of 30 days as it was before*, via 24.kg internet news agency on April 24, 2008.
- Article *From May, businessmen will be able to register legal entities at one state body under the "one stop shop" system, instead going through four points as it was before*, via Aki Press information agency on April 24, 2008.
- News blocks on the streamlined process of business registration at the Ministry of Justice, via TV channels NTRC, 5th Channel, NTS, and Pyramid on April 24, 2008, on Doing Business reforms.
- Article *From May, businessmen will be able to register legal entities at one state body under the "one stop shop" system, instead going through four points as it was before*, via CA-NEWS (KG) information agency on April 24, 2008.

- Article *Now, it will be easier to open a business in Kyrgyzstan, taking 10 days instead of 30 days, as it was before*, via *Made.in.kg* news service on April 24, 2008.
- PSA program *Kolokol Demonstration*, via *National TV* and *KTR* aired April 24 to May 26, 2008. This PSA aired 6 times per day in Kyrgyz and Russian, showing how the Kolokol watchdog hotline works. BEI is still estimating the number of viewers reached, due to a lack of statistics maintained by the state-run *National TV*.
- Article *“One stop shop” will let register the new business in one day instead of 15 days*, via *Aki Press information agency* on April 29, 2008.
- *20 different business associations work in partnership with the USAID BEI project*, via *Aki Press information agency* on April 29, 2008 on the new *Economic Press Club*.
- Article *USAID supposes that Kyrgyzstan may take the fourth position at the international rating on Doing Business in 2010*, via *Aki Press information agency* on April 29, 2008.
- Article *Registration at one stroke*, via *MSN newspaper* and *www.msn.kg* on April 29, 2008.
- Article *100 days of reform: How to invent the best bicycle?*, via *Vecherni Bishkek newspaper* on April 30, 2008.
- Article *The order of cooperation between state bodies on registering new businesses under “One stop shop” principle is approved*, via *Aki Press information agency* on April 30, 2008.
- Article *According to the experts group on “Doing business”, it is twice as fast to obtain a license on construction*, via *Aki Press information agency* on May 2, 2008.
- Article *Light through the window*, via *Vecherni Bishkek newspaper* on May 8, 2008.
- Article *Economics: One stop shop to register new business*, via *Reporter – Bishkek newspaper* on May 9, 2008.
- *Expert’s Opinion* radio show on “Doing Business” with guest speaker BEI RTA Olga Moreva, via “Manas” Radio on May 12, 2008.
- Article *The Government of Kyrgyzstan will discuss with Parliament the results of the program on improving business environment*, via *24.kg internet news agency* on May 15, 2008.
- Article *The Government and Parliament of the country will meet to discuss the business reforms*, via *Public Rating newspaper* on May 15, 2008.
- Article *On May 16, the Government and Parliament of the country will meet to discuss the business reforms*, via *Aki Press information agency* on May 15, 2008.
- Article *Opened the window: Kyrgyzstan is to improve its investment climate*, via *Rossiyskaya Gazeta (Russian Newspaper)* inter-regional newspaper on May 15, 2008.
- Article *There will be discussions in Bishkek on further improvement of business climate in Kyrgyzstan*, via *Kabar information agency* on May 15, 2008.
- *“How to create a favorable climate for doing business in Kyrgyzstan?”* TV show on “Open Kg” program, via *National Teleradio Company*, on May 15, 2008, on *Doing Business reforms*.
- Article *The President implements the principle of “One stop shop” on delivering licenses for projecting and construction*, via *Aki Press information agency* on May 15, 2008.

- Article *Several legal entities registered by the principle of “One stop shop” at the Ministry of Justice of KR*, via Aki Press information agency on May 16, 2008.
- Article *“One stop shop” principle for registering new business has started working in Kyrgyzstan*, via Aki Press information agency on May 16, 2008.
- Article *The report on “Improving business environment of Kyrgyzstan...” was presented in the USA*, via Aki Press information agency on May 16, 2008.
- Article *“One stop shop” for construction firms will reduce the quantity of procedures needed for obtaining licenses for construction from 20 to 9*, via Aki Press information agency on May 19, 2008.
- Article *How to create favorable business climate?*, via Open.kg website on May 20, 2008, by BEI RTA Olga Moreva.
- Article *How to create favorable business climate?*, via Open.kg website on May 20, 2008, by BEI Country Director Nursulu Ahmetova.
- Article *The Government sent the Parliament a draft law on optimization of the permit system in construction field*, via Aki Press information agency on May 20, 2008.
- Article *The Government suggests the Parliament of KR to strengthen position of shareholders owning small shares*, via Aki Press information agency on May 21, 2008.
- Article *Southern business community addressed its position to the Government and entrepreneurs*, via Aki Press information agency on May 23, 2008.
- Article *Business is not doing for us?*, via MSN newspaper and www.msn.kg on May 23, 2008.
- Article *New Economic Policy is marching in the country*, via Public Rating newspaper on May 26, 2008.
- Article *Two draft laws under the Doing Business reforms are sent for consideration of the Parliament*, via 24.kg internet news agency on May 27, 2008.
- Article *Where it is harder to open business officially, the biggest part of the economy consists of informal business representatives – S. Djankov Program Chief “Doing business”*, via Aki Press information agency on May 28, 2008.
- Two “Doing Business” programs on interactive TV show “Maidan” in Kyrgyz and Russian versions, via 5th Channel, on May 28, 2008.
- Article *The quantity of procedures for the start of construction may be reduced to 9 – the Parliament adopted relevant amendments*, via Aki Press information agency on May 29, 2008.
- Article *The Parliament approved several draft laws, improving Kyrgyz position in Doing Business rating*, via Aki Press information agency on May 29, 2008.
- Article *The Parliament approve the draft law on Joint stock Companies*, via CA-NEWS (KG) information agency on May 29, 2008.
- Article *The president signed laws on improving Kyrgyz position in WB’s Doing Business rating*, via Aki Press information agency on June 03, 2008.
- Article *The press service of the President: The bills on improving Kyrgyz position in WB’s Doing Business rating are signed*, via 24.kg internet news agency on June 03, 2008.

- Article *The president signed laws on improving Kyrgyz position in WB's Doing Business rating*, via Kyrgyznews internet news agency on June 03, 2008.
- Article *The seminar on strengthening the efficiency of the cooperation between the state bodies was held in Bishkek*, via Aki Press information agency on June 4, 2008.
- Article *Ministry of Justice implements the electronic system of document management for businessmen*, via Aki Press information agency on June 5, 2008.
- Article *The state bodies discussed the issues related to improving business environment*, via Kabar information agency on June 5, 2008.
- Article *The electronic system of document management for businessmen is being implemented in Kyrgyzstan*, via 24.kg internet news agency on June 5, 2008.
- Article *Come to do business, we are open for cooperation*, via Agym Kyrgyz language newspaper on June 6, 2008.

UPCOMING EVENTS

- During July 2008, the MEDT and BEI plan to hold a seminar for ministries and agencies on implementation of Law of KR "On Optimization of Legislative Framework Regulating Entrepreneurial Activities."
- During July, 2008, 5th Channel will broadcast a BEI round table of the KR delegation of the Study Tour to Georgia, in which participants will publicly discuss their findings and the applicability of the Georgian reforms to KR.
- BEI expects to hold the first meeting of the Consultative Construction Council, formed with the State Agency for Architecture and Construction, and the MEDT, in late July or early August, 2008.
- BEI plans a series of seminars in August-September, 2008, for officers of state architecture bodies, on the new procedures for issuance of permits.

TAJIKISTAN

GENERAL

BEI in the Republic of Tajikistan has had enhanced opportunities to engage the Government in reform efforts. On April 25, 2008, during the President's annual "Address to the Parliament of Tajikistan" he enumerated several changes and developmental directions that will impact the business environment in Tajikistan. The announcement includes:

- a two-year moratorium on the inspection of businesses;
- establishment of streamlined processes for registration under the Tax Committee and its regional offices;
- licensing process simplification for subsoil companies (those working with natural resources);
- removal of administrative barriers for small and medium business development; and,

- a review of tax rates in Tajikistan.

BEI is currently in cooperation with the SCISPM and other donor organizations to develop Government regulations needed for these reforms, energy for which has come directly from the vigorous advocacy of BEI partners such as the active tax-reform campaign conducting by National Association of Small and Medium Business. During the period BEI partners provided new data on constraints reduced totaling over \$17.6 million in estimated economic impact per year. Based on BEI's approved 2007-2008 work plan, of 37 items expecting completion by this report-date, 83.7% (31) have been completed, and the remaining 6 items have been rescheduled to accommodate official government partner work schedules. One additional work plan item has been completed early, and not included in the above calculation.

TECHNICAL

- BEI has completed initial validation and economic impact estimates for the increased Kulma, GBAO, border crossing operating times ordered by the President after lobbying efforts by BEI and partners. This change opens Tajikistan's single border crossing with China continually for 210 days per year, rather than the intermittent operation during only 4 months, previously. Based on data from the State Statistics Agency and Customs Department of GBAO, this change is estimated to triple trade at the Kulma crossing, an increase of \$4.7 million, and reduce annual shipping costs from China to Tajikistan by over \$12.9 million per year, for a total annual estimated impact of over \$17.6 million. BEI intends to explore additional impacts this change will have, including greatly increased transit trade from China to Afghanistan, in a more in-depth case study to accompany its annual report.
- USAID Regional Trade Liberalization and Customs project continues to closely cooperate with BEI in working with associations and regional Custom Consultative Councils. BEI continues to facilitate communication between RTLC and private-sector representatives in Khujand, Kurgan-Tube, and Dushanbe on identification of trade, transit, and custom issues. BEI was also asked to advise and provide recommendations on the governing regulation and structure for the new Coordination Council under the Customs Service of RT, which held its first meeting on April 18, 2008.
- On April 25, 2008, the President announced a moratorium on all inspections in the Republic of Tajikistan. This is a result of multiple occasions on which BEI and partners from the Coordination Council of Business Associations, public unions of Tajikistan, and business associations of Sogd Oblast raised the issues of inspections in meetings with President. BEI, in collaboration with Consultative Council on Improving Investment Climate in Tajikistan, has developed a Draft President Decree and circulated it for review by the IFC, BEE working group, and private sector partners. This Draft Decree includes a moratorium on the inspection of small and medium business entities, excluding tax inspections called by submitted tax documents, inspections due to court criminal cases, and inspections for sanitary and health purposes. BEI expects the official Decree to be signed by the President in July, and is evaluating the economic impact for this step.
- Following the successful presentation in March, 2008, for Government officials on Improving World Bank Doing Business Indicators, BEI submitted to the State Committee on Investments and State Property Management (SCISPM) an action plan for the period of July 2008 to July 2009, and a draft Government Regulation "On Implementation of Specific Measurements for Improving the International Rating of Tajikistan Based on the World Bank 'Doing Business' Report, within the Implementation of the Poverty Reduction Strategy Document." BEI has received positive feedback on the Action Plan and Draft Government Regulation, though both are pending final Government approval.

- In May Mr. Sherali Zardov, former Chief of the Investment Department of the SCISPM, was appointed the new Chief Secretary of the Consultative Council on Improving Investment Climate under the President of RT. BEI and, Mr. Sherali Zardov are currently working together to prioritize issues for discussion in future Council meetings, and Mr. Zardov has accepted BEI's technical assistance in identifying members for the Council from the private sector. BEI now expects to complete a re-review of relevant laws and regulations during July 2008, with amendments planned to follow the same month in the Analysis on Investment Climate, and presentation to the Government in August 2008. The work plan has been updated accordingly. – **TJ 01**
- During this period BEI presented its Analysis on Investment Climate of Tajikistan to two round tables and received additional feedback for inclusion into the analysis, which is currently being updated prior to final submission to BEI. The analysis is expected to be submitted to the SCISPM, Secretary of the Consultative Council, and other interested ministries and agencies, in August 2008. **TJ 01**
- On April 16 the IFC and SCISPM organized a conference on the permitting system in Tajikistan, at which BEI presented construction permitting procedure, with times and costs and recommendations based on the work of STTA Sherry Khan, the Manual on Construction, and the draft Legal Analysis on Construction. As a result of this conference, BEI agreed to coordinate submission of construction permitting recommendations with SCISPM, Land Committee Agency on Architecture and Construction, and IFC, BEI received its final construction analysis on June 26, 2008, and during July will review the analysis and coordinate submission of recommendations to the working group on construction, and the Government. The work plan has been updated accordingly. – **TJ 02**
- During mid-June BEI organized a regional study tour to Georgia to examine their experiences with similar reform efforts. Participants from RT went specifically to explore Georgian work with the introduction of the streamlined processes concept and construction permitting reform. Representatives from the SCISPM, Tax Committee of RT, State Agency for Architecture and Construction, and NASMB attended, and are expected to provide feedback with their findings during August 2008. – **TJ 02, TJ 03, TJ 04**
- BEI partner the National Association of Small and Medium Business (NASMB) presented the Financial-Economic Analysis of the Tax Code of RT on May 21, 2008, to a round table with representatives from the SCISPM, Tax Committee, Ministry of Finance, Executive Office of President, international organizations, private sector, and media. This round table resulted in many feedback suggestions for the analysis, regarding tax rates, administration, transparency, and the establishment of developmental partnerships with tax authorities. Furthermore the Ministry of Finance agreed to assist NASMB experts with data needed to strengthen their justifications, and the SCISPM suggested forming a permanent tax legislation review working group under the State Committee. The final analysis was due June 1, however due to recent amendments to the Tax Code, NASMB has requested the period of grant performance be prolonged to permit incorporation of the changes and new findings. Finalization of the analysis is now expected during August, with submission to Government during September 2008. – **TJ 03**
- The President's April address established the political direction for creating streamlined process registration in the RT, located within the offices of the Tax Committee. The SCISPM, World Bank, and Tax Committee are forming an implementation working group, to include the NASMB and Association of Microfinance Organizations, BEI, Executive President's Office, Ministry of Justice, Ministry of Economic Development and Trade, Ministry of Finance, Social Security Agency, and State Statistics Committee. BEI assisted the Tax Committee to develop a draft President Decree on creation of the working group, which is also mandated to address issues regarding re-registration, de-registration of businesses, and the charter-capital requirement. The Decree is expected to be

signed in July, however the working group already held its first meeting informally from June 16-20, 2008. – **TJ 04, TJ 05**

- During May, Bishkek RIA expert Natalya Slepchenko visited Dushanbe to discuss the introduction of RIA methodologies and present a manual on RIA, based on the Law of the RT “On State Registration of Legal Entities.” She presented the manual to a total of 55 representatives from public and private sectors, and international organizations during a seminar in Dushanbe on June 18 and in Khujand on June 20, 2008. This manual is currently undergoing review and approval, and will be disseminated to Government and private sector through the information network. – **TJ 04**
- During the reporting period BEI met extensively with the Ministry of Justice representatives on the completed Analysis on Charter Capital, regarding decreasing the amount of charter capital for business registration (legal entities). This issue has also been accepted by the inter-ministerial working group on introduction of streamlined processes, which has agreed to decrease the amount of charter capital required. The working group also agrees with BEI recommendations that business registration should be a technical rather than a legal matter, number of documents required for registration should be reduced, the “silence is consent” principle should be apply, notarization should not be required, changes in business information should be done through notification and not re-registration of businesses, and the de-registration process should be simplified. BEI is currently assisting the working group on developing amendments to implement these changes, which are likely to greatly affect Tajik Doing Business rankings. – **TJ 04**
- Due to changes expected in legislation for the process of registration, including re-registration and de-registration, associated with the introduction of the streamlined processes, BEI will develop the plain language guides on de-registration and re-registration in 2009, in accordance with the new streamlined process procedures, which are planned to be introduced starting January 2009. The work plan has been modified accordingly. – **TJ 05**
- The SCISPM initiated and established a working group with representatives from the World Bank, BEI, and IFC to monitor implementation of the laws “On Licensing of Separate Types of Activities” and “On Inspections of Business Activities” in two specific, pilot industries: pharmaceutical and construction. This group has agreed on a monitoring action-plan and reviewed approximately 100 licensing cases in each industry. This operational and functional review of licensing bodies will result in recommendations as needed on their practices to conform to law. The World Bank consultant conducting this review has not yet completed the assignment, which is now expected to finish in August, 2008, and will be submitted for BEI review and action at that time. Work plan dates have been modified accordingly. – **TJ 06**
- On May 2, 2008, the Government adopted a Regulation creating SEZs in “Panji Poyon”, located in cross-border territory with Afghanistan in the Kumsangir region, and in “Sugd”, located in Sogd oblast southwest of Khujand city. The working group on SEZ in Tajikistan has requested BEI continue to cooperate on future steps with them, the MEDT, and Sogd Oblast local administration, and to assist in developing a regulation “On SEZ administration.” – **TJ 07**
- BEI presented two products on SEZ in Tajikistan, the “Legal analysis of creation of SEZ in Tajikistan” and “Technical-economic justification of creation SEZ in Khujand city of Sogd oblast,” to the regional and ministerial working group on creation of SEZ in Tajikistan. As a result of the presentations, the working group decided to develop a new Regulation “On Special Economic Zones of RT” and submit it to Government, rather than to make amendments to an existing one. The initial draft Regulation was received in June, to be submitted to the ministries for discussion and to Government in final form in July-August, 2008, for review and further adoption by Parliament in October. Both

BEI's legal analysis and technical economic justification were well-received and approved by the working group. – **TJ 07**

- BEI increased its information dissemination network during the past period by 22 intermediaries, to a total of 224. These intermediaries receive information directly from BEI and disseminate that information among their members, customers, clients, and beneficiaries, to an estimated 9000 end-users throughout the country.
- During April –June 2008 the following significant information were disseminated through the BEI information network:
 - Article *Bring the legislation near to practice*, via BEI website on April 1, 2008. Article raising interesting issues of legal entities re-registration and problems that appear during the procedures.
 - Article *Adopted at the beginning of April, amendments into Tax Code of RT worsen the tax burden*, via *Asia Plus blitz* on April 14, 2008. Expresses the complaints of entrepreneurs on amendments adopted into the Tax Law.
 - Article *Bankruptcy provides the way from the crisis*, via *Asia Plus Information Agency* on April 15, 2008. Article developed by the Trustee Association describing the procedure of bankruptcy.
 - Article *Parable about the market garden and the taxes*, via *Asia Plus* newspaper on April 18, 2008. Article raising an interesting question: “Which market garden do we need? With a harvest or tall grasses? Having such taxes we prefer idler resting in tall grasses.”
 - Article *New taxes: the changes burst out!*, via *Asia Plus* newspaper on April 23, 2008. On issues of tax regulation and simplification of procedures.
 - Article *Tax Code of the RT: more feathers, less peep?*, via *Asia Plus* newspaper, on April 23, 2008. Article covers the issues of tax regulation and simplification of its procedures.
 - *Annual Address of the President to the Parliament of RT*, via BEI website on April 28, 2008. The President's annual address, translated and distributed in Russian, Tajik and English, in order to clearly communicate the key issues and problems the President is emphasizing and will work on.
 - Article *Roll up your sleeves and tighten up the belt!*, via *Asia Plus* newspaper on April 30, 2008. Article with comments from Tajik politicians and experts on various aspects of the Annual Address of the President of the Republic of Tajikistan.
 - *Analysis on Special Economic Zones*, via BEI website on May 15, 2008. Analysis of the RT legislation on the creation of special economic zones, composed of comments and proposals to improve the Law of RT "On Special Economic Zones".
 - Article *Businessmen do not know their rights*, via *Asia Plus* newspaper on June 4, 2008. Article on the Minister for Economic Development and Trade's call for rights-education among entrepreneurs.
 - TV program *Creation of SEZ in Sogd Oblast*, via *Sogd TV* on June 11, 2008. This PSA TV program, developed under subcontract with UBASO, explains the objectives of creating SEZ in Khujand, Sogd Oblast. Broadcast to an estimated 1,800,000 viewers in Sogd Oblast.
 - Press release prior to the BEI Round Table on proposed changes and amendments into the Law of the RT “On Bankruptcy”, via BEI website on June 11, 2008.

- Article *Business and mass media: they make a pair*, via *Facts and Comments* newspaper on June 15, 2008. Article on the problems of communication between mass media and the business community.
- Article *Brief information on the seminar-training on Regulatory Impact Methodology of normative legal acts*, via BEI website on June 18, 2008. Update on BEI RIA training seminar.
- Article *Regulation of the Government of RT “On approving the rules of issue of a Patent and a Certificate on registration as individual entrepreneur*, via BEI website on June 18, 2008.
- Press release on proposed changes and amendments into the Law of the RT “On Bankruptcy”, via BEI website on June 19, 2008, released following the BEI round-table on the Law.
- Article *Experts suggest reducing of the time required for bankruptcy procedures*, via *Asia Plus Information Agency* on June 19, 2008. Article on the three-year timeframe for bankruptcy procedures and its effect on foreign investment.
- Article *We close our business*, via *Asia Plus* newspaper on June 20, 2008. Representatives of Tajik small and medium business threaten “to leave” due to new changes in the tax legislation.

UPCOMING EVENTS

- On July 25, the Meeting of Coordination Council of Business Associations is planned in Dushanbe.
- BEI and the World Bank plan to present the joint operational review of pharmaceutical and construction licensing activities to the SCISPM and associated licensing bodies, in August.
- BEI plans to present the final Analysis on Investment Climate of Tajikistan to the SCISPM, Secretary of the Consultative Council, and other interested ministries and agencies, during August.
- On September 11, 2008, a seminar on construction is planned to be held in Khatlon.
- On September 18, 2008, a similar construction seminar is scheduled in Dushanbe.
- BEI and the NASMB plan to present an updated Financial-Economic Analysis of the Tax Code of RT to the SCISPM and other Government agencies, in September.

WORK PLAN REPORTS

KAZAKHSTAN (KZ)			
No.	Objective	Start Date	End Date
KZ 01	Improve Operations of Public Service Centers (PSCs)	1 Oct 2007	30 Sep 2008
Justification	<p>The Government of Kazakhstan established 31 Public Service Centers to provide citizens with a single point of contact to complete a number of processes that are the subject of regulation, including: registration, re-registration and de-registration of businesses; registration of real property; and, the registration of security interests. However, PSCs, while welcomed by entrepreneurs, do not effectively operate and have not delivered the anticipated savings for entrepreneurs. During the 1st project year, with the support of the Ministry of Justice, BEI conducted a pilot survey and analysis of the operations of 6 PSCs across the country. The results of the analysis are expected in October and BEI will work with the Ministry of Justice to address barriers to realization of the benefits of PSCs in advance of the roll-out of additional 151 offices anticipated by the Government.</p>		
Forecast Result	<p>Based on BEI recommendations following completion of the assessment, the Government will introduce improvements to the operations of PSCs. Assuming full Government implementation, at least 50% of surveyed end-users report a favorable opinion of PSC operations.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • BEI analysis of PSC operations is completed and submitted to the Ministry of Justice. – October 2007 - COMPLETED • Based on the analysis, BEI identifies opportunities for the government to implement e-government solutions to remove barriers and provides recommendations to the World Bank e-Gov support team and to other donors and projects working on e-Gov promotion to facilitate collaboration between BEI and other supporters of e-government implementation. – November 2007 – COMPLETED • Based on recommendations submitted, the Ministry of Justice agrees to take reform measures. – January 2008 – COMPLETED • Through continued consultation and support, BEI facilitates the implementation of reforms. – August 2008 • Surveys of end-users of the PSCs indicated that the implemented recommendations have resulted in improvements in operations. – September 2008 • With private sector partners and the Ministry of Justice, develop and implement a media campaign to promote knowledge of improvements in PSCs operations. – September 2008 		
Status and Comments	<p>BEI presented results on PSC recommendation implementation monitoring, regarding the quality of public service in 6 cities of Kazakhstan, to the Moj. BEI and the Moj have also completed the study of PSC employee training needs and analysis of the feasibility of using electronic training methods. BEI is now assisting the ministry to create a system for staff e-training, which will cover all PSCs. This system is expected to be launched at the end of 2008.</p>		

No.	Objective	Start Date	End Date
KZ 02	Support Implementation of the 2007 Law “On Licensing”	1 Oct 2007	30 Sep 2008
Justification	<p>In 2007, with BEI-supported changes, the Government of Kazakhstan adopted the Law “On Licensing” that went into effect on August 1, 2007. Based on the Law, licensing bodies are responsible for getting all necessary approvals from other government bodies required for issuance of licenses within their jurisdiction. Licenses for individual entrepreneurs are required to be issued within 10 days of application and for legal entities within 30 days. While sub-normative acts have been developed and adopted, licensing bodies are uncertain how to manage information flow to get necessary approvals within the required timeframe for issuance of licenses. With the Forum of Entrepreneurs of Kazakhstan (FEK), BEI will target three licensing bodies for evaluation and process improvement to ensure compliance with targeted license issuance times.</p>		
Forecast Result	<p>With effective Government implementation, as a result of BEI support, a survey of applicants after improvements will indicate at least 60% of application decisions are issued within the required 10 or 30 day period.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Select three licensing bodies for evaluation and operational reform (1 in Almaty, 1 in Astana, 1 in another regional location). – November 2007 – COMPLETED • Get commitment from the licensing bodies to collaborate with BEI in the evaluation and reform. – December 2007 – COMPLETED • With FEK, conduct a survey at the point of service to determine current response times for applications at the licensing bodies. – January 2008 – COMPLETED • Complete a basic operational assessment of the licensing process at the point of service and the interactions between the licensing body and secondary government bodies. – February 2008 – COMPLETED • Present recommendations to the licensing body and secondary government agencies to promote processing time compliance and other operational improvements. – March 2008 – May 2008 – COMPLETED • As necessary, facilitate implementation through on-going consultation to the government bodies. – May 2008 – August 2008 • Conduct a survey of applicants at the point of service to determine post-reform compliance with processing time targets. – July 2008 – September 2008 • Conduct at least 5 seminars with other government licensing bodies on the reform process and the results and lessons learned from the evaluation and reform of the three pilot licensing bodies. – September 2008 • With FEK, conduct an information campaign for relevant state bodies, business associations, and end-users to increase knowledge of results of the reform results to date and opportunities for future improvement. – September 2008 		
Status and Comments	<p>BEI Project jointly with partners – the Forum of Entrepreneurs of Kazakhstan, Independent Association of Entrepreneurs, and others – presented implementation monitoring results to the Ministry of Economy and Budget Planning.</p> <p>At the request of MEBP, BEI will assist in developing a new, improved concept for Kazakhstan’s permitting system, including licensing, accreditation, certification, inspections, and related activities. International expert Garland Boyette has arrived and will be working until September 1 in close partnership with MEBP, MIT, and the interdepartmental working group on optimization of the</p>		

	<p>permitting system. Mr. Boyette’s initial report and recommendations are due in July, and his final report is due in August. The “facilitation of implementation” activity planned to conclude in May has been rescheduled to August to match this completion date.</p> <p>The planned post-reform survey for July has similarly been postponed until September, after adoption of reforms proposed Mr. Boyette’s work to the Government.</p>		
No.	Objective	Start Date	End Date
KZ 03	Build Demand to Streamline and Improve Construction Permitting and Oversight Processes	1 Oct 2007	30 Sep 2008
Justification	<p>According to the annual World Bank Doing Business report, Kazakhstan’s “Dealing with Licenses” (construction permitting) rank is 119 (32 procedures, 248 days, \$1025.50 cost, 35% of per capita GNI). During the 1st contract year, BEI completed a validation of the processes as well as a preliminary secondary review. The process is cumbersome, time-consuming and entrepreneurs report frequent corruption. Moreover, since the process is administered locally regional variations exist. Through the use of intensive information dissemination and targeted international expertise, BEI will build demand for fundamental change in the area of construction regulation to get government buy-in at both the national and local levels to address the process.</p>		
Forecast Result	<p>Given the complexity and technical nature of the processes, BEI does not expect significant reforms during the contract year. However, short-term results are expected to include correction of at least 2 areas of non-compliance with existing requirements. The primary forecast result is to build government and private sector demand for effective reform in subsequent contract years as evidenced by the prioritization of the issue by the government and creation of a cross-cutting group to reform the processes.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Through short-term international experts, complete an analysis of the construction processes. – January 2008 – COMPLETED • Present preliminary findings to government and private sector counterparts and conduct a seminar on the findings to build knowledge of process and best practices, and encourage demand for change. – February 2008 – COMPLETED • For barriers that are contrary to existing law, present issues to the Prosecutor for protest. – March 2008 – May 2008 – COMPLETED • With private sector partners, develop a media campaign to promote knowledge of and demand for reforms in the processes. – May 2008 – COMPLETED • With key private sector counterparts, encourage the development of a cross-ministerial group to address legal and regulatory reforms necessary to improve the processes. – September 2008 • With the agreement of government counterparts, establish a discussion forum on an existing web site of the Ministry of Industry and Trade, other relevant state body, or external web site that government experts will use to respond to questions and issues raised by users from the private sector. – September 2008 		
Status and Comments	<p>BEI presented the results of the analysis and recommendations improving the construction permitting process, to the PM’s Commission on Elimination of Administrative Barriers. Prime Minister Masimov has taken this issue very seriously, and based on BEI recommendations signed Government Decrees #422 and #425 on May 6, and #569 on June 11, 2008. These decrees make significant</p>		

	improvements in Kazakhstan's Dealing with Licenses process as measured by the World Bank, and are expected to greatly improve the country's ranking. BEI has further developed a media campaign with private-sector partners to promote knowledge and successful implementation of these reforms, and to advocate for further process improvements.		
No.	Objective	Start Date	End Date
KZ 04	Support Elimination of Illegal Inspections	1 Oct 2007	30 Sep 2008
Justification	According to the World Bank BEEPs survey, on average, a business in Kazakhstan is inspected 11.65 times per year, requiring 16.92 hours, and 23% of respondent indicate bribes are frequent. Currently, Section 19 of the Law "On Private Entrepreneurship" requires registration of inspections by inspecting bodies with the Prosecutor's Office for most inspections. However, anecdotal evidence and reports from the Prosecutor's Office indicate that many inspections are not registered, exceptions to the law allow for unregistered inspections, eliminating the disincentive to frequently inspect that prosecutor oversight is expected to address, and inspections continue to burden entrepreneurs. The General Prosecutor has agreed to work with the BEI Project to complete an analysis of inspection issues, develop amendments to the Law and appropriate sub-normative acts, and work proactively to reduce the burden of inspections on entrepreneurs. BEI will also utilize significant positive provisions from the Kyrgyz inspections law to promote substantial change in the inspection regime.		
Forecast Result	With full Government implementation, BEI expects future BEEPs inspections results to reflect a reduction in inspections to 8 times per year requiring less than 12 hours.		
Intermediate Tasks	<ul style="list-style-type: none"> • Amendments to the Law "On Private Entrepreneurship" are completed and presented to the Government. – December 2007 – COMPLETED • With FEK and the Prosecutor's Office complete analysis of existing data on illegal inspections. – January 2008 – COMPLETED • Develop and present recommendations regarding appropriate amendments to sub-normative acts. – February 2008 – COMPLETED • With FEK, conduct a media and advocacy campaign promoting on the results of research and recommendations to GoK. – March 2008 – COMPLETED • If approved by the Government, amendments submitted to Parliament. – June 2008 – August 2008 • BEI conducts a review of sub-normative acts requiring modification based on amendments. – July 2008 – September 2008 • Adoption expected by Parliament. – July 2008 – September 2008 • Relevant sub-normative acts adopted by inspectorates. – September 2008 • Once the law is adopted, monitor the results of implementation of the changes. – September 2008 		
Status and Comments	BEI and the Forum of Entrepreneurs of Kazakhstan have been jointly asked to assist MIT in developing a scope of work for creating a new concept of inspections (regulation and administration) in Kazakhstan, and to assist in its creation. This concept is planned to be completed in August, and delays submission of BEI's recommendations on inspections reform to Parliament until they can be incorporated into the concept, in August, and expected to be passed, in September.		

	Similarly, NLA review based on the final recommendations has been delayed until September to accommodate the creation of the new concept, with its improvements.		
No.	Objective	Start Date	End Date
KZ 05	Reduce the Time and Cost of Paying Taxes and Tax Administrative Procedures	1 Oct 2007	30 Sep 2008
Justification	According to the 2007 World Bank Doing Business report, in Kazakhstan, entrepreneurs are required to make 34 tax payments annually, requiring 156 hours and consuming 45% of profit. When compared against 175 countries, Kazakhstan ranks number 66. To address tax issues, in the first year of the project, BEI supported a survey of businesses on various areas of the system of tax administration with the Association of Taxpayers with the support of the Tax Committee under the Ministry of Finance. The results of the survey are still being analyzed but, preliminarily, indicate major administrative barriers in tax reporting, including electronic filing, and other tax administration activities undertaken by businesses. BEI will work with the counterparts to finalize analysis of the survey, identify areas to target for reform, and promote reforms in the tax system to reduce the burden for individual entrepreneurs and companies.		
Forecast Result	The survey will provide a baseline for future evaluation of the tax environment. Also, the survey results and subsequent recommendations will be used by the Association of Taxpayers, the Tax Committee and the Ministry of Finance to develop changes in the tax code and tax administration necessary to eliminate barriers identified by BEI and counterparts.		
Intermediate Tasks	<ul style="list-style-type: none"> • Collaborate with the Tax Committee and Association of Taxpayers to develop amendments to the Tax Code, and internal operations of the Tax Committee to reform tax administration. – November 2007 – COMPLETED • If necessary, BEI will provide short-term technical assistance to the working group to develop appropriate legal amendments. - November 2007 – COMPLETED • Draft amendments are submitted to the Government for review and agreement. – November 2007 – COMPLETED • Conduct media campaign on recommended changes. – December 2007 – September 2008 • If approved, the Government submits legislative changes to Parliament. – December 2007 – September 2008 • Changes to the Tax Code become effective. - January 2008 – January 2009 • Lobby for effective implementation of changes. – February 2008 – February 2009 • With the support of the Association of Taxpayers, complete spot monitoring of tax administration reforms to ensure changes are implemented. – March 2008 – March 2009 • Support 2008 survey to evaluate environment. – September 2008 		
Status and Comments	BEI subcontractor ITIC has presented an intermediate report on cameral control practices, however the tax agencies contacted have been reluctant to provide adequate information due to confidentiality and secrecy concerns, and at present the report cannot be presented for use by tax bodies. BEI is in discussion with Bearing Point on collaboration for a combined tax administration report, to include information from ITIC on cameral control.		
No.	Objective	Start Date	End Date

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

Justification	The World Bank Indicator “Closing a Business” focuses on bankruptcy procedures. During the 1 st year, with local experts, BEI conducted an analysis of bankruptcy procedures. Based on the research, BEI developed and submitted 25 recommendations to amend the Law “On Bankruptcy” to government and private sector counterparts. While BEI will continue to promote those recommendations, in addition to improvements required in the area of bankruptcy, voluntary administrative liquidation of legal entities remains a significant problem for entrepreneurs resulting in an estimated 35% (or 58,000 SMEs) of registered LLPs in Kazakhstan being currently inactive and requiring removal from the registry of operating entities. It currently takes up to 1 year to close a business and entrepreneurs report the process is costly and time-consuming. Failure to maintain clean company registries creates statistical errors that lead to poor governmental planning, and maintaining company existence exposes owners to the legal hazards of company ownership beyond a voluntary time period.
Forecast Result	With full Government implementation, it is anticipated that the time required to close a non-bankrupt inactive business will be reduced to 4 months and the cost significantly reduced.
Intermediate Tasks	<ul style="list-style-type: none"> • With FEK and the Department of Small Business within MIT, BEI completes a diagnostic analysis of the process of voluntary closure and develops process maps and draft analysis. – November 2007 - COMPLETED • Validate the process maps and initial findings with focus groups as well as through private sector interviews and round tables. – December 2007 — COMPLETED • Develop and present recommendations to the Department of Small Business regarding amendments to appropriate normative and sub-normative acts. – January 2008 – COMPLETED • With FEK, conduct a media and advocacy campaign promoting on the results of research and recommendations to the government. – March 2008 – June 2008 - ONGOING • Amendments to a number of Laws, including Law “On Private Entrepreneurship”, Tax Code, Civil Code, Law “On Limited Liability Partnerships” and others identified, are completed and presented to the Government. – May 2008 – July 2008 • If approved by the Government, amendments submitted to Parliament. – June 2008 – August 2008 • BEI conducts a review of sub-normative acts requiring further modification based on amendments. – July 2008 – September 2008 • Adoption expected by Parliament. – July 2008 – November 2008 • Relevant sub-normative acts adopted by relevant ministries. – September 2008 • Once adopted monitor the results of implementation of the changes. – September 2008
Status and Comments	<p>Changes and amendments to the Law “On Bankruptcy”, including BEI recommendations, have passed their second hearing in the Senate and the Law is expected to be signed during July.</p> <p>BEI and the Forum of Entrepreneurs of Kazakhstan have begun the planned advocacy campaign, with focus groups and round-tables liquidation procedure problems, and articles to attract media attention. Results from these activities will be incorporated into the expert’s report with recommended amendments to legislation and the liquidation of legal entities procedure. The final report with recommendations will be completed in June and presented to the PM’s Commission in July, with submission to Parliament in August and adoption in November, and review of NLAs scheduled for September.</p>

	Advocacy activities are expected to conclude during the next period, and are marked as ongoing for that reason.		
No.	Objective	Start Date	End Date
KZ 08	Strengthen the Partnership Network and Public-Private Dialogue in Kazakhstan, including in Almaty and Astana	1 Oct 2007	30 Sep 2008
Justification	BEI has expanded the scope and impact of its reform activities by supporting the development and technical capacity of local organizations and institutions as well as public/private partnerships. BEI will continue to equip counterparts with the tools to analyze the business environment and the means to promote and monitor reforms. The BEI partnership network currently includes 3 subcontracted partners and 30 partners supported by subcontractors. BEI will strengthen the partnership network through increased membership, including in both Almaty and Astana as well as through increased media usage and information dissemination.		
Forecast Result	Through the partnership program and public-private dialogue, at least 20 reforms are achieved at the local level, including at least one in both Almaty and Astana.		
Intermediate Tasks	<ul style="list-style-type: none"> • Evaluate the effectiveness of existing subcontractors through analysis of results achieved to date and performance of associations receiving training and consultation from them. – November 2007 - COMPLETED • Based on the results of the evaluation, provide additional training, implement appropriate information mechanisms, and/or modify subcontract agreements and work plans as necessary to optimize operations and maximize results. – December 2007 - COMPLETED • Beginning in December, BEI, through a series of round tables, will evaluate the interest and viability of regional collaboration, organization development, and a clinical style association management program to enhance skills necessary to start, manage and grow associations. – September 2008 • Provide trainings for business associations on business association development, media usage, information dissemination, communications, and advocacy. - September 2008 • With BEI support, partners continue collaboration activities with local governments to improve business processes. – September 2008 • At least 3 separate media campaigns with 3 major oblast counterparts are conducted by partners to build demand to address an identified local barrier to business activity and/or to publicize a reform success to inform businesses and empower them to hold the government accountable for continued proper execution of reformed laws, regulations or operations. – September 2008 • At least 20 reform results are achieved including at least 1 result achieved through partners in Almaty and Astana. – September 2008 		
Status and Comments	<p>Partners have reduced 4 constraints at the local level (all in SKO), totaling over \$1 million. During the period partners participated extensively in media promotion and distribution regarding BEI activities.</p> <p>In April BEI signed two-year subcontracts with its tender winners in the four cities (Astana, Oral, Oskemen, and Shymkent).</p>		

No.	Objective	Start Date	End Date
KZ 09	Increase the Effectiveness of World Bank Doing Business Indicators as a Driver and Benchmarking Tool of National Legal and Regulatory Reform	1 Oct 2007	30 Sep 2008
Justification	<p>The annual World Bank Doing Business indicators and country rankings are increasingly used by countries to evaluate comparative environmental conditions for business activity and to identify areas for reform. The Government of Kazakhstan has identified its ranking as a driver of change and expressed interest in improvement. BEI views the indicators as a tool for reform. Compared to Global Competitiveness Indicators, which the GoK also plans to improve, annual Doing Business Indicators, designed to allow for cross-country comparison, do not measure perceptions or outline needed reforms. As in the first year, in the second year BEI will utilize the Indicators to encourage reform, but go deeper in analytical and reform activities to address the specific country framework and reforms. The Department on Development of Entrepreneurship in the Ministry of Industry and Trade has established a general working group to work with identified processes. To be successful, the working group needs higher standing and the involvement of experts from targeted ministries and agencies specifically relevant to the processes identified for reform. With BEI's expert knowledge of the World Bank indicator development and ranking criteria, BEI will build understanding of the system and encourage deeper analysis and the development of an effective steering/working group system to drive fundamental reforms in the country. Although BEI is not directed involved in the Global Entrepreneurship Monitoring (GEM) activities supported by KSBD, BEI will take GEM results into account in its work.</p>		
Forecast Result	<p>Improved scores in the World Bank Indicators targeted by the Government for reform driven by deeper analysis than currently conducted and through general support to the completion of work plan tasks detailed below.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • With FEK, complete collection of sub-national data in 3 cities and submit to the World Bank. – October 2007 – COMPLETED • After formation of the new Government, present BEI recommendations for the development of an effective steering / working group structure and operational system. – November 2007 – COMPLETED • Secure the agreement of the Department on Development of Entrepreneurship to create an effective steering committee that will select processes for reform and then oversee the activities of working groups composed of representatives from relevant ministries and agencies. – November 2007 – COMPLETED • Provide necessary support to the World Bank, in collaboration with FEK, to conduct a presentation of the regional sub-national survey results. – December 2007 – COMPLETED • Assist the Department with the development of any normative acts required to create and operate the steering / working groups. – December 2007 – COMPLETED • With the Department, encourage selection of relevant processes for consideration. – January 2008 – COMPLETED • Draft BEI-recommended best practice models for each process considering best in class examples and realistic ability to reform to present to the Department and working group to focus discussions on goals and encourage productive feedback from participants. – February 2008 – COMPLETED • Provide briefings to group members regarding the World Bank process, methodology, BEI models, and international best 		

	<p>practices to encourage detailed consideration and reform of selected processes rather than reliance on solicited recommendations from ministries and agencies. – March 2008 – COMPLETED</p> <ul style="list-style-type: none"> • Identify opportunities to provide technical assistance to the working groups. – April 2008 – COMPLETED • With the Department, publicize group activities through the BEI information network and supplemental media activities – September 2008 		
Status and Comments	<p>BEI and the PM’s Committee on Administrative Barriers Reduction continue to cooperate closely, and held 4 committee sessions on Doing Business process simplification under the jurisdiction of PM between April and June 2008. During these sessions members reviewed specific recommendations from BEI and the business community, and Prime Minister Masimov signed a number of decrees on business environment improvement, which are estimated to significantly improve Kazakhstan’s Doing Business ranking.</p> <p>BEI expects further reductions in the published “Dealing with Licenses” process through improved accuracy of the World Bank reported data of the construction process after formal feedback from the Government of Kazakhstan to the World Bank, initiated in June, based on the analysis completed by BEI and the Government.</p>		
No.	Objective	Start Date	End Date
KZ 10	Increase Private Sector Participation in the Legal and Regulatory Drafting Processes	1 Oct 2007	30 Sep 2008
Justification	<p>Both the Law “On Normative and Legal Acts” and the Law “On Private Entrepreneurship” allow for public notice and comment on draft laws and regulations as well as the completion of basic impact analysis. However, full and effective participation and compliance rarely occurs. Particularly, the Law “On Private Entrepreneurship”, while allowing for expert council comment on drafts, limits council membership to private sector participants that are formally accredited for this purpose by the government. Also, additional support to the private sector is necessary to empower effective advocacy through the use of basic analysis and quantified assessment of the impact of drafts.</p>		
Forecast Result	<p>At least 10 counterparts are trained on the effective use of impact assessment methodology in advocacy. With BEI support, at least 4 draft normative acts are reviewed by private sector partners and impact assessments completed, with the results provided to the government and distributed through the BEI information network. Amendments to the Law “On Private Entrepreneurship” are presented to the government to eliminate the accreditation requirement for participation in expert councils.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Amendments to the Law “On Private Entrepreneurship” are completed and presented to the Government. – November 2007 - COMPLETED • BEI finalizes training materials for governmental agencies on effective use of impact assessment. – November 2007 - COMPLETED • BEI finalizes training materials for private sector counterparts on effective use of impact assessment. – December 2007 - COMPLETED • Direct consultation is provided to association partners by BEI to develop solutions to specific practical issues and based on the materials collected workshops are conducted and a media information campaign on impact assessment completed for counterparts. – January 2008 - COMPLETED 		

	<ul style="list-style-type: none"> Using materials developed by BEI in other countries, information gained from trainings in Kazakhstan, and materials developed by other USAID projects, a guide to lobbying and advocacy in Kazakhstan is completed and published for private sector counterparts and incorporated in future trainings. – May 2008 – July 2008 At least 4 draft normative acts are reviewed and analyzed using basic impact assessment and the recommendations submitted to the government and distributed through the BEI information network with changes to drafts as a result of the recommendations monitored. – September 2008 		
Status and Comments	<p>BEI and the Forum of Entrepreneurs of Kazakhstan are planning joint educational trainings on RIA for business associations and state bodies. MIT and the Protection of Competition Agency have agreed on trainings for their employees, and they are in discussion with the FEK and BEI as to which areas of activity will receive focus. Prime Minister Masimov has also showed interest and made a request regarding presentation of regulatory guillotine methodology to the Commission on Administrative Barriers Reduction, which is planned for late July by Country Director Sergey Pizikov and RTA Krassen Stanchev.</p> <p>Completion of the guide on lobbying and advocacy has been delayed until July to accommodate the new training schedule and resulting feedback.</p>		
KYRGYZ REPUBLIC (KR)			
No.	Objective	Start Date	End Date
KR 01	Facilitate Implementation of the Law “On Procedures for Conducting Inspections of Businesses” in the Government and Targeted Inspectorates	1 Oct 2007	30 Sep 2008
Justification	<p>According to the EBRD-World Bank BEEPS survey, on average, a business in the Kyrgyz Republic is inspected 13.93 times per year, requiring 58.47 hours per year, and 52.8% of respondent indicate bribes are frequent. USAID, through the LIME, TFI and BEI Projects, supported development and promotion of the groundbreaking Law “On Procedures for Conducting Inspections of Businesses” that included provisions requiring 10 day advanced notice before inspections, limiting initial inspections to identification of violations and requiring follow-up limited compliance checks before sanctions can be imposed, and other provisions strengthening the rights of businesses and refocusing inspections on encouraging compliance rather than on violation and penalties. The Government of the Kyrgyz Republic has established an Expert Group under the leadership of the Prime Minister and specifically included the BEI Project in the group to support effective implementation.</p>		
Forecast Result	<p>Through effective implementation of the Law, future BEEPS results are expected to indicate that the inspection burden is reduced by at least 75% with businesses reporting 4 inspections per year, requiring no more than 14 hours annually, and less than 14% of respondents reporting bribes are frequent.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> With the Prime Minister’s Office and private sector partners, the 2 inspectorates that conduct the most inspections of businesses are identified and selected for operational analysis and reform support. – October 2007 – COMPLETED Agreements are reached with the Government and the pilot inspectorates regarding the timing and scope of the analysis. – November 2007 – COMPLETED 		

	<ul style="list-style-type: none"> • Based on on-going implementation activities, the BEI-supported brochure “What an Entrepreneurs Needs to Know about Inspections” is disseminated through the BEI Information Network and promoted through a media campaign with private sector partners. – December 2007 – COMPLETED • Sub-normative acts of the pilot inspectorates and tax administration-related provisions of the Tax Code are reviewed and recommendations are submitted to the Prime Minister and the inspectorates to promote compliance with the Law. – January 2008 – COMPLETED • In coordination with other donors and projects, and with the collaboration of local partners and STTA, a risk assessment methodology to facilitate effective implementation of the Inspections Law in the area of tax inspections is completed. – March 2008 – May 2008 – COMPLETED • Through expert involvement, the structure and operational activities of the pilot inspectorates are reviewed and an action plan to reform is developed and presented. – June 2008 – August 2008 • As necessary, BEI provides on-going consultation to the pilot inspectorates and private sector partners to support implementation of the operational reforms. – September 2008 • BEI conducts a monitoring review of the operations of the pilot inspectorates in at least six of their regional offices and surveys inspected businesses to evaluate compliance with the Law. – September 2008 • During the contract year, seminars are conducted in at least 3 regions with private sector and government representatives on provisions of the new Law and the status of targeted reforms with the selected inspectorates. – September 2008 • During the contract year, at least 6 different media products related to provisions of the new Law and on-going implementation activities are developed and disseminated via TV, radio, and/or newspapers. This campaign will be reinforced by the activities outlined in KRI I. – September 2008
<p>Status and Comments</p>	<p>The Pilot state inspecting bodies (the State Committee on Taxes and Charges and the Department of State Sanitary and Epidemiological Oversight) prepared subnormative acts compliant with the Inspections Law, which are currently being reviewed in detail prior to the Parliament’s approval of the List of State Controlling Bodies (inspectorates). Due to issues that resulted from the fact that Tax Inspectorate and the Accounting Chamber were removed from the list of inspecting bodies, the List was submitted from committee for Parliament’s consideration. Parliament is expected to approve the List in late June or early July.</p> <p>During June the Government approved and submitted to Parliament a new version of the KR Tax Code, developed by BEI and the Chamber of Tax Consultants and submitted through the President’s Working Commission on Tax Code Improvement. This version reflects many BEI recommendations to bring the administrative Tax Code into compliance with the Law on Inspections and eliminate internal contradictions. Parliament is expected to adopt a version of the new Tax Code during July or early August.</p> <p>BEI has retained two experts for review of the legislative frameworks for both pilot inspectorates. Due to the complexity and volume of the sub-normative acts in the Department of State Sanitary and Epidemiological Oversight, completion of this inspectorate’s review is now expected in July 2008. Similarly, difficulty in acquiring an appropriate expert for review of the State Committee on Taxes and Charges is expected to delay review completion until August, 2008.</p>

No.	Objective	Start Date	End Date
KR 02	Improve State Regulation of Licenses and Permits of Entrepreneurial Activity	1 Oct 2007	30 Sep 2008
Justification	<p>In 2004, the USAID-supported draft Law “On Licensing” was submitted to Parliament for consideration. The Law, if adopted and properly implemented, would radically change inefficient practices of state licensing, limit governmental discretion to create new licenses, extend the validity of licenses, and institute judicial protections for license holders by allowing revocation only through court order. Since 2004, USAID Projects have lobbied the Government and Parliament to support adoption of the Law. Based on information from the Government, in the 1st contract year, through a BEI tender, a private sector analysis of the existing licensing regime was completed and provided to the Government. Currently, excessive and overlapping requirements between licensing and standardization continue to create barriers for SMEs. The Unified List of Permits continues to be an effective instrument to both limit and list the number of activities subject to permitting requirements. The Decree of the President “On Certain Measures to Streamline Permits and the Regulatory System in the Kyrgyz Republic” provides the basis for the expectation of results in the areas of both licensing and permitting through work by BEI with the Prime Minister’s Office, President’s Administration, the Ministry of Economic Development and Trade, and the Investment Council under the President’s Administration. This Decree also directs the Government to develop and adopt a new law that will establish the criteria for the introduction of permits and for the review of the entire licensing and permitted system to eliminate and consolidate licenses and permits.</p>		
Forecast Result	<p>Adoption of the new Law “On Optimization of Legislation of Entrepreneurship Activity” that will, in turn, facilitate the adoption of the Law “On Licensing”, reduction in activities subject to licensing and permitting through revision of the Unified List of Permits, and legal harmonization in at least 3 areas.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Based on BEI’s findings in the review of the licensing and permits system and using the criteria set out in the draft Optimization Law, recommendations are developed to improve the draft Licensing Law. – December 2007 – COMPLETED • Using the criteria outlined in the Optimization Law, support the Inter-Agency Commission to complete a review of permits to identify and eliminate unnecessary, illegal or duplicative permits. – March 2008 - May 2009 • The revised Unified List of Permits is adopted by the Government. – April 2008 – June 2009 • Through information intermediaries and the media, the list of activities for which permits are required and related information is disseminated to the public. – May 2008 – July 2009 • Together with its private sector partners, BEI promotes adoption of the draft Licensing Law in the Parliament. – May 2008 – July 2009 • At least 3 analytical articles are published highlighting the benefits of the Law. – July 2008 – September 2009 • Sub-normative acts creating or requiring permits not articulated in legislation and not included in the Unified List are identified and submitted to the Prosecutor General’s Office and private sector partners for them to be recognized as illegal and subsequently repealed. – August 2008 – September 2009 • The Government eliminates non-complaint sub-normative acts and unnecessary permit-related requirements. – September 2008 – September 2009 		

	<ul style="list-style-type: none"> Using a survey developed by BEI and its private sector partners, compliance with the Unified List and legal consistency in at least 3 areas subject to permitting is evaluated in at least four cities and the analyses presented to the Prime Minister and used to guide future BEI actions. – September 2008 – September 2009 		
Status and Comments	<p>On May 5, 2008, Law #55 “On Optimization of Legislation of Entrepreneurship Activity” was passed. The law describes the main principles, stages, and timeframes for the review of normative legal acts regulating business activities, using RIA and the guillotine principle. Based on this law BEI expects the Government to soon approve the Resolution “On Inter-Agency Commission on Regulatory Reform,” enabling the 1st Phase review of NLAs to begin in July 2008.</p> <p>The Law establishes timeframes for the three phases of the review process, covering the entire list of permits over a period of 9 months. Based on this schedule, the Inter-Agency Commission will review permits during the 2nd phase, tentatively from November 2008 through January 2009. The Unified List of Permits will only be ready following completion of the 3rd phase of the legislation review effort, and is tentatively expected to be completed in May 2009.</p> <p>After the end of the permitting legislation review and after the final list is approved by Government according to the Law, BEI will disseminate final information to the public about the (then) newly-adopted Unified List of Licenses and Permits.</p> <p><i>Work plan scheduled dates for currently planned activities have been updated accordingly.</i></p> <p>The Ministry of Economic Development and Trade and BEI have completed a draft of the Law of the Kyrgyz Republic “On Licenses and Permits” and created the list of normative legal acts subject to review. This draft Law may be submitted to Government after the review of all permits and licenses called for by the Optimization Law is completed, in March 2009.</p>		
No.	Objective	Start Date	End Date
KR 03	Build Demand to Streamline and Improve Construction Permitting and Land Acquisition Processes	1 Oct 2007	30 Sep 2008
Justification	<p>According to the annual World Bank Doing Business report, the Kyrgyz Republic’s “Dealing with Licenses” (construction permitting) rank is 143 out of 175 countries (20 procedures, 218 days, 510.4% of per capita GNI). During the 1st contract year, BEI completed a validation of the process that revealed it was complex, corruption is frequent and the process wasn’t known by many government actors and private sector counterparts. Through the use of intensive information dissemination and targeted international expertise, BEI will build demand for fundamental change in the areas of land acquisition to get government buy-in at both the national and local levels to address the process. The Prime Minister’s Office and private sector counterparts, including the Association of Construction Companies, have agreed to work with BEI to reform the legal framework governing the construction process as well as subsequent implementation activities. Given the technical nature of construction activity and related laws/regulations, short-term expert assistance is anticipated. To overcome resistance from existing government agencies involved in the process, including the State Architecture and Construction Agency, a robust demand and knowledge building campaign is anticipated.</p>		
Forecast Result	<p>During the contract year, it is anticipated that efforts will lead to more focused demand for reform in the sector. Through short-term expert assistance, a detailed roadmap for full reform will be developed. At least 2 immediate action results will be achieved</p>		

	through initial activities, but it is expected that complete reengineering of the process will extend into the next year. By the end of the project, it is expected that the reformed process will at least achieve the OECD average (14 procedures, 149.5 days, and a cost of 72% of income per capita).		
Intermediate Tasks	<ul style="list-style-type: none"> • BEI, in collaboration with the Association of Construction Companies, presents the findings of the analytical report regarding the process for permitting construction, reconstruction and renovation to the Investment Council under the President. – November 2007 – COMPLETED • Pursuant to the Decree of the President “On Certain Measures to Streamline Permits and the Regulatory System in the Kyrgyz Republic”, Decision of the Investment Council, and as a member of the Inter-Agency Commission, BEI will complete an expanded process analysis building on the findings of the Association and the targeted World Bank Doing Business analysis. – December 2007 – COMPLETED • Based on existing analysis, hard-copy and electronic copies of a plain-language brochure detailing the existing process is developed and disseminated to the private sector and government counterparts and through the BEI information network. (KR-11). – January 2008 – COMPLETED • With the assistance of a short-term international expert, a comparative analysis of the existing process versus current best practice will be developed, including best practice examples and a long-term roadmap for reform, and presented to both the Investment Council under the President and the High Economic Council under the Government. – February 2008 – COMPLETED • Based on the long-term roadmap, at least 4 media products, including at least 2 informational and analytical articles, will be developed and disseminated to increase knowledge of recommendations, best practices, and to build demand for reform. – September 2008 • At least 4 regional seminars will be conducted to present the analysis and recommendations to private sector partners and local government officials. – September 2008 • Agreement will be reached with key government counterparts, based on the long-term roadmap, on the detail and timing of future actions to reengineer the construction process. – September 2008 		
Status and Comments	Recommendations and material from BEI’s international experts were used in the development of Resolution #252 of May 30, the “Regulation on Procedures for Issuance of Permits to Design and Construct”, and Decree of President #164 of May 14, 2008, “On Measures to Optimize the Permitting System”, with regard to the creation of the Construction Consultative Council. The Construction Consultative Council is expected to hold its first meeting in late July or early August.		
No.	Objective	Start Date	End Date
KR 04	Build Demand for Streamlining the Processes of Business Registration, Re-registration and De-registration	1 Oct 2007	30 Sep 2008
Justification	According to the 2007 World Bank Doing Business report, in the Kyrgyz Republic, Starting a Business requires 21 days and completion of 8 procedures. Initial charter capital equal to .5% of per capita Gross National Income is also required, although approximately 80 countries included in the Doing Business report require no charter capital. The Kyrgyz Republic ranks 16 th (out of		

	<p>28) in the difficulty of Starting a Business in comparison to other countries in Europe and Central Asia, and 41st of 175 countries when compared to the entire field. BEI validation of the process indicated that Starting a Business, is much more difficult in reality due to a lack of knowledge of the existing process, arbitrary decision making, lack of coordination among state agencies, and long approval times beyond what the law anticipates. For a number of years, donors have provided consultative support and other assistance to encourage the adoption of a streamlined registration process. The draft Law “On Registration of Legal Entities” remains under consideration in Government pending financing from the World Bank or other donors. If the Law is adopted, BEI will support implementation, but the following tasks assume the Law as currently drafted is not adopted. BEI will work with media, government, and the private sector to build demand for re-engineering of the processes independent of donor financing.</p>
<p>Forecast Result</p>	<p>With full implementation of a streamlined process, it is expected that start-up procedures can be reduced to 3 procedures and require only 3 days to complete. However, government commitment to completely reform registration is uncertain at the present time. Therefore, the expected result during the contract year is to build demand for change resulting in the creation of an inter-ministerial working group to address registration reform.</p>
<p>Intermediate Tasks</p>	<ul style="list-style-type: none"> • Through the Inter-Agency Working Group, with the Ministry of Justice, complete and submit to the Prime Minister a review of the current processes of registration, re-registration and deregistration of businesses taking into account current best practice and existing draft proposals to streamline the processes. – November 2007 – COMPLETED • Any necessary changes developed by the working group with the assistance of international focused expertise to improve the draft Law “On Registration of Legal Entities” based on the findings of the study and the improved system of information exchange and will send it to the Government for review and approval. – December 2007 – COMPLETED • If approved by the Government, the draft Law is sent to the Parliament for review and adoption. – January 2008 – May 2008 – COMPLETED • With private sector partners, BEI commissions and publishes articles on best practice examples and streamlining the registration processes in the Kyrgyz Republic that can be completed without additional government expenditures and solutions to identified problems that can be implemented without donor financing. – January 2008 – COMPLETED • With the working group, government and private sector partners, BEI conducts presentations and roundtables with key government bodies involved in the registration processes to promote acceptance and implementation. – January 2008 – COMPLETED • Presentations are conducted in at least 3 regions of the country to promote the donor-free reform initiative. – April 2008 – COMPLETED • If adopted, support the Bishkek City Department of Justice to develop a pilot project one-stop shop in Bishkek. – September 2008 – COMPLETED • If adopted, BEI, with international focused expertise, facilitates implementation through support in the development of necessary sub-normative acts and operational changes within government. – September 2008 • Throughout the contract year, media products are developed to highlight best practices in other countries, call attention to problems with the existing system, and promote effective reform. – September 2008

Status and Comments	On April 23, 2008, the Government issued Resolution #123, in which it incorporated BEI's recommendations for procedures to be eliminated from the registration process. This resolution introduces streamlined process registration for legal entities across KR and legislatively confirms the introduction of an electronic document turnover and filing processes between the Ministry of Justice, Tax Authority, Statistical Committee, and Social Fund.		
No.	Objective	Start Date	End Date
KR 05	Improve Clarity and Certainty in the Legal Regime Through Adoption of a Hierarchy of Laws	1 Oct 2007	30 Sep 2008
Justification	Currently, the legal framework in the Kyrgyz Republic lacks a basic statement regarding the hierarchy of laws, including which legal acts are superior and which are subordinate. Legal acts adopted later in time prevail without regard to status, but laws and regulations are most often adopted not as a package and thus many of the earlier adopted laws and regulations are never being brought into compliance with the new ones. As a result, for citizens to know and assert their rights, they must have perfect knowledge of the legal framework. The lack of a clear hierarchy results in confusion amongst citizens, is a disincentive to entrepreneurs and foreign investors, and leads to a lack of confidence in the rule of law and abuse by government officials. Through the LIME, TFI, and BEI Projects, USAID has supported efforts to improve the Law "On Normative Legal Acts" to establish a clear hierarchy. With the President's Administration, Department of Entrepreneurship Development of the Ministry of Economic Development and Trade, the Ministry of Justice, and other private sector partners, BEI will continue to promote appropriate amendments to the Law and subsequent implementation through appropriate sub-normative acts.		
Forecast Result	It is expected that amendments to the Law "On Normative Legal Acts" and necessary sub-normative acts will be adopted, providing increased clarity and certainty in the legal system.		
Intermediate Tasks	<ul style="list-style-type: none"> • Amendments to the Law "On Normative Legal Acts" are presented to the Government for approval. – November 2007 – May 2008 – May 2009 • Together with local experts, BEI evaluates the effectiveness of sample laws or regulations passed without an accompanying package of documents and the findings are submitted to the Government and Parliament in collaboration with USAID Kyrgyzstan Parliamentary Strengthening Project implemented by MSI for further discussion. – January 2008 – May 2008 – COMPLETED • If Parliament adopts the amendments and the President signs the Law, BEI, with government and private sector partners draft necessary sub-normative acts, including the internal operating regulations (reglements) of the Government and Parliament and submit for approval. – March 2008 – May 2009 • BEI conducts a review of the national Government and at least 2 sub-national government bodies to evaluate compliance with provisions of the new Law. – July 2008 – August 2009 • An information and training campaign is conducted for legal professionals to build knowledge of the changes and the impact on the legal system. – September 2008 – September 2009 • Based on findings of the analyses, BEI presents recommendations to the bodies and facilitates any necessary operational or information management improvement for effective implementation. – September 2008 – September 2009 		

Status and Comments	<p>Government Resolution #142-p of April 16, 2008, created an inter-agency working group charged with developing suggestions to improve the Law “On Normative Legal Acts of the Kyrgyz Republic.” This working group consists of representatives from the President’s Administration, Office of Government, Parliament, Prosecutor General’s Office, Ministry of Justice, Ministry of Finance, Ombudsman, and judges. Unfortunately the Government has explicitly excluded the private sector and international organizations from participation on this “internal” group. BEI will, however, work indirectly through its contacts in participating ministries to ensure that legal hierarchy is reflected and solidified in the Law on NLAs, and that good legal drafting procedure will be incorporated in the reglaments of Government and Parliament.</p> <p>The Working Group will begin discussing internally the first version of the draft Law in mid-July. These first discussions will demonstrate the degree to which BEI will be involved in work on the new Law, and work plan items will be updated as needed at that time. The work plan has currently been updated to reflect the expected completion date of the Law, in May 2009.</p> <p>The expert enlisted by BEI provided an assessment of the effectiveness of sample laws and regulations enacted without an accompanying package of documents. The results and findings of the expert’s research were presented to Government on June 4, 2008. A similar presentation for Parliament is planned for October 2008.</p>		
No.	Objective	Start Date	End Date
KR 06	Increase Private Sector Participation in the Legal and Regulatory Drafting Processes and Improve Implementation of Drafting Procedures	1 Oct 2007	30 Sep 2008
Justification	<p>The Law “On Normative Legal Acts” not only sets out the basic principles of the legal framework, but it also articulates the requirements of the legal and regulatory drafting process. The previous TFI Project was successful in promoting requirements in the Law that draft normative acts be published for comment and these requirements were included in the TFI-supported operating regulation (reglament) of the Government. However, many drafts continue to be unpublished, basic analysis is not conducted and citizens do not fully avail themselves of the opportunities to comment on drafts. During the 1st contract year, BEI supported the development of model commentaries to draft laws by private sector partners. With government and private sector partners, BEI will utilize existing models and provisions in the Law and regulation of the Government to increase private sector input into the process through facilitation of increased private sector comment and strengthening of private sector comments through the use of basic quantification and impact assessment tools.</p>		
Forecast Result	<p>With BEI support, private sector counterparts will provide comments, including basic assessment of impact, to at least 6 draft laws or regulations.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Model private sector-developed draft commentaries are distributed to private sector partners and Government and Parliament with basic information regarding the effective use of legal and economic impact assessment. – October 2007 – COMPLETED • Roundtables, with local experts, are held in at least 4 regions of the country for private sector partners to present the models and the assessment methodology. – December 2007 – COMPLETED • With private sector partners, using the activities outlined in KR-11 and employing at least 2 different media products using TV 		

	<p>and radio, and at least 2 print articles, are created to promote the use of basic economic impact assessment to empower advocacy. – February 2008 – COMPLETED</p> <ul style="list-style-type: none"> • At least 6 existing or draft normative acts are circulated to private sector partners and targeted partners are selected to receive BEI consultation to develop commentary including impact assessment. – September 2008 • Model commentaries developed during the contract year are circulated to all partners through the BEI Information Network. – September 2008 • BEI monitoring completed regarding changes introduced in drafts as a result of detailed commentary. – September 2008 		
Status and Comments			
No.	Objective	Start Date	End Date
KR 07	Streamline Contract Enforcement Procedures and Increase Use of Alternative Dispute Resolution	1 Oct 2007	30 Sep 2008
Justification	<p>Formal dispute resolution through the existing judicial system in the Kyrgyz Republic is time consuming and costly. Many entrepreneurs lack the resources to hire appropriate legal representation and many disputes are reportedly not solved on the merits. Contracts are a tool for parties to both allocate risk and avoid uncertainty. However, many contracts are poorly developed and improperly used by parties leading to contract breach and the necessity of seeking formal relief in the judicial system. Under the previous LIME Project and during the first year of the BEI Project, USAID provided support to the International Court of Arbitration to promote the use of arbitration as an alternative to judicial resolution of disputes. BEI will continue to support the ICA and provide appropriate consultative assistance. At the same time, BEI will encourage the use of additional mechanisms for dispute resolution and promote improved contracting practices to increase compliance and decrease costs associated with poor agreement formation.</p> <p>Activities under this objective are coordinated with USAID/Kyrgyzstan Country Office and, if necessary, modified when the MCC Threshold Program is started.</p>		
Forecast Result	<p>BEI will support partners serving at least 2 industries to pilot improved contract development practices and negotiation and mediation services resulting in at least 2 resolved pilot disputes during the year. With grant and consultative support from BEI, the ICA will resolve at least 12 cases through arbitration and will achieve a revenue/expense ratio of at least .39.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • A seminar is conducted for private sector partners (inc. business associations, law firms, media, and other service providers) on alternative dispute resolution mechanisms (negotiation, arbitration and mediation) and opportunities as well as on 3rd party contract development services. – December 2007 – COMPLETED • Through the seminar and follow-on consultation, at least 2 selected private sector partners chosen from seminar attendees are identified to pilot negotiation and mediation service development. – January 2008 – COMPLETED • With regional or international experts, trainings and direct consultation are provided to partners above to build the capacity to provide ADR services. – March 2008 – COMPLETED • BEI supports the dissemination of summaries of court decisions prepared by the project partners among the private sector 		

	<p>regarding the enforcement and interpretation of Commercial Law norms pertaining to such important issues as tax relations, land issues, etc., to help businesses develop better contracts and increase their understanding of court practices in resolving economic disputes based on the content of the summaries. – March 2008 – COMPLETED</p> <ul style="list-style-type: none"> • With partners, both targeted advertising and a broader information dissemination campaign, including through radio, television and the BEI Information Network, is conducted to promote various mechanisms of ADR. – June 2008 – July 2008 • Throughout the contract year, quarterly reviews are conducted of the ICA to determine compliance with grant provisions and identify areas of additional consultative support to support increased financial sustainability and demand for arbitration services. – September 2008 		
Status and Comments	<p>Based on results of the January, 2008 ADR seminar, BEI selected in May two private sector partners to spearhead promotion of ADR, mediation, and negotiation in the Kyrgyz Republic. One partner legal firm was identified to administer training on ADR on June 23-27, for 10 participants, representing 4 major legal firms of Kyrgyzstan. This activity will continue during July, with the publication of special brochure on mediation and round table for the legal community on mediation as one option for out-of-court business dispute resolution.</p> <p>In May the Central Asian Legal Library prepared the fifth review of court judicial opinions on economic cases and land issues for the year 2007. The review was entered into the Judicial Opinions Database, published in the <i>Normative Acts of the Kyrgyz Republic</i> magazine, on BEI's website, disseminated among businesses associations, and published on the CALL's website and partner websites. In July the contract with CALL will be renewed to continue the preparation of court practice reviews.</p>		
No.	Objective	Start Date	End Date
KR 08	Develop Information Dissemination Network and Increase Private Sector Capacity to Utilize Information and Media to Protect Individual Rights and Build Demand for Reform	1 Oct 2007	30 Sep 2008
Justification	<p>Accurate and timely information is necessary for entrepreneurs to individually protect their rights and to build demand for reform. BEI will develop a robust information network and build the capacity of information intermediaries to provide necessary information and reinforce their role and value to entrepreneurs. By enlisting business associations, academic organizations, law firms, business consulting companies, legal clinics, business support centers, and other organizations as well as interested media (including electronic, printed, TV and radio) that work with or service entrepreneurs, BEI will leverage existing relationships to develop a value information system. Across many activities, legal information, guides, manuals, analysis, and other products will be developed and supplied to intermediaries. By providing information and materials to intermediaries and training them on dissemination practices, BEI will supply the products that the intermediaries will use to service their clients, members and constituents. The usage and value of anticipated information products will be tracked at the end-user level to evaluate both the strength of the network and the activities of the intermediaries. While BEI may from time to time develop information materials in hard copy, the strength of the network relies on the dissemination of materials in electronic form that can then be distributed by intermediaries in perpetuity and regularly updated, eliminated barriers to access to information and staleness issues created when</p>		

	only limited-run hard copy materials are used. Also, this strategy will allow for unlimited geographic reach, and no-cost expansion.
Forecast Result	BEI developed information products are successfully disseminated by information network partners and media campaigns anticipated in other work plan items are received by over 75% of at least 1000 respondents in the validation activity.
Intermediate Tasks	<ul style="list-style-type: none"> • BEI will develop its information strategy to be passed to USAID. – October 2007 – COMPLETED • A roundtable of local media organizations is conducted to present the BEI information strategy for Kyrgyzstan, seek their input, and enlist their support as partners in the dissemination of information through newspapers, television, radio, and electronic mechanisms. – October 2007 – COMPLETED • At least 30 information intermediaries (media, including major electronic media outlets, associations, law firms, legal clinics, business support organizations, etc) join the BEI Information Network in the Kyrgyz Republic. – December 2007 – COMPLETED • Training is conducted for information intermediaries on effective constituent communications, media relations, and various opportunities to utilize BEI-provided information and materials to build the strength and value of their organizations. – January 2008 – COMPLETED • As indicated in other work plan items, BEI developed or supported information and materials are disseminated to network members. – September 2008 • At least 80 information intermediaries join the BEI Information Network. – September 2008 • A survey of over 1000 end users indicate that at least 75% receive information provided by BEI to information intermediaries. – September 2008
Status and Comments	The establishment during the past period of the Economic Press Club has enabled BEI to increase the number of information intermediaries in its pipeline by over 20, to a total of more than 70 business associations and media outlets. This Information Pipeline disseminates press releases, article and media products developed by BEI and its partners.

TAJIKISTAN (TJ)

No.	Objective	Start Date	End Date
TJ 01	Improve the Legal Framework and Implementation of Laws and Regulations Governing Activities of Foreign Investors	1 Oct 2007	30 Sep 2008
Justification	During the 2006-2007 contract year, BEI promoted adoption of a new Law “On Investments” developed with the support of USAID under the previous TFI Project. The law included a number of positive changes in the legal framework for foreign businesses including the elimination of a local staff requirement and a discriminatory charter capital requirement. However, many laws and regulations continue to contain discriminatory provisions that impair private foreign investment in Tajikistan. According to the 2007 World Bank Doing Business report, Tajikistan ranks 133 rd out of 175 countries when considering the total difficulty of doing business. On key processes for foreign investors, the rankings are abysmal: 172/175 for Protecting Investors; 163/175 for Trading Across Borders. BEI will work closely with the new RTLC Project on any identified issues that involve trade and WTO accession.		

	Together with the State Committee on Investment and State Property Management and private sector partners, BEI will complete a review of the legal framework and regulations and identify important areas for harmonization and improvement to eliminate disincentives to foreign investment.		
Forecast Result	It is expected that at least 3 reportable PR2 results will be achieved directly through this objective. It is anticipated that many more disincentives will be identified and issue promotion through private sector partners and the media will be used to bring attention to structural and deeply-rooted problems that require more intensive solutions.		
Intermediate Tasks	<ul style="list-style-type: none"> • Upon the initiation of the American Chamber of Commerce in Tajikistan and other private sector partners, BEI will support the establishment of a focus group on foreign investment. – November 2007 – COMPLETED • Notice is published in print media and electronic notice of the creation of the group is disseminated to the private sector. – December 2007 – COMPLETED • Through the investors group, relevant laws and regulations will be reviewed to identify key disincentives to foreign investment. – January 2008. – COMPLETED • BEI will support public meetings and an information dissemination campaign led by private sector partners to present preliminary findings to membership, government partners, and the broader business community for comment. – March 2008 – COMPLETED • With BEI support, legal amendments are developed and any necessary strategies to address non-legal barriers (such as abuse of discretion problems that disproportionately impact foreign investors) are developed. – May 2008 – August 2008 • The investors group presents the recommendations and reforms to the State Committee on Investment and State Property Management and any other appropriate government bodies. – June 2008 – August 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – September 2008 • In support of the improvements, through the investors' group, support a media campaign including radio and television products to address any issues correctable through increased information dissemination, to promote protection of rights, and to encourage adoption of the recommendations. – September 2008 		
Status and Comments	The earlier, established working group on investments decided to work within the frame of Consultative Council on Improving Investment Climate under the President of RT. This has required BEI to also change its strategy and plans on this direction. BEI is now working closely with the Secretary of the Council and assist the Council in its own review of relevant laws and regulations to identify key disincentives to foreign investment, and will introduce material from previous reviews as feasible. The Analysis on Investment Climate is now planned to be finalized and submitted to Government in August 2008. The work plan has been updated accordingly.		
No.	Objective	Start Date	End Date
TJ 02	Build Demand to Streamline and Improve Construction Permitting and Oversight Processes	1 Oct 2007	30 Sep 2008

Justification	According to the annual World Bank Doing Business report, Tajikistan’s “Dealing with Licenses” (construction permitting) rank is 85 (18 procedures, 187 days, and 154.7% of per capita GNI). During the 1 st contract year, BEI completed a validation of the processes that revealed it was much more expensive and difficult than the World Bank analysis indicates. The process wasn’t known by many government and private sector counterparts and bribery is reportedly frequent. Moreover, since the process is administered locally regional variations exist. Through the use of intensive information dissemination and targeted international expertise, in collaboration with key private sector partners, BEI will build demand for fundamental change to get government buy-in at both the national and local levels to address the processes.		
Forecast Result	Effective reform of this complex process is expected to take more than 1 year to complete. But, BEI, in collaboration with private sector partners, expects to build public demand for future reform during the year and eliminate at least 3 areas of non-compliance with the existing law and regulations.		
Intermediate Tasks	<ul style="list-style-type: none"> • Creation of working group including representatives from construction companies, associations and secondary organizations. – November 2007 - COMPLETED • With a short-term international expert, analysis completed regarding licensing, certification and accreditation regime for businesses and experts in the construction process including a detailed assessment of all government bodies, laws, regulations, steps within procedures, international best practice and a roadmap for reform with specific recommendations. - March 2008 - COMPLETED • Initial analysis presented to working group for discussion. - April 2008 – July 2008 • Present analysis, international best practice, and recommendations to the Government. - May 2008 – July 2008 • Present analysis, international best practice, and recommendations through a media campaign to increase demand for specific changes. - July 2008 • Address identified issues that can be eliminated immediately without legal changes. - August 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. - September 2008 • Conduct regional seminars with counterparts in at least 3 regions of the country to present the analysis, best practice and recommendations. - September 2008 		
Status and Comments	International STTA submitted an updated final analysis on June 26, 2008 for BEI review, with international best practice recommendations. BEI, in July, will review the analysis and prepare recommendations for presenting to the working group and Government. The work plan has been updated accordingly. BEI has already contracted a local organization to develop and broadcasting TV programs that will describe the permitting, licensing, and tendering processes for construction. This media campaign will be launched through broadcast TV, as scheduled in July 2008.		
No.	Objective	Start Date	End Date
TJ 03	Reduce the Tax Burden for Entrepreneurs Through Support to the National	1 Oct 2007	30 Sep 2008

	Association of Small and Medium Enterprises to Promote National Reform		
Justification	<p>According to the 2007 World Bank Doing Business report, in Tajikistan, entrepreneurs are required to make 55 tax payments annually, requiring 224 hours and consuming 87% of profit. When compared against 175 countries, Tajikistan ranks 154. However, BEI's validation of the process indicates that the actual rate is at least 92% of profit, based on the assumption that locally imposed revenue taxes are actually passed through to customers, although in most cases they are not charged in addition to marked prices. With unofficial collection targets for inspectors encouraging excessive and abusive inspections, the tax regime, in reality, is worse than the ranking indicates. Not only are administrative costs onerous and compliance difficult, but the confiscatory rate is a large disincentive to business activity and an overall incentive to shadow operation and corruption. A new tax code was adopted in 2004, with 4 amendments from 2005 to 2007. Currently, the National Association of Small and Medium Enterprises is engaged with government leaders on the issue of tax policy and administration. Through collaboration with the Fiscal Reform Project (BearingPoint) and the State Committee for Investments and State Property Management, with grant funding to the NASME, and expert input from the Chamber of Tax Consultants of Kyrgyzstan, BEI will support efforts to bring rational reform to the system.</p>		
Forecast Result	<p>Given deeply entrenched interests and the complexity of the issue, it is unlikely that significant reform will occur in the year. However, at least 6 media products will be developed and disseminated during the year on tax issues that identify and promote best practice reforms and provide a foundation for work in the following years.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • The National Association of Small and Medium Enterprises submit a grant application for expert support. – November 2007 – COMPLETED • An expert group on tax issues is formed by the NASME. – December 2007 – COMPLETED • The expert group, with BEI assistance, identifies 6 potential tax topics for future expert commentary to be published in local newspapers. – December 2007 – COMPLETED • With BEI, the Fiscal Reform Project, and Chamber of Tax Consultants assistance, the expert group conducts a legal and economic review of the tax code and develops recommendations for improvement. – February 2008 – COMPLETED • The preliminary recommendations are presented to the public, private sector partners, and the State Committee for feedback. – March 2008 – COMPLETED • Based on feedback and discussions, necessary legal acts and final recommendations are drafted. – July 2008 – COMPLETED • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – September 2008 • Developed materials are presented to the Government for consideration. – August 2008 • With BEI support, and the participation of the National Association of Small and Medium Enterprises, a series of media products are developed and disseminated to explain and promote the recommended changes. – September 2008 		

Status and Comments	The NASMB is currently updating its financial-economic analysis of the Tax Code using the results of their round-tables in the regions of Tajikistan and feedback from private and public sectors participants. Their period of grant performance has been prolonged without additional financial support due to newly adopted amendments to Tax Code, which are expected to negatively impact SME's. During the extended time NASMB will finalize all recommendations with consideration of the latest amendments.		
No.	Objective	Start Date	End Date
TJ 04	Reduce Cost and Time Required to Register a Business	1 Oct 2007	30 Sep 2008
Justification	According to the 2007 World Bank Doing Business report, in Tajikistan, Starting a Business requires 67 days and completion of 14 procedures. Initial charter capital equal to 379% of per capita Gross National Income is also required, although approximately 80 countries included in the Doing Business report require no charter capital. Tajikistan ranks 28 th (last) in the difficulty of Starting a Business in comparison to other countries in Europe and Central Asia, and 166 th of 175 countries when compared to the entire field. BEI validation of the process indicated that Starting a Business, by law, is less difficult than reported in the Doing Business analysis, but significant problems exist. Lack of knowledge of the existing process was also revealed by BEI to be a significant problem facing both government regulators and private sector applicants. During the 2006-2007 contract year, BEI completed a Guide to Starting a Business in Tajikistan that was endorsed by the State Committee on Investment and State Property Management and approved by the Ministry of Justice. The Guide was distributed electronically via the BEI web site and via CD-ROM to state agencies with the support of the State Committee. The next step in the reform of the registration process requires changing the legal framework for registration to eliminate opportunities for abuse of discretion by government actors involved in the process and reduce costs. Working with government and private sector partners, BEI will promote specific reforms in the registration process that can be addressed immediately to provide relief to potential entrepreneurs, including elimination of the charter capital requirement and the post-registration notarization requirement. BEI will also collaborate with the World Bank and other donors to develop and promote more complete reform in the registration process to address and eliminate deeply-rooted sources of problems for entrepreneurs.		
Forecast Result	BEI expects the initial minimum charter capital requirement will be eliminated or reduced at least 50%. The number of steps required for Starting a Business (as measured by the World Bank) will be reduced to at most 10 procedures and require no more than 40 days to complete. Additionally, BEI will build demand for more robust evaluation and reform of the process through focus on Doing Business reform leaders and best performers. PMP: PR1, PR2, IRI, IR2		
Intermediate Tasks	<ul style="list-style-type: none"> • Through lobbying by BEI and private sector counterparts, business registration is identified as a key process for reform by the State Committee on Investment and State Property Management. – December 2007 – COMPLETED • With the involvement of a short-term expert complete an analysis on the initial capital requirements for businesses, including purpose and value, in comparison to other CAR countries and best practice. – January 2008 – COMPLETED • Working with private sector partners, develop and submit to the State Committee a plan of reform to eliminate legal inconsistencies and contradictions in the existing legal framework, elimination or reduction of the initial charter capital requirement and elimination of post-registration notary requirements. – January 2008 – COMPLETED • BEI through private sector counterparts publishes media materials on current best practices in registration to build demand 		

	<p>for immediate changes and long-term reform of the process. – March 2008 – COMPLETED</p> <ul style="list-style-type: none"> • Seminars are held in at least 3 regions on registration, including the presentation of best practice examples, to build demand for improvement. – March 2008 – COMPLETED • The reform and implementation strategy, with necessary legal materials, is finalized and submitted to the State Committee. – June 2008 – COMPLETED • Legal amendments are submitted to the Government for consideration and approval. – August 2008 • If approved, legal amendments are submitted to Parliament by the Government. – September 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – September 2008 • Through media partners, the BEI-supported demand building and information campaign is conducted. – September 2008 		
Status and Comments	BEI has submitted all analysis to the SCISPM and the inter-ministerial working group on streamlined business registration. Due to the Government's direction toward streamlined process business registration, including de-registration and re-registration, BEI will pursue promotion of an entirely new registration, de-registration, and liquidation system.		
No.	Objective	Start Date	End Date
TJ 05	Improve Clarity and Streamline Procedures for Re-registering or Closing a Business	1 Oct 2007	30 Sep 2008
Justification	In Tajikistan, the laws and regulations governing the process to re-register and to voluntary close a business and remove it from the roster of operating companies are confusing, contradictory and incomplete. As a result, entrepreneurs experience arbitrary decision making by government regulators and are unable to identify or protect their rights leading to processes that are often more difficult, costly, and time-consuming than start-up registration. BEI will work with the State Committee on Investment and State Property Management and the private sector to encourage government focus on the problem and to develop necessary legal materials, supported by a robust information effort to promote government compliance with laws and regulations and increase the power of the private sector to protect their rights.		
Forecast Result	Through surveying of government and private sector representatives, 70% of government respondents involved in these processes and 70% of private sector respondents who completed the re-registration or de-registration processes will report they are aware of the actual procedures and 50% of both groups will report compliance or near compliance.		
Intermediate Tasks	<ul style="list-style-type: none"> • BEI, with private sector counterparts, completes a legal and process analysis of the procedure for voluntary de-registration and re-registration. – November 2007 – COMPLETED • Based on the analysis, a plain-language guide to de-registration and re-registration are developed with the endorsement of the State Committee and published to private sector and government counterparts. – March 2008 – May 2008 DELAYED TO 2009 • With private sector counterparts and the State Committee, reform recommendations are developed, including solutions that can be implemented immediately and a strategy to address long-term solutions. – April 2008 – COMPLETED • With private sector counterparts and the State Committee, a series of seminars in at least 3 areas of the country are 		

	<p>conducted to present examples of best practice, discuss barriers in the existing legal regime, and to promote long-term reform. – June 2008 – COMPLETED</p> <ul style="list-style-type: none"> • Any necessary legal acts are developed to harmonize the existing legal regime and to introduce identified reforms. – July 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – September 2008 • Legal acts are presented via State Committee to the Government for approval. – September 2008 • With private sector counterparts and the State Committee, media products are developed and disseminated to call attention to positive reforms developed and promote adoption and implementation. – September 2008 		
Status and Comments	<p>Due to changes expected in legislation for the process of registration, including re-registration and de-registration, associated with the introduction of the streamlined processes, BEI will develop the plain language guides on de-registration and re-registration in 2009, in accordance with the new streamlined process procedures, which are planned to be introduced starting January 2009. The work plan has been modified accordingly.</p>		
No.	Objective	Start Date	End Date
TJ 06	Support Implementation of the Licensing Law and Regulations	1 Oct 2007	30 Sep 2008
Justification	<p>The World Bank Doing Business analysis “Dealing with Licenses” addresses only the time and costs required for completing a uniform construction project. In Tajikistan, USAID, through both the TFI and BEI Projects has been supporting reform in the licensing regime for many years. During the 2006-2007 contract year, BEI developed and supported a package of 32 legal amendments required to harmonize the legal regime with changes to the licensing law in 2006. In addition, BEI developed an amendment to the licensing law itself that eliminated the 5 year limitation on licenses as well as developed a regulation of the government to implement the licensing law that eliminated many unnecessary license transactions and provided other benefits for entrepreneurs. However, focused support to implementation is required to facilitate compliance with other provisions of the law, including that licenses be issued within 30 days of application submission. Currently, entrepreneurs report that government bodies often take longer than 30 days to approve applications, even up to 1 year in some cases. Building on the previous working relationship with the World Bank, BEI expects to assist future World Bank support to the State Committee on Investment and State Property Management by providing consultative support to efforts to review the operations of targeted licensing bodies and the facilitation of operation and legal improvements to promote legal compliance and improved service. Tasks in this area assume a high and level of Government commitment and openness to be secured through the World Bank.</p>		
Forecast Result	<p>With Government commitment through the State Committee and World Bank support to the issue, it is expected that, after analysis and implementation, a review of licensing applications at targeted licensing bodies will indicate at least 50% compliance with the 30 day application consideration requirement.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Provide consultative support to the World Bank to develop its plan of support to the State Committee related to licensing reform. – November 2007 – COMPLETED 		

	<ul style="list-style-type: none"> • Based on input from private sector partnership and discussion with the World Bank identify at least 2 types of licenses for analysis and process reform. – December 2007 – COMPLETED • Assuming the Government agrees to an operational review with BEI and the World Bank, develop the review plan with government counterparts. – January 2008 – COMPLETED • Complete a baseline review of document requirements as well as time and financial costs for licensing issuance for selected licenses. – February 2008 – COMPLETED • With private sector and expert support, review the legal framework and implementing orders and instructions at the ministry/agency level to identify any legal acts requiring elimination or amendment and submit to the licensing bodies and the State Committee. – March 2008 – COMPLETED • With the support of the State Committee, and involvement of the World Bank consultant, complete a basic operational and functional review of the licensing bodies previously identified. – May 2008 – August 2008 • Present operational review findings to the licensing bodies and the State Committee with recommendations. – July 2008 – August 2008 • Conduct a media campaign with the State Committee to inform the public of the analysis and results as well as to create demand for implementation of legal and operational improvements. – July 2008 – August 2008 • Promote and monitor adoption of reforms. – September 2008 • BEI provides follow-on support and consultations to private sector partners as necessary to increase their ability to build cross-cutting demand for effective implementation and on-going monitoring of the government reforms. – September 2008 • If targeted reforms are successful, identify opportunities to replicate reforms across other licensing bodies. – September 2008 		
Status and Comments	<p>With consultation with BEI, WB experts are developing an operational review of pharmaceutical and construction sector licensing activities including document requirements and the legal framework. BEI is currently considering construction licensing cases, because the construction licensing body did not provide information on time. Due in part to this, the World Bank consultant conducting this review has not yet completed the assignment, which is now expected to finish in August, 2008, and will be submitted for BEI review and action at that time. Work plan dates have been modified accordingly.</p>		
No.	Objective	Start Date	End Date
TJ 07	Analyze and Improve Current Government Proposals Regarding Special Economic Zones	1 Oct 2007	30 Sep 2008
Justification	<p>In Tajikistan, as in other areas of Central Asia, Special Economic Zones are frequently considered as options for sub-national economic growth, especially by oblast and cities leaders who are pressured to developed economic plans by central governments pursuing historic models of central planning as the key to private sector economic growth. Especially given the centralized nature of economic policy and the national coverage of existing laws and regulations governing most areas of economic activity, it is uncertain what real opportunities exist to carve-out special geographic niches for favorable discriminatory treatment. Also, considering the</p>		

	<p>cost associated with implementing different regulatory systems, weak controls over corruption and arbitrary decision making and geographic impediments to economic activity, it is uncertain how effective Special Economic Zones can be as a facilitator of economic growth. In Sogd Oblast, a geographically distinct area of Tajikistan located in the Ferghana Valley, Special Economic Zones are being considered and prioritized by the regional administration. BEI will work with the local administration and private sector partners, with the input of international experts, to fully evaluate the potential impact of a SEZ and whether it is a feasible solution for regional development in this area of Tajikistan.</p>		
Forecast Result	<p>The result will depend on the analysis. If expert analysis indicates that the SEZ model is inappropriate for Sogd, or Tajikistan in general, the forecast result would be the successful rejection of the SEZ concept and a refocusing of government attention on other barriers to development. If the analysis reveals the model has potential, the expected result would be effective implementation of the concept.</p>		
Intermediate Tasks	<ul style="list-style-type: none"> • Analytical group developed with representatives from Sogd Oblast, the private sector, and BEI to consider the issues of a Special Economic Zone in Sogd Oblast. - January 2008 - COMPLETED • Based on the initial analysis, through the expertise of an international short-term consultant, an analysis is completed comparing factors in Sogd to those factors that are generally present in successful SEZs and suitability to Tajikistan. - April 2008 – COMPLETED • The consultant’s preliminary findings are presented to the regional and national government through direct presentation and subsequently by BEI. - May 2008 – COMPLETED • Analysis and recommendations are disseminated by the information network and via the media. - June 2008 – COMPLETED • If BEI and the expert view the solution positively, an implementation plan is developed for further action. - June 2008 – COMPLETED • If BEI and the expert view the solution negatively, all attempts will be made to focus the local government on more promising solutions. - June 2008 – COMPLETED (see comments) 		
Status and Comments	<p>The Government, in May, adopted a resolution creating two SEZ in the Republic of Tajikistan. This completes the unneeded final work plan step.</p> <p>The Ministry of Economic Development and Trade, as head of the inter-ministerial working group on creation of SEZ, accepted all products on SEZ creation submitted by BEI. Next steps according to the Government Regulation are the development of a Regulation on SEZ Administration and Charter for SEZ “Khujand”. BEI will contract with a local expert to develop the Regulation on SEZ Administration, and will monitor developments for appropriate future support activities.</p>		
REGIONAL (RE)			
No.	Objective	Start Date	End Date
RE 01	Monitoring and Evaluation (Year 2)	1 Oct 2008	30 Nov 2008

Justification	To ensure effective project implementation, issue prioritization, and data quality, periodic monitoring and evaluation is anticipated in the Performance Monitoring Plan. With short-term assistance provided by its subcontractor, The Mitchell Group, BEI will review project activities, results achieved to date, issue prioritization, data quality, and information systems utilized through the first 12 months of project activities.
Forecast Result	Assessment of project activities and validation of project data.
Intermediate Tasks	<ul style="list-style-type: none"> • With short-term expertise provided by The Mitchell Group, project activities, results, and systems are evaluated in each country and an assessment report submitted to BEI. - November 2007 – COMPLETED
Status and Comments	The evaluation was completed and recommendations provided by The Mitchell Group were incorporated into proposed PMP changes, including the conducting of impact case studies, which were submitted for USAID consideration in April 2008 and accepted in May 2008.

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